

# CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

## Memorandum

**To:** City of Franklin Economic Development Commission  
**From:** Krista Linke, Director of Community Development  
**Date:** March 7, 2014  
**Re:** Case C 2014-09: Caterpillar Reman Powertrain Indiana LLC

### Summary:

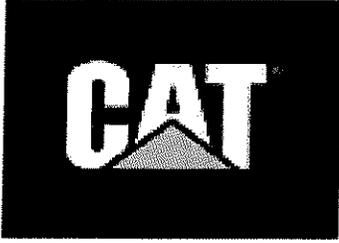
1. On September 20<sup>th</sup>, 2010, the Franklin Common Council passed Resolution No. 2010-15, approving a 10-year tax abatement with a 5% economic development fee on personal property for Caterpillar Reman Powertrain Indiana, LLC, located at 751 International Drive.
2. Actual and estimated benefits, as projected for 2013:

	Estimated on SB-1	Actual in 2012	Difference
Employees Retained	338	338	0
Salaries	\$10,278,445	\$10,791,664	\$513,219
New Employees	0	51	51
Salaries	\$0	\$1,628,328	\$1,628,328
Total Employees	338	389	51
Total Salaries	\$10,278,445	\$12,419,992	\$2,141,547
Average Hourly Salaries	\$14.62	\$15.35	\$0.73
Personal Property Improvements	\$13,568,000	\$7,762,540	-\$5,805,460

3. The company estimated in their original application that they would spend \$4,700,000 on equipment in 2010, \$2,242,000 on equipment in 2011, and \$3,276,000 in 2012. The total for all three years is \$10,068,000. They reported spending \$7,762,540 total at the end of 2012. They were given until the end of 2013 to purchase all of the equipment. They indicated in their application that they would purchase \$3,276,000 in 2012 but only purchased \$1,907,869. They indicated on their original application they would purchase an additional \$3,500,000 in 2013 but only purchased \$932,163.
4. The company has met the number of employees retained with higher salaries, as well as hired an additional 51 employees. The average hourly salary is slightly above what was estimated.
5. The tax abatement is scheduled to expire in tax year 2023 payable 2024. The final compliance review should take place in 2023.

### Staff Recommendation:

Approval



February 27, 2014

Ms. Krista Linke, AICP  
Department of Planning & Economic Development  
70 E. Monroe Street  
Franklin, Indiana 46131

*Re: Tax Abatement Compliance for Caterpillar Reman Powertrain Indiana LLC*

Dear Ms. Linke:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements which were granted to Caterpillar Reman Powertrain Indiana LLC in 2010 under Franklin Common Council Resolution No. 2010-15.

As can be seen from reviewing the enclosed documents, our company has been highly successful in a) making capital investment which had been projected for the past year, and b) retaining the full complement of jobs which had been proposed in the Statement of Benefits (From SB-1) which was approved on October 4, 2010.

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,

A handwritten signature in cursive script, appearing to read 'Lee Anspaugh', is written in black ink.

Lee Anspaugh  
Accounting Supervisor  
Caterpillar Reman Powertrain Indiana

Enclosures



**COMPLIANCE WITH STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

State Form 51765 (R2 / 5-13)

Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

- INSTRUCTIONS:**
1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
  2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between March 1, and May 15, of each year, unless a filing extension under IC 6-1.1-3.7 has been granted. A person who obtains a filing extension must file between March 1, and the extended due date of each year.
  3. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance (CF-1).

**SECTION 1 TAXPAYER INFORMATION**

Name of taxpayer Caterpillar Reman Powertrain Indiana LLC	
Address of taxpayer (number and street, city, state, and ZIP code) 751 International Drive Franklin, IN 46131	
Name of contact person Lee A. Anspaugh	Telephone number ( 317 ) 346-3211

**SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY**

Name of designating body Franklin Common Council	Resolution number 2010-15
Location of property same as above	County Johnson
DLGF taxing district number 41009	Estimated starting date (month, day, year) 06/10/2010
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.	Estimated completion date (month, day, year) 12/31/13

**SECTION 3 EMPLOYEES AND SALARIES**

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	338.00	338.00
Salaries	10,278,445.00	10,615,904.00
Number of employees retained	338.00	338.00
Salaries	10,278,445.00	10,615,904.00
Number of additional employees	0.00	80.00
Salaries	0.00	2,512,640.00

**SECTION 4 COST AND VALUES**

AS ESTIMATED ON SB-1	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	12,613,870.	4,946,825.0						
Plus: Values of proposed project	13,568,000.	5,427,200.0						
Less: Values of any property being replaced								
Net values upon completion of project	26,181,870.	10,374,025.						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	12,613,870.	2,694,562.0						
Plus: Values of proposed project	8,331,079.6	3,402,229.0						
Less: Values of any property being replaced								
Net values upon completion of project	21,744,949.	6,096,791.0						

NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6 (d).

**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 <i>Lee A. Anspaugh</i>	Title Accounting Supervisor	Date signed (month, day, year) 02/27/14
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# Caterpillar Reman Powertrain Indiana

Resolution 2010-15

## Machinery Investment Schedule

	Actual Amount of Investment (From SB-1) as of 06/2010	Proposed Amount of Investment	Prior Period Investment	3/31/2013	6/30/2013	9/30/2013	12/31/2013	Actual Total Amount of Investment as of 12/31/13	Difference Between Actual and Proposed Amount of Investment
M&E	\$ 12,613,870	\$ 13,568,000	\$ 7,775,936	\$ 191,239	\$ 116,039	\$ 66,259	\$ 558,626	\$ 8,708,099	\$ 4,359,901
							<u>932,163</u>	<i>in 2013</i>	

## Headcount Addition Schedule

	Actual Number of Employees (From SB-1)	Proposed Total No. of Employees	3/31/2013	6/30/2013	9/30/2013	12/31/2013	Actual total No. of Employees Added for Project	Difference Between Actual and Proposed Number of Employees
Headcount	338	0	55	6	14	5	80	80