



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: April 11, 2023

Re: Case C 2023-30: OrthoAmerica 21-34

Summary:

1. On November 15th, 2021, the Franklin Common Council passed Resolution No. 2021-34, approving a 7-year tax abatement with a 2% economic development fee on real property for OrthoAmerica, located at 2165 Earlywood Drive.
2. Actual and estimated benefits, as projected for 2022:

	Estimated on SB-1	Actual in 2022	Difference
Employees Retained	0	0	0
Salaries	0	0	0
New Employees	100	69	-31
Salaries	\$5,200,000	\$2,803,696	-\$2,396,304
Total Employees	100	69	-31
Total Salaries	\$5,200,000	\$2,803,696	-\$3,867,797
Average Hourly Salaries	\$25.00/hr	\$19.53	-\$5.47
Real Property Improvements	\$1,800,000	\$49,174	-\$1,750,826

3. The company has hired 69 so far and continues to actively hire. The wages are below estimate primarily due to experience level. As the company trains the new employees, the wages will rise accordingly.
4. Real property improvements have just begun in late December. The company is on schedule to complete the additions by 2025.
5. The tax abatement is scheduled to expire in tax year 2029 payable 2030. The final compliance review will take place in 2029.

Staff Recommendation: Approval

Cover Letter

OrthoAmerica Holdings, LLC
2165 Earlywood Drive,
Franklin, IN 46131

February 2023

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

Re: Tax Abatement Compliance for OrthoAmerica Holdings, LLC

Dear Mrs. Monson:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements which were granted to OrthoAmerica Holdings, LLC and PRJ Properties under Franklin Common Council Resolution No. 2021-34 and 2021-36.

As can be seen from reviewing the enclosed documents, our company has been highly successful in (1) making personal property capital investments and (2) starting the process of creating the full complement of jobs which had been proposed in the Statement of Benefits (Form SB-1) and was approved on November 15, 2021. The real property investments have been delayed due to supply chain issues. The projections for these investments should be fulfilled over the next couple of years.

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

Sincerely,

Jon Helton, CFO
OrthoAmerica Holdings, LLC

Enclosures



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20 22 PAY 20 23


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 OrthoAmerica Holdins, LLC	County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 1064 Greenwood Springs Boulevard, Greenwood, IN 46143	DLGF taxing district number 009	
Name of contact person Reid Pittard	Telephone number (765) 404-7652	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body City of Franklin, Common Council	Resolution number 21-36 <u>34</u>	Estimated start date (month, day, year) January 1, 2022
Location of property 2165 Earlywood Drive, Franklin, IN 46131	Actual start date (month, day, year)	
Description of real property improvements	Estimated completion date (month, day, year) December 31, 2025	
Actual completion date (month, day, year)		
SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	0	0
Salaries	0	0
Number of employees retained	0	0
Salaries	0	0
Number of additional employees	100	69
Salaries	5200000	2803696.56
SECTION 4 COST AND VALUES		
COST AND VALUES	REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE
Values before project		1366200
Plus: Values of proposed project	1800000	
Less: Values of any property being replaced		
Net values upon completion of project		3166200
ACTUAL	COST	ASSESSED VALUE
Values before project		
Plus: Values of proposed project	49174.32	
Less: Values of any property being replaced		
Net values upon completion of project		1450500
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	0
Amount of hazardous waste converted	0	0
Other benefits:		
SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative 	Title CFO	Date signed (month, day, year) 3/1/2023

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.

Expansion Investment Schedule

OrthoAmerica Holdings, LLC
2165 Earlywood Drive
Franklin, IN 46131

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

	Actual Amount of Investment as of 12/31/21	Proposed Amount of Total Investment by 12/31/21 (From SB-1)	Actual Amount of Investment Added During Year (by Quarter)	3/31/22	6/30/22	9/30/22	12/31/22	Actual Total Amount of Investment as of 12/31/22	Difference Between Actual and Proposed Amount of Investment
Buildings and Improvements:	\$0	\$1,800,000	\$18,634.58	\$27,821.95	\$2,717.79	\$-	\$-	\$49,174.32	\$1,750,825.68
Machinery and Equipment:	\$1,494,239	\$3,725,000	\$39,429.39	\$171,994.17	\$36,351.82	\$34,484.81	\$1,776,499.19	\$1,948,500.81	

Totals:

Sample Job Creation or Retention Schedule

OrthoAmerica Holdings, LLC
2165 Earlywood Drive
Franklin, IN 46131

*Attachment to Form CF-1 (Compliance with Statement of Benefits):
Job Creation Schedule by Quarter*

Actual Number of Employees as of 12/31/21	Proposed Total Number of Employees by 12/31/22 (From SB-1)	Actual Number of Employees Added During Year (by Quarter)				Actual Total Number of Employees as of 12/31/22	Difference Between Actual and Proposed Number of Employees
		3/31/22	6/30/22	9/30/22	12/31/22		
27	53	12	20	14	4	69	+16