

City of Fayetteville Staff Review Form

2015-0350

Legistar File ID

8/18/2015

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Jeremy Pate

7/31/2015

Development Services /
Development Services Department

Submitted By

Submitted Date

Division / Department

Action Recommendation:

A RESOLUTION TO SUPPORT THE RECENT RE-LOCATION, START-UP AND EXPANSION OF OVERDRIVE BRANDS, A RETAIL E-COMMERCE COMPANY, IN THE CITY OF FAYETTEVILLE AND TO SUPPORT THEIR REQUEST FOR STATE OF ARKANSAS TAX CREDITS IN THE TECHNOLOGY SECTOR

Budget Impact:

| | |
|--|---|
| Account Number | Fund |
| Project Number | Project Title |
| Budgeted Item? <u>NA</u> | Current Budget \$ - |
| | Funds Obligated \$ - |
| | Current Balance \$ - |
| Does item have a cost? <u>No</u> | Item Cost |
| Budget Adjustment Attached? <u>No</u> | Budget Adjustment |
| | Remaining Budget \$ - |

V20140710

Previous Ordinance or Resolution # _____

Original Contract Number: _____

Approval Date: _____

Comments:




CITY COUNCIL AGENDA MEMO

MEETING OF AUGUST 18, 2015

TO: Fayetteville City Council

THRU: Mayor Lioneld Jordan

FROM: Jeremy Pate, Development Services Director 

DATE: July 30, 2015

SUBJECT: OverDrive Brands

RECOMMENDATION:

A resolution to support the recent relocation, startup and expansion of OverDrive Brands, a retail e-commerce company, and to support associated requests for State of Arkansas tax credits in the Technology Sector.

BACKGROUND:

OverDrive Brands is a recent addition to Fayetteville. Previously situated in the Chicago area, OverDrive Brands was convinced to relocate their headquarters to Fayetteville with the investment of a venture capital company located in Northwest Arkansas, New Road Ventures. Targeted investments by New Road Ventures include companies doing business in logistics and data, retail and consumer packaging, marketing and branding. OverDrive Brands falls into the retail technology and ecommerce sector, currently offering aftermarket auto parts. They are a small business currently headquartered on the Downtown Square, but rapidly expanding with high growth potential. Since moving to Fayetteville, the company has increased from two employees to 12, with an average pay of approximately \$60,000 per year. In the next 24 months, the company plans to add 16 additional high-skilled jobs, and has established a strong internship program with the University of Arkansas to train and retain talent. In staff's opinion, this is a good example of an investment occurring in a company that then resulted in additional jobs and expansion within our community, in a targeted sector of economic development.

DISCUSSION:

The request is simply for the City of Fayetteville to recognize and support OverDrive Brands' expansion into our City, and to encourage the State of Arkansas to look favorably upon subsequent application for state tax credits in the technology sector. This particular business model does not fit neatly into the State's identified eligible tax-credit industries, but is one that the City believes should be considered for eligibility in the Technology Sector.

BUDGET/STAFF IMPACT:

There is no direct impact to City of Fayetteville revenue from this resolution. There is potentially positive impact from the decision to relocate and headquarter this expanding business in Fayetteville.

Attachments:
Letter of Request
Letter of Support



Overdrive

OVERDRIVE BRANDS, LLC

112 W. Center Street • Suite 410 • Fayetteville, AR 72712

July 28, 2015

Via email to: CTan@fayettevillear.com

Chung Tan, CEcD

Director of Economic Development

123 W. Mountain Street

Fayetteville, AR 72702-4216

Dear Ms. Tan,

OverDrive Brands, LLC (“OverDrive”) is a national provider of automotive aftermarket accessories and dealership services. Our products include easy to install chrome skins for wheels, mirrors, door handles, grills, chrome running boards, 4x4 accessories, and dealership supplies, such as floor mats and sales banners. We are also the exclusive on-line dealer of the leading brand of replacement side mounted rearview mirrors. We compliment these products with data driven proprietary business intelligence tools.

OverDrive relocated its company headquarters from Chicago, Illinois, to Fayetteville, Arkansas, in January 2014, and began implementation of its growth plan. Currently, OverDrive has 12 employees, four in Illinois and eight in Arkansas, with an average salary of \$59,666. We plan to hire 16 new employees in the next 24 months.

In order to qualify for tax credits for our financial investors, OverDrive must fall into one of the industry categories established by the state of Arkansas or by local resolution. Because OverDrive does not fall neatly in one of the statewide categories of industries it seeks to support, we need a simple resolution from the city saying that it supports the location and growth of eCommerce and retail technology companies in Fayetteville in order to qualify for the tax credits.

Below is a sample of the language we need (or something similar):

“The city of Fayetteville supports the location, startup and expansion of companies in the eCommerce and retail technologies industry.”

Please let me know if you need any additional information. I appreciate your attention to this matter and support of the growth of OverDrive Brands in Fayetteville, Arkansas.

Sincerely,

Kurt Lind, CEO




To: Mayor Lioneld Jordan
City of Fayetteville

CC: Don Marr, Chief of Staff
Jeremy Pate, Director of Development Services

From: Steve Clark, CEO & President

Date: July 7th, 2015

Subject: Recommendation to pass a City Resolution to support eCommerce businesses in Fayetteville



Arkansas has a tax credit program whereby investors are eligible to receive tax credits equal to 1/3 of each dollar invested if the Arkansas-based **company falls within one of the industry categories established by the state or by a local resolution.**

New Road Ventures (NRV) is a venture capital company based in NWA. They invest in high-growth potential companies in retail, consumer packaged goods, consumer marketing and branding, logistics and data categories.

NRV has invested in OverDrive Brands in January of last year. OverDrive is a data powered eCommerce company selling aftermarket auto parts. They were previously based in Chicago but NRV's investments led them to relocate their headquarters to Fayetteville. They have been expanding rapidly and could potentially be another incredible success story for Fayetteville.

As OverDrive does not fall neatly in one of the statewide categories of industries that the state supports, I write to request the city to pass a City Resolution supporting OverDrive as an eCommerce business and recognizing the company as one that falls under the technology sector, a sector that we strategically work to attract and retain for creation of jobs that pay above the national average.

Attached is a draft resolution for the city's review and consideration.

Please let me know if I may answer any questions you may have on this request.