

# Kenai Peninsula Borough

## Finance Department

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### 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- 40, 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* (Mayor)

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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. 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."

CPGH, Inc. 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. 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. 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).

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;

March 24, 2022

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Re: Ordinance 2021-19-\_\_\_\_  
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Your consideration of this ordinance is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	490.20602
Amount	\$4,881,993
By: <u>CJF</u>	Date: 3/18/2022