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MEMORANDUM

TO: Michael Geary, Acting City Manager *M G*

FROM: Diane N. Tradd, Assistant City Manager/DPD Director

SUBJECT: COUNCIL MOTION OF 12/12/17
REQUEST CITY MANAGER UPDATE THE CITY COUNCIL REGARDING UTEC MATTRESS
RECYCLING FACILITY

UTEC, Inc. is a nonprofit organization serving young adults (ages 17-25) in Lowell and Lawrence. It is headquartered in Downtown Lowell, where they renovated the former St. Paul's church on Warren Street to LEED Platinum certified green building standards. UTEC specifically serves "proven-risk" young people who have histories of criminal and/or gang involvement. Eligible young people gain job skills and earn real wages through UTEC's workforce development program, which employs young people in social enterprises: Mattress Recycling, Food Services, and Woodworking.

Through the Mattress Recycling enterprise, UTEC contracts with municipalities, hotels, schools, universities, and hospitals to pick up, deconstruct, and recycle mattresses from across New England. As one of only three qualified vendors through the Massachusetts Department of Environmental Protection (MassDEP), UTEC works with 17 cities and towns in the state, including Lowell, to help divert mattresses from the waste stream.

UTEC's Mattress Recycling operation currently occupies a 7,500 square foot facility in Lawrence, where it employs between eight and 10 young people at a time and more than 65 in total last year. UTEC recycled 20,000 mattresses last year, including all City of Lowell residential mattresses through the City-facilitated partnership with Waste Management, LLC. As the demand for mattress recycling grows across the Commonwealth, UTEC expects to recycle close to 40,000 mattresses in the next one to two years and employ an additional 20 people.

UTEC is seeking a property in Lowell that will allow it to occupy approximately 30,000 square feet. A new and larger facility will allow UTEC to create additional jobs through bed-making and other possible recycling enterprises. Over a five-year period, UTEC expects to employ more than 300 individuals in newly-created job slots as a result of the new facility.

As the City Council is aware, last year UTEC was unsuccessful in bidding for the former Soucy Industries site at 252 Mount Vernon Avenue. It was the high bidder with a \$352,000 offer, but it was determined that a competing proposal by local general contractor S&R Corporation was more advantageous and brought more long-term value to the neighborhood.

S&R's plan projects to generate more than \$41,000 annually in taxes. UTEC would be untaxed as a nonprofit but proposed a payment-in-lieu-of-taxes (PILOT) agreement that would have phased out from 100 percent of the equivalent property taxes for a for-profit business in year one to no taxes in year five and beyond. In its proposal S&R also proposed to clean contamination at the site and at a neighboring site that it currently owns.

For over three years the Department of Planning and Development has worked with UTEC to help it identify a site in Lowell that can meet its expansion needs. DPD identified several City-owned and private sites, including existing buildings and vacant land, for UTEC's consideration. One factor that makes this search particularly challenging is UTEC's desire to own, as opposed to lease, the building that it will ultimately occupy. There are fewer properties on the market that meet UTEC's criteria that are for sale than for lease.

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The Economic Development Office and other staff within DPD have maintained regular contact with UTEC's Executive Director, Gregg Croteau to better understand the organization's challenges in finding a suitable location and to talk through potential opportunities. A few potential sites have been discussed over the past six months, but none have panned out as of yet. Contamination and the subsequent cost and logistics to remediate potential sites have been a major challenge standing in UTEC's way.

In addition to site selection services, DPD has supported UTEC's efforts through technical assistance with environmental conditions and zoning concerns, as well as through letters of support in grant applications that will aid in the facility's expansion.

DPD continues to update UTEC when new properties come on the market or other opportunities arise and will remain engaged with the organization as it identifies a site to build a new facility. Should you have any questions about this response please don't hesitate to contact me.

DNT/ns
4/5/18

cc: Andrew Shapiro, Director of Economic Development