



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

May 21, 2020

Elizabeth Runyon, System Director of Regulatory Affairs & Special Counsel
UNC Health Care
Hedrick Building
211 Friday Center Drive, Suite G014
Chapel Hill NC 27517
Elizabeth.Runyon@unchealth.unc.edu

Exempt from Review

Record #: 3274
Facility Name: University of North Carolina Hospitals
FID #: 923517
Business Name: University of North Carolina Hospitals at Chapel Hill
Business #: 1900
Project Description: Renovations to the Terrace Café on the hospital main campus
County: Orange

Dear Ms. Runyon:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of May 18, 2020, 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.

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

Sincerely,

[Handwritten signature of Michael J. McKillip]

Michael J. McKillip
Project Analyst

[Handwritten signature of Martha J. Frisone]

Martha J. Frisone
Chief

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION
HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704
https://info.ncdhhs.gov/dhsr/ • TEL: 919-855-3873



James T. Hedrick Building
211 Friday Center Drive,
Suite G014
Chapel Hill, NC 27517

May 18, 2020

Mr. Mike McKillip
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 / Renovation of Terrace Café / UNC Hospitals Main
Campus / FID # 932517 / Orange County

Dear Mr. McKillip:

UNC Hospitals is providing this prior written notice of a project exempt from review regarding a renovation to its Terrace Café, located on UNC Hospitals' main campus in Chapel Hill. This exemption is pursuant to the Main Campus Exemption provision of N.C. Gen. Stat. § 131E-184(g), which provides that:

(g) 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 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.*

According to N.C. Gen. Stat. § 131E-176(14n), "main campus" means all of the following for purposes of G.S. 131E- 184(f) and (g) only:

- a. *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 buildings and grounds adjacent to that main building.*
- b. *Other areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building.*

This project meets all criteria outlined above for the Main Campus Exemption to CON Law. Specifically, the sole purpose of the capital expenditure is to renovate the hospital café to improve the dining options and the dining experience for patients, their families, and visitors.

The capital expenditure will not result in any change in bed capacity or add any other health service facility or new institutional health service. Finally, this correspondence serves as prior written notice of UNC Hospitals' intention to incur the capital expenditure for this renovation.

The Terrace Café is located on UNC Hospitals main campus, which is the site of the main building from which UNC Hospitals provides clinical patient services and exercises financial and administrative control over the entire facility. See Exhibit 1 for a map identifying the location on main campus to be renovated. UNC Hospitals anticipates that it will spend approximately \$7,746,000 for the necessary renovations. A cost estimate is attached as Exhibit 2.

In consideration of the above, we understand that this project is exempt from CON review, and UNC Hospitals is requesting confirmation that the proposed main campus renovation is exempt from CON review pursuant to NCGS. § 131E-184(g).

Please do not hesitate to contact me if you need any additional information. Thank you for your prompt consideration of this matter.

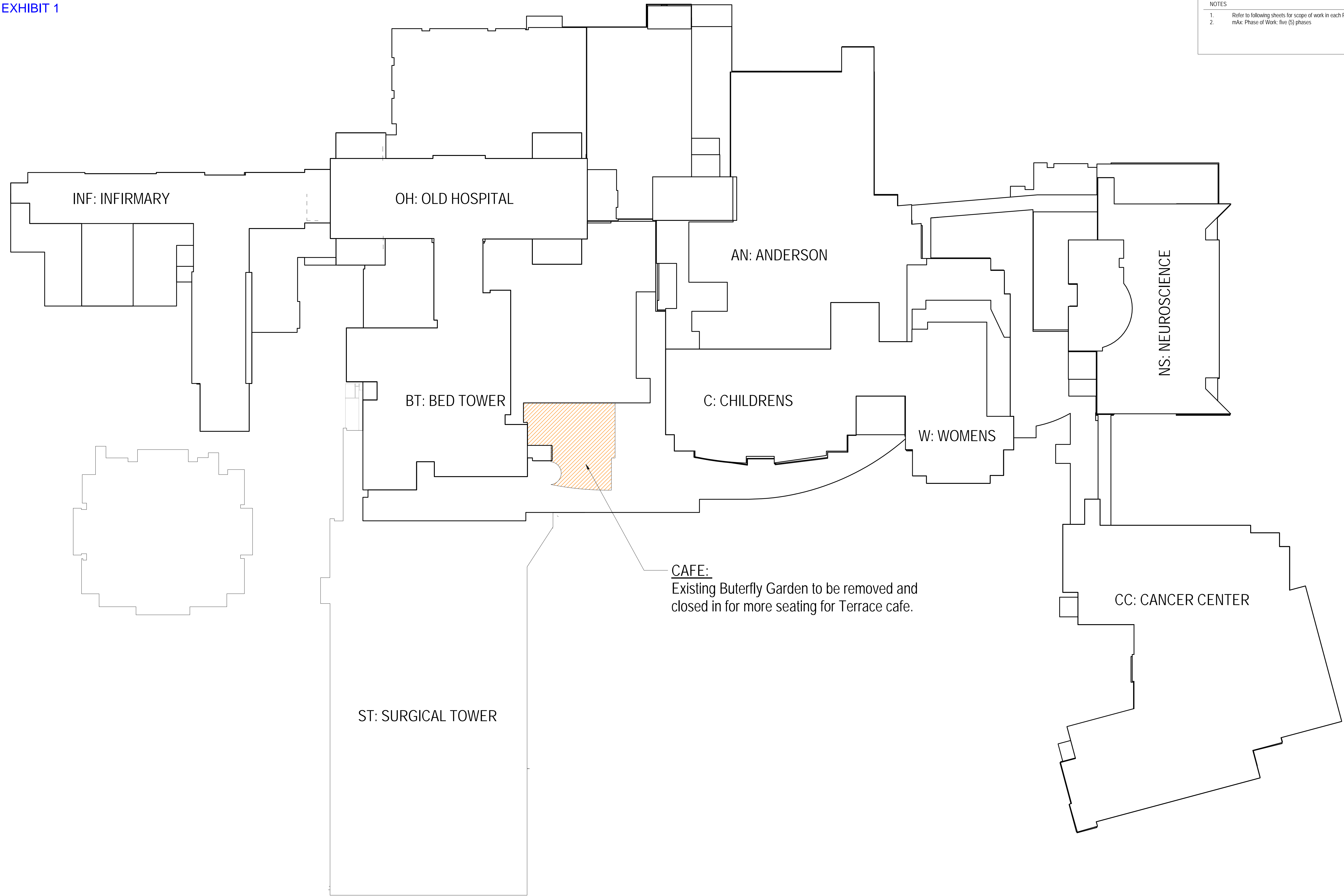
Sincerely,



Elizabeth Runyon
System Director of Regulatory Affairs & Special Counsel
UNC Health

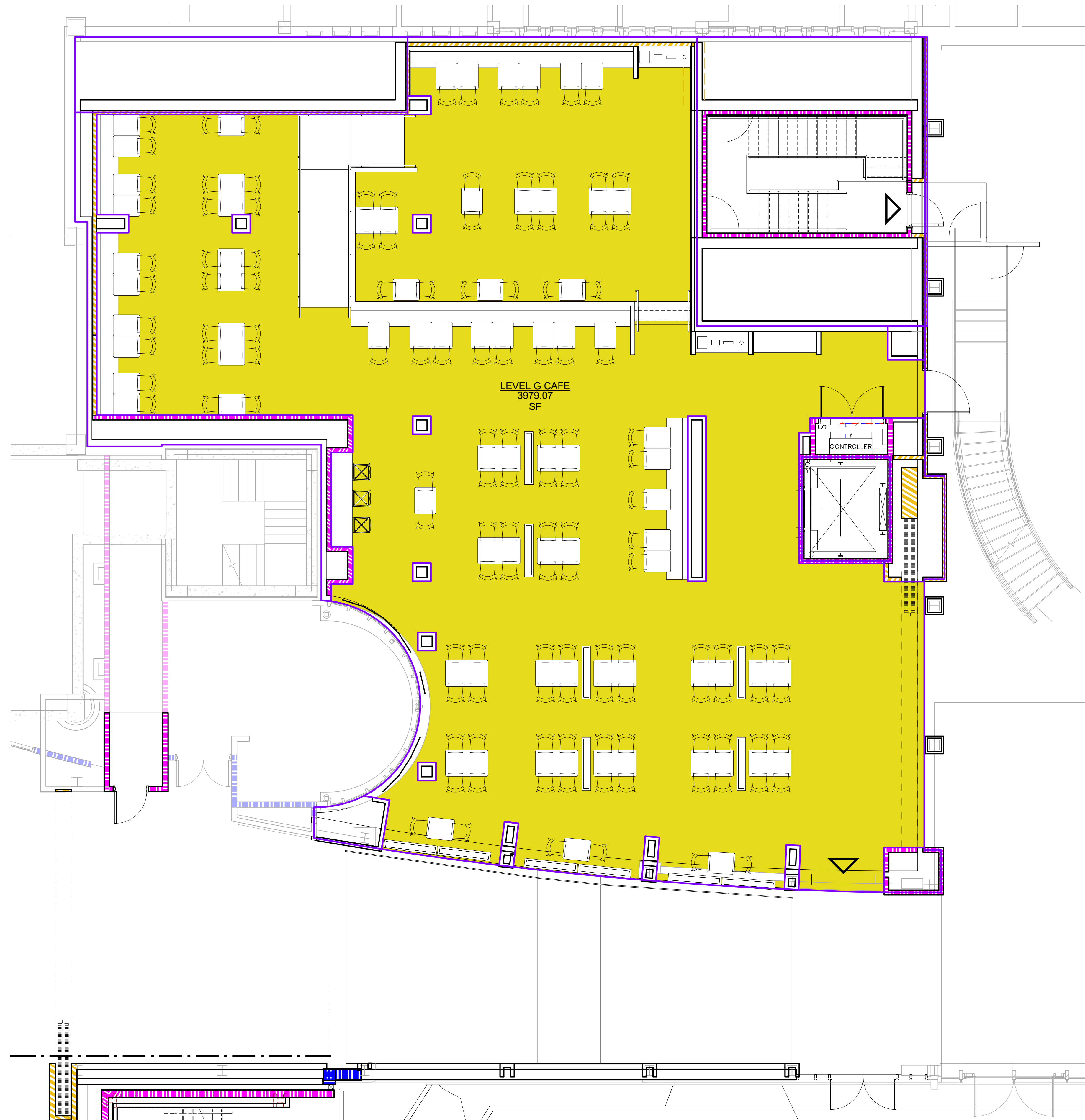


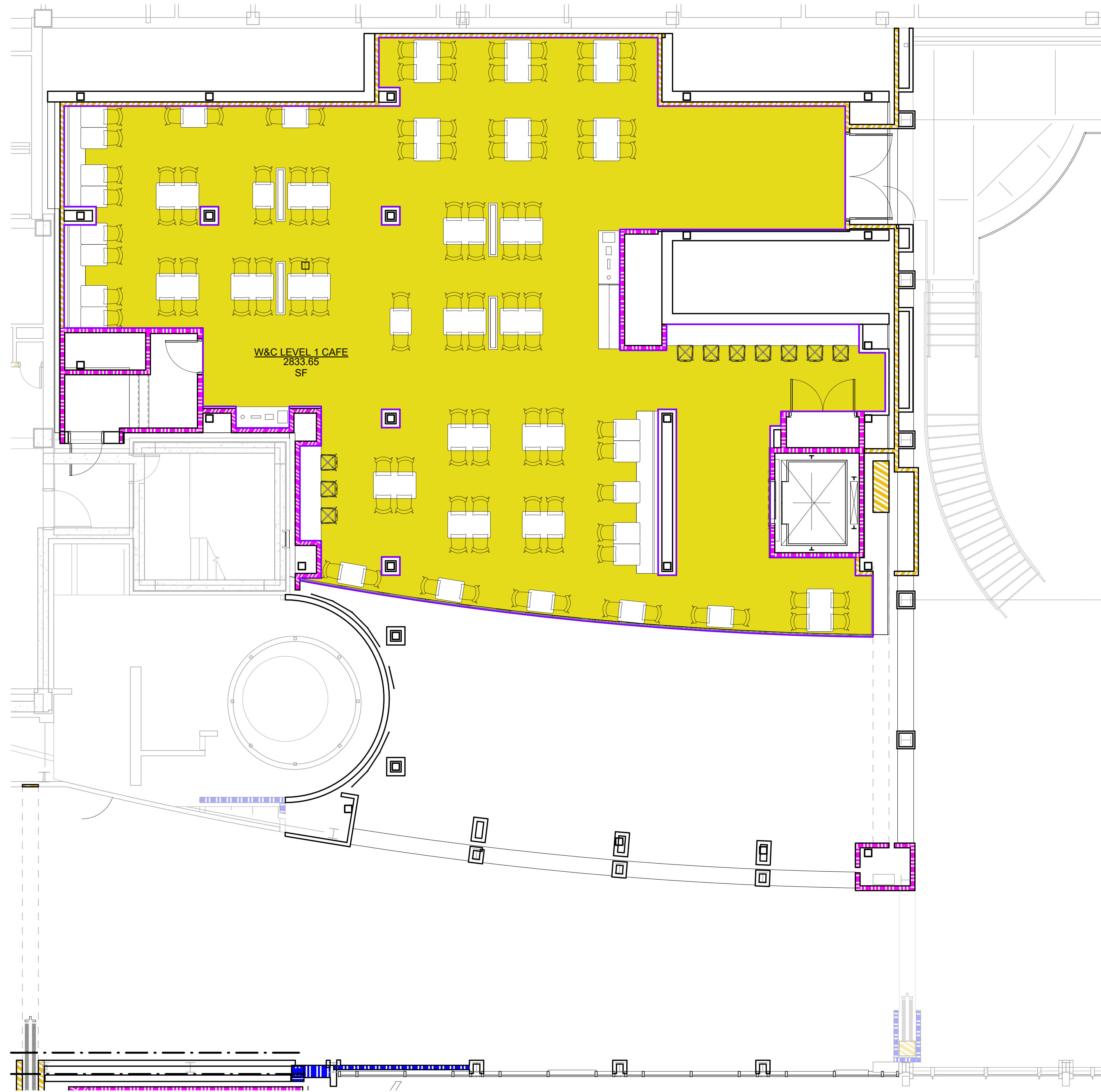
- NOTES
1. Refer to following sheets for scope of work in each Phase
 2. mAx: Phase of Work: five (5) phases



LEGEND

Building Common Area





LEGEND

■ Building Common Area

EXHIBIT 2

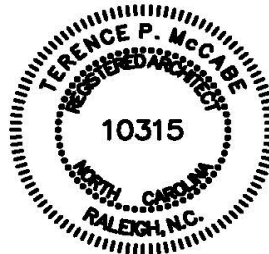
PROPOSED TOTAL CAPITAL COST OF PROJECT
UNC HOSPITALS TERRACE CAFÉ

| | | | |
|-----------------------------------------------------------|-----------|-------------|-------------|
| 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 (Site Prep) | \$171,000 | | |
| Sub-Total Site Preparation Costs | | \$171,000 | |
| (6) Other (Specify) | | \$0 | |
| (7) Sub-Total Site Costs | | | \$171,000 |
| B. Construction Contract | | | |
| (8) Cost of Materials | | | |
| General Requirements | \$952,000 | | |
| Concrete/Masonry | \$539,000 | | |
| Woods/Doors & Windows/Finishes | \$850,000 | | |
| Thermal & Moisture Protection | \$482,000 | | |
| Equipment/Specialty Items | \$18,000 | | |
| Mechanical/Electrical | \$972,000 | | |
| Other (Demolition) | \$0 | | |
| Other (Steel) | \$803,000 | | |
| Sub-Total Cost of Materials | | \$4,616,000 | |
| (9) Cost of Labor | | \$647,000 | |
| (10) Other: Construction Contingency | | \$54,000 | |
| (11) Sub-Total Construction Contract | | | \$5,317,000 |
| C. Miscellaneous Project Costs | | | |
| (12) Building Purchase | | \$0 | |
| (13) Fixed Equipment Purchase | | \$0 | |
| (14) Movable Equipment Purchase | | \$500,000 | |
| (15) Furniture | | \$300,000 | |
| (16) Landscaping | | \$0 | |
| (17) Consultant Fees | | | |
| Architect and Engineering Fees | \$384,000 | | |
| Legal Fees | \$0 | | |
| Market Analysis | \$0 | | |
| Other (Specify) | \$0 | | |
| Sub-Total Consultant Fees | | \$384,000 | |
| (18) Financing Costs (e.g. Bond, Loan, etc.) | | \$0 | |
| (19) Interest During Construction | | \$0 | |
| (20) Other: Project Contingency | | \$1,064,000 | |
| IT Costs | | \$10,000 | |
| (21) Sub-Total Miscellaneous | | | \$2,258,000 |
| (22) Total Capital Cost of Project (Sum A-C above) | | | \$7,746,000 |

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



Date
May 14, 2020