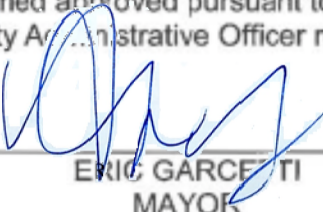


TRANSMITTAL		0150-10669-0000
TO The Council	DATE 4/29/16	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT 14
<p style="text-align: center;">Lease Agreement Between the City of Los Angeles and Alonso and Elsa Arellano for the Operation of a Restaurant at the Simpson Jones Building</p> <p>Transmitted for your consideration. The Council has 60 days from the date of receipt to act, otherwise the contract will be deemed approved pursuant to Administrative Code Section 10.5(a). See the City Administrative Officer report attached.</p> <p style="text-align: center;"> _____ ERIC GARCETTI MAYOR</p> <p style="text-align: right;">(Ana Guerrero)</p> <p>MAS:ZMB:08160088t</p>		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 28, 2016

CAO File No. 0150-10669-0000

Council File No.

Council District: 14

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Letter to the Mayor from the Board of El Pueblo de Los Angeles Historical Monument Authority Commissioners dated April 18, 2016; referred by the Mayor on April 18, 2016

Subject: **LEASE AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND ALONSO AND ELSA ARELLANO FOR THE OPERATION OF A RESTAURANT AT THE SIMPSON JONES BUILDING**

SUMMARY

At its meeting of April 14, 2016, the Board of El Pueblo de Los Angeles Historical Monument Authority Commissioners (Board) adopted a proposed lease with Alonso and Elsa Arellano (Tenant) to operate a restaurant in the Simpson Jones Building located at 103 Paseo de la Plaza (Premises). The term of the agreement is ten years, commencing upon attestation by the City Clerk, with one five-year renewal option.

On September 4, 2015, El Pueblo de Los Angeles Historical Monument (Department) released a Request for Proposal for the operation of a Mexican-themed restaurant located at the Premises. Three proposals were reviewed by a committee of representatives from the Office of the City Administrative Officer, Department of Recreation and Parks, and El Pueblo de Los Angeles Historical Monument. The proposals were evaluated and scored based on business experience, financial capability, business proposal and rental rate.

Alonso and Elsa Arellano have a combined experience of 25 years in the restaurant, retail and bakery business. In accordance with the proposed lease agreement, the Tenant must open the restaurant for business ten continuous hours per day, beginning no later than 9:00 am, for a minimum of six days a week. The interior square footage of the Premises is 3,460 square feet. In addition, the Tenant proposes to establish two outdoor patio areas totaling 2,032 square feet. The Tenant shall provide to the City a monthly payment of \$7,958.00 in rental fees and \$1,245.60 in Common Area Maintenance fees. The amounts are consistent with rates approved by the Board and the City Council. The rental fee is subject to an annual increase based on the Consumer Price Index with a cap of five percent per lease year. The Tenant shall pay local public utilities for electricity and gas usage at the Premises. In addition, the Tenant shall provide, operate, and maintain a heating, ventilating, cooling, air handling and control system serving the Premises.

Under the terms of the proposed lease agreement, the City shall maintain and repair the foundation, exterior walls, exterior signage and roof of the Premises and all utility and sewer lines. The City will furnish water to the Tenant at no cost. However, the City shall have the option to meter the Tenant's water consumption. The City reserves that right to remodel, refurbish, alter or expand any part of the Premises at any time during the term of the lease.

In accordance with Los Angeles Administrative Code Section 10.5(a), City Council approval of the proposed lease agreement is required because the term exceeds three years.

RECOMMENDATION

That the Council approve, and authorize the General Manager of El Pueblo de Los Angeles Historical Monument to execute the proposed lease agreement between the City of Los Angeles and Alonso and Elsa Arellano for a term of ten years, with one five-year option to renew, subject to the approval of the City Attorney as to form.

FISCAL IMPACT STATEMENT

The proposed lease agreement is expected to generate approximately \$1,104,432 in revenue for the ten-year term. The funds will be deposited into the El Pueblo de Los Angeles Historical Monument Revenue Fund and will be used to offset the cost of Departmental operations. The funds have not been included in the revenue projections for 2016-17. There is no impact to the General Fund. The recommendation stated in this report complies with City Financial Policies in that user charges and fees are set to support the full cost of operations for which the fees are charged.

MAS:ZMB:08160088

Attachments

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

BOARD OF
COMMISSIONERS

SALVATORE DICOSTANZO
PRESIDENT

ROBERT VINSON
VICE PRESIDENT

PILAR BUELNA
JOHN BWARIE
CAROL JACQUES
DAVID W. LOUIE
JESSE MAREZ
JUAN A. RAMOS
LISA SEE

EL PUEBLO DE LOS ANGELES
HISTORICAL MONUMENT

CHRISTOPHER P. ESPINOSA
General Manager

125 PASEO DE LA PLAZA, SUITE 400
LOS ANGELES, CA 90012

TEL: (213) 485-6855
TDD: (213) 473-5535
FAX: (213) 485-8238

April 18, 2016

Honorable Mayor Eric Garcetti
c/o Mandy Morales
Office of the Mayor
200 North Spring Street, Room 320
Los Angeles, CA 90012

2016 APR 19 AM 9:15

Re: **EL PUEBLO HISTORICAL MONUMENT LEASE AGREEMENT FOR 103 PASEO DE LA PLAZA, LOS ANGELES, CA 90012 – ALONSO AND ELSA ARELLANO**

Transmitted herewith for your consideration is El Pueblo Board Report 16-0003, which includes a ten year lease, plus five year renewal option, to establish a restaurant at 103 Paseo de la Plaza, Los Angeles, CA 90012. The Board Report was adopted by the Board of Commissioners on April 14, 2016.

In September 2015, El Pueblo released a Request for Proposals to operate a restaurant in a vacant location near the entrance to Olvera Street. The department received three proposals, which were subsequently reviewed by a committee of city staff members from various departments. The lease negotiation phase was awarded to Alonso and Elsa Arellano, who have a combined experience of 25 years in the restaurant, retail, and bakery business. The Arellano family have opened and operated several restaurants since 2002, including Rocio's Mole de Los Dioses in the San Fernando Valley.

The proposed lease agreement between El Pueblo and Alonso and Elsa Arellano requires approval from the City Council due to the length of the lease term.



CITY OF LOS ANGELES
CALIFORNIA

BOARD OF
COMMISSIONERS

SALVATORE DICOSTANZO
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ERIC GARCETTI
MAYOR

EL PUEBLO DE LOS ANGELES
HISTORICAL MONUMENT

CHRISTOPHER P. ESPINOSA
General Manager

125 PASEO DE LA PLAZA, SUITE 400
LOS ANGELES, CA 90012

TEL: (213) 485-8855
TDD: (213) 473-5535
FAX: (213) 485-8238

Report: 16-0003

Date: April 11, 2016

To: Board of Commissioners
El Pueblo de Los Angeles Historical Monument Authority

From: Christopher P. Espinosa, General Manager
El Pueblo Historical Monument

Subject: **APPROVAL TO EXECUTE A LEASE AGREEMENT WITH ALONSO AND
ELSA ARELLANO TO OPERATE A RESTAURANT AT 103 PASEO DE LA
PLAZA**

SUMMARY

On September 4, 2015, El Pueblo, working with Tierra West Advisors, released a Request for Proposals to operate a restaurant at 103 Paseo de la Plaza. The building is 3,460 square feet and was previously improved to house the Café de Camacho. A committee made up of representatives from the Office of the City Administrative Officer, Department of Recreation & Parks, and El Pueblo reviewed multiple proposals and selected a finalist to operate a restaurant. Subsequently, the department, with the Office of the City Attorney, successfully negotiated a lease, which is now subject to Commission and City Council approval.



BACKGROUND

In June 2015, the Commission approved Board Report 15-0006 (A) that provided for the early termination of a lease with Mr. Don Camacho, who operated the Café de Camacho at 103 Paseo de la Plaza. The department then sought the assistance of Tierra West Advisors to advertise a Request for Proposals (RFP) to operate a restaurant at the location. The RFP was issued on September 4, 2015 with a deadline of November 4, 2015. The submittal requirements included the following:

- 1) Experience (10 points);
- 2) Financial Capability (20 Points);
- 3) Business Proposal (30 Points); and,
- 4) Rental Rate (40 Points).

The department received three proposals, which were subsequently reviewed by a committee comprised of representatives from the Office of the City Administrative Officer, Department of Recreation & Parks, and El Pueblo. Notices were issued on December 7, 2015 notifying the proposers of the results from the RFP. The lease negotiation phase was awarded to Alonso and Elsa Arellano, who have a combined experience of 25 years in the restaurant, retail, and bakery business. The Arellano family have opened and operated several restaurants since 2002, including Rocio's Mole de Los Dioses in the San Fernando Valley. The restaurant has received multiple awards, such as Best Tortilla – Los Angeles Magazine, 2012; Best Mole in Los Angeles – LA Weekly, 2012; and, Jonathan Gold's 101 Best Restaurants – Los Angeles Times, 2013 and 2014.

The previous tenant at the space was successful in securing a Zone Variance that allows for the sale and on-site consumption of alcoholic beverages. Therefore, the space includes two proposed outdoor patio areas totaling 2,032 square feet located along the public right of way (1,350 square feet along Main Street and 682 square feet along Paseo de la Plaza), with 36 outdoor seats. No alcohol sales are proposed for the outdoor patio area along Main Street. The department will support the tenant's efforts to execute this service according to the terms and conditions of the Zone Variance.

LEASE TERMS

Use: Mexican-themed restaurant.

Term: Ten (10) years. Tenant may request a five (5) year extension.

Square Feet: 3,460

Rent: \$2.30 per square foot (\$7,958 per month); annual increases based on Consumer Price Index and not to exceed five (5) percent per lease year.

CAM: \$0.36 per square foot (\$1,245.60 per month)

Security Deposit: Equal to two (2) months' rent and CAM (\$18,407.20)

Other: City will waive rent for the first sixty (60) days.
Early termination of lease upon 120 day notice.
Tenant shall submit to the City an annual statement on gross receipts.

RECOMMENDATIONS

That the Board of Commissioners:

APPROVE and AUTHORIZE the General Manager to forward the attached lease, which was drafted by the City Attorney as to form and legality, for Council consideration to operate a restaurant at 103 Paseo de la Plaza with Alonso and Elsa Arellano.

FINANCIAL IMPACT

The annual lease value of 103 Paseo de la Plaza as restaurant space is \$110,443.20, including the Common Area Maintenance fees. Over a fifteen year period, the lease and Common Area Maintenance fee value is \$1,656,648

EL PUEBLO LEASE SUMMARY

For information purposes only -
not a part of the Lease

REPORT NO.: Commission Report # 16-_____

Commission Approval Date: _____, 2016

CF NO.: _____

Council Approval Date: _____, 2016

EBO STATUS: _____

OCC Date: _____

LWO STATUS: _____

OCC Date: _____

SDO Affidavit Receipt Date: _____

EEO/AA Certification Receipt Date: _____

NOTE: This Lease may exceed the EEO \$100,000 threshold requiring submission of an Affirmative Action Plan.

CITY ATTORNEY: Assistant City Attorney / Dov S. Lesel

SIGNATURE: _____, 2016

PREMISES: Simpson-Jones Building

ADDRESS: 103 Paseo de la Plaza, El Pueblo de Los Angeles Historic Monument
Los Angeles, California 90012

SQUARE FEET: 3,460 square feet

LANDLORD: CITY OF LOS ANGELES, acting through its El Pueblo de Los Angeles Historical Monument
Authority Commission, 125 Paseo de la Plaza, Suite 400, Los Angeles, California 90012
El Pueblo Monument / Christopher Espinosa, General Manager

TENANT: Alonso and Elsa Arellano
Dbá CHIGUACLE, Sabor Ancestral de Mexico
11777 Foothill Boulevard, Apt B9
Sylmar, California 91342

USE: Operation of a Mexican themed restaurant.

TERM: Ten (10) Years (*Section 5.1*)
Commencing: Upon City Clerk's attestation
Extension: Five (5) Years; Total 15 years. (*Section 8.1*)

RENT:

SECURITY

DEPOSIT: Security deposit – Two months' rent (\$) (*Article 11.1*)

PARKING: _____ (*Section 20.1*)

FORM: GENERIC.125e (1-17-11)

M:\DSL General Counsel\El Pueblo – Simpson Jones Building RESTAURANT lease

EL PUEBLO DE LOS ANGELES LEASE

BETWEEN THE CITY OF LOS ANGELES AND

ALONSO AND ELSA ARELLANO

DbA CHIGUACLE, Sabor Ancestral de Mexico

IN THE SIMPSON JONES BUILDING

103 PASEO DE LA PLAZA, LOS ANGELES, CA 90012

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EXHIBITS

- EXHIBIT A: PLAN OF PREMISES - (Sec 1.2)
- EXHIBIT B: DESCRIPTION AND USE OF THE PREMISES - (Sec 1.6)
- EXHIBIT C: RULES AND REGULATIONS FOR EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT -
(Sec 4.3)
- EXHIBIT D: STANDARD PROVISIONS FOR CITY CONTRACTS - (Sec 24.1)
- EXHIBIT E: MEMORANDUM OF LEASE - (Sec 25.14)

EL PUEBLO DE LOS ANGELES LEASE

BETWEEN THE CITY OF LOS ANGELES AND
ALONSO AND ELSA ARELLANO

DbA CHIGUACLE, Sabor Ancestral de Mexico
IN THE SIMPSON JONES BUILDING

ARTICLE 1. BASIC PROVISIONS

1.1. **Date and Parties.** This Lease Agreement ("Lease") is dated for reference purposes, _____, 2016, and is between City of Los Angeles, as Landlord ("City") and Alonso and Elsa Arellano dba CHIGUACLE, Sabor Ancestral de Mexico ("Tenant"), with principal offices at _____. City is a municipal corporation, organized under the laws of the State of California, acting through its El Pueblo de Los Angeles Historical Monument Authority Commission, 125 Paseo de la Plaza, Suite 400, Los Angeles, California 90012.

1.2. **Premises.** That certain premises ("Premises") situated in the City of Los Angeles, County of Los Angeles, State of California, and identified as 103 Paseo de la Plaza, in a portion of the historic Simpson Jones Building. The Premises contain approximately Thirty Four Hundred and Sixty (3,460) square feet of GLA (as defined in Section 3.3) located within El Pueblo de Los Angeles Historical Monument's ("Monument"), as delineated on the plan attached to this Lease as Exhibit A and incorporated herein by this reference (see Article 3 below for further provisions).

1.3. **Term.** Ten (10) years ("Term") commencing upon attestation by the City Clerk. Tenant may request an extension of the Term of this Lease for an additional period of five (5) years ("Extension Period") subject to the approval by the City. (See Section 5.1 and 8.1 for further provisions.)

1.4. **Rent.** Effective as of the Lease Commencement Date, the rental rate is \$2.30 per square foot ("Rental Rate"), which equals Seventy Nine Hundred and Fifty Eight Dollars (\$7,958.00) per month, plus a monthly Common Area Maintenance ("CAM") fee of Thirty Six Cents (\$0.36) a square foot, or Twelve Hundred and Forty Five Dollars and Sixty Cents (\$1245.60), for a total rent of **Ninety Two Hundred and Three Dollars and Sixty Cents (\$9,203.60)** due and payable by Tenant on the first (1st) day of each month ("Rent"). The Rent amount is calculated based upon the thirty four hundred and sixty (3,460) square feet of retail space of the leased space using a rental value of the Commission's adopted Rental Rate of \$2.30/square foot plus the CAM fee of \$0.36/square foot, which are the rates approved by the El Pueblo Commission and City Council. The CAM fee may be increased for all Monument tenants from time to time by the El Pueblo Commission.

1.5. **Security Deposit.** Security deposit of Eighteen Thousand, Four Hundred and Seven Dollars and Twenty cents (\$18,407.20), which is equal to two (2) months' Rent ("Security Deposit"). (See Section 11.1.)

1.6. **Permitted Use.** Operation of a Mexican-themed restaurant as further described in Exhibit B, attached hereto and incorporated herein.

1.7. **Capacity of City as Landlord.** Except where clearly and expressly provided otherwise in this Lease, the capacity of the City in this Lease shall be as a landlord only, and any obligations or restrictions imposed by this Lease on City shall be limited to that capacity and shall not relate to or otherwise affect any activity of the City of Los Angeles in its governmental capacity, including, but not limited to, enacting laws, inspecting structures, reviewing and issuing permits, and all other legislative, administrative, or enforcement functions of the City of Los Angeles pursuant to federal, state, or local law.

1.8. **City's Representative.** City's El Pueblo de Los Angeles Historical Monument Authority Department ("El Pueblo Department"), or any successor Department designated by the City Council, or the designee of the General Manager of the Department, shall be City's representative with respect to all matters pertaining to this Lease

1 except that approval of any revision or modification of this Lease must be by the City Council of the City of
2 Los Angeles. Said approval may be granted or withheld in its sole discretion. The term "General Manager" shall
3 mean the General Manager of the El Pueblo Department, or such successor position as the City Council of the City
4 of Los Angeles may designate. The term "General Manager" shall also include any person designated by the
5 General Manager to act on behalf of the General Manager, either generally or for specified activities under this
6 Lease. The term "Property Manager" shall mean the person designated by the General Manager to act on behalf of
7 City in matters described in this Lease. Tenant shall be notified in writing of such designation and the specific
8 authority granted to any designee.
9

10 1.9. **Execution Date.** The defined term "Execution Date" shall mean the date the Office of the City Clerk of
11 Los Angeles attests this Lease.

12 ARTICLE 2. NOTICES

13
14 2.1. **Notices.** All notices and demands which may or are to be required or permitted to be given by either
15 party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by
16 means of professional messenger service), sent by United States registered or certified mail, postage prepaid, return
17 receipt requested, or transmitted by telecopier (e.g., fax), followed by hard copy sent by United States regular mail, in
18 which case the receiving party shall immediately confirm receipt of such notice. All notices are effective upon
19 receipt. The Premises' address of 103 Paseo de la Plaza shall be included in all notices. For the purposes of such
20 notices, the addresses for the parties are set forth in Section 2.2 below. Either party may from time to time
21 designate another person or place in a notice.
22

23 2.2. **Notices - Where Sent.** All notices given under this Lease which are mailed or telecopied shall be
24 addressed to the respective parties as follows:
25

To City:

City of Los Angeles
El Pueblo de Los Angeles Historical Monument
Authority Department
125 Paseo de la Plaza, Suite 400
Los Angeles, California 90012
Telecopier: 213-485-8238

with a courtesy copy of any notice to:
Office of the City Attorney
Real Property/Environment Division
200 North Main Street, Suite 701 City Hall East
Los Angeles, California 90012
Telecopier: 213-978-8090

To Tenant:

Alonso and Elsa Arellano
dba CHIGUACLE, Sabor Ancestral de Mexico
11777 Foothill Boulevard, Apt B9
Sylmar, California 91342

26 ARTICLE 3. PREMISES

27
28 3.1. **Rental of Premises.** The City rents to Tenant and Tenant leases from City the Premises described in
29 Section 1.2 of this Lease.
30

31 3.2. **Acceptance of Premises.** Tenant shall take the Premises in an "as is" condition as of the Lease
32 Execution Date. City is not responsible for any build out or other preparation of the Premises for occupancy. Tenant
33 agrees to perform all work necessary to prepare said space for occupancy at Tenant's sole cost and expense.
34 Tenant waives the right to make repairs at the expense of City and the benefit of the provisions of subsection 1 of
35 Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance
36 now or hereafter in effect. It shall be Tenant's obligation, at Tenant's sole cost and expense, to install any and all
37 fixtures, equipment, supplies or other material necessary to open for and thereafter conduct business. Any painting
38 or other redecoration which Tenant desires shall also be done at Tenant's sole cost and expense.
39

40 3.3. **Definition of GLA.** Gross Leased Area ("GLA") means, with respect to the Premises and all other
41 rentable areas, the number of gross square feet of floor area for the exclusive use by the occupant thereof (whether

present or future) and its customers, excluding Monument maintenance storage areas. Said area shall be measured from the exterior face of exterior walls and the exterior face of service corridor walls, the line along the front of the Premises where the Premises abuts the Monument or sidewalk, and the center line of any wall the Premises shares with other premises of the Monument. No deduction from GLA shall be made for columns, stairs and elevators, storage closets within the Premises or any interior construction or equipment. Tenant hereby accepts the calculation and square footage of the Premises as written above.

3.4. Tenant's Business Advertising Address. Tenant shall use in its business advertising address for the Premises the words "Olvera Street".

ARTICLE 4. TENANT'S CONDUCT OF BUSINESS

4.1. Use. Tenant shall use the Premises solely for the provision of a Mexican-themed restaurant. Tenant shall not use or permit the Premises to be used for any other purpose with City's prior written consent, which may be granted or withheld in City's sole discretion. Tenant shall not use or occupy the Premises in violation of law and shall discontinue any use of the Premises which is declared by any governmental authority to be a violation of law. Tenant, at Tenant's sole cost and expense, shall comply with any directive of any governmental or municipal authority which shall impose any duty upon Tenant or City with respect to the Premises or the use or occupation thereof, which arises due to the nature of Tenant's use or occupancy of the Premises. However, Tenant shall not be responsible for compliance with directives which are the responsibility of City as specifically provided in this Lease. Tenant shall not commit, or suffer to be committed, any waste or nuisance in its occupancy of the Premises, or any act which may increase the cost of public liability or any other insurance City elects to carry in connection with the ownership, management, maintenance and operation of the Premises or which is otherwise in contravention of insurance underwriting regulations, guidelines and practices in use by City, as amended. Tenant agrees not to use any of the City's seals, names, logos, insignias or marks without the prior written consent of City. This section does not apply to seals, names, logos, insignias or marks that must be displayed pursuant to any duty imposed on Tenant by law. Tenant further agrees that Tenant will not act in any way or manner to impart official endorsement by the City of Tenant's merchandise or business. Tenant shall not, without the consent of the City, use the name "El Pueblo de Los Angeles" or "Olvera Street" for any purpose other than as an address of the business to be conducted by Tenant in the Premises, nor shall Tenant do or permit the doing of anything in connection with Tenant's business or advertising which, in the reasonable judgment of the City, may confuse or mislead the public as to any relationship between City and Tenant. Tenant shall not leave the Premises unoccupied or vacant during its tenancy. Tenant further covenants and agrees to continuously operate its business in compliance with all applicable federal, state, and local environmental statutes, rules and regulations including but not limited to the Rules and Regulations established by City. Said Rules and Regulations may be modified by City upon thirty (30) days' notice. Tenant shall indemnify and hold City harmless from any and all costs and expenses of any nature rising out of any claim or proceeding, administrative or otherwise, with respect to the Rules and Regulations.

4.2. Hours of Business; Continuous Operation. Minimum hours of operation will be ten (10) continuous hours per day, six days a week. Tenant may, at Tenant's option, be open on days in addition to those required by this Lease. Tenant must begin its daily hours of operation at 9:00 a.m. or earlier. With respect to any business controlled by governmental regulations or labor union contracts in its hours of operation, the foregoing provisions shall be subject to the hours of operation so prescribed by such governmental regulations or labor union contracts. Tenant shall operate and conduct its operations without interruption in a diligent and efficient manner except while the Premises are un-tenantable by reason of casualty. Tenant's business shall be adequately and competently staffed to operate in accordance with its authorized use. Any cessation of business activity, regardless of the ongoing payment of Rent, shall be considered a material breach of this Lease.

4.3. Rules and Regulations. Tenant and Tenant's employees and invitees shall comply with and observe faithfully the rules and regulations governing the Premises and the Monument ("**Rules and Regulations for El Pueblo de Los Angeles Historical Monument**" or "**Rules and Regulations**"), as set forth in this Lease and attached as **Exhibit C**, and as such Rules and Regulations may be modified by City from time to time. In the event of a conflict with the Rules and Regulations, the provisions of this Lease shall govern.

4.4. Signs, Logos, and Marks. Tenant agrees that Tenant and sub-tenants will not use any of the City's seals, names, logos, insignias or marks without the prior written consent of City. Use of the City Seal requires

1 explicit approval by the City Council. This section does not apply to seals, names, logos, insignias or marks that
2 must be displayed pursuant to any duty imposed on Tenant or any sub-tenant by law. Tenant further agrees that
3 Tenant and sub-tenants (if any such are approved by the City) will not act in any way or manner to impart official
4 endorsement by the City of Tenant's, any sub-tenant or sub-tenant's merchandise or business. Tenant shall not, and
5 agrees that sub-tenants shall not, without the consent of the City, use the name "El Pueblo de Los Angeles" or
6 "Olvera Street" or similar names (collectively as "**El Pueblo Brand Names**") for any purpose other than as an
7 address of the business to be conducted by Tenant and sub-tenants in the Premises, nor shall Tenant do or permit
8 the doing of anything in connection with Tenant's or sub-tenants' business or advertising which, in the reasonable
9 judgment of the City, may confuse or mislead the public as to any relationship between City and Tenant and or sub-
10 tenants in their use of the Premises. Tenant further agrees that Tenant and sub-tenants will not act in any way or
11 manner to impart official endorsement by the City of Tenants' or sub-tenants' merchandise or business.
12

13 **4.4.1.** Shall Tenant or its sub-tenants desire to obtain a trademark license to use any of the City's
14 trademarks for any purpose, a separate trademark license with fair market royalties must be entered into with
15 approval from appropriate City departments and/or City Council and approved by the City Attorney's Office.
16

17 **4.5. Intellectual Property Rights.** Tenant and sub-tenants agree that any and all names, logos,
18 trademarks and/or copyrights developed hereinafter which will in any way associate with, identify or implicate an
19 affiliation with City or the El Pueblo Brand Names, shall be approved by City, shall belong to City upon creation or
20 first use, and shall continue in City's exclusive ownership upon termination of this Lease. Further, any works
21 developed pursuant to this Lease by Tenant, including all related copyrights and other proprietary rights therein, shall
22 belong to City upon creation and shall continue in City's exclusive ownership upon termination of this Lease. This
23 shall include, but is not limited to all construction drawings, designs, reports, specifications, notes and other work
24 developed in the performance of this Lease. Further, Tenant shall deliver to the City, upon request, the disk or tape
25 that contains the construction design files and shall specify the supplier of the software and hardware necessary to
26 use the design files of any work that is performed with the assistance of Computer Aided Design and Drafting
27 Technology. Tenant intends and hereby agrees to assign and transfer to City all right, title and interest in and to
28 such intellectual property, including copyrights and other proprietary rights therein, unless otherwise agreed to in
29 writing by City personnel with delegated authority or the City Council.
30

31 **4.5.1.** In the event that Tenant is required to convey to City tangible and intangible deliverables, Tenant
32 warrants that it has the full right, power and authority over and is the sole exclusive owner of all tangible and
33 intangible property deliverable to City in connection with this Lease and that title to such materials conveyed to
34 City shall be delivered free and clear of all claims, liens, charges, judgments, settlements, encumbrances or
35 security interests.
36

37 **4.5.2.** Tenant agrees not to incorporate into or make any deliverables dependent upon any original
38 works of authorship or Intellectual Property Rights of third parties without first obtaining City's prior written
39 permission, and granting to or obtaining for City a nonexclusive, royalty-free, paid-up, irrevocable, perpetual,
40 world-wide license, to use, reproduce, sell, modify, publicly and privately perform, publicly and privately display
41 and distribute, for any purpose and medium whatsoever, any such prior works.
42

43 **4.5.3.** Tenant further warrants that all deliverables do not infringe or violate any patent, copyright,
44 trademark, trade secret or any other intellectual property rights of any person, entity or organization. Tenant
45 agrees to promptly execute any documents reasonably requested by City in connection with securing City's
46 registration of patent and/or copyrights or any other statutory protection in such work product including an
47 assignment of copyright in all deliverables. Tenant further agrees to incorporate these provisions into all of its
48 contracts with subtenants, architects, engineers and other consultants or contractors.
49

50 **4.5.4.** Tenant, at its sole expense, shall hold harmless, protect, defend and indemnify City against any
51 intellectual property infringement claim, demand, proceeding, action and/or dispute ("**Action**") brought by a third
52 party in connection with any deliverable or Tenant's performance hereunder. Tenant shall pay all costs,
53 expenses, losses and damages, judgments and claims including reasonable attorney's fees, expert witness
54 fees and other costs. In Tenant's defense of the City, negotiation, compromise, and settlement of any such
55 Action, the Los Angeles City Attorney's Office shall retain discretion in and control of the litigation, negotiation,
56 compromise, settlement, and appeals therefrom, as required by the Los Angeles City Charter, particularly
57 Article II, Sections 271, 272 and 273 thereof.

1
2 **4.5.5.** Rights and remedies available to the City herein shall survive the expiration or other termination
3 of this Lease. Further, the rights and remedies are cumulative of those provided for elsewhere in this Lease
4 and those allowed under the laws of the United States, the State of California and the City of Los Angeles.

5 **4.5.6.** Tenant agrees that before commencement of any subcontract work it will incorporate all
6 provisions on property ownership, including Section 4.4 et seq., to contractually bind or otherwise oblige its
7 consultants, personnel performing work and subtenants such that the City's titles, rights, and interests in
8 deliverables and all intellectual property related rights are preserved and protected as intended herein.
9

10 **4.6. Waiver by Artists.** After obtaining written approval from City to install and at least thirty (30) business
11 days prior installing any artwork permanently or semi-permanently, such as murals; Tenant shall secure written
12 waivers from all artists such that the artists waive any and all of their "droit moral" including the "right to integrity in
13 the artwork" (i.e., right to preserve the artwork unaltered or destroyed) and other similar rights including those under
14 the Visual Artists Rights Act, 17 U.S.C. §106A et seq., including §§106A(a)(3)(A), 106A(a)(3)(B) and 113; and the
15 California Art Preservation Act, California Civil Code §987. Concessionaire shall file the written waivers with the City
16 Attorney's Office for approval no later than twenty (20) business days prior to the commencement of the installation
17 of the artwork. Such installation shall not commence without written approval from the City Attorney's Office of the
18 legal adequacy of the waivers.
19

20 **4.7. Compliance with Laws.** In the use of the Premises, Tenant shall comply with all safety, health and
21 police regulations in all respects and at all times as required in this Lease.
22

23 **4.8. Uses for Other Premises.** City reserves the absolute right to rent or utilize other premises in the
24 Monument as City shall determine to best promote the interests of the City of Los Angeles and the Monument, and
25 no representations are made or intended as to the nature of the enterprise to be engaged in by any other tenant or
26 concessionaire, or to preclude use of other premises for any other purpose by the City.
27

28 **4.9. Vending Machines.** No mechanical, self-operating or automatic vending machines, including but not
29 limited to automated teller and cash dispensing machines, shall be used in the conduct of Tenant's business or shall
30 be installed in or operated in, on, or about the Premises without City's prior written approval.
31

32 **4.10. Use of Machinery.** Tenant shall not use any machinery in the Premises which may cause vibration or
33 tremor to the floors or walls, or which by its weight might injure the floors of the Premises or adjacent spaces.
34

35 **4.11. Hazardous Materials.** Without limiting any of the obligations described above, Tenant shall not use or
36 permit the Premises or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or
37 dispose of, transfer, produce or process hazardous materials without City's prior written consent, which may be
38 denied at City's sole discretion, and then, only in compliance with all laws and regulations with respect to hazardous
39 materials ("**Environmental Regulations**") (including, without limitation, the Comprehensive Environmental
40 Response, Compensation, and Liability Act, as amended (U.S.C., Title 42 §9601, et seq., together with the
41 regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended
42 (U.S.C., Title 42 §6901, et seq., together with the regulations promulgated thereunder, "RCRA"), the Emergency
43 Planning and Community Right-To-Know Act, as amended, together with the regulations promulgated there under
44 "Title III" (42 U.S.C. §11011, et seq. and any so-called "Superfund" or "Superlien" law), nor shall it permit, as a result
45 of any intentional or unintentional act or omission on its part or by any agent, employee, independent contractor,
46 licensee, assignee or subtenant, the storage, transportation, disposal or use of hazardous materials or the release or
47 threat of release of hazardous materials on, from or beneath the Premises or onto any other property. Upon the
48 occurrence of any such release or threat of release of hazardous materials, Tenant shall promptly notify City in
49 writing. Tenant shall pay as Additional Rent City's costs for all investigations, studies, sampling and testing, and all
50 remedial, removal and other actions necessary to clean up and remove all hazardous materials so released, on,
51 from or beneath the Premises or other property, in strict compliance with all Environmental Regulations.
52

53 **4.12. Window Displays and Signs.** Upon substantial completion of Tenant's improvements, Tenant shall
54 proceed to install Tenant's exterior signage (which shall be installed no later than the date that rent starts to accrue).
55 All Tenant's signage shall be in compliance with all applicable laws, the Rules and Regulations and any applicable
56 sign criteria for the Monument as established by the City or its designee. Prior to installation of any sign, Tenant
57 shall obtain written approval for the sign and its proposed location by the Monument Manager. Tenant shall have the

1 sole obligation to install and pay for its signage on the Premises. Tenant shall not be entitled to install, display or
2 maintain any off-Premises signage beyond the lease line. Except as approved in writing by City, no written or
3 descriptive material of a permanent or nonpermanent nature, whether for advertising or any other purpose, shall be
4 hung or affixed to the interior walls, ceilings, windows, and supports of the Premises or on the store front, windows or
5 any other exterior surface or fixture of the Monument.

6 ARTICLE 5. TERM AND OCCUPANCY DATE

7
8 **5.1. Lease Term.** The term of this Lease shall be ten (10) years ("Term"). Tenant's obligations, including
9 insurance and the payment of Rent, commence upon the attestation of the Lease ("Lease Commencement Date")
10 by the City Clerk. However, City will waive the Rent for the first sixty (60) days following the Commencement Date.
11

12 **5.2. Lease Dates.** The initial Term of this Lease shall terminate on the last of the month which is ten (10)
13 years after the month containing the Lease Commencement Date ("Lease Termination Date"), unless extended or
14 terminated earlier pursuant to the provisions of this Lease.
15

16 **5.3. Lease Year Defined.** The first "Lease Year" shall begin on the Lease Commencement Date and
17 expire on the last day of the month, twelve (12) calendar months following said Lease Commencement Date. If the
18 Lease Commencement Date occurs on the first day of the calendar month, then the first Lease Year shall end on
19 the day immediately preceding the first anniversary of the Lease Commencement Date. Subsequent Lease Years
20 shall be each consecutive twelve (12) calendar month period thereafter.
21

22 **5.4. Early Termination.** Notwithstanding Section 5.1, either party may terminate this Lease at any time by
23 serving upon the other party in the manner herein provided, a written notice of election to so terminate, which notice
24 shall be served at least one hundred and twenty (120) days prior to the date for termination as stated in the notice.
25

26 **5.5. Holdover by Tenant.** In the event Tenant remains in possession of the Premises after the expiration of
27 the Term or any extensions or renewals thereof, with the implied or express consent of City, Tenant shall become a
28 Tenant from month to month at the Rent payable during the last month of the Term of this Lease, subject to any
29 automatic Rent escalations applicable during the Term or any extensions or renewals thereof, and such tenancy
30 shall continue until terminated by City or Tenant upon at least thirty (30) days prior written notice of the intention to
31 terminate the tenancy. In all other respects, the tenancy shall be governed by the provisions of this Lease.
32

33 **5.6. Surrender of Premises.** The voluntary or other surrender of this Lease by Tenant or a mutual
34 cancellation thereof, shall not work a merger, and shall, at the option of City, operate as an assignment to it of any or
35 all sub-tenancies. No act or thing done by City or any agent or employee of City during the Term shall be deemed to
36 constitute an acceptance by City of a surrender of the Premises unless such intent is specifically acknowledged in a
37 writing signed by City. The delivery of keys to the Premises to City or any agent or employee of City shall not
38 constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter
39 retained by City, and notwithstanding such delivery, Tenant shall be entitled to the return of such keys at any
40 reasonable time upon request until this Lease shall have been properly terminated.
41

42 **5.7. Condition of Surrendered Premises.** Upon the expiration or termination of this Lease, Tenant shall
43 peaceably surrender the Premises and all alterations and additions thereto, broom-clean, in good order, repair and
44 condition, reasonable wear and tear excepted, and comply with the provisions of Article 16. Upon such expiration or
45 termination, Tenant shall, without expense to the City, remove or cause to be removed from the Premises all debris
46 and rubbish, and such items of furniture, equipment, freestanding cabinet work, and other articles of personal
47 property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles
48 of any other persons claiming under Tenant, as City may, in its sole discretion, require to be removed, and Tenant
49 shall repair at its own expense all damage to the Premises and Building resulting from such removal.

50 ARTICLE 6. RENT

51
52 **6.1. Rent.** The word "Rent", as used in the Lease, shall refer to the Rent, including CAM and Additional
53 Rent collectively. Tenant shall pay Rent to the City in the amounts set forth or provided for in this Lease at the place
54 designated or at such other place designated by City, without, except for Additional Rent, prior demand therefor.

1
2 **6.2. Rent Payment.** Tenant shall pay to City for each Lease Year during the Term of this Lease the Rent
3 provided herein, payable in equal monthly installments. Each monthly installment shall be paid in advance and shall
4 be due on the first day of each month, without any set off or deduction. Payment shall be made to El Pueblo de Los
5 Angeles Historical Monument Authority Department at the place given for notices in Article 2.2 or to such other
6 person or address as City may designate in writing from time to time. Payment must be in United States dollars,
7 either in the form of a check (drawn on a bank located in the State of California) or via electronically transmitted
8 funds. City reserves the right to require payments in the form of cashier's check or postal money order. Should the
9 Lease Commencement Date fall on a day other than the first day of a calendar month, the first monthly installment of
10 Rent shall be prorated on a per diem basis and paid on the Lease Commencement Date. Any other monthly
11 installment of Rent shall be prorated on a per diem basis with respect to any other fractional calendar month.
12

13 **6.2.1. Gross Receipts.** Gross receipts ("**Gross Receipts**") shall be the gross selling price of all
14 merchandise or services sold in or from the Premises. Gross Receipts shall include all sales or services
15 originating or conducted in whole or in part at the Premises and which shall be considered as made and
16 completed therein, even though bookkeeping and payment of the account may be transferred to another place
17 for collection and even though actual filing of the sale or service order and actual delivery of the merchandise
18 may be made from a place other than the Premises. Gross Receipts shall not include the following:
19

20 (a) The selling price of merchandise returned by customers and accepted for full credit or the
21 amount of discounts and allowances made on merchandise returned by customers for adjustments;
22

23 (b) Goods returned to sources or transferred to another store or warehouse owned or operated
24 by Tenant where such returns or transfers are made solely for the convenient operation of Tenant's
25 business and not for consummating a sale which has been made at, in, upon, or from the Premises;
26

27 (c) Sums and credits received in the settlement of claims for loss of or damage to merchandise;
28

29 (d) Delivery charges not included in the merchandise sales price;
30

31 (e) Cash refunds made to customers in the ordinary course of business, but this exclusion shall
32 not include any amount paid or payable for what are commonly referred to as trading stamps;
33

34 (f) Interest paid by customers for extension of credit on sales which is not included in the
35 merchandise sales price;
36

37 (g) Sales taxes, so-called luxury taxes, customers' excise taxes, gross receipts taxes and other
38 similar taxes now or hereafter imposed upon the sale of merchandise or services, but only if collected
39 separately from the selling price of merchandise or services, collected from customers and paid to the
40 taxing authorities by Tenant;
41

42 (h) Sales of fixtures, equipment or property which are not stock in trade.
43

44 (i) With respect to sales on credit, amounts not exceeding three (3%) percent of Gross Receipts
45 in any one Lease Year, which are uncollectible and so charged off by Tenant on its books if such
46 amounts have been included in Gross Receipts for the same or any preceding Lease Year, provided
47 that upon any subsequent collection of any amounts so charged off, the amounts collected shall be
48 included in the Gross Receipts of the Lease Year in which the collection was made.
49

50 **6.2.2. Additional Services.** To the extent that any services conducted at the Premises were not
51 contemplated as part of the Lease and are in addition to the primary uses of the Premises under this Lease,
52 and are services which are not consistent with the activities to be conducted hereunder, if the parties are
53 unable to agree upon such activities, City may require Tenant to cease conducting such activities on the
54 Premises.
55

56 **6.2.3. Reporting Gross Receipts.** Tenant shall prepare and deliver to City on or before the thirtieth
57 (30th) day following the end of each Lease Year during the Term of this Lease or any renewal or extension

thereof, and on or before the thirtieth (30th) day after the end of the Term of this Lease or any renewal or extension thereof, a complete, certified, audited annual statement showing in reasonable detail the elements and amounts of Gross Receipts during the preceding Lease Year or fraction thereof, certified to be true and correct and signed by Tenant's duly authorized officer or representative. This requirement shall be satisfied pursuant to the provisions of Section 9.5, below.

6.2.4. Cessation or Substantial Curtailment of Business. For any period during which Tenant has ceased or substantially curtailed the operation and conduct of his business under this Lease for reasons other than partial or total destruction of the Premises, Tenant shall continue to pay Rent for that period.

6.3. Additional Rent. "Additional Rent" shall be all payments other than the Rent due to City as required and described in this Lease and shall be paid upon demand. City shall have the same rights and remedies hereunder with respect to the collection of said Additional Rent as it has with respect to the collection of Rent. Items which may generate Additional Rent include, without limitation: Security Deposit refurbishment, if any; public area maintenance and patrol services charges; excess use, if any, of water; administrative fees levied for serving notice and pursuing enforcement of the use provisions contained herein and monthly parking.

6.4. Late Payments.

6.4.1. Interest on Unpaid Rent and Expenses. Any Rent, expenses or other sums owing to City pursuant to the provisions of this Lease not paid when due shall bear interest at the rate of twelve percent (12%) per annum or the maximum rate allowed by law, whichever is less, until paid, in addition to any Late Charges and/or Administrative Fees provided in this Lease.

6.4.2. Late Charges. Each late payment not paid within five (5) days after the date it is due, Tenant shall pay to City a service charge equal to ten percent (10%) of the overdue amount. Tenant acknowledges and agrees that such late payment will cause City to incur costs and expenses not contemplated by this Lease, the exact amounts of which will be extremely difficult to ascertain, and that such service charge represents a fair estimate of the costs and expenses which City would incur by reason of Tenant's late payment. Tenant further agrees that such service charge shall neither constitute a waiver of Tenant's default with respect to such overdue amount nor prevent City from exercising any other right or remedy available to City.

6.4.3. Increase in Security Deposit. Following any three consecutive late payments of Rent, City may, in addition to any other remedies or rights it may have, upon notice to Tenant, require that Tenant increase the amount of any Security Deposit required herein by one hundred percent (100%), which additional Security Deposit shall be retained by City, and which may be applied by City, in the manner provided herein with respect to any Security Deposit required herein.

ARTICLE 7. ANNUAL RENT ADJUSTMENTS

7.1. Computation of Rent Increases. Commencing with the second (2nd) Lease Year (as defined in Section 5.3) and continuing on the commencement of each Lease Year thereafter, the Rent payable shall be automatically adjusted, effective on the commencement of each Lease Year ("Adjustment Date"), by the increase, if any, in the Consumer Price Index for All Items, All Urban Consumers for the Los Angeles-Riverside-Orange County, California Area (1982-84=100), published by the United States Department of Labor, Bureau of Labor Statistics ("Index") for the month which is four (4) months prior to the Lease Commencement Date ("Beginning Index"). The Index for the month which is four (4) months prior to each Adjustment Date ("Extension Index") is to be used in determining the amount of the adjustment. In other words, if the Extension Index has increased over the Beginning Index, the Rent for the following Lease Year shall be set by multiplying the portion of the Rent for the first (1st) Lease Year minus the CAM charge (i.e. \$7958 per month x 12 = \$95,496.00 per year) by a fraction, the numerator of which is the Extension Index and denominator of which is the Beginning Index. In no event, however, shall the Rent for a Lease Year ever be less than the Rent in effect immediately preceding such Lease Year. The increase in that portion of the Rent subject to the Index adjustment shall not exceed five percent (5%) per Lease Year.

7.2. Changes in the Index. If the Index changes so that the base year of the Index differs from that used as of the Beginning Index, the Index shall be converted in accordance with the conversion factors published by the

1 United States Department of Labor, Bureau of Labor Statistics. Should said Index be discontinued, or be published
2 with such infrequency as to render the formulae in this Article 7 to be unworkable, or be altered in some other
3 manner, then City and Tenant shall mutually adopt a substitute index or substitute procedure which reasonably
4 reflects and monitors consumer prices. The substitute index must obtain substantially the same result as would be
5 obtained if the Index had not been discontinued or revised.

6 ARTICLE 8. EXTENSION PERIOD

7
8 **8.1. Extension Period; Request for Extension.** If Tenant is not in default of this Lease, Tenant may
9 submit to City a written request ("**Extension Request**") to extend this Lease ("**Extension Option**") for five (5) years
10 ("**Extension Period**"), which Extension Request shall be received by City no later than one hundred and eighty (180)
11 days prior to the Lease Termination Date. City may approve or deny Tenant's Extension Request. City's Approval
12 or denial of Tenant's Extension Request shall be in writing and shall be delivered to Tenant within thirty (30) calendar
13 days of receipt of Tenant's written request. The terms, conditions and Rent for the Extension Period shall be the
14 same provisions, covenants, and conditions as those contained in the initial Term of this Lease, including the annual
15 Rent adjustments, above.

16 ARTICLE 9. TENANT'S RECORDS AND REPORTS

17
18 **9.1. Preparation and Retention of Records and Reports.** Tenant agrees to prepare and keep on the
19 Premises (or at some other place agreeable to City within the County of Los Angeles) for a period of not less than
20 three (3) years following each of the dates upon which Tenant delivers to City each of the written statements
21 required below, adequate records for the period reported upon by such statement which shall show inventories and
22 receipts of merchandise at the Premises, and daily receipts from all sales and other transactions on or from the
23 Premises by Tenant and any other entities or persons conducting any business upon or from the Premises. If the
24 records and reports are kept at a place other than the Premises, Tenant shall bring such records and reports to the
25 Premises or such other place reasonably designated by City upon request of City.
26

27 **9.2. Cash Register Receipts.** Tenant shall record at the time of sale, in the presence of the customer, all
28 receipts from sales or other transactions whether for cash or credit in a cash register or in cash registers having a
29 cumulative total which shall be sealed in a manner approved by City, and having such other features as shall be
30 required and approved by City.
31

32 **9.3. Tax Returns and Original Business Records.** Tenant shall keep on the Premises (or at some other
33 place agreeable to City within the County of Los Angeles) for at least three (3) years following the end of any partial
34 or full Lease Year the gross income, business and occupation tax returns with respect to said partial or full Lease
35 Year and all pertinent original sales records. If such pertinent original business records are kept at a place other
36 than the Premises, Tenant shall bring such pertinent original sales records to the Premises or such other place
37 reasonably designated by City upon request of City. Pertinent original business records shall include:
38

- 39 (a) All federal and state business and personal tax returns;
- 40 (b) Bank records into which deposits or withdrawals are made relating to the concession;
- 41 (c) Receipts for all sales, including cash sales;
- 42 (d) Certified daily sales ledgers;
- 43 (e) Written records, including invoices and receipts, for all concession-related purchases and
- 44 disbursements, including cash purchases and disbursements;
- 45 (f) Cash register tapes, including tapes from temporary registers;
- 46 (g) Serially numbered sales slips;
- 47 (h) The originals of all mail orders at and to the Premises;
- 48 (i) The original records of all telephone orders at and to the Premises;
- 49 (j) Settlement report sheets of transactions with concessionaires and licensees;
- 50 (k) The original records showing that merchandise returned by customers was purchased at the
- 51 Premises by such customers;
- 52 (l) Memorandum receipts or other records of merchandise taken out on approval;
- 53 (m) Such other sales records, which would normally be examined by an independent accountant
- 54 pursuant to accepted auditing standards in performing an audit of Tenant's sales; and

(n) The records specified in (a) to (h) above of concessionaires or licensees.

9.4. City's Right of Examination. City and City's authorized representative shall have the right to examine Tenant's records required by this Article during regular business hours.

9.5. Annual Statements. Tenant shall submit to the City on or before the sixtieth day following the end of each Lease Year at the place then fixed for the payment of Rent a written statement signed by Tenant and certified to be true and correct, showing in reasonably accurate detail satisfactory in scope to City the amount of Gross Receipts during the preceding Lease Year, and duly certified by independent certified public accountants of recognized standing, which certification shall be one which is satisfactory to City in scope and substance. The statements referred to herein shall be in such form and style and contain such details and breakdown as the City may reasonably determine. Sections 6.2.3 and 9.5 will be satisfied upon the presentation by Tenant at the time due of a verified statement of gross receipts for the calendar year or, for the first and last years, the portion thereof. The statement may reflect Tenant's submission to the Franchise Tax Board of gross receipts and it may be presented to the Department under cover with the admonition that the material is confidential and exempt from disclosure pursuant to the California Government Code Section 6254 (k). In the event of a challenge, Tenant will indemnify City or allow disclosure.

ARTICLE 10. SPECIAL AUDIT

10.1. Special Audit of Tenant's Books and Records. In the event City is not satisfied with any of Tenant's statements of Gross Receipts, City shall have the right within two (2) years from the date of the delivery of any annual statement to City to conduct an internal audit of Tenant's books, and/or to have an independent Certified Public Accountant selected by City commence a special audit of Tenant's books and records pertaining to Gross Receipts. If the amount of Gross Receipts for the period audited is determined by such audit to be in excess of two percent (2%) above the amount shown by Tenant's statement, the cost of the audit shall be paid by Tenant; otherwise, the cost thereof shall be paid by City. Each annual statement of Gross Receipts submitted by Tenant shall become conclusive two (2) years after delivery thereof to City or upon subsequent completion of a special audit performed in accordance with this Article.

ARTICLE 11. SECURITY DEPOSIT

11.1. Security Deposit. Tenant shall maintain on deposit with City throughout the Term of this Lease a deposit in cash as security for the performance of Tenant's obligations under this Lease ("Security Deposit"). The initially amount of the Security Deposit shall be equal to two (2) monthly payments of Rent. City shall hold the Security Deposit, and shall have the right at any time to apply part or all of the Security Deposit to cure Tenant's default in payment of Rent, to repair damages to the Premises resulting from Tenant's occupancy, to clean the Premises upon termination of this Lease, and any expense, loss, or damage that City may suffer because of Tenant's default under this Lease. Tenant shall maintain the Security Deposit at its full amount by payment of Additional Rent, and City, upon sixty (60) days prior written notice, may require Tenant to deposit an additional amount where events (e.g., an increase in the Rent) reasonably require an increase in the amount of the Security Deposit (see also Section 6.4.3 for increased Security Deposit in the event of late Rent payments). Upon termination of this Lease, City may utilize all or part of the Security Deposit to restore the Premises to its original condition, less normal wear and tear. Deductions may include the removal of personal property, as stated in Section 15.3. Neither the Security Deposit nor its application by City shall be a bar or defense to any action in unlawful detainer or to any action which City may at any time commence for a breach of any of the covenants or conditions of this Lease. City's obligation with respect to the Security Deposit is that of a debtor and not a trustee. City can maintain the Security Deposit separate and apart from City's general funds or can commingle the Security Deposit with City's general fund or other funds. City shall not pay Tenant interest on the Security Deposit.

11.2. Return of Security Deposit. City shall retain any portion of the Security Deposit which may properly be utilized by City for the purposes described in this Article 11 and return the balance of the Security Deposit to Tenant upon termination of this Lease by reason of damage or destruction of the Premises, default on the part of City, or taking of the Premises by right of eminent domain; or upon the termination of this Lease, including any month-to-month holdover, within two (2) weeks after the date City receives possession of the Premises, unless the Security

1 Deposit will reasonably be used to repair damages to the Premises caused by Tenant or to clean the Premises, in
2 which case the return shall be within thirty (30) days after the date City receives possession of the Premises.

3 ARTICLE 12. TAXES, LICENSES AND PERMITS

4
5 12.1. **Taxes.** Tenant shall pay any tax which may be assessed against Tenant's interest in the Premises and
6 all taxes levied upon trade fixtures and personal property located in the Premises. In no event shall City be obligated
7 or required to pay these or any other taxes levied or assessed by reason of Tenant's occupancy, possession and
8 control of the Premises.

9
10 12.2. **Licenses and Permits.** Tenant shall obtain any licenses and permits required for the use and
11 occupancy of the Premises and shall pay any and all taxes, fees, or charges regularly levied, charged or assessed
12 by the City of Los Angeles or other public agencies upon businesses of the type conducted in the Premises. Such
13 taxes, fees, or charges are the obligation of Tenant.

14
15 12.3. **Acknowledgment of Taxable Interest.** By executing this Lease and accepting the benefits thereof, a
16 property interest may be created known as a "possessory interest" and such property interest will be subject to
17 property taxation. Tenant, as the party in whom the possessory interest is vested, shall be responsible for the
18 payment of all property taxes, if any, levied upon such interest. Tenant acknowledges that the notice required under
19 California Revenue and Taxation Code section 107.6 has been provided. Tenant acknowledges that by this Article it
20 has been informed of the necessity of filing a claim for exemption to obtain any available exemptions from said tax,
21 and has also been advised that exemption from taxes may not be granted, and that City has no control as to whether
22 or not such exemption will be granted.

23 ARTICLE 13. TRANSFER OF INTEREST

24
25 13.1. **Transfer of Interest Prohibited.** Tenant shall not voluntarily, involuntarily or by operation of law assign
26 this Lease in whole or in part, nor sublet or license the use of all or any part of the Premises, except as provided
27 herein.

28 ARTICLE 14. BANKRUPTCY - INSOLVENCY

29
30 14.1. **Bankruptcy.** In the event that: (1) all or substantially all of Tenant's assets are placed in the hands of a
31 receiver or trustee and such receivership or trusteeship continues for a period of thirty (30) days, or (2) Tenant
32 makes an assignment for the benefit of creditors or is finally adjudicated a bankrupt, or (3) any proceedings under
33 the Bankruptcy Act is instituted by Tenant or filed against Tenant as it now exists or under any amendment thereof
34 which may hereafter be enacted, and this Lease is not terminated, including, without limitation, pursuant to
35 Section 24.1.6 of this Lease, the trustee or any vendee of trustee or vendor shall take subject to all of the provisions
36 and conditions of this Lease, including, but not limited to, the use requirements specified in this Lease, and further
37 that any unpaid Rents or sums owed to the City are fully paid.

38 ARTICLE 15. FIXTURES, EQUIPMENT AND PERSONAL PROPERTY

39
40 15.1. **Installation of Fixtures and Equipment.** Tenant shall install at the Premises all trade fixtures,
41 equipment, and furnishings necessary or proper for the operation of Tenant's business. All such items shall be of
42 first quality and shall be maintained by Tenant in good condition and repair throughout the Term of this Lease.
43 Restrooms, plumbing, wiring attached to the existing structure, lighting fixtures, and floor-to-ceiling partitions shall be
44 construed as alterations to the Premises.

45
46 15.2. **Removal of Personal Property.** Trade fixtures, equipment, furnishings, and other personal property
47 installed or placed on the Premises by Tenant shall be the property of Tenant unless otherwise specified in this
48 Lease. Tenant shall, at Tenant's own cost and expense, completely repair any and all damage to the Premises
49 resulting from or caused by such removal. If Tenant fails to remove any of such property, City may, at City's option,
50 retain all or any of such property, and title thereto shall thereupon vest in City; or City may remove from the Premises
51 and dispose of in any manner all or any of such property without any responsibility to Tenant for damage or

1 destruction to said property. In the latter event, Tenant shall pay to City upon demand the actual expense of such
2 removal and disposition and the cost of repair of any and all damages to the Premises resulting from or caused by
3 such removal.

4
5 **15.3. Removal upon Termination.** Upon the expiration or other termination of this Lease, Tenant shall be
6 responsible for returning the Premises to a simple, unfinished state with straight, painted walls. Tenant will be billed
7 by the City if fixtures are not completely removed and the space returned to rentable form at the end of occupancy or
8 the Lease Term, whichever occurs first.

9 **ARTICLE 16. TENANT IMPROVEMENTS**

10
11 **16.1. Tenant Improvements.** All Tenant improvements to the Premises shall be the responsibility of Tenant,
12 at Tenant's sole cost and expense. Should any alterations to the Premises be required by any governmental agency
13 having jurisdiction thereof for a reason attributed to Tenant's improvements or operation, such alteration shall be
14 paid for by Tenant.

15
16 **16.2. Alterations and Improvements.** With the prior written approval of City, Tenant may make alterations
17 and improvements to the Premises ("**Alterations**") which do not affect the (1) exterior appearance of the Monument,
18 (2) structural aspects of the Monument (3) the common areas of the Monument (4) the use of the Monument by
19 other concessionaires, tenants or occupants of the Monument, or (5) the Monument Systems, as that phrase is
20 defined in Section 17.3, as long as Tenant pays for the entire cost of such Alterations and as long as Tenant agrees
21 to remove said Alterations upon the expiration or termination of the Lease, if requested by City. Any time Tenant
22 proposes to make such Alterations, Tenant shall provide City with prior written notice of the proposed Alterations,
23 together with the plans and specifications. City's consent to any Alteration shall not be unreasonably withheld,
24 conditioned, or delayed.

25
26 **16.2.1.** Tenant acknowledges that the Premises are part of an historic building and Monument. Tenant
27 may not remove or modify the historic or architectural fabric or features of the Premises without prior written
28 approval from City, which City may refuse to give at City's sole discretion.

29
30 **16.2.2.** No awning, shade, sign, advertisement, or notice shall be inscribed, painted or affixed on or to
31 any part of the outside or inside of the Premises except it be of such color, size and style and in such place
32 upon or in the Premises as may be designated by City.

33
34 **16.2.3.** Lettering on doors and other exterior signs to the Premises shall be subject to City's prior
35 approval.

36
37 **16.2.4.** Electric wiring of every kind, boring or cutting for wires, and the location of telephone and
38 telegraph instruments shall be designated by City.

39
40 **16.2.5.** Notwithstanding any other provision of this Lease, in the conduct of restaurant operations in the
41 Premises, at least once every three (3) months or more often as needed, Tenant shall hire a licensed, insured
42 plumbing contractor to remove debris, clear, unclog or "jet," the sewer lines that carry debris from the
43 Premises. Tenant shall select the licensed, insured plumbing contractor from a list pre-approved by City.
44 Tenant shall bear the sole responsibility for payment for the plumbing maintenance. Tenant shall provide to
45 City, by no later than the tenth (10th) day after completion of the plumbing maintenance, documentation of the
46 work performed and a copy of Tenant's payment for the work. In the event Tenant fails to perform the quarterly
47 plumbing maintenance and provide written proof of the work, City may contract directly with the plumbing
48 contractor to perform the maintenance work. Tenant must permit the plumbing contractor to access the
49 Premises as specified in Section 25.7 of this Lease. All cost for the plumbing work incurred by the City on
50 Tenant's behalf is hereby deemed Additional Rent, and Tenant shall promptly pay the cost of such work upon
51 receipt of an invoice therefor.

52
53 **16.3. Monument Systems - Defined.** As used in this Lease, the defined term "**Monument Systems**" shall
54 mean any machinery, transformers, duct work, conduit, pipe, bus duct, cable, wires, and other equipment, facilities,
55 and systems, to the extent within the Monument or the infrastructure owned and operated by the City of Los Angeles,

1 designed to supply heat, ventilation, air conditioning and humidity or any other services or utilities, or comprising or
2 serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, communications, alarm,
3 security, or fire/life safety systems or equipment, or any other mechanical, electrical, electronic, computer, or other
4 systems or equipment which service the Monument in whole or in part; provided, however, that such equipment,
5 facilities, and systems which serve solely the Premises with respect to communications, alarm, security, and
6 computer systems shall not be considered part of the Monument Systems to the extent that such equipment,
7 facilities, and systems may be accessed and altered without interference with any Monument Systems.
8

9 **16.4. Manner of Construction.** City may impose reasonable requirements as a condition of its consent to all
10 Alterations or repairs of the Premises or about the Premises, including, but not limited to, the requirement that upon
11 City's request, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early
12 termination of the Term, and/or the requirement, with respect to work on the Monument Systems, that Tenant utilize
13 for such purposes only contractors, materials, mechanics, and material providers approved by City. City may require
14 Tenant to provide City, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one
15 and one-half times the estimated cost of such improvements, to insure City against any liability for claims or
16 purported mechanic's and materialmen's liens and to insure completion of the work. Tenant shall construct such
17 Alterations and perform such repairs in conformance with any and all applicable rules and regulations of any federal,
18 state, county or municipal code or ordinance and pursuant to a valid building permit, issued by the City of
19 Los Angeles, in conformance with City's reasonable construction rules and regulations. All work with respect to any
20 Alterations must be done in a good and professional manner and diligently prosecuted to completion to the end that
21 the Premises shall at all times be a complete unit except during the period of work. In performing the work of any
22 such Alterations, Tenant shall have the work performed in such manner as not to obstruct access to the Monument
23 or the common areas for any other tenants of the Monument, and as not to obstruct the business of City or other
24 tenants in the Monument, or interfere with the labor force working in the Monument. Upon completion of any
25 Alterations, Tenant agrees at the request of City to cause a Notice of Completion to be recorded in the office of the
26 Recorder of the County of Los Angeles in accordance with §3093 of the California Civil Code or any successor
27 statute, and shall deliver to City a reproducible copy of the "as-built" drawings, if any, of the Alterations.
28

29 **16.5. Notice of Non-responsibility.** Before any improvements, alterations, or construction work of any kind
30 are performed by Tenant, subsequent to completion of Tenant's work, Tenant shall first obtain approval of City in
31 writing and shall give to City ten (10) days' notice in order that City may post and record a non-responsibility notice.
32 City shall have the right to post and keep posted on the Premises notices such as those provided for by Section
33 3094 of the Civil Code of California, or which City may deem to be proper for the protection of City's interest in the
34 Premises. Upon completion of any construction by Tenant, Tenant or Tenant's contractor shall file or record in the
35 Office of the County Recorder in and for the County of Los Angeles a Notice of Completion as permitted by law and
36 provide a copy of said notice to City.
37

38 **16.6. Ownership of Alterations.** All alterations, improvements, additions, machinery and equipment which
39 may be made or installed from time-to-time by City or Tenant, to, in, upon, or about the Premises, except trade
40 fixtures and furniture installed by Tenant, shall be the property of City, and upon termination of this Lease shall be
41 surrendered to City by Tenant without any injury, damage or disturbance thereto or payment thereof. City's property
42 shall include, but not be limited to, all components of the heating, air conditioning, plumbing and electrical systems,
43 lighting fixtures and fluorescent tubes, elevators, dumbwaiters, conveyors and partitions, whether removable or
44 otherwise.

45 **ARTICLE 17. EASEMENTS FOR MAINS, CONDUITS, AND PIPES**

46

47 **17.1. Easements.** City reserves to itself and Tenant hereby grants to City such licenses of easements in or
48 over or under the Premises or any portion thereof as shall be reasonably required for the installation or maintenance
49 of mains, conduits or pipes or for construction of other facilities to serve the Monument or any part thereof, including
50 the premises of any occupant. City shall pay for any alteration required on the Premises as a result of any such
51 exercise, occupancy under or enjoyment of licenses or easements. Further, no exercise, occupancy under, or
52 enjoyment of licenses or easements by City shall result in unreasonable interference with Tenant's use, occupancy
53 or enjoyment of the Premises as contemplated by this Lease.

1 ARTICLE 18. MAINTENANCE AND HOUSEKEEPING

2
3 **18.1. City's Obligations.** City shall maintain in good order, condition, and repair the foundation, exterior
4 walls, exterior signage (including, without limitation, the main signs on the perimeters of the Monument entrances),
5 and roofs of the Monument's structures and all utility lines and sewer lines leading to the Premises, except that
6 Concessionaire shall be obligated to maintain the plate glass of the Premises.
7

8 **18.1.1. Floors and Stairways.** City will not be responsible for floors or stairways within the
9 Premises except as provided in this Section. City shall be responsible for the repair and maintenance of the
10 structural components which support floors, unless the need for such repair or maintenance is caused by
11 excessive floor loading or other act or omission by Tenant. Except for damage caused by the acts or
12 omissions of Tenant, City shall be responsible for the repair and maintenance of exterior stairways. City shall
13 not be responsible for the repair or maintenance of any interior stairways within the Premises.
14

15 **18.1.2. Code Compliance.** If at any time during the Term of this Lease, any regulatory or
16 municipal agency determines that repair or construction of roofs, foundations, structural components of
17 buildings, the exterior surface of outside walls, main plumbing lines, main natural gas lines, and electrical lines
18 up to the main circuit box is necessary to bring the Premises into compliance with applicable building codes,
19 City shall correct such non-compliance at its sole cost and expense.
20

21 **18.2. Tenant's Obligations.** Tenant shall maintain all facilities and personal property and equipment on the
22 Premises in good condition and repair at Tenant's sole cost and expense at all times during the term of this Lease.
23 Such maintenance shall conform to City standards. The term maintenance, for the purposes of this Lease, is
24 defined as all repairs to real property improvements and preservation work necessary to maintain Premises facilities
25 including but not limited to the infrastructure of facilities, personal property and equipment in a good state of repair,
26 as well as to preserve them for their intended purpose for an optimum useful life. Should Tenant fail, neglect, or
27 refuse to undertake and complete any required maintenance, City shall have the right to perform such maintenance
28 or repairs for Tenant. In this event, Tenant shall promptly reimburse City for the cost thereof, provided however,
29 except in case of an emergency, that City shall first give Tenant ten (10) days written notice of its intention to perform
30 such maintenance or repairs. City shall not be obligated to make any repairs to or maintain any improvements on
31 the Premises. Tenant hereby expressly waives the right to make repairs at the expense of City and the benefit of the
32 provisions of Sections 1941 and 1942 of the Civil Code of the State of California relating thereto if any there be. City
33 has made no representations respecting the condition of the Premises, except as specifically set for in this Lease.
34

35 **18.2.1.** If Tenant refuses or neglects to repair, replace or maintain the Premises, or any part thereof,
36 in a safe manner and a manner reasonably satisfactory to City, City shall have the right, upon giving Tenant
37 reasonable written notice of its election to do so, to make such repairs or performs such maintenance on behalf
38 of and for the account of Tenant. In such event, Tenant shall pay the cost of such work as Additional Rent
39 promptly upon receipt of an invoice thereof.
40

41 **18.2.2** City may, but shall not be required to, enter the Premises at all reasonable times to make such
42 repairs, alterations, additions to the Premises or to the building of which the Premises are a part, or to any
43 equipment located in the building as City shall desire or deem necessary or as City may be required by any
44 governmental or quasi-governmental authority or court order or decree. In the case of emergency requiring
45 immediate attention, City's right to enter may be exercised at City's reasonable discretion.
46

47 **18.3 Compliance with Laws.** Tenant shall continuously and without exception repair and maintain the
48 Premises, including Tenant Improvements, Alterations, fixtures, and furnishings, in an order and condition in
49 compliance with all Laws and Orders. As used in this Lease, the defined term "Laws and Orders" includes all
50 federal, state, county, city, or government agency laws, statutes, ordinances, standards, rules, requirements, or
51 orders now in force or hereafter enacted, promulgated, or issued, including, without limitation, government measures
52 regulating or enforcing public access, occupational, health, or safety standards for employers, employees, landlords,
53 or tenants. Tenant, at Tenant's sole expense, shall promptly make all repairs, replacements, alterations, or
54 improvements needed to comply with all Laws and Orders to the extent that the Laws and Orders relate to or are
55 triggered by (a) Tenant's particular use of the Premises, (b) the Tenant Improvements located in the Premises, or (c)
56 any Alterations located in the Premises. City, at City's sole expense, shall promptly make all repairs, replacements,

1 alterations, or improvements needed to comply with all Laws and Orders to the extent that the Laws and Orders
2 relate to the any of the structural or mechanical components of the Monument for which City is responsible under
3 this Lease. If, however, a portion or all of such compliance work on such structural or mechanical components of
4 the Monument is triggered by the Tenant Improvements or Alterations requested by Tenant hereunder, Tenant shall
5 bear all expense of such work on such portion of the structural or mechanical components of the Monument.
6

7 **18.4 Public Area Maintenance; Patrol Services.** For the first Lease Year of the Term and the first
8 fractional calendar month, if any, Tenant shall pay to as part of the Rent, Common Area Maintenance Fee (CAM) at
9 the rate of \$.36 cents a square foot per month for public area maintenance and patrol services. Neither City nor any
10 of its employees shall be liable to Tenant for damage allegedly or proximately resulting from insufficient patrol
11 services, or for failure of the patrol to prevent an act by any person. For each Lease Year thereafter, the amount
12 paid for maintenance and patrol services shall be increased or decreased from the rate of the previous year to reflect
13 any reasonable change in the costs incurred by the El Pueblo Department and included as part of the Rent.

14 **ARTICLE 19. UTILITIES**

15
16 **19.1. Electricity, Gas and Telecommunications.** Tenant shall be responsible for arranging for the provision
17 of electricity and gas to the Premises. Electricity and gas shall be separately metered and Tenant shall pay for any
18 usage at the rates charged by local public utilities. Tenant shall be responsible for arranging for the provision of any
19 telecommunications services to the Premises, including, without limitation, telephone and cable service. Charges for
20 all telecommunications supplied to the Premises shall be paid by Tenant.
21

22 **19.2. Water.** Water shall be furnished to Tenant by City at no cost to Tenant except that City shall have the
23 option to meter Tenant's consumption in the event that City determines in its judgment that Tenant is likely to use
24 excessive amounts of water. Tenant shall pay City for such excessive use of water at the rate charged by the local
25 public utility as if its services were provided directly to Tenant. Tenant shall pay for metered utilities as Additional
26 Rent or directly to the utility at City's option.
27

28 **19.3. Air Systems.** As applicable, Tenant shall provide, operate, repair and maintain a heating, ventilating,
29 cooling, air handling and control system ("HVAC") serving the Premises. Tenant may install HVAC to serve the
30 Premises at Tenant's option and expense.

31 **ARTICLE 20. PARKING**

32
33 **20.1. Monthly Parking.** City will not provide any free or discount parking for Tenant. Tenant may choose to
34 park in an El Pueblo commercial parking lot at the then-prevailing monthly parking rate (subject to change and as
35 available) during the Lease and pay Additional Rent for this parking permit, which includes the 10% surcharge
36 imposed by the City of Los Angeles parking occupancy tax (Ordinance No. 165,949). Tenant will be billed monthly
37 in advance for this parking.
38

39 **20.2. Customer Parking.** Public parking at the posted rates may be obtained in the Monument on a space
40 available basis.

41 **ARTICLE 21. CASUALTY, DAMAGE AND DESTRUCTION**

42
43 **21.1. Casualty, Damage or Destruction.** If the Premises or the Monument suffer any substantial casualty or
44 are destroyed or damaged by fire, earthquake, or from any cause whatsoever, Tenant and City shall each have the
45 option to terminate this Lease upon giving fifteen (15) calendar days prior written notice to the other party of the
46 exercise of this termination right.
47

48 **21.2. Waiver.** The provisions contained in this Lease shall supersede any contrary laws now or hereafter in
49 effect relating to damage or destruction, and City and Tenant hereby waive the provisions of California Civil Code
50 sections 1932(2) [termination where greater part of thing hired perishes] and 1933(4) [automatic termination upon
51 destruction of thing hired].
52

21.3. Termination. If either party terminates this Lease as permitted by this Article 21, then this Lease shall end effective the date specified in the termination notice. The rent and other charges shall be payable up to the effective date of termination and shall account for any abatement. City shall promptly refund to Tenant any prepaid, unaccrued rent, accounting for any abatement, less any sum then owing by Tenant to City.

ARTICLE 22. INSURANCE AND INDEMNIFICATION

22.1. Insurance. Tenant, at Tenant's own cost and expense, shall, prior to any possession or other use of the Premises, secure from an insurance company or companies licensed in the State of California and maintain during the entire Term and any extension or holdover of this Lease, the insurance coverage for the Premises not less than the amounts and types requested by the City Risk Manager and as follows:

22.1.1. General Liability Insurance. Tenant shall provide and maintain general liability insurance in an amount not less than One Million Dollars (\$1,000,000) Combined Single Limit per occurrence with no general aggregate. Evidence of such insurance shall be on City's General Liability Certificate (Form Gen. 135 GL) and should provide coverage for premises and operations, contractual, personal injury, independent contractors, products/completed operations and fire legal liability. Proof of current insurance must be submitted to City prior to Tenant's possession of the Premises, and upon written request of the City. City, its boards, officers, agents and employees, shall be included as additional insureds in all General Liability insurance required herein. Tenant shall keep in force fire legal liability insurance coverage in the amount of Two Hundred Thousand Dollars (\$200,000) and extended coverage including debris removal and sprinkler leakage to cover loss or damage to store interior, fixtures, furnishings, and store front in an amount sufficient to fully restore the Premises in accordance with Article 16 of this Lease. Tenant shall furnish City with evidence of insurance showing the extent of such insurance. Should a casualty occur, the proceeds of the policy or policies of fire and extended coverage insurance shall be used to restore the Premises and the fixtures and inventory providing that the Monument remains open to public use or will be opened to public use. Such policy or policies of insurance shall include the City as Loss Payee as its interests may appear. In addition, at the City's discretion, Tenant shall provide auto liability in the amount of not less than One Million Dollars (\$1,000,000).

22.1.2. Improvements or Alterations Insurance. Before any improvements, alterations, or construction work of any kind are performed by Tenant, Tenant shall obtain and maintain, at Tenant's expense, liability and worker's compensation insurance adequate to fully protect City as well as Tenant from and against any and all liability for death of or injury to any person or for loss or damage to property caused in or about or by reason of Tenant's construction. In addition, Tenant shall carry "Builder's All Risk" insurance in an amount reasonably approved by City covering the construction of such Alterations.

22.1.3. Workers' Compensation and Employer's Liability. Tenant shall provide and maintain Worker's Compensation coverage in the amount required by statute and Employer's Liability coverage in an amount not less than One Million Dollars (\$1,000,000) per occurrence. Evidence of such insurance shall be on City's Worker's Compensation Certificate (Form Gen 137 WC).

22.1.4. Tenant's Property. City will not insure Tenant's equipment, stored goods, other personal property, fixtures, or Tenant improvements, nor such personal property owned by Tenant's sub-tenants or assignees, if any, or invitees. City shall not be required to repair any injury or damage to any personal property or trade fixtures installed in the Premises by Tenant caused by fire or other casualty, or to replace any such personal property or trade fixtures. Tenant may, at Tenant's sole option and expense, obtain physical damage insurance covering Tenant's equipment, stored goods, personal property, fixtures or Tenant improvements or obtain business interruption insurance.

22.1.5. Notice of Reduction in Insurance. All insurance policies required under this Lease shall expressly provide that such insurance shall not be canceled or materially reduced in coverage or limits except after thirty (30) days written notice by receipted delivery has been given to City Administrative Officer, Risk Management, City Hall East, Room 1240, 200 North Main Street, Los Angeles, California 90012.

22.1.6. Default. If insurance is canceled, lapsed, or reduced below minimums required in this Article, City may consider this Lease to be in default and may terminate it. Termination shall occur at the

1 expiration of a three (3) day notice given in accordance with the provisions of the Code of Civil Procedure
2 section 1162. At the termination of three (3) days or sooner, Tenant shall vacate the Premises and shall have
3 no right to possess or control the Premises or the operations conducted therein. If Tenant does not vacate,
4 City may utilize any and all court proceedings to obtain a right to possession.

5
6 **22.1.7. Adjustment of Insurance Levels.** City may, from time to time during the Term or any
7 extension or holdover of this Lease, applying generally accepted risk management principles, change the
8 amounts and types of insurance required hereunder upon giving Tenant ninety (90) days prior written notice.
9

10 **22.2. Waiver of Subrogation.** Each party hereto agrees to waive its rights of recovery against the other for
11 any physical damage it may sustain to the extent that such damage is covered by valid and collectible property
12 insurance. Each party will notify its respective insurers of such agreement. Further, each party agrees to waive in
13 advance its insurer's rights of subrogation to the extent that its insurance policies so permit.
14

15 **22.3. Indemnification.** Except for the active negligence or willful misconduct of City, Tenant undertakes and
16 agrees to defend, indemnify, and hold harmless City and any and all of City's boards, commissions, officers, agents,
17 employees, assigns, and successors in interest and at the option of the City, defend by counsel satisfactory to the
18 City, from and against all suits and causes of action, claims, losses, demands, and expenses, including, but not
19 limited to, attorneys' fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any
20 person, including Tenant's employees and agents, or damage or destruction of any property of either party hereto or
21 of third parties, arising in any manner by reason of the acts, errors, omissions, or willful misconduct on the part of
22 Tenant, subtenants, assignees, contractors, subcontractors or invitees of Tenant, arising out of or relating to: (1)
23 the use of the Monument and its facilities, (2) any repairs or alterations which Tenant may make upon the Premises,
24 or (3) this Lease. Tenant's obligation to indemnify City and save City harmless shall include the retention and
25 payment of reasonable legal counsel and investigative services and the payment of all other reasonable costs,
26 expenses and liabilities from the first notice that any claim or demand is to be made in or has been made. Tenant's
27 obligation to indemnify City and save City harmless shall include the retention and payment of reasonable legal
28 counsel and investigative services and the payment of all other reasonable costs, expenses and liabilities from the
29 first notice that any claim or demand is to be made in or has been made.

30 **ARTICLE 23. DEFAULT**

31
32 **23.1. Default by Tenant.** The occurrence of any one or more of the following events shall constitute an
33 **Event of Default** of this Lease by Tenant:
34

35 **23.1.1. Failure to Open.** The failure by Tenant to open for operation within one hundred twenty
36 (120) days after the Lease Commencement Date or within a time period further extended in writing by City, City
37 may cancel this Lease upon written notice to Tenant of its failure to open and City's election to cancel (see
38 Section 4.2, page 3, for continuous operation requirements). Tenant shall then be subject to all Lease
39 cancellation penalties provided herein;
40

41 **23.1.2. Failure to Pay Rent.** The failure by Tenant to make any payment of Rent or any other
42 payment required to be made by Tenant under this Lease, as and when due;
43

44 **23.1.3. Abandonment.** Subsequent to the commencement of Tenant's business operations, the
45 abandonment of the Premises by Tenant, as defined in California Civil Code section 1951.3;
46

47 **23.1.4. Unintended Use of Premises.** The use of the Premises by Tenant for purposes other
48 than those specified herein or the failure by Tenant provide the goods and/or services as delineated herein.
49

50 **23.1.5. Breach of Lease Provisions.** The failure by Tenant to observe or perform any of the
51 covenants or provisions of this Lease to be performed by Tenant other than as specified in 23.1.1 or 23.1.2
52 above and where such breach can be cured, where such failure shall continue for a period of three (3) calendar
53 days after written notice thereof from City to Tenant specifying the nature of such failure or such longer period
54 as is reasonably necessary to remedy such default, provided that Tenant shall continuously and diligently

pursue such remedy at all times until such default is cured. To the extent permitted by law, such three (3) day notice shall constitute the sole and exclusive notice required in be given to Tenant;

23.1.6. Insolvency. (a) the making by Tenant of any general arrangement or general assignment for the benefit of creditors; (b) Concessionaire becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (c) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days. In the event that any provision of this Section 23.1.6 is contrary to any applicable law, such provision shall be of no force or effect; or

23.1.7. False Statements. The discovery by City that any financial statement given to City by Tenant or its successor in interest or by any guarantor of Tenant's obligation hereunder, including, without limitation, statements given pursuant to Section 6.2.3 (page 7), was knowingly and materially false.

23.2. Remedies. In the event of any Event of Default or breach of this Lease by Tenant, City may at any time thereafter, with or without notice or demand and without limiting City in the exercise of any right or remedy which City may have by reason of such default:

23.2.1. Termination of Lease. City may terminate this Lease and recover possession of the Premises. Once City has terminated this Lease, Tenant shall immediately surrender possession of the Premises to City. In such event City shall be entitled to recover from Tenant: (1) the worth at time of award of damages of any unpaid Rent, expenses, or other sums due under this Lease that had been earned at the time of termination, to be computed by allowing interest at the rate set forth in Section 6.4.1 (page 8), but in no case greater than the maximum amount of interest permitted by law; (2) such amount as is necessary to compensate City for the detriment proximately caused by Tenant's failure to perform their obligations under this Lease or which would be likely to result therefrom, including brokerage commissions and advertising expenses, expenses of remodeling the Premises for a new Tenant (whether for the same or a different use), and any special concessions made to obtain a new Tenant; (3) the worth at time of award of damages of the amount by which unpaid Rent which would have been earned between the time of the termination and the time of award exceeds the amount of unpaid Rent that Tenant proves could be reasonably avoided, to be computed by allowing interest at the rate set forth in Article 6, but in no case greater than the maximum amount of interest permitted by law; (4) the worth at the time of award of damages of the amount by which the unpaid Rent for the balance of the Term of this Lease after the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%); and (5) other amounts as may be permitted by law.

23.2.2. Continuation of Lease. City has the remedy described in California Civil Code section 1951.4 should it continue the Lease after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations. Accordingly, if City does not elect to terminate this Lease on account of any Event of Default by Tenant, City shall be entitled to enforce all of City's rights and remedies under this Lease, including the right to recover the Rent as it becomes due; or

23.2.3. Cleaning and Repairing. City may enter upon the Premises and clean or put same in good order, condition and repair. The cost thereof shall be paid by Tenant, and Tenant shall remain legally obligated to pay all Rent under this Lease up to and after the time of re-entry by City. This remedy may be exercised by City notwithstanding that Tenant is operating in the Premises and/or is open for business, if Tenant is not maintaining an adequate level of cleanliness and order.

23.2.4. Failure to Surrender Premises. If Tenant fails to surrender the Premises upon the termination of this Lease or should Tenant holdover beyond thirty (30) days following written notice to vacate, Tenant shall indemnify City for any liability or damages it may suffer as a result of City being unable to deliver the Premises to a new Tenant in addition to any other liabilities accruing to City.

1 **23.2.5. Other Remedies.** Pursue any other remedy now or hereafter available to City under the
2 laws or judicial decisions of California, including but not limited to those rights provided in California Civil Code
3 §1951.2, as amended. Unpaid installments of Rent and other unpaid monetary obligations of Tenant under the
4 provisions of this Lease shall bear interest from the date due at the maximum rate then allowable by law.
5

6 Enforcement of City's remedies shall not affect the rights of any bona fide conditional vendor, chattel mortgager, or
7 other person having a security interest in Tenant's fixtures and equipment.
8

9 **23.3. City's Cumulative Rights; No Waiver of Default.** Except where otherwise provided, all rights, options
10 and remedies of City contained in this Lease shall be construed and held to be cumulative, and no one of them shall
11 be exclusive of the other, and City shall have the right to pursue any one or all of such remedies or any other remedy
12 or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default hereunder shall
13 be implied from any omission by either party to take any action on account of such default if such default persists or
14 is repeated, and no express waiver shall affect any default other than the default specified in the express waiver, and
15 that only for the time and to the extent therein stated. The acceptance by City of Rent or other payments with
16 knowledge of the breach of any of the provisions of this Lease by Tenant shall not be deemed a waiver of any such
17 breach. One or more waivers of any breach of any covenant, provision, or condition of this Lease shall not be
18 construed as to waiver of any subsequent breach of the same covenant, provision, or condition. The consent or
19 approval of City to any act by Tenant requiring City's consent or approval shall not be deemed to waive or render
20 unnecessary City's consent or approval to any subsequent similar acts by Tenant.
21

22 **23.4. Eminent Domain.** If all or a portion of the Premises shall be taken for any public or quasi-public use
23 under any statute or by right of eminent domain or agreed purchase in lieu thereof, City shall have the option to
24 either terminate this Lease as of the date when title to the Premises so purchased is taken, or reduce the Rent
25 herein pro rata by City, in which case City is under no obligation to restore or reconstruct the Premises.
26

27 **23.5. Application of Funds.** Any payments received by City under any provisions of this Lease during the
28 existence or continuance of any Event of Default (including payments made to City rather than Tenant due to the
29 existence of an Event of Default) shall be applied to Tenant's obligations in the order which City may determine or as
30 may be prescribed by the laws of the State of California, and the retention by City of any funds from Tenant which
31 are due but are not sufficient to cure any existing monetary default (whether or not any notice of such default shall
32 have been given) shall not cure such default but only reduce Tenant's debt in such amount, notwithstanding any
33 assertion by Tenant to the contrary. (See Section 25.1 regarding limitations on accord and satisfaction.)
34

35 **23.6. Right of Re-Entry.** If an Event of Default by Tenant has occurred and Tenant has abandoned the
36 Premises, then City shall also have the right to enforce the provisions of California Civil Code sections 1980 through
37 1991. Tenant shall allow re-entry by City without hindrance, and City shall not be liable in damages or guilty of
38 trespass. No re-entry or taking of possession of the Premises by City pursuant to this Section shall be construed as
39 an election to terminate this Lease unless a written notice of such intention shall be given to Tenant or unless the
40 termination hereof shall be decreed by a court of competent jurisdiction. For the purposes of this Article 23, Tenant's
41 right to possession shall not be deemed to have terminated by efforts of City to relet the Premises, by its acts of
42 maintenance or preservation with respect to the Premises or by appointment of a receiver to protect City's interests
43 hereunder. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by
44 City without terminating Tenant's right to possession.
45

46 **23.7. Default by City.** City shall not be in default unless City neglects or fails to perform or observe any of
47 the covenants, provisions or conditions contained in this Lease on its part to be performed or observed within sixty
48 (60) calendar days after written notice of default (or if more than sixty (60) calendar days shall be required because
49 of the nature of the default, if City shall fail to commence work to cure the default within sixty (60) calendar days after
50 notice and diligently pursue such work to completion).

51 **ARTICLE 24. MANDATORY CITY REQUIREMENTS**

52
53 **24.1. Standard Provisions for City Contracts.** Attached hereto and incorporated by reference into this
54 Lease is the City's "Standard Provisions for City Contracts (Rev 10/3)" ("**Standard Provisions**"). Tenant shall
55 comply with the Standard Provisions and applicable City Ordinances and any amendments thereto.

1 **25.9. Corporate Resolution.** If Tenant is a corporation and the signatories for Tenant are not two officers of
2 the corporation as specified in California Corporations Code §313, then prior to or contemporaneous with the
3 execution of this Lease, Tenant shall provide to City a current copy of its corporate resolution depicting the names,
4 titles and legal signatures of the officer or officers of the corporation authorized to execute legal documents,
5 including this Lease on behalf of Tenant. Within thirty (30) days after Tenant's receipt of City's written request,
6 Tenant shall provide to City an updated corporate resolution depicting such names and legal signatures.
7

8 **25.10. Covenants and Agreements.** The failure of Tenant or City to insist in any instance on the strict
9 keeping, observance or performance of any covenant or agreement contained in the Lease, or the exercise of any
10 election contained in the Lease shall not be construed as a waiver or relinquishment for the future of such covenant
11 or agreement, but the same shall continue and remain in full force and effect.
12

13 **25.11. Days.** All references in this Lease to less than ten (10) days shall mean business days; otherwise,
14 "days" shall mean calendar days unless specifically modified herein to be "business" or "working" days. All
15 references to "notice" shall mean written notice given in compliance with Article 21 (page 15). All references, if any,
16 to "month" or "months" shall be deemed to include the actual number of days in such actual month or months.
17

18 **25.12. Exhibits - Incorporation in Lease.** All exhibits referred to are attached to this Lease and incorporated
19 by reference as though fully set forth in the body of the Lease.
20

21 **25.13. Force Majeure.** Except as otherwise provided in this Lease, whenever a day is established in this
22 Lease on which, or a period of time, including a reasonable period of time, is designated within which, either party is
23 required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by
24 a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably
25 interfered with, the doing or completion of such act, matter or thing because of disruption of service or brownouts
26 from utilities not due to action or inaction of City, wars, insurrections, rebellions, civil disorder, acts of terrorism,
27 declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control (financial
28 inability excepted) ("Force Majeure"); provided, however, that nothing contained in this Section shall excuse Tenant
29 from the prompt payment of any Rent or other charge required of Tenant hereunder. Neither party shall be liable for,
30 and Tenant shall not be entitled to, any abatement or reduction of Rent or right to terminate by reason of any such
31 delays or failures or other inability to provide services or access under this Lease due to Force Majeure.
32

33 **25.14. Memorandum of Lease.** A Memorandum of Lease, substantially in the form as that attached to this
34 Lease, shall be completed and executed by both parties concurrently with the execution of this Lease. City may
35 record such Memorandum of Lease. Tenant understands that this Lease may be considered a public document
36 and, therefore, may be made available to members of the general public.
37

38 **25.15. No Partnership or Joint Venture.** Nothing contained in this Lease shall be deemed or construed to
39 create the relationship of principal and agent or of partnership or of joint venture or of any association between City
40 and Tenant. Neither the method of computation of Rent nor any other provision contained in this Lease, nor any
41 acts of the parties hereto, shall be deemed to create any relationship between City and Tenant other than the
42 relationship of Owner and Tenant.
43

44 **25.16. No Relocation Assistance.** Tenant acknowledges that it is not entitled to relocation assistance or any
45 other benefits under the California Relocation Assistance Act (Government Code section 7260, et seq.), the Uniform
46 Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C.A. §4601, et seq.),
47 or any other provisions of law upon termination of this Lease, except in the event of condemnation of Tenant's
48 leasehold interest. Tenant therefore waives any claim to such assistance or benefits.
49

50 **25.17. Partial Invalidity.** If any provision or condition contained in this Lease shall, to any extent, be invalid or
51 unenforceable, the remainder of this Lease or the application of such provision or condition to persons or
52 circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and
53 each and every other provision and condition of this Lease shall be valid and enforceable to the fullest extent
54 permitted by law.
55

1 **25.18. Prior Agreement/Amendments.** This Lease contains all of the agreements of the parties hereto with
2 respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding, oral or written,
3 express or implied, pertaining to any such matter shall be effective for any purpose. This Lease cannot be altered,
4 changed, modified or added to, except as approved in writing by the City Council of City of Los Angeles and signed
5 by the General Manager, El Pueblo Department, and by Tenant or their successors in interest. The parties
6 acknowledge that all prior agreements, representations and negotiations are deemed superseded by the execution
7 of this Lease to the extent they are not incorporated herein.
8

9 **25.19. Quiet Enjoyment.** Upon conformance by Tenant with the covenants, provisions, and conditions of this
10 Lease, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term of this Lease without hindrance
11 or interruption by City, or any other person or persons lawfully or equitably claiming by, through or under City,
12 subject, nevertheless, to the provisions and conditions of this Lease.
13

14 **25.20. Remodeling of the Monument.** City reserves the right at any time or times during the Term of this
15 Lease, to remodel, refurbish, alter, or expand all or any parts of the Monument. In any such event, and to the extent
16 required by City's work, Tenant shall be obligated at Tenant's sole cost and expense, to extend the Premises to the
17 new lease line, if any, created by such work and to reconstruct or alter the store front(s) of the Premises, all in
18 accordance with City's plans and specifications. As part of any such work, City may adopt a new exterior sign
19 criteria. Upon adoption of such new exterior sign criteria, Tenant at Tenant's sole cost and expense and upon
20 receipt of written notice from City, shall remove all existing exterior signs and replace them with new exterior signs in
21 accordance with the new sign criteria. Such new signs shall be erected within sixty (60) days following the date of
22 Tenant's receipt of City's notice. The removal of the existing signs and the erection of new signs as provided herein
23 shall be accomplished at the same time so that the Premises will at all times have exterior signs.
24

25 **25.21. Time.** Time is of the essence with respect to the performance of every provision of this Lease in which
26 time or performance is a factor.
27

28 **26.22. Filming.** Tenant acknowledges and agrees that City may use portions of the Premises or limit access
29 to the Premises in order to accommodate commercial filming at the Monument. Tenant agrees that commercial
30 filming that involves use of or limits the access to the Premises will not affect Tenant's Rent obligations. Tenant
31 further agrees that any revenue generated by the commercial filming that involves use of or limits the access to the
32 Premises will be payable exclusively to the City; Tenant will have no right to any filming revenue for the use of or that
33 limits the access to the Premises.
34

35 ///
36 ///
37 ///
38

1 **IN WITNESS WHEREOF**, the City of Los Angeles, a municipal corporation, acting by and through its El Pueblo de
2 Los Angeles Historical Monument Authority Commission, Landlord herein, and Alonso and Elsa Arellano dba
3 CHIGUACLE, Sabor Ancestral de Mexico, Tenant herein, have caused this Lease to be executed as of the date of
4 the attestation by the City Clerk.
5

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By: _____

DOV S. LESEL
Assistant City Attorney

DATE: _____

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By: _____

Deputy

DATE: _____

CITY:

CITY OF LOS ANGELES, a municipal
corporation, acting by and through its EL
PUEBLO DE LOS ANGELES HISTORICAL
MONUMENT AUTHORITY COMMISSION

By: _____

CHRISTOPHER ESPINOSA
General Manager

DATE: _____

TENANT:

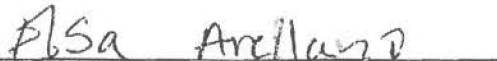
ALONSO AND ELSA ARELLANO dba
CHIGUACLE, Sabor Ancestral de Mexico

By: 

ALONSO ARELLANO

Title:

Date: 3-18-16

By: 

ELSA ARELLANO

Title:

Date: 3-18-16

Report No.: Commis-rpt # _____
Commission Approval Date: _____, 2016
CF No.: Cf# _____
Council Approval Date: _____, 2016
(3/9/16)

EXHIBIT A
FLOOR PLAN OF PREMISES - (Sec 1.2)

EXHIBIT B

DESCRIPTION AND USE OF PREMISES (Section 1.6)

1. Description of Premises (as supplied by Tenant).



CHIGUACLE@OlveraStreet

Chiguacle is Nahuatl for "chile viejo", (old pepper). It is an ancestral pepper that comes in three different colors and is originally from Oaxaca. It is one of the peppers used by the Mayans to make the "molli" recipe which later, after the Spaniards came to Mexico, became what we know as Mole.

Like the name implies, CHIGUACLE, Sabor Ancestral de Mexico, the restaurant to be opened at Olvera Street later this year, will be a place where ancestral recipes from Southern Mexico will come to life. Among these recipes, Moles will be an important part of the menu. We will offer Mole in a gourmet presentation and also as a fusion with quick service foods to satisfy both the guests with delicate taste with time to enjoy the best Mole in Los Angeles and those that have limited time for lunch. The proteins for our Mole dishes will be served over poultry, seafood and various fine cuts of red meats as well as vegetables. Our plates will be complemented by our Nopal tortillas and chips, which in 2012 won the Los Angeles Magazine award for Best Tortilla in Los Angeles. We use only nonGMO corn which is traditionally accustomed in Mexico recipes and our ancestral diets.

We will also be including foods from the Yucatan peninsula, Michoacán, Veracruz and Guerrero. These will be clearly identified so our guests learn about the origins of the food they are enjoying. We will use organic vegetables in our dishes where these are warranted for their taste and feasibility of use.

Our foods will be complemented on weekend evenings with soft acoustic music representing some of the most traditional and cultural music to add to the enjoyment of our dinners and overall dining experience. These bohemia nights as they will be called will featured some of the best local talent that Los Angeles has to offer. As the parking hours are expanded and our liquor license is implemented, the cultural setting of traditional music and entertainment will be explore even further. With the ultimate goal to expose our culture to our guests with soft music in a manner as to allow for conversations to be easily carried out at each of the dining tables in the restaurant.

LINN K. WYATT
CHIEF ZONING ADMINISTRATOR

ASSOCIATE ZONING ADMINISTRATORS

R. NICOLAS BROWN
SUE CHANG
LOURDES GREEN
CHARLES J. RAUSCH, JR.
FERNANDO TOVAR
MAYA E. ZAITZEVSKY

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
CITY PLANNING

MICHAEL J. LOGRANDE
DIRECTOR

OFFICE OF
ZONING ADMINISTRATION

200 N. SPRING STREET, 7TH FLOOR
LOS ANGELES, CA 90012
(213) 978-1318
FAX: (213) 978-1334
www.planning.lacity.org

November 1, 2012

Don Luis Camacho (A/R)
Camacho's Inc. dba Camacho's Café
845 North Alameda Street
Los Angeles, CA 90012

City of Los Angeles (O)
Department of El Pueblo de Los
Angeles Historical Monument
845 North Alameda Street
Los Angeles, CA 90012

CASE NO. ZA 2012-1257(ZV)
ZONE VARIANCE
Related Case: ZA 2007-5757(ZV)
103 East Paseo de la Plaza and 604-620
North Main Street
Central City Planning Area
Zone : PF-1VL
D. M. : 132A215
C. D. : 14
CEQA : ENV-2012-1258-CE
Legal Description: Lot A, Tract 4629

Pursuant to Charter Section 562 and Los Angeles Municipal Code Section 12.27-B, I hereby APPROVE:

a variance from L.A.M.C. Section 12.04.09-B to permit the sale and dispensing of a full line of alcoholic beverages for on-site consumption in conjunction with the continued operation of an existing 3,406 square-foot restaurant and within outdoor patio areas along Paseo de la Plaza and Main Street,

upon the following additional terms and conditions:

1. All other use, height and area regulations of the Municipal Code and all other applicable government/regulatory agencies shall be strictly complied with in the development and use of the property, except as such regulations are herein specifically varied or required.
2. The use and development of the property shall be in substantial conformance with the plot plan submitted with the application and marked Exhibit "A", except as may be revised as a result of this action.
3. The authorized use shall be conducted at all times with due regard for the character of the surrounding district, and the right is reserved to the Zoning Administrator to impose additional corrective Conditions, if, in the Administrator's opinion, such

2. Additional items.

Building lights and vault door. Notwithstanding that Tenant shall take the Premises in an "as is" condition as of the Lease Execution Date, City will verify that building lights including those on top of the building are in proper working order. City will also remove the vault door as Tenant requested during the Tenant improvement phase and prior to the opening of the restaurant to the public.

Sidewalk lights. Regarding lights on the sidewalk, these are not in the sole purview of El Pueblo. The Department will discuss the issue with the Department of Water & Power to assess whether the lighting can be re-activated.

CUP for alcohol sales. The Department supports Zone Variance Case No. ZA 2012-1257 (ZV) that allows the sale and on-site consumption of alcoholic beverages (attached as reference). The department will support Tenant's efforts to execute this service according to the terms and conditions of the Zone Variance.

////

Conditions are proven necessary for the protection of persons in the neighborhood or occupants of adjacent property.

4. All graffiti on the site shall be removed or painted over to match the color of the surface to which it is applied within 24 hours of its occurrence.
5. A copy of the first page of this grant and all Conditions and/or any subsequent appeal of this grant and its resultant Conditions and/or letters of clarification shall be printed on the building plans submitted to the Department of City Planning Development Services Center and the Department of Building and Safety for purposes of having a building permit issued.
6. Indemnification. The applicant shall defend, indemnify and hold harmless the City, its agents, officers, or employees from any claim, action, or proceeding against the City or its agents, officers, or employees to attack, set aside, void or annul this approval which action is brought within the applicable limitation period. The City shall promptly notify the applicant of any claim, action, or proceeding and the City shall cooperate fully in the defense. If the City fails to promptly notify the applicant of any claim action or proceeding, or if the City fails to cooperate fully in the defense, the applicant shall not thereafter be responsible to defend, indemnify, or hold harmless the City.
7. Approved herein is the sale and dispensing of a full line of alcoholic beverages for on-site consumption in conjunction with a proposed 3,406 square-foot café/coffee house/restaurant seating 84 patrons with occupancy load of 99 persons, a 682 square-foot outdoor patio area along Paseo de la Plaza seating 30 patrons and a 108 square-foot patio area along Main Street seating 6 patrons.
8. Low/key, live entertainment such as acoustic guitar, harp and the like, and poetry reading is permitted. There shall be no use of amplified instruments.
9. This grant shall have a life of 15 years after which the grant shall lapse and the applicant shall need to file for and win approval of a new zone variance in order to continue the use of land as authorized herein.
10. Prior to the clearance of any conditions, the applicant shall show proof that all fees have been paid to the Department of City Planning, Expedited Processing Section.
11. Prior to issuance of any permits relative to this matter, a covenant acknowledging and agreeing to comply with all the terms and conditions established herein shall be recorded in the County Recorder's Office. The agreement (standard master covenant and agreement for CP-6770) shall run with the land and shall be binding on any subsequent owners, heirs or assigns. This agreement with the conditions attached must be submitted to the Department of City Planning for approval before being recorded. After recordation, a certified copy bearing the Recorder's number and date shall be provided to the Department of City Planning for attachment to the subject case file.

Conditions in the previous Case No. ZA 2007-5757(CUB) agreed to by the applicant except as changed as requested by the applicant's subject case

12. The hours of operation shall be limited to 7:00 a.m. to 2:00 a.m., daily.
13. No alcoholic beverages shall be sold or consumed on the Main Street patio.
14. There shall be no exterior advertising of any kind or type, including advertising directed to the exterior from within, solely promoting or indicating the availability of alcoholic beverages. The "wine" or "beer" may be used in conjunction with menu items for the purposes of advertising offerings on the location. If the words "wine" and "beer" are used, they shall be preceded by general menu items. The word "wine" and "beer" shall not be made to stand out in any way from other advertisement writing. Signage shall comply with the signage guidelines of El Pueblo de Los Angeles.
15. The sale of alcoholic beverages for consumption off-premises is strictly prohibited.
16. The subject alcoholic beverage license shall not be exchanged for a public premises type license.
17. No wine shall be sold with an alcoholic content greater than 16 percent by volume.
18. No alcoholic beverages shall be consumed on any property adjacent to the licensed premises, except the Paseo de la Plaza patio under the control of the licensee.
19. No person under the age of 18 shall serve alcoholic beverages.
20. Sales and delivery of alcoholic beverages to customers shall be made from behind the counter, or by a waitress or clerk; no self-service of alcoholic beverages shall be permitted.
21. Within one year of the effective date of this determination, all personnel serving or dispensing alcohol or acting in the capacity of a manager of the premises shall attend a Standard Training for Alcohol Retailers (STAR) session sponsored by the Los Angeles Police Department.
22. Electronic age verification device(s), which can be used to determine the age of any individual attempting to purchase alcoholic beverages or tobacco products, shall be installed on the premises at each point-of-sale location. The devices shall be maintained in an operational condition and all employees shall be instructed in their use prior to the sale of any alcoholic beverage or tobacco products.
23. The license(s) shall make actual and substantial sales of meals to guests for compensation and the quarterly gross sales of alcoholic beverages shall not exceed the gross sales of meals during the same period. The licensee shall at all times

maintain records which reflect separately the gross sales for food and the gross sales of alcoholic beverages of the licensed business. Said records shall be kept no less frequently than on a quarterly basis and shall be made available to the Department on demand.

24. The service of food shall be permitted at the indoor bar.
25. There shall be no video machine maintained upon the premises at any time.
26. No pool or billiard table may be maintained on the premises.
27. There shall be no live entertainment consisting of a disc jockey, karaoke, topless dancing, nude dancing, or male dancing.
28. There shall be no dancing permitted on the premises at any time.
29. The premises shall not be used exclusively for private parties where the general public is excluded.
30. No employee or agent shall be permitted to accept money or any other thing of value from a customer for the purpose of sitting or otherwise spending time with customers, while in the premises, nor shall the licensee provide permit or make available, either gratuitously for compensation, male or female patrons who act as escorts, companions or guests of and for the customer.
31. No pay phones will be maintained on the exterior of the premises.
32. The rear(s) of the premises shall be equipped with an automatic locking devise on the inside and shall be closed at all times, and shall not be used as a means of access by patrons to and from the licensed premises. Temporary use of these doors for delivery of supplies does not constitute a violation.
33. The exterior windows and glass door of the location shall be maintained substantially free of signs and other materials from the ground to eye level so as to permit surveillance into the location by police and private security.
34. Petitioners shall regularly police the area under their control in an effort to prevent the loitering of persons about the premises.
35. The petitioner(s) shall be responsible for maintaining the area adjacent to the premises over which they have control, litter free.
36. The business operators shall install video surveillance cameras that monitor the inside of the premises and cameras, which show the sidewalk area, to the satisfaction of the Department, prior to the exercise of the grant. Evidence of compliance shall be submitted by the business operator to the Zoning Administrator. The business operator shall maintain the tapes for at least two weeks and make

them available to the Department upon request.

37. If at any time during the period of the grant, should documented evidence be submitted showing continued violation(s) of any condition(s) of the grant resulting in an unreasonable level of disruption or interference with the peaceful enjoyment of the adjoining and neighboring properties, the Zoning Administrator will have the right to associated fees, to hold a public hearing to review the petitioners(s) shall submit a summary and supporting documentation of how compliance with each condition of the grant has been attained.
38. A copy of these condition shall be maintained in the office; the manager of the facility shall be made aware of the conditions and inform their employees of the same. The manager shall also maintain a copy of any security guard contract, any valet parking contract, an emergency contact number for the property owner, any police permits, and business license.

OBSERVANCE OF CONDITIONS - TIME LIMIT - LAPSE OF PRIVILEGES

All terms and Conditions of the approval shall be fulfilled before the use may be established. The instant authorization is further conditional upon the privileges being utilized within three years after the effective date of approval and, if such privileges are not utilized or substantial physical construction work is not begun within said time and carried on diligently to completion, the authorization shall terminate and become void.

TRANSFERABILITY

This authorization runs with the land. In the event the property is to be sold, leased, rented or occupied by any person or corporation other than yourself, it is incumbent upon you to advise them regarding the conditions of this grant.

VIOLATIONS OF THESE CONDITIONS, A MISDEMEANOR

Section 12.29 of the Los Angeles Municipal Code provides:

"A variance, conditional use, adjustment, public benefit or other quasi-judicial approval, or any conditional approval granted by the Director, pursuant to the authority of this chapter shall become effective upon utilization of any portion of the privilege, and the owner and applicant shall immediately comply with its Conditions. The violation of any valid Condition imposed by the Director, Zoning Administrator, Area Planning Commission, City Planning Commission or City Council in connection with the granting of any action taken pursuant to the authority of this chapter, shall constitute a violation of this chapter and shall be subject to the same penalties as any other violation of this Code."

Every violation of this determination is punishable as a misdemeanor and shall be punishable by a fine of not more than \$1,000 or by imprisonment in the county jail for a period of not more than six months, or by both such fine and imprisonment.

APPEAL PERIOD - EFFECTIVE DATE

The applicant's attention is called to the fact that this variance is not a permit or license and that any permits and licenses required by law must be obtained from the proper public agency. Furthermore, if any Condition of this grant is violated or not complied with, then this variance shall be subject to revocation as provided in Section 12.27 of the Municipal Code. The Zoning Administrator's determination in this matter will become effective after November 16, 2012, unless an appeal there from is filed with the City Planning Department. It is strongly advised that appeals be filed early during the appeal period and in person so that imperfections/incompleteness may be corrected before the appeal period expires. Any appeal must be filed on the prescribed forms, accompanied by the required fee, a copy of the Zoning Administrator's action, and received and receipted at a public office of the Department of City Planning on or before the above date or the appeal will not be accepted. **Forms are also available on-line at <http://cityplanning.lacity.org>.** Public offices are located at:

Figueroa Plaza
201 North Figueroa Street,
4th Floor
Los Angeles, CA 90012
(213) 482-7077

Marvin Braude San Fernando
Valley Constituent Service Center
6262 Van Nuys Boulevard, Room 251
Van Nuys, CA 91401
(818) 374-5050

If you seek judicial review of any decision of the City pursuant to California Code of Civil Procedure Section 1094.5, the petition for writ of mandate pursuant to that section must be filed no later than the 90th day following the date on which the City's decision became final pursuant to California Code of Civil Procedure Section 1094.6. There may be other time limits, which also affect your ability to seek judicial review.

NOTICE

The applicant is further advised that all subsequent contact with this Department regarding this determination must be with the Development Services Center. This would include clarification, verification of condition compliance and plans or building permit applications, etc., and shall be accomplished **BY APPOINTMENT ONLY**, in order to assure that you receive service with a minimum amount of waiting. You should advise any consultant representing you of this requirement as well.

FINDINGS OF FACT

After thorough consideration of the statements contained in the application, the plans submitted therewith, the report by the Department of City Planning Staff thereon, and the statements made at the public hearing on August 15, 2012, all of which are by reference made a part hereof, as well as knowledge of the property and surrounding district, I find that the five requirements and prerequisites for granting a variance as enumerated in Section 562 of the City Charter and Section 12.27 of the Municipal Code have been established by the following facts:

BACKGROUND

The subject site is approximately 19,128.9 square feet in size, having a frontage of approximately 227 feet on the southeast side of Main Street and an approximate depth of 83 feet on the southern portion of the parcel and an approximate depth of 82 feet on the northern side of the parcel. The subject site is located within the Historic El Pueblo de Los Angeles, commonly referred to as "Olvera Street". Olvera Street is a Los Angeles Historical Cultural Monument, listed under Los Angeles Plaza Park, Monument No. L-64 and listed under Los Angeles Plaza Park, US-72000231.

The subject site is zoned PF-1VL with a Public Facilities land use designation located within the Central City Community Plan. The subject parcel is located within the East Los Angeles State Enterprise Zone (ZI-2129), the Downtown Adaptive Reuse Incentive Area, within the boundaries of the Historic Cultural Neighborhood Council and within Fire Station No. 4 service boundary. Presently, the subject site is developed with restaurants, retail shops, ice cream shops, snack shops, and a park area.

There is no parking on the subject property. The applicant is exempt from providing parking due to its location within the Downtown Parking District, the Enterprise Zone, and a Historic District; however, a large pay parking lot is located across from the subject property.

The existing café, "Café de Camacho", located on the subject site, occupies a 3,406 square-foot tenant space within the Simpson Jones Building, which is an approximately 11,015 square-foot structure. Café de Camacho was previously approved on April 24, 2008, under ZA Case No. 2007-5757(ZV) to permit the sale and dispensing of beer and wine for on-site consumption. Under the 2008 grant, the hours of operation were restricted to 7:00 a.m. to 11:00 p.m. Sunday through Thursday and 7:00 a.m. to midnight, Friday and Saturday. Since the original approval, the applicant has secured a concession permit from the El Pueblo De Los Angeles Board of Commissioners for 2,032 square feet of outdoor seating areas permitting a maximum of twelve tables, twelve umbrellas and thirty six chairs, with hours for patio areas limited from 9:00 a.m. to 9:00 p.m. Said permit is set to expire on May 1, 2013. *It should be noted hours permitted per the El Pueblo de Los Angeles Board of Commissioners are different than the hours requested.*

The applicant, Camacho's Incorporated, has stated in their application that they own another restaurant at Olvera Street named El Paseo Inn, located at Unit E-11, which was founded in 1984. In addition, the applicant has stated that their corporate offices are also located in Olvera Street at 845 North Alameda Street.

The proposed project request is a Zone Variance for the sale and dispensing of a full line of alcoholic beverages in the PF-1VL Zone for on-site consumption, in conjunction with the existing 3,406 square-foot restaurant that includes a 100 square-foot bar seating area with 84 interior seats (70 dining seats and 14 bar seats). The project includes two proposed outdoor patio areas totaling 2,032 square feet located along the public right-of-way (1,350 square feet along Main Street and 682 square feet along Paseo De La Plaza), with 36 outdoor seats. The zone variance request also includes permission to sell a full line of

alcoholic beverages within the 682 square-foot patio are along Paseo De La Plaza during its opening hours. The restaurant will provide live entertainment and have hours of operation/alcohol sales from 7:00 a.m. to 2:00 a.m., daily. *No alcohol sales are proposed for outdoor patio area along Main Street.*

East Paseo De La Plaza, adjoining the property to the south is a Pedestrian Street, within a public facilities plaza, and is closed off to vehicular traffic.

North Main Street, adjoining the property to the west is a Secondary Highway, dedicated to width of 80 feet, and improved with curbs, gutters, and sidewalks on both sides.

Olvera Street, adjoining the property to the east is a Local Street, dedicated to a width of 48 feet, and closed off to vehicular traffic.

Previous Cases, Affidavits, Permits, and Orders on the Applicant's Property:

Case No. ZA 2005-5757(ZV) – On April 24, 2008, the Office of Zoning Administration approved a variance to permit the sale and dispensing of beer and wine for on-site consumption in conjunction with a proposed 3,406 square-foot café/coffee house/restaurant.

Previous Cases, Affidavits, Permits, and Orders on Surrounding Properties:

Case No. ZA 2011-2717(CUB) – On May 25, 2012, the Office of Zoning Administration denied a conditional use permit request to allow the sale and dispensing of beer and wine for off-site consumption in conjunction with an existing 1,950 square-foot convenience store with hours of operation from 8:00 a.m. to 8:00 p.m., daily, located at 711 North Main Street.

Case No. ZA 2006-4264(CUB) – On October 19, 2006, the Office of Zoning Administration approved a request for a Conditional Use Permit to allow the sale and dispensing of beer and wine only for on-site consumption located at 640 North Spring Street.

Case No. ZA 2006-1158(ZV) – On January 11, 2007, the Office of Zoning Administration denied a variance request to permit the sale of a full-line of alcoholic beverages for off-site consumption, as an accessory uses, in conjunction with a 205 square-foot retail gift store, with hours of operation from 10:00 a.m. to 7:00 p.m. daily, in the PF-1VL Zone, located at 849 North Alameda Street, Space #18, Olvera Street Plaza.

Case No. ZA 2001-3530(CUE) – On July 10, 2002, the Office of Zoning Administration denied a conditional use permit request to allow the sale and dispensing of beer and wine in conjunction with a restaurant located at 637 North Spring Street.

Case No. ZA 91-0975(CUB) – On December 20, 1991, the Office of Zoning Administration approved a conditional use permit to allow the sale and dispensing of

beer and wine for on-site consumption in conjunction with an existing restaurant, accommodating approximately 57 persons having hours of operation from 9:00 a.m. to 9:00 p.m., seven days a week, on a site in the C4-1VL Zone bounded by Macy Street, Alameda Street, Los Angeles Street, and Sunset Boulevard, and located at W-26 Olvera Street.

Public Comments:

At the time of staff report preparation, four letters and one petition were received in support of the project. The first letter dated July 17, 2012 was received from Kim Benjamin, President of the Historic Cultural Neighborhood Council (HCNC), stating that the neighborhood council supports the project provided that there are no "off-site sales of liquor, beer or wine" and "no alcohol sales for the outdoor seating along Main Street". A second letter dated July 19, 2012, was received from California State Senator Kevin De Leon, expressing support for the project stating it would "positively impact the local and regional experience at the Historic El Pueblo de Los Angeles site." A third letter dated July 25, 2012, was received from Universal Studios LLC, doing business as Universal Studios CityWalk Hollywood, the landlord for a Camacho's Cantina, a restaurant owned by Camacho's incorporated stating that Universal CityWalk "is happy to provide a reference in support of Café de Camacho's endeavor at Olvera Street." A fourth letter dated July 30, 2012, was received from Councilmember Jose Huizar, also expressing support for the project, stating the project would "serve the El Pueblo Plaza visitor's experience."

At the time of the report's preparation, one petition with 125 signatures was received in support of the project.

Days prior to the public hearing, staff received several letters of support for the proposed project. The Italian American Museum of Los Angeles, the Office the Speaker of California Assembly John A. Perez, the General Manager of the El Pueblo De Los Angeles Historical Monument, and the office the Los Angeles District Attorney Office submitted letters of support for the applicant's request alcoholic beverage sale.

Public Hearing

On August 15, 2012, the public hearing for the proposed project took place in Room 1020 of the Los Angeles City Hall, 200 North Spring Street. The applicant and several supporters provided testimony at the hearing and submitted letters and supporting information to the file.

Applicant's Statement

The request is for a 15 year variance grant;
We have a beer and wine license;
We want to have a full-line of alcoholic beverages on the Plaza but not on Main Street;
The plaza side is easier to control;
We want to keep the historic nature of the plaza including wrought iron fencing, furniture;

We are trying to activate the plaza area and Olvera Street for nighttime activity;
We do not intend for the place to be to be a dance hall. The music will be ambient or acoustic;
We employ over 30 people in our restaurants including LAX, Universal City Walk, and other popular venues;
We need these amenities to stay competitive with the Los Angeles Sports and Entertainment District; and
The signage is consistent with the El Pueblo Guidelines.

MANDATED FINDINGS

In order for a variance to be granted, all five of the legally mandated findings delineated in City Charter Section 562 must be made in the affirmative. Following (highlighted) is a delineation of the findings and the application of the relevant facts of the case to same:

- 1. The strict application of the provisions of the Zoning Ordinance would result in practical difficulties or unnecessary hardships inconsistent with the general purpose and intent of the zoning regulations.**

The subject site is zoned PF-1VL with a Public Facilities land use designation located within the Central City Community Plan. The subject site is located within the Historic El Pueblo de Los Angeles, commonly referred to as "Olvera Street". Olvera Street is a Los Angeles Historical Cultural Monument, listed under Los Angeles Plaza Park, Monument No. L-64 and listed under Los Angeles Plaza Park, US-72000231. The City of Los Angeles finalized an RFP that regulates the terms of the operation of the businesses along Olvera Street. The terms of the RFP require that the café/restaurant business operates as a destination with entertainment and other offerings that will often take place during evening hours. The applicant's café/restaurant occupies a 3,406 square-foot interior tenant space within the Simpson Jones Building, which is an approximate 11,015 square-foot building along Olvera Street, regulated by the City's lease agreement.

Strict application of the zoning ordinance would unfairly prevent the applicant from enjoying reasonable use of the 3,406 square-foot café/restaurant space and 2,032 square feet of outdoor patio space as required by the terms of the RFP due to the fact that the PF Zone does not permit alcohol sales. The zoning regulations allow certain uses in respective zones in order to allow for buffering distance and compatibility between respective uses. Such regulations are written on a City wide basis and allow the Zoning Administrator to take into account individual unique characteristics which a specific parcel may have. In this instance, the Code's desire to achieve compatibility between respective properties while protecting neighboring sites and the applicant's requirement pursuant to a City finalized RFP can be accommodated in a manner consistent with the intent and purpose of the zoning regulations and the adopted RFP by the granting the variance.

- 2. There are special circumstances applicable to the subject property such as size, shape, topography, location or surroundings that do not apply generally to other property in the same zone and vicinity.**

The subject property and surrounding area are part of land owned by the City of Los Angeles and designated a PF Zone, where the sale of alcoholic beverages would not typically be allowed. The City's intended and supported use of the specific premises and surrounding area is as a tourist zone, with facilities related to such use which is a special circumstance that is applicable to the subject property. In fact, the operation of the business is regulated by the terms of an RFP finalized by the City of Los Angeles specifically calling for a restaurant/coffee shop with tourist supporting functions within the subject premises. The requirement to comply with the terms of the RFP such that the business operates as a destination place with entertainment and other offerings that will often take place during evening hours is a special circumstance.

The service of a full line of alcoholic beverages will meet the intent of the City's RFP and is critical to the success of the viable use of the public owned land. The proposed sale of a full line of alcoholic beverages in conjunction with the continuous use of the café/restaurant is also in keeping with the uses of the surrounding area. There are numerous full-service restaurants at Olvera Street, which currently operate with full liquor licenses.

- 3. Such variance is necessary for the preservation and enjoyment of a substantial property right or use generally possessed by other property in the same zone and vicinity but which, because of such special circumstances and practical difficulties or unnecessary hardships, is denied the property in question.**

The variance is necessary for the preservation and enjoyment of a substantial property use generally processed by others in the same vicinity. The properties in the vicinity surrounding the El Pueblo de Los Angeles Historic Park consist primarily of commercial uses, enjoy the right to sell alcoholic beverages within their commercially zoned property with an approved conditional use permit. However, the subject site is a historically designated publicly owned land with a Public Facility land use designation and zone which does not typically permit alcohol sales. The use of the historic site as determined by the City's RFP requires that its users operate as a destination place and in this instance the proposed café/restaurant is required to do such. The variance is necessary to permit the offering of alcoholic beverages for on-site consumption in conjunction with the restaurant's operation requirement on this publicly owned land.

- 4. The granting of such variance will not be materially detrimental to the public welfare or injurious to the property or improvements in the same zone or vicinity in which the property is located.**

The granting of the variance will not be materially detrimental to the public welfare of injurious to the property or improvement in the vicinity. The business, a café/restaurant, is located in the tourist driven self-contained destination of El Pueblo Historic Park, also known as Olvera Street, which currently operates with several full liquor licenses. The

proposed use will be no less compatible with neighboring uses than those already existing in the area and no detrimental effects vis-à-vis on the adjoining or neighboring properties are envisioned.

Though alcohol sales and consumption are permitted on the patio facing the plaza, they are not to be permitted on the patio area adjoining Main Street. There is no direct entrance to the Main Street patio area from the restaurant which makes it difficult for the operator to control and patrol. In addition, the Main Street patio is adjacent to a number of public benches on the sidewalk which are frequented by homeless individuals throughout the day and evening. The sale of alcoholic beverages along the Main Street area, which is difficult to control and patrol and which is frequented by people who often suffer from substance abuse problems, would not be in the public interest.

According to the California Department of Alcoholic Beverage Control (ABC) licensing criteria, 2 on-site and 1 for off-site consumption licenses allocated to the subject census tract (Census Tract 2071.02). Currently there are 17 on-site licenses (including the license for this instant request) and 4 off-site licenses in this census tract.

According to statistics provided by the Los Angeles Police Department's Central Division Vice Unit, within Crime Reporting District No. 111, which has jurisdiction over the subject property, a total of 418 crimes were reported in 2011 (251 Part I and 167 Part II crimes), compared to the city-wide average of 144 offenses and the high crime reporting district of 173 crimes for the same reporting period.

Part I Crimes reported by LAPD include, Homicide (0), Rape (0), Robbery (24), Aggravated Assault (24), Burglary (41), Burglary Theft from Vehicle (74), Personal Theft (4), Other Theft (54) and Auto Theft (30).

Part II Crimes reported include, Other Assault (15), Forgery/Counterfeit (2), Embezzlement/Fraud (1), Stolen Property (2), Weapons Violation (8), Prostitution Related (0), Sex Offences (8), Offenses Against Family (1), Narcotics (16), Liquor Laws (0), Public Drunkenness (6), Disturbing the Peace (0), Disorderly Conduct (4), Gambling (0), DWI related (36) and other offences (68).

The following alcoholic establishments are within 600 feet of the proposed use:

La Golondrina Café	29-35 Olvera Street	On Site, General
La Luz del Dia	107 Cesar Chavez Ave	On Site, Beer
El Paseo Inn Restaurant	E-11 Olvera Street	On Site, General
CBS Seafood Restaurant	700 North Spring Street	On Site, Beer & Wine
Metro Plaza Hotel	711 North Main Street	On Site, Beer & Wine
Ocean Seafood Restaurant	750 North Hill Street, Rm A	On Site, General
Philippe- The Original	1001 North Alameda Street	On Site, Beer & Wine
Chow Fun	686 N. Spring Street, #102	On Site, Beer & Wine
Roberto's Club	686 N. Spring Street, #202	On Site, Beer & Wine

Spring St. Smokehouse	640 North Spring Street	On Site, Beer & Wine
Café de Camacho (E)	103 Paseo de la Plaza	On Site, Beer & Wine
Anita's Café	W-26 Olvera Street	On Site, Beer & Wine

The following establishments are within 600 to 1,000 feet of the proposed use:

Won Kok Restaurant	200-210 Alpine Street	On Site, Beer
Wok Inn	201 N. Los Angeles St	On Site, Beer & Wine
Colima Restaurant	400 Cesar Chavez Ave.	On Site, Beer & Wine
Hoy King Restaurant	207 Ord Street	On Site, Beer & Wine

The following sensitive uses are with 1,000 feet of the proposed use.

Mission Nuestra Senora Reina	535 North Main Street
S.C. Teo Chew Assocs. & Temple	649 North Broadway
Cathedral of Our Lady of Angels	351 East Temple Street

While it would appear from an ABC guidelines point of view that there is an over concentration of on-site alcohol sales licenses in the area, it should be pointed out that the 600-foot radius from the site includes not only the tourist venue of Olvera Street with its many restaurants, but the Chinatown neighborhood of the City with its heavy concentration of restaurants which serve a region wide customer base.

5. The granting of the variance will not adversely affect any element of the General Plan.

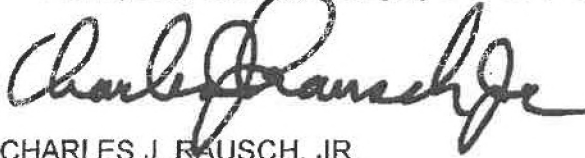
The Central City Community Plan Map designates the subject property for PF-1VL. "Public Facilities" land uses with the corresponding zone of PF and height limited to District No. 2. The proposed is not located within the area of any specific plan or interim control ordinance. However, the property is located within the Downtown Adaptive Reuse Incentive area and eastside State Enterprise Zone. Further, the property is situated within an area regulated by a City finalized RFP, established to regulate the business operations within the El Pueblo Historic District.

The granting of the requested variance will not adversely the goals, objectives or policies of the Central City Community Plan; rather, the variance would advance and support the maintenance of the cultural and commercial base of the Community Plan area.

ADDITIONAL MANDATORY FINDINGS

6. The National Flood Insurance Program rate maps, which are a part of the Flood Hazard Management Specific Plan adopted by the City Council by Ordinance No. 172,081, have been reviewed and it has been determined that this project is located in Zone C, areas of minimal flooding.

7. On July 12, 2012, the subject project was issued a Notice of Exemption (Article III, Section 3, City CEQA Guidelines), log reference ENV-2012-1258-CE, for a Categorical Exemption, Class 5, Category 34. I hereby adopt that action.



CHARLES J. RAUSCH, JR.
Associate Zoning Administrator
Direct Line: (213) 978-1306

CJR:TLI:jg

cc: Councilmember Jose Huizar
Fourteenth District
Adjacent Property Owners



OCCUPANT DATA		BENTON COUNTY	
NAME: JAMES L. BENTON	12	DATE OF BIRTH: 01/01/1945	13
ADDRESS: 12345 MAIN ST	14	DATE OF DEATH: 01/01/1945	15
PHONE: 123-4567	16	DATE OF BIRTH: 01/01/1945	17
DATE OF BIRTH: 01/01/1945	18	DATE OF DEATH: 01/01/1945	19
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DATE OF BIRTH: 01/01/1945	22	DATE OF DEATH: 01/01/1945	23
DATE OF DEATH: 01/01/1945	24	DATE OF BIRTH: 01/01/1945	25
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EXHIBIT "A"
Page No. 2 of 2
Case No. 2A-12-12576

7. 17. 2012

FLOOR PLANS

CAMACHO, INC.
DBA-
CAMACHO'S
CAFE

1044 PASEO DE LA PAZ
OLVERA ST. LOS ANGELES
CA 90012

STEX
6015 S. Union Street, Suite 204
San Jose, CA 95128
408/254-7795
FAX 408/254-7045