



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of
Health and Social Services

Certificate of Need Program

3601 C Street, Suite 978
Anchorage, Alaska 99503
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August 17, 2021

David L. McConnell, Architect
North Architecture Construction Development, LLC
P.O. Box 90801
Anchorage, Alaska 99509

RE: Request for Determination dated June 14, 2021 -Coastal Ambulatory Surgery Center, LLC

Dear Mr. McConnell,

Thank you for your letter dated June 14, 2021, wherein you submitted, pursuant to 7 AAC 07.030, a Request for a Determination ("RFD") whether your proposed project requires a Certificate of Need ("CON") to establish services. The department responded to your initial letter with a request for additional information; specifically requesting a copy of the proposed property space lease with terms and conditions outlined therein. You supplied the requested information in a response dated July 23, 2021.

Coastal Ambulatory Surgery Center ("CASC") is a proposed ambulatory surgery center ("ASC") planned for Anchorage, Alaska. CASC plans a two operating room facility with ancillary space for delivery of services. CASC will be located at 188 W. Northern Lights Boulevard, Suite 110, Anchorage, Alaska 99503. This space was previously used as an ASC, under different ownership.

| <u>Estimated Total Project Cost</u> | <u>\$1,441,112.25</u> |
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| Lease Payments @ \$3.25 per SF (7,007 SF x 24 months) | 546,546.00 |
| Security Deposit | 68,318.25 |
| Tenant Improvements | 382,498.00 |
| Consulting and Legal Fees | 30,000.00 |
| Equipment | 413,750.00 |

Per CASC's RFD, and follow up information submitted upon request, CASC plans to occupy approximately 7,007 square feet of space at a lease rate of \$3.25 per square foot, per month, for an initial term of 24 months. The lease commences on October 1, 2021. The proposed lease also includes an option to extend the lease for an additional three years at the close of the initial lease term. The Landlord is requesting a security deposit in the amount of \$68,318.25. The lease terms state CASC is to lease the space in an "as is" condition, with no tenant improvement allowances incorporated into the proposed lease of space. As such, CASC will execute tenant improvements at their own expense, which is estimated to be approximately \$382,498.00. Equipment costs are estimated to be approximately \$413,750.00.

Based on CASC's request for determination, and the additional information provided on July 23, 2021, a CON is not required for the proposed project, as presented, because the expenditures at issue do not exceed the \$1.5 million statutory threshold under AS 18.07.031.

If you are dissatisfied with this determination, you may request reconsideration under 7 AAC 07.033. A request for reconsideration must be postmarked no later than 30 days after publication of the public notice.

If you have any questions, please do not hesitate to contact me.

Kind regards,

Alexandria Hicks

Alexandria Hicks, CON Program Coordinator

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