Introduced by: Mayor at request of Central Peninsula General

Hospital

Date: 06/17/03

Hearing: 07/08/03 & 08/05/03
Action: Introduced and Set for Public Hearing

Action: Amended and Postponed until 08/05/03
Action: Enacted

Vote: 9 Yes, 0 No

KENAI PENINSULA BOROUGH ORDINANCE 2003-27

AN ORDINANCE PROVIDING FOR SUBMISSION TO THE QUALIFIED VOTERS OF THE CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA THE QUESTION OF AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS IN AN AMOUNT NOT TO EXCEED FORTY NINE MILLION NINE HUNDRED THOUSAND DOLLARS (\$49,900,000) TO PAY THE COSTS OF HOSPITAL CAPITAL IMPROVEMENTS, AT A REGULAR ELECTION IN AND FOR THE CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA ON OCTOBER 7, 2003

- WHEREAS, the Kenai Peninsula Borough (the "Borough") has entered into a lease and operating agreement with Central Peninsula General Hospital, Inc., to provide acute and long term care; 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 December 30, 2007, with an option to extend for another five years; and
- **WHEREAS**, the Central Peninsula General Hospital is located in the Central Kenai Peninsula Hospital Service Area (the "Service Area"); and
- **WHEREAS**, the Central Peninsula General Hospital continues to expand its health services to meet community needs; and
- **WHEREAS**, due to continued demand for additional services and increased space, the Central Peninsula General Hospital sought professional assistance to evaluate and recommend expansion options; and
- **WHEREAS**, a conceptual design has been approved by the Central Peninsula General Hospital board with an estimated cost of \$49.9 million; and
- **WHEREAS,** the Central Kenai Peninsula Hospital Service Area Board has approved this project and requested that the Assembly place this question on the October 7, 2003 ballot; and

WHEREAS, the Assembly finds it necessary that the hospital capital improvements be funded through the issuance of bonds issued by the borough on behalf of the service area. subject to voter approval.

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 Borough incur bonded indebtedness in an amount not to exceed Forty Nine Million Nine Hundred Thousand Dollars (\$49,900,000), for the purpose of paying the costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping the Central Peninsula General Hospital (the ""Project"") located within the Central Kenai Peninsula Hospital Service Area (the "Service Area").
- **SECTION 2.** The sum of not to exceed Forty Nine Million Nine Hundred Thousand Dollars (\$49,900,000) shall be borrowed by the Borough for the aforesaid hospital capital improvements and shall be evidenced by the issuance of bonds of the Borough. The bond proceeds shall be used only for capital improvements and costs of issuance of the bonds. Payment of the indebtedness shall be derived from taxes levied within the Service Area, and such other revenues as may be properly pledged for such payment. 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. The bonds shall be issued upon such terms and conditions and in such form as the mayor finds to be in the best interests of the borough.
- **SECTION 4.** In accordance with the requirements of KPB 4.10.050 A, a regular election is to be held on October 7, 2003. A bond proposition shall be submitted 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 BONDS

Shall the Kenai Peninsula Borough incur indebtedness and issue up to \$49,900,000 of bonds for capital improvements related to the Central Peninsula General Hospital?

The bond proceeds of \$49,900,000 will be used to pay the costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping the Central Peninsula General Hospital located within the Central Kenai Peninsula Hospital Service Area.

The indebtedness will be repaid from ad valorem taxes levied on all taxable property located within the Central Kenai Peninsula Hospital Service Area. The Central Kenai Peninsula Hospital Service Area will pledge its full faith and credit for repayment of the indebtedness; however, it is expected that a portion of the indebtedness may be repaid from revenues generated by the Central Peninsula Hospital.

Voter approval for this proposition authorizes an annual tax on real and personal property in the Central Kenai Peninsula Hospital Service area in an amount sufficient to pay principal and interest on the proposed indebtedness when and as due. Based on the revenues that the Central Kenai Peninsula Hospital Service Area expects to receive from the Central Peninsula General Hospital, the amount of the annual tax would be approximately \$50 for each \$100,000 of assessed real and personal property in the Central Kenai Peninsula Hospital Service Area (based on the estimated 2003 tax year assessed valuation). Without those revenues the amount of the annual tax would be approximately \$121.

(Ordinance No. 2003-27)

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.

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SECTION 6. Sections 2 and 3 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 the regular election on October 7, 2003. The remaining sections of this Ordinance shall become effective upon passage and approval.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 5TH DAY OF AUGUST, 2003.

Pete Sprague, Assembly President

Linda S. Murphy, Borough Clork