



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

April 19, 2018

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

Exempt from Review

Record #: 2566
Facility Name: UNC Hospitals
FID #: 923517
Business Name: UNC Hospitals at Chapel Hill
Business #: 1900
Project Description: Renovate and expand the HPC Lab space
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 April 3, 2018, 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

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

Sincerely,



Bernetta Thorne-Williams
Project Analyst



Martha J. Frisone
Chief, Healthcare Planning and
Certificate of Need

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



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

April 3, 2018

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 Request / Renovation and expansion of HPC Lab space pursuant to
NCGS § 131E-184(g) / UNC Hospitals / Orange County

Dear Ms. Thorne-Williams:

UNC Hospitals is planning to renovate and reconfigure the existing Hematopoietic Progenitor Cell "HPC" Lab, including a minor expansion of the lab into nearby vacant space. Both project areas are located on the 1st floor of UNC Hospitals. See Exhibit 1. The renovation and additional space will allow for the decompression of the existing work areas to better accommodate the existing equipment and staff. No new laboratory equipment will be required as existing equipment and furniture will be reconfigured and reused. The project is expected to cost \$2,408,000 and a certified cost estimate is attached as Exhibit 2.

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 4,645 square feet of space for the HPC Lab, expanding the HPC Lab by 1,208 sf (Project Area A space) from its current 3,437 sf (Project Area B space) which is also being reconfigured. The lab's service will not change as a result of this renovation. This renovation will allow us decompress the existing lab thereby providing

the existing equipment and staff more adequate space. The total project cost is projected to be \$2,408,000. See certified cost estimate contained in Exhibit 2. Floor plans of the existing spaces and proposed final floor plans are attached as Exhibit 1.

(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."

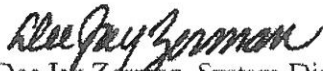
The project involves renovating 4,645 sf of space on the 1st Floor of UNC Hospitals. The attached key plan in Exhibit 3 reflects the location of the spaces within the main hospital building. The building's address is 101 Manning Drive, Chapel Hill, NC. The space to be renovated is physically inside the main hospital building and shares the same physical address as UNC Hospitals. Financial and administrative control is provided in offices physically located on the 3rd 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 attached map in Exhibit 4. UNC Hospitals is a licensed health service facility (DHSR Acute Care License No. H0157).

(2) New Institutional Health Service: This 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.

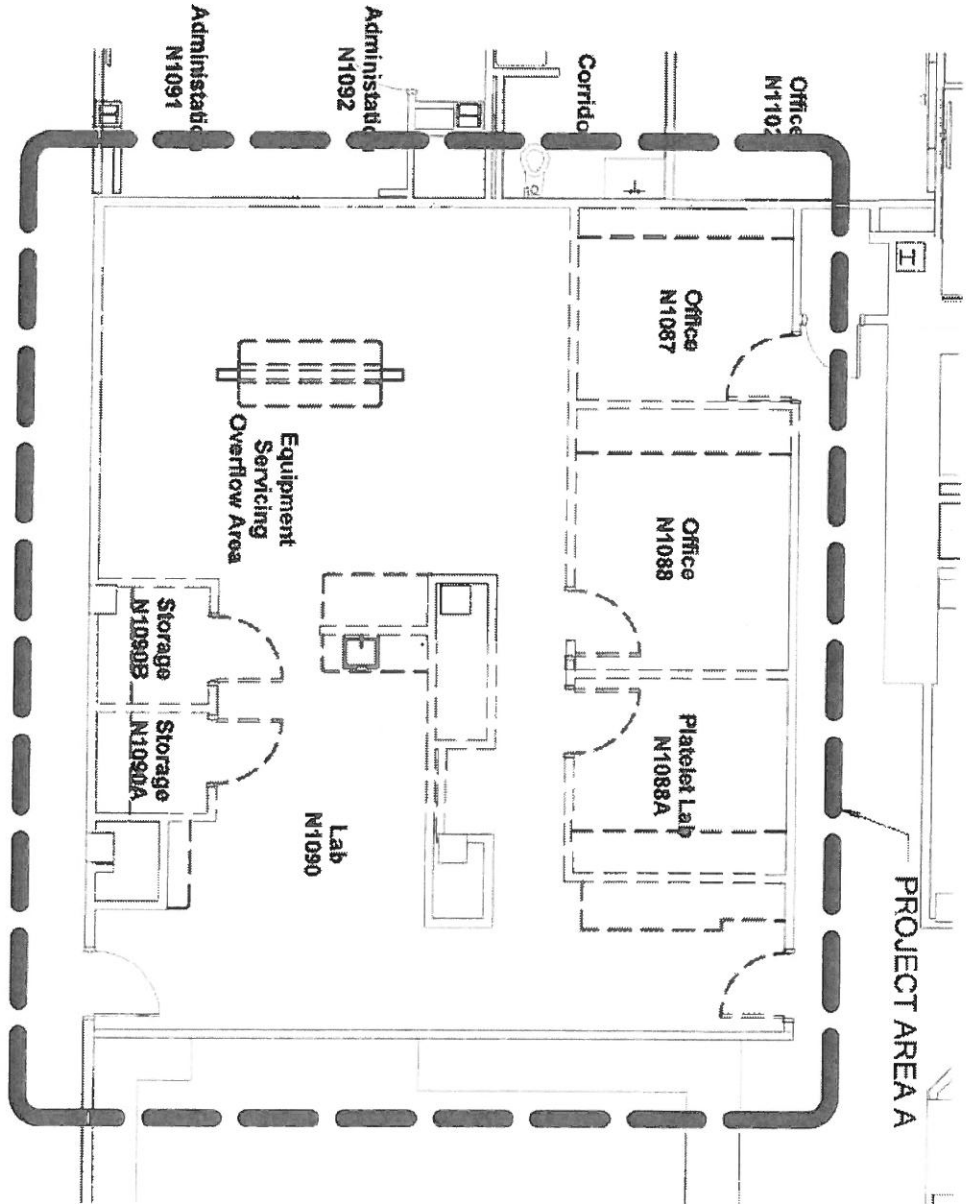
(3) Prior Written Notice: This request shall serve of prior written notice of this activity.

Please do not hesitate to contact me at 984-974-1243 if you have any questions or need further information. Thank you for your prompt consideration of this matter.

Sincerely,



Dee Jay Zeman, System Director
Regulatory Planning
UNC HCS



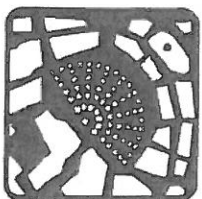
1 First Floor Demolition Plan - Project Area A
 A0.1 1/8" = 1'-0"

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Demolition Plan - Project Area A

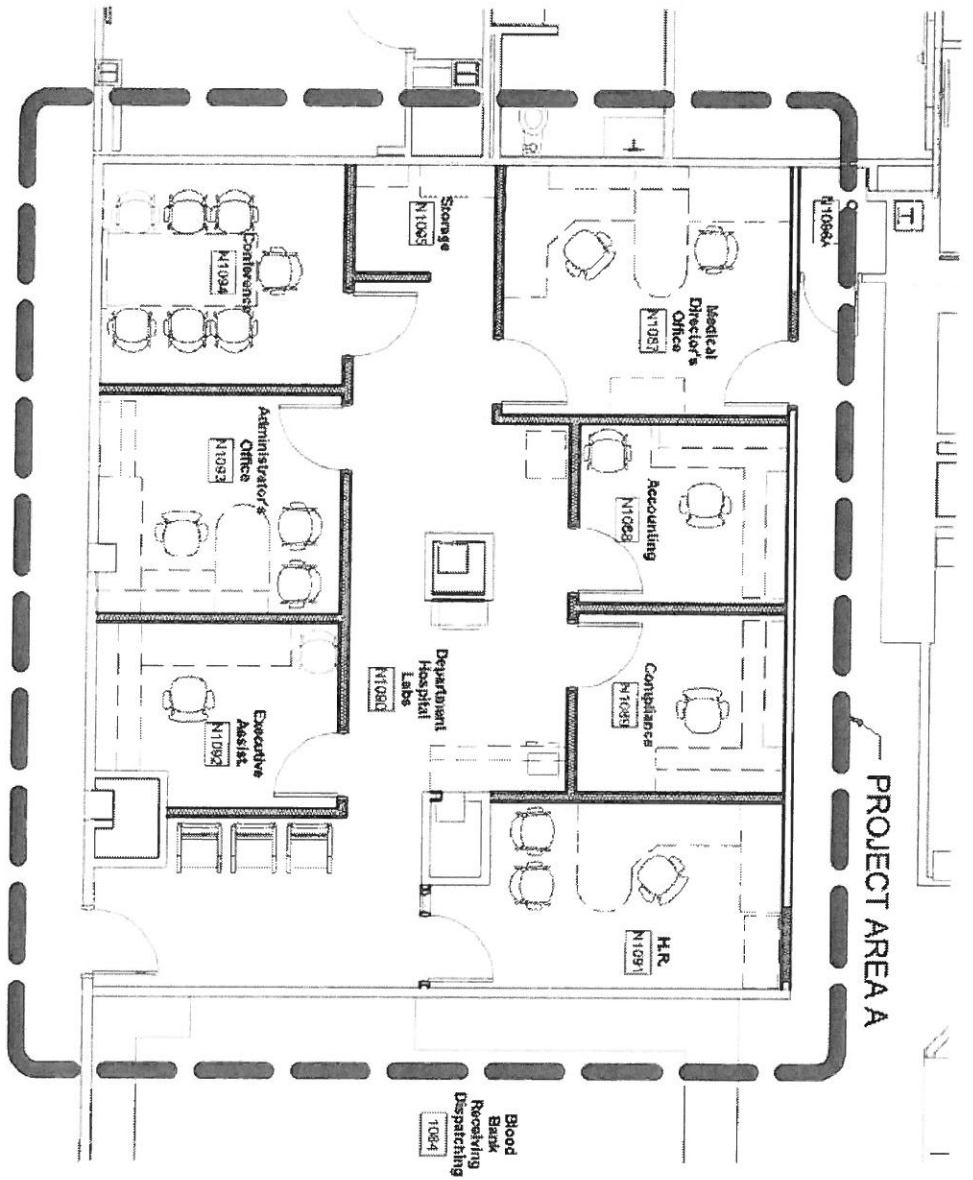
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MHA *works*

PLANNING ARCHITECTURE INTERIORS

-DURHAM
 -GREENVILLE
 -PITTSBORO
 -ASHEVILLE

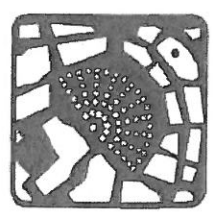


1 First Floor Renovation Plan - Project Area A
 A0.3 1/8" = 1'-0"

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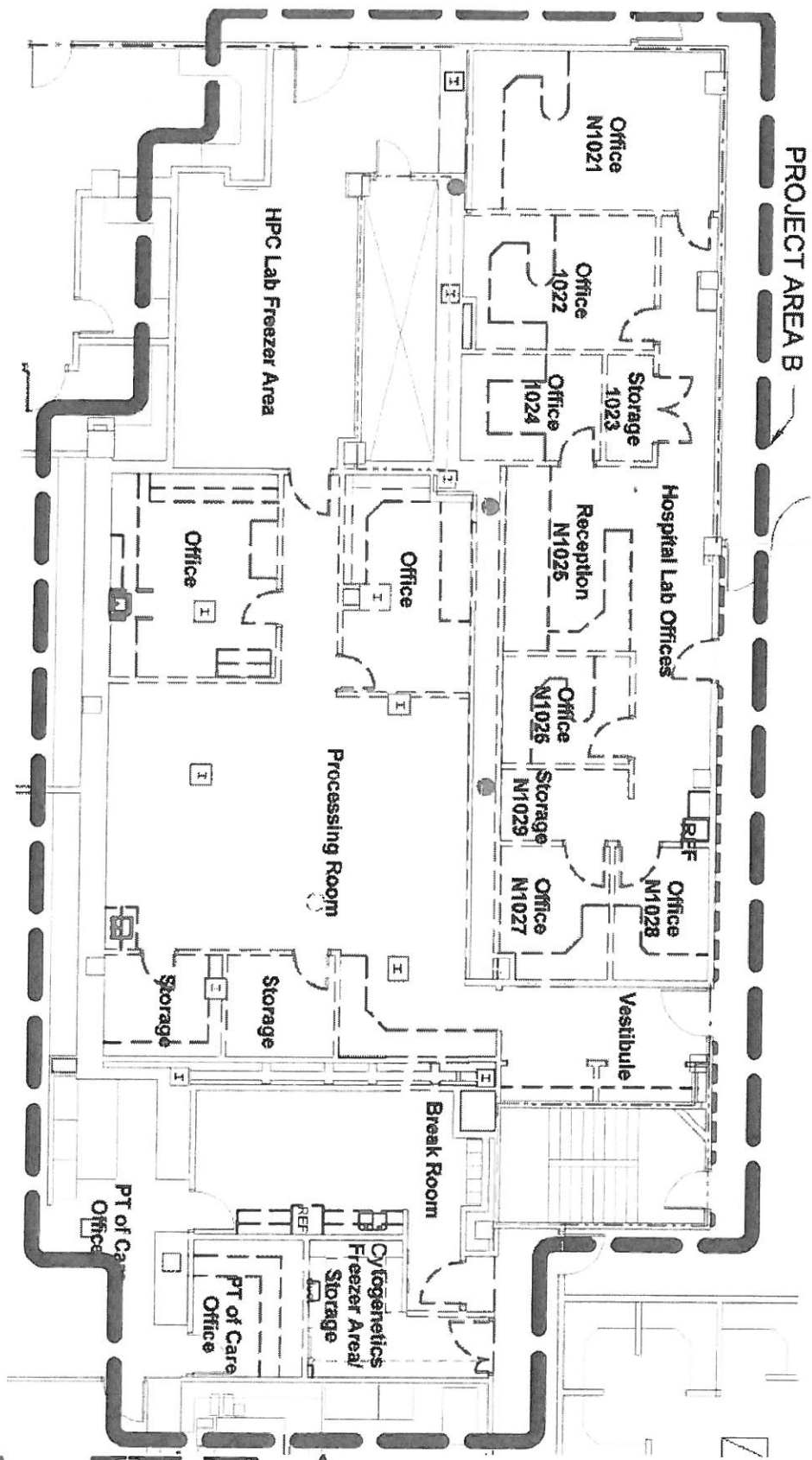
Renovation Plan - Project Area A

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 PLANNING ARCHITECTURE INTERIORS

-DURHAM
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 -ASHEVILLE



PROJECT AREA B

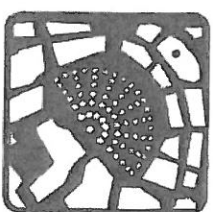
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Demolition Plan - Project Area B

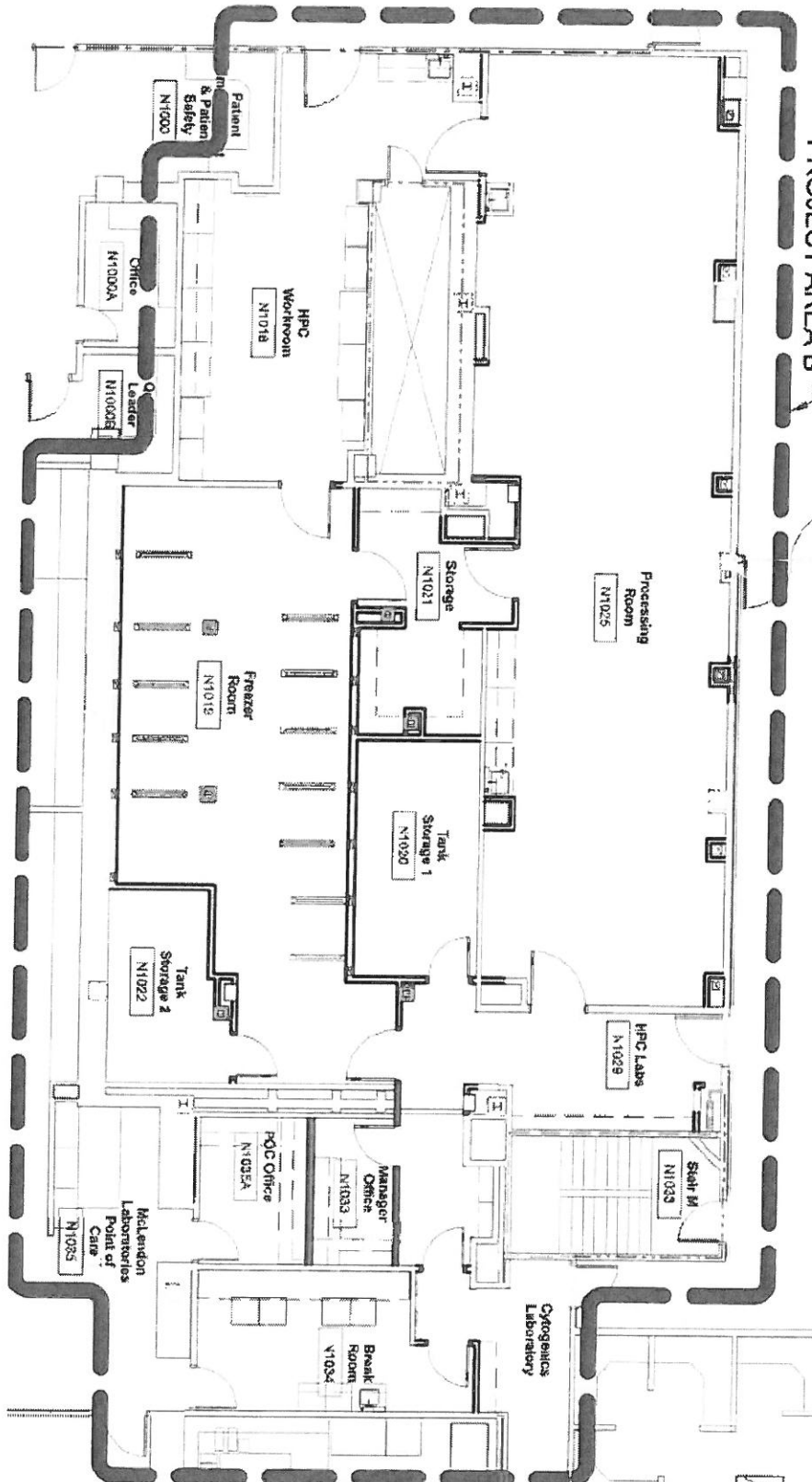
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PROJECT AREA B



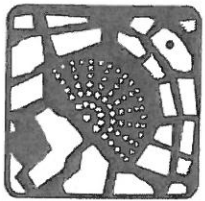
1 First Floor Renovation Plan - Project Area B
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Renovation Plan - Project Area B

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 PLANNING ARCHITECTURE INTERIORS

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 -PITTSBORO
 -ASHEVILLE

PROPOSED TOTAL CAPITAL COST OF PROJECT

A. Site Costs

(1) Full purchase price of land Acres _____ Price per Acre \$ _____	\$	0	
(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

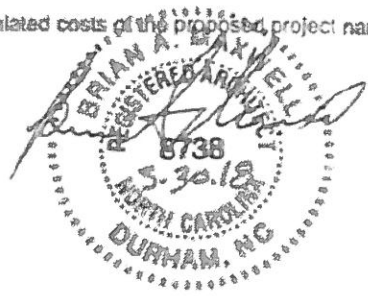
(8) Cost of Materials			
General Requirements	\$	53,960	
Concrete/Masonry	\$	10,792	
Woods/Doors & Windows/Finishes	\$	151,089	
Thermal & Moisture Protection	\$	16,188	
Equipment/Specialty Items	\$	43,168	
Mechanical/Electrical	\$	248,218	
Other ()	\$	16,188	
Sub-Total Cost of Materials	\$	539,604	
(9) Cost of Labor	\$	959,296	
(10) Other: Construction Contingency	\$	0	
(11) Sub-Total Construction Contract			\$ 1,498,900

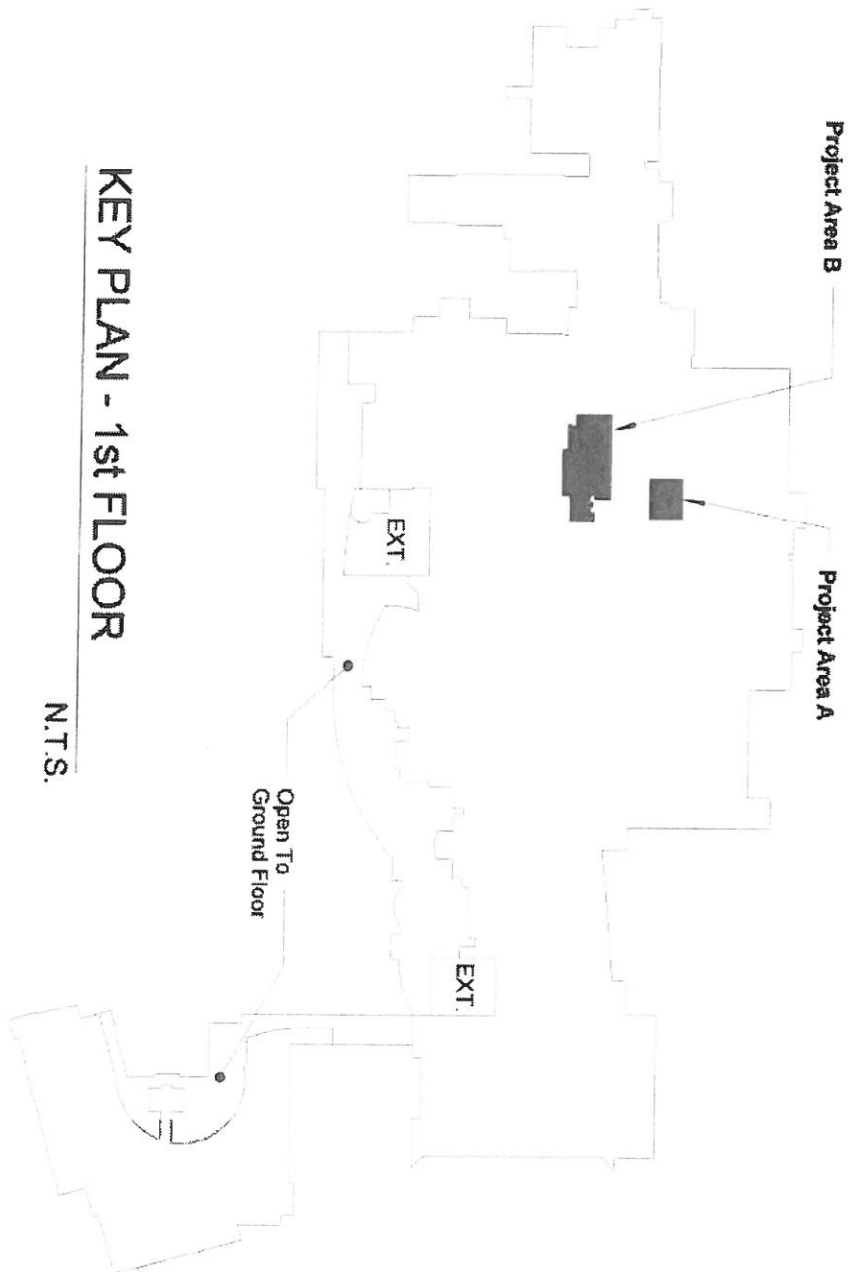
C. Miscellaneous Project Costs

(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	\$	210,000	
Legal Fees	\$	0	
Market Analysis	\$	0	
Sub-Total Consultant Fees	\$	210,000	
(18) Financing Costs (e.g. Bond, Loan, etc.)	\$	0	
(19) Interest During Construction	\$	0	
(20) Other: Project Contingency IT Costs	\$	699,100	
(21) Sub-Total Miscellaneous			\$ 909,100
(22) Total Capital Cost of Project (Sum A-C above)			\$ 2,408,000

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

[Handwritten Signature]
Signature of Licensed Architect or Engineer

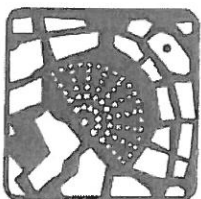




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Key Plan

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 PLANNING ARCHITECTURE INTERIORS

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*Effective January 01, 2018, 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: 905

General Acute 799, 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