

Introduced by:	Mayor
Date:	10/12/21
Hearing:	10/26/21
Action:	Enacted
Vote:	9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2021-19-20**

**AN ORDINANCE AUTHORIZING THE ACQUISITION OF REAL PROPERTY  
LOCATED AT 203 WEST PIONEER AVENUE, HOMER ALASKA ON BEHALF OF  
THE SOUTH PENINSULA HOSPITAL SERVICE AREA, APPROPRIATING \$975,000  
FROM THE SOUTH PENINSULA HOSPITAL PLANT REPLACEMENT AND  
EXPANSION FUND FOR THE PURCHASE, AND AUTHORIZING A SECOND  
AMENDMENT TO THE OPERATING AGREEMENT WITH SPH, INC.**

**WHEREAS,** the Kenai Peninsula Borough ("Borough") owns and provides for the operation of South Peninsula Hospital ("Hospital") through the South Kenai Peninsula Hospital Service Area, ("Service Area"); and

**WHEREAS,** the Borough has entered into an operating agreement with South Peninsula Hospital, Inc. ("SPHI") for the lease and operation of the Hospital and other medical facilities, to operate these medical facilities on a nonprofit basis in order to ensure the continued availability of the medical services to the service area residents and visitors; and

**WHEREAS,** SPHI has approached Jonas Ridge, LLC, the owner of a commercial property at 203 West Pioneer Street, with an offer to purchase the property at fair market value; and

**WHEREAS,** an independent fair market value appraisal was completed by Alaska Appraisal and Consulting Group, on April 18, 2021 and found the property to be valued at \$955,000; and

**WHEREAS,** Pursuant to Resolution 2021-044, the Borough, on behalf of the Service Area, is currently leasing the medical facility for \$6,800 per month which is used for the operation of the Hospital's Home Health, Functional Medicine, Surgical Center and Staff Training departments;

**WHEREAS,** the subject property consists of a .97 acre lot and a 5,212 ft. medical office building; and

**WHEREAS,** upon purchase it would be appropriate to amend the Operating Agreement with SPHI to include this property; and

**WHEREAS,** the SPHI Board of Directors at its meeting of August 25, 2021 adopted Board Resolution 2021-14 approving the property purchase at 203 West Pioneer Avenue; and

**WHEREAS,** the South Peninsula Hospital Service Area Board, at its meeting of September 9, 2021 recommended approval of the acquisition; and

**WHEREAS,** the Kenai Peninsula Borough Planning Commission, at its regular meeting of October 11, 2021 recommended approval by majority consent;

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

**SECTION 1.** That the assembly finds that purchasing the following described real property pursuant to KPB 17.10.040 is in the best interests of the borough as it furthers the purposes of the South Peninsula Hospital Service Area to provide health care services:

TRACT A, CHAMERLAIN & WATSON SUBDIVISION, PLAT OF TRACT "A", ACCORDING TO PLAT NO. 75-63, IN THE HOMER RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. (PARCEL NO. 175-143-04)

**SECTION 2.** That the terms and conditions substantially in the form of the Purchase Agreement accompanying this ordinance are hereby approved. The purchase price shall be \$955,000 plus closing and due diligence costs not to exceed \$20,000.

**SECTION 3.** That this acquisition is for the purposes of hospital campus expansion.

**SECTION 4.** That the above described land is zoned "Central Business District" pursuant to City of Homer zoning code and therefore is not proposed to be further classified under KPB 17.10.080.

**SECTION 5.** That the mayor is authorized to execute any and all documents necessary to purchase the real property described in Section 1 in accordance with the terms and conditions contained in this ordinance and the accompanying Purchase Agreement, consistent with applicable provisions of KPB Chapter 17.10.

**SECTION 6.** That \$975,000 is appropriated from the SPH Plant Replacement and Expansion Fund Account No. 491.20602 to Account No. 491.81210.22LND.49999 for the purchase of the real property located at 203 W. Pioneer Street, Homer, Alaska, and estimated closing costs.

**SECTION 7.** That the appropriations made in this ordinance are of a project length nature and as such do not lapse at the end of any particular fiscal year.


**SECTION 8.** Upon closing on the property described in Section 1, the mayor is authorized to execute an amendment to the South Peninsula Hospital Operating Agreement with SPHI substantially in the form of the Second Amendment to the Operating Agreement attached hereto and incorporated herein by reference. This document amends Exhibit A of the operating agreement to include the property described in Section 1 of this ordinance.

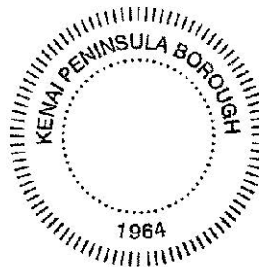
**SECTION 9.** That this ordinance shall take effect immediately upon its enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 26TH DAY OF OCTOBER, 2021.**

ATTEST:

  
John Blankenship, MMC, Borough Clerk

  
Brent Johnson, Assembly President



Yes: Bjorkman, Chesley, Cox, Derkevorkian, Ecklund, Elam, Hibbert, Tupper, Johnson  
No: None  
Absent: None

## **SECOND AMENDMENT TO THE OPERATING AGREEMENT FOR SOUTH PENINSULA HOSPITAL**

This Second Amendment to the Operating Agreement for South Peninsula Hospital ("Second Amendment to the OA") is by and between South Peninsula Hospital, Inc., an Alaska nonprofit corporation, of 4300 Bartlett, Homer, Alaska 99603, hereinafter referred to as "SPHI" and the Kenai Peninsula Borough, an Alaska municipal corporation of 144 N. Binkley, Soldotna, Alaska 99669, hereinafter referred to as "Borough," collectively referred to as the parties.

WHEREAS, effective January 1, 2020, the parties entered into an operating agreement for South Peninsula Hospital (the "operating agreement"); and

WHEREAS, Exhibit A of the operating agreement describes the property leased to SPHI; and

WHEREAS, in Ordinance 2021-19-\_\_\_\_ the Kenai Peninsula Borough assembly authorized the purchase of property at 203 West Pioneer, Homer, Alaska, for hospital purposes and authorized the mayor to amend the operating agreement to include this additional property; and

WHEREAS, it would be appropriate to list the above referenced acquired property in the operating agreement to clarify that they are also leased to and will be operated by SPHI; and

WHEREAS, Ordinance 2021-19-17 authorized a first amendment to the operating agreement;

NOW THEREFORE, in consideration of the mutual covenants contained herein the parties agree as follows:

1. That Exhibit A of the Operating Agreement is hereby amended to read as follows:

### **EXHIBIT A**

#### **DESCRIPTION OF MEDICAL FACILITIES**

The Borough leases the following described property to SPHI (hereinafter the "Medical Facilities") for the term of this Agreement and any extension thereof:

a. The South Peninsula Hospital and its grounds, located at 4300 Bartlett Street, Homer, Alaska, owned by the City of Homer, more particularly described as:

Tract A-2, South Peninsula Hospital Subdivision 2008 Addition, filed under Plat No. 2008-92, Homer Recording District, Third Judicial District, State of Alaska.

b. The hospital parking lot property and buildings owned by the Borough, more particularly described as:

Lots 3, 4, 5 and 6, Block 7; Lot 4, Block 8, Lot 6, Block 9, Fairview Subdivision Plat No. HM 56-2936 Volume 8, Page 196, Homer Recording District, Third Judicial District, State of Alaska.

c. The following leased property located at 4251 Bartlett Street, Homer, Alaska, owned by Mark Halpin and B. Isabel Halpin subject to the terms and conditions of the lease, more particularly described as:

L2-A Block 8 Fairview Subdivision Halpin Addition, according to Plat No. 2009-43, Homer Recording District, Third Judicial District, State of Alaska,

d. 4,904 sq. ft. of office space located at 4136 Bartlett Street, Homer, Alaska 99603 subject to the terms and conditions of the lease, more particularly described as:

Lot 2-A, Block 5, Fairview Subdivision No. 11, as shown on Plat No. 85-28, Homer Recording District, Third Judicial District, State of Alaska.

e. Approximately 1,500 square feet of the office space owned by Westwing LLC located at 4117 Bartlett Street, Homer, Alaska 99603 subject to the terms and conditions of the lease, more particularly described as:

Lot 4, Block 10, Fairview Subdivision, as shown on Plat No. 56-2936, Homer Recording District, Third Judicial District, State of Alaska.

- f. 3,780 square feet of office space and 3,225 square feet of basement office space both within the Kachemak Bay Professional Building, 4201 Bartlett Street, Homer, Alaska 99603 subject to the terms and conditions of the lease more particularly described as:

Lot 1-A Block 9, Fairview Subdivision 2003 Addition, as shown on Plat No. 2004-101, Homer Recording District, Third Judicial District, State of Alaska.

- g. Intentionally Deleted

- h. Office space owned by the Kenai Peninsula Borough located at 348 Cityview Avenue, Homer, Alaska 99603, more particularly described as:

Lot 4, Block 8, Fairview Sub., Section 18, T6N, R13W, Seward Meridian, Plat 1956-2936, Homer Recording District, Third Judicial District, State of Alaska.

- i. Office space owned by the Kenai Peninsula Borough located at 347 Cityview Avenue, Homer, Alaska 99603, more particularly described as:

Lot 6, Block 9, Fairview Sub., Section 18, T6N, R13W, Seward Meridian, Plat 1956-2936, Homer Recording District, Third Judicial District, State of Alaska.

- j. Office building owned by the Kenai Peninsula Borough located at 4135 Hohe Street, Homer, Alaska 99603, more particularly described as:

Lot 1 Block 5 Fairview Subdivision, as shown on Plat No. 56-2936, Homer Recording District, Third Judicial District, State of Alaska.

k. Office building owned by the Kenai Peninsula Borough located at 203 Pioneer Avenue, Suite 1, Homer, Alaska 99603, more particularly described as:

Tract A, Chamberlain & Watson Sub Plat of Tract A, Section 19, T6S, R13W, S.M., Plat 075063, Homer Recording District, Third Judicial District, State of Alaska.

l. Such other Borough-owned or leased facilities, if any, as are authorized by the Borough pursuant to this Agreement for SPHI to sublease and operate pursuant to this Agreement.

2. All remaining terms and conditions of the Operating Agreement shall remain in full force and effect.

KENAI PENINSULA BOROUGH

SOUTH PENINSULA HOSPITAL, INC.

\_\_\_\_\_  
Charlie Pierce  
Borough Mayor  
Dated: \_\_\_\_\_

\_\_\_\_\_  
David Groesbeck  
SPHI Board President  
Dated: \_\_\_\_\_

ATTEST:

ATTEST:

\_\_\_\_\_  
Johni Blankenship, MMC  
Borough Clerk

\_\_\_\_\_  
Board Secretary

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY:

\_\_\_\_\_  
Sean Kelley, Deputy Borough Attorney

ACKNOWLEDGMENTS

STATE OF ALASKA            )  
  )       ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by Charlie Pierce, Mayor of Kenai Peninsula Borough, an Alaska municipal corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public in and for Alaska  
My Commission Expires: \_\_\_\_\_

STATE OF ALASKA            )  
  )       ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by David Groesbeck, President, South Peninsula Hospital, Inc., an Alaska nonprofit corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public in and for Alaska  
My Commission Expires: \_\_\_\_\_