

SPECIAL MEETING

February 11, 2014

The Board of City Commissioners of the City of Herington, Kansas met in special session on Tuesday, February 11, 2014 at 6:30 p.m. at the Herington Community Building for the purpose of discussing the future of the hospital. Those present were Mayor Robbin Bell, Commissioner Fred Olsen, Commissioner D.J. Neuberger, Commissioner Beth Wade, Commissioner Chuck Miller, City Attorney Brad Jantz, City Clerk Debra Wendt, Hospital Administrator Mike Ryan, Hospital Board Members Mark Wendt, Leslie Mayes, Milt Fleming, and Phyllis Bettles, Representatives from the Press Stephanie Gilbert and J.R. Sparke, Pat Moyer, and approximately 175 citizens. City Manager Ron Strickland was absent.

Mayor Bell called the special meeting to order and thanked everyone for coming. Mike Ryan went over the hospital's revenues and expenses for 2012 and 2013, and stated that their two sources of income are from hospital operations and the hospital foundation. The foundation only funds capital improvements, not operations, and in the last 4-5 years has paid for \$323,000 in improvements on things such as entrance doors, roof, lights, and FAX. Mike reported that the petition for the hospital district has around 1,000 signatures, and 1,523 are needed. He also said they are looking at a 340-B pharmacy program that would allow them to purchase drugs below market level, and they have partnered with the Mathis Group for rehabilitation services. Each year they are an average of \$180,000 short on operating expenses, and are looking at revenue sources. Mark introduced the hospital board and Pat Moyer, and Robbin introduced the City Commission and Brad Jantz. Pat went over what "zip codes" the hospital patients and out patients come from, and noted that the majority are on Medicare. Brad said that the City auditors and financial advisors have told us that we have helped the hospital as much as we can financially, and added that the electric fund is now depleted. We are at a point where a decision needs to be made. Two alternatives for financial assistance to the hospital are a mill levy or sales tax. Brad looked at an assessment on the utility bills, but found that this is prohibited.

The Mayor said that input is needed. Questions were asked by the citizens. They included asking if a "fix" would be temporary or permanent, how much money sales tax would raise, why we couldn't close the hospital and keep the clinic, how many days of "cash on hand" the hospital has, and if the hospital could provide adult daycare as a revenue source. It was brought up how costly it would be for everyone to drive out of town for health care.

Mike Ryan explained that the hospital petition needs the signatures of 51% of five townships and three cities for the district to be established. There would be no election. Several people favored any type of property tax or sales tax increase that would save the hospital, and others felt that the residents just can't afford any more taxes. It was asked that if the hospital closed, if Dickinson County or the Abilene Hospital District could tax us for a third ambulance or other services. It was clarified that the hospital is asking for either the formation of a district or sales tax, but not both.

It was brought up that there are 71 full time employees at the hospital. Dr. Uhlig told about all of the specialists that come here. There would be an approximate two year turn around for the formation of a hospital district. Brad added that a sales tax could have a "sunset" clause that would assist the hospital temporarily, until a hospital district income would take effect. Frank Meyer expressed that good health care is important for the elderly as well as for recruitment of businesses and industries to come here.

Other things mentioned were that the City has depleted all of its resources, whether the Hospital would start paying their electric bill, what the shortfall would be for 2014, and what the maximum mill levy would be for a hospital district. It was noted that a 1 cent sales tax increase would raise approximately \$200,000 annually. Our sales tax rate was compared to other cities. David Stroda asked about expanding into Marion and Morris counties. Michelle Stanford asked if the hospital is owned by the City. Brad Jantz said that it is a municipal hospital, and that we have a responsibility for it. D.J. Neuberger passed out a survey for people to fill out, and said he would share the results with the Commission and the public.

The Mayor thanked everyone for coming, and the special meeting was adjourned.

Debra Wendt
City Clerk