

CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 9, 2021
Re: Case C 2021-18: Tube Forming Systems, Inc. d/b/a Overton Industries

Summary:

1. On December 19th, 2016, the Franklin Common Council passed Resolution No. 2016-21, approving a 10-year tax abatement with at 2% Economic Development Fee on real property and a 7-year tax abatement with a 2% economic development fee on personal property for new equipment at 2155 McClain Drive.
2. Actual and estimated benefits, as projected for 2020:

	Estimated on SB-1	Actual in 2020	Difference
Employees	52	37	-15
Salaries	\$2,768,643	\$2,232,481.93	-\$536,162
Average Hourly Salaries	\$25.60	\$29.00	\$3.40
Real Property Improvements	\$911,353	\$911,353	\$0
Personal Property Improvements	\$658,000	\$508,675	-\$149,325

3. The company has 15 fewer than estimated additional employees, but they have exceeded average hourly wage indicated on the SB-1 Form. There is a deficit letter explaining the effects of Covid on the company.
4. The company met the estimated real property investment as estimated on their SB-1 Form.
5. The company invested \$149,325 less than estimated on personal property.
6. The personal property tax abatement for Overton is scheduled to expire in tax year 2023 payable 2024. The final compliance review will take place in 2023.
7. The real property tax abatement for Overton is scheduled to expire in tax year 2027 payable 2028. The final compliance review will take place in 2027.

Staff Recommendation: Approval

Overton Industries

Tube Forming Systems, Inc.
2155 McClain Drive
Franklin, IN 46131

February 10, 2021
Mrs. Dana Monson, Community Development Specialist
Dept. of Planning & Economic Development
70 E. Monroe Street
Franklin, IN 46131


RE: Tax Abatement Compliance for Tube Forming Systems, Inc.

Dear Mrs. Monson:

Enclosed please find Form CF-1 regarding compliance with real and personal property tax abatements which were granted to Tube Forming Systems in 2016 under Franklin Common Council Resolution No. 2016-21.

Please review all of the enclosed documents, if you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,



Mr. Scott Buie
CEO
Overton Industries, Inc.



COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R4 / 11-16)

Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

PRIVACY NOTICE

This form contains information
confidential pursuant to
IC 6-1.1-35-9 and IC 6-1.1-12.1-5.6.

- 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 January 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 January 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 Tube Forming Systems, Inc.						County Johnson			
Address of taxpayer (number and street, city, state, and ZIP code) 2155 McClain Dr., Franklin, IN 46131						DLGF taxing district number Franklin			
Name of contact person Scott Buie						Telephone number (317) 831-4542			

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY									
Name of designating body The City of Franklin Common Council					Resolution number 2016-21		Estimated start date (month, day, year) 12/01/2016		
Location of property 2155 McClain Drive, Franklin, IN 46131							Actual start date (month, day, year) 4/30/2017		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. 10,000 Sq. Ft. light manufacturing building addition and access road shared with Ivy Tech							Estimated completion date (month, day, year) 4/30/2017		
							Actual completion date (month, day, year) 2/15/2018		

SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						42		37	
Salaries						2,290,243.00		2,232,481.93	
Number of employees retained						42		37	
Salaries						2,290,243.00		2,232,481.93	
Number of additional employees						10		-5	
Salaries						478,480.00		-57,761.07	

SECTION 4 COST AND VALUES									
		MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project		0							
Plus: Values of proposed project		658,000							
Less: Values of any property being replaced									
Net values upon completion of project		658,000							
ACTUAL		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project									
Plus: Values of proposed project		508,675						0.00	
Less: Values of any property being replaced								3,400.00	
Net values upon completion of project		508,675						0.00	
								3,400.00	

NOTE: The **COST** of the property is confidential pursuant to IC 6-1.1-12.1-5.6(c).

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						0		0	
Amount of hazardous waste converted						0		0	
Other benefits:						0		0	

SECTION 6 TAXPAYER CERTIFICATION									
I hereby certify that the representations in this statement are true.									
Signature of authorized representative 					Title CEO OVERTON INDUSTRIES		Date signed (month, day, year) 2-10-21		

OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1) THAT WAS APPROVED AFTER JUNE 30, 1991.

INSTRUCTIONS: (IC 6-1.1-12.1-5.9)

1. This page does not apply to a Statement of Benefits filed before July 1, 1991; that deduction may not be terminated for a failure to comply with the Statement of Benefits.
2. Within forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits.
3. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. If a notice is mailed to a property owner, a copy of the written notice will be sent to the County Assessor and the County Auditor.
4. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable effort to substantially comply with the Statement of Benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
5. If the designating body determines that the property owner has **NOT** made reasonable effort to comply, then the designating body shall adopt a resolution terminating the deduction. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the County Auditor; and (3) the County Assessor.

We have reviewed the CF-1 and find that:

- ☐ the property owner **IS** in substantial compliance
- ☐ the property owner **IS NOT** in substantial compliance
- ☐ other (specify) _____

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance.

Time of hearing

- ☐ AM
☐ PM

Date of hearing (month, day, year)

Location of hearing

HEARING RESULTS (to be completed after the hearing)

☐ Approved

☐ Denied (see instruction 5 above)

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]

A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the clerk of Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.



February 23rd, 2021

Dana Monson, Community Development Specialist
Franklin Economic Development Department
70 E. Monroe Street
Franklin, IN 46131

Re: Expansion Investment Schedule and Job Creation or Retention Schedule – Tube Forming Systems Inc.

Dear Economic Development Commission Members:

While it has always been the intention of Tube Forming Systems Incorporated to hire 10 additional employees as part of our 2018 facility expansion, the COVID pandemic has caused us to fall short of that goal. As part of our expansion, Overton agreed to retain 42 employees and hire an additional 10 employees. Unfortunately, the COVID pandemic resulted in a dramatic reduction in 2020 sales revenues. Those reductions forced us to reduce staffing by 5 people resulting in a retained staff of 37. None of our staff reductions were layoffs, however due to conditions associated with COVID, some employees elected to retire, and others sought employment with other firms due to reduced workload. At this time, we have only rehired a portion of the lost employees.

We anticipate 2021 business conditions will improve and that improvement will allow us to fill a number of the open positions. However, the COVID pandemic has had a dramatic impact on our business and it may take more than a single year for us to get back to previous staffing levels. We are working diligently to generate additional business and implement improved sales and marketing efforts aimed at generating new opportunities. With these efforts we are confident we will get back to previous business and staffing levels.

Since we are presently addressing these concerns and hope to have these issues fully resolved in the future, it is our desire and request that the City of Franklin will look favorably upon our activities and grant us an extension of time to be in full compliance with our tax abatement commitments.

Should you need any additional information, or if you have any questions, please feel free to contact me.

Regards,

A handwritten signature in black ink, appearing to be "Steve B.", written over a horizontal line.

CEO
Overton Industries – Tube Forming Systems

Personal Property

A	B	C	D	E	F
1	Equipment needs		VR	QTR	
2	CNC Mill	21,000	1	3	✓ VF1
3	100 Ton Press	NO	2	1	✓ VM-2 or 4
4	Small Trak lathe	NO	2	2	✓ 48" x 36" bed - 6" Min. stroke - 24" min. shut height
5	CNC grinder	YES	2	3	✓ AMADA GRINDER (\$240,000)
6	CNC Mill	NO	1	4	✓
7	CNC Mill	NO	3	3	✓
8	Okamoto wet grinder	NO	2	2	✓
9	Compressor	YES	1	1	✓
10	Delivery vehicle	NO	1	2	✓ Kaiser 40 h.p.
11	Fork truck (4000#) Three wheel	NO	1	3	✓ 1-ton delivery vehicle
12	Caging for inventory	YES	1	2	✓
13	Racks, carts, tables	YES	1	2	✓
14	(2) Cranes - 5 ton, 10 ton	YES	1	3	✓
15	Computer Hardware	YES	1	2	✓
16	Phone System	YES	1	2	✓
17					
18					
19	Total Equipment	\$226,000.00			

\$508,675.00



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20 21 PAY 20 22

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 Tube Forming Systems, Inc. DBA/ My Three Sons Partnership	County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 2155 McClain Drive, Franklin, IN 46131	DLGF taxing district number Franklin	
Name of contact person Scott Buie	Telephone number (317) 831-4542	

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body The City of Franklin Common Council	Resolution number 2016-21	Estimated start date (month, day, year) 12/01/2016
Location of property 2155 McClain Drive, Franklin, IN 46131 (41-07-18-013-002.004-018)		Actual start date (month, day, year) 4/30/2017
Description of real property improvements 10,000 Sq. Ft. light manufacturing building addition		Estimated completion date (month, day, year) 4/30/2017
		Actual completion date (month, day, year) 2/15/2018

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	42	37
Salaries	2,290,243.00	2,232,481.93
Number of employees retained	42	37
Salaries	2,290,243.00	2,232,481.93
Number of additional employees	10	-5
Salaries	478,400.00	-57,761.07

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	911,353.00	
Less: Values of any property being replaced	0.00	
Net values upon completion of project	911,353.00	
ACTUAL	COST	ASSESSED VALUE
Values before project	0.00	
Plus: Values of proposed project	911,353.00	
Less: Values of any property being replaced		
Net values upon completion of project	850,000.00	

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	0.00	0.00
Amount of hazardous waste converted	0.00	0.00
Other benefits:		

SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative 	Title CEO OVERTON INDUSTRIES	Date signed (month, day, year) 2-10-21

**OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1)
THAT WAS APPROVED AFTER JUNE 30, 1991**

INSTRUCTIONS: (IC 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.9)

1. Not later than forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits (Form SB-1/Real Property).
2. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. The date of this hearing may not be more than thirty (30) days after the date this notice is mailed. A copy of the notice may be sent to the county auditor and the county assessor.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable efforts to substantially comply with the Statement of Benefits (Form SB-1/Real Property) and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
4. If the designating body determines that the property owner has **NOT** made reasonable efforts to comply, then the designating body shall adopt a resolution terminating the property owner's deduction. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the county auditor; and (3) the county assessor.

We have reviewed the CF-1 and find that:

- ☐ the property owner **IS** in substantial compliance
- ☐ the property owner **IS NOT** in substantial compliance
- ☐ other (specify) _____

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance. (Hearing must be held within thirty (30) days of the date of mailing of this notice.)

Time of hearing

☐ AM
☐ PM

Date of hearing (month, day, year)

Location of hearing

HEARING RESULTS (to be completed after the hearing)

☐ Approved

☐ Denied (see instruction 5 above)

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]

A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.

	A	B	C	D	E
1	Tube Forming Systems Expansion Project 2016				
2	Item description		Cost		Notes
3					
4	Contractor		\$598,000.00		
5	Excavation costs		\$82,853.00		
6	Electrical + lighting		\$75,000.00		
7	Office (2) engineering (1) leader (1) conf room		\$54,000.00		
8	Floor Epoxy / polished		\$51,000.00		
9	Plumbing (connect from current supply)		\$8,000.00		4.25 x 12,000 sq ft
10	Sewer (connect from current supply)		\$7,000.00		
11	Air supply (connect from current supply)		\$10,000.00		
12	Fire door		\$8,500.00		
13	Welding hood		\$5,500.00		
14	Landscaping		\$5,000.00		
15	Drainage for water runoff		\$6,500.00		
16					
17	Sub - total		\$911,353.00		
18					

REAL PROPERTY