



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 9, 2021
Re: Case C 2021-11: 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 2020:

	Estimated on SB-1	Actual in 2020	Difference
Employees Retained	49	47	-2
Salaries	\$3,066,000	\$2,933,000	-\$133,000
New Employees	40	0	-40
Salaries	\$2,271,000	\$0	-\$2,271,000
Total Employees	89	47	-42
Total Salaries	\$5,337,000	\$2,933,000	-\$2,834,000
Average Hourly Salaries	\$28.83	\$30.00	+\$1.17
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. 2020 saw the Covid pandemic severely restrict their ability to have workers in the field which is a major portion of their operation. To offset that the company added a new line of work with gas vaporizers to provide work for their field techs. They anticipate returning to field service in 202 and have a goal of hiring 15 additional employees.
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 2024.

Staff Recommendation: Approval



Chart Lifecycle, Inc.

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

Cover Letter

February 24, 2021

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

Re: Cover Letter - Tax Abatement Compliance for Chart Lifecycle, Inc. (Hetsco Inc. / Brookside Industrial Park)
Parcel #: 41-08-11-042-002.000-009
Resolution #: 14-09

Dear Mrs. Monson:

Attached please find the annual submittal of form CF-1/Real Property for the continuation of the Real Property Tax Abatement. Recall from last year, Chart Lifecycle, Inc. bought the Hetsco business and retained the operations in Franklin at 1725 N. Graham RD. Ownership of the real estate was not included in that purchase; Chart Lifecycle pays the real estate taxes on this property through our landlord, Brookside Industrial Park LLC.

2020 was a difficult year for many businesses, and Chart Lifecycle, too, was severely impacted by the pandemic. Our customer's budgetary constrictions, combined with global travel restrictions, were the biggest obstacles to achieving our planned growth and associated head count goals. We are pleased to communicate that, despite those challenges, we have maintained 2019's staffing levels in 2020. By end of year, we even added 13 full time employees to our roster. Additionally, we are anticipating a further increase in staff for 2021, with specific plans to hire an additional 15 people.

Sincerely,

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



Chart Lifecycle, Inc.

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Deficiency Statement

February 24, 2021

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. (Hetsco Inc. / Brookside Industrial Park, LLC)

Parcel #: 41-08-11-042-002.000-009

Resolution #: 14-09

Dear Mrs. Monson:

Chart Lifecycle, Inc. is pleased to communicate that we have maintained our 2019 staffing levels during the stay-at-home orders of 2020. Our markets have been severely impacted by the pandemic; the associated limitations on global travel limited our ability to complete field service work. Many of our customers experienced significant pressure on their operating budgets, which, of course, has a direct impact on our sales. In response to these challenges, we took the opportunity to supplement our business scope to include the fabrication and assembly of Industrial Gas Vaporizers in the Franklin facility. The vaporizer work offset much of the under-utilization of our field service personnel; it allowed us to add 13 full time employees to the payroll in the fourth quarter of 2020.

The forecast for 2021 anticipates both our ability to do field service work and the demand for Industrial Gas Vaporizers to improve. With these improved market conditions, we will be expanding the Vaporizer production line to include an additional shift prior to midyear and expect to increase our current staffing by an additional 15 people.

We hope that the City of Franklin appreciates that although our staffing levels are lower than originally estimated we have been addressing new ways to effectively maximize our headcount, despite the challenges presented this past year. We optimistically request that you look favourably upon our activities and grant us the tax abatement.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Olson", with a stylized flourish at the end.

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



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Chart Lifecycle, Inc.
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Attachment to Form CF-1
Job Creation by Schedule

	Actual Number of Employees Added During the Qtr.							Difference Between Actual and Proposed Number of Employees
	Actual Number of Employees in 2016	Proposed Total Number of Employees by 12/31/19 (Form SB-1)	Actual Total Number of Employees as of 12/31/13	3/31/2020	6/30/2020	9/30/2020	12/31/2020	
Head Count	82	89	34	0	-1	1	13	47
Wages		\$ 5,337,000						\$ 2,933,000
Average Wages/Hr.		\$ 28.83						\$ 28.37



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20 21 PAY 20 22

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 Ashley 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) 05/15/15	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		49	47
Salaries		\$3,066,000	\$2,933,000
Number of employees retained		49	47
Salaries		\$3,066,000	\$2,933,000
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) 2-23-2021

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.