

Arctic Surgery Center LLC • 1335 Gambell Street, Suite 275 • Anchorage, AK 9950

July 27, 2018

Ms. Alexandria Hicks, Coordinator  
State of Alaska, Department of Health and Social Services  
Certificate of Need Program  
3601 C Street, Suite 978  
Anchorage, Alaska 99503

Re: Arctic Surgery Center, LLC, Request for Determination

Dear Ms. Hicks:

Arctic Surgery Center, an existing and licensed ambulatory surgery center located at 1335 Gambell Street, Anchorage, Alaska, requests a determination pursuant to 7 AAC 07.030 as to whether a Certificate of Need is required for the project described in this document.

Arctic Surgery Center is a state-licensed Ambulatory Surgery Center with one Operating Room and four pre/post-op beds. In June 2015, the Department of Health and Social Services (DHSS) determined that the proposed center did not require a Certificate of Need (CON) because the proposed project was below the applicable qualified expenditure threshold. The original construction of Arctic Surgery Center was completed in January of 2017.

The current proposed project will add an Operating Room and three observation beds to the licensed ambulatory surgery center. Arctic Surgery Center desires this alteration in order to provide facility redundancy and improved scheduling flexibility, both of which directly relate to improved patient care. The estimated cost of this project is \$969,358, which is far below the CON qualified expenditure threshold of \$1.5 million and therefore is exempt.

<b>Total Cost of Project:</b>	<b>\$ 969,358</b>
Leasehold Improvements	\$ 541,250
Net Present Value of ASC Lease without Leasehold Improvements	\$ 129,360
ASC Architecture & Engineering Fees	\$ 100,350
Equipment Costs	\$ 198,398

Further, for the following reasons the current project is not a divided or phased activity in relation to the original construction dating back to January 2015. 7 AAC 07.025(d) sets forth the criteria for determination of whether a divided or phased project is to be considered a single activity for the purposes of AS 18.07.



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- With regard to (d)(1), the current project is not financed with or constructed with the original construction.
- With regard to (d)(2), neither component—the existing licensed single-operating room ambulatory surgery center nor the proposed project—is dependent upon the other. Certainly, the existence of an existing licensed single-operating room ambulatory surgery center cannot be dependent upon a proposed second operating room. Thus, the second step of the (d)(2) inquiry is unnecessary.
- With regard to (d)(3), even if considering the existing licensed single-operating room ambulatory surgery center, the test is not met as neither component, if completed alone, would require a CON. DHSS has already determined that the existing ambulatory surgery center did not require a CON as an exempt construction. With regard to (d)(3), the construction of the proposed project is planned to commence after October 1, 2018, which is over a year-and-a-half after the completion of the original construction on January 21, 2017. Thus, the proposal is far outside the 120-day test of temporal proximity under (d)(3).

Arctic Surgery Center's request is similar to the Request for Determination by Surgery Center of Kenai 5-10-2017. In the Request, Surgery Center of Kenai sought to lease 1,851 sq. ft. of space adjacent to the existing Surgery Center of Kenai for the addition of one operating room and two observation rooms. The Department determined that a CON was not needed for this project because the expenditures would not exceed the \$1.5 million threshold under AS 18.07.031, and there was no issue concerning a divided or phased activity.

Therefore, for all of the above reasons the proposed project should not be considered with the original construction to be a single activity for the purposes of AS 18.07. Thus, the project is subject to a separate expenditure limit of \$1.5 million from that applicable to the original construction.

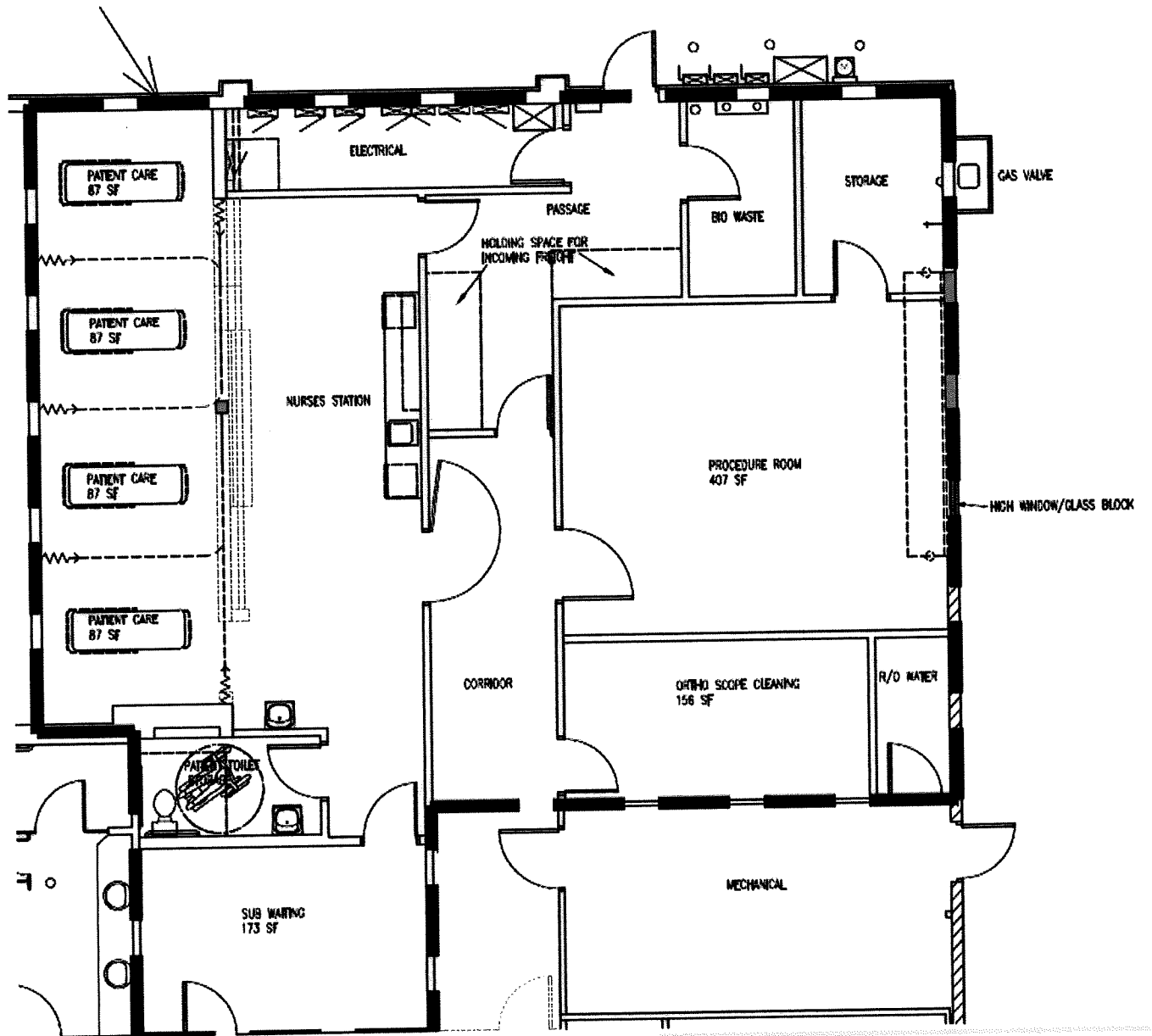
Sincerely,

Christine McMenemy  
Consultant, Arctic Surgery Center

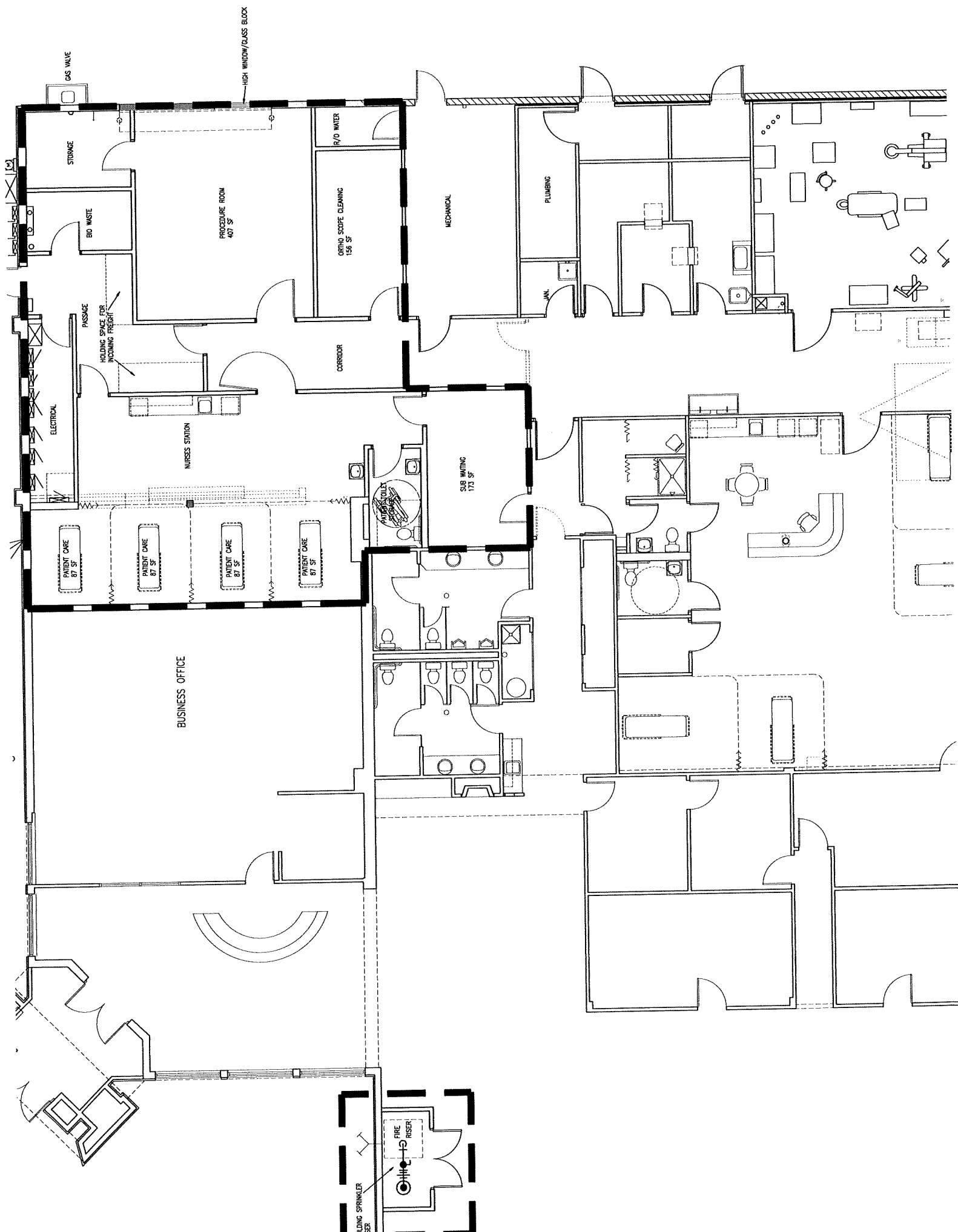
#### **Exhibits**

- A- Schematic Drawing of Proposed ASC Improvements
- B-Net Present Value of ASC Lease
- C-Architect & Engineering Fees
- D-Architect Certified Estimate of Construction Costs
- E-Equipment Quote from McKesson Medical Supplies
- F-Refurbished Scopes Quote from US Endoscopy
- G-Instrument Quote from McKesson Medical Supplies

## Detail of 2,200 sq ft Proposed Operating Room & Supporting Spaces







## **Gambell Holdings, LLC**

July 11, 2018

Chris McMenemy  
Arctic Surgery Center  
1335 Gambell Street  
Anchorage, AK 99501

Dear Chris,

Having been informed of your desire to lease 2,200 square feet adjacent to the licensed ASC Arctic Surgery Center, located at 1335 Gambell Street, Anchorage, AK 99501, and pursuant to the approval of a requested CON exemption, Gambell Holdings, LLC, will be increasing your lease costs per the value of this space.

Effective approval of the CON exemption and completion of the buildout of this adjacent space, your lease will be increased by \$2.45 per square foot for the space needed of 2,200 square feet. The total per year is \$64,680.

The two-year value of this lease is \$129,360.

Please sign this agreement as your acceptance of the terms.

By

  
Authorized Representative

August 7, 2018

Date



ARCHITECTURE • PLANNING

1401 W. 34<sup>th</sup> Avenue, Suite 200  
Anchorage, Alaska 99503-3655  
Telephone 907 / 562-0422  
Facsimile 907 / 562-0448  
E-Mail [gdmanc@ak.net](mailto:gdmanc@ak.net)

July 24, 2018

Chris McMenemy  
Arctic Surgery Center  
1335 Gambell Street  
Anchorage, AK 99501

Dear Chris,

GDM Inc. has reviewed your proposed revision to 2,200 sf of space adjacent to Arctic Surgery Center. Our architectural and engineering fees for the revision of this space are \$100,350.

Please let us know if you have any questions,

A handwritten signature in black ink, appearing to read "Jim Blair", is written over the printed name.

Jim Blair, RA, President and Principal Architect  
GDM Inc.  
1401 W. 34<sup>th</sup> Avenue, Suite 200  
Anchorage, AK 99503-3655  
Tel: (907) 562-0422  
Fax: (907) 562-0448  
Email: [gdmanc@ak.net](mailto:gdmanc@ak.net)



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July 24, 2018

Chris McMenemy  
Arctic Surgery Center  
1335 Gambell Street  
Anchorage, AK 99501

Dear Chris,

GDM Inc. has reviewed your proposed revision to 2,200 sf of space adjacent to Arctic Surgery Center. The following is our estimation of construction costs for the space.

Fire Sprinkler Additions	\$29,400
Demolition	\$14,000
General Requirements	\$36,750
Site Work	\$25,000
Concrete	\$4,000
Metals	\$2,500
Woods & Plastics	\$7,500
Thermal & Moisture Protection	\$5,400
Doors & Windows	\$3,200
Finishes	\$8,500
Specialties	\$4,000
Casework	\$15,000
Mechanical	\$290,000
Electrical	\$96,000
<b>TOTAL</b>	<b>\$541,250</b>

Please let us know if you have any questions,

Jim Blair, RA, President and Principal Architect  
GDM Inc.

1401 W. 34<sup>th</sup> Avenue, Suite 200  
Anchorage, AK 99503-3655  
Tel: (907) 562-0422  
Fax: (907) 562-0448  
Email: [gdmanc@ak.net](mailto:gdmanc@ak.net)

**Subject:** FW: Stryker Quote updated..

**Date:** Wednesday, July 11, 2018 at 9:42:37 AM Eastern Daylight Time

**From:** Chris McMenemy

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**From:** Anthony Thacher <[anthony@unitedendoscopy.com](mailto:anthony@unitedendoscopy.com)>

**Sent:** Wednesday, May 16, 2018 2:32 PM

**To:** Sarah McKeever <[sarah.mckeever@ortmannhealth.com](mailto:sarah.mckeever@ortmannhealth.com)>

**Subject:** Stryker Quote updated..

Sarah,

Here is the quote below with the additional items you requested.

- **STRYKER 1288 HD CAMERA SYSTEM (Comes with 2 - HD Camera heads)**
  - (2) 1288 HD camera heads
  - (2) 1288 camera couplers
  - 1288 camera console
  - DVI & power cables
- **STRYKER L-9000 LED LIGHT SOURCE**
  - LED Bulb
  - Fiberoptic light cable
  - Power cable
- **STRYKER SDC-ULTRA DIGITAL MANAGEMENT SYSTEM**
  - DVD & Photo recording system
  - Windows Software
  - USB capable
  - DVI & power cables
- **STRYKER CORE ARTHROSCOPY SHAVER SYSTEM**
  - Formula 180 hand piece w/ button controls
  - Foot pedal switch
  - Core console (Orthopedic attachments compatible)
  - (1) Box blades (1) Box burs
  - Power cables
- **STRYKER SERFAS ENERGY RF GENERATOR**
  - (2) Serfas electrosurgical probes w/ button controls
  - Serfas energy console
  - Power cable
- **STRYKER FLOSTEADY ARTHROSCOPY PUMP**



- Rechargeable battery built in
  - Flosteady tubing set
  - Power cable
- STRYKER SDP1000 DIGITAL COLOR PRINTER
  - Ink cartridge
  - Paper
  - Connecting cable w/ SDC
  - Power cable
- STRYKER 26" HD VISION ELECT FLAT PANEL MONITOR
  - Power adapter
  - Power cable
  - Mount for stand/cart arm
- STRYKER 21" HD VISION ELECT FLAT PANEL MONITOR
  - Power adapter
  - Power cable
  - Mount for stand/cart arm
- STRYKER AUTOCLAVABLE SCOPE LENS (Comes with 2 - 30 degree scopes)
  - (2) 4mm x 30 degree
  - Coupler for fiberoptic light cable
- STRYKER ARTHROSCOPY TOWER W/ MONITOR SWIVEL ARM
  - Adjustable shelving
  - Power strip adapter
  - Doors
  - Swivel arm mount
- SLAVE ROLLER STAND
  - Adjustable Monitor mount
- INSTRUMENTATION 9 PIECE SET (Add another 9 Piece set)
  - Punches
  - Canulas
  - Probes

- \$22,500.00 + One year warranty + Free shipping

Let me know if you have any questions.

Best Regards,

Anthony Thacher  
United Endoscopy

*Empowering Healthcare***McKesson Medical-Surgical****Darryl Farmer, Acct Mgr****Phone: 803-892-6790****Fax: 803-892-4397**

	Order	Description	Price	Qty	Ext Price
<b>Operating</b>	2	Flowmeter, Oxygen 1-15 Ldiamond	\$54.50	2	\$108.99
<b>Rooms</b>	2	Regulator, suction continuous 3 mode	\$230.98	2	\$461.96
	1	Surgical Beds	\$10,510.21	1	\$10,510.21
	1	Back Tables 48 in	\$672.59	1	\$672.59
	1	Prep Tables with drawer	\$761.08	1	\$761.08
	1	Mayo table	\$400.40	1	\$400.40
	1	Kick Buckets	\$143.62	1	\$143.62
	1	OR lights	\$11,066.63	1	\$11,066.63
	1	Cautery /cart	\$5,646.98	1	\$5,646.98
	1	Anesthesia Machine	\$16,480.00	1	\$16,480.00
	1	Anesthesia Cart	\$1,051.02	1	\$1,051.02
	1	Ceiling Hose Drop O2	\$72.87	1	\$72.87
	1	Ceiling Hose Drop Vacuum	\$88.88	1	\$88.88
	1	Ceiling Hose Drop Air	\$77.33	1	\$77.33
	1	Ceiling Hose Drop Evacuation	\$102.03	1	\$102.03
	1	Infusion Pumps	\$810.32	2	\$1,620.64
	1	VS Monitor w/EKG, O2, Co2, Non-invasive BP	\$6,909.53	1	\$6,909.53
		Tourniquets	\$5,669.34	1	\$5,669.34
	1	Ethicon Endo Surgery Generator/Harmonic	\$11,066.63	1	\$11,066.63
	1	Stools with back, casters High anesthesia	\$302.48	1	\$302.48
	1	IV pole	\$62.60	1	\$62.60
	1	Double bowl ring rack	\$339.47	1	\$339.47
	1	Hamper	\$114.59	1	\$114.59
<b>Nurses</b>	1	IV pole	\$62.60	1	\$62.60
<b>Station</b>	1	Narc Box	\$437.83	1	\$437.83
<b>Patient</b>	3	VS Monitor w/BP, EKG, O2	\$2,550.00	4	\$10,200.00
<b>Bays</b>	3	Stretcher, IV pole, 4in mattress	\$2,394.96	4	\$9,579.84
	3	Flowmeter, Oxygen 1-15 Ldiamond	\$54.50	4	\$218.00
	3	Overbed tables	\$76.28	4	\$305.12
<b>Nurse</b>					
<b>Storage</b>	1	Wheelchair	\$234.61	1	\$234.61
<b>Corridor</b>		Scrub sinks	\$3,861.86	1	\$3,861.86
<b>Equipment</b>					
<b>Storage</b>	2	Lead Aprons	\$267.75	2	\$535.50
<b>Scopes Rm</b>	1	V-PRO 60 120V, 60 Hz w/Cart	\$50,418.50	1	\$50,418.50
		Freight Charges			\$25,000.00

**TOTAL \$175,898.03**