



# City of Olathe

## COUNCIL AGENDA ITEM

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**MEETING DATE:** 6/4/2019

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**DEPARTMENT:** Resource Management

**STAFF CONTACT:** Dianna Wright/Emily Vincent

**SUBJECT:** Consideration of Resolution No. 19-1040 expressing intent to issue industrial revenue bonds and tax phase-in on behalf of Carrier Services Plus, LLC under the Master Resolution for the phase I projects consisting of the construction of a 21,400 square foot industrial warehouse located at the southeast corner of Dennis Avenue and the future Pine Street.

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### ITEM DESCRIPTION:

Consideration of Resolution No. 19-1040 expressing intent to issue industrial revenue bonds and tax phase-in on behalf of Carrier Services Plus, LLC under the Master Resolution for the phase I projects consisting of the construction of a 21,400 square foot industrial warehouse located at the southeast corner of Dennis Avenue and the future Pine Street.

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### 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

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**FINANCIAL IMPACT:**

See materials attached to the Public Hearing for more detailed fiscal impact information.

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**ACTION NEEDED:**

Consider approval of Resolution No. 19-1040

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**ATTACHMENT(S):**

Attachment A: Resolution No. 19-1040