Legislation Details (With Text)

File #:	Res. 2026-220R	**Version:**	1	**Name:**	
Type:	Resolution			**Status:**	Individual Consideration
File created:	11/18/2026			**In control:**	City Council
On agenda:	12/1/2026			**Final action:**	
Title:	Consider approval of Resolution 2026-220R, on the first of two readings, approving a Chapter 380 Economic Development Incentive and 212 Development Agreement with Daimler Truck North America, LLC (“Daimler”) providing terms and conditions for annexation of approximately 611 acres in Caldwell County, providing for the provision of wastewater services to such property and providing for incentives upon annexation such property in the form of refunds of a portion of property taxes paid by Daimler over 20 years for the construction of an advanced truck manufacturing facility and the creation and maintenance of at least 3200 jobs; authorizing the City Manager, or her designee, to execute the agreement on behalf of the city; and declaring an effective date. (PROJECT HERCULES)				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	1. Project Hercules Overview Presentation, 2. Resolution, 3. Exhibit F to 380 Agreement, 4. Chapter 380_Economic_Development_Incentive_212 - DTNA First Reading				

Date	Ver.	Action By	Action	Result

AGENDA CAPTION:

Consider approval of Resolution 2026-220R, on the first of two readings, approving a Chapter 380 Economic Development Incentive and 212 Development Agreement with Daimler Truck North America, LLC (“Daimler”) providing terms and conditions for annexation of approximately 611 acres in Caldwell County, providing for the provision of wastewater services to such property and providing for incentives upon annexation such property in the form of refunds of a portion of property taxes paid by Daimler over 20 years for the construction of an advanced truck manufacturing facility and the creation and maintenance of at least 3200 jobs; authorizing the City Manager, or her designee, to execute the agreement on behalf of the city; and declaring an effective date. (PROJECT HERCULES)

Meeting date: December 1, 2026

Department: Economic and Local Business Development

Amount & Source of Funding

Funds Required: NA
Account or Project Number (C = CIP funds): NA
Funds Available: NA
Account Name: NA

Fiscal Note:

Prior Council Action: NA, formal action has not been requested prior to date.

City Council Strategic Initiative: [Please select from the dropdown menu below]

Economic Vitality

Choose an item.

Choose an item.

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

N/A Arts and Culture - Choose an item.

N/A Economic Development - ECD-3: Ensure City economic development strategies and programs are aligned with local policies and priorities and position San Marcos to be regionally competitive

N/A Environment & Resource Protection - Choose an item.

N/A Housing + Neighborhoods - Choose an item.

N/A Land Use + Community Design and Character - Choose an item.

N/A Parks & Public Spaces + Health, Safety & Wellness - Choose an item.

N/A Transportation - Choose an item.

N/A Core Services

N/A Not Applicable

Master Plan: *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

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Background Information:

Introduction

The Company, Daimler Truck North America LLC (DTNA), is a manufacturer of medium- and heavy-duty commercial trucks that proposes to develop an approximately 2,000,000 square foot facility that is anticipated to be the largest manufacturing facility of this type in the world.

The Company has contracted with the Developer to purchase and ultimately annex into the City of San Marcos approximately 611 acres of land located in Caldwell County, Texas, of which approximately 374 acres are located within the extraterritorial jurisdiction of the City (the "**ETJ**") and approximately 237 acres are located within the unincorporated area of Caldwell County, outside the ETJ. Daimler Truck North American (DTNA) intends to develop the Project Site for the construction and operation of a new medium- and heavy-duty commercial truck original equipment manufacturing facility.

The proposed project **does not involve the installation of a Data Center. No Data Center, and no power generation facility serving a Data Center, will be constructed on the Project Site**.

The site is **not within an environmentally sensitive area and is not a major water user**.

The City seeks to improve the job opportunities and the quality of life for residents, noting that twenty-six percent (26%) of residents are below the poverty line, and that only 19% of people who work in San Marcos also live in the City. The Company intends to make a capital investment in real property improvements and tangible personal property on the project site, and to create employment opportunities. This approach is consistent with the intent of the City of San Marcos Economic Development Policy.

Chapter 380 Economic Development Incentive

Employment

As per the 380 Development Agreement, DTNA shall create Jobs at the Project Site in accordance with the following ramp schedule (i) at least 800 Jobs no later than December 31, 2030; (ii) at least 1,600 Jobs no later than December 31, 2031; (iii) at least 2,400 Jobs no later than December 31, 2032; and (iv) at least 3,200 Jobs no later than December 31, 2033 (the period ending December 31, 2033, the “Ramp Period”). Beginning January 1, 2034, and for the remainder of the Term, **the Company shall maintain not fewer than 3,200 Jobs.**

The **minimum average annual wage for all Jobs**, measured in the aggregate for each calendar year is **$64,989.00**. This minimum average annual wage is higher than the average annual wage in both Hays and Caldwell Counties and will include adjustment increases as identified within the Agreement. The Project is expected to enable the Company to increase its capacity to satisfy long-term growth projections and serve its customers. At peak employment, the Company anticipates approximately 4,000 full-time W-2 Jobs, comprised of local and regionally hired production workers, assemblers, technicians, engineers, and management personnel, with most of the Jobs expected to fall within the Semi-Skilled Trades and Skilled Trades categories that may include the following:

Semi-Skilled Trades - Example positions: production helpers, team assemblers, and maintenance and repair workers.

Skilled Trades - Example positions: millwrights, machinists, inspectors, testers, and sorters.

Administrative / Other Management - Example positions: facilities managers and engineers.

Investment

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The Company **shall make a cumulative minimum Capital Investment of $699,000,000 Million**, on the Project Site, on or before the applicable milestone deadline.

Performance-Based Agreement

A Chapter 380 Economic Development Incentive Agreement is the performance-based tool that is being considered to encourage the Company to invest and create jobs in San Marcos. **The proposed incentive grant payments are only available to the Company if they annex into the City limits and will be made by the City in the calendar year immediately following the Year for which the Property Taxes upon which the Grant Payment amount is based are assessed and subsequently received by the City and the Company has submitted the Compliance Certificate for that Year and the information required and necessary to verify its compliance with this Agreement is reviewed and accepted by the City**. The amount of grants, scheduled over 20 years, by way of a tiered property tax rebate, totals approximately $60.68 Million dollars applicable to 75% of the Maintenance and Operation (M & O) of the Fiscal Year 2027 tax rate, equal to 0.5216. The City would keep remaining 25% of the balance of the M & O and 100% of the Interest and Sinking (I & S) fund equal to $60.69 Million.

Social Services Contribution

For each of calendar years 2027, 2028, and 2029, the Company will make a contribution of Fifty Thousand Dollars ($50,000.00) to the City to be used to support local social services organizations and programs serving the community. The Company may make each such Social Services Contribution on any date during the applicable calendar year that the Company selects, and the Company will give the City reasonable advance notice of the date selected. **The City shall determine the allocation of such funds to eligible social service organizations through its Human Services Advisory Board allocation process, in accordance with the City's applicable policies and procedures.** Beginning in calendar year 2030, any Social Services Contribution will be made in accordance with the Company's Daimler Truck Cares program, as that program is in effect from time to time, including its eligibility criteria, application procedures, funding amounts, and timing, and the City and local social services organizations serving the community may seek support under that program on the same basis as other eligible applicants.

Utilities

The Project Site lies within the Maxwell Water Supply and the Martindale Special Utility District for retail water service. The Company estimates that the facility will require approximately 300,000 gallons of water per day at full capacity, which is equivalent to the daily water use of a regular local grocery retailer of approximately 100,000 square feet. Due to the number of jobs being provided, DTNA estimates that 75% of this water is to support the thousands of employees on site, including restrooms, breakrooms, comfort cooling, and cafeterias.

Only a small percentage of the facility water use is related to the manufacturing process.

The Company seeks the provision of City wastewater service of approximately 300,000 gallons of water per day at full capacity to the Project Site. The City proposes to supply wastewater to the project at a city negotiated rate.

At full operations, the currently planned facility is expected to have a peak electric demand of approximately 30 MW to be provided by Bluebonnet Electric. The Company plans to pursue the purchase of renewable energy and will actively pursue opportunities to support its long-term sustainability goals.

Sustainability

The Company is committed to incorporating sustainable and environmentally responsible building practices into the design, construction, and operation of its manufacturing facility. In performing its obligations under this Agreement, the Company shall comply in all material respects with all applicable local, state, and federal laws, regulations, and ordinances and will undertake reasonable corrective actions as may be required by applicable laws, regulations, lawful governmental orders, and directives related to any non-compliance. The Company further agrees to Environmental Reporting, Construction Worker Safety, Serious Incident Notification, and Contractor Accountability and Insurance as per the Agreement.

For additional information on the Chapter 380 Economic Development Incentive and 212 Development Agreement with Daimler Truck North America, LLC please visit the FAQs at
https://sanmarcostx.gov/4854/City-of-San-Marcos-Project-FAQs

Council Committee, Board/Commission Action:

Economic Development San Marcos Board has requested that the project be considered for approval.

Alternatives:

The agreement can be continued for further discussion.

Recommendation:

Staff recommends **approval** of the Chapter 380 Economic Development Incentive and 212 Development Agreement as presented.