

JAN 12 2011

Providence Surgery Centers, LLC
dba Creekside Surgery Center
P.O. Box 233889
Anchorage, Alaska 99523
3831 Piper Street Suite S-110
Anchorage, AK 99508

January 7, 2011

Eric Peter
Health Program Associate
Section of Health Planning & Systems Development
DHSS Division of Health Care Services
P.O. Box 110660
Juneau, Alaska 99811-0660

Dear Mr. Peter:

Thank you for your letter of November 10, 2010, and subsequent email amending our response date to January 10, 2011.

As we mentioned in our CON application, this space will be leased by us, therefore, the tenant improvement costs are paid to the owner through the lease. The lease cost is estimated to be \$118,098 per year.

If, for your records, you need to know the landlord's costs for the tenant improvements, I've attached Davis Constructors' certified cost estimate. Please note, however, that Providence is the landlord and Creekside Surgery Center will be the tenant and thus will not be incurring these expenses directly.

Thank you for this opportunity to clarify our application. Please contact me with any questions or concerns you may have at 907-212-3694.

Sincerely,



Susan Humphrey-Barnett
Class B Manager

Attachment

cc: Colleen Bridge, Class B Manager

Providence Alaska Medical Center

**Tower S - Providence Surgery Center, LLC (PSC)
Future OR Build Out Estimate
(3 Operating Rooms & Sterile Equipment Storage)**

Certified Cost Estimate

10/22/2010

| Scope Description | Amount | |
|--|----------------------|---------------|
| Build-out (3) Operating Rooms & (1) Sterile Equipment Storage Room (2,532 SF) | \$ 753,561.37 | |
| Architectural / Mechanical / Electrical / Structural Design Fees | \$ 66,073.70 | |
| Structural Upgrades in OR's | \$ 73,142.98 | |
| Concrete Floor Prep | \$ 10,553.67 | |
| Rubber Flooring Upgrade in OR's | \$ 43,628.72 | |
| Sub Total | \$ 946,960.44 | \$ 374.00 /SF |
| Core & Shell Costs: Include spandrel glass insulation, vapor barrier and work to replace vision glass with spandrel glass at lantern. | \$ 31,609.56 | |
| Total including Core & Shell Costs | \$ 978,570.00 | \$ 386.48 /SF |
| Total from 7/29 Cost Estimate | \$ 960,665.54 | |

Assumptions

2532 sf space with 3 operating rooms and a sterile equipment storage area
 Med Gas Certification by Others
 Includes Scrub Sinks
 CCTV Camera & Monitor Supply by PSC
 PSC supply / install: FF&E, Any Storage Shelving
 Sharps Container by PSC
 Glove Box by PSC
 Medical Equipment by PSC
 Excludes Structural Upgrades for vibration control
 Includes Structural supports to accommodate two monitor arms and 2 OR lights in each OR
 Anesthesia gases are in the form of ceiling drops.
 Includes structural infrastructure for future med gas boom in one of the small OR's.

** See summary schedule for start date that pricing is based upon.

Providence Alaska Medical Center

**Tower S - Providence Surgery Center, LLC (PSC)
Future OR Build Out**

| Project Schedule | Duration | Start Date | Finish Date |
|------------------------------------|-----------------|-------------------|--------------------|
| Design Phase | 2 months | 1/3/2011 | 3/1/2011 |
| Permitting Phase | 1 month | 3/1/2011 | 4/1/2011 |
| Construction & Commissioning Phase | 5 months | 4/1/2011 | 9/1/2011 |

** Pricing based on a construction start date April 1, 2011