

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

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Kelly Cooper, Assembly President
Wayne Ogle, Vice President

MEMORANDUM

TO: Kelly Cooper, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Wayne Ogle, Assembly Member *(W)* for W. O.

DATE: July 20, 2017

RE: Amendment to Ordinance 2017-14, Approving an Operating Agreement with Central Peninsula General Hospital, Inc. for Central Peninsula Hospital and Other Medical Facilities (Ogle)

As discussed during the July 18, 2017 assembly work session on Ordinance 2017-14 regarding the Operating Agreement with Central Peninsula General Hospital, Inc. (CPGH), I have serious reservations about entering into another 10-year agreement. While I recognize CPGH, Inc.'s need for stability, in my view a 5-year term would be in the best interests of the borough as the health care industry and regulatory environments are in flux and we may need to significantly change the agreement in much less than 10 years.

I plan to propose the following amendments:

- Insert a new whereas clause after the first whereas clause that reads as follows:

WHEREAS, considering the fluctuations and uncertainties in the health care industry and regulatory environment, the borough's best interests would be served by entering into a five-year agreement with no automatic renewal instead of another ten-year agreement;

- Amend Section 1 as follows (Note: by adding the language in bold and underlined):

SECTION 1. The assembly finds that entering into the proposed Operating Agreement with CPGH, Inc., which includes leasing the hospital and other medical facilities to CPGH, Inc. for **five years with no automatic renewal, at** less than fair market value, is in the best interest of the borough because CPGH, Inc. has successfully operated the hospital and other medical facilities under the existing and previous contracts, demonstrating its capability to continue doing so. This maintains local control over these assets, and all assets generated through the agreement remain borough property under the proposed agreement.