

# Kenai Peninsula Borough

Planning Department – Land Management Division

## MEMORANDUM

**TO:** Brent Johnson, Assembly President  
Members, KPB Assembly

**THRU:** Peter A. Micciche, Mayor *PM*  
Brandi Harbaugh, Finance Director *BH*  
John Hedges, Purchasing & Contracting Director *JH*

**FROM:** Aaron Hughes, Land Management Agent *AH*

**DATE:** April 25, 2024

**RE:** Ordinance 2023-19-48, Authorizing a Lease Agreement for Medical Office Space Located at 4251 Hohe Street, Appropriating Funds for Acquisition Due Diligence and Earnest Money, and Authorizing Conditional Acquisition for Three Commercial Properties in Homer, Alaska, on Behalf of the South Kenai Peninsula Hospital Service Area (Mayor)

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

SPHI requires medical office space located at 4251 Hohe Street in Homer, Alaska for a new medical provider. As part of the authorization to enter into a lease for this medical space need, the KPB has negotiated an agreement in principle to acquire this property at 4251 Hohe Street, along with two other commercial properties owned by the same entitled and located at 4251 Bartlett Street, and 4201 Bartlett Street, in Homer, Alaska. It is in the long term interests of the Service Area to acquire three commercial properties located at 4251 Hohe Street, 4251 Bartlett Street, 4201 Bartlett Street for hospital and medical service needs. The cost to the Service Area to lease the properties will result in a higher cost over the long term as well as lost opportunity cost that will occur by not owning the properties in fee simple as public assets for SPH campus expansion and revitalization purposes.

Subject to Assembly approval, and, if approved by Assembly, then Service Area voter approval, the intent will be to purchase these three properties using bond funds and to include a contingency purchase option in the event voters do not approve the anticipated bond proposition. It is currently anticipated that an ordinance approving the submission of the bond question to the voters will be introduced at the Assembly's regular meeting on June 4, 2024.

Your consideration is appreciated.

### FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED

Acct. No. 491.20602 Amount: \$145,000

By: *CJ* Date: 4/23/2024