



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 2016-32: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

1. On December 16th, 2013, the Franklin Common Council passed Resolution No. 2013-29, approving a 10-year tax abatement with a 2% economic development fee for real property for Mitsubishi, located at 1200 N. Mitsubishi Parkway.
2. Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2015	Difference
Employees Retained	228	189	-39
Salaries	\$8,784,108	\$9,061,428	\$277,320
New Employees	3	0	-3
Salaries	\$89,793	\$0	-\$89,793
Total Employees	231	189	-42
Total Salaries	\$8,873,901	\$9,061,428	\$187,527
Average Hourly Salaries	\$18.47	\$23.05	\$4.58
Real Property Improvements	\$791,819	\$1,434,851	\$643,032

3. The 23,840 square foot addition to the north end of the existing Mitsubishi plant was completed in January 2015. They have greatly exceeded their estimated real property investment.
4. The company indicates in their cover letter that they currently have 9 open jobs, which would bring the total number of jobs to 198. That is 31 less than estimated on their original application. However, the average hourly salary is much higher than estimated. There are also an additional 52 employees at this facility that work for Mitsubishi Engine North America (MENA), that are not included in these employment figures. Mitsubishi does not anticipate increasing their overall employee headcount to the originally estimated 231 in the near future.
5. The real property tax abatement is scheduled to expire in tax year 2023 payable 2024. Their last year for compliance review will be 2024.

Staff Recommendation: Approval

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

February 25, 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 2013-29

Dear Economic Development Commission Members:

Common Council Resolution ~~13-29~~ (Real Estate Improvements) relative to a 23,840 square foot addition to the North end of the current MCCA plant located at 1200 North Mitsubishi Parkway, in Franklin had a start date of 03/01/14 and completion date of 09/30/14.

The 23,840 square foot addition to the north end of the current Mitsubishi plant was completed during January 2015. The City of Franklin Occupancy Inspection was completed January 16, 2015.

We ended 2015 with 189 employees on the payroll and nine (9) open jobs, bringing total jobs to 198. The 198 is thirty one less than the 229 projected on SB-1 for 2015. MCC does not anticipate getting to the estimated 231 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 2013-29, 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 13-29	Estimated start date (month, day, year) 3-1-14
Location of property 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	Actual start date (month, day, year) 3-1-14	
Description of real property improvements New construction - approximately 23,840 square feet of new building on the north end of the current MCCA plant.	Estimated completion date (month, day, year) 9-30-14	
	Actual completion date (month, day, year) 1-16-15	

SECTION 3 EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	228	189
Salaries	8784108	9061428
Number of employees retained	228	189
Salaries	8784108	9061428
Number of additional employees	3	0
Salaries	89793	0

SECTION 4 COST AND VALUES

COST AND VALUES	REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE
Values before project	6681593	6681593
Plus: Values of proposed project	1200000	1200000
Less: Values of any property being replaced		
Net values upon completion of project	7881593	7881593
ACTUAL	COST	ASSESSED VALUE
Values before project	6681593	6681593
Plus: Values of proposed project	1434851	1434851
Less: Values of any property being replaced		
Net values upon completion of project	8116444	8116444

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) 2-25-16
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