

The Council of the City of Wellington, Kansas, met in a Special session on March 16, 2017 at 4:00 p.m., in the City Council Room, City Administration Center, with Mayor Shelley Hansel presiding.

The Pledge of Allegiance was led by Mayor Hansel.

Council members Bill Butts, Kelly Hawley, Kip Etter, Jim Valentine, and Jan Korte were present at the meeting. Council member Vince Wetta was absent as he was out of town.

Members of the Staff present were, City Manager Shane Shields, Finance Director/City Clerk Carol Mericle, Assistant City Manager/Public Utility Director Jason Newberry, Public Works Director Jeremy Jones, Fire Chief Tim Hay, Police Chief Tracy Heath, and City Attorney Shawn DeJarnett.

REPORTS OF CITY OFFICIALS

Mayor Hansel stated the meeting was to discuss Sumner Regional Medical Center and asked Manager Shields to start the discussion. Manager Shields introduced Fred Hinman, Chairman of the Health Care Authority and asked him speak on the reason for this meeting. Mr. Hinman handed out a cash flow chart and an explanation of relevant facts to SRMC's economic of life impact to Wellington and Sumner County. He addressed the cash flow chart showing the need for cash needed to carry the hospital through June 30, 2017. He told of cost saving measures the hospital is taking to reduce expenditures and payroll, but they will need approximately \$140,000 to make it through the period.

Mr. Hinman said he had a meeting with the SRMC Endowment Committee earlier today and they have advanced the hospital \$115,000 to meet the most current need of making payroll this week. He said they have \$35,000 in addition available from the Endowment Fund to make their contribution \$150,000, contingent on the City being the guarantor of a loan through Impact Bank for \$150,000. The \$150,000 loan is in addition to the Endowment contributions. He added he believed SRMC would make the payments on the loan, but needed the City to guarantee payment.

Mr. Hinman said the Behavioral Unit left SRMC and this accounts for some of the financial problems, but told another BHU is coming on board, after April 1st. He told of other problems that lead to the current financial situation. Council member Valentine asked what would happen if the hospital could not make the payments, and if the City could change our budget to cover this. Manager Shields reminded Council the proposal was for the City to guarantee the loan at this time, and if needed the contingency in the general fund would be available and could cover this. He also said it would be a substantial cost to the City if the hospital closed. He asked Chief Hay for the costs he has come up with to cover the situation of the hospital closing. Chief Hay said the start-up costs alone would be approximately \$900,000, including more staff, more ambulances, and a larger building. He added there would be annual increases also, such as salaries and maintenance of vehicles, etc.

Council member Valentine asked about the infrastructure needs for the hospital that were referenced in a City work session. Mr. Hinman told they have boiler repair expense of about \$70,000 as well as other maintenance problems of an aging structure. He said they will have to upgrade the x-ray equipment soon to comply with Medicare/Medicaid requirements.

Mr. Hinman told of a recent conversation that made him realize they need to stop looking at what is best for the hospital, and start to look at what is best for Wellington. He would like to establish a task force to look at what is needed for our community for the future, possibly not a full service hospital. Council member Korte moved to approve the City to guarantee the loan ~~from Impact Bank~~ for \$150,000. Council member Valentine seconded the motion. *amended April 4, 2017*

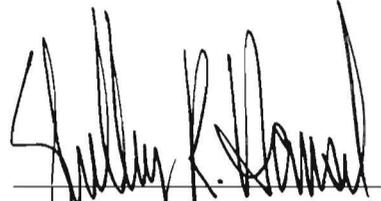
Discussion continued as Council member Etter asked what SRMC owes the former BHU. Mr. Hinman answered it was about \$750,000. Council member Etter asked if the hospital was behind on other things. Mr. Hinman said they are and it included KPERS, State and Federal taxes, and others for a total of about \$4,000,000. Council member Korte asked if the hospital sales tax goes on if the hospital closes.

Attorney Doug Pfalzgraf was in the audience and answered he had looked into that question and the tax only goes on if health care continues.

Mayor announced there was a motion and a second on the floor to approve the loan guarantee of \$150,000 for SRMC. Upon roll call vote, those voting "AYE" were Council member Butts, Valentine, Etter, Hawley, and Korte. There were no "NAY" votes. There was more discussion on this issue.

A motion to adjourn was made, seconded, and carried.


City Clerk


Mayor