



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Meeting Minutes City Council

Tuesday, January 29, 2019

3:00 PM

City Hall Conference Room

630 E. Hopkins - Work Session

I. Call To Order

With a quorum present, the work session meeting of the San Marcos City Council was called to order by Mayor Hughson at 3:03 p.m. Tuesday, January 29, 2019 in the City Hall Conference Room, 630 E. Hopkins, San Marcos, Texas 78666.

II. Roll Call

Present: 7 - Mayor Pro Tem Lisa Prewitt, Council Member Saul Gonzales, Council Member Melissa Derrick, Mayor Jane Hughson, Mayor Pro Tem Ed Mihalkanin, Council Member Joca Marquez and Deputy Mayor Pro Tem Mark Rockeymoore

PRESENTATIONS

1. Receive a Staff presentation and hold discussion on the Katterra Development and SMART Terminal Project, including but not limited to Land uses; and provide direction to Staff.

Steve Parker, Assistant City Manager, provided the council with the presentation related to the Katterra Development and SMART Terminal Project.

Mr. Parker explained that the SMART Terminal Project annexation has been reduced to 734.6 acres due to the City of San Marcos still being in discussions with the City of Martindale related to the two cities working through an Extraterritorial Jurisdiction (ETJ) boundary issue. Mr. Parker informed the Council that Staff has met with 4 of the 6 Martindale Council Members, and that they seem open to discussions of an ETJ swap that would clear up any dispute over this area.

Mr. Parker provided that Katterra is within the area to be annexed and explained that the City Council has approved a Chapter 380 Economic Development Incentive with them to build an approximately \$109 million facility within the SMART Terminal property.

Mr. Parker reviewed the benefits of annexation, and explained that if it were to develop out in the County that there would be certain things that we would not be able to enforce or regulate. If annexed the City would have the ability to require full development regulations related to building code, fire code, flood prevention, land use control, and police and fire protection. Mr. Parker mentioned that the developer has agreed to go above and beyond related to stormwater quality. Mr. Parker also provided that there could be a potential \$3-\$4 billion property value increase.

Mr. Parker reviewed the annexation process for this property. He explained that it began in October when the developer and property submitted an application requesting annexation. He provided that there have been two public hearings held at City Council to date, and that the first reading for the annexation was January 15. He stated that the final reading is scheduled for February 19. He restated that a portion of the original request is within a disputed area of San Marcos and Martindale's ETJ, and that the applicant has since removed the contested area from the request.

Mr. Parker reviewed the uses that are allowed and prohibited in light industrial and heavy commercial within our Land Development Code. Mr. Parker provided the list of prohibited uses that the developer provided staff. Those prohibited land uses included:

Acid manufacture.

Auto wrecking yards.

Bulk storage of fuel, liquefied petroleum and flammable liquids. Cement, lime, gypsum or plaster of Paris manufacture. Distillation of bones.

Explosives manufacture or storage.

Fertilizer manufacture and storage.

Garbage, offal or dead animal reduction or dumping.

Gas manufacture.

Iron and steel manufacture.

Junkyards, including storage, sorting, baling or processing of rags.

Manufacture of carbon batteries.

Manufacture of paint, lacquer, oil, turpentine, varnish, enamel, etc.

Manufacture of rubber, glucose, or dextrin. Monument or marble works.

Oil compounding and barreling plants. Paper or pulp manufacture.

Petroleum or its products (refining of). Railroad roundhouses or shops.

Rock crushers.

Smelting of tin, copper, zinc or iron ores. Steel furnaces.

Stockyards or slaughtering.

Structural iron or pipe works.

Sugar refineries.

Tar distillation or manufacture.

Staff will have our watershed expert, Melani Howard, review this list and provide comments.

Discussion was held related to including all of the prohibited uses above and adding any others that could be potentially harmful to the river. Staff will provide the Council with a brief summary of regulations that are already in place.

Mr. Parker provided that the proposed additional permitted land uses were:

Professional Office

Hotel/Motel

Vehicle Repair (Train Maintenance)

Building Material Sales (McCoy's)

Eating Establishment

Day Care Services

The Council provided consensus that they were not ok with underground gasoline tanks underground in this area.

Mr. Parker reviewed the City's impervious cover requirements.

- **Existing slopes between 15% and 25% are limited to 35% impervious cover.**
- **Existing slopes greater than 25% are limited to 20% impervious cover.**
- **No impervious cover is allowed within a Water Quality Zone, except for limited instances**
- **Limited impervious cover is allowed within a Buffer Zone.**

Mr. Parker provided that the developer has voluntarily reduced to 72% overall development impervious cover limitation., and would like to allow variation within individual lots. Discussion was held regarding the use of pervious cover and low impact development tools.

Mr. Parker reviewed the City's floodplain requirements that would be required. He provided that City Ordinance treats all floodplain as floodway, and that hydraulic analysis is required for improvement within the floodplain showing no-rise. Mr. Parker provided that floodplain storage volume must be maintained, and that they will have to build the lowest floor elevation 2-feet above the floodplain.

Mr. Parker reviewed the City's drainage requirements and explained that runoff from increased impervious cover must be equal to or less than the rate of runoff prior to development for the 2, 10, 25, and 100-year storms, and that there can be no increase in water surface elevations offsite. He provided that upstream flow, based on ultimate buildout conditions, must be conveyed through site, and that drainage infrastructure must be designed for the 25-year storm with the 100-year contained within a drainage easement or Right-of-way (ROW). He explained that a potential discussion with the developer would be to coordinate with the Airport stormwater flows to assist with management of regional flows. Staff will get the Council a map of the Riverine Project to show how it would impact this project.

Mr. Parker reminded the Council that during the platting process, whether the project is in the City Limits or not, will require water quality standards. Mr. Parker reviewed the City's water quality standards and explained that stormwater quality treatment is not required as the site is outside of the Recharge Zone, Transition Zone, San Marcos River Protection Zone, and San Marcos River Corridor. He provided that water quality and buffer zones are located within the development.

Laurie Moyer, Director of Engineering/CIP, provided that the developer has committed to 70% total suspended solids removal and compliance with water volume reduction for stream erosion control.

Ms. Parker provided that the developer has discussed improvements to Hwy 80 with TxDOT and anticipates the need for center and right turn lanes in the vicinity, which should improve safety in the area. He stated that a traffic impact analysis will be required and will determine which improvements are necessary, and that the construction of FM 110 is scheduled to begin in 2019 and will help alleviate traffic in the area. He provided that this aligns with Multimodal initiatives. Mr. Parker provided the Loop 110 and rail construction timelines.

Discussion was held regarding traffic impacts in this area due to the project. Ms. Moyer provided that Staff is looking at the safety issues and concerns that have been expressed by the residents of Blanco River Village with TxDOT to see if it warrants a traffic signal at the entrance to the subdivision. They are looking into this concern as a separate issue.

Mr. Parker discussed the regional solution of the wastewater lift station that is currently in our CIP. Mr. Parker explained that the developer has agreed to take the lead on it and pay his pro-rata share. This lift station will eventually

serve Whisper, Blanco Vista and Cotton Center MUD. Ms. Moyer explained that this was identified in our Wastewater Masterplan as a need that was planned for construction in 2020. Mr. Parker explained how the developer would be reimbursed over time as impact fees are paid by companies building in the area.

Mr. Parker explained that the developer is in conversations with Texas Aviation Partners, the organization that manages the San Marcos Regional Airport, and both groups understand that development of this site cannot disrupt future plans to extend runway 35/17. The details regarding the runway protection zone will be written into a 380 agreement for SMART Terminal.

Mr. Parker provided that there are currently approximately 21 trains per day along the rail line. The applicant indicated that development of this site at peak buildout would increase locomotive traffic by 1 to 3 trains a week. Caldwell County has applied for a Department of Transportation Grant for rail improvements. He explained that deferring to rail transportation can reduce a company's road miles by up to 80%. One of the potential projects of the SMART Terminal has stated that the company currently drives 15,000,000 road miles per year. By using this terminal, 80% of those road miles would be taken off the highway system. Michael Schroeder, the developer, explained how the rail cars will be coming and going from the rail line into the terminal.

Mr. Parker reviewed the Katerra 380 Agreement and explained that 66 acres of the SMART Terminal are affected by an approved Economic Incentives Development Agreement. The company has agreed to employ at least 542 individuals and invest \$109 million in the project. This agreement waives the following development standards: block perimeter maximums, dead end street maximums, and maximum blank wall area on a building. This agreement also waives a portion of the property taxes for the site. The applicant has stated that this project will invest \$45 million in infrastructure improvements and an estimated \$3 to \$4 billion in increased property values. To put this in perspective, the current City of San Marcos' property tax values for residential and commercial are approximately \$4.5 billion in total. In order to receive its incentive from the City of San Marcos, Katerra must provide all of its 542 San Marcos area employees with employer-sponsored group health insurance, paid sick days, paid holidays, and annual paid vacation based upon length of service. According to the U.S. Census Bureau American Community Survey estimates, over 17% of the San Marcos population did not have health insurance in 2017. Estimated annual Katerra purchases subject to local sales tax is \$44,000,000.

Discussion was held regarding flooding concerns in this area. Ms. Moyer provided that there is a new standard called ATLAS 14 that takes more recent storm events all the way up to Hurricane Harvey and looks at the intensities of rain fall. She provided the example of currently a 100 year event for San Marcos is around 10 inches over a 24 hour period, but under ATLAS 14 it would take it up to about 13 inches. She indicated that the developers engineers plan to use ATLAS 14 rainfall in their due diligence. Staff will provide a map showing the tributaries in this area.

Discussion was held regarding the Sustainability Plan and using it as development is done on the eastside of San Marcos. Discussion was held regarding land banking on the eastside. Discussion was held regarding the zoning of the property and if the developer sells the property and how the restrictions were maintained.

No further discussion was held or direction provided.

EXECUTIVE SESSION

2. Executive Session in accordance with Section 551.087, Economic Development, to receive a staff briefing and deliberate regarding a potential Chapter 380 Economic Development incentive agreement for the S.M.A.R.T Terminal Project, and to receive a staff briefing and deliberate regarding the amendment to the Chapter 380 Economic Development incentive agreement with Urban Mining.

A motion was made by Mayor Pro Tem Prewitt, seconded by Council Member Mihalkanin, to enter Executive Session at 4:25 p.m.. The motion carried by the following vote:

For: 7 - Mayor Pro Tem Prewitt, Council Member Gonzales, Council Member Derrick, Mayor Hughson, Mayor Pro Tem Mihalkanin, Council Member Marquez and Deputy Mayor Pro Tem Rockeymoore

Against: 0

III. Adjournment.

The Council reconvened into Open Session at 5:46 p.m.

Mayor Hughson adjourned the work session meeting of the San Marcos City Council at 5:46 p.m.

Jamie Lee Case, TRMC, City Clerk

Jane Hughson, Mayor