

Introduced by: Mayor
Date: 01/05/16
Hearing: 02/02/16
Action: Enacted as Amended
Vote: 7 Yes, 2 No, 0 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2015-19-21**

AN ORDINANCE AUTHORIZING THE ACQUISITION OF REAL PROPERTY LOCATED AT 362 TYEE STREET, SOLDOTNA ALASKA ON BEHALF OF CENTRAL PENINSULA HOSPITAL FOR TRANSITIONAL HOUSING PURPOSES, ACCEPTING AND APPROPRIATING GRANT FUNDS OF \$1,105,000, APPROPRIATING \$395,000 FROM THE CPGH, INC. PLANT REPLACEMENT AND EXPANSION FUND FOR THE PURCHASE AND REMODEL OF THE PROPERTY, AND AUTHORIZING AN AMENDMENT TO THE CPGH, INC. LEASE AND OPERATING AGREEMENT

WHEREAS, the Kenai Peninsula Borough ("Borough") owns and provides for the operation of Central Peninsula Hospital ("Hospital"), and for other health services and medical facilities, through the Central Kenai Peninsula Hospital Service Area, ("Service Area"); and

WHEREAS, the Borough has entered into a Lease and Operating Agreement ("L&O") with Central Peninsula General Hospital, Inc. ("CPGH, Inc.") for the lease and operation of the Hospital and other medical facilities, to operate these medical facilities on a nonprofit basis in order to ensure the continued availability of the medical services to the service area residents and visitors; and

WHEREAS, CPGH, Inc. has been awarded a \$1,000,000 grant from the State of Alaska Department of Health and Social Services (DHSS) for purchase and modification of a building to support transitional housing to youth and young adults; and

WHEREAS, CPGH, Inc. has been awarded a \$75,000 grant from the Alaska Mental Health Trust Land Authority, \$25,000 from the Central Peninsula Health Foundation, \$5,000 from Serenity House Alumni, and has applied to the Rasmuson Foundation for \$300,000 to support this project; and

WHEREAS, as the borough will own the property the grants for real property purposes will be awarded to the borough; and

WHEREAS, the property located at 362 Tyee Street, Soldotna, Alaska, is available for purchase as a bargain sale from the owner, Jonas Ridge, LLC, at less than the assessed value; and

WHEREAS, a July 17, 2015, survey report of the Foraker Group evaluates the 11,062 square foot two-story building, the project purposes, and the estimated project budget with findings that support the conversion of the building to a 16 bed transitional housing facility given appropriate capital improvements to remodel the space; and

WHEREAS, the entire estimated cost of the purchase and remodeling for the transitional housing project is estimated at approximately \$1,604,421; and

WHEREAS, CPGH, Inc. seeks approval from the borough for the scope of the project including the property acquisition, inclusion of the property in the L&O as property leased to CPGH, Inc., capital improvements to remodel the leased property in excess of \$500,000, and expenditure of plant expansion and replacement funds in excess of \$250,000, which are items requiring borough approval under the terms of the L&O; and

WHEREAS, CPGH, Inc. has applied for a grant of \$300,000 from the Rasmuson Foundation to be used for this project if awarded and, if not, shall limit the scope of the project to fit within the amounts appropriated; and

WHEREAS, the CPGH, Inc. Board of Directors at its December 10, 2015 meeting adopted Resolution 2015-79 approving the purchase and remodel contingent upon funding and assembly approvals and authorized the use of CPH Plant Replacement and Expansion Funds not to exceed \$395,000 for this project; and

WHEREAS, the Central Kenai Peninsula Hospital Service Area Board, at its meeting of December 14, 2015, recommended approval by unanimous consent; and

WHEREAS, the Kenai Peninsula Borough Planning Commission, at its regular meeting of January 25, 2016, recommended approval by unanimous consent;

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

SECTION 1. That the Assembly finds that purchasing the following described real property pursuant to KP.B 17.10.040 is in the best interest of the borough as it furthers the purposes of the Central Kenai Peninsula Hospital Service Area to provide health care services supported primarily by grant funds:

Lots One (1) and Nineteen (19) Block Two (2) Iris Heights Subdivision, Plat No. 77-40, Kenai Recording District, Third Judicial District, State of Alaska, (Assessor Parcel Nos. 059-340-42 and 059-340-41)

SECTION 2. That the terms and conditions substantially in the form of the Purchase Agreement accompanying this ordinance are hereby approved. The purchase price shall be \$599,000, plus closing costs not to exceed \$4,000.

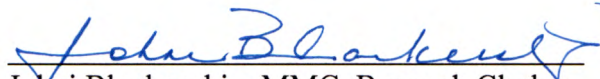
- SECTION 3.** That this acquisition is for the purposes of providing supervised transitional housing programs for persons who have completed addiction recovery programs consistent with grant funding requirements.
- SECTION 4.** That the above described land is zoned commercial pursuant to City of Soldotna zoning code and therefore is not proposed to be further classified under KPB 17.10.080.
- SECTION 5.** That the Mayor is authorized to execute any and all documents necessary to accept the grants and to purchase the real property described in Section 1 in accordance with the terms and conditions contained in this ordinance and the accompanying Purchase Agreement, consistent with applicable provisions of KPB Chapter 17.10.
- SECTION 6.** That \$395,000 is appropriated from the CPH Plant Replacement and Expansion Fund to Account No. 490.81110.16TRA.49999 for the acquisition of real property and capital improvements necessary to remodel the real property for transitional housing purposes.
- SECTION 7.** That the mayor is authorized to accept on behalf of CPGH, Inc. grant funds from the State of Alaska Department of Health and Social Services in the amount of \$1,000,000, from the Alaska Mental Health Trust in the amount of \$75,000, from the Central Peninsula Health Foundation in the amount of \$25,000 and from the Serenity House Alumni in the amount of \$5,000 and awarded to CPGH, Inc. for the project purpose.
- SECTION 8.** That the grant funds described in section 7 are appropriated for the project purpose.
- SECTION 9.** That the mayor is authorized to execute an amendment to the Central Peninsula Hospital Lease and Operating Agreement with CPGH, Inc. substantially in the form of the amendment attached hereto and incorporated herein by reference. This document amends Section 2 of the L&O to include the property described in Section 1 of this ordinance as leased to CPGH, Inc.
- SECTION 10.** That in accordance with Section 12(b)iii of the L&O, the assembly approves capital improvements by CPGH, Inc. to the real property, provided that the scope of the project shall not exceed the amounts received and appropriated by this ordinance.
- SECTION 11.** That this ordinance shall take effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 2ND DAY OF FEBRUARY, 2016.



Blaine Gilman, Assembly President

ATTEST:


John Blankenship, MMC, Borough Clerk

Yes: Bagley, Cooper, Dunne, Holmdahl, Johnson, Knopp, Gilman
No: Ogle, Welles
Absent: None