



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 8, 2022
Re: Cases C 2022-32: Powder Metal Technicians (17-08)

Summary:

1. On July 17, 2017, the Franklin Common Council passed Resolution No. 2017-08, approving a 7-year tax abatement with a 2% economic development fee on real property for the real estate located at 1565 N. Graham Road.
2. Actual and estimated benefits, as projected for 2021:

	Estimated on SB-1	Actual in 2021	Difference
Employees Retained	11	9	-2
Salaries	\$498,098	\$428,130	-\$69,968
New Employees	4	0	-4
Salaries	\$183,040	\$0	-\$183,040
Total Employees	15	9	-6
Total Salaries	\$681,138	\$428,130	-\$253,008
Average Hourly Salaries	\$21.83	\$22.87	\$1.04
Real Property Improvements	\$1,370,425	\$1,493,320	\$122,895

3. Powder Metal Technicians indicated they would phase in four employees over four years. Per the letter dated March 29, 2019, due to delays in construction and the move from Indianapolis to Franklin, no employees were added in 2018. Due to a decline in customers sales, particularly the GM strike, the company did not make the additional hires as projected. They are being proactive and marketing to a broader customer base and do intend to hire as projected once revenue has increased. Salaries are higher than projected. In 2020 Covid reduced their sales further and caused the loss of one employee. However, they are marketing to other sectors and trying to branch out to increase sales and continue to focus on growth and hiring. In 2021 the supply chain and trucker strike impacted their customers and reduced their sales again. They continue to proactively market to reach a wider customer base.
4. The real property investment exceeds the SB-1 estimate.
5. The real property abatement will expire in 2026 pay 2027 with final compliance in 2027.

Staff Recommendation: Approval

**PMT Properties, LLC
Powder Metal Technicians, Inc. (Parent Company)
1565 Graham Street
Franklin, IN 46131
317-353-2812**

January 28, 2022

Mrs. Dana Monson, Community Development Specialist
Department of Community Development
70 E. Monroe Street
Franklin, IN 476131

Re: 2022 Tax Abatement Compliance for PMT Properties, LLC
Franklin Common Council Resolution 17-08

Dear Mrs. Monson:

Enclosed, please find our Form CF-1/RE (Compliance with Statement of Benefits) regarding compliance with our real property tax abatement which was granted to Powder Metal Technicians, Parent Company for PMT Properties, LLC, the taxpayer. The tax abatement was granted in 2017 under Franklin Common Council Resolution number 17-08.

As can be seen from reviewing our enclosed documents, our company has exceeded the capital investment portion of our real estate tax abatement by \$133,530. However, due to unforeseen circumstances, our revised plan to hire one additional employee by the end of 2021 had to be delayed again. The powder metal industry is experiencing a decline in business that hasn't corrected itself because of COVID issues that continued in 2021 and supply chain issues that have occurred in 2021. Both issues have created economic uncertainties that lead to the postponement of capital improvement projects with our customers, particularly in the automotive sector of our industry, where most of our work is generated from. This decline has affected the company's revenues and we continue to place a temporary hold on hiring in our shop due to the lack of projects being approved by our customers.

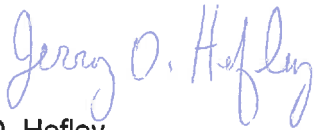
Our company continues to be proactive in its marketing efforts by reaching out to new customers that are not associated with the automotive sector in our industry. We are hopeful our marketing efforts will lead to new customers that will restore and exceed our current revenues. It is still our intention to hire the additional employees once our revenues start to increase. The projected increase in skilled trade employees will take longer to achieve. Our estimated timetable would be extended by three to four years and the estimated total number of employees would be:

2022 - 10 (06 skilled trade)
2023 - 11 (07 skilled trade)
2024 - 12 (08 skilled trade)
2025 - 13 (08 skilled trade)
2026 - 15 (10 skilled trade)

Mrs. Dana Monson, Community Development Specialist
Department of Community Development
70 E. Monroe Street
Franklin, IN 476131
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We respectfully request the City of Franklin to look favorably on our actions to be compliant and grant us an extension of time to continue doing so regarding our tax abatement commitment for new employees. Thank you.

Very truly yours,



Jerry D. Hefley
Managing Member and President

Enclosures – Investment Timetable and Job Creation Timetable



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20 22 PAY 20 23

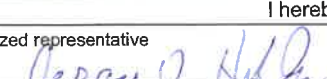
FORM CF-1 / Real Property

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 PMT Properties, LLC	County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 1565 Graham Street	DLGF taxing district number 41-08-11-043-005.000-009	
Name of contact person Doug Hefley	Telephone number (317) 353-2812	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body City of Franklin, Indiana	Resolution number Franklin Comm Res 17-08	Estimated start date (month, day, year) 09/01/2017
Location of property 1565 Graham Street (41-08-11-043-005.000-009)		Actual start date (month, day, year) 11/01/2017
Description of real property improvements Commerical Building - 14,000 Sq. Ft.		Estimated completion date (month, day, year) 06/01/2018
		Actual completion date (month, day, year) 10/01/2018
SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	11	9
Salaries	21.77	22.87
Number of employees retained	11	9
Salaries	21.77	22.87
Number of additional employees	4	0
Salaries	22.00	0
SECTION 4 COST AND VALUES		
COST AND VALUES	REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE
Values before project	10,500	
Plus: Values of proposed project	1,370,425	
Less: Values of any property being replaced		
Net values upon completion of project	1,380,925	
ACTUAL	COST	ASSESSED VALUE
Values before project	10,500	
Plus: Values of proposed project	1,503,955	
Less: Values of any property being replaced		
Net values upon completion of project	1,514,455	
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 Managing Member	Date signed (month, day, year) 01/28/2022

PMT Properties, LLC
Powder Metal Technicans, Inc. (Parent Company)
Job Creation/Retention Timetable for CF-1 Real Property
1/1/2022

Year	Year of Abatement	Managerial & Engineering	Administrative	Precision Prod, Skilled Trade & Repair	Total Number of Employees	Estimated On SB-1
12/31/2018						
1st Quarter		3	1	7	11	11
2nd Quarter		3	1	7	11	11
3rd Quarter		3	1	7	11	12
4th Quarter	1/1/2019	3	1	7	11	12
12/31/2019						
1st Quarter		4	1	7	12	12
2nd Quarter		4	1	6	11	12
3rd Quarter		4	1	5	10	13
4th Quarter	1/1/2020	4	1	5	10	13
12/31/2020						
1st Quarter		4	1	5	10	14
2nd Quarter		4	1	4	9	14
3rd Quarter		4	1	4	9	14
4th Quarter	1/1/2021	4	1	4	9	14
12/31/2021						
1st Quarter		4	1	4	9	14
2nd Quarter		3	1	4	8	15
3rd Quarter		3	1	5	9	15
4th Quarter	1/1/2022	3	1	5	9	15
12/31/2022						
1st Quarter		3	1	5	9	15
2nd Quarter		3	1	5	9	15
3rd Quarter		3	1	6	10	15
4th Quarter	1/1/2023	3	1	6	10	15