

Legislation Details (With Text)

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Title: Public Hearing on AvidXchange, Inc. Business Investment Grant

Attachments:

Date	Ver.	Action By	Action	Result
2/25/2019	1	City Council Business Meeting	Close the Public Hearing	Pass
2/25/2019	1	City Council Business Meeting	Approve	Pass

Public Hearing on AvidXchange, Inc. Business Investment Grant

Action:

- A. Conduct a public hearing regarding approval of a Business Investment Grant to AvidXchange, Inc., and**
- B. Approve the City's share of a Business Investment Grant to AvidXchange, Inc. for a total estimated amount of \$1,237,682 over seven years.**

Staff Resource(s):

Tracy Dodson, City Manager's Office
Lori Lencheski, Economic Development

Explanation

- On December 18, 2018, AvidXchange, Inc. announced its selection of Charlotte for a capital investment of \$42,000,000 to expand its headquarters in Charlotte.
- City Council is being asked to approve a Business Investment Grant estimated to be up to \$1,237,682 over seven years. Mecklenburg County's share is estimated at \$2,084,836.
 - On November 26, 2018, the City Council, in Closed Session, indicated its intent to approve a Business Investment Grant to AvidXchange, Inc., located in Council District 2.
 - On December 4, 2018, the Mecklenburg County Board of Commissioners, in Closed Session, indicated its intent to approve a Business Investment Grant to AvidXchange, Inc.
 - Total City/County combined grant is estimated to be \$3,322,518 over seven years.
 - In addition to the grant for the expansion, the State of North Carolina also approved a Job Development Investment Grant in the amount of \$19,614,000 and \$935,000 in community college training funds.
- In addition to the \$42,000,000 capital investment, AvidXchange, Inc. committed to:
 - 1,229 Net new jobs over four years (\$68,000 average wage), and
 - 887 Current employees in Charlotte to be retained for the term of the grant.
- An additional benefit includes workforce development partnerships and the relationship with the company can be utilized to connect talent to available positions.
- This project aligns with:
 - City Values and Winning Cities Characteristics
 - Letter to the Community (Good Paying Jobs)
 - Equitable Economic Development and Economic Opportunity
 - Diversity of jobs on proposed project

- Job retention through corporate expansion
- Growth industry with significant job and contracting opportunities

Background

- AvidXchange, Inc. is a homegrown success.
- Currently headquartered in Charlotte, the company has three other locations throughout the U.S.
 - Houston, TX,
 - Salt Lake City, UT, and
 - Somerset, NJ.
- The company created a proprietary, web-based accounts payable solution.
- Under the current Business Investment Grant, the company created 173 percent more jobs than contractually required and retained 206 jobs.
- The company has generated over \$450,000 in incremental new taxes.

Business Investment Grant

- This request meets the City Council approved criteria for a seven-year, 90 percent local business expansion grant.
- The general terms and conditions of this grant include:
 - The company will be asked to coordinate job fairs and recruitment events for both temporary and permanent jobs with the City and County. Community organizations and residents will receive ample notice of these employment activities in addition to training opportunities with City job training and placement partnerships.
 - Actual grant payments are based on the value of the investment as appraised by the Mecklenburg County Tax Office.
 - Property taxes due from AvidXchange, Inc. must be paid before a grant payment is made.
 - If AvidXchange, Inc. removes the investment from Charlotte during the grant term, it shall pay back 100 percent of the investment grant paid to date.
 - If AvidXchange, Inc. moves the investment from Charlotte within five years of the end of the Business Investment Program (BIP) grant term, a portion of the grant must be repaid as follows:
 - Within one year of the end of the BIP Term - 90 percent of grant payments,
 - Within two years of the end of the BIP Term - 75 percent of grant payments,
 - Within three years of the end of the BIP Term - 60 percent of grant payments,
 - Within four years of the end of the BIP Term - 45 percent of grant payments, or
 - Within five years of the end of the BIP Term - 30 percent of grant payments.

Fiscal Note

Funding: Business Investment Grant