



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 8, 2022
Re: Case C 2022-05: Caterpillar Reman Powertrain Indiana LLC

Summary:

1. On September 20th, 2010, the Franklin Common Council passed Resolution No. 2010-15, approving a 10-year tax abatement with a 5% economic development fee on personal property for Caterpillar Reman Powertrain Indiana, LLC, located at 751 International Drive.
2. Actual and estimated benefits, as projected for 2021:

	Estimated on SB-1	Actual in 2021	Difference
Employees Retained	338	226	-112
Salaries	\$10,278,445	\$10,301,841	\$23,396
New Employees	0	0	0
Salaries	\$0	\$0	\$0
Total Employees	338	226	-112
Total Salaries	\$10,278,445	\$10,301,841	\$23,369
Average Hourly Salaries	\$14.62	\$21.91	\$7.29
Personal Property Improvements	\$13,568,000	\$10,616,923	-\$2,951,077

3. The company estimated in their original application that they would spend \$4,700,000 on equipment in 2010, \$2,092,000 on equipment in 2011, \$3,276,000 in 2012, and \$3,500,000 in 2013. The total for all four years is \$13,568,000. They reported having spent \$7,762,540 at the end of 2012. They were given until the end of 2013 to purchase all of the equipment. They indicated in their application that they would purchase \$3,276,000 in 2012 but only purchased \$1,907,869. They indicated on their original application they would purchase an additional \$3,500,000 in 2013 but only purchased \$932,163. The completion date for the abatement was the end of 2013. Because the completion date on the SB-1 Form is the end of 2013, they are receiving abatement on \$10,616,923 in personal property. The number decreased in 2017 and 2018. While not eligible for the abatement, the company did invest an additional 2 million dollars in equipment to increase product offerings.
4. In 2018 the number of employees decreased by 29 due to leaner operations and natural attrition; however, total salaries and average hourly salaries are higher than the SB-1 estimate. 2019 saw an additional decrease of 68 total compared to estimates, however salaries are still above estimate. In 2020 salaries are still above the estimate but due to attrition and leaner practices the employment numbers are lower. The company has increased bonuses and feels the employment base is better with the smaller number. The company continued the process of

creating a leaner and more quality employment situation, with wages well above estimates but with lower employment numbers, giving more benefits to employees.

5. The tax abatement is scheduled to expire in tax year 2023 payable 2024. The final compliance review should take place in 2023.

Staff Recommendation: Approval



February 22, 2022

Mrs. Dana Monson, Community Development Specialist
Department of Planning & Economic Development
70 E. Monroe Street
Franklin, IN 46131

Re: Tax Abatement Compliance for Caterpillar Reman Powertrain Indiana LLC

Dear Mrs. Monson:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements which were granted to Caterpillar Reman Powertrain Indiana LLC in 2010 under Franklin Common Council Resolution No. 2010-15.

As can be seen from reviewing the enclosed documents, our company has been highly successful in making capital investment for the project. Caterpillar has experienced a decrease in demand over the last several years; resulting in a need to shrink our hourly workforce. We have reduced our hourly positions through lean activities and natural attrition. This has resulted in a more efficient labor force which allowed us to increase the hourly pay rate 3% in 2021 as well as award over 4.5% in quarterly gainsharing bonuses. Although the number of employees retained is lower than estimated on Statement of Benefits (From SB-1) which was approved on October 4, 2010, we believe that the quality of employment is better for the actual employees retained.

In the last twelve months, the Caterpillar Reman Powertrain facility has launched production of two new low volume Caterpillar products and added product offerings for the external business. This supports the division's strategy of significant parts growth and is a continuation of opportunities for new business in our facility. The development of the workforce and the location continues to make Franklin a front runner in the Reman growth strategy and supports continued discussion on additional products to be launched in the next several years.

Please review the enclosed documents, and if you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

Andrea D. Haga

Andrea D. Haga
Business Resource Manager
Caterpillar Reman Powertrain Indiana

Enclosures

751 International Drive, Franklin, Indiana 46131 • 317-346-3211

Caterpillar: Confidential Green



COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R4 / 11-16)

Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

PRIVACY NOTICE

This form contains information
confidential pursuant to
IC 6-1.1-35-9 and IC 6-1.1-12.1-5.6.

- 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 January 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 January 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 Caterpillar Reman Powertrain Indiana LLC		County Johnson						
Address of taxpayer (number and street, city, state, and ZIP code) 751 International Drive		DLGF taxing district number 41009						
Name of contact person Andrea D. Haga		Telephone number (317) 346-3211						
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY						
Name of designating body The City of Franklin Common Council		Resolution number 2010-15	Estimated start date (month, day, year) 06/10/2010					
Location of property same as above		Actual start date (month, day, year) 03/04/2011						
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.		Estimated completion date (month, day, year) 12/31/2013						
		Actual completion date (month, day, year) 01/01/2015						
SECTION 3		EMPLOYEES AND SALARIES						
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL					
Current number of employees		338	226					
Salaries		10,278,445.00	10,301,841.00					
Number of employees retained		338	226					
Salaries		10,278,445.00	10,301,841.00					
Number of additional employees		0	0					
Salaries		0.00	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	12,613,870.00	4,946,825.00						
Plus: Values of proposed project	13,568,000.00	5,427,200.00						
Less: Values of any property being replaced								
Net values upon completion of project	26,181,870.00	10,374,025.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	12,613,870.00	1,135,249.00						
Plus: Values of proposed project	7,023,820.00	1,053,573.00						
Less: Values of any property being replaced								
Net values upon completion of project	19,637,690.00	2,188,822.00						
NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6(c).								
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								
Amount of hazardous waste converted								
Other benefits:								
SECTION 6		TAXPAYER CERTIFICATION						
I hereby certify that the representations in this statement are true.								
Signature of authorized representative Andrea D. Haga		Title Business Manager	Date signed (month, day, year) 02/22/2022					

Caterpillar Illinois Powertrain Indiana LLC
Tax Abatement 2010-15 Personal Property Listing
As of 12-31-2021

System #	Description	Acquired Value	Asset #	Location	Class	Prop Tax	PP Tax Year	In Svc Date	PR	Depr Meth	Depr	Vendor	Disposal Date	Abatement
1320	6.4L Leak Tester 6	56,923.40	9607	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	-		Abatement 2010-16
1330	Torque Arm Cap 4	19,338.74	3614	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1331	Torque Arm Motion	21,127.00	-	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1332	Torque Arm Reset	15,060.00	-	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1333	Torque Arm ST Wr	20,186.00	-	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1334	Torque Arm Smart	37,100.00	3612	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1335	Torque Arm Asst	14,240.00	3613	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1336	Torque Arm Station	37,124.00	-	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1337	Torque Arm Smart	35,907.00	3611	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1338	Torque Arm Station	19,388.74	-	FPP	ME	Pool 2	2012	6/1/2011	P	YSMA	6.4L Assembly	ELDO SALES & ENGINEERING		Abatement 2010-16
1352	Derrick 275LB Hol	2,378.00	9610	FPP	ME	Pool 2	2012	12/1/2011	P	YSMA	6.4L Assembly	CRANE AMERICA		Abatement 2010-16
1353	Opening Overhaul	19,180.04	2465	FPP	ME	Pool 2	2012	12/1/2011	P	YSMA	6.4L Assembly	Simplex Strip Doors Inc.		Abatement 2010-16
1401	Infection protec ho	18,236.00	-	FPP	ME	Pool 2	2012	2/17/2012	P	YSMA	6.4L Assembly	Inficon Inc.		Abatement 2010-16
1402	Helium fill station	22,698.00	3478	FPP	ME	Pool 2	2012	2/17/2012	P	YSMA	6.4L Assembly	Future Technologies		Abatement 2010-16
1427	DC torque silver st	19,424.04	-	FPP	ME	Pool 2	2013	6/1/2012	P	YSMA	6.4L Assembly	6.4L HPPF		Abatement 2010-16
1399	6.4L HPPF PCV/FV	134,400.00	3071	FPP	ME	Pool 2	2012	2/17/2012	P	YSMA	6.4L HPPF	Fluid Power Associates		Abatement 2010-16
1403	80 Agitating Tank	21,621.89	3014	FPP	ME	Pool 2	2012	2/17/2012	P	YSMA	6.4L HPPF	-		Abatement 2010-16
1404	Converter Pan-Th	129,433.43	3033	FPP	ME	Pool 2	2012	2/17/2012	P	YSMA	6.4L HPPF	-		Abatement 2010-16
1405	Magnetized Deming	6,855.64	3052	FPP	ME	Pool 2	2012	2/17/2012	P	YSMA	6.4L HPPF	Simplex Strip Doors		Abatement 2010-16
1406	Queen Blow-Off Be	11,517.64	3014	FPP	ME	Pool 2	2012	2/17/2012	P	YSMA	6.4L HPPF	-		Abatement 2010-16
1410	Engratic Hydraulic	3,149.94	3054	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	6.4L HPPF	Grainger		Abatement 2010-16
1411	6.4L HPPF conveyor	2,145.66	3028	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	6.4L HPPF	WATERWORKS MIDWEST		Abatement 2010-16
1413	Top Loading Pre-W	19,860.64	3013	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	6.4L HPPF	R.L. Guilmette Company		Abatement 2010-16
1415	6.4L ADAMM	10,419.00	-	FPP	ME	Pool 2	2013	04/01/13	P	YSMA	6.4L HPPF	HYDRAULIC SYSTEMS		Abatement 2010-16
1425	6.4L HPPF Control	5,042.67	3047	FPP	ME	Pool 2	2014	10/01/13	P	YSMA	6.4L HPPF	-		Abatement 2010-16
1534	80 Gal. Agitating T	4,148.00	3098	FPP	ME	Pool 2	2014	10/01/13	P	YSMA	6.4L HPPF	-		Abatement 2010-16
1526	80 Gal. Agitating T	4,148.00	3099	FPP	ME	Pool 2	2014	10/01/13	P	YSMA	6.4L HPPF	-		Abatement 2010-16
1571	6.4L HPPF Motor	3,220.86	-	FPP	ME	Pool 2	2015	05/01/14	P	YSMA	6.4L HPPF	ELDO SALES & ENGINEERING		Abatement 2010-16
1431	DC Torque Unit on	105,894.42	3264	FPP	ME	Pool 2	2012	12/01/12	P	YSMA	6.4L HPP	-		Abatement 2010-16
1355	Ultrasonic Tank W	32,958.85	3022	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	6.4L HPP	-		Abatement 2010-16
1394	6.4L HPPF EOL/F	371,348.40	3056	FPP	ME	Pool 2	2012	2/17/2012	P	YSMA	6.4L HPP	CRANE AMERICA		Abatement 2010-16
1400	Cone Lift System	5,781.00	3180	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	6.4L HPP	-		Abatement 2010-16
1407	HPPF Collum Wa	11,312.94	3053	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	6.4L HPP	-		Abatement 2010-16
1414	Leak Master Leak	14,325.00	3181	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	6.4L HPP	-		Abatement 2010-16
1418	37.2 torque unit 90	20,972.62	-	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	6.4L HPP	ELDO SALES & ENGINEERING		Abatement 2010-16
1434	6.4L HPPF Speed	5,042.67	3066	FPP	ME	Pool 2	2013	04/01/12	P	YSMA	6.4L HPP	HYDRAULIC SYSTEMS		Abatement 2010-16
1434	6.4L HPP Leak Ma	11,556.00	3178	FPP	ME	Pool 2	2013	04/01/12	P	YSMA	6.4L HPP	-		Abatement 2010-16
1343	6.4L Connecting R	29,990.00	-	FPP	ME	Pool 2	2012	04/01/13	P	YSMA	6.4L HPP	DETROIT PRECISION TOOL		Abatement 2010-16
1509	Magnetic Filtration	24,114.00	-	FPP	ME	Pool 2	2014	11/01/13	P	YSMA	Blocks	-		Abatement 2010-16
1575	Force Monitoring S	9,900.00	-	FPP	ME	Pool 2	2015	05/01/14	P	YSMA	DUNHAGE	-		Abatement 2010-16
1400	Alcitra Pressure W	5,403.13	3073	FPP	ME	Pool 2	2012	07/01/13	P	YSMA	DTMO	CRANE AMERICA		Abatement 2010-16
1327	Dyno D Overhead	246,873.70	-	FPP	ME	Pool 2	2012	05/01/13	P	YSMA	DTMO	Dyno One Inc.		Abatement 2010-16
1335	Complete 500 HP	2,910.00	-	FPP	ME	Pool 2	2013	06/01/13	P	YSMA	DTMO	S&F		Abatement 2010-16
1429	345 Dyno Alignment	12,900.00	3142	FPP	ME	Pool 2	2014	04/01/13	P	YSMA	DTMO	WIESE		Abatement 2010-16
1477	Propose Forktruck	12,900.00	3271	FPP	ME	Pool 2	2014	04/01/13	P	YSMA	GENERAL PLANT OPERATIONS	WIESE		Abatement 2010-16
1478	Propose Forktruck	12,900.00	3238	FPP	ME	Pool 2	2014	04/01/13	P	YSMA	GENERAL PLANT OPERATIONS	WIESE		Abatement 2010-16
1479	Electric Forktruck	12,900.00	3243	FPP	ME	Pool 2	2014	04/01/13	P	YSMA	GENERAL PLANT OPERATIONS	WIESE		Abatement 2010-16
1481	Propose Forktruck	12,900.00	3248	FPP	ME	Pool 2	2014	04/01/13	P	YSMA	GENERAL PLANT OPERATIONS	WIESE		Abatement 2010-16
1484	Walk Along Valves	8,700.00	3149	FPP	ME	Pool 2	2014	09/01/13	P	YSMA	GENERAL PLANT OPERATIONS	WIESE		Abatement 2010-16
1501	Air Dryer	22,543.00	3106	FPP	ME	Pool 2	2015	05/01/14	P	YSMA	GENERAL PLANT OPERATIONS	WIESE		Abatement 2010-16
1556	Facility Air Compne	140,415.24	-	FPP	ME	Pool 2	2015	05/01/14	P	YSMA	GENERAL PLANT OPERATIONS	WIESE		Abatement 2010-16
1570	UPS and Time Del	27,045.00	-	FPP	ME	Pool 2	2015	05/01/14	P	YSMA	GENERAL PLANT OPERATIONS	WIESE		Abatement 2010-16
1463	Uniflow Ultrasond	17,341.75	3047	FPP	ME	Pool 2	2013	02/01/13	P	YSMA	GREENWOOD WAREHOUSE	WIESE		Abatement 2010-16
1482	Propose Forktruck	7,500.00	3229	FPP	ME	Pool 2	2014	04/01/13	P	YSMA	GREENWOOD WAREHOUSE	WIESE		Abatement 2010-16
1508	Assembly Conveyor	76,431.81	2540	FPP	ME	Pool 2	2015	05/01/14	P	YSMA	GREENWOOD WAREHOUSE	WIESE		Abatement 2010-16
1373	Overfill Coolant #8	224,463.00	-	FPP	ME	Pool 2	2012	06/01/11	P	YSMA	HEADS	SMOCK MATERIAL HANDLING		Abatement 2010-16
1385	HP-11 Hydraulic P	3,335.00	3063	FPP	ME	Pool 2	2012	06/01/11	P	YSMA	HPP	GRINING L.P.		Abatement 2010-16
1409	Crane Lift System	8,249.64	3050	FPP	ME	Pool 2	2012	02/17/12	P	YSMA	HPP	CRANE AMERICA		Abatement 2010-16
1431	6.4L HPP STYLUS	5,775.00	3077	FPP	ME	Pool 2	2013	09/01/12	P	YSMA	HPP	Geo T. Schmidt		Abatement 2010-16
1440	Ultrasonic Scales	15,075.00	3074	FPP	ME	Pool 2	2013	09/01/12	P	YSMA	HPP	-		Abatement 2010-16
1516	80 Gal. Agitating T	5,648.00	3124	FPP	ME	Pool 2	2014	10/01/13	P	YSMA	HPP	-		Abatement 2010-16

