

Introduced by: Mayor
Date: 02/21/23
Hearing: 03/14/23
Action: Enacted
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2022-19-48**

**AN ORDINANCE APPROPRIATING FUNDS FROM THE SOUTH PENINSULA
HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND FOR THE
HOSPITAL’S INFRASTRUCTURE REPLACEMENT AND DEFERRED
MAINTENANCE PRELIMINARY DESIGN PROJECT**

WHEREAS, the Kenai Peninsula Borough (“Borough”) has entered into an Operating Agreement with South Peninsula Hospital, Inc. (“SPHI”) for operation of the South Peninsula Hospital (“the 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 service area residents; and

WHEREAS, Section 16, Finances, Paragraph (a) Operating Revenue, of the Operating Agreement requires, on a quarterly basis, that SPHI “shall transfer all cash on hand in excess of the operating reserve amount to the Borough for deposit into the South Peninsula Hospital Plant Replacement and Expansion Fund (PREF)”;

and

WHEREAS, Section 16, Finances, Paragraph (b) Plant Replacement and Expansion Fund, of the Operating Agreement provides, “The PREF is a fund designated as a source of funding for major repairs and replacement of Medical Facilities; improvements, fixtures, and equipment for Medical Facilities; acquisition of property, improvements, fixtures and equipment related to operation of the Medical Facilities; and to replenish the operating reserves, as provided in paragraph 16.”; and

WHEREAS, on January 25, 2023, the SPHI’s Board of Directors passed a resolution approving the use of PREF funds to fund the preliminary design project for hospital infrastructure replacement and deferred maintenance with a not to exceed amount of \$250,000; and

WHEREAS, per the SPHI’s adopted resolution, the Hospital’s average age of plant, decrease in net fixed assets, and increase in patient volumes services requires that the Hospital invest in capital infrastructure in order to continue to meet patient needs and organizational goals; and

WHEREAS, Section 16, Finances, Paragraph (b), Plant Replacement and Expansion Fund, of the Operating Agreement requires that any transfer in or out of the PREF shall first be considered by the SPHI board and its recommendation shall be forwarded to the assembly; and

WHEREAS, the SPHI Board, at its January 25, 2023 meeting, recommended approval; and

WHEREAS, the South Kenai Peninsula Hospital Service Area Board, at its January 12, 2023 meeting, recommended approval;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That funds in the amount up to \$250,000 are appropriated from the South Peninsula Hospital Unobligated portion of the Plant Replacement and Expansion Fund from account number 491.20602 to account 491.81210.23DES.49999 for project design costs associated with hospital infrastructure deferred maintenance replacement and repairs.

SECTION 2. That the appropriations made in this ordinance are of project length nature and as such do not lapse at the end of any particular fiscal year.

SECTION 3. That this ordinance shall be effective immediately upon enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 14TH DAY OF MARCH, 2023.

Brent Johnson

Brent Johnson, Assembly President

ATTEST:

Michele Turner

Michele Turner, CMC, Acting Borough Clerk



Yes: Chesley, Cox, Ecklund, Elam, Hibbert, Ribbens, Tupper, Johnson
No: None
Absent: Derkevorkian