



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: February 8, 2022
Re: **Case C 2022-14: Blue Chip Enterprises (Formerly GROK Enterprises) (Res. 11-02)**

Summary:

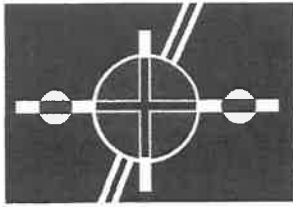
1. On June 6th, 2011, the Franklin Common Council passed Resolution No. 2011-02, approving a 10-year tax abatement on real property with a 2% Economic Development Fee and a 10-year tax abatement on \$2,913,050 in personal property with a 5% Economic Development Fee for GROK Enterprises, LLC (Real Property) and Nitrex, Inc. (Personal Property), located 300 Blue Chip Court. In 2013, through Resolution No. 2013-16, the Franklin Common Council amended the personal property tax abatement to \$6,300,000 in personal property and extended the completion date through the end of 2014 for the project.
2. Actual and estimated benefits, as projected for 2021:

	Estimated on SB-1	Actual in 2021	Difference
Employees Retained	25	25	0
Salaries	\$881,567	\$982,280	\$100,713
New Employees	12	2	-10
Salaries	\$341,974	\$78,472	-\$333,552
Total Employees	37	27	10
Total Salaries	\$1,223,541	\$1,059,365	-\$164,176
Average Hourly Salaries	\$15.89	\$18.89	\$3.00
Real Property Improvements	\$850,000	\$915,000	\$65,000

3. This company exceeded the total number of employees estimated on their SB-1 Form for the first time in 2014, they had 39 employees. As noted in the cover letter from Nitrex President Chris Morawski, they suffered a decline in job creation during 2015, due to a major downturn in manufacturing. They have cautiously begun to hire employees again in 2016. The average hourly wage for the remaining employees has increased from \$15.79 in 2014 to \$16.70 in 2015. In 2016 the total number of employees was 25, which is 12 lower than SB-1 estimates. In 2017 Nitrex employed 34 at an average hourly wage of \$17.30, both exceed SB-1 estimates. In 2018 Nitrex nearly doubled the estimated number of employees and hourly salaries. In 2019 the company had a reduction in employees, yes is still above the SB-1 estimate. In 2020 there was yet another reduction in employees due to Covid suspending some contracts. Their pay rate is still increasing however and they do anticipate that if the market rebounds their business will as well. Please see the Nitrex report for the 2021 employment numbers.
4. The real property investment is \$915,000, which is \$65,000 over SB-1 estimate.

5. The real property tax abatement (GROK) is scheduled to expire in tax year 2021 payable 2022.
The final compliance review will take place in 2022. This is the last year for the abatement.

Staff Recommendation: Approval



BLUE CHIP ENTERPRISES, LLC

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SUITE 108A, PMB 186
CARLSBAD, CA 92008

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January 16, 2022

Dana Monson, Community Development Specialist
Franklin Economic Development Department
70 E. Monroe Street
Franklin, IN 4613

Re: Tax Abatement Compliance, GROK Enterprises, LLC for 300 Blue Chip Court - Nitrex
Building Council Resolution 11-02

Dear Ms. Monson,

Enclosed please find Form CF-1 RE (Compliance with Statement of Benefits) regarding compliance for the real property tax abatements which were granted to GROK ENTERPRISES, LLC.

As can be seen from a review of the enclosed document, the new building continues to be rented by Nitrex-Indiana Operations who will be filing their own separate CF-1 which reflects their continued growth and their projected capital investment..

Please review the enclosed documents and if you have any questions or concerns regarding this matter, please feel free to contact me.

Best regards,

Thomas Rose
President, Blue Chip Enterprises, LLC

Enclosures:
FRM CF-1 for 2020
Expansion Investment Schedule - Real Property
Building/Construction and Occupancy Status Report

CONSTRUCTION AND OCCUPANCY STATUS REPORT 2021
BLUE CHIP ENTERPRISES, LLC

NITREX-INDIANA OPERATIONS
300-350 BLUE CHIP COURT, FRANKLIN, IN 46131

Construction of the new building began in 2011 and was completed for occupancy in July 2012. In August of 2012, Nitrex employees began the task of moving and installing the heat treating furnaces, outfitting the offices and moving the metallurgical lab. The office work and metallurgical lab was completed by Dec 2012. In addition, Nitrex-Indiana continues to provide heat treating services to Cummins Engine, Eaton Aerospace, Illinois Tool Works, Timron Gear and several other major customers.

Nitrex-Indiana has installed new Gas Nitride Vacuum carburizing equipment and continues to install additional processing capabilities.

Nitrex-Indiana continues to occupy 100% of both buildings located at 300 & 350 Blue Chip Court.

2021 EXPANSION INVESTMENT SCHEDULE
FOR
BLUE CHIP ENTERPRISES, LLC
NITREX-INDIANA OPERATION

Attachment to Form CF-1 (Compliance with Statement of Benefits)
Expansion Investment Schedule by Quarter

	Actual Amount of Investment in 2021	Proposed Amount of Investment in 2021	Actual Amount of Investment Added by Year During Quarter				Actual Total Amount of Investment as of 12/31/2020	Difference between Actual and Proposed Amount of Investment
			3/21	6/21	9/21	12/21		
Buildings and Improvements	0	0	0	0	0	0	\$915,000 (previous years)	+\$65,000 (previous year)
Machinery & Equipment	Supplied by Nitrex		Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	
Totals	Supplied by Nitrex		Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	Supplied by Nitrex	

**COMPLIANCE WITH STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance


20 ____ PAY 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 BLUE CHIP ENTERPRISES, LLC		County JOHNSON	
Address of taxpayer (number and street, city, state, and ZIP code) 300 CARLSBAD VILLAGE DRIVE, SUITE 108A, PMB 186		DLGF taxing district number 31	
Name of contact person THOMAS C ROSE		Telephone number (760) 604-5049	
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body FRANKLIN CITY COUNCIL		Resolution number 11-02	Estimated start date (month, day, year) JULY 2011
Location of property 300 BLUE CHIP COURT, FRANKLIN, IN 46131		Actual start date (month, day, year) JULY 2011	
Description of real property improvements BUILDING AT 300 BLUE CHIP COURT		Estimated completion date (month, day, year) JULY 2012	
		Actual completion date (month, day, year) JULY 2012	
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees			
Salaries			
Number of employees retained			
Salaries			
Number of additional employees			
Salaries			
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		850,000	
Less: Values of any property being replaced			
Net values upon completion of project		850,000	
ACTUAL		COST	ASSESSED VALUE
Values before project		915,000	
Plus: Values of proposed project			
Less: Values of any property being replaced			
Net values upon completion of project		915,000	
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 PRESIDENT	Date signed (month, day, year) JANUARY 16, 2022