



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

February 9, 2021

Members Present:

Jake Sappenfield	President
Josh DeArmitt	Vice President
John Ditmars	Member
Lee Hodgen	Member

Others Present:

Dana Monson	Community Development Specialist
Rob Schafstall	Legal Counsel

Call to Order:

Jake Sappenfield called the meeting to order.

Roll Call & Determination of a Quorum

Approval of Minutes

Lee Hodgen made a motion to approve the January 12th minutes. Josh DeArmitt seconded. Passed unanimously, 4-0.

Old Business

None.

New Business

EDC 2021-03 Franklin Tech Park and Aisin Real and Personal Property Tax Abatement Application

Mayor Steve Barnett introduced Mac McNaught and expressed his support for this 10-year abatement request. Dana Monson identified this to be an expansion of an existing building at 187 Bartram Parkway. It is currently 146,000 square feet and is being expanded by 153,000 square feet. The goal is that Aisin will be the occupant of the entire building but if not for any reason Mr. McNaught would bring in a second tenant, the building then becoming a multi-tenant building. They have agreed to the two and five percent economic development fees. Aisin will bring in an additional 20 employees to the facility with an average hourly wage of \$15.00/hour. Staff's recommendation is for approval of a 10-year real property abatement and a five-year personal property abatement.

Mr. McNaught gave an historic overview of the building and the construction plans for the expansion. Compass Construction who did the Sunbeam building has been engaged for this project as well. Architecturally it will look as one building. The architecture firm is the same as for the original building.

Mr. Sappenfield asked if the reported wages include benefits, and they do not. Ms. Monson added that they are currently at 49 fulltime with some additional part-time employees. She also informed that the

ERA for the Franklin Tech Park has expired. Mr. Sappenfield asked what wages are for current employees and Ms. Monson responded \$17.60. John Ditmars is in favor of staff's recommendation of the 10- and five-year abatements.

Mr. DeArmitt moved to find staff findings met for the ERA designation. Mr. Hodgen seconded. Passed unanimously, 4-0.

Mr. DeArmitt moved that findings for real property have been met. Mr. Ditmars seconded. Passed unanimously, 4-0.

Mr. DeArmitt moved that findings for personal property have been met. Mr. Ditmars seconded. Passed unanimously, 4-0.

Mr. Ditmars made a motion for a 10-year abatement on real property with a two percent economic development fee. Mr. DeArmitt seconded. Passed unanimously, 4-0.

Mr. DeArmitt made a motion for the five-year abatement on personal property with a five percent economic development fee. Mr. Ditmars seconded. Passed unanimously, 4-0.

Ms. Monson reviewed the schedule that the declaratory for the ERA will be at next Wednesday's City Council meeting. On March 1 will be the confirmatory and public hearing for the ERA and the tax abatements will be brought forward.

EDC 2021-04 Patch Development and G & H Wire Real and Personal Property Tax Abatement

Application – Mayor Barnett introduced these companies. Patch is proposing to buy the shell building from the RDC for \$3,050,000. There is a 10-year abatement on the existing shell building. Patch will inherit this abatement and invest another \$3.8 million for the build-out. The tax abatements to Patch will directly affect the lease payments that will go to G & H. G & H currently has 134 employees with an average pay of \$23/hour. They will add 116 employees at \$25/hour. G & H will invest \$1.165 million in personal property. Mayor Barnett is in favor of the 10-year real property, the alternate 10-year proposed property and the RDC incentive.

Ms. Monson identified this to be the build out and expansion of the shell building. The real property is for that and there is an alternative personal property schedule as was done for Energizer. They are amenable to the two and five percent economic development fees. There is already an established ERA.

Consultant Jacob Everett introduced Vice President of Operations Charlie Wemhoff who presented a PowerPoint of G & H Orthodontics. Mr. Everett introduced their firm's involvement with G & H and reviewed some of the abatement particulars.

Ms. Monson identified that under consideration are two abatements for real property, one on the shell and one on the buildout and one personal abatement. Staff is in support of 10 years from both abatements. Mr. Ditmars asked if Patch is also owned by the P & E. Mr. Edward responded no, Patch is a local developer. Mr. Ditmars asked for an explanation of the alternative schedule. Ms. Monson explained that instead of going through the standard abatement schedule of 100, 90, 80, 70 and continuing, the first two years are at 100% and then reduces down percentages until the 10th year at 30% and the 11th year 100% is paid. The purpose behind it is to accommodate the large amount of upfront costs a company doing major expansion like this has to absorb. It also makes Franklin a bit more competitive. It is slightly larger savings from G & H. Mr. Ditmars asked if it could be applied for a shorter term. Ms. Monson confirmed.

Mr. Ditmars moved that real property findings have been met. Mr. DeArmitt seconded. Passed unanimously, 4-0.

Mr. Ditmars moved that personal property findings have been met. Mr. DeArmitt seconded. Passed unanimously, 4-0.

Mr. Ditmars made a motion for a 10-year abatement with two percent fee on the real property. Mr. DeArmitt seconded. Passed unanimously, 4-0.

Mr. Ditmars would like to see the time for the real property decreased. He believes real and personal are significantly different and is fundamentally opposed to 10 years for both. Mr. Sappenfield shared the sentiment but with the consideration of the jobs is supportive of the length. Mr. DeArmitt made a motion for 10-year personal property abatement at the alternative schedule with the five percent fee. Mr. Hodgen seconded. Passed unanimously, 4-0.

Ms. Monson reviewed the schedule. The next meeting is RDC next Tuesday at 8:00 a.m. And then City Council next Wednesday at 6:00 p.m.

EDC 2021-02 MultiPro LLC Real Property Tax Abatement Application – Mayor Barnett gave an overview and expressed his support of the project. He is not in support of tax abatements for housing projects as he doesn't believe it meets the abatement criteria. There are state and federal housing credits available for those who qualify. Ms. Monson explained Chris Dowdy's projection of a \$19 million investment. He is amenable to the two percent economic development fee. Though the staff is in favor of the project they are not in favor of this abatement application. There are additional ERA findings required for an economic development target area or a residentially distressed area.

Mr. Dowdy gave an overview of their project for 160 market rate units in phases of 80 units each on the east side in Franklin's gateway district with entrances off King, Jefferson and Umbarger. It is over 32 acres. Though they are only creating five new jobs, they major on sustainable land use, future community investment and comprehensive plan conformance. They are also creating four years of work for construction, architectural and engineering fields. And the tax yields will greatly increase from the current property yields. They desire to construct a trail through their property to tie in to the greenway trail.

Mr. Hodgen asked about the square footage of the units. Mr. Dowdy said the units would be 1200 and 1350 in square footage. Mr. Sappenfield asked if there is another development that would be comparable to this one. Mr. Dowdy identified the Camden Oaks neighborhood just north of Johnson County on the east side of the interstate. Mr. Sappenfield asked what the Johnson County rent market rate is currently and what is projected for 2023. Mr. Dowdy identified anything about \$1200 is considered market rate and their plan for a range of \$1500-1550.

Rob Schafstall advised consideration for whether EDC wants to incentivize this project. If incentivized, an ERA has to be established first. There are limitations to what can be in an ERA, and residential is one such limitation unless a 15-20% designation for low to moderate income, and this project will be entirely market rate so is ineligible. A second way it could qualify would be as an economic development target area which currently it is not. The third and final option is to find the area as residentially distressed which is very carefully defined. Mr. Schafstall recommended that if the EDC desired to pursue the target or residentially distressed area, it should be tabled for now to allow for further work. Mr. Sappenfield doesn't believe the designation of the area is an EDC determination. Mr. Dowdy maintained they do

have distressed properties in the area. Ms. Monson added that with this being a growing area in Franklin's gateway, is it desirable to have the residentially distressed designation in such a location. Mr. Ditmars doesn't believe that on the surface this project can be made to qualify. He believed other incentives more appropriate for housing outside of abatements should be looked in to that would be a better fit. Mr. Dowdy asked if they would qualify for abatements if they designated 20% of their units for moderate income. Mr. Schafstall clarified that 20% low income rates would allow entrance back in to the more normal path. Otherwise residential projects do not normally qualify for tax abatements. Mayor Barnett does not want the city to oversee low income renter guidelines when there is state and federal incentives for that.

Mr. Hodgen made a motion to table the decision on this project. Mr. Sappenfield did not want to push off the decision. Mayor Barnett expressed that his opinion will not change on this issue. Mr. Ditmars expressed support of the project but concern over delaying the decision and the issue of precedent. Mr. Sappenfield agreed although does not feel that precedent alone is a reason to not consider it. He does not see a clear path to the granting of the abatement. Mr. Schafstall added that Mr. Dowdy could withdraw completely. Mayor Barnett doesn't want to set a precedent. Mr. Hodgen withdrew his motion. Mr. Dowdy withdrew the case.

Mr. Ditmars made a motion to acknowledge the application withdrawal. Mr. DeArmitt seconded. Passed unanimously, 4-0.

Other Business

Amanda Rubadue expressed excitement about G & H. Aspire continues to work on their strategic plan.

Adjournment

There being no further business, a motion for adjournment was made.

Respectfully submitted this 9th day of March, 2021.

Jake Sappenfield, President

Shawn Taylor, Secretary