



# CITY OF FRANKLIN

DEPARTMENT OF COMMUNITY DEVELOPMENT

## Staff Report

**To:** Economic Development Commission Members  
**From:** Krista Linke, Director  
**Date:** October 10, 2014  
**Re:** Case EDC 2014-06 – Countertop Connections Inc.

**Case EDC 2014-06 – Countertop Connections, Inc.:** A request for a 10-year tax abatement on \$400,000 in real property for the new construction of a 9,600 square foot pole barn manufacturing facility.

**Location:** 3042 Hudson Street



## Summary:

### 1. Characteristics of this location:

The application is for Hudson Commercial Park Replat Lot 5. This is a vacant lot in the Hudson Industrial Park. The company bought property at 3042 Hudson Drive, east of Graham Road and south of Earlywood Drive, about seven years ago. But officials put off construction due to the sluggish economy.

### 2. Characteristics of this petitioner:

Countertop Connections makes custom countertops and cabinets for businesses and homes in central Indiana. They need more room to grow than what is available in their current facility on the southeast side of Indianapolis.

### 3. Characteristics of this project:

The new 9,600 square foot facility will include offices and a shop for cutting countertop and cabinets and will have a small showroom.

### 4. Economic Revitalization Area (ERA):

This property has not been designated an ERA area.

### 5. ERA & Tax Abatements Findings (Real Property):

Indiana Code Section 6-1.1-12.1-3 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for real property:

- a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;
- b. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

### 6. City of Franklin "Tax Abatement Policy" criteria:

The "Tax Abatement Policy" section of the *City of Franklin Community Investment Incentives Summary* states that the Economic Development Commission shall use certain criteria when considering a request for tax abatement. A comparison of those criteria and this request follows:

- a. *Diversification of Local Occupations*: There are 10 full time jobs that will be retained as a direct result of the proposed project. Two new jobs will be created within the first two years of occupying the building. The average hourly salary for the 10 jobs being retained is \$12.10/hour. The average hourly salary for the two new jobs is \$14.00/hour.
- b. *Diversification of Local Manufacturing Employment*: Due to the low number of “wood kitchen cabinet and countertop manufacturing” establishments in Johnson County, the U.S. Census Bureau does not have data on this particular employment sector for Johnson County. There were 226 “wood kitchen cabinet and countertop manufacturing” establishments in the state of Indiana in 2007.
- c. *Increase in Local Salaries*: The average wage for all industries in Johnson County for the first quarter of 2011 was \$14.98. The average hourly wage in Johnson County for manufacturing in the first quarter of 2011 was \$24.00 per hour. The average hourly wage (without benefits) for the 2 new jobs is \$14.00. The average hourly wage for the 10 jobs being retained is \$12.10.
- d. *Sustainable Land Use*: The petitioner proposes to make this investment in an area developed for this purpose and with similar adjoining land uses.
- e. *Future Community Investment*: The petitioner has voluntarily agreed to the 2% economic development fee if approved.
- f. *Conformance with the Comprehensive Plan*: The Comprehensive Plan - Land Use Map identifies this property as a Business Development Area. Business development areas are intended to serve as both the permanent home of small scale businesses and incubators for new local companies. Land uses in business development areas include manufacturing, light industrial operations, contractors’ offices, and product suppliers. In many instances the types of businesses in these areas are those that have both commercial and industrial qualities. The business development areas provide these uses the ability to serve customers in a setting that allows outdoor storage and the operation of heavy equipment and machinery that often are involved.

The property is zoned IBD, Industrial: Business Development. The “IBD,” Industrial: Business Development zoning district is intended to provide locations for small scale manufacturing, construction, production, and assembly uses, as well as other light industrial uses. This district is specifically intended to provide appropriate setbacks and standards for small-scale businesses, entrepreneurial operations, start-up businesses, and similar operations.

7. Tax Abatement Duration:

The *City of Franklin Community Investment Incentives Summary* provides that longer periods of abatement on real and personal property may be considered for requests of an exceptional nature. The Summary states that development examples of an exceptional nature include projects which:

- a. Create a new plant or product line for an existing manufacturer;
- b. Creates substantial employment opportunities with higher than average wages;
- c. Increase substantially property values and the city tax base with minimal impact to city services (police & fire protection, schools, utilities, infrastructure, etc.); and

d. Utilize existing public infrastructure (sanitary & storm sewer, roads & streets, drainage facilities, and other utilities).

8. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be effective for the first year taxes are due on this investment (2015 payable 2016).

**Staff Comments:**

The amount of investment and number of new jobs should be considered when deciding the length of the abatement. To my knowledge, the type of business does not currently exist in the City of Franklin.



# CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

## Tax Abatement Application

### Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: Countertop Connections Inc  
Primary Contact Name: Rocky or Sherry Caudill  
Contact Address: 1527 S. East St  
City: Indianapolis State: In Zip: 46225  
Phone Number: 317-822-9858 or 317-714-0522  
Email: ctcinc1990@sbccglobal.net  
Three possible dates before the EDC meeting to conduct a site visit: \_\_\_\_\_  
Name of Owner: \_\_\_\_\_  
Parent Company (If Applicable): \_\_\_\_\_

### Primary Contact for Yearly Compliance Reports

Name: Sherry Caudill  
Title: Sec-Treas.  
Address: 3042 Hudson St  
City: Franklin State: In Zip: 46131  
Phone Number: 317-822-9858  
Email: ctcinc1990@sbccglobal.net

### Description of Project New Construction of Building

Project Location/Address: 3042 Hudson St, Franklin In 46131  
Parcel Number: \_\_\_\_\_  
Brief Description of Project: New construction of 9600 sf. pole barn. To be used as a manufacturing facility.

### Current Assessed Value (AV) of the Property:

- 1. Land 80,000.00
- 2. Building Ø
- 3. Inventory \_\_\_\_\_
- 4. Equipment \_\_\_\_\_

Have building permits been applied for (if applicable): Yes  No   
Has equipment been installed (if applicable): Yes  No

### Required Attachments:

- |   |  |
|---|--|
| <input type="checkbox"/> Completed SB-1 Form(s)                     | <input type="checkbox"/> Summary of Benefits (if applicable) |
| <input type="checkbox"/> Legal Description of the Property          | <input type="checkbox"/> Employment Phase-In Schedule        |
| <input type="checkbox"/> Company Financial Statement                | <input type="checkbox"/> Company Investment Timetable        |
| <input type="checkbox"/> Job and Wage Description Information Sheet | <input type="checkbox"/> Compliance Affidavit                |

**Type of Abatement Requested**

Real Property  Number of Years Requested 10 Personal Property  Number of Years Requested

*Project Details*

Project Size (square feet): 9600 Size of Site (acres): 2

Type of Building:

Multiple Tenants (leased)  Single Tenant (leased)  Owner Occupied  Corporate Headquarters

*Capital Investment*

- 1. Real property capital investment only: 400,000.00
- 2. Personal property capital investment only: \_\_\_\_\_
- 3. Total capital investment for proposed project: \_\_\_\_\_

*Jobs Created and/or Retained*

- 1. Estimated number of full time jobs created by the proposed project: 2
- 2. Estimated number of full time jobs retained as a direct result of the proposed project: 10
- 3. Total number of full time jobs upon project completion: 10

*Wages Created and Retained*

- 1. Average hourly wage rate for new jobs (w/o benefits) \$14.85 hr.
- 2. Average hourly wage rate for jobs retained (w/o benefits) \$22.85 hr.

\*\*\*In addition to answering these questions, please fill out the Job and Wage Description for Tax Abatement Application information sheet and submit it with the application as an attachment.

Please explain why the abatement incentive is necessary to the project:

**Company Information**

How long has the company been in existence? 20

Current address of company headquarters and duration at that address: 1527 S. East St.

Indpls., In 46225 - all 20 yrs.

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: 0% 40%

Have you ever received tax abatement at your current location? Yes  No

If yes, when and for what term?

What specifically has the company done to give back to the community: We support various non-profit organizations in the Bates-Hendricks Neighborhood.

While acting as a strong advocate for using economic incentives to help applicants expand and/or locate in the community, the City of Franklin also strives to enrich the quality of life for its citizens. To that end, the City embraces the use of voluntary economic development fees as allowed under Indiana law (IC 6-1.1-12.1-14).

These fees, paid by the applicant, are directed by the City to local nonprofit organizations to bolster their economic development efforts. The fee can be applied on both real and personal property abatements. The fee is collected annually by the County Treasurer as a special assessment on the tax bill and is distributed by the City to the designated economic development nonprofit organization. Typically, 2% is charged on Real Property and 5% is charged on Personal Property. More information can be found on the City's website ([www.franklin.in.gov](http://www.franklin.in.gov)) under the Economic Development tab.

Is the company agreeable to the Economic Development Fee? Yes  No

If yes, at what percent(s)? 2%



**STATEMENT OF BENEFITS  
REAL ESTATE IMPROVEMENTS**

State Form 51767 (R2 / 1-07)  
Prescribed by the Department of Local Government Finance

20 ____ PAY 20 ____
<b>FORM SB-1 / Real Property</b>

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:**

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body **BEFORE** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, **BEFORE** a deduction may be approved.
- To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, Whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. [IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(j)]
- The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000. The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.

**SECTION 1 TAXPAYER INFORMATION**

Name of taxpayer <b>Countertop Connections Inc</b>		
Address of taxpayer (number and street, city, state, and ZIP code) <del>Hudson</del> <b>1527 S. East St. Indpls. In 46225</b>		
Name of contact person <b>Sharry Caudill</b>	Telephone number <b>317-822-9858</b>	E-mail address <b>Ctcinc1990esbs@global.net</b>

**SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT**

Name of designating body	Resolution number
Location of property <b>3042 Hudson St Franklin In</b>	County <b>Johnson</b>
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) <b>New construction of 9600 sf building</b>	Estimated start date (month, day, year) <b>12-1-14</b>
	Estimated completion date (month, day, year) <b>2-1-15</b>

**SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT**

Current number	Salaries	Number retained	Salaries	Number additional	Salaries
<b>10</b>	<b>251,576.22</b>	<b>10</b>	<b>251,576.22</b>	<b>2</b>	<b>58,240.00</b>

**SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT**

<b>NOTE:</b> Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the <b>COST</b> of the property is confidential.	REAL ESTATE IMPROVEMENTS	
	COST	ASSESSED VALUE
Current values		
Plus estimated values of proposed project	<b>400,000.00</b>	
Less values of any property being replaced		
Net estimated values upon completion of project	<b>600,000.00</b>	

**SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER**

Estimated solid waste converted (pounds) _____	Estimated hazardous waste converted (pounds) _____
--	--

Other benefits

**SECTION 6 TAXPAYER CERTIFICATION**

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

Signature of authorized representative <b>Sharry Caudill</b>	Title <b>Sec/Treas.</b>	Date signed (month, day, year) <b>9-30-14</b>
---	----------------------------	--

**JOB AND WAGE DESCRIPTION  
FOR TAX ABATEMENT APPLICATION**

Please provide the following job and wage earning information that is associated with this Tax Abatement Petition (*Please specify all wages in an hourly format without benefits*):

- (1) Company NAICS code: \_\_\_\_\_.
- (2) The total number of jobs current at the site: 10, the number of those jobs that will be retained as a direct result of the proposed investment 10, and the number of new jobs which will be created as a direct result of the proposed investment 2.
- (3) The total number of full-time employees at the site: 10.
- (4) The total number of temporary and/or contract employees currently at the site: 0.
- (5) The average hourly wages for the new jobs: 14.85.
- (6) Will the new jobs being created begin as temporary and/or contract employees? No  
If yes, please provide an explanation of the typical transition process to full time:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (7) Number of new and/or retained jobs in:
  - (a) Managerial/Professional Specialty Occ.: 3 Average Hourly Wage: 15.00
  - (b) Technical/Sales/Admin. Support Occ.: \_\_\_ Average Hourly Wage: \_\_\_\_\_
  - (c) Service Occ.: \_\_\_ Average Hourly Wage: \_\_\_\_\_
  - (d) Precision Production/Craft/Repair Occ.: \_\_\_ Average Hourly Wage: \_\_\_\_\_
  - (e) Operators/Fabricators/Laborers: \_\_\_ Average Hourly Wage: 13.50

Note: The total number of jobs specified above should correspond with the Statement of Benefits Form SB-1.

- (8) Attach detailed information on the types of benefits offered for new employees. A description of all possible bonuses and incentives should also be given if provided.

**EMPLOYMENT PHASE-IN SCHEDULE  
SAMPLE JOB CREATION/RETENTION TIMETABLE**

	Job Type 1	Job Type 2	Job Type 3	Job Type 4	Total
Year of Abatement	2015				
1st Quarter	Fabrication				
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2016				
1st Quarter	Fabrication				
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
<b>TOTAL</b>					

**3 YEAR**

***Countertop Connections, Inc.***

Sample Property Tax on Real Property (3 Year) with 2% Economic Development Fee

Real Property Tax Investment: \$400,000

Tax Rate: 3.0%

	<b>2015 Payable 2016</b>	<b>2016 Payable 2017</b>	<b>2017 Payable 2018</b>	
<b>True Cash Value</b>	\$400,000	\$400,000	\$400,000	
<b>Assessed Value</b>	\$400,000	\$400,000	\$400,000	
<b>Net Tax Rate</b>	3.0%	3.0%	3.0%	<b>Total</b>
<b>Tax w/o Abatement</b>	\$12,000	\$12,000	\$12,000	<b>\$36,000</b>
<b>Abatement Rate</b>	100%	66%	33%	
<b>Amount Abated</b>	\$12,000	\$7,920	\$3,960	<b>Total</b>
<b>Taxes Paid w/Abatement</b>	\$0	\$4,080	\$8,040	<b>\$12,120</b>

***Total Fees Paid***

<b>2% Fee</b>	\$240	\$158	\$79	<b>\$478</b>
---------------	-------	-------	------	--------------

***Total Tax Saving without Economic Development Fee***

**\$23,880**

***Total Tax Savings with 2% Economic Development Fee***

**\$23,402**

**5 YEAR**

***Countertop Connections, Inc.***

**Sample Property Tax on Real Property (5 Year Period) with 2% Economic Development Fee**

Real Property Tax Investment: \$400,000

Tax Rate: 3.0%

	<b>2015 Payable 2016</b>	<b>2015 Payable 2016</b>	<b>2016 Payable 2017</b>	<b>2017 Payable 2018</b>	<b>2018 Payable 2019</b>	
<b>True Cash Value</b>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
<b>Assessed Value</b>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
<b>Net Tax Rate</b>	3.0%	3.0%	3.0%	3.0%	3.0%	<b>Total</b>
<b>Tax w/o Abatement</b>	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	<b>\$60,000</b>
<b>Abatement Rate</b>	100%	80%	60%	40%	20%	
<b>Amount Abated</b>	\$12,000	\$9,600	\$7,200	\$4,800	\$2,400	<b>Total</b>
<b>Taxes Paid w/Abatement</b>	\$0	\$2,400	\$4,800	\$7,200	\$9,600	<b>\$24,000</b>

<b>Total Fees Paid</b>						
<b>2% Fee</b>	\$240	\$192	\$144	\$96	\$48	<b>\$720</b>

**Total Tax Saving without Economic Development Fee  
\$36,000**

**Total Tax Savings with 2% Economic Development Fee  
\$35,280**

**7 YEAR**

**Countertop Connections, Inc.**

**Sample Property Tax on Real Property (7 Year) with 2% Economic Development Fee**

Real Property Tax Investment: \$400,000

Tax Rate: 3.0%

	<b>2015 Payable 2016</b>	<b>2016 Payable 2017</b>	<b>2017 Payable 2018</b>	<b>2018 Payable 2019</b>	<b>2019 Payable 2020</b>	<b>2020 Payable 2021</b>	<b>2021 Payable 2022</b>	
<b>True Cash Value</b>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
<b>Assessed Value</b>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
<b>Net Tax Rate</b>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	<b>Total</b>
<b>Tax w/o Abatement</b>	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	<b>\$84,000</b>
<b>Abatement Rate</b>	100%	85%	71%	57%	43%	29%	14%	
<b>Amount Abated</b>	\$12,000	\$10,200	\$8,520	\$6,840	\$5,160	\$3,480	\$1,680	<b>Total</b>
<b>Taxes Paid w/Abatement</b>	\$0	\$1,800	\$3,480	\$5,160	\$6,840	\$8,520	\$10,320	<b>\$36,120</b>
								<b>Total Fees Paid</b>
<b>2% Fee</b>	\$240	\$204	\$170	\$137	\$103	\$70	\$34	<b>\$958</b>

**Total Tax Saving without Economic Development Fee  
\$47,880**

**Total Tax Savings with 2% Economic Development Fee  
\$46,922**

**10 YEAR**

**Countertop Connections, Inc.**

**Sample Property Tax on Real Property (10 Year Period) Schedule with 2% Fee**

Real Property Tax Investment: \$400,000

Tax Rate: 3.0%

	<b>2015</b> <i>Payable 2016</i>	<b>2016</b> <i>Payable 2017</i>	<b>2017</b> <i>Payable 2018</i>	<b>2018</b> <i>Payable 2019</i>	<b>2019</b> <i>Payable 2020</i>	<b>2020</b> <i>Payable 2021</i>	<b>2021</b> <i>Payable 2022</i>	<b>2022</b> <i>Payable 2023</i>	<b>2023</b> <i>Payable 2024</i>	<b>2024</b> <i>Payable 2025</i>	
<b>True Cash Value</b>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
<b>Assessed Value</b>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
<b>Net Tax Rate</b>	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	<b>Total</b>
<b>Tax w/o Abatement</b>	\$14,478	\$14,478	\$14,478	\$14,478	\$14,478	\$14,478	\$14,478	\$14,478	\$14,478	\$14,478	<b>\$144,780</b>
<b>Abatement Rate</b>	100%	95%	80%	65%	50%	40%	30%	20%	10%	5%	
<b>Amount Abated</b>	\$14,478	\$13,754	\$11,582	\$9,411	\$7,239	\$5,791	\$4,343	\$2,896	\$1,448	\$724	<b>Total</b>
<b>Taxes Paid w/Abatement</b>	\$0	\$724	\$2,896	\$5,067	\$7,239	\$8,687	\$10,135	\$11,582	\$13,030	\$13,754	<b>\$73,114</b>

											<b>Total Fees Paid</b>
<b>2% Fee</b>	\$290	\$275	\$232	\$188	\$145	\$116	\$87	\$58	\$29	\$14	<b>\$1,433</b>

**Total Tax Saving without Economic Development Fee**

**\$71,666**

**Total Tax Savings with 2% Economic Development Fee**

**\$70,233**