

**UNIVERSITY CITY COUNCIL
STUDY SESSION**

5th Floor of City Hall
6801 Delmar
May 8, 2017
5:30 p.m.

MEETING CALLED TO ORDER

The City Council Study Session was held in Council Chambers on the fifth floor of City Hall, on Monday, May 8, 2017. Mayor Welsch called the Study Session to order at 5:31 p.m. In addition, the following members of Council were present:

Councilmember Rod Jennings
Councilmember Paulette Carr
Councilmember Steven McMahon
Councilmember Terry Crow
Councilmember Michael Glickert
Councilmember Bwayne Smotherson

Also in attendance was Interim City Manager, Charles Adams, Community Development Director, Andrea Riganti, Recreation Deputy Director, Lynda Euell-Taylor, and Recreation Specialist, Jessica Prichard.

Hearing no requests to amend the agenda, Mayor Welsch proceeded as follows:

AGENDA

1. Heman Park Pool - Pool Operations/Lifeguards

Mr. Adams stated that Ms. Riganti would be presenting Council with proposed changes to the contract for Lifeguard's Unlimited, and the rationale behind those changes.

Councilmember McMahon stated that his son is applying to be a lifeguard, so he would recuse himself from participating in the discussion and vote.

Community Development Director, Andrea Riganti introduced Lynda Euell-Taylor, Deputy Director of Recreation and Jessica Prichard, Recreation Specialist to members of Council. Ms. Riganti stated she had made an error; for which she would apologize, in the drafting of an unintentionally ambiguous contract that resulted in the misinterpretation of rates identified on the contract. Council noted that the hourly pay rate being offered was different than the rate presented in the bid document. This discrepancy was brought to staff's attention, wherein it was determined that the rates staff had conceived as hourly rates were actually billable rates. Ms. Riganti noted that although the bid document had not specified that the City was looking for a billable rate it is customary for applicants to do so.

Staff met with Lifeguard's Unlimited for clarification on this issue and to determine if the hourly rates could somehow be adjusted to honor the not-to-exceed amount of \$214,220, approved

by Council. Lifeguards Unlimited estimated that an additional \$30,000 to \$40,000 would be needed to accommodate the rates presented in the contract and was not amenable to adjusting the rates to meet the City's dollar amount. As a result of these circumstances, Ms. Riganti presented Council with the following options, which were outlined in the Study Session background materials:

1. Honor the hourly rates presented to the public by providing an additional \$30,000/\$40,000 to Lifeguards Unlimited. The City's budget for the operation of aquatics has always spanned two fiscal years and there is approximately \$44,000 in salaries and operational costs remaining in the FY17 budget. The proposed budget for FY18 included contractual funds to cover the entire amount of \$212,220 for Lifeguards, so there is adequate funding between the two fiscal years for this option.
2. Proceed with Lifeguards Unlimited's bid as executed; the billing rate of \$15.50 for managers, \$13.00 for assistant managers, and \$10.65 for lifeguards. The hourly pay rate range is Manager - \$11.00-\$15.00, Assistant Manager - \$10.00-\$14.00, Lifeguard - \$8.50-\$10.50
3. Terminate the bid acceptance contract with Lifeguards Unlimited and proceed with in-house operations. The City has the authority to terminate the contract for any reason within a 30 day period. The City's hourly rates of \$9.55 - \$11.09 for managers, \$8.33 - \$8.84 for assistant managers, and \$7.76 - \$8.53 for lifeguards. Since the hourly rates are established in the City's Pay Ordinance, any suggested increase would first have to be presented to the Civil Service Board and then to Council, which presents an approximate three-month delay.

Ms. Riganti stated she would also like to note that the bid, as presented, also does not indicate that Lifeguards Unlimited will cover the following training costs as previously presented to the public: \$180.00 for new certifications; \$90.00 for recertification, and the \$29.00 refundable fee for a half day skills review. To honor this representation and avoid any impact on the City's youth, it would cost the City approximately \$5,000 for the certifications and an additional \$5,000 to hire a certified instructor to administer the training. Both of these expenses can be covered under the pool's FY17 budget.

The pool is scheduled to open at the end of May, therefore, to ensure that it is fully staffed and operational staff is seeking guidance from Council.

Councilmember Carr questioned whether the billing rate of \$10.65, under Option No. 2, would be the same for all of the senior lifeguards? Ms. Riganti stated that it would be.

Councilmember Carr questioned whether the City had the manpower to fully staff the pool at this point in time? Ms. Riganti stated although the City does have enough staff to open the pool, it could be problematic. Fourteen persons are needed on a daily basis which is the exact number of employees currently available. So the City would have to start recruiting and training additional guards in order to reduce the number of hours that will be required by the initial crew and ensure that subsequent weeks of operation are fully covered. Councilmember Carr asked Ms. Riganti if Lifeguards Unlimited had included swimming in their contract?

Ms. Riganti stated it had been included and still remains as a part of the contract.

Councilmember Carr stated that at this point, she does not see a disadvantage to proceeding with Lifeguards Unlimited, as long as the City has the funding to absorb the costs for training.

In her opinion, the utilization of Option No. 2 eliminates additional stressors placed on staff, offers lifeguards a higher rate of pay, and will provide a basis for the City to determine whether this company is a good fit going forward.

Councilmember Jennings stated although he would agree that the City should proceed with Lifeguards Unlimited, he is concerned that under Option No. 2 there are no safeguards to ensure that lifeguards will be paid \$10.65.

Councilmember Carr stated her assumption is that Lifeguards Unlimited would have a broader net of applicants that will allow the City to keep the pool open until Labor Day if that is the City's intent? Ms. Riganti stated that it was.

Councilmember Jennings stated his concern is based on the sliding scale presented in Option No. 2 which ranges from \$8.50 to \$10.50. And based on that scale the company could decide to pay the City's youth \$8.50 rather than the \$10.50 pay rate suggested by the City in order to boost their profits.

Councilmember Crow concurred with Councilmember Jennings' assessment that there was a potential for lifeguards to be paid two dollars less under Option No. 2. So, unless a specific rate of pay could be determined the City should put money into the kitty to ensure they receive the salary that was promised to them.

Councilmember Jennings noted that the same scenario presented in Option No. 2 would hold true for the assistant manager and manager.

Councilmember Crow questioned whether the City had already advertised the rate of pay as being \$10.65? Ms. Riganti stated that they had not.

Councilmember Jennings stated since this rate of pay has been a topic of discussion by members of the community, his belief is that it must have been advertised at some point in time.

Mayor Welsch stated she believes that the position, along with the anticipated rate of pay, had been disseminated throughout the high school.

Ms. Riganti agreed that the rate had been discussed publicly, however; the City had never placed this rate in any of their advertisements.

Councilmember Jennings stated while he understands that a mistake was made, some of these issues have been made public.

As a result, the City should bear some of the blame and proceed with Option No. 1, especially given the fact that the additional funding needed to execute this option is available in the FY17/18 budgets.

Councilmember Glickert asked Ms. Riganti if she could provide an explanation for the sliding scale on the pay rate in Option No. 2? Ms. Riganti stated that \$10.65 would be the actual rate

billed since there was no intent on the part of Lifeguards Unlimited to have a sliding scale. The sliding scale refers to the hourly pay rate.

Mayor Welsch asked Ms. Riganti if she could explain the difference between the pay rate and the billing rate illustrated by the two boxes under Option No. 2? Ms. Riganti stated that the first box, entitled "*Pay rate*," is an example of what the company would pay employees hourly as per the bid.

Councilmember Glickert asked if under Option No. 1, a first-year lifeguard would receive the same pay rate of \$10.65, as a lifeguard with four years of experience? Ms. Riganti stated that they would. Councilmember Glickert asked if the City had any employees who were already certified by the Red Cross? Ms. Riganti stated that they did. Councilmember Glickert asked if the City had any pending applications for lifeguards, and if so, whether they had been reviewed to determine what qualifications they possessed? Ms. Riganti stated they had received approximately twenty applications consisting of fourteen who are already certified and six that need to be trained. Councilmember Glickert stated that Councilmember Carr's suggestion to give this company a chance in order to determine what they can do was a good idea. So, although this does appear to be a really sloppy job on the City's behalf, he would be willing to go with Option No.1.

Councilmember Crow asked if any of the applicants had been informed about what they could expect to earn as a lifeguard? Ms. Riganti stated some applicants had received an offer letter with the rate included and that is when it was brought to staff's attention that the rate being offered by the contract was less than what the City had anticipated.

Councilmember Crow stated the question in his mind is whether \$8.50 or \$10.50 is competitive. If the City has been paying \$7.76, it would seem to make sense to go with Option No. 2, which at a minimum pays \$8.50; unless it contradicts what these applicants have already been told they would get paid. He stated that the City is really in kind of a gray area as far as what's right and what's wrong. And if staff needs to come back to Council in July and say we've got to sweeten the pot in order to attract more applicants, then he believes Council would be obligated to increase the rates. Councilmember Crow asked Ms. Riganti if Lifeguards Unlimited had a separate applicant pool? Recreation Specialist, Jessica Prichard stated that all of the City's applications had been forwarded to Lifeguards Unlimited. Deputy Director, Lynda Euell-Taylor informed Councilmember Crow that Lifeguards Unlimited did have its own pool of applicants, and is continuing to receive applications in preparation of staffing the Heman Park pool.

Mayor Welsch stated she is in favor of Option No. 2 as long as there had been no promises of a higher rate. However, she does not believe it is fair to pay a trained guard the same as a new guard. She stated what she does not understand is the billing rate in Option No. 2, where it lists the top rate of pay for an assistant manager as \$14.00, and yet their billing rate is only \$13.00.

Ms. Riganti stated that since the rate of pay is commensurate with an applicant's experience, the company's belief is that the profit received from the lower end of the pay range will compensate for any losses.

Mayor Welsch stated that since staff has confirmed that no promises had been made regarding the higher rate this appears to be the best option, especially because starting off at a higher rate is something the City would have to live with that could become problematic going forward.

Councilmember Jennings asked Ms. Riganti if she had any knowledge of what other municipal pools were paying their guards? Ms. Riganti stated that Lifeguards Unlimited uses these same rates for all of their locations.

Councilmember Smotherson stated he would agree to proceed with Option No. 2, in spite of the fact that he had the same concern as Councilmember Jennings; will they hire experienced guards when there's less money to be made by doing so? Councilmember Smotherson asked if the references provided by Lifeguards Unlimited had been verified? Ms. Euell-Taylor stated that they had been verified.

Mayor Welsch asked whether anyone from Lifeguards Unlimited would be working at the pool in the event of any problems? Ms. Riganti stated although there will be a City staff contact person with Lifeguards Unlimited; the lifeguards are actually employees of the company.

Mr. Adams questioned whether the City was going to be responsible for the cost of certifying residential guards? Council all agreed that that was correct.

Mayor Welsch asked Councilmembers Jennings and Glickert if they were okay with approving Option No. 2? Both Councilmembers stated that they were.

A consensus was reached by all members of Council to proceed with Option No. 2, and pay the Red Cross certification for U City youth.

2. Olive/I-170 Corridor Update

Ms. Riganti stated a Study Session was conducted in February, wherein Council authorized staff to issue an RFP in conjunction with this proposed development. After Council's review and comments, an RFP was issued on March 29th, with a submittal return date of May 1st. Direct copies of the RFP were distributed to 41 national and regional developers, the real estate community, property owners within the area, and the City of Olivette. A press release was also issued, and a copy was posted on the City's website and the Real Estate Developer's website.

Staff received one response from Novus Development Company, a local developer. To date, Novus has developed more than 1 million square feet of commercial space. Their mission is to transform ordinary locations into unique spaces.

All of their work is accomplished in-house, which allows them to retain ownership of their projects. Some of their projects that Council might be familiar with are the Market at McKnight and Manchester, which includes the Lucky's Supermarket; the Shoppes at Old Webster, and

the Terraces in Kirkwood. All of these projects were accomplished with a combination of public and private financing.

Ms. Riganti stated that although no drawings have been provided at this stage, Novus' proposal consists of 280 thousand square feet of retail space that will be developed in three phases.

- **Phase I:** Development of 200,000 square feet for an anchor store. At this point in time, Novus has only received a tentative commitment from the retailer and therefore, no name has been disclosed. This phase will be conducted primarily on the south side of Olive between 170 and McKnight. It will also include several properties located on the east side of McKnight, as well as the strip center located at the northwest corner of McKnight and Olive, and Mayflower Court, which is a residential area. The estimated completion time for Phase I is 24 months. A firm commitment by the anchor tenant is necessary prior to the commencement of this phase.
- **Phase II:** Development of an additional 70 thousand square feet of commercial space to be identified at a later time. This phase is anticipated to start twelve to twenty-four months after Phase I is open.
- **Phase III:** Development to be determined, but may include apartments. This site encompasses the storage center.

Ms. Riganti stated the proposal also includes; architectural renderings, artistic elements, bike-ped connections linking Ruth Park to the rest of the development, and the revitalization of adjacent neighborhoods by assisting residents in the relocation process. The public benefit noted is the transformation of Olive Boulevard, additional economic development, and the creation of 400 jobs. No potential taxable sales were disclosed.

The key element of this proposal that is lacking is financing, and additional due diligence will be needed to determine if the project benefits the City. Novus proposes that the City engage with a third party consultant, under a confidentiality agreement, who will discuss and make recommendations on potential financial mechanisms; their impact to the City, and whether or not they think the development is a good return on the City's investment. Based on their recommendations, Council would then make a determination with respect to the developer. Ms. Riganti stated her recommendation is that Council proceeds in this manner after additional information is provided.

Councilmember Carr asked Ms. Riganti if staff would have to issue an RFP to find a redevelopment consultant?

Ms. Riganti stated that although staff is able to provide Council with names of several firms who engage in this work, at this point in time, they are trying to ascertain what the cost would be in order to determine which category it would fall under per the City's purchasing policy and the type of bidding process required.

Councilmember Jennings asked Ms. Riganti if Novus had provided any characteristics about the anchor tenant?

Ms. Riganti stated what she can say is that the anchor store would consist of approximately 200,000 square feet. Councilmember Jennings stated he is a little concerned about the fact that this RFP was sent out to 41 national and regional developers and only one response was received. So first, he would like to gain a better understanding of why and whether additional steps could be taken to attract more interest in the project.

Second, he would like to see a project that identifies, enjoins and promotes minority involvement; either in the area of construction or joint ventures and is a true reflection of the people who live in the 3rd Ward.

Councilmember Smotherson asked Ms. Riganti if she could provide Council with the names of the firms referenced? Ms. Riganti stated her preference would be not to provide any names at this time, in the event the purchasing policy requires that the contract be placed out for a bid.

Councilmember Glickert asked Ms. Riganti if she could reiterate what was being proposed for the area east of McKnight? Ms. Riganti stated businesses located to the east of McKnight; which include a Mexican Restaurant and an auto repair shop, are to be included in Phase I of the project. Councilmember Glickert asked if Phase II was proposed to extend further east? Ms. Riganti stated Phase II would start to the west of Nobu's, and will extend all the way down to the storage facility. Phase III would include the storage facility and Torah Prep.

Councilmember Glickert acknowledged Councilmember Jennings' concerns and reminded him that the City does have an Ordinance which requires 20% minority participation.

Mayor Welsch asked Ms. Riganti what she anticipated the City's investment in this project would be since none of the property is owned by the City? Ms. Riganti stated her comment regarding, "*Our investment*," pertained to the community's investment. The Mayor asked Ms. Riganti if she could provide answers to the following questions:

1. How does a public/private partnership work?
2. Has anyone reached out to the business owners in this area regarding the City's redevelopment efforts?
3. Is the City basically going to be asking a developer to come in and try to make this work, since there is no City-owned land being offered?
4. Why wouldn't a developer try to buy these properties on their own?

Ms. Riganti stated that the RFP was issued because with any kind of redevelopment of this nature there will be some type of request for public financing. The TIF process calls for the submittal of a Redevelopment Plan, so the RFP was issued in anticipation of garnering a Redevelopment Plan that could later be used if Council elected to proceed with this process.

Mayor Welsch stated she also shared Councilmember Jennings' concern regarding the number of responses received. Moving forward, the Mayor encouraged everyone to be very respectful of the businesses and homeowners who have been emotionally and fiscally committed to U City for years. She stated that this type of redevelopment can create a lot of uncertainties and has the potential to make everyone who may be impacted a little nervous.

Councilmember Jennings stated two things mentioned by this developer during the Study Session was that the time for development is now and that they had talked to other developers who were interested in this project. So again, it just seems a little suspect that no one else responded. He stated there was something else that Council has talked about in the past, and he hopes his colleagues will be committed to, is that no consideration would be given to the use of eminent domain for the acquisition of any properties.

Councilmember Carr stated Council has been given a mandate to redevelop Olive and if this option is not at least explored, in a sense, they would be dropping the ball on the directive handed out by this community. So, while she hopes she is not sticking her neck out by saying the wrong thing, in her opinion, the reason why other developers are not knocking at the City's door is because most of them would prefer to work with property that was owned by the City. Asking a developer to acquire the property is unique, and a much harder task to fulfill because it usually means offering more than fair market value. That's why it's her belief that this one developer, who seems to have the potential to bring in a large retailer, is worth investigating. Councilmember Carr reminded Council that what happened in Olivette was a result of financial institutions who were not interested in lending because of the economic downturn, as well as the fact that the City had absolutely no plans for redevelopment. This, on the other hand, is kind of like a leading edge, so she is in favor of hiring a consultant to advise the City on where they should go from here.

Councilmember Crow stated although he too would have loved to see greater participation from the development community, he does think this is probably a little more unique than most redevelopments. But on the other hand, he would remind his colleagues that Gateway was the only company that responded to the City's RFP for emergency medical services and no spoke up or shared his concerns about that fact.

Councilmember Crow stated he would respectfully disagree with the notion that this section of the Olive/I-170 corridor is an economic hub because the demographics of the area do not support this conception. So he thinks that Council must be candid about their thought process and recognize that any developer is going to be looking at the spending power of the surrounding communities, which from their perspective, may not make this an attractive piece of land.

Councilmember Crow asked his colleagues to recall that there were countless starts and stops that encompassed several years before the developments along Hanley and Dale were complete. And today, it has progressed to the point where new retailers must pay the highest price per square foot to get into this area than any retail location in St. Louis. So these kinds of developments are challenging. And in order to achieve total redevelopment of Olive, that development may have to resemble the same process undertaken by Richmond Heights. Councilmember Crow reassured Councilmember Jennings that everyone would be respectful of the need to honor or exceed the City's minority participation requirements. Consequently, he thinks it would be interesting to see what the developer has in mind and Council should allow staff to move forward with the next steps.

Councilmember Smotherson stated something interesting he had learned at one of the 3rd Ward meetings is that many of the residents who live on Mayflower are actually ready to move.

So although he understands that this is an ugly area and there is a need to respect the businesses and homeowners who have remained loyal over the years, the redevelopment of Olive Boulevard should not be premised on these individuals, it should be premised on the future of this City. This is an area that has been completely underserved and it's time to do something about it.

Councilmember Jennings stated although no deals have been consummated, the fact that some of these residents have already been offered money for their property was a little disconcerting. And based on his definition, he would beg to differ with respect to whether or not this location should be considered as an economic hub. But more importantly, this is his Ward, as well as his home, and no significant development has taken place in over fifty years. He stated that in spite of the fact that he is still not totally satisfied with only one response, he would agree that this just might be their only shot at the apple.

A consensus was reached by all members of Council to proceed with the next step to engage a third party consultant.

ADJOURNMENT

Hearing no additional questions or comments, Mayor Welsch adjourned the Study Session at 6:17 p.m.

Larette Reese
Interim City Clerk