



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

June 24, 2014

Brad Marino
Fellowship Hall, Inc.
P.O. Box 13890
Greensboro, NC 27415

No Review

Facility or Business: Fellowship Hall Men's Residence
Project Description: Build two new supervised living lodges to be licensed as 10A NCAC 27G .5600E, to replace the existing licensed 18-bed men's lodge with a new 24-bed men's lodge and add a new 16-bed women's lodge, for a total of 40 .5600E licensed supervised living beds
County: Guilford
FID #: 140175

Dear Mr. Marino:

The Certificate of Need Section (CON Section) received your letter of June 10, 2014 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.

Moreover, you need to contact the Construction Section and the Mental Health Licensure and Certification Section 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



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

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Brad Marino
June 24, 2014
Page 2

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.

Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



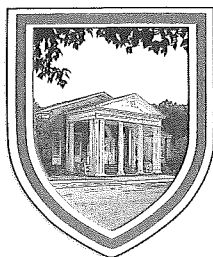
Celia C. Inman, Project Analyst



Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Mental Health Licensure and Certification Section, DHSR
Medical Facilities Planning Branch, DHSR

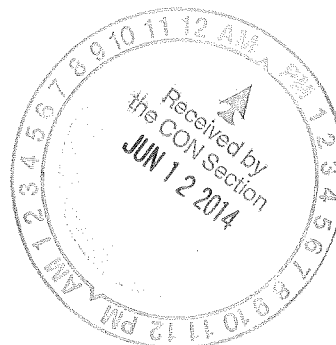
HAND DELIVERED



Fellowship Hall

June 10, 2014

Ms. Martha Frisone
Interim Chief, Chief, Certificate of Need Section
Celia Inman, CON Analyst
Department of Facility Services
2714 Mail Service Center
Raleigh, North Carolina 27699-2714



RE: Request for Exemption for Construction of 40 Supervised Living Beds to be Licensed under 10A NCAC 27G.5600E, Fellowship Hall, Guilford County

Dear Ms. Frisone and Ms. Inman:

Fellowship Hall, Inc. has held a Substance Abuse Specialty Hospital license since 1971. The hospital offers a continuum of treatment alternatives that include medical detoxification (detox) and inpatient treatment as well as outpatient services. The 60-bed hospital, which is licensed by the DHSR Acute Care Licensure Division under 10A NCAC 27G .6000 Inpatient Hospital Treatment for Individuals who have Mental Illness or Substance Abuse Disorders, is only one of many substance abuse treatment programs on the Fellowship Hall campus in Greensboro, North Carolina. The campus also includes three lodges, Zander's Place, Zanders Place II and Hazel's House. Each lodge is licensed by NC Division of Health Service Regulation, Mental Health Licensure and Certification Section as Supervised Living for Individuals with Substance Abuse Dependency, under 10A NCAC 27G .5600E, These three lodges have a combined total of 18 licensed beds. The beds licensed under 10A NCAC 27G .5600E are not subject to Certificate of Need review.

Current treatment guidelines policies highly encourage more active treatment in residential settings. For this reason, Fellowship Hall plans to build two new lodges with a larger capacity for more patients and more space for supportive services. Phase 1 of this project will include 24 licensed beds for male patients. Construction will start on this lodge in the summer of 2014. Phase 2 includes a second lodge with 16 beds for female patients. The two lodges are configured to match current experience with the proportion of male and female beds. Both will be licensed under 10A NCAC 27G .5600E. Total capital costs for this project will be \$4.7 million Phase 1 is scheduled for completion on July 1, 2015. Phase 2 construction will begin on June 1, 2015 and complete on April 1, 2016.

These 40 new beds will replace and expand capacity of the 18 licensed "lodge" beds mentioned above. The new lodges will have space for offices, library, group meetings and

dining, which are not available in the lodges today. At completion of the project, the three existing lodges will be converted to halfway houses and visitor accommodations. They will no longer be included in Fellowship Hall's licensed treatment or supervised living bed capacity. At completion, Fellowship Hall will increase its licensed Supervised Living beds from 18 to 40 and Fellowship Hall campus will have 60 beds licensed under 10A NCAC 27G .6000, 40 beds licensed under 10A NCAC 27G .5600E, 18 unlicensed visitor rooms and another 6 rooms in an unlicensed halfway house.

After conferring with staff of the CON Section and the Division of Mental Health, we believe that the proposed construction does not meet the Certificate Need definition of "Chemical Dependency Treatment Facility" in 131E-176 (5a) or "Chemical Dependency Treatment Bed" in 131E-176 (5b).

Fellowship Hall will fund these projects using existing accumulated reserves and a capital campaign. For information purposes, we have attached to this letter, another letter demonstrating the availability of the capital and corporate willingness to commit funds to this project, along with a capital cost budget and a letter certifying the capital costs. Planning has begun and preliminary drawings are also attached.

Because Supervised Living Beds licensed under 10A NCAC 27G .5600E are not subject to Certificate of Need requirements, Fellowship Hall believes the capital expenditure meets the requirements for an Exemption under NCGS 131E-184(a) (6) "To provide any nonhealth facility or service." We are providing prior notice and requesting your concurrence that the project meets the qualifications for Exemption from Review.

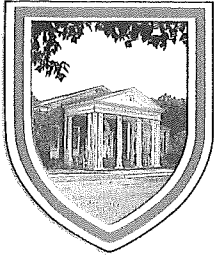
Thank you for your prompt attention. Fellowship Hall would like to move quickly with this expansion project.

Sincerely,



Brad Marino, MPH, FACHE
President & Chief Executive Officer
Fellowship Hall, Inc.

Attachments: Exhibit A- Availability of Funding
Exhibit B- Existing/Proposed Site Plan
Exhibit C- Proposed Total Capital Cost of Project
Exhibit D- Certified Cost Estimate



Fellowship Hall

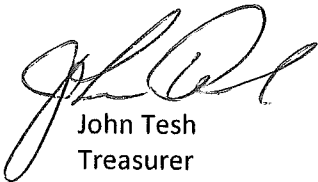
May 26, 2014

Re: Substance Abuse Certificate of Need Application

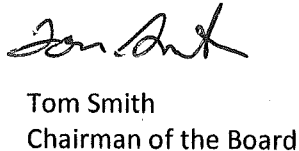
To whom it may concern,

This letter is to serve as documentation and support of the funding of Fellowship Hall's expansion project. The governing board and management of Fellowship Hall have approved the construction of 2 facilities with an addition of 40 additional beds. The estimated cost of this expansion is \$4.8 million dollars. Although the board, management and staff of Fellowship Hall are planning a capital campaign to raise a portion of the fund needed, Fellowship Hall has sufficient reserves to support the facilities being built in the timeframe we desire. Fellowship Hall currently has \$5.3 million dollars available to fund this expansion, from the board designated Capital Fund (\$1,114,854) and the A.W. McAlister Jr. Endowment Fund (\$4,259,502). These funds are currently held in our investment portfolio at Wells Fargo. Please find attached the April 30, 2014 Wells Fargo statement.

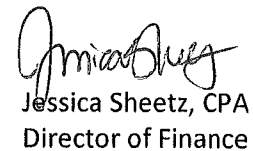
Thank you,



John Tesh
Treasurer



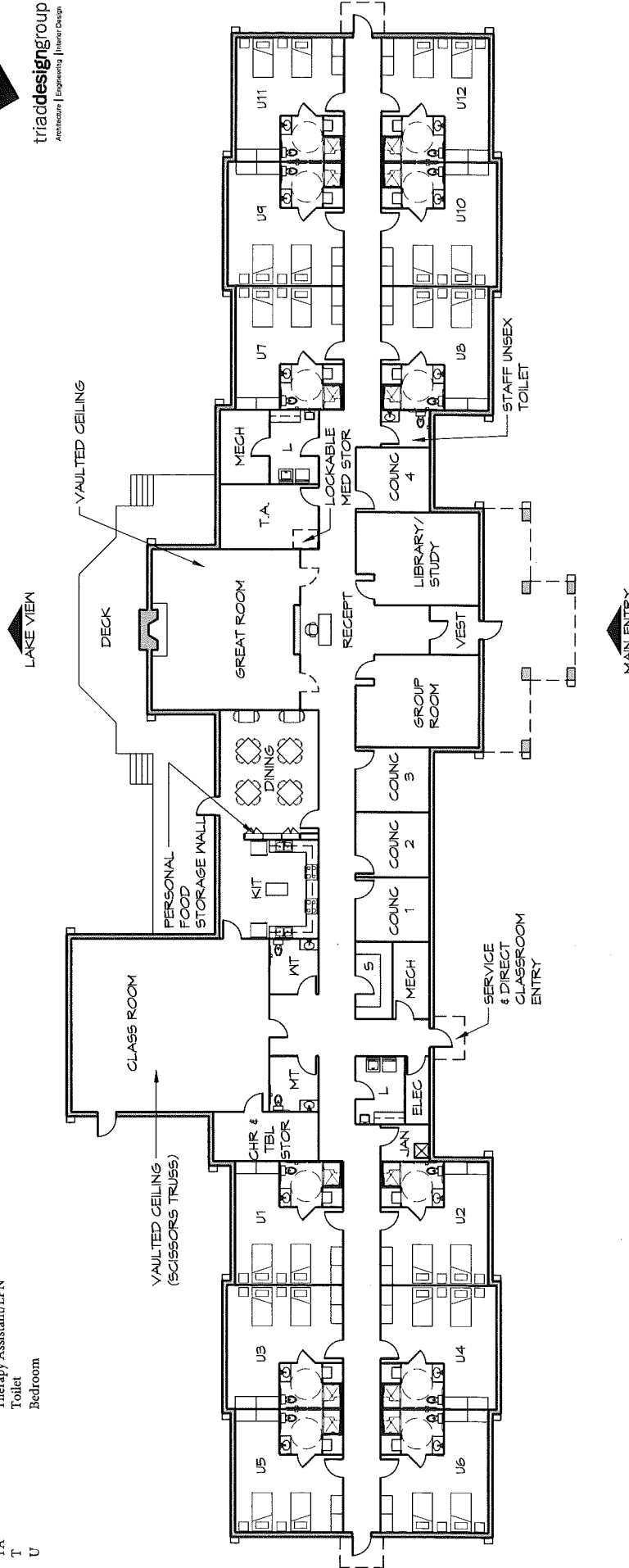
Tom Smith
Chairman of the Board



Jessica Sheetz, CPA
Director of Finance

Exhibit B

- Legend**
- Counc
 - Jan
 - L/Indry
 - T.A
 - T
 - U
- Counselor
- Janitor
 - Laundry
 - Therapy Assistant/LPN
 - Toilet
 - Bedroom



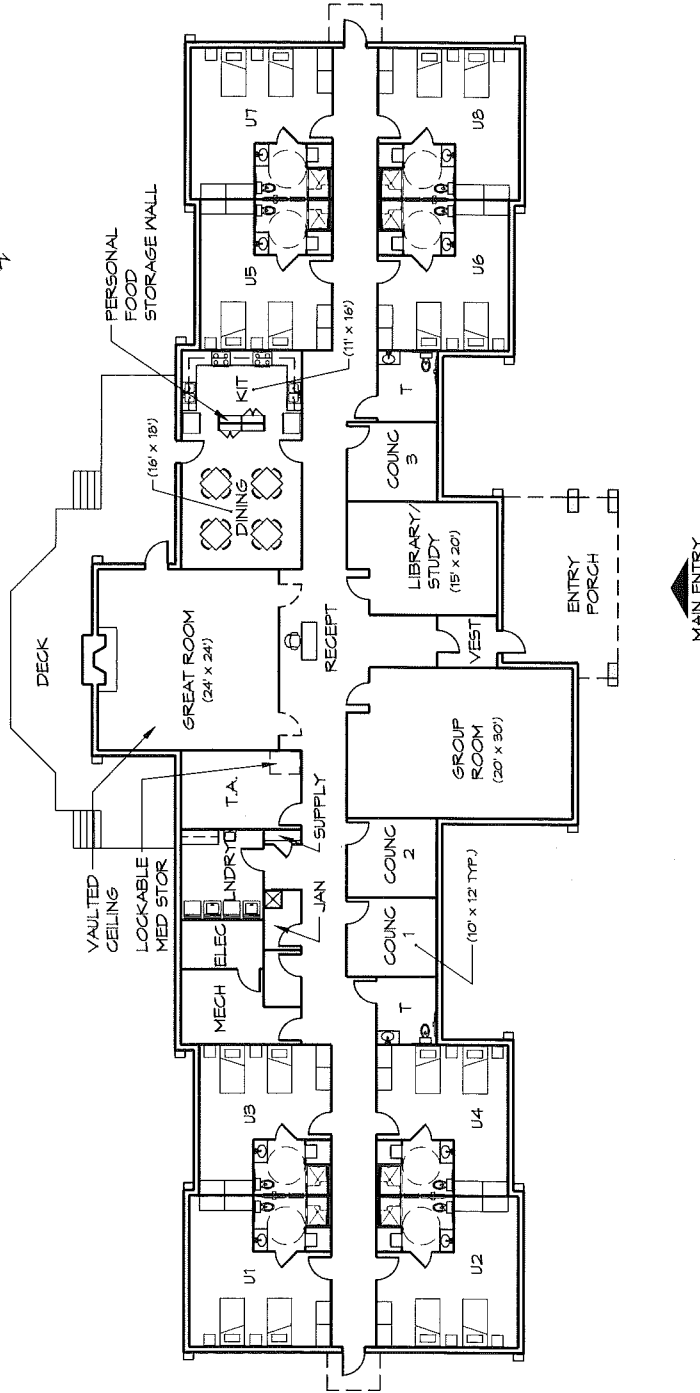
SCHEMATIC FLOOR PLAN - D
SCALE: 1/16"=1'-0"
10,490 GSF

Fellowship Hall
Greensboro, NC

3.10.2014

Counselor
 Janitor
 Laundry
 Therapy Assistant/LPN
 Toilet
 Bedroom

Legend
 Counc
 Jan
 L/Landry
 TA
 T
 U



Fellowship Hall

Women's Extended Stay

Greensboro, NC

3-28-2014

SCHEMATIC FLOOR PLAN - B
 SCALE: 1/16"=1'-0"
 T, TOS & SF

EXHIBIT C**PROPOSED CAPITAL COSTS**

Project name: 40 Bed Expansion, 10A NCAC 27G .5600, (5) "E" designation means a facility which serves adults whose primary diagnosis is substance abuse dependency

Proponent: Fellowship Hall, Inc., Greensboro, Guilford County

<u>A. Site Costs</u>	
(1) Full purchase price of land _____ Acres at \$_____ per acre	N/A
(2) Closing costs	N/A
(3) Site inspection and survey	Included in construction contract
(4) Legal fees/subsoil investigation	N/A
(5) Site preparation costs Soil borings Clearing-earthwork Fine grade for slab Roads-paving-sidewalks Water and sewer Footings Termite treatment Other (specify) Sub-total site preparation costs	\$630,468
(6) Other (Demolition)	N/A
(7) Sub-Total Site Costs	\$630,468
<u>B. Construction Contract</u>	
(8) Cost of materials General requirements Concrete/masonry Woods/doors/windows finishes Thermal & moisture protection Equipment and specialty items Mechanical/electrical/plumbing Other: (Specify)Survey, landscaping Sub-total materials and labor	\$3,358,795
(9) Other (Escalation and cost 33%)	N/A
Sub-Total Construction Contract	\$3,358,785

C. Miscellaneous Project Costs	
(10) Building purchase	N/A
(11) Fixed equipment purchase/lease	Included in construction contract
(12) Movable equipment purchase/lease	\$330,000
(13) Furniture	Included in moveable equipment
(14) Landscaping	Included in construction contract
(15) Consultant fees: Architect and engineering Certificate of need prep Legal fees Market analysis Other (Specify) DHSR Filing Fee, DHSR Construction Review Sub-Total Consultant Fees	 \$65,000 \$17,500 \$82,500
(16) Financing costs (e.g. bond, loan, etc.)	N/A
(17) Interest during construction	N/A
(18) Other (Contingency)	\$220,088
(19) Sub-Total Miscellaneous	\$632,588
(20) TOTAL CAPITAL COST OF PROJECT	\$4,621,851

Construction, Site preparation, Architect's fees, Survey fees, Fixed Equipment and Landscaping are all included in the construction contract. These costs were estimated by the contractor and included in the certified capital costs estimate in Exhibit

Section (12) Moveable equipment and furniture was estimated at \$8,250 per bed. This is based on recent Fellowship Hall experience.

Section (15) Consultant Fees includes Consultant fees for CON preparation, Certificate of Need filing fees and the DHSR Construction review fees.

Section (18) Other includes a five percent project allowance to cover unforeseen on unknown costs in implementing the project.

The projected construction costs are based on the experience of the contractor and the architect, schematic documents completed for the new facilities at Fellowship Hall and a review of actual



A CHRISTMAN COMPANY

Exhibit D

June 16, 2014

Martha Frisone, Interim Chief CON Section
NC Division of Health Service Regulation
Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

RE: Willingness to serve as Contractor, Fellowship Hall, Inc.

Dear Ms. Frisone:

This letter documents the willingness of Rentenbach Constructors Incorporated to provide construction services to Fellowship Hall, Inc. We have reviewed the preliminary / schematic drawings for the proposed project at their existing campus. We will build two new guest lodges at the existing Fellowship Hall campus in Greensboro, Guilford County, NC. These two lodges will accommodate 40 beds; 24 male beds in Lodge 1 and 16 female beds in Lodge 2.

The proposed design conforms North Carolina DHHS Rules For Mental Health, Developmental Disabilities, And Substance Abuse Facilities And Services 10A NCAC 27G Section .0300, Physical Plant. The construction will also be in compliance with all other local, state and federal requirements relevant to this type of facility.

I hereby certify that the total budget cost for the men's facility should be \$2,266,966.00, and that the total budget cost for the women's facility should be \$1,722,297.00 for a combined total of \$3,989,263.00. These budgets are based on the attached schematic drawings.

We are excited about this project and look forward to working with Fellowship Hall. Please do not hesitate to contact us if you have any questions about this project.

Thank you for your time and attention.

Sincerely,

Neil Westmoreland
Project Manager