

STAFF REPORT

City of Lancaster

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12/13/2022
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Date: December 13, 2022

To: Mayor Parris and City Council Members

From: Jeff Hogan, Senior Director - Development Services
Chenin Dow, Senior Manager – Real Estate & Economic Development
Sydney Yeseta, Assistant Manager – Real Estate & Economic Development

Subject: “Stand Strong” Youth Sports Loan Program Forgiveness

Recommendations:

1. Approve the forgiveness of all “Stand Strong” Youth Sports loans awarded to local non-profit youth sports organizations that were negatively impacted by the COVID-19 pandemic.
2. Authorize the City Manager, or his designee, to finalize and execute all related documents.

Fiscal Impact:

\$96,250.00 in funds that would otherwise have been repaid over time in accordance with the terms of the original loans. Funding received through the federal American Rescue Plan Act (ARPA) would reimburse the General Fund for these expenses.

Background:

In December 2021, the City Council approved the “Stand Strong” Youth Sports Loan Program in an effort to aid local non-profit youth sports organizations that were negatively impacted by the COVID-19 pandemic.

The City partnered with Mission Bank to administer the loan program. The loans provided \$2,500.00 - \$20,000.00 interest-free funds to not-for-profit organizations to be used to purchase working capital items, such as PPE gear and cleaning supplies, required COVID-19 testing, facility rental fees, and to help offset costs of operating said organization, including rent, utilities, and equipment that was not covered by registration dues because of decreased enrollment in sporting programs as a result of the pandemic.

The City received five loan applications, and four loans have been awarded. The one remaining loan is currently in process, and is slated to be awarded before the end of the year. It is included in the fiscal impact amount listed above.

The proposed loan forgiveness would significantly assist the youth sports organizations by removing the burden of paying back the loan, and allowing them to focus on continuing to serve our youth, creating a healthier and more vibrant community.

Pursuant to IRS guidelines, any debt forgiveness of more than \$600.00 may be reportable as income. The City will issue a 1099 to loan forgiveness recipients.

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