

City Commission of Arkansas City Meeting Minutes

The Arkansas City Board of City Commissioners met in regular session at 5:30 p.m. August 1, 2017, 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 Charles Tweedy III, Commissioner Jay Warren and Commissioner Karen Welch. Commissioner Dan Jurkovich was absent.

City employees present at the meeting were City Manager Nick Hernandez, City Attorney Tamara Niles, City Clerk Lesley Shook, Public Information Officer Andrew Lawson, Finance Director Kathy Cornwell, Public Works Director Eric Broce and Police Chief Dan Ward.

South Central Kansas Medical Center was represented by Chief Financial Officer Holly Harper.

Citizens in attendance included Ark City Daily Bytes reporter Jeni McGee and Cowley County Xchange correspondent Gabrielle Lenker.

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

Agenda Approval

City Manager Hernandez requested removal of Old Business Item 1, a third reading of the buildings and building regulations ordinance, from the agenda and recommended tabling discussion of the item until September 5.

Commissioner Tweedy asked if the section regarding appeals and Quick Problem Resolution could be clarified.

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

Recognition of Visitors

South Central Kansas Medical Center CFO Holly Harper provided a financial update for the hospital. The upward trend in the hospital's inpatient census has continued, thanks mostly to the new Senior Health Unit's 12 beds.

Surgeries are down 25 percent from this time last year, Harper said, but outpatients and ER visits are up slightly.

Harper noted that there is a slight uptick in surgeries thanks to an additional orthopedic surgeon taking on cases.

Mayor Oestmann and Commissioner Tweedy asked some questions about inpatient status and how it relates to reimbursement rates, which Harper answered. She also related some issues they've had with private insurance.

Harper showed the 2017 year-to-date financials in comparison to 2016, broken out into four categories comprising the hospital, South Central Kansas Clinic, the Senior Health Unit and the new Lab Outreach program.

The hospital operation has posted a 2017 loss of \$630,822 and the clinic a loss of \$82,598 after sales tax revenues of \$1.3 million were added to the equation, but this was offset by profitable (and not enhanced by any sales tax) returns of \$225,657 from the Senior Health Unit and \$1.18 million from the Lab Outreach program.

City Commission of Arkansas City Meeting Minutes

The totality of the four operations yielded a current profit of \$689,959 (or a loss of \$615,643 before sales tax), compared to a total loss (after tax revenues of \$488,513) of slightly more than \$1 million at this time last year.

Harper said the main change from the chart shown last month was the reallocation of some capital costs, including debt for the SCKMC facility and utilities, to component departments such as the Senior Health Unit.

Her calculations are based on the square footage occupied by Senior Health and the Lab Outreach program.

Commissioner Warren and Mayor Oestmann asked why SCKC still is posting a loss. Harper attributed it to delays in Rural Health Clinic reimbursements from KanCare and other providers, which could nearly double its income.

Commissioner Warren asked for a current chart completion report. Harper promised to bring it in September.

Mayor Oestmann asked why Other Purchased Services are so high (about \$10.66 million) for the lab. Harper explained that there is a contractual cost to operate that program, which cuts into its overall profit margin.

But she said it brings a slew of commercial payers into the hospital's overall payer mix, which helps to offset the growing Medicare/Medicaid/private payer mix that dominates at SCKMC, especially in its Emergency Department.

Additionally, there is a plan in place to try to bring lab costs in house (and reduce them) by early 2018, she said.

Accounts receivable is up to just less than \$6 million as of June 2017, compared with \$4.96 million in December 2016, primarily due to the uptick in Medicare (up nearly \$350,000) payments through the Senior Health Unit.

But private pay is climbing from \$1.94 million to \$2.19 million, thanks to the Medicaid gap and high deductibles.

Harper said the amount due to SCKMC from SCKC has shrunk from last month. It now is down to \$775,094. She still anticipates the clinic to be in the black by the end of the year, but it will take much longer to pay this off.

From December 2016 to June 2017, the 121-plus-days portion of accounts payable has been eliminated completely, while the 91-120 days wedge has grown slightly from last month to \$91,012. The 61-90 days part has decreased from \$251,055 to \$171,661. Current accounts payable have risen from \$717,908 to \$2.07 million.

Harper said she still hopes to pay off what is more than 60 days old by the end of 2017 and start repaying the City.

She also talked about the 340B pharmacy program, which has saved \$112,000 so far at SCKMC in 2017, and new Rycan revenue cycle software. Training on the last of five modules is ongoing, but the system is helping already.

Consent Agenda

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

1. Approving the July 18, 2017, regular meeting and July 25, 2017, special meeting minutes as written.

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

City Commission of Arkansas City Meeting Minutes

New Business

Allowing Alcohol at PrairieFest **Ordinance No. 2017-08-4434**

City Clerk Shook presented for discussion a first reading of an ordinance exempting the application of K.S.A. 41-719(c) to allow the consumption of alcohol at a designated area of Wilson Park during PrairieFest on Aug. 18-19.

City Attorney Niles said prior years have seen the alcohol consumption area within a fenced-in portion of the park that includes the rotunda, but this year, it is proposed to be on the four tennis courts to the west.

Niles said Police Chief Ward requested that the alcohol serving area be completely segregated from everywhere else so anyone younger than 21 years old can be kept out more easily. Bracelets would not be required.

Some fencing will have to be added back on the west side, where it was removed to allow general parking access.

Another change is that no one will be allowed to take alcohol from the designated area, unlike during prior years.

The way it was done in previous years was set out in the ordinance in the packet, but Niles handed out revisions.

City Manager Hernandez said that next year, the City will evaluate implementing a new state law that relaxes drinking restrictions during "festivals." Niles said the law is too new for city attorneys to proceed at this time.

Commissioner Welch asked Ward about his recommendation. Ward said while there have been no problems with this event, others have had trouble. He wants to set a unified precedent that allows for easier policing.

Niles said the process has begun to obtain a state liquor license. The only holdup at this point is City approval.

Mayor Oestmann made a motion to approve the ordinance as revised by Niles. Commissioner Welch seconded the motion. A roll call vote resulted in three aye votes and no nay votes, with Commissioner Warren abstaining.

Mayor Oestmann declared the ordinance approved and given Ordinance No. 2017-08-4434.

City Manager Updates

City Manager Hernandez updated the commission about progress regarding Chestnut Park. Kansas Wildscape Foundation has received a \$35,000 grant that will include signage, fencing, surface material and a boat ramp.

He said Wildscape is requested a 20-year lease on the property and City assistance with maintaining the area, but indicated he would like to negotiate further with the organization so maintenance is more of a 50-50 split.

His concern will be the narrow drive up to the levee on the hike-bike trail, which will have to be signed for one-way traffic and no more than a 5-mph speed limit until such time as it can be widened to allow two-way traffic.

Hernandez asked if any of the commissioners had ideas about what to include in a time capsule to be dedicated August 4 in honor of Cowley County's sesquicentennial (150-year anniversary). Some items discussed included old bottles from the Water Treatment Facility site, Etzanoa and Arkalalah items, and a Wilson Park brochure.

City Commission of Arkansas City Meeting Minutes

The dedication will be from about 6 to 7 p.m. on the Midway Stage, south of Barn 4 at the Winfield Fairgrounds.

Commissioner Tweedy indicated he would be willing to represent the City at the time capsule dedication event.

Hernandez brought up some property ownership issues that have arisen with the transfer of Carver Park to Cowley College. Union Pacific technically owns the right-of-way and also a small adjacent lot.

He said Union Pacific would release all of the land to the City for \$5,000, which covers its costs on title work. He wants to negotiate that cost with the college, which would prefer it come out of its \$87,000 trail commitment.

The commissioners directed Hernandez to negotiate with the college to see if it would at least split that cost.

Hernandez said he and Finance Director Cornwell are working to nail down the amount of sales tax that will be released for South Central Kansas Medical Center's bond payment due September 1. He said they have some questions regarding the half-cent sales tax and the formula that governs how those revenues can be allocated.

Other Business

Commissioner Tweedy asked for an update on the Wilson Park train restoration. City Manager Hernandez said it is proceeding well and things still are on track for the Arkalalah Week dedication event.

He has released some teaser photos on Facebook, but doesn't want to show too much. He also praised Parks and Facilities Director Tony Tapia for his crew's hard, tedious work cleaning rust out of the inside of the tender.

Mayor Oestmann asked for an update on 15th Street reconstruction. Public Works Director Broce said Andale Ready-Mix keeps pushing work back due to weather delays on its other projects. It will run in to the school year.

Hernandez said the South Summit Street project is going well, however. Milling should start around August 17.

He said the portions that include 10-foot-wide sidewalk will help reduce the cost of extending the hike-bike trail to the Travis Hafner Training Center. The Water Treatment Facility waste line also will help with this future work.

Broce said the waste line project is scheduled to go out for bids by the beginning of September. Mayor Oestmann asked if that would delay the opening of the new Water Treatment Facility at all.

Broce said the facility still is in track for substantial completion by the end of the year, with preliminary startup expected to begin next January and the old water treatment plant to be decommissioned 45 days later.

Adjournment

Commissioner Warren moved to adjourn the meeting. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the meeting adjourned at 6:50 p.m.

City Commission of Arkansas City Meeting Minutes

THE ARKANSAS CITY
BOARD OF CITY COMMISSIONERS

Duane L. Oestmann, Mayor

ATTEST:

Lesley Shook, City Clerk

Prepared by:

Andrew Lawson, Public Information Officer