

The Council of the City of Wellington, Kansas, met in Regular Session on February 16, 2016 at 6:30 p.m., in the City Council Room, City Administration Center, with Mayor Shelley Hansel presiding.

The Pledge of Allegiance was led by Washington Elementary student Elly DeJarnett and her teacher Mrs. Withington.

The Invocation was given by Reverend William Wingfield of Calvary Lutheran Church.

Council members Bill Butts, Kip Etter, Jan Korte, Jim Valentine, and Kelly Green were present at roll call. Council member Vince Wetta was absent.

Members of the Staff present were City Attorney Mike Brown, City Manager Roy Eckert, Finance Director Shane Shields, City Clerk Carol S. Mericle, Public Works Director Jeremy Jones and Water Production Supervisor Mike Clift.

AUDIENCE PARTICIPATION

SRMC Update. Terry Deschaine, SRMC Health Care Authority Board member, gave the following update on the Sumner Regional Medical Center. A recent national study was released regarding 31 rural Kansas hospitals that are at risk for closure and SRMC is on that list. In 2015, there were 17 hospitals listed and SRMC was on that list, as well. Roughly 1/3 of rural hospitals are at risk for closure so it is not just us struggling, it is a national issue – mainly a reimbursement issue. The worst states that are in the most trouble and at risk are those that have not expanded Medicaid. He believes there are 31 states that have expanded Medicaid but we have not. If we did, our hospital would stand to gain between \$600,000- \$750,000 in reimbursements annually. SRMC is currently giving care or pre-care to uninsured patients and they are not being reimbursed. To assist this issue, the Kansas Hospital Association (KHA) has sponsored a budget-neutral bill called, “A Bridge to a Healthy Kansas” which has already been introduced to the House and Senate.

Mayor Hansel informed Mr. Deschaine that the Sumner County Leadership Initiative (SCLI) group is travelling to Topeka to the state house next week and she will make sure that our Kansas Legislators and Governor hear from Wellington regarding support.

Mr. Deschaine discussed December hospital financial reports: Total operating revenue of \$1,208,000; expenses of \$984,500; depreciation of \$76,863; which would have given them a bottom line of \$146,863. They had a one-time bad debt write-off in 12/31/2015 due to timely filing issues from 2014 & 2015 with the former collection company of \$492,000. They had a one-time sale of an asset in the amount of \$275,000. Between all of those factors, ended up with about a \$71,000 loss on the books for December. He will report on January at the next meeting but he does know they ended with a profit due to good collections month. The Hospital Board approved the 2016 budget at the January meeting. Budget for 2016 is projected to be a positive \$232,653 so that is a good change. A positive report is what the hospital does for the community which is the amount of free care they provide – last year they provided \$1.4 million dollars in free care to the community. There are changes to the surgery program: Dr. Brown has increased amounts of surgeries performed at the hospital and volume is continuing to grow. He will start coming every Thursday instead of every-other Thursday. The morale in the surgery and outpatient clinic areas has improved. The new coding company that started in January has showed an increase in productivity – there is no backlog in coding, which was part of the problem with the billing issues – inaccurate or backlogs. They still have an issue with the back-office regarding billing but they are figuring things out. They cannot hold the new billing company accountable until they fix internal issues and they are on the right track. Cash collected in January was a little over \$1 million, which allowed them to pay a couple of vendors who are calling almost daily for payment, which is a negative challenge. They hope to keep the cash flowing each month so they can continue to improve their accounts payable situation. He shared an email from February 5, 2016 from their Controller to the Board

Chairman regarding filing of their 2015 4th quarter IRS filing of 941 form that all withholding has been paid.

Mayor Hansel thanked the CEO, Controller and the rest of the SRMC Board for their great work.

CONSENT AGENDA

Council member Jan Korte moved to approve the consent agenda as presented. Council member Bill Butts seconded. The motion carried. The following items were approved under the Consent Agenda.

➤ **APPROVAL OF MINUTES**

- 1) Special Session of January 29, 2016
- 2) Regular Session of February 2, 2016

➤ **APPROVAL OF APPROPRIATIONS**

- 1) Payroll Report January 24 – February 6, 2016 in the amount of \$216,853.08
- 2) Claims Register for January 16 – 31, 2016 in the amount of \$811,274.58
- 3) ACH Authorization Voucher #984 for BCBS for January 27 – February 2, 2016
- 4) ACH Authorization Voucher #985 for BCBS for February 3 – February 9, 2016

➤ **COUNCIL CORRESPONDENCE**

- 1) Treasurer's Quarterly Report for October 1 – December 31, 2015
- 2) 2015 Sludge Report – Memo from WWTP Supervisor Berryman
- 3) Building/Demo Permit Report for January 2016
- 4) Ambulance Monthly Financial Report for January 2016
- 5) Fire/EMS Activities/Overtime/Revenue Report for January 2016
- 6) Library Board Meeting Minutes for December 9, 2015
- 7) Library Annual State Report for 2015
- 8) Library Board Meeting Minutes for January 13, 2016
- 9) Auditorium Board Meeting Minutes for January 7, 2016
- 10) Park Board Meeting Minutes for January 11, 2016
- 11) Safety Newsletter for February 2016
- 12) Accident History Report 2012 thru 2015
- 13) PSA/Media Release – Park Board Vacancy, dated February 9, 2016
- 14) Housing Authority, Resident Vacancy – Memo from City Clerk Mericle
- 15) Thank you Letter from City of Anthony re: Assistance from Wellington Electric Distribution
- 16) Street Closing Request, Lincoln Splash & Dash, May 16, 2016

REPORTS OF MAYOR AND COUNCIL

Council member Jim Valentine commended the Fire Department for doing good deeds on Valentine's Day. He was also glad to see the J-Turn signs are up.

Mayor Hansel also shared her gratitude towards the Fire Department and the help given by delivering flowers to residents on Valentine's Day. She added that she and the SCLI group will be traveling on Sunday and Monday to Topeka and they will certainly mention the hospital and not to forget about Wellington and South Central Kansas.

REPORTS OF CITY OFFICIALS

Sale of Settlers Circle Lot. City Manager Roy Eckert opened discussion about the sale of Lot #24, 814 Settlers Circle at Settlers Creek addition. He said there were two offers – the gentleman from last year who is moving forward with his offer and also from another gentleman. They are recommending the higher bid of \$1,000, which is the range that other bids have been accepted at previously.

Tony Farley asked to speak. He has lived at Settlers Creek for last 5 years or so. He owns 3 lots and he wants to know what the lots are going to be used for. He was concerned that it was not residential

– he does not feel the Board is being informed correctly because he heard the bidder was wanting to make the lots a driveway for apartments and the Church.

Attorney Brown responded that there zoning regulations the new owner would have to comply with. Manager Eckert agreed about the zoning regulations and told the group that the bidder informed him he was planning on building a house.

Council member Korte asked if it was possible that the bidder planned to build a house and also a drive to allow the church access.

Director Jones replied that he believes the ordinance specifically prohibits commercial property being accessed through residential property.

Council member Etter made a motion to sell the house to the highest bidder with contingency that buyer follows rules and city ordinance. Council member Green seconded. The motion carried.

Year-end Capital Improvement Transfer. Director Shields discussed the 2015 year-end Capital Improvement transfer memo. This year there will not be a recommendation regarding a significant transfer to the general fund. He stated there is funding of \$35,000 that was not used in the street department budget for street improvements in 2015. We could transfer that \$35,000 to the capital improvement fund and designate it for street improvements in 2016.

Director Jones replied that \$35,000 was not used because they were going through the pavement survey and wanted to wait and make a plan depending on the survey results. He stated they would like to carry it over and put it to better use in 2016. They felt a year end transfer would be best plan. A couple of things came up that is causing them to reorganize the project list. He wanted to first make sure that money could be transferred to them and then wrap up a list of projects, allowing him to present a specific list of projects to the Council.

Council member Korte said she is in favor of transferring money for street repairs.

Council member Etter agreed that there are many streets that need repaired and he would like to make sure we get the best bang for our buck. He would like to see us focus on 9th Street to Woodlawn because of the vast amount of people coming to our area to attend sporting events, with the football field and school there. It would provide us an opportunity to put our best foot forward for anyone considering moving to Wellington.

Council member Valentine asked Director Jones if 9th street was a top priority from the surveys.

Director Jones explained how the program worked to determine the streets in need. He did not know how 9th street ranked without looking at the report.

Director Jones replied that the budget also needed to be considered: \$200,000 per year was really about \$125,000 in street work after sand and gravel was purchased. Trying to maximize use of those funds – doing maintenance to more roads with lesser costs than a smaller amount of more expensive projects. He plans to address that by using the \$100-\$125,000 to preserve roads and look at addressing the worst roads also. He said 9th Street specifically, he cannot address at this time, but a project like C Street is on the list and it has asphalt over concrete, so he has no idea what the team will find once they get into it. He knows 9th street complaints are about it being rough – there are things that can be done to make all of it work the best they can this year.

Director Jones added that the budget also has funds for curb and gutter and they will do what they can, usually getting 10-15 blocks done. If it cannot be done this year, it will be focused on in 2017.

Council member Korte asked if we were able to purchase the traffic counter. Director Jones informed her that we did purchase it. She replied she was concerned we might spend money making repairs to areas we think need fixed instead of using the survey, which would be a waste of money. Director Jones explained the traffic counter to the group that a better counter was purchased that would be

able to determine if a vehicle traveling a road was a car or a large truck, by counting axles. He added when we start to address improving a road, he knows what materials need to be used, which could be a difference in money spent.

Council member Korte made a motion to authorize the transfer the \$35,000 from the 2015 street operating budget to the 325 Capital Improvement Fund to increase the amount of street preservation/repair in 2016. Council member Green seconded. The motion carried.

PUBLIC HEARINGS

There were no public hearings included in the agenda.

ORDINANCES

There were no ordinances included in the agenda.

RESOLUTIONS

A RESOLUTION SELECTING A PURCHASER FOR, AND AUTHORIZING THE OFFERING FOR SALE OF ELECTRIC, WATERWORKS AND SEWAGE UTILITY SYSTEM REVENUE BONDS, SERIES 2016, OF THE CITY OF WELLINGTON, KANSAS was introduced and considered.

John Haas, President of Ranson Financial Consultants, LLC, Wichita, KS introduced the proposal summary. He explained that the decision needs to be expedited due to rates. He recommended DA Davidson, for the Underwriter proposal.

Council member Etter moved to adopt the resolution as presented. Council member Korte seconded. Upon roll call vote, those voting "AYE" were Council members Butts, Etter, Green, Korte and Valentine. There were no "NAY" votes. Number 5727 was assigned to this resolution.

A RESOLUTION APPROVING AN AMENDMENT TO THE KANSAS POWER POOL (KPP) SECOND AMENDED OPERATING AGREEMENT BY AMENDING ARTICLE III OF THE SECOND AMENDED OPERATING AGREEMENT AND ARTICLE 13, SPECIFICALLY SECTION 13.3 OF THE SECOND AMENDED OPERATING AGREEMENT AS IS FULLY REFLECTED ON THE ATTACHED REVISIONS, ATTACHED EXHIBITS A AND B was introduced and considered.

Manager Eckert explained that this amendment does away with the proxy vote for KPP. Future amendments will require a two-thirds vote of its member cities to pass and all member cities must pass this resolution to approve the amendment.

Council member Green moved to adopt the resolution as presented. Council member Korte seconded. Upon roll call vote, those voting "AYE" were Council members Butts, Etter, Green, Korte, and Valentine. There were no "NAY" votes. Number 5728 was assigned to this resolution.

A RESOLUTION APPROVING AND ACCEPTING BIDS AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH HOA SOLUTIONS, INC. (HYDRO OPTIMIZATION & AUTOMATION SOLUTIONS) OF LINCOLN, NEBRASKA, FOR VFD's (VARIABLE FREQUENCY DRIVES) IN THE AMOUNT OF \$95,000 FOR THE WATER TREATMENT PLANT was introduced and considered.

Manager Eckert explained that the 2016 budget included the purchase of this VFD and explained the advantages, such as reduction in future water main breaks and others. He said the City requested bids from three companies but only one replied. He added the Water Production Department budgeted \$115,000 and this company came in at \$95,000. It includes a complete turn-key system and training for the crew. Water Production Supervisor Clift was recognized and agreed that this will be a good system for us.

Council member Etter asked if this system is for Water Production only or if it will benefit Water Distribution, as well. Mr. Clift verified it would help distribution and explained the process and advantages.

Council member Butts moved to adopt the resolution as presented. Council member Green seconded. Upon roll call vote, those voting "AYE" were Council members Butts, Etter, Green, Korte, and Valentine. There were no "NAY" votes. Number 5729 was assigned to this resolution.

A RESOLUTION APPROVING AND ACCEPTING BIDS AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH CORNERBANK TO PROVIDE FOR THE LEASE PURCHASE FINANCING FOR AN IRRIGATION SYSTEM FOR THE WELLINGTON MUNICIPAL GOLF COURSE was introduced and considered.

Manager Eckert introduced the resolution and informed the group that bids were submitted with both monthly and annual rates. He shared the rates submitted by three banks showing they were all grouped fairly close. He explained that going with CornerBank would save us about \$18,000 in interest.

Council member Valentine asked if this was a fixed or annual rate. Manager Eckert responded that it was a fixed rate either way we go.

Council member Korte asked the term of the loan. Manager Eckert responded that the term was 5 years.

Council member Valentine asked where the money was coming from. Manager Eckert informed him that we would be borrowing it and budgeting payment money from the Capital Improvement fund that is transferred monthly from the General Fund. Director Shane Shields confirmed the same thing and explained various sources of the General Fund, which is Ad Valorem Tax, ambulance billing payments, Court payments, Lake receipts, and other miscellaneous.

Council member Valentine shared his concerns of using tax money to fund this expense.

Council member Etter moved to adopt the resolution as presented. Council member Green seconded. Upon roll call vote, those voting "AYE" were Council members Butts, Etter, Green and Korte. Voting "NAY" was Valentine. Number 5730 was assigned to this resolution.

A RESOLUTION APPROVING AND ACCEPTING BIDS AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH BROWNLEE HEATING & AIR CONDITIONING OF WELLINGTON, KANSAS, FOR AC/HEAT UNITS IN THE AMOUNT OF \$18,450 FOR THE EAST SIDE OF THE CITY ADMINISTRATION BUILDING was introduced and considered.

Manager Eckert introduced the resolution and explained why the new unit is needed. He said three bids were requested but we only received two. We included in 2016 budget the purchase of a HVAC unit for the east side of the building. He explained the efficiency and bid differences.

Council member Green asked about the Waldorf Riley bid. City Clerk Mericle explained that they bid to install a 10 ton unit on the City hall rooftop vs our current attic location and that our building inspector informed us of additional needs and expenses to accommodate that change.

Council member Green moved to adopt the resolution as presented. Council member Butts seconded. Upon roll call vote, those voting "AYE" were Council members Butts, Etter, Green, Korte and Valentine. There were no "NAY" votes. Number 5731 was assigned to this resolution.

A RESOLUTION PROVIDING FOR THE CHARGE-OFF OF UNCOLLECTED UTILITY ACCOUNTS was introduced and considered. Director Shields explained this is an annual process and a recommendation of the City Auditor, Kenneth Cooper. He reminded the group that even though the account is charged off, this only removes the debt from the accounts receivables but does not clear the

customer's debt, should they wish to have future services with the City. Total amount to be charged off is \$58,679.64, and is approximately .007% of the 2014 Utility billing.

Council member Green asked about other options of pursuing the debt versus writing it off. Director Shields explained we currently use a set-off program.

Council member Etter asked if we have used a collection agency in the past and Director Shields replied although we don't currently use that method, it is an option.

Council member Korte asked that the set-off program be further explained. City Clerk Mericle explained the set off program that is currently being used by the Utility, Ambulance, and Court Departments.

Council member Korte moved to adopt the resolution as presented. Council member Etter seconded. Upon roll call vote, those voting "AYE" were Council members Butts, Etter, Green, Korte and Valentine. There were no "NAY" votes. Number 5732 was assigned to this resolution.

STUDY ITEMS

There were no study items included in the agenda.

FUTURE AGENDA ITEMS

Mayor Hansel reminded the group that there is still a Park Board vacancy and that we are currently accepting applications until February 24, 2015. She publicly thanked Kent Johnston for his service over the years and hopes he enjoys his retirement. We also have an opening on the Housing Authority Board that must be a resident of Wheat Capital Manor.

Council member Green informed the group that a Work Session was needed for both the issues of the Humane Society and on Code Enforcements. The number one complaint she receives is the condition of some resident's yards and the lack of enforcement. A previous work session on the same issue garnished ideas but as far as she knows, nothing has changed or been done. She is requesting we schedule a work session, either the same night as Humane Society or another night and invite Code Enforcement and the City Prosecutor to try and figure out where the problem is: policies or enforcement. She reminded group of recent discussions on forming the CDBG but she also wants to enforce current codes to help Wellington look nicer.

Mayor Hansel agreed and responded that the dates requested by the Humane Society to discuss Humane Society issues were March 7, 8, 21 or 22nd. Manager Eckert agreed and will arrange invitations for legal and code attendance. A work session was decided on for March 7th at 5:30 p.m. at City Hall. They will meet first regarding Humane Society and then discuss Code Enforcement.

A motion to adjourn was seconded and carried.

Approved and filed this 1st day of March, 2016.

Mayor

City Clerk