



CITY OF FRANKLIN

DEPARTMENT OF COMMUNITY DEVELOPMENT

Staff Report

To: Economic Development Commission Members
From: Dana Monson
Date: September 12, 2023
Re: Case EDC 2023-08 – Rapid Prototype and Engineering

Case EDC 2023-08 – Rapid Prototype and Engineering: A request for a 7-year abatement on \$900,000 in real property investment to add an additional 8,400 sf of flex space to their current facility.

Location: 1400 Commerce Parkway 41-08-11-044-002.000-009



Summary:

1. Characteristics of this location:

Rapid Prototyping and Engineering has been at this location since 2018. The company has added additional equipment and employees as their business continues to expand. The company is looking to create additional space for a potential new business to be added to the location.

2. Characteristics of this petitioner:

“Rapid Prototyping & Engineering, Inc. has provided quality engineered and machined castings, billet components, fixturing, and tooling solutions for over 30 years. Our customers are typically under pressure to bring their new products to the market with very aggressive development schedules. Many produce highly complex, technologically advanced mechanical assemblies. Regardless of a project’s

complexity or lead time, large and small customers alike can rely on Rapid to provide the personal attention and effort required to meet their needs.” Source: www.rpemachining.com.

3. Characteristics of this project:

Rapid Prototyping and Engineering intends to add an additional 8,400 square feet of space to their current 12,000 square foot facility. This will free up 7,500 square feet of flex space in the second building and will also provide for future expansion of the business.

4. Economic Revitalization Area (ERA):

This property has been previously designated an ERA through City Council Resolutions 2012-04 and 2012-05.

5. Previous Tax Abatement Received:

Rapid Prototyping and Engineering has received three previous abatements from the city through Resolution 18-01 for a seven-year real property abatement and a five-year personal property abatement and Resolution 19-10 for a five-year personal property abatement.

6. ERA & Tax Abatements Findings (Real Property):

Indiana Code Section 6-1.1-12.1-3 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for real property:

- a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;
- b. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

7. City of Franklin “Tax Abatement Policy” criteria:

The “Tax Abatement Policy” section of the *City of Franklin Community Investment Incentives Summary* states that the Economic Development Commission shall use certain criteria when considering a request for tax abatement. A comparison of those criteria and this request follows:

- a. *Diversification of Local Occupations:* While this project does not add a diversity of occupations, this does retain the current occupations at this facility and will provide an opportunity for further expansion.

- b. *Diversification of Local Employment:* While this project does not add to the number of employees at this time, this expansion will provide the opportunity to do so at a future date.
- c. *Increase in Local Salaries:* The average wage for all industries in Johnson County for 2023 is \$21.75. The average hourly wage in Johnson County for Low/moderate wage is \$14.85 per hour. Rapid Prototyping will pay an average of \$38.69 per hour, above both the county average wage and low/mod wage.
- d. *Sustainable Land Use:* The petitioner proposes to make this investment at an existing property located within the Franklin Business Park.
- e. *Future Community Investment:* The applicant should share with the EDC their plans for future community investment. The company has indicated on their application that they are agreeable to a 2% economic development fee on real property.
- f. *Conformance with the Comprehensive Plan:* The Comprehensive Plan - Future Land Use Plan identifies this property as Industrial General. Industrial General zoning permits the following uses: Industrial Uses • agricultural products terminal • dry cleaners (commercial) • food & beverage production • general industrial production • light industrial assembly & distribution • light industrial processing and distribution • power generation facility (commercial) • research and development facility • truck freight terminal • warehouse & distribution facility
- g. The property is zoned IG, Industrial: General. The "IG", Industrial: General zoning district is intended to provide locations for general industrial manufacturing, production, assembly, warehousing, research & development facilities, and similar land uses. This district is intended to accommodate a variety of industrial uses in locations and under conditions that minimize land use conflicts. This district should be used to support industrial retention and expansion in Franklin.

8. Tax Abatement Duration:

The *City of Franklin Community Investment Incentives Summary* provides that longer periods of abatement on real and personal property may be considered for requests of an exceptional nature. The Summary states that development examples of an exceptional nature include projects which:

- a. Create a new plant or product line for an existing manufacturer;
- b. Creates substantial employment opportunities with higher than average wages;
- c. Increase substantially property values and the city tax base with minimal impact to city services (police & fire protection, schools, utilities, infrastructure, etc.); and
- d. Utilize existing public infrastructure (sanitary & storm sewer, roads & streets, drainage facilities, and other utilities).

9. Requested Effective Year:

- 10. The petitioner has requested that, if approved, the tax abatement be effective for the first year taxes are assessed at an increased assessment rate.

Staff Comments:

The Mayor is supportive of this abatement application based on the company's relationship with the city and the number of residents who are employed here. With no new jobs currently planned, the mayor is supportive of a five-year abatement.



CITY OF FRANKLIN

Community Development DEPARTMENT

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: WK Investments, inc. (Rapid Prototyping & Engineering, Inc.)
Primary Contact Name: William Harvey
Contact Address: 1424 Commerce Parkway
City: Franklin State: IN Zip: 46131
Phone Number: 317-739-6543
Email: will@rpmachining.com
Three possible dates before the EDC meeting to conduct a site visit : Anytime
Name of Owner: William Harvey & Kasey Myers
Parent Company (If Applicable): _____

Primary Contact for Yearly Compliance Reports

Name: William Harvey
Title: owner
Address: 1424 Commerce Parkway
City: Franklin State: IN Zip: 46131
Phone Number: 317-739-3543
Email: will@rpmachining.com

Description of Project

Project Location/Address: 1424 Commerce Parkway, Franklin, IN 46131
Parcel Number: 41-08-11-044-002.000-009

Brief Description of Project:

Addition of 8,400 s.f. of flex space to the property's north building which currently has 12,000 s.f. of manufacturing floor space. This additional space will free up 7,500 s.f. of flex space in the property's south building for lease and provide RPE addition space for future expansion.

Current Assessed Value (AV) of the Property:

1. Land	<u>\$302,900</u>
2. Building	<u>\$1,184,400</u>
3. Inventory	<u>\$0</u>
4. Equipment	<u>\$1,051,520</u>

Have building permits been applied for (if applicable): Yes ☒ No ☐
Has equipment been installed (if applicable): Yes ☐ No ☒

Required Attachments:

- | | |
|---|--|
| <input type="checkbox"/> Completed SB-1 Form(s) | <input type="checkbox"/> Summary of Benefits (if applicable) |
| <input type="checkbox"/> Legal Description of the Property | <input type="checkbox"/> Employment Phase-In Schedule |
| <input type="checkbox"/> Company Financial Statement if requested | <input type="checkbox"/> Company Investment Timetable |
| <input type="checkbox"/> Job and Wage Description Information Sheet | <input type="checkbox"/> Compliance Affidavit |

Type of Abatement RequestedReal Property ☒Personal Property ☐Length of Abatement Requested: 7 YearsProject Size (square feet): 8,400Size of Site (acres): 6

Type of Building:

Multiple Tenants (leased)

Single Tenant (leased)

Owner Occupied

Corporate Headquarters

Capital Investment

1. Real property capital investment only: \$900,000
2. Personal property capital investment only: \$0
3. Total capital investment for proposed project: \$900,000

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: 0
2. Estimated number of full time jobs retained as a direct result of the proposed project: 0
3. Total number of full time jobs upon project completion: 0

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits) 0
2. Average hourly wage rate for jobs retained (w/o benefits) 0

***In addition to answering these questions, please fill out the Job and Wage Description for Tax Abatement Application information sheet and submit it with the application as an attachment.

Please explain why the abatement incentive is necessary to the project:

The tax abatement will help ease the financial burden of the initial investment and provide time to find tenants for the space that is being vacated.

Company InformationHow long has the company been in existence? 30+ yearsCurrent address of company headquarters and duration at that address: 1424 Commerce Parkway,
Franklin, In 46131 5 yearsApproximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: 52%Have you ever received tax abatement at your current location? Yes NoIf yes, when and for what term? 7 years

What specifically has the company done

to give back to the community: We sponsor a movie/donate money to the Artcraft on a yearly basis, sponsor FCHS athletic programs, and provide mentorship to high school students

While acting as a strong advocate for using economic incentives to help applicants expand and/or locate in the community, the City of Franklin also strives to enrich the quality of life for its citizens. To that end, the City embraces the use of voluntary economic development fees as allowed under Indiana law (IC 6-1.1-12.1-14). These fees are directed by the City to local nonprofit organizations to bolster their economic development efforts. The fee can be applied on both real and personal property abatements. The fee is collected annually by the County Treasurer as a special assessment on the tax bill and is distributed by the City to the designated economic development nonprofit organization. Typically, 2% is charged on Real Property and 5% is charged on Personal Property. The fee is a percentage of the abatement received. For example, instead of receiving 100% abatement in the first year, the company receives a 95% abatement, with the 5% difference going to support local economic development. More information can be found on the City's website (www.franklin.in.gov) under the Economic Development tab.

Is the company agreeable to the Economic Development Fee? Yes NoIf yes, at what percent(s)? 2%



STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51767 (R2 1-1-07)

Prescribed by the Department of Local Government Finance

20 PAY 20

FORM SB-1 / Real Property

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- ☒ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
☐ Eligible vacant building (IC 6-1.1-12.1-4.8)

INSTRUCTIONS:

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body BEFORE the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, BEFORE a deduction may be approved.
- To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, Whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. [IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(j)]
- The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000. The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.

SECTION 1 TAXPAYER INFORMATION						
Name of taxpayer WK Investments, Inc. (Rapid Prototyping & Engineering)						
Address of taxpayer (number and street, city, state, and ZIP code) 1424 Commerce Parkway, Franklin, IN 46131						
Name of contact person William Harvey			Telephone number (317) 739-3543		E-mail address will@rpmachining.com	
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT						
Name of designating body City of Franklin City Council					Resolution number	
Location of property 1424 Commerce Parkway, Franklin, IN 46131			County Johnson		DLGF taxing district number	
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) Addition of 8,400 s.f. of flex space to the property's north building					Estimated start date (month, day, year) 11/1/2023	
					Estimated completion date (month, day, year) 6/1/2024	
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT						
Current number 20	Salaries \$80,480 ave/person/yr	Number retained 20	Salaries \$80,480 ave/person/yr	Number additional 0	Salaries 0	
SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT						
NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential. Current values Plus estimated values of proposed project Less values of any property being replaced Net estimated values upon completion of project			REAL ESTATE IMPROVEMENTS			
			COST		ASSESSED VALUE	
					\$1,487,300	
			\$900,000		\$900,000	
					\$2,387,300	
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROVIDED BY THE TAXPAYER						
Estimated solid waste converted (pounds)			Estimated hazardous waste converted (pounds)			
Other benefits						
SECTION 6 TAXPAYER CERTIFICATION						
I hereby certify that the representations in this statement are true.						
Signature of authorized representative			Title Owner		Date signed (month, day, year) 9/5/2023	

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this Economic Revitalization Area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1, provides for the following limitations:

- A. The designated area has been limited to a period of time not to exceed _____ calendar years * (see below). The date this designation expires is _____.
- B. The type of deduction that is allowed in the designated area is limited to:
- | | | |
|--|------------------------------|-----------------------------|
| 1. Redevelopment or rehabilitation of real estate improvements | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Residentially distressed areas | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Occupancy of a vacant building | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
- C. The amount of the deduction applicable is limited to \$ _____.
- D. Other limitations or conditions (specify) _____.
- E. The deduction is allowed for _____ years* (see below).

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved (signature and title of authorized member of designating body)	Telephone number ()	Date signed (month, day, year)
Attested by (signature and title of attester)	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.12-12.1-4.

- A. For residentially distressed areas, the deduction period may not exceed five (5) years.
- B. For redevelopment and rehabilitation or real estate improvements:
1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
 2. If the Economic Revitalization Area was designated after June 20, 2000, the deduction period may not exceed ten (10) years.
- C. For vacant buildings, the deduction period may not exceed two (2) years.

**JOB AND WAGE DESCRIPTION
FOR TAX ABATEMENT APPLICATION**

Please provide the following job and wage earning information that is associated with this Tax Abatement Petition (*Please specify all wages in an hourly format without benefits*):

- (1) Company NAICS code: 332710.
- (2) The total number of jobs current at the site: 20, the number of those jobs that will be retained as a direct result of the proposed investment 20, and the number of new jobs which will be created as a direct result of the proposed investment 0.
- (3) The total number of full-time employees at the site: 19.
- (4) The total number of temporary and/or contract employees currently at the site: 1.
- (5) The average hourly wages for the new jobs: n/a.
- (6) Will the new jobs being created begin as temporary and/or contract employees? n/a
If yes, please provide an explanation of the typical transition process to full time:

(7) Number of new and/or retained jobs in:

- (a) Managerial/Professional Specialty Occ.: 3 Average Hourly Wage: \$52
- (b) Technical/Sales/Admin. Support Occ.: 3 Average Hourly Wage: \$48
- (c) Service Occ.: Average Hourly Wage:
- (d) Precision Production/Craft/Repair Occ.: 10 Average Hourly Wage: \$30
- (e) Operators/Fabricators/Laborers: 4 Average Hourly Wage: \$23

Note: The total number of jobs specified above should correspond with the Statement of Benefits Form SB-1.

(8) Attach detailed information on the types of benefits offered for new employees. A description of all possible bonuses and incentives should also be given if provided.

- 7 paid holidays per year
- 1 week paid vacation for first year of employment, 2 weeks after 1 year, 3 weeks after 5 years, 4 weeks after 7 years
- 4% match on 401K contributions
- health insurance @ \$50/pay period for individual employee, \$100/pp for emp & spouse, \$200/pp for family, \$1000 deductible
- quarterly bonuses based on company and individual performance

COMPANY INVESTMENT TIMETABLE

Year of Abatement	Buildings	Equip. Type 1	Equip. Type 2	Equip. Type 3	Total
1st Quarter	\$400,000				\$400,000
2nd Quarter	\$500,000				\$500,000
3rd Quarter					
4th Quarter					
Year of Abatement					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
TOTAL					

EXHIBIT A

A part of the Southeast Quarter of Section 11, Township 12 North, Range 4 East of the Second Principal Meridian, Johnson County, Indiana, described as follows:

Commencing at the Southwest corner of said Quarter Section; thence North 00 degrees 06 minutes 08 seconds West (previous survey bearing) along the West line of said Quarter Section 50.00 feet; thence North 89 degrees 13 minutes 22 seconds East 1240.00 feet to the Point of Beginning of the described tract; thence North 00 degrees 00 minutes 00 seconds West 513.37 feet; thence North 90 degrees 00 minutes 00 seconds East 477.92 feet to a point on the West right-of-way line of a roadway easement; the next two (2) courses follow last said West right-of-way line; thence Southeasterly on and along a curve to the right with a radius of 770.00 feet, an arc distance of 261.63 feet and a chord bearing and distance of South 09 degrees 44 minutes 03 seconds East 260.38 feet; thence South 0 degrees 00 minutes 00 seconds East 249.66 feet; thence South 89 degrees 13 minutes 22 seconds West 522.12 feet to the Point of Beginning, containing 6.025 acres, more or less.



Indiana Tax Abatement Results

- Johnson County, FRANKLIN CITY FRANKLIN TWP
- Tax Rate (%): 3.0623
- Project Name: Rapid Prototyping

Real Property: **\$900,000**

	Abatement Percentage	With Abatement			Without Abatement			Estimated Tax Abatement Savings
		Property Taxes	Circuit Breaker Tax Credit	Net Property Taxes	Property Taxes	Circuit Breaker Tax Credit	Net Property Taxes	
Year 1	100	\$0	\$0	\$0	\$27,561	(\$561)	\$27,000	\$27,000
Year 2	80	\$5,512	\$0	\$5,512	\$27,561	(\$561)	\$27,000	\$21,488
Year 3	60	\$11,024	\$0	\$11,024	\$27,561	(\$561)	\$27,000	\$15,976
Year 4	40	\$16,536	\$0	\$16,536	\$27,561	(\$561)	\$27,000	\$10,464
Year 5	20	\$22,049	\$0	\$22,049	\$27,561	(\$561)	\$27,000	\$4,951
Totals		\$55,121	\$0	\$55,121	\$137,804	(\$2,804)	\$135,000	\$79,879



Indiana Tax Abatement Results

- Johnson County, FRANKLIN CITY FRANKLIN TWP
- Tax Rate (%): 3.0623
- Project Name: Rapid Prototyping

Real Property: **\$900,000**

	Abatement Percentage	With Abatement			Without Abatement			Estimated Tax Abatement Savings
		Property Taxes	Circuit Breaker Tax Credit	Net Property Taxes	Property Taxes	Circuit Breaker Tax Credit	Net Property Taxes	
Year 1	100	\$0	\$0	\$0	\$27,561	(\$561)	\$27,000	\$27,000
Year 2	85	\$4,134	\$0	\$4,134	\$27,561	(\$561)	\$27,000	\$22,866
Year 3	71	\$7,993	\$0	\$7,993	\$27,561	(\$561)	\$27,000	\$19,007
Year 4	57	\$11,851	\$0	\$11,851	\$27,561	(\$561)	\$27,000	\$15,149
Year 5	43	\$15,710	\$0	\$15,710	\$27,561	(\$561)	\$27,000	\$11,290
Year 6	29	\$19,568	\$0	\$19,568	\$27,561	(\$561)	\$27,000	\$7,432
Year 7	14	\$23,702	\$0	\$23,702	\$27,561	(\$561)	\$27,000	\$3,298
Totals		\$82,958	\$0	\$82,958	\$192,925	(\$3,925)	\$189,000	\$106,042

Rapid Prototyping and Engineering
8,400 square foot addition proposed

41-08-11-044-002.000-009

AV	Taxes Due	Abatement %	Taxes Paid	Current Assessed Value \$1,701,500
2023 Pay 2024	\$32,274.00	0%	\$32,274.00	\$32,274.00
2024 Pay 2025	\$59,274.00	100%	\$32,274.00	Year 1 \$32,274.00
2025 Pay 2026	\$59,274.00	95%	\$37,786.00	Year 2 \$32,274.00
2026 Pay 2027	\$59,274.00	80%	\$43,298.00	Year 3 \$32,274.00
2027 Pay 2028	\$59,274.00	65%	\$48,810.00	Year 4 \$32,274.00
2028 Pay 2029	\$59,274.00	50%	\$54,323.00	Year 5 \$32,274.00
2026 Pay 2027	\$59,274.00	40%	\$59,274.00	Year 6 \$32,274.00
2027 Pay 2028	\$59,274.00	30%	\$59,274.00	Year 7 \$32,274.00
2028 Pay 2029	\$59,274.00	20%	\$59,274.00	Year 8 \$32,274.00
2029 Pay 2030	\$59,274.00	10%	\$59,274.00	Year 9 \$32,274.00
2030 Pay 2031	\$59,274.00	5%	\$59,274.00	Year 10 \$32,274.00
	\$59,274.00	0%	\$59,274.00	Year 15 \$32,274.00
	\$59,274.00	0%	\$59,274.00	Year 16 \$32,274.00
	\$59,274.00	0%	\$59,274.00	Year 17 \$32,274.00
	\$59,274.00	0%	\$59,274.00	Year 18 \$32,274.00
	\$59,274.00	0%	\$59,274.00	Year 19 \$32,274.00
	\$59,274.00	0%	\$59,274.00	Year 20 \$32,274.00
	Taxes PAID over 20 years:		\$652,014.00	\$355,014.00 :Taxes PAID over 20 ye without any developm
			\$652,014.00	
			\$355,014.00	
		Difference:	\$297,000.00	