

City Commission of Arkansas City Meeting Minutes

The Arkansas City Board of City Commissioners met in regular session at 5:30 p.m. Tuesday, July 19, 2016, in the Commission Room at City Hall, 118 W. Central Ave., in Arkansas City.

Mayor Duane L. Oestmann called the meeting to order. Those also present at roll call were Commissioners Dan Jurkovich, Charles Tweedy III and Karen Welch. Commissioner Jay Warren was absent from the meeting.

City employees present at roll call were City Manager Nick Hernandez, Public Information Officer Andrew Lawson, City Clerk Lesley Shook, Finance Director Kathy Cornwell, Public Works Director Eric Broce, Assistant Public Works Director Mike Crandall, Neighborhood Services Superintendent Richard Brown, City Planner Josh White, Police Chief Dan Ward and Fire Chief Bobby Wolfe.

South Central Kansas Medical Center officials in attendance were chief executive officer Virgil Watson and chief financial officer Holly Harper.

The Arkansas City Public Library was represented by director Mendy Pfannenstiel. Cherokee Strip Land Rush Museum was represented by director Sandy Randel and board chair Dotty Smith.

Citizens in attendance included Crystal Bowman, Albert Brown, Ken Harader, Bob Mathews, CourierTraveler reporter Cody Griesel and Daily Bytes reporter Jeni McGee.

Pastor Mark Fry offered the opening prayer. Mayor Oestmann led the pledge of allegiance.

Agenda Changes and Approval

City Manager Hernandez asked to add traffic engineering services as the first and only item under Old Business.

Mayor Oestmann moved to amend the agenda as requested. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the agenda amended.

Commissioner Tweedy moved to approve the agenda as amended. Commissioner Welch seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the agenda approved.

Recognition of Visitors

Holly Harper said average daily census, surgeries, outpatient visits and emergency room visits all are down from this time last year. Census is at its lowest level in the last year and about half of where SCKMC prefers to see it.

However, she said there has been a slight increase in patient days, year over year, but those patients are not being kept in the medical center as long. Commissioner Tweedy asked if this was due to the retirement of Dr. Robert Yoachim. She said it could be a contributing factor, plus Dr. Adam Keesling still is getting up to speed.

Commissioner Jurkovich asked how this was trending from a couple months ago. Harper said the numbers have been down all year. Medicare and insurance prefer to pay on an outpatient basis and incentivize accordingly.

Revenues actually are up by \$1 million, but so are deductions, so operating revenue grew just \$200,000.

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Meanwhile, expenses also increased year over year, so the total operation's net loss actually has gone from \$929,000 to more than \$1 million, an increase of almost \$150,000 since 2015.

Simultaneously, the hospital's cash has grown by \$250,000 to \$669,000, but the amount it has paid out to South Central Kansas Clinic (SCKC) has almost doubled to \$600,000. Accounts payable has grown by more than \$400,000 from this point last year, but is down more than \$500,000 from just a few months ago.

Harper also explained SCKMC now is required to show its pension liability on its balance sheet, which is the amount it would owe if it were to exit the KPERs system immediately. That number is nearly \$5 million.

City Manager Hernandez asked Harper where SCKMC's payments due to the City were shown on the sheet.

She said that information was not on this summary sheet, but would be in the board packet. She said it was around \$500,000. Hernandez said that number did not include special assessments, which bring the total to \$879,000. Harper said she showed the assessments in the long-term debt portion of the financial statement.

She said she could add the total amount to the summary. Commissioner Jurkovich said it should be on there.

He said KPERs has the money and the hospital shouldn't have to pay that money even if the hospital shut its doors today, but Harper said SCKMC would have to pay some of that amount regardless of the reason for living.

Harper showed the changes in accounts receivable and said private payers are becoming a bigger piece of the pie as patients seek payment plans due to high-deductible insurance plans and reductions in Medicare payments.

She said the federal government has delayed the latest DSH (Disproportionate Share of Hospital funds) quarterly payment to the state. SCKMC's share is around \$212,000 and it should have been received in June.

Harper finished by summarizing the kickoff call with Quorum Health Resources that was held the prior day. She said the firm had requested certain data by the end of the week in order to determine its consulting priorities.

She said she was excited for Quorum to come in and present a fresh set of eyes on everything SCKMC is doing.

Hernandez asked about expenditures to date over last year. Harper said they are up \$235,000, while revenue is up \$173,000. He said SCKMC hadn't really cut its operational expenses. Harper said it has cut quite a bit, but it doesn't show up because a physician was added and costs have been increasing.

Mayor Oestmann asked why nothing has developed between SCKMC and William Newton Hospital in Winfield as far as pooling resources to collectively purchase supplies and perhaps save some money overall.

Virgil Watson said the idea still is being discussed. In the meantime, Quorum is looking into whether SCKMC can save money through national sources rather state or local ones. Skilled nursing facility beds are being studied, too.

Commissioner Tweedy asked about partnering with hospitals outside Cowley County. Watson said SCKMC used to partner with Caldwell, but he wasn't really looking at any partnerships such as that as this point in time.

Watson said SCKMC is taking the lead in physician recruiting and almost needs to recruit two physicians to replace each outgoing doctor. He said replacing Yoachim won't be any different and that's a key in recruiting.

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Mayor Oestmann asked about extended hours at SCKC. Watson said they have exceeded his staff's wildest expectations. They are averaging 11 patients per weeknight (one night had 18) and five on Saturday mornings.

Mayor Oestmann asked if SCKC might extend the service to Tuesday and Thursday nights. Watson said they were credentialing more physicians to assist and might have to devote an extra provider to the program.

He said the extended hours don't seem to have impacted emergency room visits that much, so more advertising of the cheaper service might be needed, he admitted. Commissioner Tweedy said most ER usage is after hours.

Commissioner Jurkovich asked if clinic visits were more profitable than ER ones. Watson said a clinic is almost always more profitable, and cheaper for the patient, as well. He said SCKC finally is turning the financial corner.

Commissioner Tweedy asked if the physicians being recruited will be hospitalists. Watson said both want to have a clinical practice. He said SCKMC will have to hire a hospitalist or two at some point in the future.

Commissioner Jurkovich asked if there had been any progress in recruiting an orthopedic surgeon. Watson said there were some things in the works to share services, but he didn't want to tip his hand just yet.

Commissioner Jurkovich asked for an update regarding the list of budgetary priorities that was presented during the sales tax information forums. Watson said the major thing is the Rural Health Clinic survey, which is the only remaining piece for SCKC's certification and could happen any day now. He also mentioned physician coding.

Commissioner Jurkovich asked for Watson and Harper to bring the list to the second meeting in August, with an indication of which items have been completed and which ones still are in the works.

He also asked about the upcoming principal and interest payment on the bonds. Watson said SCKMC might be able to pay \$100,000 of the payment, leaving in excess of \$760,000 for the City to cover through some means.

Budget Presentations

Museum director Sandy Randel showed an overview on the facility's progress in the last couple of years. She said the museum had met many of its benchmarks toward independence, but still needs improvement in areas.

Membership has grown despite a small dip in 2014 and now is more than 1,000 as of June 1 — the largest Randel can remember. There continue to be many volunteer hours given through a grant that was extended through 2017. A foundation has been started for fundraising purposes. Tour buses have nearly doubled.

Randel also preview the museum's 50th anniversary celebration coming up on July 23. City Manager Hernandez asked her for the total number of visitors. Randel said 3,398 visitors had come through the doors so far this year.

Library director Mendy Pfannenstiel asked for the full 6 mills allowed by charter ordinance. She explained some of the differences from 2016 to 2017, mainly due to cost increases in insurance, auditing fees and other areas.

She said state aid declined in 2016, but is set to return to about \$5,000 in 2017. Hernandez asked about ACPL's roof and windows, and the state of its capital improvement fund. Pfannenstiel said they only could repair the windows at higher cost, not replace them. The roof has lasted since 2002, but is extremely due for replacement.

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Consent Agenda

Commissioner Tweedy made a motion to approve the consent agenda as presented, including the following:

1. Approving the July 5, 2016, regular meeting minutes as written.
2. Ratifying Mayor Oestmann's appointment of Richard Humphrey to the City Beautification and Tree Advisory Board.

Commissioner Jurkovich seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the consent agenda approved.

Old Business

Traffic Engineering Services

Mayor Oestmann presented for discussion a proposal from TranSystems for traffic engineering services on First Street, from Birch to Kansas avenues, including a study of how traffic interacts with Family Dollar and Summit.

City Manager Hernandez said Public Works Director Broce was out of the office late last week, which was why the item wasn't on the agenda previously. The estimated cost of the traffic study is \$9,500.

Commissioner Tweedy asked about the time period. Hernandez said it would be eight weeks from start to finish.

Commissioner Welch asked if the study was only for First Street. Hernandez said yes. Commissioner Tweedy asked Broce what he thought the study would show. Broce said it would show traffic counts and turning movements at all of the relevant intersections. Traffic count growth also will be projected for the future.

He said analyzing crash data possibly could be eliminated because there have been none reported on First Street, but he added that looking at Summit Street collisions could be worthwhile.

Broce said he still thinks eliminating on-street parking on the west side of First would go a long way toward solving the problem. He said TranSystems had the same concerns as staff about making it a one-way street.

Commissioner Tweedy asked if the traffic study could distinguish between commercial trucks and other forms of traffic. Broce explained the intricacies of how the process works. He said the current proposal is a draft.

Mayor Oestmann asked Ken Harader if he had anything to add regarding the study. Harader said he did not.

New Business

Special Budget Meeting Resolution No. 2016-07-3039

City Clerk Shook presented for discussion a resolution scheduling a special City Commission meeting to discuss the 2017 budget at a date, time and place to be determined.

City Manager Hernandez said he would prefer to meet at 5:30 p.m. July 26, if possible.

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Commissioner Jurkovich said he might be late. Hernandez asked when he could arrive. Commissioner Jurkovich indicated 6 p.m. would be better and Hernandez asked for the motion to state 6 p.m. instead of 5:30 p.m.

Commissioner Tweedy made a motion to approve the resolution and schedule the meeting at 6 p.m. Tuesday, July 26 in the Commission Room at City Hall. Mayor Oestmann seconded the motion.

A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the motion approved and given Resolution No. 2016-07-3039. Hernandez said the 2017 budget is looking pretty good at this point in time.

Combining Planning Commission and Board of Zoning Appeals

City Clerk Shook presented for discussion a first reading of an ordinance modifying Article 25 of the Zoning Regulations to combine the Board of Zoning Appeals and the Planning Commission, and amending Municipal Code to so reflect.

City Planner White said the Planning Commission reconsidered the item on July 12, approved any remaining changes and voted 7-0 to recommend the ordinance's adoption by the City Commission.

Commissioner Tweedy asked about a question Planning Commissioner Charles Jennings had regarding the frequency of meetings. White said no time frame is specified in state statute, only that they had to be "regular."

Bob Mathews, 900 North D St., apologized for speaking up so late in the process, but said he objected to the entire concept of the ordinance. He questioned if conflicts of interest could exist between the Planning Commission and the Board of Zoning Appeals, stating overlapping membership would be problematic.

Mathews also said he didn't see a problem in finding people to serve on boards — himself included. He said he never was asked. He offered to find three people to fill all of the vacant seats on the Board of Zoning Appeals.

He also asked for the ordinance not to be passed that night. Mayor Oestmann apologized for forgetting that Mathews had volunteered, but he said other people rarely follow through on verbal commitments to do so.

He challenged Mathews to find the members. City Manager Hernandez said there were seats on the Planning Commission that needed to be filled, as well. Mathews promised his volunteers would show up to meetings, but he did not guarantee that any of them would fill out the paper applications needed to become candidates.

Commissioner Jurkovich said Mathews had a good point that one board is meant to check and balance the other board. Commissioner Tweedy asked White if any other cities had problems with this merger. White said most of them did not, although one had some issues. He said it was important to remember the Planning Commission does not make day-to-day decisions, while the Board of Zoning Appeals hears appeals of White's decisions.

Commissioner Welch said the commission should give Mathews a chance to find people. Commissioner Tweedy said they weren't going to pass the ordinance that night and there would be a second reading anyway.

Mayor Oestmann made a motion to table the ordinance to Aug. 2. Commissioner Welch seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the ordinance tabled.

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City Manager Updates

Police Chief Ward gave a brief update on the state crime statistics for 2015, which were not out when he gave his annual report earlier in the summer. Arkansas City's overall crime index dropped from 44.3 to 38.2 in 2015.

At the same time, the state average increased from 34.6 to 36.5. This means that Arkansas City has an overall crime index that is about average for the entire state of Kansas. Winfield's crime index increased from 30.6 to 38.2, meaning Arkansas City and Winfield have the same crime index for the first time in recent memory.

Meanwhile, Arkansas City's property crime rate dropped from 39.2 to 33.5, while Winfield increased from 33.7 to 36.8, meaning Arkansas City now has a lower property crime rate than Winfield.

Theft cases in Arkansas City have fallen from a high of 383 in 2012 to 296 in 2015, a 22-percent drop. Burglary cases have fallen from a high of 128 in 2012 to 88 in 2015, a decrease of 31 percent.

Ward said his department will focus on reducing the violent crime rate even more, especially in the area of aggravated assaults and batteries, which pushed the 2015 rate into a tie with Winfield, even though Arkansas City had fewer murders, robberies and rapes in the same reporting period.

Commissioners Jurkovich and Welch thanked Ward and his officers for their service. City Manager Hernandez read a letter from People for the Ethical Treatment of Animals, congratulating ACPD for its recent dog rescue.

Hernandez also congratulated Fire Chief Wolfe and the Arkansas City Fire-EMS Department on their recent water rescue of a dog and two women. He said it highlighted the need for better access to the Arkansas River.

Mayor Oestmann asked if the current access is unworkable. Hernandez and Commissioner Welch said it is a "mud pit." Wolfe said it needs some maintenance and more concrete needs to be poured to make it safer.

Wolfe said the department also needed better boats, such as Zodiac boats or banana boats, for times when the rivers are high and moving swiftly, when its current flat-bottom and V-bottom boats are less than ideal.

Commissioner Tweedy asked Ward how recruitment was coming. Ward said three are in the hiring process now.

City Manager Hernandez presented an update on the 2016 budget. Nearly \$1.256 million has been slashed from anticipated spending, mainly in unfilled positions and delayed projects, to accommodate the loans to SCKMC.

The hospital was loaned \$300,000 in September 2015, \$75,000 of which has been repaid; \$275,000 in March 2016 for that bond payment; and \$75,000 for the first payment to Quorum. Additionally, SCKMC owes the City \$304,879.50 in unpaid special assessments, for a current debt total of \$879,879.50.

The balance of the payment to Quorum is \$100,000, followed by a September principal and interest payment of \$1,165,967.50. Even after subtracting \$405,000 in estimated sales tax proceeds applied to the payment and \$100,000 from SCKMC, these newest loans (totaling about \$760,967.50) would grow SCKMC's total debt to the City to \$1,640,847. Hernandez then went through the budget, line by line, to show how this money was found.

The General Government fund lost \$300,000 in cash reserves, a reduction of 81.13 percent. The Legal Counsel fund was reduced by \$24,184, a cut of 20.42 percent. The Finance fund dropped \$13,990, or by 3.11 percent.

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The biggest cuts came from Police and Fire-EMS, Hernandez said. Police's cut of \$133,700, or 5 percent, was achieved mainly through vacancies and a position reduction (\$100,000), along with \$5,000 apiece in uniforms, fuel and oil, supplies and tools, and travel, meals and lodging. Machinery and equipment was cut by \$6,000.

Fire-EMS took the biggest hit — a \$401,739 reduction, or 13.8 percent of its budget. The main items delayed or eliminated were one position (and other open position savings, for a total of \$130,000), a new tanker (first payment totaling an estimated \$85,000), benefit and unemployment tax reductions (\$57,439), 10 new portable radios (\$38,500), apparatus bay wall renovations (\$18,000), fuel (\$16,000), building repairs and maintenance (\$11,000), 3- and 5-inch fire hose (\$10,000), clothing and uniforms (\$7,500), and medical supplies (\$5,000).

As a percentage, though, Parks and Facilities took an even bigger hit — \$274,000, or 35.46 percent of its budget.

Those reductions included postponing the new Agri-Business Building (\$97,000) and Northwest Community Center (\$28,000) roofs, delaying City Hall elevator improvements (\$92,000), the elimination of almost all summer help (\$12,000), not buying a new truck (\$25,000), and reducing street spraying and cemetery road improvements (\$10,000 apiece).

The City didn't bear all of the pain, though — several external agencies also did their part for the team effort. Cherokee Strip Land Rush Museum's approved budget of \$168,000 was reduced to \$110,000, a cut of 11 percent, while the Arkansas City Area Chamber of Commerce's payment of \$30,000 was slashed entirely.

Hernandez praised the agencies and staff with finding ways to make the cuts work so the City could loan the money to the hospital without raising the mill levy, making additional utility transfers or issuing any new debt.

Commissioner Tweedy asked how long it might take the City to catch back up on the delayed projects and purchases. Hernandez said that would depend entirely on how long it takes SCKMC to pay the City back in full.

Finance Director Cornwell said these cuts were getting close to the bare bones. Hernandez said the City couldn't handle another year of such cutting, but he said the 2017 budget restores most of the items and also adds a 2-percent cost-of-living adjustment for employees. Mayor Oestmann commended all the departments for the cuts.

Hernandez said interest rates are at a 50-year low of 2 percent on 20-year financing, and with two large debt service payments rolling off in 2017, he thinks now is the time for 10-year financing on a major street project.

He suggested looking at North Summit Street between Kansas Avenue and Radio Lane, which could be \$4 million.

Other Business

City Manager Hernandez and Neighborhood Services Superintendent Brown showed pictures of a home at 1225 N. Second St., which has a basement that is collapsing inward. They said it is in imminent need of demolition.

Commissioner Tweedy asked if someone had tried to sell the home after it had been condemned. Brown said that had occurred, but a court reversed the illegal sale and forced the prior owner to take it back over.

The commissioners authorized demolition. Commissioner Jurkovich said in the future, emergency demolition is appropriate whenever Brown makes a determination of an imminent danger as the City's building official.

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Adjournment

Commissioner Tweedy moved to adjourn the meeting. Commissioner Jurkovich seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the meeting adjourned at 7:45 p.m.

THE ARKANSAS CITY
BOARD OF CITY COMMISSIONERS

Duane L. Oestmann, Mayor

ATTEST:

Lesley Shook, City Clerk

Prepared by:

Andrew Lawson, Public Information Officer