



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission

From: Rhoni Oliver, Community Development Specialist

Date: March 7, 2018

Re: Case C 2018-14: Electro-Spec, Inc.

Summary:

1. On February 25th, 2008, the Franklin Common Council passed Resolution No. 2008-04 (amended by Resolution No. 2010-13), approving a 10-year tax abatement on real property and a 7-year personal property tax abatement for Electro-Spec located at 3070 RJ Parkway.
2. Actual and estimated benefits, as projected for 2017:

	Estimated on SB-1	Actual in 2017	Difference
Employees Retained	43	43	0
Salaries	\$1,649,129	\$1,649,129	\$0
New Employees	7	36	29
Salaries	\$189,280	\$2,096,966	\$1,907,686
Total Employees	50	79	29
Total Salaries	\$1,838,409	\$3,746,095	\$1,907,686
Average Hourly Salaries	\$17.68	\$22.80	\$5.12
Personal Property Improvements	\$2,200,000	\$2,472,691	\$272,691
Real Property Improvements	\$319,000	\$417,261	\$98,261

3. The company has exceeded their estimate provided on their SB-1 Form for real property improvements.
4. Because it took them longer to purchase the equipment than anticipated, Resolution 2008-04 was amended with Resolution 2010-13 to allow them to purchase the equipment by the end of 2010, and increase the investment amount from \$1,800,000 to \$2,200,000. Electro-Spec has exceeded personal property estimates by \$272,691. The 7-year personal property tax abatement will begin in the year the machinery is purchased.
5. The total number of employees increased from 75 at the end of 2012, to 84 at the end of 2013. The total number of employees at the end of 2014 was 80. The total number of employees increased in 2015 to 84, as shown in the table above. In 2016 the total number of employees was 80, which well exceeds the SB-1 estimate. In 2017 the total number of employees was 79 and the hourly salary was \$22.80, both of which exceed the SB-1 estimates.
6. The real property tax abatement is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.
7. The personal property tax abatement is now scheduled to expire in 2018 pay 2019 due to Resolution 2010-13. The final compliance will take place in 2019.

Staff Recommendation: Approval



February 19, 2018

Mrs. Krista Linke, Director
Dept. Of Planning & Economic Development
70 East Monroe Street
Franklin, IN 46131

RE: Tax Abatement Compliance for Electro-Spec, Inc.

Dear Ms. Linke:

Enclosed please find the CF-1 forms (Compliance with Statement of Benefits) regarding compliance with real and personal property tax abatements which were granted to Electro-Spec, Inc. under Franklin Common Council Resolution No. 08-04 / 10-13.

As you can see from reviewing the enclosed documents, our company has been successful in (1) exceeding substantially all of the capital investments which had been projected for the project, and (2) exceeding the number of jobs which had been proposed in the Statement of Benefits (Form SB-1).

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,

Jeffrey D. Smith
President / CEO
(317) 738-9199 ext. 924
jsmith@electro-spec.com

1800 Commerce Parkway
Franklin, IN 46131
(317) 738-9199 phone
(317) 738-9491 fax

**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 Electro-Spec, Inc.								
Address of taxpayer (number and street, city, state, and ZIP code) 1800 Commerce Parkway Franklin, IN 46131								
Name of contact person Jeffrey D Smith						Telephone number (317) 738-9199		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of designating body Franklin City Council						Resolution number 08-04/10-13		
Location of property 1800 Commerce Parkway Franklin, IN 46131				County Johnson		DLGF taxing district number 41-009		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Plating Lines and Associated Equipment						Estimated starting date (month, day, year) 03/01/2008		
						Estimated completion date (month, day, year) 12/31/2010		
SECTION 3 EMPLOYEES AND SALARIES								
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL
Current number of employees						43.00		79
Salaries						1,649,129.00		3,746,095.03
Number of employees retained						43.00		43
Salaries						1,649,129.00		1,649,129.00
Number of additional employees						7.00		36
Salaries						189,280.00		2,096,966.03
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	2,200,000.00							
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	4,072,444.00							
Plus: Values of proposed project	2,472,691.00							
Less: Values of any property being replaced								
Net values upon completion of project	6,545,135.00							
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								
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 PRESIDENT		Date signed (month, day, year) 02/19/18		

**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:

- ☐ 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.

**COMPLIANCE WITH STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 17 PAY 20 18

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 Electro-Spec, Inc.			
Address of taxpayer (number and street, city, state, and ZIP code) 1800 Commerce Parkway Franklin, IN 46131			
Name of contact person Jeffrey D Smith		Telephone number (317) 738-9199	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body Franklin City Council		Resolution number 08-04/10-13	
Location of property 3070 RJ Parkway Franklin, IN 46131	County Johnson	DLGF taxing district number 41-009	
Description of real property improvements: 6900 Sq Ft Building Expansion		Estimated starting date (month, day, year) 03/01/2008	
		Estimated completion date (month, day, year) 09/01/2008	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		43	79
Salaries		1,649,129.00	3,746,095.03
Number of employees retained		43	43
Salaries		1,649,129.00	1,649,129.00
Number of additional employees		7	36
Salaries		189,280.00	2,096,966.03
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	
Values before project		685,900.00	
Plus: Values of proposed project	319,000.00	300,000.00	
Less: Values of any property being replaced			
Net values upon completion of project	319,000.00	985,900.00	
ACTUAL	COST	ASSESSED VALUE	
Values before project		692,800.00	
Plus: Values of proposed project	417,261.00	319,600.00	
Less: Values of any property being replaced			
Net values upon completion of project	417,261.00	1,012,400.00	
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 PRESIDENT	Date signed (month, day, year) 02/19/18

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INSTRUCTIONS: (IC 6-1.1-12-5.1)

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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

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HEARING RESULTS (to be completed after the hearing)

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☐ Denied (see instruction 5 above)

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Electro-Spec, Inc.
1800 Commerce Parkway
Franklin, IN 46131

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

	Actual Amount of Investment As of 03/01/2008 (Form SB-1)	Proposed Amount of Total Investment by 12/31/10 (Form SB-1)	Actual Amount of Investment Added During the Year (By Quarter)	Actual Total Investment as of 12/31/17	Difference Between Actual and Proposed Investment
Machinery & Equipment	\$ 4,072,444	\$2,200,000*	\$ -	\$2,472,691**	\$ 272,691
Totals:		\$ 2,200,000			

* As amended by Resolution Number 2010-13.

** Sum of Prior Years' Investment 2009 (\$1,169,455) 2010 Investment (\$950,487), 2011 Investment (\$271,288) and 2012 Investment (\$81,461).

Electro-Spec, Inc.
1800 Commerce Parkway
Franklin, IN 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)
Employees by Quarter

Number of Employees As 03/01/2008 (Form SB-1)	Proposed Total Number of Employees by 12/31/2010 (Form SB-1)	Actual Number of Employees (By Quarter)				Actual Total Number of Employees as of 12/31/17	Difference Between Actual and Proposed Number of Employees
43	50	3/31/2017	6/30/2017	9/30/2017	12/31/2017	79	29
		81	73	75	79		