

Kenai Peninsula Borough

Planning Department – Land Management Division

MEMORANDUM

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

THRU: Charlie Pierce, Mayor *AK for CP*
Brandi Harbaugh, Finance Director *BH*
Robert Ruffner, Planning Director *RR*
Marcus Mueller, Land Management Officer *mam*

FROM: Aaron Hughes, Land Management Agent *AH*

DATE: September 8, 2022

RE: Ordinance 2022-19-17, Authorizing the Acquisition of Real Property Located at 3964 Bartlett Street, Homer, Alaska on Behalf of the South Peninsula Hospital Service Area, Appropriating \$640,000 from the South Peninsula Hospital Plant Replacement and Expansion Fund for the Purchase, and Authorizing a Third Amendment to the Operating Agreement with South Peninsula Hospital, Inc. (Mayor)

South Peninsula Hospital ("SPH") currently owns or leases 25 residential rental properties for the benefit of their employees and contractors at an approximate monthly cost of \$35,000.00. An existing six-bedroom residential property near the SPH main hospital campus, commonly referred to as 3964 Bartlett Street, Homer (the "Property"), has become available for purchase. Acquiring the Property would support SPH operations by securing short-term housing options for SPH employees and contractors.

The proposed purchase price is \$570,000.00, which is the independently appraised fair market value. An additional \$50,000.00 is being proposed as consideration for all furnishings and related personal property identified in Exhibit A attached to the Purchase Agreement and up to \$20,000 for closing costs. Prior to completing the purchase, the Property would be inspected for structural and environmental conditions. The Purchase Agreement provides up to 90 days to close with the Borough being responsible for buyer-related closing costs.

This ordinance authorizes the purchase of the Property and appropriates \$640,000.00 from the SPH Plant Replacement and Expansion Fund to cover the costs associated with the purchase. The ordinance also provides for a third amendment to the SPH Operating Agreement ("Operating Agreement") to add the Property to the list of property leased to SPH, Inc. under the Operating Agreement.

Your consideration of the ordinance is appreciated.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Account No. :	<u>491.20602</u>
Am	<u>\$640,000</u>
By	<u><i>CH</i></u>
Date:	<u>9/8/2022</u>