



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 11/19/2019

DEPARTMENT: Resource Management

STAFF CONTACT: Dianna Wright/Emily Vincent

SUBJECT: Report on a request by K/H Jensen (on behalf of Sun Life Assurance Company of Canada) for issuance of industrial revenue bonds and tax phase in for the construction of a 600,000 sq. ft. light industrial facility located on a 36+/- acre parcel west of Old 56 Highway at 155th St. in the I-35 Logistics Park (Building D). The applicant is applying under master resolution 08-1068.

ITEM DESCRIPTION:

Report on a request by K/H Jensen (on behalf of Sun Life Assurance Company of Canada) for issuance of industrial revenue bonds and tax phase in for the construction of a 600,000 sq. ft. light industrial facility located on a 36+/- acre parcel west of Old 56 Highway at 155th St. in the I-35 Logistics Park (Building D). The applicant is applying under master resolution 08-1068

SUMMARY:

The City has received an application for approximately \$30,618,896 in industrial revenue bonds for the construction of a 600,000 square foot light industrial facility on a 36+/- acres located west of Old 56 Highway at 155th Street. This is a single series of bonds to be issued to cover building costs.

- Construct a 600,000 sq. ft. warehouse facility on a 36+/- acre parcel of land.
- The Applicant seeks to have the project receive approximately a 10-year, 50% property tax phase in for industrial uses in conjunction with the issuance of the City's industrial revenue bonds. This project is applying for and falls under the City's tax abatement policy (master resolution) for a property tax phase in, Policy F-5 and Resolution 18-1111 and under the KH Jensen Master Resolution 08-1068.
- Single series of bonds for this facility project under the application.
 - One 600,000 sq. ft. light industrial facility.
- Requests amount not to exceed \$30,618,896 of industrial revenue bonds:
 - \$3,192,077 allocated to acquire land
 - \$27,426,819 to construct the building and other costs
 - No funds are allocated for furniture, fixtures & equipment
- Creates 235 new jobs over the next 10 years.
 - Average salaries:
Year one = \$32,500

Year ten = \$40,291
 - \$9,469,000 approximately in new annual wages in year 10
 - \$77,616,520 approximately in new wages combined over the next 10 years
- Current estimated property taxes at this site (all jurisdictions): \$486 (\$13,179 appraised value for 2019 and \$3,954 assessed value for 2019). Olathe's current tax revenue from the property

\$96.

- Property taxes on the project over the 10-year phase in period considering an estimated appraised value of \$18,465,000:
 - All taxing jurisdictions = \$5,689,670 10-year total / \$568,967 annually
 - Olathe = \$1,126,640 10-year total / \$112,664 annually
- Property taxes over the 10-year phase in period with an estimated 50% property tax abatement:
 - All jurisdictions = \$2,844,830 10-year total / \$284,483 annually
 - Olathe = \$563,320 10-year total / \$56,332 annually

Olathe will realize approximately \$112,570 in new annual tax revenue after phase in period expires

FINANCIAL IMPACT:

See attached materials for more detailed fiscal impact information.

ACTION NEEDED:

Accept report and hold a public hearing regarding the project at the December 3rd meeting.

ATTACHMENT(S):

Attachment A: Application Attachment B: Executive Summary Attachment C: Firm Data Sheet
Attachment D: Cost Benefit Analysis