

September 29, 2011

**VIA REGULAR MAIL AND FAX (907-465-6861)**

Ms. Karen Lawfer  
CON Program Coordinator  
Division of Health Care Services  
Department of Health and Social Services  
P. O. Box 110660  
Juneau, AK 99811-0660

Dear Ms. Lawfer:

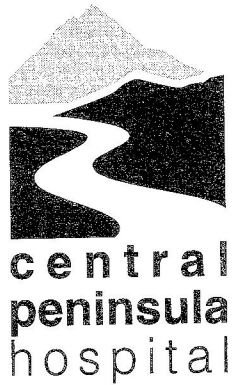
Re: Request for Determination

Please treat this letter as a request for determination pursuant to 7 AAC 07.031 as to whether a certificate of need is required for Central Peninsula Hospital's ("CPH") proposal to convert the 585 square feet of unfinished shell space in its Mountain Tower into a new operating room (the "Project"). It is CPH's position that a certificate of need is not required because the total costs of the Project do not exceed the \$1,350,000.00 monetary threshold under AS 18.07.031. Further, the Project has previously been approved by the CON Program.

**Description of Proposed Activity:**

CPH proposes to convert the 585 square feet of unfinished shell space in its Mountain Tower into a new operating room, which will result in a total of four (4) operating rooms at CPH. As you are aware, in 2004 the Commissioner and the CON Program approved the renovation and expansion of CPH including the construction of four (4) surgical suites. Due to budgetary reasons, CPH eventually completed only three of the four surgical suites but shelled in space in the Mountain Tower for the fourth surgical suite. CPH now plans to complete its fourth surgical suite and on July 5, 2011, the Kenai Peninsula Borough enacted Ordinance 2011-19-01 (the "Ordinance") appropriating \$1,067,281.00 for the purpose of completing the Project. A copy of the Ordinance is attached for your information.

CPH is a  
member of  
the Planetree  
Alliance.



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**Estimate of Total Cost of Proposed Activity:**

The cost of the Project is estimated to be \$1,067,281.00, as more fully set forth in the attached certified estimate, which is incorporated herein.

**Estimated Start and Completion Date:**

Following approval by the CON Program, or a determination that the Project does not require a certificate of need, the Project could begin construction on approximately January 17, 2012, and be completed by approximately May 16, 2012.

Please let us know if you have any questions or require any further information regarding this matter. For your information, we have also submitted a (conditional) letter of intent relating to this activity so that, in the event the CON Program determines that a certificate of need is required, the Project can be evaluated concurrently with the certificate of need application submitted by Kahtnu Ventures, LLC, to construct a single story free-standing ambulatory surgical center in Kenai, Alaska.

Very truly yours,

CENTRAL PENINSULA  
HOSPITAL

Rick Davis, Chief Operating Officer

CPH is a  
member of  
the Planetree  
Alliance.



**SODERSTROM ARCHITECTS**

Mr. Richard Davidson  
Director of Support Services  
Central Peninsula Hospital  
250 Hospital Place  
Soldotna, AK 99669

Sept 26, 2011

Rich,  
The following cost estimate was developed in a collaborative effort by Soderstrom Architects, LTD in conjunction with Alcan General, Inc (General Contractor) and Udelhoven Inc. (Mechanical Contractor) to represent the anticipated construction and project costs for Central Peninsula Hospital's OR#4 build-out. The following opinion of probable cost is based on the 585sf. operating room option established 5/16/11.

**OR # 4 Final Budgetary  
Cost Estimate**

OR Integration

	Unit	Cost/Unit	Total Cost
Temporary Walls (4)	500 SF	\$5.00	\$2,500
Demolition and Prep	585 SF	\$5.00	\$2,925
Flooring + Base	585 SF	\$12.00	\$7,020
Interior Wall Repairs and Finishes	300 SF	\$3.00	\$900
New Walls	425 SF	\$12.00	\$5,100
Shaft Walls/Patch	1 LS	\$1,500.00	\$1,500
Ceiling	585 SF	\$12.00	\$7,020
Structural support for ceiling eq.	3 ls	\$2,500.00	\$7,500
Casework (5)	18 LF	\$400.00	\$7,200
Electrical	585 SF	\$40.00	\$23,400
Lighting	12 Fixt	\$1,500.00	\$18,000
Low Voltage (1)	585 SF	\$20.00	\$11,700
Med Gas (3)	6 Each	\$5,000.00	\$30,000
Med Gas Certification	1 Each	\$7,500.00	\$7,500
Mechanical	585 SF	\$275.00	\$160,875
Extend future ducts from penthouse	1 ls	\$91,000.00	\$91,000
System Programming	1 ls	\$16,000.00	\$16,000
Fire Suppression	585 SF	\$5.00	\$2,925
General Conditions	1 Lot	15%	\$60,460
Construction Sub Total			\$463,525

Cameron Hyde, AIA  
Dan Danielson, AIA  
E. Henry Fitzgibbon, LEED, AIA  
Brad Dehle, AIA

Contingency	15.00%	\$69,529
Escalation	4.00%	\$39,863
Hard Project Cost		\$572,917
Plans Review and Permits (2%)	2.00%	\$11,458
Special Inspections		\$7,500
Design Fees		\$71,500
Fixed Equipment		\$340,656
KPB Project Management	8.00%	\$45,833
KPB Administrative	3.04%	\$17,417
Project Cost		\$1,067,281

#### Notes

- (1) *Low Voltage Includes Security, Fire Alarm, Data/Telecom and Nurse Call*
- (2) *Assumes 25% GWB replacement and 100% Refinishing*
- (3) *Med Gas plumbed to equipment boom and (2) med gas drops (drops included)*
- (4) *GWB both sides of 3.5" mtl studs. No insulation, Fire taped.*
- (5) *Casework includes built in cabinets.*
- (6) *Design Fee for project budget determination only*

Please let me know if you have any questions or comments. Soderstrom Architects, LTD is corporation licensed in Alaska to perform professional architectural services. This estimate represents a true and correct reflection based on the conditions and scope known at the time of development.

Sincerely,



SODERSTROM ARCHITECTS, LTD  
Brad Dehle, Principal, AIA

Introduced by:	Mayor
Date:	06/21/11
Shortened Hearing:	07/05/11
Action:	Enacted as Amended
Vote:	9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2011-19-01**

**AN ORDINANCE APPROPRIATING \$1,067,281 FOR THE PURPOSE OF PROVIDING  
A FOURTH OPERATING ROOM AT CENTRAL PENINSULA HOSPITAL**

**WHEREAS,** Central Peninsula Hospital (CPH) currently has three (3) operating rooms, one (1) C-section room, one (1) minor procedure room, and one (1) shelled in operating room consisting of 585 square feet; and

**WHEREAS,** during construction of the Mountain Tower expansion project the operating room space was deliberately shelled in for future completion; and

**WHEREAS,** Central Peninsula General Hospital, Inc. (CPGH, Inc.) has recently recruited and signed a general surgeon, orthopedic spine surgeon, and an OB/GYN who have begun, or will begin practice during FY11 and FY12; and

**WHEREAS,** the current operating room 'blocked time' utilization rate warrants the use of an additional operating room to increase overall efficiencies; and

**WHEREAS,** completion of the additional operating room will address current scheduling and efficiency issues and will also accommodate increased operating room utilization resulting from the addition of physicians/surgeons at CPH; and

**WHEREAS,** the cost projection for this project is estimated to be \$1,067,281 and funding for this project will come from the CPH Plant Replacement and Expansion Fund; and

**WHEREAS,** the CPGH, Inc. Board of Directors at its June 30, 2011 board meeting authorized the expenditure of \$1,067,281 from the CPH Plant Replacement and Expansion Fund for completion of the fourth operating room;

**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

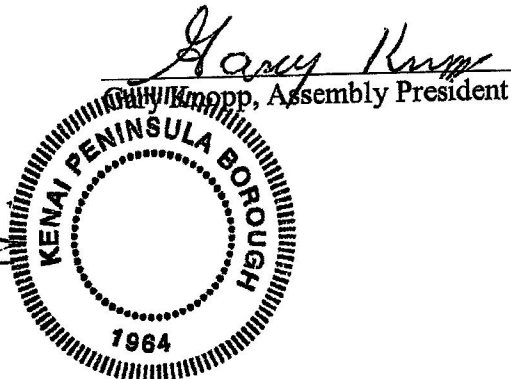
**SECTION 1.** That \$1,067,281 in CPH Plant Replacement and Expansion funds are appropriated to account no. 490.81110.12OPR.49999 for converting the 585 square feet of unfinished shelled space in the Mountain Tower into a new operating room.

**SECTION 2.** That this ordinance is takes effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 5TH  
DAY OF JULY, 2011.

ATTEST:

  
John Blankenship, Borough Clerk



Yes:	Haggerty, Johnson, McClure, Murphy, Pierce, Smalley, Smith, Tauriainen, Knopp
No:	None
Absent:	None