



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

March 5, 2014

Elizabeth Kirkman
Assistant Vice President, CHS Management Company
2709 Water Ridge Parkway, Suite 200
Charlotte, NC 28217

Exempt from Review

Facility: Carolinas Medical Center-Mercy
Project Description: Renovate for basic plant improvements an existing unit located on the seventh floor of the medical center
County: Mecklenburg
FID#: 923352

Dear Ms. Kirkman:

In response to your letter of January 28, 2014, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(4). Therefore, you may proceed to develop the above referenced project without a certificate of need.

However, you need to contact the Construction and Acute and Home Care 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 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,
Fatimah Wilson
Fatimah Wilson
Project Analyst

Martha J. Frisone
Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: 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

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Carolinan HealthCare System

Falvat

Received by
the CON Section
JAN 31 2014

Edward J. Brown III
Chairman

Michael C. Tarwater, FACHE
Chief Executive Officer

Joseph G. Piemont
President & COO

January 28, 2014

Ms. Martha Frisone, Interim Chief
Ms. Fatimah Wilson, Project Analyst
Certificate of Need Section
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, NC 27603-2025

RE: Exemption from Review Notification for Renovation/Basic Plant Improvements at
The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center-
Mercy

Dear Ms. Frisone and Ms. Wilson:

The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center-Mercy (CMC-Mercy) intends to renovate an existing unit located on the seventh floor of the medical center. As discussed in detail below, the renovation is required to allow for basic plant improvements including abatement, plumbing, and mechanical updates that must be done regardless of any Certificate of Need (CON) project, pending or future. The purpose of this letter is to notify the North Carolina Department of Health and Human Services, Division of Health Service Regulation, CON Section (the Agency) of this exempt renovation under the CON law's exemption provisions set forth under N.C. GEN. STAT. § 131E-184, and to request the Agency's confirmation of this project's exempt status.

The unit CMC-Mercy intends to renovate, 7 North, is utilized as an orthopedic unit and currently houses 26 medical/surgical beds. The unit, which occupies 14,028 square feet of space on the seventh floor of the medical center, was constructed approximately 50 years

ago and has not undergone any significant renovation since that time. The planned renovation will not impact the configuration of the existing unit or result in any changes in bed capacity. Therefore, the existing line drawings provided in Attachment 1 also serve as the proposed line drawings. Upon completion of the renovations, detailed below, the unit will continue to occupy 14,028 square feet of space on the seventh floor of the medical center and house 26 medical/surgical beds utilized as an orthopedic unit. Further, the project does not involve the construction, development, or other establishment of a new health service facility; the purchase or transfer of any major medical equipment or any *per se* reviewable equipment as defined under N.C. GEN. STAT. §§ 131E-176(14o) and (16)(fl); or the offering of any *per se* reviewable services.

The renovation will consist of the following basic plant improvements:

- (1) Abatement: The renovation involves mold and asbestos abatement. These renovations are necessary given the age of the existing unit and will also allow the medical center to remediate and eliminate any potential hazards on the unit.
- (2) Plumbing: The renovation involves replacing outdated pipes, sinks, showers, and toilets. These replacements are necessary given the age of the existing pipes and will also allow the medical center to upgrade any impacted plumbing fixtures to conserve water and reduce domestic water usage.
- (3) Mechanical System: The renovation involves upgrading the existing mechanical infrastructure, which has reached the end of its useful life. This upgrade is needed to improve the reliability of the mechanical system and its ability to provide adequate heating, cooling, water, sewer, and irrigation for the unit at all times as well as to bring the mechanical system in line with current high-efficiency particulate absorption (HEPA) requirements.

The total capital budget for the renovation project, detailed above, is estimated to be \$2,446,900. Please see Attachment 2 for a copy of the estimated capital budget, which has been signed by the project architect. Please note that the fixed equipment line item in Attachment 2 does not include any new medical equipment. Rather, the fixed equipment line item includes information systems (IS) and security equipment.

This project is required to provide basic plant improvements necessary to support the existing services at CMC-Mercy. Therefore, we believe that the project is exempt from Certificate of Need review under N.C. GEN. STAT. § 131E-184(a). In particular, under subpart (4), the General Assembly has chosen to exempt the following, otherwise reviewable, events from CON review:

- (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.

See N.C. GEN. STAT. § 131E-184(a)(4). CMC-Mercy's renovation project falls within the scope of subpart (4) because it is to provide basic plant improvements, which are not related to a project that involves the construction of a new health service facility that is subject to CON review.

Moreover, under subpart (3), the General Assembly has chosen to exempt the following, otherwise reviewable, events from CON review:

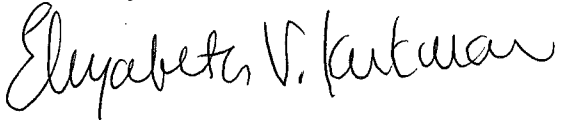
- (3) To provide data processing equipment.

See N.C. GEN. STAT. § 131E-184(a)(3). CMC-Mercy's renovation project falls within the scope of subpart (3) because it includes the acquisition and installation of upgrades to IS and security.

Based on the foregoing information, we respectfully request that the Agency confirm that the renovation described herein is exempt from Certificate of Need review under N.C. GEN. STAT. § 131E-184(a).

Thank you for your attention to this matter. If you have any questions or require any additional information to consider this request, please do not hesitate to contact me at (704)446-8475.

Sincerely,






Elizabeth V. Kirkman
Assistant Vice President
CHS Management Company

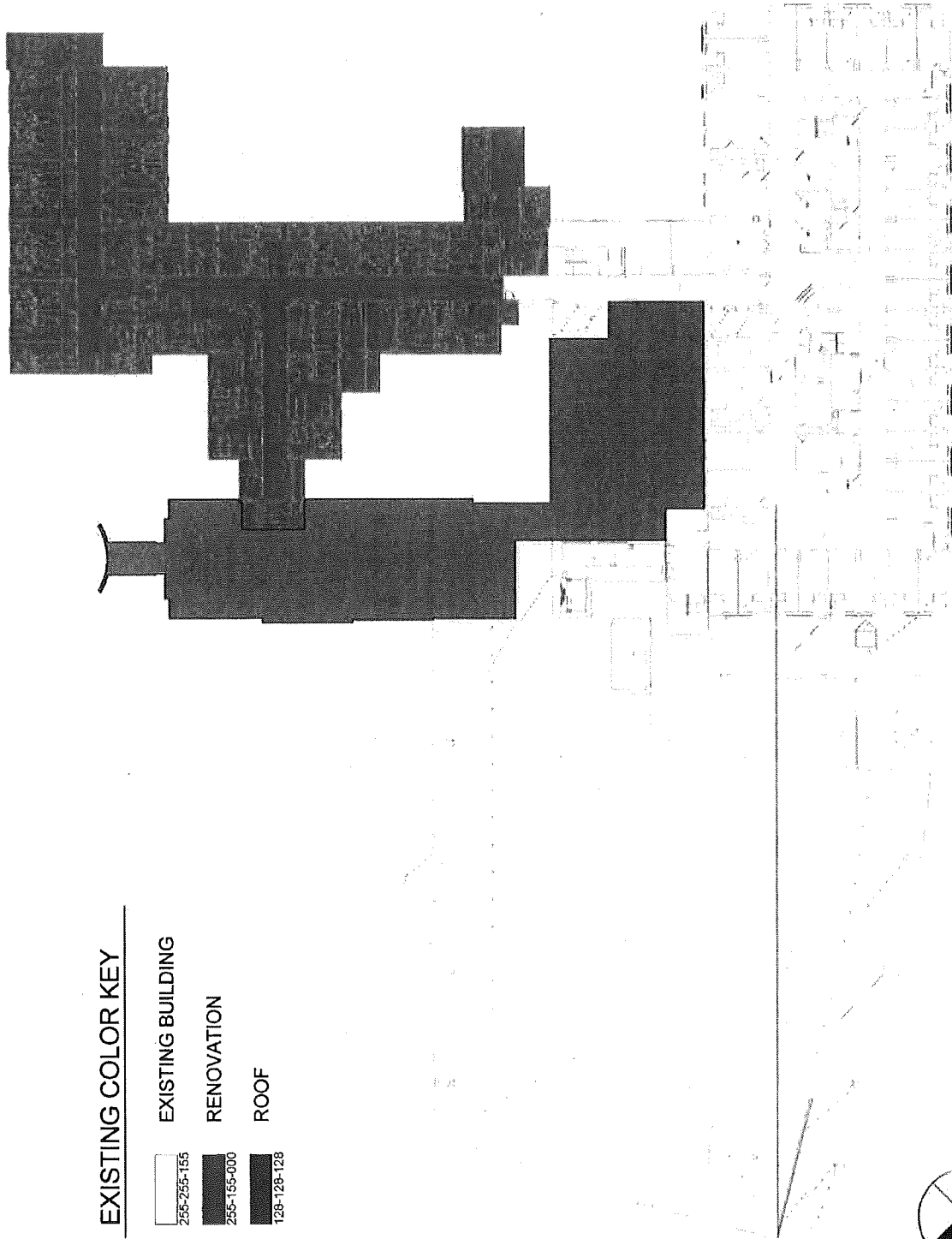
Attachments

CC: Scott Jones, FACHE
Vice President, Facility Executive
Carolinas Medical Center-Mercy

Attachment 1

EXISTING COLOR KEY

-  EXISTING BUILDING
255-255-155
-  RENOVATION
255-155-000
-  ROOF
128-128-128



SCALE



7 NORTH - OVERALL EXISTING/PROPOSED FLOOR PLAN **7 NORTH RENOVATION**

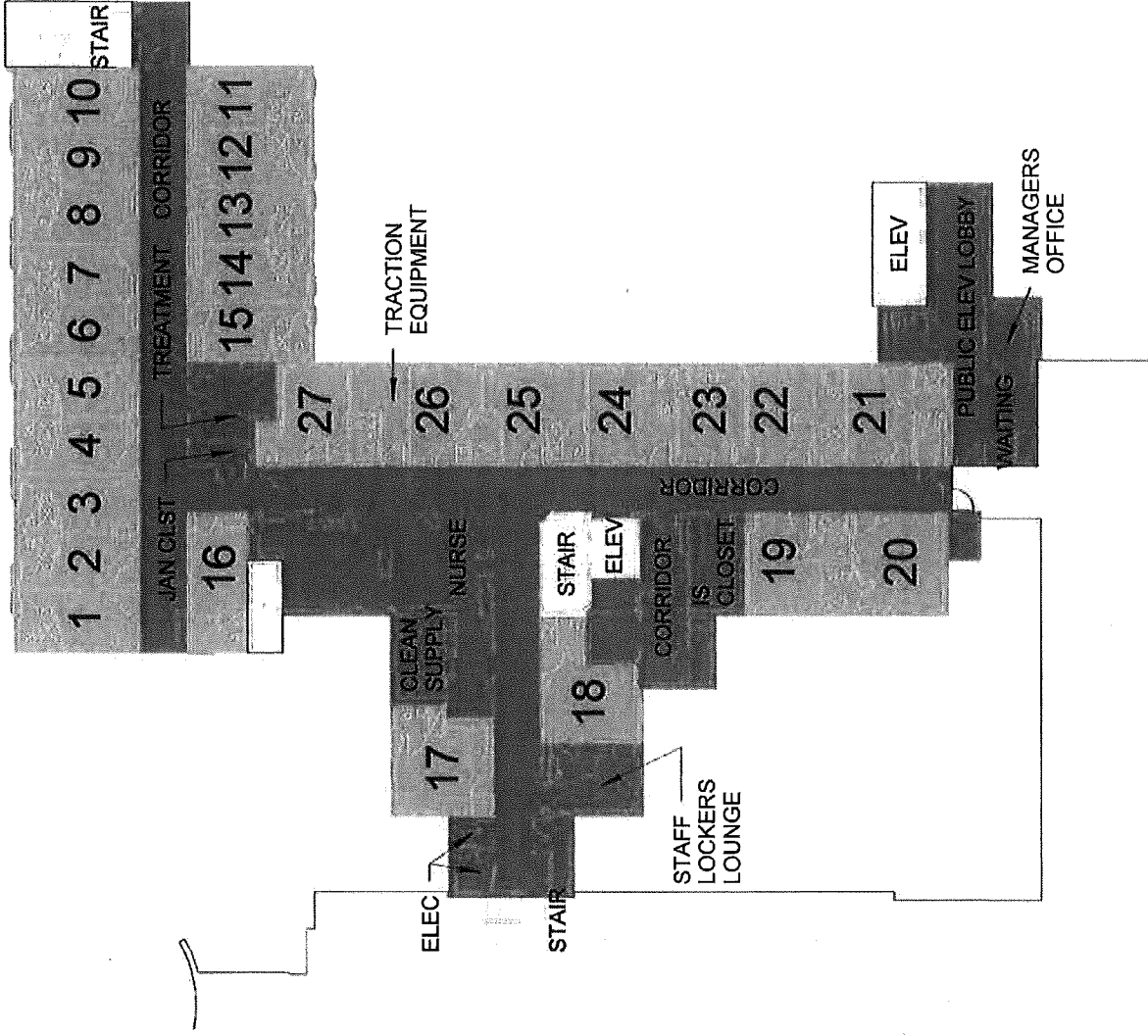
Carolinas HealthCare System January 24, 2014

CMC MERCY



COLOR KEY

- 155-205-255
 LICENSED BED
- 265-255-155
 EXISTING BUILDING
- 265-155-000
 RENOVATION



7 NORTH - EXISTING/PROPOSED FLOOR PLAN

7 NORTH RENOVATION

Carolinas HealthCare System January 24, 2014

CMC MERCY



Attachment 2

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project name: CMC Mercy 7 North Renovation

Provider/Company: Wright McGraw Beyer Architects

A. Site Costs

(1) Full purchase price of land			<u>N/A</u>
Acres _____	Price per Acre	\$ <u>N/A</u>	
(2) Closing costs			<u>N/A</u>
(3) Site Inspection and Survey			<u>N/A</u>
(4) Legal fees and subsoil investigation			<u>N/A</u>
(5) Site Preparation Costs			
Soil Borings		<u>N/A</u>	
Clearing-Earthwork		<u>N/A</u>	
Fine Grade for Slab		<u>N/A</u>	
Roads-Paving		<u>N/A</u>	
Concrete Sidewalks		<u>N/A</u>	
Water and Sewer		<u>N/A</u>	
Footing Excavation		<u>N/A</u>	
Footing Backfill		<u>N/A</u>	
Termite Treatment		<u>N/A</u>	
Other (Specify)		<u>N/A</u>	
Sub-Total Site Preparation Costs			<u>N/A</u>
(6) Other (Specify)			<u>N/A</u>
(7) Sub-Total Site Costs			<u>\$0.00</u>

B. Construction Contract

(8) Cost of Materials			
General Requirements		<u>Incl. in B (11)</u>	
Concrete/Masonry		<u>Incl. in B (11)</u>	
Woods/Doors & Windows/Finishes		<u>Incl. in B (11)</u>	
Thermal & Moisture Protection		<u>Incl. in B (11)</u>	
Equipment/Specialty Items		<u>Incl. in B (11)</u>	
Mechanical/Electrical		<u>Incl. in B (11)</u>	
Other (Specify)		<u>Incl. in B (11)</u>	
Sub-total Cost of Materials			<u>Incl. in B (11)</u>
(9) Cost of Labor			<u>Incl. in B (11)</u>
(10) Other (Specify)			<u>Incl. in B (11)</u>
(11) Sub-Total Construction Contract			<u>\$1,440,290</u>

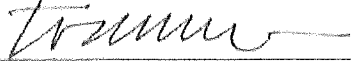
C. Miscellaneous Project Costs

(12) Building Purchase			<u>N/A</u>
(13) Fixed Equipment Purchase/Lease			<u>\$155,480</u>
(14) Movable Equipment Purchase/Lease			<u>\$50,000</u>
(15) Furniture			<u>\$261,107</u>
(16) Landscaping			<u>N/A</u>
(17) Consultant Fees			
Architect/Interior/Engineering Fees		<u>\$128,250</u>	
Legal Fees		<u>N/A</u>	
Market Analysis		<u>N/A</u>	
Other (Admin)		<u>\$105,000</u>	
Other (Abatement)		<u>\$65,000</u>	
Sub-Total Consultant Fees			<u>\$298,250</u>
(18) Financing Costs (e.g., Bond, Loan, etc.)			<u>N/A</u>
(19) Interest During Construction			<u>N/A</u>
(20) Other (10% Contingency)			<u>\$241,773</u>
(21) Sub-Total Miscellaneous			<u>\$1,006,610</u>
(22) Total Capital Cost of Project (Sum A-C above)			<u><u>\$2,446,900</u></u>

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project Name: CMC Mercy 7 North Renovation
Provider/Company: Wright McGraw Beyer Architects

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



(Signature of Licensed Architect or Engineer)

