

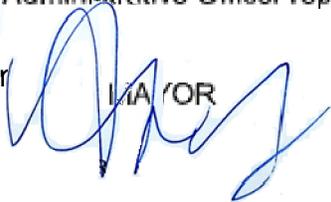
0150-11119-0000

TRANSMITTAL

TO Deborah Flint, Chief Executive Officer Department of Airports	DATE 4/27/18	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT 11

Request to Approve a First Amendment to Lease LAA-8758 with Denny's Inc. to Provide for a One-Year Term Extension with Two One-Year Renewal Options for the Restaurant Located at 5535 W. Century Boulevard at Los Angeles International Airport

Transmitted for further processing, including Council consideration.
 See the City Administrative Officer report attached.

(Ana Guerrero) for  MAYOR

RHL:JFH:10180089f

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 24, 2018

CAO File No. 0150-11119-0000
Council File No.
Council District: 11

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Department of Airports dated April 4, 2018; referred by the Mayor for report on April 4, 2018

Subject: **REQUEST TO APPROVE A FIRST AMENDMENT TO LEASE LAA-8758 WITH DENNY'S INC. FOR THE RESTAURANT LOCATED AT 5535 W. CENTURY BOULEVARD AT LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATIONS

That the Mayor:

1. Approve the First Amendment to Lease LAA-8758 with Denny's Inc. to provide for a one-year term extension, with two one-year renewal options, for the restaurant located at 5535 W. Century Boulevard at Los Angeles International Airport, subject to approval by the City Attorney as to form and compliance with the City's Standard Provisions applicable to contracts including: the Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, Equal Benefits Ordinance, First Source Hiring Program, and Bidder's Contributions City Ethics Commission (CEC) Form 55 provisions;
2. Authorize the Chief Executive Officer to execute the proposed Amendment; and,
3. Return the Amendment to the Department for further processing, including Council consideration.

SUMMARY

Denny's Inc. (Denny's) currently operates a restaurant at 5535 W. Century Boulevard at Los Angeles International Airport on property leased from the Los Angeles World Airports (LAWA, Department). The current Denny's property lease expires on April 30, 2018.

The restaurant is adjacent to a Travelodge Hotel (Travelodge), operated by Airport Century Inn, Ltd., which is also on property leased from LAWA. The Department indicates that the Travelodge is scheduled to close no later than April 30, 2018, on the current lease's expiration date, to accommodate various Landside Access Modernization Program (LAMP) projects.

While the Denny's restaurant is on airport property, which will ultimately be required for LAMP development, and the firm's current lease expires on April 30, 2018, the Denny's property will not be needed immediately. The Department proposes allowing the operation of the restaurant to continue serving the public, which will likely include a large influx of LAMP project construction workers, until the property is needed for LAMP.

The LAWA Chief Executive Officer therefore requests approval of a one-year extension of Lease LAA-8758 with Denny's, including two one-year term extension options. The recommended lease amendment provides that LAWA can terminate the agreement at any time upon a 60-day written notice.

The current lease with Denny's is subject to a \$264,523 Minimum Annual Guarantee (MAG) or 6.75 percent of gross receipts, whichever is higher. Under the proposed Amendment, the MAG will increase to \$293,000 during the initial one-year term extension. The required percentage of gross receipts remains the same. The Department indicates that Denny's has waived relocation assistance.

The Board of Airport Commissioners approved the proposed amendment at its meeting of April 19, 2018.

FISCAL IMPACT STATEMENT

The Los Angeles World Airports indicates that the proposed First Amendment to Los Angeles World Airports Lease LAA-8758 with Denny's Inc. will result in \$293,000 in additional revenue during the initial one-year term extension. The Amendment will have no impact on the General Fund.

RHL:JFH:10180089