

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: Cases C 2021-19: Powder Metal Technicians (17-08)

Summary:

1. 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 1565 N. Graham Road.
2. Actual and estimated benefits, as projected for 2020:

	Estimated on SB-1	Actual in 2020	Difference
Employees Retained	11	9	-2
Salaries	\$498,098	\$407,534.40	-\$90,564
New Employees	4	0	-4
Salaries	\$183,040	\$0	-\$183,040
Total Employees	15	9	-5
Total Salaries	\$681,138	\$407,534.40	-\$273,604
Average Hourly Salaries	\$21.83	\$21.77	-\$0.06
Real Property Improvements	\$1,370,425	\$1,493,320	\$122,895

3. 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. Due to a decline in customers sales, particularly the GM strike, the company did not make the additional hires as projected. They are being proactive and marketing to a broader customer base and do intend to hire as projected once revenue has increased. Salaries are higher than projected. In 2020 Covid reduced their sales further and caused the loss of one employee. However, they are marketing to other sectors and trying to branch out to increase sales and continue to focus on growth and hiring.
4. The real property investment exceeds the SB-1 estimate.
5. 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**

February 24, 2021

Mrs. Dana Monson, Community Development Specialist
Department of Community Development
70 E. Monroe Street
Franklin, IN 476131

Re: 2021 Tax Abatement Compliance for PMT Properties, LLC
Franklin Common Council Resolution 17-08

Dear Mrs. Monson:

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 has exceeded the capital investment portion of our real estate tax abatement by \$133,530. However, due to unforeseen circumstances our plan to hire two skilled trade employees by the end of 2020 had to be delayed. The powder metal industry continues to experience a decline that was made worse due to the COVID pandemic in 2020. The pandemic has created economic uncertainty that led to the postponement of capital improvement projects, particularly in the automotive sector of our industry, where most of our work is generated from. This decline has affected the company's 2020 and 2019 revenues and we had to place a temporary hold on hiring in our shop due to the lack of projects being approved by our customers.

Our company is being proactive in its marketing efforts by reaching out to new customers that are not associated with the automotive sector in our industry. We are hopeful our marketing efforts will lead to new customers that will restore and exceed our current revenues. It is still our intentions to hire the additional employees once our revenues start to increase. The projected increase in skilled trade employees will take longer to achieve. Our estimated timetable would be extended by three years and the estimated total number of employees would be:

2021 – 10 (5 skilled trade)
2022 – 11 (6 skilled trade)
2023 – 12 (7 skilled trade)
2024 – 13 (8 skilled trade)
2025 – 15 (10 skilled trade)



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	PMT Properties, LLC		County
Address of taxpayer (number and street, city, state, and ZIP code)		Johnson	
1565 Graham Street		DLGF taxing district number	41-08-11-043-005.000-009
Name of contact person	Doug Hefley		Telephone number
		(317) 353-2812	
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body	Resolution number	Estimated start date (month, day, year)	
City of Franklin, Indiana		09/01/2017	
Location of property	Actual start date (month, day, year)		
1565 Graham Street (41-08-11-043-005.000-009)	11/01/2017		
Description of real property improvements	Estimated completion date (month, day, year)		
Commerical Building - 14,000 Sq. Ft.	06/01/2018		
		Actual completion date (month, day, year)	10/01/2018
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		11	9
Salaries		21.77	21.77
Number of employees retained		11	9
Salaries		21.77	21.77
Number of additional employees		4	0
Salaries		22.00	0
SECTION 4		COST AND VALUES	
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	
Values before project	10,500		
Plus: Values of proposed project	1,370,425		
Less: Values of any property being replaced			
Net values upon completion of project	1,380,925		
ACTUAL	COST	ASSESSED VALUE	
Values before project	10,500		
Plus: Values of proposed project	1,503,955		
Less: Values of any property being replaced			
Net values upon completion of project	1,514,455		
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			
Amount of hazardous waste converted			
Other benefits:			
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)	
<i>George D Hefley</i>	Managing Member	02/24/2021	

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

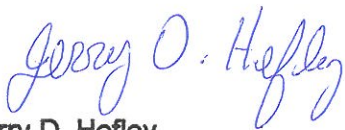
APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]

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.

Mrs. Dana Monson, Community Development Specialist
Department of Community Development
70 E. Monroe Street
Franklin, IN 476131
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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,



Jerry D. Hefley
Managing Member and President

Enclosures – Investment Timetable and Job Creation Timetable

PMT Properties, LLC
Powder Metal Technicans, Inc. (Parent Company)
Investment Timetable for CF-1 Real Property
01/01/2021

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	1,514,455	1,514,455	1,380,925
2nd Quarter	1,514,455	1,514,455	1,380,925
3rd Quarter	1,514,455	1,514,455	1,380,925
4th Quarter	1,514,455	1,514,455	1,380,925
2nd year of Abatement - 2020			
1st Quarter	1,514,455	1,514,455	1,380,925
2nd Quarter	1,514,455	1,514,455	1,380,925
3rd Quarter	1,514,455	1,514,455	1,380,925
4th Quarter	1,514,455	1,514,455	1,380,925
3rd to 7th year of Abatement - 2021 - 2025			
1st Quarter	1,514,455	1,514,455	1,380,925
2nd Quarter	1,514,455	1,514,455	1,380,925
3rd Quarter	1,514,455	1,514,455	1,380,925
4th Quarter	1,514,455	1,514,455	1,380,925

PMT Properties, LLC
Powder Metal Technicians, Inc. (Parent Company)
Job Creation/Retention Timetable for CF-1 Real Property
1/1/2021

<u>Year</u>	<u>Year of Abatement</u>	<u>Managerial & Engineering</u>	<u>Administrative</u>	<u>Precision Prod, Skilled Trade & Repair</u>	<u>Total Number of Employees</u>	<u>Estimated On SB-1</u>
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		4	1	7	12	12
2nd Quarter		4	1	6	11	12
3rd Quarter		4	1	5	10	13
4th Quarter	1/1/2020	4	1	5	10	13
12/31/2020						
1st Quarter		4	1	5	10	14
2nd Quarter		4	1	4	9	14
3rd Quarter		4	1	4	9	14
4th Quarter	1/1/2021	4	1	4	9	14
12/31/2021						
1st Quarter		4	1	4	9	14
2nd Quarter		4	1	4	9	15
3rd Quarter		4	1	4	9	15
4th Quarter	1/1/2022	4	1	5	10	15