



Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: April 24, 2015
Re: Case C 2015-25: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

1. On March 4th, 2013, the Franklin Common Council passed Resolution No. 2013-06, approving a 10-year tax abatement with a 2% economic development fee for real property for Mitsubishi, located at 1200 N. Mitsubishi Parkway. On December 16th, 2013, the Franklin Common Council amended this resolution due to a project delay. Resolution 2013-31 amended Resolution 2013-06 and extended the completion date from December 31st, 2013 to July 1st, 2014.
2. Actual and estimated benefits, as projected for 2014:

	Estimated on SB-1	Actual in 2014	Difference
Employees Retained	219	212	-7
Salaries	\$8,431,675	\$9,388,043	\$956,368
New Employees	9	0	-9
Salaries	\$353,433	\$0	-\$353,433
Total Employees	228	212	-16
Total Salaries	\$8,785,108	\$9,388,043	\$602,935
Average Hourly Salaries	\$18.52	\$21.29	\$2.77
Real Property Improvements	\$913,793	\$900,000	-\$13,793

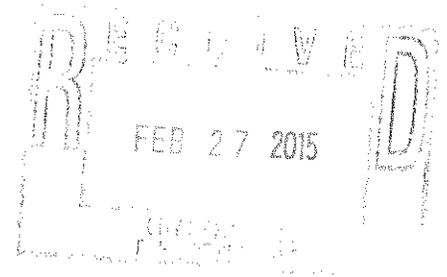
3. The project start date was delayed and the completion date was extended to 7/1/14. This caused the company to adjust the job creation timetable chart. See the attached letter from Bob Francis dated February 25, 2015.
4. The company estimated on their original application that they would add nine employees once the improvements were complete. They ended 2014 with 212 employees, but they had 13 open jobs available. They filled 4 of those jobs during January of 2015 and 8 more during February of 2015. Taking that into consideration, they are ahead of the revised schedule.
5. The average hourly salaries are higher than estimated.
6. The real property tax abatement is scheduled to expire in tax year 2024 payable 2025. Their last year for compliance review will be 2025.

Staff Recommendation: Approval

 **MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.**

February 25, 2015

Krista Linke, AICP
Director of Community Development
City of Franklin
70 E. Monroe Street
Franklin, Indiana 46131



RE: Annual Tax Abatement Compliance - Common Council Resolution 13-06 / 13-31

Dear Economic Development Commission Members:

Common Council Resolution 2013-06 was amended and is now Common Council Resolution 2013-31. Mitsubishi Heavy Industries Climate Control, Inc. (MCCA)

Common Council Resolution 13-06 (Real Estate Improvements) relative to a 10,500 square foot addition to the North / West end of the current MCCA plant located at 1200 North Mitsubishi Parkway, in Franklin had an initial start date of 04/01/13 and completion date of 12/31/13. This project was delayed by MCCA and the company requested an amended start (12/01/13) and completion (07/01/14) date from the City of Franklin. On December 16, 2013, the Common Council of the City of Franklin approved MCCA's request.

The 10,500 square foot addition to the north/west end of the current Mitsubishi plant was completed during June 2014. The City of Franklin Occupancy Inspection was completed June 6, 2014.

This project start date was delayed and the completion date was moved out from 12/31/13 to 07/01/14. This caused us to adjust the job creation timetable chart (see attached revised chart). However, we still intend to hire the nine (9) additional employees per the SB-1 form.

We ended 2014 with 212 employees on the payroll and thirteen (13) open jobs. We filled four (4) of those jobs during January 2015 and eight (8) more during February 2015 for a current total of 224 associates.

We would like to thank the City of Franklin for continued support in approving our tax abatement compliance requests for previous projects and we respectfully request that the City of Franklin will continue to look favorably on our growth activities and grant this 2015 compliance request relative to Common Council Resolution 13-06, amended to 13-31, for the abatement on taxes for 2014 payable 2015.

Respectfully,

Bob Francis
General Manager Administration
Mitsubishi Heavy Industries Climate Control, Inc.



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 Mitsubishi Heavy Industries Climate Control, Inc.	County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	DLGF taxing district number 41-018	
Name of contact person Bob Francis	Telephone number (317) 346-5010	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body Franklin Common Council	Resolution number 13-06 / 13-31	Estimated start date (month, day, year) 4-1-13, amended 12-1-13
Location of property 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	Actual start date (month, day, year) 12-1-13	
Description of real property improvements New construction - approximately 10,500 square feet of new building on the northwest end of the current MCCA plant, north of the current office area.	Estimated completion date (month, day, year) 12-31-13, amended 7-1-14	
	Actual completion date (month, day, year) 06-06-2014	
SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	219	219
Salaries	8,431,675	8,431,675
Number of employees retained	219	212
Salaries	8,431,675	9,388,043
Number of additional employees	9	0
Salaries	353,433	0
SECTION 4 COST AND VALUES		
COST AND VALUES	REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE
Values before project	5,767,800	5,767,800
Plus: Values of proposed project	913,793	913,793
Less: Values of any property being replaced		
Net values upon completion of project	6,681,593	6,681,593
ACTUAL	COST	ASSESSED VALUE
Values before project	5,980,000	5,980,000
Plus: Values of proposed project	900,000	900,000
Less: Values of any property being replaced		
Net values upon completion of project	6,680,000	6,680,000
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	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 <i>Bob Francis</i>	Title General Manager, Administration	Date signed (month, day, year) 2-25-15

C 2014-24
C 2014-25

 **MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.**

February 26, 2014
Krista Linke, AICP
Director of Community Development
City of Franklin
70 E. Monroe Street
Franklin, Indiana 46131

RE: Annual Tax Abatement Compliance – Common Council Resolution 2013-06 and 2013-07

Dear Economic Development Commission Members:

Common Council Resolution 2013-06 was amended and is now Common Council Resolution 2013-31. Mitsubishi Heavy Industries Climate Control, Inc. (MCCA)

Common Council Resolution 2013-06 (Real Estate Improvements) relative to a 10,500 square foot addition to the North/West end of the current Mitsubishi plant located at 1200 North Mitsubishi Parkway in Franklin had an initial start date of 4/1/13 and completion date of 12/31/13. This project was delayed by Mitsubishi and the company requested an amended start (12/1/13) and completion (7/1/14) date from the City of Franklin. On December 16, 2013, the Common Council of the City of Franklin approved Mitsubishi's request - see attached Resolution Number 2013-31 for details. The first year a tax deduction will apply is for 2014 taxes payable in 2015. Therefore, the first year for the abatement compliance process will be 2015. However, for your information, this project is running on schedule and should be completed by the new (7/1/14) completion date.

Common Council Resolution 2013-07 was amended and is now Common Council Resolution 2013-32. Mitsubishi Engine North America, Inc. (MENA)

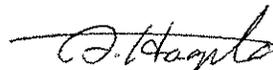
Common Council Resolution 2013-07 (Personal Property) relative to \$7,693,125.00 in machinery and equipment had an original start date of 7/1/13 and completion date of 12/31/13. This project was delayed by Mitsubishi and the company requested an amended start (6/1/14) and completion (10/1/15) date from the City of Franklin. On December 16, 2013, the Common Council of the City of Franklin approved Mitsubishi's request – see attached Resolution Number 2013-32 for details. The first year a tax deduction will apply is for 2014 taxes payable in 2015 for the portion of equipment installed during 2014. Therefore the first year for the abatement compliance process will be 2015. However, for your information, this project is still on schedule and should be completed by the new (10/1/15) completion date.

We would like to thank the City of Franklin for continued support in approving our tax abatement requests and our compliance requests for various projects over the years.

Respectfully,



Bob Francis
General Manager Administration
Mitsubishi Heavy Industries Climate Control, Inc.



Atsushi Hagita
Vice President
Mitsubishi Engine North America, Inc.

Revised Job Creation / Retention Time Table (MCCA)

	Manager	Technical / Administration	Precision Production	Operator	Additional Jobs	Total Jobs (New and Retained)	
						Proposed	Actual
2014							
Year of Abatement							
1st Quarter					0		
2nd Quarter					0		
3rd Quarter					0		
4th Quarter					0		
						219	212
2015							
Year of Abatement							
1st Quarter					0		
2nd Quarter					0		
3rd Quarter					0		
4th Quarter		1	1	1	3		
						222	
2016							
Year of Abatement							
1st Quarter				1	1		
2nd Quarter		1	2	2	5		
3rd Quarter					0		
4th Quarter					0		
Total	0	2	3	4	9		228
Average hourly wages		\$29.80	\$18.71	\$13.55			
Wages + Benefits		\$35.23	\$24.14	\$18.98			

NOTE : We had thirteen (13) open jobs at the end of 2014 that, when filled, will bring the total employment to 225. The 212 number is the actual number of employees on the payroll at the end of 2014.