

Introduced by:	Mayor
Date:	04/03/20
Hearing:	04/03/20
Action:	Enacted
Vote:	8 Yes, 0 No, 0 Absent, 1 Abstention

**KENAI PENINSULA BOROUGH
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**

- WHEREAS,** the borough mayor issued a Disaster Emergency Declaration on March 16, 2020, due to the current and imminent impacts of the COVID-19 pandemic in the areas of the borough outside of the cities which the assembly extended for 90 days through Resolution 2020-026 adopted March 17, 2020; and
- WHEREAS,** Governor Dunleavy issued a Declaration of Public Health Disaster Emergency on March 11, 2020 due to the spread of COVID-19; and
- WHEREAS,** the assembly finds an emergency disaster exists as the number of COVID-19 cases are increasing and local, national and worldwide efforts are underway to control its spread, identify and implement treatments and potential vaccines; and
- WHEREAS,** Governor Dunleavy issued Health Mandate 012: Intrastate Travel – Limiting travel between communities to critical infrastructure or critical personal needs on March 27, 2020 which, among other things prohibits personal travel except as necessary to meet critical personal needs or work in critical infrastructure jobs; and
- WHEREAS,** this mandate is projected to result in significant lost revenue to South Peninsula Hospital, Inc. (“SPH, Inc.”) as it limits persons from traveling for health care purposes except for essential health needs or care; and
- WHEREAS,** SPH, Inc. estimates this may result in an operating loss of \$11.4 million for the months of March 2020 through June 2020; and
- WHEREAS,** the Coronavirus Aid, Relief, And Economic Security Act (CARES) includes the Paycheck Protection Program Loan which is expected to provide cash-flow assistance through 100 percent federally guaranteed loans to small businesses that maintain their payroll during this emergency; and

- WHEREAS,** the program includes forgiveness of up to eight weeks of payroll if the employer maintains its payroll during this crisis or restores its payroll by June 30, 2020; and
- WHEREAS,** eligible costs for this program include payroll compensation (excluding employee/owner compensation over \$100,000), payment required for group health care benefits, other payroll-associated costs, rent, utilities, and interest on other debt obligations incurred before the covered period; and
- WHEREAS,** participation in this program would enable SPH, Inc. to apply for \$5.6 million dollars in immediate relief to support payroll and other operating costs during this pandemic, significantly helping it to continue operations; and
- WHEREAS,** SPH, Inc. has committed to its staff that it will not reduce staffing during this pandemic or will return to normal staffing by the June 30th deadline; and
- WHEREAS,** if SPH, Inc. is not able to restore its payroll, partial forgiveness is available, and any loan amounts not forgiven will be carried forward as an ongoing loan that will become due in 24 months after origination, with an interest rate of 0.5 percent; and
- WHEREAS,** program applications will be accepted on Friday, April 3, 2020, on a first come, first serve basis; and
- WHEREAS,** per the Operating Agreement assembly approval is required for SPH, Inc. to incur a debt obligation;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

- SECTION 1.** That the assembly hereby authorizes SPH, Inc. to submit an application to the Small Business Administration for the Paycheck Protection Program Loan in the amount of \$5.6 million to pay for operating costs incurred during the COVID-19 pandemic subject to the terms and conditions set forth in the Operating Agreement, including bond covenants.
- SECTION 2.** That assembly approval of participation by SPH, Inc. under the Paycheck Protection Program Loan is subject to review and approval by the Borough Attorney of the terms and conditions of such loan.
- SECTION 3.** That this ordinance takes effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 3RD DAY OF APRIL, 2020.

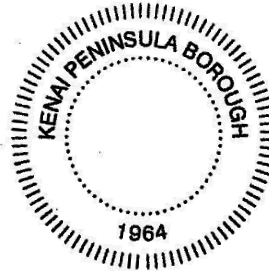


Kelly Cooper, Assembly President

ATTEST:



Johni Blankenship, MMC, Borough Clerk



Yes: Bjorkman, Blakeley, Carpenter, Cox, Hibbert, Johnson, Smalley, Cooper
No: None
Absent: None
Abstention: Dunne