



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Blaine Gilman, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Kenai Peninsula Borough Mayor *M.N.*

FROM: Craig Chapman, Finance Director *BA for CCC*

DATE: September 29, 2016

SUBJECT: Ordinance 2016-19-12, Appropriating \$10,000,000 from the Central Peninsula Hospital Plant Replacement and Expansion Fund for the Design and Construction of the Obstetrics and Cardiac Catheterization Laboratory Project at Central Peninsula Hospital and Providing for the Issuance of Revenue Bonds of Not to Exceed \$28,955,000 (Mayor)

As part of its long term capital plan, Central Peninsula Hospital has identified a need for a new obstetrics (OB) and cardiac catheterization laboratory ("OB/cath lab") at the hospital. The Obstetrics and Cardiac Catheterization Lab Project would consist of a building of approximately 30,000 gross square feet that provides obstetric services with a C-section room, five labor/delivery/recovery rooms, and four postpartum rooms; and, a cardiac catheterization lab with six pre/post-operative rooms, three new intensive care patient rooms, site improvements to accommodate increased parking, a new heated helipad and improved truck delivery area; and, full or partial remodel and/or replacement of areas impacted by the construction including pre-operative clinic, physical rehabilitation, cardiopulmonary, pharmacy, outpatient lab, dietary, and several offices.

This is Phase VI of a plan that was developed in 2003 and updated in 2006, 2009 and 2012. The construction of an OB/cath lab would be scheduled to start in 2017 with completion scheduled for early 2020. Benefits of the OB/cath lab project includes replacing the OB department to meet current safety, security and regulatory requirements, development of a cardiology program (which has been identified as the number one unmet hospital service need on the peninsula), adding three intensive care unit rooms to accommodate growing patient volumes, providing adequate parking for patients and employees, providing an improved safe heliport for emergency transport and addressing unmet city code requirements related to the hospital site.

The project is estimated to cost approximately \$38,955,000. Funding would be provided by the use of the Central Peninsula Hospital Plant Replacement and Expansion Fund in the amount of \$10,000,000 and the issuance of revenue bonds in the amount of \$28,955,000. If approved, a request for proposal for design services would be issued in late 2016. The revenue bonds are expected to be sold in spring 2017, with construction starting in the fall of 2017. The ordinance authorizes the Borough Mayor, Finance Director and Clerk to execute the documents and agreements necessary to complete the sale. The ordinance limits the term of the bonds to twenty years and the interest rate to no more than 6 percent.

This project and issuance of the bonds are contingent upon receiving a Certificate of Need from the State of Alaska, Department of Health and Social Services and an addendum to the current lease and operating agreement with Central Peninsula General Hospital, Inc.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Acct. No:	<u>490.20602</u>
Amount:	\$ <u>10,000,000.⁰⁰</u>
By:	<u>MP</u> Date: <u>9/29/16</u>