

Kenai Peninsula Borough

Office of the Borough Mayor

MEMORANDUM

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

FROM: Peter A. Micciche, Mayor *PMM*

DATE: September 7, 2023

RE: Resolution 2023-058, Approving an Increase to the Limitation on the Total Cumulative Annual Cost of Real Property Leases in which SPH, Inc. is the Sole Lessee, Approving Exhibit A Updates, and Approving a Third Amendment to the Operating Agreement (Mayor)

The Kenai Peninsula Borough (“Borough”) has entered into an Operating Agreement with South Peninsula Hospital, Inc. (“SPHI”) for the operation of the South Peninsula Hospital and other medical facilities, on a not-for-profit basis, to provide healthcare services to the service area residents.

Resolution 2023-019 amended Section 14(b) of the Operating Agreement and approved an increase of the \$400,000 annual cumulative cost limitation to \$550,000 for real property leases, in which SPHI is the sole lessee, and provided that the contract housing leases reported annually in the Property Lease List will be excluded from the annual cap under Section 14(b) of the Operating Agreement.

The SPHI administration has recommended an increase of the limitation on the total cumulative annual cost of real property leases to \$650,000 based on SPHI’s continued growth and additional space requirements for FY24 anticipated to increase the total annual costs for leases in excess of the current maximum allowable limitation of \$550,000. This resolution would approve SPHI’s recommendation for the increase and amend the Operating Agreement accordingly.

In addition, this resolution will approve an amendment to make necessary updates or clerical edits to the facilities described on Exhibit A to the Operating Agreement.

Your consideration is appreciated.