

Introduced by: Mayor  
Date: 10/12/21  
Hearing: 10/26/21  
Action:  
Vote:

**KENAI PENINSULA BOROUGH  
ORDINANCE 2021-19-**

**AN ORDINANCE AUTHORIZING THE ACQUISITION OF REAL PROPERTY LOCATED AT 203 WEST PIONEER AVENUE, HOMER ALASKA ON BEHALF OF THE SOUTH PENINSULA HOSPITAL SERVICE AREA, APPROPRIATING \$975,000.00 FROM THE SOUTH PENINSULA HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND FOR THE PURCHASE, AND AUTHORIZING A SECOND AMENDMENT TO THE OPERATING AGREEMENT WITH SPH, INC.**

**WHEREAS,** the Kenai Peninsula Borough ("Borough") owns and provides for the operation of South Peninsula Hospital ("Hospital") through the South Kenai Peninsula Hospital Service Area, ("Service Area"); and

**WHEREAS,** the Borough has entered into an operating agreement with South Peninsula Hospital, Inc. ("SPHI") for the lease and operation of the Hospital and other medical facilities, to operate these medical facilities on a nonprofit basis in order to ensure the continued availability of the medical services to the service area residents and visitors; and

**WHEREAS,** SPHI has approached Jonas Ridge, LLC, the owner of a commercial property at 203 West Pioneer Street, with an offer to purchase the property at fair market value; and

**WHEREAS,** an independent fair market value appraisal was completed by Alaska Appraisal and Consulting Group, on April 18, 2021 and found the property to be valued at \$955,000.00; and

**WHEREAS,** Pursuant to Resolution 2021-44, the Borough, on behalf of the Service Area, is currently leasing the medical facility for \$6,800 per month which is used for the operation of the Hospital's Home Health, Functional Medicine, Surgical Center and Staff Training departments;

**WHEREAS,** the subject property consists of a .97 acre lot and a 5,212 ft. medical office building; and

**WHEREAS,** upon purchase it would be appropriate to amend the Operating Agreement with SPHI to include this property; and

**WHEREAS**, the SPHI Board of Directors at its meeting of August 25, 2021 adopted Board Resolution 2021-14 approving the property purchase at 203 West Pioneer Avenue; and

**WHEREAS**, the South Peninsula Hospital Service Area Board, at its meeting of September 9, 2021 recommended approval of the acquisition; and

**WHEREAS**, the Kenai Peninsula Borough Planning Commission, at its regular meeting of October 11, 2021 recommended\_\_\_\_\_;

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

**SECTION 1.** That the assembly finds that purchasing the following described real property pursuant to KPB 17.10.040 is in the best interests of the borough as it furthers the purposes of the South Peninsula Hospital Service Area to provide health care services:

TRACT A, CHAMERLAIN & WATSON SUBDIVISION, PLAT OF TRACT "A", ACCORDING TO PLAT NO. 75-63, IN THE HOMER RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. (PARCEL NO. 175-143-04)

**SECTION 2.** That the terms and conditions substantially in the form of the Purchase Agreement accompanying this ordinance are hereby approved. The purchase price shall be \$955,000.00 plus closing and due diligence costs not to exceed \$20,000.

**SECTION 3.** That this acquisition is for the purposes of hospital campus expansion.

**SECTION 4.** That the above described land is zoned "Central Business District" pursuant to City of Homer zoning code and therefore is not proposed to be further classified under KPB 17.10.080.

**SECTION 5.** That the mayor is authorized to execute any and all documents necessary to purchase the real property described in Section 1 in accordance with the terms and conditions contained in this ordinance and the accompanying Purchase Agreement, consistent with applicable provisions of KPB Chapter 17.10.

**SECTION 6.** That \$975,000.00 is appropriated from the SPH Plant Replacement and Expansion Fund Account No. 491.20602 to Account No. 491.81210.22LND.49999 for the purchase of the real property located at 203 W. Pioneer Street, Homer, Alaska, and estimated closing costs.

**SECTION 7.** That the appropriations made in this ordinance are of a project length nature and as such do not lapse at the end of any particular fiscal year.

**SECTION 8.** Upon closing on the property described in Section 1, the mayor is authorized to execute an amendment to the South Peninsula Hospital Operating Agreement with SPHI substantially in the form of the First Amendment to the Operating Agreement attached hereto and incorporated herein by reference. This document amends Exhibit A of the operating agreement to include the property described in Section 1 of this ordinance.

**SECTION 9.** That this ordinance shall take effect immediately upon its enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \_\_\_\_  
DAY OF OCTOBER 2021.**

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Brent Hibbert, Assembly President

ATTEST:

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Johni Blankenship, MMC, Borough Clerk