

April 4, 2024

ELECTRONIC DELIVERY

Donna Jerry
Senior Health Policy Analyst
Green Mountain Care Board
144 State Street
Montpelier, VT 05602
donna.jerry@vermont.gov

**Re: Northeastern Vermont Regional Hospital
Request for Jurisdictional Determination, Infrastructure Project**

Dear Ms. Jerry:

Addressed in this correspondence, Northeastern Vermont Regional Hospital (“NVRH”) requests Jurisdictional Determination for our Infrastructure Project. The Infrastructure Project consists of two new generators, chiller system replacement that will service the whole hospital and a newly constructed mechanical equipment building to be located on the NVRH main campus.

On October 11, 2023, the Green Mountain Care Board (“GMCB”) issued a Certificate of Need (“CON”) to NVRH for the Emergency Department and Laboratory Expansion and Modernization (the “CON Project”), Docket No. GMCB-005-23con. Under separate cover, NVRH will be submitting a request for modification to the CON Project scope and budget. This request includes the removal of the non-medical generator, its associated gear, related costs, and updating the CON Project’s costs through project development from that stated in Docket No. GMCB-005-23con.

In February 2022, NVRH inquired with your office if the replacement of our chiller systems would require a Certificate of Need from the Green Mountain Care Board. We received a response stating that as this equipment serves the entire hospital and is non-medical equipment, it was excluded from CON jurisdiction. The chiller system replacement project cost was \$3,898,326.

The CON Project included one 750W generator, which was to be placed inside the hospital where the current generator is located. The CON project budget included \$1,009,300 for the generator, excluding owners’ costs, which cannot be attributed to the generator only. While progressing through due diligence, we determined our long-term infrastructure needs would be best met by purchasing two 450W generators and locating the generators in a newly constructed mechanical equipment building. This new infrastructure plan will better serve NVRH by

providing redundancy were there to be a system failure, easier serviceability, and more efficient system installation.

Our existing non-medical equipment to be replaced is as follows:

Non-Medical Equipment	Year Installed	Current Age	Life Expectancy
Generator #1	2000	24	20
Chiller	1997	27	15

Given the age of each, the proposed replacement of the generator and chiller is routine replacement.

The new chiller and the two new generators will serve the entire hospital. They will be located in the newly constructed mechanical equipment building. The mechanical equipment building will be a basic metal structure of roughly 3,500 square feet, and located on hospital property to the rear of the main hospital. This will require site work to decommission and relocate an existing cooling tower and removal of earth in the same location. We consider the new chillers, generators, and building, collectively, to be the “Infrastructure Project.”

The total original budget for the one generator and chiller replacement system was \$4,907,626 (\$1,009,300 plus \$3,898,326). The estimated cost for the Infrastructure Project is \$7,652,318, an increase of \$2,744,692 over the original budget cost for the new generator and chiller system replacement. The generator was included originally in CON Docket No. GMCB-005-23con expenses.

The factors contributing to the \$2,744,692 Infrastructure Project cost increase are provided in the following table:

	Cost Increase Factor	Cost Increase Amount
1.	New Metal-Structure Building	\$2,035,095
2.	Inflation (14% increase)	\$ 687,100
3.	Construction Management, GC Bond, GC Liability Fees	\$ 22,497
	Total Cost Increase	<u>\$2,744,692</u>

In our opinion, the Infrastructure Project relates entirely to upgrading our infrastructure and; therefore, does not require a CON. However, NVRH is requesting a Jurisdictional Determination from the GMCB that a CON is not required for the Infrastructure Project.

Funding for both the CON Project and the Infrastructure Project, with a total cost of \$18,363,157, has not changed. The funding sources and amounts from each source are:

- USDA Rural Development Community Facilities Program Direct Loan - \$14,038,557

- USDA Emergency Rural Health Care Grant - \$1,000,000
- Community Philanthropic support - \$2,700,000
- Hospital cash reserves - \$624,600

Non-Medical Equipment Included in FY 2024 Budget

NVRH’s FY 2024 budget as submitted to the GMCB included \$1,009,300 for one (1) 750W generator. Specifically, the generator cost was included as part of NVRH’s CON Project in the CON Capital Budget Detail worksheet (See Below).

VERMONT Green Mountain Care Board | Sheets / CON Capital Detail (Input)

#	ASSET DESCRIPTION	ASSET CATEGORIES	PURCHASE CATEGORI..	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
1									
2									
3	Emergency Dept / West Wing Renovations	Buildings & Building L.	Upgrade	0	772,703	1,347,330	622,559	85,546	0
4	Emergency Dept / West Wing - Equipment	Buildings & Building L.	New		2,479,418	4,298,591	1,997,642	274,497	0
5									
6									
7									
8	Laboratory Renovations	Buildings & Building L.	Upgrade		706,695	1,232,235	569,377	78,238	
9	Total			0	3,958,816	6,878,156	3,189,578	438,281	0

Showing rows 1-8 of 8.

The FY 2024 budget included \$4,370,287 for the Chiller Replacement Project. Specifically, the chiller replacement project cost was included in the Non-CON Detail worksheet (See Below).

VERMONT Green Mountain Care Board | Sheets / Non CON Detail (Input)

#	ASSET DESCRIPTION	ASSET CATEGORIES	PURCHASE CATEGORI..	FY2023	FY2024	FY2025	FY2026	FY2027
1				2,400,000	0			
2	CHILLER	Buildings & Building improvements	New	500,000	578,636	3,175,829		115,822
3	PHARMACY EXPANSIO..	Buildings & Building improvements	New	0	374,583	2,039,922		74,977
4	Meditech - EMR Upgrade	Major Movable Equipment	Upgrade			3,000,000		
5	Total			2,900,000	953,219	8,215,751		190,799

Showing rows 1-4 of 4.

When preparing the FY 2024 budget, detailed plans and costs to place the generators and chillers in the metal-structure building were not finalized. Therefore, the cost of the metal-structure

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building was not included in the FY 2024 budget we submitted to the GMCB.

In summary, NVRH is requesting a Jurisdictional Determination that a CON is not required for our Infrastructure Project.

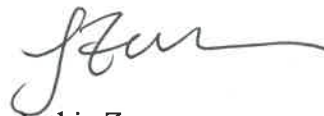
Please feel free to contact either Shawn P. Tester or Jackie Zaun with any questions regarding the above requests related to our CON and Infrastructure Projects.

Sincerely,



Shawn P. Tester
Chief Executive Officer

Northeastern Vermont Regional Hospital
PO Box 905
1315 Hospital Drive
St. Johnsbury, Vermont 05819
s.test@nvrh.org
802-748-7399



Jackie Zaun
Project Manager, West Wing / ED Project

Northeastern Vermont Regional Hospital
PO Box 905
1315 Hospital Drive
St. Johnsbury, Vermont 05819
j.zaun@nvrh.org
802-748-7466