



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 4/6/2021

FOCUS AREA: Economy

STAFF CONTACT: Dianna Wright

SUBJECT: IRB Report on a request by Scannell Properties #476, LLC for issuance of industrial revenue bonds and tax phase in for the development and construction of a 567,840 sq. ft. bulk distribution, industrial and warehouse facility located near the southwest corner of 155th Street & Old 56 Highway.

ITEM DESCRIPTION:

IRB Report on a request by Scannell Properties #476, LLC for a single-phase project under a master resolution for the construction of a 567,840 sq. ft. industrial building in the I-35 Logistics Park development.

SUMMARY:

The City has received an IRB application under a master resolution from Scannell Properties #476, LLC requesting \$33,850,000 in industrial revenue bonds for the development of industrial space on approximately 36 acres in the I-35 Logistics Park development.

This single series of bonds under 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. This project is applying for and falls under the City's tax abatement policy for a series under a master resolution abatement, Master Resolution of Intent No. 08-1068 for applicant KH Jensen and approved on August 5, 2008 and amended on October 7, 2014.

This single series phase project under this master resolution is requesting \$33,850,000 in industrial revenue bonds for the construction of 567,840 square feet of space for spec industrial warehouse, distribution and industrial uses. The project is located on an approximately 36 acre portion of a 78 acre parcel at the southwest corner of 155th Street and Old 56 Highway.

The capital investment of \$33,850,000 falls 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 project request of \$33,850,000 in industrial revenue bonds consists of;
 - \$2,850,000 to acquire land
 - \$31,000,000 to construct the building and other costs
- The single phase project creates 250 new jobs over the next 10 years.
 - Average salaries of new jobs in the first year:
 - \$35,000
 - \$3,500,000 approximately in new annual wages in year 1 (100 jobs)

MEETING DATE: 4/6/2021

- \$10,457,000 approximately in new annual wages in year 10
- \$87,311,000 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 project:
 - All jurisdictions = \$294,951 annually / \$2,949,510 10-year total
 - Olathe = \$58,436 annually / \$584,360 10-year total
 - Olathe's current annual property tax revenue from the property is \$96
 - Upon retirement of the tax phase in, the City will receive approximately a total of \$116,873 in annual property tax revenue

- Overall this single phase project has a positive fiscal/economic impact on the community with a cost benefit ratio of 1.58 with an expected payback of 5 years.

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 20th meeting.

ATTACHMENT(S):

- A. Application
- B. Firm Data Sheet
- C. Executive Summary
- D. Cost Benefit Report