



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 2014-29: Electro-Spec

Summary:

1. On February 25th, 2008, the Franklin Common Council passed Resolution No. 2008-04, approving a 10-year tax abatement on real property and a 7-year personal property tax abatement for Electro-Spec located at 3070 RJ Parkway.
2. Actual and estimated benefits, as projected for 2013:

	Estimated on SB-1	Actual in 2012	Difference
Employees Retained	43	43	0
Salaries	\$1,649,129	\$1,649,129	\$0
New Employees	7	32	25
Salaries	\$189,280	\$1,666,618	\$1,477,338
Total Employees	50	75	25
Total Salaries	\$1,838,409	\$3,315,747	\$1,477,338
Average Hourly Salaries	\$17.68	\$21.25	\$3.58
Personal Property Improvements	\$2,200,000	\$2,472,691	\$272,691
Real Property Improvements	\$319,000	\$471,261	\$152,261

3. The company has exceeded their estimate provided on their SB-1 Form for real property improvements.
4. Because it took them longer to purchase the equipment than anticipated, Resolution 2008-04 was amended with Resolution 2010-13 to allow them to purchase the equipment by the end of 2010, and increase the investment amount from \$1,800,000 to \$2,200,000. The 7-year personal property tax abatement will begin in the year the machinery is purchased.
5. The total number of employees has increased from 75 at the end of 2012, to 84 at the end of 2013, as shown in the table above. The company continues to meet the number of employees retained as well as exceed the number of new employees. The average hourly salary also exceeds what was estimated on the SB-1 Form.
6. The real property tax abatement is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.
7. The personal property tax abatement is now scheduled to expire in 2018 pay 2019 due to Resolution 2010-13. The final compliance will take place in 2019.

Staff Recommendation: Approval



February 20, 2014

Mrs. Krista Linke, Director
Dept. Of Planning & Economic Development
70 East Monroe Street
Franklin, IN 46131

RE: Tax Abatement Compliance for Electro-Spec, Inc.

Dear Ms. Linke:

Enclosed please find the CF-1 forms (Compliance with Statement of Benefits) regarding compliance with real and personal property tax abatements which were granted to Electro-Spec, Inc. under Franklin Common Council Resolution No. 08-03 / 10-13.

As you can see from reviewing the enclosed documents, our company has been successful in (1) exceeding substantially all of the capital investments which had been projected for the project, and (2) exceeding the number of jobs which had been proposed in the Statement of Benefits (Form SB-1).

Please review all of the enclosed documents, and if you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Smith", with a large, stylized flourish extending to the right.

Jeffrey D. Smith
President / CEO
(317) 738-9199 ext. 204
jsmith@electro-spec.com

1800 Commerce Parkway
Franklin, IN 46131
(317) 738-9199 phone
(317) 738-9491 fax



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 13 PAY 20 14

FORM CF-1 / Real Property

PRIVACY NOTICE

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
 Eligible vacant building (IC 6-1.1-12.1-4.8)

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area. (IC 6-1.1-12.1-2 (b))
2. Property owners must file this form with the County Auditor and the Designating Body for their review regarding the compliance of the project with the Statement of Benefits (SB-1 / Real Property).
3. This form must accompany the initial deduction application that is filed with the County Auditor.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must file an updated form with the County Auditor and the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.1)
5. The updated form must be filed annually by May 15, or by the due date for the real property owner's personal property return that is filed in the township where the project is located, whichever is later. (IC 6-1.1-12.1-5.1 (b))
6. With the approval of the Designating Body, compliance information for multiple projects may be consolidated on one (1) compliance form (CF-1 / Real Property).

SECTION 1 TAXPAYER INFORMATION		
Name of taxpayer Electro-Spec, Inc.		
Address of taxpayer (number and street, city, state, and ZIP code) 1800 Commerce Parkway Franklin, IN 46131		
Name of contact person Jeffrey D. Smith		Telephone number (317) 738-9199
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body Franklin City Council		Resolution number 08-04/10-13
Location of property 3070 RJ Parkway Franklin, IN 46131	County Johnson	DLGF taxing district number 41-009
Description of real property improvements: 6900 Sq Ft Building Expansion		Estimated starting date (month, day, year) 03/01/2008
		Estimated completion date (month, day, year) 09/01/2008
SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1
Current number of employees	43	84
Salaries	1,649,129.00	3,663,397.00
Number of employees retained	43	43
Salaries	1,649,129.00	1,649,129.00
Number of additional employees	7	41
Salaries	189,280.00	2,014,268.00
SECTION 4 COST AND VALUES		
COST AND VALUES		REAL ESTATE IMPROVEMENTS
AS ESTIMATED ON SB-1		COST
Values before project		685,900.00
Plus: Values of proposed project	319,000.00	300,000.00
Less: Values of any property being replaced		
Net values upon completion of project	319,000.00	985,900.00
ACTUAL		COST
Values before project		692,800.00
Plus: Values of proposed project	417,261.00	319,600.00
Less: Values of any property being replaced		
Net values upon completion of project	417,261.00	1,012,400.00
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER		
WASTE CONVERTED AND OTHER BENEFITS		AS ESTIMATED ON SB-1
Amount of solid waste converted		
Amount of hazardous waste converted		
Other benefits:		
SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative 	Title PRESIDENT	Date signed (month, day, year) 02/20/14



COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R / 1-06)

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 Electro-Spec, Inc.		Address of taxpayer (number and street, city, state, and ZIP code) 1800 Commerce Parkway Franklin, IN 46131						
Name of contact person Jeffrey D. Smith		Telephone number (317) 738-9199						
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY						
Name of designating body Franklin City Council		Resolution number 08-04/10-13						
Location of property 1800 Commerce Parkway Franklin IN 46131		County Johnson						
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Plating lines and Associated Equipment		DLGF taxing district number 41-009						
		Estimated starting date (month, day, year) 03/01/2008						
		Estimated completion date (month, day, year) 12/31/2010						
SECTION 3		EMPLOYEES AND SALARIES						
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL					
Current number of employees		43	84					
Salaries		1,649,129.00	3,663,397.00					
Number of employees retained		43	43					
Salaries		1,649,129.00	1,649,129.00					
Number of additional employees		7	41					
Salaries		189,280.00	2,014,268.00					
SECTION 4		COST AND VALUES						
AS ESTIMATED ON SB-1	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	2,200,000							
Less: Values of any property being replaced								
Net values upon completion of project								
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	4,072,449							
Plus: Values of proposed project	2,472,691							
Less: Values of any property being replaced								
Net values upon completion of project	6,545,135							
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								
Amount of hazardous waste converted								
Other benefits:								
SECTION 6		TAXPAYER CERTIFICATION						
I hereby certify that the representations in this statement are true.								
Signature of authorized representative 		Title PRESIDENT	Date signed (month, day, year) 4/22/14					

Electro-Spec, Inc.
 1800 Commerce Parkway
 Franklin, IN 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)
 Employees by Quarter

Number of Employees As 03/01/2008 (Form SB-1)	Proposed Total Number of Employees by 12/31/2010 (Form SB-1)	Actual Number of Employees (By Quarter			Difference Between Actual and Proposed Number of Employees
		3/31/2013	6/30/2013	9/30/2013	
43	50	82	84	83	84
					34
					84
					84

Electro-Spec, Inc.
 1800 Commerce Parkway
 Franklin, IN 46131

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

	Actual Amount of Investment As of 03/01/2008 (Form SB-1)	Proposed Amount of Total Investment by 12/31/10 (Form SB-1)	Actual Amount of Investment Added During the Year (By Quarter)			Actual Total Investment as of 12/31/12	Difference Between Actual and Proposed Investment
			3/31/2013	6/30/2013	9/30/2013 - 12/31/2013		
Machinery & Equipment	\$ 4,072,444	\$2,200,000*	\$ -	\$ -	\$ -	\$2,472,691**	\$ 272,691
Totals:		\$ 2,200,000					

* As amended by Resolution Number 2010-13.

** Sum of Prior Years' Investment 2009 (\$1,169,456) 2010 Investment (\$950,467), 2011 Investment (\$271,288) and 2012 Investment (\$81,461).