



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: April 1st, 2013
Re: Case C 2013-28: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

1. On May 21st, 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 2012:

	Estimated on SB-1	Actual in 2012	Difference
Employees Retained	150	157	7
Salaries	\$8,444,556	\$8,610,540	\$165,984
New Employees	3	64	61
Salaries	\$126,921	\$1,839,718	\$1,712,797
Total Employees	153	221	68
Total Salaries	\$8,571,477	\$10,450,258	\$1,878,781
Average Hourly Salaries	\$26.93	\$22.73	-\$4.20
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 actually added a total of 64 jobs in 2012. Their average hourly salary is lower than estimated, but 68 more jobs were created than originally estimated.
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 15, 2013
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 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.

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 Common Council Resolution 12-10 for the abatement on taxes for 2012 payable 2013.

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 EDC 2012-10			
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. New machining equipment in the machining area to machine automotive air compressor parts.						Estimated starting date (month, day, year) 07/09/2012			
						Estimated completion date (month, day, year) 09/01/2012			
SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						150.00		157	
Salaries						8,444,556.00		8,610,540.00	
Number of employees retained						150.00		157	
Salaries						8,444,556.00		8,610,540.00	
Number of additional employees						3.00		64	
Salaries						126,921.00		1,839,718.00	
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		4,717,647.00	1,717,642.00						
Plus: Values of proposed project		1,717,647							
Less: Values of any property being replaced									
Net values upon completion of project		1,717,647.00	1,717,642.00						
ACTUAL		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project		1,511,422.00	1,511,422.00						
Plus: Values of proposed project		1,511,422							
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 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) 02/15/2013		

Company Investment Time Table

EDC 2012-10

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

Year of Abatement	Buildings	Equip. Type 1	Equip. Type 2	Equip. Type 3	Total
1st Quarter	2010	2010	2010	2010	2010
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2011	2011	2011	2011	2011
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2012	2012	2012	2012	2012
1st Quarter				Machining	
2nd Quarter				Equipment	
3rd Quarter				\$1,511,422	\$1,511,422
4th Quarter					
Total					\$1,511,422.00

Job Creation or Retention Schedule

EDC 2012-10

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

2012 Proposed Numbers	Actual Number of Employees (04/12/12)	Proposed Number of Employees to be Added during 2012 by Quarter				Proposed Number of Employees Added during 2012
		06/30/12	09/30/12	12/31/12		
Proposed (2010)	150	0	3	0		3
Actual ->	157	27	23	14		64
Running Total	157	184	207	221		

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 (12/31/11)	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
Actual ->	110	47	27	23	14	111
Running Total	110	157	184	207	221	

DOCUMENT SUBMITTED WITH EDC 2012-10
INCLUDED FOR EDC 2012-10 TO PROVIDE ALL FOUR QUARTERS OF 2012.