



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: March 27, 2016
Re: Case C 2016-16: Hetsco

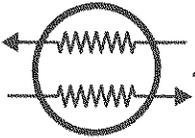
Summary:

- On July 21st, 2014, the Franklin Common Council passed Resolution No. 2014-09, approving a 10-year tax abatement on real property and a 5-year tax abatement on personal property for Hetsco, Inc., located at 1725 N. Graham Road.
- Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2015	Difference
Employees Retained	49	49	0
Salaries	\$3,066,000	\$3,066,000	\$0
New Employees	40	19	(21)
Salaries	\$2,271,000	\$744,648	-\$1,526,352
Total Employees	89	68	(21)
Total Salaries	\$5,337,000	\$3,810,648	-\$1,526,352
Average Hourly Salaries	\$28.83	\$26.94	-\$1.89
Personal Property Improvements	\$400,000	\$795,426	\$395,426
Real Property Improvements	\$2,770,000	\$2,134,978	-\$635,022

- Hetsco estimated in their application that they would hire 10 employees in 2015, 10 employees in 2016, 10 employees in 2017, and another 10 employees in 2018, for a total of 40 additional employees. They have exceeded their estimate for 2015 by almost double.
- Their personal property investment was also almost double what was estimated on their SB-1 Form.
- Hetsco estimated in their application that they would invest \$2,770,000 in real property improvements by the end of 2015. As stated in the table above, they have not yet met their estimate.
- The personal property tax abatement for Hetsco is scheduled to expire in 2019 payable 2020. The real property tax abatement for Hetsco is scheduled to expire in tax year 2024 payable 2025. The final compliance review will take place in 2025.

Staff Recommendation: Approval



HETSCO, INC.

1725 N Graham Road Franklin, IN 46131
Phone (317) 535-4315 • Fax (317)739-3349

February 25, 2016

City of Franklin
Attn: Krista Linke
70 East Monroe Street
Franklin, IN 46131

Re: 2015 Tax Abatement Compliance Packet for Hetsco, Inc.

Dear Ms. Linke,

Enclosed please find Forms CF-1/RE and CF-1/PP (Compliance with Statement of Benefits) regarding compliance with real property and personal property tax abatements which were granted to Hetsco, Inc. in 2014 under Franklin Common Council Resolution number 14-09.

As indicated with the enclosed documents, Hetsco has completed approximately 77% of the estimated real property investment and exceeded the personal property estimate by almost 99%.

Additionally we have added 19 employees, just short of 50% of our long range estimate.

We would anticipate the City of Franklin to view our accomplishments favorably as we continue to move forward with the creation of jobs and to invest in our real and personal property.

Please review all of the enclosed documents and if you have any questions or concerns regarding this matter, feel free to contact me at 317-535-4315.

Sincerely

W.S. Willard
President/COO
Hetsco, Inc.



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R2 / 1-07)
Prescribed by the Department of Local Government Finance

20 15 PAY 20 16

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:

- This form does not apply to property located in a residentially distressed area. (IC 6-1.1-12.1-2 (b))
- 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).
- This form must accompany the initial deduction application that is filed with the County Auditor.
- 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)
- 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))
- 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 HETSCO, INC.			
Address of taxpayer (number and street, city, state, and ZIP code) 1725 N GRAHAM ROAD FRANKLIN IN 46131			
Name of contact person W. S. Willard (President/COO)		Telephone number (317) 535-4315	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body THE CITY OF FRANKLIN COMMON COUNCIL		Resolution number 14-09	
Location of property 1725 N GRAHAM ROAD FRANKLIN IN 46131		County JOHNSON	DLGF taxing district number 41009
Description of real property improvements: COMPLETED CONSTRUCTION OF SHELL BUILDING, PARKING, LANDSCAPING		Estimated starting date (month, day, year) 08/01/2014	
		Estimated completion date (month, day, year) 12/31/2015	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		49	49
Salaries		3,066,000.00	3,066,000.00
Number of employees retained		49	49
Salaries		3,066,000.00	3,066,000.00
Number of additional employees		40	19
Salaries		2,271,000.00	744,647.99
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		0.00	
Plus: Values of proposed project		2,770,000.00	
Less: Values of any property being replaced		0.00	
Net values upon completion of project		2,770,000.00	
ACTUAL		COST	ASSESSED VALUE
Values before project		0.00	
Plus: Values of proposed project		2,134,977.76	
Less: Values of any property being replaced		0.00	
Net values upon completion of project		2,134,977.76	
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		N/A	N/A
Amount of hazardous waste converted		N/A	N/A
Other benefits:		N/A	N/A
SECTION 6 TAXPAYER CERTIFICATION			
I hereby certify that the representations in this statement are true.			
Signature of authorized representative <i>W.S. Willard</i>		Title President/COO	Date signed (month, day, year) 02/25/2016



**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 HETSCO INC	
Address of taxpayer (number and street, city, state, and ZIP code) 1725 N GRAHAM ROAD FRANKLIN IN 46131	
Name of contact person W. S. Willard (President/COO)	Telephone number (317) 535-4315
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body THE CITY OF FRANKLIN COMMON COUNCIL	Resolution number 14-09
Location of property 1725 N GRAHAM ROAD FRANKLIN IN 46131	County JOHNSON
	DLGF taxing district number 41009
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. WELDING MACHINES, MANIPULATOR, OFFICE EQUIPMENT, VEHICLES	Estimated starting date (month, day, year) 08/01/2014
	Estimated completion date (month, day, year) 12/31/2015

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	49.00	49
Salaries	3,066,000.00	3,066,000.00
Number of employees retained	49.00	49
Salaries	3,066,000.00	3,066,000.00
Number of additional employees	40.00	19
Salaries	2,271,000.00	744,647.99

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	0.00		0.00		0.00		0.00	
Plus: Values of proposed project	400,000.00		0.00		0.00		0.00	
Less: Values of any property being replaced	0.00		0.00		0.00		0.00	
Net values upon completion of project	400,000.00		0.00		0.00		0.00	
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	0.00		0.00		0.00		0.00	
Plus: Values of proposed project	400,000.00		0.00		0.00		0.00	
Less: Values of any property being replaced	0.00		0.00		0.00		0.00	
Net values upon completion of project	795,426.21		0.00		0.00		0.00	

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	N/A	N/A
Amount of hazardous waste converted	N/A	N/A
Other benefits:	N/A	N/A

SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative <i>W. S. Willard</i>	Title President/COO	Date signed (month, day, year) 02/25/2016