



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: September 5, 2006
Subject: Ordinance Approving Frieze Special Service Agreement (SSA)

List of committees that have reviewed: Finance and Administration

Background. Selection of a retail site requires extensive decision making due to the number of variables considered. The city and Frieze Harley-Davidson have been working these variables for the last 18 months as store locations are costly, complex and there is little flexibility once a store is built. Ms Frieze selection criteria included affordability, accessibility and the potential to generate a return on her investment. The goal of the SSA to help improve her business economics by reducing development cost and helping maintaining her line of credit. In short every dollar she could save on development cost is a dollar she can put in motorcycles for the sales floor. This ordinance establishes a Special Service Area of approximately \$1.5 million. The SSA does not now and shall never constitute an indebtedness to the city. Based on the 13 July predevelopment agreement Ms Frieze has closed on the property and is ready to proceed when the money is available. This action will take 4 votes and a Public Hearing to complete.

Legal Considerations, if any: Attorney Kurt Froehlich drafted the agreement. He will represent the city in finalizing the agreement to protect the tax status of the SSA bonds.

Budget Impact: The SSA is no cost or obligation to the city.

Staff recommendation: All aspects of this agreement are in accordance with the City of O'Fallon Policies for Providing Economic Development Funding Assistance.