

CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission

From: Krista Linke, Director of Community Development

Date: April 24, 2015

Re: Case C 2015-37: Precision Cutoff of Indiana, LLC

Summary:

1. On April 28th, 2008, the Franklin Common Council passed Resolution No. 2008-09, approving a 10-year tax abatement on personal property for Precision Cutoff of Indiana, LLC located at 1001 Hurricane Street.
2. Actual and estimated benefits, as projected for 2011, 2012, 2013, and 2014:

	Estimated on SB-1	Actual in 2011	Difference
New Employees	47	40	-7
Salaries	\$1,260,126	\$1,341,853	\$81,727
Average Hourly Wage	\$12.89	\$16.13	\$3.24
Personal Property Improvements	\$2,000,000	\$1,662,300	-\$337,700

	Estimated on SB-1	Actual in 2012	Difference
New Employees	47	37	-10
Salaries	\$1,260,126	\$1,312,771	\$52,645
Average Hourly Wage	\$12.89	\$17.06	\$4.17
Personal Property Improvements	\$2,000,000	\$1,704,941	-\$295,059

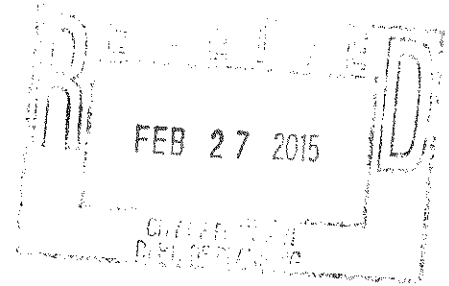
	Estimated on SB-1	Actual in 2013	Difference
New Employees	47	41	-6
Salaries	\$1,260,126	\$2,030,400	\$770,274
Average Hourly Wage	\$12.89	\$23.81	\$10.92
Personal Property Improvements	\$2,000,000	\$1,704,941	-\$295,059

	Estimated on SB-1	Actual in 2014	Difference
New Employees	47	48	1
Salaries	\$1,260,126	\$2,244,450	\$984,324
Average Hourly Wage	\$12.89	\$22.48	\$9.59
Personal Property Improvements	\$2,000,000	\$1,704,941	-\$295,059

3. The company estimated to hire 25 employees in 2008 and an additional 22 employees in 2009 for a total of 47 employees. At the end of 2010 they had 36 employees. They have now exceeded their total number of new employees and their average hourly wage continues to be higher than what was estimated on their SB-1 Form.
4. The company estimated spending \$1,680,000 in 2008 and an additional \$320,000 in 2009 for a total of \$2,000,000 of personal property. They reported spending \$1,434,000 on personal property at the end of 2010. They spent an additional \$206,590 in 2011 and an additional \$42,641 in 2012. They have no plans for further investment at this time.
5. For further explanation regarding employees and personal property investment see the attached letter from Daniel Brown, dated February 19th, 2014. The letter also explains that the operation was turned over and leased to AK Tube in 2012. AK Tube was their sole customer at their Franklin facility.
6. The personal property tax abatement for Precision Cutoff of Indiana, LLC is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.

Staff Recommendation: Approval

Precision Cutoff of Indiana, LLC
P.O. Box 1040
7400 Airport Hwy.
Holland, Ohio 43528



February 23, 2015

Mrs. Krista Linke, Director
Dept. of Planning & Economic Development
70 E. Monroe Street
Franklin, Indiana 46131

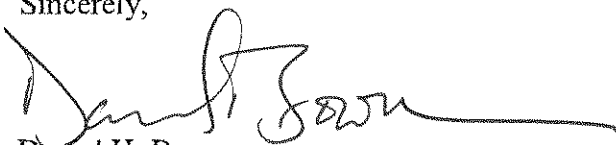
Re: Tax Abatement Compliance for Precision Cutoff of Indiana, LLC

Dear Mrs. Linke:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatement that was granted to Precision Cutoff of Indiana, LLC in 2008 under Franklin Common Council Resolution No. 08-09.

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

Sincerely,



Daniel H. Brown

Enclosures

Deficiency Statement

Precision Cutoff of Indiana, LLC
P.O. Box 1040
7400 Airport Hwy.
Holland, Ohio 43528

*Attachment to Form CF-1 (Compliance with Statement of Benefits)
Comments Concerning Expansion Investment Schedule and Job Creation or Retention
Schedule*

Precision Cutoff of Indiana, LLC has invested \$1.705 million worth of machinery and equipment at the Franklin, Indiana facility. The current operator of the facility, AK Tube, has made additional investments since taking over the operation in 2012.

Additionally, AK Tube, the operator of the facility, employs 48 people at the Franklin facility. We had originally projected 47 employees at the facility.

**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 Precision Cutoff of Indiana, LLC			
Address of taxpayer (number and street, city, state, and ZIP code) P.O. Box 1040, 7400 Airport Hwy., Holland, OH 43528			
Name of contact person Daniel H. Brown		Telephone number (419) 866-8000	
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body City of Franklin Common Council		Resolution number 08-09	
Location of property 1001 Hurricane St., Franklin, IN		County Johnson	
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Tube cutoff and end finishing equipment. Tube fabrication equipment for the tube processing		Estimated starting date (month, day, year) 05/01/2008	
		Estimated completion date (month, day, year)	
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		47	48
Salaries		1,260,126	2,244,450.00
Number of employees retained			
Salaries			
Number of additional employees			
Salaries			
SECTION 4		COST AND VALUES	
	MANUFACTURING EQUIPMENT	R & D EQUIPMENT	LOGIST DIST EQUIPMENT
	COST	ASSESSED VALUE	COST
AS ESTIMATED ON SB-1		ASSESSED VALUE	
Values before project	2,000,000.00		
Plus: Values of proposed project			
Less: Values of any property being replaced			
Net values upon completion of project	2,000,000.00		
ACTUAL	COST	ASSESSED VALUE	COST
Values before project	1,704,941.34		
Plus: Values of proposed project			
Less: Values of any property being replaced	3,128.00		
Net values upon completion of project	1,701,812.34		
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		none	none
Amount of hazardous waste converted		none	none
Other benefits:			
SECTION 6		TAXPAYER CERTIFICATION	
I hereby certify that the representations in this statement are true.			
Signature of authorized representative Daniel H. Brown		Title CEO	Date signed (month, day, year) 2/23-2015