



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 10, 2020
Re: Case C 2020-5:Brookside Industrial/Chart Life (Formerly Hetsco)

Summary:

1. On July 21st, 2014, the Franklin Common Council passed Resolution No. 2014-09, approving a 10-year tax abatement on real property and a 5-year tax abatement on personal property for Hetsco, Inc., located at 1725 N. Graham Road.
2. Actual and estimated benefits, as projected for 2019:

	Estimated on SB-1	Actual in 2019	Difference
Employees Retained	49	34	0
Salaries	\$3,066,000	\$2,503,000	\$563,000
New Employees	40	0	(40)
Salaries	\$2,271,000	\$0	-\$2,271,000
Total Employees	89	34	(55)
Total Salaries	\$5,337,000	\$2,503,000	-\$2,834,000
Average Hourly Salaries	\$28.83	\$35.40	+\$6.57
Personal Property Improvements	\$400,000	\$855,875	\$455,875
Real Property Improvements	\$2,770,000	\$2,216,176	-\$553,824

3. Hetsco estimated in their application that they would hire 10 employees in 2015, 10 employees in 2016, 10 employees in 2017, and another 10 employees in 2018, for a total of 40 additional employees. As explained in their letter, the company has had to reduce by half the number of employees and are in the process of right-sizing their operations due to market conditions. They have seen higher order levels during the last 2 quarters of 2019 and expect that to continue. As a result, they are starting the hiring process this year and plan to bring back the number reduced.
4. Their personal property investment is more than double what was estimated on their SB-1 Form.

5. Hetsco estimated in their application that they would invest \$2,770,000 in real property improvements by the end of 2015. As stated in the table above, the company did not make that shortfall up, but remain short by \$553,000.
6. The personal property tax abatement for Hetsco is scheduled to expire in 2019 payable 2020. The real property tax abatement for Hetsco is scheduled to expire in tax year 2024 payable 2025. The final compliance review will take place in 2025.

Staff Recommendation: Approval



Chart Lifecycle, Inc.

1725 N. Graham Road
Franklin, IN 46131
1-844-485-7911
www.ChartLifecycle.com

Deficiency Statement

February 21, 2020

Mrs. Dana Monson, Community Development Specialist
Dept. of Planning & Economic Development
70 E. Monroe Street
Franklin, IN 46131

Re: Deficiency Statement - Tax Abatement Compliance for Chart Lifecycle, Inc.

Dear Mrs. Monson:

While it has always been the intention of Chart Lifecycle, Inc. hire and retain 89 employees, due to market conditions of our capital equipment repair & installation business we were forced to right size the organization to ensure future financial viability. Due to these untimely circumstances, we have not been able to maintain our headcount above the stated starting point stated within the original tax abatement proposal. Currently, we're at 34 employees which is 15 fewer than we had before this expansion.

As a result of the rightsizing of the organization, we have regained historic profitability levels. Additionally, our markets have improved and we're seeing higher order levels than the first half of 2019, on a related note, we're back in the hiring mode and expect to make up some ground on the significant shortfall we're seeing relative to the original head count plan.

Since we are presently addressing these concerns and hope to have these issues resolved in the very near future, 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.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brad Olson", is written over a faint, larger blue ink signature.

Brad Olson, Secretary & Treasurer
Chart Lifecycle, Inc.
Controller
1725 N. Graham Road
Franklin, IN 46131





COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R4 / 11-16)

Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

PRIVACY NOTICE

This form contains information
confidential pursuant to
IC 6-1.1-35-9 and IC 6-1.1-12.1-5.6.

- 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 January 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 January 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 Chart Lifecycle, Inc.	County Johnson
Address of taxpayer (number and street, city, state, and ZIP code) 1725 N. Graham Rd., Franklin, IN 46131	DLGF taxing district number 41009
Name of contact person Brad Olson	Telephone number (608) 787-6707

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body The City of Franklin Common Council	Resolution number 14-09	Estimated start date (month, day, year) 08/01/2014
Location of property 1725 N. Graham Rd, Franklin, IN 46131		Actual start date (month, day, year) 12/01/2014
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Welding Machines, Manipulator, Office Equipment,		Estimated completion date (month, day, year) 12/31/2015
		Actual completion date (month, day, year) 12/1/2015

SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		49	34
Salaries		3,066,000.00	2,503,000.00
Number of employees retained		49	34
Salaries		3,066,000.00	2,503,000.00
Number of additional employees		40	0
Salaries		2,271,000.00	0.00

SECTION 4 COST AND VALUES								
	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
AS ESTIMATED ON SB-1								
Values before project	0.00							
Plus: Values of proposed project	400,000.00							
Less: Values of any property being replaced	0.00							
Net values upon completion of project	400,000.00							
ACTUAL								
Values before project	0.00							
Plus: Values of proposed project	400,000.00							
Less: Values of any property being replaced	0.00							
Net values upon completion of project	855,875.00							

NOTE: The **COST** of the property is confidential pursuant to IC 6-1.1-12.1-5.6(c).

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	0.00	0.00
Amount of hazardous waste converted	0.00	0.00
Other benefits:	0.00	0.00

SECTION 6 TAXPAYER CERTIFICATION	
I hereby certify that the representations in this statement are true	
Signature of authorized representative <i>Brad Olson</i>	Title City Secretary & Treasurer
	Date signed (month, day, year) 2/24/2020

**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 6-1.1-12.1-5.9)

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 County 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 and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
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 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.

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 clerk of 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 (R3 / 2-13)

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).

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
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 (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. 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))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1/Real Property).

SECTION 1 TAXPAYER INFORMATION		
Name of taxpayer Brookside Industrial Park, LLC	County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 1725 N. Graham Rd., Franklin, IN 46131	DLGF taxing district number 41009	
Name of contact person Gary Aletto	Telephone number (317) 590-5953	

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body The City of Franklin Common Council	Resolution number 14-09	Estimated start date (month, day, year) 08/01/2014
Location of property 1725 N. Graham Rd, Franklin, IN 46131	Parcel # 41-08-11-042-002-000-009	Actual start date (month, day, year) 12/01/2014
Description of real property improvements Complete construction of shell building, parking, landscaping		Estimated completion date (month, day, year) 12/31/2015
		Actual completion date (month, day, year) 05/15/2015

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	49	34
Salaries	\$3,066,000	\$2,503,000
Number of employees retained	49	34
Salaries	\$3,066,000	2,503,000
Number of additional employees	40	0
Salaries	\$2,271,000	\$0

SECTION 4 COST AND VALUES		
COST AND VALUES	REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE
Values before project	\$0	
Plus: Values of proposed project	\$2,770,000	
Less: Values of any property being replaced	\$0	
Net values upon completion of project	\$2,770,000	
ACTUAL	COST	ASSESSED VALUE
Values before project	\$0	
Plus: Values of proposed project	\$2,216,176	
Less: Values of any property being replaced	\$0	
Net values upon completion of project	\$2,216,176	

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	N/A	N/A
Amount of hazardous waste converted	N/A	N/A
Other benefits:	N/A	N/A

SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative 	Title Managing Member	Date signed (month, day, year) 2-25-2020

**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 6-1.1-12.1-5.1 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/Real Property).
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/Real Property) 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 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.



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Attachment to Form CF-1
Job Creation by Schedule

Actual Number of Employees Added During the Qtr.								
	Actual Number of Employees in 2016	Proposed Total Number of Employees by 12/31/18 (Form SB-1)	Actual Total Number of Employees as of 12/31/18	3/31/2019	6/30/2019	9/30/2019	12/31/2019	Difference Between Actual and Proposed Number of Employees
Head Count	82	89	55	-23	-3	0	5	-34
Wages		\$ 5,337,000						\$ (2,834,000)
Average Wages/Hr.		\$ 28.83						\$ 30.67