



## MEMORANDUM

To: Bert Lumbreras  
City Manager, City of San Marcos

From: Adriana Cruz  
President, Greater San Marcos Partnership

Date: November 21, 2017

RE: Greater San Marcos Partnership Contract Deliverables  
October 2016 – September 2017

In 2010, Greater San Marcos Partnership (GSMP) was established through a partnership between the City of San Marcos, Hays County, Caldwell County, Gary Job Corp, CTMC and Texas State University to promote the San Marcos area as a location to attract and grow quality job opportunities and capital investment. Since that time, GSMP has been the economic development contractor for the City of San Marcos and Hays County. Together with our public and private sector investors, we continue the mission to enhance and diversify the San Marcos area economy through quality jobs.

Our most recent contract with the City of San Marcos was renewed on October 1, 2016 and runs through September 30, 2018. GSMP is providing this report on our activities during fiscal year 2017.

### **Vision2020**

October 2015 marked the launch of our five-year economic development strategy called "Vision2020". This data-driven and research-based plan is the road map GSMP uses as the basis for our region's economic success.

The Vision2020 plan identified five catalysts required to grow our economy:

1. Marketing & Promotion;
2. Quality Job Growth in Targeted Export Oriented Sectors;
3. Optimizing Local Talent Base;
4. Infrastructure and Protection of Natural Resources; and
5. Destination Appeal.

Vision2020 also identified target industry sectors where we should focus our promotion and attraction efforts:

- Aerospace & Aviation;
- Information Technology;
- Life Sciences;
- Material Science;
- Distribution & Logistics;
- Business Services and Support; and
- Destination Attractions.

The growth of our economy will not occur only through attracting outside investment, but by growing our own industry and businesses as well. Vision2020 identifies programs and initiatives to ensure our local businesses - small and large, existing and new - continue to grow and find success.

In fiscal year 2017, we formed nine Implementation Work Groups to take on the tasks outlined in the Vision2020 Strategy. These groups are a cross section of stakeholders from the public and private sector who are working diligently on these issues.

- Destination Appeal: Chaired by Anthony Stahl
- Airport: Chaired by Chuck Nash
- Recruitment & Industry: Chaired by Becky Collins & David Case
- Infrastructure: Chaired by John Doucet
- Sites & Real Estate: Chaired by Stephen Rye & Chris Crawford
- Existing Business: Chaired by John Schott
- Education K-12: Chaired by Laura Dupont
- Workforce Development & Higher Ed: Chaired by Dr. Gene Bourgeois & David Willingham
- PR & Branding: Chaired by Jed Buie & Terry Mitchell

### **Small Business Development**

*To diversify and grow the regional economy by working with local micro, small and medium enterprises (SMEs) in primary industry sectors by evaluating their needs and assisting them to find appropriate resources.*

- *Facilitate two educational events that communicate the efforts of the city to the public regarding collaborative efforts in working toward established economic development goals.*
- *Utilize Business Retention & Expansion (BRE) program to discover challenges and opportunities faced by local SMEs and provide report to City Manager.*
- *Facilitate two educational events focused on entrepreneurship in partnership with the city and other partners.*
- *Organize the Entrepreneur Ecosystem Implementation Work Group to implement Vision2020 strategy.*

GSMP staff continues to partner with organizations such as the San Marcos Area Chamber of Commerce and the Texas State Small Business development Center (SBDC) on programs and events to educate small business owners and provide access to available resources. This year San Marcos was not selected as a site for the Governor's Small Business Forum as the Governor's Office decided to diversity the locations.

- **First Friday Speaker Series** - These events provide opportunity for local small business owners to hear from available resource providers. Held the first Friday of the month.

- **BIZTalks** – In June 2017, GSMP debuted this new program designed to connect existing and aspiring entrepreneurs with successful small business owners. Events are held from 4-5 pm with a networking happy hour immediately following. Five BIZTalks have been held to date.
- **2017 Greater San Marcos Innovation Summit** - Local businesses were highlighted at this event produced in partnership with Texas State University and the U.S. Patent and Trademark Office. The “Burdick Award” was awarded to Paratus Diagnostics, one of the innovative firms located at STAR Park. Keynote speakers were David Anderson, President of SEMI and Texas Regional Director of the U.S. Patent & Trademark Office.
- **2017 Economic Outlook** - Nearly 300 guests attended GSMP’s annual signature event highlighting the area’s economic vitality. Keynote speaker was Shabaka Gibson from Ady Advantage speaking about national trends in workforce development, followed by a panel of experts on regional workforce development issues.
- **Austin-San Antonio Growth Summit** - We continue to promote our location at the center of the most dynamic corridor of the U.S. as the title sponsor, along with the City of San Marcos and Texas State University, of the Austin/San Antonio Business Journal’s Austin-San Antonio Growth Summit. This annual event held September 2017 had over 400 attendees from across the region.

### Business Retention & Expansion (BRE)/Existing Business

*Execute an annual BRE strategy that identifies local firms for surveys, fills requests for assistance, and inquiries.*

- *Organize the Existing Business Implementation Work Group to implement the Vision2020 strategy.*
- *Partner with local organizations to act as a resource for local businesses.*

It is critical in any successful economic development program to focus substantial effort on the growth and expansion of existing local businesses. It is also critical to understand issues they are facing and to proactively address them prior to any negative effects to the firm or the economy. Today GSMP is seen as a resource for our local area businesses that they can contact for assistance. GSMP staff work to connect our existing businesses with resources they need to be successful on varied issues such as workforce training needs, connections with the University, and assistance reaching municipal officials. GSMP is not a direct service provider but instead works to connect our businesses with existing resources available to assist businesses directly.

Total FY 2017	
Total Existing Business Engagements	180
In-Person Visits	38
Online Surveys	30
Business Assistance Requests	112

During our existing business visits and surveys, the most common issues that local companies bring to our attention include:

- **Workforce Quantity and Quality** - The quantity and quality of the local talent pool continue to challenge our local companies. Added to this challenge, companies have seen an increase in wages. While this benefits the employees, it can be a challenge for those companies for whom our low wages have made them competitive. These companies face an added challenge in not being able to attract employees at entry-level positions in an already tight labor market.

- **New masonry requirement** - A recent issue that has come up is concern with the City's new masonry requirement, which may actually prevent local companies, in particular manufacturers, from expanding.

The following local company expansions were brought to our attention through Existing Business engagements.

- **Project Ultra** (Altra Industrial) is a retention and expansion project that came about directly from a BRE visit in FY16. Our work with Altra Industrial resulted in the retention of the business in San Marcos and the expansion of their facility. They recently completed an addition of 12,000 square feet and hired 30 new employees.
- **Project Raspberry** (Berry Aviation) announced a \$3M expansion in FY17 resulting from an existing business visit. GSMP is also in conversations with Austin Community College and Alamo Area Colleges to establish an aviation mechanic training program at the San Marcos Regional Airport.

GSMP staff have partnered this past year with several local organizations to provide assistance to our local companies, whether for training needs, to develop our workforce, or to obtain funding. Partners include:

- Austin Community College
- Texas Workforce Commission
- Center for Entrepreneurial Action
- San Marcos Consolidated Independent School District
- San Marcos Manufacturers Association

## Workforce Development

*Align education and training efforts with job-creation so that local citizens have the training they need to more effectively compete for knowledge-intensive industries.*

- *Organize the Workforce Development Implementation Work Group to implement the Vision 2020 Strategy.*
- *Support the SMCISD on initiatives such as the Applied STEM Academy.*
- *Identify shortcomings in current workforce training through BRE surveys and report to workforce training providers.*
- *Enhance partnerships with Gary Job Corps ACC, Texas State Occupational Workforce and Leadership Studies program and other stakeholders.*

The quality of a community's workforce is the most important competitive asset it can offer current and future businesses. With an available workforce of 1.4 million within 45 miles, this region has a competitive edge over many similarly sized regions in the U.S. GSMP continues to work with our partners to connect the needs of existing and potential employers to workforce development institutions in the region, to ensure we provide the necessary skills for our residents to attain a quality job.

GSMP established a Workforce Development Implementation Work Group, which is implementing the tasks identified in the Vision2020 strategic plan. This group meets quarterly and is co-chaired by Dr. Eugene Bourgeois, Texas State University Provost, and David Willingham with UFCU.

GSMP served on the San Marcos Consolidated Independent School District's Bond committee that successfully helped pass a \$107.3 million bond. Included in the bond was \$17 million for

Career and Technical Education (CTE). Renovations and improvements will be made to the Health Science, Ag Science Class and Lab, Construction Trades (Construction Systems), Robotics, STEM, and supporting spaces. GSMP continues to work with the school district to engage businesses in the shaping of these and future programs. This past year the K-12 Education and Workforce Development work groups have begun joint meetings to better incorporate CTE with workforce needs.

GSMP also continues to promote the Texas Workforce Commission's Skills Development Fund for our local companies to utilize for customized training.

### **Business Recruitment (Contacts & Leads)**

*Execute an annual business recruitment strategy in target industry sectors that will generate high quality jobs for San Marcos.*

- *A minimum of 85% of all projects pursued are on behalf of the City.*
- *Organize the Recruitment Implementation Work Group to implement the Vision 2020 Strategy.*

As the economic development contractor for the City of San Marcos and Hays County, GSMP answers prospect inquiries and RFI's on behalf of the City. Currently we have 86 active projects and 96% of them are on behalf of the City of San Marcos.

In FY2017, GSMP announced 662 new jobs including announcing Coast Flight (40) and Urban Mining Company headquarters and manufacturing facility (100).

The Amazon Fulfillment Center in San Marcos (known as SAT2), which opened on September 2, 2016 and was anticipated to hire 1,000 fulltime employees over a five year period has far exceeded our expectations. They have hired more than 3,500 permanent full-time employees with benefits such as Career Choice and tuition reimbursement available to them on their first day of work. In addition, they have hired 2,500 seasonal employees for the holiday season. SAT2 was recognized by company leadership as one of four facilities in the global network that shipped 1 million items in one day, just 113 days after opening. GSMP recognized SAT2 as the "Corporate Citizen" of the year at the San Marcos Area Chamber's Annual Dinner for their philanthropy and community engagement in the past year, including donating thousands of dollars to SM High School's robotics program, the Hays and Caldwell County Women's Shelter, and the SM Youth Council, volunteering time and effort to river clean up efforts, working with and supporting veteran populations, assisting with Hurricane Harvey relief efforts, and much more.

### **Foreign Direct Investment (FDI)**

GSMP continues to see strong interest in investment from foreign companies in San Marcos and the surrounding area. An exciting opportunity arose in April 2017 to participate with six other Central Texas communities to host the 7<sup>th</sup> America's Competitiveness Exchange on Innovation & Entrepreneurship tour. San Marcos joined Austin, San Antonio, New Braunfels, Fredericksburg and College Station as host cities.

- Hosted 50 government and business leaders from across the Americas (Canada, South America, Mexico, the Caribbean) as well as Germany and Israel in San Marcos on April 5<sup>th</sup> for a full day of touring and learning about the community and benchmarking economic development, innovation and entrepreneurship practices. (April 2017)
- Hosted speakers and dignitaries from Texas EU Summit. Over 20 guests representing European Union countries attended including Heads of Mission, Consul Generals, and

- Honorary Consuls. (May 2017)
- Hosted Macedonian Ambassador to the U.S. (November 2016)
- Hosted Business Delegation from Dubai with World Affairs Council of Austin and Consul General. (March 2017)
- Traveled to Mexico City with Texas State University to open their first international alumni group. (June 2017)

## Marketing & Promotion

GSMP continues to promote San Marcos and the surrounding area as a prime location for business expansion and growth in target industry sectors. This year, we launched a bold new brand to communicate our region's unique value proposition. Through a combination of branding, public relations, social media, signature events and trade shows, GSMP told a powerful story about the region at the heart of the Austin/San Antonio "Innovation Corridor."

- 11 Monthly e-newsletters
- 3 Signature Events
- 13 Community Events sponsored

### Marketing/Media Trips & Events:

- TexasOne Marketing Trip to Japan – Oct. 2016
- Greater San Marcos Fall Showcase: The F1 Experience (Oct 2016)
- Opportunity Austin, New York – Dec. 2016
- TEDC Legislative Conference – Feb. 2017
- DCI Immersion Trip – Mar. 2017
- SXSW, Austin – Mar. 2017
- 7<sup>th</sup> ACE Tour – April 2017
- Opportunity Austin, Los Angeles – May 2017
- Texas State Mexico City Trip – June 2017
- Opportunity Austin Federal Advocacy Trip, Washington, DC – June 2016
- IEDC Annual Meeting, Toronto – Sept. 2017
- GSMP Marketing Trip, Chicago – July 2017
- GSMP Marketing Trip, Los Angeles/San Diego – Aug. 2017
- Opportunity Austin Marketing Trip, San Francisco – Sept. 2017
- Opportunity Austin Intercity, Denver – Sept. 2017
- GSMP Media Visits, Washington, DC – June 2017
- GSMP Media Visits, Chicago – July 2017
- GSMP Media Fam Tour – Aug. 2017

Relationships with site selection consultants are critical as they can act as our ambassadors and include the city of San Marcos in corporate relocation searches. For that reason GSMP hosts an in-bound marketing event hosting site consultants in the city to learn about our region first hand. We hosted six consultants and guests during the past year, which has resulted in increased prospect activity. We work closely with Texas State University on this event, providing glass-bottom boat tours, meeting with faculty, touring Engineering and STAR Park facilities, as well as introducing them to our natural and cultural amenities.

We continue to work with Development Counsellors International (DCI), a public relations firm from New York City that specializes in economic development to assist with national and international media placements. DCI's work resulted in interviews with outlets such as CNBC, Thrillist, Bloomberg, and Governing Magazine among others, resulting in 24 media placements for San Marcos and the region in national/international publications. The 164 million total impressions during this contract period equates to an advertising equivalency of \$669,051. We also hosted a media "fam tour" for a writer from Thrillist, which has resulted in two rankings for San Marcos.

### **Funding Requests**

- *Develop and submit proposed budget on or before June 15<sup>th</sup>*

This year the budgeting process began much earlier for the GSMP Board. A draft budget was approved by the Board in June and submitted for the City Budget Workshop later that month.

### **Financial Report & Audit**

- *Submit to the City an annual financial report and an audit prepared by a CPA.*

A hard copy of the annual financial report (dated 9/31/17) and a copy of the FY17 audit will be delivered to the City Manager's Office once completed.

On behalf of the GSMP Board and team, we are looking forward to building upon the work begun in FY17 as we continue to implement our economic strategic plan with the goal of attracting and growing high quality jobs and investment. We will continue to work closely with the City Manager, city staff and elected officials on these efforts, and will be evaluating the city's economic development efforts as well as the terms and conditions of our contract in the Spring of 2018. I'd also like to thank you and your staff for your teamwork and support. Together, we can continue to achieve great success.