

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

144 North Binkley Street
Soldotna, AK 99669
Phone 907-714-2160
Fax 907-714-2388

Blaine Gilman, Assembly President
Brent Johnson, Vice President

MEMORANDUM

TO: Blaine Gilman, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Brent Johnson, Assembly Vice-President (B) for B. J.

DATE: May 26, 2016

RE: Ordinance 2016-22, An Ordinance Amending KPB 16.08.010 And 16.24.010 To Move The Common Boundary Between The Central Kenai Peninsula Hospital Service Area And The South Kenai Peninsula Hospital Service Area South, Subject To Approval By Voters Residing In The Central Kenai Peninsula Hospital Service Area And The Proposed New Area

The two hospital service areas were created in 1969, before Central Peninsula Hospital (CPH) in Soldotna opened. The common boundary between them passes next to Clam Gulch tower, which is not at the highway midpoint. The midpoint is 14½ miles to the south. It can be safely assumed that the vast majority of the people living between the tower and the midpoint routinely use Central Peninsula Hospital (CPH). Why should they pay taxes to SPH when they use CPH?

Where should the dividing line between the hospital service areas be? About last November 2014 I asked the Ninilchik Emergency Services Board of Directors that question. They unofficially recommended Tim Avenue, which is about ten miles south of the midpoint. Tim Avenue has another advantage, it's on a township line. If that township line (between T2S and T3S) is chosen, the description would simply follow it from the west edge of the borough all the way to the east edge of the hospital service areas. But the Tim Avenue line would cost SPH a loss of about \$300,000 per year, and there is a tiny minority of people in Ninilchik who routinely use SPH.

A compromise would offer the highway midpoint, which is near Barbara Drive, about a mile and a half north of Ninilchik River Bridge. Barbara Drive is not near a township line. To avoid bisecting property parcels, a line near Barbara Drive would be complicated to describe. It is, however the line offered in this ordinance because it is in my opinion essential to bring some

degree of fairness to property owners north of this point.

The question of where to draw a fair boundary line is complicated by the Ninilchik Traditional Council Community Clinic. That medical facility is used by residents even north of Barbara Avenue. And that clinic would have had a difficult time to survive had not SPH offered to help. The hospital in Homer has "shared" doctors with the clinic. These doctors work part of the week in Ninilchik and part in Homer, with each entity paying for the doctor while he or she is at its facility.

I very much prefer the option Mayor Navarre has suggested, which would merge the two hospital service areas into one service area. In my opinion, that would reduce the mill rate for the entire SPH Service Area by at least 2 mills, while never raising the CPH mill rate by over 0.3 mills. I think both mill rates would soon be near zero, as the CPH mill rate is now. But the merger may take a few years and may not pass voter approval. That is the reason I'm bringing this ordinance forward. It is my hope that the public will offer testimony to help the assembly decide where the line should be.

Your consideration is appreciated.