



# City of San Marcos

## Work Session - Final City Council

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Tuesday, June 16, 2020

3:00 PM

Virtual Meeting

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**Due to COVID-19, this will be a virtual meeting. To view the meeting please go to [www.sanmarcostx.gov/videos](http://www.sanmarcostx.gov/videos) or watch on Grande channel 16 or Spectrum channel 10.**

I. Call To Order

II. Roll Call

### PRESENTATIONS

1. Receive a presentation and hold discussion on city programs, activities, and regional economic development; and provide direction to the City Manager.

**Attachments:**      [Economic Development Presentation.pptx](#)  
[GSMP CouncilJune16 Final.pdf](#)

### EXECUTIVE SESSION

2. Executive Session in accordance with the following Government Code Sections:
  - A. §Sec.551.071 of the Texas Government Code: Consultation with attorney - to receive advice of legal counsel regarding state law preemption of city ordinances regulating the sale or use of single-use packages and containers.
  - B. §Sec. 551.087 of the Texas Government Code: Economic Development - to receive a briefing and deliberate regarding the following projects: Project Rx, Project Molly, Project Red Dawn, Project Free Flow, Project Focus, and Project Big Hat

III. Adjournment.

**POSTED ON FRIDAY, JUNE 5, 2020 @ 2:00PM**

**TAMMY K. COOK, INTERIM CITY CLERK**

Notice of Assistance at the Public Meetings

The City of San Marcos does not discriminate on the basis of disability in the admission or access to its services, programs, or activities. Individuals who require auxiliary aids and services for this meeting should contact the City of San Marcos ADA Coordinator at 512-393-8000 (voice) or call Texas Relay Service (TRS) by dialing 7-1-1. Requests can also be faxed to 855-461-6674 or sent by e-mail to [ADArequest@sanmarcostx.gov](mailto:ADArequest@sanmarcostx.gov)



Legislation Text

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**File #:** ID#20-368, **Version:** 1

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**AGENDA CAPTION:**

Receive a presentation and hold discussion on city programs, activities, and regional economic development; and provide direction to the City Manager.

**Meeting date:** June 16, 2020

**Department:** Economic Development/City Manager's Office

**Amount & Source of Funding**

**Funds Required:** Click or tap here to enter text.

**Account Number:** Click or tap here to enter text.

**Funds Available:** Click or tap here to enter text.

**Account Name:** Click or tap here to enter text.

**Fiscal Note:**

**Prior Council Action:** Click or tap here to enter text.

**City Council Strategic Initiative:** [Please select from the dropdown menu below]

Workforce Development

Downtown Vitality

Choose an item.

**Comprehensive Plan Element (s):** [Please select the Plan element(s) and Goal # from dropdown menu below]

Economic Development - Diverse Local Economic Environment

Environment & Resource Protection - Choose an item.

Land Use - Choose an item.

Neighborhoods & Housing - Choose an item.

Parks, Public Spaces & Facilities - Choose an item.

Transportation - Choose an item.

Core Services

Not Applicable

**Master Plan:** *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

**Background Information:**

Previous Economic Development update was by Greater San Marcos Partnership (GSMP) on August 6, 2019.

**Council Committee, Board/Commission Action:**

Click or tap here to enter text.

**Alternatives:**

Click or tap here to enter text.

**Recommendation:**

Click or tap here to enter text.



# Economic Development Work Session

**June 16, 2020**

# Presentation

**Purpose:** provide City Council with an overview of Economic Development, including City programs and activities

# Economic Development

## In San Marcos

- Community assets
  - opportunities
  - obstacles
- Strategy
- Main goal to improve the economic well being of the community:
  - job creation
  - job retention
  - tax base enhancements
  - quality of life and place

# Economic Development

## Why

- Tax base diversification
  - real and personal property tax
  - sales tax
- Economic growth
  - population
  - income
  - businesses
- Competitiveness
  - local communities drive economic development
  - funding and structure

# Economic Development

## Components

- Business Marketing and Attraction
- Business Retention & Expansion (BRE)
- Entrepreneurial and Small Business Development
- Downtown Development and Reuse
- Workforce Development



# Economic Development

## Partners

- City Departments
- San Marcos Chamber of Commerce
- Greater San Marcos Partnership (GSMP)
- Splash Coworking
- Downtown Association
- Texas State Small Business Development Center
- Workforce Solutions



# Business Marketing and Attraction

## Activity

- GSMP provides business marketing and attraction services for the City
- Creates new jobs and economic growth
- Involves working with site selectors to showcase available commercial space

## Key Functions

- Partner with GSMP to attract new businesses to San Marcos
- Ensure each project meets our economic development goals and objectives
- Conduct financial and cost analysis on projects
- Coordination of city staff during recruitment process

# Business Retention & Expansion (BRE)

## Activity

- BRE visits conducted by GSMP to businesses within target industries
- Building relationships with existing businesses
- Collect data to analyze business activity and track trends

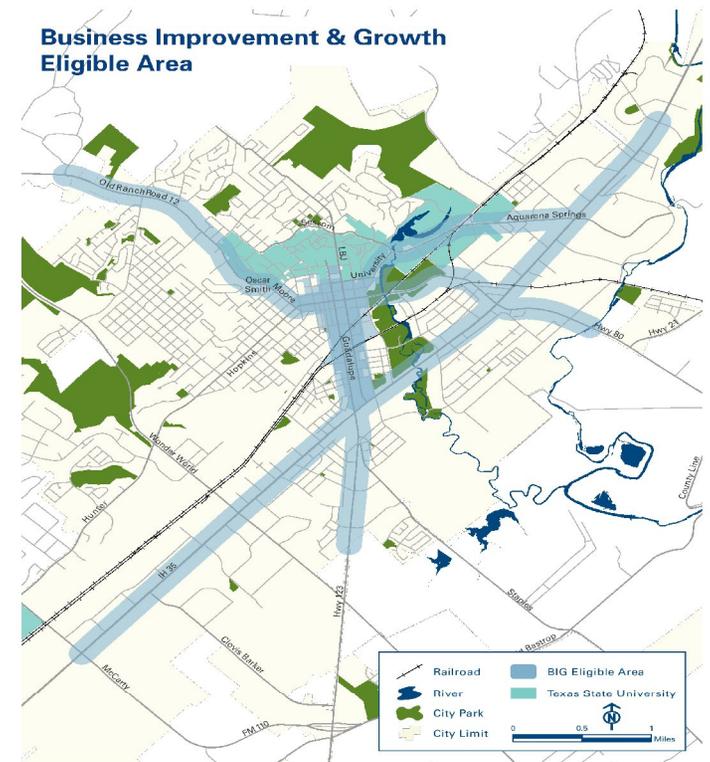
## Key Functions

- Assist BRE efforts with target industries
- Work with partners to establish a BRE program for non-target industries
- Coordinate among all San Marcos efforts
- Ensure consistent communication with local businesses, collect accurate data to meet needs and resolve issues

# Downtown Development and Reuse

## Activity

- Business Improvement Grant (BIG):
  - 50% matching grant up to \$20,000 for real property improvements
  - 50% matching grant up to \$5,000 for signage
- 19 projects funded since 2016
- Total investment of approximately \$375,000
- BIG disbursements of approximately \$150,000
- Potential enhancements:
  - increase marketing of program
  - monitor timeline for improvements



# Downtown Development and Reuse

## Key Functions

- Work with existing property owners to facilitate redevelopment
- Assemble resources to assist commercial property owners and developers on economic feasibility of projects:
  - New Markets Tax Credit (NMTC)
  - Property Assessed Clean Energy (PACE)
  - Historic Tax Credits
- Evaluate and develop economic development incentives for:
  - residential (non-student housing) to increase density
  - commercial office to pursue a professional workforce

# Entrepreneurial & Small Business Development

## Activity

- Texas State Small Business Development Center (SBDC)
  - offers no-cost business advising and educational workshops
  
- GSMP Events
  - Innovation Quick Pitch competition
  
- Splash Coworking Programming
  - entrepreneurship boot camp – intro. to entrepreneurship, validation of business concept, business finance, and marketing
  - professional development workshops – time management, work/life balance, reskilling, career advancement opportunities



[sanmarcostx.gov](http://sanmarcostx.gov)

# Entrepreneurial & Small Business Development

## Key Functions

- City liaison and information clearinghouse for new startups
- Collaborate with partners to develop:
  - mentoring services
  - educational workshops
  - technical assistance programs
  - recognition events
- Work to enhance the entrepreneurship ecosystem in San Marcos
- Pursue opportunities to fund future programs for entrepreneurship

# Workforce Development

## Activity

- Public Library in-person events and resources:
  - average 32 General Education Diploma (GED) and English as Second Language (ESL) classes
  - Workforce Wednesday - individual job search, resume, and career advice
  - 25 locals hired at events for Census 2020 and IRS
  - two job fairs with Workforce Solutions
- Programming since March 16, 2020:
  - GED and ESL classes went online
  - online Job Fair with Workforce Solutions
  - developed Facebook jobs and resource page

GED Class



Library Job Fair



[sanmarcostx.gov](http://sanmarcostx.gov)

# Workforce Development

## Key Functions

- Assist with the City's Strategic Initiatives and planning
- Collaborate with GSMP to develop a comprehensive workforce strategy
- Work with partners and businesses to develop an action plan
- Focus on bringing together all the stakeholders conducting workforce development
- Implement a cohesive process which assists entrants into the workforce, trains residents, provides upskilling while recognizing and meeting the needs of local employers

## Next Steps

### **Economic Development Incentives Policy**

- Review to ensure alignment with City goals

### **Residential Development Financial Incentives**

- Established five-year review period – ending November 2020
- Temporarily suspends financial incentives for residential development
- Assess the absorption of incentivized housing into market

### **Vision San Marcos: A River Runs Through Us**

- Economic development goals and objectives
- Development of goals and objectives for future comprehensive plan

# Questions?



# GREATER SAN MARCOS

P A R T N E R S H I P



# WHAT IS ECONOMIC DEVELOPMENT?

Economic development is often described as the creation of jobs and wealth, and the improvement of quality of life.

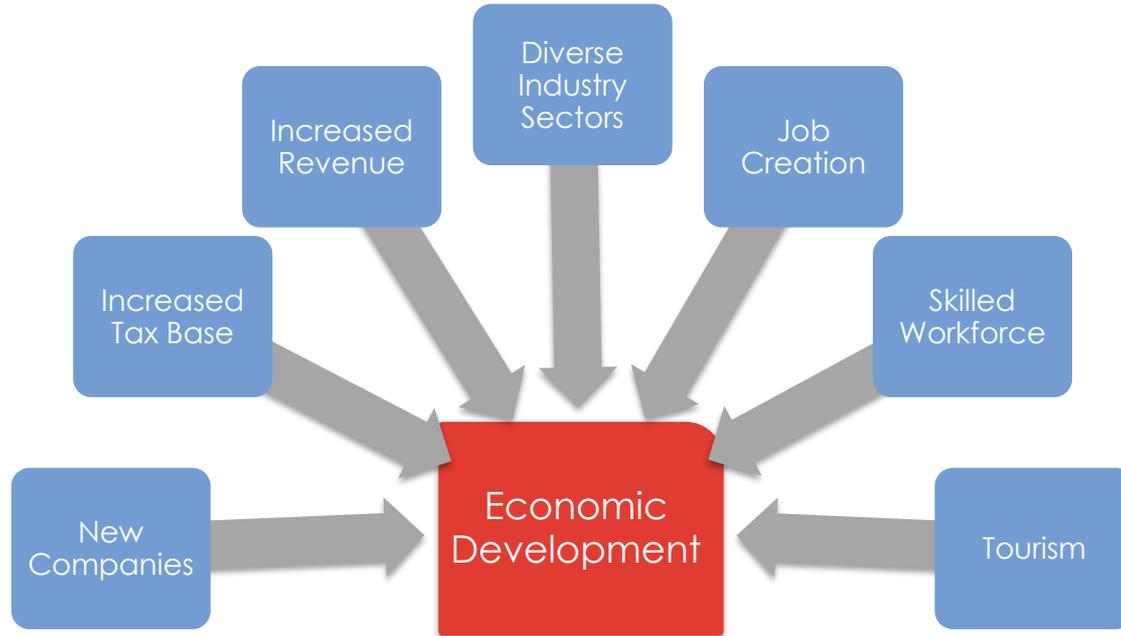
Economic development often includes three major themes:

- (1) Policies that government undertakes to meet broad economic objectives including inflation control, high unemployment and sustainable growth.
- (2) Policies and programs to provide services including building highways, managing parks, and providing medical access to the disadvantaged.
- (3) Policies and programs explicitly directed at improving the business climate through specific efforts, business finance, marketing, neighborhood development, business retention and expansion, technology transfer, real estate development and others.

Main goal of economic development is improving the economic well being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life.

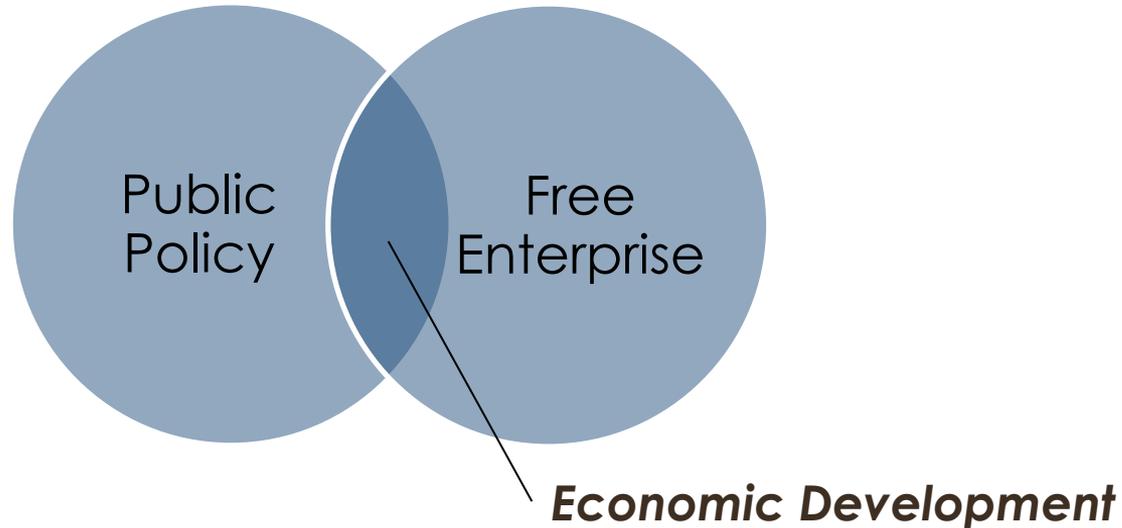


# ECONOMIC DEVELOPMENT



# ECONOMIC DEVELOPMENT

- Creates **economic diversity** that sustains each local economy throughout business cycles
- Goal: to **increase the per capita income** levels of local residents.



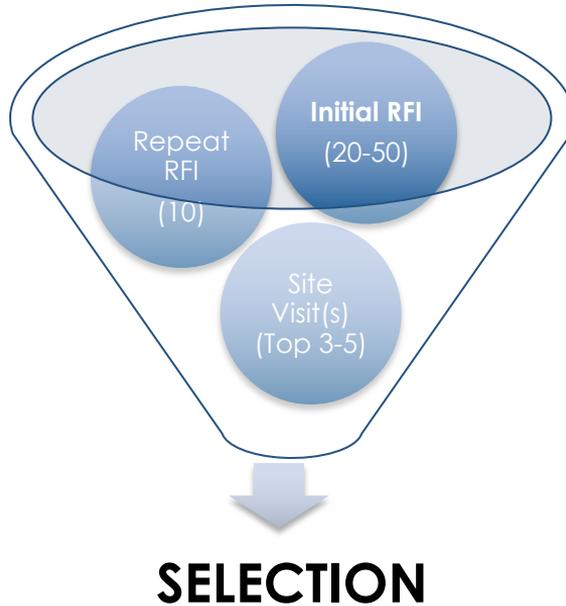
# BUSINESS RECRUITMENT/EXPANSION

## **Competition is stiff!**

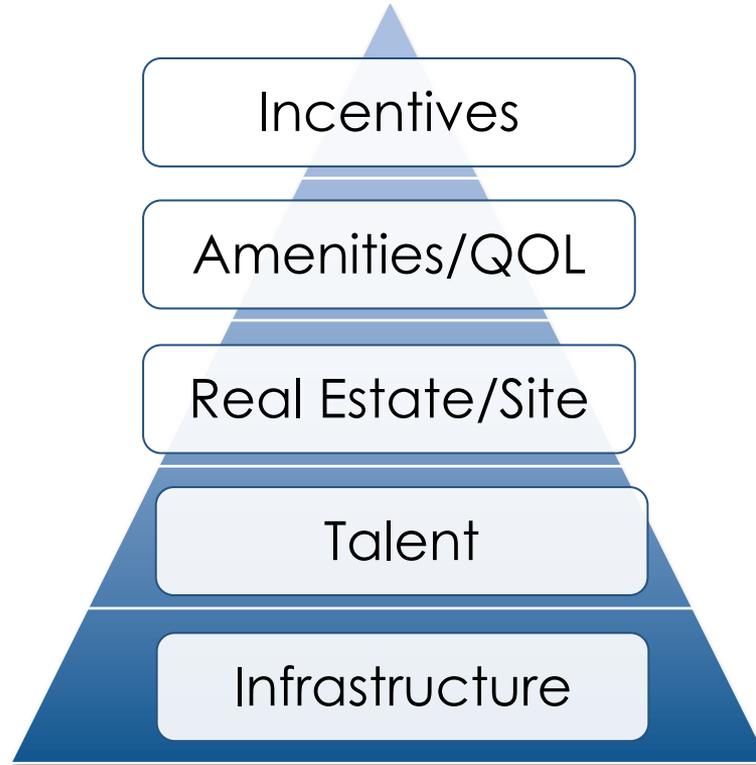
- More than 4,000 economic development entities across the United States
- Develop aggressive and innovative economic development strategies.
- Incentives are a valuable and necessary tool that helps sway site selection decisions.

# BUSINESS RECRUITMENT/EXPANSION

Site Selection = Site Elimination



# BUSINESS RECRUITMENT/EXPANSION



# SAN MARCOS ECONOMIC DEVELOPMENT



# GREATER SAN MARCOS PARTNERSHIP

- Established in October 2010
- **Mission:** *To enhance and diversify the regional economy by creating high quality jobs and investment*
- 1<sup>st</sup> Five Year Strategy: 2010-2015
- 2<sup>nd</sup> Five Year Strategy: 2015-2020
- Undertaking **Vision 2025**

## Core Values

- Accountability, Transparency & Integrity
- Commitment to Excellence
- Continuous Improvement to our Processes & Operations
- Exceptional service to our Clients & Communities



# GREATER SAN MARCOS PARTNERSHIP

## **Vision 2025**

- 5-year collaborative regional economic development strategy
- Guided by a diverse Steering Committee comprised of public, private and non-profit leaders from the region
- Strategy will include actions and tactics designed to address challenges and capitalize on opportunities to heighten the region's competitiveness and prosperity
- Leadership and staff participants include: Mayor Hughson, Council Member Ed Mihalkanin, City Manager Lumberas, Laurie Moyer, Tom Taggert, Scott Hardwick, Shannon Mattingly, Superintendent Cardona



# GREATER SAN MARCOS PARTNERSHIP

## **GSMP Board**

- 37-member board - public and private sector leadership
- High percentage representing San Marcos
- Including Honorary Chair Mayor Hughson, Ed Mihalkanin, Bert Lumbreras



# GREATER SAN MARCOS PARTNERSHIP

- Southern Portion of Austin MSA
- Represent Hays & Caldwell County
- Regional Population of 265,878
  - Hays County: 222,631
  - Caldwell County: 43,247

*(U.S. Census Bureau, July 2018)*
- Hays County is fastest growing in the country with population over 150,000
- Stunning natural beauty on edge of Texas Hill Country



# TARGET INDUSTRIES

Aerospace,  
Aviation, Security  
& Defense

Business Services  
& Support

Destination  
Attractions

Information  
Technology

Life Sciences

Materials Science

Regional  
Distribution



# GSMP FOCUS:

Three main components -

(1) Marketing and Promotion

(2) Business Attraction/Recruitment

(3) Business Retention and Expansion

Emerging area of significant importance: Workforce (skills and availability)



## GSMP FOCUS:

Recruitment and retention of **primary employers** no matter the size of the operation.

***Primary employers:** Companies whose products or services are used/sold outside the region of creation/origin (statewide, national or international markets) and infuse the local economy with imported dollars.*



# BUSINESS RECRUITMENT/EXPANSION

- Focus on export-oriented primary jobs
- Create a “win/win” (ROI)
- Look at jobs AND capital investment
- Focus on high “**multiplier**” effects/clusters
- Utilize incentives strategically

*High **multiplier** clusters are those that create spin-off jobs to support the industry or employee (as consumers) needs.*

# BUSINESS RECRUITMENT/EXPANSION

## **Economic Development San Marcos (EDSM)**

- 13-member city appointed commission
- Includes Maxfield Baker and Bert Lumbreras
- Function is to review and advise draft incentive proposals for comment and direction before going before council
- GSMP is administrator

# BUSINESS RETENTION AND EXPANSION (BRE)

- Vital component to any economic development strategy
- Existing businesses account for greatest numbers of net new jobs to communities
- More difficult to attract new companies
- Learn about their needs, opportunities and challenges
- New Director of BRE to join GSMP

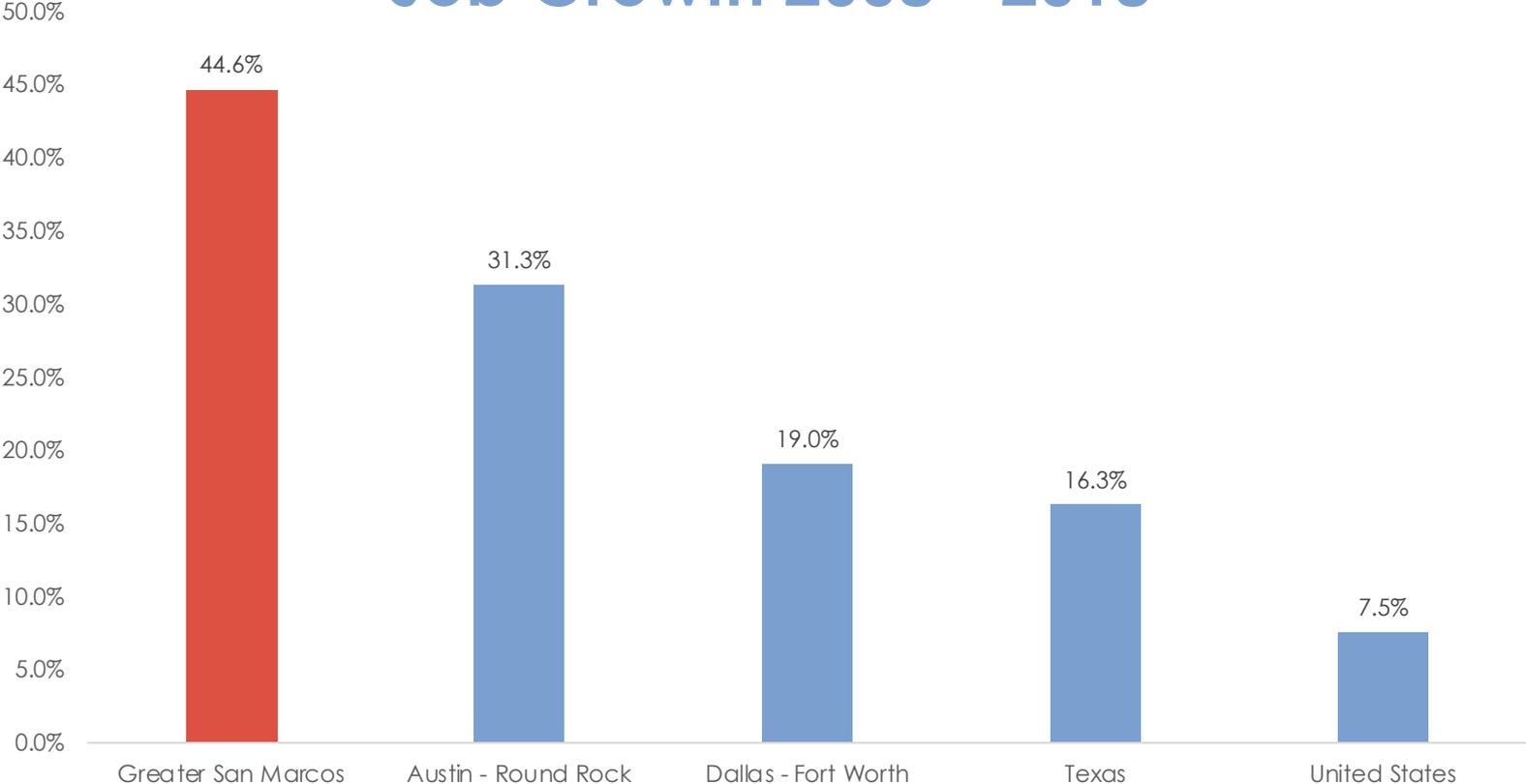


# GSMP ECONOMIC IMPACT

- Study conducted by Impact DataSource of GSMP supported and announced projects from 2010 to 2019
- 39 companies assisted (relocated or expanded)
- 5,441 direct new jobs
- \$544 million in capital investment
- Local taxing jurisdictions are projected to add \$9.6 million in sales tax revenue and \$35 million in property tax revenue over a 10-year period
- Estimated \$2.9 billion in annual economic output



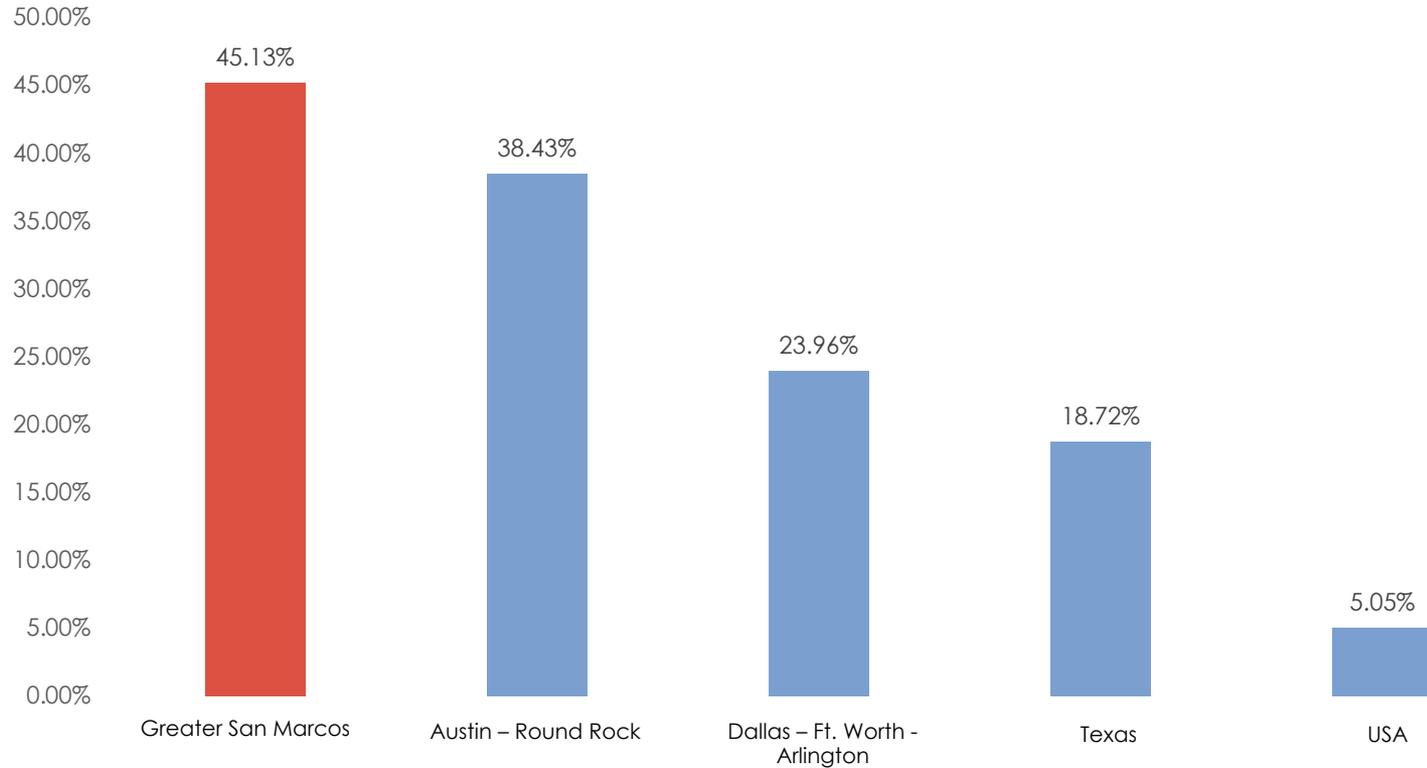
# Job Growth 2008 - 2018



Source: CHMURA Economics & Analytics, JobsEQ



# Labor Force Growth 2008 - 2018

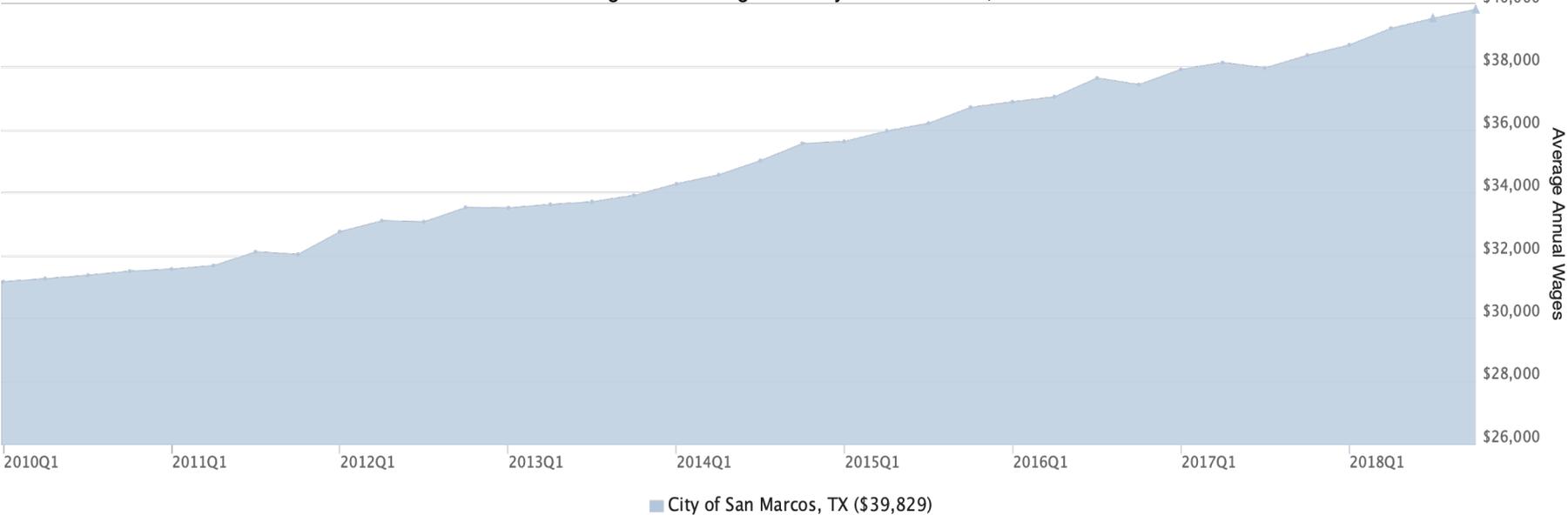


Source: CHMURA Economics & Analytics, JobsEQ



# WAGE DATA

Average Annual Wages for City of San Marcos, TX



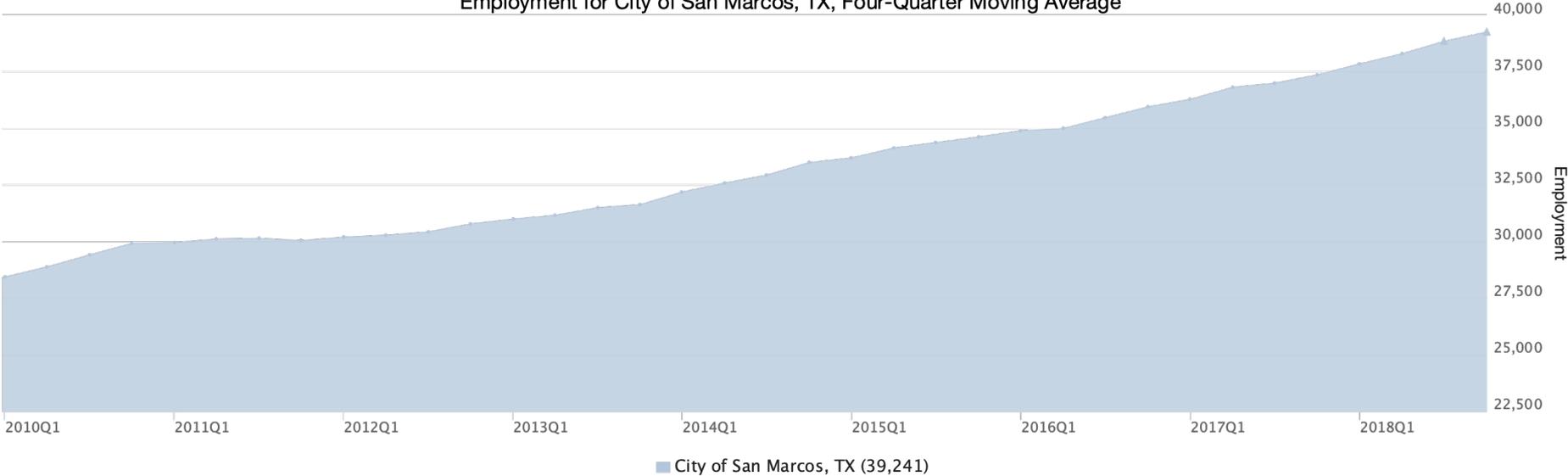
Source: JobsEQ®. Data as of 2018Q4. The shaded areas represent national recessions.

Source: CHMURA Economics & Analytics, Jobs EQ



# JOB COUNT DATA

Employment for City of San Marcos, TX, Four-Quarter Moving Average



Source: JobsEQ®. Data as of 2018Q4. The shaded areas represent national recessions.

Source: CHMURA Economics & Analytics, Jobs



# SUMMARY

- The main goal of economic development is to improve the economic well being of a community
- Competition is fierce for business recruitment/expansion – site selection is about site elimination
- Incentives are a necessary, valuable and compelling tool
- GSMP focuses on primary employers that import dollars into the region and create spin-off jobs
- GSMP is guided by its board and a collaborative economic development strategic plan
- BRE is vital to the strategy
- Data indicates that San Marcos is growing, and residents are benefitting



An aerial, high-angle photograph of a large stadium, likely a football or soccer stadium, taken from a high vantage point. The stadium is filled with spectators, and a large American flag is spread across the field. The image is dark, with the text overlaid in a light blue color. The stadium's architecture, including the seating tiers and the field, is visible. The overall mood is one of gratitude and appreciation.

# THANK YOU!

FOR MORE INFO ABOUT GSMP VISIT  
[WWW.GREATERSANMARCOSTX.COM](http://WWW.GREATERSANMARCOSTX.COM)



## Legislation Text

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**File #:** ID#20-359, **Version:** 1

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**AGENDA CAPTION:**

Executive Session in accordance with the following Government Code Sections:

- A. §Sec.551.071 of the Texas Government Code: Consultation with attorney - to receive advice of legal counsel regarding state law preemption of city ordinances regulating the sale or use of single-use packages and containers.
- B. §Sec. 551.087 of the Texas Government Code: Economic Development - to receive a briefing and deliberate regarding the following projects: Project Rx, Project Molly, Project Red Dawn, Project Free Flow, Project Focus, and Project Big Hat

**Meeting date:** 6/16/2020

**Department:** City Clerk's Office on behalf of the City Council

**Amount & Source of Funding**

**Funds Required:** Click or tap here to enter text.

**Account Number:** Click or tap here to enter text.

**Funds Available:** Click or tap here to enter text.

**Account Name:** Click or tap here to enter text.

**Fiscal Note:**

**Prior Council Action:** Click or tap here to enter text.

**City Council Goal:** [Please select goal from dropdown menu below]

Choose an item.

Choose an item.

Choose an item.

**Comprehensive Plan Element (s):** [Please select the Plan element(s) and Goal # from dropdown menu below]

Economic Development - Choose an item.

Environment & Resource Protection - Choose an item.

Land Use - Choose an item.

Neighborhoods & Housing - Choose an item.

Parks, Public Spaces & Facilities - Choose an item.

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**File #:** ID#20-359, **Version:** 1

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Transportation - Choose an item.

Not Applicable

**Master Plan:** *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

**Background Information:**

Click or tap here to enter text.

**Council Committee, Board/Commission Action:**

Click or tap here to enter text.

**Alternatives:**

Click or tap here to enter text.

**Recommendation:**

Click or tap here to enter text.