



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 5/7/2024

FOCUS AREA: Economy

STAFF CONTACT: Jamie Robichaud / John Page

SUBJECT: Report on a request by PDC STL/INDY LPIV, LLC and assigns for a master resolution for industrial revenue bonds and tax phase-in for the construction of an approximately 2,828,059 square foot warehouse and flex office business park at the northeast corner of west 175th Street and South Clare Road.

TITLE:

Report on a request by PDC STL/INDY LPIV, LLC and assigns for a master resolution for industrial revenue bonds and tax phase-in for the construction of an approximately 2,828,059 square foot warehouse and flex office business park at the northeast corner of west 175th Street and South Clare Road.

SUMMARY:

The City has received a master resolution application for \$261,423,959 in industrial revenue bonds for the construction of 2,828,059 square feet total of industrial and warehouse facilities in a business park setting. The project is located on 186-acres in the northeast quadrant of 175th Street and Clare Road. This will be a multi-series of bonds to be issued to cover land, the building and furniture, fixtures and equipment costs for each series project.

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 total request for the multi-series of bonds under the master resolution should not to exceed \$261,423,959 in industrial revenue bonds for the construction of 2,828,059 square feet of commercial space on 186-acres of land. The master resolution request of industrial revenue bonds for all of the projects consist of:

- \$39,590,400 to acquire land
- \$89,633,999 to construct the buildings
- No funds are allocated for furniture, fixtures & equipment
- \$132,199,560 to cover other development costs including site work and soft costs
- The total project will create 1,851 new jobs over the next 10 years.
 - Average salaries of the new jobs:
 - \$43,500 in year one, growing to \$56,758 in year ten
 - A total of approximately \$105 million in new wages in year 10 of the abatement
- Property taxes over the 10-year period with estimated 50% property tax phase-in on this project:
 - All jurisdictions = \$939,260 annually / \$9,392,600 10-year total
 - Olathe = \$157,320 annually / \$1,573,200 10-year total

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- Olathe's current annual property tax revenue from the property is \$446.
- Upon retirement of the tax phase-in, the City will receive approximately a total of \$314,640 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

- 1.98
- Payback expected to take 4 years

Johnson County

- 1.95
- Payback expected to take 5 years

State of Kansas

- 135.21
- Payback expect to be completed during construction period

Gardner-Edgerton School District

- 1.04
- Payback expected to take 10 years

Johnson County Community College

- 1.62
- Payback expected to take 6 years

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 May 21st 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