

**STUDY SESSION
OF THE UNIVERSITY CITY COUNCIL**
5th Floor of City Hall
6801 Delmar
April 8, 2019

AGENDA

Requested by the City Manager

1. MEETING CALLED TO ORDER

The City Council Study Session was held in Council Chambers on the fifth floor of City Hall, on Monday, April 8, 2019. Mayor Terry 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, and Project Manager, Jenny Wendt.

2. CHANGES TO REGULAR COUNCIL AGENDA

Councilmember Smotherson requested that a discussion on Aging Ahead, formerly known as the Mid-East Area Agency on Aging, be added to Other Discussions/Business under Section P of the agenda. He stated he anticipates that members of U City's senior group will be in attendance at tonight's meeting to speak on this topic.

Mayor Crow asked Councilmember Smotherson if this was a discussion for the entire Council? Councilmember Smotherson stated while the discussion is certainly open to the entire Council, his request is based on a desire to bring everyone up-to-date with what is going on with this organization.

Councilmember McMahon moved to approve the agenda as amended, seconded by Councilmember Hales and the motion carried unanimously.

3. COST FOR RECYCLING PROGRAM

Mr. Rose stated the economics of recycling are changing as a result of China's new policy to no longer accept these goods. As such, the City's operation is incurring more costs and he has asked the Public Works Director, Sinan Alpaslan and his Project Manager, Jenney Wendt, to provide Council with an overview of the impact of this change and the possible options for this program going forward.

Mr. Alpaslan stated as a result of these increased costs and other related events, staff have sought the assistance of an outside consultant to complete a Solid Waste Rate Study. The consultant's final product is scheduled to be released next month, and based on those results staff will be able to make recommendations to Council on the need for any rates changes to the Solid Waste Program.

Also related to this discussion is an item on Council's regular agenda regarding the acceptance of a grant to perform a feasibility analysis for the Material Recovery Facility.

Ms. Wendt, the City's in-house recycling expert made the following presentation.

Background:

2008 - University City discontinued its MRF (materials recovery facility) and began contracting single-stream recycling (all curbside recyclable materials in one container). This generated revenue for University City.

2008-2018

- Commodities were often sold overseas with China as the primary buyer (*regionally mainly for mixed paper*)
- Increased participation led to increased contamination
- China began a crackdown of imports in 2013, by heightening its port inspections, and that resulted in regulations to reduce the volume of waste imports.

2018 – Implementation of the National Sword Policy: Ban on foreign recyclables

- The abrupt changes caused markets to collapse and recycling rates to increase. This was primarily due to the lack of domestic infrastructure to process these materials.

2018 – Resource Management

- The St. Louis Recycling Plant closes leaving Republic Services as the only recycling plant in the region.

The Reaction:

- In October 2018, the Green Practices Commission discussed these rising costs and the alternatives to single stream recycling. The decision was made to monitor the rates for six months and then reassess the situation.
- Regional recycling infrastructures, i.e., paper mills, started to be built and recommissioned, and recycling plants began adding equipment to generate clean bales of mixed paper. Both of these efforts will increase the value and sale of mixed paper, and as these new paper mills come online the anticipation is that the paper markets will improve.
- Ongoing and increased education of what belongs in curbside recycling containers by U City.

Current Waste Disposal Rates:

- Previous, Single Stream Recycling ranged between \$10.00 plus/or minus, per ton and landfill costs were \$35.00 per ton, which resulted in a surplus of funds.
- Today, Single Stream Recycling equals \$80 per ton; with an average of 3,000 tons per year, the cost is \$240,000 per year. The total cost offset by recycling drop-off sales is estimated to be \$200,000 per year if rates remain stagnant. This rate is anticipated to decrease as the market improves.
- Landfill Costs are now \$46.00 per ton and based on an average of 12,000 tons per year, the City will need to pay \$552,000 per year. Since rates increase biannually it is estimated that the per-ton cost will increase to \$100.00 if the rates remain where they are now.

- ❖ ***It is important to note that removing the recycling disposal will not save \$200,000 per year as the materials would still need to be disposed of in the landfill at an added cost of \$138,000 (with no offset from recycling sales).***

The Solid Waste Fund:

| | Annual Budget | Adjusted Budget | YTD Actual | YTD Encumb | 2019 Actual As % of Adjusted Budget | 2018 2nd Qtr Actual | 2018 Actual As % of Budget |
|---|------------------|------------------|------------------|---------------|-------------------------------------|---------------------|----------------------------|
| SOLID WASTE FUND | | | | | | | |
| Service Charges | 3,051,000 | 3,051,000 | 1,519,380 | | 49.8% | 2,218,400 | 73.6% |
| Miscellaneous Revenues | 69,500 | 69,500 | 7,170 | 0 | 10.3% | 15,491 | 46.2% |
| Interest Revenue | 2,000 | 2,000 | 0 | 0 | 0.0% | 1,366 | 91.1% |
| Total Revenues | 3,122,500 | 3,122,500 | 1,526,550 | 0 | 48.9% | 2,235,257 | 73.3% |
| Solid Waste Fund Expenditures: | | | | | | | |
| Administration | 234,400 | 234,400 | 115,347 | | 49.2% | 101,393 | 30.7% |
| Operations | 2,709,000 | 2,737,100 | 968,325 | 12,056 | 35.4% | 1,094,775 | 41.6% |
| Leaf Collection | 367,100 | 367,100 | 95,306 | 28,684 | 26.0% | 129,127 | 31.4% |
| Capital Improvement | 35,000 | 35,000 | 15,116 | 27,856 | 43.2% | 0 | 0.0% |
| Grants | 0 | 0 | 33,805 | 3,835 | #DIV/0! | | |
| Total Expenditures | 3,345,500 | 3,373,600 | 1,227,899 | 72,431 | 36.4% | 1,325,293 | 37.1% |
| Total Operating Surplus (-Deficit) | (223,000) | (251,100) | 298,651 | | | 909,962 | |
| Operating Revenues Over (Under) Expenditures | (223,000) | (251,100) | 298,651 | | | 909,962 | |
| Transfers to General Fund | 0 | 75,000 | 0 | | | 0 | |
| Operating Revenues Over (Under) Expenditures | (223,000) | (176,100) | 298,651 | | | 909,962 | |

- ❖ ***The audited fund balance as of June 30, 2018, is \$1,527,297***

Other Municipalities:

- All municipalities in St. Louis County are providing single-stream recycling for their residents, except Wildwood, who filed for a variance with the County to switch to dual stream; i.e., containers one week and paper the next week. They have completely removed glass from the acceptable materials and established drop-off locations.
- Certain areas within St. Charles County that do not have the same County regulations have made changes varying from dual stream to removing certain materials from their acceptable list.
- It was reported that Kirkwood initially discontinued their single-stream program but backpedaled after blowback from the community.
- Many municipalities are considering other options outside of single stream but so far no one other than Wildwood has made a change.

Options:

- Removing glass from the curbside collection and collecting it via drop-off containers or as a separate route. This would reduce the City's cost per ton and the drop-off material could be sold for a profit.
- Removing the fiber from the curbside collection and collecting it via drop-off containers or as a separate route. The City would not receive a reduction in its rates.
- Dual Stream: paper and cardboard separately from plastic, metal, and glass containers. This system is estimated to be more profitable.
- Continue with Single Stream and Monitor the Cost.
- Reopen the Materials Recovery Facility (MRF). The City closed this facility in 2008 and started sending recyclables to Republic. The setup remains but the equipment is no longer available. Therefore, the reopening of this facility would require the following:
 - Necessary equipment, labor, space, time, etc. will all need to be evaluated.
 - Revenue received from selling materials and possible partnerships with outside organizations will need to be evaluated.
- Kirkwood, Brentwood, Valley Park, and Normandy have all expressed interest in providing funding support to reopen the MRF.
- The City received a grant in the amount of \$24,000 to conduct a basic study of these options.
- With a City contribution of \$16,000, all options could be analyzed to determine the implications of each of these recycling programs.

Mr. Rose stated he has asked staff to explore a potential partnership with cities that have expressed an interest in restarting the MRF operation to offset some of the cost for the feasibility study. As you know, staff is currently in the middle of the budget process and at this time he does not see a need for recommending an increase in fees for the solid waste operation. However, the reason for the study is to determine exactly when there will be a need for an increase, so he does not want Council to be surprised when it becomes necessary for him to make such a recommendation.

Councilmember Clay asked if it was correct that the only place to recycle the plastic shopping bags from Schnucks was at a Schnucks store? Ms. Wendt stated all of the grocery stores, as well as the City's drop-off, has a container for plastic film. Councilmember Clay asked whether the matching funds for the MRF grant would manifest as personnel costs? Ms. Wendt stated that it would since there are no funds allocated in the grant to address those expenditures.

Mr. Rose stated in order to do a thorough review of these issues there will likely be a need for the additional \$16,000. And if the City is not successful in partnering with other jurisdictions then his recommendation will be that the money comes out of Solid Waste.

Councilmember Cusick asked what the City's recycling operations would consist of if the MRF was reopened? Ms. Wendt stated the most feasible options; which for the most part will depend on the available space and layout will be determined by the study.

Councilmember Cusick asked if it was staff's intent to wait until the study was complete before making a recommendation on how the City should recycle glass and fiber? Ms. Wendt stated while there are several ways that it could be done, she would like to use the \$16,000 to study all of the options because frankly, she does not think that taking the time to pull out fiber would be much of a benefit since there will not be a reduction in the cost per ton. Glass could be an option, but at this point she does not know how cost-effective it would be to do a separate collection or install drop-offs throughout the City.

Councilmember Hales made a motion to go into a Closed Session, it was seconded by Councilmember Carr.

Roll Call Vote Was:

Ayes: Councilmember McMahon, Councilmember Hales, Councilmember Cusick, Councilmember Smotherson, Councilmember Clay, Councilmember Carr, and Mayor Crow.

Nays: None.

4. 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.

5. **ADJOURNMENT**

Mayor Crow adjourned the Study Session to go into a Closed Session at 5:47 p.m.

LaRette Reese
City Clerk