

Kenai Peninsula Borough
Purchasing & Contracting Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*
Brandi Harbaugh, Finance Director *BH*

FROM: John Hedges, Purchasing & Contracting Director *JH*

DATE: July 23, 2026

RE: Ordinance 2026-19-03, Approving a Capital Improvement Project and Appropriating Funds from the Central Kenai Peninsula Hospital Service Area Plant Replacement and Expansion Fund for Development of Central Peninsula Hospital’s Dermatology Clinic (Mayor)

The Kenai Peninsula Borough (KPB) has entered into an Operating Agreement with Central Peninsula General Hospital, Inc. (CPGH) for management and operation of the Central Peninsula Hospital (CPH) and other related facilities, and to provide other healthcare programs and services, on a nonprofit basis in order to ensure the continued availability to the Central Kenai Peninsula Hospital Service Area residents.

Space currently owned by KPB on behalf of the service area and located at 254 N. Binkley St. in Soldotna will be remodeled to accommodate and support a dermatology practice in two phases. The first phase is in progress and budgeted to cost \$747,403. CPGH, Inc. is managing phase 1 of the project which will remodel the building into a suitable physician’s practice with office space and patient rooms. Phase 2 of the project will include three MOHS procedure rooms, a pathology lab, and remodeling of existing space to support both dermatology and MOHS surgery services. Phase 2 is budgeted at \$2,110,822. The Operating Agreement requires Assembly approval for capital improvement projects in excess of \$1,000,000; therefore, the ordinance approves the phase two of the project and appropriates Plant Replacement and Expansion funds for Phase 2 of the project.

Your consideration is appreciated

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No. <u>490.20602</u>	Amount: <u>\$2,110,822</u>
By: <u><i>CH</i></u>	Date: <u>7/22/2026</u>