

RESOLUTION NO. 27240

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Lease LAA-8758 with Denny's Inc. to extend the term by two (2) years, with a one (1)-year extension option, and reduce the minimum annual guarantee for the restaurant located at 5535 West Century Boulevard at Los Angeles International Airport; and

WHEREAS, Denny's, Inc. has operated its 7,347-square foot restaurant at 5535 W. Century Boulevard at Los Angeles International Airport (LAX) since 1985. Denny's, Inc. has been impacted and will continue to be impacted by the construction of the Consolidated Rental Car Facility and related utility infrastructure projects at the airport; and

WHEREAS, the Second Amendment will [1] avoid disruption to the restaurant clients; [2] allow for a continued revenue stream to Los Angeles World Airports (LAWA); and [3] give staff time to analyze future uses after the Landside Access Modernization Program projects are complete; and

WHEREAS, due to the COVID-19 pandemic and drop in Denny's, Inc.'s annual sales, LAWA Commercial Development Division staff agreed to reduce the minimum annual guarantee (MAG) requirement from \$307,000 to \$256,000, or 90% of 2019 annual gross sales. Denny's, Inc. will continue to pay the greater of the MAG or 6.75% of gross receipts; and

WHEREAS, following is a summary of the Second Amendment:

	Previous	Second Amendment
Term:	extended to April 30, 2021, per Board Resolution 26483	extend by two (2)-years, with a one (1)-year extension option at LAWA's discretion
Expiration:	April 30, 2021	April 30, 2023; if one (1)-year option is executed, April 30, 2024
Cancellation Provision:	60-day by either party	no change
Demised Premises:		
• Restaurant Building	7,347 square feet	no change
• Land	51,189 square feet	no change
Rent:*		
• MAG	\$306,959.11	\$256,000
• Percentage of Gross Sales	6.75%	no change
Annual Adjustment:	based on Consumer Price Index	3% fixed annual adjustments, starting July 1, 2023; and

* Lessee shall pay the greater of the MAG or six and three quarters percent (6.75%) of gross receipts as defined in the lease.

WHEREAS, 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 California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

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WHEREAS, Denny's Inc. will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances, the Affirmative Action Program and the Child Support Obligations Ordinance; and

WHEREAS, Denny's Inc. has been assigned Business Tax Registration Certificate 0000105827-0010-4; and

WHEREAS, Denny's Inc. must have approved insurance documents, in the terms and amounts required, on file with LAWA prior to execution of the Amendment; and

WHEREAS, Denny's Inc. has submitted the Contractor Responsibility Program Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Denny's Inc. must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Amendment; and

WHEREAS, Denny's Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, Denny's Inc. has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

WHEREAS, 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;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined 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; approved the Second Amendment to Lease LAA-8758 with Denny's Inc. to extend the term by two (2) years, with a one (1)-year extension option, and reduce the minimum annual guarantee for the restaurant located at 5535 West Century Boulevard at Los Angeles International Airport; found that, pursuant to Los Angeles Administrative Code Section 10.15(a)(10) and Los Angeles Charter Section 371(e)(10), the Board of Airport Commissioners found that use of competitive bidding would be impractical and undesirable; and authorized the Chief Executive Officer to execute said Second Amendment to Lease LAA-8758 with Denny's Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27240 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, April 22, 2021.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS