



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Rhoni Oliver, Community Development Specialist
Date: April 25, 2019
Re: Cases C 2019-41: Powder Metal Technicians (17-08)

Summary:

- 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 1725 N. Graham Road.
- Actual and estimated benefits, as projected for 2018:

	Estimated on SB-1	Actual in 2018	Difference
Employees Retained	11	11	0
Salaries	\$498,098	\$512,512	\$14,414
New Employees	4	0	-4
Salaries	\$183,040	\$0	-\$183,040
Total Employees	15	11	-4
Total Salaries	\$681,138	\$512,512	-\$168,626
Average Hourly Salaries	\$21.83	\$22.40	\$0.57
Real Property Improvements	\$1,370,425	\$1,493,320	\$122,895

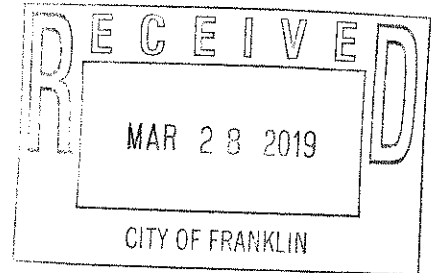
- Powder Metal Technicians indicated they would phase in four employees over four years. Per the letter dated March 29, 2019, due to delays in construction and the move from Indianapolis to Franklin, no employees were added in 2018. One employee has since been added in 2019, and the company plans to hire another by year end, which will get them to the number of employees they estimated by 2019. The hourly salaries are slightly higher than estimated.
- The real property investment exceeds the SB-1 estimate.
- 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**

March 29, 2019

Krista Linke, Director
Franklin Economic Development Department
70 E. Monroe Street
Franklin, IN 476131



Re: 2019 Tax Abatement Compliance Packet for PMT Properties, LLC
Franklin Common Council Resolution 17-08

Dear Ms. Linke and Commission Members:

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 can be seen from reviewing our enclosed documents, our company was successful in making and exceeding the capital investment which was projected for the past year.

However, the construction of our new facility had numerous setbacks throughout the project and our relocation from Indianapolis to the new building was delayed by approximately six months and created production and scheduling issues with existing and new work. Due to these untimely circumstances our plans to have hired a new employee in 2018 had to be delayed.

It's still our intentions to hire the additional employees which were originally projected for 2018 and 2019. The company has already hired a skilled trade employee to operate our CNC machine in 2019. 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, reading 'Jerry D. Hefley'.

Jerry D. Hefley
Managing Member and President



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 19 PAY 20 20

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 PMT Properties, LLC			
Address of taxpayer (number and street, city, state, and ZIP code) 1565 Graham Street			
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 17-08	
Location of property 1565 Graham Street		County Johnson	
Description of real property improvements: 14,000 square feet steel building on 5 acres of land		Estimated starting date (month, day, year) 10/17/2017	
		Estimated completion date (month, day, year) 09/01/2018	
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		11	11
Salaries		21.77	22.40
Number of employees retained		11	11
Salaries		21.77	22.40
Number of additional employees		4	0
Salaries		22.00	0.00
SECTION 4		COST AND VALUES	
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		10,500.00	
Plus: Values of proposed project		1,370,425.00	
Less: Values of any property being replaced		0.00	
Net values upon completion of project		1,380,925.00	
ACTUAL		COST	ASSESSED VALUE
Values before project		10,500.00	
Plus: Values of proposed project		1,493,320.31	
Less: Values of any property being replaced		0.00	
Net values upon completion of project		1,503,820.31	
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:		0	0
SECTION 6		TAXPAYER CERTIFICATION	
I hereby certify that the representations in this statement are true.			
Signature of authorized representative <i>George D. Hefley</i>		Title Managing Member	Date signed (month, day, year) 3-27-2019

**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.

PMT Properties, LLC
Powder Metal Technicans, Inc. (Parent Company)
Job Creation/Retention Timetable for CF-1 Real Property
1/1/2019

Year	Year of Abatement	Managerial & Professional	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		3	1	8	12	12
2nd Quarter		3	1	8	12	12
3rd Quarter		3	1	9	13	13
4th Quarter	1/1/2020	3	1	9	13	13
12/31/2020						
1st Quarter		4	1	9	14	14
2nd Quarter		4	1	9	14	14
3rd Quarter		4	1	9	14	14
4th Quarter	1/1/2021	4	1	9	14	14
12/31/2021						
1st Quarter		4	1	9	14	14
2nd Quarter		4	1	10	15	15
3rd Quarter		4	1	10	15	15
4th Quarter	1/1/2022	4	1	10	15	15

PMT Properties, LLC
Powder Metal Technicans, Inc. (Parent Company)
Investment Timetable for CF-1 Real Property
01/01/2019

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	1,503,820	1,503,820	1,380,925
2nd Quarter	1,503,820	1,503,820	1,380,925
3rd Quarter	1,503,820	1,503,820	1,380,925
4th Quarter	1,503,820	1,503,820	1,380,925
2nd to 7th year of Abatement - 2020 - 2025			
1st Quarter	1,503,820	1,503,820	1,380,925
2nd Quarter	1,503,820	1,503,820	1,380,925
3rd Quarter	1,503,820	1,503,820	1,380,925
4th Quarter	1,503,820	1,503,820	1,380,925