



Legislation Text

File #: 2492-2018, **Version:** 1

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with Davenport Aviation, Inc. in an amount equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees, who are also City of Columbus residents at the end of each calendar year, for a term of up to five (5) consecutive years.

Founded in 2009, Davenport Aviation, Inc. is a broker and distributor of aviation parts for airlines around the world, a player in a U.S. industry that saw about \$44 billion in revenue in 2017. CEO João Simões immigrated to the U.S. from Brazil in 2001 working as a painter and floor installer, who began working for an aviation parts company in Washington, DC, providing him the industry knowledge to eventually start his own firm in Columbus, Ohio. Davenport Aviation, Inc. quickly excelled as a small business in a competitive field, and hired their first new employee in 2012 growing to 17 currently. They have significantly increased their international client base and become a Hub Zone certified supplier to the U.S. government. Ohio has been a hub of activity in the aviation industry since the Wright Brothers, and Davenport Aviation, Inc. is a homegrown Columbus small business representing the city in the industry and around the world. With the addition of a new U.S. government contract, Davenport Aviation, Inc. needs to expand their workforce.

Davenport Aviation, Inc. is proposing to invest approximately \$750,000 in real property improvements, \$75,000 in furniture and fixtures, and \$15,000 in technology to renovate its headquarters operation at 757 Adena Drive, Columbus, Ohio 43215, parcel number 010-129517. With this expansion, the company plans to renovate approximately 4,200 sq. ft. of their 8,400 sq. ft. facility to support a new U.S. government supply contract and growth in new international markets. Additionally, Davenport Aviation, Inc. will retain 17 full-time jobs with an annual payroll of approximately \$1.13 million and create 10 new full-time permanent positions with a cumulative estimated annual payroll of approximately \$480,000 to support its growth.

Davenport Aviation, Inc. is requesting a dual-rate Jobs Growth Incentive from the City of Columbus to assist in the expansion of this project. This legislation is presented as 30 day legislation.

FISCAL IMPACT: No funding is required for this legislation

To authorize the Director of the Department of Development to enter into a dual-rate Jobs Growth Incentive Agreement with Davenport Aviation, Inc. for a term of up to five (5) consecutive years in consideration of the company's proposed capital investment of \$750,000.00, the retention of 17 jobs and the creation of 10 new full-time permanent positions with an estimated annual payroll of approximately \$480,000.00.

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, the Department of Development received a completed Jobs Growth Incentive Application from Davenport Aviation, Inc.; and

WHEREAS, Davenport Aviation, Inc. proposes to renovate its headquarters operation by investing a total project cost of approximately \$750,000 in real property improvements. With this renovation, the company proposes to add an additional approximately 4,200 sq. ft. of office space within their 8,400 sq. ft. building at 757 Adena Drive, Columbus, Ohio 43215, parcel number 010-129517; and

WHEREAS, Davenport Aviation, Inc. will retain 17 full-time jobs with an annual payroll of approximately \$1.13 million and create 10 new full-time permanent positions with an estimated associated annual payroll of approximately \$480,000 at the proposed project site; and

WHEREAS, Davenport Aviation, Inc. has indicated that a Jobs Growth Incentive is crucial to its decision to renovate its headquarters to expand operations within the City of Columbus; and

WHEREAS, the City of Columbus desires to facilitate the future growth of Davenport Aviation, Inc. at the project site by providing a Jobs Growth Incentive; **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of the Department of Development is hereby authorized to enter into a dual-rate Jobs Growth Incentive Agreement with Davenport Aviation, Inc. equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees, who are also City of Columbus residents at the end of each calendar year, for a term of up to five (5) consecutive years.

SECTION 2. Should Davenport Aviation, Inc. not be able to sufficiently document residency for an employee associated with this project during a calendar year of the term of the agreement, the default rate of the Jobs Growth Incentive to be applied that calendar year for that new employee shall be twenty-five percent (25%).

SECTION 3. Each year of the term of the agreement with Davenport Aviation, Inc. the City's obligation to pay the incentive is expressly contingent upon the passage of an ordinance appropriating and authorizing the expenditure of monies sufficient to make such payment and the certification of the City Auditor pursuant to Section 159 of the Columbus City Charter.

SECTION 4. That the City of Columbus Jobs Growth Incentive Agreement is signed by Davenport Aviation, Inc. within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

SECTION 5. The City Council hereby extends authority to the Director of the Department of Development to amend Davenport Aviation, Inc.'s City of Columbus Jobs Growth Incentive Agreement for certain modifications to the agreement requested in writing by the company and or the City and deemed appropriate by the Director of Development with these modifications being specifically limited to reductions in length of term, methods of calculating the incentive, or adding or deleting business entities associated with the employment commitments related to this incentive. All other requested amendments must be approved by City Council.

SECTION 6. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.