

Kenai Peninsula Borough

Purchasing & Contracting Department

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MN*
Brandi Harbaugh, Finance Director *BH*

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

DATE: February 9, 2023

RE: Ordinance 2022-19-48, Appropriating Funds from the South Peninsula Hospital Plant Replacement and Expansion Fund for the Hospital's Infrastructure Replacement and Deferred Maintenance Preliminary Design Project (Mayor)

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.

On January 25, 2023, the SPHI's Board of Directors passed a resolution approving the use of PREF funds to fund the preliminary design project for hospital infrastructure replacement and deferred maintenance with a not to exceed amount of \$250,000. At its meeting on January 12, 2023, the South Kenai Peninsula Hospital Service Area Board recommended approval.

Per the SPHI Board's adopted resolution, South Peninsula Hospital's average age of plant, decrease in net fixed assets, and increase in patient volumes services requires that South Peninsula Hospital invest in capital infrastructure in order to continue to meet patient needs and organizational goals.

Your consideration is appreciated.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No. <u>491.20602</u>	
Amount: <u>\$250,000.00</u>	
By: <i>CJ</i>	Date: <u>2/8/2023</u>