

On March 15, 2016, the City Council adopted Resolution No. 16-1025 determining the intent of the City to issue industrial revenue bonds in an amount not to exceed \$36,060,000 to Opus Development Company, L.L.C. In 2017, the City Council adopted Ordinance No. 17-58 which issued \$16,524,000 in industrial revenue bonds to Opus. The Assignor (Opus) desires to assign \$19,375,000 of its interest in the original Resolution to the Assignee (Safari).

The total request for the single-series of bonds under the resolution should not exceed \$19,375,000 in industrial revenue bonds for the construction of a 75,000 square foot manufacturing and distribution facility on 12-acres of land. The resolution request of industrial revenue bonds for all of the projects consists of:

- \$1,600,000 to acquire land.
- \$12,975,000 to construct the buildings.
- \$4,050,000 for furniture, fixtures & equipment.
- \$750,000 to cover other development costs including site work and soft costs.

The project will create 57 new jobs over the next 10 years.

- Average salaries of the new jobs:
 - \$69,012 in year one, growing to \$75,478 in year ten.
- A total of approximately \$24.9 million in new wages over the 10-year abatement.

Property taxes over the 10-year period with estimated 50% property tax phase-in on this project:

- All jurisdictions = \$144,075 annually / \$1,440,750 10-year total.
- Olathe = \$28,750 annually / \$287,500 10-year total.
- Olathe's current annual property tax revenue from the property is \$2,200.
- Upon retirement of the tax phase-in, the City will receive approximately a total of \$57,500 in annual property tax revenue once the property tax phase-in expires.

The cost-benefit ratio of this project for each jurisdiction is as follows:

City of Olathe

- 1.84
- Payback expected to take 4 years.

Johnson County

- 1.86
- Payback expected to take 6 years.

Olathe School District

- 1.00
- Payback expected to take 10 years.

Johnson County Community College

- 1.19
- Payback expected to take 9 years.

State of Kansas

- 212.76
- Payback expected during construction period.

FINANCIAL IMPACT:

See attached materials for more detailed fiscal impact information.

ACTION NEEDED:

Accept report. A public hearing and resolution regarding the project will go before the City Council at its June 4th meeting.

ATTACHMENT(S):

A: Executive Summary

B: Application

C: Firm Data Sheet

D: Project Cost Benefit Analysis

E: Site Aerial

F: IRB Historical Cost Benefit Ratios

G: Resolution No. 16-1025