



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission

From: Rhoni Oliver, Community Development Specialist

Date: March 8, 2017

Re: Case C 2017-02: Amcor Rigid Plastics, USA

Summary:

1. On July 24th, 2006, the Franklin Common Council passed Resolution No. 2006-06, approving a 10-year tax abatement on real property and a 10-year abatement on personal property for Amcor PET Packaging located at 3201 Bearing Drive.
2. Actual and estimated benefits, as projected for 2016:

	Estimated on SB-1	Actual in 2016	Difference
Employees Retained	176	165	(11)
Salaries	\$12,100,000	\$11,964,428	-\$135,572
New Employees	14	0	(14)
Salaries	\$689,000	\$0	-\$689,000
Total Employees	190	165	(25)
Total Salaries	\$12,789,000	\$11,964,428	-\$824,572
Average Hourly Salaries	\$32.36	\$34.86	\$2.50
Personal Property Improvements	\$20,177,500	\$21,739,520	\$1,562,020
Real Property Improvements	\$2,700,000	\$2,652,437	-\$47,563

3. The company has nearly met their estimate provided on their SB-1 Form for real property.
4. The company has exceeded their estimate provided on their SB-1 Form for personal property investment.
5. The company has not met their number of employees retained as estimated on their SB-1 Form. In 2013 they had 174 employees and that number is lower for 2014 (156 employees). In 2015 there were 161 employees. The number of employees in 2016 increased to 165. They continue to exceed the average hourly salary estimated for the employees they have retained. Further explanation of the reduction in workforce and lack of new employees is explained in the attached letter and Deficiency Statement dated February 21st from Plant Controller, Sandra Pyle.
6. The tax abatement is scheduled to expire in tax year 2017 payable 2018. The final compliance review will take place in 2018.

Staff Recommendation: Approval



Amcor Rigid Plastics, USA
3201 Bearing Drive
Franklin, IN 46131

Phone: (317) 736-4313
Extension: 1166
Fax: (317) 736-4067

February 21, 2017

City of Franklin
Attn: Krista Linke
71 East Court Street
Franklin, IN 46131

RE: 2016 Tax Abatement Compliance Packet for Amcor Rigid Plastics

Dear Ms. Linke

Enclosed, please find form CF-1/PP (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatement granted to Amcor PET Packaging in 2006 under Franklin Common Council Resolution number 06-06.

As you can see by reviewing the enclosed documents, our company has been successful in making substantially all of the capital investment projected for this project. During 2016 our headcount fluctuated month to month based on sales volumes. As of December 31, 2016, we employed 165 individuals on a full-time basis. Even though our headcount falls short of the 190 employees projected at the time the abatement was granted, the average hourly rate of pay is \$1.92 higher than projected. We are currently preparing our budget for Amcor's fiscal year July 2017 – June 2018. Our business outlook continues to improve as we gain new business and we expect to reach our proposed headcount again, as Amcor Franklin's production volumes are forecasted to increase. During calendar 2016, we installed a second new state of the art Blow Molding Machine, through a partnership with Sidel Corporation. Both new machines paired with proposed added downstream in 2018 will require us to hire additional operators. We ask that you consider our strong potential for achieving the projected headcount, the overall contribution that Amcor makes to the Franklin community and to Johnson County as you consider our request to exclude the headcount requirement.

Please review all of the enclosed documents and if you have any questions or concerns regarding this matter, please feel free to contact me at (317) 736-4313 ext. 1166.

Sincerely,

Sandra Pyle
Plant Controller Amcor Rigid Plastics, USA



Amcor Rigid Plastics, USA
3201 Bearing Drive
Franklin, IN 46131

Phone: (317) 736-4313
Extension: 1166
Fax: (317) 736-4067

February 21, 2017

DEFICIENCY STATEMENT

While it has always been the intention of Amcor Rigid Plastics to maintain the projected headcount of 190 employees, the downturn of economy in the fall of 2008 required us to make a reduction in workforce at that time and to-date we have been unable to return to that level of employment. At this time, Amcor Rigid Plastics employs 165 full-time people. We previously achieved beyond the required headcount of 190 for our abatement and strategize to do so again. Because we are addressing these concerns, it is our desire and request that the City of Franklin will look favourably upon our activities and grant us an extension of time to be in full compliance with our tax abatement commitments.



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 Amarco PET Packaging									
Address of taxpayer (number and street, city, state, and ZIP code) 3201 Bearing Drive Franklin, IN 46131									
Name of contact person Sandra Pyle, Plant Controller							Telephone number (317) 735-4313		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY									
Name of designating body City of Franklin Common Council							Resolution number 06-06		
Location of property 3201 Bearing Drive Franklin, IN 46131					County Johnson		DLGF taxing district number 31		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.							Estimated starting date (month, day, year) 07/01/2006		
							Estimated completion date (month, day, year) 07/01/2007		
SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						178.00		165	
Salaries						12,100,000.00		11,964,427.73	
Number of employees retained						178.00		165	
Salaries						12,100,000.00		11,964,427.73	
Number of additional employees						14.00		0	
Salaries						889,000.00		0.00	
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		112,222,379.00	15,657,460.00						
Plus: Values of proposed project		20,177,500.00	2,421,300.00						
Less: Values of any property being replaced		0.00	0.00						
Net values upon completion of project		132,399,879.00	18,078,760.00						
ACTUAL		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project		112,222,379.00	15,657,460.00						
Plus: Values of proposed project		21,739,620.00	2,807,542.00						
Less: Values of any property being replaced									
Net values upon completion of project		133,961,999.00	18,265,000.00						
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						0		0	
Amount of hazardous waste converted						0		0	
Other benefits:									
SECTION 6 TAXPAYER CERTIFICATION									
I hereby certify that the representations in this statement are true.									
Signature of authorized representative 				Title Controller		Date signed (month, day, year) 2/22/2017			

**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 6-1.1-12-5.9)

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 Township 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.
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 Township Assessor.

We have reviewed the CF-1 and find that:			
<input type="checkbox"/> the property owner IS in substantial compliance <input type="checkbox"/> the property owner IS NOT in substantial compliance <input type="checkbox"/> 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 <input type="checkbox"/> AM <input type="checkbox"/> PM	Date of hearing (month, day, year)	Location of hearing	
HEARING RESULTS (to be completed after the hearing)			
<input type="checkbox"/> Approved <input type="checkbox"/> 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.			



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51786 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 16 PAY 20 17

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 Amcor PET Packaging			
Address of taxpayer (number and street, city, state, and ZIP code) 3201 Bearing Drive Franklin, IN 46131			
Name of contact person Sandra Pyle		Telephone number (317) 736-4313	
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body Franklin City Council		Resolution number 06-06	
Location of property 3201 Bearing Drive Franklin, IN 46131		County Johnson	DLGF taxing district number 31
Description of real property improvements:		Estimated starting date (month, day, year) 07/01/2006	
		Estimated completion date (month, day, year) 02/01/2007	
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		176	165
Salaries		12,100,000.00	11,964,427.73
Number of employees retained		176	165
Salaries		12,100,000.00	11,964,427.73
Number of additional employees		14	0
Salaries		689,000.00	0.00
SECTION 4		COST AND VALUES	
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		18,083,430.00	7,606,020.00
Plus: Values of proposed project		2,700,000.00	900,000.00
Less: Values of any property being replaced		0.00	0.00
Net values upon completion of project		20,783,430.00	8,506,020.00
ACTUAL		COST	ASSESSED VALUE
Values before project		18,083,430.00	7,606,020.00
Plus: Values of proposed project		2,652,437.00	461,280.00
Less: Values of any property being replaced		0.00	0.00
Net values upon completion of project		20,735,867.00	8,067,300.00
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			
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 Controller	Date signed (month, day, year) 2/22/2017

**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 6-1.1-12-5.1)

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. A copy of the notice will be sent to 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.
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 and (2) the County Auditor.

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 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.

Construction and Occupancy Report

Amcor Rigid Plastics
3201 Bearing Drive
Franklin, IN 46131

Resolution 06-06

An 80,000 square foot warehouse has been completed and is currently being occupied.

Personal Property Listing

Amcor PET Packaging
3201 Bearing Drive
Franklin, IN 46131

Resolution 06-06

Project #46PEA01189, #46PEA01184, #46PEA01192

Original Proposed Franklin Project

SB-1

<u>Item Description</u>	<u>Qty</u>	<u>Acquisition \$\$</u>	<u>Actual @12/31/2010</u>
Husky 600 T Index	2	\$ 2,614,000	\$ 2,545,520
Resin Handling Systems	1	\$ 1,966,000	\$ 311,533
Support & Downstream Equipment	1	\$ 7,729,500	\$ 8,681,007
SBO 30 Blow Molding Machine	1	\$ 4,307,000	\$ 4,242,696
Total Machinery & Equipment		\$ 16,616,500	\$ 17,779,569
			\$ 17,560,325

<u>Item Description</u>	<u>Qty</u>	<u>Acquisition \$\$</u>	<u>Actual @12/31/2010</u>
Injection Mold 128 cav	1	\$ 3,270,000	\$ 2,657,899
Blow Molds	31	\$ 291,000	\$ 292,275
Total New Equipment/Tooling		\$ 3,561,000	\$ 1,229,021
			\$ 4,179,195

Total M&E (Personal Property)		\$ 20,177,500	\$ 21,739,520
Total Project		\$ 20,177,500	\$ 21,739,520
Total Building (Real Property)		\$ 2,700,000	\$ 2,652,437

Investment Schedule

Ancor Rigid Plastics
3201 Bearing Drive
Franklin, IN 46131

Resolution 06-06
Attachment to Form CF-1 (Compliance with Statement of Benefits)
Expansion Investment Schedule by Quarter
Project #46PEA01189 #46PEA01184, #46PEA01192

	Actual Amount of Investment as of 12/31/2007 (From SB-1)	Proposed Amount of Total Investment by 02/01/2007 (From SB-1)	Added During Year (by Quarter)											
			9/30/2006	12/31/2006	3/31/2007	6/30/2007	9/30/2007	12/31/2007	3/31/2008	6/30/2008	9/30/2008	12/31/2008		
Buildings & Improvements	\$ 2,652,437	\$ 2,700,000	\$ 213,732	\$ 1,190,853	\$ 1,131,699	\$ 108,248	\$ 7,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery & Equipment	\$ 21,739,520	\$ 20,177,500	\$ 5,860,588	\$ 1,669,718	\$ 2,968,850	\$ 4,935,752	\$ 2,004,306	\$ 3,743,928	\$ 318,635	\$ 127,608	\$ 77,095	\$ 33,041	\$ 33,041	\$ 33,041
Totals	\$ 24,391,957	\$ 22,877,500	\$ 6,074,320	\$ 2,860,571	\$ 4,100,549	\$ 5,044,000	\$ 2,012,211	\$ 3,743,928	\$ 318,635	\$ 127,608	\$ 77,095	\$ 33,041	\$ 33,041	\$ 33,041

	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	Actual Total Amount of Investment as of 12/31/10	Difference Between Actual and Proposed Amount of Investment
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,652,437	\$ (47,563)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,739,520	\$ 1,562,020
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,391,957	\$ 1,514,457

Job Creation or Retention Schedule

Ancor Rigid Plastics
3201 Bearing Drive
Franklin, IN 46131

Resolution 06-06 Attachment to Form CF-1 (Compliance with Statement of Benefits) Job Creation or Retention Schedule by Quarter

Actual Amount of Employees as of 12/31/2016 (From SB-1)	Proposed Total Number of Employees by 12/31/05 (From SB-1)	2006							Actual Total Number of Employees as of 12/31/06	Difference Between Actual and Proposed Number of Employees
		3/31/2006	6/30/2006	9/30/2006	12/31/2006	12/31/2006	12/31/2006	12/31/2006		
165	190	-	2	10	-	-	-	177	(13)	
2007										
Actual Number of Employees Added During Year (by Quarter)		3/31/2007	6/30/2007	9/30/2007	12/31/2007	12/31/2007	12/31/2007	Actual Total Number of Employees as of 12/31/07	Difference Between Actual and Proposed Number of Employees	(1)
		-	-	12	-	-	-	189		
2008										
Actual Number of Employees Added During Year (by Quarter)		3/31/2008	6/30/2008	9/30/2008	12/31/2008	12/31/2008	12/31/2008	Actual Total Number of Employees as of 12/31/08	Difference Between Actual and Proposed Number of Employees	(35)
		-	-	(34)	-	-	-	155		
2009										
Actual Number of Employees Added During Year (by Quarter)		3/31/2009	6/30/2009	9/30/2009	12/31/2009	12/31/2009	12/31/2009	Actual Total Number of Employees as of 12/31/09	Difference Between Actual and Proposed Number of Employees	(46)
		-	-	(9)	(2)	(2)	(2)	144		
2010										
Actual Number of Employees Added During Year (by Quarter)		3/31/2010	6/30/2010	9/30/2010	12/31/2010	12/31/2010	12/31/2010	Actual Total Number of Employees as of 12/31/10	Difference Between Actual and Proposed Number of Employees	(53)
		(2)	7	(7)	(5)	(5)	(5)	137		

2011					
Actual Number of Employees Added During Year (by Quarter)					
3/31/2011	6/30/2011	9/30/2011	12/31/2011	Actual Total Number of Employees as of 12/31/11	Difference Between Actual and Proposed Number of Employees
20	(1)	(20)	(8)	139	(51)

2012					
Actual Number of Employees Added During Year (by Quarter)					
3/31/2012	6/30/2012	9/30/2012	12/31/2012	Actual Total Number of Employees as of 12/31/12	Difference Between Actual and Proposed Number of Employees
24	12	-	(8)	167	(23)

2013					
Actual Number of Employees Added During Year (by Quarter)					
3/31/2013	6/30/2013	9/30/2013	12/31/2013	Actual Total Number of Employees as of 12/31/13	Difference Between Actual and Proposed Number of Employees
15	6	(24)	2	164	(26)

2014					
Actual Number of Employees Added During Year (by Quarter)					
3/31/2014	6/30/2014	9/30/2014	12/31/2014	Actual Total Number of Employees as of 12/31/14	Difference Between Actual and Proposed Number of Employees
23	(9)	(9)	(1)	168	(22)

2015					
Actual Number of Employees Added During Year (by Quarter)					
3/31/2015	6/30/2015	9/30/2015	12/31/2015	Actual Total Number of Employees as of 12/31/15	Difference Between Actual and Proposed Number of Employees
4	(6)	(3)	1	161	(29)

2016					
Actual Number of Employees Added During Year (by Quarter)					
3/31/2016	6/30/2016	9/30/2016	12/31/2016	Actual Total Number of Employees as of 12/31/16	Difference Between Actual and Proposed Number of Employees
(2)	4	(3)	5	165	(25)