



City of San Marcos

Meeting Minutes City Council

Tuesday, June 1, 2021

3:00 PM

Virtual Meeting

This meeting was held using conferencing software due to COVID-19 rules.

I. Call To Order

With a quorum present, the work session of the San Marcos City Council was called to order by Mayor Hughson at 3:03 p.m. Tuesday, June 1, 2021. The meeting was held online.

II. Roll Call

Present: 7 - Mayor Pro Tem Melissa Derrick, Mayor Jane Hughson, Council Member Maxfield Baker, Council Member Saul Gonzales, Deputy Mayor Pro Tem Shane Scott, Council Member Alyssa Garza and Council Member Mark Gleason

PRESENTATIONS

1. Receive a Staff presentation on the City of San Marcos Economic Development Policy, and provide direction to Staff.

Bert Lumbreras, City Manager, officially introduced the new Economic & Business Development Manager, Mrs. Kelsee Jordan Lee and highlighted her background and skills. Mr. Lumbreras stated the presentation will provide an overview of the City's Economic Development policy, including findings from an initial staff assessment. He stated Economic development is more than just offering incentives and as we seek to review and modify the existing policy, we need to be mindful of preserving San Marcos' competitive edge, accurately capture the City's goals for development, and align our efforts with Council's strategic initiatives.

City Council members were provided a copy of the current Economic Development Policy, scoring matrix, application, and draft justification table in the agenda packet. The presentation provided a high-level review of the Policy to receive feedback from Council to ensure the Policy aligns with the current vision and values for economic development, provides a consistent and predictable approach for evaluating projects, and optimizes the City's competitiveness as a place to do business. Based on today's discussion, staff will bring back draft amendments or future action items to continue this

process.

Policy Considerations include:

Ensure San Marcos competitiveness

- **Attraction of new jobs and investment – new or expanding**
- **Provide financial incentives as the final complementary component in a firm’s decision to locate or expand in San Marcos**
 - **Integrate other City planning and project initiatives**
- **Support Comprehensive Plan and strategic initiatives**
- **Support existing Tax Increment Financing Zones, Public Improvement Districts, and other target geographic areas e.g., Downtown Master Plan)**
 - **Align with community and Council values**
- **Social sustainability**
- **Impact on the environment and river**
- **Water usage**
 - **Economic development funding**
- **San Marcos is not a Type A or Type B sales tax city**
- **Current (Chapter 380 property tax rebates) and potential new tools**
 - **Consider amount and length of incentives under Senate Bill 2**
- **New Construction and Expansion Valuations**
 - **do not count against 3.5% cap in first year**
 - **increase the base for the 3.5% calculation**
- **Consider impacts for existing business expansions**
- **Financial health of the City’s General Fund**

Mrs. Jordan Lee went through each section of the Policy, provided recommendations and asked for Council feedback within each section.

1. General Purpose & Objectives

Staff recommended updating the purpose and objective statement to capture the City’s current goals for development to include consideration of community values.

Council provided consensus to remove the geography portion, to add sustainability, and include values from the Comprehensive Master Plan and Charter. These may go in different sections.

2. Definitions

Staff recommended adding or updating definitions for clarity.

Council provided consensus to Update definitions. These include:

Full-Time Jobs - add definition (30 hours)

Family Living Wage - update definition and amount

Local Labor Force - add definition; determine residency (local or transplant) - leave to staff

Headquarters - update; leave to staff

Target Industry - update; leave to staff, concern was expressed about some of those on the list such as those dealing with Petroleum Refining and Chemical Products and others.

3. Incentives Policy

Staff recommended including a review of existing scoring criteria and consideration of any new scoring criteria. Categories aligning with community values and establish measurements:

- Water consumption**
- Sustainability**
- Corporate reputation**

Council provided consensus to move forward with staff recommendations.

Staff recommended exploring other potential incentives on a case-by-case basis:

- Fee waivers – impact fees, building permit fee**
- Infrastructure assistance – improving or extending gas, electric, water,**
- Process related – fast-track permitting, fast-track inspections**
- Grants – Business Improvement Grant, economic development funds**
- Tax Increment Reinvestment Zones/Public Improvement Districts**
- Utilities – fee reductions for commercial users**
- Property tax – abatement under Chapter 312**

Council provided consensus to move forward with staff recommendations.

Staff recommended consideration of different requirements for existing, legacy, and/or small businesses

Example incentives:

- Reduced or waived City development fees**
- Chapter 380 tax rebates up to a specified dollar amount**
- City participation in infrastructure projects within public right-of-way or easements**

Note: A definition for legacy and small business will need to be established, if council concurs.

Council provided consensus to move forward with staff recommendations.

Council also agreed with establishing definitions for legacy and small business and creating a separate policy.

4. Process

Staff recommended review the application process and timing.

Council provided consensus to move forward and allow staff to work on this.

5. Economic Development Supplemental Fund (EDSF)

Staff inquired about updating target industries and allocating funding in future budgets.

Council provided consensus to move forward with updating targeted industries and to allocate funding in future budgets with a focus on legacy businesses for the funding.

City Staff will work with the Economic Development San Marcos Board, Chamber of Commerce and the Greater San Marcos Partnership to address each of the Council directed changes to the policy. Recommendations will be brought forward for Council review/discussion at a future date.

EXECUTIVE SESSION

2. Executive Session in accordance with Sec. §551.071 of the Texas Government Code: Consultation with Attorney: To receive advice of legal counsel regarding the Purchase and Sale Agreement with Pursuant Ventures Development, LLC for the San Marcos Sportsplex Project

A motion was made by Council Member Baker, seconded by Council Member Gonzales, to enter into Executive Session at 4:41 p.m.

The motion carried by the following vote:

For: 7 - Mayor Pro Tem Derrick, Mayor Hughson, Council Member Baker, Council Member Gonzales, Deputy Mayor Pro Tem Scott, Council Member Garza and Council Member Gleason

Against: 0

III. Adjournment.

Executive Session was concluded at 5:14 p.m.

A motion was made by Mayor Pro Tem Derrick, seconded by Council Member Baker to adjourn the work session of the City Council at 5:16 p.m.

The motion carried by the following vote:

- For:** 7 - Mayor Pro Tem Derrick, Mayor Hughson, Council Member Baker, Council Member Gonzales, Deputy Mayor Pro Tem Scott, Council Member Garza and Council Member Gleason
- Against:** 0

Tammy K. Cook, Interim City Clerk

Jane Hughson, Mayor