

**Responses provided by Economic Development Manager, Kelsee Jordan Lee:**

**CM Baker:** [@Lee, Kelsee Jordan](#)

Not always sure the best place to insert these ideas but I would like to get them all out there and maybe have staff land the plane as to where they best belong in the contract -

Required Quality of Life survey every year

Such a survey could be required in Section 1.K (Semi-Annual and Annual Reports) as a component to an annual report. A Quality of Life survey may be of limited use in isolating and determining the effect of GSMP services in San Marcos given the other factors that affect the quality of life in the City. The Vision 2025 strategy has a workgroup dedicated to quality of place which includes completing a community scorecard in FY 22.

Required participation in our Council Visioning session (They weren't aware of our goals for Eco Dev...) This could be required in Section 1.G (Partnership/City Coordination) if directed by City Council. GSMP has indicated they would be pleased to attend and meets regularly with City leadership across departments and the City Manager's office to discuss goals and priorities for the City of San Marcos.

Required Spanish translations

GSMP has provided some information in a Spanish translation such as the Emergency Cash Assistance Program and the "Get Hired" event. Additional requirements could be added to Section 1. GSMP would need to inform the City if this would require additional funds.

Supporting more minority and women owned businesses

This could be added in Section 1.C. (Small Business Development), Section 1.D (Business Retention and Expansion), and/or Section 1.F (Workforce Development) depending on what the intent is by City Council. A question identifying where a business is minority or woman-owned could also be included in the BRE survey that is approved by the City Manager to capture support given to that segment of business owners. GSMP has also partnered with the San Marcos Chamber of Commerce, Splash Co-Working, Texas State University, Austin Community College, local school districts, and others to bring more support to businesses who need it.

Better define "sustainable" to differentiate between good for the environment sustainable and economically sustainable.

Sustainability is not mentioned within the agreement, but is planned to be addressed in the updated economic development policy.

Consider known business ethics in scoring matrix. Do the attracted business prospects rely on multinational funding sources with shady reputations (SoftBank and the like)? Are they relocating to Texas to avoid taxes or paying fair wages in the area they were previously headquartered? How do they treat their employees (Glassdoor, Indeed reviews reveal racist hiring and promotions)? Are they a

business that focuses on extractive and exploitative business models? To what extent does their business fight climate change, do they produce something that relies on fossil fuels? We should define "High quality Jobs" to include these ideas.

The scoring matrix is not included in the agreement, but will be explored during the updated economic development policy.

There is a perception in our community that GSMP is pay to play. That their non-public members are receiving unequitable economic benefits, and that it is cronyism disguised as networking. We need GSMP to work on this aspect of their reputation and accept that people DO feel this way. Maybe it's through more public facing events or making the organization itself more accessible? For instance, why do people have to pay SO much to be a member? A cheaper option or having some of your partners sponsor small businesses to bring them to the table would really help show that everyone is welcome. The contract has said for a while that GSMP will provide "Substantial resources" for small businesses, but why is it that small businesses consistently feel like GSMP does not care about them or that they are even hear to serve them? Are people using the resources they're providing in any substantial way, are any of those resources in Spanish?

Within the proposed agreement, GSMP will collect, through its new BRE survey, data on whether a business is a paying member of the Partnership or the Chamber. This can highlight and track the percentage of assistance to members vs. non-members. GSMP does not operate with a pay to play model and works with members of the community regardless of their formal relationship with the Partnership.

The EDSM process is a rubber stamp filled with GSMP members. While I know we are hard up on applicants for our appointed positions, it just seems silly how many GSMP members seem to serve across our various positions. Maybe we can limit the number of their members that can serve in other capacities in this contract? Additionally, we had requested that we receive the information with plenty of time to process, but for some reason none of the information was made available ahead of time during any of our recent meetings.

Regarding the time to receive information, the proposed agreement takes steps to formalize the timeliness of the process. GSMP will inform the City within one week of receiving a completed incentive application and will strive to provide a full cost/benefit analysis, proposed incentive proposal, and company information no later than two weeks prior to presentation at an EDSM Board Meeting.

Regarding changing the composition of the Board, that would require action by City Council.

As GSMP moves towards more private donors, how will that change our relationship? Do they serve the businesses they attract, that they then convince to become members which gives them access to City projects and staff or do they serve the City and its citizens with a real focus on improving quality of life? The proposed agreement will dictate the relationship between the City and GSMP and what services are provided, regardless the Partnership's agreements with other entities. GSMP does not have the ability to award City project or influence City Council decisions. Attracting additional private sector support can better leverage public sector support by making the stretch further or by taking on tasks that are not allowed to be done with public funds. This combination can help reduce the cost to taxpayers through public funds while providing the support to execute a successful economic development program.

A fellow Council Member and I previously requested that the following be considered in the update -

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.

[This will be considered during the economic development policy update.](#)

2. That GSMP ensures these business not be in the business of environmental harm or extractive practices that exacerbate climate change.

[This will be considered during the economic development policy update.](#)

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.

[This will be considered during the economic development policy update.](#)

4. That GSMP asks why they are relocating if that is the case - should we accept seeking lower wages, dodging taxes/environmental regulations a good sign?

[This will be considered during the economic development policy update.](#)

5. That GSMP focus on childhood and adult daycares to help women remain strong figures in our workforce.

[The agreement could be modified to include this scope. GSMP would need to inform the City if this would require additional funds.](#)

6. That GSMP focus on providing jobs for those struggling with Mental health issues.

[The agreement could be modified to include this scope. GSMP would need to inform the City if this would require additional funds.](#)

Consider who GSMP partners with and their reputations; Wellsfargo and Amazon for starters have severely checked reputations as it relates to ethical business practices. Why do we continue to overlook these plain as day bad business practices for the sake of investment and economic "wins"? Shouldn't we require GSMP to analyze the NEGATIVE aspects of these companies as well? Who do they displace, who's toes do they step on, who's employees will they hire out from under what small business, etc? I've been continuously frustrated when talking to the GSMP president and other members at their refusal to acknowledge what are now broadly accepted academic reviews of the impact of companies like Amazon. If they aren't willing to acknowledge the bad reasons to bring in companies, then it doesn't sound like they are really serving us well, just "putting up numbers".

[The full cost and benefit of a project can be addressed during the economic development policy update.](#)

What would happen to GSMP should we divest entirely? Wouldn't they continue to work in the area and inevitably businesses will still continue to be drawn to San Marcos and we will benefit from their unpaid work for their private companies and other regional partners?

[While it is difficult to predict what business decision the Partnership would take should the City divest, GSMP could shift its staff and office to other communities at the exclusion of the City of San Marcos.](#)

[GSMP has a unique relationship with the City of San Marcos by operating as the agent in providing](#)

economic development services and is the sole city in the region with this relationship. GSMP was founded on the idea of regionalism, and all the communities of Hays and Caldwell counties benefit from the work of the partnership. Economic development is a very intentional line of work that requires expertise and resources to achieve results, and the absence of the City of San Marcos could significantly challenge the abilities of the City to compete and be successful in strengthening the economic opportunities of its residents.

What would a reduced funding level still provide? Could we get analysis for \$50k, \$100k, \$150K....\$400k levels?

This would have to be renegotiated with GSMP to provide an updated scope of services. Reduced funding levels would likely reduce the scope and would require City Council to provide direction on prioritization of work deliverables.

Can we ask GSMP to stop pushing spec buildings or at least focus on putting them on infill/rehabbed property?

The City of San Marcos is a desirable market for speculative buildings and developers will initiate interest in constructing new projects. GSMP is contractually obligated to respond to all RFIs/RFPs/site selection inquiries they receive for which the City of San Marcos has available land or buildings.

What are the salaries of the GSMP employees and do any of them make less than \$15/hour with benefits (including interns/part time)?

All current full time employees make at least \$15/hour with benefits. Information on other positions was not received.

Under workforce development I just find it odd that all of these other entities must also pay into GSMP as members to receive the benefits of the partnership. We pay in \$400k, but how much money overall is GSMP pulling in from all of its members?

The 2020 audit showed the following investments:

City of San Marcos - \$400,000

Hays County - \$250,000

Texas State University - \$75,000

Other Public Funding - \$100,000

Private Sector - \$594,750

Currently, GSMP has a \$1.6 million budget. The Board of Directors includes two school district superintendents and Gary Job Corps, all whom do not make financial contributions to the partnership. In the case of workforce development, community organizations and others, GSMP has community advocates that are not financial supporters of the organization but are partners in achieving shared

goals and objectives for the community. In FY 22, the Partnership is planning a \$1.8 million budget which will provide up to a 4.25X multiplier for the City's investment.



**MDerrick**  
CoSM Members

[Saturday at 2:24 PM](#)

First, I just want to state that I do agree with CM Bakers assessment and list of things we were going to work toward #1-#6. Before Covid we were supposed to have a work session regarding such requests to vet them out and make a list to provide to our internal Economic Development Manager. Though we've not had much action in this area due to Covid, 1. can we please schedule a work session to hash these issues out soon?

Questions @Lee, Kelsee Jordan

There isn't much mention of our Economic and Business Development Manager in the contract other than:

-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

-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.

The Economic & Business Development Manager is the primary and initial contact for GSMP when addressing business retention & expansion, small business development, business recruitment, workforce development, EDSM, and reporting. The aforementioned enumerated items are listed as they are new additions to formalize the relationship between the City and Partnership and do not exclude any other ongoing interactions. Council could direct written inclusion of the EBD Manager at all levels if desired.

2. **How will they work with the GSMP** other than allowing access to incentive package and access to the CRM porthole? How will the Development Manager communicate our wants to GSMP so they may be

discussed prior to presenting the package to CC, as that would save MUCH time if some things could be negotiated prior to CC presentation.

The wants of the City will be established via the updated economic development policy. This will provide GSMP the parameters for what types of businesses the City wants to incent.

3. Can we please have the EBDM's job description so we can consider whether there should be more direction regarding this relationship in the GSMP contract and internally?

Attached.

As stated above, I know we are behind on creating our "wants" to be expressed to GSMP by the Development Manager, due to COVID - such as CM Baker's list and low water usage, sustainability development measures, **asking for a little something in return for the many years of tax abatement;** such perhaps asking them donate X amount each year to the arts, X per year for use in our affordable housing efforts to purchase tax foreclosed properties, transitional housing programs etc. X amount could possibly be based on size of tax incentives (other cities do this)? Perhaps while in construction they could donate time to help us build affordable housing on city owned lots. Many times, they do make charitable donations, but THEY decided where they will invest, not the city. I am "all for" asking them to help improve the quality of life in the city they've chosen to locate in exchange for tax abatement as tax abatements seem to be here to stay.

GSMP is aware of the suggested changes from the June 1 work session, but these changes are not included in the scoring matrix until new policy is adopted.

**4. We need to ensure that the benefits outweigh the costs to our community when deciding how to proceed with economic development incentives.** We've been talking about this for years, and we are always told it's hard to tell what annexing these developments costs the city vs. what the city gains over the incentive periods of 30 years. A. Other cities use formulas to calculate the increase in services (fire, police, road and sewage construction/maintenance, library etc) can staff work on that for us? Some don't need to be annexed so it's easier to see cost/benefit, but B. Can we ask that this is included in each packet in a table format on the first page? This too would save time during negotiations in executive session. We are always presented with this type of information at the END of their presentation and many times we need to use calculators to figure things out. C. Could we request the GSMP put the 380 in excel so we can change the numbers & percentages on the screen instead of having to calculate by hand on the fly?

Staff requested feedback during the June 1, 2021, work session on what information the City Council wanted to see in a future version of the economic development policy. Staff has begun incorporating the feedback received into a draft policy with will receive additional input from the EDSM Board, GSMP, and the Chamber, as directed as next steps for the policy update.