



Public Hearings

AN-25-02, PSA-25-01, ZC-25-02

900BLK Francis Harris Lane

This presentation will cover the Annexation, Preferred Scenario Amendment, and Zoning Request items on the August 19, 2025 City Council agenda for the +/- 200 acres located at / near 904 Francis Harris Lane.

Three Requests

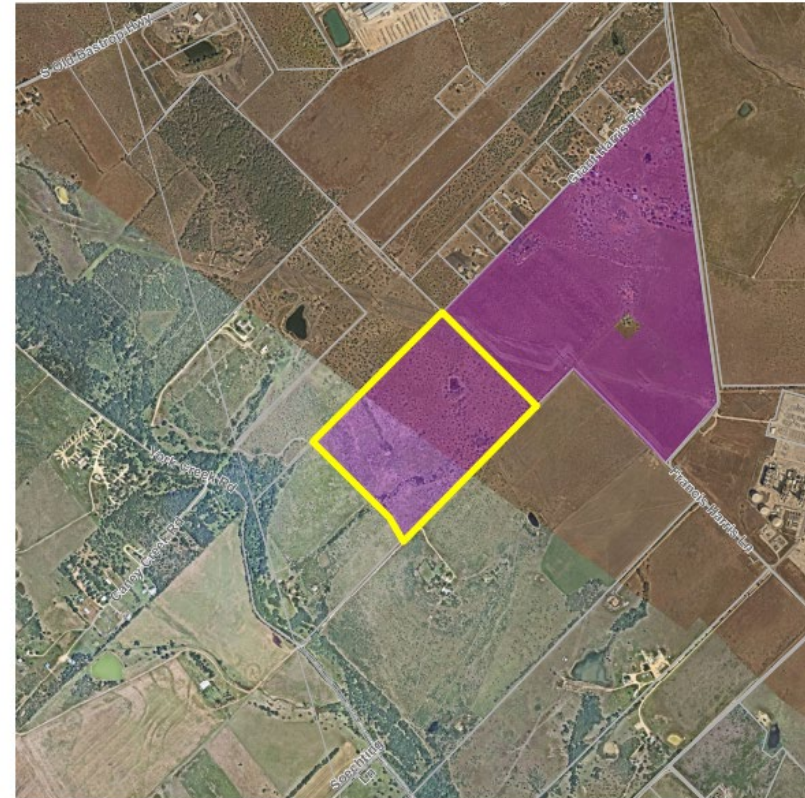
1. Annexation Subject Property (yellow) = +/- 64 acres
- Subject Property (purple) = +/- 200 acres
 2. Preferred Scenario Amendment (PSA) from Conservation/Cluster to Commercial/Employment Low
 3. Zoning Change from CD 2.5 & FD to LI
 - Single family & “future development” to Industrial (Data Center proposal)

Requests are dependent upon one another, for example, property can't be zoned without approved annexation & PSA

AN-25-02

900BLK Francis Harris Ln Annexation

Associated
Developments

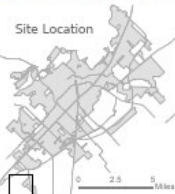


- Annexation Boundary (AN-25-02)
- ZC-25-02/PSA-25-01 Boundary
- Parcels



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Date: 1/7/2025

SAN MARCOS Planning and Development Services



Context

- Surrounding Land Uses
 - Rural Residential
 - Cemetery
 - Power Plant (Hays Energy)
 - Vacant/ Agricultural
- Service Plan Approved (2/18/25)
 - Water: Crystal Clear
 - City of San Marcos reuse water line exists in Francis Harris Rd
 - Wastewater: CoSM
 - Electric: Pedernales

ZC-25-02

904 Francis Harris Lane Light Industrial
900BLK Francis Harris Ln

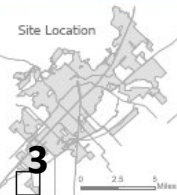
Aerial



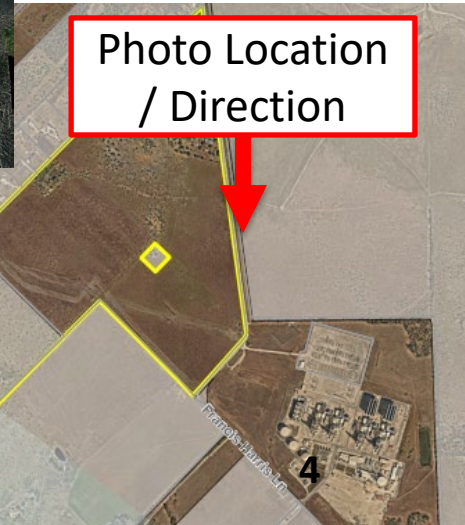
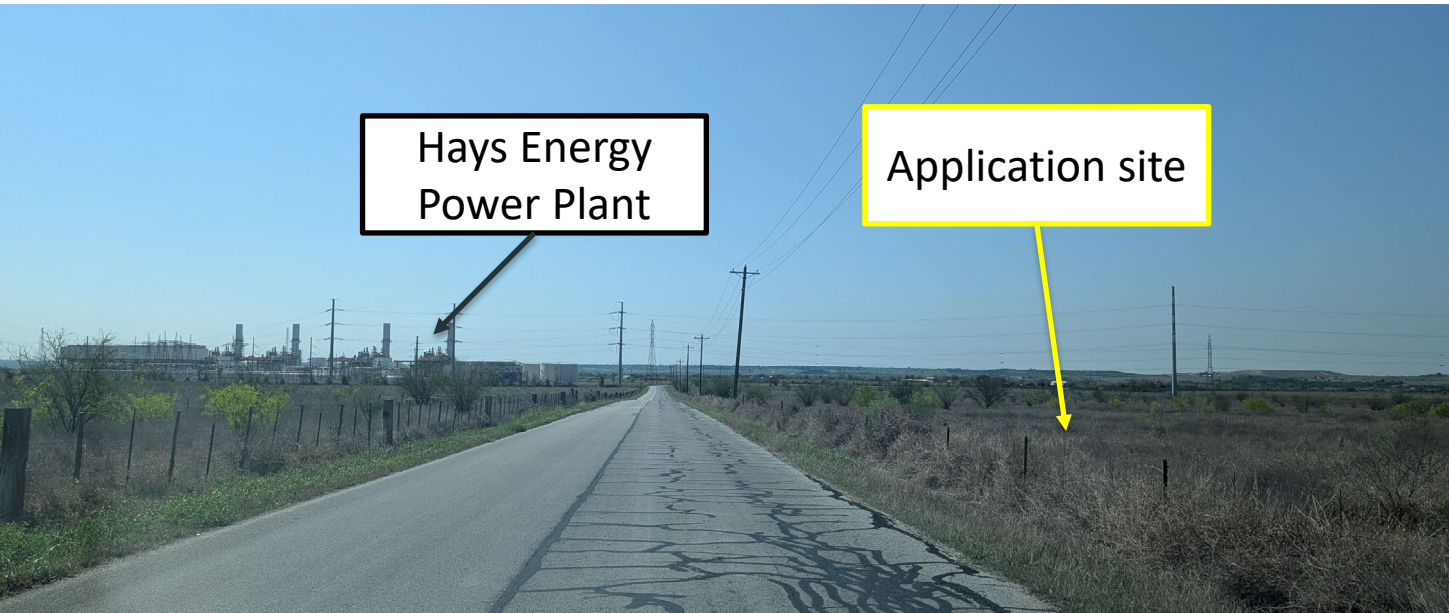
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Date: 1/2/2025

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Context (Francis Harris Lane Southbound View)



Context

Existing Zoning

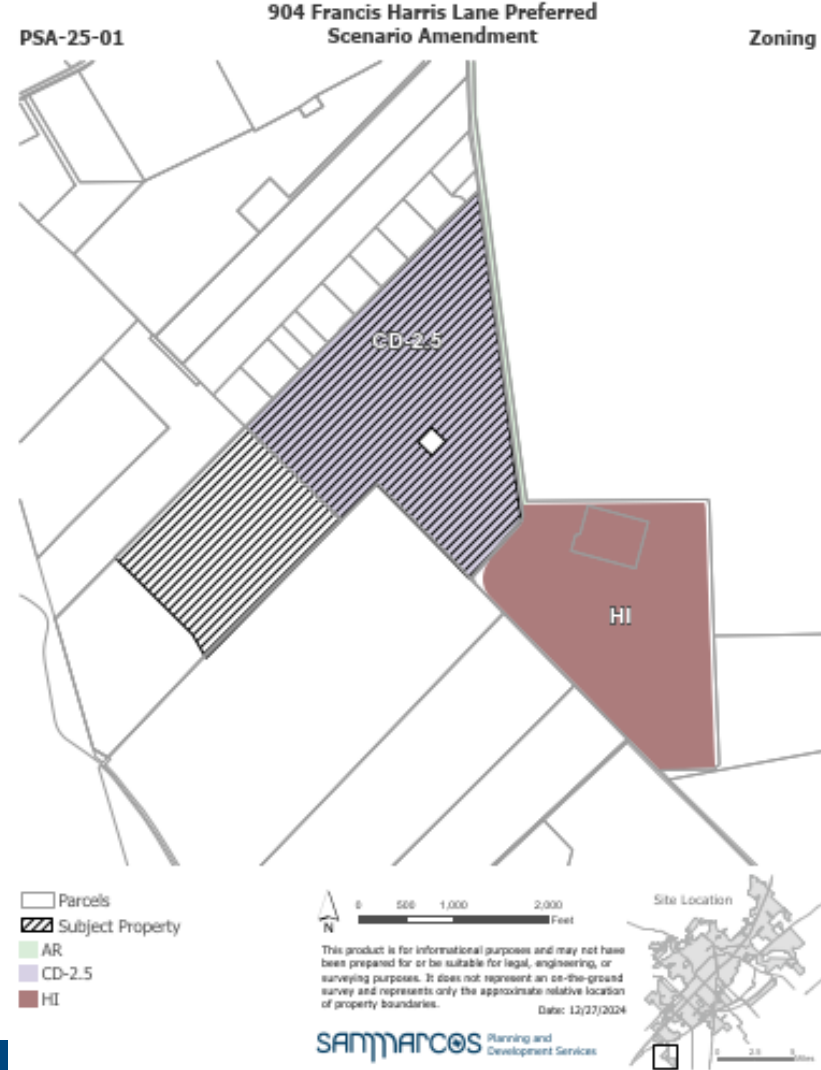
- Character District 2.5
- Extraterritorial Jurisdiction (ETJ) would be zoned Future Development upon annexation

Surrounding Zoning

- Heavy Industrial (Hays Energy Plant)
- ETJ (no zoning or land use controls)

Proposed Zoning

- Light Industrial



Comprehensive Plan Analysis

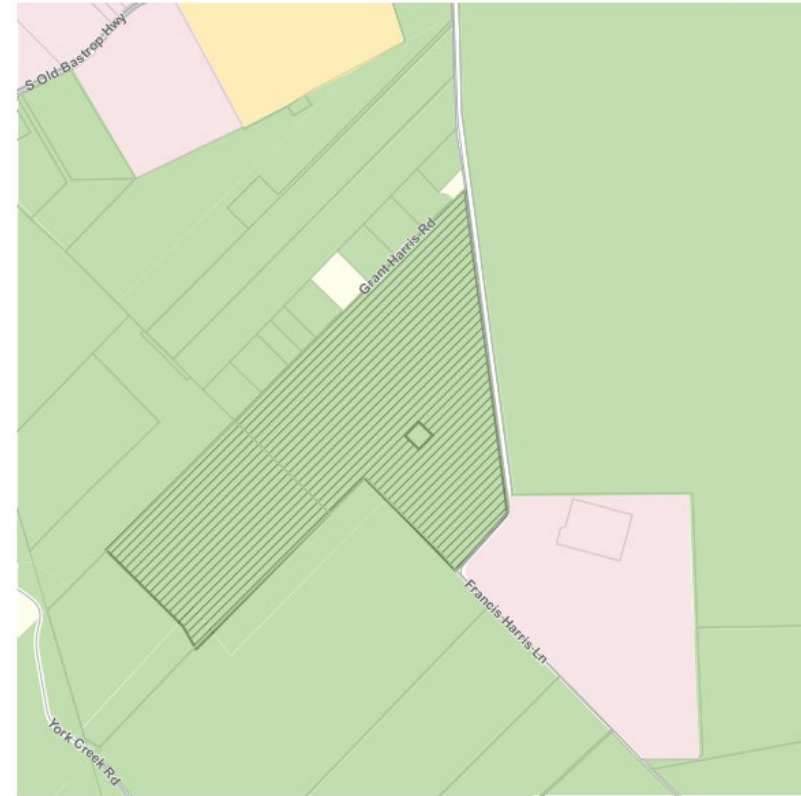
Step 1: Where is the property located on the Comprehensive Plan?

- Existing Preferred Scenario: Conservation/Cluster
 - “To identify areas to conserve and reserve for future development as a means of focusing more intensive development in other areas of the community” (VisionSMTX)*
- Proposed Preferred Scenario: Commercial/Employment Low
 - “To facilitate lower density, auto-oriented retail, office, and industrial type uses.” (VisionSMTX)*
 - Hays Energy Plant is currently Commercial/Employment Low

ZC-25-02

904 Francis Harris Lane Light Industrial
900BLK Francis Harris Ln

Preferred
Scenario



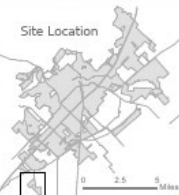
- Neighborhood - Medium
- Neighborhood - Low
- Commercial/Employment Low
- Low and Areas of Stability/Conservation/Cluster
- Parcels
- Subject Property



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Comprehensive Plan Analysis (VISION SMTX)

Step 2: Is the request consistent with Table 4.1 of the Land Development Code?

Light Industrial within Conservation Cluster and Employment/Commercial Low

		Place Types									
		Neighborhood Low-Existing	Neighborhood Low-New	Neighborhood Medium	Neighborhood High	Neighborhood Transition	Mixed Use Low	Mixed Use Medium	Employment/Commercial Low	Employment/Commercial Medium	Conservation/Cluster
Zoning District											
Special Districts	CM	-	-	-	-	-	NP	NP	C	C	NP
	HC	-	-	-	-	-	NP	NP	C	C	-
	LI	-	-	-	-	-	-	-	C	NP	-
	HI	-	-	-	-	-	-	-	C	NP	-
	MH	-	C	NP	NP	NP	NP	-	-	-	NP

C= Consider NP= Not Preferred (-) = Preferred Scenario Amendment (PSA) Required

The applicant's desired zoning (Light Industrial) is not permitted in the Conservation / Cluster Place Type.

Property Owners have the right to request an amendment to the Preferred Scenario which is ultimately decided by City Council.

Current Zoning Analysis

- Character District 2.5 allows houses (8 units per acre), accessory dwelling units, and civic uses.
- Impervious Cover = 60%.
- Maximum Height = 35 ft.
- City Council approved restrictive covenants to protect single family from Hays Energy Plant requiring:
 - buyers sign acknowledging the nuisance
 - masonry construction within 1,500 of the plant
 - 6' masonry wall
 - Additional landscape screening along the wall



GENERAL DESCRIPTION

The CD-2.5 district is proposed to accommodate single-family detached houses and encourage opportunities for homeownership. CD-2.5 could be applied in areas where the land use pattern is single-family or two-family with some mixture in housing types. Uses that would interfere with the residential nature of the district are not allowed.

DENSITY

Units Per Gross Acre	8 max.
Impervious Cover	60% max.
Occupancy Restrictions	Section 5.1.4.1

TRANSPORTATION

Block Perimeter	2,800 ft. max	Section 3.6.2.1
Streetscape Type	Residential Conventional	Section 3.8.1.10 Section 3.8.1.7

BUILDING TYPES ALLOWED

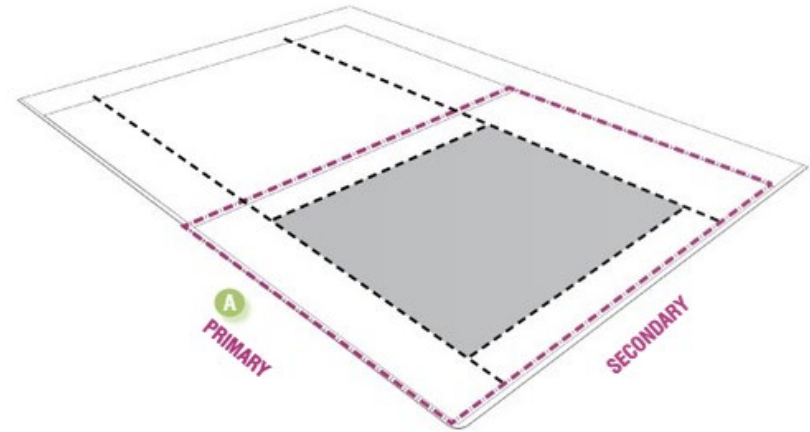
Accessory Dwelling	Section 4.4.5.1
House	Section 4.4.5.2
Civic	Section 4.4.5.14

Proposed Zoning Analysis

- Light Industrial allows a variety of commercial & industrial uses.
- Impervious Cover = 80%.
- Maximum Height = 70 ft.
- Note: developer has drafted restrictive covenants which would further limit the development of the property.



SECTION 4.4.4.4 LIGHT INDUSTRIAL



KEY

--- Property Line (ROW)
A Metrics on This and Facing Page

--- Setbacks
● Building Footprint

DISTRICT INTENT STATEMENTS

LI is intended to accommodate manufacturing and light industrial uses in order to promote economic viability, encourage employment growth, and limit the encroachment of non-industrial development within established industrial areas. Development should be operated in a relatively clean and quiet manner, and should not be obnoxious to nearby residential or commercial uses.

DENSITY

Impervious Cover 80% max.

TRANSPORTATION

Block Perimeter	5,000 ft. max.	Section 3.6.2.1
Streetscape type	Conventional	Section 3.8.1.7

BUILDING TYPES ALLOWED

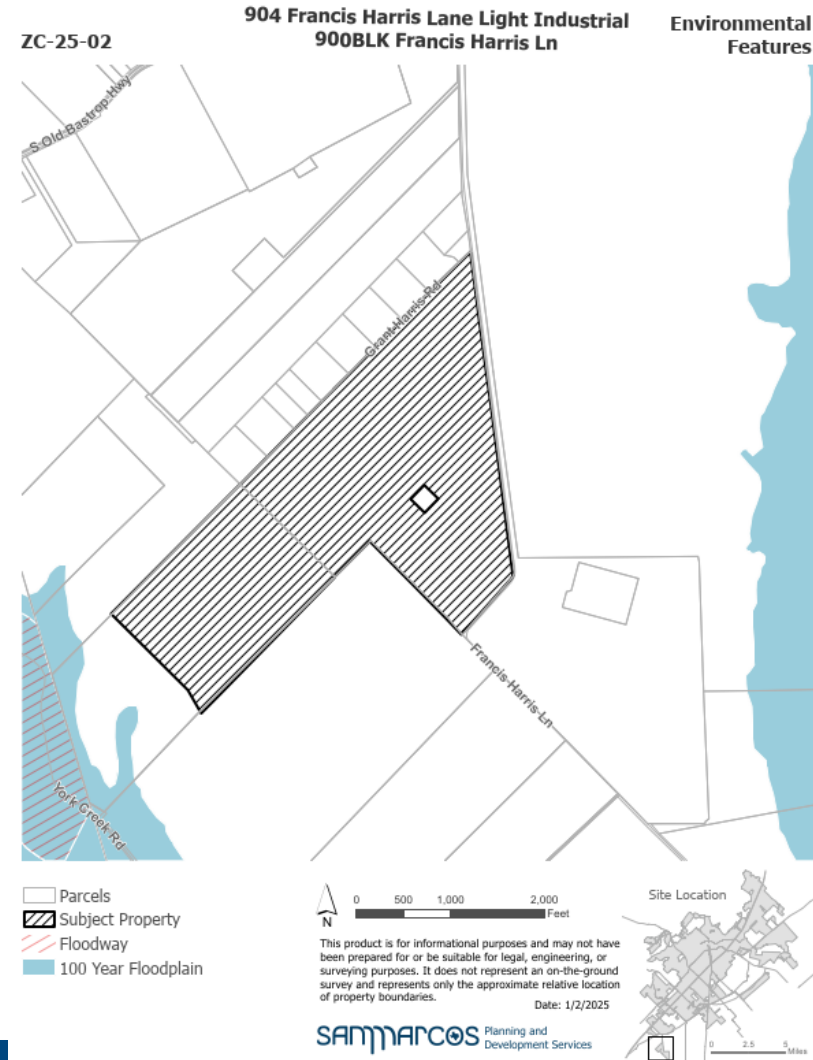
General Commercial	Section 4.4.5.12
Civic Building	Section 4.4.5.14

BUILDING STANDARDS

Principle Building Height	4 stories max.	62 ft. max.
Accessory Structure Height	N/A	24 ft. max.

Environmental Analysis

- Not located in the Edwards Aquifer Recharge Zone, Contribution Zone or Transition Zone.
- Not located within the 100-year floodplain or floodway.
- Not located within the San Marcos River Corridor or River Protection Zone.





Development Code Analysis

- San Marcos Development Code provides criteria for approval of Preferred Scenario Amendments and Zoning Change requests (see staff reports)
- Staff found the Preferred Scenario consistent with most of the criteria including:
 - Promoting orderly and efficient growth as the request is adjacent to the power plant in a less dense area of the City.
 - Providing a community benefit by expanding the city's tax base and providing new employment opportunities.
 - Continuing existing land use patterns and developing in areas which do not have significant environmental constraints.
- Staff found the Zoning Change consistent with most of the criteria including:
 - Reinforcing the existing character of the area currently occupied by the power plant.
 - The site is appropriate for industrial because it is relatively flat with little tree cover.
 - The development is not in an area with significant environmental features.
 - To mitigate impacts to the rural residential the applicant agreed to zone 50 ft character district 1.

Applicant's Proposal – Renderings



- General renderings of data centers



Applicant's Proposal – Restrictive Covenants



Prohibited Uses:

- Warehouse and Distribution
- Waste Related Services

Requirements if Data Center is Constructed:

- Closed loop, non-evaporative cooling technology with water usage not exceeding 235 LUEs or 75,000 gallons per day.
- Drainage facilities designed and constructed to reduce the rate of runoff by 10%.
- Water quality facilities constructed to remove least 80% of Total Suspended Solids
- Impervious cover limited to 70%
- LEED certified building
- Noise limited to 75 decibels regardless of time of day

Applicant's Proposal – Restrictive Covenants



Requirements if Data Center is Constructed (continued):

- Signage on site (in English and Spanish) detailing the following:
 - Compliance with all relevant local, state, and federal safety laws;
 - All construction workers on the project will be paid by check or direct deposit, or other commercially used payment method, including electronic or other payment methods that are customary in the industry;
 - All construction workers on the project will be covered by workers' compensation insurance as required by state or federal law;
 - All construction workers on the project will receive personal protective equipment, free of charge if not already provided by the employer as required by state or federal law;
 - All safety supervisors on the project will be current on their 30-hour, OSHA approved construction worker safety class prior to commencing construction work as required by state or federal law.

Recommendation Summary



- Annexation of +/- 64 acres:
 - Staff recommends approval.
 - No P&Z recommendation necessary
- Preferred Scenario Amendment for +/- 200 acres:
 - Staff recommends approval.
 - P&Z recommended denial (super majority vote needed to overturn)
- Light Industrial Zoning for +/- 200 acres:
 - Staff recommends approval with 50 ft buffer to rural residential.
 - P&Z recommended denial (super majority vote needed to overturn)

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P&Z Discussion Topics

- Restrictive Covenants / Potential Postponement
 - The applicant has since provided draft restrictive covenants
- Water/Energy Use
 - The applicant proposed restrictive covenants which would limit water use
- Noise
 - The applicant proposed restrictive covenants which would limit noise
- Change to Comprehensive Plan so soon after adoption
 - Staff note: this is the first PSA request and property owners have the right to request changes to their property

P&Z Discussion Topics



- Impact on Cemetery/ Ownership
 - The applicant does not own the property and is required by state law to provide access
- Impact of Federal Policy/Demand for Data Centers
 - A Commissioner noted the 2022 CHIPS Act which encouraged data center construction in the US
- Development within the City limits vs outside
 - A Commissioner noted a preference for this development in City Limits

Detailed staff recommendation for zoning

- Staff recommends approval of ZC-25-02 with the exception of a 50 ' buffer along the northwestern property line adjacent to the Grant Harris Rd private driveway (see map) which would be zoned the less intense district Character District-1.

ZC-25-02

904 Francis Harris Lane Light Industrial
900BLK Francis Harris Ln

Proposed 50'
Buffer



■ ZC-25-02 Grant Harris 50 ft Buffer
□ Parcels
■ Subject Property



0 185 370 740 Feet

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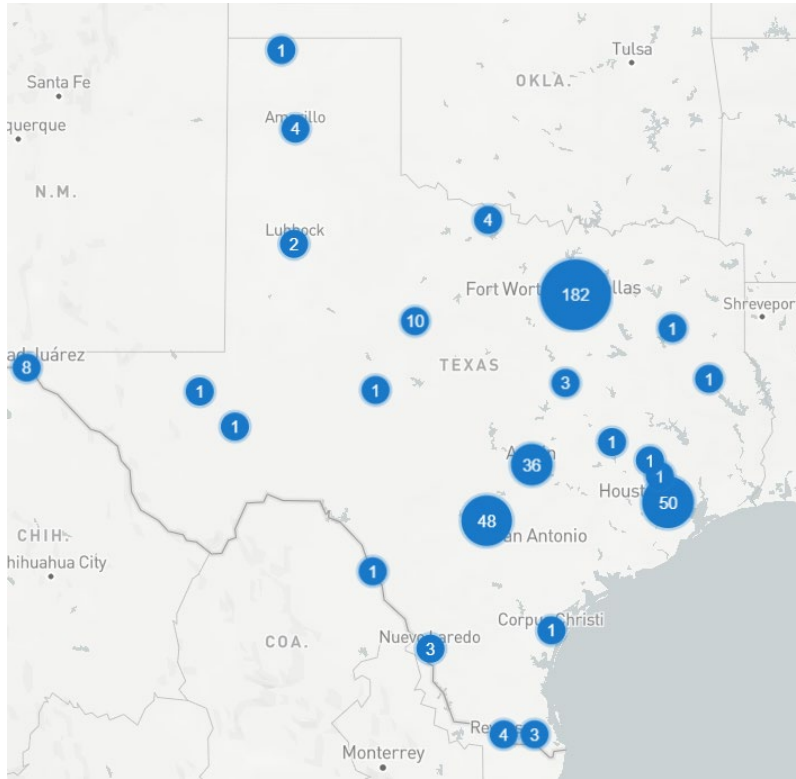
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NOISE

Data Centers by Texas City/Market



Market	Data Centers
Tyler	1
Abilene	10
Dallas	182
Wichita Falls	4
Houston	50
San Antonio	48
El Paso	8
Amarillo	4
Austin	36
McAllen	4
Bryan	1
The Woodlands	1
Lubbock	2
Nacogdoches	1
Corpus Christi	1
San Angelo	1
Stratford	1
Eagle Pass	1
Fort Stockton	1
Montgomery TX	1
Pecos	1
Total Data Centers:	368

Source: <https://www.datacentermap.com/usa/texas/>

Typical data centers in a neighborhood (SATX)



Placement and shielding of outdoor equipment



Building placement and constructed walls shield equipment from sight and mitigate noise

View from School Parking Lot looking at Data Center





Noise from the Hays Energy Plant

When the property was originally annexed and zoned single-family (CD2.5) in 2022, restrictive covenants were established on behalf of the future residents to mitigate the impact of noise generated at the Hays Energy Plant:

- buyers sign acknowledging the nuisance
- masonry construction within 1,500 ft of the plant
- 6' masonry wall
- additional landscape screening along the wall

Which land use is appropriate next to Power Plant?

470+ Single Family Homes

or

Data Center



Hays Power Plant

Holly Power Plant in East Austin

East Austin residents and environmental groups pressured the Austin City Council to close the municipally-owned power plant with ERCOT approval in 2007





WATER USE and ENERGY DEMAND



Proposed Data Center Will Use Enhanced Cooling System that Conserves Water

Data Center Cooling System Type		
Cooling System Type	Evaporative	Closed Loop Non-Evaporative
Water Use	Very High	Minimal



Data Center water allocation is less than CD2.5 (single-family) zoning already approved for this site

Proposed data center

- Use closed loop non-evaporative cooling system and will limit maximum water usage for the 200-acre site to 235 LUE's or 75,000 gallons per day.

Alternative single family project

- 136-ac CD2.5 zoning already contracted for ~557 LUE's* or ~170,000 gpd
- If 64-ac zoned CD2.5 (200 acres total) ~819 LUE's or ~260,000 gpd

Roughly a 55% to 70% reduction in allocated water usage



Data Center estimated water usage is less than CD2.5 (single-family) zoning already approved for this site

Proposed data center

- Up to five (5) data center buildings using ~ 4,000 to 7,000 gpd per building*
- Total estimated water usage = **20,000 to 35,000 gallons per day**

Alternative single family project

- Current plat = 470 lots, 2.5 people per home, 67 to 97 gpd per person
(67 gpd per person under drought restrictions, 97 gpd per person typical)
- Total estimated water usage = **78,725 to 117,500 gallons per day**

More than a 55% reduction in estimate actual water usage

Power and Water Considerations for Data Centers

P O W E R

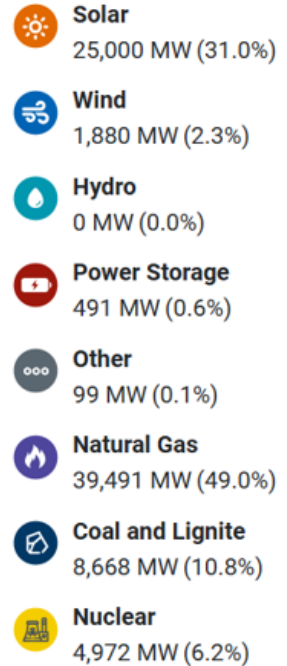
- Data Centers require a significant amount of power
- ERCOT and transmission service providers regulate data center connections to the grid
- Proposed size, and grid interconnections are evaluated to ensure grid stability and reliability
- Generation capacity/transmission system constraints are considered through the interconnection process

W A T E R

- Power generation uses significant amounts of water
- Some generation technologies require little water (air-cooled turbines, solar, battery storage, wind)
- Water rights or water supply agreements for any new generation must be in place to satisfy ERCOT rules



CURRENT GENERATION

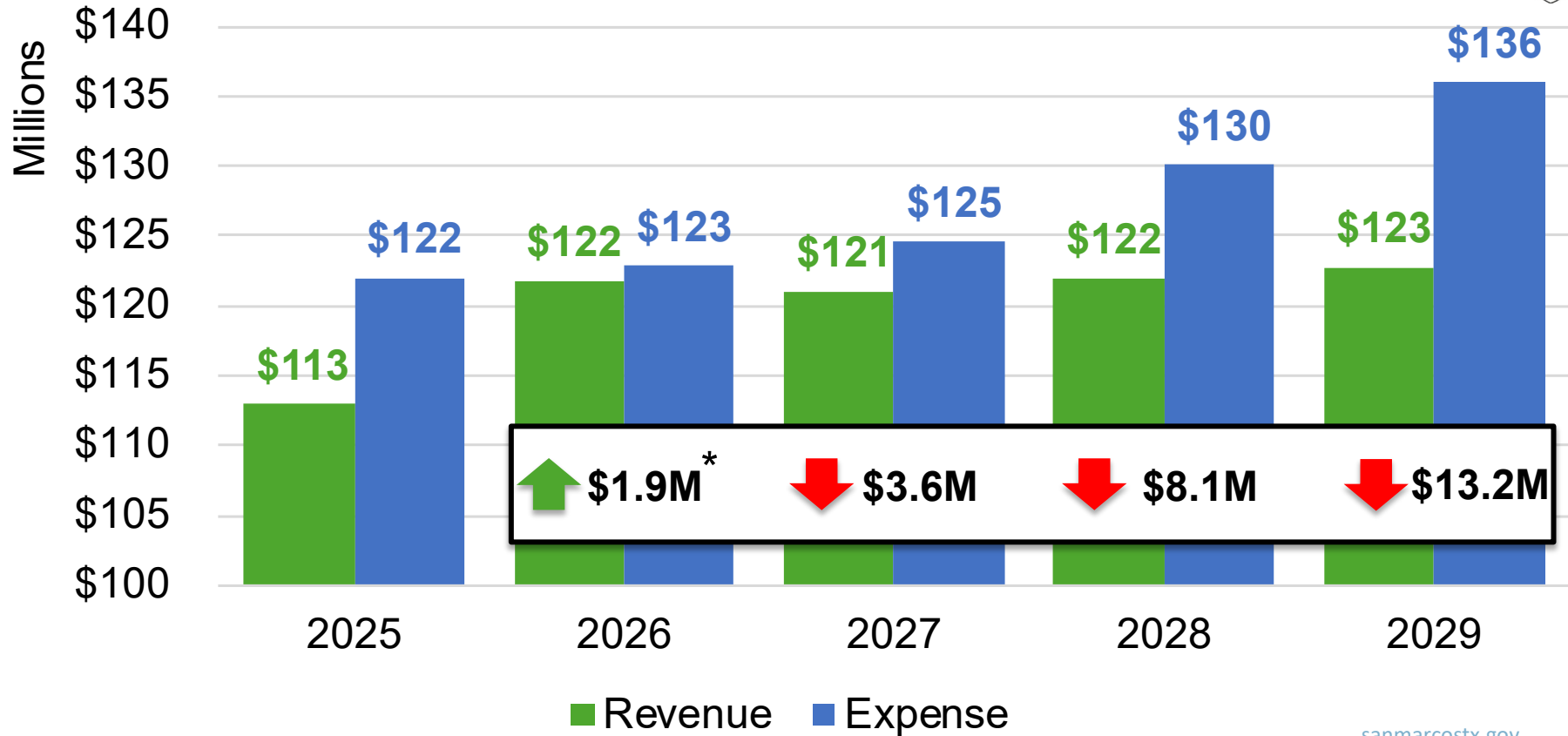


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FINANCIAL

Long-Term Focused Tax Rate 64.96¢



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*Adjusted for \$3M planned use of fund balance in excess of 25%

Property Tax Revenue



Taxing Entity	City of San Marcos	SMCISD	Hays County
Valuations*			
\$ 500 M	\$ 3,015,000	\$ 5,076,000	\$ 1,750,000
\$ 1.0 B	\$ 6,030,000	\$ 10,152,000	\$ 3,500,000
\$ 1.5 B	\$ 9,045,000	\$ 15,228,000	\$ 5,250,000

*Using FY 2025 Tax Rates



SUMMARY

Texas is a property rights state that favors development

Vested rights

- grandfathering to older rules

Mandatory Plat Approvals

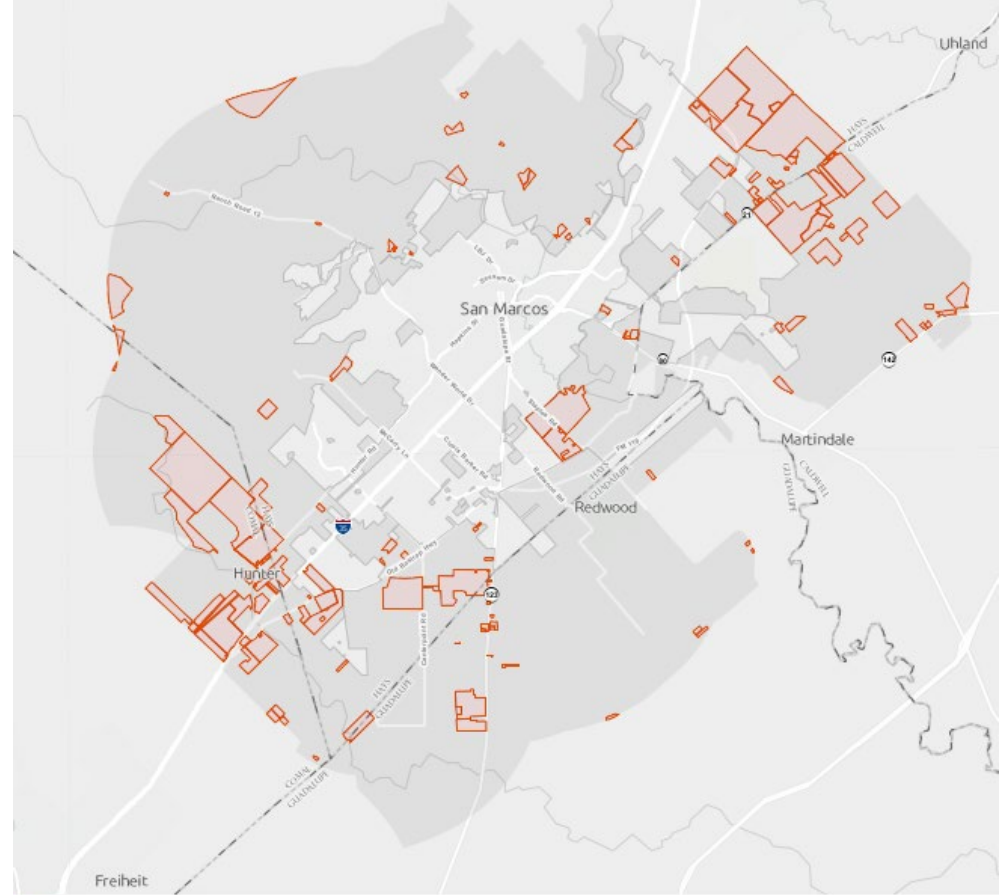
- if meets requirements

Annexation

- requires landowner consent

ETJ Opt-Out Provision

- allows landowners to opt of the City's extraterritorial jurisdiction and its applicable regulations



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Date: 4/11/2025



New Data Centers are planned for the Austin/SA Market and Texas

Tract Uhland Campus
Cloudburst
SE DC DevCo LLC
Microsoft
Sabey Data Centers
Stargate

Figure 2: H2 2024 Wholesale Secondary Market

Market	Inventory (MW)	Y-o-Y Change (MW)		Available MW/Vacancy Rate
Central Washington	246.4	▲	84.2	0.4 / 0.16%
Austin/San Antonio	191.1	▲	4.7	4.8 / 2.5%
Houston	179.0	▲	44.9	26.4 / 14.8%
Southern California	176.1	▲	15.6	27.5 / 15.6%
Seattle	150.0	▲	11.1	10.0 / 6.7%
Denver	109.1	▲	16.2	20.4 / 18.7%
Minneapolis	62.6	▲	3.0	14.7 / 23.5%
Charlotte/Raleigh	58.9	▲	6.8	8.6 / 14.6%

Source: CBRE Research, CBRE Data Center Solutions, H2 2024.



A Data Center located in the City of San Marcos has both inherent benefits and drawbacks

IN CITY	CONSIDERATIONS	OTHERS
	Energy Demand and Water:	
✗	• Grid Connection – Generation Impacts	✗
✓?	• Reclaimed Water Use at Hays Energy Plant	✗
✓	Onsite Water Use Regulation	✗
✓	Floodplain/Drainage/Water Quality Standards	✗
✓	Noise Restrictions	✗
✓	Financial Benefit to the City	✗