

# Daily Record

## Economic development success seems to be in the eye of beholder

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Hardly anyone knew when Michael Bowers came to town in late 2003 bearing plans for a \$30 million auto parts manufacturing plant and the power to create 200 high-paying industrial jobs virtually anywhere he chose.

Koyo Steering Systems, which manufactures power-steering components for General Motors, Toyota and others, was scouting locations for a new facility somewhere in Texas.

San Marcos made the cut - and scored a site visit - in part because of that special quality leaders always cited as one of San Marcos' strongest points - its location at the heart of the Interstate 35 corridor.

But Bowers wasn't impressed with what he saw when he got here.

"My opinion of San Marcos was that they weren't really looking for manufacturing facility, that you were looking for more retailers," said Bowers, who is president of the company's Texas and Tennessee operations. "I got the impression that you might not mind if industry went there, but you weren't going out of your way to make that happen."

In the hyper-competitive world of business recruitment, that perception was enough to kill any chance of landing those jobs.

There were other problems as well: Bowers cites land costs and the city's lack of a sales tax dedicated to economic incentives as rendering it unsuitable for new manufacturing.

"Those conditions really put San Marcos in a position where you have nothing to offer," Bowers said. "You were one of the possible locations that we dropped immediately."

Almost exactly a year later, the city was again courting an auto parts supplier and the 100 jobs that came with it. This one, ASMO Manufacturing Inc., was looking to build a plant to manufacture windshield wiper systems.

It eventually picked San Marcos as one of three finalists. But the city was passed over again.

"We liked San Marcos, the nature of San Marcos and its people," said Sam Tada, ASMO's president. "But there were two items that were very important" - land costs, again, plus the lack of direct flights between Austin and the company's headquarters in Michigan.

Both companies eventually chose Ennis as their new home. About 45 miles south of Dallas, the city of about 18,500 has carved a formidable niche as one of the state's most aggressive small-town players for manufacturing jobs pouring into the state.

Such is the world of economic development in which multimillion dollar deals turn on dozens of factors, many of which can't be controlled.

The loss of prospects like Koyo and ASMO weigh heavily in the ongoing debate over a \$238,000 economic development contract the city council is expected to award in coming weeks to one of three applicants.

The Greater San Marcos Economic Development Council has handled the business recruitment and retention for nearly 20 years. It applied for the money this time around along with Miguel Lecouna, an independent marketing consultant, and Global Marketeer Group.

"I always like us to outthink our competition and I don't think we did that. It's easy to say they didn't choose us because of

this reason or that, but the bottom line is that they didn't choose us and someone else is getting these jobs," San Marcos Mayor Susan Narvaiz said, but added: "If the story is that we took bids on this (economic development) contract because of these misses, I don't think that's the case."

Instead, she said, the proposal process was an attempt to open a high-dollar - and critical - contract to competition.

"I don't see how it hurts to look at what we're doing and see if we can be doing more," Narvaiz said. "This isn't about one entity and what they've done or haven't done."

One of her colleagues, who voted against opening the contract to bids, sees the situation in different terms: "I think it's a vote of no-confidence in the EDC," said council member Bill Taylor.

Another council member who supports the contract, tacitly agrees: "If I was entirely satisfied with the services the EDC has been providing, I wouldn't have voted to put it out for bid," council member John Thomaides said.

John Schott, the economic development council board chair, acknowledges that the council could have handled some projects better. But the notion that the EDC is responsible for losing prospects doesn't withstand scrutiny, he said.

In the case of the two auto parts manufacturers, for instance, he notes that Ennis gave both companies free land for their facilities.

"It's always a learning experience for all of us and I think we've addressed any of the shortcomings we've had," Schott said. "But this has to be a partnership to work and I think we've done everything we could with the best interest of the community in mind."

Switching to a new economic development services provider now could adversely affect the city's growth for the foreseeable future, Schott said.

"In our mind, right now is not the time to be changing economic development vendors," Schott said. "There are number of things happening in town and if a new vendor is chosen, there will be a learning curve and period of very little work being done. We don't have that luxury right now. We have to spend all of our time in economic development or more opportunities are going to pass us by."

Council member Ed Mihalkanin said he thinks the contract discussion is fueled partly by the loss of prospects, but that people "shouldn't assume they think they know what's going to happen based on what's happened so far."

"We're in a situation where cities have to anticipate what might be coming their way and have a strong sense of kind of business we would like to have come in," Mihalkanin said. "It really has to be aggressive, active recruitment. Frankly, I think there's been much more of that in the last year than ever before."