

STAFF REPORT

City of Lancaster

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03/12/13
MVB

DATE: March 12, 2013

TO: Mayor Parris and City Council Members

FROM: Kelvin Tainatongo, Assistant to the City Manager
Chenin Dow, Projects Assistant

SUBJECT: **Approval of “Spice Up Lancaster” Loan Agreement with Domingo’s Mexican & Seafood Restaurant**

Recommendation:

Approve a loan of \$25,000 to Domingo’s Mexican & Seafood Restaurant under the Spice Up Lancaster Loan Program to open a new location in Lancaster and authorize the City Manager or his designee to execute all loan documents.

Fiscal Impact:

\$25,000 in General Fund revenue which was previously appropriated for the Spice Up Lancaster Loan Program, to be paid back with interest within 5 years.

Background:

The Lancaster City Council approved the Spice Up Lancaster Loan Program on Nov. 13, 2012 in an effort to fill existing commercial vacancies, assist small local businesses and build the City’s sales tax revenue base. This is the second loan to go before the Council for approval through this program.

Domingo Gutierrez, founder of Domingo’s Mexican & Seafood Restaurant, began working in the restaurant industry in 1978 at just 15 years of age. In 1988, he opened the first Domingo’s location in Leona Valley, which he later sold to his brother. Domingo went on to open locations in Boron, Tehachapi, and Hesperia. He currently owns and operates the Boron location. Having been born and raised in Lancaster, Mr. Gutierrez is looking forward to returning to his hometown and building his business here.

Domingo’s has deep ties to the aerospace industry, particularly at its Boron location, which has played host to more than 100 astronauts. Mr. Gutierrez plans to highlight this history at his new location in Lancaster with museum-style displays featuring signed photos, rare coins, and other mementos related to aerospace and the space program. The new restaurant will also fill an existing vacancy by occupying the former Shakey’s location at 1324 West Avenue I. In addition, it will create approximately 14-18 new jobs.

In spite of its extensive history in the restaurant business, restaurants like Domingo's have had difficulty securing loans in the present business climate. This loan through the Spice Up Lancaster Program offers the City of Lancaster an opportunity to fill this credit gap and assist a small local business which has contributed to the Antelope Valley community for more than 20 years. It will also strengthen the City's tax revenue base, create new jobs in the restaurant industry, and build synergy in a key commercial area of Lancaster.

As outlined in the previously approved Spice Up Lancaster Loan Program Policies and Procedures, the loan is offered on a 5-year term with an interest rate equal to the City's weighted average portfolio yield in effect the month the loan is approved, adjusted annually, for the first three years and an interest rate of 3% for the remaining two years.

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