



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 2022-22: Mitsubishi Heavy Industries Climate Control, Inc. 13-29

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 2021: NOTE Please see MTEA employment numbers as they now have the building.

	Estimated on SB-1	Actual in 2021	Difference
Employees Retained	228	0	-228
Salaries	\$8,784,108	\$0	\$8,784,108
New Employees	3	0	-3
Salaries	\$89,793	\$0	-\$89,793
Total Employees	231	0	-231
Total Salaries	\$8,873,901	\$0	-\$8,873,901
Average Hourly Salaries	\$18.47	\$0	-\$18.47
Real Property Improvements	\$1,200,000	\$1,434,851	\$234,851

3. The 23,840 square foot addition to the north end of the existing Mitsubishi plant was completed in January 2015. MCC has greatly exceeded the estimated real property investment.
4. The company indicates in their cover letter that they currently have 7 open jobs, which would bring the total number of jobs to 201. That is 30 less than estimated. However, the average hourly salary is much higher than estimated. There are also an additional 115 employees at this facility that work for Mitsubishi Turbocharger and Engine North America (MTEA), who 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. In 2018 MCCA employed 194 at an average hourly salary of \$24.29. In 2019 the company had a reduction in employees due to a decrease in customer orders. The count is now 93 with 111 additional employees in the facility as employees of MTEA. In 2020 the company announced that the MHICC portion of the business will be closing due to a loss of a major contract. However, the MTEA portion of the business will remain and currently has 114 employees at this facility.

5. The real property tax abatement is scheduled to expire in tax year 2023 payable 2024. Their last year for compliance review will be 2023.

Staff Recommendation: Approval. This abatement was an incentive specifically to bring MTEA to the city of Franklin. This was accomplished and the investment was made. MTEA has 114 employees working at this facility now with plans to bring more employment this year.

MHI Climate Control

February 25, 2022

Dana Monson
Community Development Specialist
City of Franklin
70 East Monroe Street
Franklin, IN 46131

FILED

FEB 25 2022


JOHNSON CO. AUDITOR

RE: Annual Tax Abatement Compliance – Common Council Resolution 13-06/13-31

Dear Economic Development Commission Members:

Common County Resolution 2013-06 was amended and is now Common Council Resolution 2013-31.
Mitsubishi Heavy Industries Climate Control, Inc.

Common Council Resolution 13-06 (Real Estate Improvement) relative to a 10,500 square foot addition to the North/West end of the Former Mitsubishi Heavy Industries Climate Control, Inc. (MCCA) plant located at 1200 North Mitsubishi Parkway, in Franklin had an initial start date of 4/01/13 and completion date of 12/31/13. The project was delayed by MCCA and the company requested an amended start (12/01/13) and completion (07/01/14) date from the City of Franklin. ON December 16, 2013, the Common Council of the City of Franklin approved MCCA's request.

The 10,500 square foot addition to the north/west end of the former Mitsubishi plant was completed during June 2014. The City of Franklin Occupancy Inspection was completed June 6, 2014.

MCCA ended 2021 with no employees on the payroll due to the plant's closure. This obviously is less than the 228 projected on the SB-1 for 2021. MCCA shared the facility at 1200 North Mitsubishi Parkway in Franklin with our affiliate company Mitsubishi Turbocharger and Engine America, Inc. (MTEA). The 10,500 square foot addition was needed to accommodate MTEA warehouse and office space. MTEA has 114 employees working at the Franklin location at the end of 2021.

MCCA ended its production in March of 2021 and had no employees as of 10/1/2021. The MTEA group will remain at the Franklin location. The real property improvement was implemented to accommodate the MTEA business.

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 continue to look favorably on our company and grant this 2022 compliance request relative to Common Council Resolution 13-06, amended to 13-31, for the abatement on taxes for 2021 payable 2022.

Respectfully,



Hideki Yamamoto
On Behalf of Mitsubishi Heavy Industries Climate Control, Inc. (MCCA)



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

FILED

FEB 25 2022

20 21 PAY 20 22

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).

JOHNSON CO. AUDITOR

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, IN 46131			
Name of contact person Daina Cloer			Telephone number (317) 346-5232
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body Franklin Common Council			Resolution number 13-06/13-31
Location of property 1200 North Mitsubishi Parkway, Franklin, IN 46131		County Johnson	DLGF taxing district number 41-018
Description of real property improvements: New construction, approximately 10,500 square feet of new building on the northwest end of the current MCCA plant, north of the current office area			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	0
Salaries		8,431,675.00	2,103,668.00
Number of employees retained		219	0
Salaries		8,431,675.00	0.00
Number of additional employees		9	0
Salaries		353,433.00	0.00
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		5,767,800.00	5,767,800.00
Plus: Values of proposed project		913,793.00	913,793.00
Less: Values of any property being replaced			
Net values upon completion of project		6,681,593.00	6,681,593.00
ACTUAL		COST	ASSESSED VALUE
Values before project		5,980,000.00	5,980,000.00
Plus: Values of proposed project		900,000.00	900,000.00
Less: Values of any property being replaced			
Net values upon completion of project		6,680,000.00	6,680,000.00
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			
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		Title Treasurer	Date signed (month, day, year) 02/25/2022