



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council

From: Dean Rich, Director of Finance
Walter Denton, City Administrator

Date: September 6, 2005

Subject: Ordinance Establishing Drury Development Business District

List of committees that have reviewed: Finance and Administration

Background: Drury has owned the property at the corner of I-64 Exit 16 and Greenmount Road for the past five years. They began the development of this property last fall, and asked for assistance with a SSA which the city is providing. During the site preparation, a mine shaft was discovered running directly under the new seven-story hotel. Fixing this problem was an additional \$1,000,000. As an incentive to complete this project in a timely fashion, the city offered to establish a special business district that would allow Drury to charge an additional 1% on the hotel tax collected by the state. This 1%, over the next 23 years, should allow Drury to recover a substantial portion of the mine subsidence cost and make this a financially viable project. This is no cost to the City of O'Fallon

Legal Considerations, if any: The city has retained Attorney Kurt Froehlich to assure all actions are in compliance with state law. His costs are covered by an administrative fee collected by the city to manage the district.

Budget Impact: This project is no cost or liability to the city.

Staff recommendation: Staff recommends Council approval for this ordinance.