

City Commission of Arkansas City Meeting Minutes

The Arkansas City Board of City Commissioners met in regular session at 5:30 p.m. Monday, August 15, 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 Commissioner Dan Jurkovich, Commissioner Charles Tweedy III, Commissioner Jay Warren and Commissioner Karen Welch.

City employees present at roll call were City Manager Nick Hernandez, City Attorney Tamara Niles, Public Information Officer Andrew Lawson, City Clerk Lesley Shook, Finance Director Kathy Cornwell, City Treasurer Jennifer Waggoner, Public Works Director Eric Broce, Assistant Public Works Director Mike Crandall, Neighborhood Services Superintendent Richard Brown, City Planner Josh White, Police Chief Dan Ward, Fire Chief Bobby Wolfe, Human Resources Manager Marla McFarland, and Parks and Facilities Director Tony Tapia.

South Central Kansas Medical Center officials in attendance were chief executive officer Virgil Watson, general counsel Otis Morrow and SCKMC Board of Trustees vice chair Dr. Nick Rogers.

Spring Hill Golf Course Association was represented by clubhouse manager Cathy Vaughn and treasurer Dale Kuhn.

The Arkansas City Area Chamber of Commerce was represented by board chair Sarah Long. Cherokee Strip Land Rush Museum was represented by director Sandy Randel.

Citizens in attendance were Mary Benton, Albert Brown, Chad Giles, Kanyon Gingher, Ken Harader, Dr. Mauricio Herrera, Vickie Jackson, James Jordan, Bob Mathews, Joyce McArtor, Gareth McGee, E.W. Shelton, John Sturd, CourierTraveler reporter Cody Griesel, Daily Bytes reporter Jeni McGee and KAKE reporter Monica Castro.

Commissioner Warren offered the opening prayer. Mayor Oestmann led the pledge of allegiance.

Agenda Changes and Approval

Mayor Oestmann asked to add a 15-minute executive session to the end of the agenda, under Other Business.

City Manager Hernandez asked to move Item 2 under New Business, a discussion regarding South Central Kansas Medical Center, to Item 1 under Old Business.

Commissioner Warren moved to amend the agenda as requested. Commissioner Jurkovich seconded the motion. A voice vote was unanimous in favor. Mayor Oestmann declared the agenda amended and approved.

Audience Comments

Vickie Jackson, 1201 N. First St., objected to the proposal of a \$9,500 traffic study in the 1200 and 1300 blocks of North First Street. She has lived there for about 10 years and does not think there are any traffic problems there.

Jackson said the only problems may have been during the actual construction of Family Dollar, 1313 N. First St.

She said the City does not need to change anything on the street just because it is narrow. She said making it one-way or limiting parking on the east side would be inconvenient, and many of her neighbors agree with her.

City Commission of Arkansas City Meeting Minutes

Consent Agenda

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

1. Approving the July 26, 2016, special meeting and August 2, 2016, regular meeting minutes as written.
2. Ratifying Mayor Oestmann's appointments of Mary Benton and Carl Mills to the Planning Commission.
3. Approving an audit engagement letter with Jarred, Gilmore & Phillips, PA for an audit of the financial statement of the City as of and for the year ended December 31, 2016.

Commissioner Warren seconded the motion. Commissioner Jurkovich asked City Manager Hernandez when the City first hired Jarred, Gilmore & Phillips. Hernandez said it was 2014, for an audit of 2013's financial statement.

The firm has audited the City the past three years. Commissioner Jurkovich observed it was not a local firm — it is based in Chanute — and the plan at the time was to review proposals regularly and give local firms another shot.

Commissioner Jurkovich asked about the timeframe for that. Hernandez explained that at the August 2 meeting, the commissioners assented to engaging Jarred for one more year to have a better bid process in 2017.

Hernandez and Finance Director Cornwell said the Governmental Accounting Standards Board recommends bidding every five years. Mayor Oestmann asked staff to bring the audit bidding process up earlier next year.

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

Old Business

Hospital Discussion

City Manager Hernandez presented for discussion his August 11 memorandum concerning the issue with the SCKMC Sales Tax. Since then, he said, City Attorney Niles and Otis Morrow have been working on a solution.

Niles said the Kansas Department of Revenue had construed the 2008 half-cent sales tax as a special-purpose tax, putting it into conflict with the new one-cent sales tax. She and Morrow determined it was a general tax.

They recommended filing a declaratory judgment action in Cowley County District Court, asking District Court Judge Jim Pringle to affirmatively declare that the 2008 tax was a general sales tax, not a special-purpose tax.

Niles said she and Morrow would file the petition August 16 if the commissioners had no objections.

Mayor Oestmann asked what the timeframe would be to receive a decision on the petition. She said it would be up to the judge because there is no adverse party — the City is asking the judge to interpret its own ordinance.

Mayor Oestmann asked what laws the City could base its petition on. Niles said there were multiple state statutes that allow the City to file declaratory judgment actions for the interpretation of a municipal ordinance.

Commissioner Warren asked Niles to explain the difference between a general and special-purpose tax. She said there is no statute or case law that defines the difference, but the attorney general in 2008 issued an opinion that said it all depends on how specific a city is in defining what the sales tax will be used for.

City Commission of Arkansas City Meeting Minutes

Based on that analysis, she said, she and Morrow feel comfortable making the argument that the 2008 tax is very general in nature because it has multiple purposes with no specific designated use. The 2016 tax does not.

Commissioner Tweedy asked if it would be better to ask the attorney general for a clarification before going to the judge. Niles said she considered that because of the 2008 case, but ultimately decided it might take too long.

In response to a question from Mayor Oestmann, she said Morrow had reviewed all of her work product. They originally met August 14 to discuss the City's option.

Commissioner Warren asked why the City's bond counsel, who wrote the ordinance imposing the 2008 sales tax, was not involved in the development of the 2016 ordinance. City Manager Hernandez said staff adapted the 2008 language and the counsel's 2013 proposed language to make it more specific to the 2016 tax proposal.

But the correspondence with bond counsel both times was regarding a half-cent sales tax, Hernandez said, which would not have conflicted with the current tax even if both were declared to be special-purpose taxes.

Commissioner Warren asked if this was due to an oversight at the Department of Revenue. Niles said that was possible, but the City hadn't received anything formal. She thinks the judge's ruling will reclassify it appropriately.

He asked if that ever had been done. Niles said she didn't know because she couldn't find any case law or opinions that referenced this issue, other than the 2008 opinion from the attorney general.

Mayor Oestmann asked what would happen if the Department of Revenue does not agree with the judge's findings and how much time the City would have to sunset the half-cent sales tax.

Niles said she still would not recommend a sunset at that point because the Department of Revenue could be included in the court action, which could result in the judge's ordering the department to reclassify the tax.

Commissioner Warren said the City has a lot to lose if the half-cent tax has to be sunset early and Niles' option is worth trying because the 2008 tax doesn't list any one specific purpose for the funds. Mayor Oestmann agreed.

Hernandez warned that the one-cent sales tax might not be able to begin until January 1, 2017, if there is any legal delay. That could cost the City revenue it was hoping to accrue toward the March 1, 2017, bond payment.

Commissioner Jurkovich asked if the one-cent tax was highly unlikely to go into effect October 1. Hernandez said that is a high possibility if the commissioners approve Niles' approach. She said it all depends on the judge.

Commissioner Warren asked about the process for removing the half-cent tax, if that becomes necessary. Niles said the commissioners would have to adopt a simple ordinance to repeal it.

Commissioner Jurkovich asked what would happen if they didn't. Niles said the half-cent tax would run its course and the one-cent tax would not be able to start until April 1, 2019. It would be delayed, not shortened.

Commissioner Jurkovich said he and many other citizens were wondering how the City missed this possibility.

Hernandez and Niles attributed it to the speed with which the half-cent tax proposal developed, turned into a one-cent tax proposal and was placed on a special mail-in ballot, all in an attempt to impose it by October 1.

City Commission of Arkansas City Meeting Minutes

Commissioner Jurkovich asked if any changes had been made to ensure something like this wouldn't happen again. Hernandez and Niles said staff was going to slow down and do its due diligence on such issues.

Mayor Oestmann called on Morrow, who said the problem is due to the Legislature's choice not to define what constitutes a general tax or a special-purpose tax. Each case has to be examined separately on its own merits.

He said the only cases he and Niles could look at are those appealed to the Kansas Court of Appeals or the Kansas Supreme Court. He guessed that many civil district court actions may have occurred for similar issues.

Morrow also pointed out that by taking this action, the commissioners would be voting to uphold large electoral majorities by the grassroots voters of Arkansas City to impose 1.5 cents of sales tax to support SCKMC.

Commissioner Jurkovich observed this also might have been overlooked in 2013 when the commission asked for two half-cent taxes, one for City buildings and one for SCKMC. But Hernandez said the former was a general tax.

Mayor Oestmann said it wasn't worth trying to blame anyone for the issue and everyone involved is only human.

He made a motion to authorize Niles to proceed with filing the legal action. Commissioner Jurkovich seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the motion approved.

Dr. Mauricio Herrera, of Ark City Clinic, addressed commissioners about the tax issue and the action they took.

Public Hearing on 2017 Budget

City Clerk Shook presented for discussion a public hearing to receive comments on the proposed 2017 budget.

Finance Director Cornwell explained the final two steps to adopt the 2017 budget, with its total expenditures of \$3,765,969, are to hold the public hearing and then vote to adopt the budget with a simple ordinance.

City Manager Hernandez said the external agency funding list was updated with the \$20,000 request from the Arkansas City Area Chamber of Commerce and the \$115,000 request from Cherokee Strip Land Rush Museum.

He said the budget also included the \$886 in annual dues the City pays to the chamber for being a member.

With those recommended changes, and assuming property valuation stays at the current estimate, the City mill levy would decrease slightly — by 0.139 mill — from its 2016 level to 69.656 mills in 2017, Hernandez said.

Cornwell said the other thing to consider is the 2018 property tax lid, where an increase may have to go to a vote.

Mayor Oestmann asked if that will prevent raising the mill levy at all. Hernandez said there are some exceptions.

Mayor Oestmann made a motion to open the public hearing. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the hearing opened. Nobody spoke.

Mayor Oestmann made a motion to close the public hearing. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the hearing closed.

City Commission of Arkansas City Meeting Minutes

Spring Hill Golf Course

Cathy Vaughn, clubhouse manager for Spring Hill Golf Course, and Dale Kuhn, treasurer for the Spring Hill Golf Course Association, addressed the commissioners. Vaughn said she was hired in September 2014.

Vaughn said the golf course was in financial trouble and that is not uncommon for many golf courses in the area. She said Wellington, Winfield, and Blackwell and Ponca City in Oklahoma all have had to take over golf courses.

The course is almost 100 years old. The land was donated in 1929 for recreational purposes only. The greens were installed in the 1950s and the Association was founded in 1959.

The nine-hole golf course currently is managed by the Association's Board of Directors in accordance with an agreement with the City that says the City may assist financially, but is not obligated to do so.

Until about 2013, the City did contribute about \$10,000 a year to the course, said Vaughn, who has been a member of the Association since the 1980s. She replaced the previous manager, who was let go.

Kuhn and Vaughn found funds had been mishandled, including a stack of unopened, unpaid bills totaling almost \$10,000, plus three-quarters of that year's federal and state sales and withholding taxes that had not been paid.

Vaughn said the golf course basically has no financial records for any expenses or income predating 2014.

The course hired an auditor to assist in paying back the taxes. Vaughn said they were told for four months that the Internal Revenue Service had been contacted, and the course's late penalties and interest had been waived.

They found out in January that was not true — no penalties or interest had been waived, and the course owed an additional \$11,300. The course already was \$41,000 in debt when they took over, with just \$35,000 in assets.

They began hosting tournaments, going from three to 12; ran specials of all kinds, from greens fees to cart and membership specials; grew membership from 69 to 113; and increased income by \$38,000 from 2013 to 2015.

All state taxes and some 2014 federal taxes were repaid even as the course kept up with current expenses.

However, a major mower went down in July 2015 and no replacement parts were available, forcing the course to secure a loan from Union State Bank for \$10,000 in order to purchase a new mower.

At that time, Vaughn said, Spring Hill was paying a monthly fee of \$800 in the hope of catching up on its federal taxes. All the while and unbeknownst to them, the additional penalties and interest were continuing to accrue.

The course then sought another loan for \$13,000 to put the two debts together. She said a loan payment of \$5,115 is due Sept. 30 and only \$3,400 had been set aside. She did not think the total payment could be made.

Meanwhile, income in 2016 has dropped substantially due to a rainy early spring, a windy late spring and more rain this summer. Close to \$9,000 in memberships has been lost, due to Blackwell members returning home.

The course immediately began cutting expenditures, including opening the clubhouse later and closing it earlier, cutting back chemicals and equipment repairs, and canceling two major tournaments due to conflicts and rain.

City Commission of Arkansas City Meeting Minutes

Vaughn said the golf course has \$1,700 in available cash and bills in the amount of \$1,500 that need to be paid. She asked for financial assistance and said the alternatives are direct City takeover or closure of the course.

Kuhn said he had met with City Manager Hernandez and one commissioner, at which time he was asked to calculate how much funding the course might need for the rest of 2016 and in 2017. He presented that amount.

Kuhn said \$12,855 is needed to stay open through 2016 and \$34,227 would be needed in 2017, totaling \$47,082.

He said those figures are based on the low income the golf course currently is receiving, but would be reduced if business started to rebound or the weather began to cooperate more. He estimated conservatively, in case not.

Kuhn said staff had been reduced to three people and every other reduction he could think of has been tried.

The clubhouse is open and staffed by volunteers from 7:30 to 11:30 a.m. Tuesdays through Thursdays, and from 7:30 a.m. to 6:30 p.m. Fridays and Saturdays with a paid employee. The clubhouse closes at 4 p.m. on Sundays.

Commissioner Tweedy asked about the course being fully open just three days a week. Kuhn said the clubhouse is not open at other times, but members can rent a cart key on the honor system by filling out an envelope.

Kuhn said the course is continuing to mow the greens every day. It takes \$6,000 a year in chemicals to maintain.

Commissioner Warren asked what concessions the clubhouse sells. Kuhn said soft drinks, Gatorade, beer, candy bars and hot dogs. Commissioner Warren asked if the electric bill was so high due to having electric carts.

Kuhn said it was — the course has 12 gasoline carts, rented from Yamaha at \$6,000, and 50 other carts, the majority of which are electric. The course has three different electric meters.

Commissioner Warren asked about the monthly \$426 “debt pay” transaction. Kuhn said it was the money being set aside to pay the upcoming loan payment of \$5,115. He explained the accounting system is on a cash basis.

Commissioner Warren asked if there was a tournament coming up. Vaughn said it was a two-day VFW tourney.

Kuhn said that normally is a large tournament, but it was not looking good this year on registration. There are 19 teams registered, but there usually are 27 or more teams registered. Current membership is at 101 people.

Commissioner Warren said he remembered hearing there were more than 200 members back in 2012, when the City Commission returned all of the golf course’s funds back to it, but Kuhn said it likelier was closer to 80 or so.

Vaughn said the most she could recall was 120 members back in the 1990s, but never higher. Mayor Oestmann asked how important it was for the course to be open over the member. Kuhn said it wasn’t terribly important.

But, he cautioned, the grass on the greens continues to grow through the winter and needs to be maintained.

From Oct. 20 to late February or early March or April, Kuhn said, the clubhouse does not need to be open at all.

Mayor Oestmann asked if such a closure would be bad for the bottom line. Kuhn said membership dues are collected monthly and it is increasingly hard to collect that money from the members as it is.

City Commission of Arkansas City Meeting Minutes

Commissioner Warren asked how much membership money is written off. In 2014, Kuhn said, about \$10,000 was outstanding and the golf course was able to collect about \$8,000 of that, with the other \$2,000 being lost.

Commissioner Warren asked about the potential for partnership with the Ark City Recreation Center, which provides \$1,000 annually. Kuhn said younger kids are taught golf for four weeks and older kids for eight weeks.

Ark City Middle School has a similar eight-week program from the middle of March to the end of April, Kuhn and Vaughn said. It pays the course \$1,500 for that program. Spring Hill hosts one to three tourneys for ACMS.

Kuhn said the course has three water meters — one for the fairways, one for one green and into the clubhouse (both subsidized by the City at no cost to the golf course), and one for a shed area that is metered.

Other static charges through the winter months include electricity for the building and carts, gas, and insurance.

Vaughn said winter clubhouse hours are determined by weather. They open up for 50-degree days, for instance.

Commissioner Warren said he would like to see some dialogue between the golf course and the rec center. He thinks that could lead to more usage by youths. He also suggested partnering with Cowley College in some way.

Kuhn said college students currently receive half-price discounts for playing the course and on memberships.

Commissioner Warren also suggested reaching out to the Arkansas City Convention and Visitors Bureau. He said the CVB was interested in package deals that include hotel booking and a round of golf, for instance.

Kuhn said they tried to work with Quality Inn and Super 8 Motel, but the free coupons they left went unused.

Commissioner Warren asked Kuhn to bring his financials to City Hall and go over them with Finance Director Cornwell. He said the proposed figures for 2016 and 2017 didn't help them to understand how to fix the issues.

Commissioner Jurkovich asked how many Association members were Arkansas City taxpayers. Kuhn said he didn't have that count. Commissioner Warren asked him to determine that and Kuhn said he would do so.

Commissioner Jurkovich asked how backed up the course was and if it had the capacity for additional members.

Kuhn said 150 was the maximum for cart storage capacity. He said membership dues were raised by \$25 a year.

Total memberships generate about \$40,000 a year, but Kuhn said that is down \$9,000 from previous years.

Commissioner Warren asked how the current fees compared to similar courses. Kuhn said it's about on par with Blackwell and probably quite a bit cheaper than Sedan. But it's hard to compare to 18-hole courses, he said.

Hernandez said one of the issues with exploring potential partnerships is that the golf course has an immediate financial need that cannot be ignored. That includes \$1,715 needed for the loan payment and \$1,500 for bills.

Mayor Oestmann asked what would be needed to keep the course going through winter with no employees or maintenance. Kuhn said about \$5,000 a month would take care of the static costs. Commissioner Tweedy asked how that would affect the greens. Kuhn said it would be fine as long as there wasn't unusually warm weather.

City Commission of Arkansas City Meeting Minutes

Commissioner Jurkovich asked if a decision was needed that night. Hernandez said it depended on what the commissioners wanted to do with the 2017 budget, because this was the last time they could add in a cushion.

Commissioner Tweedy said he wanted to see a plan of action for next year before even contemplating giving the golf course money, but it was a little late for that now because it was time to finalize the 2017 budget. He said it was hard to put money out there because the commissioners didn't know if the course would try to replace it.

Hernandez suggested putting a small amount of money in a fund that could be disbursed by the commission on a month-by-month basis. Kuhn said the golf course would be willing to make monthly reports.

Commissioner Warren said he still thought there should be dialogue with other partners. Hernandez agreed.

Commissioner Warren asked if \$3,400 would suffice through the end of the month. Hernandez guessed it was closer to \$3,500. Kuhn said that was about right. Vaughn said she received a bill for \$313 earlier that day.

Mayor Oestmann calculated that about \$3,600 would be needed to buy some time until September or later.

Commissioner Tweedy said they basically knew that additional funding would be needed each month from now.

Commissioner Warren said he wanted to hear from Hernandez, who said it was a difficult decision that must be based on what the community wants long-term — either subsidizing the golf course indefinitely or selling it off. He said this looks like a very long-term down cycle for golf courses that was not likely to change anytime soon.

Mayor Oestmann said he wanted more input from the citizens. Hernandez said paying the bills through the rest of the month would buy time to gather that input and explore possibilities. He advised against the full request.

Plus, if there is some mild weather, an uptick in business could reduce the need for City assistance, he indicated.

Hernandez said he appreciated Kuhn and Vaughn bringing estimates and projections for the next 1 1/2 years.

Kuhn said that in 2015, 1,759 out-of-town people played the course. That number is down the last few years.

Hernandez recommended that for all external agencies, the commissioners look at value per person who uses the service. For instance, Paris Park Pool is subsidized to the tune of about \$90,000 a year, but it is used a lot. In years past, if the City had billed the golf course for its water usage, it would have been \$4,000 to \$6,000 a year.

Mayor Oestmann acknowledged the cuts the course has made and said the City would like to help. He said \$3,600 could be found, but he wanted to know what the citizens think even though he would hate to lose it.

Commissioner Warren agreed and asked for an update Sept. 6. Commissioner Tweedy asked how an extra \$3,600 would impact the City. Hernandez said it would hurt cash carryover, but promised he'd find the money.

Commissioner Tweedy made a motion to give the golf course \$3,600 so it could pay its August bills, but requiring the course to report back each month with an action plan. Commissioner Jurkovich seconded the motion.

City Attorney Niles asked if this was a loan. Commissioner Tweedy said that just for this month, it would not be a loan. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the motion approved.

City Commission of Arkansas City Meeting Minutes

Adopting 2017 City Budget **Ordinance No. 2016-08-4413**

City Clerk Shook presented for discussion a first reading of an ordinance adopting the 2017 budget for the City.

City Manager Hernandez said the difference between the published and proposed budgets is \$45,000. It could be reduced by \$20,000 to \$30,000 to establish a rainy-day fund for the golf course, but result in a tax increase.

Mayor Oestmann asked if the \$45,000 reduction could be reduced to just \$25,000, resulting in \$20,000 to be set aside for the golf course's benefit. Finance Director Cornwell said she could generate some new estimates.

If it is not set aside, Mayor Oestmann asked from where the money would come. Hernandez said it would have to be taken from somewhere else in the budget if the commissioners did not allocate it that night.

Commissioner Tweedy reminded them that just because money is in the budget doesn't mean it has to be spent.

Commissioner Warren observed this was the difficulty when a budget request is made so late in the process.

Cathy Vaughn responded that in June, when 8 percent of Spring Hill's memberships were due, they were sitting just fine. But then all of the Blackwell residents stopped playing the course and some tournaments were lost.

Commissioner Jurkovich said the idea of the course closing down bothers him, without knowing how it affects everything else, but acknowledged he has voted against a lot of budgeted spending this year due to SCKMC.

Mayor Oestmann asked if the course had raised greens fees. Kuhn and Vaughn described some of their specials.

There was some discussion of how the current fees stack up against other area courses, but Kuhn said there comes a point where if they are raised too high, there is a significant drop-off in usage and thus a drop in profits.

Mayor Oestmann asked if the City could take over mowing at Spring Hill. Hernandez said there was no way the Parks and Facilities Division could keep up with it because it's struggling to keep up with its current mowing load.

Kuhn said the course was working to narrow its fairways and only was mowing the greens every other day.

Commissioner Jurkovich asked if the City could loan money to fund Spring Hill in 2017 before resorting to raising the mill levy, if still needed, in 2018 and beyond. Hernandez advised passing the proposed budget.

Mayor Oestmann made a motion to approve an ordinance adopting the 2017 budget as proposed by staff. This would set the levy at an estimated 69.656 mills and cut the published expenditures by about \$45,000.

Commissioner Tweedy said he was concerned that there wouldn't be any money available in 2017 to help the golf course at all. He suggested instead a \$3,784,539 budget that would result in a mill levy of around 70 mills.

Commissioner Warren seconded the motion on the floor. A roll call vote resulted in three aye votes and two nay votes, with Mayor Oestmann and Commissioner Tweedy dissenting.

Mayor Oestmann declared the ordinance approved and given Ordinance No. 2016-08-4413.

City Commission of Arkansas City Meeting Minutes

South Central Kansas Medical Center

Mayor Oestmann called on SCKMC CEO Virgil Watson and apologized for skipping over his monthly report.

Watson passed out copies of a checklist of the progress the medical center has made thus far in 2016 in terms of cutting expenditures and increasing revenues. This document had been requested by Commissioner Jurkovich.

Watson said SCKMC employees have been working hard to right the ship financially, including achieving Rural Health Clinic status for South Central Kansas Clinic and improving clinical documentation.

Commissioner Tweedy asked if Quorum Health Resources had been on site yet. Watson said some of the executives, such as John Kaszuba, have made preliminary visits, as has the project coordinator, Mark Armstrong.

Watson said it is time to involve local physicians in the process of correcting the hospital's financial issues, most notable in the area of clinical documentation. They have had some training and most are on board, he said.

Commissioner Warren mentioned that Quorum's study was supposed to take 90 days and asked when the commissioners can expect to have the final results back. Watson said it probably would be in early October.

He reminded Commissioner Warren that SCKMC won't wait until then to implement recommendations as they come up. One such idea changing how SCKMC purchases supplies already is under way and could save \$20,000.

City Manager Hernandez reiterated that Quorum's goal is to get SCKMC to where it is making money and it needs minimal financial support from the City, but the need for a sales tax always might be there, he warned.

He cautioned that the role and function of the hospital could change drastically as a result of the study's findings.

Mayor Oestmann noted that there had been some reductions in spending, but Hernandez said expenses also have increased commensurately. Watson said there are sags and surges in hospital census that play into that.

He said his senior staff is looking at every opportunity to reduce staffing through attrition and having multiple individuals take on multiple or additional responsibilities. That is not always possible due to medical specialties.

Commissioner Warren asked for an update on the two physicians who are being recruited. Watson said both still want to come to Arkansas City and they have signed letters of intent.

He said they need to decide specifically how they want to practice medicine — employment by SCKMC, as part of a clinical practice or something else — and said their arrival would offset not finding an orthopedic surgeon.

Commissioner Jurkovich commended Watson on the Rural Health Clinic status and urged him to keep working.

Historic Preservation Board Ordinance No. 2016-08-4414

City Clerk Shook presented for discussion a second reading of an ordinance modifying Municipal Code Part II, Chapter 38, Article II, Sec. 38-21, concerning the composition and functions of the Historic Preservation Board.

City Commission of Arkansas City Meeting Minutes

City Planner Josh White reiterated that the ordinance removes strict membership requirements from the Board bylaws, putting more of an emphasis on finding people who are historic preservation-minded.

He said two of the members need to be in an occupation that is related to historic preservation. He said the State Historic Preservation Office likes the changes for that reason and advised the City to pass the ordinance.

Commissioner Tweedy asked how things were going with the Certified Local Government status. White said this ordinance would not affect that status in any way. He said that process works well and has not caused problems.

Mayor Oestmann asked if the board had five members now. White said it only had four since Sydney Bland left.

Commissioner Tweedy made a motion to approve the ordinance. Commissioner Welch seconded the motion.

A roll call vote was unanimous in favor of the motion. Mayor Oestmann declared the ordinance approved and given Ordinance No. 2016-08-4414.

Municipal Court Notices to Appear **Charter Ordinance No. 30**

City Clerk Shook presented for discussion a second reading of a charter ordinance exempting the City from the provisions of K.S.A. 12-420, regarding public officials with the authority to sign and serve an Arkansas City Municipal Court notice to appear.

City Manager Hernandez said Chief Ward, Chief Wolfe, Neighborhood Services Superintendent Brown, City Attorney Niles and himself all were available to answer any questions the commissioners might have.

He said he had not heard any feedback, positive or negative, on the item. Mayor Oestmann had no concerns.

Hernandez said Niles would review all of the citations before bringing them before the court and the municipal court judge also would have a say. He said the ultimate goal is achieving compliance, not assessing fines and fees.

Commissioner Tweedy asked if the ordinance would create any hardship for City employees or put them in any more danger than they normally would be in. Hernandez said he did not believe it will create any more danger.

Mayor Oestmann asked Chief Ward if ACPD would train any of the other personnel. Ward said Brown and Wolfe each have 30 years of experience with citations, but ACPD would work with them on using the Digiticket system.

He thanked the commissioners for considering the ordinance and said it would help a lot with ACPD's workload.

Niles said the commission had considered the idea several times previously. The main goal is to free up ACPD to deal with law enforcement issues while people training in specific code areas can enforce that particular areas.

Mayor Oestmann made a motion to approve the charter ordinance. Commissioner Tweedy seconded the motion.

Commissioner Jurkovich said citizens had been asking him to vote for it. A roll call vote was unanimous in favor of the motion. Mayor Oestmann declared the charter ordinance approved and given Charter Ordinance No. 30.

City Commission of Arkansas City Meeting Minutes

New Business

Employee Compensation Plan Ordinance No. 2016-08-4415

City Clerk Shook presented for discussion a first reading of an ordinance amending Ordinance No. 2015-12-4401, regarding the City's compensation plan for its employees.

Human Resources Manager McFarland said ACPD and ACFD are having major staffing issues with finding qualified police officers and firefighter-emergency medical technicians, respectively.

Twenty-seven percent of police officer positions currently are available, as are 19 percent of firefighter-EMT and firefighter-paramedic positions. McFarland said the City is consistently recruiting without fail, to no avail.

The solution seems to be higher pay. Entry-level wages for police officers, firefighters and EMTs/paramedics in Ark City is much lower than in comparably sized cities and area agencies that compete for the same recruits.

ACPD is 13th out of 13 in starting wage (\$15.02 per hour), McFarland said, compared with Winfield (\$15.23 to \$16.02 per hour). Ark City's higher crime index means ACPD officers have a higher workload, as well.

McFarland proposed increasing starting police officers from Range 21 to Range 23, increasing their starting pay to \$16.56 (eighth out of 13) and \$16.89 (sixth out of 13) after the cost-of-living adjustment is made in 2017.

Similarly, while ACFD pays more than Winfield for paramedics, its EMTs make significantly less than four other agencies. Wellington (\$12.47) is the next lowest starting pay among the four cities she contacted.

McFarland proposed going from Range 20F (\$10.19 per hour) to Range 21F (\$10.70 per hour). That would make Ark City third out of the four cities, regardless of whether the COLA (which makes it \$10.91) is applied, she said.

To avoid salary compression, master police officer pay also would have to go from Range 23 to Range 24. While none of the current MPOs are affected, four current police officers and two firefighter-EMTs will receive raises.

Commissioner Warren asked McFarland how her proposal will impact the 2016 budget. City Manager Hernandez said open positions are budgeted at mid-level pay, not starting pay, and the impact would be fairly flat overall.

He said several experienced officers who were making more have been lost, and if they are replaced by similarly experienced officers at more than starting pay, that could have an effect, but ACPD as a whole is under budget.

Hernandez said the bigger impact will be three to five years down the road with COLAs and merit pay increases. He also said new officers are bumped up to \$16 per hour after completing training, but that would not continue.

Chief Wolfe is short two people, with a third possibly leaving. He said there is a huge paramedic shortage nationally. Chief Ward said he is short four, but each pay increase seems to improve the pool of candidates.

Commissioner Jurkovich made a motion to approve the ordinance. Commissioner Warren seconded the motion.

A roll call vote was unanimous in favor of the motion. Mayor Oestmann declared the ordinance approved and given Ordinance No. 2016-08-4415.

City Commission of Arkansas City Meeting Minutes

Other Business

Finance Director Cornwell presented for discussion three bids for new Incode servers for the City and Finance Department. She said the current servers are five years old, which is reaching the end of their life expectancy.

She said the upgrade will be from the seventh generation to the ninth generation. 31st Century Techsupport owner Gareth McGee explained it's going from a four-core system to a 10-core system, with higher speed and power. He compared it to trading in a 1980s Ford Mustang for a brand-new version of the same model of car.

Cornwell said the Kansas state contract price was \$10,246, an online bid from CDW-G was \$10,139 and McGee's bid was \$9,995. Fellow local technology dealer McDonald's Computer Service declined to bid, Cornwell said.

City Manager Hernandez explained that the technical specifications were provided line by line in the request for proposals, so each bid was for identical Hewlett-Packard server equipment.

Although the lowest bid was less than \$10,000 and does not require commission approval, it was close enough to the mark that Cornwell wanted to bring it to the commission's attention. The bid does not include the software.

Commissioner Warren asked how much the software will cost. Cornwell said it also should be less than \$10,000.

Commissioner Tweedy asked about technical support. Cornwell said that with all three bids, HP provides three-year parts coverage and warranty with overnight delivery service. McGee said HP's service would be superior.

Commissioner Welch asked for a staff recommendation. Cornwell said she highly recommended proceeding with the lowest bid because the servers are included in the 2016 budget and the replacement is desperately needed.

City Manager Updates

City Manager Hernandez updated the commissioners on progress at the new Water Treatment Facility, the recent C Street Canal cleanup that was nearing completion and preparation for the Last Run Car Show.

He talked about the Radio Lane mill and overlay project, which will begin in two to three weeks, and said Cornejo & Sons is trying to work around USD 470/Arkansas City High School schedule, as well as Last Run and Arkalalah.

Commissioner Tweedy asked about the timeframe. Public Works Director said two weeks, weather permitting.

Hernandez mentioned that all of the commissioners would have to sign the budget forms later that week.

Executive Session

Mayor Oestmann asked for a 15-minute executive session to discuss personnel matters of non-elected personnel, to include only the commissioners and no City staff members.

Commissioner Tweedy made a motion to enter the executive session. Commissioner Jurkovich seconded the motion. After discussion, Commissioner Tweedy amended his motion to just a 10-minute executive session.

City Commission of Arkansas City Meeting Minutes

A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the executive session started at 8:01 p.m. The session ended at 8:11 p.m.

Adjournment

Commissioner Tweedy moved to adjourn the meeting. Commissioner Warren seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the meeting adjourned at 8:12 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