



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 2/20/2024

FOCUS AREA: Economy

STAFF CONTACT: Briana Burrichter / John Page

SUBJECT: Public Hearing and Consideration of Resolution No. 24-1010 requested by Scannell Properties #717, LLC and assigns for issuance of industrial revenue bonds and tax phase-in for the construction of a 729,120 square foot warehouse facility for General Mills Blue Buffalo brand on 57-acres located west of the northwest of 159th Street and Clare Road (Old 56 Highway).

TITLE:

Public Hearing and Consideration of Resolution No. 24-1010 requested by Scannell Properties #717, LLC and assigns for issuance of industrial revenue bonds and tax phase-in for the construction of a 729,120 square foot warehouse facility for General Mills Blue Buffalo brand on 57-acres located west of the northwest of 159th Street and Clare Road (Old 56 Highway).

SUMMARY:

The City has received an application for \$71,594,289 in industrial revenue bonds for the construction of a 729,120 square foot industrial warehouse facility. The project is located on 57-acres near the northwest corner 159th Street and Clare Road (Old 56 Highway). This is a single series of bonds to be issued to cover land, the building and furniture, fixtures and equipment costs.

The Applicant requests a 10-year / 50% property tax phase-in in conjunction with the issuance of the City's industrial revenue bonds. This project is applying under the City's tax abatement policy (Policy F-5, Resolution 23-1080).

The single series of bonds for the project requests an amount not to exceed \$71,594,289 in industrial revenue bonds for the construction of 729,120 square feet of commercial space on 57-acres of land.

The single series of industrial revenue bonds consist of:

- \$6,000,000 to acquire land
- \$65,336,390 to construct the building and cover other development costs
- \$257,899 allocated for furniture, fixtures & equipment
- ∇ The single-phase project creates 103 new jobs over the next 10 years
 - Average salaries of the new jobs:
 - \$51,159 in year one, growing to \$64,227 in year ten
 - A total of approximately \$51,649,000 in new wages over the 10 year period
- ∇ Property taxes over the 10-year period with estimated 50% property tax phase-in on this project:
 - All jurisdictions = \$635,500 annually / \$6,355,000 10-year total
 - Olathe = \$127,000 annually / \$1,270,000 10-year total
 - Olathe's current annual property tax revenue from the property is \$11,181

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- Upon retirement of the tax phase-in, the City will receive approximately a total of \$254,000 in annual property tax revenue once the property tax phase-in expires.

The cost benefit ratios of this project:

- ∇ City of Olathe
 - 1.54
 - Payback expected to take 5 years
- ∇ Johnson County
 - 1.61
 - Payback expected to take 6 years
- ∇ State of Kansas
 - 118.89
 - Payback expected during construction period
- ∇ Gardner-Edgerton School District
 - 1.00
 - Payback expected to take 10 years
- ∇ Johnson County Community College
 - 1.11
 - Payback expected to take 9 years

FINANCIAL IMPACT:

See attached materials for more detailed fiscal impact information.

ACTION NEEDED:

Two votes are needed:

- 1) Make a motion and vote to close the public hearing
- 2) Make a motion and vote to consider approval of Resolution No. 24-1010

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 24-1010