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San Marcos serious about growth

\$4M sought to fund new economic development arm

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San Marcos has become known to many outsiders for outlet malls, amusement parks and **Texas State University**. But it has grown up fast during the last 10 years, bucking recessionary trends with job and population growth leading to construction projects and businesses relocating and expanding there.

In response, San Marcos economic development leaders have formed the **Greater San Marcos Economic Development Corp.**, a regional nonprofit partnership of public and private investors, to better steer the economics of the fast-growing city south of Austin.

City officials estimate San Marcos' population at more than 50,400, up from 34,733 as estimated by the **U.S. Census Bureau** in 2000 — a 45.1 percent increase. All that's led to more roads, government offices and apartment complexes under construction, Texas State adding more space and staff, two big corporations building large industrial facilities, and local officials launching an effort in recent weeks to recruit the private sector to help fund economic growth.

"We've certainly benefited from the halo effect of the stronger economies of Austin and San Antonio nearby," said Amy Madison, San Marcos' economic development director. "But it's time for the city to take on a more intense and better-capitalized effort in its economic development."

The city of San Marcos has funded all economic development efforts for decades, spending \$350,000 annually in recent years, Madison said. But the city is limited in how much more it can do, having decided many years ago to increase its local sales tax so it could roll back property taxes.

So to meet the demand for development without draining the city's budget, the city, the **San Marcos Area Chamber of Commerce and Madison**'s group last month created the Greater San Marcos Economic Development Corp. The 501(c)6 nonprofit organization will work on issues pertaining to all of Hays and Caldwell counties' 160 square miles.

The new organization will focus on three goals: economic diversity, workforce excellence and "quality of place," Madison said. It will target industries including health care, corporate and professional operations, materials science and advanced manufacturing, and supply chain management.

In late August, it quietly launched a \$4 million fundraising campaign, planning to raise \$800,000 annually over the next five years, to implement a comprehensive economic development strategy. The campaign will be publicly unveiled in November as **Partners for Progress**.

The originating Partners for Progress included the cities of San Marcos, Lockhart and Luling; Economic Development San Marcos; the San Marcos Area Chamber of Commerce; Hays and Caldwell counties; Prime Outlets; Texas State; Central **Texas Medical Center**; San Marcos Consolidated Independent School District; and Gary Job Corps. In the first week, the city raised over \$500,000 in pledges from its partners.

Construction abound

Last month, San Marcos was singled out in a report by CNNMoney.com as the main reason why Hays County was ranked third in the nation for job growth over the last decade. In the report titled “Where the Jobs Are,” Hays County reported a 56.4 percent growth in jobs from 2000 to 2009.

With about 45 percent of its population in college or under 18, Texas State and the county’s public school system are the county’s largest employers, the study found. While many of those young people will move when they finish school, their increased numbers have led to a demand for more housing for students and young professionals. And city officials want more upscale housing to keep people in town.

Texas State, which saw a record-high enrollment of 30,803 in fall 2009, is bracing for a building boom. The university is out of space, so \$633 million worth of construction is planned in the coming years for academic programs and housing.

There are a handful of apartment complexes under construction, most oriented for people under 30. The most recently announced project, Purgatory Creek Apartments, an upscale 286-unit project, broke ground last month and is scheduled to open in late 2011.

The project, by **Larry Peel Co.**, covers 23 acres near the corner of Wonder World and Dutton drives, and will offer one- and two-bedroom apartments ranging in size from 646 square feet to 1,637 square feet and with rental rates of \$825 per month to \$2,000 per month. Leasing will start next summer.

“We’ve been eyeing San Marcos for a while,” said Janelle Braun, operations manager for Larry Peel Co., a 32-year-old Central Texas developer. “We have done enough due diligence to feel very comfortable building this and that the demand will be there. It’s underserved.”

Purgatory Creek Apartments is two blocks from the new 200,000-square-foot **Hays County Government Center** under construction on Stagecoach Trail. That \$70 million project is expected to open late next year and will consolidate all county offices into one location. Many of those offices are scattered or in an old HEB store that officials have publicly called an embarrassment.

The city of San Marcos and Hays County are partnering on a \$6.5 million improvement to McCarty Lane as part of their efforts to address transportation needs. McCarty Lane will be part of an eastern segment of the proposed Loop 110 encircling the city and connecting I-35 to Highway 123. Also, the city last month celebrated the opening of the Wonder World Drive extension, a \$26 million project that links Ranch Road 12 to I-35. Wonder World provides an alternate route to relieve downtown of heavy truck and through traffic that is worsened by railroad crossings.

Growth bringing jobs

HEB has a \$90 million six-phase plan for a larger distribution center that broke ground in San Marcos last year. Over the next 10 years, the center will incorporate about 750,000 square feet of warehouse distribution space, creating 320 new jobs.

Experts say the city turned a new leaf for business development in landing a new location for **Grifols Inc.**, a global health care company based in Spain that produces medicines derived from human plasma. The company, which expects to create 190 jobs, broke ground last fall on a two-phase, \$76 million laboratory and warehouse facility to be built over the next four years at River Ridge Business Park. The first phase is a 72,000-square-foot facility scheduled to open in November.

“The private sector deals [prove our city is] not some bedroom community to Austin or San Antonio — or a one-employer town,” said John David Carson of Carson Properties, a San Marcos-based real estate development and investment firm. “There are challenges, but take a look at the last 10 years and the growth is undeniable and encouraging.”

As the area works to retain more residents post-college, Madison said the challenges ahead will be attracting more developers for office and industrial space, updating development codes to be more cohesive and less bureaucratic, and further diversifying its business community to reduce economic dependence on the outlet malls and Texas State.

“We are still a small city, but we’re growing and are more capable than we’ve ever been in attracting businesses and residents,” she said.

Courtesy of JB Goodwin