

Kenai Peninsula Borough

Purchasing & Contracting Department

MEMORANDUM

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

THRU: Mike Navarre, Mayor *MN*

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

DATE: November 3, 2022

RE: Ordinance 2022-19-32, Deobligating Previously Appropriated Project Funds of \$1,522,530 and Appropriating \$659,783 of those Funds for the Expanded Scope of South Peninsula Hospital Nuclear Medicine/Pharmacy/Infusion Renovation Project (Mayor)

South Peninsula Hospital (SPH), through previous capital project appropriations and the ongoing master planning process, has identified the nuclear medicine service line, the pharmacy renovation, and the infusion clinic as areas of service that are in immediate need of improvement. Toward that end, the combining of these areas of work is both necessary and more effective in the execution of the projects. The correction of building code compliance issues and improvement of inefficient operational processes can also be enhanced by the broader scope.

Currently, space requirements necessary to move forward with the Nuclear Medicine project require the displacement of the South Peninsula Hospital's Pharmacy; requiring expansion of the project scope, such that it will now include approximately 6600 square feet of renovation and shell space construction. Also included in the project scope is the development of an infusion clinic in the shelled space of the South Peninsula Hospital facility.

Approval of the requested funding will allow for the design and development of bid ready plans for the project, assistance with the certificate of need process through the Department of Health and Social Services, third party cost estimating, and other project related preliminary expenditures.

Once a fixed project scope has been established an additional appropriation will be brought forward to fund the construction portion of the project.

In November of 2021 Architects of Alaska, Inc. (AAI) was selected, by the Borough Purchasing and Contracting Department, through a formal RFP process, as the most qualified and responsive proposer for SPH's Master Planning Project. In conjunction with that process, SPH contracted with AAI to develop a concept for

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a new nuclear medicine service line. This combination of efforts led to the identification of the consolidation and expansion of the project scope.

At the request of the Purchasing and Contracting Department, AAI provided a quote of \$628,283.00 for the design and development services of the SPH Nuclear Medicine/Pharmacy/Infusion Renovation Project. Due to the ongoing efforts of the master planning project, the firm's current experience with the facility and organization, and with the intent of expediting the project to address the immediate need for the improvements, it is requested that a sole source award to Architects of Alaska, Inc. for the design services be approved by the Assembly.

The estimated total cost of the design portion of the project is \$659,783.00, which includes the design portion identified above and \$31,500.00 for other administrative preliminary project costs such as: Project management; KPB administrative fee; advertising; and, other costs necessary to complete the design effort.

This ordinance deobligates SPH Plant Replacement and Expansion funds of \$567,530 and SPH Capital Project funds of \$955,000 from the previously appropriated Nuclear Medicine Renovation and Pharmacy Remodel Projects.

For these reasons, it is in the best interests of Borough to appropriate \$659,783.00 to provide funding for the SPH Nuclear Medicine/Pharmacy/ Infusion Renovation Project and authorize the Sole Source award of the design contract to Architects of Alaska, inc.

Your consideration of the Ordinance is appreciated.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Account: <u>491.81210.23SHB.49999</u>	Amt: <u>\$400,000</u>
Account: <u>491.81210.21SHA.49999</u>	Amt: <u>\$567,530</u>
By: <u> <i>eg</i> </u>	Date: <u>11/3/2022</u>