



KENAI PENINSULA BOROUGH

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**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

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

FROM: Mike Navarre, Mayor *P.O. for M.N.*

DATE: March 1, 2012

SUBJECT: Resolution 2012-016, authorizing the Mayor to execute an amendment to the Central Peninsula Hospital lease and operating agreement to authorize a sublease of a portion of the facility for oncology purposes

The assembly is scheduled to consider the appropriation of \$4,700,000 through ordinance 2011-19-72 on March 13, 2012 to fund construction of a radiation oncology facility at Central Peninsula Hospital (CPH). Central Peninsula General Hospital, Inc. (CPGHI) operates CPH on behalf of the Kenai Peninsula Borough pursuant to a lease and operating agreement. If the radiation oncology center is constructed the CPGHI and borough administrations recommend subleasing the facility to an entity that would provide such services. The entity would be responsible for the necessary equipment, personnel, supplies and other costs for cancer treatment. The hospital would benefit through the receipt of sublease payments and the additional services it would provide to support the radiation oncology facility. Paragraph 29 of the lease and operating agreement requires borough approval before CPGHI may sublease any part of the medical facilities. This resolution authorizes the mayor to execute an amendment to the lease and operating agreement that would allow CPGHI to sublease the radiation oncology center to the appropriate medical group. It is important that this be brought forward at this time in order for CPGHI to determine which entity would lease the facility and enable it to provide input regarding the facility design.

Additionally, the investment required of the radiation oncology group is such that a minimum ten-year sublease would be required for it to recover its costs. The lease and operating agreement between the borough and CPGHI is scheduled to expire December 31, 2017. Accordingly this resolution would allow the sublease to extend beyond termination of the current lease and operating agreement in the event the lease and operating agreement is terminated before the ten-year period expires.

Your support of this resolution is appreciated.