



## **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 *MB*

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

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

**DATE:** August 2, 2012

**SUBJECT:** Resolution 2012- 071, Authorizing the Borough, on Behalf of the South Kenai Peninsula Hospital Service Area, to Enter into a Lease Agreement for Pediatric Clinic Space Located in Homer, Alaska, and Authorizing an Amendment to the Sublease and Operating Agreement with South Peninsula Hospital, Inc. to Include this Lease

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 South Kenai Peninsula Hospital Service Area. It has identified 3,225 sq. ft. of office space for lease in close proximity to the South Peninsula Hospital campus. The lease would allow SPH to move some business offices and storage to Suite 101 (the basement area proposed for lease) which would make room in the main hospital for the pediatric clinic. The new lease space is also suitable to be renovated for additional outpatient clinic space for the hospital at a later date. The new lease would also allow for the hospital to move from an off-site storage facility to the newly leased space. The proposed lease is for a total of ten years with two 5-year renewal options and also contains a right of first refusal and option to purchase. These provisions provide 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 or an option to purchase the property during the first three years 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.

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 is attached that would effect this sublease.

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.