

Introduced by:	Mayor
Date:	12/05/06
Action:	Introduced & Set for Public Hearing
Hearing:	01/02/07
Action:	Postponed until 01/16/07
Vote:	5 Yes, 4 No, 0 Absent
Date:	01/16/07
Action:	Amended by Ordinance 2006-40 (Mayor) Substitute

**KENAI PENINSULA BOROUGH
ORDINANCE 2006-40**

**AN ORDINANCE PROVIDING FOR SUBMISSION TO THE QUALIFIED VOTERS OF
THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA THE QUESTION OF
THE ISSUANCE OF UP TO SIXTEEN MILLION DOLLARS (\$16,000,000) OF
GENERAL OBLIGATION BONDS TO FUND CAPITAL IMPROVEMENTS, AT A
SPECIAL ELECTION IN AND FOR THE SOUTH KENAI PENINSULA HOSPITAL
SERVICE AREA**

WHEREAS, the Kenai Peninsula Borough (the "Borough") leases property that holds 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, 2105; 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, the Borough issued South Peninsula Hospital Service Area General Obligation Bonds Series 2003 in the principal amount of \$10,290,000; and

WHEREAS, in 2003 a conceptual design was approved by the South Peninsula Hospital and its physicians with an estimated project cost of \$16 million, to be financed with a combination of bond proceeds and cash generated through hospital operations; and

WHEREAS, the final approved design resulted in construction costs exceeding the initial estimate; and

WHEREAS, the South Peninsula Hospital requests an additional amount of not-to-exceed \$16,000,000 to complete the project; and

WHEREAS, allowing the mayor to cancel the election if cost estimates exceed \$16 million or otherwise does not appear financial feasible would be in the best interests of the borough and service area;

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 Sixteen Million Dollars (\$16,000,000), for the purpose of paying the costs of planning, designing, site preparation, constructing, acquiring, renovating, installing, and equipping the South Peninsula Hospital (the "Project").

SECTION 2. The sum of not-to-exceed Sixteen Million Dollars (\$16,000,000) shall be borrowed by the Borough for the Project 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 is 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. A special by-mail election is to be held on _____, 2007, 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. 1
HOSPITAL CAPITAL IMPROVEMENT GENERAL OBLIGATION BONDS

Shall the Kenai Peninsula Borough borrow up to \$16,000,000 through the issuance of South Kenai Peninsula Hospital Service Area general obligation bonds?

The bond proceeds of \$16,000,000 will be used to pay the costs of planning, designing, 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 2006 tax year assessed valuation) an annual tax of approximately \$107 (an amount equal to 1.07 mills) to retire the proposed general obligation bond debt.

(Ordinance No. 2006-__)

SECTION 4. 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. 1 Yes No

SECTION 5. If the engineering cost estimates for this project exceed \$16 million or it otherwise does not appear financially feasible, the mayor is authorized to cancel the election and shall promptly notify the assembly, service area board, and SPH, Inc. of any such decision.

SECTION 6. Section 2 of this ordinance shall become effective only if the proposition described in Section 3 is approved by a majority of the qualified voters voting on the proposition at the special election described in Section 3. The remaining sections of this ordinance shall become effective upon passage and approval.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS *
DAY OF * 2007.**

Ron Long, Assembly President

ATTEST:

Sherry Biggs, Borough Clerk

Yes:

No:

Absent: