



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 6/4/2019

DEPARTMENT: Resource Management

STAFF CONTACT: Dianna Wright/Emily Vincent

SUBJECT: Consideration of Resolution No. 19-1039 establishing a Master Resolution expressing intent to issue Industrial Revenue bonds in one or more series and tax phase-in on behalf of JDC North Olathe Properties, LLC for the establishment of a business park located at the southeast corner of Dennis Avenue and the future Pine Street.

ITEM DESCRIPTION:

Consideration of Resolution No. 19-1039 establishing a Master Resolution expressing intent to issue Industrial Revenue bonds in one or more series and tax phase-in on behalf of JDC North Olathe Properties, LLC for the establishment of a business park located 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 *full 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 materials attached to the Public Hearing for more detailed fiscal impact information.

ACTION NEEDED:

Consider approval of Resolution No. 19-1039

ATTACHMENT(S):

Attachment A: Resolution No. 19-1039