



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Rhoni Oliver, Community Development Specialist
Date: April 5, 2019
Re: Case C 2019-53: Urban Air Indiana LLC and Frankind LLC (16-16)

Summary:

1. On November 7, 2016, the Franklin Common Council passed Resolution No. 20116-16, approving a 3-year vacant building tax abatement for property owned by Frankind LLC and located at 1172 N. Main Street occupied by Urban Air Indiana LLC.
2. Actual and estimated benefits, as projected for 2018:

	Estimated on SB-1	Actual in 2018	Difference
New Employees	2	2	0
Salaries	\$110,000	\$90,376	-\$19,624
Average Hourly Wage	\$26.44	\$21.73	-\$4.72
Personal Property Improvements	\$706,000	\$665,337	-\$40,663

3. Urban Air Indiana indicated they would add two employees in 2018. They have added two full time employees at \$4.72 below SB-1 estimated hourly salary. In 2018 they employed 94 part-time employees with a gross part-time payroll of \$363,315. They have a personal property investment of \$943,252 at this location.
4. The real property investment is \$40,663 below the SB-1 estimate.
5. The vacant building deduction will expire in 2020 pay 2021 with final compliance in 2021.

Staff Recommendation: Approval

April 3, 2019

City of Franklin
Attn: Krista Linke
70 East Monroe Street
Franklin, IN 46131

Re: 2019 Tax Abatement Compliance Packet for Urban Air Indiana LLC

Dear Ms. Linke,

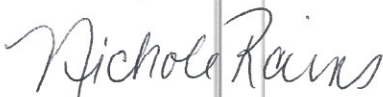
Enclosed, please find Form CF-1 VBD (Compliance with Statement of Benefits) with attachments regarding compliance with the vacant building deduction which was granted to Urban Air in 2016 under Franklin Common Council Resolution 2016-16.

As can be seen from reviewing the enclosed documents, our company has been successful in:

1. Making \$665,337.33 of capital investment to convert an old Marsh building that had sat vacant for 2+ years into an operational Urban Air Trampoline Park. Additionally, we invested \$12,998.97 in equipment in 2018 (bringing the cumulative personal property investment in the project to \$943,251.58).
2. Creating the two jobs which were proposed in the Statement of Benefits (Form SB-1) which was approved on November 7, 2016. Additionally, as of 12/31/18, we had 94 part-time employees. Our part-time gross payroll in 2018 was \$363,315.31.
3. Rehabbing the old Marsh space and bringing it back into productive use.

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 (765) 346-2629.

Sincerely,



Nichole Rains
Urban Air Indiana LLC



COMPLIANCE WITH STATEMENT OF BENEFITS VACANT BUILDING DEDUCTION

State Form 55183 (2-13)

Prescribed by the Department of Local Government Finance

20 19 PAY 20 20

FORM CF-1 / VBD

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- ☒ Eligible vacant building (IC 6-1.1-12.1-4.8)
☐ Enhanced eligible vacant building (IC 6-1.1-12.1-16)

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).

INSTRUCTIONS:

1. Property owners must file this form with the county auditor and the designating body for their review regarding the compliance of the qualifying property with the Statement of Benefits (Form SB-1/VBD).
2. This form must accompany the initial deduction application (Form 322/VBD) that is filed with the county auditor.
3. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))

SECTION 1 TAXPAYER INFORMATION			
Name of taxpayer		County	
Frankind, LLC (Building Owner) for the benefit of Urban Air Indiana LLC (Lessee)		Johnson	
Address of taxpayer (number and street, city, state, and ZIP code)		DLGF taxing district number	
3111 N. Lahr Dr. - Martinsville, IN 46151		41009	
Name of contact person		Telephone number	
Nichole Rains		(765) 346-2629	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body		Resolution number	Estimated occupancy date (month, day, year)
City of Franklin Common Council		2016-16	November 2016
Location of property		Actual occupancy date (month, day, year)	
1172 N. Main St. - Franklin, IN 46131		April 2017	
Description of eligible vacant building that the property owner or tenant will occupy		Estimated date placed-in-use (month, day, year)	
The facility is an old Marsh building that has sat vacant for 2+ years. Urban Air Indiana LLC would occupy the building, refurbish it, and operate an Urban Air Trampoline Park.		March 2017 (Grant Opening Estimate)	
		Actual date placed-in-use (month, day, year)	
		October 2017 (Grant Opening)	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		0	0
Salaries		0.00	0.00
Number of employees retained		0	0
Salaries		0.00	0.00
Number of additional employees		2	2 *
Salaries		110,000.00	90,375.75
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	
Values before project		ASSESSED VALUE	
Plus: Values of proposed project		1,441,900.00	
Less: Values of any property being replaced		706,000.00	
Net values upon completion of project			
ACTUAL		COST	
Values before project		ASSESSED VALUE	
Plus: Values of proposed project		834,500.00 ***	
Less: Values of any property being replaced		665,337.33 **	
Net values upon completion of project			
SECTION 5 UPDATES TO THE ANSWERS PROVIDED IN SECTION 5 OF THE FORM SB-1/VBD, IF ANY (Attach additional sheet(s) if necessary.)			
Urban Air completed the necessary improvements to convert the property layout from a grocery store design to its current use.			
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)
Nichole Rains		Owner	4-2-19

* The employment and salary number include the salary of one full-time manager and the distributions to one full-time owner/operator. Note: Owner/operator's 2018 distributions were reduced to improve company's cash-flow (causing total payroll to be under projected amount), but are anticipated to grow in future years.

** The Form 11 assessed values have not yet been released for the 2019 pay 2020 tax year, so the 2018 pay 2019 value is being used.

*** The cost of the project has been updated to include costs unintentionally omitted on the 2018 Pay 2019 CF-1 VBD

OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH THE FORM SB-1/VBD

INSTRUCTIONS: (IC 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.9)

1. Not later than 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 (Form SB-1/VBD).
2. 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. The date of this hearing may not be more than thirty (30) days after the date this notice is mailed. A copy of the notice may be sent to the county auditor and the county assessor.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable efforts to substantially comply with the Statement of Benefits (Form SB-1/VBD) and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
4. If the designating body determines that the property owner has **NOT** made reasonable efforts to comply, then the designating body shall adopt a resolution terminating the property owner's deduction. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the county auditor; and (3) the county 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. (Hearing must be held within thirty (30) days of the date of mailing of this notice.)

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 4 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.

CITY OF FRANKLIN, INDIANA

RESOLUTION NUMBER 2016-16

**A RESOLUTION AUTHORIZING THE APPROVAL OF TAX ABATEMENT
FOR REUSE OF AN ELIGIBLE VACANT BUILDING
(EDC 2016-05: URBAN AIR INDIANA LLC)**

2016-026816
RECORDED ON
11/09/2016
1:51:18 PM
JILL L JACKSON
JOHNSON COUNTY

REC FEE: 21.00
PAGES: 6

WHEREAS, the Indiana General Assembly has enacted a statute, IC 6-1-12-1 (the "Act") authorizing certain tax deductions from the assessed value of Eligible Vacant Buildings (as defined in the Act) for the purpose of encouraging the reuse of vacant buildings within an economic development area; and

WHEREAS, the Act provides that the Common Council may find that an Eligible Vacant Building that is to be occupied and is located in an Economic Revitalization Area; and

WHEREAS, Frankind, LLC (Building Owner) for the benefit of Urban Air Indiana LLC (Lessee) (the "Applicant") has requested the approval of a deduction for the purposes of tax abatement for property commonly known as 1172 N. Main Street, Franklin, Indiana more particularly described in Exhibit A. Said property is located in an Economic Revitalization Area; and the request was accompanied by a Statement of Benefits, attached hereto as Exhibit B; and

WHEREAS, the information submitted by the Applicant was reviewed by the Franklin Economic Development Commission at their regular monthly meeting on October 11th, 2016 and recommends that Frankind, LLC receive a 3 year vacant building tax abatement, and that the percentage amount of the deduction for each year shall be 100%, for the real estate described in Exhibit A and described in the tax abatement request and the Statement of Benefits attached hereto as Exhibit B; and

WHEREAS, the Common Council has given careful consideration to the materials submitted and affirms the findings of the Franklin Economic Development Commission relative to the requirements of IC 6-1.1-12.1-4.8, and specifically including the following findings:

- 1) The estimate of the value of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed occupation of the eligible vacant building; and
- 2) The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed occupation of the eligible vacant building; and
- 3) Other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed occupation of the eligible vacant building; and
- 4) The occupation of the eligible vacant building will increase the tax base and assist in the rehabilitation of the economic revitalization area; and
- 5) The totality of benefits is sufficient to justify the deduction.

NOW, THEREFORE BE IT RESOLVED by the Common Council of the City of Franklin, Indiana:

- 1) The Council finds and determines that the real estate described in Exhibit A is located in an Economic Revitalization Area; and

**Sales Disclosure NOT Required
Johnson County Assessor**



- 2) The Council finds and determines that the building located at 1172 N. Main Street meets the Eligible Vacant Building criteria as outlined in IC 6-1.1-12.1(17) because it is zoned for commercial use, and it has been unoccupied for at least one year before the owner of the building or a tenant of the owner occupies the building.
- 3) The Council limits the allowed deduction for 3 years and the percentage amount of the deduction for each year shall be 100 %.
- 4) This resolution shall be in full force an effect from and after its passage by the Common Council and such publications as may be required by law.
- 5) It is understood that Frankind, LLC is responsible for following all annual state and local filing requirements regarding this abatement to assure receipt of the abatement per the applicable three year schedule.

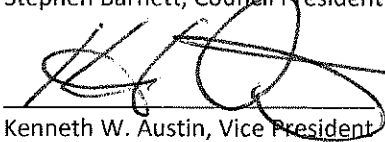
Introduced and Filed on the 7 day of November, 2016.

DULY PASSED on this 7 day of November, 2016, by the Common Council of the City of Franklin, Johnson County, Indiana, having been passed by a vote of 6 in Favor and 0 Opposed.

City of Franklin, Indiana, By its Common Council:

Voting Affirmative:

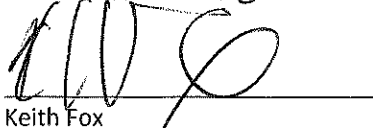

Stephen Barnett, Council President


Kenneth W. Austin, Vice President

Absent.
Joseph P. Abban


Joseph R. Ault


Andrew Eggers


Keith Fox

Voting Opposed:

Stephen Barnett, Council President

Kenneth W. Austin, Vice President

Joseph P. Abban

Joseph R. Ault


Andrew Eggers

Keith Fox

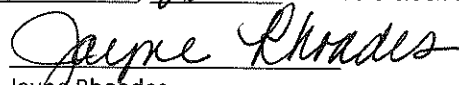

Richard L. Wertz

Richard L. Wertz

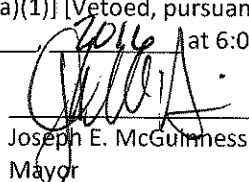
Attest:



Jayne Rhoades
Clerk-Treasurer

Presented by me to the Mayor of the City of Franklin for his approval or veto pursuant to Indiana Code § 36-4-6-15, 16, this this 7 day of November, 2016 at 6:00 o'clock a.m./p.m. (p.m.)


Jayne Rhoades
Clerk-Treasurer

This ordinance having been passed by the legislative body and presented to me [Approved by me and duly adopted, pursuant to Indiana Code § 36-4-6-16(a)(1)] [Vetoed, pursuant to Indiana Code § 36-4-6-16(a)(2)], this this 7 day of November, 2016 at 6:00 o'clock a.m./p.m.


Joseph E. McGuinness
Mayor

Attest:

Jayne Rhoades
Clerk-Treasurer

Prepared by: Krista M. Linke, Director of Community Development

Exhibit A

Legal Description:

John Clark's 2nd Add PT Lot 17 & PT Lot 18





STATEMENT OF BENEFITS VACANT BUILDING DEDUCTION

State Form 55182 (R / 2-14)

Prescribed by the Department of Local Government Finance

EXHIBIT B

20 17 PAY 20 18

FORM SB-1 / VBD

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 as an "eligible vacant building" as defined by IC 6-1.1-12.1-1(17).

INSTRUCTIONS:

1. This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise, this statement must be submitted to the designating body BEFORE the occupation of the eligible vacant building for which the person wishes to claim a deduction.
2. To obtain a vacant building deduction, a Form 322/VBD must be filed with the county auditor before May 10 in the year in which the property owner or his tenant occupies the vacant building or not later than thirty (30) days after the assessment notice is mailed to the property owner if it was mailed after April 10. If the property owner misses the May 10 deadline in the initial year of occupation, he can apply between March 1 and May 10 of a subsequent year.
3. A property owner who files the Form 322/VBD must provide the county auditor and the designating body with a Form CF-1/VBD to show compliance with the approved Form SB-1/VBD. The Form CF-1/VBD must also be updated each year in which the deduction is applicable.

SECTION 1 TAXPAYER INFORMATION					
Name of taxpayer Franking, LLC (Building Owner) for the benefit of Urban Air Indiana LLC (Lessee)					
Address of taxpayer (number and street, city, state, and ZIP code) 3111 N. Lahr Dr. -- Martinsville, IN 46151					
Name of contact person Nichole Rains		Telephone number (765) 346-2629		E-mail address ndubrosky@prodigy.net	
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT					
Name of designating body City of Franklin Common Council				Resolution number	
Location of property 97 E. Monroe Street		County Johnson		DLGF taxing district number 41009	
Description of eligible vacant building that the property owner or tenant will occupy (use additional sheets if necessary). See attached.				Estimated occupancy date (month, day, year) November 2016	
				Estimated date placed-in-use (month, day, year) March 2017 (Grand Opening Estimate)	
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS A RESULT OF PROPOSED PROJECT					
Current number 0	Salaries 0	Number retained 0	Salaries 0	Number additional 2	Salaries \$110,000
SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT					
REAL ESTATE IMPROVEMENTS					
COST			ASSESSED VALUE		
Current values			\$1,441,900		
Plus estimated values of proposed project \$706,000					
Less values of any property being replaced					
Net estimated values upon completion of project					
SECTION 5 EFFORTS TO SELL OR LEASE VACANT BUILDING					
Described efforts by the owner or previous owner to sell, lease, or rent the building during period of vacancy: The Franklin Development Corporation has partnered with WEB Partnership for the past two years to find a tenant for this property. The first project started and demolition on the interior of the building was mostly completed, but the developer backed out of the project in 2014. The property has sat vacant for 2+ years. The property was put under receivership after Marsh left, and attempts to market the property for sale or lease were unsuccessful.					
Show amount for which the building was offered for sale, lease, or rent during period of vacancy. \$225,000					
List any other benefits resulting from the occupancy of the eligible vacant building. The new owner will invest a large amount of money into the property and the assessed value will be greatly increased. The property's use under its current layout is limited by its grocery design. Urban Air would make significant improvements to make the property more functional. The building would be converted from an eyesore to an attraction.					
SECTION 6 TAXPAYER CERTIFICATION					
I hereby certify that the representations in this statement are true.					
Signature of authorized representative Nichole Rains		Title Owner		Date signed (month, day, year) 10/6/2016	

FOR USE OF THE DESIGNATING BODY

We find that the applicant meets the general standards in the resolution adopted or to be adopted by this body. Said resolution, passed or to be passed under IC 6-1.1-12.1, provides for the following limitations:

A. The designated area has been limited to a period of time not to exceed _____ calendar years* (*see below*). The date this designation expires is _____.

B. The amount of the deduction applicable is limited to \$ _____.

C. Other limitations or conditions (*specify*) _____

D. Number of years allowed: ☐ Year 1 ☐ Year 2 ☒ Year 3 ☐ Year 4 ☐ Year 5 (** see below*)
 ☐ Year 6 ☐ Year 7 ☐ Year 8 ☐ Year 9 ☐ Year 10

E. For a statement of benefits approved after June 30, 2013, did the designating body adopt an abatement schedule per IC 6-1.1-12.1-17?

☒ Yes ☐ No *100% each year*

If yes, attach a copy of the abatement schedule to this form.

If no, the designating body is required to establish an abatement schedule before the deduction can be determined.

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved (*signature and title of authorized member of designating body*)

Telephone number

Date signed (*month, day, year*)



(317) 736-3631

11-7-2016

Printed name of authorized member of designating body

Name of designating body

Stephen Barnett, City Council President

City of Franklin Common Council

Attested by (*signature and title of attester*)

Printed name of attester



Krista Linke, Director of Community Development

* If the designating body limits the time period during which an area is an economic revitalization area, that limitation does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years that is less than the number of years designated under IC 6-1.1-12.1-17.

IC 6-1.1-12.1-1(17) "Eligible vacant building" means a building that:

(A) is zoned for commercial or industrial purposes; and

(B) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the department of local government finance requires.

IC 6-1.1-12.1-17

Abatement schedules

Sec. 17. (a) A designating body may provide to a business that is established in or relocated to a revitalization area and that receives a deduction under section 4 or 4.5 of this chapter an abatement schedule based on the following factors:

- (1) The total amount of the taxpayer's investment in real and personal property.
- (2) The number of new full-time equivalent jobs created.
- (3) The average wage of the new employees compared to the state minimum wage.
- (4) The infrastructure requirements for the taxpayer's investment.

(b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. An abatement schedule may not exceed ten (10) years.

(c) An abatement schedule approved for a particular taxpayer before July 1, 2013, remains in effect until the abatement schedule expires under the terms of the resolution approving the taxpayer's statement of benefits.

Attachment to SB-1/VBD
Urban Air Indiana LLC

This facility is the old Marsh building that has sat vacant for 2+ years. Urban Air Indiana LLC would occupy the building, refurbish it, and operate an Urban Air Trampoline Park. Identified areas of investment are as follows:

- General Rehab of Structure and Build-Out of Building - \$500,000
- Parking lot stripping/resealing – Approximately \$10,000
- Relocation of HVAC to Raise Ceiling – Approximately \$145,000
- Relocation of Sprinkler System to Raise Ceiling – Approximately \$51,000

Other items in need of repair may be identified after applicant takes occupancy of the building.