

Kenai Peninsula Borough

Finance Department

MEMORANDUM

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

THRU: Charlie Pierce, Mayor *CP*

FROM: Brandi Harbaugh, Finance Director *BH*
Colette Thompson, Borough Attorney *CT*

DATE: April 3, 2020

RE: Emergency Ordinance 2020-14, An Emergency Ordinance in Support of South Peninsula Hospital, Inc. Application to Participate in the Paycheck Protection Program Loan Offered through the Coronavirus Aid, Relief, and Economic Security Act (Mayor)

Governor Dunleavy recently issued Health Mandate 012 to help stop the spread of COVID-19. Among other things, it prohibits personal travel except as necessary to meet critical personal needs or work in critical infrastructure jobs. This will cause South Peninsula Hospital, Inc. to discontinue elective procedures and other non-critical services. They project this will result in an \$11.4 million operating loss for March 2020 through June 30, 2020.

The Coronavirus Aid, Relief, and Economic Security Act (CARES), recently enacted by Congress, includes the Paycheck Protection Program that provides fully guaranteed loans to small businesses that maintain their payroll during the emergency. Applications for this program will be accepted starting April 3, 2020 and will be considered on a first come, first served basis.

SPH, Inc. indicates this program would enable it to apply for \$5.6 million dollars in immediate relief to support payroll and other operating costs during this pandemic. Additionally, the federal government has guaranteed loan forgiveness for businesses that maintain their current payroll levels. The accompanying memorandum from SPH, Inc. includes more information.

The Operating Agreement with SPH, Inc. does not authorize SPH, Inc. to incur debt without assembly approval. Your approval of this ordinance would be appreciated.