

**UNIVERSITY CITY COUNCIL
STUDY SESSION
5th Floor of City Hall
6801 Delmar
October 22, 2018**

1. Meeting Called to Order

The City Council Study Session was held in the Council Chambers on the fifth floor of City Hall, on Monday, October 22, 2018. Mayor Crow called the Study Session to order at 5:30 p.m.

In addition to the Mayor, the following members of Council were present:

Councilmember Steven McMahon
Councilmember Paulette Carr
Councilmember Jeffrey Hales
Councilmember Tim Cusick
Councilmember Stacy Clay
Councilmember Bwayne Smotherson

Also in attendance was City Manager, Gregory Rose; City Attorney, John F. Mulligan Jr.; Director of Public Works, Sinan Alpaslan; Project Director, Jenny Wendt; Interim Planning Director, Rosiland Williams, and Senior Services Coordinator, Marcia Mermelstein.

2. Changes to Regular Council Agenda

Hearing no changes to the Regular Council Agenda, Mayor Crow asked Mr. Rose to proceed with the presentation of items for this session.

3. ITN Gateway Update

Requested by the City Manager

Mr. Rose stated as a part of this fiscal year's annual operating budget, the Mayor and Council allocated \$5,000 for ITN Gateway scholarships; with the caveat that performance measurements be developed. An update on that requirement will be presented tonight by Interim Planning Director, Rosalind Williams.

Ms. Williams stated a copy of the memorandum she is about to discuss has been provided to Council.

In 1995 the ITN Gateway Program was initiated in St. Charles and has since been introduced in several neighborhoods throughout the St. Louis area. This year the program was initiated in U City, along with a \$100.00 scholarship for seniors with limited incomes or extraordinary needs. The service operates 24 hours a day; will take riders anywhere and provides arm-to-arm/door-to-door service for a minimal fee. Ms. Williams stated although direct questions regarding an applicant's income have been excluded from the application to encourage participation, surrogate measures were established to assist with making a needs assessment. There are approximately 35 scholarships available.

Performance measures include:

1. The number of participants utilizing a scholarship;
2. The number of rides a scholarship recipient takes;
3. The various destinations being requested;

4. The recipient's feedback on the quality of service rendered;
5. Success of the marketing program; newsletters to seniors, and
6. Whether recipients continue to utilize the service after their scholarship funds have been exhausted.

Ms. Williams stated the goal is to introduce this ridership alternative to individuals who customarily would not have used this mode of transportation based on the cost.

Mr. Rose stated the performance measurements being proposed are identified on page 2 of the memo, so if Council has any questions regarding how staff is proceeding with this program or the measurements, please do not hesitate to contact them.

Councilmember Carr stated unless a recipient only takes a limited number of rides \$100.00 is really not going to last very long. So her thinking is that perhaps, there should be some way to garner feedback sooner because you could miss out on collecting it from the vast majority of riders if you wait six months; especially if they decide that they can no longer afford the service.

Senior Services Coordinator, Marcia Mermelstein stated the short answer is yes; although she is not exactly sure she has a clear understanding of the question being asked. If the question is premised on your belief that waiting six months to collect feedback is too far out because most riders will have exhausted their funds, then the answer is that in order to garner that feedback sooner, she would have to access the evaluation tool utilized by ITN and provide it to riders.

Councilmember Carr stated if a rider is using a City scholarship she thinks that after two or three rides, they would be willing to help staff evaluate whether this program has been effective. Because if we wait for ITN to do it in six months and that rider has already exhausted their scholarship funds they may never receive a response back to their evaluation. Ms. Mermelstein asked Councilmember Carr how many months out would she like her to collect the data?

Mr. Rose stated he would imagine that staff could produce a tool that would allow them to conduct a monthly rider survey to address Councilmember Carr's concerns. Ms. Mermelstein stated that they could.

Councilmember Carr stated the proposed measurements do not provide her with a clear picture of how this service is really being used, so she would also suggest that the survey include questions like; how frequently do you use this service or how far do you usually travel? She stated her assumption is that this same proposal will come before Council again, during the next budget review; which is roughly eight months from now, so she would like to at least have some information on how efficacious this program is and what kind of a reach it actually has to the senior and vision limited community. Ms. Mermelstein stated most of the scholarships have already been awarded, so would the first of each month be okay, starting with December 1st? Councilmember Carr stated she thinks the December date would be a good time to start the survey because it would allow staff the time to develop the survey.

4. Solid Waste Rate Study Update

Mr. Rose stated if you recall, a rate study that provides for forecasts relative to revenue sufficiency has not been conducted; from what staff can tell, in recent years. In 2016 a rate review was conducted that addressed a budget gap in Fiscal Year 2017. He stated while it is certainly not his intention to request a rate increase for the next Fiscal Year; 2019/2020, he does think it is important for the Mayor, Council, and the public to understand when the next rate increase will be needed. So at this point, the Public Works Director, Sinan Alpaslan will highlight the objectives of the rate study.

Mr. Alpaslan stated Solid Waste is one of the divisions that fall under the Department of Public Works.

What Does the Solid Waste Division Do?

- Residential and Commercial Collections
- Weekly Curbside and Dumpster Collection of Trash and Recycling; trash is transferred into large trailers at the Transfer Station and hauled to landfills
- Weekly Yard Waste Collection; waste is staged in the City's nursery located at Ruth Park and hauled away by St. Louis Composting under a contract for yard waste and leaf collection
- Biannual Leaf Collection and mulch operations; performed by the Street Division and paid for out of the Solid Waste Fund
- Biannual Bulk Collection and Special scheduled collection of bulk waste
- Direct haul recycling into the processor
- Street Sweeping; performed by the Street Division and paid for out of the Solid Waste Fund
- Coordination of special trash and recycling collection programs
- Special scheduled delivery and removal of rental carts and dumpsters
- Alley Clean-up
- Recycling drop-off area
- Convene special recycling events; electronic recycling event twice a year
- Operation and Maintenance of the Transfer Station
- Operation and Maintenance of the Recycling Drop-Off
- Operation and Maintenance of solid waste equipment
- And MORE!

Calendar of Events - Rate Study:

- October 12, 2018 - RFP issued for a consultant
- November 8, 2018 - Due date for proposals
- November 15 - Complete review and evaluation of proposals
- November 26 - Council Approval
- December 11 - Consultant Issued Notice to Proceed
- January 2019 - Creation of Solid Waste Rate Study Task Force
- January thru May 2019 - Solid Waste Rate Study
- June 2019 - Final Report

Mr. Rose stated the role of the Task Force will be to work with staff on the rate structure; evaluating the study, and making recommendations to himself and Council and on what revenue sufficiency should entail and what the City's rate structure should look like.

Mayor Crow asked Mr. Rose if he knew when the last Rate Study had been conducted? Mr. Rose stated there has not been a rate study conducted in recent years from what they can tell. A rate review was conducted in 2016, but it only looked at a one year period, which was for 2017.

Mr. Alpaslan stated the one thing he would like to highlight under the scope of work summary, is that at the end of the review staff will also receive a user-friendly computer rate model and manual that will allow them to plug in the numbers and evaluate the efficiency of rates for future years.

Consultant's Scope of Work - Summary:

- Review current solid waste procedures and policies and regulatory requirements as they affect efficiency, operations, capital projects, revenue program requirements, and rate structures.
- Identify and summarize the City's current rate structure, operating expenses, capital costs, revenue streams, reserve funds, and billing program.
- Determine the sufficiency of the current rate structure to meet on-going needs, along with a projection of how long the structure will be sufficient.
- Review the impact of projected new developments on rates.
- Prepare a draft report for City review. Incorporate City comments in the final report.
- Determine recommended rates for the next 4 fiscal years and a forecast for up to 10 years.
- Prepare a user-friendly computer rate model and manual for City use.

Solid Waste Budget Information (FY2018)

- ❖ *Includes all assets, maintenance, and operational expenditures.*
- ❖ *Associated expenditures for street sweeping are included within these totals.*

Expenditures:

Program	Personnel	Contractual	Commodities	Capital Outlay	Totals
Solid Waste Admin.	183,100	60,200	11,000	0	254,300
Solid Waste Operations	915,700	1,481,400	232,900	39,000	2,669,000
Leaf Collection	175,600	150,500	1,000	0	327,100
Total	1,274,400	1,692,100	244,900	39,000	3,250,400

These are the yearly revenue totals for special programs.

Special Programs Revenue:

- | | <u>Program</u> |
|------------|---|
| • \$79,838 | Total yard waste sticker sales |
| • \$17,760 | Mulch and compost sales |
| • \$31,047 | Total special bulk and trash collection program |

- \$29,160 Total recycling revenue (includes single stream, metals, textiles)
- \$1,550 Total transfer station disposal fees collected

Grants:

- \$50,000 grant to purchase 95-gallon recycling carts and educational material from Solid Waste Management District.
- \$20,000 grant for an electronics recycling event with free CRT TV recycling from Solid Waste Management District.
- \$36,000 waste diversion grant from St. Louis County Department of Health to increase commercial recycling along Olive Boulevard.

Residential Solid Waste Rates:

- ❖ *The Rate Study will include an evaluation and comparison of the City's rates with other municipalities.*

Current Rates (As of September 2016)

Category	Rate (per 6 months)
Single and Two-Family	\$110.10
Single and Two-Family (Senior)	\$93.30
Single and Two-Family Alley	\$118.44
Single and Two-Family Alley (Senior)	\$102.54
3+ Units with Alley Mechanical	\$78.60

- ❖ *The last 12% increase occurred in FY2017 and generated an additional \$340,000 of revenue for the Solid Waste Division.*

Previous Rates (FY2009 – FY2017):

Category	Rate (per 6 months)
Single and Two-Family	\$98.58
Single and Two-Family (Senior)	\$83.58
Single and Two-Family Alley	\$106.02
Single and Two-Family Alley (Senior)	\$91.80
3+ Units with Alley Mechanical	\$70.44

- ❖ *This list includes all of the outstanding balances from prior years.*

Solid Waste Bills, Revenue, Balance:

- As of 06/30/2016 - Aging Balance \$1,109,965.00
- Total Charges Billed FY2017 (Revenue) 2,955,117.00
- Total Charges Billed FY2018 (Revenue) 2,981,561.00

- Collected during FY2017 2,906,845.00
- Collected during FY2018 2,917,427.00
- As of 06/30/2018 - Aging Balance 1,222,371.00

Councilmember Hales asked if any regulations were in place that would permit St. Louis County to collect the City's revenue for trash service on an annual basis? Ms. Wendt stated that the St. Louis County Department of Public Health provides contractual services for unincorporated areas, but has no responsibility for municipalities that maintain their own service.

Mr. Mulligan stated while he would concur with Ms. Wendt's comments, he does think that historically there has been a practice where liens have been placed on properties with a delinquent account and if and when a property is sold, the title company calls the City to determine the exact amount of due; which includes the original debt plus 8% interest, and then issues the City a check in that amount. Of course, there are always exceptions; for instance, when a house is not transferred through a title company.

And under Mr. Walker's administration, a decision was made to involve a collection agency, and a percentage of the amount collected was paid to the agency. Also during that same period of time, portions of the Code were amended to include various enforcement provisions to reduce this backlog; i.e., the cancellation of service or refusal to issue an Occupancy Permit until all delinquencies were collected. However, in practice, he is not sure how effective those provisions really were.

Councilmember Carr posed the following questions to what she perceives has been an ongoing problem:

1. Have any enforcement mechanisms been established for apartments, multi-family units or not-for-profit organizations?
2. Does Wash U utilize U City's trash service, and if so, are they a paying customer?
3. Does the City have a way to keep track of who is paying for this service?

Councilmember Carr stated she's noticed that some people are actually dumping their trash at the Recycling Center.

Mr. Alpaslan informed Councilmember Carr that Wash U does not use any of the City's Solid Waste services.

Mr. Rose stated to ensure that any information provided to Council is accurate, he would suggest that this type of inquiry, as well as a determination on what kind of options related to collections are available, be included as a part of the rate study.

Councilmember Carr asked if there was a reason why the revenue from the total transfer station disposal fees was so low? Mr. Alpaslan stated the fee of \$100.00 per dump may be the reason why this service has not been utilized by many residents. However, the \$1,550 amount collected only represents singular residential use, rather than a commercialized use. However, the study could recommend that this asset is opened up for commercialized use, which would increase the revenue. At this point in time, the only commercial use is Wash U's quadrangle housing which has a very minimal contract. Councilmember Carr asked if the \$100.00 rate was the same for Wash U's contract? Mr. Alpaslan stated that it is, but that's because it's also based on a single individual user.

Councilmember McMahon stated he was going through the numbers on the current and previous rates, and wanted to make sure he was looking at it right. It seems like in the last two fiscal years; 2017 and 2018, the City has collected 98% of what was billed? But then when you look at the aging balance and take the difference between what was collected in 2017 and 2018, it adds up precisely to the \$1,109,965.00 aging balance from 06/30/2016. So did the City make any attempts to collect any of that aging balance in those two years? Ms. Wendt stated her belief is that the revenue collected during that two year period includes some of the previous collections received, as well as some of the new accounts that became delinquent. So it's a rolling number. Councilmember McMahon stated it seems like the City is missing about \$50,000 a year, so do we know how many years this aging balance goes back? He stated not having that knowledge really seems to exaggerate the problem, especially when you're collecting 98% year-to-year.

Mayor Crow stated he thinks Councilmember McMahon's estimate of \$50,000 a year of uncollectible debt is right. But he also thinks that it has been that way for a very long time. And as he recalls, there were times when the City has made collection attempts but was prevented from doing so because of a State law that actually wipes the debt clean.

Mr. Mulligan stated with respect to the balance, you also have to include the 8% interest that uncollectable accounts incur per year. So if your principal is a million dollars, your interest is about 80 grand a year.

He stated that the law Mayor Crow is referring to pertains to someone who buys property at a tax sale. When property is purchased at a tax sale for back taxes the new owner can file a quiet title action requesting that the City's lien be wiped out because under State law there's a good argument as to why it should be. But as Mr. Rose mentioned, once the study is complete staff will be able to provide Council with an informed presentation on how we got here; the number of properties involved; how long they've been delinquent; what efforts have been made to collect fees, and a history of what has been successful.

Councilmember Smotherson asked why residential delinquencies could not be attached to St. Louis County personal property taxes? Mr. Rose stated currently staff is not aware of what collection options are viable, but his inquiry would also be reviewed by the Task Force and consultant. Councilmember Smotherson stated another thing he would like to see the City adopt is a policy prohibiting landlords from transferring their responsibility for paying trash bills to their tenants. Mr. Rose stated that is certainly something the consultant can consider when making recommendations that will result in a more effective collection of those revenues.

Councilmember Smotherson stated he is aware of two streets where he can identify four households that do not have trash service. And he recalls another incident when he was standing outside on George Street with several City employees when a kid from one of those same households walked out of the house with a trash bag, spoke to everybody and then walked straight down the street and put his trash in a dumpster belonging to a business. So he would be curious to see the results on who is and who is not paying for this service.

Ms. Smotherson asked if someone who owns a home that's vacant is required to pay a trash bill? Mr. Rose stated vacant homes are required to pay for trash service, although that's certainly a policy decision the Mayor and Council could change. But the capital costs for the City to operate its trucks would only be minimized if the entire street was eliminated from a run, versus just one home. The other issue is that in some instances; especially multi-family or tenant/landlord properties, owners may never take the property out of their name, which prevents the City from knowing when the occupancy has changed. So to forego the entire trash bill might create some unintended consequences.

Councilmember Clay stated Council recently viewed a presentation about the challenges associated with the ambulance service, and while this problem clearly is not as pronounced, it illustrated some issues with collections. So the larger question about collections in general is, whether there's something we need to be doing perhaps, at a systemic level, as opposed to looking at multiple solutions that might provide the City with some type of uniformity in the area of collections? Mr. Rose stated, here again, that is part of the reason for conducting this study, to determine how severe of a problem this really is and whether legislative changes are needed to be more effective or whether the City needs to seek out other partnerships; for example, with utilities. Mr. Rose stated they understand what is occurring, but they don't completely understand the issue at this point. So they've got to take a deeper dive to better understand what is creating this problem.

Councilmember Clay stated although he is confident the City will conduct the necessary due diligence, however, just the mention of enjoining our collection efforts with utilities, made the hairs on the back of his neck stand up. Mr. Rose stated by no means should his comment be interpreted as a recommendation, it's simply an example of something that could be an option.

Councilmember Cusick questioned whether the amount of money that would have been paid on liens that ultimately get written off when a home is purchased during a tax sale still included in the aging balance or is it removed? Mr. Mulligan stated his assumption is that once it's wiped off and it would no longer be included in the accounts receivable. But since he did not prepare this presentation he's unaware of what the totals actually include.

Director of Finance, Tina Charumilind stated if the outstanding balance is paid when the property is sold, then it gets included in the accounts receivable. But if it is written off at a tax sale, all of the City's liens are waived and the delinquent amount is taken out of accounts receivable and deducted from the aging balance.

Councilmember Cusick asked if the City was still actively placing liens against a property when an account is in arrears? Ms. Charumilind stated if someone does not pay three bills in a row, their service is cut off. If it still has not been paid and the service remains off for two weeks, a lien is recorded, and after 60 days the account is sent to a collection agency.

Mr. Rose advised Council that staff's intent is to move forward with the study pursuant to the timeline presented this evening under the Calendar of Events.

5. Roll-Call vote to go into a Closed Council Session according to RSMo 610.021 (1) Legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys.

Mayor Crow stated since he does not think there is enough time to go into an Executive Session, he would ask Council to move forward with the open public session at 6:30 p.m.

6. Adjournment

Mayor Crow thanked everyone for their attendance and closed the City Council Study Session at 6:13 p.m.

LaRette Reese,
City Clerk