



KENAI PENINSULA BOROUGH

Planning Department • Land Management Division
144 North Binkley Street • Soldotna, Alaska 99669-7520
PHONE: (907) 714-2200 • **FAX:** (907) 714-2378
Toll-free within the Borough: 1-800-478-4441, Ext. 2200
www.borough.kenai.ak.us

DAVID R. CAREY
BOROUGH MAYOR

MEMORANDUM

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

THRU: David R. Carey, Mayor *DR Carey*
Craig C. Chapman, Finance Director *C Chapman*
MB Max Best, Planning Director
MB Marcus A. Mueller, Land Management Officer
for mm

FROM: Dan Conetta, Land Management Agent

DATE: May 5, 2011

SUBJECT: Resolution 2011-05b Authorizing the Acquisition of Real Property at 166 W. Corral Avenue, Soldotna on Behalf of the Central Peninsula Hospital pursuant to KPB 17.10.040

The Central Peninsula Hospital is operated by Central Peninsula General Hospital, Inc. (CPGH, Inc.) under a Lease and Operating Agreement with the Borough. CPGH, Inc. has indicated that one of its long-term goals is to expand the hospital campus with the acquisition of adjacent properties as they become available. This goal was furthered with the purchase of adjacent properties in 2009 and 2010, and continues to be pursued with the proposed acquisition of subject property (see attached letter of February 23, 2011, from Ryan Smith, CEO of the CPGH, Inc.). In accordance with the current Lease and Operating Agreement, the lessee (CPGH, Inc.) shall request the Borough to purchase property and such property shall be owned by the Borough. Pursuant to KPB 17.10.040 acquisition of land shall be by resolution.

Subject property has been offered for sale by the owner, Michelle R. Medley. Aided with a 2010 appraisal by Derry & Associates, Inc. for an estimated market value of \$185,000 CPGH, Inc. and Ms. Medley negotiated a purchase price of \$200,000, \$15,000 above the appraisal fair-market value. This negotiation was reduced to writing as shown in the attached Purchase Agreement. On March 31, 2011, CPGH, Inc. held a board meeting and approved the purchase of subject property through CPGH, Inc. Resolution 2011-25. CPGH, Inc. proposes funding through the Plant Replacement and Expansion Fund. The attached Resolution would authorize the acquisition of subject property on behalf of the hospital for a purchase price not to exceed \$200,000 plus closing costs not to exceed \$2,500 with funding coming from the Plant Replacement and Expansion Fund.

The property lies within Soldotna city limits and is zoned as Limited Commercial which is appropriate for hospital related uses. Subject property also lies within the proposed Health Care Overlay district (See Exhibit A -- Proposed Land Use Concepts Map). See Also Exhibit B -- Area Map. The real property includes a single family residential structure. The property would be used for long-term future hospital expansion.

A letter from Ryan Smith, CPGH, Inc. CEO, provides the purpose of the purchase is multifaceted. First, acquiring property adjacent to the hospital campus provides space for future hospital expansion. Further, the hospital has upcoming space issues with physicians opening clinics between April and July.

A building and site inspection was conducted on March 16, 2011, by borough personnel from the Maintenance Dept., Capital Projects Dept. and Risk Management. The inspections concluded that there were no material issues to be addressed (field reports are attached). A residential disclosure form required by AS 34.70.010 will be provided to the assembly prior to public hearing.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	<u>490.00000.00000.20602</u>
Amount	<u>\$202,500.00</u>
By: <u>C. Chayme</u>	Date: <u>5/5/2011</u>