

Introduced by: Mayor  
Date: 03/14/23  
Hearing: 04/04/23  
Action: Enacted  
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2022-19-57**

**AN ORDINANCE APPROPRIATING FUNDS FROM THE SOUTH PENINSULA  
HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND AND THE SOUTH  
KENAI PENINSULA HOSPITAL SERVICE AREA FUND FOR IMPROVEMENTS TO  
THE LONG-TERM CARE AND REHABILITATION HEATING, VENTILATION, AND  
AIR CONDITIONING SYSTEM**

**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 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 that, on a quarterly basis, 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**, through enactment of the Fiscal Year 2022 budget, at the request of the South Kenai Peninsula Hospital Service Area Board and South Peninsula Hospital, Inc., the Borough appropriated funds to address Heating, Ventilation, and Air Conditioning (“HVAC”) issues in the Long-Term Care and Rehabilitation areas; and

**WHEREAS**, as a result of the deficiencies the system fails to meet the regulatory requirements for environmental controls established by the Center for Medicare and Medicaid Services; and

**WHEREAS**, in response to the deficiencies, SPHI and the Borough Purchasing and Contracting Department contracted with a mechanical engineering consultant to identify the options for corrective action and provide bid ready design documents; and

**WHEREAS,** the design has been completed and the estimated cost of the project is \$1,801,065; and

**WHEREAS,** the project (22SHB) account currently has a remaining \$173,897 available for use; and

**WHEREAS,** the additional funding is available from unobligated service area fund balance and the SPH PREF with current balances of \$2.1 million and \$7.4 million respectively; and

**WHEREAS,** at its February 27, 2023 meeting, the SPHI Board recommended approval of this project; and

**WHEREAS,** at its March 9, 2023 meeting, the South Kenai Peninsula Hospital Service Area Board recommended approval of the use of \$1,000,000 from the unobligated South Peninsula Hospital Service Area, fund balance and \$627,416 from the Plant Replacement & Expansion Fund for this project;

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

**SECTION 1.** That funds in the amount of \$627,416 are appropriated from the South Peninsula Hospital unobligated portion of the Plant Replacement and Expansion Fund account number 491.20602 to account 491.81210.22SHB.49999 for improvements to the Long-Term Care and Rehabilitation HVAC system.

**SECTION 2.** That funds in the amount of \$1,000,000 are appropriated from the South Kenai Peninsula Hospital Service Area Fund, fund balance to account 491.81210.22SHB.49999 for improvements to the Long-Term Care and Rehabilitation HVAC system and other related costs.

**SECTION 3.** 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 4.** That this ordinance shall be effective immediately upon enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 4TH DAY OF APRIL, 2023.**

*Brent Johnson*

Brent Johnson, Assembly President

ATTEST:

*Michele Turner*

Michele Turner, CMC, Acting Borough Clerk



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