

**STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD**

In re: Application of Southwestern Vermont )  
Medical Center, Modernization ) GMCB-019-19con  
Of Emergency Department )  
And Hospital Front Entrance )  
\_\_\_\_\_)

**ORDER APPROVING MATERIAL CHANGE FOR INCREASE IN TOTAL PROJECT  
COST EXCEEDING 10%**

Introduction

In this Decision and Order, we review Southwestern Vermont Medical Center’s request to amend their Certificate of Need issued on December 14, 2020 for the modernization of its emergency department and front entrance to increase the total project cost by \$5,198,025, from \$25,801,975 to \$31,000,000. Because the increase in the total project cost exceeds 10%, the change constitutes a material change which the Board is required to review. For the reasons set forth below, we approve the material change request and amend the certificate of need (CON) to reflect the change in total project cost.

Jurisdiction

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

Findings of Fact

1. On December 14, 2020, the Board issued a Certificate of Need allowing Southwestern Vermont Medical Center (SVMC) to spend \$25,801,975 to renovate 7,700 square feet of ED space and add 6,700 square feet to the ED footprint. The new construction will extend into the current traffic route to the ED and hospital main entrance, requiring the campus traffic flow to be re-routed and the parking layout to be changed accordingly. The project includes demolition of the Lodge Building built in 1925, creation of a new main entrance and lobby, relocation of outpatient registration, phlebotomy, and the imaging department’s waiting room, and minor upgrades to the café and laboratory. The project also includes the creation of a mental health crisis area within the ED which will be located in a portion of the newly constructed space. Equipment to support telemedicine communication will also be purchased and installed in many of the ED treatment rooms. CON December 14, 2020.

2. On April 5, 2022, the Board received a request from SVMC to increase the cost of the project from \$25,801,975 to \$31,000,000 and to extend the project completion date to April 2024 to accommodate adjustments to the design in response to the COVID-19 pandemic. The budget increase is due to inflation of costs for construction materials and labor, changes in design based on best practices learned from the COVID-19 pandemic, and a longer project timeline. In order

to improve patient and staff safety, the project has been redesigned to include negative air pressure and frequent air exchanges throughout the ED and an enclosed connector between the respiratory evaluation center and the ED. Of the \$5,198,025 increase in total project cost, \$2,500,000 of the requested increase is due to construction inflation and contractor expenses as a result of the COVID-19 pandemic. To mitigate rising construction costs, SVMC has engaged a professional firm, Skanska USA Inc., which is projected to add \$700,000 to the project but save more than \$1,000,000 in costs by adjusting the project design. Due to the project being delayed by the pandemic, additional costs have been incurred for architectural, engineering, and permitting fees. The original project is funded by fundraising, equity contribution, and debt financing, and the increase in the project cost will be funded mostly by debt financing and some fundraising. SVMC Request for Amendment April 5, 2022.

3. SVMC has requested an extension of the project’s completion date to April of 2024. However, the existing CON allows SVMC until December 14, 2025, to complete the project, making the requested extension unnecessary.

4. SVMC was sent questions by the Board on April 13, June 9, and August 22, 2022, and SVMC responded to questions on May 24, August 9, and August 23, 2022. Review of the SVMC’s requested material change to the original project was closed on September 7, 2022 and a public notice was issued on that same date.

Conclusion

Based on the above, we approve SVMC’s request to increase the total project cost from \$25,801,975 to \$31,000,000. 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 SVMC’s material change request.

With the exception of the change in the total cost of the project, the Certificate of Need and Statement of Decision and Order issued on December 14, 2020 remain in full force and effect.

**SO ORDERED.**

Dated: September 20, 2022 at Montpelier, Vermont.

s/	Jessica Holmes,	)
	Interim Chair	)
		)
s/	Robin Lunge	)
		)
		)
s/	Tom Pelham	)
		)
		)

GREEN MOUNTAIN  
CARE BOARD  
OF VERMONT

s/ Thom Walsh )

Filed: September 20, 2022

Attest: Jean Stetter, Administrative Services Director