



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 3/7/2023

FOCUS AREA: Economy

STAFF CONTACT: Jamie Robichaud/John Page

SUBJECT: Report on a request by 1918, LLC for an issuance request for industrial revenue bonds and tax phase-in for the construction of a 320,000 square foot beef processing and packaging production facility on approximately 60 acres of a 138 acre site located near the northwest corner of 167th Street & 169 Highways.

ITEM DESCRIPTION:

Report on a request by 1918, LLC for an issuance request for industrial revenue bonds and tax phase-in for the construction of a 320,000 square foot beef processing and packaging production facility on approximately 60 acres of a 138 acre site located near the northwest corner of 167th Street & 169 Highways.

SUMMARY:

The City has received an application for \$257,000,000 in industrial revenue bonds for the construction of a 320,000 square foot, state-of-the-art beef carcass processing and packaging facility for retail ready products. The project is located on 60 acres of a 138-acre site near the northwest corner of 167th Street & 169 Highway. This is a single series of bonds to be issued to cover land, the building and furniture, fixtures and equipment costs.

The Applicant requests a 10-year, 50% property tax phase-in 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 (Policy F-5, Resolution 22-1080).

The single series of bonds for the project is requesting \$257,000,000 in industrial revenue bonds for the construction of a 320,000 square foot beef production facility on 60 acres of land. This facility would use sustainable design solutions and provide the application with reliability and flexibility in raw material storage and finished production handling systems.

- The project requests \$257,000,000 in industrial revenue bonds consist of:
 - \$25,000,000 to acquire land
 - \$152,000,000 to construct the building
 - \$80,000,000 allocated for furniture, fixtures & equipment
- The single-phase project creates 667 new jobs over the next 10 years.
 - Average salaries of the new jobs in year ten:
 - \$40,618
 - \$349,856 approximately in new annual wages in year 1
 - \$27,092,000 approximately in new annual wages in year 10
 - \$198,425,000 approximately in total new wages over the next 10 years
- Property taxes over the 10-year period with estimated 50% property tax phase-in on this

project:

- All jurisdictions = \$1,925,000 annually / \$19,250,000 10-year total
- Olathe = \$345,000 annually / \$3,450,000 10-year total
- Olathe's current annual property tax revenue from the property is \$0 (2022).
Property will be annexed into the city before project begins.
- Upon retirement of the tax phase-in, the City will receive approximately a total of \$690,000 in annual property tax revenue once the property tax phase-in expires.
- The cost-benefit ratio of this project for the City is 2.21 with an approximate payback period of 4 years.

FINANCIAL IMPACT:

See attached materials for more detailed fiscal impact information.

ACTION NEEDED:

Accept report. A public hearing and resolution regarding the project are scheduled for an upcoming meeting.

ATTACHMENT(S):

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