



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 3/17/2020

DEPARTMENT: Resource Management

STAFF CONTACT: Dianna Wright/Emily Vincent

SUBJECT: Consideration of a Public Hearing on a request by BCB Olathe Holdings LLC for issuance of industrial revenue bonds and tax phase in under a master resolution for the development of a headquarters facility and three front out parcels on a total of 17.3 acres located at 11730 Kansas City Road and the first phase project under this master resolution for the construction of the headquarters facility.

ITEM DESCRIPTION:

Consideration of a Public Hearing on a request by BCB Olathe Holdings LLC for issuance of industrial revenue bonds and tax phase in under a master resolution for the development of a headquarters facility and three front out parcels on a total of 17.3 acres located at 11730 Kansas City Road and the first phase project under this master resolution for the construction of the headquarters facility.

SUMMARY:

The City has received a master resolution IRB application from BCB Olathe Holdings, LLC requesting \$25,000,000 in industrial revenue bonds for the development of a headquarters facility and three front out parcels on a total of 17.3 acres.

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 \$10,200,000 in industrial revenue bonds for the construction of 70,000 square feet of space for an office, showroom and warehouse headquarters facility for Builder's Stone. The project is located on a 8.47 acre parcel at 11730 Kansas City Road.

Builder's Stone is an existing Olathe business that is a full-service masonry company. With the construction of the headquarters they will be relocating 164 existing Olathe employees to the new location.

The first phase capital investment of \$10,200,000 exceeds the City's tax abatement policy requirement of an investment no less than \$5,000,000 for an existing business. In addition, 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 \$10,200,000 in industrial revenue bonds consists of;
 - \$1,300,000 to acquire land
 - \$7,400,000 to construct the building and other costs
 - \$1,500,000 for furniture, fixtures & equipment

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- The first phase project creates 160 new jobs over the next 10 years.
 - Average salaries of new jobs:
 - Year one = \$74,000
 - Year ten = \$98,428
 - \$2,960,000 approximately in new annual wages in year 1
 - \$15,748,480 approximately in new annual wages in year 10
 - \$98,460,210 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 phase project:
 - All jurisdictions = \$84,549 annually / \$845,490 10-year total
 - Olathe = \$16,239 annually / \$162,390 10-year total
 - Olathe's current annual property tax revenue from the property is \$248
 - Upon retirement of the tax phase in, the City will receive approximately a total of \$32,478 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 6.0, which exceeds the target of 1.3 to 1.

FINANCIAL IMPACT:

See attached materials for more detailed fiscal impact information.

ACTION NEEDED:

Conduct the Public Hearing.

ATTACHMENT(S):

Attachment A: Master Resolution and First Phase Application Attachment B: Executive Summary
Attachment C: Firm Data Sheet Attachment D: Cost Benefit Report