



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 4/7/2020

DEPARTMENT: Resource Management

STAFF CONTACT: Dianna Wright/Emily Vincent

SUBJECT: IRB Report on a request by Lineage Logistics, LLC for the construction of a 400,000 sq. ft. warehouse facility to be located at Lone Elm Commerce Center northwest of W. 167th St. and Lone Elm Rd.

ITEM DESCRIPTION:

IRB Report on a request by Lineage Logistics, LLC for the construction of a 400,000 sq. ft. warehouse facility to be located at Lone Elm Commerce Center northwest of W. 167th St. and Lone Elm Rd.

SUMMARY:

The City has received an application for approximately \$110,400,000 in industrial revenue bonds for the development of a 400,000 sq. ft. refrigerated warehouse facility located on 60.44+/- acres northwest of 167th Street & Lone Elm Road in the Lone Elm Commerce Center. This is a single series of bonds to be issues to cover building and FF&E costs associated with the project.

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

The capital investment of \$110,400,000 exceeds the City's tax abatement policy requirement of an investment no less than \$10,000,000 for a new 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 project request of \$110,400,000 in industrial revenue bonds consists of;
 - \$6,588,450 to acquire land
 - \$73,811,550 to construct the building and other costs
 - \$30,000,000 for furniture, fixtures & equipment
- The first phase project creates 134 new jobs over the next 10 years.
 - Average salaries of new jobs:
 - Year one = \$49,756
 - Year ten = \$49,142
 - \$6,065,012 approximately in new annual wages in year 1
 - \$60,650,120 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 project:
 - All jurisdictions = \$856,382 annually / \$8,563,825 10-year total
 - Olathe = \$167,908 annually / \$1,679,082 10-year total

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- Olathe's current annual property tax revenue from the property is \$211
 - Upon retirement of the tax phase in, the City will receive approximately a total of \$335,816 in annual property tax revenue
- Overall the project has a positive fiscal/economic impact on the community with a cost benefit ratio of 1.88, which exceeds the target of 1.3 to 1.

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 April 21st meeting.

ATTACHMENT(S):

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