



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

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

July 25, 2014

W. Stan Taylor, Vice President, Corporate Planning
WakeMed
3000 New Bern Avenue
Raleigh NC 27610

Exempt from Review

Facility: WakeMed
Project Description: Renovate nursing unit 4B at WakeMed Raleigh Campus
County: Wake
FID #: 943528

Dear Mr. Taylor:

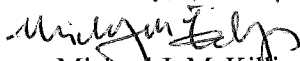
In response to your letter of July 16, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(g). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

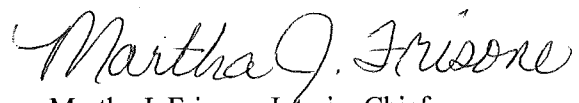
However, you need to contact the Construction and Acute and Home Care Licensure and Certification Sections of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed project.

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 Certificate of Need Section. 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,


Michael J. McKillip
Project Analyst


Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR
Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR

Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

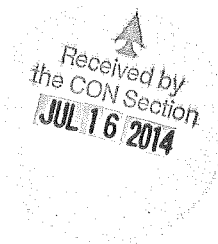
Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

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

An Equal Opportunity/ Affirmative Action Employer



July 16, 2014



Ms. Martha Frisone, Interim Chief
Mr. Michael McKillip, Project Analyst
Division of Health Service Regulation
Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Request for Exemption from Review to Renovate Nursing Unit 4B at WakeMed Raleigh Campus

Dear Ms. Frisone & Mr. McKillip:

This letter is to inform the CON Section of WakeMed's intent to renovate portions of the fourth floor at WakeMed Raleigh Campus, including labor delivery recovery (LDR) rooms, cesarean section rooms and antenatal beds. These facility improvements will allow WakeMed to provide enhanced quality of care that better meets the needs of its patients.

Proposed Project

The proposed renovations encompass portions of the "B" side of the fourth floor (Nursing Unit 4B) of the Raleigh Campus, which were constructed in the early 1980s, and have not been renovated, other than cosmetic improvements, since 1989. With the conversion of Unit 4C to Postpartum services in Project No. J-8445-09, Unit 4B is now designated for Labor & Delivery. The project will consist of renovations to three components of Labor & Delivery services, outlined below.

1. Labor Delivery Recovery (LDR) Rooms

WakeMed Raleigh Campus utilizes outdated LDR rooms which are small and uninviting, have dated furnishings and décor, and lack modern layouts. The proposed project will renovate and modernize these LDR rooms to contemporary standards. LDR capacity following renovations will remain at 15 beds.

2. Cesarean Section Rooms

WakeMed Raleigh's three C-section rooms are located adjacent to, but removed from the proximity of the Labor & Delivery area. The existing rooms, averaging 306 square feet each, are not optimally sized and do not meet the current American College of Obstetrics and Gynecology (ACOG) minimum recommendation of 400 square feet per room. The proposed

project will relocate all three C-section rooms to the interior core of Nursing Unit 4B, increasing their size to 440 square feet each and making them more readily available for emergency C-sections.

3. Antenatal Beds

Antenatal patients requiring inpatient care, whose health and the health of their babies are at risk of premature delivery, are currently integrated into the general population of mothers who have already delivered full-term healthy babies. Antenatal patients may be housed in inpatient beds for weeks or months, and are currently cared for where space permits. The proposed project would renovate part of Unit 4B to create eight specialized rooms grouped together to care for these patients. The patients can serve as a support group to one another, and the nurses and other staff can enhance specialized competencies to service this patient population.

The project will include replacement of medical gases, electrical and plumbing systems on Unit 4B. Please see Attachment 1 for line drawings showing the location of the proposed renovations and the respective project components.

No Change in Licensed Bed or C-Section Room Capacity

The renovations to Unit 4B will not increase the capacity of licensed beds at WakeMed Raleigh Campus, nor will it increase the number of C-section operating rooms. Rather, renovations will enhance the physical space and services that are currently being provided on this nursing unit.

Project Capital Cost

The estimated total cost of this project is \$10,633,286, which will be funded through accumulated reserves. Please see Attachment 2 for the Project Capital Cost worksheet and certified cost estimate.

Project's Conformance with CON Statute

Recent amendments to the CON Statute, passed in 2013 by the General Assembly in Session Law 2013-360, Section 12G.3(b) and Session Law 2013-363, Section 4.6, exempt from certificate of need review certain facility renovations costing over \$2 million. Specifically, G.S. 131E-184 was amended to add the following subsection:

(g) The Department shall exempt from certificate of need review any capital expenditure that exceeds the two million dollars (\$2,000,000) threshold set forth in G.S. 131E-176(16b), if all 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 that it meets the exemption criteria of this subsection.*

G.S. 131E-176 was also amended to add a new definition:

- (14n) *"Main campus" means all of the following for the 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.*

WakeMed believes this project meets each of the applicable criteria set forth in G.S.131E-176(14n). The proposed project involves the renovation of an existing health service facility located on the main campus of WakeMed Raleigh Campus, located at 3000 New Bern Avenue, Raleigh, NC 27610, which is the main building from which WakeMed provides clinical patient services and exercises financial and administrative control over WakeMed Raleigh. Further, pursuant to G.S. 131E-184(g), the proposed project consists of renovation only and does not involve a change in bed capacity or the addition of a health service facility or a new institutional health service. Therefore, WakeMed believes the project is exempt from certificate of need review. We are requesting a ruling from your office as to whether we may proceed with this project without a CON.

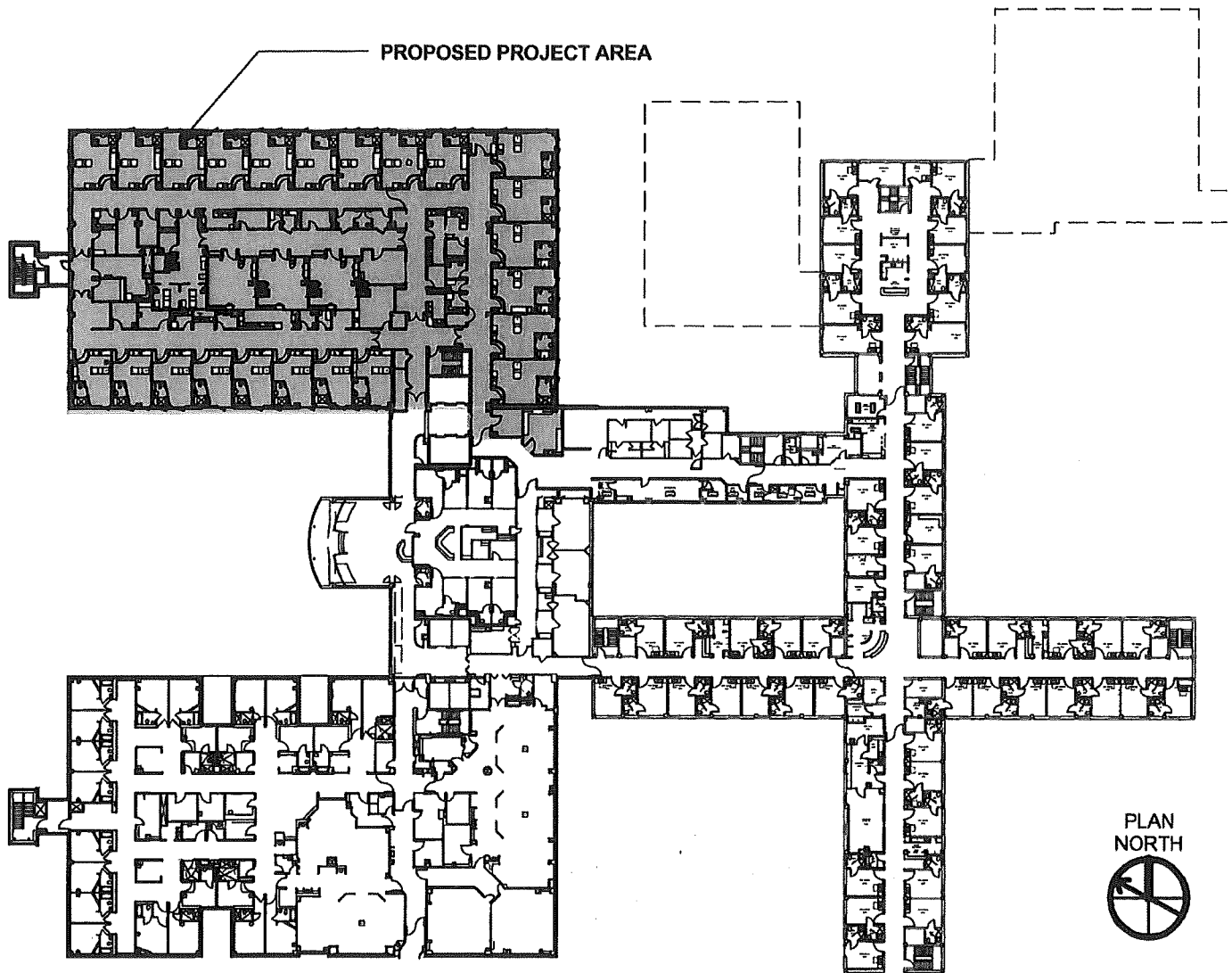
Thank you for your attention to this matter. If you have questions or require additional information, please contact Robbie Roberts at 919-350-8023.

Sincerely,



W. Stan Taylor
Vice President, Corporate Planning

Attachment 1
Project Line Drawings



PROPOSED PROJECT AREA

PLAN NORTH



WAKE MED RALEIGH
HOSPITAL
3000 New Bern Ave,
Raleigh, NC 27610

**PHASE II, 4B LABOR & DELIVERY/
C-SECTION UNIT REPLACEMENT**

07/14/14



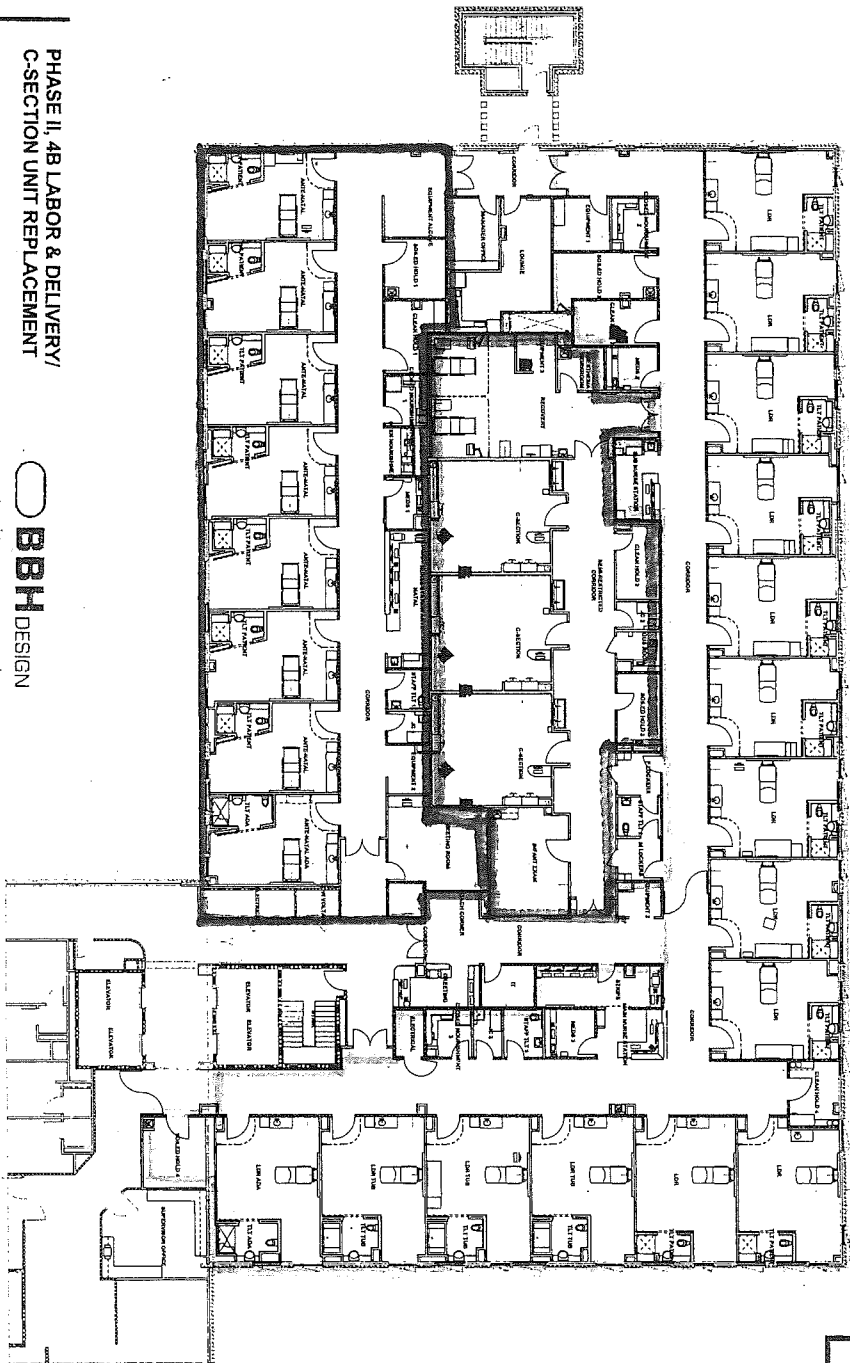
8019 BROWNLEIGH DRIVE, RALEIGH
NORTH CAROLINA 27709
TEL: 460.5700 FAX: 460.5723
www.bbhd.com

WakeMed
 WAKE MED RALEIGH
 HOSPITAL
 3000 New Bern Ave,
 Raleigh, NC 27610

PHASE II, 4B LABOR & DELIVERY/
 C-SECTION UNIT REPLACEMENT

BBH DESIGN

07/14/14



- LABOR/DELIVERY/RECOVERY
- ANTENATAL
- C-SECTION
- STAFF/SUPPORT

Attachment 2

Project Capital Cost and Certified Cost Estimate

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project Name: 4B Labor & Delivery/C-section Unit Replacement

Provider/Company: _____

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	_____	_____	\$0
(6) Other (Specify)	_____	_____	_____
(7) Sub- Total Site Costs	_____	_____	\$0

B. Construction Contract

(8) Cost of Materials	_____	_____	_____
General Requirements	_____	_____	_____
Concrete/Masonry	_____	_____	_____
Woods/Doors & Windows/Finishes	_____	_____	_____
Thermal & Moisture Protection	_____	_____	_____
Equipment/Specialty Items	_____	_____	_____
Mechanical/Electrical	_____	_____	_____
Other (Specify)	_____	_____	_____
Sub-Total Cost of Materials.....	_____	_____	\$3,006,673
(9) Cost of Labor.....	_____	_____	\$3,674,822
(10) Other...Contingency.....	_____	_____	\$334,075
(11) Sub- Total Construction Contract	_____	_____	\$7,015,570

C. Miscellaneous Project Costs

(12) Building Purchase.....	_____	_____	_____
(13) Fixed Equipment Purchase/Lease	_____	_____	\$2,237,900
(14) Movable Equipment Purchase/Lease	_____	_____	\$616,406
(15) Furniture	_____	_____	\$252,500
(16) Landscaping	_____	_____	\$0
(17) Consultant Fees	_____	_____	_____
Architect and Engineering Fees	\$495,910	_____	_____
Legal Fees.....	\$15,000	_____	_____
Market Analysis.....	\$0	_____	_____
Other (Specify).....	_____	_____	_____
Other (Specify).....	_____	_____	_____
Sub- Total Consultant Fees	_____	_____	\$510,910
(18) Financing Costs (e.g. Bond, Loan, etc.).	_____	_____	_____
(19) Interest During Construction.	_____	_____	_____
(20) Other (Specify)	_____	_____	_____
(21) Sub- Total Miscellaneous..	_____	_____	\$3,617,716
(22) Total Capital Cost of Project (Sum A-C above)	_____	_____	\$10,633,286

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

Signature of Office Authorized to Represent Provider/Company)

(Title of Officer)



July 14, 2014

WakeMed, Raleigh Hospital
Phase II, 4B Labor & Delivery/C-Section Unit Replacement
Project No. P1402.00

8208 Brownleigh Drive
Suite 200
Raleigh
North Carolina 27617

T 919 460 8700
F 919 460 8733
www.bbh-design.com

Cost Certification

This is to certify that I have reviewed the Construction Costs for the referenced project. Based on my review and comparison of this project with similar projects, I believe the costs indicated are a reasonable estimate of the costs to be expected on a project of the scope defined. The *Anticipated Construction Cost* of \$7,015,570 combined with the associated *Soft Costs* of \$3,617,716 creates a **Total Project Budget for the Phase II, 4B Labor & Delivery/C-Section Unit Replacement of \$10,633,286.**

BBH Design, PA is willing to develop the drawings for this project under Contract with WakeMed.

BBH-Design, PA.

Richard Beale, AIA, ACHA
Managing Principal

____ July 14, 2014 _____
Date

