



Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: April 24, 2015
Re: Case C 2015-26: Mitsubishi Engine North America (MENA)

Summary:

1. On March 4th, 2013, the Franklin Common Council passed Resolution No. 2013-06, approving a 10-year tax abatement with a 5% economic development fee for personal 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 2013-32 amended Resolution 2013-07 and extended the completion date from December 31st, 2014 to October 1st, 2015.
2. Actual and estimated benefits, as projected for 2014:

	Estimated on SB-1	Actual in 2014	Difference
New Employees	73	17	-56
Salaries	\$3,114,238	\$988,259	-\$2,125,979
Average Hourly Wage	\$20.51	\$27.95	\$7.44
Personal Property Improvements	\$7,274,375	\$5,382,352	-\$1,892,023

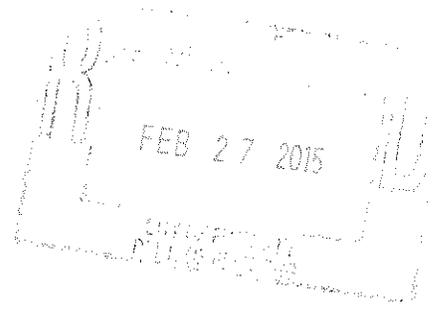
3. The project start date was delayed and the completion date was extended to 10/1/15. This caused the company to adjust the job creation timetable chart. See the attached letter from Atsushi Hagita dated February 25, 2015.
4. The company estimated on their original application that they would hire 73 new employees with the purchase of \$7,693,125 in machinery and equipment. They amended their start and completion date through Resolution 2015-32. They have indicated now that they only intend to purchase \$5,382,352 in machinery and equipment and hire 60 new employees total by the end of 2015. The change in investment amount and decrease in number of new employees may result in the need for another amendment needed.
5. The average hourly salaries are higher than estimated.
6. The personal 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



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 13-07 / 13-32

Dear Economic Development Commission Members:

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

Common Council Resolution 13-07 (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.

This project start date was delayed and the completion date was moved out from 12/31/13 to 10/1/15. This caused us to adjust the Company Investment timetable and the Job Creation / Retention timetable (see attachments). MENA invested \$3,355,467.00 in manufacturing, logistics and IT equipment during 2014 and has hired 17 associates (4 during 2013 and 13 during 2014). MENA intends to invest another \$2,026,885.00 during 2015 for a total investment of \$5,382,352.00 and hire an additional 43 associates during 2015 for a total of 60 associates by the end of 2015.

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 13-07, amended to 13-32, for the abatement on taxes for 2014 payable 2015.

Respectfully,

Atsushi Hagita
Vice President
Mitsubishi Engine North America, Inc.



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 Mitsubishi Engine North America (MENA)	
Address of taxpayer (number and street, city, state, and ZIP code) 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	
Name of contact person Atsushi Hagita	Telephone number (317) 346-5280

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body City of Franklin Common Council		Resolution number 13-07, amended 13-32
Location of property 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	County Johnson	DLGF taxing district number 41-018
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Equipment and machinery for manufacturing of turbochargers. 2014 expenditures see (amended Company Investment Timetable for 2015 expenditures)		Estimated starting date (month, day, year) 6-1-2014
		Estimated completion date (month, day, year) 10-1-2015

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	0.00	0.00
Salaries	0.00	0.00
Number of employees retained	0.00	0.00
Salaries	0.00	0.00
Number of additional employees <i>See amended Job Creation / Retention Timetable</i>	73.00	17.00
Salaries	3,114,238.00	988,259.00

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	0.00	0.00			0.00	0.00	0.00	0.00
Plus: Values of proposed project	7,274,375.00	7,274,375.00			418,750.00	418,750.00	18,436.00	18,436.00
Less: Values of any property being replaced								
Net values upon completion of project	7,274,375.00	7,274,375.00			418,750.00	418,750.00	18,436.00	18,436.00
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	0.00	0.00			0.00	0.00	0.00	0.00
Plus: Values of proposed project	7,274,375.00	7,274,375.00			418,750.00	418,750.00	18,436.00	18,436.00
Less: Values of any property being replaced								
Net values upon completion of project	3,321,748.00	3,321,748.00			15,283.00	15,283.00	18,436.00	18,436.00

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	0.00	0.00
Amount of hazardous waste converted	0.00	0.00
Other benefits: <i>MENA will produce turbochargers that conserve fuel - more fuel-efficient car engines</i>		

SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative <i>A. Hagita</i>	Title Vice President	Date signed (month, day, year) 2/27/15

Amended COMPANY INVESTMENT TIMETABLE - MENA

Feb 2015

Year of Abatement	New Machinery and Equipment	Special Tooling / Retooling	Logistics Equipment	Other Furniture	IT Hardware	New Software	Total
1st Quarter							\$0.00
2nd Quarter							\$0.00
3rd Quarter							\$0.00
4th Quarter							\$0.00
Year of Abatement	2014	2014	2014	2014	2014	2014	
1st Quarter							\$0.00
2nd Quarter	\$1,307,215.00						\$1,307,215.00
3rd Quarter							\$0.00
4th Quarter	\$2,014,533.00		\$15,283.00		\$18,436.00		\$2,048,252.00
Year of Abatement	2015	2015	2015	2015	2015	2015	\$3,355,467
1st Quarter							
2nd Quarter	\$80,000.00	\$12,000.00	\$1,590.00				\$1,590.00
3rd Quarter	\$100,000.00		\$265,295.00		\$7,000.00		\$364,295.00
4th Quarter	\$1,350,000.00		\$158,000.00	\$7,500.00	\$8,500.00		\$274,000.00
Year of Abatement	2016	2016	2016	2016	2016	2016	
1st Quarter							\$0.00
2nd Quarter							\$0.00
3rd Quarter							\$0.00
4th Quarter							\$0.00
Total	\$4,851,748.00	\$12,000.00	\$477,168.00	\$7,500.00	\$33,936.00	\$0.00	\$5,382,352.00

Amended Job Creation / Retention TimeTable MENA

<u>Year of Abatement</u>	<u>Manager</u>	<u>Technical / Administration</u>	<u>Engineer</u>	<u>Operator</u>	<u>Total</u>
<u>2013</u>					
<u>1st Quarter</u>					0
<u>2nd Quarter</u>	1				1
<u>3rd Quarter</u>	1				1
<u>4th Quarter</u>	1		1		2
2014					
<u>1st Quarter</u>					0
<u>2nd Quarter</u>		5	1		6
<u>3rd Quarter</u>				2	2
<u>4th Quarter</u>		1		4	5
2015					
<u>1st Quarter</u>		2			2
<u>2nd Quarter</u>	1	4			5
<u>3rd Quarter</u>			1	7	8
<u>4th Quarter</u>		2		18	20
2016					
<u>1st Quarter</u>		1			1
<u>2nd Quarter</u>				7	7
<u>3rd Quarter</u>					0
<u>4th Quarter</u>					0
Total	4	15	3	38	60

= 17

Average hourly wages \$33.65 \$26.44 \$33.65 \$13.30

Wages + Benefits \$39.08 \$31.87 \$39.08 \$18.73