

RESOLUTION 2022-04

A RESOLUTION APPROVING FUNDS FOR THE REPLACEMENT OF CENTRAL PENINSULA HOSPITAL'S ENTERPRISE RESOURCE PLANNING SYSTEMS FOR HUMAN RESOURCES, PAYROLL, SUPPLY CHAIN, ACCOUNTS PAYABLE, AND GENERAL FINANCE FUNCTIONS

1. **WHEREAS**, the Kenai Peninsula Borough has entered into an Operating Agreement with Central Peninsula General Hospital, Inc. (CPGH, Inc.) for the operation of Central Peninsula Hospital and other Medical Facilities, and to provide other healthcare programs and services on a nonprofit basis in order to ensure continued availability to the Service Area residents; and
2. **WHEREAS**, CPH implemented an integrated system in 2016, utilizing EPIC for its Electronic Health Records and Lawson for financial components of the system; and
3. **WHEREAS**, the Lawson Payroll/HR portion of the implementation was not completed and CPH has continued using the MEDITECH "Magic" system for these functions; and
4. **WHEREAS**, the MEDITECH system currently in use was implemented in 2001 and is well beyond end of expected life, leaving CPH as the only organization still on this software platform, creating an urgent need for replacement; and
5. **WHEREAS**, Providence/Think-Engage has informed CPH that they expect to cease support of the Lawson version currently in use by CPH in the coming years; and
6. **WHEREAS**, CPH has a need for the use of automated systems to process financial information for the organization, including processing of payroll for 1,000+ employees and gross pay in excess of \$90 million per year; and
7. **WHEREAS**, CPH staff reviewed new system offerings from Lawson/Infor and Workday, Inc., and has conducted a structured evaluation and selection process to determine which of the systems reviewed would provide a solution which best meets the combined needs of CPH and its affiliates, with Workday selected as the system of choice over the Infor Cloudsuite product; and
8. **WHEREAS**, CPH wishes to implement Workday systems using a phased approach, with HR/Payroll implemented in Phase I, followed by other core financial systems implemented together in Phase II; and
9. **WHEREAS**, CPH has identified capital costs associated with implementation of both phases of the Workday system and estimated them to be \$4,881,993; and
10. **WHEREAS**, CPH has identified annual software subscription costs for the Workday system to be \$1,297,869 over a three-year period; and

11. **WHEREAS**, CPGH, Inc. has analyzed the cost of acquiring and implementing systems from Workday, Inc., including software subscription services for the first three years, and determined expected total costs to be an amount not to exceed \$6,179,862 ; and

12. **WHEREAS**, CPH Administration has determined that there are sufficient funds available in the Central Peninsula Hospital Plant Replacement and Expansion Fund (PREF) to fund the \$4,881,993 capital cost of the Workday ERP Project and would like to utilize PREF funds for the cost of the project; and

12. **WHEREAS**, under Section 16(b) of the Operating Agreement, neither the Borough or CPGH, Inc. shall obligate or attempt to spend or transfer funds from the PREF without approval and appropriation by the Borough Assembly; and,

13. **WHEREAS**, under Section 16(b) of the Operating Agreement, any transfer in or out of the PREF shall first be considered by the CPGH, Inc. Board and its recommendation shall be forwarded to the Assembly.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF CENTRAL PENINSULA GENERAL HOSPITAL, INC., A NOT-FOR-PROFIT ALASKA CORPORATION, THAT:

SECTION 1. The Board of Directors of Central Peninsula General Hospital d/b/a Central Peninsula Hospital (“CPH”) approves funding for annual subscription costs required for the Workday ERP System, in an amount not to exceed \$1,297,869 over a three-year term.

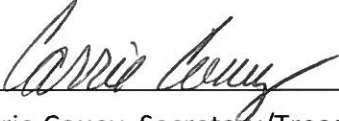
SECTION 2. The Board of Directors of Central Peninsula General Hospital d/b/a Central Peninsula Hospital (“CPH”) approves the capital funds required for the Workday ERP Project, and authorizes the additional transfer of funds from the Plant Replacement and Expansion Fund (PREF) in the amount not to exceed \$4,881,993.

SECTION 3. The Board of Directors requests the Kenai Peninsula Borough Assembly approve the capital funding in the amount not to exceed \$4,881,993 and appropriate PREF funds for the project.

SECTION 4. This resolution becomes effective immediately upon adoption by the CPGH, Inc. Board of Directors.

I certify that the above resolution was approved by vote of the Board of Directors of Central Peninsula General Hospital, Inc. at the 02/24/22 Board meeting.

Dated: 02/24/22



Carrie Couey, Secretary/Treasurer
CPGH, Inc. Board of Directors