

# STAFF REPORT

## City of Lancaster

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10/22/2024
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Date: October 22, 2024

To: Mayor Parris and City Council Members

From: Sydney Yeseta, Manager – Economic Development  
Josh Thomas, Supervisor – Economic Development

Subject: Lancaster Eats Support Program Overview and Implementation

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### Recommendations:

1. Authorize the City Manager or his designee to finalize and execute loan agreements for amounts up to \$25,000, along with associated operating covenants, between the City of Lancaster and Lancaster Eats Support Program participants.
2. Appropriate \$100,000 to account 10111000.5312 from General Fund fund balance to cover the program expenditures
3. Authorize the City Manager or his designee to execute all related documents.

**G.C. Section 84308:** No

### Fiscal Impact:

The Lancaster Eats Support Program is designed to stimulate local economic growth by supporting small, locally owned, sit-down restaurants in Lancaster. To ensure the success and sustainability of this initiative, the City of Lancaster will allocate \$100,000 from the General Fund for the program in the Fiscal Year 2024-25 budget.

### Background:

The Lancaster Eats Support Program (LESP) was established to stimulate the local economy by attracting and supporting small, independent restaurants, wineries, craft breweries, eateries, and distilleries. This initiative aims to fill vacant commercial spaces with sustainable and dynamic businesses, thus enhancing the vibrancy and diversity of Lancaster's community.

### Program Overview:

LESP offers forgivable loans of up to \$25,000 with no interest to qualifying business owners. This

financial assistance helps cover the costs of purchasing or upgrading restaurant equipment. The loans are forgivable over two years, encouraging long-term investment and stability in the community.

**Eligibility:**

Own or lease property within Lancaster's incorporated city limits.

Operate a small, locally owned sit-down restaurant (excluding fast food and fast casual establishments).

Purchase qualifying restaurant equipment.

Eligible expenses must be necessary for the operation of the business. Examples of qualified expenses include grills, dishwashers, walk-in refrigerators, deep fryers, draft systems, freezers, ranges, ovens, hoods, sinks, steam tables, salad bars, HVAC.

The loan will be structured in the form of a reimbursement for qualifying purchases. Staff will review all applications to determine eligibility and operate the program while sufficient funds last.

**Forgiveness Structure:**

Each year, the loan balance will be reduced by 50% for businesses that remain operational at the qualifying location. After two years of continuous business operation, the loan will be completely forgiven.

If a business relocates or closes before the two-year threshold, the remaining loan balance must be repaid by the business owner.

This program aims to reduce financial barriers for new and growing businesses, promotes long-term investment in Lancaster, and fosters a thriving, diverse community of local entrepreneurs.

JT/hb

**Attachment:**

Restaurant Equipment Loan Agreement and Operating Covenant Template