



## KENAI PENINSULA BOROUGH

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MIKE NAVARRE  
BOROUGH MAYOR

### MEMORANDUM

**TO:** Blaine Gilman, Assembly President  
Kenai Peninsula Borough Assembly Members

**THRU:** Mike Navarre, Mayor *MN*  
Craig C. Chapman, Finance Director *CC* *for ccc*

**FROM:** Paul Ostrander, Chief of Staff *P.O.*

**CC:** Judith Lund, Chair, South Kenai Peninsula Hospital Service Area Board

**DATE:** April 21, 2016

**SUBJECT:** Ordinance 2015-19-30, An Ordinance Appropriating \$50,000 in Supplemental Funding for the Homer Medical Center Design from the South Kenai Peninsula Hospital Service Area Capital Project Fund for Additional Building Expansion Design (Mayor)

The Kenai Peninsula Borough provides for health and medical services through the South Kenai Peninsula Hospital Service Area (SKPHSA) through a sublease and operating agreement with the nonprofit South Peninsula Hospital, Inc..

The Homer Medical Center was purchased by the borough on behalf of the SKPHSA as authorized by ordinance 2015-19-12 and is the service area's main primary care facility providing family practice, obstetrics/gynecology, midwifery, nurse practitioners and other services. Expansion of the facility is necessary to accommodate these primary care services.

Also, as authorized by ordinance 2015-19-12, \$150,000 was appropriated for the design of a 3,700 square foot addition. During the design process, a steering committee made up of users of the Center was formed to establish a project scope based on operational needs. Through this process it was determined that a facility of 5,700 square feet was necessary to address those needs. Rather than constructing an expansion of 3,700 square feet now, followed by a future second expansion of 2,000 square feet, it is more cost effective to complete the entire expansion in one project.

This additional expansion will also enable South Peninsula Hospital to terminate several third party leases by relocating employees to this new facility. The recurring costs associated with these leases will be eliminated, helping to offset the cost of the expansion.

It is estimated that the design work for the additional 2,000 square feet of expansion will cost \$50,000.

Along with the proposed addition of 5,700 square feet, related renovations and site improvements would be made such as additional parking. The borough's capital project department has estimated the proposed addition will cost between \$2,800,000 and \$3,000,000 including project management and administrative costs. The funding needed for the construction of the proposed addition will require action by the assembly at a later date.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>491.27900 (FB)</u>
Amount	<u>\$50,000</u>
By:	<u>pp</u> Date: <u>4/21/16</u>