



## CITY COUNCIL AGENDA ITEMS

**To:** Mayor and City Council  
**From:** Dean Rich, Director of Finance  
Walter Denton, City Administrator  
**Date:** August 17, 2009  
**Subject:** Ordinance amending Schmitt Economic Incentive Agreement

**List of committees that have reviewed:** Finance and Administration

**Background:** In November, 2008, council approved an Economic Development Agreement with Jack Schmitt Cadillac for a Suzuki and a Mahindra dealership. The basic agreement called for a \$250,000, 50/50 sharing of sales tax receipts of the dealerships. Much has happened in the past 9 months, including the bankruptcy of General Motors. The bottom line result is an increase in cost of \$520,000. Staff recommends the city increase the per dealership maximum share from \$250,000 to \$350,000 per dealership. For detail cost, refer to the July 27 Finance Committee minutes.

**Legal Considerations, if any:** None, as all remains the same except for maximum increase from \$250,000 to \$350,000 per dealership.

**Budget Impact:** This extends the amount of time the City will share sales tax receipts for another \$100,000 per dealership. This will be somewhat offset by receiving 100% of Cadillac sales for the same period. We anticipate Cadillac will produce \$1.5 to \$2 million, while the other two dealerships produce \$700,000.

**Staff recommendation:** Recommend amending economic incentive agreement.