



**City of Santa Barbara**  
Airport Department

Meeting: 07/12/18  
Agenda Item No. 4

**DATE:** July 12, 2018  
**TO:** Lease Review Subcommittee  
**FROM:** Hazel Johns, Airport Director  
**SUBJECT:** Update on Lease Agreement with High Sierra Grill

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**RECOMMENDATION:**

That the Lease Review Subcommittee receive a presentation regarding the status of the Airport's lease agreement with High Sierra Grill Santa Barbara, Inc.

**DISCUSSION:**

Earlier this year, the Airport Commission recommended for approval an amendment to the lease agreement between the City and High Sierra Grill Santa Barbara, Inc. The purpose of the amendment was to provide temporary rent relief to the restaurant for a 12-month period in order for the restaurant to complete a re-branding of its concept and rebuild its revenues under new management. The City Council subsequently approved the proposed 25% decrease in rent which went into effect on May 1. Since that time, High Sierra Grill has paid its rent consistently on-time and in full. However, the requirement to provide the Airport with profit and loss statements has not been met. Staff continues to make efforts to receive these statements in order to determine if the rent relief has helped support the viability of the restaurant as intended.

The anticipated re-branding of the restaurant to aviation-themed *Flightline* has not taken place with the exception of the placement of an extensive amount aviation memorabilia in the interior of the restaurant. An initial application to convert exterior signage to *Flightline* has been placed on hold. The potential assignment of the High Sierra Grill lease agreement to Flightline LLC, the current day-to-day management of the restaurant, has not been advanced further by the Fresno-based lessees.

High Sierra Grill has continued to pursue other possible buyers for the restaurant's fixtures and inventory, and an assignee for the lease agreement. Their efforts have resulted in a number of informal inquiries to Airport staff about the lease and its terms. Anecdotally, there appears to be a consistent opinion among restauranteurs that the original rent schedule in the lease agreement is too expensive, in light of the potential sales volume for the location in competition with other restaurant offerings. There also appears to be a universally held opinion that a new restaurant concept is absolutely necessary for the long-term viability of the restaurant operation.

The Airport staff has not received any formal proposals for assignment of the lease to a new tenant, however, anticipates that it could receive one or more proposals requesting an adjustment of current terms in the lease agreement. Such requests would require careful analysis by the Airport and consideration by the Lease Review Subcommittee and Airport Commission prior to possible consideration by the City Council.

**PREPARED BY:** Business Development