

March 18, 2024

Donna Jerry, Health Care Administrator
Green Mountain Care Board
114 State Street
Montpelier, VT 05620

**RE: Request for amendment to Certificate of Need
Docket No. GMCB-019-19con**

Southwestern Vermont Medical Center (SVMC) requests the Green Mountain Care Board grant an amendment to increase the project budget and extend the timeline for the certificate of need (CON) to modernize SVMC's emergency department and hospital main entrance (Docket No. GMCB-019-19con). Below shows the project journey and the request (highlighted green).

| Stage | Date | Project Cost | Completion Date |
|------------------|------------|--------------|-----------------|
| Approved Project | Dec 2020 | \$25,801,975 | June 2023 |
| Amendment 1 | Sept 2022 | \$31,000,000 | April 2024 |
| Amendment 2 | March 2024 | \$32,900,000 | August 2024 |

In September 2022, SVMC received an amendment to accommodate adjustments to the design in response to the COVID-19 pandemic, inflation of construction materials and labor and a longer project timeline. Here, SVMC requests another amendment to due to further increases in construction costs and labor challenges that have extended the project timeline. The scale of the change in project cost is a material change to the project per statute thereby evoking a need for an amendment to the CON project. The revised project budget appears in Appendix 1.

The project has not changed in scope. The emergency department is nearly complete, including patient registration, triage, care team documentation space, medication room, and most exam rooms. The main entrance is complete. In March, the new outpatient registration and imaging waiting spaces will begin being used by patients. Remaining spaces achieved through renovation include two trauma bays, the decontamination/hazmat space and connection to the laboratory.

OUR FAMILY OF NOT-FOR-PROFIT ORGANIZATIONS INCLUDES:

Southwestern Vermont Medical Center • Centers for Living and Rehabilitation • Southwestern Vermont Health Care Foundation
Southwestern Vermont Regional Cancer Center • SVMC Deerfield Valley Campus • SVMC Mountain Medical • SVMC Northshire Campus
SVMC Pownal Campus • Southwestern Vermont Health Care Auxiliary

Donna Jerry
Docket No. GMCB-019-19con
Amendment 2 for SVMC Emergency Department and Entrance CON
March, 2024

SVMC is submitting this CON project amendment request because construction costs have continued to scale and labor challenges have delayed the project completion timetable.

How will the project financing change

SVMC is financing this project through a combination of sources. How each source of funds has changed to support the project is shown below.

| Source of funds | Approved CON Budget Dec 2020 | Revised CON Budget Sept 2022 | Requested CON Budget Mar 2024 |
|---------------------|---------------------------------|---------------------------------|----------------------------------|
| Equity contribution | \$ 6,900,000 | \$ 6,900,000 | \$ - |
| Fundraising | 14,562,000 | 15,000,000 | 16,431,289 |
| Debt financing | 4,340,000 | 9,100,000 | 16,468,711 |
| Total | \$ 25,802,000 | \$ 31,000,000 | \$ 32,900,000 |

Conclusion

Increasing construction costs and labor challenges have increased the project cost to \$32,900,000 and extended the timetable to August, 2024. These are material changes to the CON (Docket No. GMCB-019-19con). SVMC can financially accommodate the increased project cost and will not request a commensurate commercial rate increase. SVMC looks forward to a response to this request for an amendment to the existing CON.



James Trimarchi, Director Planning
802 440 4051
James.Trimarchi@svhealthcare.org

Appendix 1

**SVMC ED and Main Entrance Modernization
Updated CON Project Budget for Amendment 2**

| | Initial CON Budget Approved | Amended Budget Approved Sept 2022 | Cumulative Project Spending thru 12/2023 | Requested Amended Budget Mar 2024 |
|-------------------------------------|-----------------------------------|--|---|--|
| Construction Costs | | | | |
| New Construction | \$ 8,566,325 | \$ 10,580,762 | \$ 12,855,797 | \$ 12,855,797 |
| Renovation | 5,790,806 | 11,149,702 | 4,994,522 | 7,977,924 |
| Site Work | 1,019,227 | 1,514,080 | 1,949,742 | 1,949,742 |
| Fixed Equipment | - | - | - | - |
| Design/Bidding Contingency | 1,507,552 | - | - | - |
| Construction Contingency | 1,713,127 | 1,579,268 | 1,298,528 | 3,754,504 |
| Construction Manager Fee | 417,836 | 567,336 | 571,597 | 571,597 |
| Other (specify) | - | - | - | - |
| Subtotal | \$ 19,014,873 | \$ 25,391,148 | \$ 21,670,186 | \$ 27,109,564 |
| Related Project Costs | | | | |
| Major Movable Equipment | - | - | - | - |
| Furnishings, Fixtures & Other Equip | 4,850,028 | 1,750,000 | 1,350,453 | 1,750,000 |
| Architecturals/Engineering Fees | 1,169,940 | 2,024,267 | 2,032,917 | 2,032,917 |
| Land Acquisition | - | - | - | - |
| Purchase of Buildings | - | - | - | - |
| Administrative Expenses/Permits | 167,134 | 1,234,585 | 1,139,818 | 1,174,461 |
| Debt Financing Expense | 600,000 | 600,000 | 833,058 | 833,058 |
| Subtotal | \$ 6,787,102 | \$ 5,608,852 | \$ 5,356,247 | \$ 5,790,436 |
| Total Project Cost | \$ 25,801,975 | \$ 31,000,000 | \$ 27,026,433 | \$ 32,900,000 |

Verification Under Oath

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: Amendment request)
Certificate of Need to) Docket No. GMCB-019-19con
Modernize SVMC's Emergency)
Department and Main Entrance)

Verification Under Oath to file with the Certificate of Need Application, correspondence and additional information subsequent to filing an Application.

Robert Laba, being duly sworn, states on oath as follows:

1. My name is Robert Laba. I am the Chief Financial Officer and Vice President of Finance of Southwestern Vermont Medical Center. I have reviewed the amendment request for the project to modernize SVMC's emergency department and hospital main entrance.
2. Based on my personal knowledge and after diligent inquiry, I attest that the information contained in the amendment request for the project to modernize SVMC's emergency department and hospital main entrance is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact.
3. My personal knowledge of the truth, accuracy and completeness of the information contained in the amendment request for the project to modernize SVMC's emergency department and hospital main entrance is based upon either my actual knowledge of the subject information or upon information reasonably believed by me to be true and reliable and provided to me by the individuals identified below in paragraph 4. Each of these individuals has also certified that the information they have provided is true, accurate and complete, does not contain any untrue statement of a material fact and does not omit to state a material fact.
4. The following individuals have provided information or documents to me in connection with the amendment request for the project to modernize SVMC's emergency department and hospital main entrance and each individual has certified, based either upon his or her actual knowledge of the subject information or, where specifically identified in such certification, based on information reasonably believed by the individual to be reliable, that the information or documents provided are true, accurate and complete, do not contain any untrue statement of a material fact, and do not omit to state a material fact:

James Trimarchi, Director Planning

5. In the event that the information contained in the amendment request for the project to modernize SVMC's emergency department and hospital main entrance becomes untrue,

inaccurate or incomplete in any material respect, I acknowledge my obligation to notify the Green Mountain Care Board and to supplement the amendment request for the project to modernize SVMC's emergency department and hospital main entrance as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material respect.


[signature]

On 3 / 18 / 2024, Robert Laba appeared before me and swore to the truth, accuracy and completeness of the foregoing.


Notary public
My commission expires 1 / 31 / 2025

SEAL