

City Commission of Arkansas City Meeting Minutes

The Arkansas City Board of City Commissioners met in regular session at 5:30 p.m. September 19, 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 Dan Jurkovich, Commissioner Charles Tweedy III, Commissioner Jay Warren and Commissioner Karen Welch.

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, Parks and Facilities Director Tony Tapia, Public Works Director Eric Broce, Assistant Public Works Director Mike Crandall, Fire Chief Bobby Wolfe, and Arkansas City Police Department Capt. Mark McCaslin.

South Central Kansas Medical Center was represented by Chief Executive Officer Virgil Watson and Chief Financial Officer Holly Harper. The Arkalalah Executive Committee was represented by Jace Kennedy and executive secretary Tasha Bucher. Chris Meinen represented Smith & Oakes, Inc.

Citizens in attendance included Kanyon Gingher, Vicki Jackson, Elizabeth Jurkovich, Rachel Jurkovich, Sarah Jurkovich, Susan Jurkovich and Ark City Daily Bytes reporter Jeni McGee.

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

Agenda Approval

Mayor Oestmann asked to move the South Central Kansas Medical Center update to the top of the agenda under Recognition of Visitors, instead of at the end under City Manager Updates.

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.

Awards and Proclamations

Mayor Oestmann issued a proclamation that October 2, 2017, is National Night Out in Arkansas City. ACPD Capt. McCaslin received the proclamation on behalf of ACPD. The kickoff party will be from 5 to 8 p.m. in Wilson Park.

Recognition of Visitors

South Central Kansas Medical Center CFO Holly Harper presented the hospital's July financials. Average daily census has remained above 18 for the first seven months of the year, due mainly to the Senior Health Unit.

Surgeries are down 23 percent from this time last year, Harper said, but outpatients and ER visits are up slightly.

There was a slight uptick in surgery production from July to August thanks to additional orthopedic surgeries.

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.

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The hospital operation has posted a 2017 loss of \$556,750 and the clinic a loss of \$78,863 after sales tax revenues of \$1.5 million were added to the equation, but this was offset by profitable (and not enhanced by any sales tax) returns of \$214,049 from the Senior Health Unit and \$1.119 million from the Lab Outreach program.

The totality of the four operations yielded a current profit of \$697,328 (or a loss of \$809,517 before sales tax), compared to a total loss (after tax revenues of \$559,888) of just more than \$1.19 million at this time last year.

Commissioner Warren asked about the Lab Outreach program, which Harper referred to SCKMC CEO Virgil Watson. He said SCKMC tried the program for six months, but now administrators want to move away from it.

He said the program is not a consistent revenue generator due to issues receiving payment, but an investment was made in new lab equipment that he said will be applied to other state or regional lab outreach programs.

He admitted 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.

Watson said the goal remains making SCKMC's bonds bank-eligible by 2019. Commissioner Tweedy asked how the lab work might change. Watson said SCKMC needs to stick to the Kansas area rather than marketing nationally.

City Manager Hernandez asked Harper how much revenue the recent acquisition of Winfield Medical Arts, effective October 1, might contribute to the overall operation. She estimated about \$500,000 annually after it has been on board for a year, with about half of that coming from a not-yet-attained 340B pharmacy program.

Hernandez pointed out that is still less than \$1.1 million netted to date by the Lab Outreach program and said he was very concerned about the decision to cut off that revenue stream by discontinuing the national-level effort. He expressed doubt that a statewide or regional program will generate as much revenue as a national program.

Commissioner Jurkovich asked how the program cannot be considered successful after generating \$1.1 million and Mayor Oestmann said he would hate to see that much revenue just go by the wayside.

Mayor Oestmann asked how SCKMC will pay the purchase cost of Winfield Medical Arts. Harper said the \$600 a month will come out of clinic revenues. This does not include other costs such as physician services and rent.

Commissioner Jurkovich asked why someone would sell a clinic making \$500,000 a year. Harper explained that the clinic's current Rural Health Clinic status is not hospital-based, so its reimbursement is half that (\$250,000).

Harper said the amount due to SCKMC from SCKC has declined ever so slightly. It now is down to \$770,995. 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.

Accounts receivable is up to just more than \$6.1 million as of June 2017, compared with \$4.96 million in December 2016, primarily due to the uptick in Medicare (up nearly \$449,000) payments in the Senior Health Unit.

But private pay is climbing from \$1.94 million to \$2.296 million, due to the Medicaid gap and high deductibles.

From February 2016 to July 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 \$92,158. The 61-90 days part has increased from \$171,661 to \$177,657. Current accounts payable have risen from \$717,908 to \$2.096 million.

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Consent Agenda

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

1. Approving the September 5, 2017, regular meeting minutes as written.
2. Approving a temporary Cereal Malt Beverage license for Brittany Dunlap for a mixed martial arts event to be held September 30, 2017, at the Agri-Business Building, located at 712 W. Washington Ave.
3. Ratifying Mayor Oestmann's appointment of Curtis Freeland to the Community Spirit Award Committee.

Commissioner Tweedy asked if the security arrangements were satisfactory. City Manager Hernandez said he thought so. Capt. McCaslin said two officers will be on duty there and the setup will be inspected beforehand.

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

Old Business

KanPak Industrial Revenue Bonds Resolution No. 2017-09-3127

City Clerk Shook presented for discussion a resolution amending and restating Resolution No. 2017-07-3116, determining the advisability of issuing taxable Industrial Revenue Bonds (IRBs) for the purpose of financing the acquisition, construction and equipping of a KanPak distribution facility to be located in Goff Industrial Park, and authorizing the execution of related documents.

City Manager Hernandez said the only change from the resolution approved in July is that Wichita Warehouse Realty LLC now will be the official applicant. Otherwise, all of the details are the same as in the prior version.

He explained that IRBs use the property taxes that would have been paid on the new facility over the next 10 years to pay off bonds issued for constructing that facility. They also provide a sales tax exemption for 10 years.

Only project revenues are pledged and the City is not financially liable in any way for securing the debt, he said.

Any tax exemptions would be lost if KanPak no longer is occupying the facility for its warehousing operation.

Hernandez said the facility is crucial to KanPak's long-term success and it should be operational in 18 months.

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

A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the motion approved and given Resolution No. 2017-09-3127.

New Business

Election of New Mayor

City Clerk Shook presented for discussion reorganization item No. 1, the election of a new mayor.

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Mayor Oestmann made a motion to elect Commissioner Jurkovich as the mayor. Commissioner Warren seconded the motion. A voice vote was unanimous in favor of the motion.

Mayor Oestmann declared the motion approved. Mayor Oestmann and Mayor Jurkovich exchanged seats.

Mayor Jurkovich then presented Mayor Oestmann with a plaque honoring his 17 months of service. He joked that his extended service was thanks to the Kansas Legislature, which changed the electoral calendar mid-term.

Mayor Jurkovich thanked his family and the Ark City Christian Academy volleyball team he coaches for attending.

Election of Vice Mayor

Mayor Jurkovich presented for discussion reorganization item No. 2, the election of a vice mayor.

Commissioner Tweedy made a motion to elect Commissioner Welch. Commissioner Oestmann seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Jurkovich declared the motion approved.

Ben Givens Center City Park Ordinance No. 2017-09-4439

City Clerk Shook presented for discussion an ordinance exempting the application of K.S.A. 41-719(c) to allow the consumption of alcoholic liquor in a designated area of Ben Givens Center City Park during the Arkalalah Festival.

City Attorney Niles said consumption would be allowed October 25-28 as part of the annual Arkalalah beer garden.

This location was used last year for food vendors that will move to Fifth Avenue this year. Commissioner Warren asked if the area would be fenced off. Arkalalah Executive Secretary Tasha Bucher said that it would.

The original proposal was to use the eastern half of the park, which would require closing part of the brick walk.

Bottoms Up LLC will administer both this beer garden and the alcohol sales at the October 26 Arkalalah concert.

Commissioner Tweedy asked about the capacity. Chief Wolfe said he will have to measure the square footage.

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

A roll call vote resulted in four aye votes and one nay vote, with Mayor Jurkovich dissenting. He said he thought the location was too visible to kids, but declared the motion approved and given Ordinance No. 2017-09-4439.

Wilson Park Arkalalah Concert Ordinance No. 2017-09-4440

City Clerk Shook presented for discussion an ordinance exempting the application of K.S.A. 41-719(c) to allow the consumption of alcoholic liquor in a designated area of Wilson Park during an Arkalalah concert on October 26.

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City Attorney Niles said the ordinance is identical to one passed last year, other than the dates. There were no major problems at last year's concert. Tasha Bucher said the setup would be the same as last year's concert.

Commissioner Tweedy suggested looking at the PrairieFest configuration from earlier this year that used the tennis courts adjacent to the rotunda to cut down on intermingling of underage people with those drinking.

Capt. McCaslin said he could add this event to the agenda for an Arkalalah planning meeting September 22.

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

A roll call vote resulted in four aye votes, with Commissioner Warren abstaining due to a conflict of interest involving his wine sales. Mayor Jurkovich declared the motion approved and given Ordinance No. 2017-09-4440.

WTP to WWTP Waste Line **Resolution No. 2017-09-3128**

City Clerk Shook presented for discussion a resolution authorizing the City to enter into a contract agreement with Marsau Enterprises, of Enid, Oklahoma, for the Water Treatment Facility waste line to the Wastewater Treatment Facility, contingent upon the review and approval of the Kansas Department of Health and Environment, for an amount not to exceed \$1,065,212.60.

Public Works Director Broce said this waste line was the last phase of the new Water Treatment Facility.

The bid opening had to be delayed a week to allow for an alternate type of pipe due to price instability in the PVC pipe market in the wake of Hurricane Harvey, which damaged a factory that plays a role in PVC manufacturing.

There was a big spread in bid prices, from the low bid of \$1.065 million to a high bid of more than \$1.57 million.

Marsau's bid uses high-density polyethylene (HDPE) pipe, which is black. The company has favorable references. Commissioner Warren asked how long the company has been in business. Broce said it started around 1982.

This company specializes more in oil and gas pipe, but is breaking into the water line market. Broce said Marsau is doing a major pipeline project in Newkirk that involves looping the entire water system for that town.

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

A voice vote was unanimous in favor of the motion. Mayor Jurkovich declared the motion approved and given Resolution No. 2017-09-3128.

South Summit Inspections **Resolution No. 2017-09-3129**

City Clerk Shook presented for discussion a resolution authorizing the City to enter into a contract with Smith & Oakes, Inc. to provide construction observation and inspection services for the 2017 South Summit Street KLINK resurfacing project (U.S. 77 from the Arkansas River to Tyler Avenue), for an amount not to exceed \$29,610.70.

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Chris Meinen, of Smith & Oakes, admitted this housekeeping item probably should have come before the commissioners before now. Although asphalt has been laid, he said the project is far from being closed out soon.

One reason for the delay is that many of the contracted hours were not expended on inspection services for the North Summit Street project, Meinen explained, so the company was able to apply those to South Summit Street.

Public Works Director Broce said he wanted to separate the services because this project is reimbursable.

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 Jurkovich declared the motion approved and given Resolution No. 2017-09-3129.

City Manager Updates

City Manager Hernandez said property owner Shirley Carter has pulled a permit to repair the structure at 611 N. Seventh St. Given that development, he recommended not adding the house to the list of dangerous structures.

Hernandez and Public Works Director Broce met earlier that day with the sanitation workers in the Public Services Division to discuss proposed changes, including four-day sanitation and curbside recycling, with them.

Hernandez said there is a better understanding of why the changes are being proposed and the workers are buying in to how the changes might be accomplished most efficiently. That process will continue, he said.

Hernandez said the Wilson Park train restoration is going well. It is being primed now, with a lot of hand work.

Other Business

Commissioner Warren asked Public Works Director Broce about the 15th Street reconstruction project. Broce said he is meeting with Andale Construction to set up a schedule that should commence sometime in October.

Adjournment

Commissioner Oestmann moved to adjourn the meeting. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Jurkovich declared the meeting adjourned at 6:34 p.m.

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THE ARKANSAS CITY
BOARD OF CITY COMMISSIONERS

Duane L. Oestmann, Mayor

ATTEST:

Lesley Shook, City Clerk

Dan Jurkovich, Mayor

Prepared by:

Andrew Lawson, Public Information Officer