



**A) NARRATIVE: PROJECT OVERVIEW AND DETAILS**

The Counseling Service of Addison County (CSAC) has previously applied and been approved for two building projects per a November 26, 2007 letter from Commissioner Hartman of DMH and Commissioner Senecal of DAIL. The projects are 89 Main Street and 109 Catamount Park in Middlebury Vermont. On March 17, 2008 CSAC received from Department of Mental Health an approval of anticipated increased costs for 109 Catamount Park increasing the approved amount up to \$2,952,977 from \$2,799,846.

This COA application seeks permission to proceed with spending above the previously approved capital expenditure amount for 89 Main Street of \$760,856 up to \$1,144,325. The primary reasons for the cost increases from the previous approval include:

Description	Detail	Increase from prior COA
<i>Addition at 89 Main Street</i>	Site work - new parking and ramp in the front of the building, a new sewer line, and a longer run for the new water line	\$53,000
	General conditions – project manager & superintendent and associated costs of running the project	\$40,000
	Mechanical and plumbing	\$46,500
	Electrical	\$16,409
	Sprinkler	\$3,000
	Increase project costs and debt financing	\$38,262
<i>Renovations at 89 Main Street</i>	Previously figures of \$89/sf for 1,476 of renovated space was used and did not take into account the real square footage of the existing building areas affected by the addition and code upgrades required by the project. The area of complete renovation should have been larger, closer to 1,900SF instead of the 1,476SF, and costs should have been assigned to the remaining 5,512SF. Example and further explanation below	\$71,656
	Sprinkler work will affect every existing room and space which will require patching & painting in every room to some degree	
	Removal of existing steam piping and installation of new hot water heating system. This scope of work was not anticipated originally, and will also require patching & painting in every room.	
	Additional work in lower floor of original building (kitchenette, some new doors, flooring in corridor, patching of walls)	
	Reception desk area was enlarged and lobby area require more work than the August plans estimate	
	Area where existing stair is to be removed will require more work than anticipated to demolish infill and repair the surrounding area.	
	Additional contingency and other updated cost estimates	\$99,587 \$15,055
<b>Total</b>		<b>\$383,469</b>

- a) We expect construction at 89 Main Street to begin May 2008 and end December 2008.
- b) Please find included with this Certificate of approval application an updated schematic drawing for the proposed 89 Main Street facilities.
- c) There are many programs being moved as a result of these two projects. The following is an estimated breakdown of the existing and proposed net and gross square feet for each program affected by both projects.

Square feet by department for both projects updated since previous COA:

	Existing	Increase/-decrease	Anticipated Proposed
DS	4536	4404	8940
Youth and Family	8209	506	8715
CR&T	3687	1709	5396
Adult	2812	-168	2644
Psychiatry	1992	-25	1967
Admin	5202	3730	8932
<b>Total</b>	<b>26438</b>	<b>10156</b>	<b>36,594</b>

d) CSAC has worked with the architect firm of Scott + Partners in designing the proposed projects, and we plan to work with Naylor and Breen Builders as the project manager for 89 Main Street. Both of those companies have been instructed to comply with State of Vermont and/or Federal accessibility requirements as they design and execute the projects. The Building Committee of our Board of Directors includes a retired architect who is assisting with the design plan. CSAC also has a Facilities Manager who will be reviewing the design and construction features to ensure that State and/or Federal standards are observed.

e) It is our understanding that the following permits will be required:

**89 Main Street project:**

A local zoning permit and any other permits the town of Middlebury may require. These permits have or will be completed.

We do not anticipate needing any regional planning permits.

State permits required include a water supply/waste water disposal permit and a Labor and Industry permit for the building. These permits have been or are in process of being completed.

**B) NARRATIVE: GENERAL CRITERIA**

*Relationship of Proposed Project to Strategic Plan and Statement of Need*

The proposed 89 Main Street building and renovation project is in response to the 2003/04 and 2007 Designated Agency re-designation process, which pointed to the need for expanded accessible space for our consumers and staff and to accommodate mental health program growth and improve health and safety at this building. The proposed project at 89 Main Street will greatly increase the accessible space for serving our consumers, and reduce waiting times for service.

### ***Organizational Structure, Affiliations and Operations***

The Counseling Service of Addison County is a Vermont Mental Health and Developmental Services Designated Agency and a 501(c)(3) not-for-profit organization.

### ***Public Input Sought***

The Board of Directors of CSAC and also our local consumer Standing Committees fully support the proposed projects. The Board has conducted a very successful capital campaign - *Building for a Caring Community* – having received over \$650,000 in pledges toward the projects. The capital campaign has reached out to the wider community, enabling us to tell the story of the critical services our agency provides. We have done this through visits with individuals and business and community leaders, presentations to civic and business groups, and articles and interviews in the news media. Meetings have occurred with appropriate town of Middlebury boards and committees regarding both projects.

### ***Financial Feasibility and Impact Analysis***

The attached financial tables are based upon estimates that CSAC has received from Naylor and Breen builders. The actual cost of the projects will hopefully be lower than the estimates as the construction manager will be competitively bidding out sub-contractors. Additionally, the Counseling Service is contributing to the financial feasibility of these projects in three ways:

- First, CSAC has completed a successful capital campaign which has raised over \$650,000 in support of both of these projects.
- Second, we have included net proceeds of \$200,000 from the anticipated sale of an existing piece of property. This may be conservative as the property may sell for a higher amount and hence improve the financial impact.
- Third, CSAC is planning to contribute from capital reserves funds to purchase land and cover a portion of the construction costs.

These three “contributions” mean that CSAC will not have to finance the entire project, thus lowering the financing costs. CSAC has participated in a Designated Agency bond issue in March 2008 at an average fixed interest rate of 5.65% over 30 years. Participating in this bond issue will enable CSAC to save dollars and reduce our expense over the next 30 years when compared to a commercial loan.

We have opted to retain, enlarge and renovate our 89 Main Street building in order to maintain a visible presence in downtown Middlebury, in a location which is strongly identified with our agency and convenient for many of our clients, many of whom walk to their appointments.

Changes to the prior COA Financial Tables Updated as of March 18, 2008

## CHANGES

- Costs for both projects have been updated from the \$3,560,702 COA approved amount to \$4,015,587: Increase of \$454,885.
- Catamount Park Land cost was \$190,000 not \$200,000. This \$10,000 savings will not be realized in the estimates as the cost was kept and included in Catamount Park construction contingency.
- Updated cost estimates based on more defined work scope are reflected in accompanying financial tables.
- Bond costs, reserve and interest have been allocated 78.8% to Catamount Park and 21.2% to 89 Main Street. In previous COA it all went to Catamount Park.
- Bond issuing costs were previously estimated at \$119,896. However, with additional requirements such as bond insurance and other credit enhancements due to current credit situation in the bond markets the amount is now at \$199,983. This is an increase of \$80,087. On the previous COA, CSAC did not have what the bond reserve would be and did not include it or the associated interest that would be earned over the life of the bond. Basically we called it a wash on the previous COA. We now have updated bond information and the required reserve fund is \$190,000 of the \$2,900,000 being financed. However over the life of the bonds it is being estimated that CSAC will earn \$254,500. This results in \$64,500 cost savings (\$254,500 - \$190,000). With the reduction of \$64,500 taken away from the above \$80,087 increase for bond issuing costs the result is a net increase of \$15,587 issuing costs for the bonds from the previously approved COA of \$119,896.
- The amount being financed in COA was \$1,811,105 now is at \$2,900,000. This higher amount includes the bond reserve of \$190,000 and initial closing costs of \$199,983.
- Equity contribution was previously at \$1,749,597 is now at \$1,115,587.
- Interest rate that was factored in the approved COA was at 5%. The actual bond interest rate will be at 5.65% this higher amount is due to the current credit market situation and other factors.
- FY 2009, 2010, 2011 Income Statements outside of the building projects reflect updated budgets based on lower expected income and expenses than was budgeted on approved COA.

The estimated costs for the 89 Main Street project are detailed as follows:

Building addition new construction finished 2524 sq ft (192.77 sq ft)	\$486,544
Building addition new construction basement 1200 sq ft (\$55 sq ft)	\$66,000
Renovated affected area 7716 sq ft (\$28.26 sq ft).	\$218,075
Construction contingency	\$235,444
Project costs (engineering, architectural, legal, permitting etc)	\$100,000
Furnishing and equipment	\$9,540
Debt financing costs	\$28,722
Total Estimated costs	\$1,144,325

The above estimated costs are demonstrated to be reasonable and compare to the following project costs in the Addison County area as reported by Scott and Partners Architects which provided an "Opinion of Probable Construction Costs" for an Addition and Alterations to:

**Deming House Renovation, 36-38 Washington St. Middlebury, VT (2007)**

Total Project Costs (incl. soft costs, fees, excl. land purchase) \$717,289

Total Renovation Area: Approx.....5,100 SF

**Project Costs per Square Foot of Construction Area.....\$140/SF**

**NOTE:** The Estimated Project Cost per square foot of construction area for 89 Main Street is higher in comparison partly due to inflation over time, but primarily due to smaller relative size and the lack of "Economy of Scale".

*Please complete the following financial tables which are included in Excel format.*

<u>TABLE</u>	<u>DESCRIPTION</u>
1	Project Costs
2	Debt Financing Arrangement: Sources & Uses of funds
3A	Income Statement: Without Project(s)
3B	Income Statement: Project Only (both parts in total)
3B(2)	Income Statement Catamount Park Project only
3B(3)	Income Statement 89 Main Street Project only
3C	Income Statement: With Project(s)
4A	Balance Sheet-Unrestricted Funds: Without Project(s)
4B	Balance Sheet-Unrestricted Funds: Project Only (Both parts in total)
4B(2)	Balance Sheet- Unrestricted funds: Catamount Park Project only
4B(3)	Balance Sheet- Unrestricted funds: 89 Main Street Project only
4C	Balance Sheet-Unrestricted Funds: With Project(s)
5A	Statement of Cash Flows: Without Project(s)
5B	Statement of Cash Flows: Project Only (Both Parts in total)
5B(2)	Statement of Cash Flows: Catamount Park Project Only
5B(3)	Statement of Cash Flows: 89 Main Street Project Only
5C	Statement of Cash Flows: With Project(s)