



KENAI PENINSULA BOROUGH

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JOHN J. WILLIAMS
BOROUGH MAYOR

MEMORANDUM

TO: Grace Merkes, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: John J. Williams, Mayor
Max Best, Planning Director

FROM: Marcus A. Mueller, Land Management Officer

CC: Neal DuPerron, Board Chair
Central Peninsula Hospital Service Area Board Members

DATE: September 4, 2008

SUBJECT: Ordinance 2008-19-21 authorizing the purchase of land adjacent to Heritage Place and the exchange of real property on behalf of Central Kenai Peninsula Hospital Service Area, appropriating funds for the purchase, and classifying the land

The Heritage Place administration has looked for years at the potential of obtaining adjacent lands to allow for added parking and future facility expansion. They are making full use of the existing site and have a current need for additional parking and a foreseeable need for future expansion of services. In 2006 the Kenai Peninsula Borough, through the Central Kenai Peninsula Hospital Service Area, acquired Heritage Place which is now operated by Central Peninsula Hospital under the Lease and Operating Agreement.

The area around the Central Peninsula Hospital has significantly developed as a health care services district which is reflected by the continued expansion of the City of Soldotna's "Limited Commercial" zoning surrounding the Hospital. The area around the hospital and specifically adjacent to Heritage place is nearly all developed with only one contiguous block of land remaining that could accommodate Heritage Place's future needs without substantial costs in property buyout or creating inefficient satellite locations. The borough has a long-term interest in ensuring that borough services can be adequately provided and that those services are achieved with the greatest economy.

The borough has an opportunity to purchase the last remaining vacant land that is strategically located through an exchange sale with the property owner, Mr. R. Dan Green. A parcel of borough-owned land across from Mackey Lake Fire Station and adjacent to Mr. Green's primary

residence has motivated Mr. Green to negotiate with the borough for the acquisition of this property.

This proposed exchange involves a 2.92-acre borough-owned parcel which is appropriately classified for disposition, and 2.3 acres of subdivided lands owned by Mr. Green neighboring Heritage Place. The properties have been independently appraised by Derry and Associates at \$24,500 for the Borough parcel, and \$380,000 for Mr. Green's property. The value differential will be paid in cash to Mr. Green. The expenditure would come from the Central Kenai Peninsula Hospital Service Area fund balance, including reimbursement to the Land Trust Fund for the value of the Borough's general land holding. As contingencies to this exchange, Mr. Green would be required to return the subdivided property to acreage through subdivision plat and vacation of the cul-de-sac right-of-way contained within the property. Mr. Green would also be responsible for obtaining a rezoning of the property to "limited commercial" or "institutional" under the City of Soldotna's zoning code. The borough would participate in the rezoning process.