



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: April 24, 2015
Re: Case C 2015-15: Indiana Hydraulic Equipment Corp. (Formerly Nishina)

Summary:

1. On October 23rd, 2006, the Franklin Common Council passed Resolution No. 2006-08, approving a 10-year tax abatement on real property and a 10-year tax abatement on personal property for Indiana Hydraulic Equipment Corporation (formerly Nishina Industries) located at 2000 Commerce Parkway (Musicland Drive was renamed to Commerce Parkway in 2010).
2. Actual and estimated benefits, as projected for 2014:

	Estimated on SB-1	Actual in 2014	Difference
New Employees	37	34	-3
Salaries	\$1,320,000	\$1,252,702	-\$67,298
Average Hourly Salaries	\$17.15	\$17.71	\$0.56
Real Property Improvements	\$5,000,000	\$6,215,111	\$1,215,111
Personal Property Improvements	\$7,000,000	\$7,006,319	\$6,319

3. This company has now exceeded their estimate provided on their SB-1 Form for Real and Personal Property.
4. Their original estimate was to hire 7 employees in 2007, an additional 13 employees in 2008, and the remaining 14 in 2009, for a total of 34 employees. They reported 23 employees at the end of 2010. They increased to 25 at the end of 2011. They reported 32 employees at the close of 2013.
5. The company has now met their estimated amount for personal property investment. They increased from \$6,088,158 in 2011, \$6,205,352 in 2012, and \$6,623,542 in 2013.
6. The personal and real property tax abatements for Indiana Hydraulic Equipment Corporation are scheduled to expire in tax year 2017 payable 2018. The final compliance review will take place in 2018.

Staff Recommendation: Approval



INDIANA HYDRAULIC EQUIPMENT, CORP.

February 26, 2015

Krista Linke, AICP
Director of Planning & Economic Development
City of Franklin
70 E. Monroe Street
Franklin, IN 46131

RE: 2014 Tax Abatement Compliance for Indiana Hydraulic Equipment, Corp.

Dear Ms. Linke,

Please find attached Form CF-1/RE and CF-1/PP (Compliance with Statement of Benefits) regarding our compliance with the real and personal property tax abatements granted in 2006 to Indiana Hydraulic Equipment, Corp. (IHC) through Nishina Industrial Co., Ltd. by the Franklin Common Council via Resolution No. 2006-08.

As can be seen from reviewing the enclosed documents, IHC was successful in achieving and maintaining the projected capital investment in the area of "Property," "Buildings and Improvements" and "Machinery & Equipment." IHC made additional "IT Equipment" purchases in 2014 to bring us closer to the amount projected on the SB-1. IHC exceeded the amount of employees by increasing to 37 of the estimated 34 Associates projected.

Please review the attached documents and feel free to contact me at 317-736-2532 if you have any questions or concerns regarding this matter.

Thank you again for your consideration of our report and your continuing support of Indiana Hydraulic Equipment, Corp.

Sincerely,

Dean L. Isley
Asst. Plant Manager
Indiana Hydraulic Equipment, Corp.

Indiana Hydraulic Equipment, Corp. (IHC)
2000 Commerce Parkway
Franklin, IN 46131
2/26/2015

Attachment to Form CF-1 (Compliance with Statement of Benefits)
Comments concerning Expansion Investment Schedule and Payroll Schedule - 2014

As of December 31, 2014, \$428,621 of the estimated \$700,000.00 "IT Equipment" investment has been achieved. IHC purchased over \$50,000 in IT equipment during 2014.

IHC's actual payroll cost in 2014 was \$1,252,702 of the estimated \$1,320,000 on the SB-1; this figure includes IHC employees and temporary workers salary. It does not include medical, dental, vision, 401K and other benefits at IHC's expense which cost approximately \$375,000 in 2014. IHC will review its pay scale for possible adjustments in the upcoming fiscal year which begins in April.

As we continue to address those concerns of which we have control over, we hope to have them resolved as we move into the future. It is IHC's 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.

Indiana Hydraulic Equipment, Corp.
2000 Commerce Parkway
Franklin, IN 46131
2/26/2015

Attachment to Form CF-1 (Compliance with Statement of Benefits)
Construction & Occupancy Status Report - 2014

Construction of the new Indiana Hydraulic Equipment, Corp. (IHC) manufacturing facility was started with a ground breaking ceremony on May 7, 2007. By January 18, 2008 construction was substantially complete.

The inspection of the facility for Certificate of Occupancy was completed January 18, 2008 and the IHC staff began to move in the offices on January 21, 2008.

Receipt and unpacking of the new manufacturing equipment began from February 4, 2008 with the equipment setting and utilities completed by February 29, 2008.

Adjustments were completed by the end of March 2008 and initial trials were started from the first of April 2008. IHC Associates began training on the equipment from April 28, 2008. First production trials were on May 19, 2008 and IHC began shipping product to our customer on June 2, 2008.

**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 Indiana Hydraulic Equipment, Corp.								
Address of taxpayer (number and street, city, state, and ZIP code) 2000 Commerce Parkway Franklin, In 46131								
Name of contact person Dean Isley						Telephone number (317) 736-2532		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of designating body City of Franklin Common Council						Resolution number 2006-08		
Location of property 2000 Commerce Parkway Franklin, In 46131				County Johnson		DLGF taxing district number 12		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Construction of a new manufacturing facility consisting of approximately 6500 square feet of office space and 55,000 square feet of manufacturing and warehouse space.						Estimated starting date (month, day, year)		
						Estimated completion date (month, day, year)		
SECTION 3 EMPLOYEES AND SALARIES								
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL
Current number of employees						37.00		34
Salaries						1,320,000.00		1,252,702.00
Number of employees retained								
Salaries								
Number of additional employees						37.00		34
Salaries						1,320,000.00		1,252,702.00
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								
Plus: Values of proposed project	7,000,000.00						700,000.00	
Less: Values of any property being replaced								
Net values upon completion of project								
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	7,006,319.00						428,621.00	
Less: Values of any property being replaced								
Net values upon completion of project								
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								
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 Asst. Plant Manager		Date signed (month, day, year) 02/26/2015		



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 14 PAY 20 15

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:

1. This form does not apply to property located in a residentially distressed area. (IC 6-1.1-12.1-2 (b))
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 (SB-1 / Real Property).
3. This form must accompany the initial deduction application that is filed with the County Auditor.
4. 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)
5. 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))
6. 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

Indiana Hydraulic Equipment, Corp.

Address of taxpayer (number and street, city, state, and ZIP code)

2000 Commerce Parkway Franklin, In 46131

Name of contact person

Dean Isley

Telephone number

(317) 736-2532

SECTION 2

LOCATION AND DESCRIPTION OF PROPERTY

Name of designating body

City of Franklin Common Council

Resolution number

2006-08

Location of property

2000 Commerce Parkway Franklin, In 46131

County

Johnson

DLGF taxing district number

12

Description of real property improvements:

Construction of a new manufacturing facility consisting of approximately 6500 square feet of office space and 55,000 square feet of manufacturing and warehouse space.

Estimated starting date (month, day, year)

Estimated completion date (month, day, year)

SECTION 3

EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		37	34
Salaries		1,320,000.00	1,252,702.00
Number of employees retained			
Salaries			
Number of additional employees		37	34
Salaries		1,320,000.00	1,252,702.00

SECTION 4

COST AND VALUES

COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		190,000.00	
Plus: Values of proposed project		5,000,000.00	
Less: Values of any property being replaced			
Net values upon completion of project			
ACTUAL		COST	ASSESSED VALUE
Values before project		190,000.00	
Plus: Values of proposed project		6,215,111.00	
Less: Values of any property being replaced			
Net values upon completion of project			

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)

Asst. Plant Manager

02/26/2015

Indiana Hydraulic Equipment, Corp.
 2000 Commerce Parkway
 Franklin, In. 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)
 Expansion Investment Schedule by Quarter - 2014

	Actual Amount of Investment as of 12/31/2013	Proposed Amount of Total Investment by 11/30/2007 (From SB-1)	Actual Amount of Investment Added During Year (by Quarter)				Actual Total Amount of Investment as of 12/31/2014	Difference Between Actual and Proposed Amount of Investment
			3/31/2014	6/30/2014	9/30/2014	12/30/2014		
Property	\$ 782,450	\$ 190,000	\$ -	\$ -	\$ -	\$ -	\$ 782,450	\$ 592,450
Buildings and Improvements	\$ 5,432,661	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ 5,432,661	\$ 432,661
Totals (A)	\$ 6,204,113	\$ 5,190,000	\$ -	\$ -	\$ -	\$ -	\$ 6,215,111	\$ 1,025,111
	Actual Amount of Investment as of 12/31/2013	Proposed Amount of Total Investment by 11/30/2007 (From SB-1)	Actual Amount of Investment Added During Year (by Quarter)				Actual Total Amount of Investment as of 12/31/2014	Difference Between Actual and Proposed Amount of Investment
			3/31/2014	6/30/2014	9/30/2014	12/30/2014		
Machinery and Equipment	\$ 6,841,460	\$ 7,000,000	\$ 66,365	\$ 58,822	\$ 39,672		\$ 7,006,319	\$ 6,319
IT Equipment	\$ 376,748	\$ 700,000	\$ -	\$ 5,385	\$ 10,049	\$ 36,440	\$ 428,621	\$ (271,379)
Totals (B)	\$ 7,000,291	\$ 7,700,000	\$ 66,365	\$ 64,207	\$ 49,720	\$ 36,440	\$ 7,434,940	\$ (265,060)

Indiana Hydraulic Equipment, Corp.
 2000 Commerce Parkway
 Franklin, In. 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)
 Job Creation Schedule by Quarter - 2014

Actual Number of Employees on 12/31/2013	Proposed Total Number of Employees by 12/31/08 (From SB-1)	Actual Number of Employees Added During the Year by Quarter				Actual Total Number of Employees as of 12/31/2014	Difference Between Actual and Proposed Number of Employees
		3/31/2014	6/30/2014	9/30/2014	12/31/2014		
32	34	2	1	2	0	37	3