Lost and Foundry: As Excitement for City Foundry STL Grows, Its Food Hall Works to Find Its Footing

By Liz Miller

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Driving on Highway 40 last month, St. Louis commuters watched as new signage was installed outside of City Foundry STL. The sleek, modern black-and-white sign cuts a memorable figure atop the broad, butterfly-style industrial roof that is rusted and tagged with fading graffiti. It signaled that the sweeping, shiny new development is inching toward opening, ushering in the next chapter for the 91-year-old brick building.

For more than 40 years, metal was melted down and cast into shapes for motors and generators under that roof. Originally built by Century Electric Foundry in 1929, the business changed hands over the years, until 2007, when the last motor cooled.

The once-bustling industrial space sat vacant for eight years, acting as a refuge for the homeless and recreation for urban explorers and graffiti artists. In 2015, it was purchased by an investment group led by Steve Smith, the owner and developer of the Foundry and CEO of The Lawrence Group, a St. Louis-based design, architecture, construction and development firm. A year later, Smith and his ownership group, FoPa Partners LLC, succeeded in having the property added to the National Register of Historic Places.

The property is now being redeveloped as City Foundry STL, a mixed-use retail complex, by FoPa and The Lawrence Group, which is providing design and development services. The Foundry is slated to open in phases beginning this summer and has generated quite a bit of buzz since it was first announced in 2016.

In five or more years, when the final phases are complete, the Foundry is expected to encompass 237,000 square feet of retail, dining and entertainment space and more than 107,000 square feet of office space.

(Great Rivers Greenway, Orion Genomics, Gateway Blend, Bullhorn and iSee Innovation have already signed on as office tenants.)

The project plans to add multi-family residential units (apartments and/or condos), although initial plans for that stalled in 2017. (Originally, the Foundry was supposed to feature a 24-story apartment building, but the ownership group was unable to finance it in its first phase of construction due to historic tax credits the project received for redeveloping existing buildings on-site.)

The first stage is set to open in waves throughout 2020 and promises exciting new dining and retail attractions. The developers hope to open with a splash and then sustain that momentum by continuing to debut concepts until the full range of offerings is open.

The current roster includes Fassler Hall out of Oklahoma, which will bring a three-story beer hall serving a wide selection of brews (including plenty of local options; the chain doesn't brew its own beer), and Austin, Texas-based Alamo Drafthouse Cinema, which will feature ten screens and a different kind of moviegoing experience. Denver-based Punch Bowl Social, meanwhile, will offer "an adult playground" serving up food, drinks and games such as bowling and giant Jenga.

In addition to these large anchor businesses, Fresh Thyme Farmers Market out of Downers Grove, Illinois, has signed on, adding a grocery store to the mix, as has local catering company Butler's Pantry, which is set to open an event space, 18 Rails, on-site. Additional restaurants and shops are expected to eventually join these concepts along the main drag, dubbed Foundry Way.

Sandwiched between the office tenants and dining and entertainment spots will be the City Foundry food hall, the "heart and soul" of the project, according to Smith.

Smith says the food hall was inspired by similar developments in other cities in the U.S. — in particular, he names mixed-use spaces such as

Chelsea Market in New York and public markets such as Reading Terminal Market in Philadelphia.

"I've been fortunate enough to travel and see a lot of interesting things across the country — and frankly around the world — and as a St. Louisan, it was like, 'How can we do something cool like this in St. Louis?'" Smith says.

He makes for a convincing and passionate pitchman for the project. He doesn't shy away from making the kinds of shrewd observations you'd expect from a developer — a major greenway, which will run through the Foundry, is good for the environment but also for the development's free parking — and he doesn't sugarcoat the challenges the project has faced so far.

The 63-year-old speaks with an enviable amount of energy about how much the Foundry stands to benefit St. Louis. While you'd hardly expect him to say the opposite, you also sense a perfectionist's sincere desire to get all of this just right.

On weekends, when construction comes to a halt, Smith says he wanders the property to reinspect the spaces and take notes about how to improve or modify things. By the time all phases of the Foundry are complete, it will have consumed ten years or more of his life, and he's determined to make it a success.

In terms of revenue, the food hall is not where Smith expects the Foundry to make its money. He estimates it will account for only 5 percent of the development's total revenue. However, it's been key in marketing the project to the public and potential tenants for more than 100,000 square feet of office space.

Early press releases trumpeted local chefs set to debut exclusive new concepts at the food hall, and follow-ups boasted first of 50 percent occupancy and then 80 percent. The chefs may not have been expected to be the Foundry's economic engine, but they were going to make it local and specific to St. Louis — and cool.

"The food hall is the heart and soul of the Foundry, but financially it's a very small piece of it," Smith says. "We want our [food hall] partners to be really, really successful, because that will make the overall Foundry have a better brand and overall success."

As the opening of the food hall nears, though, a group of local chefs and restaurant owners have exited over what they say were surprise costs and unfulfilled promises. As of press time, six vendors confirmed they have dropped out of the project, including CropCircle, Mokyu Mokyu, Ukraft, Sumax, Lost & Found: A Burger and Pizza Joint, and Juice Box Central. At least five other previously confirmed vendors have exited in the past two years; phone calls and messages to those owners were not returned.

Like many of the former tenants, chef Michael Friedman, who planned to open two concepts at the food hall — Lost & Found: A Burger and Pizza Joint and Juice Box Central — says he entered the project with excitement and exited when the requirements to participate abruptly changed.

"My original lease with them was definitely a very good agreement for all parties included, but then as time went on and on, they kept changing the rules without any notice," Friedman says. "And then they wanted me to sign a new one, and I had to back away. It was a bad deal. I wish I didn't waste my time."

Plans for the Foundry started in May 2015, so by the time phase one opens later this year, it will be the culmination of five years of work.

"In many regards it's fast for a project of this size and this complexity, but it's also five years — it's a big part of your life," Smith says. "And then we've got future phases for the next five years. City Foundry the broader development is going to have things happening for some time now."

Smith and The Lawrence Group have overseen a variety of marquee projects throughout the city, including the Angad Arts Hotel, the Park Pacific Building and Hotel Ignacio. But the Foundry may turn out to be one of its biggest undertakings yet.

The redevelopment bridges the Grove, Grand Center and the Central West End, and plans for a walking and biking trail run right through it, connecting it to the Arch grounds on one side and Forest Park on the other. Although the project will have ample free parking (both surface and garage), visitors can use the dedicated ride-sharing drop or either of the two nearby MetroLink stations.

Smith estimates that the entire Foundry project will cost between $500 and $600 million when all is said and done; phase one is estimated to cost more than $220 million and is projected to bring some 1,500 jobs to St. Louis.

Phase one was approved for $19.4 million in tax increment financing, or TIF, according to reporting by the *St. Louis Post-Dispatch*. (TIF allows projects like the Foundry to use increased tax revenue to help finance redevelopment costs, infrastructure and similar community-improvement projects.) A portion of those costs will be covered by two special on-site taxing districts. For the Foundry's second stage of development, which is estimated to cost around $97 million, the project was awarded about $17 million in TIF subsidies.

Initial lists of Foundry food-hall vendors began emerging as early as January 2018. A year later, the Foundry generated another round of fanfare when it released an updated roster.

"What we want to do is create a single location where we can celebrate and put on display St. Louis' culinary talent," Smith says. "The people that we've signed up and others that we're looking to sign up are a cross-section of that culinary talent. You come to City Foundry and you can have a cross-section of food types — tacos, pizza, baked goods, drinks and others that we're working on right now."

The list of restaurants initially recruited for the food hall reflected a range of concepts and operators, from food-truck owners seeking their first brick-and-mortar spaces to established restaurateurs wanting to break into fast-casual dining.

Samantha Mitchell (who, in addition to running her food truck Farmtruk, operates a Farmtruk stall at Enterprise Center) was eager to debut a new brand, CropCircle, at the Foundry. Serving what Mitchell has described as "hyper-local country fair food" or "Midwest soul food," CropCircle would give her the opportunity to experiment with more of a true brick-and-mortar concept.

"I was really excited about the new project," Mitchell says. "The selling point from them was that it's something that's affordable for a small business, that there's a lot less risk than opening your own brick-and-mortar, there's less cost associated and we're a team."

Cracks slowly started to emerge in the relationship between food-hall vendors and the Foundry, former vendors say, including troubling employee turnover.

"Everything was really great — I'd done some events for them and kind of used my platform to help get the word out a little bit, and I was more than willing to do that; we were all in repping the brand," Mitchell says. "By the end of summer, I started not getting communication back from them. We constantly felt like we didn't know what the next step was, so that started to be a little weird.

"Then my main points of contact started to not answer their email or phones. Every person I had been in contact with, every person I had a meeting with, was completely unavailable, didn't work there anymore, and no one was returning my emails or calls."

Smith says that two of the three key Foundry food-hall employees who were points of contact for vendors stepped away from the project for personal reasons.

"We had to adapt," Smith says. "We did have a change of personnel, which I know had to be frustrating for the people we were interfacing with, because all of the sudden it was a whole new group of people. That's part of the evolution of a project that goes on for so doggone long, when it's a big project like this, and it's unfortunate not having the continuity — I feel badly about that."

At first, vendors mostly chalked these issues up to growing pains for a project of the Foundry's size. Many had also already invested a year or more in the project and were reluctant to make waves.

That started to change last October, when according to multiple former vendors, Foundry employees outlined increased costs amounting to almost four times those originally proposed for their stalls.

According to multiple vendors, monthly rent at the food hall was initially determined by the square footage of each stall. Most of the vendors interviewed for this story said that security deposits were required for their stalls; one vendor says they did not have to put any money down initially. As the food hall's landlord, the Foundry planned to retain 10 percent of each concept's sales. Before signing on, vendors were quoted up-front costs for their stalls, with additional costs varying depending on buildout specifications and equipment needs — one chef was quoted $30,000 for their stall buildout while one another was quoted at $50,000, and so on.

Multiple vendors say that these costs were not specifically outlined in their leases but were agreed upon verbally and in good faith with the Foundry. Vendors expected that the base of their stalls — including the walls, plumbing and ductwork — would be paid for by the Foundry. Once the Foundry completed construction on these bases, or "white boxes," for the stalls, vendors would then design their spaces and purchase wall finishes, countertops, lighting, signage and equipment with the $30,000 or $50,000 as estimated for their buildout.

More than a year after entering into these handshake agreements and signing leases, vendors say they met with Foundry staff to discuss the design of their stalls — by then, those initial buildout numbers had increased almost four-fold.

Mitchell recalls being excited ahead of the design meeting, as it felt as though work on CropCircle could finally begin to move forward.

"They did this huge presentation about my options for design, and at the very end of this hour-long meeting, they pushed a piece of paper over to me that had the estimated cost," Mitchell says. "And this doesn't have any of the design changes we've just discussed, obviously, and it's more than $200,000 for my 'white box,' which they were supposed to provide for me at no cost. I felt very uncomfortable with the situation. That's not what I was sold."

Multiple vendors say the Foundry was now asking vendors to cover costs for their white boxes, including footing the bill for walls, plumbing, electrical and ductwork. Vendors say the news was even harder to swallow as it was delivered by new Foundry representatives who weren't involved in initial agreements.

After the meeting, Mitchell ran the revised numbers. To make a profit, she says she would need to net close to $1 million annually at the food hall, an increase of more than 40 percent from her initial projections of $700,000.

Mitchell emailed Foundry employees to share her concerns and discuss next steps. She requested to exit her lease due to the cost increase but privately worried that it would result in a legal battle with the Foundry, as there wasn't an easy exit outlined in her lease.

A Foundry representative responded to Mitchell that same evening, she says, acknowledging her concerns and asking her to give their team some time to address them.

About two weeks later, Mitchell says, she received a new offer. The revised deal would lower her buildout costs but raise her rent by several hundred dollars a month and commit a larger percentage of her overall sales to the Foundry.

"They basically restructured the same thing, saying that I wouldn't pay for it up front, but I'd pay it on the backend, is the way I felt like it was," Mitchell says. "In my mind, that isn't the Foundry paying for construction, that's [them] spreading out the construction costs in a different way."

Mitchell and other vendors also worried about shouldering the financial responsibility for building out base stalls that they didn't really own. Any money they spent on electrical, plumbing, ductwork, etc., would be lost if they later moved out.

In the end, Mitchell declined the revised offer. She was able to get out of her lease with the Foundry without issue, she says, and her security deposit was returned. "They were very nice to me the whole time," Mitchell says. "We sent in paperwork and it was pretty much done. I'm not mad, I'm just bummed — we wanted to do this so badly."

Several former food-hall vendors described similar experiences. Like Mitchell, brothers Matt and Mike Ratz were excited to expand their food truck, Ukraft, into a brick-and-mortar format at the Foundry. "For a good year and a half, we had every intention to do a spot in the Foundry," Matt says.

In Ukraft's design meeting with the Foundry, Matt says he was also presented with numbers almost four times those originally quoted to him. Unable to make the new figures work for their business, the brothers requested Ukraft be released from its lease. Matt says the Foundry complied and refunded his security deposit, "which I was very appreciative of," he adds.

Since agreeing to open a stall at the food hall, Ukraft has debuted a cafe and catering spot in Clayton and recently announced it will participate in 9 Mile Garden, a massive food-truck park opening in Affton this spring. (Mitchell is also participating in 9 Mile with Farmtruk.) In the interim, though, Matt says that he made a lot of business decisions, including hiring staff, based on plans with the Foundry, but his biggest regret is that it didn't pan out. "I was just disappointed," Matt says.

Chef Michael Friedman of Lost & Found: A Burger and Pizza Joint and Juice Box Central related a similar experience working with the Foundry on his stalls.

Another concept, Mokyu Mokyu, was to be opened by Laura Leister, James Lettau and Ameet Rawal, owners of Pieces Board Game Bar & Cafe and Protagonist Cafe. In a phone call, Leister confirmed that she and her partners voluntarily pulled out of the project.

The partners offer employees at their two brick-and-mortar concepts health benefits and 401K plans, something they also intended to do at Mokyu Mokyu. After reviewing revised costs to open a stall at the Foundry, however, the partners realized those employee benefits would be prohibitively expensive for Mokyu Mokyu.

All the former vendors reached for this story said that they hope the Foundry succeeds and that they wish events had transpired differently. Just as most of the vendors interviewed by the *RFT* echoed similar experiences, both good and bad, working with the Foundry, they also variously shared how much investment and progress the project stands to bring to St. Louis.

Smith says that when it became apparent that the stalls would cost more than projected, the Foundry "explored" revising the structure of the food-stall agreements. These shifts were due to not having an industry standard or model for cost structures for the food hall, Smith says.

For his part, Smith understands why former vendors feel the way they do about their experiences and describes the issues as lessons for the Foundry team — ones that have changed how vendor deals are structured and costs are distributed today.

"I think not having been involved in food-hall construction before, none of us had a good sense of what it was going to cost to build these food stalls," Smith says. "We thought when we started this two years ago that we as the landlord were providing adequate funds for our food partners to make it easy to do it, and then as we started getting some of the early pricing, it was like, 'Oops, maybe not.' And that created on our side and on partners' side a lot of soul searching of, 'What does this mean?' I can totally understand where that was an unsettling time."

When the *RFT* contacted Smith for this story, he extended an invitation to tour the project. Late on a recent weekday afternoon, we took him up on his offer.

It's 4 p.m. on a Friday, and rush-hour traffic has already started to pile up on the stretch of Vandeventer Avenue across from IKEA. From behind the wheel, idling behind cars at a red light just a few car-lengths away from the Foundry entrance, there is a clear view of the edge of the property and the owners' trailer that serves as the headquarters for the project's field office.

Although we usually still have a couple more hours of daylight this time of year, it's cloudy and overcast. The area surrounding the trailer is still very much a construction site; nearby, the uneven, rocky surface dips low enough to have formed massive puddles of rainwater reflecting the unfinished Foundry buildings just beyond the trailer.

Smith is waiting near the trailer's front door when we arrive. He is a warm and gracious host and certainly no stranger to site tours, something he notes with enthusiasm. The tour begins inside the trailer with a scale model of how the finished Foundry will look when all phases of construction are complete. Although it's a spiel he must be constantly unspooling, Smith does so with a palpable passion.

Exiting the trailer and walking through the expansive campus alongside Smith, it's easy to understand his excitement and vision for the Foundry. It stands to bring significant commerce and revenue to a previously blighted stretch of Midtown that is fast becoming a new shopping, entertainment and business district, including plans for a new Major League Soccer stadium to the east.

As we walk, signs of the building's former chapters are still visible throughout the property and will be preserved in the finished space, Smith says. Inside the ground-floor level of what will be Fassler Hall, guests will be able to sit beneath large vaults with suspended tanks that hang almost like space-age chandeliers. From the brewpub's large rooftop patio, the views stretch clear across the metro area.

Touring the property recalls visits to the City Museum — there's something to marvel at in every direction and corner. Smith says that other pieces of equipment were removed and put in storage; eventually, the Foundry might feature them in an exhibit on-site.

"With the Foundry building itself, what we decided to do is almost what I call archeological — we just left it," Smith says. "The old peeling paint, the graffiti — we just left it. We're not going to make it antiseptic. This building has been here almost 100 years, so we've tuck-pointed it and restored it, but we didn't want to make it suburban. That's part of the history of the building. A lot of the tagging is quite artistic, I think."

Stepping into the 30,000-square-foot food hall, you'll spot other vestiges and old foundry equipment, all of it staying in place. In the entryway, large industrial heaters formerly used by Century Electric hang overhead while disintegrating paint and graffiti act as reminders of how long the building sat vacant.

Even as the history of the space surrounds you, a shock of shiny bright yellow cuts through the food hall — newly painted steel beams that will soon frame each food stall. Renderings of the final food hall are displayed amid the construction. The space can fit as many as twenty stalls, and Smith hopes to debut with twelve to fourteen vendors.

Standing inside the unfinished food hall, it's easy to imagine vendors collaborating and coalescing as hungry patrons hop from one stall to the next. You can picture droves of people lining up for a drink at the bar before snagging seats in the spacious open room. During the day, office workers will surely grab lunch from the food hall, creating a captive audience for vendors; late at night, revelers and students from nearby Saint Louis University can fuel up in the space, which can seat up to 500, before seeing a movie at Alamo Drafthouse.

It's the same picture that attracted former food-hall vendors to the project — and the reason that their exits are so bittersweet.

Smith is candid about the challenges these vendors experienced. He reiterates that the Foundry has changed its agreements as a result and that vendors are no longer responsible for any of the buildout costs. Every tenant is now receiving the same deal, he adds.

"We have changed and evolved our whole program here over the two years we've been marketing the food hall," Smith says. "We're learning too, quite frankly, and so, for instance, now we're effectively building out the space for our tenants. They bring their equipment and they can decorate the way they want, but we're putting in the hood, the hood system, the plumbing, the electrical — because we know, especially the younger people, their financial resources are limited. And really what we want from our food-hall partners are their talent, their passion and their creativity."

Plans were also abandoned to offset those costs by increasing stall rents and the percentage of annual profits retained by the Foundry, Smith says.

"We talked that through with a couple of our partners and at the end we decided not to do that," Smith says. "We had a 10 percent revenue deal at the beginning, and it's still a 10 percent revenue deal. We kicked around the idea of having an additional amount after you hit a certain point, because we're putting in a lot more money, but at the end of the day, it's a relatively small part of the [overall] project, so we found a way to get that done."

Despite past struggles to make the numbers work for some small business owners, Smith says the food hall will still feature a cross-section of the culinary talent in St. Louis, including chefs of all experience levels and financial abilities.

On February 7, the day of our tour with Smith, the Foundry issued a press release announcing a new lineup of food-hall vendors. The revised roster features impressive and established names sure to draw crowds — yet doesn't currently reflect as many replacements for the smaller brands and start-ups that have dropped out.

New recruits include Mike Johnson of Sugarfire Smoke House, the St. Louis-based barbecue chain, and Hi-Pointe Drive-In, as well as Paul and

Wendy Hamilton, owners of Hamilton Hospitality, which operates Vin de Set, PW Pizza, Eleven Eleven Mississippi and other concepts. Smith says Johnson will open a burger stall while the Hamiltons will debut Pig Iron Pizza in addition to running a bar for the food hall.

"Paul Hamilton and Mike Johnson are not doing the exact same thing they're doing somewhere else — this is the only place where you'll get that twist of what they're doing," Smith says. "[Most] of our chefs have other locations right now. We have talked to some [partners] where it would be a true startup, which we're interested in — we do want to help young, aspiring talented chefs get a chance to have their own place as well as having the really experienced, successful people."

By integrating these seasoned, big-name operators into the food hall, Smith hopes to create collaboration and mentorship with younger chefs and newer brands.

"We think of this whole space as co-working for chefs, where you have people who have been doing it for 20 or 30 years successfully, and then you have someone who perhaps is very young and they can learn from one another," Smith says.

The food hall currently has seven vendors with eight concepts total (including two run by the Hamiltons). Smith hopes to have another four or six vendors committed by the end of February. He says concepts focused on Italian fare, fried chicken and a deli or sandwich shop would be welcome additions to the current lineup.

Jonathan Schoen and Brian Schmitz of Polite Society and the Bellwether, who have been planning to open their concept, Good Day, for more than a year, remain on board. So do Oscar and Ainara Farina of Los Gauchos Parrilla Argentina in O'Fallon, Illinois, who will open Buenos Aires Café at the Foundry. Sue Wong-Shackelford and Mark Shackelford, owners of Kalbi Taco Shack, meanwhile, will debut City Taco Shack.

"We have been looking for a location in Midtown for a long time because many of our customers come from Saint Louis University and [the] Central

West End," Wong-Shackelford said in the release. "We wanted to be convenient for them, and with City Foundry being built in an old industrial building and bringing it back to life along with their vision of food, drink and entertainment all under one roof, this was a perfect fit for us."

Two vendors don't currently operate brick-and-mortars in town: pastry chef Tyler "Tai" Davis, who will bring a dessert and baked goods stall to the Foundry, and Amy Guo and Daniel Jensen, who will open Hello Poke.

"We wanted to be a part of the City Foundry project because of the creativity and potential that we saw in it," Guo said in the release. "We haven't seen anything like this project yet in St. Louis, in particular, the establishment of a food hall. We love the concept of food halls and believe that St. Louis is ready for its first one."

Back in the field-office trailer, talking through the events of the past year, Smith acknowledges the frustrations and financial concerns of former food-hall vendors, and his comments sound genuine. Still, at the end of the day, he is a developer and a businessman — he acknowledges the past, mistakes and all, while remaining firmly focused on the future.

"We think we're creating something really special," Smith says. "We think it has the opportunity to be another feather in St. Louis' cap of doing creative, interesting, unique things. We're not a dowdy old manufacturing city anymore — we have an enormously creative food scene here and a wonderful innovation community, and people are taking notice. Hopefully that gets momentum to change the narrative of what an exciting community we're building on here."