

REQUEST FOR MODIFICATION OF A CERTIFICATE OF NEED

Project Name: Phase VI, Expansion and Renovation Project

Facility: Central Peninsula Hospital

Project Authorized in Certificate of Need dated: October 16, 2017

APPLICANT INFORMATION

If the owner, applicant organization, or contact person has changed since the certificate of need was issued, please provide the new name, title, and address.

Not Applicable

REASON FOR MODIFICATION

(Describe each applicable reason in detail)

Change in scope of authorized activity

- ✓ Change in cost of authorized activity
- ✓ Change in time schedule of authorized activity

The purpose of this document is to request a modification of the approved CON cost for Central Peninsula Hospital's Hospital Expansion and Modernization Project (Phase VI). We seek this modification due to an error in the original CON submitted by Central Peninsula Hospital on June 16, 2017:

- Approved Cost in Letter from DHSS Commissioner dated October 16, 2017
 - \$26,918,933
- Our Request
 - Modification from \$26,918,933 to new amount of \$32,058,270

Explanation of CON Cost Error:

As required by the Certificate of Need regulations, the applicant must submit a certified estimate for the proposed project. Under 7 AAC 07.900 (6) a certified estimate is defined as:

(6) "certified estimate" means an estimate developed by a professional architect or engineer licensed under AS 08.48, or by an individual who is qualified to estimate the cost of health care facility equipment, demolition, and construction;

Our estimate can be found in the *Table of Contents for APPENDIX A* (Bate stamp page 19) of Central Peninsula Hospitals CON application submitted on June 16, 2017 (letter attached for reference). The certified estimate was provided by the architect for the project and totals the project cost at \$32,058,270.

Unfortunately, the literal "money page" that DHSS uses for the application is the first page contained in *Section VIII B – Financial Data - Construction Only* (page 97) of the application. This is where the error our entire modification is not only located but hinges upon.

The architect for the project provided the figures for the form on page 97 where the total project cost is displayed on line (g) \$26,918,933. This page was provided via email attachment from the architect along with an additional attachment (certified cost estimate letter). They clearly do not match, and unfortunately, we at CPH did not discover this error which has led us to the point of requesting a modification. We again, did not notice/discover the error upon receiving the Letter of Approval from the Commissioner the following October.

In our submitted CON application, the correct amount can be found on three different pages in our submitted application. The pages are: Page 7 (narrative), Page 112 (Schedule IV, Capital Budget) and finally on Page 121 (depreciation schedule) all of which are attached for reference.

We believe had we caught it and pointed out our error early on, we believe it would have been corrected and this project would be past history. However, we find ourselves now requesting the department look favorably upon our request and accompanying explanation that was caused by error. Fortunately, we believe the presence of the correct \$32 million in several other pages of the document supports our request. It was always the intent of CPH, the Kenai Peninsula Borough and the architect that the budget for the project was \$32,058,270.

In addition, we are requesting a new completion date of this project for June 30, 2021. This request is due in part to delays from the Swan Lake fire. This fire delayed the project for several weeks both due to specialty tradesman not being able to travel to the jobsite but also due to delays of construction materials not being able to arrive. The delay caused by the fire pushed the project past the completion date and unfortunately into the pandemic that is still ongoing. While the project is now 99% complete, there are still some loose ends to tie up before we can completely close the project and provide final costs.

Accordingly, Central Peninsula Hospital requests a modification to the CON for its Phase VI, Expansion and Renovation Project to reflect the change in completion date to June 30, 2021, and the change in project cost to \$32,058,270.

If you have any questions, or would need further supporting documentation, please contact Richard Davidson, Support Services Director, at (907)714-4747 or rdavidson@cpgh.org.

CERTIFICATION

I certify that all of the information contained in this request, including any supporting documents, is true to the best of my knowledge and belief.

Signature: 

Date: 3-19-21

Name: Rick Davis, CEO