

# AGENDA



## Recommendation for Council Action

Austin City Council	Item ID	67281	Agenda Number	7.
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Meeting Date:	2/16/2017	Department:	Economic Development
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## Subject

Approve a resolution to nominate YETI Coolers, LLC for designation by the Governor's Office of Economic Development and Tourism as a single Texas Enterprise Project in accordance with Chapter 2303 of the Texas Government Code.

## Amount and Source of Funding

No funding is required for this action.

## Fiscal Note

A fiscal note is not required.

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	October 18, 2007 - Council approved Ordinance No. 20071018-008 electing to participate in the Texas Enterprise Zone Program. November 4, 2010 - Council approved Ordinance No. 20101104-046 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.
<b>For More Information:</b>	Kevin Johns, Director/Economic Development Department, (512) 974-7802; Dusty McCormick, Economic & Business Development Liaison/Economic Development Department, (512) 974-6390
<b>Council Committee, Boards and Commission Action:</b>	
<b>MBE / WBE:</b>	
<b>Related Items:</b>	

## Additional Backup Information

This resolution will nominate YETI Coolers, LLC ("YETI") as a single Enterprise Zone Project under the Texas Enterprise Zone Act. A single Enterprise Zone Project designation requires one of the City's nine designations, and provides a \$2,500 per job refund of state sales/use tax for purchases made for the designated site. A company may receive benefit for up to 500 jobs. This is a state sales tax and there is no fiscal impact to the City. YETI is a limited liability company based in Austin, Texas. YETI designs, markets, and distributes premium products for the outdoor and recreation market such as coolers, vacuum-insulated stainless-steel drinkware, and other related accessories. YETI has revolutionized the cooler industry and has set the standard in premium outdoor products.

Over the next five years, YETI anticipates spending in excess of \$25 million in capital investments to make tenant improvement to the 7601 Southwest Parkway location and will purchase office furniture, business related equipment

and software. Specifically, YETI will spend \$2 million on new computers and over \$8 million on new Enterprise Resource Planning System required for its continued growth. Leasehold improvements are projected to cost \$10 million and furniture and fixtures to accommodate the growing workforce is estimated at \$5 million dollars. The proposed capital investment will permit YETI to continue growing and to further establish itself as the leader in premium outdoor products.

YETI currently employs 325 employees at its facility located at their corporate headquarters at 5301 Southwest Parkway, Suite 200, Austin, Texas. The company looks forward to being a part of the expanding Austin and Travis County business community. It has committed to retain 250 full-time jobs and create 250 full-time jobs for the purposes of the Texas Enterprise Zone Program. The company qualifies for a designation because of a planned investment at the business site located within the City and the retention and creation of jobs.

If designated as a single Enterprise Zone Project, YETI would be eligible for a refund of state sales and use tax based on the employment criteria and the amount of the capital spent at the qualified business site. The Texas Legislature currently authorizes 105 state designations each biennium. The City is eligible to receive up to nine Enterprise Projects designations based on availability and competitiveness of the project every two years. This is a single Enterprise Zone Project designation and requires one designation from the City should the project be approved by the State.