

CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Consider the request of the Senior Service Agency of San Joaquin County to forgive a Community Development Block Grant (CDBG) loan in the amount of \$21,530.02.

MEETING DATE: July 7, 1999

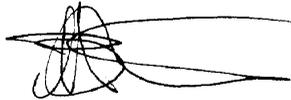
PREPARED BY: Community Development Director

RECOMMENDED ACTION: The recommended action is to forgive an outstanding balance of Community Development Block Grant funds loaned to the Senior Service Agency to build a new kitchen at their existing center, located at 224 South Sutter Street, Stockton.

BACKGROUND INFORMATION: Between 1992 and 1993, the City of Lodi helped fund the construction of new kitchen facilities at the Senior Service Agency of San Joaquin. We joined with other participating cities in the County as well as the City of Stockton, to fund the Agency through both grants and loans. Approximately \$34,000 was granted outright to the Agency; another \$24,000 was loaned at a three percent (3%) rate for 180 months. Roughly, \$2,700 was repaid to the City in 1993. The remaining balance of \$21,530.02 is the amount requested to be forgiven. The City of Stockton and San Joaquin County are currently negotiating with the Senior Service Agency to forgive loans exceeding one million dollars (\$1,000,000).

Our funding of the Senior Service Agency stems from the fact that Lodi's large senior population is a heavy user of its services. The Agency is the point of origination for most of the food stuffs serving Lodi seniors through the Meals on Wheels and Senior Brown Bag Programs.

FUNDING: None.



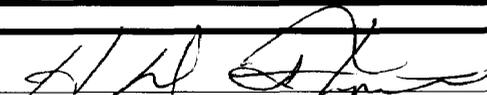
Konradt Bartlam
Community Development Director

Prepared by Eric Veerkamp, Associate Planner

KB/EV/lw

cc: Finance Director

APPROVED: _____


H. Dixon Flynn -- City Manager



Senior Service Agency

of San Joaquin County, Inc.
P.O. Box 45, Stockton, California 95201-0045
224 S. Sutter Street, Stockton, California 95202
(209) 466-9524 FAX (209) 465-8834
info@seniorservice.org



A United Way Agency

"Helping Seniors Live Happy, Healthy and Independent "

June 4, 1999

Eric Veerkamp
Associate Planner
Community Development Department
City of Lodi
221 W. Pine Street
Lodi, California
Fax # 333-6842

Dear Mr. Veerkamp:

This letter is in response to your fax dated May 20, 1999. Your fax asked several questions. Below are our responses to your questions.

What is the status of the action plan to address the financial crisis due to reduced funding from United Way and other private sources?

The funding from United Way has been restored. For the fiscal year July 1, 1999 through June 30, 1999 we will be receiving \$35,000 from United Way. This amount does not include any designated funds.

How have we addressed our financial crisis and how, if at all, we are prepared to deal with a similar situation in the future?

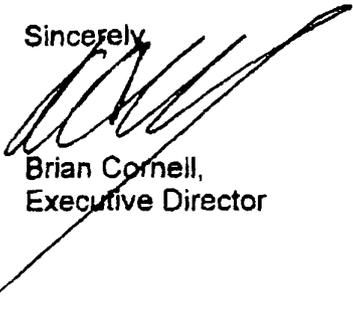
We have restored all of the funding that we previously had, not necessarily from the same funding source. We had put into effect a cost reduction plan, which included a blackout day for all employees, more emphasis on fund raising, energy reduction, and cost reduction measures at our congregate sites. We are prepared for any similar situation by monitoring our position more carefully and by setting up a finance committee with board members who are respected business people.

San Joaquin County has forgiven the two loans that we had with them in the amount of \$61,159.55 and \$55,122.34. We are also negotiating with the City of Stockton asking them to forgive their loan in the amount of \$929,159.57. The City of Stockton is looking into using our facility for meetings and other functions in lieu of payment of the note.

We are asking the City of Lodi to forgive their loan in the amount of \$21,530.02.

Please, call me if you have any questions and thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Cornell', written over a diagonal line that extends from the signature down towards the bottom left of the page.

Brian Cornell,
Executive Director

Senior Service Agency

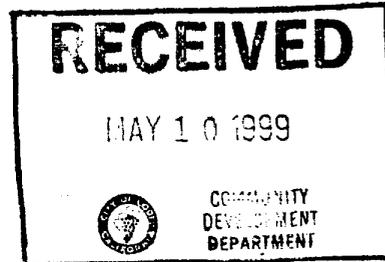
of San Joaquin County, Inc.

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May 5, 1999 "Helping Seniors Live Happy, Healthy and Independent "

Konrad Bartlam
Director
Community Development Department
City of Lodi
221 W. Pine Street
Lodi, CA 95240



Re: CBDG Loan

Dear Mr. Bartlam:

Harry Marzolf spoke to you on May 3rd concerning the loan our agency has with the City of Lodi. The loan balance amount is \$21,530.02. The loan was dated June 30, 1995. The interest rate was at 3% for term of 180 months. The original amount of the loan was \$24,025.14. We requested that the payments to the City of Lodi be put on hold until we were financially able to start paying the loan back.

Senior Service Agency had several other loans like this through San Joaquin County and the City of Stockton. San Joaquin County has forgiven the loans that we had on their books. The amounts of the two loans were \$61,159.55 and \$55,122.34. I am attaching a copy of the letter from the county stating that they will forgive the loans.

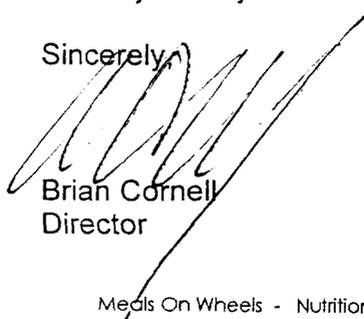
We are negotiating with the City of Stockton to determine how they can forgive the loan that we currently have on their books. The amount of the loan with the City of Stockton is \$929,159.57. Because of the large amount, the City of Stockton wants to use our facility for meetings and other functions in lieu of payment for the loan.

We are asking that the City of Lodi forgive the loan that we have with them.

Please, call me if you have any questions.

Thank you for your consideration.

Sincerely,



Brian Cornell
Director



**SAN JOAQUIN COUNTY
COMMUNITY DEVELOPMENT DEPARTMENT**

1810 E. HAZELTON AVE., STOCKTON, CA 95205-6232
PHONE: 209/468-3121 Fax: 209/468-3163

April 17, 1998

Brian Cornell, Executive Director
Senior Service Agency of San Joaquin County
224 S. Sutter St.
Stockton, CA 95204

Dear Mr. Cornell:

I am pleased to inform you that the San Joaquin County Board of Supervisors has agreed to forgive the outstanding loan balances on your CDBG loans with the County's Community Development Department, Neighborhood Preservation Division.

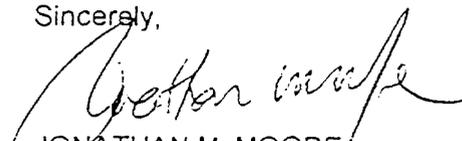
The Board's action results in relief for your agency from the outstanding loan balance of \$61,159.55 on loan #SJC92-04 and \$55,122.34 on loan #SJC93-06.

The County has forwarded a letter to the City of Lodi requesting they take a similar action to forgive your outstanding CDBG loan balance of \$21,530.02. I'd suggest you contact Joseph Wood of the City of Lodi at 333-6800, ext. 467 to follow-up on the County's request.

Keep up the good work providing invaluable services to the County's senior population.

Should you have any question, please feel free to contact me at 468-3065.

Sincerely,


JONATHAN M. MOORE
ACTING DEPUTY DIRECTOR

JM:jw

Jon\SenServ