



North Carolina Department of Health and Human Services  
Division of Health Service Regulation

Pat McCrory  
Governor

Richard O. Brajer  
Secretary DHHS

Mark Payne  
Health Service Regulation

August 16, 2016

Dee Jay Zerman  
Hedrick Building  
211 Friday Center Drive, Suite G015  
Chapel Hill, NC 27517

**Exempt from Review**

**Record #:** 2019  
**Facility Name:** University of North Carolina Hospitals  
**FID #:** 923517  
**Business Name:** UNC Hospitals  
**Project Description:** Renovate the 3<sup>rd</sup> floor of the Anderson Pavilion to include the Acute and Intermediate Coronary Cardiac Care unit  
**County:** Orange

Dear Ms. Zerman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of August 3, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(g). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Agency's Construction and Acute and Home Care Licensure and Certification Sections to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Agency. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.



**Healthcare Planning and Certificate of Need Section**

[www.ncdhhs.gov](http://www.ncdhhs.gov)

Telephone: 919-855-3873 • Fax: 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer



Ms. Zerman  
August 16, 2016  
Page 2

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,



Bernetta Thorne-Williams  
Project Analyst

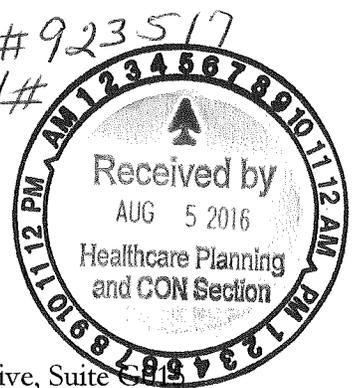


Martha J. Frisone, Assistant Chief  
Certificate of Need

cc: Construction Section, DHSR  
Acute and Home Care Licensure and Certification Section, DHSR  
Paige Bennett, Assistant Chief, Healthcare Planning, DHSR



FID# 923517  
Record#  
2019



Hedrick Building  
211 Friday Center Drive, Suite 600  
Chapel Hill, NC 27517

August 3, 2016

Bernetta Thorne-Williams, Project Analyst  
Certificate of Need Section  
Division of Health Service Regulation, DHHS  
Mail Service Center 2704  
Raleigh, NC 27699-2704

RE: Exemption Notice / Renovation of 3<sup>rd</sup> Floor Anderson Pavilion space pursuant to NCGS § 131E-184(g) / UNC Hospitals / Orange County

Dear Ms. Thorne-Williams:

UNC Hospitals is planning to renovate and refurbish the Acute and Intermediate Coronary (Cardiac) Care unit on the 3<sup>rd</sup> Floor of the Anderson Pavilion. UNC Hospitals is requesting confirmation that this renovation is exempt from review pursuant to NCGS §131E-184(g).

NCGS §131E-184(g) provides that *The Department shall exempt from certificate of need review any capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b if all of the following conditions are met:*

- (1) The sole purpose of the capital expenditure is to renovate, replace on the same site, or expand the entirety or a portion of an existing health service facility that is located on the main campus.*
- (2) The capital expenditure does not result in (i) a change in bed capacity as defined in G.S. 131E-176(5) or (ii) the addition of a health service facility or any other new institutional health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.*
- (3) The licensed health service facility proposing to incur the capital expenditure shall provide prior written notice to the Department along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection.*

*(1) Purpose:* The project involves the renovation of 14,023 square feet of space on the unit which occupies 15,591 square feet of space. The renovation will be performed in this same location and the unit's service will not change as a result of this renovation. The number of patient beds will not change as a result of this renovation. This renovation will allow us to modernize and update the unit. The cost of the renovation including equipment and furniture is expected to be \$3,018,446. A certified cost estimate is contained in Exhibit 1. Floor plans of the existing space, the demolition plan, and the proposed final floor plan are included in Exhibit 2.

*(1) Main Campus:* NCGS §131E-176(14n) defines “Main Campus” as *the site of the main building from which a licensed health service facility provides clinical patient services and exercises financial and administrative control over the entire facility, including the building and grounds adjacent to the main building.*”

The proposed project involves renovating a portion of the 3<sup>rd</sup> Floor of UNC Hospitals’ Anderson Pavilion. A key plan included in Exhibit 2 reflects the location within the main hospital building. The building’s address is 101 Manning Drive, Chapel Hill, NC. The space to be renovated is physically inside the main hospital building and shares the same physical address as UNC Hospitals. Financial and administrative control is provided in offices physically located on the 3<sup>rd</sup> floor of Medical Wing E, which is connected to the main hospital. The locations of the financial officer and administrative officer are indicated on the maps contained in Exhibit 3. UNC Hospitals is a licensed health service facility (DHSR Acute Care License No. H0157).

*(2) New Institutional Health Service:* The renovation project will not result in a change of bed capacity, the addition of a health service facility, or any other new institutional health service other than that allowed in G.S. 131E-176(16)b. No major medical equipment is included in this project. Exhibit 4 contains equipment and furniture list for the project, and no individual items cost more than \$10,000.

*(3) Prior Written Notice:* This request shall serve of prior written notice of this activity.

Please do not hesitate to contact me at 984-974-1210 if you have any questions or need further information. Thank you for your prompt consideration of this matter.

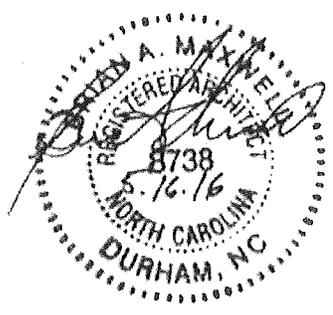
Sincerely,



Dee Jay Zerman, System Director  
Regulatory Planning  
UNC HCS

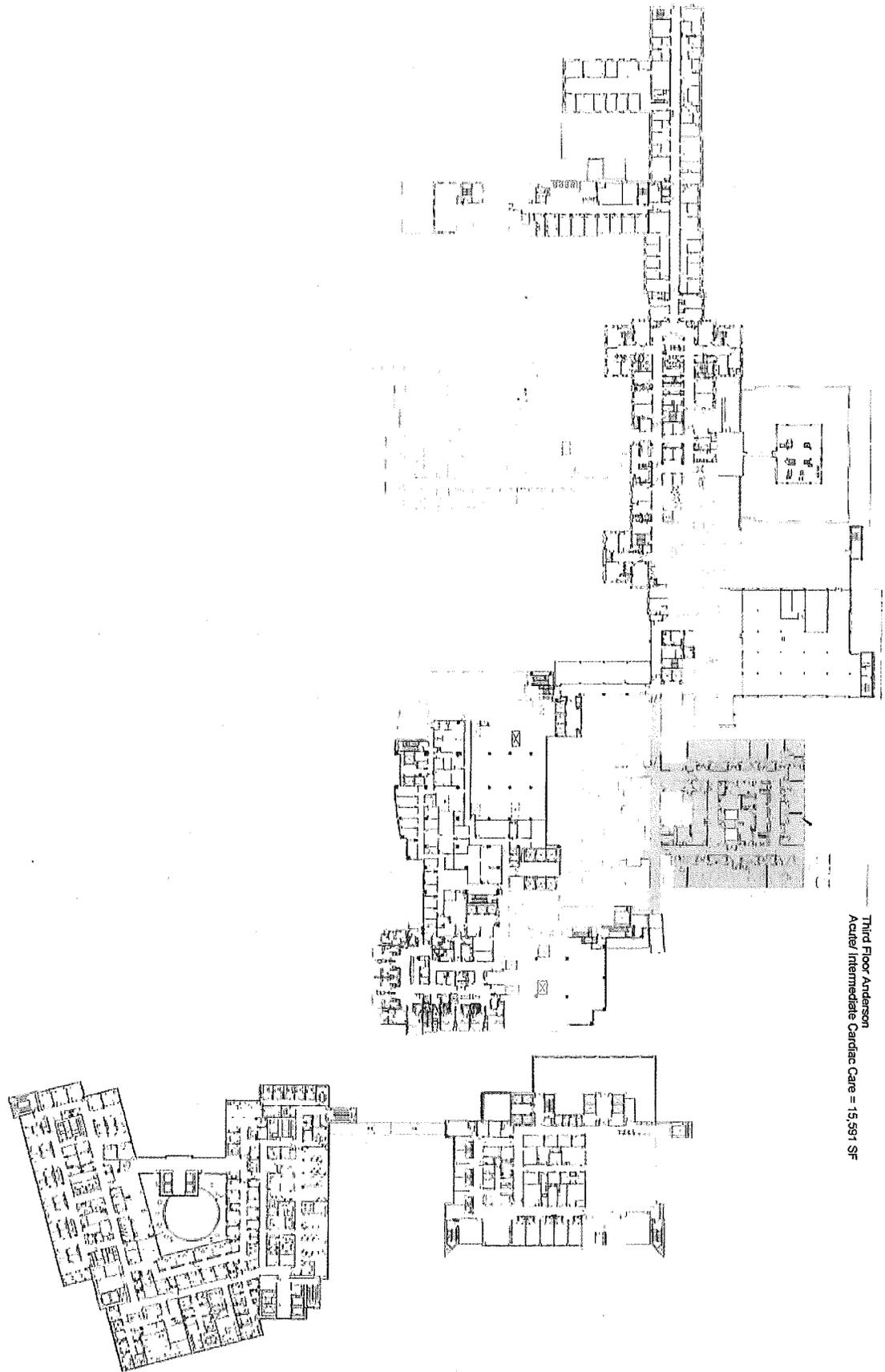
**PROPOSED TOTAL CAPITAL COST OF PROJECT**

<b>A Site Costs</b>			
(1) Full purchase price of land		\$	0
Acres _____ Price per Acre \$ _____			
(2) Closing costs		\$	0
(3) Site Inspection and Survey		\$	0
(4) Legal fees and subsoil investigation		\$	0
(5) Site Preparation Costs			
Soil Borings	\$	0	
Clearing - Earthwork	\$	0	
Fine Grade for Slab	\$	0	
Roads - Paving	\$	0	
Concrete Sidewalks	\$	0	
Water and Sewer	\$	0	
Footing Excavation	\$	0	
Footing Backfill	\$	0	
Termite Treatment	\$	0	
Other (Specify)	\$	0	
Sub-Total Site Preparation Costs	\$	0	
(6) Other (Specify)	\$	0	
(7) Sub-Total Site Costs		\$	0
<b>B Construction Contract</b>			
(8) Cost of Materials			
General Requirements	\$	220,843	
Concrete/Masonry	\$	0	
Woods/Doors & Windows/Finishes	\$	259,550	
Thermal & Moisture Protection	\$	0	
Equipment/Specialty Items	\$	190,224	
Mechanical/Electrical	\$	358,560	
Other ( )	\$	36,241	
Sub-Total Cost of Materials	\$	1,065,418	
(9) Cost of Labor	\$	710,279	
(10) Other Construction Contingency	\$	443,924	
(11) Sub-Total Construction Contract		\$	2,219,621
<b>C Miscellaneous Project Costs</b>			
(12) Building Purchase	\$	0	
(13) Fixed Equipment Purchase	\$	0	
(14) Movable Equipment Purchase	\$	0	
(15) Furniture	\$	297,675	
(16) Landscaping	\$	0	
(17) Consultant Fees			
Architect and Engineering Fees	\$	251,150	
Legal Fees	\$	0	
Market Analysis	\$	0	
Sub-Total Consultant Fees	\$	251,150	
(18) Financing Costs (e.g. Bond, Loan, etc.)	\$	0	
(19) Interest During Construction	\$	0	
(20) Other Project Contingency	\$	250,000	
(21) Sub-Total Miscellaneous		\$	798,825
(22) Total Capital Cost of Project (Sum A-C above)		\$	3,018,446

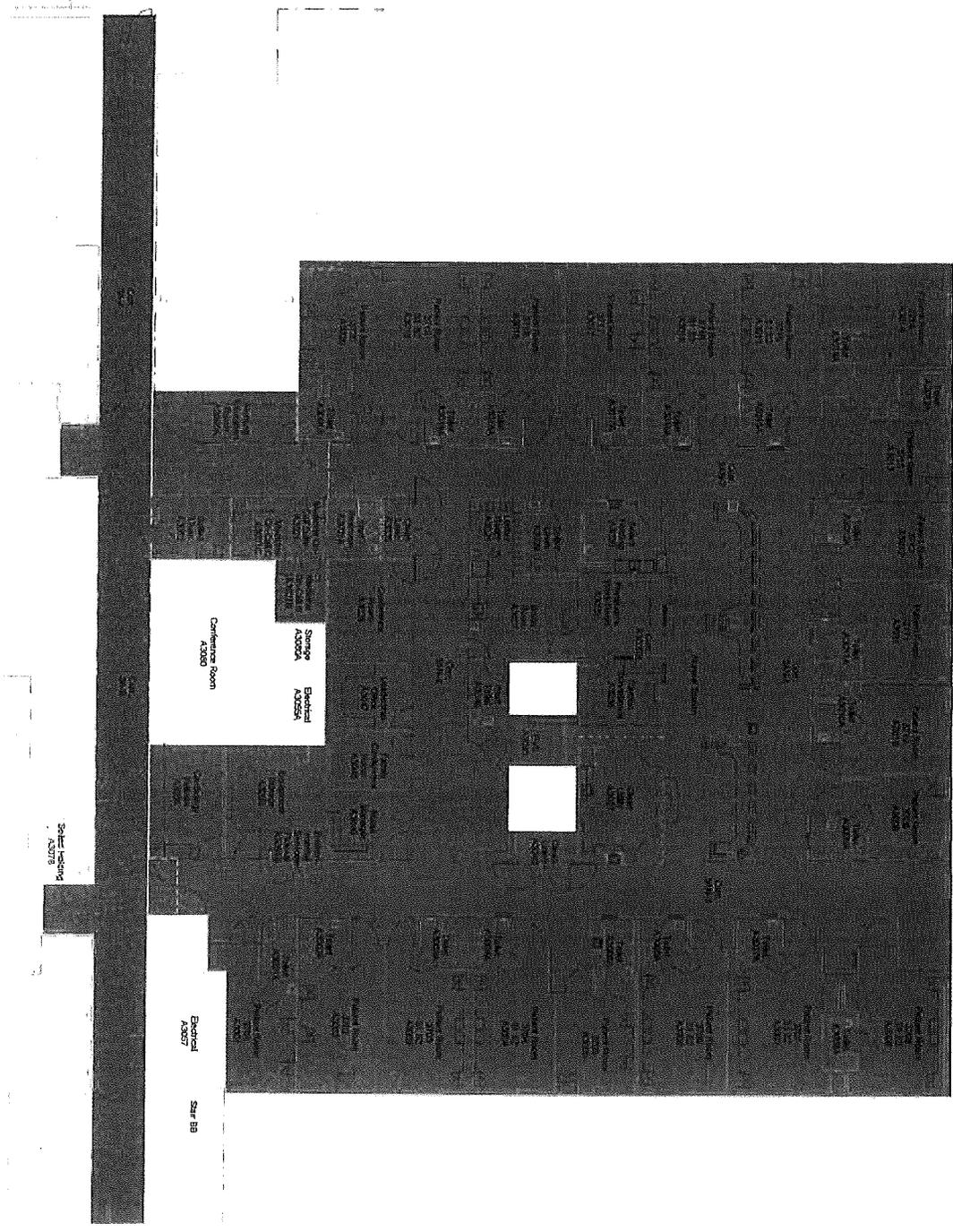


I certify that to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.

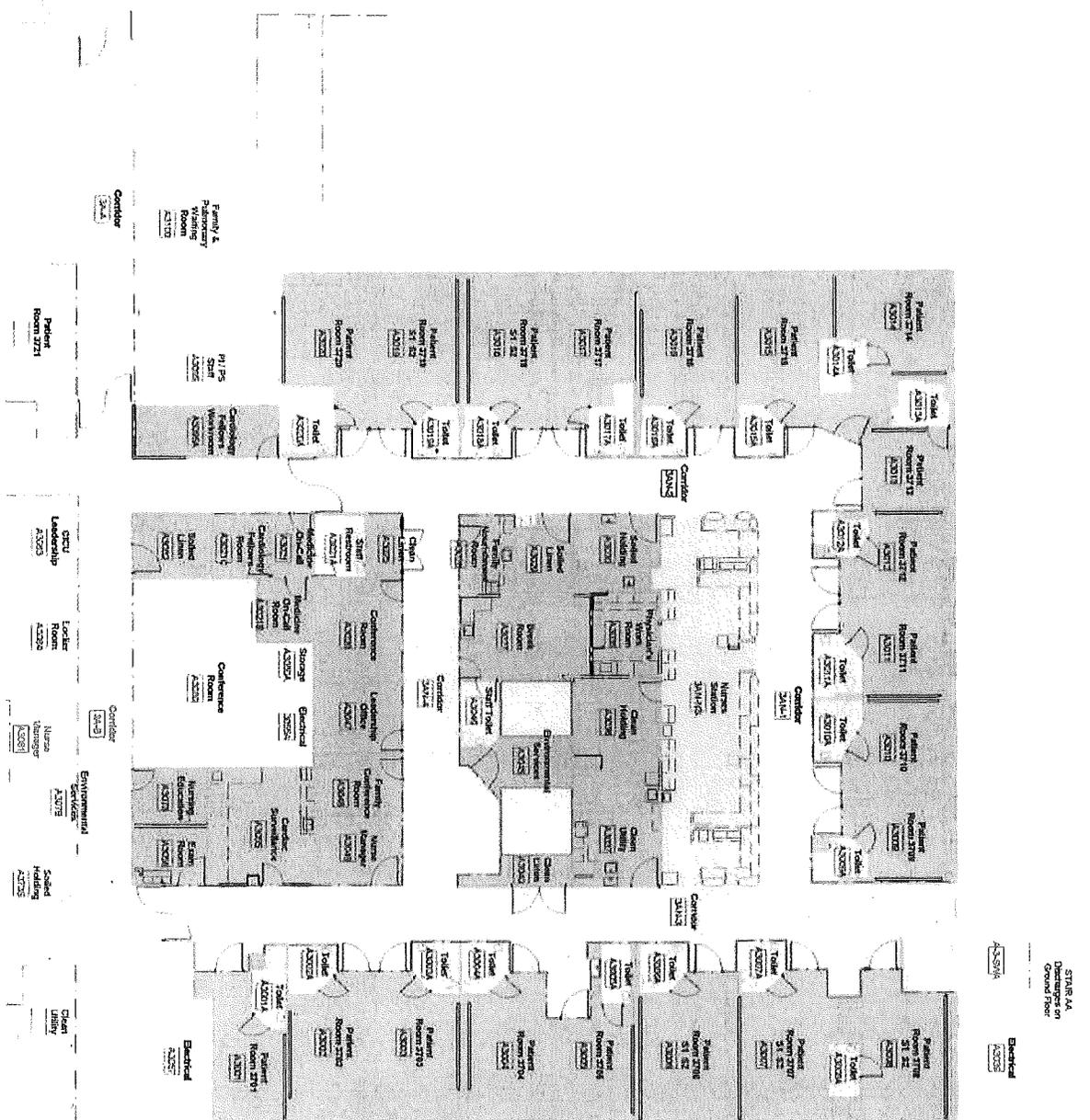
*[Signature]*  
 \_\_\_\_\_  
 Signature of Licensed Architect or Engineer



Third Floor Anderson  
Acute/ Intermediate Cardiac Care = 15,591 SF



Third Floor Anderson Pavilion - Demolition Plan  
 Scale: 1" = 20'-0" 01.22.16



STAIR AA  
 Descends on  
 Ground floor

STAIR BB  
 Descends on  
 Ground floor

- Corridor
- Nurse
- Patient Room
- Support
- Toilet



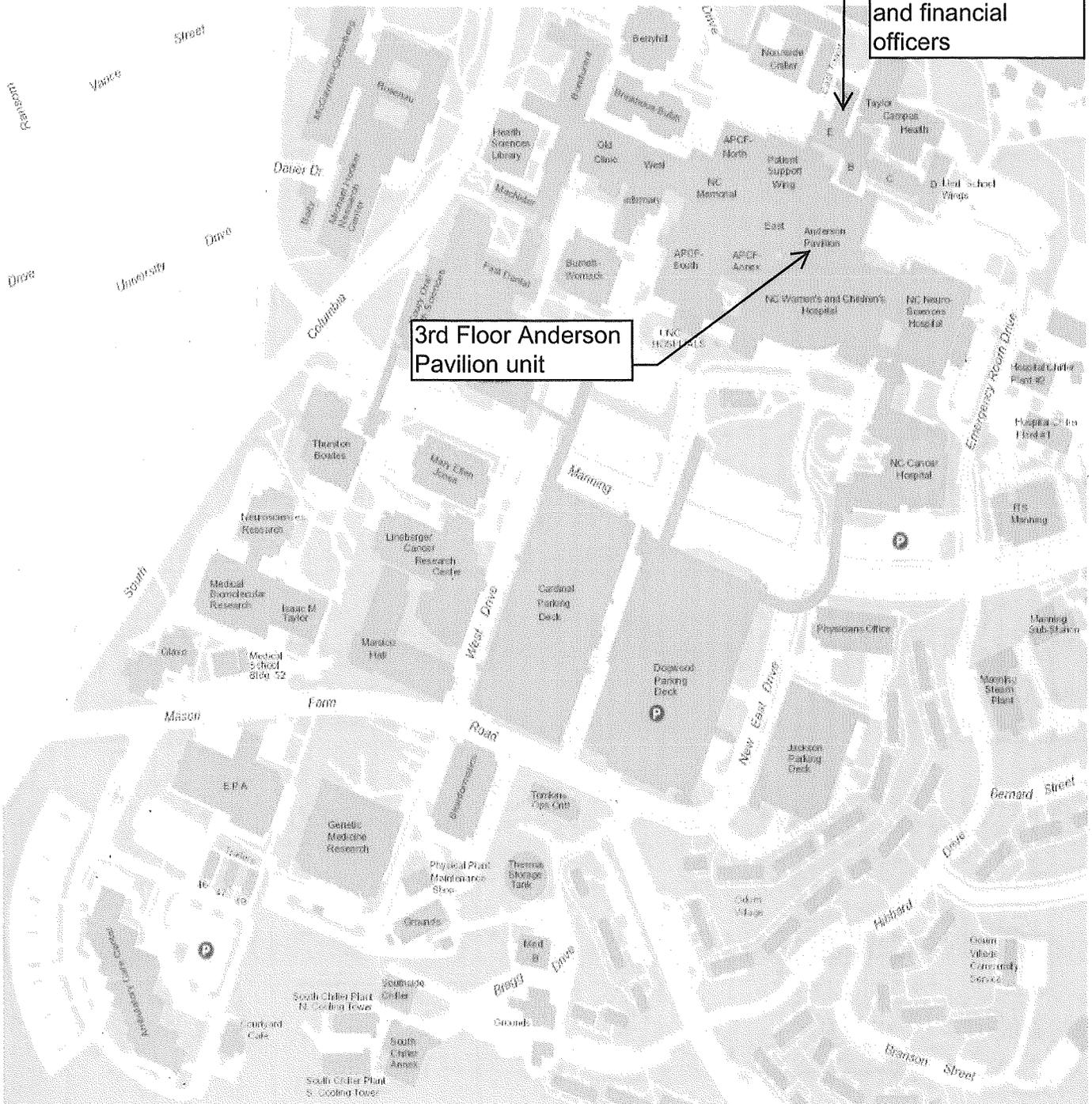
Rm #	Name	Existing SF	SF To Be Renovated	Estimated Total SF After Renovation
<b>UNCH 3 Anderson Refurbishment</b>				
3AN-NS	Nurse Station	775	775	775
A3001	Patient Room 3701	201	201	201
A3001A	Patient Toilet Room	51	51	51
A3002	Patient Room 3702	256	256	256
A3002A	Patient Toilet Room	44	44	44
A3003	Patient Room 3703	245	245	245
A3003A	Patient Toilet Room	47	47	47
A3004	Patient Room 3704	255	255	255
A3004A	Patient Toilet Room	46	46	46
A3005	Patient Room A3705	189	189	189
A3005A	Patient Toilet Room	40	40	40
A3006	Patient Room A3706	260	260	260
A3006A	Patient Toilet Room	44	44	44
A3007	Patient Room 3707	276	276	276
A3007A	Patient Toilet Room	46	46	46
A3008	Patient Room 3708	264	264	264
A3008A	Patient Toilet Room	36	36	36
A3009	Patient Room 3709	178	178	178
A3009A	Patient Toilet Room	43	43	43
A3010	Patient Room 3710	187	187	187
A3010A	Patient Toilet Room	54	54	54
A3011	Patient Room 3711	207	207	207
A3011A	Patient Toilet Room	56	56	56
A3012	Patient Room 3712	170	170	170
A3012A	Patient Toilet Room	42	42	42
A3013	Patient Room 3713	150	150	150
A3013A	Patient Toilet Room	49	49	49
A3014	Patient Room 3714	224	224	275
A3014A	Patient Toilet Room	47	47	47
A3014B	Storage	23	23	0
A3015	Patient Room 3715	250	250	270
A3015A	Patient Toilet Room	46	46	46
A3015B	Storage	45	45	0
A3016	Patient Room 3716	253	253	253
A3016A	Patient Toilet Room	45	45	45
A3017	Patient Room 3717	228	228	228
A3017	Patient Toilet Room	59	59	59
A3018	Patient Room 3718	256	256	256
A3018A	Patient Toilet Room	47	47	47
A3019	Patient Room 3719	248	248	248
A30149A	Patient Toilet Room	46	46	46
A3020	Patient Room 3720	239	239	239
A3020A	Patient Toilet Room	61	61	61
A3021	Medicine On-Call	56	56	56
A3021A	Staff Restroom	65	65	65
A3021B	Medicine On-Call D	64	64	64
A3021C	Medicine On-Call C	72	72	72
A3025	Clean Linen	41	41	41
A3026	Conference Room	192	192	192
A3027	Break Room	184	184	234
A3028	Locker Room	92	92	0
A3028	Family Nourishment Room	0	0	92
A3029	Solled Linen	84	84	84
A3030	Solled Holding	109	109	109
A3035	Physician's Work Room	115	115	116
A3036	Cardiac Surveillance	149	149	0
A3036	Clean Holding / Equip Stor	0	0	158
A3037	Clean Utility	229	229	213
A3040	Clean Linen	42	42	42
A3045	EVS	79	79	79
A3046	Staff Toilet	55	55	55
A3047	Leadership Office	132	132	132
A3048	Family Conference Room	102	102	102
A3049	Nurse Manager	125	125	125
A3055	Equipment Storage	228	228	0
A3055	Cardiac Surveillance	0	0	267
A3055A	Electrical	94	0	94
A3056	Cardiology Fellows	193	193	0
A3056	Exam Room	0	0	92
A3078	Nursing Education	0	0	95
A3080	Conference Room	475	0	475
A3080A	Storage	45	0	45
A3082	Solled Linen	106	106	106
A3095A	Nurse Education Room	155	155	0
A3095A	Cardiology Fellows Workroom	0	0	167
A3055B	Environmental Services Pick-Up	36	36	0
	Corridors & Walls	5944	4990	5888
	<b>Total</b>	<b>15591</b>	<b>14023</b>	<b>15591</b>

THIRD FLOOR ANDERSON PAVILION

**Exhibit 3**

location of offices  
of administrative  
and financial  
officers

3rd Floor Anderson  
Pavilion unit



3 Anderson CON  
Furniture Equipment- *Itemized*

Exhibit 4

Patient Room Furniture	Unit Price	Quantity	Total
Recliners	varies	11	\$ 30,865.00
High Back Patient Chairs	\$ 1,198.00	19	\$ 22,762.00
Stack Chairs	\$ 411.00	14	\$ 5,754.00
Bedside Cabinets	\$ 797.00	29	\$ 23,113.00
Sleep Chairs	\$ 2,604.00	2	\$ 5,208.00
Sleep Sofa w/ Table	\$ 4,761.00	4	\$ 19,044.00
<b>Total</b>			<b>\$ 106,746.00</b>

Work/Office Space Furniture	Unit Price	Quantity	Total
Clean Utility	-	-	\$ 5,041.00
Physician Workroom	-	-	\$ 8,600.00
Soiled Holding	-	-	\$ 3,332.00
Nourishment	-	-	\$ 8,000.00
Nurse Station	-	-	\$ 75,000.00
Leadership Office	-	-	\$ 7,100.00
Staff Lounge	-	-	\$ 10,000.00
Lockers	-	-	\$ 3,197.00
<b>Total</b>			<b>\$ 120,270.00</b>

Artwork	Unit Price	Quantity	Total
Corridors	\$ 350.00	20	\$ 7,000.00
Patient Rooms	\$ 300.00	29	\$ 8,700.00
<b>Total</b>			<b>\$ 15,700.00</b>

Patient Privacy Curtains	Unit Price	Quantity	Total
Patient Rooms (panels)	\$ 177.00	146	\$ 25,842.00
Labor	\$ 350.00	1	\$ 350.00
<b>Total</b>			<b>\$ 26,192.00</b>

3 Anderson CON  
Furniture Equipment- *Itemized*

Family Conference Room	Unit Price	Quantity	Total
Side Chairs	\$ 568.00	4	\$ 2,272.00
Closed Arm Chairs	\$ 1,163.00	2	\$ 2,326.00
Round End Tables	\$ 398.00	1	\$ 398.00
"T" shaped table	\$ 1,636.00	1	\$ 1,636.00
Television	\$ 563.00	1	\$ 563.00
<b>Total</b>			<b>\$ 7,195.00</b>

Cardiac Surveillance (Associated Costs)	Unit Price	Quantity	Total
Phillips Equipment Move	-	-	\$ 13,596.00
Work Room Furniture			\$ 6,131.00
Ergowise Chairs	\$ 615.00	3	\$ 1,845.00
<b>Total</b>			<b>\$ 21,572.00</b>

	<b>Total</b>	<b>\$ 297,675.00</b>
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*Effective June 27, 2016, this license is issued to*  
***University of North Carolina Hospitals at Chapel Hill***

*to operate a hospital known as*  
***University of North Carolina Hospitals***  
*located in Chapel Hill, North Carolina, Orange County.*

*This license is issued subject to the statutes of the*  
*State of North Carolina, is not transferable and shall remain*  
*in effect until amended by the issuing agency.*

*Facility ID: 923517*

***License Number: H0157***

***Bed Capacity: 899***

*General Acute 793, Rehabilitation 30 , Psych 76,*

**Dedicated Inpatient Surgical Operating Rooms: 6**

**Dedicated Ambulatory Surgical Operating Rooms: 11**

**Shared Surgical Operating Rooms: 29**

**Dedicated Endoscopy Rooms: 9**