



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 7/2/2024

FOCUS AREA: Economy

STAFF CONTACT: Jamie Robichaud / John Page

SUBJECT: Report on a request by BPG Olathe 1 LLC and assigns (Building B in Great Plains Commerce Center) for an issuance request for industrial revenue bonds and tax phase-in resolution for a single series project. The project will entail the construction of a 149,500 square foot light industrial facility on a parcel totaling 11.27-acres located at 15880 S. Theden.

TITLE:

Report on a request by BPG Olathe 1 LLC and assigns (Building B in Great Plains Commerce Center) for an issuance request for industrial revenue bonds and tax phase-in resolution for a single series project. The project will entail the construction of a 149,500 square foot light industrial facility on a parcel totaling 11.27-acres located at 15880 S. Theden.

SUMMARY:

The City has received an existing business application for \$16,250,000 in industrial revenue bonds for the construction of a 149,500 square foot light industrial and warehouse facility in the Great Plains Commerce Center development. The project is located on 11.27-acres at 15880 S. Theden. This will be a single-series of bonds will be issued to cover land, the building, furniture, fixtures and equipment and associated development costs for the 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 single-series of bonds under the resolution should not exceed \$16,250,000 in industrial revenue bonds for the construction of a 149,500 square foot light industrial facility on 11.27-acres of land. The resolution request of industrial revenue bonds for all of the projects consist of:

- \$833,933 to acquire land
- \$10,300,000 to construct the buildings
- \$1,200,000 for furniture, fixtures & equipment
- \$3,916,007 to cover other development costs including site work and soft costs
- The project will create 100 new jobs over the next 10 years.
 - Average salaries of the new jobs:
 - \$38,000 in year one, growing to \$49,581 in year ten
 - A total of approximately \$43.5 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 = \$97,900 annually / \$979,000 10-year total
 - Olathe = \$19,500 annually / \$195,000 10-year total
 - Olathe's current annual property tax revenue from the property is \$37.
 - Upon retirement of the tax phase-in, the City will receive approximately a total of \$39,000 in annual property tax revenue once the property tax phase-in expires.

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The cost-benefit ratio of this project:

- City of Olathe
 - 1.62
 - Payback expected to take approximately 5 years.
- Johnson County
 - 2.79
 - Payback expected to take approximately 3 years.
- State of Kansas
 - 114.21
 - Payback expected during construction period.
- Olathe USD 233
 - 1.01
 - Payback expected to take approximately 10 years.
- Johnson County Community College
 - 1.64
 - Payback expected to take approximately 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 July 16 meeting

ATTACHMENT(S):

- A. Executive Summary
- B. Application
- C. Firm Data Sheet
- D. Project Cost Benefit Analysis
- E. Site Plan - Building B
- F. Site Aerial
- G. IRB Historical Cost Benefit Ratios
- H. Resolution No. 24-XXXX