



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

March 3, 2017

Dee Jay Zerman, Director of Regulatory Planning
UNC Health Care System
James T. Hedrick Building
211 Friday Center Drive, Suite G015
Chapel Hill NC 27517

Exempt from Review

Record #: 2180
Facility Name: Rex Hospital
FID #: 953429
Project Description: Renovation of the hospital's kitchen
County: Wake

Dear Ms. Zerman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of February 21, 2017, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §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

TELEPHONE 919-855-3873

LOCATION: EDGERTON BUILDING • 809 RUGGLES DRIVE • RALEIGH, NC 27603

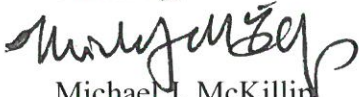
MAILING ADDRESS: 2704 MAIL SERVICE CENTER • RALEIGH, NC 27699-2704

AN EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION EMPLOYER

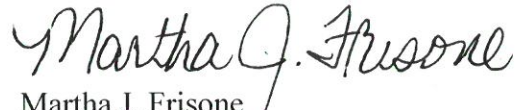


If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,



Michael J. McKillip
Project Analyst



Martha J. Frisone
Assistant Chief Certificate of Need

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



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

February 21, 2017

Michael J. McKillip, 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 Kitchen pursuant to NCGS § 131E-184(g) / UNC Hospitals / Wake County

Dear Mr. McKillip:

Rex Hospital is planning to renovate and refurbish the hospital's kitchen. The existing kitchen was constructed in the 1970's. Since then minor renovations and equipment replacements have occurred, but no large scale redesign and refurbishment. In addition to the age and outdated configuration of the space, the current configuration limits the ability to handle future production volumes and the ability to streamline processes and allow for more efficient staffing. The project will be performed in two phases, includes the replacement of kitchen food prep equipment, and will also require the leasing of temporary mobile kitchen units to allow the kitchen space to be vacant during the required renovation.

Rex Hospital 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 and reconfiguration of the existing kitchen, as well as the replacement of food service equipment. The renovation will be performed in this

same location and the kitchen 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 food service. The cost of the renovation including equipment and furniture is expected to be \$2,949,939. A certified cost estimate is contained in Exhibit 1. The proposed final floor plan and a key plan identifying the location of the kitchen on the main campus 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 1st floor of Rex Hospital. A key plan included in Exhibit 2 reflects the location within the main hospital building. The building’s address is 4420 Lake Boone Trail, Raleigh, NC 27607. The space to be renovated is physically inside the main hospital building and shares the same physical address as Rex Hospital. Financial and administrative control is provided in offices physically located on the medical office building accessed through Level 2 and directly connected to the main hospital buildings. The locations of the financial officer and administrative officer are indicated on the maps contained in Exhibit 3. Rex Hospital is a licensed health service facility (DHSR Acute Care License No. H0065).

(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 1 also identifies the food service equipment for the project.

(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



February 13, 2017

Mr. Charlie Alston
Project Manager
UNC Rex Healthcare
4420 Lake Boone Trail
Raleigh, NC 27607

RE: Project Budget Review for:
UNC Rex Healthcare
Kitchen Renovation
TEG Project No. 20160068

Corporate Office

PO Box 7305
324 S Evans St
Greenville,
NC 27835

Tel 252.758.3746

Fax 252.830.3954

Raleigh Office

4325 Lake Boone Trail
Suite 311
Raleigh,
NC 27607

Tel 919.784.9330

Fax 919.784.9331

www.eastgroup.com

Dear Charlie:

This letter certifies that The East Group has reviewed the attached Project Budget prepared by UNC Rex Healthcare for the above project. Based on our review and comparison of this project with other similar projects, we believe to the best of our knowledge that the cost indicated (\$2,949,939) is reasonable for the scope of this project.

Sincerely,

A handwritten signature in blue ink that reads 'H. Ned Jennings'.

H. Ned Jennings, PE
Branch Manager, Raleigh Office
ned.jennings@eastgroup.com

Attachment: Project Budget

ENGINEERING
-

ARCHITECTURE
-

SURVEYING
-

TECHNOLOGY
-

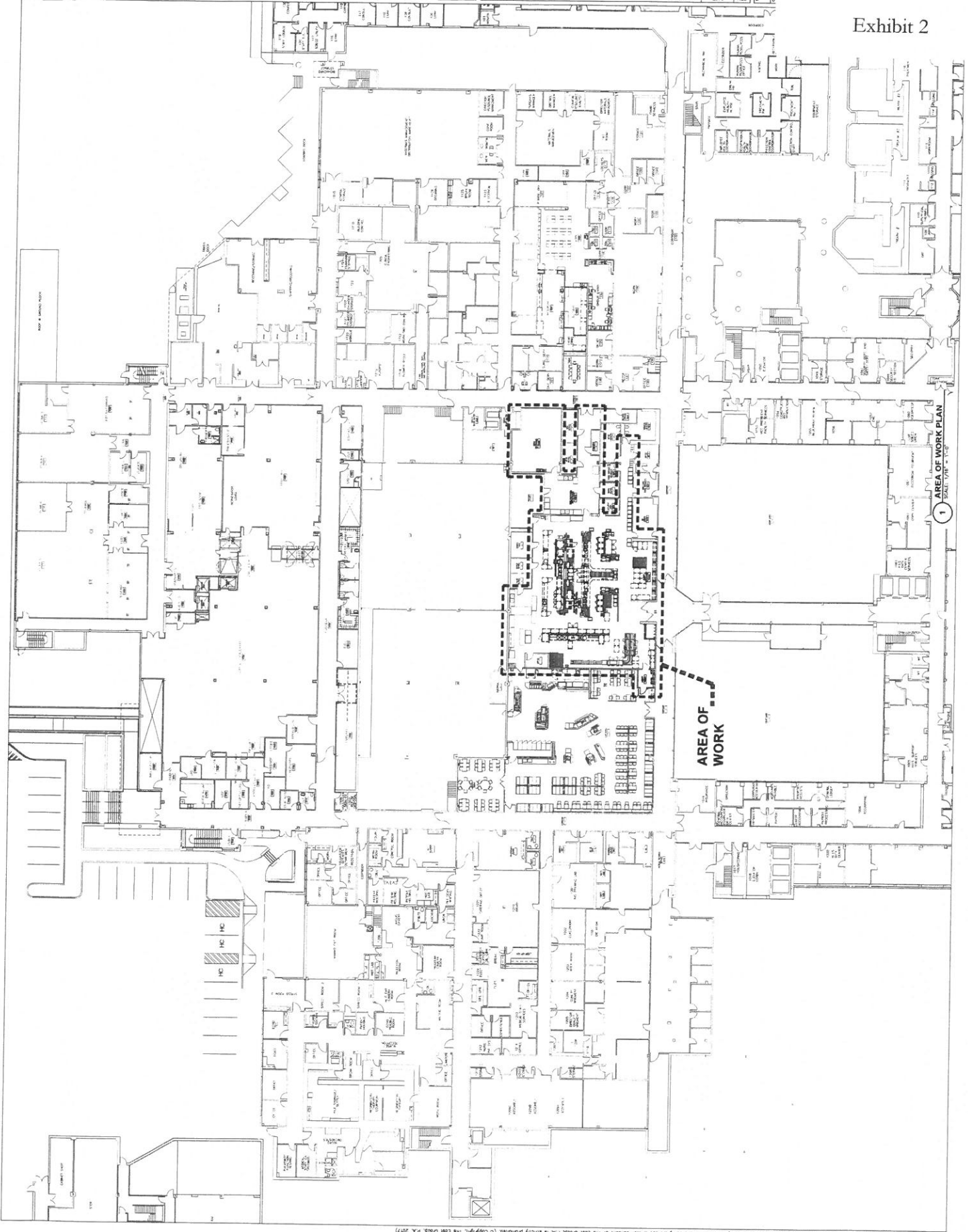
Description	High			
	UI	Units	\$\$/Unit	Extended Cost
Construction				
Architectural	ls	2	\$15,000	\$30,000
Structural	ls	1	\$11,000	\$11,000
Plumbing	ls	1	\$185,000	\$185,000
Electrical	ls	1	\$65,000	\$65,000
HVAC				
Space conditioning	CFM	15,000	\$15	\$225,000
Exhaust upgrades	CFM	17,800	\$6	\$106,800
Flooring	sf	2,500	\$65	\$162,500
Natural Gas	lf	350	\$150	\$52,500
Food Service Equipment				
Relocate Pots & Pans	ls	1	\$35,000	\$35,000
Bulk Hot Food	ls	1	\$265,000	\$265,000
"T" Line Room Service	ls	1	\$350,000	\$350,000
Temporary Room Service	ls	1	\$650,000	\$650,000
Phasing/Temp Construction				
ICRA		3	\$5,000	\$15,000
Signage		1	\$750	\$750
Miscellaneous		3	\$2,500	\$7,500
General cleaning		2	\$1,500	\$3,000
Sub-Total				\$2,136,550
General conditions		10%		\$213,655
Design fees		13%		\$277,752
Contingency		15%		\$320,483
Permits & Fees				\$1,500
Project cost				\$2,949,939



REV	DATE	DESCRIPTION	BY	CHK
A	2-2-2017			

PROJECT NO.	20160088
ISSUE PROJECT NO.	00A
DATE	

Exhibit 2



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UNC REX HEALTHCARE

UNC REX Healthcare

4420 Lake Boone Trail
Raleigh, NC 27607

Complimentary valet parking
offered at the
2800 Medical Office Building
8 a.m. - 5 p.m.
Monday - Friday

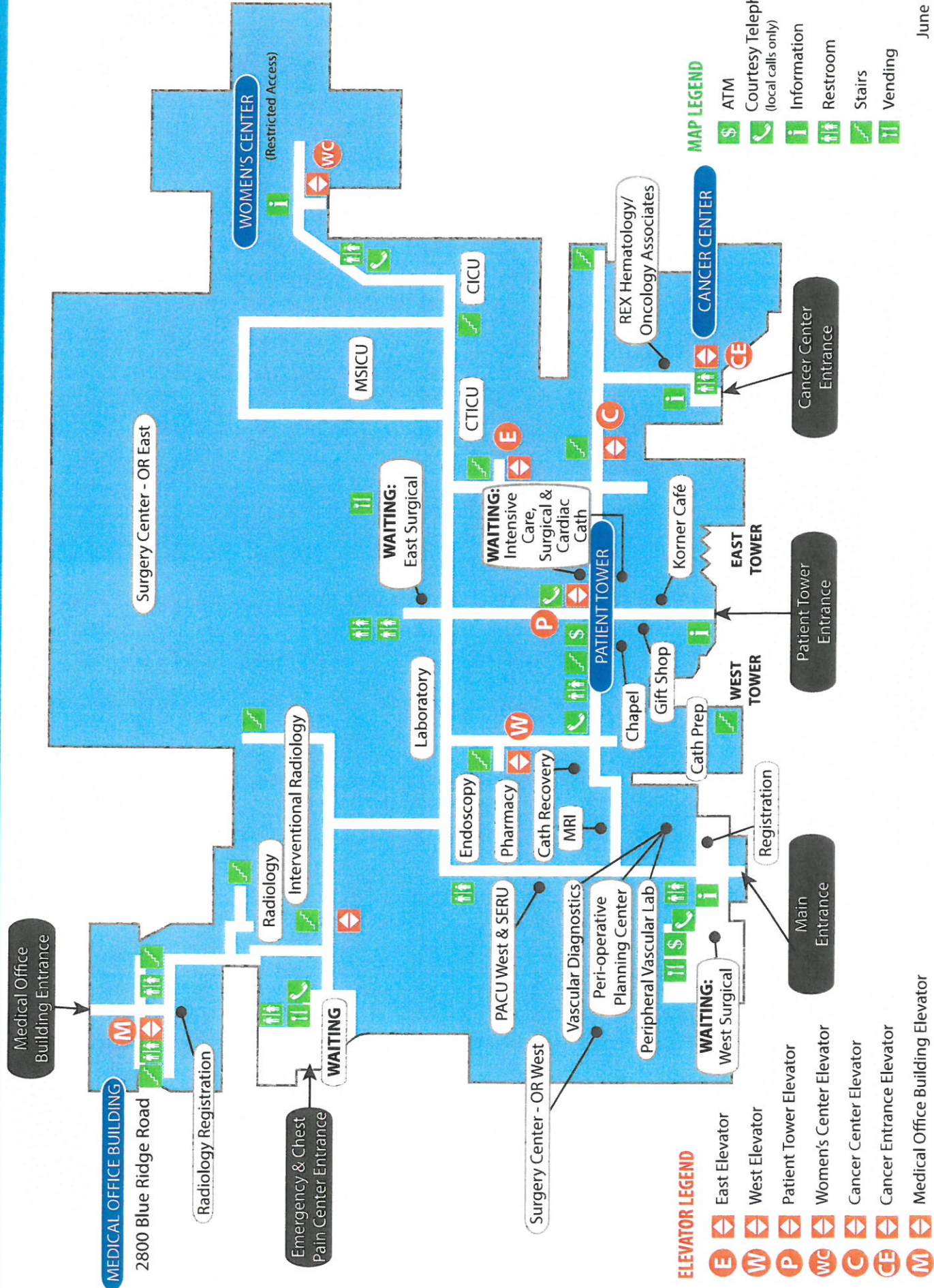


July 2016

UNC REX Healthcare
4420 Lake Boone Trail
Raleigh, NC 27607
(919) 784-3100
rexhealth.com

Level 2

Exit to parking lots on Level 2



Level 1

