

Introduced by:	Mayor at the request of South Peninsula Hospital
Date:	04/01/03
Shortened Hearing:	04/15/03
Action:	Enacted
Vote:	9 Yes, 0 No

**KENAI PENINSULA BOROUGH  
ORDINANCE 2003-12**

**AN ORDINANCE PROVIDING FOR SUBMISSION TO THE QUALIFIED VOTERS OF THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA THE QUESTION OF AUTHORIZING THE EXPENDITURE OF SEVENTEEN MILLION DOLLARS (\$17,000,000) TO PAY THE COSTS OF HOSPITAL CAPITAL IMPROVEMENTS, AND THE ISSUANCE OF UP TO TEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$10,500,000) OF GENERAL OBLIGATION BONDS TO PARTIALLY FUND THE IMPROVEMENTS, AT A SPECIAL ELECTION IN AND FOR THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA ON JULY 1, 2003**

- WHEREAS,** the Kenai Peninsula Borough (the “Borough”) leases a 22-bed acute care and 25-bed long-term care hospital (the “South Peninsula Hospital”) from the City of Homer; and
- WHEREAS,** the lease provides that the Borough may make capital improvements to the hospital facilities; and
- WHEREAS,** the lease is scheduled to terminate on June 30, 2024; and
- WHEREAS,** the South Peninsula Hospital is located in the South Kenai Peninsula Hospital Service Area (the “Service Area”); and
- WHEREAS,** the South Peninsula Hospital continues to expand its health services to meet community needs; and
- WHEREAS,** due to continued demand for additional services and increased space, the South Peninsula Hospital sought professional assistance to evaluate and recommend expansion options; and
- WHEREAS,** a conceptual design has been approved by the South Peninsula Hospital and its physicians with an estimated project cost of \$17 million; and
- WHEREAS,** the proposed South Peninsula Hospital project can be financed with a combination of bond proceeds of Ten Million Five Hundred Thousand Dollars (\$10,500,000) and cash generated through hospital operations of Six Million Five Hundred Thousand Dollars (\$6,500,000); and

**WHEREAS,** pursuant to KPC 5.04.110, all major capital improvement projects to be constructed in the Borough in excess of One Million Five-Hundred Thousand Dollars (\$1,500,000) must be approved by the voters of the Borough at a regular or special election unless the project is financed with (i) proceeds of a bond approved by voters, (ii) federal or state grants, or (iii) insurance proceeds; and

**WHEREAS,** but for Section 3 of this ordinance, areawide voter approval for the expenditure of Six Million Five Hundred Thousand Dollars (\$6,500,000) relating to the South Peninsula Hospital project may be required by KPC 5.04.110.

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

**SECTION 1.** It is hereby determined to be for a public purpose and in the public interest of the Kenai Peninsula Borough, Alaska (the "Borough") that the South Kenai Peninsula Hospital Service Area (the "Service Area") incur general obligation bonded indebtedness in an amount not to exceed Ten Million Five Hundred Thousand Dollars (\$10,500,000), for the purpose of paying the costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping the South Peninsula Hospital (the "Project").

It is further determined to be for a public purpose and in the public interest of the Borough that an additional amount estimated at Six Million Five-Hundred Thousand Dollars provided through hospital operations be spent for costs associated with the Project.

**SECTION 2.** The sum of not to exceed Ten Million Five Hundred Thousand Dollars (\$10,500,000) shall be borrowed by the Borough for the aforesaid hospital capital improvements and shall be evidenced by the issuance of general obligation bonds of the Borough. The bond proceeds shall be used only for capital improvements and costs of issuance of the bonds. The full faith and credit of only the Service Area are pledged for the payment of the principal of and interest on the bonds, and ad valorem taxes upon all taxable property in the Service Area shall be levied without limitation as to rate or amount as necessary to pay the principal of and interest on the bonds when due.

**SECTION 3.** Notwithstanding any requirement of areawide voter approval by the qualified voters of the Borough found at KPC 5.04.110, for the purposes of the Project, voter approval of the Project is only required by a majority vote of those residing in the Service Area and voting on the question.

**SECTION 4.** Notwithstanding any contrary requirements of KPC 4.10.050.B, a special election is to be held on July 1, 2003, in and for the Service Area, for the purpose of submitting a general obligation bond proposition to the qualified voters of the Service Area for approval or rejection. The proposition must receive a majority

vote of those in the Service Area voting on the question to be approved. The proposition shall be substantially in the following form:

PROPOSITION NO. \_\_\_\_\_

HOSPITAL CAPITAL IMPROVEMENT GENERAL OBLIGATION BONDS

Shall the Kenai Peninsula Borough spend \$17,000,000 for capital improvements related to the South Peninsula Hospital and issue up to \$10,500,000 of general obligation bonds to provide partial funding for the project?

The bond proceeds of \$10,500,000, along with \$6,500,000 in net revenues generated through hospital operations, will be used to pay the costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping the South Peninsula Hospital located within the South Kenai Peninsula Hospital Service Area.

The general obligation bond debt will be paid from operating revenues generated by the South Peninsula Hospital and from ad valorem taxes on all taxable property levied and collected in the South Kenai Peninsula Hospital Service Area. The South Kenai Peninsula Hospital Service Area will pledge its full faith and credit for payment of the general obligation bond debt.

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value in the South Kenai Peninsula Hospital Service Area (based on the estimated 2003 tax year assessed valuation) an annual tax of approximately \$101 to retire the proposed general obligation bond debt.

(Ordinance No. 2003-12)

**SECTION 5.** The proposition, both for paper ballots and machine ballots, shall be printed on a ballot which may set forth other propositions, and the following words shall be added as appropriate and next to a square provided for marking the ballot or voting by a machine:

PROPOSITION NO. \_\_\_\_\_

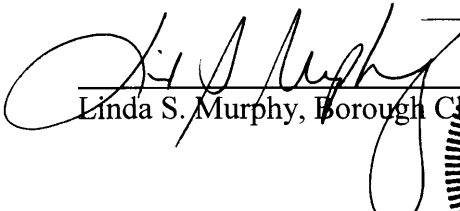
Yes    ☐  
No     ☐

**SECTION 6.** Section 2 of this Ordinance shall become effective only if the proposition described in Section 4 is approved by a majority of the qualified voters voting on the proposition at a special election on July 1, 2003. The remaining sections of this Ordinance shall become effective upon passage and approval.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 15TH  
DAY OF APRIL, 2003.**

  
Pete Sprague, Assembly President

ATTEST:

  
Linda S. Murphy, Borough Clerk

