

MEMORANDUM

To: Grace Merkes, Assembly President
Members, Kenai Borough Assembly

Thru: John William, Mayor

From: Craig Chapman, Finance Director
Max Best, Planning Director

Date: April 3, 2008

Subject: Ordinance 2007-19-45

The attached ordinance authorizes the acquisition and remodel of a 40-acre parcel with a 5,000 square foot building for expansion of the Serenity House Treatment Center.

Central Peninsula General Hospital, Inc. (CPGH) adopted CPGH Resolution 2008-17 authorizing the replacement and expansion of Serenity House Treatment Center. This was in response to an increasing need for a slightly larger facility that provides alcohol and chemical dependency treatment. The current facility does not meet the full needs of the community and the current facility needs a substantial investment to remodel and comply with the Americans with Disabilities Act.

Multiple options for the future of the program have been reviewed and a potential site and facility that would accommodate expanding the program to 10 to 12 beds at a cost significantly less than new construction has been identified. The cost for purchase of the potential site and facility is \$645,000 plus closing, with the total cost of the project estimated to be \$973,500.

The assembly through Ordinance 2007-19-43 appropriated \$401,750 from the CPGH Plant Expansion and Replacement Fund in support of this project. Additional revenues that are available for funding of this project include:

- \$35,000 in grant funds from the State of Alaska, Department of Health and Social Services.

- \$25,000 that has been raised by the Central Peninsula Health Foundation. Previously, it was noted that \$50,000 would be made available; however, only \$25,000 has been raised as of the date of this ordinance.
- \$486,750 from the Denali Commission.
- \$25,000 in additional funding from the CPGH Plant Expansion and Replacement Fund.

The attached ordinance would appropriate the additional funds totaling \$571,750 that is necessary to support the acquisition and remodel of the property and expansion of the alcohol and chemical dependency treatment center program.

It should be noted the land has a perpetual covenant that restricts the use of the land to agricultural purposes only as defined A.S. 38.05.321. This covenant runs with the land and is binding upon the Grantee and all persons or parties claiming through the Grantee.

The administration of the hospital has reviewed this covenant, discussed the restrictions with the State of Alaska, Department of Natural Resources and believes that operation of the hospital's alcohol and chemical dependency treatment program is compatible with these restrictions.