

Introduced by: Mayor
Date: 04/05/22
Hearing: 04/19/22
Action: Enacted
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2021-19-40**

AN ORDINANCE APPROPRIATING FUNDING FROM THE CENTRAL PENINSULA HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND FOR THE REPLACEMENT OF CENTRAL PENINSULA HOSPITAL'S ENTERPRISE RESOURCE PLANNING SYSTEMS FOR HUMAN RESOURCES, PAYROLL, SUPPLY CHAIN, ACCOUNTS PAYABLE, AND GENERAL FINANCE FUNCTIONS

WHEREAS, the Kenai Peninsula Borough ("Borough") has entered into an Operating Agreement with Central Peninsula General Hospital, Inc. ("CPGH, Inc.") for operation of Central Peninsula Hospital ("CPH") 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, CPGH, Inc. "shall transfer all cash on hand in excess of the operating reserve amount to the Borough for deposit into the Central 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, CPH implemented an integrated system in 2016, utilizing EPIC for its Electronic Health Records and Lawson for financial components of the system; and

WHEREAS, the Lawson Payroll/HR portion of the implementation was not completed and CPH has continued using the MEDITECH "Magic" system for these functions; and

WHEREAS, the MEDITECH system currently in use was implemented in 2001 and is well beyond end of expected life, leaving CPH as the only organization still on this software platform, creating an urgent need for replacement; and


- WHEREAS,** Providence/Think-Engage has informed CPH that they expect to cease support of the Lawson version currently in use by CPH in the coming years; and
- WHEREAS,** CPGH, Inc has informed the Borough that CPH has a need for the use of automated systems to process financial information for the organization, including processing of payroll for 1,000+ employees and gross pay in excess of \$90 million per year; and
- WHEREAS,** per information provided by CPH administration, CPH staff reviewed new system offerings from Lawson/Infor and Workday, Inc. (Workday), and has conducted a structured evaluation and selection process to determine which of the systems reviewed would provide a solution which best meets the combined needs of CPH and its affiliates, with Workday selected as the system of choice over the Infor Cloudsuite product; and
- WHEREAS,** per information provided by CPH administration, CPH wishes to implement Workday systems using a phased approach, with HR/Payroll implemented in Phase I, followed by other core financial systems implemented together in Phase II; and
- WHEREAS,** per information provided by CPH administration, CPH has identified capital costs associated with implementation of both phases of the Workday system and estimated them to be \$4,881,993 (Workday ERP Project); and
- WHEREAS,** per information provided by CPH administration, CPH has identified annual software subscription costs for the Workday system to be \$1,297,869 over a three-year period; and
- WHEREAS,** CPGH, Inc. has analyzed the cost of acquiring and implementing systems from Workday, Inc., including software subscription services for the first three years, and determined expected total costs to be an amount not to exceed \$6,179,862; and
- WHEREAS,** The Central Peninsula Hospital PREF currently has an unobligated balance of \$64,316,917.69; and
- WHEREAS,** Paragraph 1, Exhibit C, Memorandum of Agreement, requires CPGH, Inc. to notify the Borough finance director or designee of the date, method, and other necessary information to effectuate any deposit into or withdrawal from the PREF; however, the date of transfer and deposit cannot occur until after the date of assembly approval; and
- WHEREAS,** the CPGH, Inc. board, at its February 24, 2022, meeting requested approval from the Borough Assembly to approve the capital funding and approve the transfer of funds from the PREF in an amount not to exceed \$4,881,993; and

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

SECTION 1. Funds in the amount up to \$4,881,993 are appropriated from the Central Peninsula Hospital Unobligated portion of the Plant Replacement and Expansion Fund account number 490.20602 to be transferred to CPGH, Inc. for the purpose of the capital purchase for the Workday ERP Project.

SECTION 2. This ordinance shall be effective immediately upon enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 19TH DAY OF APRIL, 2022.

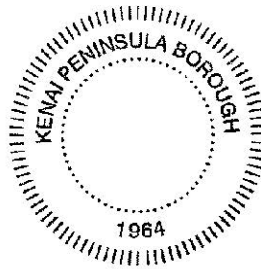


Brent Johnson, Assembly President

ATTEST:



John Blankenship, MMC, Borough Clerk



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