



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

May 1, 2014

Catharine W. Cummer, Regulatory Counsel, Strategic Planning
Duke University Health System
3100 Tower Blvd, Suite 1300
Durham NC 27707

No Review

Facility: Duke University Health System
Project Description: Renovations to Duke Health and Fitness Center on the Center for Living
Complex
County: Durham

Dear Ms. Cummer:

The Certificate of Need Section (CON Section) received your letter of April 18, 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.

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.

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.



Certificate of Need Section

www.ncdhhs.gov

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

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

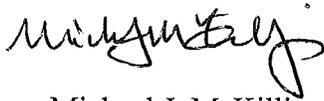
Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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Ms. Cummer
May 1, 2014
Page 2

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael J. McKillip".

Michael J. McKillip, Project Analyst

A handwritten signature in cursive script, appearing to read "Martha J. Frisone".

Martha J. Frisone, Interim Chief
Certificate of Need Section

Mike

Duke University Health System

Catharine W. Cummer
Regulatory Counsel, Strategic Planning

April 18, 2014

Via Electronic Mail

Michael J. McKillip, Project Analyst
Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Construction Project at Duke University Health System/Duke University campus

Dear Mr. McKillip:

I am writing to inform you of construction projects at a building on the Duke University campus and to seek confirmation that these projects do not require a certificate of need. I spoke to Ms. Frisone about these projects last year when we began planning them.

These projects will occur at the PepsiCo Building on the Center for Living Complex on Erwin Road in Durham, North Carolina. Undertaking these projects simultaneously will reduce total disruption to patient services and fitness activities. The projects include:

- The repair of the roof to address warranty issues, for an estimated cost of approximately \$1.1 million. We understand this project would be exempt from certificate of need review under 131E-184(a)(4) regardless of cost.
- The renovation of space to accommodate the relocation of existing Duke University Hospital physical therapy services, at a cost of \$1,975,000. The building where the services are currently offered is scheduled to be demolished by Duke University. We understand that this project is not a new institutional health service because the projected cost is less than \$2 million, as certified by a licensed architect in the enclosed letter.
- The renovation of space for the Duke Health and Fitness Center, which provides exercise activities and related fitness resources, for an estimated cost of approximately \$1.5 million. The Center is operated by the Duke University Health System but is not part of any licensed facility and does not offer health services; services are not billed by Duke University Hospital or any other facility.

*3475 Erwin Rd
27705*

443 137

Michael J. McKillip
April 18, 2014

We understand that this project is not a new institutional health service as it is not a capital expenditure to expand a health service or health service facility.

Please let me know if you have any questions or if we can provide you any further information.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Catharine W. Cummer".

Catharine W. Cummer

Enclosure

Isley Hawkins

Architecture

Isley Hawkins, Inc.
112 S. Duke Street, #5
Durham, NC 27701
919.489.7417
isleyhawkins.com

March 10, 2014

Mr. Kevin Gainey
Project Manager, Facilities Planning, Design & Construction
Duke Medicine
301 Trent Drive
Durham, NC 27710

Re: FPDC Project #3491 HSDC
Physical Therapy Clinic in the Pepsico Building
Center For Living Campus, Durham, North Carolina

Dear Mr. Gainey:

I certify the following construction cost estimate based on schematic design level documents.

Choate Construction has reviewed schematic drawings, specifications and sketches and has provided the preliminary construction cost estimate of \$1,300,000. Duke Medicine has provided the project cost shown below.

This construction estimate is a schematic design stage estimate and is not definitive at this time. Historical data indicate that in work of this nature, the construction cost for material and labor is usually 60% material and 40% labor. This percentage breakdown is shown below.

\$ 780,000 Material
\$ 520,000 Labor
\$1,300,000 Total Construction Estimate

\$ 675,000 Non-construction project costs such as equipment, furnishings, and design fees
\$1,975,000 Total Estimated Project Cost

This estimated project cost includes fair market value of all equipment to be acquired as part of this project.

Sincerely Yours,



Nathan Isley, AIA

