

KENAI PENINSULA BOROUGH PROPOSITION SUMMARY

PROPOSITION NO. 1

SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA GENERAL OBLIGATION BONDS

(To be voted on by all South Kenai Peninsula Hospital Service Area voters)

BACKGROUND: South Kenai Peninsula Hospital Service Area (Service Area) was established by voter approval in 1969 to provide hospital, health, and other medical services within the Service Area. The hospital and related medical facilities within the Service Area are managed and operated pursuant to a management and operating agreement between the Kenai Peninsula Borough (Borough) and South Peninsula Hospital, Inc. (SPH, Inc.), a nonprofit organization. Over the course of its 55 year history, the Service Area has evolved into a dynamic health and medical services provider offering hospital and connected health care services facilities that currently accommodates 22 medical beds, 28 nursing home beds and provides a wide variety of healthcare services including acute care, cancer care, home health, imaging, long term care, rehabilitation, surgery, emergency care and other specialties.

In 2022 the Borough, the Service Area, SPH, Inc., and the City of Homer, formed a stakeholder steering committee and engaged in a master planning process that documented the hospital's current program, inventoried its existing assets and lease holdings, and identified current deficiencies in operations and physical assets. Based on that data, the steering committee prioritized areas of focus for capital improvements, renovation, and land acquisition. Since the completion of the master plan, the Borough and SPH, Inc. have collaborated to move forward with project development, property acquisition negotiations, and other information gathering processes aimed at addressing the highest priorities established in the master plan. The prioritized areas of focus include, but are not limited to: renovation and improvements to the existing facilities' aging and dilapidated infrastructure; consolidation of services to allow for more effective operations and improved quality of service; new or expanded medical services to meet the needs of a growing community; site and parking improvements; campus expansion to allow for improved hospital access, emergency power plant improvements, utility work, adjacent right of way improvements; and other capital improvements identified in the hospital master plan.

FISCAL NOTE: The estimated cost of planning, designing, acquiring property for, renovating, constructing, and equipping capital improvements to, and for, the South Peninsula Hospital and campus will not exceed thirty-eight million five hundred dollars (\$38,500,000). An estimated .67 mill rate increase throughout the South Kenai Peninsula Hospital Service Area will be required to pay the debt service on the \$38,500,000 bond indebtedness. Voter approval for this proposition authorizes for each \$100,000 of assessed real and personal property value in the South Kenai Peninsula Hospital Service Area (based on the estimated FY2025 (TY2024) services area assessed valuation) an annual tax increase of approximately \$67 to retire the debt.

BALLOT LANGUAGE
As approved by Ordinance 2024-12

PROPOSITION NO. 1 SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA GENERAL OBLIGATION BONDS

Shall Kenai Peninsula Borough borrow up to \$38,500,000 through the issuance of South Kenai Peninsula Hospital Service Area general obligation bonds?

The bond proceeds, in the amount not to exceed \$38,500,000, will be used to pay the costs of planning, designing, acquiring property for, renovating, constructing, and equipping the South Peninsula Hospital and campus, located within the South Kenai Peninsula Hospital Service Area.

The indebtedness will be repaid from ad valorem taxes levied on all taxable property located within the South Kenai Peninsula Hospital Service Area. The South Kenai Peninsula Hospital Service Area will pledge its full faith and credit for repayment of the indebtedness.

Voter approval for this proposition authorizes for each \$100,000 of assessed real and personal property value in the South Kenai Peninsula Hospital Service Area (based on the estimated FY2025 assessed valuation) an annual tax increase of approximately \$67 to retire the debt.

YES A "Yes" vote approves the issuance of bonds.

NO A "No" vote opposes the issuance of bonds.