



July 11, 2013

**Certified, Return Receipt Requested**

Harold Gear  
Surgery Center of Kenai, LLC  
10543 Kenai Spur Hwy.  
Kenai, AK 99611

Dear Mr. Gear:

Thank you for your letter of June 27, 2013 regarding the determination of whether a certificate of need (CON) is required for construction of an ambulatory surgery center at 100 Trading Bay Drive in Kenai.

After review of the cost estimates provided in your letter, it has been determined that a CON is not required based on the following information:

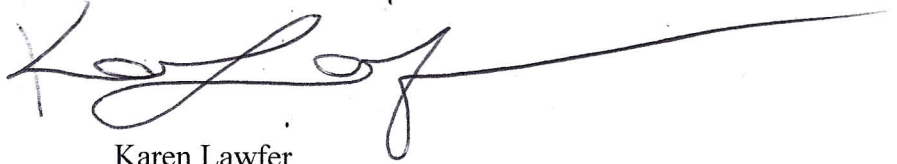
1. The proposed surgical center is a facility that is reviewable by the CON program if the cost of the project exceeds the dollar threshold under AS 18.07.031
2. Certified cost estimates for the project estimate construction costs at \$926,075 and equipment costs of \$160,197, and contingency allowance of \$50,000 for a total cost estimate of \$1,136,272 which is below the current threshold of \$1,450,000 that requires submission of a CON application under AS 18.07.031.

Construction costs were based upon documentation provided by Corvus Contractors, LLC, which stated the total value of the portion of the facility to be used for the surgical center was 0 dollars for the 36-year old building and tenant improvements (including design and permitted) were \$926,075.

If the project changes and costs related to the construction of the surgical center, as outlined in 7 AAC 07.010, total more than the current CON threshold or if there are changes regarding the size, number of surgical suites, or scope of service, this office must be notified as a CON may be required.

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.

Sincerely, .

A handwritten signature in black ink, appearing to read 'Karen Lawfer', with a long horizontal line extending to the right.

Karen Lawfer  
CON Coordinator