




Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor 

FROM: Brandi Harbaugh, Finance Director 
Valentina Sustaita, Purchasing and Contracting Director 

DATE: December 21, 2018

RE: Ordinance 2018-19-24, Approving the Lease Purchase of Two Diagnostic Ultrasound Machines for the South Peninsula Hospital and Appropriating \$375,000 from the South Peninsula Hospital Service Area Capital Project Fund (Mayor)

On November 1, 2018 the borough received notice from South Peninsula Hospital, Inc. ("SPH, Inc.") that its diagnostic ultrasound machines are 10 years old and in need of replacement as soon as possible to ensure there is no disruption in service for patients.

Unlike larger facilities, SPH, Inc. provides multiple ultrasound exam types in a single department using two identical ultrasound units which can be used for portable exams in other areas. The equipment must produce high quality diagnostic images for cardiac, vascular, obstetrics, gynecology, and general ultrasound, making it vitally important to many different patient services.

The SPH, Inc. Imaging department solicited equipment demonstrations and bids from the top four ultrasound vendors offering premium level ultrasound units. Staff evaluated the images, ease of use, and quality of product among these options, as well as the service component available on the machines. All four vendors had similar units, but three of the vendors failed to demonstrate quality cardiac imaging packages. The recommendation result was to select the Phillips Epiq7, a unit that has been out for three years and is a proven platform. The Epiq7 is also used by Central Peninsula Hospital, Inc., improving access to field engineers for the provision of service/maintenance.

December 21, 2018

Page -2-

Re: O2018-19- 24

The Kenai Peninsula Borough and SPH, Inc. have entered into a sublease and operating agreement which requires authorization from the borough assembly to enter into a lease that obligates the borough for more than one year, or in excess of \$100,000. The agreement also requires that all equipment purchases in excess of \$250,000 or more, must be separately approved by the borough assembly.

This ordinance would appropriate \$375,000 from the South Peninsula Hospital Service Area Capital Project Fund and approve the lease purchase of two diagnostic ultrasound machines.

At its regular meeting of November 28, 2018, the SPH, Inc. board recommended approval of this expenditure by unanimous consent. The South Kenai Peninsula Hospital Service Area Board will hold its next regular meeting on January 10, 2019, and provide its recommendations to the assembly prior to the scheduled hearing on this ordinance.

Your approval of this ordinance would be appreciated.

FINANCE DEPARTMENT	
ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>491.00000.00000.27910</u>
Amount:	<u>\$375,000</u>
By: <u>pp</u>	Date: <u>12/19/18</u>