



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

March 16, 2017

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

Exempt from Review

Record #: 2191
Facility Name: UNC Hospitals at Hillsborough
FID #: 090274
Project Description: Upgrade existing chiller plant
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 March 10, 2017, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(4). 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.

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

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

WWW.NCDHHS.GOV

TELEPHONE 919-855-3873

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



Record# 2191
FID# 090274



James T. Hedrick Building
211 Friday Center Drive,
Ste G015
Chapel Hill, NC 27517

March 10, 2017

Ms. Bernetta Thorne-Williams
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation, DHHS
2704 Mail Services Center
Raleigh, NC 27699-2704

Re: Notification of Exemption / Chiller Plant Upgrades / UNC Hospitals at Hillsborough / Orange County

Dear Ms. Thorne-Williams:

UNC Hospitals is providing notice of a project exempt from review regarding upgrades to the existing Hillsborough campus chiller plant pursuant to §NCGS 131E-184(a)(4) Exemptions from Review. §NCGS 131E-184(a)(4) Exemptions from Review requires that "...the Department shall exempt from certificate of need review a new institutional health service if it receives prior written notice from the entity proposing the new institutional health service, which notice includes an explanation of why the new institutional health service is required, for any of the following:

- (4) To provide parking, heating or cooling systems, elevators, or other basic plant or mechanical improvements, unless these activities are integral portions of a project that involves the construction of a new health service facility or portion thereof and that is subject to certificate of need review."

UNC Hospitals at Hillsborough was licensed June 23, 2015 and operational beginning July 6, 2015. During the heat of last summer, it became apparent that the an upgrade of the existing cooling system was required to ensure adequate cooling for the upcoming summer. The upgrade is projected to cost \$3M. The project involves the addition of a third chiller and fourth cooling tower in the central utility plant. To accomplish this, the mechanical contractor will rework the existing chilled water piping and valves. Also, the electrical contractor will coordinate with Duke Energy to provide a new transformer because of the increased power load caused by the third chiller. Additional electrical feeders will also be installed. This project does not involve the addition of any licensed beds, major medical equipment, licensed programs, health services, or any health care service renovations.

Therefore, in consideration of the above, we understand that this project is exempt from CON review. UNC Hospitals is requesting confirmation that the proposed chiller upgrades are exempt from review pursuant to §NCGS. 131E-184(a)(4).

PROPOSED TOTAL CAPITAL COST OF PROJECT

A. Site Costs

(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. Construction Contract

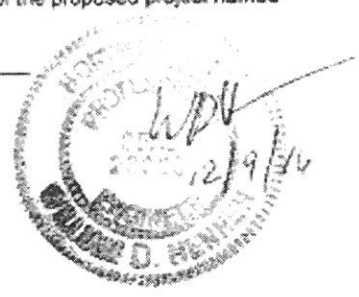
(8) Cost of Materials			
General Requirements	_____		
Concrete/Masonry	_____		
Woods/Doors & Windows/Finishes	_____		
Thermal & Moisture Protection	_____		
Equipment/Specialty Items	_____		
Mechanical/Electrical	_____		
Other () _____	_____		
Sub-Total Cost of Materials		\$	0
(9) Cost of Labor	_____		
(10) Other: Construction Contingency	_____		
(11) Sub-Total Construction Contract			\$ 2,500,000

C. Miscellaneous Project Costs

(12) Building Purchase		\$	0	
(13) Fixed Equipment Purchase		\$	0	
(14) Movable Equipment Purchase		\$	0	
(15) Furniture		\$	0	
(16) Landscaping		\$	0	
(17) Consultant Fees				
Architect and Engineering Fees	\$ 107,000			
Legal Fees	\$ 0			
Market Analysis	\$ 0			
Sub-Total Consultant Fees		\$	107,000	
(18) Financing Costs (e.g. Bond, Loan, etc.)		\$	0	
(19) Interest During Construction		\$	0	
(20) Other: Project Contingency		\$	393,000	
IT Costs		\$	0	
(21) Sub-Total Miscellaneous				\$ 500,000
(22) Total Capital Cost of Project (Sum A-C above)				\$ 3,000,000

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 of Licensed Architect or Engineer



Effective January 01, 2017, 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: 901

General Acute 795, 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