



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

May 16, 2019

Elizabeth Runyon
211 Friday Center Drive, Suite G014
Chapel Hill, NC 27517

Exempt from Review

Record #: 2932
Facility Name: UNC Hospitals
FID #: 923517
Business Name: UNC Hospitals at Chapel Hill
Business #: 1900
Project Description: Upgrade of Medical Surgical Vacuum Pump System
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 3, 2019, 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,

Bernetta Thorne-Williams
Project Analyst

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

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

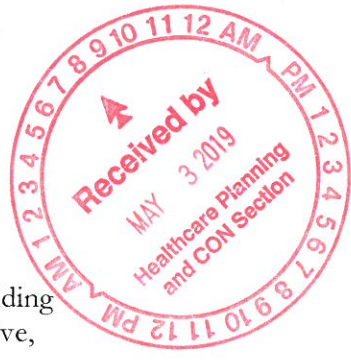
LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603

MAILING ADDRESS: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704

www.ncdhhs.gov/dhsr • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Record # 2932



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

May 3, 2019

VIA ELECTRONIC MAIL

Ms. Bernetta Thorne-Williams
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation, DHHS
2704 Mail Services Center
Raleigh, NC 27699-2704
bernetta.williams@dhhs.nc.gov

Re: Notification of Exemption / Upgrade of Medical Surgical Vacuum Pump System /
UNC Hospitals Main Campus / FID # ~~932517~~ / Orange County
923517

Dear Ms. Thorne-Williams:

UNC Hospitals is providing this prior written notice of a project exempt from review regarding an upgrade to its medical surgical vacuum pump system 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 upgrade the central medical/surgical vacuum source equipment, to switch from a water cooling system to an air cooling system.

The upgraded system will provide up-to-date technology and ensure continuous operation of the vacuum pump, which is essential to patient safety. In the event of water loss or water shortage, the equipment will continue operations because of the air cooling technology. 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 upgrade.

The medical vacuum pump upgrade is planned for 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.

UNC Hospitals anticipates that it will spend approximately \$3,392,000 for the necessary upgrades. A cost estimate is attached as Exhibit 1.

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 upgrade is exempt from CON review pursuant to §NCGS. 131E-184(g).

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
Strategic Planning
UNC Health Care



ENGINEERS
SURVEYORS
PLANNERS

April 22, 2019

Elizabeth Runyon
Regulatory Counsel, Strategic Planning
UNC Hospitals
101 Manning Drive
Chapel Hill, NC 27514

Subject: Construction Cost Certification
Medical Surgical Vacuum System Upgrades
UNC Hospitals Project No.: F1912

Dear Ms. Runyon:

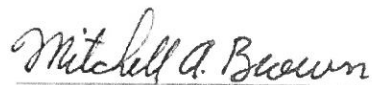
This is to certify that our office has provided the Proposed Total Capital Cost of Project for the project noted above. We believe this is a reasonable construction budget based on generally accepted methods of estimating construction costs and previous experience with similar projects.

Total Construction	\$2,874,000
Design Fees	\$348,000
Project Contingency	\$140,000
Owner Reserves	\$30,000
UNC Hospitals Project Budget	\$3,392,000

Sincerely,

McKIM & CREED, INC.

McKIM & CREED, INC.
1730 Varsity Drive
Raleigh, NC 27606


Mitchell A. Brown, PE
Sr. Project Engineer

919 233-8091

cc: Project File

Fax 919 233-8093

www.mckimcreed.com

Exhibit 1

PROPOSED TOTAL CAPITAL COST OF PROJECT

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 (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	\$	135,000
Concrete/Masonry	\$	0
Woods/Doors & Windows/Finishes	\$	0
Thermal & Moisture Protection	\$	0
Equipment/Specialty Items	\$	0
Mechanical/Electrical	\$	1,014,600
Other (Unit Strut Support)	\$	0
Sub-Total Cost of Materials	\$	1,149,600
(9) Cost of Labor	\$	1,724,400
(10) Other (Specify)	\$	0
Firestopping	\$	0
Asbestos Abatement	\$	0
Window Upgrade	\$	0
HVAC Upgrade	\$	0
(11) Sub-Total Construction Contract	\$	2,874,000

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	\$	348,000
Legal Fees	\$	0
Market Analysis	\$	0
Other (Structural fee)	\$	0
Other (Owner Reserves)	\$	30,000
Sub-Total Consultant Fees	\$	0
(18) Financing Costs (e.g. Bond, Loan, etc.)	\$	0
(19) Interest During Construction	\$	0
(20) Other (Project Contingency)	\$	140,000
(21) Sub-Total Miscellaneous	\$	518,000
(22) Total Capital Cost of Project (Sum A-C above)	\$	3,392,000

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

Mitchell A. Brown
Signature of Licensed Architect or Engineer



*Effective January 01, 2019, 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: 923

General Acute 817, Rehabilitation 30 , Psych 76,

Dedicated Inpatient Surgical Operating Rooms: 3

Dedicated Ambulatory Surgical Operating Rooms: 11

Shared Surgical Operating Rooms: 32

Dedicated Endoscopy Rooms: 9