

January 20, 2022

Ms. Donna Jerry, Health Policy Analyst
State of Vermont
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

RE: Docket No. GMCB-012-17con (Construction of Medical Office Building;
Renovations to Loading Dock, Dietary, and Vermont Orthopedic Clinic; and
Upgrades to Site Drainage and Detention Pond System)

Dear Ms. Jerry:

We are requesting this to be final report on the Construction of Medical Office Building; Renovations to Loading Dock, Dietary, and Vermont Orthopedic Clinic; and Upgrades to Site Drainage and Detention Pond System ("Medical Office Building Certificate of Need"). RRMCM is requesting formal closure of the Certificate of Need as outlined below. We are also providing information on an urgently needed new project and seeking confirmation of no Certificate of Need Review jurisdiction as it is not considered part of the Medical Office Building Certificate of Need.

Of note, in August 2021 we filed for an extension to the original CoN approval which was set to expire on January 23, 2021. The GMCB approved our request and extended the CoN Approval to January 22, 2022.

The two items required for the CoN are listed below with the responses:

- 1. Overview of the project, including information and analysis demonstrating that the project fully complies with its scope as described in the application, in other materials in the record submitted by the applicant, and in the Statement of Decision and Order issued January 23, 2018 in the docket.**

In total, RRMCM incurred \$20,887,932 related to this project. Spending at this level is \$2,995,637 less than the approved budget, a result of not needing to rely on contingency funding within the original project budget and less than expected issuance costs. In compliance with the Certificate of Need approval we have issued eight six-month implementation reports. Each report outlined the progression of the completion of the work for all phases of the project. This final report includes minimal costs to complete the project and closeout outstanding worklist items. Given the original scope of the project the project is now deemed complete.

RRMC has paid all final invoices related to the original scope of this project.

- 2. A spreadsheet listing each individual line-item expenditure, and for each expenditure: 1) the total amount approved by the Board; 2) the dollar amount spent on the line item during the reporting period; 3) the cumulative dollar amount spent on the line items to date; 4) the amount remaining in dollars, and 5) the amount remaining as a percentage.**

Please find the spreadsheet attached.

No Jurisdiction Request

Concurrent with requesting the closure of the Medical Office Building Certificate of Need, we are also requesting confirmation of no Certificate of Need jurisdiction in order to move forward with a new project to upgrade the HVAC system of the former Vermont Orthopedic Clinic (VOC) building, a building that was included in the original scope of the Medical Office Building project. Based on “*Certificate of Need Rule 4.0, section 4.207*,” “we are disclosing a planned HVAC project as a component of the VOC building. The HVAC project is expected to begin within the next six months.

The HVAC system was not included in the original scope of the Medical Office Building project. This need could not have been anticipated in the original design of the space as we didn’t experience the system failing until the colder weather arrived this winter. The use of that building has changed dramatically since it originally operated as a clinical department, and the HVAC design has proven wholly inadequate to properly keep employees warm within the new design of the space. Electric space heaters are having to be used in most offices and are not a safe or practical long-term solution to the heating issues there. We are forced to replace the HVAC system to provide reasonable conditions for employees to work in.

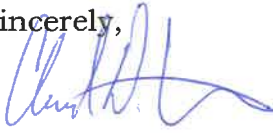
The cost of the HVAC project is estimated to be between \$300,000 and \$350,000. Given the cost and the fact that this is routine infrastructure, as a stand-alone project the HVAC system upgrade would not meet the criteria for CoN review. It is also important to note that the cost of the HVAC project is also well under the amount of our final Medical Office Building project underspending of \$2,995,637.

As a result of this immediate unforeseen need, RRMC is respectfully seeking the Board’s determination that its intent to upgrade the old-VOC building’s HVAC system does not fall within the constraints of the existing Medical Office Building Certificate of Need and is thereby outside of Certificate of Need Review jurisdiction.

Should the GMCB determine that the project falls within the reporting requirements of the Certificate of Need, RRMC would need to seek a second request to extend the approval of the CoN beyond the current expiration date of January 22, 2022.

If you have further questions, please do not hesitate to contact me.

Sincerely,



Claudio D. Fort
President and CEO

CDF/lmb

Enclosure

Cc: Lisa Barker
Judi Fox
Jonathan Reynolds

Rutland Regional Medical Center
CoN Reporting - Medical Office Building
Docket Number: GMCB-012-17con
As of 12/31/21

	CON Approved Amount	Total Dollars Expended Previous Reporting Period	Dollars Expended through 12/31/21	Total Dollars Expended To Date through 12/31/21	Dollars That Remain	Percent Remain
Capital Costs						
Construction						
New Construction	\$ 11,842,100	\$ 13,056,831	\$ 9,689	\$ 13,066,519	(1,224,419)	-10.3%
Renovation	\$ 1,453,396	\$ 288,240	\$ 391,628	\$ 679,868	773,528	53.2%
Site Work	\$ 1,444,270	\$ 1,769,323	-	\$ 1,769,323	(325,053)	-22.5%
Construction Contingency	\$ 1,027,435	\$ 19,774	-	\$ 19,774	1,007,661	98.1%
Construction Manager Fee	\$ 324,857	\$ 350,070	\$ 10,890	\$ 360,960	(36,103)	-11.1%
Other - RRM Construction Costs	\$ 98,480	\$ 74,218	-	\$ 74,218	24,262	24.6%
Subtotal Construction Costs	\$ 16,190,538	\$ 15,558,455	\$ 412,207	\$ 15,970,662	\$ 219,876	1.4%
Related Project Costs						
Furnishings, Fixtures & Other Equip.	\$ 1,925,561	\$ 1,825,897	\$ 171,753	\$ 1,997,650	(72,089)	-3.7%
Architectural/Engineering Fees	\$ 1,591,459	\$ 1,772,213	\$ 7,764	\$ 1,779,978	(188,519)	-11.8%
Administrative Expenses & Permits	\$ 290,457	\$ 297,809	-	\$ 297,809	(7,352)	-2.5%
Debt Financing Expenses - Capitalized	\$ 1,765,787	\$ 312,223	\$ 56,422	\$ 368,645	1,397,142	79.1%
Debt Financing Expenses - Issuance Costs	\$ 425,713	\$ 456,410	\$ 16,778	\$ 473,188	(47,475)	-11.2%
Other - Owners Contingency	\$ 1,554,054	\$ -	-	\$ -	1,554,054	100.0%
Other - Equipment and IT Contingency	\$ 140,000	\$ -	-	\$ -	140,000	100.0%
Subtotal Related Project Costs	\$ 7,693,031	\$ 4,664,553	\$ 252,717	\$ 4,917,270	\$ 2,775,761	36.1%
Total Project Capital Costs	\$ 23,883,569	\$ 20,223,008	\$ 664,924	\$ 20,887,932	\$ 2,995,637	12.5%