

**Southern Arizona Coalition For Climate Adaptation and
Resilience Los Reales Sustainability Campus Project Proposal**

Lead Institution: City of Tucson

Since 1967, the City of Tucson (the City) has owned and operated a landfill that serves the residents and businesses of Tucson and Pima County. At the direction of Mayor Regina Romero and the Tucson City Council, this 1,100-acre site has been reimagined as the Los Reales Sustainability Campus (LRSC). Build Back Better Regional Challenge grant funds in the amount of \$15,379,864.00 are requested to fund the development of public infrastructure to attract private capital investment and support job creation at the LRSC. The City proposes multiple public-private partnerships that will transform the active landfill into a regenerative waste-to-asset sustainable business enterprise campus bringing long-term environmental, economic, and social benefits to our region. The LRSC will become a model of the “circular economy” for other regions that are similarly committed to building climate adaptive and resilient economies.

Scope of Work

Environmentally sustainable development, projects that further the implementation and adoption of green products, processes, and infrastructure, is an Economic Development Administration (EDA) investment priority for the American Rescue Plan Act of 2021. In addition to creating new jobs, the shift to environmentally sustainable development is an opportunity to bring environmental and economic justice to low-income communities and people of color.

The City’s 2022 Comprehensive Economic Development Strategy recognizes the value of an inclusive economy, and states that, “every Tucsonan deserves an equitable opportunity to attain mobility and economic prosperity.” Transformation of the Los Reales Sustainability Campus is critical to realizing the City’s vision of fostering enduring economic vitality.

The City is intentionally designing LRSC facilities and processes to support the collection, sortation, and distribution of waste materials in a manner that will support sustainable economic development. The City of Tucson has engaged private sector firms interested in partnership for landfill gas recovery, materials recovery, solid waste recycling, and manufacturing processes using materials diverted from the landfill. Three private sector firms have committed to the Project and provided Form ED-900B (see attached). These firms propose a combined \$750 million in capital investment and the creation of 422 permanent jobs.

The proposed public-private partnerships will transform the City’s 1,100-acre active landfill into a regenerative waste-to-asset sustainable business enterprise campus attracting private investment from high-growth industries and bringing long-term environmental, economic, and social benefits to our region. Improvements to public infrastructure are required to secure the commitment of the identified private sector firms.

Build Back Better Regional Challenge grant funds in the amount of \$15,379,864 are requested for the LRSC Project. The City of Tucson will provide matching funds equal to 20% of the total cost, or \$3,075,973. This funding match will consist of land acquisitions costs in the amount of \$812,250.00, and cash from the City of Tucson Environmental Service Fund in the amount of

\$2,260,723. The requested funds will result in timely completion of the following public infrastructure improvements on, and adjacent to, the LRSC:

- Material Recovery Facility (MRF) shovel-ready development site;
- Ancillary material processing and manufacturing shovel-ready development sites; and
- Roadway and utility improvements at the intersection of Craycroft and Los Reales Road.

Leveraging the City's IGA with the University of Arizona Compost Cats, a state-of-the-art green waste processor will be purchased to scale their operations from 17 commercial customers, which results in 166.75 tons of food waste diverted, to more than 200 customers which will allow the diversion of approximately 2,000 tons of food waste, reducing greenhouse gas emissions and enabling more businesses to achieve carbon neutrality.

The feasibility of the Project has been examined by a diverse team of qualified professionals and is detailed in the attached Preliminary Engineering Report (PER). The substantial investment in the feasibility studies has allowed the City to determine with confidence that the projects being proposed will be completed within 36-months and meet all EDA investment criteria.

Our Region

Primary Service Area: City of Tucson / Tucson Metropolitan Statistical Area

Population: 1,044,675

County, FIPS: Pima County, 04019

Cities and Suburbs Included (secondary service areas): Oro Valley, Marana, Sahuarita, City of South Tucson, Casa Adobes, Catalina Foothills, Flowing Wells, Midvale Park, Tanque Verde, Tortolita, Vail, Benson, Catalina, Oracle, and Green Valley

Congressional Districts: AZ-002, AZ-003

Tucson Metropolitan Statistical Area

In 2019, Tucson, AZ had a population of 1.05M people with a median age of 38.9 and a median household income of \$56,169. Between 2018 and 2019 the population of Tucson, AZ grew from 1.04M to 1.05M, a 0.79% increase and its median household income grew from \$53,464 to \$56,169, a 5.06% increase. The median household income for the Tucson MSA, \$56,169.00, is nearly \$10,000 less than the national average and below the average for the State of Arizona. When compared to 11 western MSAs, Tucson ranked near the bottom, with only El Paso, Texas ranking lower.

The five largest ethnic groups in Tucson, AZ are White (Non-Hispanic) (51.1%), White (Hispanic)(24.8%), Other (Hispanic) (7.82%), Black or African American (Non-Hispanic) (3.35%), and Two+ (Hispanic) (3.3%).

The economy of Tucson, AZ employs 465k people. The largest industries in Tucson, AZ are Health Care & Social Assistance (71,140 people), Retail Trade (52,426 people), and Educational Services (51,528 people), and the highest paying industries are Utilities (\$74,777), Mining, Quarrying, & Oil & Gas Extraction (\$72,111), and Agriculture, Forestry, Fishing & Hunting, & Mining (\$62,200).

CEDS

The Southern Arizona Coalition for Climate Adaptation and Resilience was developed in alignment with Comprehensive Economic Development Strategies adopted by Coalition Members and their respective government agencies. Tucson's 2022 Economic Development Strategy has five goals: 1) Grow Tucson's existing and small businesses to foster economic resiliency; 2) Attract investment to diversify Tucson's economy; 3) Bolster Tucson's entrepreneurial ecosystem; 4) Support economic mobility and wealth creation for all Tucsonans; and 5) Enhance Tucson's brand for investment, capital, and talent.

Tucson's bold, inviting, and distinctive culture inspires creativity, ignites discovery, and fosters enduring economic vitality. Tucson values *an inclusive economy* that works for everyone, *a living laboratory* that embraces change that is people-first, climate-focused and future-defining, *robust entrepreneurship and innovation* by investing in entrepreneurs who solve tomorrow's challenges, and *pride of place* as Tucson proudly celebrates its multicultural heritage, arts, and culture. The Los Reales Sustainability Campus project aligns with these values and will help the City achieve the goals set out in the CEDS.

Proposed Solution

The COVID-19 pandemic has taught us that reliance on critical supplies which are manufactured offshore, present not only an economic vulnerability but a national security one. The Biden Administration, recognizing this importance, has announced a bolstering of the Buy America Act, requiring all goods purchased through federal spending have 75% of their parts manufactured here in the United States. The City's public-private partnerships at the LRSC will result in the domestic production of high-value manufacturing inputs that will help American manufacturing firms meet requirements of the Buy America Act.

The COVID-19 pandemic and lockdowns had a significant impact on Tucson's economy. Tucson still has not recovered from the jobs lost, currently the City lags the rest of the state with just 78% of jobs lost recovered through October 2021. Further, supply chain issues exert ongoing pressure on Tucson businesses as well as those in the greater Southern Arizona region. These challenges for our region demand innovative solutions. The City needs to create well-paying quality jobs, that address the challenges of our changing climate, while offering equitable opportunities for all members of our community.

Increasing regional equitable collaboration is at the heart of the BBBRC and EDA support will allow the City to scale-up operations of the University of Arizona Compost Cats through the purchase of a green waste processor. Our partners in the workforce development component will have opportunities to partner with new manufacturing firms, while the composting soil will be distributed to regional farms including the Tohono O'odham San Xavier Co-Op farm. Our partners in the sustainable food entrepreneur program will have the opportunity to meet their sustainability goals through our increased food-waste processing facilities, and with EDA funding, Phase 2 of the LRSC will be able to proceed, allowing for a methane cleanup facility.

EDA Recovery and Resilience Priorities: The strategic investments being made at LRSC will catalyze the attraction of new green manufacturing facilities. The creation of hundreds of green jobs will establish a diverse constellation of opportunities for future entrepreneurs in the sustainable space who will launch next-gen businesses transforming the region's waste stream into sustainable assets, increasing GDP, while simultaneously lowering carbon emissions, and increasing economic vitality, pluralism, and resiliency.

Quality Jobs: For all EDA grant-funded construction costs within its jurisdiction, the City of Tucson will give preference to local contractors who employ union workers, pay Davis-Bacon prevailing wages, properly classify employees as "employee" rather than "independent contractor," and treat them accordingly for the purpose of minimum wage, overtime, worker's compensation, insurance coverage, and all relevant taxes.

Equity: The LRSC ensures equity through reducing harmful GHG, providing jobs and future opportunities for entrepreneurs coming out of our Coalition partners programming.

Workforce Development: through our on-site internship program with UArizona Compost Cats, and in partnership with Pima Community College and Arizona Western College workforce training programs.

Manufacturing: The creation of shovel-ready development sites creates opportunity for the City to partner with manufacturing firms to increase supply chain capacity and resilience.

Exports: Expanding trade with our regional partners in Mexico.

Technology-Based Economic Development: the establishment of high-value regenerative technological economic development production techniques, all while being sustainable and reducing demands on our regional ecosystem.

Partners and Program Outreach

LRSC anticipates several opportunities to obtain input and develop working relationships with adjacent neighbors as well as related sustainability focused businesses that may locate near the Sustainability Campus:

- LRSC Stakeholder Meetings for Design Input
 - Current Landfill Customers
 - Non-Profit Sustainability Partners
 - Sustainability Businesses interested in Commercial Pads
- LRSC Agreement with Operator of Materials Recycling Facility
- Development Services Public Meetings required during Development Plan Review

Current Landfill Customers: Current customers of LRSC, including City of Tucson and commercial haulers, recycling haulers, landscape and small business self-haulers, and construction businesses. The purpose of the meetings will be to gain insight into what will

increase diversion of waste from the landfill and promote recycling, composting, and other sustainable practices. LRSC has conducted similar meetings to gain critical information during prior projects at the campus.

Non-Profit Sustainability Partners: LRSC is developing relationships with members of the Tucson community who are promoting sustainable practices, including University of Arizona Compost Cats and Tucson Clean and Beautiful. Tucson Clean and Beautiful is non-profit emphasizing personal action in recycling and waste reduction, land stewardship, urban forestry, and beautification. They will participate in the developing trees and landscape for the campus.

Sustainability Businesses interested in Commercial Pads: LRSC may also invite existing and potential future businesses to provide input about changes to the intersection at Los Reales & Craycroft, as well as the design of the road that provides access to the proposed commercial pads. Potential occupants of the commercial pads may have specific size and access requirements that will make them more likely to relocate to the LRSC.

Operator of Materials Recycling Facility: LRSC will enter into an agreement with a third-party commercial recycler to build and operate the Materials Recycling Facility. The City of Tucson will select an operator through a competitive process that will define the agreement, responsibilities, and terms of operation for the facility.

City of Tucson Planning & Development Services Department: The Planning & Development Services Department conducts several meetings for neighboring properties and businesses to review and comment on proposed plans, including impact on traffic, parking, and adjacent properties as a part of the typical Development Plan Project.

Outreach and Inclusiveness

It has been demonstrated that climate change disproportionately affects marginalized communities, including many people of color. Communities of color are disproportionately victimized by environmental hazards and are far more likely to live in areas with heavy pollution and more than half of the people who live close to hazardous waste are people of color.

Mayor Regina Romero and the Tucson City Council have committed to reaching net zero carbon emissions by 2030 and zero waste by 2050, in 2021, the Mayor and Council declared a climate emergency, with a focus on investing in infrastructure to create a sustainable and equitable future.

Build Back Better Regional Challenge grant funds are requested for the LRSC Project to transform the City's 1,100-acre active landfill into a regenerative waste-to-asset sustainable business enterprise campus attracting private investment from high-growth industries and bringing long-term environmental, economic, and social benefits to our region. The future manufacturing facilities will utilize the diverted waste stream to produce sustainable products - providing jobs that pay above our region's median average wage and offering opportunities to establish workforce training programs with our Coalition partners. These environmentally

sustainable end-products will provide new green collar jobs, enhance our region's economic diversification and enable the next phase of the LRSC to be established - a methane capture and cleanup facility that will convert fugitive methane into clean renewable natural gas.

LRSC Project will result in well-paying, quality jobs, enabling the production of green products, green processes, and green places. The transformation of an active landfill, post EDA investment will feature a nursery for the million trees initiative, a park and open green space with multiple baseball and soccer fields, an education center, a green linear path around the campus that connects our local communities that abut the campus, and a native plant buffer so encroaching residential neighborhoods will not be burdened by the sights of an active landfill.

Measurable Goals and Impacts

Economic Development Goal:

Leverage EDA funds to attract capital investment and facilitate creation of quality jobs.

Measurable Impacts:

- Number of firms attracted to Tucson MSA in target industries
- Capital investment at the LRSC by private sector partners
- Quality jobs created at the LRSC by private sector partners

Environmental Sustainability Goal:

Leverage EDA funds to help achieve “Zero Waste” by 2050.

Measurable Impacts:

- Tons of material diverted from landfill, annual and cumulative
- Tons of food waste diverted from landfill, annual and cumulative
- Reduction in greenhouse gas emissions, gross and percentage of City total

Sustainability Plan:

The City of Tucson has the requisite expertise to operate the LRSC post-EDA award period. The physical infrastructure developed through the Build Back Better Regional Challenge will be owned, operated, and maintained by the City of Tucson in perpetuity. Private sector capital investment and job creation are an expected outcome of this project and are not dependent on continued grant funding.

The City is committed to ensuring the investment EDA is committing will be validated not only through the initial phase of the construction of the economic development pads, but through multiple subsequent phases. The LRSC transformation post-EDA award includes the establishment of a methane cleanup facility, a tree nursery for the Tucson million-trees initiative, education center, public park, and miles of trails. These projects will result in significant economic, environmental, and social benefits to the surrounding community.