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Press Release

Commissioners approve resolutions for CDBG grant application

Commission also approves transferring \$300K to SCKMC for bond payment

ARKANSAS CITY, Kan. (August 5, 2015) — The City Commission of Arkansas City held a public hearing and approved two resolutions Tuesday night that will start the process of applying for Community Development Block Grant (CDBG) funding from the Kansas Department of Commerce.

If the City receives the \$500,000 grant, it will be applied to the cost of a \$1.467 million wastewater line to be constructed from the new Water Treatment Plant to the Wastewater Treatment Plant.

One of the requirements of the grant is certifying that 51 percent or more of Arkansas City's population is of low to moderate income (LMI). To that end, the City distributed LMI surveys to water customers in late June. Responses are needed from at least 50 percent of the population.

Steve Saunders, of Ranson Financial Consultants, LLC, will go door to door for the rest of this week in parts of the city to attempt to boost the numbers. About 40 percent of what is needed has come in.

"Any individuals who have not returned their survey, please return it to City Hall," his wife and fellow consultant, Rose Mary Saunders, urged citizens at Tuesday night's meeting at City Hall.

"Or if you see Steve out — he'll have a Red (Ford) Escape — (give it to him)."

The planned project was presented July 28 at a meeting of the Kansas Interagency Advisory Committee in Topeka. Commissioner Brandon Every asked Saunders about the City's chances.

"I think you have a very good chance of (getting) the grant," she said, "based on the cost effectiveness of this option versus the other ones that have been presented to the City."

Commissioners unanimously approved an application certifying legal authority to apply for the CDBG funds, and authorizing Mayor Chad Giles to sign and submit that application. They also approved a resolution assuring the Commerce Department that the wastewater line will be maintained properly.

For immediate release

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The application is due no later than Sept. 30. Grant awards are expected to be announced around Jan. 15, 2016, according to Saunders.

Hospital bond payment

The City Commission also heard a report from South Central Kansas Medical Center chief financial officer Holly Harper, who came to request \$300,000 in funding from the City for a bond payment.

Harper said the remainder of the payment that is due in September will be paid from the hospital's cash reserves. The funds for the payment must be certified by the City by Monday, she explained.

City Manager Nick Hernandez said he was drafting an agreement with SCKMC, to be brought before the commission at its Aug. 18 meeting, that would specify a monthly reimbursement of \$25,000.

"If we have an outside agreement, I think it would be better for the City," said Hernandez, who also explained that the money would come from the City's hospital demolition fund.

The demolition of the old hospital was paid for from a capital improvement fund, but never reimbursed with the funds set aside for that purpose, he added.

Commissioner Dan Jurkovich asked why the money wouldn't come from a dedicated bond reserve account. Hernandez and Harper said doing so would trigger additional financial requirements for the hospital and possibly could decrease investor confidence further.

Additionally, reimbursement of the bond reserve only would be at the rate of \$5,000 a month.

Every asked if any City projects would have to be put on hold as a result of delaying reimbursement of the capital improvement fund. Hernandez said sufficient funds remained for projects through 2016.

"If we're paid back in a year, we'll be fine," the city manager added.

Both parties waited as long as possible before turning to the transfer option, in order to see how much positive momentum would result from chief executive officer Virgil Watson's many new initiatives.

"We wanted to see how successful the hospital would be at bridging that gap," Hernandez said.

The positive steps taken by South Central Kansas Medical Center in the last 180 days include:

- successfully attaining Sole Community Hospital status, which began July 25 and is expected to net at least \$400,000 in additional Medicare reimbursements for inpatients and outpatients;

- enrolling in the federal 340B pharmacy program, which mandates pharmaceutical companies to supply drugs to the medical center at a lower cost — a savings it can pass on to local pharmacies — and is expected to begin Oct. 1, netting around \$400,000 in annual savings;
- seeking Rural Health Clinic status for South Central Kansas Clinic, starting Jan. 1, 2016, which could add another \$400,000 to \$500,000 in additional revenues for services already provided;
- paying off its radiology equipment in November, which will free up around \$580,000 a year.

“Hoping that these payments come in, we should be able to make that (February 2016 payment) on our own,” Harper said. “We usually use a portion of the sales tax to help us with that, as well.”

“One thing I’ve noticed — I’ve worked with Holly for the last four years — I can tell you she’s very conservative in her estimation, which is a good thing as a finance director,” Hernandez added.

“Those revenues that she’s giving you are conservative, so it could be substantially higher. But this is just with existing patient volumes. If they’re fortunate enough to get an additional doctor, if they’re fortunate enough to recapture some of the lost patients that are going outside the area, that’s just additional revenue for the hospital.”

Hernandez also praised the sacrifices made by SCKMC staff to turn around the medical center’s financial fortunes, including staff reductions and forgoing cost-of-living adjustments for the last five years.

“Their employees are doing their best to help the hospital,” he said.

“I know it’s been a struggle for you guys and I’m sure it doesn’t feel good, but you guys have done a lot in the last 180 days to turn the hospital around,” Every said to Harper.

“I’m quite tickled, compared to what it was a year ago.”

“I think they’ve made a huge leap in the last 180 days to restore some of that faith that we didn’t have last year,” Hernandez agreed.

The commission voted 5-0 to approve drafting an agreement and transferring the necessary funds.

In other business, the commission:

- witnessed Arkansas City Police Officer Corey Combs being introduced by Police Chief Dan Ward and sworn in by City Clerk Lesley Shook.
- heard from citizen Delbert Hatcher regarding a leaking fire hydrant on Maple Park Street.

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- approved the July 21 regular meeting and July 28 special meeting minutes as written.
- voted unanimously to enter into a supplemental contract agreement with the Kansas Department of Transportation to increase the economic development grant by \$300,000, for a total amount not to exceed \$2.6 million, for the reconstruction of Skyline and 61st roads.
- voted unanimously to approve an agreement with KDOT, requesting reimbursement of \$296,509.83 from the Federal Fund Exchange program. Since KDOT takes 10 percent of the funds as an administrative fee, the City will receive actual reimbursement of \$266,858.85.
- decided to continue to allow anonymous code enforcement complaints to be reported.
- heard a presentation from Ward on the process for translating Commission on Accreditation for Law Enforcement Agencies standards into police department policies.
- recognized EMS Director Jeri Smith's recent appointment by Gov. Sam Brownback to the Kansas Board of Emergency Medical Services.