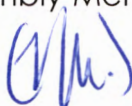


Kenai Peninsula Borough  
Office of the Borough Clerk

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**MEMORANDUM**

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

**FROM:** Michele Turner, Borough Clerk 

**DATE:** September 19, 2023

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

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Per KPB 22.40.050(F), the borough clerk, or the clerk's designee in his or her absence, has the authority to revise pending resolutions and ordinances prior to assembly action, by filling in any blanks in the legislation stating advisory board recommendations made concerning the legislation. This serves as our memorandum to advise the assembly of same.

Conforming to the advisory boards' actions, the last Whereas clause has been updated to read:

**"WHEREAS,** at its meeting on September 14, 2023, the South Kenai Peninsula Hospital Service Area Board recommended approval of this resolution by the passage of SKHSAB Resolution 2023-11;"

Thank you.

**SOUTH KENAI PENINSULA HOSPITAL  
SERVICE AREA BOARD**

**RESOLUTION 2023-11**

**A RESOLUTION OF THE SOUTH KENAI PENINSULA HOSPITAL SERVICE  
AREA BOARD TO SUPPORT  
AN INCREASE TO THE LIMITATION  
ON THE TOTAL CUMULATIVE ANNUAL COST OF REAL PROPERTY LEASES  
IN WHICH SPH, INC. IS THE SOLE LESSEE**

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

**WHEREAS**, the South Peninsula Hospital (SPH) is a non-profit entity founded in 1956 that serves those who live in the southern communities of the Kenai Peninsula from Ninilchik to Nanwalek, Port Graham, and Seldovia; and

**WHEREAS**, the SPH is a 22-bed acute care critical access hospital, with an attached 28-bed skilled nursing/long-term care facility, that provides healthcare services, including acute care, cancer care, home health, family birthing, imaging, sleep center, rehabilitation, surgery, trauma level IV emergency care, and other services utilized by residents of the SKPH Service Area; and

**WHEREAS**, the Borough has entered into an Operating Agreement with the SPHI for operation of the SPH and other medical facilities, and to provide other healthcare programs and services, on a nonprofit basis, in order to ensure the continued availability of medical services to SKPH Service Area residents; and

**WHEREAS**, under the Operating Agreement, Section 14, Paragraph (b), the total cumulative annual cost of such leases shall not exceed \$550,000 without prior approval of by the Borough Assembly by resolution of any increases above that limitation; and

**WHEREAS**, the total cumulative annual costs for leases where SPHI is the sole lessee will be \$405,985 in FY24; and

**WHEREAS**, the SPHI continues to grow and anticipates additional space needs in FY24, which will likely bring the total annual costs for leases near the maximum limitation under the operating agreement; and

**WHEREAS**, the SPHI is requesting the annual lease maximum be increased to \$650,000; and

**WHEREAS**, the SPH Board of Directors approved SPH Board Resolution 23-19 on June 28, 2023 that found:

1. It is in the best interest of the Borough's Service Area and the residents that SPH 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).
2. That the SPH Board approves an increase of the total cumulative annual cost to the revised limitation of \$650,000 for real property leases in which the SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).
3. That the SPH Board requests amendments to 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).

**NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD:**

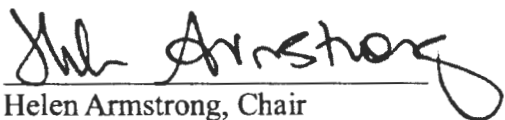
**SECTION 1:** That South Kenai Peninsula Hospital Service Area Board hereby respectfully recommends approval of this resolution 2023-11 that finds that it is the best interest of the Borough's South Kenai Peninsula Hospital Service Area and the residents that SPH serves to approve an increase in the total cumulative annual cost of real property leases in which South Peninsula Hospital, Inc. is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).

**SECTION 2.** That the South Kenai Peninsula Hospital Service Area Board recommends approval of an increase of the total cumulative annual cost to the revised limitation of \$650,000 for real property leases in which SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).

**SECTION 3.** That the South Kenai Peninsula Hospital Service Area Board recommends approval of amendments to 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).

**PASSED AND ADOPTED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD AT ITS MEETING HELD ON THIS 14 TH DAY OF SEPTEMBER 2023.**

**ATTEST:**

  
Helen Armstrong, Chair

South Kenai Peninsula Hospital Service Area Board