

Kenai Peninsula Borough

Purchasing & Contracting Department

MEMORANDUM

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

THRU: Charlie Pierce, Mayor *CP*

FROM: John Hedges, Purchasing & Contracting Director *JH*
Brandi Harbaugh, Finance Director *BH*

DATE: February 3, 2022

RE: Ordinance 2021-19-38, Appropriating Funds from the South Peninsula Hospital Service Area Plant Replacement and Expansion Fund For Capital Repairs for the Property located at 203 West Pioneer Avenue, Homer, Alaska (Mayor)

The Kenai Peninsula Borough ("Borough") owns and provides for the operation of South Peninsula Hospital ("Hospital") through the South Kenai Peninsula Hospital Service Area. South Peninsula Hospital Inc. ("SPHI") operates the hospital and other medical facilities by way of an Operating Agreement with the Borough.

The Borough has recently purchased the medical office building located at 203 West Pioneer Avenue Homer, Alaska, KPB Parcel number: 17514304 which houses the South Peninsula Hospitals, Home Health Department, Functional Medicine, Surgical Clinic, and Staff Training room (the "Facility").

As part of KPB's Land Management Department process, a building inspection was performed to evaluate the Facility's condition and identify any code related issues that may exist. In that process an inspection report identifying major and minor maintenance needs was provided to the Borough and SPHI. The inspection report included the need for a roof replacement, along with other minor site, mechanical, and electrical issues.

Subsequently, KPB Land Management, the Purchasing & Contracting Department, and the SPHI Administration developed an estimated value for the repair of the issues identified in the report. The closing cost of the Facility included a discount based on these repair estimates.

SPHI is requesting to appropriate \$147,500, from the South Peninsula Hospital Plant Replacement and Expansion fund (PREF), to provide for the durable capital

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repairs identified in the purchasing process and ensure long term maintenance and protection of the physical property. SPHI is also proposing to use \$147,500 in operating funds in conjunction with the PREF funds to complete the durable capital repairs.

Your consideration of this ordinance is appreciated.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Account:	<u>491.20602</u>
Amount:	<u>\$ 147,500</u>
By: <u>CF</u>	Date: <u>2/3/2022</u>