To: Mayor and City Council

From: Bob Gedert, Director, Austin Resource Recovery BG

Cc: Marc A. Ott, City Manager
Robert D. Goode, Assistant City Manager

Date: November 17, 2015

Subject: Austin Resource Recovery Budget Amendment (#4) and Land Sale (#38)

The purpose of this memo is to update the Mayor and City Council on the proposed Austin Resource Recovery land sale and the planned use of funds resulting from the land sale.

Winnebago Lane Land Sale Background

In 2001, at the direction of City Council (Resolution #010308-55), property located at 4711 Winnebago Lane (Council District 2) was purchased by Solid Waste Services (SWS, now Austin Resource Recovery, or ARR) for the purpose of eliminating blight at the site of a former recycling business. The purchased land was intended to house the SWS headquarters and service personnel. Through a space utilization consultant study in 2013, the land was deemed unsuitable for that purpose due to its remote location in Southeast Austin and it's negative effects on truck routing. ARR opted to sell this property and develop a proposed second facility on Johnny Morris Road (Council District 1) to increase operational routing efficiencies.

Following standard procedure for a surplus property sale, Office of Real Estate Services (ORES) first notified Neighborhood Housing and Community Development (NHCD) about any possible sale to determine whether the land was suitable for affordable housing development. The Winnebago Lane site is surrounded by industrial uses, leading NHCD to deem the property incompatible with residential use. ORES then contacted all other City departments soliciting comments regarding any short-term or long-term need that the City might have for the property. No other City departments identified a current or future need, and all are currently in agreement with the sale.

Budget Amendment

The proposed Budget Amendment reflects utilization of funds from the Winnebago Lane land sale and the long-term lease of ARR's property on Bolm Road (Resolution #20150820-022) to support the City's development of basic infrastructure at the Austin [re]Manufacturing Hub within the timeline required by the project's U.S. Economic Development Administration grant (Ordinance #20140807-012).

Austin [re]Manufacturing Hub Background

In December 2011, the Austin City Council approved the Austin's Zero Waste Master Plan, which includes a partnership with the Economic Development Department (Master Plan, Chapter 15) to develop an eco-industrial park on the 105 acres of undeveloped land at the

decommissioned City landfill property, located at 10108 FM 812 (Council District 2). This venture, now officially named the Austin [re]Manufacturing Hub, is intended to attract and support recycling manufacturing businesses.

Recycling manufacturing is the value-added processing and manufacturing of would-be waste into new products. Examples include a glass reprocessing plant, an electronics repair facility, a tire shredding plant, a plastic extruding plant, an upcycled jewelry manufacturer, or a reusable bag manufacturer. Recycling manufacturing is a necessary step to close the loop on recycling.

In Austin, after a recyclable is placed in a bin and collected, it is brought to a materials recovery facility where it is sorted and baled. Recyclables are then sold to end markets in other parts of the country and around the world where they are processed and ultimately made into new products. Since this step of the recycling process happens outside of Austin, our city loses out on needed manufacturing jobs and has a more expensive and less resilient recycling system.

Attracting recycling manufacturers to Austin can reduce transportation costs, increase market stability, grow local jobs and encourage investment in the recycling sector. A recent economic impact study by TXP, Inc. found that Austin falls below the national average of recycling-reliant manufacturing. The study also found that the local recycling and reuse industry, currently generating $720 million in economic impact and supporting 2,600 jobs, has the potential to grow to $1 billion in economic impact and support 4,200 jobs.

The Austin [re]Manufacturing Hub will act as an economic driver for jobs in the Central Austin region, and will move currently unproductive land into tax generating enterprises. All tenants at the Hub will be expected to meet economic development performance measures including:

- Paying all workers at least $11.39/hour
- Paying all construction workers at least the prevailing wage
- Compliance with the M/WBE Procurement Program Rules
- Compliance with the City's OSHA Worker Safety Training Requirements

In addition, ARR & the Economic Development Department will be prioritizing those tenants that create jobs for populations with employment barriers such as veterans, previously incarcerated individuals, individuals without post-secondary degrees, and individuals with disabilities.

The project has received a $1.0 million grant from the U.S. Economic Development Administration for the construction of water, waste water and storm water infrastructure. The project will be funded through a combination of land asset sales, grant funds, and a loan from Austin Water Utility (for wastewater extension to the site).

The property was annexed into the City of Austin's full purpose jurisdiction and zoned for Limited Industrial Services (LI) in December 2014. The use of this land for recycling manufacturing is compatible with the surrounding land uses.

To date, the City has completed geographic surveys, a Phase I environmental assessment, a land plan and a property appraisal. The City has engaged an engineering firm to design the infrastructure, and infrastructure construction is scheduled to begin in summer 2016. Infrastructure improvements are scheduled to be completed by early-mid 2017 at which time the Hub will be ready for tenants to break ground on leased lots. All lease agreements will be brought forward to the City Council for approval.

Recommendation

Staff recommends Council's approval of the land sale (item #38) and the ARR Budget Amendment (Item #4). If you have further questions, please contact Bob Gedert at 512-974-1926.