



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Meeting Minutes City Council

Tuesday, August 3, 2021

3:00 PM

City Council Chambers

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 3:04 p.m. Tuesday, August 3, 2021. The meeting was held online.

II. Roll Call

Council Member Garza and Council Member Gonzales arrived after roll call at 3:15 p.m.

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 presentation and hold discussion on the contract with the Greater San Marcos Partnership, and provide direction to Staff

Bert Lumbreras, City Manager, stated the City's agreement with the Greater San Marcos Partnership (GSMP) is coming up for renewal. He stated Kelsee Jordan Lee, Economic and Business Development Manager will provide the presentation which includes an overview of GSMP's activities as they relate to the City and the proposed contract.

Mr. Lumbreras noted that the City has contracted with GSMP for many years. They have served, not only, as a contracted resource but an extension of our staff to enhance our economic development efforts. These activities include hosting site visits and coordinating meetings with prospects, marketing the City of San Marcos outside our region, and representing the City when it comes to business retention, expansion and attraction. Just one example of this is the familiarization, or FAM tour, that GSMP hosted for site selectors in June. The City would have to dedicate more resources and increase staffing if

the same activities were all done in-house. The presentation this afternoon will highlight the different aspects of the contract, suggested enhancements, and council's feedback which will be included in the final agreement when the plan is brought back for consideration in September.

Direction that is needed this afternoon includes the term of the agreement, the amount of investment and the scope of work.

Ms. Lee provided information about the GSMP and stated they are a non-profit 501(c)6 formed in 2010. They represent Hays and Caldwell Counties and are guided by a 5-year strategic plan, Vision 2025. Oversight is provided by a board of community/regional stakeholders.

Ms. Lee provided reasons why the GSMP is used:

- The City invests \$400,000 and benefits from GSMP's \$1.6 million operation
- The City would be unable to provide the same staffing and service for \$400,000. GSMP employs nine full-time professionals in areas of:
 - Marketing & Communications, Business Attraction, Workforce, Business Retention & Expansion, Project Management, Research, and Administration.
- Site selection responses
- Small Business Development
- Business Retention & Expansion assistance
- Workforce Development programming

Ms. Lee provided reasons why an Economic Development organization is used:

- Serves as intermediary between individuals/businesses and government
- Additional layer of confidentiality for businesses during preliminary discussion
- Strength in regionalism and public-private-partnerships
- Economic development leads to job and wealth creation

Other Texas regional economic development include the Greater Houston Partnership, Greater Austin Chamber of Commerce
Greater San Antonio Texas Partnership, Bay Area Houston Economic Partnership, Corpus Christi Regional Economic Development Corporation, Katy Area Economic Development Council, Rio Grande Valley Partnership, and Texas Forest Country Partnership.

Ms. Lee provided examples of Economic Development Activities by the GSMP including, develop Economic Development Policy and priorities, market the City of San Marcos outside the region, cultivate job and capital investment

opportunities for the City and its residents, represent the City on proactive business retention & expansion and attraction efforts and respond to inbound requests for information, complete economic impact analyses for business retention & expansion or attraction projects requesting City support, coordinate City departments and address any questions or issues for new and existing businesses, work with community partners to enhance workforce development efforts, develop and support programming related to innovation, entrepreneurship, and business support, host prospect visits, coordinate prospect meetings, and solidify investment opportunities.

Ms. Lee noted that currently, the term of the agreement is three years and the annual investment is \$400,000. GSMP has asked for an increase in the annual funding to \$450,000 for FY23 and \$500,000 for FY25. Staff recommendation is to keep the investment the same amount and to increase the term of the agreement to four years to coincide with the Vision 2025 plan.

Ms. Lee discussed and presented the current and proposed agreement and the proposed scope of work which include: Small Business Development, Business Retention & Expansion, Business Recruitment, Workforce Development. Enhancements to the agreement would include Partnership/City Coordination and Reporting. Ms. Lee noted significant activities during the past year during the presentation.

Next steps include the incorporation of council's feedback and direction into the agreement, with consideration of the agreement to occur in September.

Mayor Hughson asked Council for feedback on the proposed agreement related to Small Business Development. These include the following items:

- Help grow local small and medium enterprises, including micro-businesses, with resources to include, business planning, access to capital, and search engine optimization
- Facilitate a minimum of 4 educational events per year that focus on small businesses or entrepreneurial needs
- Create and maintain a “one-stop shop” online database with resources specifically curated to assist small businesses
- Promote small business counseling programs that are offered by the City of San Marcos or other community organizations in San Marcos

Council Member Baker asked that, within section C. 1. of the agreement, that the GSMP do more to support minority and women owned businesses including required Spanish translations for all outward facing publications.

Council provided consensus to include these requirements.

Council Member Baker inquired about substantial resources and asked why substantial resources have failed to commit resources to small businesses thus far. He would like to be able to track that in the future. Mayor Hughson asked that Staff get this information prior to the agreement coming forward.

Council Member Baker expressed his frustration with the lack of small business support and bringing in large businesses that have a detriment to small businesses, he specifically referenced Amazon. He would like the GSMP to acknowledge known negatives of a company in the cost benefit analysis. Mayor Hughson asked Council if this should be included in both the Economic Development Policy and the GSMP contract? Council provided consensus to include in both.

Mayor Pro Tem Derrick inquired about the possibility of the creation of a small business development center and if the GSMP could assist Main Street with going over contracts with consultants to determine if a business would be a good fit for the City. Ms. Lee provided clarification that this would not be under the scope of Main Street but rather herself as the Economic and Business Development Manager along with GSMP. Mr. Lumbreras stated staff will look at the language and include when the contract comes forward. Mr. Lumbreras stated staff will work GSMP regarding the possibility of creating a small business development center. Council requested additional info regarding how the impacts to small businesses will be improved.

Council provided consensus to move forward with the small business development items as presented by staff in addition to those brought forward by Council.

Mayor Hughson asked Council for feedback on the proposed agreement related to Business Retention and Expansion (BRE). These include the following items:

- Serve as the City's initial contact for current employers**
- Implement a BRE program to discover challenges and opportunities for local small and medium enterprises and provide reports to City Manager**
 - This program shall establish the frequency of BRE visits, quotas for anticipated number of businesses contacted, targeted industries, and whether the business is a paid investor in GSMP or Chamber.**
 - Economic and Business Development Manager shall be invited to the meetings at businesses within the City of San Marcos**

- **Partner closely with local organizations to act as a resource for local businesses**

Mayor Pro Tem Derrick would like to include micro-business anywhere in the contract small or large businesses are listed, to ensure they receive the same benefit. Council provided consensus to move forward with the Business Retention and Expansion items as presented by staff including the addition of micro-businesses within the contract.

Mayor Hughson asked Council for feedback on the proposed agreement related to Business Recruitment. These include the following items:

- **Serve as the City's initial contact for prospective businesses in primary jobs industry sectors**
- **Respond on behalf of the City to all Requests for Information and site selection requests for which the City has eligible properties**
- **Host at least one visit for site selectors and include City leadership and staff to showcase key properties in San Marcos**
- **Proactively contact at least 9 prospective businesses that qualify as providing an "extraordinary impact" under the economic development policy**
- **List City of San Marcos sites first when providing a regional response**

Council Member Baker would like the GSMP to better define "sustainable" to differentiate between good for the environment sustainable and economically sustainable. He would like the GSMP to only recruit sustainable businesses. Council failed to reach consensus on this recommendation, but they did provide consensus to require the GSMP to research and advise the Council of sustainable practices of businesses they are recruiting.

Council Member Baker asked for the following items to be included within the contract.

- 1. That the GSMP must consider whether companies offer fair wages throughout their entire business model, not just the jobs they offer here. This is because we are part of any exploitation they take part in; our "living wages" cannot come from the poverty wages paid to others. Council provided consensus to include this recommendation.**
- 2. That GSMP ensures these business not be in the business of environmental harm or extractive practices that exacerbate climate change. Council provided consensus to include this recommendation.**
- 3. That GSMP does their due diligence to vet them and their parent companies for any lawsuits they have faced or are currently involved with. Council provided consensus to include this recommendation.**

4. That GSMP asks why they are relocating if that is the case - should we accept seeking lower wages, dodging taxes/environmental regulations as a good sign? Council provided consensus to include this recommendation.
5. That GSMP focus on childhood and adult daycares to help women remain strong figures in our workforce. This would include working with Community Action Inc, and Rural Workforce Solutions. Council provided consensus to include this recommendation.
6. That GSMP support providing jobs for those struggling with mental health issues and neurodivergent individuals. Council provided consensus to include this recommendation.

Mayor Hughson asked Council for feedback on the proposed agreement related to Workforce Development. These include the following items:

- Support San Marcos CISD and Hays CISD on job training initiatives, including support for grants and participation on advisory boards
- Identify short-comings in current workforce training through business retention & expansion surveys and report to workforce training providers
- Maintain and expand partnerships with Workforce Solutions Rural Capital Area, Gary Job Corps, Austin Community College, and other stakeholders
- Establish a workforce development taskforce to develop actionable items that will create a ready labor force to meet the requirements of current and prospective employers

Council provided consensus to move forward with the workforce development items as presented by staff.

Mayor Hughson asked for consensus on the proposed Scope enhancements which include the following items:

Partnership/City Coordination

- Regarding requests for incentives, GSMP shall inform the Economic and Business Development Manager when a completed incentive application has been received for consideration within one week of receiving the application – Provide full cost/benefit analysis, proposed incentive proposal, and company information prior to EDSM Board Meeting
- Coordinate financial incentive applications for economic development, including: Small business incentive program, legacy business program, fast-tracking of development applications, fee reductions, etc.
- Provide written quarterly reports and participate in monthly updates to the City Manager on business assistance requests, workforce development meetings, BRE surveys, and business prospects
- Provide the City's Economic and Business Development Manager with access

to the customer relationship management (“CRM”) program portal to review BRE notes and input details related to San Marcos businesses.

Mayor Pro Tem Derrick wants GSMP to inform the Economic and Business Development Manager when a completed incentive application has been received for consideration within one week of receiving the application. She also wants the GSMP to provide the City’s Economic and Business Development Manager with access to the customer relationship management (“CRM”) program portal to review BRE notes and input details related to San Marcos businesses. If a business who is requesting incentives is also promising donations to our community we can help them identify needs. She would like for our Economic Development Manager present the expectation to the company before the incentive proposal comes to the council. She also wants to ensure that the benefits of the company will outweigh the cost to our community. This will ensure it is discussed prior to presenting the package to City Council, as that would save much time if some things could be negotiated prior to Council presentation. Mr. Lumbreras noted that city staff are involved early on in the process regarding a company wishing to locate here. Including expectations early is a good idea. We will also need this in the Economic Policy. Council provided consensus for staff to be involved early in the process.

Reporting

- Prepare written semi-annual reports regarding Small Business Development, Business Retention and Expansion, Business Recruitment, and Workforce Development for the City of San Marcos and the Greater San Marcos Region
- Provide a written Annual Report on activities to the City Manager (these will be sent to City Council)
- Other reports and information may be requested from GSMP for presentation to the City Council in connection with a specific request for an economic development
- List of reports are in Exhibit B of the agreement

Council Member Baker would like to require a Quality of Life survey be completed every year. This is to see the effect of and if the city’s quality of life improves due to tax incentives granted. Mayor Hughson noted that the city has conducted a community survey for years and perhaps we should add this concept to that survey Council provided consensus to move forward with a survey that both the City and GSMP will conduct.

Economic Development San Marcos (EDSM)

- EDSM will be supported by the City’s Economic and Business Development

Manager

- GSMP will provide administrative assistance when the City's economic development manager is not available
- GSMP will be responsible for attending and presenting at any EDSM meeting with prospects or incentive applications they are working with, or as they are requested to attend by the City

Council Member Baker requested that information be received with time to process with non disclosure agreements as necessary. Consensus was to require information needed to make a recommendation 5 days prior to the EDSM meeting. Mr. Cosentino noted that we want the city's standard non disclosure agreement used.

Mayor Hughson asked for consensus on the term of the agreement and the investment.

Council reached consensus on a three year term if all items discussed this evening are included within the agreement.

Council Member Baker would like to see what a reduced funding level would provide? He suggested an analysis for \$50k, \$100k, \$150K....\$400k levels.

Council provided consensus to continue with an annual investment of \$400,000.

EXECUTIVE SESSION

2. Executive Session in accordance with:

Section §551.071 of the Texas Government Code: Consultation with Attorney - to receive legal advice regarding the pending wastewater discharge permit application dockets:

1. Application by Crystal Clear Special Utility District and MCLB Land, LLC for TPDES Permit No. WQ0015266002; TCEQ Docket No. 2020-0411-MWD; SOAH Docket No. 582-20-4141;
2. Application by Regal, LLC for issuance of New TPDES Permit No. WQ0015817001; TCEQ Docket No. 2020-0973-MWD; SOAH Docket No. 582-21-0576; and
3. Application of HK Real Estate Development, LLC for Proposed Permit for New TPDES Permit No. WQ0015784001; TCEQ Docket No. 2021-0053-MWD; SOAH Docket No. 582-21-1893

Executive Session was not held during this meeting. Mayor Hughson received consensus from Council to conduct the Executive Session, as posted, during the Regular Meeting later this evening.

III. Adjournment.

A motion was made by Deputy Mayor Pro Tem Scott, seconded by Mayor Pro Tem Derrick, to adjourn the Work Session meeting of the City Council at 5:23

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