



Public Hearing

PSA-25-02

Francis Harris Lane Maberry Data Center Preferred

Scenario Amendment

Conservation/ Cluster to Commercial/ Employment Low

Receive a Staff presentation and hold a public hearing to receive comments for or against Ordinance 2026-04, amending the Preferred Scenario Map of the city's comprehensive plan to change the designation from Conservation/Cluster to Commercial/Employment Low for approximately 199.49 acres of land, generally located on the western side of the 900 Block of Francis Harris Lane, south of the intersection between Grant Harris Road and Francis Harris Lane in Hays County, Texas; including procedural provisions; and declaring an effective date; and consider approval of Ordinance 2026-04 on the first of two readings.



Property Information

- Approximately 200 acres
- Located within both the City limits and the ETJ
- Surrounding Land Uses
 - Rural Residential
 - Power Plant (Hays Energy)
 - Vacant/ Agricultural
 - Cemetery
- Related applications
 - ZC-25-13 (CD 2.5/ FD to LI)
 - AN-25-02 (Annexation of southwestern 60 acres)
- Resubmittal of PSA-25-01.

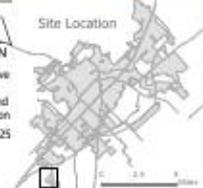


- Subject Property
- Parcels
- ETJ

0 375 750 1,500 Feet

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Date: 10/20/2025

SAN MARCOS Planning and Development Services

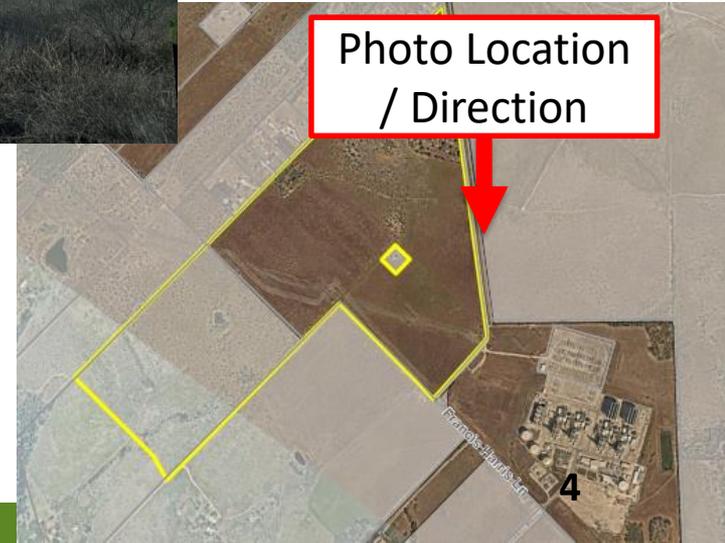
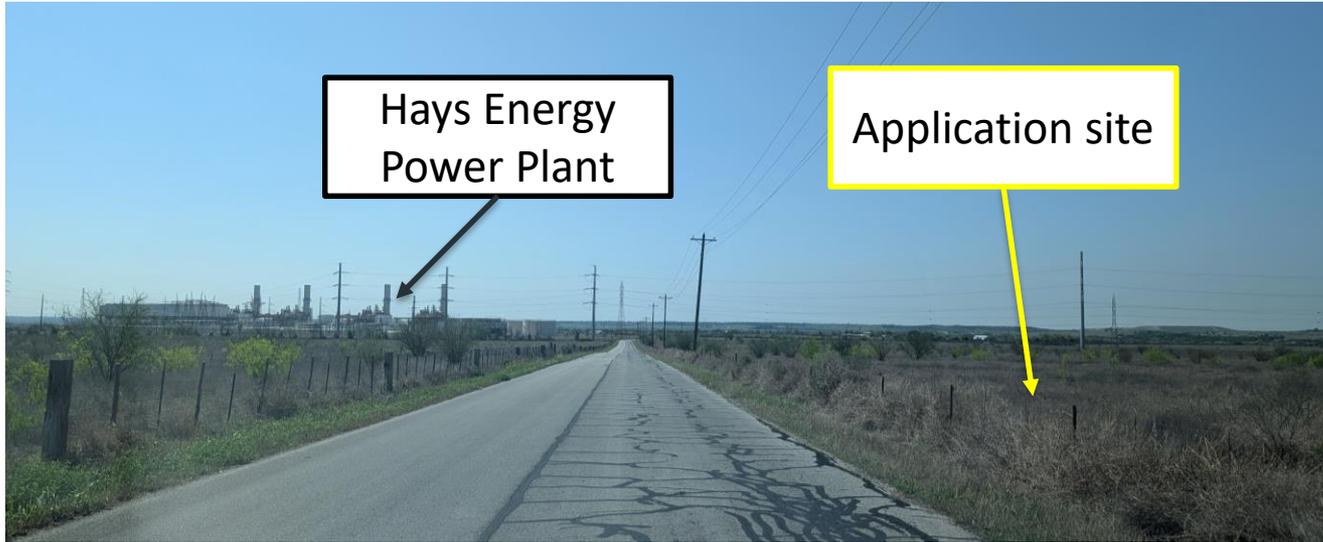


History



- **March 25, 2025** - PSA-25-01 recommended for denial by Planning and Zoning Commission. Per Section 2.2.4.2.A of the Code, where the Planning and Zoning Commission recommends denial, a 6-1 vote from Council is required for the item to be approved.
- **Aug 19, 2025** - Council voted 5-2 in favor of approving PSA-25-01 on first reading however the motion to approve failed as it did not have sufficient votes for a supermajority.
- **October 2025** - New Preferred Scenario Amendment (PSA-25-02) submitted by the applicant. The nature of the request is the same.

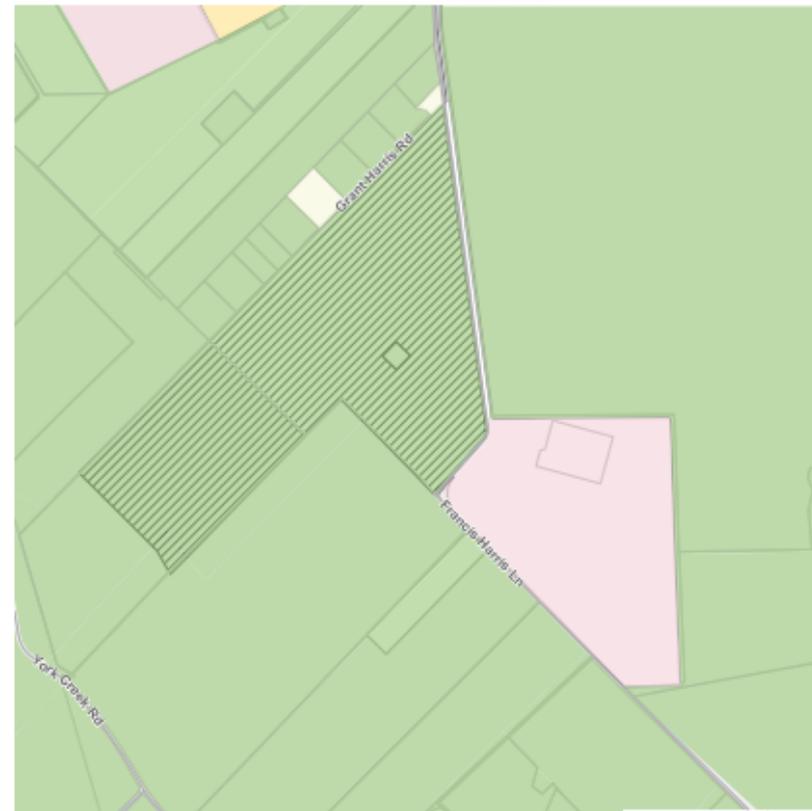
Existing Context (Francis Harris Lane Southbound View)





Request

- Amend the Preferred Scenario Map
- Conservation/ Cluster to Commercial/ Employment Low.
- Proposing Light Industrial Zoning to construct a Data Center.



Neighborhood - Medium

Neighborhood - Low

Commercial/Employment
Low

Low and Areas of
Stability, Conservation/
Cluster

Parcels

Subject Property

ETJ

0 487.5 975 1,950
Feet



Site Location

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Date: 10/21/2025

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Development Services



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Current Designation “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. Development that does occur within conservation and reserve areas should be low impact to the natural environment by using a variety of development techniques and strategies.*
- Allows Character Districts, “MH” Manufactured Housing, “CM” Commercial, “FD” Future Development and “Low Intensity” Planning Areas.

Proposed Designation “Commercial Employment Low”

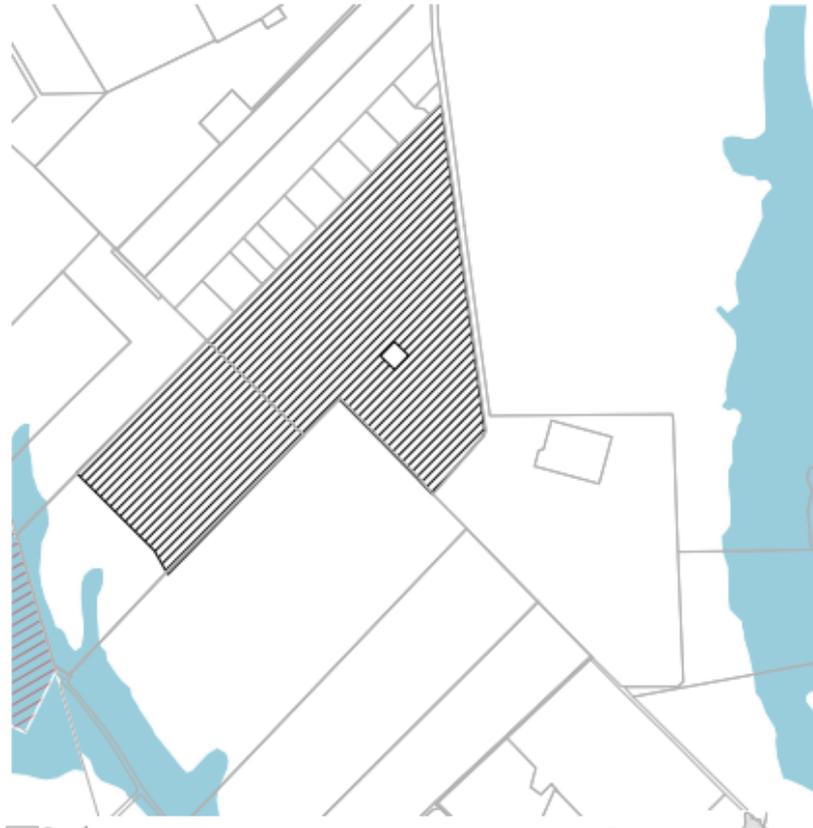
- *“To facilitate lower density, auto-oriented retail, office, and industrial type uses. Primarily characterized by light to heavy industrial, warehouse and distribution, lower density office, and general commercial; additional uses may include civic, institutional, and hospitality. ”*
- Allows all Special Districts except for Manufactured Housing, Character Districts 4 and 5, and “Employment Center” Planning Areas.



- Parcels
- Subject Property
- AR
- CD-2.5
- HI



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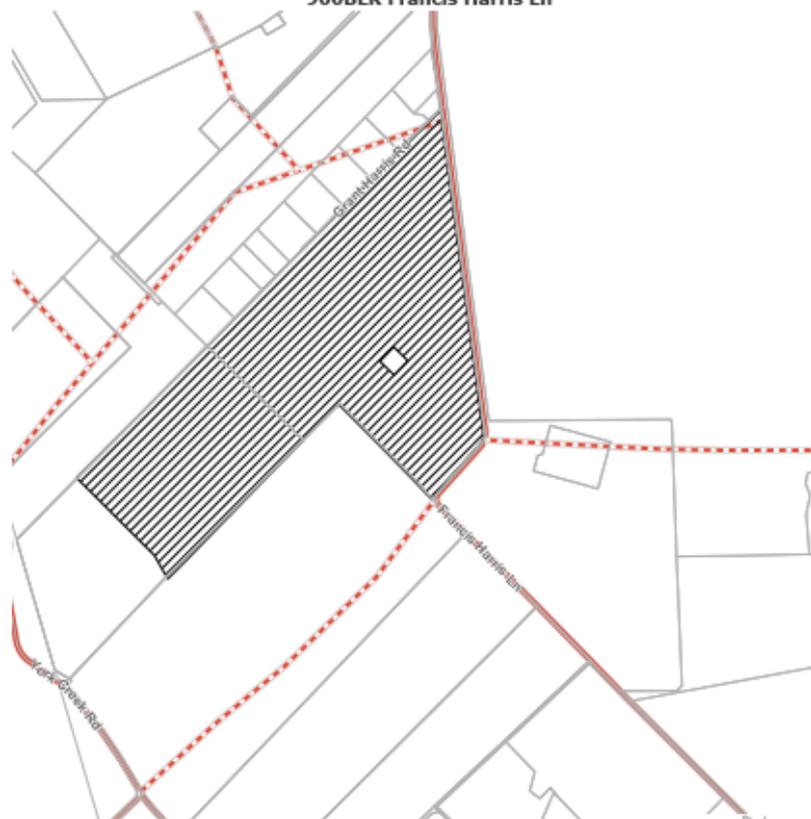


- Parcels
- Subject Property
- Floodway
- 100 Year Floodplain



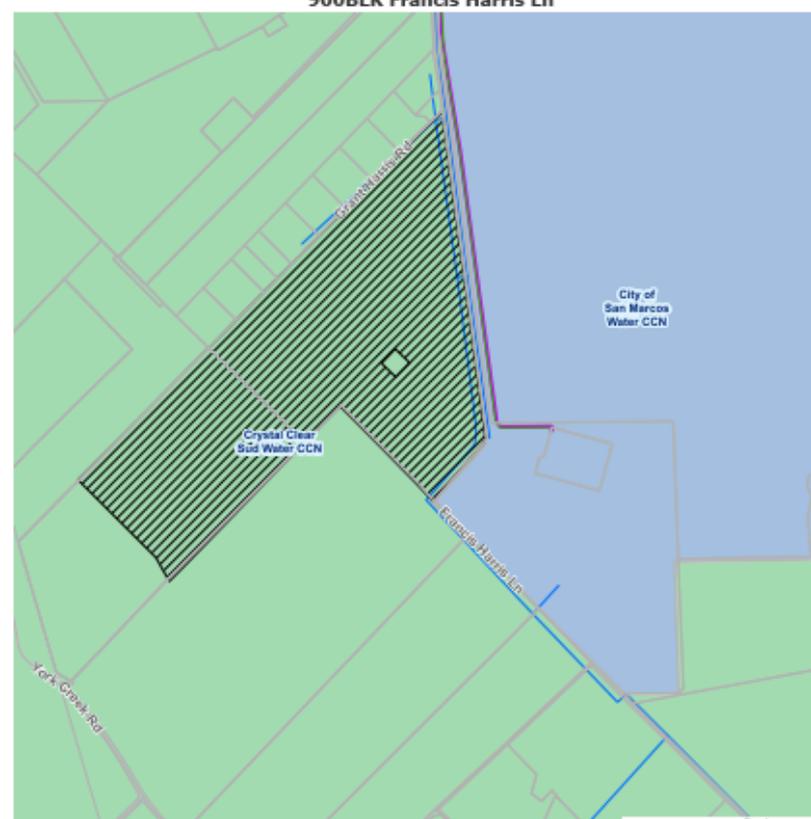
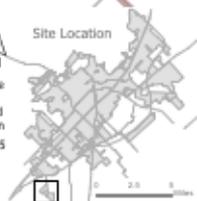
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Date: 10/21/2025





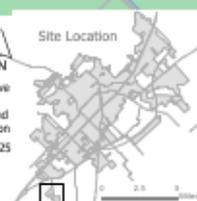
- Parcels
- Subject Property
- Enhanced, Ave
- Proposed, Ave

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Date: 10/28/2025



- Parcels
- Subject Property
- Sanitary Main Active
- Potable Water Main Active
- Reclaimed Water Main

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Date: 10/21/2025





Restrictive Covenants Proposed by Applicant

Prohibited Uses

- Warehouse and Distribution
- Waste Related Services

Conditions if Data Center is Constructed

- Water usage at the data center will not exceed 235 LUEs or 75,000 gallons per day.
- Drainage facilities shall be designed and constructed so that a rate of runoff from a site after construction shall be 10% less than the runoff prior to construction for the 2-, 10-, 25- and 100-year storm frequencies.
- Water quality facilities will be constructed that meet a Total Suspended Solid (TSS) removal requirement of at least 80% for the site.
- Worker protection standards.



Restrictive Covenants Proposed by Applicant (cont.)

Conditions if Data Center is Constructed (cont.)

- Impervious cover limited to 70% (compared to 80% permitted under Light Industrial zoning)
- LEED certified building
- Sound at the property line shall not exceed 75 decibels.

Time	Section 7.2.4.1 limits	Proposed limits
10:00 a.m. – 10:00 p.m.	85 decibels	75 decibels
10:00 p.m. – 10:00 a.m.	75 decibels	75 decibels

Preferred Scenario Amendment Process



- Nov 19, 2025 Neighborhood Commission Update Item (no action)
- Dec 9, 2025 Planning & Zoning Commission Update Item (no action)
- Dec 16, 2025 City Council Update item (no action)
- Jan 13, 2026 Planning & Zoning Commission Public Hearing
- Feb 3, 2026 City Council Public Hearing (no action)
- Feb 17, 2026 City Council Public Hearing & First Reading
- March 3, 2026 City Council Ordinance Reconsideration (2nd Reading)



Recommendation

- Staff recommended approval of PSA-25-02.
- At their January 13th meeting, the Planning and Zoning Commission voted 6-2 to recommend approval of PSA-25-02.
 - Discussion Topics
 - Timing requirements for resubmittal
 - Amendments to LDC to specifically deal with data centers
 - Restrictive covenants
 - Tax breaks



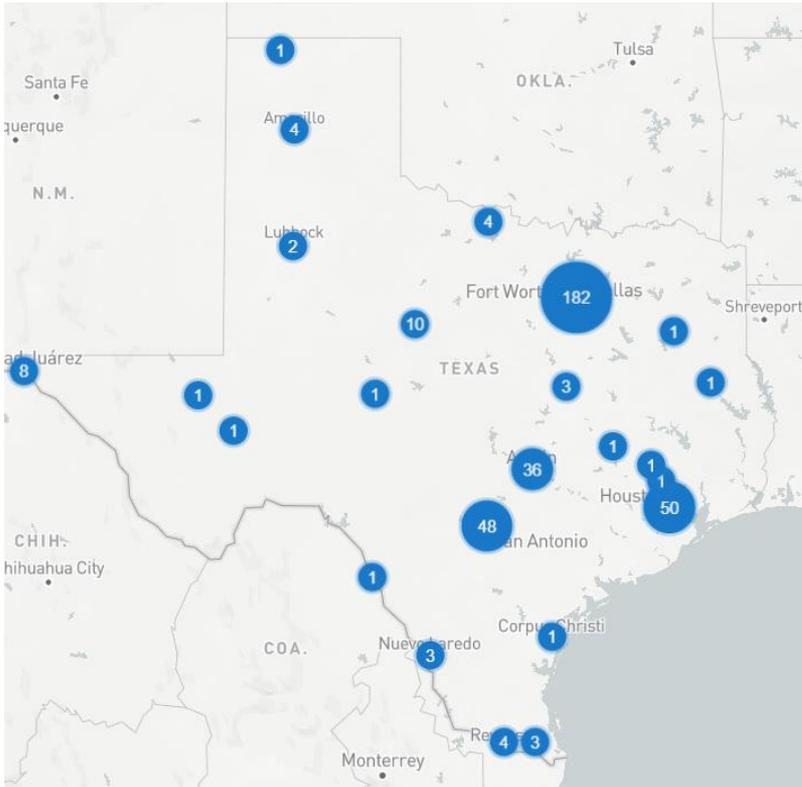
Additional information



NOISE



Data Centers by Texas City/Market



Market	Data Centers
Tyler	1
Abilene	10
Dallas	182
Houston	50
San Antonio	48
El Paso	8
Amarillo	4
Austin	36
McAllen	4
Bryan	1
The Woodlands	1
Lubbock	2
Nacogdoches	1
Total Data Centers:	368

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

sanmarcostx.gov



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.

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



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



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 ~178,000 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

* Per company presentation on August 13, 2025



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 113,975 gallons per day**

More than a 55% reduction in estimate actual water usage

* Per company presentation on August 13, 2025

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Power and Water Considerations for Data Centers

P O W E R

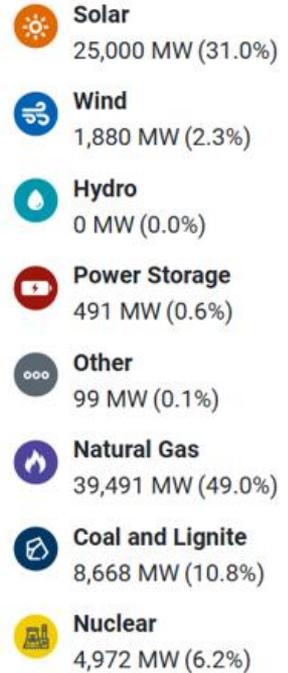
- Data Centers require a significant amount of power
- ERCOT and transmission service providers regulate data center connections to the grid
- Proposed size, and grid interconnections are evaluated to ensure grid stability and reliability
- Generation capacity/transmission system constraints are considered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



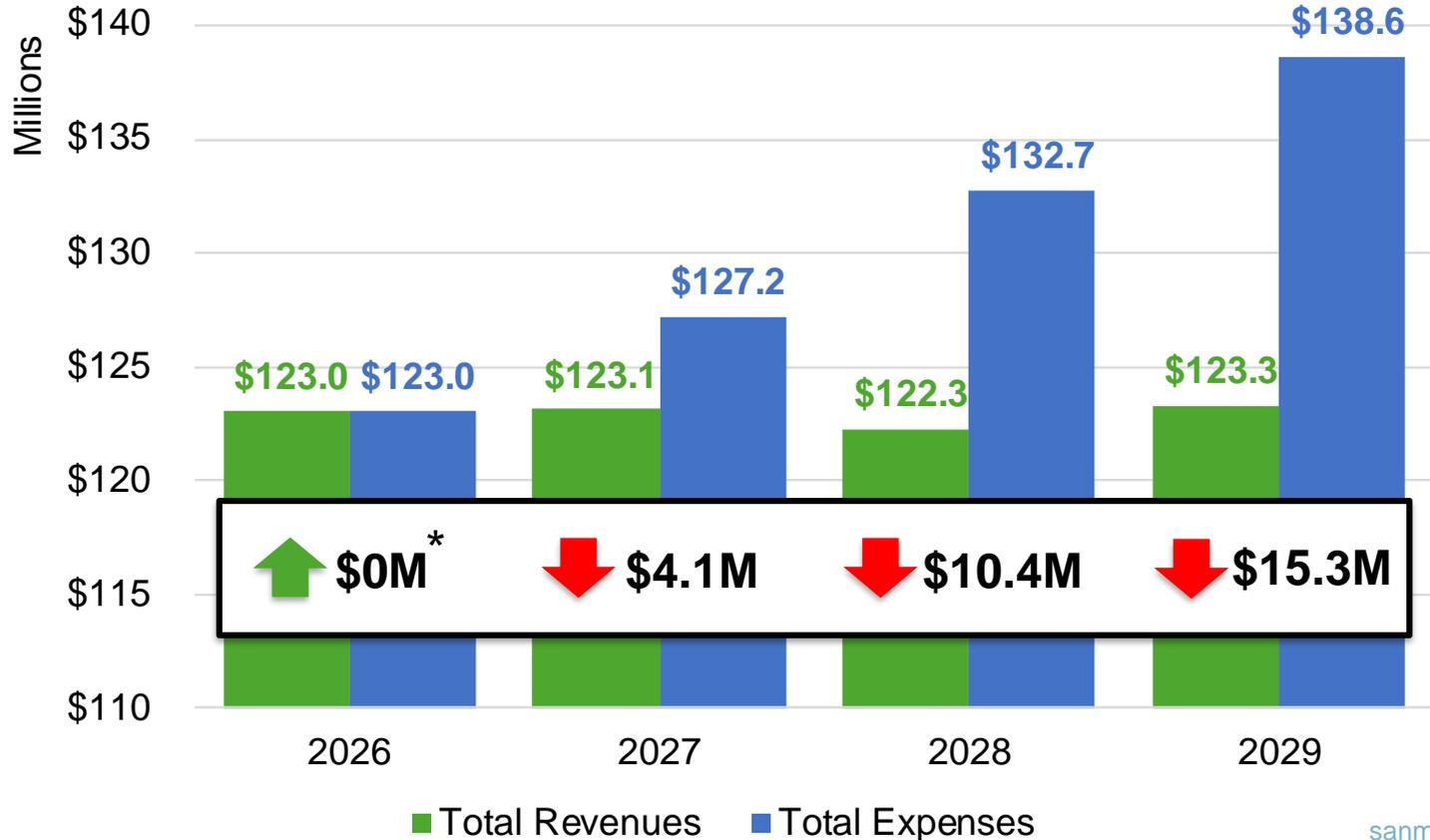
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FINANCIAL



Adopted Tax Rate 65.15¢



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



Property Tax Revenue

Valuations*	City of San Marcos	SMCISD	Hays County**
\$ 500 M	\$ 3,258,000	\$ 5,076,000	\$ 1,963,000
\$ 1.0 B	\$ 6,515,000	\$ 10,152,000	\$ 3,925,000
\$ 1.5 B	\$ 9,773,000	\$ 15,228,000	\$ 5,888,000

*Using FY 2026 Tax Rates

**Includes Hays County and Special Road District



SUMMARY



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	✗



Recommendation

- Staff recommended approval of PSA-25-02.
- At their January 13th meeting, the Planning and Zoning Commission voted 6-2 to recommend approval of PSA-25-02.
 - Discussion Topics
 - Timing requirements for resubmittal
 - Amendments to LDC to specifically deal with data centers
 - Restrictive covenants
 - Tax breaks

Criteria for Approval (2.4.2.4)



1. The proposed amendment is consistent with other policies of the Comprehensive Plan;
2. The proposed amendment is consistent with any adopted small area plan or neighborhood character study for the area.
3. The proposed amendment promotes the orderly and efficient growth and development of the community and furthers the public health, safety and general welfare of the City;
4. The proposed amendment corrects an error or meets the challenge of some changing condition, trend, or fact;
5. The proposed amendment constitutes a substantial benefit to the City as a whole and is not solely for the good or benefit of a particular landowner or owners at a particular point in time; and
6. The proposed amendment will impact:
 - a. Adjacent properties;
 - b. Existing or future land use patterns;
 - c. Existing or planned public services and facilities;
 - d. Existing or planned transportation networks or greenways; and
 - e. The natural environment, including the quality and quantity of water and other natural resources, flooding, and wildlife management.