

YETI Coolers, LLC

Project Summary

Company Overview

YETI Coolers, LLC (“YETI”) is a home-grown Austin, Texas designer, marketer and distributor of 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 product. In 2006, founders Ryan and Roy Seiders brought the original YETI hard cooler to the market. Tired of relying on poorly constructed coolers, they set out to build a more durable, superior performing product. Utilizing innovative design insights and advance manufacturing techniques, they developed a nearly indestructible hard cooler with rugged performance features for extreme environments. By employing the same uncompromising approach to product quality and functionality, YETI has expanded the product line beyond hard coolers to soft cooler and stainless-steel drinkware that feature similar quality and durability characteristics. YETI has built a following of passionate and engaged consumers, ranging from serious outdoor enthusiasts to individuals who value products of uncompromising quality and design. The increased demand for these innovative products is evidenced by the high level of net sales growth in recent years. YETI’s 2015 annual sales exceeded \$468 million.

Project Description

Between October 2016 and March 2022, 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.

Enterprise Zone Definition

Any block group within the State of Texas that has a poverty rate of 20% or more, as determined by the U. S. Census Bureau during each decennial census is a state enterprise zone.

Requirements for Hiring Disadvantaged Workers

Projects may be physically located in or outside of the Enterprise Zone. If located within a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. If located outside of the zone, the company commits that at least 35% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. Due to the fact that the site location is within a zone, the company would be required to commit that at least **25%** of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. YETI plans to hire an additional 250 employees. See Employee Wages notes 1 and 2 below.

YETI Coolers, LLC

Project Summary

Project Parameters

- Facility Location
7601 Southwest Parkway
Austin, Texas 78735

Capital Investment (Total New: \$25 Million)

- New Computers - \$2M
- New Enterprise Resource Planning System - \$8M
- Leasehold Improvements - \$10M
- Furniture and Fixtures - \$5M

Timeline

- March 1, 2017 thru March 1, 2022

Enterprise Zone Designation Period

- 5 Years

Employee Wages

- Total Number of Full-Time Jobs at the site. 322
- Total Number of Full-Time Jobs to be Retained for Program Benefit 250
- Total Number of Full-Time Jobs to be Created for Program Benefit 250

Job Category	Number of Jobs (employed by company)	Number of Jobs (vendor or contract)	Average Annual Wages	Percent to be Locally Hired
Executive	18	0	\$170,190.00	100%
Manager	72	0	\$95,521.25	100%
Supervisor	93	0	\$96,900.00	100%
Staff	191	0	\$93,246.43	100%
Entry Level	200	0	\$57,082.68	100%
Total	574	0	\$512,940.36	100%

Note:

1. If YETI retains all employees for 1820 hours per year per job, there is no requirement to hire from either the disadvantaged group or enterprise zone residents. However, if any employees are terminated or leave, at least **25%** of their “new employees” will have to meet economically disadvantaged, enterprise zone residence or veteran requirements.
2. The wages seen in the diagram above are base wages only.
3. Employees benefits received are as follows: Health Insurance, Dental Insurance, Retirement Plan, 401(k), Paid Leave, Counseling, Life Insurance, Prescription Drug Plan, Vision, Flexible Spending Accounts, Disability and an Employee Assistance Program.

Maximum Estimated State Sales & Use Tax Refund/ Computation

- \$1,250,000
- The State of Texas computes its Maximum Potential Refund based upon a company’s Capital Investment, Number of Jobs Created and/or Retained up to 500, and the Maximum Refund per Job Allocation (\$2,500 per job for a Single Enterprise Project Designation).

Sales and Use Tax (State and Local)

The Texas state sales and use tax rate is 6.25%, but the local taxing jurisdictions (cities, counties and special purpose districts, and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%. For purposes of this program, it is the 6.25%

YETI Coolers, LLC

Project Summary

portion of the tax that is used to provide a refund to corporations that apply for the Enterprise Zone program. The 2.0 % local tax is not affected, therefore no fiscal impact on the city.

Tax Structure

- Overall Tax = 8.25%
- State Portion = 6.25%
- Local Portion = 2.0 %*

Prior Council Action

- No prior council action

Enterprise Zone Site Location

- 7601 Southwest Parkway, Austin, Texas 78735

The Public Good (if approved)

1. The City of Austin would join our corporate partners in battling poverty, and in this case this would assist the disadvantaged in a zone suffering from 38.90% poverty according to the state's data of the last decennial census.
2. The City of Austin would send a signal that we appreciate all corporate partners who take advantage of this program to help our citizens who meet economically disadvantaged, enterprise zone residence or veteran requirements.
3. The City of Austin would support a program that requires no fiscal impact to the city.
4. The City of Austin would support capital investment within the Desired Development Zone rather than the Drinking Water Protection Zone.

The City of Austin would maximize our local effort to return state sales and use tax to our city, rather than allow those dollars to be sent to other cities in support of their corporations and/or local economies

Other Austin Investments

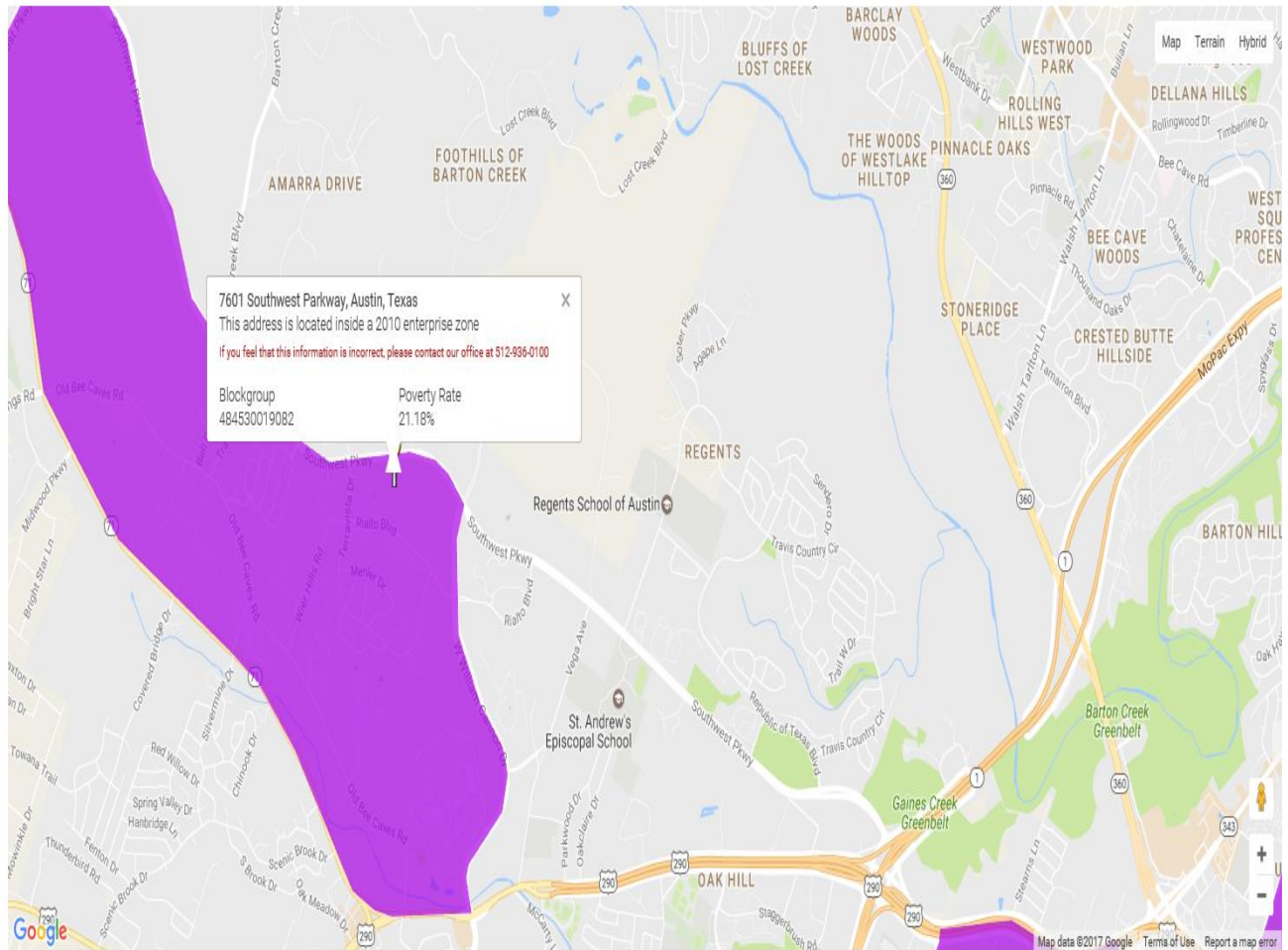
- New HQ's – 7601 Southwest Parkway
- Current HQ's – 5301 Southwest Parkway
- R&D Facility (Innovation Center) – 4635 Boston Lane
- Warehouse – East Austin Hidalgo Warehouse
- Retail Store – About to open off of South Congress (not up and running yet)

See Enterprise Zone Project Site and Transit Maps Following

YETI Coolers, LLC

Project Summary

Enterprise Zone Project Site Map



Economic Development
CITY OF AUSTIN

7601 Southwest Parkway

Area Transit Routes
171 - Oak Hill Flyer
333 - William Cannon
970 - Lantana

Miles
0 0.5 1