



CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Director of Planning & Economic Development
Date: April 2, 2012
Re: Case C 2012-38: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

1. On May 17th, 2010, the Franklin Common Council passed Resolution No. 2010-10 approving a 10-year tax abatement on real property and a 10-year tax abatement on personal property for Mitsubishi, located at 1200 N. Mitsubishi Parkway.
2. Actual and estimated benefits, as projected for 2011:

	Estimated on SB-1	Actual in 2011	Difference
Employees Retained	44	44	0
Salaries	\$2,638,636	\$2,488,375	-\$150,261
New Employees	67	66	(1)
Salaries	\$2,308,139	\$1,869,752	-\$438,387
Total Employees	111	110	(1)
Total Salaries	\$4,946,775	\$4,358,127	-\$588,648
Average Hourly Salaries	\$21.43	\$19.05	-\$2.38
Personal Property Improvements	\$8,496,346	\$8,751,627	\$255,281
Real Property Improvements	\$446,212	\$249,334	-\$196,878

3. The company has come very close to meeting the number of jobs created but the average hourly wage indicated on the SB-1 Form is \$2.38 per hour lower than estimated.
4. The company exceeded their estimate provided on their SB-1 Form for personal property. The total given in the letter dated February 24th from Bob Francis includes \$396,842 in research and development equipment. Only manufacturing equipment was included in this abatement.
5. Mr. Francis does not address the lower than estimated real estate improvements.
6. The real and personal property tax abatement for Mitsubishi is scheduled to expire in tax year 2020 payable 2021. The final compliance review will take place in 2021.

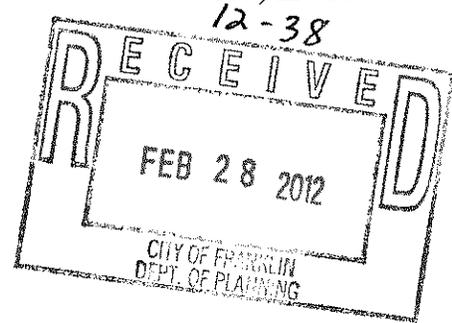
Staff Recommendation: Approval



MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.

February 24, 2012

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



RE: Annual Tax Abatement Compliance –Common Council Resolution 10-10 (EDC 2010-02)

Dear Economic Development Commission Members:

Mitsubishi Heavy Industries Climate Control, Inc. (MCC) requested and was granted tax abatement (EDC 2010-02) by the City of Franklin on \$8,893,188.00 for personal property (Assembly line upgrades, Inspection equipment and Machining equipment) and \$446,212.00 for Real Estate Improvements (building upgrades in Machining and Assembly area) to be purchased and installed during 2010 and 2011. The tax abatement is for 2011 taxes payable 2012 on the above mentioned improvements. The personal property and real estate improvements have been completed. Personal property actual spending was \$9,110,252.00 and real estate improvements actual spending was \$249,334.00 – see Forms CF-1/PP and CF-1/ Real Property and also Investment Time Table form that are included with this report. The personal property spending was \$217,064.00 more than estimated on the SB-1 / PP form and real estate improvements were \$196,878.00 less than estimated on SB-1 / Real Property form.

These investments were necessary to manufacture car air conditioning compressors for a new global contract that MCC was awarded with a major U S automobile manufacturer. These investments were needed to produce a new style (QS) compressor for this new contract, maintain the 44 jobs we listed on Form SB-1 dated 4/16/2010 and add a total of 67 jobs (35 during 2011 and 32 during 2012). MCC has maintained the 44 jobs listed on Form SB-1 dated 4/16/2010 and has added 9 jobs during 2010, 57 jobs during 2011 for a total of 110 jobs on 12/31/11. MCC plans to add another 56 jobs during 2012 for a total of 166 jobs by 12/31/2012 – see Job Creation or Retention Schedule.

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 2012 compliance request relative to EDC 2010-02 for the abatement on taxes for 2011 payable 2012.

Respectfully,

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



**COMPLIANCE WITH STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51765 (R / 1-06)

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 Heavy Industries Climate Control, Inc. (MCC)	
Address of taxpayer (number and street, city, state, and ZIP code) 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	
Name of contact person Bob Francis	Telephone number (317) 346-5010

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body Franklin City Council		Resolution number 10-10
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. Upgrade to assembly line, new machining and inspection equipment and building improvements in the machining and assembly areas to machine and assemble automotive air conditioning compressors.		Estimated starting date (month, day, year) 08/01/2010 Estimated completion date (month, day, year) 12/31/2011

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	44.00	44
Salaries	2,638,636.00	2,488,375.00
Number of employees retained	44.00	44
Salaries	2,638,636.00	2,488,375.00
Number of additional employees	67.00	66
Salaries	2,308,134.00	1,869,752.00

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	8,496,346.00	8,496,346.00	396,842.00	396,842.00				
Plus: Values of proposed project								
Less: Values of any property being replaced								
Net values upon completion of project	8,496,346.00	8,496,346.00	396,842.00	396,842.00				
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	8,751,627.00	8,751,627.00	358,625.00	358,625.00				
Plus: Values of proposed project								
Less: Values of any property being replaced								
Net values upon completion of project	8,751,627.00	8,751,627.00	358,625.00	358,625.00				

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	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) 2-24-12

* NOTE: This abatement has also been referred to as Common Council Resolution 10-10.



**COMPLIANCE WITH STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R2 / 1-07)
Prescribed by the Department of Local Government Finance

20 11 PAY 20 12

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).

This statement is being completed for real property that qualifies under the following Indiana Code (*check one box*):

- Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
- Eligible vacant building (IC 6-1.1-12.1-4.8)

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area. (IC 6-1.1-12.1-2 (b))
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 (SB-1 / Real Property).
3. This form must accompany the initial deduction application that is filed with the County Auditor.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must file an updated form with the County Auditor and the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.1)
5. The updated form must be filed annually by May 15, or by the due date for the real property owner's personal property return that is filed in the township where the project is located, whichever is later. (IC 6-1.1-12.1-5.1 (b))
6. With the approval of the Designating Body, compliance information for multiple projects may be consolidated on one (1) compliance form (CF-1 / Real Property).

SECTION 1 TAXPAYER INFORMATION			
Name of taxpayer Mitsubishi Heavy Industries Climate Control, Inc. (MCC)			
Address of taxpayer (number and street, city, state, and ZIP code) 1200 North Mitsubishi Parkway, Franklin, Indiana 46131			
Name of contact person Bob Francis		Telephone number (317) 346-5010	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body Franklin City Council		Resolution number 10-10	
Location of property 1200 North Mitsubishi Parkway, Franklin, Indiana 46131		County Johnson	DLGF taxing district number 41-018
Description of real property improvements: Improvements to current building to allow for machining of parts and assembly of product.		Estimated starting date (month, day, year) 10/01/2010	
		Estimated completion date (month, day, year) 12/31/2011	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		44	44
Salaries		2,638,636.00	2,488,375.00
Number of employees retained		44	44
Salaries		2,638,636.00	2,488,375.00
Number of additional employees		67	66
Salaries		2,308,134.00	1,869,752.00
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		446,212.00	446,212.00
Plus: Values of proposed project			
Less: Values of any property being replaced			
Net values upon completion of project		446,212.00	446,212.00
ACTUAL		COST	ASSESSED VALUE
Values before project		249,334.00	249,334.00
Plus: Values of proposed project			
Less: Values of any property being replaced			
Net values upon completion of project		249,334.00	249,334.00
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 Mgr, Administration	Date signed (month, day, year) 2-29-12

*NOTE: This abatement has also been referred to as Common Council Resolution 10-10.

Company Investment Time Table

EDC 2010-02 ***

Mitsubishi Heavy Industries Climate Control, Inc. (MCC)
 1200 North Mitsubishi Parkway
 Franklin, IN 46131

	Buildings 2010	Equipment Type Manufacturing Equipment	Equipment R&D 2010	Total 2010
Year of Abatement				
1st Quarter		\$148,888.00		
2nd Quarter		\$706,691.00		
3rd Quarter		\$697,452.00	\$358,625.00	
4th Quarter		\$346,467.00		
Year of Abatement	2011	2011		2011
1st Quarter		\$1,271,951.00		
2nd Quarter		\$3,106,877.00		
3rd Quarter	\$249,334.00	\$1,910,062.00		
4th Quarter		\$563,239.00		
Total	\$249,334.00	\$8,751,627.00	\$358,625.00	\$9,359,586.00

Note: This money has been spent and the machines and equipment are installed and operational.
 *** NOTE: Abatement request has also been referred to as Common Council Resolution 10-10

Job Creation or Retention Schedule

EDC 2010-02 ***

Mitsubishi Heavy Industries Climate Control, Inc. (MCC)
 1200 North Mitsubishi Parkway
 Franklin, IN 46131

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

2011 Proposal and Actual Numbers	Number of Employees (12/31/10)	Number of Employees Added during 2011 by Quarter				Number of Employees Added during 2011
		03/31/11	06/30/11	09/30/11	12/31/11	
Proposed (2011)	44	0	0	22	13	35
Actual ->	53	15	19	21	2	57
Running Total	53	68	87	108	110	

2012 Proposal	Number of Employees (12/31/12)	Proposed Number of Employees to be Added during 2012 by Quarter				Proposed Number of Employees Added during 2012
		03/31/12	06/30/12	09/30/12	12/31/12	
Proposed (2012)	79	21	11	0	0	32
Proposed Running Total	110	131	142	142	142	

*** NOTE: Abatement request has also been referred to as Common Counsel Resolution 10-10