

Introduced by:	Mayor
Date:	05/19/09
Shortened Hearing:	06/02/09
Action:	Enacted as Amended
Vote:	8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2008-19-59**

**AN ORDINANCE AUTHORIZING A \$525,000 INTERGOVERNMENTAL LOAN
FROM THE GENERAL FUND AND APPROPRIATING FUNDS TO THE SOUTH
KENAI PENINSULA HOSPITAL SERVICE AREA FUND TO PARTIALLY FINANCE
THE ACQUISITION OF A NEW MAGNETIC RESONANCE IMAGING MACHINE**

- WHEREAS,** the lease of the current magnetic resonance imaging machine ("MRI") by the South Peninsula Hospital will expire July 1, 2009; and
- WHEREAS,** purchasing a new MRI instead of leasing one would enable the service area and borough to benefit financially; and
- WHEREAS,** at its May 5, 2009, meeting, the assembly enacted Ordinance 2008-19-51 appropriating \$625,000, which is interest funds from the Phase 3 bond sale to be used to construct a building for the MRI; and
- WHEREAS,** the MRI is expected to cost approximately \$1.8 million; and
- WHEREAS,** South Peninsula Hospital, Inc. has indicated it will contribute approximately \$400,000 toward acquisition of the MRI; and
- WHEREAS,** the proposed annual budget for FY2010 includes \$875,000 to be used toward this purchase; and
- WHEREAS,** a \$525,000 intergovernmental loan for the service area would provide the remaining funds needed to enable the South Kenai Peninsula Hospital Service Area (Service Area) to acquire the MRI for the South Peninsula Hospital; and
- WHEREAS,** at its meeting of April 21, 2009, the South Peninsula Hospital Inc. board of directors passed a resolution supporting the South Kenai Peninsula Hospital Service Area Board request for a loan of up to \$525,000 from the borough for purchasing the MRI; and
- WHEREAS,** at its meeting of May 14, 2009 the South Kenai Peninsula Hospital Service Area Board recommended purchase, by a vote of 7 yes and 1 absent;

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

SECTION 1. That a \$525,000 intergovernmental loan is authorized for the Service Area and shall be accounted for in the general fund account No. 100.00000.00000.14121.

SECTION 2. That the Service Area shall pay the outstanding balance of the loan in five equal installments due on the anniversary of the transaction date. Each payment shall include principle and interest computed at the annual rate equal to the prime rate in effect on the date of the transaction. The loan is due in full on or before five years from the date of the loan. All payments are subject to the appropriation and availability of funds.

SECTION 3. Voter approval of this purchase is not required by KPB 5.04.110 because the superior court recently ruled that this code section is legally invalid. In the event that the court determines KPB 5.04.110 is valid, the assembly hereby exempts this acquisition from KPB 5.04.110 for the reason that ordering an MRI requires several weeks' lead time, the lease of the existing MRI will end June 30, 2009, and the MRI is essential for providing adequate radiological services to the community. Voter approval would delay the purchase until long after the existing MRI lease expires.

SECTION 4. That this ordinance takes effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 2ND DAY OF JUNE, 2009.

Milli Martin, Assembly President

ATTEST:

Johni Blankenship, Borough Clerk

Yes: Fischer, Knopp, Long, Smalley, Smith, Sprague, Superman, Martin
No: None
Absent: Pierce