



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Director of Community Development
Date: April 1st, 2015
Re: Case C 2015-09: Electro-Spec

Summary:

- 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.
- Actual and estimated benefits, as projected for 2014:

	Estimated on SB-1	Actual in 2014	Difference
Employees Retained	43	43	0
Salaries	\$1,649,129	\$1,649,129	\$0
New Employees	7	37	30
Salaries	\$189,280	\$1,852,138	\$1,662,858
Total Employees	50	80	30
Total Salaries	\$1,838,409	\$3,501,267	\$1,662,858
Average Hourly Salaries	\$17.68	\$21.04	\$3.36
Personal Property Improvements	\$2,200,000	\$2,472,691	\$272,691
Real Property Improvements	\$319,000	\$417,261	\$98,261

- The company has exceeded their estimate provided on their SB-1 Form for real property improvements.
- 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.
- The total number of employees increased from 75 at the end of 2012, to 84 at the end of 2013. The total number of employees at the end of 2014 was 80, 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 as estimated on their SB-1 Form. The average hourly salary also exceeds what was estimated on their SB-1 Form.
- The real property tax abatement is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.
- 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 18, 2015

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



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

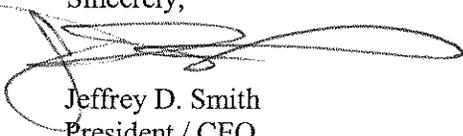
Dear Ms. Linke:

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. ~~08-04~~ / 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,


Jeffrey D. Smith
President / CEO
(317) 738-9199 ext. 924
jsmith@electro-spec.com

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



**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		DLGF taxing district number 41-009		
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						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						43.00		80
Salaries						1,649,129.00		3,501,267.00
Number of employees retained						43.00		43
Salaries						1,649,129.00		1,649,129.00
Number of additional employees						7.00		37
Salaries						189,280.00		1,852,138.00
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	2,200,000.00							
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	4,072,444.00							
Plus: Values of proposed project	2,472,691.00							
Less: Values of any property being replaced								
Net values upon completion of project	6,545,135.00							
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) 2/19/15		



**COMPLIANCE WITH STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 14 PAY 20 15

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	ACTUAL
Current number of employees	43	80
Salaries	1,649,129.00	3,501,267.00
Number of employees retained	43	43
Salaries	1,649,129.00	1,649,129.00
Number of additional employees	7	37
Salaries	189,280.00	1,852,138.00

SECTION 4 COST AND VALUES

COST AND VALUES	REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE
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	ASSESSED VALUE
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	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) 2/19/15
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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)	3/31/2014	Actual Number of Employees (By Quarter 6/30/2014 9/30/2014 12/31/2014)	Actual Total Number of Employees as of 12/31/14	Difference Between Actual and Proposed Number of Employees
43	50	84	85 80 80	80	30

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 12/31/14	Difference Between Actual and Proposed Investment
			3/31/2014	6/30/2014	9/30/2014		
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 (\$1,169,455) 2010 Investment (\$950,487), 2011 Investment (\$271,288) and 2012 Investment (\$81,461).