

May 5, 2026

Single-Series Bond Request & Property Tax Phase-In
DRG Holdings LLC and Assigns
Industrial Revenue Bond & Tax Phase-In Project
Executive Summary



Located on 46% the following parcel:
DF231422-3001

Introduction

The City has received a \$18,095,932 industrial revenue bond application from DRG Holdings LLC and assigns (“Applicant”) for the construction of an industrial use facility on a 17.55-acre parcel at the southwest corner of 167st Street and Lone Elm Road. The applicant is requesting a 10-year / 80% property tax abatement for the development under the resolution.

The Applicant seeks a single-series resolution for this project and requests to receive an approximate 10-year, 80% property tax phase-in 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 new businesses, Resolution 25-1099 and Policy F-5 with an investment of over \$10 million.

Bonds for this project are expected to be issued a single series. The bonds to be issued would allow the Applicant to construct a 251,160 square foot industrial facility on a 17.55-acre parcel. The Applicant requests issuance of an amount not to exceed \$18,095,932 of industrial revenue bonds for construction of the building. The proceeds from the bonds would be divided as follows: \$2,369,225 of the bonds would cover costs to acquire the land and \$15,726,707 of the bonds would cover costs to construct the building, no funds were allotted for furniture, fixtures and equipment.

The following information about this request relates to the projected impacts of the project planned for construction and was derived from the attached application materials.

Employment

The project is expected to create 186 new jobs over the next 10 years. The average starting salaries are expected to be \$48,000 in the first year, growing to \$74,464 in year 10. These jobs would create approximately \$107 million in new wages to the Olathe economy over the life of the abatement.

Machinery & Equipment

This application does not include any bond proceeds for the purchase of furniture, fixtures or equipment. However, it is expected that any tenant that occupies the facility will make additional purchases of which the City, County and State will collect sales tax.

IRB Request

This request is to issue industrial revenue bonds in a single series not to exceed \$18,095,932 for the construction of 251,160 square feet of space. It is anticipated that the bonds will be taxable industrial revenue bonds backed by the revenue generated from the facility. The applicant plans to purchase the bonds.

Tax Abatement Request

The Applicant is requesting an approximate 10-year, 80% property tax-phase in for its project, under the City's Tax Abatement Resolution 25-1099 and Policy F-5. The abatement would be for the new investment in improvements associated with the request to issue bonds for the project. The level of capital investment meets the criteria for a 10-year property tax abatement for a new business under the City's tax abatement policy as the industrial facility will result in a total investment of over \$10 million. Additionally, this project lies in the newly established zone allowing for increased abatement percentages.

Taxes

The City of Olathe does not currently collect property taxes from this site. Once annexed into the City the future property taxes generated by this project have been computed using a targeted level of real property estimated appraised value at build out that is \$11,008,000 (This is based on appraised value of similar projects in the area). This investment will result in approximately \$340,350 in annual property taxes at full value for all taxing jurisdictions, and \$64,215 in property taxes to the City. With a 80% property tax abatement, the tax revenue will be approximately \$63,660 each year for all jurisdictions (excluding the 8 mills for schools that is exempt) over the 10-year abatement period, and \$128,430 to the City over the 10-year abatement period.

Sales

The project does account for \$3.767 million in new sales accredited to this facility throughout the duration of the project.

Special Assessments

There are currently no special assessments associated with this property.

Franchise Fees

It is expected that the project will generate \$19,716 in new franchise fees each year of the 10-year period.

Wastewater & Garbage

The applicant anticipates generating an additional \$12,050 in revenue from increased trash and sewer service during the 10-year abatement period.

Local Competition

The applicant will be in direct competition with other local development projects in this vicinity.

Annual Purchases

The applicant has projected that the project would generate approximately \$817,796 in new operating expenditures over the life of the tax phase-in.

Cost-Benefit Analysis

As required by Kansas law, staff completed a cost-benefit analysis of the project on the City of Olathe. The Kansas, Inc. model reflects the impact upon the city, county, school districts, and state. A variety of information concerning the firm, the construction, and the community was input into the model.

The cost-benefit model shows that the facility will have a benefit to cost ratio of 1.22 to 1 for the City of Olathe, which translates into an annual rate of return on the City's investment of taxes abated of 121.54%. The payback period for incentives and taxes abated will be approximately 10 years.

County & School District Impact

It is expected that the project will bring approximately 242 total new jobs (direct and in-direct) to the City, with 259 new residents moving into Johnson County over the next 10 years. This project will be located in the Olathe School District. Of the new residents, 30% are expected to move into the Spring Hill School District. The impact on the school district would be about 21 new students over the next 10 years. Per Kansas law, the City will provide written information to the County and the School District pertaining to this request.

Performance Agreement

The applicant has been informed that a performance agreement will be required as part of a tax abatement for the project which is locating on approximately 46% of parcel: DF231422-3001. The minimum targeted expenditures would be approximately 80% of the projected bond issuance for this project, or \$14,476,000.