

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: Department of Mental Health)
Construction of Secure Residential) GMCB-002-21con
Treatment Program in Essex)
_____)

**ORDER APPROVING MATERIAL CHANGE FOR INCREASE IN TOTAL PROJECT
COST EXCEEDING 10%**

Introduction

In this Decision and Order, we review the Department of Mental Health’s request to amend their Certificate of Need issued on August 18, 2021, for the construction of a secure residential treatment program in Essex to increase the total project cost by \$2,889,952, from \$21,900,521 to \$24,790,473 due to COVID-19 related expenses. 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 18, 2021, the Board approved a Certificate of Need (CON) that allowed the Department of Mental Health (DMH) to spend \$21,900,521 to build a 16-bed secure residential treatment program at 26 Woodside Drive located off Route 15 in Essex. The former Woodside Youth Rehabilitation Facility located on the property will be demolished and a new building will be constructed to house the secure residential treatment program. The property is owned by the State of Vermont and the facility will be state-operated. The site includes 10.2 acres, 5.4 of which is developed. The secure treatment program replaces a seven-bed program in Middlesex developed on a temporary basis to meet a critical need following Tropical Storm Irene. CON (August 18, 2021).

2. On January 4, 2022, the Board received a request from DMH to increase the total cost of the project from \$21,900,521 to \$24,790,473. The Department of Buildings and General Services (BGS) has found that construction material costs are at historic highs due to Covid-19 causing volatility in the market, inflation, and shortages. The BGS Design and Construction Division attempted to control costs with value engineering efforts and material substitutions. Once the original CON was approved, the project was bid to subcontractors and a Guaranteed Maximum Price (GMP) was submitted by the construction manager. This GMP is the basis for the updated budget. Funding for the increase will be included in the Capital Budget Adjustment Request for the 2022 Legislative session. The scope of the project, construction plans, and schedule remain unchanged from the original application. DMH Request for Amendment January 4, 2022.

Because the increase in the total project cost exceeds 10%, the change constitutes a material change which the Board is required to review.

3. On January 14, 2022, the Board issued a request to correct and update the January 4, 2022 financial tables; DMH did so on February 15, 2022. The February 15, 2022 financial tables reflect that DMH has the ability to fund the requested additional \$2,889,952 in total project costs. DMH was sent an additional question by the Board on February 28, 2022, and DMH responded on March 7, 2022.

Conclusion

Based on the above, we approve DMH’s request of an increase in the total project cost from \$21,900,521 to \$24,790,473. 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 DMH’s request.

With the exception of the aforementioned change, the Certificate of Need and Statement of Decision and Order issued on August 18, 2021, remain in full force and effect.

SO ORDERED.

Dated: March 21, 2022, at Montpelier, Vermont.

s/ Kevin Mullin, Chair)
)
s/ Jessica Holmes)
)
s/ Robin Lunge)
)
s/ Tom Pelham)
)
s/ Thom Walsh)

GREEN MOUNTAIN
CARE BOARD
OF VERMONT

Filed: March 21, 2022

Attest: Jean Stetter, Administrative Services Director