



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: March 30, 2016
Re: Case C 2016-29: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

- 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.
- Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2015	Difference
Employees Retained	219	189	-30
Salaries	\$8,431,675	\$9,061,428	\$629,753
New Employees	9	0	-9
Salaries	\$353,433	\$0	-\$353,433
Total Employees	219	189	-30
Total Salaries	\$8,431,675	\$9,061,428	\$629,753
Average Hourly Salaries	\$17.78	\$23.05	\$5.27
Real Property Improvements	\$913,793	\$900,000	-\$13,793

- 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 18, 2016.
- The company estimated on their original application that they would add nine employees once the improvements were complete. They ended 2015 with 189 employees and nine (9) job openings. They do not anticipate reaching the estimated number of employees in the near future.
- The average hourly salaries are higher than estimated.
- 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 18, 2016

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.

We ended 2015 with 189 employees on the payroll and nine (9) open jobs, bringing total jobs to 198. The 198 is twenty four less than the 222 projected on SB-1 for 2015. MCC does not anticipate getting to the estimated 222 employee headcount level in the near future. However, the MCC 2015 payroll is higher than the estimated payroll amount on the SB-1. In addition, MCC shares the facility at 1200 North Mitsubishi Parkway in Franklin with our sister company Mitsubishi Engine North America, Inc. (MENA). MENA has 52 employees working at our Franklin location bringing the total Mitsubishi employment in Franklin (MCC and MENA) to 241 at 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 2016 compliance request relative to Common Council Resolution 13-06, amended to 13-31, for the abatement on taxes for 2015 payable 2016.

Respectfully,



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



Susan Cunningham
Attorney at Law - Counsel
Mitsubishi Heavy Industries
Climate Control, Inc. (MCC)



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 or Susan Cunningham	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	189
Salaries	8,431,675	9061428
Number of employees retained	219	189
Salaries	8,431,675	9061428
Number of additional employees	9	0
Salaries	353,433	0

SECTION 4 COST AND VALUES

COST AND VALUES	REAL ESTATE IMPROVEMENTS	
	COST	ASSESSED VALUE
AS ESTIMATED ON SB-1		
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		
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	6,880,000	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) 2-18-16
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Job Creation / Retention TimeTable (MCCA)

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

Common Council
 Resolution 13-06 / 13-31
 Mitsubishi Heavy Industries
 Climate Control, Inc. (MCC)

Year of Abatement	Manager	Technical / Administration	Precision Production	Operator	Additional Jobs	Total Jobs (New and Retained)	
						Proposed	Actual
Year of Abatement 2014							
1st Quarter					0		
2nd Quarter					0		
3rd Quarter					0		
4th Quarter					0		
Year of Abatement 2015							
1st Quarter					0		
2nd Quarter					0		
3rd Quarter					0		
4th Quarter		1	1	1	3	222	189
Year of Abatement 2016							
1st Quarter					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 nine (9) open jobs at the end of 2015 that, when filled, will bring the total employment to 198. The 189 number is the actual number of employees on the payroll at the end of 2015.