

# Kenai Peninsula Borough

## Finance Department

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### MEMORANDUM

**TO:** Brent Johnson, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Charlie Pierce, Mayor 

**FROM:** Brandi Harbaugh, Finance Director   
John Hedges, Purchasing & Contracting Director 

**DATE:** May 26, 2022

**RE:** Ordinance 2021-19-53, Appropriating \$389,500 from the South Kenai Peninsula Hospital Service Area Fund Balance to Support Replacement and Improvement of the Hospital's Hot Water System (Mayor)

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The Kenai Peninsula Borough (Borough) owns and provides for the operation of South Peninsula Hospital (SPH) through the South Kenai Peninsula Hospital Service Area. South Peninsula Hospital, Inc. (SPHI) operates SPH and other medical facilities by way of an operating agreement with the Borough.

The SPHI administration has identified a need to replace SPH's 350-gallon domestic water tank in order to support long-term hot water generation. It has been determined that there is currently no redundancy or back up for the two water heaters and it is a strategic priority of SPHI management to provide the safest possible healing environment for patients and staff. An independent design and engineering consultant, RESPEC, was engaged to evaluate SPH's hot water needs and develop a plan to address failure, redundancy, backup, efficiency, risks, and costs. The cost to support replacement and improvement of the hot water system is estimated to be \$389,500.

This ordinance appropriates funds of \$389,500 to be transferred from the South Peninsula Hospital Service Area Fund fund balance to the South Peninsula Hospital Service Area Capital Project Fund to support the SPH Hot Water Replacement and Upgrade Project.

The South Kenai Peninsula Hospital Service Area Board and the SPHI Finance Committee are both considering this request for appropriation of funds at their June meetings.

Your consideration of this ordinance is appreciated.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
<b>Account:</b>	<u>602.27910</u>
<b>Amount:</b>	<u>\$ 389,500.00</u>
<b>By:</b> 	<b>Date:</b> <u>5/26/2022</u>