



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 12/3/2019

DEPARTMENT: Resource Management

STAFF CONTACT: Dianna Wright/Emily Vincent

SUBJECT: Report on a request by Eymann Development Inc. (for tenants Smith & Boucher and Navitas Engineers) for issuance of industrial revenue bonds and tax phase in for the construction of an 18,250 sq. ft. office building on a 1.2+/- acre parcel located north of 103rd Street and west of Shadow Ridge Drive in the Cedar Creek office development. The applicant is applying under master resolution 99-1013.

ITEM DESCRIPTION:

Report on a request by Eymann Development Inc. (for tenants Smith & Boucher and Navitas Engineers) for issuance of industrial revenue bonds and tax phase in for the construction of an 18,250 sq. ft. office building on a 1.2+/- acre parcel located north of 103rd Street and west of Shadow Ridge Drive in the Cedar Creek office development. The applicant is applying under master resolution 99-1013.

SUMMARY:

The City has received an application for approximately \$4,266,000 in industrial revenue bonds for the construction of a 18,250 square foot office facility on 1.2+/- acres located north of 103rd Street and west of Shadow Ridge Drive in the Cedar Creek office development. This is a single series of bonds to be issued to cover building costs.

- Construct a 18,250 sq. ft. warehouse facility on a 1.2+/- acre parcel of land.
- The Applicant seeks to have the project receive approximately a 10-year, 55% 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 Cedar Creek master resolution.
- Single series of bonds for this facility project under the application.
 - One 18,250 sq. ft. office headquarters facility.
- Requests amount not to exceed \$4,266,000 of industrial revenue bonds:
 - \$588,000 allocated to acquire land
 - \$3,678,000 to construct the building and other costs
 - No funds are allocated for furniture, fixtures & equipment, but it is expected the tenant will make purchases subject to sales tax beyond the above figures
- Creates 40 new jobs over the next 10 years.
 - Average salaries of new jobs:
Year one = \$80,000

Year ten = \$98,000

- \$3,920,000 approximately in new annual wages in year 10
 - \$20,240,000 approximately in new wages combined over the next 10 years
 - In addition to the new jobs, this project will retain 67 existing Olathe jobs with an annual average salary of \$94,179.
 - Current estimated property taxes at this site (all jurisdictions): \$2.29 (\$60 appraised value for 2019 and \$18 assessed value for 2019). Olathe's current tax revenue from the property is \$0.45.
 - Property taxes on the project over the 10-year phase in period considering an estimated appraised value of \$2,758,500:
 - All taxing jurisdictions = \$882,620 10-year total / \$88,262 annually
 - Olathe = \$168,310 10-year total / \$16,831 annually
 - Property taxes over the 10-year phase-in period with an estimated 55% property tax phase-in:
 - All jurisdictions = \$397,180 10-year total / \$39,718 annually
 - Olathe = \$75,740 10-year total / \$7,574 annually
- Olathe will realize approximately \$16,830 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. A public hearing regarding the project will go before the City Council at its December 17th meeting.

ATTACHMENT(S):

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