



CITY OF FRANKLIN
COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Director of Community Development
Date: April 24, 2014
Re: Case C 2014-26: Precision Cutoff of Indiana, LLC

Summary:

- On April 28th, 2008, the Franklin Common Council passed Resolution No. 2008-09, approving a 10-year tax abatement on personal property for Precision Cutoff of Indiana, LLC located at 1001 Hurricane Street.
- Actual and estimated benefits, as projected for 2011, 2012 and 2013:

	Estimated on SB-1	Actual in 2011	Difference
New Employees	47	40	-7
Salaries	\$1,260,126	\$1,341,853	\$81,727
Average Hourly Wage	\$12.89	\$16.13	\$3.24
Personal Property Improvements	\$2,000,000	\$1,662,300	-\$337,700

	Estimated on SB-1	Actual in 2012	Difference
New Employees	47	37	-10
Salaries	\$1,260,126	\$1,312,771	\$52,645
Average Hourly Wage	\$12.89	\$17.06	\$4.17
Personal Property Improvements	\$2,000,000	\$1,704,941	-\$295,059

	Estimated on SB-1	Actual in 2013	Difference
New Employees	47	41	-6
Salaries	\$1,260,126	\$2,030,400	\$770,274
Average Hourly Wage	\$12.89	\$23.81	\$10.92
Personal Property Improvements	\$2,000,000	\$1,704,941	-\$295,059

- The company estimated to hire 25 employees in 2008 and an additional 22 employees in 2009 for a total of 47 employees. At the end of 2010 they had 36 employees. While their overall number of employees is less than estimated, their average hourly wage continues to be higher than what was estimated on their SB-1 Form.

4. The company estimated spending \$1,680,000 in 2008 and an additional \$320,000 in 2009 for a total of \$2,000,000 of personal property. They reported spending \$1,434,000 on personal property at the end of 2010. They spent an additional \$206,590 in 2011 and an additional \$42,641 in 2012. They have no plans for further investment at this time.
5. For further explanation regarding employees and personal property investment see the attached letter from Daniel Brown, dated February 19th, 2014. The letter also explains that the operation was turned over and leased to AK Tube in 2012. AK Tube was their sole customer at their Franklin facility.
6. The personal property tax abatement for Precision Cutoff of Indiana, LLC is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.

Staff Recommendation:

Approval

Precision Cutoff of Indiana, LLC
P.O. Box 1040
7400 Airport Hwy.
Holland, Ohio 43528

February 19, 2014

Ms. Krista Linke, Director
Dept. of Planning & Economic Development
70 E. Monroe Street
Franklin, Indiana 46131

Re: Tax Abatement Compliance for Precision Cutoff of Indiana (PCIN), LLC

Dear Ms. Linke:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatement that was granted to Precision Cutoff of Indiana, LLC in 2008 under Franklin Common Council Resolution No. 08-09.

As you probably recall, we exited our Franklin operation in late 2012 under an arrangement with AK Tube, the sole customer we served from that facility, whereby AK took control of the operation. As part of the arrangement, AK hired our former employees and leased the equipment we had in place. Accordingly, the employment and equipment investment numbers reported in the enclosed schedules were obtained from AK.

Please let us know if you have any questions or concerns regarding this matter.

Sincerely,



Daniel Brown
CEO - Precision Cutoff of Indiana, LLC

Enclosures

Deficiency Statement

Precision Cutoff of Indiana, LLC
P.O. Box 1040
7400 Airport Hwy.
Holland, Ohio 43528

*Attachment to Form CF-1 (Compliance with Statement of Benefits)
Comments Concerning Expansion Investment Schedule and Job Creation or Retention
Schedule*

While it was the intention of Precision Cutoff of Indiana, LLC to purchase \$2 million worth of machinery and equipment, due to various factors and economic conditions, PCIN and its successor operator, AK Tube, has thus far been able to invest \$1.xxx million in machinery and equipment in the facility.

The employee count as of December 31, 2013 was 41, up from 37 at the end of 2012.

In view of these circumstances, it is our desire and request that the City of Franklin will look favorably upon the activities conducted at the facility and grant us an extension of time to be in full compliance with our tax abatement commitments.



COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R2 / 5-13)

Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

- INSTRUCTIONS:**
1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
 2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between March 1, and May 15, of each year, unless a filing extension under IC 6-1.1-3.7 has been granted. A person who obtains a filing extension must file between March 1, and the extended due date of each year.
 3. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance (CF-1).

SECTION 1 TAXPAYER INFORMATION

Name of taxpayer Precision Cutoff of Indiana, LLC	
Address of taxpayer (number and street, city, state, and ZIP code) P.O. Box 1040, 7400 Airport Hwy., Holland, OH 43528	
Name of contact person Daniel H. Brown	Telephone number (419) 866-8000

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY

Name of designating body City of Franklin Common Council		Resolution number 08-09
Location of property 1001 Hurricane St., Franklin, IN	County Johnson	DLGF taxing district number 41009
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Tube cutoff and end finishing equipment. Tube fabrication equipment for the tube processing		Estimated starting date (month, day, year) 5-1-08
		Estimated completion date (month, day, year)

SECTION 3 EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		47	41
Salaries			\$2,030,400
Number of employees retained			
Salaries			
Number of additional employees			
Salaries			

SECTION 4 COST AND VALUES

	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
AS ESTIMATED ON SB-1								
Values before project	2,000,000							
Plus: Values of proposed project								
Less: Values of any property being replaced								
Net values upon completion of project	2,000,000							
ACTUAL								
Values before project	1,704,941							
Plus: Values of proposed project								
Less: Values of any property being replaced		3,128						
Net values upon completion of project	1,701,813							

NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6 (d).

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

WASTE CONVERTED AND OTHER BENEFITS	AS ESTIMATED ON SB-1	ACTUAL
Amount of solid waste converted	None	None
Amount of hazardous waste converted	None	None
Other benefits:		

SECTION 6 TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative 	Title CEO	Date signed (month, day, year) 2/24-2014
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Job Creation or Retention Schedule

Precision Cutoff of Indiana, LLC
 P.O. Box 1040, 7400 Airport Hwy.
 Holland, Ohio 43528

Attachment to Form CF-1 (Compliance with Statement of Benefits):
 Job Creation Schedule by Quarter

Actual Number of Employees as of 5/1/08 (From SB-1)	Proposed Total Number of Employees by 5/1/10 (From SB-1)	Actual Number of Employees as of 12/31/12	Actual Number of Employees Added During Year	Actual Total Number of Employees as of 12/31/13	Difference Between Actual and Proposed Number of Employees
0	47	37	4	41	6

Expansion Investment Schedule

Precision Cutoff of Indiana, LLC
 P.O. Box 1040, 7400 Airport Hwy.
 Holland, Ohio 43528

Attachment to Form CF-1 (Compliance with Statement of Benefits):
 Expansion Investment Schedule by Quarter

	Proposed Amount of Total Investment		Actual Amount of Investment		Difference Between Amount of Actual and Proposed Amount of Investment
	by 12/31/09 (From SB-1)	As of 12/31/12	Subtractions in 2013	As of 12/31/13	
Buildings and Improvements:					
Machinery and Equipment:	\$2,000,000	\$1,704,941	<\$3,128>	\$1,701,813	\$298,187
Totals:	\$2,000,000				