

# Kenai Peninsula Borough

## Finance Department

### MEMORANDUM

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

**THRU:** Charlie Pierce, Borough Mayor *CP*

**FROM:** Brandi Harbaugh, Finance Director *BH*

**DATE:** May 24, 2022

**RE:** Ordinance 2021-19- 42, Appropriating Funding from the South Peninsula Hospital Plant Replacement and Expansion Fund to Replenish South Peninsula Hospital's Operating Cash (Mayor)

On March 15, 2022, South Peninsula Hospital, Inc. ("SPHI") provided a formal request to transfer \$5,161,198 from the South Peninsula Hospital Plant Replacement and Expansion Fund "PREF" to SPHI's operating reserve to bring the current balance within the allowable 90-day cash on hand.

The Kenai Peninsula Borough ("Borough") has entered into an Operating Agreement with 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.

Pursuant to the operating agreement, if "cash on hand" is less than 90 days at any time, then SPHI may request that the Borough authorize the transfer of an amount from the PREF to its operating reserve to maintain the operating reserve amount. The operating agreement requires that any transfer in or out of the PREF first be considered by the SPHI board and its recommendation shall be forwarded to the assembly. SPHI has determined that the operating reserve as of February 28, 2022 is less than 90 days with 70 days "cash on hand," In order to reach 90 days, SPHI may request up to \$5,161,198 (20 days).

The South Kenai Peninsula Hospital Service Area Board recommended approval of this ordinance. This matter will come before the SPHI board for its recommendation on March 23, 2022. SPHI Board's recommendations will be provided to the assembly prior to public hearing on this ordinance.

Your consideration of this ordinance is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>491.20602</u>
Amount	<u>\$5,161,198</u>
By: <i>CP</i>	Date: <u>3/18/2022</u>