



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: April 9, 2024
Re: Case C 2024-08: Essex Furukawa (Res. 23-06)

Summary:

1. On May 1, 2023, the Franklin Common Council passed Resolution No. 2023-06 approving a 10-year tax abatement on \$30,000,000 in real property with a 2% Economic Development Fee, for Essex Furukawa located at 3200 Essex Drive.

2. Actual and estimated benefits, as projected for 2023:

	Estimated on SB-1	Actual in 2023	Difference
Employees Retained	88	88	0
Salaries	\$4,209,920	\$3,660,800	-\$549,120
New Employees	15	2	-13
Salaries	\$717,600	\$83,200	-\$634,400
Total Employees	103	90	-13
Total Salaries	\$4,927,520	\$4,209,920	-\$717,600
Average Hourly Salaries	\$23.00	\$20.00	-\$3.00
Real Property Improvements	\$30,000,000	\$11,675,911	-\$18,324,089

3. The company has hired two new employees and will continue to hire as the building is completed. Wages are down but expected to rise as experience grows.

4. The real property investment is \$11,675,911, below the SB-1 estimate but the investment is expected to be met or exceeded by the completion of the project.

5. The real property tax abatement is scheduled to expire in tax year 2033 payable in 2034. The final compliance review will take place in 2033.

Staff Recommendation: Approval



3200 Essex Drive, Franklin, IN 46131

March 27, 2024

Mrs. Dana Morson, Community Development Specialist
Department of Community Development
70 E. Monroe Street
Franklin, IN 46131

Re: Tax Abatement Compliance for Essex Furukawa LLC

Dear Mrs. Morson,

Enclosed please find form CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements which were granted to Essex Furukawa in 2021 under Franklin Common Council Resolution N° 21-15 & 21-16.

The current projects of expansion including building and machinery are still under development, with estimated closing between July and August 2025. During the prior years we were able to create new manufacturing areas (building and equipment), but not all the projects are closed yet.

As stated in the forms CF-1 on December 31, 2023 we had 90 employees, including 20 salaries, and 3 temporaries labor. At that time, we had 10 open positions that we were trying to fill either through agency or direct hire. Regarding temporary labor, our internal policy is to hire them after 3 months.

Sincerely,

A handwritten signature in black ink that reads 'Camila Higa'.

Camila Higa
Plant Accounting Manager
Essex Furukawa LLC



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20___ PAY 20___

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).

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
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 (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1/Real Property).

SECTION 1 TAXPAYER INFORMATION		
Name of taxpayer Essex Furukawa LLC	County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 3200 Essex Drive, Franklin, IN 46131	DLGF taxing district number	
Name of contact person Camila Higa	Telephone number (317) 738.4365 ext 7713	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body Franklin City Council	Resolution number 21-16 23-04	Estimated start date (month, day, year)
Location of property 3200, Essex Drive		Actual start date (month, day, year) Aug-2019
Description of real property improvements		Estimated completion date (month, day, year) Jul-2025
		Actual completion date (month, day, year) Jul-25
SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	88	90
Salaries	23	20
Number of employees retained	88	90
Salaries	23	20
Number of additional employees	10-15	
Salaries	23	
SECTION 4 COST AND VALUES		
COST AND VALUES	REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE
Values before project		
Plus: Values of proposed project		
Less: Values of any property being replaced		
Net values upon completion of project	30MM	unknown
ACTUAL	COST	ASSESSED VALUE
Values before project	0	unknown
Plus: Values of proposed project	11,675,911	
Less: Values of any property being replaced	0	
Net values upon completion of project	11,675,911	unknown
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	N/A	N/A
Amount of hazardous waste converted	N/A	N/A
Other benefits:	N/A	N/A
SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative	Title	Date signed (month, day, year)

**OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1)
THAT WAS APPROVED AFTER JUNE 30, 1991**

INSTRUCTIONS: (IC 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.9)

1. Not later than forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits (Form SB-1/Real Property).
2. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. The date of this hearing may not be more than thirty (30) days after the date this notice is mailed. A copy of the notice may be sent to the county auditor and the county assessor.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable efforts to substantially comply with the Statement of Benefits (Form SB-1/Real Property) and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
4. If the designating body determines that the property owner has **NOT** made reasonable efforts to comply, then the designating body shall adopt a resolution terminating the property owner's deduction. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the county auditor; and (3) the county assessor.

We have reviewed the CF-1 and find that:

- the property owner **IS** in substantial compliance
- the property owner **IS NOT** in substantial compliance
- other (specify) _____

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member	Date signed (month, day, year)
Attested by:	Designating body

If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance. (Hearing must be held within thirty (30) days of the date of mailing of this notice.)

Time of hearing	<input type="checkbox"/> AM <input type="checkbox"/> PM	Date of hearing (month, day, year)	Location of hearing
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HEARING RESULTS (to be completed after the hearing)

- Approved Denied (see instruction 5 above)

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member	Date signed (month, day, year)
Attested by:	Designating body

APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]

A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.

From December 2023 CIP report

	Total Spending	Total Real Estate (from CIP detail Bldg tab)	Total Personal Property
19-129	6,155,487.87	351,870.00	5,803,617.87
21-107	9,116,063.68	3,180,359.34	5,935,704.34
22-075	-	-	-
22-141	8,430,769.79	7,280,230.84	1,150,538.95
22-118	27,432.00	-	27,432.00
23-006	863,451.00	860,417.00	3,034.00
23-044	419,797.40	-	419,797.40
23-046	827,134.80	-	827,134.80
	25,840,136.54	11,672,877.18	14,167,259.36

Location	AR #	AR Approved Amount	Total Spend	Closed to
303	15-066	29,233.00	-	
303	19-129/S/S2	6,102,981.00	6,155,487.87	25,8
303	21-029/21-029S	1,701,282.00	1,655,286.69	
303	21-086	148,382.00	151,505.33	151,5
303	21-107	8,400,311.00	9,116,053.66	
303	21-125	94,447.00	105,079.28	105,0
303	22-086	13,300.00	12,796.21	12,7
303	22-118/22-118S	29,472.00	27,432.00	27,4
303	22-123/22-123S	68,031.00	34,870.50	34,8
303	22-141	17,240,474.00	8,430,769.79	
303	23-006	6,740,443.00	863,451.00	
303	23-031	15,563,730.00	-	
303	23-062	12,052.00	11,237.00	11,2
303	23-044 (3044E112)	6,604,428.00	419,797.40	
303	23-046 (3046E112)	12,605,126.00	827,134.80	
303	23-084A	1,871,018.00	408,568.23	
303	23-088	180,195.00	-	
303	23-156	8,184,160.00	437,187.82	
303 Total				
304	20-120	275,000.00	104,006.31	104,0

o Date	Amount in CIP (w/o Cap Int)	Va
-	-	
954.00	6,129,633.87	
-	1,655,286.69	
505.33	-	
-	9,116,063.68	
079.28	-	
796.21	-	
132.00	-	
370.50	-	
-	8,430,769.79	
-	863,451.00	
-	-	
237.00	-	
-	419,797.40	
-	827,134.80	
-	408,568.23	
-	-	
-	437,187.82	
	28,287,893.28	
206.31	-	

From December 2023 CIP report

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22-075	-	-	-
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303	21-125	94,447.00	105,079.28	105,0
303	22-086	13,300.00	12,796.21	12,7
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303	22-141	17,240,474.00	8,430,769.79	
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303 Total				
304	20-120	275,000.00	104,006.31	104,0

o Date	Amount in CIP (w/o Cap Int)	Va
-	-	
854.00	6,129,633.87	
-	1,655,286.69	
505.33	-	
-	9,116,063.68	
079.28	-	
796.21	-	
432.00	-	
370.50	-	
-	8,430,769.79	
-	863,451.00	
-	-	
237.00	-	
-	419,797.40	
-	827,134.80	
-	408,568.23	
-	-	
-	437,187.82	
	28,287,893.28	
2018 21	-	