



Los Angeles
World Airports

RESOLUTION NO. 26483

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

**Board of Airport
Commissioners**

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Dr. Cynthia A. Telles

Deborah Flint
Chief Executive Officer

BE IT RESOLVED that the Board of Airport Commissioners approved First Amendment to Lease LAA-8758 with Denny's Inc. for term extension of one (1) year, with two (2) one-year renewal options, covering a restaurant located at 5535 West Century Boulevard within Los Angeles International Airport, as referenced in the Board-adopted staff report attached hereto and made part hereof; and

BE IT FURTHER RESOLVED that the Board of Airport Commissioners authorized the Chief Executive Officer to execute said First Amendment upon approval as to form by the City Attorney and upon approval by the Los Angeles City Council; and

BE IT FURTHER RESOLVED that the issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines; and

BE IT FURTHER RESOLVED that actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.

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I hereby certify that this Resolution No. 26483 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, April 19, 2018.

Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS






Los Angeles World Airports

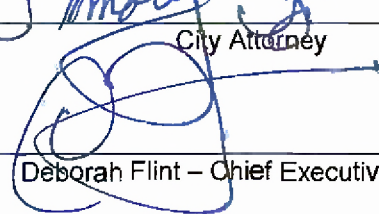
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REPORT TO THE BOARD OF AIRPORT COMMISSIONERS


Approved by: Ramon Olivares, Director of Property Services


Reviewed by: Samson Mengistu Chief Operating Officer


City Attorney


Deborah Flint – Chief Executive Officer

Meeting Date:

4/19/2018

CAO Review:

☐ Completed
☒ Pending
☐ N/A

<u>Reviewed for</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	3/15/18	X Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	3/14/18	x Y <input type="checkbox"/> N	AE
Procurement	3/15/18	<input type="checkbox"/> Y <input type="checkbox"/> N x Cond	MT
Guest Experience	3/21/18	XY <input type="checkbox"/> N	BY
Strategic Planning	3/14/18	XY <input type="checkbox"/> N <input type="checkbox"/> NA	KV

SUBJECT: Approval of the First Amendment of Lease LAA-8758 with Denny's Inc.

Approve the First Amendment of Lease LAA-8758 with Denny's Inc. providing for a term extension of one year with two one-year renewal options for the restaurant located at 5535 W. Century Boulevard at Los Angeles International Airport that will generate no less than \$293,000 during the extended one-year term.

RECOMMENDATIONS:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
3. APPROVE the First Amendment of Lease LAA-8758 with Denny's Inc., and associated rental rate.
4. AUTHORIZE the Chief Executive Officer to execute the First Amendment of Lease LAA-8758 with Denny's Inc. upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION:

1. Purpose

Allow Denny's Inc. (Denny's) to continue operating its off-airfield restaurant at Los Angeles International Airport (LAX).

2. Prior Related Actions

- January 5, 2000 – Resolution No. 20896
The Board of Airport Commissioners (Board) approved the acquisition and leaseback of the Travelodge Hotel property at 5535-5547 W. Century Boulevard, which included a hotel, a Denny's restaurant, and five billboard signs.
- January 14, 2013 – Resolution No. 26010 (LAA-8758)
The Board approved a five-year Lease with Denny's for the operations of a restaurant; the Lease expires on April 30, 2018.

3. Current Action

Denny's has operated a restaurant at the current site on Century Boulevard for many years. The restaurant is adjacent to a Travelodge Hotel (Travelodge), operated by Airport Century Inn, Ltd., another current Los Angeles World Airports' (LAWA) tenant, and has been serving Travelodge guests for an equal number of years. The Travelodge is scheduled to close effective April 30, 2018, concurrent with its Lease expiration date and having been given a Notice of Termination of Lease and Non-renewal by LAWA.

The Denny's restaurant is also adjacent to the future Consolidated Rental Car Facility (ConRAC). Preliminary planning for the ConRAC indicates that the restaurant may be impacted by ConRAC construction or by other projects associated with LAWA's Landside Access Modernization Program (LAMP). The proposed Lease amendment allows Denny's to continue operating its 7,347 SF restaurant, while providing LAWA the flexibility to terminate the Lease or regain control of any of the leased premises should any of the premises be required for LAWA development projects. The amendment also provides that Denny's will waive and release any right it may have to relocation benefits or compensation under eminent domain law.

The table below summarizes key terms associated with the proposed Amendment:

LEASE SUMMARY		
	Current	Proposed
USE:	Restaurant	No Change
TERM:		
Total Lease Period:	5 Years	6 years (with two 1-year options)
Commencement Date:	May 1, 2013	No Change
Expiration Date:	April 30, 2018	April 30, 2019
Termination Provision:	60-Day advance written notice by either party	No Change
DEMISED PREMISES		
Square Feet (SF):		
Land	51,189 SF	No Change
Improvements	7,347 SF	No Change
RENT*:		
Minimum Annual Guarantee (MAG)	\$264,523	\$293,000
Percentage of Gross Sales	6.75%	No Change
TOTAL MINIMUM RENT*:		
Monthly	\$ 22,043	\$ 24,417
Annual Rent	\$264,523	\$293,000

* Denny's pays a MAG, as noted, or 6.75% of annual gross receipts, whichever is higher. The MAG is subject to annual and periodic rate adjustments pursuant to the terms of the Lease. Amounts are rounded.

How this action advances a specific strategic plan goal and objective

This action advances this strategic goal and objective: *Deliver Facilities & Guest Experiences that are Exceptional: Plan collaboratively to improve guest services while delivering capital improvements.* This action will facilitate the LAMP projects and specifically LAWA's ability to deliver the Automated People Mover on a timely basis.

Action Requested

Staff requests the Board approve the proposed First Amendment with Denny's and authorize the Chief Executive Officer to execute the Lease upon approval as to form by the City Attorney and approval of the City Council.

Fiscal Impact

Approval of this First Amendment will generate approximately \$293,000 in annual revenue during the one-year term extension.

4. Alternatives Considered

• ***Take No Action***

Taking no action is not recommended. The First Amendment to Lease with Denny's will allow Denny's to continue its operations, provide a continued revenue stream to LAWA, and provide LAWA with flexibility to regain control of the Demised Premises for LAWA purposes.

APPROPRIATIONS:

Approval of this action will not require an appropriation of funds

STANDARD PROVISIONS:

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This agreement will be approved as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.
4. Denny's Inc. will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. The Small Business Enterprise do not apply to leases.
6. Denny's Inc. will comply with the provisions of the Affirmative Action Program.

7. Denny's Inc. has been assigned a Business Tax Registration Certificate number 0000105827-0010-4.
8. Denny's Inc. will comply with the provisions of the Child Support Obligations Ordinance.
9. Denny's Inc. has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Denny's Inc. has submitted the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. Denny's Inc. must be determined by Public Works, Office of Contract Compliance, with the provisions of the Equal Benefits Ordinance prior to execution of the Lease amendment.
13. Denny's Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Denny's Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.