



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: January 11, 2006
Subject: Special Service Area (SSA) 5 Subaru of O'Fallon

List of committees that have reviewed: Finance and Administration

Background: Mr. John Hanna, dba Tish Enterprises, LLC, has been approved to develop a Subaru New Car Dealership on approximately 2.5 acres at 1290 Central Park Drive. Mr. Hanna requests, and has met, the requirements for a \$700,000 Special Service Area (#5 Subaru of O'Fallon). This package contains an "Ordinance Approving a Pre-Development Agreement", a "Pre-Development Agreement" and an "Ordinance Proposing the Establishment of SSA-5". These are first reading documents leading up to issuance of approximately \$700,000 in bonds to improve the infrastructure associated with the Subaru Dealership. All items funded by this SSA will improve the value of the property regardless of its use, and the bonds are paid from a tax levy.

Legal Considerations, if any: These documents are prepared by our Bond Attorney, Kurt Froehlich, and comply with all state SSA regulations.

Budget Impact: This is an economic incentive that the city provides to developers that is no cost or liability to the city. In the agreement, the city receives \$1,000 per year to administer the program.

Staff recommendation: Staff presents this as a development compatible with the city's long range goals. It provides a demonstrable return to the city in both sales tax and related benefits, and is necessary for the project to be economically feasible for the developer. Recommend approval.