

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to the Second Amendment to the Los Angeles World Airports (LAWA) lease with Denny's, Inc.

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners (BOAC) that the proposed action is categorically exempt under the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1 (18) (c) of the Los Angeles City CEQA Guidelines.
2. APPROVE the Second Amendment to LAWA Lease LAA-8758 with Denny's Inc., to extend the term by two years, with a one-year extension option, to reduce the minimum annual guarantee for the restaurant located at 5535 West Century Boulevard at Los Angeles International Airport (LAX).
3. CONCUR with the action taken by the BOAC on April 22, 2021, by Resolution No. 27240, authorizing the Chief Executive Officer, LAWA, to execute the Second Amendment to Lease LAA-8758 with Denny's Inc.

Fiscal Impact Statement: The BOAC reports that this action will not impact the General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – JUNE 24, 2021

(LAST DAY FOR COUNCIL ACTION – JUNE 23, 2021)

SUMMARY

On April 22, 2021, BOAC approved the proposed Second Amendment to the LAWA lease with Denny's. The proposed amendment extends the term of the agreement, and reduces the Minimum Annual Guarantee (MAG) requirement from \$307,000 to \$256,000, or 90% of 2019 annual gross sales. Denny's, has been impacted and will continue to be impacted by the construction of the Consolidated Rental Car Facility and related utility infrastructure projects at LAX, and has also experienced a loss in gross revenue due to the Covid-19 pandemic. According to LAWA, the Second Amendment will avoid disruption to restaurant clients, allow for a continued revenue stream to LAWA; and give LAWA staff time to analyze future uses after the Landside Access Modernization Program projects are complete. Denny's will continue to pay the greater of the MAG or 6.75 percent of gross receipts

At its meeting held June 8, 2021, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed lease amendment, as recommended by BOAC.

MEMBER VOTE

BUSCAINO: YES

BONIN: YES

LEE: YES

jaw

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE

A handwritten signature in cursive script, appearing to read "Joe Buscaino".

- NOT OFFICIAL UNTIL COUNCIL ACTS -