

# Memorandum



CITY OF DALLAS

DATE February 27, 2009

TO Trinity River Corridor Project Committee Members:  
David A. Neumann (Chairman)  
Mayor Pro Tem Dr. Elba Garcia (Vice-Chair)  
Deputy Mayor Pro Tem Dwaine Caraway  
Carolyn R. Davis

Linda Koop  
Pauline Medrano  
Mitchell Rasansky  
Steve Salazar

SUBJECT **The Future of Dallas' Metal Recyclers**

Attached you will find a briefing entitled The Future of Dallas' Metal Recyclers that will be presented to the Trinity River Corridor Project Committee on March 3, 2009. This subject is being briefed to the Trinity River Corridor Project Committee because 10 of the City's 25 metal recyclers are within the Trinity River Corridor Comprehensive Land Use Plan Study Areas and may be affected by rezoning. The briefing describes the current status of Dallas' metal recyclers, summarizes task force findings, and provides alternatives based on best practices.

Please contact me if you have questions.

A handwritten signature in black ink, appearing to read 'Jill Jordan'.

Jill A. Jordan, P.E.  
Assistant City Manager



**THE TRINITY**  
DALLAS

C: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Ryan S. Evans, First Assistant City Manager  
Ramon F. Miguez, P.E., Assistant City Manager  
A. C. Gonzalez, Assistant City Manager  
Forest E. Turner, Interim Assistant City Manager  
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Deborah A. Watkins, City Secretary  
Thomas P. Perkins, Jr., City Attorney  
Craig D. Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge  
Helena Stevens-Thompson, Assistant to the City Manager  
Frank Libro, Director, Public Information Office

# The Future of Dallas' Metal Recyclers

Trinity River Corridor Project Committee  
March 3, 2009



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# Purpose



- As part of the implementation of the Trinity River Comprehensive Plan, some metal recyclers within the Study Areas may be re-zoned potentially causing them to be non-conforming uses that could be grandfathered or sunset.
- The issue is what, if anything, should be done with these businesses, and other similar heavy industrial uses incompatible with the vision of a vital urban park?
- This briefing will...
  - describe current status of Dallas' metal recyclers
  - summarize staff task force findings
  - provide alternatives to the future of the metal recyclers based on best practices
  - detail the next steps



# What is a metal recycler?



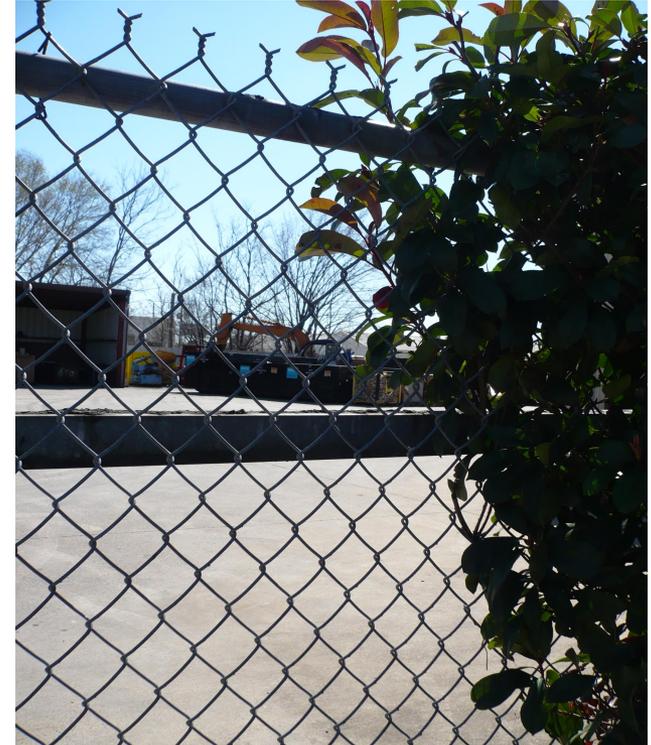
- Scrap metal is produced in many ways, for example:
  - manufacturer of kitchen appliances who builds refrigerators or flatware manufacturer who stamps out spoons on sheets of metal – excess is sent to scrap metal yard
  - metal from building demolition, broken appliances, or an old fender removed from a car at a body shop
- Scrap metal yards receive metal in two ways:
  - Companies can contract directly with metal yards to place container at company's site which are routinely picked up (commercial accounts)
  - Peddlers/individuals can work with various companies to pick up scrap metal and deliver it to the scrap metal yards or can also sweep neighborhoods for metal trash items



# What is a metal recycler?



- Some scrap metal yards sell to larger yards while others sell directly to mills (many do a combination of both)
- Scrap metal yards make it cost and time effective for metal mills to use recycled metal by packaging and delivering metal based on the mill's needs
- Metal Recyclers operate under a certificate of occupancy for:
  - Metal Salvage Facility
  - Outdoor Salvage and Reclamation
  - Recycling Buy Back Center
  - Recycling Collection Center



# Dallas' Metal Recycling



- There are 25 metal recyclers in the City of Dallas as defined by the DPD list of permitted dealers
  - 22 buy and sell all type of metal and handle both commercial and peddler business
  - 3 of the recyclers do not deal with public waste (only commercial accounts)
  - There are several other indoor “metal recyclers” throughout the City that recycle specific material, namely computers/ electronics or catalytic converters.



# Metal Recycling Locations



- The facilities are scattered throughout the City's industrial zones.
- 10 of the facilities are along South Industrial and South Lamar, within the Cedars West and the South Lamar Trinity River Corridor Study Areas.
- There are several other facilities within the Trinity River Corridor, but not necessarily in one of the study areas.





# Importance of Metal Recyclers



- The City's metal recyclers keep waste out of the landfill and provides a place to sell the waste rather than to illegally dump it.
- By nature, they are “green” businesses by recycling material and in 2008 recycled an estimated 1.2 to 1.3 million tons of metal.
- Most of the City's metal recyclers are family owned businesses.
- In 2008, they generated over \$300,000 in real property taxes, \$850,000 in business personal property taxes, and employed almost 600 individuals.
- The City of Dallas uses more than 50 large metal recycling containers for items such as replaced water meters, broken streets signs, and old car parts.



# Impacts of Metal Recyclers



- Although scrap metal facilities serve an important role for a city, there are several reasons why they are not embraced:
  - Not visually appealing
  - Potential environmental concerns, at least the perception of environmental hazards
  - High volume of truck traffic (debris, congestion, stacking of vehicles in roadways)
  - Increased areas of property crimes although decreased through recent regulations
- The question arises as to whether or not these impacts can be mitigated, and, if so, how.



# The Issue



- Point of rezoning is to attract new investment commensurate with the public improvements in the Trinity Corridor. The presence of noxious uses is counter to this goal.
- Potential rezoning along the Trinity could affect some recyclers.
- Therefore, we should take a holistic view of all metal recyclers and associated land use to explore the City's options as to what, if anything, we should do with this industry.



# Researching Scrap Metal Facilities



- In November 2008, a multi-department task force began to meet weekly to investigate Dallas' scrap metal facilities to determine how the City can balance the necessity of having these uses with the reality of their undesirable nature.
- The task force kept in mind the City's mission of transforming the Trinity River into a destination with enormous development potential outside its levees.
- Further, the task force took into consideration that these recycling businesses play a significant role in Dallas' ability to be a green city.



# The Task Force



- The Task Force was made up of members of the following departments:
  - Trinity River Corridor (economic development, zoning, relocation and real estate)
  - Economic Development
  - Development Services (zoning)
  - Sanitation
  - Environmental Quality
  - Public Works and Transportation
  - City Attorneys Office
- Staff has spoken to DPD about their ordinance and ideas of how to improve crime and safety associated with this use.



# The Task Force



- The task force researched the following topics:
  - understanding the needs of the scrap metal businesses
    - example: acreage, location, and accessibility to highways and rail service
  - reviewing best practices for this industrial use
    - example: zoning and environmental requirements in other cities
  - assessing potential sites for relocation (note: relocation is used as a general term; the City's relocation program will not be triggered in this case because no "takings" will occur, see Appendix)



# The Task Force



- The task force researched the following items, continued:
  - analyzing the potential benefits and consequences of relocating/ concentrating this industry
  - determining how a potential industrial sanctuary might be implemented
  - analyzing potential assistance
- Several of these items require further analysis.
- Staff has received industry feedback through one-on-one interviews with scrap metal owner/operators and the task force will reconvene, as necessary.



# Consensus Among Scrap Metal Owners/Operators



- The owners/operators of these businesses felt strongly about their eco-industrial role of ensuring that the city's waste is re-used.
- Location is key to the success of their businesses; they must be in close proximity to construction activity.
- Since location is critical to the businesses, they want to make sure that there is no competitive advantage of some operators over others.
- Access to highway and, in some cases rail, is critical to their operations.
- There are several business models used within the industry that fill different niches within the market.



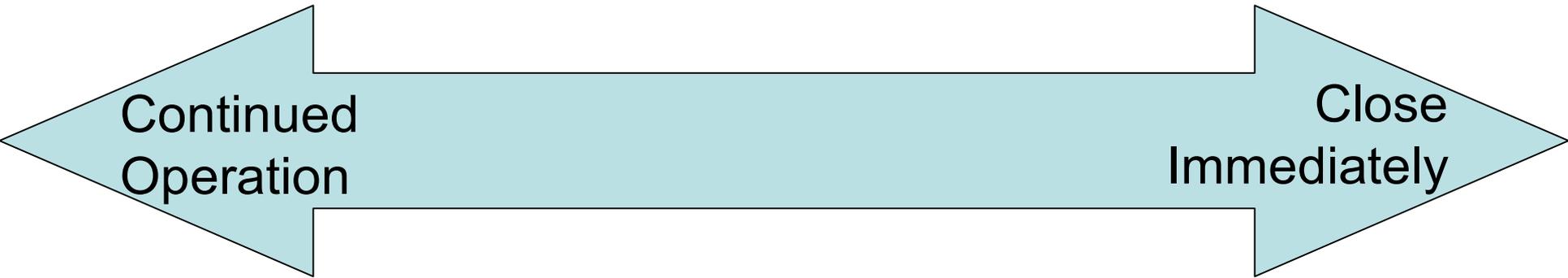
# Consensus Among Scrap Metal Owners/Operators



- Business is tough with the decrease of the price of metal and the decline in demand (ie. slow down in construction activity) which has led to thin profit margins and numerous employee lay-offs.
- While customer loyalty is high, moving the location of facilities would certainly hurt business, particularly peddler business.
- An industrial park may force small operators out of business because of the cost of relocation and the fact that they typically generate business out of convenience (instead of selling to mills, they typically sell to the larger operators).
- An industrial park may be challenging for the large operators for several reasons, one being that they would be fighting to pay customers more for metal to compete with their neighboring businesses, further cutting into profits.
- A large part of the scrap metal business is processing ferrous material, which makes it extremely complicated to operate in an indoor facility.



# Approaches to the Issue



Continued  
Operation

Close  
Immediately

Allow the use under the zoning

Allow the use, with additional regulations and restrictions

Rezone the property, but grandfather the use

Grandfathered use but deemed noxious by Board of Adjustment and given a compliance date

Zoning prohibits the use with a sunset date within a specified time period

Zoning prohibits the use with a sunset date within a specified time period, and City provides an Industrial Sanctuary

Program to buy out the uses



# What are other Cities Doing?



- The cities that have industrial sanctuaries use them as a means to mitigate conflicting uses and to preserve industrial uses from development pressure, typically from residential development.
- Most cities have detailed standards for screening and environmental protection.
- Several cities have extensive license application processes where all information is gathered in one document and, in some cases, bonds are required to ensure compliance with all applicable codes and laws.
- A matrix of best practices can be found in Appendix C.



# What are we Doing?



- The City's current regulations (Chapter 51A):
  - Metal Salvage Facilities
    - By SUP in IM
    - 9-foot visual screen (masonry, concrete, corrugated sheet metal...)
    - Stacking and setback requirements
    - Minimum 500' from residential zoning
  - Outside Salvage and Reclamation
    - Same as above but also allows more than four wrecked or inoperable vehicles
  - Recycling Buy Back Centers
    - Wholly enclosed with maximum 10,000 sf of floor area
    - SUP triggered by zoning district and materials collected with time limits on SUP
    - Limits on processing activities and prohibition against collection of hazardous waste
    - Storage and removal requirements for materials
    - Regulation regarding vehicular openings
    - 1,000 foot separation from other recycling uses
    - Industrial materials may only be collected in LI, IR, IM
  - Recycling Collection Centers
    - No processing of materials
    - Fully enclosed container
  - Non-Conforming Uses
    - Generally allowed to continue operation, but not expand
    - Board of Adjustment amortization if they determine it has an adverse effect on neighborhood



# What are we Doing? (continued)



- DPD Influence on metal recycler businesses:
  - Increase record keeping requirements and require that recyclers have identification of sellers for one year
  - Increase list of regulated metals requiring proof of ownership
  - Prohibit walk-up customers
  - Prohibit purchasing from an intoxicated individual
  - North Texas cooperation



# What are we Doing? (continued)



- Trinity River Corridor Special Purpose District [PD 784]:
  - Non-conforming industrial uses along the Trinity River Corridor would be required to cease operations within five years of their incorporation into the PD
  - Operators may apply to Board of Adjustment if need longer period to recoup their investment
  - Does not affect metal recyclers outside of the corridor
  - Allows property owners to retain ownership of their land and gain economic benefit from increased land value
  - Does not assist with relocating the businesses



# Is our current approach adequate?



- Input from development community during Trinity rezoning:
  - Existence of metal recyclers in their current configuration limits redevelopment potential and discourages new investment greatly
- Input from owners/operators:
  - Existence of metal recyclers is necessary but most see the potential for improvements to better fit within the changing landscape
- Input from the task force:
  - Desire to accommodate these uses as a “green” industry with additional environmental and operational regulations



# Alternatives to the current approach



1. Pursue five year sunset of scrap metal facilities within the Trinity River Corridor and provide an alternative site for them to relocate (Industrial Sanctuary).
2. Pursue five year sunset of all scrap metal facilities within the City of Dallas and provide an alternative site for them to relocate so that there is not a competitive disadvantage to those along the Trinity River Corridor.



## Alternatives (continued):



3. Allow scrap metal facilities to continue operating throughout the City, including the Trinity Corridor, with enhanced aesthetic and environmental standards AND allow scrap metal facilities to remain along the Trinity River Corridor with the same aesthetic and environmental standards PLUS additional operational enhancements.
4. Parallel to these enhancements, the City could create an Industrial Sanctuary as an alternative place to operate.



# Industrial Sanctuary



- The term Industrial Sanctuary is used by several cities to describe a large site or sites dedicated to industrial uses, isolated by proximity and/or screening from conflicting uses.
- The area is often dedicated as an Industrial Sanctuary as a way to preserve the industrial use from development pressure thereby ensuring that important industrial businesses have a place to operate within the city.
- Typically, the area is one already intended for such use and may be enhanced with city initiatives (funds for improved roadways, landscaping/screening).
- Specific operational and aesthetic standards, either more rigorous or sometimes less rigorous, may exist for an Industrial Sanctuary.



# Considerations



- Below are items that need to be considered:
  - Additional operational and environmental regulations throughout the City
    - example: specific hours of operation; set a minimum percentage of outside activity with the remainder of operation on concrete slab with proper drainage
  - Additional aesthetic requirements within the Trinity River Corridor
    - example: no corrugated fences, increased screening heights
  - Property improvements must be constructed within a specific timeframe
  - If City incentives will be provided to assist with the cost of the required property improvements. Funding source is unknown
  - If an Industrial Sanctuary is created as an alternative place to operate...
    - how will it affect the industry
    - what site will be chosen and who will own the land
    - what will the scope and cost of the public investment be to prepare the site and/or assist with moving the facilities



# Considerations (continued)



- Justification for allowing scrap metal facilities to remain at their location, if required property improvements are made:
  - scrap metal facilities were at their current locations first
  - If developers see the land as prime location, they can develop nearby the existing facilities or they can pay to buy-out the current property owner/use (theoretically the scrap metal owners will profit from the new zoning/demand for their property).
  - The cost of the new requirements, the potential increasing value of the property, and less stringent aesthetic requirements away from the Trinity River Corridor is anticipated to nudge the industrial market away from the Trinity River Corridor.
  - If an industrial sanctuary is created, an “early bird catches the worm” mantra may exist for companies to lease/buy the most strategic location within the Industrial park.
- If we pay for scrap metal relocation, where does it stop when we look at other noxious uses?



# Next Steps



- Staff is seeking input from the Trinity River Corridor Project Committee to balance the need for this industry and the desire to change the image of the City:
  - Pursue Industrial Sanctuary?
  - Pursue environmental, operational, and aesthetic improvements?
  - Pursue incentives/assistance programs for investment in current facilities and/or creation of Industrial Sanctuary?



# Appendix A: Relocation vs Sunsetting through Re-zoning



- In the case where the City TAKES property for public purpose, the property owner no longer owns his/her property and the City is obligated to pay for the property plus relocation and moving expenses fees.
- In the case that the City re-zones an area with sunsetting, the business cannot operate after the compliance date, but the developer maintains ownership of the property and therefore holds a valuable asset. The City is not obligated to pay relocation costs in this case. Property owners are allowed to amortize their expenses on the original property. If the compliance date in the rezoning is insufficient to amortize their investment, the property owner may appeal to the Board of Adjustment.



# Appendix B: Scrap Facts



U.S. ECONOMY	GLOBAL TRADE	ENVIRONMENT
<p>\$71 billion industry in 2007 50,000 employees</p> <p>150 million metric tons of scrap materials recycled annually including:</p> <ul style="list-style-type: none"> <li>• 81.6 million tons of Iron and Steel</li> <li>• 50 million tons of paper</li> <li>• 5 million tons of Aluminum</li> <li>• 1.8 million tons of copper</li> <li>• 2 million tons of stainless steel</li> <li>• 1.3 million tons of lead</li> <li>• 420,000 tons of zinc</li> <li>• 576,000 tons of plastic (bottles)</li> <li>• 1.8 million tons of Electronics</li> <li>• 93 million tires</li> </ul> <p>Specification-grade scrap is a raw material feedstock for U.S. manufacturing:</p> <ul style="list-style-type: none"> <li>• 2 out of 3 pounds of steel made in the U.S. is manufactured using ferrous scrap.</li> <li>• 60% of the metals and alloys produced in the U.S. are made from nonferrous scrap.</li> <li>• More than 50% of the U.S. paper industry's needs are met through the use of scrap paper with nearly 200 U.S. paper mills using only recycled paper.</li> <li>• 33% of U.S. aluminum supply comes from recycled materials</li> </ul>	<p>Scrap has been an important export commodity from the U.S. for more than a century.</p> <p>In 2007: \$21.7 billion worth of scrap commodities exported, helping U.S. trade balances.</p> <p>38 million metric tons of scrap exported including:</p> <ul style="list-style-type: none"> <li>• 18,127,139 Paper</li> <li>• 15,632,257 Iron and Steel</li> <li>• 1,546,373,668 Alum</li> <li>• 955,232 Nickel &amp; Stainless</li> <li>• 906,510 Copper</li> <li>• 472,302 Plastic (bottles only)</li> <li>• 128,836 Lead</li> <li>• 102,305 Zinc</li> <li>• 60,762 Rubber</li> </ul> <p>Scrap exported to 152 countries. Leading export destinations:</p> <ul style="list-style-type: none"> <li>• China</li> <li>• Canada</li> <li>• South Korea</li> <li>• Mexico</li> <li>• Germany</li> <li>• Taiwan</li> <li>• Turkey</li> <li>• Japan</li> <li>• United Kingdom</li> <li>• India</li> </ul>	<p>Reduces greenhouse gas emissions by requiring significantly less energy to manufacture products from recyclables than virgin ore and by avoiding land filling.</p> <p>Energy saved using recycled materials vs. virgin ore:</p> <ul style="list-style-type: none"> <li>• 95% for alum</li> <li>• 85% for copper</li> <li>• 80% for plastic</li> <li>• 74% for iron and steel</li> <li>• 64% for paper</li> </ul> <p>Conserves natural resources. Recycling one ton of:</p> <ul style="list-style-type: none"> <li>• Paper saves 17 trees, 79 gallons of oil, 7000 gallons of water, and 3.3 cubic yards of landfill.</li> <li>• Steel conserves 2500 lbs. of iron ore, 1400 lbs. of coal and 120 lbs of limestone</li> <li>• Aluminum conserves up to 8 tons bauxite ore and 14 megawatt hours of electricity.</li> </ul> <p>Cleaner air and water from safely removing potentially hazardous materials and keeping them out of landfills.</p>

# Appendix C: Best Practices Matrix



City	Allowance	Screening/ Structure/Height	Distance from...	Additional Requirements/Comments
Portland (Maine)		Natural or man-made objects, planting or fence - facility must be entirely screened from ordinary view throughout the year.	500 ft from park/playground/beach/school/ places of worship/cemetery; 100 ft from waterbody/wetland; 300 ft from well that serves water supply; 1,000 ft from highway (interstate/primary) or within 600 ft of any other highway or within 1,000 ft of abutting property line except for a scrap metal facility entirely screened from ordinary view from that public road or abutting property line; Prohibited in 100 yr flood plain	Mechanized sorting, baling or processing of metals shall be done after 7am and before 6pm, M-F; City has been talking for 30 years about relocating two scrap metal facilities - they are currently negotiating relocation packages for each of them to move to an alternative industrial zoned area of the City.
Portland (Oregon)	Industrial Sanctuaries to restrict other uses for conflict mitigation and to preserve industrial uses	Plan must be submitted/approved: max storage height of any piles of metal are required to be entirely screened from ordinary view, controls on types of metal processed & wastes handled	1,000 ft from highway, 500 ft from park/playground/school/ church/cemetery, prohibited within 100 yr flood plain or within 100 ft of any water body/wetland; Retail, service and office uses are limited in industrial areas	Ordinances are product of comp land use policy; Annual soil & groundwater testing; specific hazardous substance and nuisance regulations are established in ordinance
Minneapolis	General industrial district with conditional use permit (strict requirements)	Encouraged to be indoors (if so, classified as recycling facility)	Restrictions have caused most if not all recyclers to become indoor recycling facilities where ferrous materials cannot be recycled	Plans for use, air quality, dust managements, sound, vibration dampening, stormwater drainage and runoff, landscape, traffic
Colorado Springs	Recycling is identified as a land use. Permitted in heavy industrial districts with approved development plan; conditional in light industrial zones.	Entirely enclosed structure or in an area enclosed on all sides by screening wall or solid fence. Stacking of materials cannot exceed screen height.		
Baltimore	Permitted in heavy industrial zones	Enclosed within building or screened by landscaping and fence; requirements for screening and handling of materials	Other uses are prohibited in M-3 Industrial District	
Seattle	Manufacturing and Industrial Centers; Industrial Sanctuaries	4 industrial zones are divided based on allowed uses, density, screening, height, or performance standards; Size, setback and height requirements	Standards to protect from incompatible uses	Ordinances based on Comp Plan identifying and accomodating growth over 20 years; Industrial noxious activity defined according to impact on environment; environmental regs based on state EPA; ,mitigation of nuisances required in design
Chicago	Permanent Manufacturing Districts established through neighborhood planning proces; PMD's are throughout City; also, have Industrial Park on Goose Island (250 acres)	Screening, landscaping and infrastructure improvements can be paid for with TIF-like funds and/or City's capital improvement programs for industrial infrastructure support	No residential uses permitted in Permanent Manufacturing Districts; buffers are rail road tracks or retail streets	Ordinance is outcome of comprehensive land use policy; Industrial preservation is addressed through exclusionary use restrictions and develop. Programs offered by City; Environmental and nuisance regs are rigorous but lack pollution prevention mechanism
DALLAS	anywhere industrial is allowed; by SUP only	min 9 ft screen with step-back requirements for visual screening	500 ft. from resid districts	licensed; record keeping for DPD





# Appendix D: Chicago Example



“A” is General Iron Industries; N. Clybourn Street has Sunflower Market, Bed Bath and Beyond, Patagonia, etc.; the area west of the water way is an Industrial/ Manufacturing Park



# Appendix D: Chicago Example

