

# Kenai Peninsula Borough

## Purchasing & Contracting Department

### MEMORANDUM

**TO:** Peter Ribbens, Assembly President  
Members, KPB Assembly

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

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

**DATE:** April 24, 2025

**RE:** Ordinance 2024-19- 37, Appropriating Funds from the South Peninsula Hospital Service Area Capital Project Fund for Critical Hospital Construction and Infrastructure Repairs (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 (SPH) 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 South Kenai Peninsula Hospital Service Area residents.

SPHI Administration has identified a grouping of necessary infrastructure repairs related to facility age, such as: an overhaul to the hospital service elevator; upgrading multiple electrical and breaker panels; adding air conditioning in the lab; deaerator backup redundancy; and construction work related to the updated fluoroscopy system. All the projects were identified and recommended as part of the FY26 proposed budget process. However, due to the recent award of a grant to provide for the power generation system at the hospital, the “Hospital Construction and Infrastructure Repairs Project Grouping” is being requested early to reduce redundancy and save money in areas where the projects intersect.

SPHI Administration estimates the Hospital Construction and Infrastructure Repairs Project Grouping cost to be \$915,042 and funds are currently available in the Service Area Capital Project Fund fund balance to support this work. It is anticipated SPHI administration will manage this project.

Your consideration is appreciated

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No. <u>491.27900</u>	Amount: <u>\$915,042</u>
By: <u>CJ</u>	Date: <u>4/24/2025</u>