

STAFF REPORT

City of Lancaster

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09/24/13
MVB

DATE: September 24, 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 Maribel’s Bakery**

Recommendation:

Approve a loan of \$25,000 to Maribel’s Bakery 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 third loan to go before the Council for approval through this program.

Maribel’s Bakery was founded in 1994 by Maribel Parada, who at the time had 20 years of experience in the restaurant industry with the McDonald’s Corporation. Today, Maribel’s son Nick Parada has taken over the family business.

At its existing location at 44205 20th Street W., Maribel’s Bakery offers a variety of cakes, pastries, and sweetbreads alongside Mexican and Salvadorian favorites such as tamales and pupusas served in a fast-casual setting. The restaurant is now planning to expand to a second location at 706 W. Lancaster Boulevard. There, Maribel’s will continue to offer pastries and sweetbreads, in addition to customized, fresh-to-order pupusas. Loan funding will be utilized to construct a patio dining area, as well as purchase signage and kitchen equipment.

In spite of its extensive history in the restaurant business, eateries like Maribel's Bakery 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 nearly 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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