

Introduced by: Mayor
Date: 02/21/23
Action: Adopted
Vote: 8 Yes, 0 No, 0 Absent, 1 Abstained

**KENAI PENINSULA BOROUGH
RESOLUTION 2023-019**

**A RESOLUTION APPROVING AN INCREASE TO THE LIMITATION
ON THE TOTAL CUMULATIVE ANNUAL COST OF REAL PROPERTY LEASES
IN WHICH SPH, INC. IS THE SOLE LESSEE AND APPROVING A THIRD
AMENDMENT TO THE OPERATING AGREEMENT REGARDING LEASES FOR
CONTRACT LABOR HOUSING**

WHEREAS, the Kenai Peninsula Borough (“Borough”) has entered into an Operating Agreement with South Peninsula Hospital, Inc. (“SPHI”) for operation of South Peninsula Hospital (“SPH”) 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, under the Operating Agreement, Section 14, Paragraph (b), the total cumulative annual cost of such leases cannot exceed \$400,000 without prior approval by the Assembly, or Assembly approval of an increase, by resolution, above that limitation; and

WHEREAS, the total cumulative annual costs for leases where SPHI is the sole lessee is \$358,000; and

WHEREAS, SPHI intends to enter into a new lease for approximately \$40,000 per year to meet current SPH needs; and

WHEREAS, SPHI administration has recommended that an increase of \$550,000 to the limitation on the total cumulative annual cost of real property leases in which SPH, Inc. is the sole lessee, to the revised limitation of \$550,000 under the Operating Agreement, Section 14, Paragraph (b), is in the best interest of the Borough’s Service Area and the residents that SPHI serves; and

WHEREAS, SPHI also enters into temporary leases not to exceed one year to assist with traveling and new hire employee housing, and SPHI considers these leases separate from conducting standard operations; and

WHEREAS, SPHI and the Borough want to clarify that contract labor leases are excluded from the aggregate lease total in the operating agreement; and

WHEREAS, the SPHI Board of Directors, at its January 25, 2023, meeting, approved the recommendation of SPHI administration; and requested that the Borough Assembly, in the best interest of the Borough's Service Area and the residents that SPHI serves, approve by resolution an increase of the total cumulative annual cost to the revised limitation of \$550,000 for real property leases in which SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b); and

WHEREAS, at its meeting on February 9, 2023, the South Kenai Peninsula Hospital Service Area Board recommended approval of this resolution;

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


SECTION 1. That the Assembly finds that it is the best interest of the Borough's Service Area and the residents that SPHI serves to approve an increase in the total cumulative annual cost of real property leases in which SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).

SECTION 2. That the assembly approves an increase of the total cumulative annual cost to the revised limitation of \$550,000 for real property leases in which SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).


SECTION 3. That the assembly approves an amendment to the operating agreement amending Section 10(d) and 14(b) of the Operating Agreement, to state that the annual reported Property Lease List will include a category of contract labor housing leases, but that those leases will not count toward the annual cap under 14(b).

SECTION 4. That this resolution takes effect immediately upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 21ST DAY OF FEBRUARY, 2023.


Brent Johnson, Assembly President

ATTEST:


Michele Turner, CMC, Acting Borough Clerk



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