



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

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

January 18, 2013

James Roskelly, Executive Vice President
Cone Health
1200 North Elm Street
Greensboro, NC 27401-1020

Exempt from Review

Facility: The Moses H. Cone Memorial Hospital
Project Description: Expansion of central energy plant and replacement of HVAC equipment at The Moses H. Cone Memorial Hospital
County: Guilford
FID #: 943494

Dear Mr. Roskelly:

In response to your letter of January 2, 2013, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a) (1), (1a), and (4). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need. However, you may need to contact the Construction Section of the Division of Health Service Regulation to determine if they have any special requirements for 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 Certificate of Need Section. 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,

Celia C. Inman
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Steven Lewis, Chief, Construction Section, DHSR
Azzie Conley, Chief, Acute and Home Care Licensure and Certification Section, DHSR

www.ncdhhs.gov • www.ncdhhs.gov/dhsr
Tel (919) 855-3873 • Fax (919) 733-8139

Location: Edgerton Building, 809 Ruggles Drive • Raleigh, NC 27603
Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704
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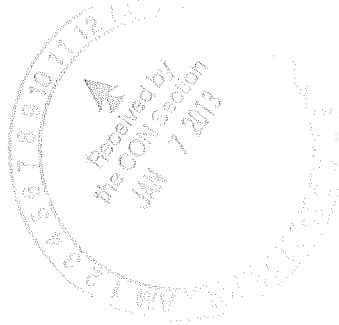


Celia

January 2, 2013

1200 North Elm Street
Greensboro, NC 27401-1020
336.832.7000

Craig R. Smith, Chief
Celia Inman, Project Analyst
Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704



RE: Exemption from Review Notice for Expansion of Central Energy Plant and Replacement of HVAC Equipment at The Moses H. Cone Memorial Hospital

Dear Mr. Smith and Ms. Inman:

Pursuant to North Carolina General Statute § 131E-184(a), this letter is to inform you of The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation d/b/a Cone Health's ("Cone Health") plans to expand the central energy plant at The Moses H. Cone Memorial Hospital and replace and re-locate chillers and other HVAC equipment.

The Moses H. Cone Memorial Hospital is currently served by two separate energy plants. An existing chiller plant is located adjacent to the staff parking deck and houses four (4) chillers, towers, associated pumps, piping and switch gear and four (4) generators and associated normal and emergency switchgear. This plant was constructed approximately twenty-eight (28) years ago and has subsequently been expanded several times. The equipment housed within this plant has been in service an average of twenty (20) years and is quickly approaching the end of its useful life. The second structure, a central energy plant (CEP), was constructed in 2011 to replace an outdated boiler plant, to bring boiler redundancy up to code while replacing obsolete equipment, and to support additional chiller and boiler needs of the North Tower Project (Project I.D. G-8343-09). The portion of the CEP associated with the North Tower Project was included in the program scope and capital budget for that project.

Cone Health intends to expand the central energy plant to accommodate the installation of replacement chillers and cooling towers currently housed in the existing chiller plant. The expansion of the CEP will be a one story addition of 6,744 gross square feet. Following the CEP expansion, the existing chiller plant will be demolished.

The four (4) existing chillers will be replaced with three (3) new 1,200 ton chillers with variable speed drives that will be installed in the CEP expansion. As noted above, the existing chillers are more than twenty (20) years old, are inefficient and unreliable, and are no longer adequate to meet current hospital needs. They will be replaced as part of routine capital needs.

Cone Health will also replace four (4) generators currently located in the existing chiller plant with one (1) larger 2000KW generator and associated normal and emergency switchgear to be located in the existing second floor of the CEP. Replacement of these generators will ensure

minimal disruption and interruption of the services currently rendered at The Moses H. Cone Memorial Hospital in the event of an equipment failure. Over the past two (2) years, Cone Health experienced six (6) unscheduled outages of existing chiller equipment and two (2) unscheduled outages of existing generator equipment housed in the existing chiller plant due to equipment failure. Additionally, there were two (2) failures of the cooling towers and eight (8) failures of the pumps in the existing chiller plant. Cone Health was required to rent equipment in order to maintain standard hospital operations during these outages. Renting standby chiller and generator equipment while repairing outdated equipment that has failed is an expensive option that does not serve the long-term needs of The Moses H. Cone Memorial Hospital campus.

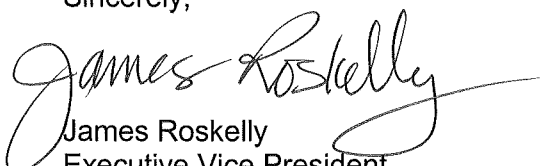
The CEP expansion and equipment replacement will also include three (3) stainless steel cooling towers, three (3) new horizontal split case pumps with 40 hp motors with starters for primary chilled water loop, three (3) horizontal split case pumps with 250 hp motors with starters for secondary chilled water loop, and other equipment to include three (3) steam unit heaters, one (1) blower coil unit, and fans.

The total capital budget for the proposed plant expansion and equipment replacement is estimated to be \$13,701,610, which includes A&E fees of \$808,750 and construction/equipment of \$12,892,860. We expect to begin construction in January 2013 with the building shell addition completed by Fall 2013 followed by the installation of the replacement equipment. Attached for your review are copies of the site plan, the estimated capital budget, and the certified cost estimate letter signed by Ms. Julie Mullen, Registered Architect with Perkins + Will.

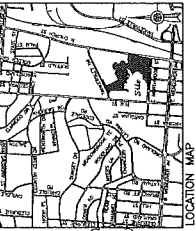
This project is required to support the existing services at The Moses H. Cone Memorial Hospital and to comply with state licensure and state, federal and local safety codes and regulations. Therefore, the project is exempt from certificate of need review pursuant to North Carolina General Statute §§ 131E-184(a)(1), (1a), and (4). Based on the information in this letter and the attached documentation, we look forward to receiving your letter confirming that this project is exempt from CON review.

Thank you for your attention to this matter. If you have any questions or require additional information, please do not hesitate to contact me at (336) 832-8199.

Sincerely,


James Roskelly
Executive Vice President
Strategic Development

Attachments



MODULAR RETAINING WALL NOTES

1. THE WALL SHALL BE CONSTRUCTED WITH A MODULAR RETAINING WALL SYSTEM AS SHOWN ON THE DRAWING. THE WALL SHALL BE CONSTRUCTED WITH A MODULAR RETAINING WALL SYSTEM AS SHOWN ON THE DRAWING.
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TREE PRESERVATION NOTES

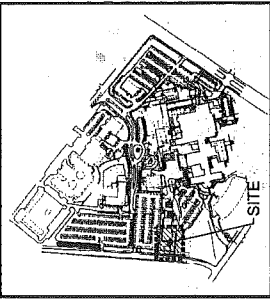
1. SEE LANDSCAPE PLAN FOR ADDITIONAL NOTES, SPECIFICATIONS, CALCULATIONS, ETC. RETAINING TO LANDSCAPING AND TREE CONSERVATION PLAN.
2. SEE LANDSCAPE PLAN FOR ADDITIONAL NOTES, SPECIFICATIONS, CALCULATIONS, ETC. RETAINING TO LANDSCAPING AND TREE CONSERVATION PLAN.
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GRADING NOTES

1. FINISHED GRADE SHALL BE AS SHOWN ON THE DRAWING. THE FINISHED GRADE SHALL BE AS SHOWN ON THE DRAWING.
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LELAND NOTE

1. ALL STRUCTURES WITH GRADING LIMITS SHALL BE ADJUSTED TO FINISHED GRADE.
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Stimmel
Landscape Architecture
Civil Engineering
Land Planning



SCALE: 1" = 30'

SITE NOTES

1. THE PROPOSED SITE WORK SHALL BE CONDUCTED IN ACCORDANCE WITH THE CITY OF PITTSBURGH'S CITY CODE, CHAPTER 21A, SUBCHAPTER 21A-03, AND THE CITY OF PITTSBURGH'S CITY CODE, CHAPTER 21A, SUBCHAPTER 21A-04.
2. THE PROPOSED SITE WORK SHALL BE CONDUCTED IN ACCORDANCE WITH THE CITY OF PITTSBURGH'S CITY CODE, CHAPTER 21A, SUBCHAPTER 21A-03, AND THE CITY OF PITTSBURGH'S CITY CODE, CHAPTER 21A, SUBCHAPTER 21A-04.
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SITE DATA

WATERSHED: N/A (LORDAN LAKE)
BASIN NAME: BUFFALO CREEK
DISTANCE TO FLOOD PLAN: 82 FT
EXISTING BIA: 283,455 SF
PROPOSED BIA: 4,238 SF
TOTAL SITE BIA: 289,693 SF

REQUIRED PARKING

NO NEW PARKING OR IN SPACES REQUIRED OR PROPOSED FOR THE UNOCCUPIED BILLING DEPARTMENT SHALL BE PROVIDED FOR THE UNOCCUPIED BILLING DEPARTMENT. SEE THE EXISTING SITE PLAN FOR THE UNOCCUPIED BILLING DEPARTMENT. SEE THE EXISTING SITE PLAN FOR THE UNOCCUPIED BILLING DEPARTMENT.

PARKING PROVIDED

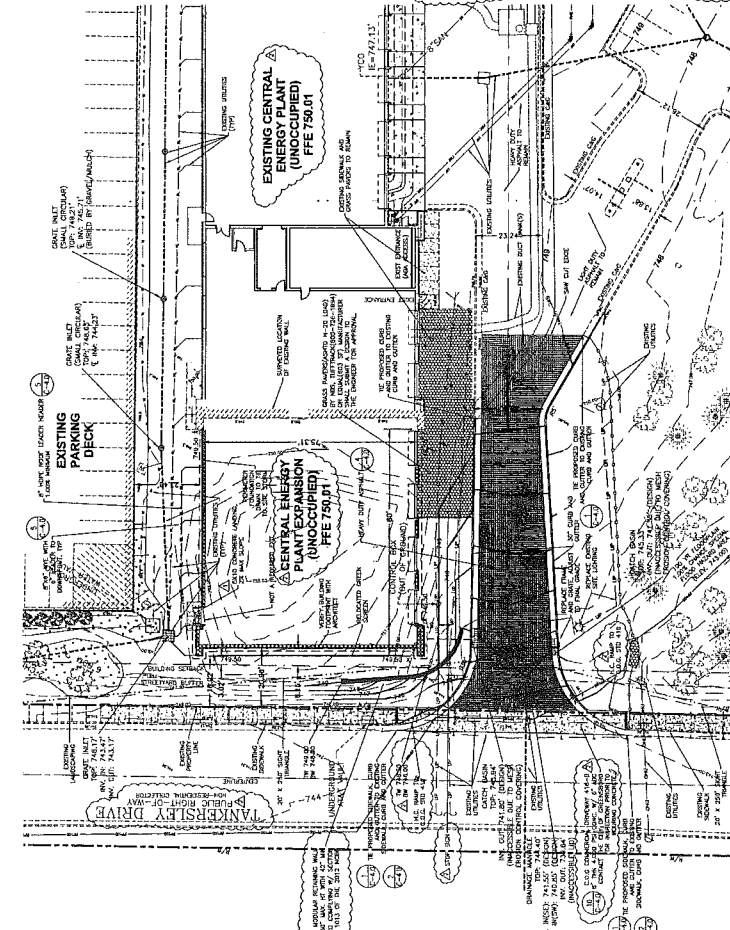
EXISTING UNOCCUPIED SPACES: 11 (INCLUDING IN THE SPACES NOT SHOWN IN THE EXISTING SITE PLAN)
TOTAL UNOCCUPIED SPACES: 11

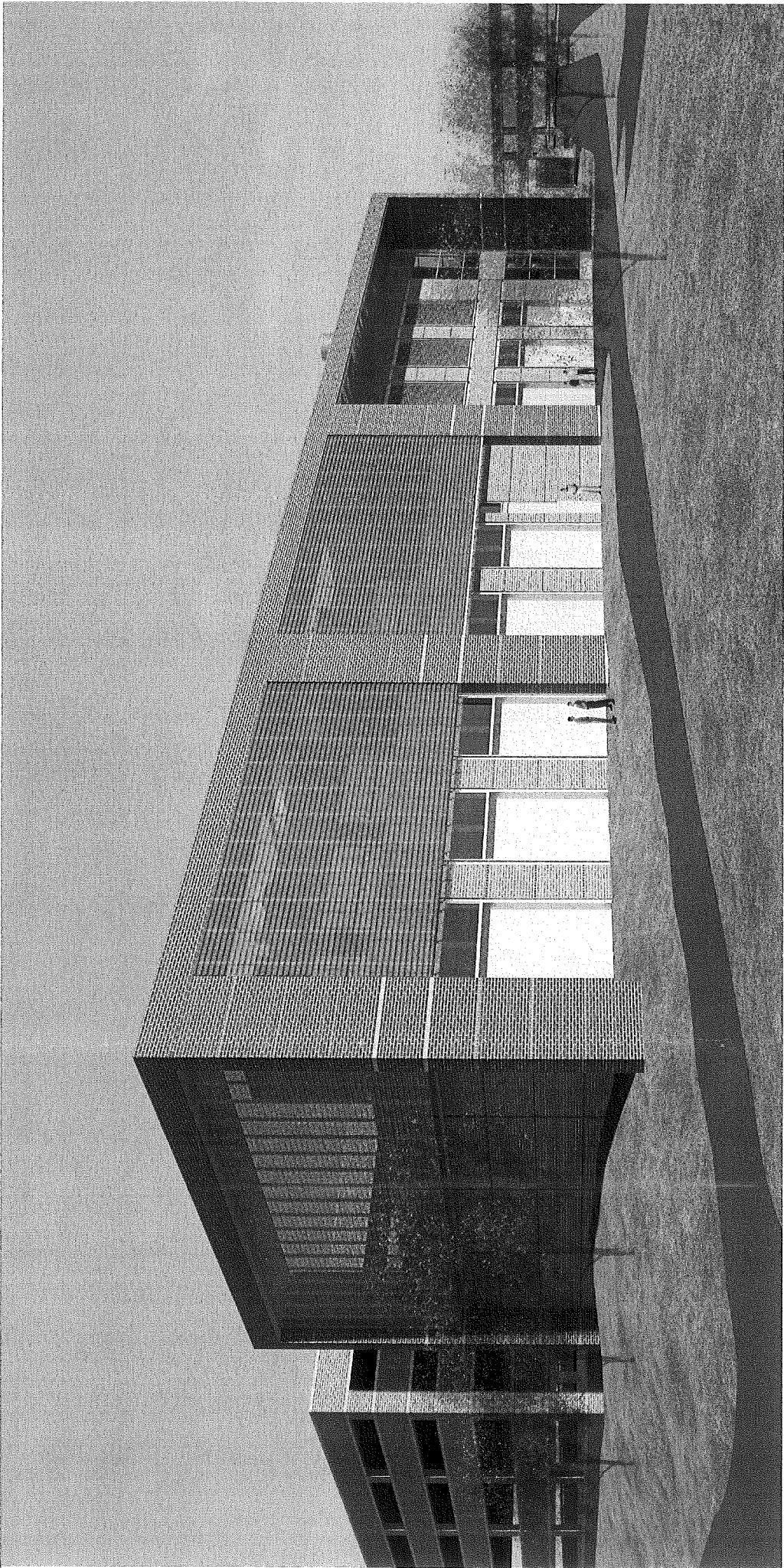
STORMWATER CALCULATIONS

TREATMENT FOR BIA INCREASE IS PROVIDED BY
PLAN 2012-1087 DATED 8/27/12.
MINIMUM NET BIA INCREASE ALLOWED BY THAT PLAN IS 4,238 SF.

FIRE PROTECTION NOTES

1. THE PROPOSED SITE WORK SHALL BE CONDUCTED IN ACCORDANCE WITH THE CITY OF PITTSBURGH'S CITY CODE, CHAPTER 21A, SUBCHAPTER 21A-03, AND THE CITY OF PITTSBURGH'S CITY CODE, CHAPTER 21A, SUBCHAPTER 21A-04.
2. THE PROPOSED SITE WORK SHALL BE CONDUCTED IN ACCORDANCE WITH THE CITY OF PITTSBURGH'S CITY CODE, CHAPTER 21A, SUBCHAPTER 21A-03, AND THE CITY OF PITTSBURGH'S CITY CODE, CHAPTER 21A, SUBCHAPTER 21A-04.





PROJECT CAPITAL COST

A.	<u>Site Costs</u>		
(1)	Full purchase price of land	\$ _____	
	# Acres _____ Price per Acre \$ _____		
(2)	Closing costs	\$ _____	
(3)	Site Inspection and Survey	\$ _____	
(4)	Legal fees and subsoil investigation	\$ _____	
(5)	Site Preparation Costs		
	Sub-Total Site Preparation Costs	\$ _____	
(6)	Other (Specify)	\$ _____	
(7)	Sub-Total Site Costs		\$ <u>N/A</u>
B.	<u>Construction Contract</u>		
(8)	Cost of Materials [Include]		
	General Requirements		
	Concrete/Masonry		
	Woods/Doors & Windows/Finishes		
	Thermal & Moisture Protection		
	Equipment/Specialty Items		
	Mechanical/Electrical		
	Sub-Total Cost of Materials	\$ <u>5,157,144</u>	
(9)	Cost of Labor	\$ <u>7,735,716</u>	
(10)	Other (Specify)	\$ _____	
(11)	Sub-Total Construction Contract		\$ <u>12,892,860</u>
C.	<u>Miscellaneous Project Costs</u>		
(12)	Building Purchase	\$ _____	
(13)	Fixed Equipment Purchase/Lease	\$ _____	
(14)	Movable Equipment Purchase/Lease	\$ _____	
(15)	Furniture	\$ _____	
(16)	Landscaping	\$ _____	
(17)	Consultant Fees		
	A & E Fees & Reimbursables	\$ <u>808,750</u>	
	Legal Fees	\$ _____	
	Market Analysis	\$ _____	
	Other (Specify)	\$ _____	
	Total Consultant Fees	\$ _____	
(18)	Financing Costs		
	(e.g. Bond, Loan, etc.)	\$ _____	
(19)	Interest During Construction	\$ _____	
(20)	Other (Specify)	\$ _____	
(21)	Sub-Total Miscellaneous		\$ <u>808,750</u>
D.	Total Capital Cost of Project (Sum A-C above)		\$ <u>13,701,610</u>

1100 S. Tryon St.
Suite 300
Charlotte, NC 28203

t: 704.972.5600
f: 704.972.5601
www.perkinswill.com

**PERKINS
+ WILL**

December 28, 2012

Cone Health
1200 N. Elm Street
Greensboro, NC 27401

Attention: Mr. James Roskelly
EVP Strategic Development

Reference: **Cone Health**
Central Energy Plant Expansion Project

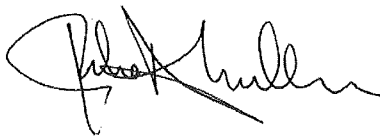
Gentleman:

This is to certify that Perkins + Will Architects has reviewed the Construction Costs developed by Brasfield & Gorrie General Contractors for the project referenced above and based on our review and comparison of this project with other similar projects, we believe to the best of our knowledge that the construction costs indicated are reasonable for the scope of this project.

The proposed expansion project will be comprised of a one level addition of approximately 6744 square feet. It will house 3 additional 1,200 ton chillers with associated equipment and cooling towers on the roof. Also included is (1) 2000 KW Generator and associated normal and emergency switchgear.

The anticipated Construction/Equipment Cost of \$12,892,860 combined with soft costs (A/E Fees and reimbursable expenses) of \$808,750 combine for a total capital renovation cost for this project of \$13,701,610.

Very truly yours,
Perkins + Will Architects



Julie A. Mullen, AIA, ACHA, LEED AP
Associate
Senior Project Manager



cc.: Brasfield & Gorrie – Steve Mann
Cone Health- Ron Galloway