



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

October 3, 2018

Terri Harris  
Terri.harris@smithmoorelaw.com

**No Review**

**Record #:** 2727  
**Facility Name:** Addiction Recovery Care Association  
**FID #:** 921416  
**Business Name:** Addiction Recovery Care Association, Inc.  
**Business #:** 36  
**Project Description:** Renovate building located at 5755 Shattalon Drive, Winston-Salem for relocated ARCA services, excluding 36 27G .3400 substance use disorder beds  
**County:** Forsyth

Dear Ms. Harris:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of October 1, 2018 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

However, you need to contact the Agency's Construction and Mental Health 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 in your correspondence. 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 this office. 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.

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: 2701 Mail Service Center, Raleigh, NC 27699-2701  
www.ncdhs.gov/dhrs/ • TEL: 919-855-3750 • FAX: 919-733-2757

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,



Celia C. Inman  
Project Analyst



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

cc: Construction Section, DHSR  
Mental Health Licensure and Certification Section, DHSR  
Melinda Boyette, Administrative Assistant, Healthcare Planning, DHSR

Rec'd by Email  
10/1/18

SMITHMOORE  
LEATHERWOOD  
ATTORNEYS AT LAW

300 N. Greene Street  
Suite 1400  
Greensboro, NC 27401

October 1, 2018

**VIA E-MAIL AND U.S. MAIL**

Martha Frisone, Chief  
Celia Inman, Project Analyst  
Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
NC Department of Health and Human Services  
2704 Mail Service Center  
Raleigh, North Carolina 27699-2704

Re: Amended No Review Request regarding Relocation of Addiction Recovery Care Association, Inc. to 5755 Shattalon Drive, Winston-Salem, Forsyth County

Dear Martha and Celia:

This letter amends and replaces my September 13, 2018 no review request on behalf of Addiction Recovery Care Association, Inc. ("ARCA") requesting confirmation that the relocation of its existing substance use disorder treatment facility in Forsyth County to a new location in Forsyth County is not subject to certificate of need ("CON") review.

ARCA is currently located at 1931 Union Cross Road in Winston-Salem and operates under license number MHL-034-004. It operates 36 substance use disorder treatment beds, 12 non-hospital medical detox beds, and other treatment services including outpatient substance use disorder treatment services. ARCA plans to lease from Forsyth County a building that was formerly used as a nursing home (Springwood) at 5755 Shattalon Drive in Winston-Salem, Forsyth County. ARCA plans to enter into an operating lease with Forsyth County for an initial lease term of 10 years beginning after the completion of basic plant and mechanical repair work.

ARCA plans to update and renovate the building and to relocate its existing facility, beds, services, and operations to the new location. The 36 substance use disorder treatment beds are not included in this request, and a CON application will be filed to seek approval to relocate those beds. The total capital expenditure for the renovation and relocation, excluding the 36 substance use disorder treatment beds, is estimated to be less than \$2 million. To document the capital expenditure, we have attached as Exhibit A a certified cost estimate showing the estimated cost of all studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort, consulting and other services, essential to relocating and making the space operational for the beds and services that do not require CON approval to relocate.

Martha Frisone, Chief  
Celia Inman, Project Analyst  
October 1, 2018  
Page 2

The relocation of ARCA's existing facility and services, excluding the 36 substance use disorder treatment beds, is not a new institutional health service under N.C.G.S. § 131E-176 and therefore is not subject to CON review for the following reasons:

1. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(a) because ARCA is an existing health service facility.
2. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(b) because ARCA's total capital expenditure for the relocation will not exceed \$2 million.
3. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(c) because there will not be a change in bed capacity.
4. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(e) because it does not constitute a change in a project that was subject to certificate of need review.
5. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(p) because ARCA does not propose to acquire any major medical equipment as part of the relocation.
6. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(q) because it is relocating in the same service area.

Based on the information submitted, please confirm in writing that ARCA's relocation of its existing facility, excluding the 36 substance use disorder treatment beds, to a new location on Shattalon Drive in Winston-Salem and related renovations are not subject to CON review. If you have any questions regarding this request, please let me know. ARCA is excited about this opportunity and looks forward to receiving your response as soon as possible.

Martha Frisone, Chief  
Celia Inman, Project Analyst  
October 1, 2018  
Page 3

With kindest regards, I am

Very truly yours,

SMITH MOORE LEATHERWOOD LLP

A handwritten signature in cursive script that reads "Terrill Johnson Harris".

Terrill Johnson Harris

TJH/mp  
Enclosure

## PROPOSED CAPITAL COSTS (ARCA)

**Project Name:** Relocation to 5755 Shattalon Drive, Winston-Salem

**Proponent:** Addiction Recovery Care Association, Inc.

**A. Site Costs**

(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	\$	
	Soil Borings	\$	
	Clearing-Earthwork	\$	
	Fine Grade For Slab	\$	
	Roads-Paving	\$	
	Concrete Sidewalks	\$	
	Water and Sewer	\$	
	Footing Excavation	\$	
	Footing Backfill	\$	
	Termite Treatment	\$	
	Other (Specify)	\$	
	Sub-Total Site Preparation Costs	\$	
(6)	Other (Specify)	\$	
(7)	<b>Sub-Total Site Costs</b>	<b>\$</b>	

**B. Construction Contract**

(8)	Cost of Materials		
	General Requirements		
	Concrete/Masonry		
	Woods/Doors & Windows/Finishes		\$406,800 (painting/finishes)
	Thermal & Moisture Protection		
	Equipment/Specialty Items		\$ 50,000 (nurse's stations)
	Mechanical/Electrical		\$ 75,000 (Lighting)
	Other (Specify)		\$196,250(computer equip, laundry equip)
	Sub-Total Cost of Materials		\$728,050
(9)	Cost of Labor		\$147,560
(10)	Other (Specify)		\$
(11)	<b>Sub-Total Construction Contract</b>		<b>\$875,610</b>

**C. Miscellaneous Project Costs**

(12)	Building Purchase	\$	
(13)	Fixed Equipment Purchase/Lease	\$	
(14)	Movable Equipment Purchase/Lease		\$109,890 (kitchen)
(15)	Furniture		\$242,500
(16)	Landscaping		\$ 29,000
(17)	Consultant Fees		
	Architect and Engineering Fees		\$ 86,000

	Legal Fees	\$ 10,000
	Market Analysis	\$ _____
	Other (Specify)	\$ _____
	Sub-Total Consultant Fees	\$ 96,000
(18)	Financing Costs (e.g. Bond, Loan, etc.)	\$ _____
(19)	Interest During Construction	\$ _____
(20)	Other (Specify) _____	\$ _____
(21)	Sub-Total Miscellaneous	\$477,390
(22)	Total Capital Cost of Project (Sum A-C above)	\$1,353,000

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

*Andrew J. Jopina*  
 (Signature of Licensed Architect or Engineer)

I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

*Therese Elmore*  
 (Proponent - Signature of Officer)

*Executive Director*  
 (Title of Officer)

Rec'd by Email  
9/13/18

September 13, 2018

**VIA E-MAIL AND U.S. MAIL**

Martha Frisone, Chief  
Celia Inman, Project Analyst  
Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
NC Department of Health and Human Services  
2704 Mail Service Center  
Raleigh, North Carolina 27699-2704

Re: Renovation and Relocation of Addiction Recovery Care Association, Inc. to 5755  
Shattalon Drive, Winston-Salem, Forsyth County

Dear Martha and Celia:

We are writing on behalf of Addiction Recovery Care Association, Inc. ("ARCA") to request confirmation that the relocation of its existing substance use disorder treatment facility in Forsyth County to a new location in Forsyth County is not subject to certificate of need ("CON") review.

ARCA is currently located at 1931 Union Cross Road in Winston-Salem and operates under license number MHL-034-004. It offers residential treatment and non-hospital medical detox services along with outpatient substance use disorder treatment services. ARCA plans to lease from Forsyth County a building that was formerly used as a nursing home (Springwood) at 5755 Shattalon Drive in Winston-Salem, Forsyth County. ARCA plans to enter into an operating lease with Forsyth County for an initial lease term of 10 years beginning after the completion of basic plant and mechanical repair work.

ARCA plans to relocate its existing facility, beds, services, and operations to the new location. ARCA will update and renovate the building to accommodate the relocation. The total capital expenditure is estimated to be less than \$2 million. To document the total capital expenditure for the renovation of the space by ARCA, we have attached as Exhibit A a certified cost estimate showing the estimated cost of all studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort, consulting and other services, essential to relocating and making the space operational.



Martha Frisone, Chief  
Celia Inman, Project Analyst  
September 13, 2018  
Page 2

The relocation of ARCA's existing facility is not a new institutional health service under N.C.G.S. § 131E-176 and therefore is not subject to CON review for the following reasons:

1. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(a) because ARCA is an existing health service facility.
2. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(b) because ARCA's total capital expenditure for the relocation will not exceed \$2 million.
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4. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(e) because it does not constitute a change in a project that was subject to certificate of need review.
5. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(p) because ARCA does not propose to acquire any major medical equipment as part of the relocation.
6. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(q) because it is relocating in the same service area.

Based on the information submitted, please confirm in writing that ARCA's relocation of its existing substance use disorder treatment facility to a new location on Shattalon Drive in Winston-Salem and ARCA's renovation of the building are not subject to CON review. If you have any questions regarding this request, please let me know. ARCA is excited about this opportunity and looks forward to receiving your response as soon as possible.

With kindest regards, I am

Very truly yours,

SMITH MOORE LEATHERWOOD LLP



Terrill Johnson Harris

TJH/mp  
Enclosure

## PROPOSED CAPITAL COSTS (ARCA)

**Project Name:** Relocation to 5755 Shattalon Drive, Winston-Salem

**Proponent:** Addiction Recovery Care Association, Inc.

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	Clearing-Earthwork	\$ _____
	Fine Grade For Slab	\$ _____
	Roads-Paving	\$ _____
	Concrete Sidewalks	\$ _____
	Water and Sewer	\$ _____
	Footing Excavation	\$ _____
	Footing Backfill	\$ _____
	Termite Treatment	\$ _____
	Other (Specify)	\$ _____
	Sub-Total Site Preparation Costs	\$ _____
(6)	Other (Specify)	\$ _____
(7)	<b>Sub-Total Site Costs</b>	<b>\$ _____</b>

**B. Construction Contract**

(8)	Cost of Materials	
	General Requirements	_____
	Concrete/Masonry	_____
	Woods/Doors & Windows/Finishes	\$406,800 (painting/finishes)
	Thermal & Moisture Protection	_____
	Equipment/Specialty Items	\$ 50,000 (nurse's stations)
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*Andrew J. [Signature]*  
 (Signature of Licensed Architect or Engineer)

I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

*Thom Elmore*  
 (Proponent - Signature of Officer)

*Executive Director*  
 (Title of Officer)