

CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: April 24, 2015
Re: Case C 2015-27: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

1. On March 18th, 2013, the Franklin Common Council passed Resolution No. 2013-10, approving a 7-year tax abatement with a 5% economic development fee on personal property for Mitsubishi, located at 1200 N. Mitsubishi Parkway.
2. Actual and estimated benefits, as projected for 2014:

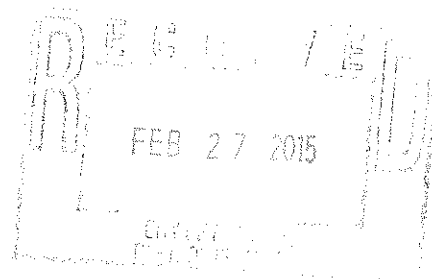
	Estimated on SB-1	Actual in 2014	Difference
Employees Retained	219	219	0
Salaries	\$8,431,675	\$9,532,862	\$1,101,187
New Employees	3	0	-3
Salaries	\$96,158	\$0	-\$96,158
Total Employees	222	219	-3
Total Salaries	\$8,527,833	\$9,532,862	\$1,005,029
Average Hourly Salaries	\$18.47	\$20.93	\$2.46
Personal Property Improvements	\$1,851,351	\$1,193,030	-\$658,321

3. The company estimated on their original application that they would add one employee in the 4th quarter of 2013 and 2 employees in 2014. They had six open jobs at the end of 2013. If those were filled their total jobs would have been 225 at the end of 2013 instead of 219.
4. Their total number of employees at the end of 2014 was 219 again. They did have 13 job openings at the end of 2014. Once those are filled they will exceed the estimated number of employees on their SB-1 Form.
5. The average hourly salaries continue to be higher than originally estimated.
6. 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.
7. The personal property tax abatement for Mitsubishi is scheduled to expire in tax year 2019 payable 2020. The final compliance review will take place in 2020.

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 13-10

Dear Economic Development Commission Members:

Mitsubishi Heavy Industries Climate Control, Inc. (MCC) requested and was granted tax abatement (Common Council Resolution 13-10) by the City of Franklin on \$1,851,351.00 for personal property (six scroll finishing machines) to be purchased and installed during the third quarter 2013. This equipment was installed and operational during the third quarter 2013 (see Company Investment Timetable chart). However, the actual value of the six machines is \$1,193,030.00. The tax abatement is to start with 2013 taxes payable 2014.

The investment in these six 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 will be able to maintain the 219 jobs we listed on Form SB-1 dated 3/1/2013 and add the 3 jobs that we listed during 2013 (1) and 2014 (2). The 2014 year-end total of employees on the payroll was 212, however we had thirteen (13) open jobs that, when filled, will bring the total to 225. This is three more than the 222 projected on the SB-1.

We ended 2014 with 212 employees on the payroll and thirteen (13) open jobs. We filled four (4) of those jobs during January 2015 and eight (8) more during February 2015 for a current total of 224 associates increasing annual payroll from \$9,388,043.00 listed on CF-1/PP form to \$9,737,483.00.

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 13-10 for the abatement on taxes for 2014 payable 2015.

Respectfully,



Bob Francis
General Manager Administration
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.	
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 13-10
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. Introduction of six additional machines for finishing scrolls to increase production capacity at MCC Plant.	Estimated starting date (month, day, year) 04/01/2013 Estimated completion date (month, day, year) 12/31/2013

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	219.00	219
Salaries	8,431,675.00	9,532,862.00
Number of employees retained	219.00	212
Salaries	8,431,675.00	9,388,043.00
Number of additional employees	3.00	0
Salaries	96,158.00	0.00

SECTION 4 COST AND VALUES								
	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	1,851,351.00	1,851,351.00						
Less: Values of any property being replaced								
Net values upon completion of project	1,851,351.00	1,851,351.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	1,193,030.00	1,193,030.00						
Less: Values of any property being replaced								
Net values upon completion of project	1,193,030.00	1,193,030.00						

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 Bob Francis	Title General Manager, Administration	Date signed (month, day, year) 2-25-15

Job Creation and Retention Schedule

Resolution 13-10

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

2013

Proposed (SB-1)

Actual ->

Retained	New 1st Qtr	New 2nd Qtr	New 3rd Qtr	New 4th Qtr	Year End Total
219	0	0	0	1	220
219	0	0	0	0	219

2014

Proposed (SB-1)

*** Actual ->

Retained	New 1st Qtr	New 2nd Qtr	New 3rd Qtr	New 4th Qtr	Year End Total
220	1	1	0	0	222
219		-7			212

*** NOTE: We had thirteen (13) job openings at the end of 2014 - that, when filled, will bring the total employment to 225 or 3 more than projected on the SB-1 form.

The 212 number is the actual number of employees on the payroll at the end of 2013.

COMPANY INVESTMENT TIMETABLE MCCA

	Proposed New Machinery and Equipment 2013	Actual New Machinery and Equipment	Actual Total
Year of Abatement			
1st Quarter			\$0.00
2nd Quarter			\$0.00
3rd Quarter	\$1,851,351.00	\$1,193,030.00	\$1,193,030.00
4th Quarter			\$0.00
Year of Abatement	2014		
1st Quarter			\$0.00
2nd Quarter			\$0.00
3rd Quarter			\$0.00
4th Quarter			\$0.00
Year of Abatement	2015		
1st Quarter			\$0.00
2nd Quarter			\$0.00
3rd Quarter			\$0.00
4th Quarter			\$0.00
Year of Abatement	2016		
1st Quarter			\$0.00
2nd Quarter			\$0.00
3rd Quarter			\$0.00
4th Quarter			\$0.00
Total	\$1,851,351.00	\$1,193,030.00	\$1,193,030.00