

Mayor and Council Communication

DATE: 06/10/25

M&C FILE NUMBER: M&C 25-0511

LOG NAME: 17ARIATEDPA AMENDM&C

SUBJECT

(CD 10) Amend Mayor and Council Communication 24-1156 Authorizing Execution of an Economic Development Program Agreement with Ariat International, Inc. or Affiliate, for the Expansion of its Regional Headquarters at 15201 Blue Mound Road and for the Construction and Operation of a New Regional Distribution Center Generally Located at 2501 Eagle Parkway to Correct the Employment Requirement and Related Deadline for Each of Phase 1 and Phase 2 Respectively

RECOMMENDATION:

It is recommended that the City Council amend Mayor and Council Communication 24-1156 authorizing execution of an Economic Development Program Agreement with Ariat International, Inc. or Affiliate, for the expansion of its regional headquarters at 15201 Blue Mound Road and for the construction and operation of a new regional distribution center generally located at 2501 Eagle Parkway to correct the employment requirement and related deadline for each of Phase 1 and Phase 2 respectively.

DISCUSSION:

Ariat International, Inc. (Company) is a performance footwear and clothing company focused on equestrian sports, work, and outdoor gear. Company currently has a regional distribution hub and corporate office that serves as its western U.S. regional headquarters in Fort Worth, Texas and is proposing an expansion of its presence in Fort Worth that would result in approximately \$72,600,000.00 in new capital investment and an additional 250 jobs. Company is seeking a regional corporate expansion that will involve approximately \$8,900,000.00 in real property improvements, equipment, and other related expenditures (Phase 1 Project). The Phase 1 Project will accommodate 150 employees with \$95,000.00 average salaries. Additionally, Company is seeking to establish a new regional distribution hub generally located at 2501 Eagle Parkway that will involve approximately \$63,700,000.00 in real property improvements, equipment, and other related expenditures (Phase 2 Project). The Phase 2 Project will accommodate 100 employees.

On December 10, 2024, the City Council approved M&C 24-1156 authorizing execution of an Economic Development Program Agreement with Ariat International, Inc. or affiliate, for the expansion of its regional headquarters at 15201 Blue Mound Rd. and for the construction and operation of a new regional distribution center generally located at 2501 Eagle Parkway to provide a one-time grant from the Economic Development Initiatives Fund and up to five Economic Development Program grants based on the new incremental value of City Maintenance and Operations taxes from property associated with the project, subject to certain performance requirements relating to real property improvements, equipment installations, and new employment. Among the Company commitments outlined in M&C 24-1156 were certain minimum requirements and deadlines relating to employment in association with the Phase 1 Project and the Phase 2 Project that were attributed to the incorrect phase and were therefore inconsistent with the deliverables outlined above.

Therefore, staff recommends adoption of this Mayor & Council Communication, to amend M&C 24-1156 to provide for the above in the following manner:

Company must provide a minimum of 150 full-time jobs on the Phase 1 Project site on or before December 31, 2032, with average annual salaries of at least \$95,000.00 for the duration of the Agreement. Company must also provide an additional 100 full-time jobs on the Phase 2 Project site by December 31, 2029, for a cumulative job total of 250 minimum jobs and maintain that level for the duration of the agreement, with a combined average salary of at least \$70,000.00 across the Phase 1 Project and Phase 2 Project.

The Company commitments relating to site improvements remain the same.

As discussed in M&C 24-1156, Company is committing to expend or cause to be expended at least 15% of all construction costs (Hard and Soft) for the Project as defined in Chapter 20, Article X of the City Code. Failure to meet this commitment will not constitute a default, but will result in a 10% reduction of any grant payable by City to Company.

This development is located in COUNCIL DISTRICT 10.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2025 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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