



City of Olathe

Legislation Details (With Text)

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Title:	Report on a request by Business Garage Authority, Inc. for issuance of industrial revenue bonds and tax phase in for the development and construction of flex industrial facilities totaling 48,000 sq ft to house start-up/small/intermediate businesses located in the Mahaffie Business Park at 15571 S. Mahaffie.		
Sponsors:	Dianna Wright, Emily Vincent		
Indexes:			
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Attachments:	1. Attachment A: Application, 2. Attachment B: Firm Data Sheet, 3. Attachment C: Executive Summary, 4. Attachment D: Aerial, 5. Attachment E: CBA		

Date	Ver.	Action By	Action	Result
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DEPARTMENT: Resource Management

STAFF CONTACT: Dianna Wright/Emily Vincent

SUBJECT: Report on a request by Business Garage Authority, Inc. for issuance of industrial revenue bonds and tax phase in for the development and construction of flex industrial facilities totaling 48,000 sq ft to house start-up/small/intermediate businesses located in the Mahaffie Business Park at 15571 S. Mahaffie.

ITEM DESCRIPTION:

Report on a request by Business Garage Authority, Inc. for issuance of industrial revenue bonds and tax phase in for the development and construction of flex industrial facilities totaling 48,000 sq ft to house start-up/small/intermediate businesses located in the Mahaffie Business Park at 15571 S. Mahaffie.

SUMMARY:

The City has received an IRB application under a master resolution from Business Garage Authority requesting \$4,238,000 in industrial revenue bonds for the development of flex industrial space on six parcels totaling 3.32 acres in Mahaffie Business Park.

The Master Resolution requests a 10-year, 50% property tax phase in for industrial use projects in conjunction with the issuance of the City's industrial revenue bonds.

The first phase project under this master resolution is requesting \$3,038,000 in industrial revenue bonds for the construction of 24,000 square feet of space for spec industrial flex space for small and start-up businesses. The second phase expected in 2023 will add an additional 24,000 sq. ft. of space and request an additional \$1,200,00 million for construction costs. The project is located on a portion of a 3.32 acre parcel at 15571 S. Mahaffie.

The first and second phase capital investment of \$4,238,000 fall under the City's tax abatement

policy requirement of an investment requirement under a master resolution. This project will be generating new jobs and wages for the community and the cost benefit report illustrates that this project exceeds the targeted cost benefit ratio.

- The first phase project request of \$3,038,000 in industrial revenue bonds consists of;
 - \$463,000 to acquire land
 - \$2,575,000 to construct the building and other costs
- The second phase requests \$1,200,000
 - \$1,200,000 to construct the building and other costs
- The first phase project creates 74 new jobs over the next 10 years.
 - Average salaries of new jobs:
 - \$30,000
 - \$1,440,000 approximately in new annual wages in year 1
 - \$2,220,000 approximately in new annual wages in year 10
 - \$19,170,000 approximately in total new wages over the next 10 years
- Property taxes over the 10-year period with 50% property tax phase in on this first and second phases of this project:
 - All jurisdictions = \$50,467 annually / \$504,670 10-year total
 - Olathe = \$9,693 annually / \$96,932 10-year total
 - Olathe's current annual property tax revenue from the property is \$254
 - Upon retirement of the tax phase in, the City will receive approximately a total of \$19,386 in annual property tax revenue
- Overall the first phase project has a positive fiscal/economic impact on the community with a cost benefit ratio of 5.16, which exceeds the target of 1.3.

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 the August 18th meeting.

ATTACHMENT(S):

Attachment A: Application Attachment B: Firm Data Sheet Attachment C: Executive Summary
Attachment D: Aerial of Property Attachment E: Cost Benefit Report