

# City Commission of Arkansas City Meeting Minutes

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The Arkansas City Board of City Commissioners met in regular session at 5:30 p.m. Tuesday, November 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, Public Information Officer Andrew Lawson, City Clerk Lesley Shook, Finance Director Kathy Cornwell, Police Chief Dan Ward, Assistant Public Works Director Mike Crandall and City Planner Josh White.

South Central Kansas Medical Center officials in attendance were chief executive officer Virgil Watson and chief financial officer Holly Harper. The Arkansas City Convention & Tourism Committee was represented by committee chair Arty Hicks. Jim Parsons represented Poe and Associates.

Citizens in attendance were Vicki Jackson, Cowley CourierTraveler reporter Cody Griesel and Ark City Daily Bytes reporter Jeni McGee.

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

## **Agenda Approval**

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

## **Recognition of Visitors**

Holly Harper presented a financial review of South Central Kansas Medical Center from January through October.

Average daily census has decreased versus 2015, but rose sharply in October back to 10.6. Surgeries and emergency department visits are running steady, while outpatient services have increased slightly recently.

While gross revenue has increased by \$1.7 million since last year, deductions from revenue also have increased.

Harper said there was a transfer from purchased services to salaries from 2015 to 2016 because various services, including housekeeping, were brought back in-house between those two time periods. Supply costs stayed flat.

Commissioner Warren asked how that was achieved. Harper said it was a product of negotiations with suppliers.

Because sales tax revenue declined from 2015 to 2016, the net loss has increased by \$23,000 to \$1.38 million.

Commissioner Warren asked when the last payment on major equipment would be. Harper said Phillips had been paid off for radiology equipment, but the hospital continues to pay for maintenance contracts.

Private pay is an increasingly larger slice of the accounts receivable pie, while the "91-120 days" and "121 days or more" segments of the accounts payable pie have started to decline in size, shifting more bills into "61-90 days."

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Harper then presented an overview of the process to certify South Central Kansas Clinic as a Rural Health Clinic, which began last year and finally will go into full effect at the highest possible rate on November 15. It has taken almost four months since the on-site survey was administered and passed to receive higher reimbursement.

Harper said that could result in an annual increase of up to \$400,000 annually at the clinic, putting it in the black.

Mayor Oestmann asked how much of an increase occurred from the first letter in October to the new one. She said SCKMC's appeal basically doubled the amount of the payments to \$120.77 per visit, versus the old \$65 rate.

Commissioner Jurkovich asked what the reimbursement rate was before the Rural Health Clinic status was attained. Harper said it fluctuated from \$45 to \$60 per patient. Commissioner Warren said that rise was huge.

Harper also gave an overview on changes as a result of the recent Quorum Health Resources assessment, which began in July with a kickoff call and ended October 14 with Quorum's report to the Public Building Commission.

She said SCKMC already has acted on many of Quorum's recommendations, including reducing staffing (with a projected savings of \$425,000) and inventory, moving a physician to the Rural Health Clinic (\$200,000 saved), and providing notice of termination to the hospital's current group purchasing organization (\$100,000 saved).

Commissioner Warren asked Virgil Watson if there has been any recent cooperation between SCKMC and William Newton Hospital in Winfield. Watson said there have been no formal discussions, but some progress has been made in reaching out to individual providers in Winfield. The hospital is now recruiting four physicians.

Commissioner Warren asked if Watson had any idea how President Trump might impact the Affordable Care Act in health care in general. Watson said he is not sure what might happen, but there could be more uninsured patients, which would not be good news for SCKMC. The previous system was not sustainable, Watson opined.

Commissioner Tweedy asked if the prospects for expanded Medicaid in Kansas were terminal, given that the federal government may not pay for it. Watson said there were a lot of changes in the state Legislature and he thinks there will be something similar to expanded KanCare, but it might not be called "expanded Medicaid."

Commissioner Tweedy asked how long it might take the Outpatient Services Clinic as SCKMC to achieve Rural Health Care status. Watson said it would go more quickly because they know more about the process now.

Commissioner Tweedy asked if the commission could do anything to help in discussions with Winfield. Watson said the dialogue needed to be kept open, even if only through the local newspapers.

## **Consent Agenda**

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

1. Approving the November 1, 2016, regular meeting minutes as written.
2. Ratifying Resolution No. 2016-11-3055, canceling the Ark City Municipal Court session on Dec. 27, 2016.
3. Ratifying Mayor Oestmann's appointment of Bob Baker to the Equal Opportunity Advisory Board.

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

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## Old Business

### Convention and Tourism Committee Charter Ordinance No. 32

City Clerk Shook presented for discussion a second reading of a charter ordinance amending provisions of Charter Ordinances 17 and 22, regarding the name, composition, and length of terms of the Convention and Tourism Committee, and amending the possible uses of the Convention and Tourism Fund.

Public Information Officer Lawson said nothing in the ordinance had changed since the last meeting, but he did want to highlight the elimination of economic development as a possible use of the Convention and Tourism Fund now that Cowley First has taken over that role for the entire county. The other four uses are unchanged.

Mayor Oestmann asked committee chair Arty Hicks if there had been any complaints from citizens regarding the proposed changes. Hicks said he did not know of any and the changes in the organization have gone smoothly.

Commissioner Welch made a motion to approve the charter ordinance. Commissioner Jurkovich seconded the motion. A roll call vote was unanimous in favor of the motion.

Mayor Oestmann declared the charter ordinance approved and given Charter Ordinance No. 32.

## New Business

### Dangerous Structures Hearing Resolution No. 2016-11-3056

City Clerk Shook presented for discussion a resolution scheduling a public hearing at 5:30 p.m. January 3, 2017, to determine if structures located at 413 W. Madison Ave., 421 W. Madison Ave., 608 S. Fourth St., 614 S. Fourth St., 617 S. Fourth St., and 1419 S. Summit St. are unsafe and dangerous.

City Manager Hernandez said Neighborhood Services Superintendent Richard Brown will show pictures of the properties during the hearing. He said most of the properties already have lost 51 percent or more of their value, but he said the commissioners could give an extension for repairs to any property owner at the hearing.

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

A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the resolution approved and given Resolution No. 2016-11-3056.

### Neighborhood Revitalization Plan Resolution No. 2016-11-3057

City Clerk Shook presented for discussion a resolution authorizing the extension of the 2008 revised Neighborhood Revitalization Plan until December 31, 2020.

City Planner White said there has been some form of NRP since 2001-02, but the current one was adopted in 2008 and has been renewed every four years since. It provides property tax rebates, not abatements, to owners.

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The rebates are for 90 percent of the increased value — capped at \$200,000 — for no more than 10 years for residential properties, and 75 percent for seven years for commercial or industrial properties. For properties in the historic district or that are on the National Register of Historic Places, it is 95 percent for 10 years.

White said the current plan would expire December 31, 2016, if not renewed that night. He intends to modify the plan significantly in the near future, but those changes will not be ready prior to December 31, he said.

After 2020, the current interlocal agreement with the other taxing entities in Cowley County will expire and a new one will have to be drawn up, White said, but if his changes go into effect next year after approval from those other entities, a new interlocal agreement would be drawn up anyway that would go into effect in 2017.

Mayor Oestmann asked how usage of the program has been so far and White showed a map of the current projects under the 2008 program. Commissioner Warren observed that many owners have taken advantage of it.

Mayor Oestmann asked if the current NRP program has been beneficial and White said he thought it had. He said it has encouraged some improvement in housing, but the new plan could focus on areas most in need of rehabilitation. City Manager Hernandez said that without the NRP, the infill housing program wouldn't get going.

Commissioner Tweedy asked if manufactured housing is eligible for the rebate. Hernandez said it depends on the nature of the building's construction, but many types would be eligible, such as the infill house on Second Street.

Commissioner Warren made a motion to approve the resolution. Commissioner Tweedy seconded the motion.

A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the resolution approved and given Resolution No. 2016-11-3057.

## **Project Programming Request** **Resolution No. 2016-11-3058**

City Clerk Shook presented for discussion a resolution authorizing City Manager Hernandez to execute and submit a "Project Programming Request" Form 1302 to the Kansas Department of Transportation's (KDOT) Bureau of Local Projects, accepting an award of KDOT 2018 Off-System Bridge Program funds for a project to replace the bridge structure located north of East Madison Avenue on Crestwood Drive, over Crestwood Creek.

Assistant Public Works Director Crandall said the federal funding would be available through KDOT starting October 1, 2017, and this bridge was identified as the No. 1 bridge of need by federal and state authorities.

The cost sharing is an 80-20 split, with the City paying 20 percent of the replacement costs. Crandall showed pictures of the bridge's structural erosion above the bedrock since it was constructed in 1930 — 86 years ago.

He said it would be replaced with a brand-new concrete box culvert bridge. The City will try to replace the Valley Drive bridge through the same program in 2018, Crandall indicated.

Commissioner Warren asked if the bridge would be widened. Crandall said it will be the same width as the road.

Mayor Oestmann asked how much the City spends on bridge upkeep. Hernandez said the City doesn't pay much.

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Hernandez said the new bridge will be a double box culvert and the guardrails will be up to code. He mentioned the possibility of aesthetics, such as flagpoles or lighting, to enhance the look of the bridge at minimal cost.

Commissioner Jurkovich asked for the total cost of the project, including engineering and design. Crandall said it would be around \$212,000 for construction, engineering and inspection services, with \$169,000 in federal funds.

The City's share of construction would be \$42,400, Crandall said. That does not include the cost of design services, which comes to \$25,500 and is part of a separate action item. Poe and Associates would do that work.

Commissioner Tweedy asked about budgeting. Hernandez said the design would come out of the 2017 Street Improvement Fund and the City's portion of the actual construction costs would come out of the 2018 budget.

Hernandez said the only maintenance to the bridge in the last 70 years was putting new asphalt over it. Crandall said the weight limit was lowered to 6 tons, but the new bridge would have a highway rating of 20 tons.

Commissioner Jurkovich asked if there was any way to rehabilitate the existing bridge, rather than replacing it. Jim Parsons, with Poe and Associates, said it would cost much more money to do so — with no 80-20 match.

Commissioner Jurkovich asked if there was anything the City could be doing to maintain its other bridges better. Crandall said the City is trying to reduce upstream scouring of concrete aprons and wing walls under its bridges.

Mayor Oestmann made a motion to approve the resolution. Commissioner Welch seconded the motion.

A voice vote was unanimous in favor of the motion. Commissioner Warren abstained to avoid any potential conflict of interest. Mayor Oestmann declared the resolution approved and given Resolution No. 2016-11-3058.

## **Engineering Design Services** **Resolution No. 2016-11-3059**

City Clerk Shook presented for discussion a resolution authorizing the City to enter into a contract with Poe and Associates, Inc. to provide engineering design services for a project to replace the bridge structure located north of East Madison Avenue on Crestwood Drive, over Crestwood Creek, as part of the KDOT 2018 Off-System Bridge Program, for an amount not to exceed \$25,500.00.

Assistant Public Works Director Crandall said this was the other piece of the project, with the funding to come out of the 2017 budget in order to pave the way for the actual bridge replacement project in fiscal year 2018.

Commissioner Jurkovich made a motion to approve the resolution. Commissioner Tweedy seconded the motion.

A voice vote was unanimous in favor of the motion. Commissioner Warren abstained to avoid any potential conflict of interest. Mayor Oestmann declared the resolution approved and given Resolution No. 2016-11-3059.

## **City Manager Updates**

City Manager Hernandez presented a new low-income senior housing proposal from Red-Wood Development.

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He said he has talked to the Joplin, Missouri-based corporation for two years about a possible low-income housing project on City-donated land in Arkansas City, but this is the first formal proposal from the company.

Red-Wood is seeking tax credits for 48 units of senior housing, to be constructed east of Veterans Memorial Lake.

Hernandez said Combination Inspector Mike Bellis has done work for Red-Wood and had high praise for its work.

He showed a possible layout of the development and where it would be located on a GIS map. Red-Wood has pledged to pave the last unimproved section of the walking trail around the lake and build a new public restroom.

Commissioner Warren asked about the apartment floor plans. Hernandez said the one-bedroom units are 640 square feet, with rent of \$350 a month, while the two-bedroom apartments are 995 square feet, rented for \$450.

He showed the commissioners pictures of similar developments Red-Wood has built and how the housing looks.

Some points of further negotiation are a proposed 50-50 split of the cost of extending an 8-inch water line to the site from Sixth Street and Taylor Avenue, as well as whether there is any need for a sewer lift station for the site.

The real estate contract would renew each year for four years. The company has requested property tax abatement, possibly in the form of Industrial Revenue Bonds that will provide a 10-year, 100-percent abatement.

Hernandez said he would like to see Red-Wood pay a payment in lieu of taxes equivalent to the amount of abated taxes. That money could be directed toward improvements such as lighting at Veterans Memorial Lake.

Commissioner Tweedy asked what the age cutoff for the housing might be. Hernandez said he thinks 55 or older.

Commissioner Warren asked if there was a big need for this kind of housing. Hernandez said the 2014 countywide housing study identified both low-income and senior housing as one of the most critical City needs.

Commissioner Warren asked for something to be brought to the next meeting. The first step is issuing a resolution of support for the project, followed closely by rezoning the area from Public Use to R-3 Residential.

Hernandez said he would negotiate more with Red-Wood, but his purpose in bringing it up now was to ascertain how supportive the commission was of the idea. The commissioners indicated they were excited about it.

Commissioner Jurkovich observed that the development could help to revitalize the southern portion of Ark City. But he asked if the 50-50 cost sharing of the water line could be reduced so the City has no out-of-pocket costs.

Hernandez said the City traditionally has paid the cost difference when upsizing a water line, but he would look into the possibility while negotiating further. He thinks the housing will help to "police" Veterans Lake better.

Commissioner Tweedy asked if there would be one master meter for the development or individual tenant meters. Hernandez said that was yet to be decided. He said there would be an on-site manager for the facility.

Commissioner Welch asked if the development was assisted living. Hernandez said it was independent housing.

Commissioner Warren said it is a great idea. Commissioner Tweedy said he is concerned about site remoteness.

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## **Other Business**

Mayor Oestmann departed the meeting at 6:37 p.m. and turned the meeting over to Vice Mayor Jurkovich.

Commissioner Warren informed Police Chief Ward of complaints about speeding traffic on Centennial Road, and asked if the east-west stop sign midway between Chestnut and Madison avenues could be made a four-way stop.

Ward said he first would like to place a temporary speed monitoring sign there and see if there is a pattern of speeding that could be tackled with enforcement measures. If there is a need for signage, that can be addressed.

City Manager Hernandez said the sign determined drivers were going 50 or 60 mph on North 15<sup>th</sup> Street, with a high of 78 mph. Ward said enforcement has been ongoing there, but isn't making any impact despite citations.

He said the next step is to decide if there need to be speed bumps and speed limit reductions on that stretch.

Commissioner Warren also asked about problems with the pigeon population downtown. Vice Mayor Jurkovich said he heard that there used to be regular pigeon hunts and Commissioner Tweedy confirmed that was true.

Ward said that was illegal now, but the police department can provide property owners with resources to contact people who are licensed by the State of Kansas to address the issue because pigeons are wild animals.

## **Adjournment**

Commissioner Tweedy moved to adjourn the meeting. Commissioner Warren seconded the motion. A voice vote was unanimous in favor of the motion. Vice Mayor Jurkovich declared the meeting adjourned at 6:46 p.m.

THE ARKANSAS CITY  
BOARD OF CITY COMMISSIONERS

\_\_\_\_\_  
Duane L. Oestmann, Mayor

ATTEST:

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Lesley Shook, City Clerk

Prepared by:

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Andrew Lawson, Public Information Officer