



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: March 3, 2016
Re: Case C 2016-15: Heartland Machine & Engineering, LLC

Summary:

1. On March 18th, 2013, the Franklin Common Council passed Resolution No. 2013-11, approving a 10-year tax abatement on real property with a 2% Economic Development Fee for Heartland Machine & Engineering, located at 2848 N. Graham Road.
2. Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2015	Difference
Employees Retained	18	32	14
Salaries	\$1,080,144	\$1,968,607	\$888,463
New Employees	7	0	-7
Salaries	\$364,000	\$0	-\$364,000
Total Employees	25	32	7
Total Salaries	\$1,444,144	\$1,968,607	\$524,463
Average Hourly Salaries	\$27.77	\$29.58	\$1.80
Real Property Improvements	\$800,000	\$1,102,251	\$302,251

3. Heartland Machine & Engineer planned to construct this building in 2013. It was not finished in 2013, but it was finished in 2014. They have exceeded their estimated real property improvement value.
4. Sandy Bennett, Controller for Heartland Machine, explains in her letter dated February 23rd that the company has been successful in retaining the 18 jobs estimated on their SB-1 Form, and the average hourly wage is higher than estimated. The numbers reported on the CF-1 form for employees retained and new employees included turnover, therefore the total current employees number and salaries was only used.
5. The real property tax abatement for Heartland Machine & Engineering, LLC, is scheduled to expire in tax year 2024 payable 2025. The final compliance review will take place in 2025.

Staff Recommendation: Approval

February 23, 2016

City of Franklin
Krista Linke, Community Development Director
70 E. Monroe Street
Franklin, IN 46131

RE: 2015 Tax Abatement Compliance Reports

Dear Ms. Linke:

Enclosed please find Form CF-1/RE and other required documents per your instructions listed in your letter dated January 14, 2016. The enclosed documentation pertains to our compliance with the real property tax abatements which were granted to Heartland Machine & Engineering, LLC (HME) in 2013 under Franklin Common Council Resolution number ~~2013-11~~. The tax abatement deduction was granted for the redevelopment or rehabilitation of real estate improvements for the construction of a 20,000 square foot facility located at 2848 Graham Road in Franklin, Indiana. The facility will provide office space, showroom facilities and warehousing for machine tools (whole goods) and spare parts for aftermarket/warranty fulfillment.

Our company has been successful in creating the full complement of jobs which had been proposed in the Statement of Benefits (Form SB-1). Eighteen employees have been retained at our headquarters location in Franklin, and although we had increased turnover in 2015, we still managed to keep our total employees at thirty-two. Also worth noting is that due to the recent upturn in the market, we added four new employees to our sales and service departments all starting in February. As the year progresses, we anticipate a growing need for more employees to strengthen our sales force.

Please do not hesitate to contact me if you have any questions or concerns regarding this matter.

Sincerely,

Heartland Machine & Engineering, LLC



Sandy Bennett
Controller



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

State Form 51766 (R3 / 2-13)
Prescribed by the Department of Local Government Finance

20__ PAY 20__

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).

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
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 (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1/Real Property).

SECTION 1 TAXPAYER INFORMATION	
Name of taxpayer Heartland Machine & Engineering LLC	County Johnson
Address of taxpayer (number and street, city, state, and ZIP code) 2850 Graham Road, Franklin, IN 46131	DLGF taxing district number
Name of contact person Sandy Bennett	Telephone number (317) 346-0463

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body The City of Franklin Common Council	Resolution number 13-11	Estimated start date (month, day, year)
Location of property 2848 Graham Road, Franklin, IN 46131		Actual start date (month, day, year)
Description of real property improvements Construction of 20k square foot building to support machine tool distribution. The building provides office space, showroom facilities, and warehousing.		Estimated completion date (month, day, year)
		Actual completion date (month, day, year)

SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		18	32
Salaries		1,080,144	1,968,607
Number of employees retained		18	32
Salaries		1,080,144	1,648,598
Number of additional employees		7	14
Salaries		364,000	320,009

SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	
Values before project	63,000	92,600	
Plus: Values of proposed project	800,000	800,000	
Less: Values of any property being replaced			
Net values upon completion of project	863,000	892,600	
ACTUAL	COST	ASSESSED VALUE	
Values before project	63,000	92,600	
Plus: Values of proposed project	1,102,251	1,200,000	
Less: Values of any property being replaced			
Net values upon completion of project	1,162,251	1,292,600	

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 Controller	Date signed (month, day, year) 02/23/16