

AGENCY OF HUMAN SERVICES
DEPARTMENT OF HEALTH AND
DEPARTMENT OF DISABILITIES, AGING AND INDEPENDENT LIVING
DESIGNATED MENTAL HEALTH AND DEVELOPMENTAL SERVICES
AGENCY CERTIFICATE OF APPROVAL APPLICATION

Applicant: Lamoille County Mental Health Services, Inc.
Project Title: LCMHS New Facility Project
Principal Contact: Savitri Van Sluytman, CFO/COO
Address: Brooklyn Street, Morrisville, VT, 802-888-6569, saviv@lamoille.org

PROJECT TYPE & AMOUNT

Capital expenditure exceeding \$1,500,000 for construction.

A. Proposed Capital Expenditure (Total Table 1) \$ 1,400,000

I certify to the best of my knowledge and belief, that the information in this application is true and correct and that this application has been duly authorized by the governing body of the applicant.

CERTIFYING OFFICIAL: William K. Alexander, Chief Executive Officer

SIGNATURE: _____

DATE: _____

CERTIFYING OFFICIAL: Craig Provost, President, Board of Directors

SIGNATURE: _____

DATE: _____

CERTIFICATE OF APPROVAL APPLICATION:
NARRATIVE AND FINANCIAL TABLES

A. NARRATIVE: PROJECT OVERVIEW AND DETAILS

In late May and early June 2008 we were in communication with Commissioner Michael Hartman and Mental Health System Development Director Dawn Philibert to advise them that we had an opportunity to purchase the former Genesis Health Care facility at a price that was significantly below market value (the price had dropped from \$2.3 million to \$900,000) Our realtor assured us that it would not be on the market long at that price and we had to move quickly. Commissioner Hartman and Dawn Philibert expressed concern about the potential need for a Certificate of Approval (COA) prior to the purchase. We explained that the seller would not wait for us to go through this process and asked if there was some compromise that would assure we could purchase the facility and allow for due diligence from the State at a later date. It was agreed that we would purchase the facility, as it was far below the threshold for a COA, and if the renovations exceeded the COA threshold (\$325,000) we would then be required to complete the COA. The department also made clear that this was not an implied approval of a future COA and we would have to go through the process. We felt comfortable with this compromise since the facility was in excellent condition and we felt we could have the renovation come in close to that number. During LCMHS zoning hearing it was clear that community members wanted to have the facility in use as it is great building and has so much potential as a public asset.

There are many benefits to having all of our services in one facility. First and foremost is the immediate access to those we serve. It is conceivable that our facility can serve as one of the stops for Stowe and Lamoille Valley Transportation which goes up and down the route 100 corridor. This would be an incredible service to many of our consumers who do not have private transportation. In addition we will have capacity to provide meeting space for community organizations and groups. We also hope to make space available for other Children Services providers in the Lamoille Valley to enhance access to the broad spectrum of services currently available within our community.

Having all of our services in one facility will enhance service coordination and allow for one stop shopping for consumers. Currently, if someone receiving services from our Children's Program needs to see the agency Psychiatrist or wants to discuss their bill they have to go to two different facilities that are miles apart. There are many hidden financial benefits like reduced transportation for staff, time efficiency for staff and consolidated administrative supports (Reception, Records, and MIS) that will occur when all of our services are centrally located.

Lamoille County Mental Health Services, Inc. looks forward to beginning renovation on this recently acquired 30,000 square foot building in early March, 2009. We began planning for a new facility about two and one-half years ago with the idea that each program will have its own wing leading to a central reception area that will include client records and the mailroom. Consolidating all leased office space into one new building

offers the agency many advantages all focused on creating a sustainable, positive environment for clients and staff. A central program support and clients records area with limited access will afford the agency numerous opportunities. Such as assurances to state and federal regulatory compliance for client records; and a locked and limited access mailroom minimizing risk of inadvertently violating privacy and confidentiality policy standards. Through attrition, the Agency will notice a decrease in program support costs.

B. NARRATIVE: GENERAL CRITERIA

Criterion I: Local Governance Support and Relationship of Proposed Project to Agency Strategic Plan

In 2007, the Board of Directors and Senior Leaders revised LCMHS mission statement to reflect their dedication to agency staff and the community members of Lamoille County:

“Our mission is to provide person-centered disability, aging and mental health services which promote self-directed, productive lives within the community.”

Part of our rationale focuses on providing a physical environment that is welcoming to clients and staff which in turn will enhance the Agency’s ability to effectively provide services in a safe and efficient manner.

A major goal of the Agency’s Strategic Plan of 2004 was to reach a state of solid fiscal health, LCMHS achieved this goal. We, therefore, continue to upgrade the Agency’s assets in the areas of technology, buildings and human resources to guarantee the Agency a sustainable future within the community. LCMHS is a major employer in Lamoille County employing approximately 170 people.

Our facilities are inadequate by personal and professional standards. Most, if not all, state, county and local officials visiting the LCMHS offices can attest to the dilapidated conditions. Even during the Agency’s budget hearing for fiscal year 2008, a discussion of the new facility was supported by all state employees present at that meeting.

Major questions and concerns ever present on the Board’s mind, as they considered a new, welcoming environment, are:

- Should the Agency invest money in leased space that will surely need renovations to meet our consolidation requirements? Or should we bring all programs together into one newly constructed building?
- Which scenario will insure long-term savings?
- The Agency’s facility should blend in with the architecture of our rural community.

The Board exists as a governing body and as the good will ambassadors of LCMHS; and as such has discussed the intentions of constructing a new facility or rehabilitating an

existing one with many community members, including the Local Standing Committees, whom are all very supportive of our efforts.

Criterion II: Need for the Proposed Project

Currently, the agency maintains four separate offices; three are leased and one is owned by LCMHS.

The first facility is Brooklyn Street, more commonly known as 2020, which houses the CRT program including the Wellness Center, the day treatment program; a few staff in the Developmental Services program; and all of Administration. The metal structure of the building is not energy efficient which is exacerbated by inadequate weatherproofing. Moreover, the heating and cooling zones are not constructed for efficient energy use either; leading the agency to pay unnecessary higher costs for electricity and oil. We have noticed over the last few years that more and more staff have become ill throughout the year and not just during the traditional cold and flu season. The client records room, reception and mailroom are in separate areas of the building, compromising the confidentiality of client records since staff must travel through the finance department to retrieve those records. After walking through the finance department, staff may stop along the way to check their mailbox located in an open space near a small conference room. The agency has occupied these quarters for a long time and some clients have grown accustomed to entering the building from doors that lead directly into the hallways of occupied office space. This kind of accessibility by the clients doesn't lend consideration toward the safety or the confidentiality rights of staff and other agency clients and is frowned on by insurance risk managers.

The second property is owned by the agency and is located on Washington Highway at the Copley Hospital campus. The children's program resides in this very old building which presents very similar problems to those at Brooklyn Street. The facility is not energy efficient resulting in additional utility expenses. The carpets are old and lavatories need repairs. The staff in this building are also suffering from an increase in illnesses throughout the year.

The newest addition to our leased facilities is Harrel Street. We were compelled to enter into a short term lease for temporary space due to the growth encountered in the Developmental Services program.

The fourth leased space is on Portland Street inhabited by the Keystone program, the children's behavior interventionist program. The Washington Highway and Brooklyn Street facilities did not have space to accommodate this program.

Consolidation of all facilities into one building will insure that the agency will provide services with the following considerations in mind:

1. A safe environment – safe and secure access for all clients, staff, other members of the community and stakeholders; adherence to ADA standards, HIPAA regulations, Agency policies and procedures and any other state and federal compliance requirements.
2. Reception of services in a timely manner – consolidation of the reception areas, client records rooms, and mailrooms will allow staff quicker access to materials and other communication necessary toward providing services promptly, whether as a scheduled appointment or in a crisis.
3. Increase in effectiveness to provide services to all community members that may need those services. A new, brighter facility will attract more people requiring our services that subscribe to third party insurance and enable us to market our own Employee Assistance Program to the other employers in and around Lamoille County.
4. Affording efficient use of resources – energy efficient building will reduce operational and long-term maintenance costs. Human resources - attract more qualified people to work with clients reducing turnover of the qualified staff. Consolidation further allows us to reduce the amount of dollars spent on program support.
5. A facility that is designed specifically to facilitate the defined operations of the Agency will improve staff morale. Improved staff morale allows the staff to focus on their own dedication toward providing services that are person-centered.

Criterion III: Organizational Structure, Affiliations and Operations

The entity applying for a Certificate of Approval is a state designated agency. We are operating as an independent non-profit organization or 501(c) 3 by the Internal Revenue Service under the name of Lamoille County Mental Health Services, Inc. effective July 13, 1972. Our Board composition is in compliance with the State of Vermont Administrative Rules on Agency Designation.

We expect that the new facility will foster a collaborative effort among all programs that allows us to, specifically, increase administrative efforts around the management of information as it relates to quality assurance, fiscal oversight and new program development.

Criterion IV: Financial Feasibility and Impact Analysis

LCMHS Board of Directors, CEO and CFO/COO entertained many options over the past two years including a lease to own option on the Genesis Healthcare building from a local developer. This local developer was interested in creating a human services provider community with LCMHS as the primary tenant. Unfortunately, the lease to own options discussed were not financially beneficial to the Agency. The same local developer offered a lease to own option on a piece of land and a new building; one in which his company would design and construct. Unfortunately, this option was not beneficial to the Agency as well.

In 2007, we conducted a facility feasibility study analyzing the costs of leasing a 15,000 square foot building to accommodate all programs versus constructing a new 15,000 square foot facility that would be specifically designed for our needs. We found that over a 30 year period LCMHS would recognize a savings of \$1,275,364 in facility expenses.

Currently, the plan of renovating the 30,000 square foot building which we have already purchased, without burdening the agency with massive debt, will save the agency approximately \$1.3 million over a 20 year period.