



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

May 6, 2016

Jeffrey Shovelin, Director of Corporate Planning
Vidant Health
Post Office Box 2068
Greenville, North Carolina 27835-6028

Exempt from Review

Record #: 1932
Facility Name: Vidant Beaufort Hospital
FID #: 932963
Business Name: Beaufort County Hospital /East Carolina Health–Beaufort, Inc.
Business #: 144
Project Description: Renovate & expand Emergency Department, construct new power plant, upgrade electrical equipment, infrastructure upgrades (air handling, fuel tanks, boilers and generators), construct new maintenance shop and site work (two new entrance canopies, new parking lot, new power duct bank and soil remediation)
County: Beaufort

Dear Mr. Shovelin:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of April 13, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 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.



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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Jeffrey Shovelin
May 6, 2016
Page 2 of 2

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.

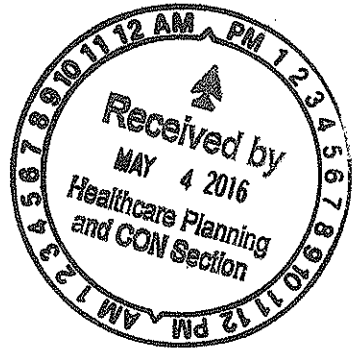
If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,


Jane Rhoe-Jones
Project Analyst


Martha J. Frisone, Assistant Chief
Certificate of Need

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR
Kelli Fisk, Program Assistant, Healthcare Planning, DHSR



May 2, 2016

Ms. Jane Rhoe-Jones
Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

RE: Information Request for Exemption Pursuant to G.S. 131E-184(g) / Vidant Beaufort Hospital / Renovate & expand Emergency Department, construct new power plant, upgrade electrical equipment, infrastructure upgrades (air handling, fuel tanks, boilers and generators), construct new maintenance shop and site work (two new entrance canopies, new parking lot, new power duct bank and soil remediation) / Beaufort County / FID #: 932963

Dear Ms. Rhoe-Jones:

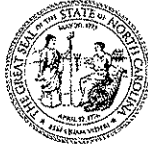
Per your request for additional information regarding the project listed above, please accept this letter as documentation that I, Harvey Case, President of Vidant Beaufort Hospital (VBEA), do hereby certify, as it relates to the proposed project, that:

1. Financial control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction, and
2. Administrative control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.

If you require additional information or clarification, please contact me at Jeff Shovelin, Director of Corporate Planning at (252)-847-3631. Thank you for your time and attention to this important project.

Sincerely,

Harvey Case
President
Vidant Beaufort Hospital



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

Via Electronic Mail Only

April 22, 2016

Jeffrey Shovelin, Director of Corporate Planning
Vidant Health
Post Office Box 2068
Greenville, North Carolina 27835-6028

Information Request for Exemption Pursuant to G.S. 131E-184(g)

Facility: Vidant Beaufort Hospital
Project Description: Renovate & expand Emergency Department, construct new power plant, upgrade electrical equipment, infrastructure upgrades (air handling, fuel tanks, boilers and generators), construct new maintenance shop and site work (two new entrance canopies, new parking lot, new power duct bank and soil remediation)
County: Beaufort
FID #: 932963

Dear Mr. Shovelin:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter dated & (date) regarding the above reference proposal. However, additional information is needed to determine if the project is exempt from review pursuant to G.S. 131E-184(g).

Provide a written response to each of the following to document that the project site is the main campus.

1. Documentation that financial control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.
2. Documentation that administrative control of the entire licensed health service facility is exercised at the site of the proposed renovations or construction.

If you have any questions concerning this request, please do not hesitate to call this office.

Sincerely,

Jane Rhoe-Jones, Project Analyst, Certificate of Need

Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

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VIDANT HEALTH™

April 13, 2016

Ms. Jane Rhoe-Jones
Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

Example JD# 1432
ID# 144
FID# 932 963



RE: Request for "No Review" for ED Renovations and Expansion at Vidant Beaufort Hospital

Dear Ms. Rhoe-Jones:

East Carolina Health – Beaufort, Inc. d/b/a/ Vidant Beaufort Hospital (VBEA) plans to renovate and expand its existing emergency department (ED). The project consist of adding a 9,225 square foot addition and renovating 3,642 square foot of the existing ED. Upon completion, the project will consist of a total of 16 patient exam rooms (12 exam rooms, 1 isolation room, 2 behavioral health rooms and 1 resuscitation room) and all other clinical and support space to accommodate the new ED. The ED will remain in operation during construction of this project. As a result of the project, an existing portion of the hospital, approximately 2,800 square feet, will be demolished.

In addition to the renovations and new construction, asbestos containing material such as pipe insulation, mastic, flooring mastic, and fireproofing has been identified within the existing building and will need to be removed before any renovation work inside the building can occur. In addition, new power plant, infrastructure improvements, maintenance shop and site improvements will also be a part of this project. Specifically,

- The new power plant building will be an approximately 2,900 square feet addition to house the new electrical infrastructure upgrades and a new electric motor-driven fire pump. The new electrical infrastructure upgrades will replace outdated equipment within the existing hospital.
- The new electrical equipment includes 2 stand-by generators, normal service entrance switchgear and automatic transfer switches. These upgrades will also provide normal power and the required three branches of emergency power for the new ED expansion.
- Infrastructure upgrades include replacement of two existing air handling units. The chilled water demand from the replacement air handling units will increase because of the ED addition, and a new roof-mounted air-cooled chiller is proposed to meet that demand. An above-ground 15,000 gallon fuel tank and associated pump assemblies to provide fuel for the new and existing stand-by generators will provide a redundant fuel source for the existing boilers. The current primary fuel source for the boilers is natural gas, and the project will include modification of the boilers to burn liquid fuel oil as a back-up.
- A new maintenance shop (approximately 300 square feet) will be added to replace the existing maintenance shop that is being displaced by new electrical switch gear equipment.

- Site work will include two new entrance canopies, new parking lot with revised pole lighting. New duct bank connecting power from the power plant to the new ED addition. Also, remediation of contaminated soils near the new above ground fuel storage tank will be required.

The total capital cost of the proposed project is estimated at \$14,642,597 and is expected to be completed in four phases, with total project completion by January 2019. Reference the ED renovation/new construction site and floor plan, the total project site, floor and phasing plan, and the capital cost sheet that are attached to this letter.

Even though the project exceeds \$2,000,000, VBEA believes that the proposed project is not subject to review under North Carolina's Certificate of Need (CON) laws. VBEA's proposed project meets the requirements found in G.S. 131E-184(g). This statute states:

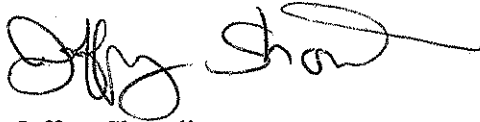
- (g) The Department shall exempt from certificate of need review any capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if all of the following conditions are met:
 - (1) The sole purpose of the capital expenditure is to renovate, replace 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 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.

Specifically:

- a) The sole purpose of the capital expenditure is to renovate and expand VBEA's ED, an existing service that is located on the main campus of an existing health service facility
- b) The project does not result in a change (increase or decrease) in bed capacity nor does the project result in the addition of any other new institutional health service facilities or services.
- c) By this letter, VBEA is providing prior written notice to the Department, along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection.

VBEA's proposal meets the requirements identified above and is therefore exempt from review. Therefore, VBEA requests approval of a no review status for the proposed project. If you require additional information or clarification, please contact me at (252)-847-3631.

Sincerely,

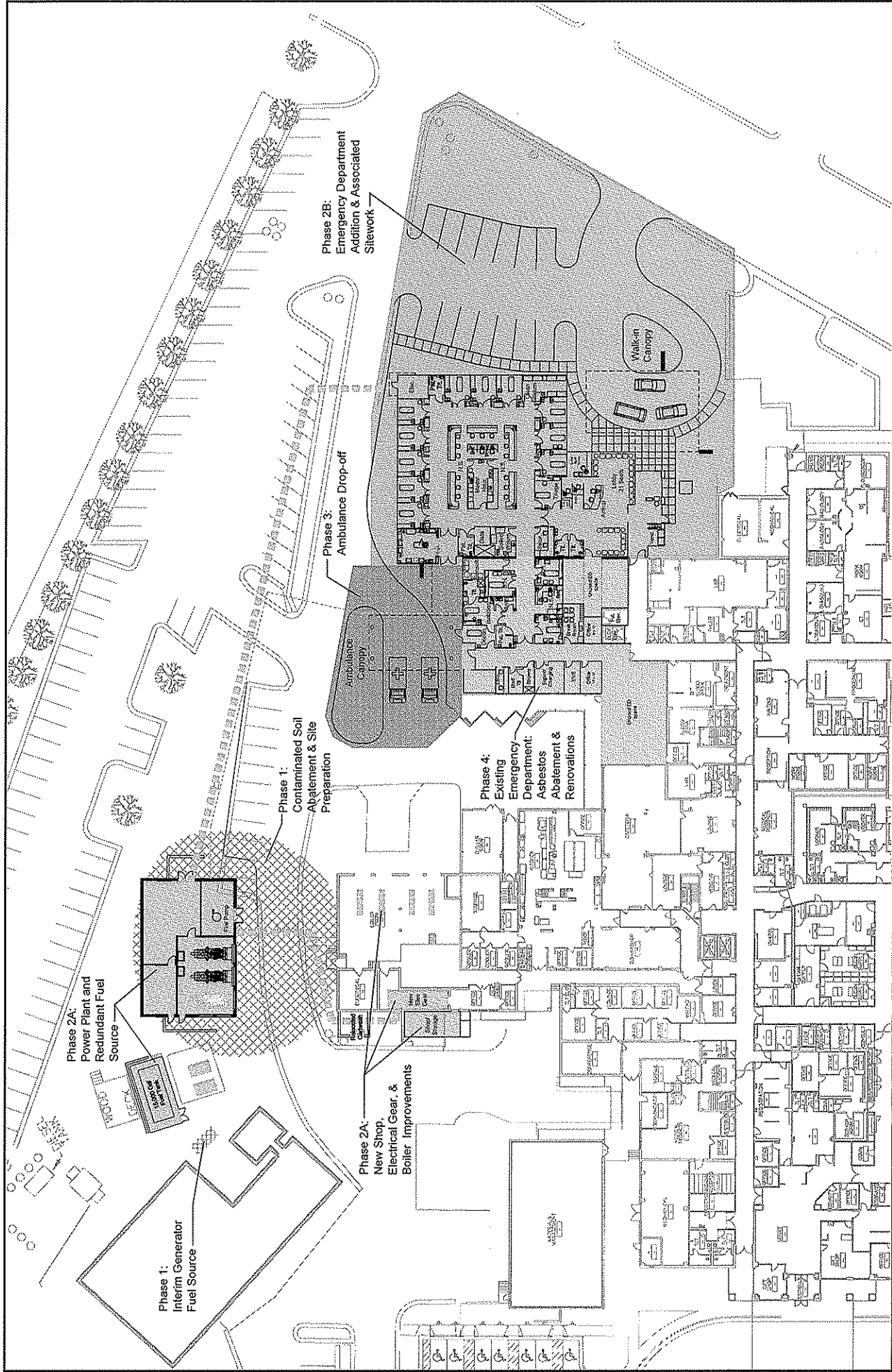
A handwritten signature in black ink, appearing to read "Jeffrey Shovelin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jeffrey Shovelin
Director of Corporate Planning
Vidant Health

CAPITAL COST SUMMARY - VBEA ED Addition / Renovation

Site Costs

(1) Full purchase price of land		\$	0
	Acres 0 Price per Acre \$ _____		
(2) Closing costs		\$	0
(3) Site Inspection and Survey		\$	0
(4) Legal fees and subsoil investigation		\$	0
(5) Site Preparation Costs [Include]			
	Soil Borings		
	Clearing and Grading		
	Roads and Parking		
	Sidewalks		
	Water and Sewer		
	Excavation and Backfill		
	Termite Treatment		
	Sub-Total Site Preparation Costs	\$	0
(6) Other (Specify)		\$	0
(7) Sub-Total Site Costs			\$ 0
Construction Contract			
(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	\$	4,675,190
(9) Cost of Labor		\$	7,012,789
(10) Other		\$	0
(11) Sub-Total Construction Contract			\$ 11,687,981
Miscellaneous Project Costs			
(12) Building Purchase		\$	0
(13) Fixed Equipment Purchase/Lease		\$	150,000
(14) Movable Equipment Purchase/Lease		\$	720,000
(15) Furniture		\$	30,000
(16) Landscaping		\$	0
(17) Consultant Fees			
	Architect and Engineering Fees	\$	1,318,460
	Legal Fees		
	Market Analysis		
	CON Preparation		
	Sub-Total Consultant Fees	\$	1,318,460
(18) Financing Costs (e.g. Bond, Loan, etc.)		\$	0
(19) Interest During Construction		\$	0
(20) Other (Specify)		\$	736,156
(21) Sub-Total Miscellaneous			\$ 2,954,616
(22) Total Project Capital Cost (Sum A-C above)			\$ 14,642,597



Emergency Department & Infrastructure

Vidant Beaufort Hospital

Phasing Plan

October 16, 2015

0 16 32 48 80 feet

