

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: Brattleboro Memorial Hospital,)
Construction of Four-Story Medical Office) GMCB-001-16con
Building And Replacement of Boilers)
_____)

**ORDER APPROVING EXTENSION OF PROJECT COMPLETION DATE AND
MATERIAL CHANGE FOR INCREASE IN TOTAL PROJECT COST
EXCEEDING 10%**

Introduction

In this Decision and Order, we review Brattleboro Memorial Hospital’s request to amend their Certificate of Need issued on October 2, 2017, and amended on December 12, 2019, for the construction and renovation of a four-story medical office building to: 1) grant an additional one-year extension for project completion from October 2, 2022 to October 2, 2023; and 2) increase the total project cost by \$4,058,107, from \$22,692,789 to \$26,750,896. For the reasons set forth below, we approve the request and amend the certificate of need (CON) to reflect these changes.

Jurisdiction

The Board has jurisdiction over this matter pursuant to 18 V.S.A. § 9444 (b)(1).

Findings of Fact

1. On October 2, 2017, the Board approved a Certificate of Need that allowed Brattleboro Memorial Hospital (BMH) to spend \$22,692,789 to construct a four-story medical office building and for the replacement of boilers. The ground floor of the new building will house central sterile processing and cardiac rehabilitation; the first floor will house a new operating room (OR) suite relocated from the main hospital; the second floor will house medical offices for surgical staff and exam rooms; and the third floor will house internal medicine office space and exam rooms. The project includes the renovation of 6,518 square feet of vacated space and 4,809 square feet of connecting hallways from the main hospital to the new building, and replacement of three boilers that provide the heating and cooling for the hospital complex. CON (October 2, 2017).

2. On December 9, 2019, BMH requested a two-year extension to the original project completion date of October 2, 2020, to October 2, 2022. In its request BMH explained that due to an extended Act 250 proceeding, BMH was unable to commence the majority of the project, which involved the demolition of the existing two-story building and the construction of the new four-story medical office building on that same site. With the needed Act 250 permit secured, BMH could commence this portion of the project. BMH’s December 9, 2019 correspondence confirmed that the boiler replacement component was completed within the original three-year

implementation period. On December 12, 2019, the Board issued an amended CON extending the project completion date to October 2, 2022. Amended CON (December 12, 2019).

3. On July 21, 2021, the Board received a request from BMH for expedited review to: 1) extend the completion date of the project one more year, from October 2, 2022 to October 2, 2023; and 2) increase the cost of the project from \$22,692,789 to \$26,750,896. The Governor's shut-down order as part of the emergency response to the COVID-19 pandemic, Addendum 6 to Executive Order 01-20 (March 24, 2020), postponed the construction start from April 2020 to September 2020. Although all permits are now obtained, the cost of labor, materials, and equipment needed to complete the construction of the project has increased the cost of the project by approximately \$4,058,107. BMH Request for Amendment July 21, 2021. Because the increase in the total project cost exceeds 10%, the change constitutes a material change which the Board is required to review.

4. The request for expedited review was granted on July 28, 2021. BMH was sent questions by the Board on July 30, 2021, and September 10, 2021. BMH responded to questions on August 13, 2021, and September 23, 2021. On September 24, 2021, the Board issued a request to correct and update the August 13, 2021 financial tables; BMH did so on September 28, 2021. The September 28, 2021 financial tables reflect that BMH has the ability to fund the requested additional \$4,058,107 in total project costs.

Conclusion

Based on the above, we approve BMH's request to extend the completion date one additional year from October 2, 2022, to October 2, 2023, and to approve an increase in the total project cost from \$22,692,789 to \$26,750,896. The change in the total project cost does not result in the cost of the project being unreasonable. 18 V.S.A. § 9437(2) (project cost must be reasonable because it is sustainable by the applicant, will not cause undue increase in costs of care, and less expensive alternatives are unavailable, unsatisfactory, or not feasible or appropriate). Other CON criteria are not materially impacted by BMH's request.

With the exception of the two aforementioned changes, the Certificate of Need and Statement of Decision and Order issued on October 2, 2017, and amended on December 12, 2019, remain in full force and effect.

SO ORDERED.

Dated: October 4, 2021, at Montpelier, Vermont.

s/ Kevin Mullin, Chair)
)
s/ Jessica Holmes)
)
s/ Robin Lunge)
)
s/ Tom Pelham)

GREEN MOUNTAIN
CARE BOARD
OF VERMONT

Filed: October 4, 2021

Attest: Jean Stetter, Administrative Services Director