City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 5/21/2019

DEPARTMENT: Resource Management
STAFF CONTACT: Dianna Wright/Emily Vincent
SUBJECT: Report on a request by JDC North Olathe Properties, LLC for a master resolution for a business park, and a first project under the master resolution for an industrial warehouse in the Olathe Commerce Park and for issuance of industrial revenue bonds and tax phase-in for the construction of a 21,400 sq. ft. industrial warehouse on approximately 6.5 acres at the southeast corner of Dennis Avenue and the future Pine Street.

ITEM DESCRIPTION:
Report on a request by JDC North Olathe Properties, LLC for a master resolution for a business park, and a first project under the master resolution for an industrial warehouse in the Olathe Commerce Park and for issuance of industrial revenue bonds and tax phase-in for the construction of a 21,400 sq. ft. industrial warehouse on approximately 6.5 acres at the southeast corner of Dennis Avenue and the future Pine Street.

SUMMARY:
The City has received a master business park application for JDC North Olathe Properties, LLC with a total investment of approximately $41,681,920 on a total of 66+/- acres. The project is called the Olathe Commerce Park, and it is the development of 5 lots and 5 tracts to be used for industrial/warehouse/manufacturing. Additionally, an application has been submitted under this master resolution for approximately $3,000,000 in industrial revenue bonds for the construction of 21,400 square feet of buildings for a facility on a 6.5 acre parcel located at Dennis Avenue and (future) Pine Street, west of the BNSF tracks. This is a single series of bonds to be issued to cover land and building costs.

- Construct 21,400 sq. ft. of space for a facility on a 6.5-acre parcel of land.
- The Applicant seeks to have the project receive a 10-year, 50% property tax phase-in for industrial uses in conjunction with the issuance of the City's industrial revenue bonds. This project is applying for and falls under the City's tax abatement policy for a master resolution abatement, Resolution 18-1111 and Policy F-5 with an investment over $10 million total for a master resolution for new businesses.
- First and single series of bonds for this facility under the master resolution.
  - 21,400 sq. ft. transportation terminal facility
- Requests amount not to exceed approximately $3,000,000 of industrial revenue bonds:
  - $567,000 to acquire land
  - $2,433,000 to construct the building and other costs
  - No funds are allocated for furniture, fixtures & equipment
- Creates 160 new jobs over the next 10 years.
  - Average salaries:
    Year one = $42,000

Year ten = $48,022

  - $7,683,581 approximately in new annual wages in year 10
  - $42,407,980 approximately in new wages combined over the next 10 years
- Current property taxes at this site (entire 66-acre site used) (all jurisdictions): $3,618 ($117,850 appraised value for 2018 and $14,142 assessed value for 2018). Olathe's current tax revenue from the property - $345.
- Total f*ull value* property taxes on the project over the 10-year phase-in period considering an estimated appraised value of $1,825,000 (building only portion of the project):
  - All taxing jurisdictions = $583,767 10-year total / $58,376 annually
  - Olathe = $111,352 10-year total / $11,135 annually
- Property taxes over the 10-year phase-in period with 50% property tax phase-in on this project:
  - All jurisdictions = $291,880 10-year total / $29,188 annually
  - Olathe = $55,675 10-year total / $5,567 annually

Olathe will realize approximately $11,135 in new annual tax revenue after abatement period expires

FINANCIAL IMPACT:
See attached materials for more detailed fiscal impact information.

ACTION NEEDED:
Accept report. A public hearing and the resolutions regarding the master business park and the phase I project will go before the City Council at the June 4th meeting.

ATTACHMENT(S):
Attachment A: Master Business Park Application Attachment B: Phase I Project Application Attachment C: Executive Summary Attachment D: Firm Data Sheet Attachment E: Cost Benefit Analysis