



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: June 19, 2006
Subject: Ordinance Providing for Home Rule Sale-Use Taxes

List of committees that have reviewed: Finance and Administration

Background: The City of O'Fallon became Home Rule on the 7th of April 2006. It is necessary to switch from a non-home rule to a home rule structure and refinance the Prop S Bond. The only change of any significance is the name and change from a 10 year bond to a 20 year bond. This action will free up a portion of the bond payment money for immediate use and provide financial leverage for the Family Sports Park Bond and the Shoppes at Greenmount Economic Development Bond.

Legal Considerations, if any: Attorney Kurt Froehlich has drafted the ordinances and coordinated with the Illinois Department of Revenue to assure this is a seamless transfer that will protect the city revenue. He will represent the city to protect the tax exempt status of the bonds.

Budget Impact: This is a refinance from 10 years to 20 years and will reduce the annual payments. Money saved from payment reduction will be applied in accordance with the Prop S promises made in November 2000. The City has already completed 40 miles of repaved roads, 3 miles of side walks and over \$1,000,000 in storm water management with Prop S Funds.

Staff recommendation: Staff recommends approval of change from non-home rule to home rule on the ½ cent Sales/Use Taxes.