



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

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

THRU: Mike Navarre, Mayor *MN*
Craig C. Chapman, Finance Director *C Chapman*
Max Best, Planning Director *max for MB*

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

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

DATE: March 22, 2012

SUBJECT: Resolution 2012-026, Authorizing the Borough, on Behalf of the South Kenai Peninsula Hospital Service Area, to Enter into Three Lease Agreements for Medical Office Space Located in Homer, Alaska, and Authorizing an Amendment to the Sublease and Operating Agreement with South Peninsula Hospital, Inc. to Include these Leases

The SPH, Inc. administration has determined that additional space is needed consistent with its strategic plan to provide services that increase utilization of SPH as a first choice medical facility and service point in the Service Area. It has identified 4,904 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 to support operations of the hospital. The proposed lease is for a total of seven years and also contains a right of first refusal and option to purchase. This provision provides the borough with the opportunity to consider purchasing the property in the event that a third party offers to buy the property from the Lessor during the term of the lease. This resolution does not however authorize any future purchase of the property nor does the lease obligate the borough to purchase the property in any event.

Additionally SPH, Inc. is negotiating a 5-year lease of an additional 1,500 square feet of clinical space and a two-year lease of office space. The leased property would be sublet to SPH, Inc., and SPH, Inc. would be responsible for the costs associated with the leases. An amendment to the Sublease and Operating Agreement will be provided that would effect this transfer.

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