



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

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

August 30, 2019

Elizabeth Runyon, System Director of Regulatory Affairs, Strategic Planning  
UNC Health Care  
Hedrick Building  
211 Friday Center Drive, Suite G014  
Chapel Hill NC 27517

**Exempt from Review**

**Record #:** 3032  
**Facility Name:** University of North Carolina Hospitals  
**FID #:** 923517  
**Business Name:** University of North Carolina Hospitals at Chapel Hill  
**Business #:** 1900  
**Project Description:** Construct a facility to house electrical generators required to provide emergency power  
**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 August 14, 2019, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(4). 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.

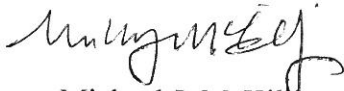
NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION  
HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

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

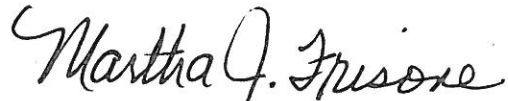
AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

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

Sincerely,



Michael J. McKillop  
Project Analyst



Martha J. Frisone  
Chief

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

## Waller, Martha K

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**From:** Runyon, Elizabeth <Elizabeth.Runyon@unchealth.unc.edu>  
**Sent:** Wednesday, August 14, 2019 3:07 PM  
**To:** Waller, Martha K  
**Subject:** [External] UNC Hospitals CON exemption  
**Attachments:** 2019.8.14 UNCH Generator CON Exemption Request.pdf; Exhibits to UNCH Generator Exemption.pdf

**CAUTION:** External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to [report.spam@nc.gov](mailto:report.spam@nc.gov)

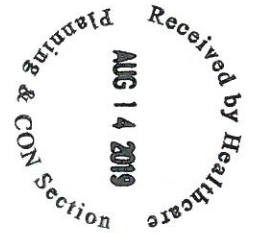
Martha,  
Attached please find UNC Hospitals' CON exemption request for its Generator project, and supporting exhibits. Please don't hesitate to contact me if you need additional information.

Many thanks,  
Elizabeth

Elizabeth Frock Runyon  
System Director of Regulatory Affairs and Special Counsel  
UNC Health Care  
211 Friday Center Drive, Chapel Hill, NC 27517  
p (984) 215-3622  
[elizabeth.runyon@unchealth.unc.edu](mailto:elizabeth.runyon@unchealth.unc.edu)

----- Confidentiality Notice -----

*The information contained in (or attached to) this electronic message may be legally privileged and/or confidential information. If you have received this communication in error, please notify the sender immediately and delete the message.*



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

August 14, 2019

VIA ELECTRONIC MAIL

Ms. Martha Frisone  
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 / Central Generator Plant & Electrical Modernizations /  
UNC Hospitals Main Campus / FID # ~~932517~~ / Orange County  
923517

Dear Ms. Frisone:

UNC Hospitals is providing this prior written notice of a project exempt from Certificate of Need ("CON") review. UNC Hospitals in Chapel Hill plans to provide a new facility to house the electrical generators required to provide emergency power for the UNC Medical Center, and to improve and upgrade its current normal and emergency power equipment. This exemption is pursuant to N.C. Gen. Stat. § 131E-184(a)(4), which provides that:

*(a) [T]he Department shall exempt from certificate of need review a new institutional health service if it receives prior written notice from the entity proposing the new institutional health service, which notice includes an explanation of why the new institutional health service is required, for any of the following:*

*(4) To provide parking, heating or cooling systems, elevators, or other basic plant or mechanical improvements, unless these activities are integral portions of a project that involves the construction of a new health service facility or portion thereof and that is subject to certificate of need review.*

This project meets all criteria outlined above for the exemption to CON Law. Specifically, the sole purpose of the capital expenditure is to provide basic plant or mechanical improvements by providing a facility to house the generators required to provide emergency power for the UNC Medical Center. Normal and emergency power equipment will also be modernized as part of this project. These activities are not an integral portion of any project that involves the construction of a new health service facility or portion thereof or that is subject to CON review. Instead, this project relates to plant maintenance and necessary mechanical upgrades to UNC Hospitals, an existing health service facility. Attached as Exhibit 1 is a more detailed description of the scope of the project.

This correspondence and the supporting exhibits serve as the explanation of why this project is required, and provide prior written notice of UNC Hospitals' intention to incur the capital expenditure for this project. UNC Hospitals anticipates that it will spend approximately \$ 78,736,286.22 to complete this project. A certified cost estimate is attached as Exhibit 2.

In consideration of the above, we request written confirmation that this project is exempt from CON review pursuant to §NCGS. 131E-184(a)(4). Please do not hesitate to contact me at 984-215-3622 if you need any additional information. Thank you for your prompt consideration of this matter.

Sincerely,



Elizabeth Runyon  
System Director of Regulatory Affairs and Special Counsel  
Strategic Planning  
UNC Health Care



Dewberry Engineers Inc. 919.881.9939  
2610 Wycliff Road, Suite 410 919.881.9923 fax  
Raleigh, NC 27607 www.dewberry.com

August 9, 2019

Ms. Elizabeth Runyon  
Systems Director of Regulatory Affairs  
Strategic Planning  
UNC Healthcare  
James T. Hedrick Building  
211 Friday Center Drive, Suite G014  
Chapel Hill, NC 27517

**RE: Water and Energy Conservation  
UNC Hospitals – Central Generator Plant & Electrical Modernizations  
FID #: 932517**

Dear Ms. Runyon,

This is to certify that the project noted above complies with the North Carolina State Building Code and as reasonable and within budget includes sustainable initiatives such as high efficiency LED lighting and plumbing fixtures.

The scope of this project is as follows:

- Installation of a new ~12,000 square foot Central Generator Plant adjacent to and in dedicated service of the existing UNC Medical Center campus and its new Surgical Tower addition under construction (by others). The new central plant will house 12,000 kilowatts of emergency standby power diesel-engine-driven electric generators, in compliance with UNCH's Emergency Operations Plan.
- Electrical equipment modernization of several existing UNC Medical Center main electrical rooms serving the existing Old Hospital/APCF Building, NC Women's and Children's Hospital, NC Neuroscience Hospital, Anderson Pavilion, and the Patient Services Tower.
- Installation of new underground electrical wiring interconnecting the new central plant to the existing UNC Medical Center renovated electrical rooms and the proposed Surgical Tower addition (by others).

The electrical rooms modernization and new underground wiring installations do not increase energy or water consumption. The new central plant is a stand-alone building that will increase the UNC Hospitals overall energy and water consumption.

Sincerely,

Dewberry Engineers, Inc.

Peter O. Andersen, P.E.  
Senior Associate



AUGUST 1, 2019

**TO**  
Ms. Elizabeth Runyon  
System Director of Regulatory Affairs  
Strategic Planning  
UNC Health Care  
James T. Hedrick Building  
211 Friday Center Drive, Suite G014  
Chapel Hill, NC 27517

**RE**  
UNC Hospitals  
Central Generator Plant & Electrical Modernizations  
Project No. 20180335  
  
FID#: 932517

Dear Ms. Runyon:

This is to certify that our office has provided the probable construction cost estimate for the project noted above. The estimate is based on the current project documentation prepared by our office and consultants. We believe this is a reasonable construction budget based on the generally accepted methods of estimating costs and previous experiences with similar projects.

<b>Total Construction Cost Estimate:</b>	<b>\$ 70,324,147.71</b>
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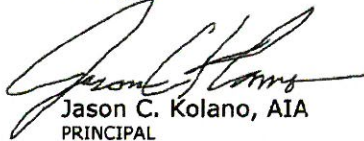
UNC Hospitals Facilities Management office has represented to EwingCole the following project costs in addition to the Construction Costs indicated above:

<b>Total Construction Cost Estimate:</b>	<b>\$ 70,324,147.71</b>
Owner Provided Furniture:	\$ 25,000.00
Design Fees:	\$ 5,262,144.00
Construction Management Fees:	\$ 2,282,598.13
Commissioning Fees:	\$ 524,421.38
Special Inspection Fees:	\$ 125,000.00
Survey & Subsurface Investigations:	\$ 150,000.00
Permits & Fees:	\$ 42,975.00
<b>TOTAL PROJECT COSTS</b>	<b>\$ 78,736,286.22</b>

Refer to Exhibit A: Proposed Total Capital Cost of Project for additional information related to the above outline of costs.

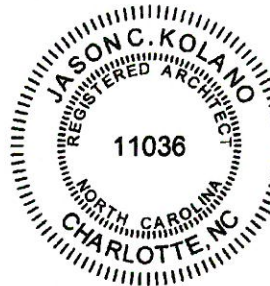
Very truly yours,

EwingCole

  
Jason C. Kolano, AIA  
PRINCIPAL

DIRECT 980.321.4402

cc: Cleopatrice Robinson (UNC Hospitals)



**PROPOSED TOTAL CAPITAL COST OF PROJECT**

**A. Site Costs**

(1) Full purchase price of land		\$	
Acres	0.00	Price per Acre	\$ -
(2) Closing Costs		\$	-
(3) Site Inspection and Survey		\$	100,000.00
(4) Legal Fees and Subsoil Investigation		\$	50,000.00
(5) Site Preparation Costs			
Sub-Total Site Preparation Costs		\$	7,147,032.00
(6) Other (Specify)		\$	-
<b>(7) Sub-Total Site Costs</b>			<b>\$ 7,297,032.00</b>


**B. Construction Contract**

(8) Cost of Materials			
General Requirements		\$	3,280,892.18
Concrete/ Masonry		\$	2,580,721.00
Woods/Doors & Windows/Finishes		\$	667,264.00
Thermal & Moisture Protection		\$	1,222,544.00
Equipment/Specialty Items		\$	17,300.00
Mechanical/Electrical		\$	40,070,918.00
Other (Struct. & Misc Steel)		\$	1,023,419.00
Sub-Total Cost of Materials			\$ 48,863,058.18
(9) Cost of Labor			Incl. Above
(10) Other (Specify)			
Fireproofing/Firestopping		\$	104,695.00
Asbestos Abatement		\$	102,500.00
Demolition		\$	2,124,433.00
Conveying Systems		\$	107,597.00
<b>(11) Sub-Total Construction Contract</b>			<b>\$ 51,302,283.18</b>

**C. Miscellaneous Project Costs**

(12) Building Purchase		\$	-
(13) Fixed Equipment Purchase		\$	-
(14) Movable Equipment Purchase		\$	-
(15) Furniture		\$	25,000.00
(16) Landscaping		\$	366,402.00
(17) Consultant Fees			
Architect & Engineering Fees		\$	5,262,144.00
Legal Fees		\$	-
Market Analysis		\$	-
Other (Special Inspections)		\$	125,000.00
Other (Commissioning)		\$	524,421.38
Other (CMR Precon Fee)		\$	587,561.92
Other (CMR Fee)		\$	1,695,036.21
Other (Permits & Fees)		\$	42,975.00
Sub-Total Consultant Fees		\$	8,237,138.51
(18) Financing Costs (e.g. Bond, Loan, etc)		\$	-
(19) Interest During Construction		\$	-
(20) Other (Project Contingency)		\$	11,508,430.54
<b>(21) Sub-Total Miscellaneous</b>			<b>\$ 20,136,971.05</b>
<b>(22) Total Capital Cost of Project (Sum A-C above)</b>			<b>\$ 78,736,286.22</b>

I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above area complete and accurate

  
 \_\_\_\_\_  
 Signature of Licensed Architect or Engineer