### Memorandum

**To:** City of Franklin Economic Development Commission

From: Krista Linke, Community Development Director

Date: April 24, 2015

Re: Case C 2015-24: Mitsubishi Heavy Industries Climate Control, Inc.

### **Summary:**

1. On May 21<sup>st</sup>, 2012, the Franklin Common Council passed Resolution No. 2012-10, approving a 7-year tax abatement on personal property for Mitsubishi, located at 1200 N. Mitsubishi Parkway.

2. Actual and estimated benefits, as projected for 2014:

	Estimated on SB-1	Actual in 2014	Difference
Employees Retained	150	157	7
Salaries	\$8,444,556	\$8,610,540	\$165,984
New Employees	3	55	52
Salaries	\$126,921	\$1,925,000	\$1,798,079
Total Employees	153	212	59
Total Salaries	\$8,571,477	\$10,535,540	\$1,964,063
Average Hourly Salaries	\$26.93	\$23.89	-\$3.04
Personal Property Improvements	\$1,717,647	\$1,511,422	-\$206,225

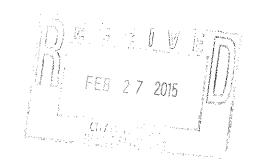
- 3. The company originally estimated adding 3 employees in 2012 as a result of purchasing two new scroll finishing machines. They added 64 jobs in 2012. Overall, there are two less jobs in 2013 than 2012. The average hourly salaries increased from \$22.73 in 2012 to \$22.82 in 2013. The average hourly salary increased from \$22.82 in 2013 to \$23.89 in 2014.
- 4. The two new scroll finishing machines cost less to purchase than estimated on their SB-1 Form for personal property. They have been purchased and this number will remain the same over the length of the abatement.
- 5. The personal property tax abatement for Mitsubishi is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.

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 12-10

**Dear Economic Development Commission Members:** 

Mitsubishi Heavy Industries Climate Control, Inc. (MCC) requested and was granted tax abatement (Common Council Resolution 12-10) by the City of Franklin on \$1,717,647.00 for personal property (two new scroll finishing machines) to be purchased and installed during the third quarter 2012. This equipment was installed and operational during the third quarter 2012 (see Company Investment Timetable chart). However, the actual value of the two machines is \$1,511,422.00. The tax abatement is to start with 2012 taxes payable 2013.

The investment in these two new machines was necessary to maintain production levels of scrolls to manufacture car air conditioning compressors for a new global contract that MCC was awarded with a major U S automobile manufacturer. With this investment we were able to maintain the 150 jobs we listed on Form SB-1 dated 4/12/2012 and add the 3 jobs that we listed during the third quarter 2012. MCC actually added 23 jobs during the third quarter of 2012 - see Job Creation or Retention Schedule. The 2014 year-end total of employees on the payroll was 212.

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 12-10 for the abatement on taxes for 2014 payable 2015.

Respectfully,

**Bob Francis** 

General Manager Administration

Mitsubishi Heavy Industries Climate Control, Inc.

### FORM CF-1/PP

### **COMPLIANCE WITH STATEMENT OF BENEFITS** PERSONAL PROPERTY

State Form 51765 (R / 1-06) Prescribed by the Department of Local Government Finance

SECTION 6

Signature of authorized representative

I hereby certify that the representations in this statement are true.

Bal Francis

- 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.
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<ol> <li>With the approval of the (CF-1).</li> </ol>	designating b	ody, compliance	e informatio	on for multiple pr	ojects may b	e consolidated	on o	ne (1) (	compliance
SECTION 1		TAXPAYER	INFORMA	ПОЛ					
Name of taxpayer									
Mitsubishi Heavy Industries Climate Control		******			~ ~~~				
Address of taxpayer (number and street, city, state, an	,								
1200 North Mitsubishi Parkway, Franklin	i, Indiana 46	131							~~~~
Name of contact person						Telephone nur	nber		
Bob Francis						(317) 346-	5010	- Control Control	
SECTION 2	LOCAT	ION AND DES	CRIPTION	OF PROPERTY					
Name of designating body						Resolution nu	mber		
Franklin City Council			1-			12-10			
Location of property	10101		Cou	*		DLGF taxing of	listrict	number	
1200 North Mitsubishi Parkway, Franklin, Indiana			t t	hnson		41-018	······		
Description of new manufacturing equipment, or new requipment, or new logistical distribution equipment to be	e acquired.				-	Estimated star 07/09/201		ate (mor	ith, day, year)
New machining equipment in the mac	hining area t	o machine a	utomotive	air compress	or parts	Estimated con	pletio	n date (i	month, day, year
						09/01/2012			
SECTION 3		EMPLOYEES	AND SAL	ARIES					
	ES AND SAL	ARIES			AS EST	IMATED ON S	8B-1	- Switchestern College	ACTUAL
Current number of employees					150.00			157	
Salaries					8,444,556.0	00		7,463,	043.00
Number of employees retained					150.00			157	
Salaries			·		8,444,556.	00		8,610,5	40.00
Number of additional employees					3.00			55	
Salaries					126,921.00	+		1,925,0	00.00
SECTION 4		COST AN	ID VALUES	3					
		ACTURING PMENT	R&DE	QUIPMENT	LOGIS EQUIP	T DIST PMENT		IT EQI	JIPMENT
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	С	ost	ASSESSED VALUE
Values before project									
Plus: Values of proposed project	1,717,647.00	1,717,647.00							
Less: Values of any property being replaced									
Net values upon completion of project	1,717,647.00	1,717,647.00							
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	соят	ASSESSED VALUE	C	OST	ASSESSED VALUE
Values before project		<u> </u>							
Plus: Values of proposed project	1,511,422.00	1,511,422.00						****	
Less: Values of any property being replaced			***************************************						
Net values upon completion of project	1,511,422.00	1,511,422.00							
NOTE: The COST of the property is confidentia	pursuant to IC	6-1.1-12.1-5.6	6 (d).						
			NEFITS PR	OMISED BY TH					
WASTE CONVERTE	D AND OTHE	R BENEFITS			AS ESTIMA	TED ON SB-1		AC	TUAL
Amount of solid waste converted					0		0		
Amount of hazardous waste converted					0		0	******	
Other benefits:									

**TAXPAYER CERTIFICATION** 

Title

General Manager, Administration

Date signed (month, day, year)

2-25-15

## Company Investment Time Table

### Resolution 12-10

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

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Edilip Type 2	- Ldaip ype 4	2010	1 				2011					2012						
Equip Type 1		7.07				** ***** = ****** ** ****** ** ****** **	2011			** ***** #* ** ****** * # ***** * # ***** * # ***** * # ***** * # ***** * # ****** * # ****** * # ****** * # ****** * # ******* * # ********		2012						
Buildings	0.000	0107					2011					2012						
	Vear of Abatement	19t O. O. T.	Ist Quarter	Zna Quarier	3rd Quarter	4th Quarter	Year of Abatement	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year of Abatement	1st Quarter		3rd Quarter	4th Quarter	Total	

# Job Creation and Retention Schedule

Resolution 12-10

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

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

		Potoinod	New	New	New	New	Year End
	Account of the control of the contro	Averanneu	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	***	150		-	_	-	
2012	Proposed (SB-1)	as of 4-12-12	0		3_		153
	Actual ->	157					
		***************************************		Ţ	C-7	141	[77]
2013	Proposed (SB-1)	153	0	0	0	- <del>-</del> -c	153
CTO.	  Actual ->	221	0			; <del></del>	010

		Retained	New	New	New	New	Year End
			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
			-				
2014	Proposed (SB-1)	153	0	0	0	10	153
• • •	*** Actual ->	219	- - -		— = = = = = = = = = = = = = = = = = =	- ;    -	
				, T		7	717

\*\*\* NOTE: We had thirteen (13) job openings 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.