



## KENAI PENINSULA BOROUGH

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DAVID R. CAREY  
BOROUGH MAYOR

### MEMORANDUM

**TO:** Gary Knopp, Assembly President  
Kenai Peninsula Borough Assembly Members

**THRU:** David R. Carey, Mayor *W. Carey*  
Craig C. Chapman, Finance Director *C. Chapman*  
Max Best, Planning Director *M. Best*

**FROM:** *MA* Marcus A. Mueller, Land Management Officer

**CC:** Judith C. Lund, Chair, South Kenai Peninsula Hospital Service Area Board

**DATE:** May 9, 2011

**SUBJECT:** Resolution 2011-047, Authorizing the Borough, on Behalf of the South Kenai Peninsula Hospital Service Area, to Enter into a Ten-Year Lease Agreement with South Peninsula Professional Services, LLC for Medical Office Space within the Kachemak Bay Professional Building located at 4201 Bartlett Street, Homer Alaska 99603, and Authorizing an Amendment to the Sublease and Operating Agreement with South Peninsula Hospital, Inc. to Include this Lease

The SPH, Inc. administration has identified 3,780 sf. ft. of office space for lease in close proximity to the South Peninsula Hospital campus that is available and suitable for a medical clinic and X-Ray room to provide for the operational needs of the hospital. (See attached Vicinity Map.)

A ten-year lease has been negotiated to begin May 23, 2011, with an annual rental cost of \$100,512.00 for years one through three and \$106,581.60 for the remaining years with a CPI adjustment added to the rent starting in the sixth year. The rental cost includes property taxes, water usage, janitorial services in the common areas, landscaping, lawn maintenance, snow removal, ice sanding. The cost of electric and propane utilities will be based on usage as metered. The cost of fuel will be pro-rated based on square footage.

The leased property would be sublet to SPH, Inc., and SPH, Inc. would be responsible for the costs associated with the lease. An amendment to the Sublease and Operating Agreement has been drafted to effect this transfer.

Attached for your consideration is a resolution authorizing both the lease and an amendment to the sublease and operating agreement with SPH, Inc.

FINANCE DEPARTMENT FUNDS VERIFIED	
ACT #	<i>Funds will come from Hospital's operational funds</i>
BY:	<i>CSW</i> DATE: <i>5/4/11</i>