October 3, 2018

Terri Harris
Terri.harris@smithmoorelaw.com

No Review
Record #: 2727
Facility Name: Addiction Recovery Care Association
FID #: 921416
Business Name: Addiction Recovery Care Association, Inc.
Business #: 36
Project Description: Renovate building located at 5755 Shattalon Drive, Winston-Salem for relocated ARCA services, excluding 36,27G, .3400 substance use disorder beds
County: Forsyth

Dear Ms. Harris:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of October 1, 2018 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.

However, you need to contact the Agency’s Construction and Mental Health 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 in your correspondence. 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 this office. 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.
Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,

Celia C. Inman                     Martha J. Frisone
Project Analyst                   Chief
                                   Healthcare Planning and Certificate of Need Section

cc: Construction Section, DHSR
    Mental Health Licensure and Certification Section, DHSR
    Melinda Boyette, Administrative Assistant, Healthcare Planning, DHSR
October 1, 2018

VIA E-MAIL AND U.S. MAIL

Martha Frisone, Chief
Celia Inman, Project Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, North Carolina 27699-2704

Re: Amended No Review Request regarding Relocation of Addiction Recovery Care Association, Inc. to 5755 Shattalon Drive, Winston-Salem, Forsyth County

Dear Martha and Celia:

This letter amends and replaces my September 13, 2018 no review request on behalf of Addiction Recovery Care Association, Inc. (“ARCA”) requesting confirmation that the relocation of its existing substance use disorder treatment facility in Forsyth County to a new location in Forsyth County is not subject to certificate of need (“CON”) review.

ARCA is currently located at 1931 Union Cross Road in Winston-Salem and operates under license number MHL-034-004. It operates 36 substance use disorder treatment beds, 12 non-hospital medical detox beds, and other treatment services including outpatient substance use disorder treatment services. ARCA plans to lease from Forsyth County a building that was formerly used as a nursing home (Springwood) at 5755 Shattalon Drive in Winston-Salem, Forsyth County. ARCA plans to enter into an operating lease with Forsyth County for an initial lease term of 10 years beginning after the completion of basic plant and mechanical repair work.

ARCA plans to update and renovate the building and to relocate its existing facility, beds, services, and operations to the new location. The 36 substance use disorder treatment beds are not included in this request, and a CON application will be filed to seek approval to relocate those beds. The total capital expenditure for the renovation and relocation, excluding the 36 substance use disorder treatment beds, is estimated to be less than $2 million. To document the capital expenditure, we have attached as Exhibit A a certified cost estimate showing the estimated cost of all studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort, consulting and other services, essential to relocating and making the space operational for the beds and services that do not require CON approval to relocate.
The relocation of ARCA’s existing facility and services, excluding the 36 substance use disorder treatment beds, is not a new institutional health service under N.C.G.S. § 131E-176 and therefore is not subject to CON review for the following reasons:

1. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(a) because ARCA is an existing health service facility.

2. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(b) because ARCA’s total capital expenditure for the relocation will not exceed $2 million.

3. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(c) because there will not be a change in bed capacity.

4. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(e) because it does not constitute a change in a project that was subject to certificate of need review.

5. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(p) because ARCA does not propose to acquire any major medical equipment as part of the relocation.

6. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(q) because it is relocating in the same service area.

Based on the information submitted, please confirm in writing that ARCA’s relocation of its existing facility, excluding the 36 substance use disorder treatment beds, to a new location on Shattalon Drive in Winston-Salem and related renovations are not subject to CON review. If you have any questions regarding this request, please let me know. ARCA is excited about this opportunity and looks forward to receiving your response as soon as possible.
With kindest regards, I am

Very truly yours,

SMITH MOORE LEATHERWOOD LLP

[Signature]

Terrill Johnson Harris

TJH/mp
Enclosure
**PROPOSED CAPITAL COSTS (ARCA)**

**Project Name:** Relocation to 5755 Shattalon Drive, Winston-Salem

**PropONENT:** Addiction Recovery Care Association, Inc.

### A. Site Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full purchase price of land</td>
<td>$</td>
</tr>
<tr>
<td>Acres _______ Price per Acre</td>
<td>$</td>
</tr>
<tr>
<td>Closing costs</td>
<td>$</td>
</tr>
<tr>
<td>Site Inspection and Survey</td>
<td>$</td>
</tr>
<tr>
<td>Legal fees and subsoil investigation</td>
<td>$</td>
</tr>
<tr>
<td>Site Preparation Costs</td>
<td>$</td>
</tr>
<tr>
<td>Soil Borings</td>
<td>$</td>
</tr>
<tr>
<td>Clearing-Earthwork</td>
<td>$</td>
</tr>
<tr>
<td>Fine Grade For Slab</td>
<td>$</td>
</tr>
<tr>
<td>Roads-Paving</td>
<td>$</td>
</tr>
<tr>
<td>Concrete Sidewalks</td>
<td>$</td>
</tr>
<tr>
<td>Water and Sewer</td>
<td>$</td>
</tr>
<tr>
<td>Footing Excavation</td>
<td>$</td>
</tr>
<tr>
<td>Footing Backfill</td>
<td>$</td>
</tr>
<tr>
<td>Termite Treatment</td>
<td>$</td>
</tr>
<tr>
<td>Other (Specify)</td>
<td>$</td>
</tr>
<tr>
<td>Sub-Total Site Preparation Costs</td>
<td>$</td>
</tr>
<tr>
<td>Other (Specify)</td>
<td>$</td>
</tr>
<tr>
<td>Sub-Total Site Costs</td>
<td>$</td>
</tr>
</tbody>
</table>

### B. Construction Contract

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Materials</td>
<td></td>
</tr>
<tr>
<td>General Requirements</td>
<td></td>
</tr>
<tr>
<td>Concrete/Masonry</td>
<td></td>
</tr>
<tr>
<td>Woods/Doors &amp; Windows/Finishes</td>
<td>$406,800 (painting/finishes)</td>
</tr>
<tr>
<td>Thermal &amp; Moisture Protection</td>
<td></td>
</tr>
<tr>
<td>Equipment/Specialty Items</td>
<td>$50,000 (nurse's stations)</td>
</tr>
<tr>
<td>Mechanical/Electrical</td>
<td>$75,000 (lighting)</td>
</tr>
<tr>
<td>Other (Specify)</td>
<td>$196,250 (computer equip, laundry equip)</td>
</tr>
<tr>
<td>Sub-Total Cost of Materials</td>
<td>$728,050</td>
</tr>
<tr>
<td>Cost of Labor</td>
<td>$147,560</td>
</tr>
<tr>
<td>Other (Specify)</td>
<td>$</td>
</tr>
<tr>
<td>Sub-Total Construction Contract</td>
<td>$875,610</td>
</tr>
</tbody>
</table>

### C. Miscellaneous Project Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Purchase</td>
<td>$</td>
</tr>
<tr>
<td>Fixed Equipment Purchase/Lease</td>
<td>$</td>
</tr>
<tr>
<td>Movable Equipment Purchase/Lease</td>
<td>$109,890 (kitchen)</td>
</tr>
<tr>
<td>Furniture</td>
<td>$242,500</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$29,000</td>
</tr>
<tr>
<td>Consultant Fees</td>
<td></td>
</tr>
<tr>
<td>Architect and Engineering Fees</td>
<td>$86,000</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>$10,000</td>
</tr>
<tr>
<td>Market Analysis</td>
<td>$</td>
</tr>
<tr>
<td>Other (Specify)</td>
<td>$</td>
</tr>
<tr>
<td>Sub-Total Consultant Fees</td>
<td>$96,000</td>
</tr>
<tr>
<td>Financing Costs (e.g. Bond, Loan, etc.)</td>
<td>$</td>
</tr>
<tr>
<td>Interest During Construction</td>
<td>$</td>
</tr>
<tr>
<td>Other (Specify)</td>
<td>$</td>
</tr>
<tr>
<td>Sub-Total Miscellaneous</td>
<td>$477,290</td>
</tr>
<tr>
<td>Total Capital Cost of Project (Sum A-C above)</td>
<td>$1,353,000</td>
</tr>
</tbody>
</table>

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]

(Signature of Licensed Architect or Engineer)

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 the proposed project as described.

[Signature]

(Proponent - Signature of Officer)

[Signature]

(Title of Officer)
VIA E-MAIL AND U.S. MAIL

Martha Frison, Chief
Celia Inman, Project Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, North Carolina 27699-2704

Re: Renovation and Relocation of Addiction Recovery Care Association, Inc. to 5755 Shattalon Drive, Winston-Salem, Forsyth County

Dear Martha and Celia:

We are writing on behalf of Addiction Recovery Care Association, Inc. (“ARCA”) to request confirmation that the relocation of its existing substance use disorder treatment facility in Forsyth County to a new location in Forsyth County is not subject to certificate of need (“CON”) review.

ARCA is currently located at 1931 Union Cross Road in Winston-Salem and operates under license number MHL-034-004. It offers residential treatment and non-hospital medical detox services along with outpatient substance use disorder treatment services. ARCA plans to lease from Forsyth County a building that was formerly used as a nursing home (Springwood) at 5755 Shattalon Drive in Winston-Salem, Forsyth County. ARCA plans to enter into an operating lease with Forsyth County for an initial lease term of 10 years beginning after the completion of basic plant and mechanical repair work.

ARCA plans to relocate its existing facility, beds, services, and operations to the new location. ARCA will update and renovate the building to accommodate the relocation. The total capital expenditure is estimated to be less than $2 million. To document the total capital expenditure for the renovation of the space by ARCA, we have attached as Exhibit A a certified cost estimate showing the estimated cost of all studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort, consulting and other services, essential to relocating and making the space operational.
The relocation of ARCA’s existing facility is not a new institutional health service under N.C.G.S. § 131E-176 and therefore is not subject to CON review for the following reasons:

1. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(a) because ARCA is an existing health service facility.

2. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(b) because ARCA’s total capital expenditure for the relocation will not exceed $2 million.

3. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(c) because there will not be a change in bed capacity.

4. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(e) because it does not constitute a change in a project that was subject to certificate of need review.

5. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(p) because ARCA does not propose to acquire any major medical equipment as part of the relocation.

6. The relocation is not a new institutional health service under N.C.G.S. § 131E-176(16)(q) because it is relocating in the same service area.

Based on the information submitted, please confirm in writing that ARCA’s relocation of its existing substance use disorder treatment facility to a new location on Shattalon Drive in Winston-Salem and ARCA’s renovation of the building are not subject to CON review. If you have any questions regarding this request, please let me know. ARCA is excited about this opportunity and looks forward to receiving your response as soon as possible.

With kindest regards, I am

Very truly yours,

SMITH MOORE LEATHERWOOD LLP

[TJH/mp]

Enclosure
PROPOSED CAPITAL COSTS (ARCA)

Project Name: Relocation to 5755 Shattalon Drive, Winston-Salem

Proponent: Addiction Recovery Care Association, Inc.

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 subsite 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 $________
Other (Specify) $________
Sub-Total Site Costs $________

B. Construction Contract

(8) Cost of Materials
    General Requirements $________
    Concrete/Masonry $________
    Woods/Doors & Windows/Finishes $406,800 (painting/finishes)
    Thermal & Moisture Protection $________
    Equipment/ Specialty Items $50,000 (nurse's stations)
    Mechanical/Electrical $75,000 (Lighting)
    Other (Specify) $196,250 (computer equip, laundry equip)
Sub-Total Cost of Materials $728,050

(9) Cost of Labor $147,560
(10) Other (Specify) $________
Sub-Total Construction Contract $875,610

C. Miscellaneous Project Costs

(12) Building Purchase $________
(13) Fixed Equipment Purchase/Lease $________
(14) Movable Equipment Purchase/Lease $109,890 (kitchen)
(15) Furniture $242,500
(16) Landscaping $29,000
(17) Consultant Fees Architect and Engineering Fees $86,000

GREENSBORO J328533.1
Legal Fees $ 10,000
Market Analysis $ $
Other (Specify) $
Sub-Total Consultant Fees $ 96,000
(18) Financing Costs (e.g. Bond, Loan, etc.) $
(19) Interest During Construction $
(20) Other (Specify) $
(21) Sub-Total Miscellaneous $ 477,290
(22) Total Capital Cost of Project (Sum A-C above) $ 1,353,000

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

[Signature]
(Signature of Licensed Architect or Engineer)

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 the proposed project as described.

[Signature]
(Proponent - Signature of Officer)

[Signature]
(Executive Director - Title of Officer)