



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: February 14, 2023

Re: Cases C 2023-34: 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 2022:

	Estimated on SB-1	Actual in 2022	Difference
Employees Retained	11	9	-2
Salaries	\$498,098	\$466,502.40	-\$31,595.60
New Employees	4	0	-4
Salaries	\$183,040	\$0	-\$183,040
Total Employees	15	9	-6
Total Salaries	\$681,138	\$466,502.40	-\$214,636
Average Hourly Salaries	\$21.83	\$24.92	\$3.09
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. In 2022 the company continued to struggle with employment, due to skill sets as well as customer needs.

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 25, 2023

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

Re: 2023 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 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 plan to hire additional employees by the end of 2022 had to be delayed. Our industry continues to experience a difficult business environment because of supply chain, inflation and lack of skilled labor. These issues create 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 our company's revenues and we continue to place a temporary hold on hiring in our shop due to the lack of new in-house production projects with our customers.


Our company continues to be pro-active 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. Our projected increase in skilled trade employees will take longer to achieve and the estimated timetable and number of employees will be:

2023 - 10 (06 skilled trade)
2024 - 11 (07 skilled trade)
2025 - 12 (08 skilled trade)
2026 - 13 (08 skilled trade)
2027 - 15 (10 skilled trade)

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

A handwritten signature in cursive script that reads "Jerry D. Hefley". The ink is dark and the signature is fluid.

Jerry D. Hefley
Managing Member and President

Enclosures – Investment Timetable and Job Creation Timetable

PMT Properties, LLC
Powder Metal Technicans, Inc. (Parent Company)
Investment Timetable for CF-1 Real Property
01/01/2023

Year	Building	Total	Estimated On SB-1
12/31/2017			
1st Quarter	-	-	
2nd Quarter	-	-	
3rd Quarter - Start Construction	199,888	199,888	320,000
4th Quarter - Construction in Progress	330,281	330,281	795,000
12/31/2018			
1st Quarter - Construction in progress	721,461	721,461	1,380,925
2nd Quarter - Construction in progress	1,177,837	1,177,837	1,380,925
3rd Quarter - Construction completed - 9/1/18	1,503,820	1,503,820	1,380,925
4th Quarter - Relocation Finished	1,503,820	1,503,820	1,380,925
1st Year of Abatement - 2019			
1st Quarter	1,514,455	1,514,455	1,380,925
2nd Quarter	1,514,455	1,514,455	1,380,925
3rd Quarter	1,514,455	1,514,455	1,380,925
4th Quarter	1,514,455	1,514,455	1,380,925
2nd year of Abatement - 2020			
1st Quarter	1,514,455	1,514,455	1,380,925
2nd Quarter	1,514,455	1,514,455	1,380,925
3rd Quarter	1,514,455	1,514,455	1,380,925
4th Quarter	1,514,455	1,514,455	1,380,925
3rd year of Abatement - 2021			
1st Quarter	1,514,455	1,514,455	1,380,925
2nd Quarter	1,514,455	1,514,455	1,380,925
3rd Quarter	1,514,455	1,514,455	1,380,925
4th Quarter	1,514,455	1,514,455	1,380,925
4th to 7th year of Abatement - 2022 - 2025			
1st Quarter	1,514,455	1,514,455	1,380,925
2nd Quarter	1,514,455	1,514,455	1,380,925
3rd Quarter	1,514,455	1,514,455	1,380,925
4th Quarter	1,514,455	1,514,455	1,380,925

PMT Properties, LLC
Powder Metal Technicans, Inc. (Parent Company)

Job Creation/Retention Timetable for CF-1 Real Property
1/1/2023

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	5	9	15
4th Quarter	1/1/2023	3	1	5	9	15
12/31/2023						
1st Quarter		3	1	5	9	15
2nd Quarter		3	1	6	10	15
3rd Quarter		3	1	6	10	15
4th Quarter	1/1/2024	3	1	6	10	15



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R5 / 12-21)

Prescribed by the Department of Local Government Finance

20 23 PAY 20 24

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 6-1.1-12.1-5.3 (k) and (l).

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 16, 2022, 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 6-1.1-12.1-5.3(j))
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	
Location of property	1565 Graham Street (41-08-11-043-005.000-009)		Estimated start date (month, day, year)	09/01/2017
Description of real property improvements	Commercial Building - 14,000 square feet		Actual start date (month, day, year)	11/01/2017
			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	24.92	
Number of employees retained		11	9	
Salaries		21.77	24.92	
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		Date signed (month, day, year)	
	Managing Member		01/25/2023	

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 6-1.1-12.1-5.3 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, including 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, 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 4 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.