



CITY OF FRANKLIN

DEPARTMENT OF COMMUNITY DEVELOPMENT

Staff Report

To: Economic Development Commission Members

From: Krista Linke, Director

Date: February 3, 2016

Re: Case EDC 2016-02 – Fisher Contracting LLC

Case EDC 2016-02 – Fisher Contracting LLC: A request for a tax abatement on \$228,000 in real property investment.

Location: 3031 Hudson Street



Summary:

1. Characteristics of this location:

The vacant lot owned by Fisher Contracting is located on Hudson Street. It is 3.0854 acres.

2. Characteristics of this petitioner:

Fisher Contracting is currently located in Bargersville. The company has been in existence for three years. The petitioner has indicated on their application that they are agreeable to a 5% economic development fee.

3. Characteristics of this project:

The site will be constructed in two phases. The parking lot, fencing and landscaping will be constructed in the first phase. The building will be constructed in phase two.

4. Economic Revitalization Area (ERA):

This property has not been previously designated an ERA.

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:* According to the Employment Phase-In Schedule submitted, there will be 6 jobs retained and created in the first year of the abatement. The average hourly salary for these 6 employees is \$22.00. The applicant estimates a total of 6 jobs will be created within three years with the same average hourly rate. Wage figures do not include benefits. Benefit information was not provided.
- b. *Diversification of Local Employment:* According to the 2013 U.S. Census Bureau, there were 58 site preparation contractor employees in Johnson County. The construction sector as a whole made up 4.23% of all employees in Johnson County.
- c. *Increase in Local Salaries:* The average wage for all industries in Johnson County for the first quarter of 2013 was \$16.09. The average hourly wage in Johnson County for the construction sector was \$21.75 per hour. The average hourly wage in Johnson County for site preparation contractors was \$22.95. The average hourly wage (without benefits) for the 12 jobs related to this project is \$22.00 per hour.

- d. *Sustainable Land Use*: The petitioner proposes to make this investment on a vacant lot in Hudson Industrial Park.
- e. *Future Community Investment*: The applicant should share with the EDC their plans for future community investment. The company has indicated on their application that they are agreeable to a 5% economic development fee on real property improvements.
- 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 of 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 tax year 2016, payable 2017.

Staff Comments:

This tax abatement application conforms to the criteria and findings outlined by the state code. The amount of investment and number of jobs and wages should all be considered when determining the length of the abatement granted.



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: Fisher Contracting LLC
Primary Contact Name: James H. Fisher
Contact Address: P.O. Box 545
City: Franklin State: IN Zip: 46131
Phone Number: (317) 945-7928
Email: j7fisher@gmail.com
Three possible dates before the EDC meeting to conduct a site visit: 01/15/2016, 01/22/2016, 01/29/2016
Name of Owner: James H. Fisher
Parent Company (If Applicable): N/A

Primary Contact for Yearly Compliance Reports

Name: James H. Fisher
Title: Owner / Manager
Address: 3031 Hudson Street
City: Franklin State: IN Zip: 46131
Phone Number: (317) 945-7928
Email: j7fisher@gmail.com

Description of Project

Project Location/Address: 3031 Hudson Street Franklin, IN 46131
Parcel Number: _____
Brief Description of Project:

This will be a newly constructed Office/Shop/Parking Lot for our contracting company that is currently located in Bargersville Indiana. The site will be constructed in 2 phases with the parking lot, fencing and landscaping constructed in phase 1 and the building constructed in phase 2.

Current Assessed Value (AV) of the Property:

- | | |
|--------------|------------------|
| 1. Land | <u>\$50,000</u> |
| 2. Building | <u>\$200,000</u> |
| 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 Personal Property

Length of Abatement Requested: 10 Years

Project Size (square feet): 7,600 Size of Site (acres): 3

Type of Building:

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

Capital Investment

- 1. Real property capital investment only: \$250,000
- 2. Personal property capital investment only: _____
- 3. Total capital investment for proposed project: \$250,000

Jobs Created and/or Retained

- 1. Estimated number of full time jobs created by the proposed project: 6
- 2. Estimated number of full time jobs retained as a direct result of the proposed project: 6
- 3. Total number of full time jobs upon project completion: 12

Wages Created and Retained

- 1. Average hourly wage rate for new jobs (w/o benefits) \$22
- 2. Average hourly wage rate for jobs retained (w/o benefits) \$22

***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: Attach additional sheets as necessary.

Our Company is relatively new and the abatement will help ensure that we have the working capital necessary to grow and add jobs and equipment over the next several years.

Company Information

How long has the company been in existence? 3

Current address of company headquarters and duration at that address: 670 Industrial Drive Bargersville, IN 46106
670 Industrial Drive Bargersville, IN 46106

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

60 %

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

If yes, when and for what term? N/A

What specifically has the company done to give back to the community:

Our Company believes in hiring local citizens for our workforce and we pay an above average pay rate to ensure that our employees can retain a high quality standard of living.

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 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. The fee is a percentage of the abatement received. For example, instead of receiving 100% abatement in the first year, the company receives a 95% abatement, with the 5% difference going to support local economic development. More information can be found on the City's website (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)? 5%



STATEMENT OF BENEFIT REAL ESTATE IMPROVEMENTS

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

20__ PAY 20__
FORM SB-1 / Real Property

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 Fisher Contracting LLC		
Address of taxpayer (number and street, city, state, and ZIP code) 3031 Hudson Street Franklin, IN 46131		
Name of contact person James H. Fisher	Telephone number (317) 945-7928	E-mail address i7fisher@gmail.com

SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body City of Franklin Common Council	Resolution number 16-05
Location of property 3031 Hudson St.	County Johnson
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary)	Estimated start date (month, day, year) April 2016
	Estimated completion date (month, day, year) Dec 2018

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

Current number	Salaries	Number retained	Salaries	Number additional	Salaries
6.00	\$350,000.00	\$6.00	\$350,000.00	\$6.00	\$350,000.00

SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT

NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential.	REAL ESTATE IMPROVEMENTS	
	COST	ASSESSED VALUE
Current values	\$48,000.00	\$50,000.00
Plus estimated values of proposed project	\$180,000.00	\$200,000.00
Less values of any property being replaced		
Net estimated values upon completion of project	\$228,000.00	\$250,000.00

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (pounds) _____	Estimated hazardous waste converted (pounds) _____
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Other benefits

SECTION 6 TAXPAYER CERTIFICATION

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

Signature of authorized representative <i>James H. Fisher</i>	Title Owner / Manager	Date signed (month, day, year) 01/07/2016
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FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this Economic Revitalization Area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1, provides for the following limitations:

- A. The designated area has been limited to a period of time not to exceed _____ calendar years * (see below). The date this designation expires is _____.
- B. The type of deduction that is allowed in the designated area is limited to:
 - 1. Redevelopment or rehabilitation of real estate improvements Yes No
 - 2. Residentially distressed areas Yes No
 - 3. Occupancy of a vacant building Yes No
- C. The amount of the deduction applicable is limited to \$ _____.
- D. Other limitations or conditions (specify) _____
- E. The deduction is allowed for _____ years* (see below).

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved (signature and title of authorized member of designating body)	Telephone number	Date signed (month, day, year)
Attested by (signature and title of attester)	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.12-12.1-4.

- A. For residentially distressed areas, the deduction period may not exceed five (5) years.
- B. For redevelopment and rehabilitation or real estate improvements:
 - 1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
 - 2. If the Economic Revitalization Area was designated after June 20, 2000, the deduction period may not exceed ten (10) years.
- C. For vacant buildings, the deduction period may not exceed two (2) years.

SAMPLE COMPANY INVESTMENT TIMETABLE

Year of Abatement	Buildings 2016	Equip. Type 1	Equip. Type 2	Equip. Type 3	Total
1st Quarter	\$22,000				
2nd Quarter					
3rd Quarter	\$28,000				
4th Quarter					\$50,000
2017					
Year of Abatement	2017				
1st Quarter	\$50,000				
2nd Quarter					
3rd Quarter	\$50,000				
4th Quarter					\$100,000
2018					
Year of Abatement	2018				
1st Quarter	\$50,000				
2nd Quarter					
3rd Quarter					
4th Quarter	\$50,000				
TOTAL					\$100,000

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

Year of Abatement	Job Type 1	Job Type 2	Job Type 3	Job Type 4	Total
2016	Administration - 1				
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter		Operator - 1			2
2017					
Year of Abatement					
1st Quarter				Laborer - 1	
2nd Quarter			Supervisor - 1		
3rd Quarter					
4th Quarter					2
2018					
Year of Abatement					
1st Quarter					
2nd Quarter		Operator - 1			
3rd Quarter					
4th Quarter				Laborer - 1	2
TOTAL					

**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: 238910.
- (2) The total number of jobs current at the site: 6, the number of those jobs that will be retained as a direct result of the proposed investment 6, and the number of new jobs which will be created as a direct result of the proposed investment 6.
- (3) The total number of full-time employees at the site: 6.
- (4) The total number of temporary and/or contract employees currently at the site: 0.
- (5) The average hourly wages for the new jobs: \$22.00.
- (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:
N/A

(7) Number of new and/or retained jobs in:

- (a) Managerial/Professional Specialty Occ.: 2 Average Hourly Wage: \$27.00
- (b) Technical/Sales/Admin. Support Occ.: 1 Average Hourly Wage: \$15.00
- (c) Service Occ.: Average Hourly Wage:
- (d) Precision Production/Craft/Repair Occ.: Average Hourly Wage:
- (e) Operators/Fabricators/Laborers: 3 Average Hourly Wage: \$20.00

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.

Supervisors will have paid vacation, company vehicle, health insurance. Administration employee will have vacation, health insurance. Operators and laborers will have vacation and health insurance.

3 YEAR

Fisher Contracting

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

Real Property Tax Investment: \$228,000

Tax Rate: 3.0%

	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	
True Cash Value	\$228,000	\$228,000	\$228,000	
Assessed Value	\$228,000	\$228,000	\$228,000	
Net Tax Rate	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$6,840	\$6,840	\$6,840	\$20,520
Abatement Rate	100%	66%	33%	
Amount Abated	\$6,840	\$4,514	\$2,257	Total
Taxes Paid w/Abatement	\$0	\$2,326	\$4,583	\$6,908

Total Fees Paid

2% Fee	\$137	\$90	\$45	\$272
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Total Tax Saving without Economic Development Fee

\$13,612

Total Tax Savings with 2% Economic Development Fee

\$13,339

5 YEAR

Fisher Contracting

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

Real Property Tax Investment: \$228,000

Tax Rate: 3.0%

	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021	
True Cash Value	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	
Assessed Value	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$34,200
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	\$6,840	\$5,472	\$4,104	\$2,736	\$1,368	Total
Taxes Paid w/Abatement	\$0	\$1,368	\$2,736	\$4,104	\$5,472	\$13,680

						Total Fees Paid
2% Fee	\$137	\$109	\$82	\$55	\$27	\$410

**Total Tax Saving without Economic Development Fee
\$20,520**

**Total Tax Savings with 2% Economic Development Fee
\$20,110**

7 YEAR

Fisher Contracting

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

Real Property Tax Investment: \$228,000

Tax Rate: 3.0%

	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021	2021 Payable 2022	2022 Payable 2023	
True Cash Value	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	
Assessed Value	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$47,880
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	\$6,840	\$5,814	\$4,856	\$3,899	\$2,941	\$1,984	\$958	Total
Taxes Paid w/Abatement	\$0	\$1,026	\$1,984	\$2,941	\$3,899	\$4,856	\$5,882	\$20,588
								Total Fees Paid
2% Fee	\$137	\$116	\$97	\$78	\$59	\$40	\$19	\$546

**Total Tax Saving without Economic Development Fee
\$27,292**

**Total Tax Savings with 2% Economic Development Fee
\$26,746**

10 YEAR

Fisher Contracting

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

Real Property Tax Investment: \$228,000

Tax Rate: 3.0%

	<i>2015 Payable 2016</i>	<i>2016 Payable 2017</i>	<i>2017 Payable 2018</i>	<i>2018 Payable 2019</i>	<i>2019 Payable 2020</i>	<i>2020 Payable 2021</i>	<i>2021 Payable 2022</i>	<i>2022 Payable 2023</i>	<i>2023 Payable 2024</i>	<i>2024 Payable 2025</i>	
True Cash Value	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	
Assessed Value	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	Total
Tax w/o Abatement	\$8,252	\$8,252	\$8,252	\$8,252	\$8,252	\$8,252	\$8,252	\$8,252	\$8,252	\$8,252	\$82,525
Abatement Rate	100%	95%	80%	65%	50%	40%	30%	20%	10%	5%	
Amount Abated	\$8,252	\$7,840	\$6,602	\$5,364	\$4,126	\$3,301	\$2,476	\$1,650	\$825	\$413	Total
Taxes Paid w/Abatement	\$0	\$413	\$1,650	\$2,888	\$4,126	\$4,951	\$5,777	\$6,602	\$7,427	\$7,840	\$41,675

											Total Fees Paid
2% Fee	\$165	\$157	\$132	\$107	\$83	\$66	\$50	\$33	\$17	\$8	\$817

Total Tax Saving without Economic Development Fee

\$40,850

Total Tax Savings with 2% Economic Development Fee

\$40,033