

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: Copley Hospital, Construction of New)
Medical Office Building in Waterbury) GMCB-007-22con
_____)

**ORDER APPROVING MATERIAL CHANGE FOR INCREASE IN TOTAL PROJECT
COST EXCEEDING 29%**

Introduction

In this Decision and Order, we review Copley Hospital’s request to amend its Certificate of Need issued on August 17, 2022, to increase the total project cost by \$1,721,300, from \$5,903,747 to \$7,625,047. 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 August 17, 2022, the Board approved a Certificate of Need (CON) that allowed Copley Hospital (Copley) to spend \$5,903,747 to purchase a 24-acre lot at 2439 Waterbury-Stowe Road in Waterbury and construct a new medical office building to replace the existing Waterbury location which is too small and antiquated for contemporary delivery of orthopedic services. CON (August 17, 2022).
2. Upon receiving bids, the cost for the project initially reflected a 45% increase in cost over the budget approved in the Certificate of Need (CON). Copley immediately began value engineering to lower the cost without sacrificing functionality. The revised budget request of \$7,625,047 is 29% over the budget approved in the CON issued on August 17, 2022. Request for Material Change (July 14, 2023), 1, 3.
3. On July 14, 2023, the Board received a request from Copley to increase the total cost of the project from \$5,903,747 to \$7,625,047, an increase of \$1,721,300 due largely to construction inflation rates and labor shortages. The increases are as follows:

Mechanical/Sprinklers	\$597,067
Electrical	\$314,628
Interior Finishes	\$218,496
Site Work	\$107,298
All Other Construction	\$327,641
Administrative Costs`	\$149,601

P & P Bond	\$76,452
Capitalized Interest	\$121,187
Major Movable Equipment	(\$191,070)
Total Increase Over Approved CON Budget	\$1,721,300

Request for Material Change (Jul. 14, 2023), 3.

4. The contract sum is guaranteed by the construction manager not to exceed \$5,173,227.30. Resp. Aug. 29, 2023, 1. The scope of the project remains unchanged but the schedule for completion has moved from November 2023 to June of 2024. Resp. Aug. 3, 2023, 1, 13. Because the increase in the total project cost exceeds 10%, the change constitutes a material change which the Board is required to review. *See* 18 V.S.A. § 9444(b)(1).

5. On July 28, 2023, the Board issued a request to Copley to revise and re-submit the financial tables from the original CON application process; Copley did so, with a final corrected and complete version submitted on October 13, 2023. The revised budget of \$7,625,047 will be funded from the following sources: \$5,435,047 USDA Rural Development Loan; \$1,000,000 from USDA Emergency Rural Health Care Grant; and \$900,000 from fundraising; and \$290,000 from the sale of 5.1 acres to WASI or another entity. *See* Resp. (Oct. 13, 2023), Table 2.

Conclusion

Based on the above, we approve Copley’s request for an increase in the total project cost from \$5,903,747 to \$7,625,047. Given that Copley has made changes to the funding sources to support the increased cost of the project, the Board has amended the original Certificate of Need, including additional conditions. The revised financial tables reflect that Copley has the ability to fund the requested additional \$1,721,300 in total project costs. *See* Findings of Fact, ¶ 5. 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 Copley’s request.

With the exception of the aforementioned changes, the Certificate of Need and Statement of Decision and Order issued on August 17, 2022, remain in full force and effect.

SO ORDERED.

Dated: November 17, 2023, at Montpelier, Vermont.

)
s/ Owen Foster, Chair) GREEN MOUNTAIN CARE
) BOARD OF VERMONT
s/ Jessica Holmes)

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s/ Robin Lunge)
)
s/ David Murman)
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s/ Thom Walsh)

Filed: November 17, 2023
Attest: Jean Stetter, Administrative Services Director