

WEEKLY REPORTS

Checklist

7/22/16

Darren Springer

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Financial Regulation – Michael Pieciak
- Public Service Department – Chris Recchia
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Education – Rebecca Holcombe
- Agency of Transportation – Chris Cole
- Agency of Natural Resources – Deb Markowitz

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Justin Johnson

Jessica Gingras

- Boards and Commissions – Jessica Gingras
- Department of Liquor Control – Patrick Delaney

Laura Gray

- Agency of Agriculture – Chuck Ross
- VT Commission on Lottery – Greg Smith

James Pepper

- Department of Labor – Annie Noonan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: July 22, 2016
Re: Weekly Report

PATRICIA MOULTON, SECRETARY

GOVERNOR'S PRIORITIES:

- **EB5:** Another rough week and EB5 land! Gene Fullam has resigned as Director of EB5, which ultimately is a blessing. I do not believe he thought I would accept his resignation and he is angry. He will attempt to set up a meeting with the Governor. I strongly discourage that. He wants to argue why he should have been retained and tell you what a bunch of buffoons we all are! We have a plan going forward. Joan will become the designated head of the Regional Center when I leave. She and John Kessler will do the bulk of the day-to-day work. We are seeking outside counsel to assist with a Request for Information (RFI) and we will expand those needs to include day-to-day consultation as needed, and assistance with annual filings with USCIS. We will be working with Michael Pieciak to ask his team to gather needed information when they are conducting quarterly compliance visits. Joan and/or Lucy will be tapped to travel overseas with projects as appropriate. We are talking with Southface Village this afternoon and they are apparently planning two China trips, possibly three this fall.
 - **Stowe Aviation:** Both the Governor and I received a complaint from Russ Barr of Stowe Aviation indicating the Vermont Regional Center is out of compliance with our MOU with Stowe Aviation. It is ironic we were going to be sending a similar letter to them! The letter also indicates they may need to decouple from the Regional Center. Yesterday we collectively decided with DFR to respond indicating they are out of compliance with the MOU and we would mutually agree to dissolve the MOU. This will remove them from the Regional Center and may very likely be the end of their EB5 project. They may go to another Regional Center. The project is fraught with issues not the least of which is their inability to raise money.
 - We are closing in on a decision on legal counsel to assist with the request for information (RFI). We are likely to engage Lock Lord who is also counsel for the Treasurer's office. And we will encourage them to seek co-counsel or consulting counsel with either Mintz Levin or Miller Mayer who are both EB5 experts. We would happily engage either Mintz or Miller but the optics would be would create another press story given both have conflicts as they are representing other EB5 projects or investors.
- **Commonwealth Dairy:** We heard from Tom Moffitt earlier this week indicating he needs 300,000 gallons per day of sewage discharge capacity. Prior to Monday, the number was always 200,000. The town of Brattleboro can easily accommodate 250,000 gallons, but to reach the 300,000 would require upgrades to pipelines which is significantly more expensive. We will be replacing and upgrading the pump station that serves both the welcome center on 91 as well as the Delta Industrial Park and Algiers. Federal highway funds will be picking up most of that, we will be filling in the remainder with Windham County economic development funds.
- **Archer Mayor:** met with Margo Mayor about the project to produce a new TV series based on Archer Mayor's mystery novels. The producer who is signing with Archer is a native Vermonter, Brad Coolidge, and would very much like to do the filming in Vermont. The lack of incentives is an issue. We are arranging a conference call with the producer to help will determine how Windham county funds may assist. The TV series will be sold to Netflix or Amazon or someone like that. Very exciting production and tourism promotion opportunity! We have information on incentives in other states. Alex Aldrich at the Vermont Council on the Arts would like to go to the legislature this next session and seek some sort of an incentive for this series and perhaps permanent incentive offerings.
- **Dan Towle reports: Vermont Celebrates 35 Years of Captive Insurance Legislation:** Dan Towle, Director of Financial Services, put out a press release on this significant milestone for Vermont's captive insurance industry. It was widely picked up by the trade press. The press release included a quote from Governor Shumlin. The milestone will be celebrated at the upcoming Vermont Captive Insurance Association Annual Conference.
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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Deputy Commissioner Hanford

- **Downstreet Housing & Community Development:** Concerns about the organization's ability to meet the compliance requirements of CDBG funding in recent projects have been communicated to the organization. Grants Management and VCDP staff have communicated these concerns and have requested new oversight & compliance requirements be put in place before new grants are awarded to the organization. Follow-up with Downstreet's ED will continue.
- **Mobile Home Park Guidance:** Discussed with Arthur Hamlin and DHCD General Counsel Dale Azaria a complicated park sale, refinance and expansion situation at the Weston MHP in Berlin. The owner, Ellery Packard, is considering a sale of partial ownership and possible expansion with as yet unknown investors. Packard is also working with the town to extend municipal sewer to the park and discussing permits and zoning as they are considering a possible MH park expansion. Due to debts incurred after the park was severely damaged by flooding during Tropical Storm Irene, which destroyed 70 of the park's 83 homes, Packard is seeking new capital to either pay off some of those debts or help finance the sewer and/or expansion. This situation is not clearly defined in the Mobile Home Park Act which requires certain sale notices, specific timelines and first option to purchase requirements to non-profit housing organizations to protect the affordability for MH park residents. We concluded that this partial-sale of ownership is in the best interest of the MH park residents, doesn't trigger the normal MH park sale notice requirements, and doesn't appear to be a deliberate attempt to circumvent those requirements.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partner and Program Report

- **VTrans Resiliency App:** John participated in the second meeting of the Vulnerability Task Team which is helping refine the methodology for assigning a 'vulnerability score' to the state's transportation infrastructure. Consultants Milone and MacBroom have made significant progress since the group's first meeting and presented site specific examples of what the assessment looked like and how the variables could affect the score. The 'vulnerability score' will be part of a 'resiliency app' that will include considerations, such as criticality of a partial road segment or structure, in the final model. Ultimately, this tool will help the state and municipalities prioritize and make transportation investments that minimize future losses.

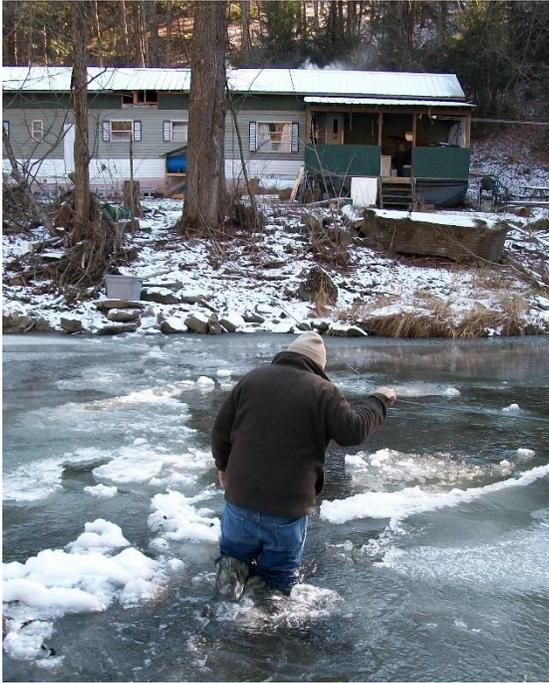
State Designation Programs

- **Northfield:** Richard helped coordinate and organize the "[Northfield Night Out on the Common](#)" public engagement event for the area-wide planning effort at the farmer's market. The [Northfield Community Development Network](#) and Town of Northfield (in collaboration with ACCD, DEC and CVRPC) hosted the event to share ideas and collect input for two redevelopment opportunities in the downtown, provide updates on the conceptual design for [the Water Street park](#), and launch their community branding effort. Over 150 people provided comments and ideas to make Northfield a better place to live and work. Northfield has actively pursued community revitalization projects since Tropical Storm Irene and this event advances the recommendations developed during the Vermont Downtown Action Team project in 2014. Check out photos from the event [HERE](#).

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

CDBG Disaster Recovery Program

- Tamera accompanied TRORC staff on two sub-recipient monitoring visits on July 19th for the Property Buyout Program. The first visit to West Windsor included review of a buyout of a mobile home which was not directly impacted by Irene, but access for the property owner was completely cut off as a result of the storm. The buyout has now occurred and demolition, through use of a crane, is expected to be completed in the next couple of weeks. In Chester, two buyout properties were reviewed, including one that was completely washed away by Tropical Storm Irene.



- Picture on the left shows the treacherous conditions a West Windsor homeowner had to endure after Irene just to get access to his home. This provides us with a good reason for our buyout program.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **Its Pokémon at the State Historic Sites, reading a Roadside Marker!!!!** We learned that the site is a “watering hole” for the new Pokémon Go fad. Tom Marsh, Windsor’s town manager, reports, “I have heard of people coming from all around the Upper Valley to take advantage of Windsor’s rich Pokémon offerings (hopefully reading our interesting historic signs and spending in our shops as well). Apparently Hanover is the only other town in the area to compare to our Pokémon richness.”



- **Advisory Council on Historic Preservation:** The Council met today to review a number of projects being undertaken by VTrans that shall have adverse effects on historic resources, including the stone arched bridge in Salisbury, rail projects in Manchester and Wallingford, and culverts in Glover and Westmore. There was an overall discussion about the demolition of historic bridges due to failing materials and changes in vehicle sizes, and railing designs.
 - Four Roadside Historic Markers were approved:
 - Vermont Equality for Same-Sex Couples, Montpelier
 - Clarence Fitch, Adamant
 - Vermont Veterans’ Home, Bennington
 - Town of Williamstown
 - Approved the relocation of the General George Stannard House from its original, yet very altered location at 947 Route 7 to Bombardier Road in Milton. The Council applauded the efforts of the community and town in their efforts to save this house and utilize it as a museum recounting Vermont’s contributions to the Civil War.
 - The next meeting of the Council is September 22.
- **Chester Depot Roadside Marker:** A great celebration was had in Chester to commemorate their new roadside historic marker. This marker was a labor of love for many dedicated residents of the area, including the railroad

company and VTrans. The celebration on July 16 included not just an unveiling of the marker but rides on the train. Thank you so much to the town staff, Hugh Henry, and Rep. Herb Russell for shepherding this marker.

Vermont now has 220 roadside markers!!!



State Architectural Historian

- **Vermont State Hospital, Waterbury:** The Vermont Advisory Council on Historic Preservation has reviewed and requested that SHPO forward the nomination of the Vermont State Hospital campus to the National Register of Historic Places. The nomination is the result of stipulations in State and Federal agreements for the rehabilitation of the campus following TS Irene. Devin will now prepare the final materials for submittal to the National Park Service, with formal listing anticipated in September.
- **National Register Nominations:** Devin is currently reviewing and editing draft National Register nominations for the Pine Street Historic District in Burlington; the H.C. White Mill Complex in North Bennington; the Advent Camp Meeting Grounds Historic District in Hartford; and the Lareau Farm in Waitsfield. All of these nominations will be presented to the Advisory Council in October 2016.

Project Review

- **Waterbury and FEMA:** Jamie, Laura and Yvonne met with Barb Farr & Steve Lotspeich from the Town of Waterbury, Lauren Oates from VEMHS, and Owner Whitney Aldrich on site in Waterbury to discuss unanticipated issues with a FEMA project. The project originally proposed elevation of a non-historic house to raise it above flood level. However, during construction it was determined that the original scope of work failed to anticipate a number of issues and additional work was needed to complete the elevation. The project area is very archaeologically sensitive and there are a number of known Precontact and Historic sites on adjacent parcels. The most ideal situation would have been to have investigations done before work began on the project. Nevertheless, the talented PR team identified two potential paths for clearance for archaeology. Factors in determining the best path will be time and scheduling constraints of the archaeology consulting team and the project scope itself. We will continue our consultation with the various parties to come to the best possible conclusion.
- **Shelburne:** Jamie met with Alec Webb and architect Steve Smith to discuss preliminary plans for the Farm Barn Cottage at Shelburne Farms. Currently, Alec's home, the cottage farmhouse has had a few unsympathetic alterations over the years and is suffering from deferred maintenance. The goal is to make some upgrades for energy efficiency along with a minor enlargement of an existing garage/shed that is currently used for storage. The goal is to create a welcoming meeting space for welcoming guests in the short-term. Long range planning may change current residential use to more of a meeting/multi-function space.

Historic Sites Section Chief and State-Owned Historic Sites

- **Old Constitution House:** This week's highlight was the 1777 Constitution Day celebration on July 16. Dressed in period attire, seven reenactors and staff members provided early home life demonstrations and guided tours for 50 attendees. The event traditionally culminates with a reenactment of the adoption of Vermont's constitution - always a crowd pleaser.



HOUSING ♦ Arthur Hamlin, Housing Program Coordinator / Shaun Gilpin, Housing Policy Specialist

- Finally, some promising news on the HUD manufactured housing installation front. We heard from Vermont dealers that they have been able to put on hold submitting new engineered designs for frost-protected foundations, because the manufacturers are including approved plans in their installation manuals with the homes. The cost is ranging from \$3,500 to \$4,500 or more, mostly due to the added insulation and insulated skirting. This is still increasing the cost of mobile homes; many think for no compelling reason. The complaints about HUD installation requirements also reached Congress. Per a news release from the Manufactured Housing Institute, Representative Bruce Poliquin (R-ME) raised concerns to [HUD Secretary Castro] about [the] new interim guidance on frost-free foundations and frost-protected shallow foundations at a hearing of the House Financial Services Committee. According to the news release, Secretary Castro agreed to “work with” Representative Poliquin on the issue.
- Late last week we received unexpected news from Washington DC, where the Senate (shockingly) passed a bill that originated in the House by unanimous consent. The bill, Housing Opportunities Through Modernization Act (H.R. 3700), does a number of things that will make the Housing Choice Voucher Program (commonly known as “Section 8”) more efficient to administer and more helpful for many beneficiaries. Among the things the bill accomplishes; less frequent income verification for beneficiaries on fixed incomes, making it much less costly for Housing Authorities to regulate the program; it increases the percentage of Housing Choice Vouchers that a Housing Authority can “project-base”, making it easier to house extremely low income households with a voucher; it allows for voucher holders who own a mobile home in a mobile home park to include all of their housing costs when determining the value of a voucher, making this affordable housing option more available to qualifying households. The latter of these provisions was added as a floor amendment by Congressman Peter Welch and addresses a problem that was identified by Arthur Hamlin when the last major changes to the “Section 8” program were made. Years of effort have gone into getting these changes codified into law and the unanimous passage of the bill out of the House and bipartisan support in the Senate is a testament to our Congressional Delegation.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Regular VCDP

Potential Applications

- **City of Newport:** Nathan attended a meeting with City, NVDA, VHCB, and VT Rural Ventures to discuss potential redevelopment plans for the downtown block that was demolished in anticipation of the E-B5 project that will not be proceeding. Staff provided the city with information on the VCDP application process and how VCDP funding can be a potential source of funding for projects that range from planning to implementation.

Other

- **BACH-DA:** (Business and cultural, historic disaster assistance) Nathan sat in on a tabletop exercise this week to get re-acquainted with the BACH-DA reporting system (Business, Agriculture, Cultural and Historical Resources Damage Assessment). BACH-DA will be one of the systems to be utilized in the upcoming Vigilant Guard exercise (specifically the BACH-DA process) and will be a great opportunity to identify areas where improvements can be made to our data collection system.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

- **Economic Development Marketing:** Heather gave a presentation on the Agency's economic development marketing plan and implementation efforts to the Vermont Association of Chamber of Commerce Executives this week. VAACE was very receptive and enthusiastic to assist, offering a nice opportunity for Heather to encourage the group to share images and content from their regions for the new 'Why Vermont?' web portal. Deputy Commissioner Cook also provided the group with an overview of winter, summer and upcoming fall activities and initiatives from VDTM.
- **Environmental Assistance Office:** The Dept. of Environmental Conservation has a small Environmental Assistance Office (EAO) within the Compliance Division that is responsible for both enforcement and technical assistance regarding DEC regulations. The EAO has experienced some reorganization and staff turnover recently, creating an opportunity for the new director to reassess and redefine the role of the office. Heather met with the new staff this week to discuss the EAO's capacity to offer assistance internally, for other DEC programs, to better manage the messaging and outreach materials the EAO relies on for their technical assistance and enforcement role with Vermont businesses. Next steps include an asset inventory of all outreach materials DEC is currently distributing, to determine the need for creative assistance, whether it be design, copy and content creation, branding support, etc., that might help DEC be more consistent and disciplined in their messaging. The comprehensive permit reform changes DEC is now tackling may serve as a helpful vehicle to develop a new process for strategic communications.
- **Creative Services:** Erin completed two logo projects this week: a redesign of the logo for the VISION accounting system for the Dept. of Finance and Management; as well as development of a new logo for Vermont State Parks to encourage participation in a new 'Campfire Cook-off' promotion, where visitors and Vermonters alike are asked to submit videos of themselves preparing their finest culinary campfire creations for a place in a competitive cook-off event later this season. Erin also executed a new print ad this week for the Dept. of Economic Development to support their sponsorship of the Wings over Vermont airshow coming to Vermont in August.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **Two big events** this week, The Vermont Cheese Festival and The Brewers Festival, were both blessed with good weather and excellent attendance. We have not heard the final numbers yet but both have had rave reviews. Our robust calendar of events, <https://vermontvacation.com/plan-your-visit/events>, is a great tool for Vermonters as well as visitors to plan their weekend. Take a look!
- **Stowe Area Association:** Megan met with the committee chairs working on the Stowe Area Association 2.0. We came up with strategies for hiring a new Executive Director as well as sharing the very positive results from the survey they conducted with members and non-members in the Stowe region. The organization clearly has a strong place in the community but obtaining the right new leadership is crucial.
- **Lodging & Restaurants Health Regulations:** The Department of Health is going through a process updating the Department of Health Regulations for lodging and restaurants. David Englander, General Counsel for the Department of Health, has been very helpful in keeping Megan up to speed on the process. Both the State Chamber and Ski Vermont have been asking their members to weigh in and there was a public hearing this week. Megan is reviewing the Economic Impact statement for each item and will continue to monitor this process.
- **Woodstock Vermont and World Cup 2016:** Megan met with the Director and Board of Directors of the Woodstock Chamber to discuss their potential role in welcoming the visitors for World Cup 2016 in Killington the weekend of Thanksgiving. They are eager to host an event on Wednesday night, put up promotional pieces throughout the fall and then, during the weekend, have a banner across the road welcoming all. The Woodstock Inn is taking the leadership role for this project.
- **Bennington Chamber Mixer:** Megan attended the Bennington Chamber mixer where they invited businesses from the now defunct Manchester Chamber to present how the regional "Shires" organization can serve the whole region. There was an excellent turnout and much interest in the upcoming August 17th strategy session.
- **Manchester Designer Outlets:** Megan met with Lana Hauben who has taken over as President of Manchester Designer Outlets after the sudden death of her husband, Ben, earlier this year. Lana is interested in working with VDTM and was interested in the programs we offer.

Steven Cook, Deputy Commissioner

- **Vermont Ski Area Association:** Deputy Cook will meet with the newly appointed Director of Marketing of the Vermont Ski Area Association Sarah Wojcik on July 21st to discuss this year's grant guidelines and winter marketing planning. Wojcik was previously the Director of Communications for Ski Vermont and has a strong knowledge of the relationship between our two organizations.

- **Autumn Advertising:** VDTM is nearly complete with autumn advertising creative for the first round of media that will launch on August 1st in fly markets. VDTM has a \$270K media budget to promote fall travel to Vermont this year. Investments are focused in traditional and digital advertising in distant fly markets and New England and New York drive markets.

COMMUNICATIONS ♦ Philip Tortora, Director of Communications

- **Media Inquiries:** VDTM has recently been handling several media requests for information and photos.
 - A writer for the Boston Globe has caught wind of our Open Farm Week promotion, and asked for photos for a piece she is writing for the end of the month, which will highlight Open Farm Week in Vermont.
 - We also fulfilled fall foliage photo requests from National Geographic Latin America, and Hartford and New Haven Living Magazines in Connecticut. The Connecticut magazines are doing a piece on fall drives and covered bridges in Vermont.
 - Photos and information we provided to The Cottage Journal resulted in a three-page spread on Vermont foliage. They get roughly 450,000 readers per issue, which is printed five times a year.
 - We also helped coordinate a Stowe-Burlington-Shelburne visit from Bravo TV’s Jetta Bates Vasilatos. She is part of the cast of Tour Group on the network, and well immersed in several other media ventures.
- **New York By Rail Newsletters:** Collaborating with the publishers of New York By Rail (which focuses on Amtrak service in New York State) to ensure we get promotion of Vermont’s Ethan Allen Express and Vermonter lines in their upcoming newsletters. We hope this will entice leaf peepers, as well as families of Vermont college students who hail from New York, to use the services to visit Vermont.

SALES ♦ Kathleen Kolva, Sales Manager

- **Champlain College Open House:** As part of a new cooperative effort between VDTM and the Association of Vermont Independent Colleges, Champlain College was the first to host a Vermont tourism table at their Summer Open House event. On Friday, July 15th almost 500 prospective students and their family members came to Burlington, and Kathleen had the opportunity to speak with many visitors from ME, NH, MA, CT, NY, and NJ as well as some from as far away as NC, SC, FL, TX, and WI. Along with eagerly picking-up guides and maps, families were especially interested in early planning for winter vacations and information on Amtrak’s Vermonter line. Champlain College was very appreciative of VDTM highlighting Vermont’s exceptional offerings to their prospective students’ families.



VERMONT LIFE ♦ Mary Hegarty Nowlan, Editor/Sky Barsch, Associate Publisher

- **Circulation:** On the advice of our Circulation Management, Shain + Oringer, we are getting ready to start the gift renewal program with some good news. Last year we tested a price of \$11.97 against the control of \$9.97. The test resulted in a minor loss of orders (-3%) but an increase in profitability (+\$3.94 per donor). We would like to roll out this new price to all and in doing so we expect a loss of about 200 subs but an increase in profit of \$10,000.
We are also trying another beat-the-price increase test, which aims to boost response early. We are excited about last year's results and hopeful for the upcoming campaign.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS SUPPORT ♦ Brett Long, Director

- Attended workforce needs visit with Husky Injection Molding
- Attended IBISWorld product demonstration
- Met with VMEC on potential ISO training sessions for OEA Grant
- Attended Gubernatorial Forum in Rutland
- Worked on business cluster listing

INTERNATIONAL TRADE (VERMONT GLOBAL TRADE PARTNERSHIP) ♦ Katie Corrigan, Manager of International Trade

- Attended Burlington Young Professionals event. Received great leads for VTP and VGTP.
- Had a conference call with Commissioner Goldstein and ROI to discuss more targeting options for the State of Vermont in regards to exporting and FDI.
- Working with Best of New England team to promote MEDICA for November 2016.
- Working with Eastern Trade Council to promote Info Security 2016.

VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦ Robin Miller, Director

- **Other PTAC News:** Joanne Spaulding hosted a Selling to the Government workshop in Middlebury on July 14. Chris Herriman from the SBA attended and briefly addressed the group on the SBA's programs following Joanne's presentation. Neal Kandel from Edgeworks Display was the guest speaker that was able to address the other attendees, sharing his experience and success his company has received from participating in the PTAC program and by attending PTAC hosted events. There was a total of 7 attendees at the workshop.
- **Companies PTAC is currently working with:**
 - Bauer Contracting – Charlotte
 - Bazin Brothers' Trucking Inc. – Westminister
 - Berlin City Remarketed Vehicles, Inc. – Williston
 - Bike Track, Inc. – Woodstock
 - Biotek Instruments – Winooski
 - Cope and Associates Inc. – Williston
 - Don-Sim Farm Partnership LLP – Sutton
 - Hart Hotels of Vermont, Inc. dba Green Mountains Suites Hotel – South Burlington
 - Interactive Maintenance Service, Inc. – Williston
 - Jeffrey & Jean Solinsky – Sutton
 - Jim Campbell Real Estate – Newport
 - Just Schools Project LLC – Brattleboro
 - Let's Face It! LLC – Derby Line
 - Manpower International, Inc. – South Burlington
 - Sathorn Corporation – Williston
 - Smalley Contractors – Rutland
 - Technical Connection, Inc. – Burlington

VERMONT TRAINING PROGRAM ♦ John Young, Director

- Along with Ian Davis, attended and presented a VTP PowerPoint at the BCIC board meeting. There were 15 people in attendance with a number of employers represented. We are hoping that this will spur on more business visits in that county.
- Heading to Springfield area later this week to meet with Bob Flint and up to 4 businesses who all may utilize VTP.
- Next week's meetings so far: United Way of Chittenden County (ELL discussion), NRG, General Dynamics and Blodgett Oven.

ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director

Activities and Accomplishments

ITS

- Attended Vermont PRND Table Top Exercise After Action Review and Executive Steering Committee meeting.
- Finalized Fiber P3 RFP and supporting documentation. Sent out RFP for final review and comments.

Future Plans/Activities

- Submit Fiber P3 RFP and supporting documentation to Contract Admin to release RFP.

Obstacles and Opportunities

- none

State of Vermont
Department of Financial Regulation
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Montpelier, VT 05620-3101
www.dfr.vermont.gov

For consumer assistance:
[All Insurance] 800-964-1784
[Securities] 877-550-3907
[Banking] 888-568-4547

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Michael S. Pieciak, Commissioner, Department of Financial Regulation
Date: July 22, 2016
Re: Weekly Report



Securities Division: Confidential

Confidential Jay Peak/Citibank: Mike Goldberg has reached a tentative agreement with Citibank regarding approximately \$15 million of investor monies that Citibank currently controls. Under the deal Citibank will return approximately \$11 million to Mike Goldberg and Mike Goldberg will seek a court order barring investor claims against Citibank. Mike indicates these funds will provide a critical financial bridge to the 2016/17 ski season. The deal is likely to be finalized next Friday and become public at some point shortly thereafter.

Confidential Jay Peak/Raymond James: Mike Goldberg is in early stage negotiations with Raymond James regarding a major settlement in which Raymond James would fund the financial shortfalls for the Stateside and AnC Bio projects. The approximate combined shortfalls equal \$80 million. The receiver would use these monies to complete the Stateside project and would transfer the AnC Bio investors to the Q Burke project and complete that final phases of that project. The AnC Bio project would not move forward. These are early stage discussions.

Captive Insurance Division:

Vermont's captive insurance license number 1,072 was issued this week to Idem Indemnity Inc., which is a subsidiary of Brady Corporation of Milwaukee. Brady is an international manufacturer of products that identify and protect premises and people including the labels on pipes that identify the direction of flow and hazardous contents. It also makes secure entry cards, barcode scanners, workplace safety signage, and absorbents for spill containment. In 2015, sales topped \$1.2 billion. The captive will provide direct coverage to the parent for business interruption, general liability, accidental death and dismemberment for management personnel, property, and patent/intellectual property infringement. Brady employs more than 6,500 people in 29 countries and is listed on the New York Stock Exchange as BRC.





Privileged and Confidential

MEMORANDUM

To: The Honorable Peter Shumlin, Governor
Sarah London, General Counsel

From: Christopher Recchia, Commissioner

Date: July 22, 2016

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

Act 174 – Development of Standards for Determination of Energy Compliance – The Department continues to engage stakeholders as it begins the task of developing standards for determining if Town and Regional Plans shall receive a Determination of Energy Compliance resulting in substantial deference in Section 248 proceedings before the Public Service Board. This week meetings were held with VLCT and other partners and VNRC. A successful focus group discussion was convened to discuss standards for efficiency and conservation. On August 3 another stakeholder dialogue will focus on the central issue, renewable generation and mapping. A larger public meeting will be held August 30 with the plan to issue a draft of Standards in Mid-September in advance of the November 1 deadline for final standards.

VGS Rate and Alt Reg Filings – Docket Nos. 8710 & 8698 – We are in active discussion with VGS about this and the desire to both be responsible to ratepayers and to ensure the Company is successful. This case is Vermont Gas's request for a rate decrease of 3.3% (which includes placing the Addison Project in service and withdrawing money from the SERF) and its request for approval of an alt reg plan. Non-petitioner testimony is due July 22. However, the parties have finalized an agreement to extend the testimony deadline by a month, in light of recent supplemental discovery responses by the Company. The Department has prepared testimony

recommending a different alt reg plan that is primarily a weather-normalized PGA (Joan White). It has also prepared testimony on cost of capital, recommending a 9.0% ROE and 50/50 capital structure (Rick Baudino). And it has prepared an overall rate review in which it proposes significant adjustments based on the level of cost support and prudence adjustments (Bill Schultz). Ultimately, we are looking at a cost recovery of about \$100M this year, depending on when the project is actually in service. Mr. Schultz also recommends that the SERF is not needed this year and that the Board could consider a one year reprieve from SERF collection. While the extra month will likely not affect the testimony of White and Baudino, the testimony of Schultz will be revisited during the month extension to incorporate additional discovery.

Copans and Recchia sat down with Rendall for 2 hours on Wednesday to provide a preview of the Department's position. The agreed-upon extension resulted from this conversation. Otherwise no substantive negotiations took place. Additional conversations will likely happen before testimony is due in late August.

GMP Base Rates Filing – No Docket – GMP has made its annual base rates filing, seeking a rate increase of 3.53%, which is made up of a 2.57% increase to underlying rates and 0.96% increase to power supply costs. GMP is attributing a large amount of the increase to net metering (approx. 2%). The Department has provided GMP with a list of proposed adjustments on 7/20. GMP is reviewing them and the two sides will engage in discussions over the next in an effort to resolve the matter. The deadline for resolution is 7/29. One positive development working in ratepayers favor is the formulaic adjustment to ROE. Given the year over year drop in 10-year treasuries, GMP's ROE will drop from 9.44% to 9.02%. This will result in an approx. 80 basis point reduction to the rate need. Pursuant to Act 130 the Attorney General's office is monitoring this case.

The Department is still finalizing its position on vegetation management and this will likely be a sticking point in negotiations as the Department believes the utility has under-spent in this area and that any underspending should be rolled over to a future rate year until the utility meets its 7 year trim cycle. The Department also believes an additional deductible equaling \$1.2 million should be paid this rate year. Total disputed amount is approximately \$3.5 million. In theory, negotiations on this should wrap up at the end of July with a filing of settlement with the Board. If settlement is not possible, an investigation may be initiated. Because of the contention, this may ultimately be pursued in a separate case.

VEIC RUS Loan Funds - VEIC has been awarded \$46 million loan fund from the USDA Rural Utility Service (RUS) to provide loans for efficiency and renewable energy upgrades. Representatives from VEIC came in to update the Department on their progress towards designing loan offerings. VEIC will file additional loan documents with the PSB in mid-August and has begun to develop specific offerings and begin discussions with potential partners.

Meetings/Calls this Week:

July 18 – VT Bankers Assoc. Clean Energy Finance Collab. meeting

July 19 – Kate O'Connor meeting, PA Division meeting, Act 174 check-ins

July 20 – Congressman Welch & FCC Chairman Wheeler meeting, Act 174 efficiency

stakeholder meeting, Don Rendell meeting, Meetings with Credit Unions and VGS on Clean Energy Finance Collaborative

July 21 – VNRC meeting, Tax & PSD, RUS Briefing

July 22 –

Meetings next Week:

July 25 – Darren Springer meeting, GMP Rate Case

July 26 – VY Decommissioning Monthly meeting

July 27 – Climate Cabinet Conference Call

July 28 – Swanton Wind meeting, St. Albans & Biogas meeting,

July 29 – VEDA Board Meeting

Media: VPR story on PSB limiting public access to eminent domain hearing

Public Official Contacts: .

PERD

Energy Efficiency Utility Activities

Energy Improvement (CEI) and Home Energy Report (HER) Evaluation

- Staff met with VEIC to discuss the agenda for the July 26 workshop. Proposed agendas are due to the Board on July 22. Staff proposed a general framework for the workshop agenda to include background, overview of CEI and HER evaluation results, program recommendations for the future, and next steps. On the Home Energy Reports – The evaluation contractor completed the review of the first 5 months of the 2016 HER program and results show that the program savings increased significantly in 2016. Average savings per customer increased from 0.16 kWh per day in 2015 to 0.29 kWh per day in the first five months of 2016, an increase of 84%. All usage groups experienced significant increases in savings in 2016, but medium usage customers experienced a large absolute change and the greatest percentage change, increasing savings by about 0.19 kWh per customer per day or 173%. High usage customers increased savings by about 0.23 kWh per customer per day or 61%. At the end of May 2016, the pilot had saved about 4,000 MWh, which equaled 72% of the total 2015 savings. The pilot is on pace to well exceed the 2015 savings of 5,549 MWh. Cost effectiveness of the pilot to-date was not part of the analysis, so staff requested it be added.

Thermal Energy Finance Pilot/Heat Saver Loan Program

- Continued to work on invoice and budget questions for OCU. Sent guidance regarding proposed budget change requests and invoicing to grantee.
- Processed invoice for VSECU for interest rate buy down (\$6,076.33) for \$44,144 in finance on four loans
- Coordinated with staff from VEIC and EVT to begin shaping potential options for HSL in the post-pilot era, including pathways and criteria that would make for a successful transition of the program to the RUS. Began to flesh out options for:
 - Status quo – PSD retains the program in its current form
 - Conservative Transition – New capital structure/model but retaining the core successful elements of the HSL platform

- “Plus” Transition – New capital structure with new admin model, potentially new technologies and new credit enhancement administrator
- Full Hand-Off – Core elements transitioned to a new set of players/arrangements

Power Supply

- GMP FY 2017 Base Rate – Developed adjustment recommendations on \$25.6million of requested NM costs. Reductions total \$5.8+ million, due mostly to changes in generation forecast and expiration of bill credits
- 5.200 – GMP purchase of ~5MW PV from Deerfield’s Elizabeth Mine Project sited on a Superfund site in Strafford. The 30 year Contract terms work out to a levelized price of between 14.2 and 14.4 cents. This price is in the ballpark of but falls somewhat short of recent value of solar calculations in GMPSolar Dockets, which are in the 13 to 14 cent range. Some upgrade costs will be paid for by the developer under line extension tariff and electric generation interconnection tariffs.

Engineering

Update on VY Groundwater Management Issues

The following update was provided to the State Nuclear Engineer on 7/20: Pumping Incursion Water to the four holding tanks outside the Turbine Building continues, with focus on emptying the remaining storage bladders deployed within the Turbine Building. Three Incursion Water shipments (~15,000 gallons) occurred last week, bringing the total water shipments to ~240,000 gallons. Four shipments (~20,000 gallons) are scheduled for this week. As a result of feedback received from ANR, the potential discharge of chemically treated (cleaned) Incursion Water to the Connecticut River (first reported on 5/25) has been placed on hold. Other than the implementation of underground “frozen soil” barriers to divert groundwater, VY is using all incursion management methods implemented at Fukushima.

Clarification on Recent Media Reports on VY Water Shipments

Several VT media outlets are reporting that the NRC is requesting new information on the radiological dose received by truckers when shipping contaminated water from the VY site. The following clarifies the timeline on these questions: In January, VY submitted a License Amendment Request (LAR) to permit disposing up to 200,000 gallons of low-activity radioactive waste water at US Ecology’s hazmat disposal facility in Idaho. Unlike the Energy Solutions’ facilities currently used by VY, US Ecology is not fully licensed to accept radioactive water (hence the need for the LAR). The NRC issued several Requests for Additional Information (RAIs) on the LAR in late March, which required more details on the maximum radiological doses to the truck driver during transit and to US Ecology workers upon arrival at the disposal site. VY issued a letter reply to the RAIs on June 28. VY water shipments to US Ecology cannot occur without the NRC approving the LAR.

Vermont Gas Systems Addison Transmission Pipeline Project Construction

Approximately 11,623 feet of pipeline was installed last week by the primary construction contractor for the project. 9,481 feet of pipe was installed by open-trench method, 1,022 feet of pipe was installed by boring under roads and 1,120 feet by Horizontal Direction Drilling (HDD). Total 2016 installation between Williston and Middlebury at the end of the week was approximately 32,815 feet.

The Department Pipeline Inspector performed inspections of pipe-coating condition, pipe-coating adhesion tests, welding, hydraulic pressure testing, pipe segment lowering-in and backfilling, electrical safety, and pipe installation by HDD.

Finance & Economics

Electric

VEC: Special Contract – VEC Request for Approval of Special Contract for Energy Transformation Project. On June 30, VEC filed a special contract seeking approval for a project that VEC is planning to implement as part of its Act 56 “Tier 3” requirements. This project pertains to replacing a propane generator with a line extension at Little Charlie’s Sugarbush in Jay, VT, and is estimated to cost \$59,602, of which VEC proposes to pay \$14,368. Staff received response to a documentation request and is continuing its review and forming recommendation.

Regional

Cost of New Entry and Offer Review Trigger Price

- ISO-NE is initiating the process for establishing new values for Cost of New Entry and Offer Review Trigger Price.
- Cost of New Entry is the estimated cost of building the most likely new capacity unit (with the type of capacity unit either a simple cycle or combined cycle gas combustion turbine). Net Cost of New Entry (which is the cost minus the expected revenues from the energy and ancillary services markets) is the expected capacity price and is used to determine the slope of the demand curve used to purchase capacity in the auction. Current CONE is \$14.38/kW-month and Net CONE is \$11.64/kW-month. The actual clearing price of the last Forward Capacity Auction was approximately \$7/kW-month.
- The Offer Review Trigger Price is ISO-NE’s estimate of the cost of developing specific generation technologies. If a resource bids less than its ORTP, ISO-NE will review the bid and could determine that the bid is too low (with the concern being that the resource is trying to depress the capacity price) and increase the resource’s bid. During the discussion of the ORTP, ISO-NE stated that it expects new wind to only be built in Maine and New Hampshire, as transmission constraints in Vermont would prevent significant new construction here.

Maine PUC and Gas pipelines

- On July 19, the Maine Public Utility Commission approved a scheme whereby state electric customers would subsidize the construction of natural gas pipelines, but only if four other New England states took similar action. The decision overrides PUC staff recommendations on the proposal.
- It is unclear whether this will ever move forward as New Hampshire, Rhode Island, Connecticut, and Massachusetts would all have to approve similar programs. The Massachusetts Supreme Court is reviewing whether the MA Department of Public Utilities approval of a similar scheme is consistent with Massachusetts law, and the Massachusetts Senate passed an energy bill that would expressly prohibit this type of program. In addition, there is currently a petition by some generators at FERC asking the commission to rule against any move to have electric customers subsidize gas pipelines.

Transmission Costs

- The NEPOOL Reliability Committee votes on Transmission Cost Allocation applications, which have the effect of assigning the costs of transmission projects. On July 12, Eversource brought forward a TCA application for a transmission project that serves 34 MWs of load in Belmont, Massachusetts.
- VELCO raised three concerns regarding the application: (1) the significant cost overruns associated with the project – the original estimate as \$54 million and the current estimate is \$84 million; (2) project construction is underway but Eversource is just now bringing the TCA requesting that the costs of the project be socialized across the region; and (3) Eversource originally presented two potential options for addressing reliability issues in the area, one distribution level and one regional level solution, and stated that the costs were roughly equivalent.
- ISO-NE is asking questions about the application, with responses due from Eversource in time for a vote on the application in September.

Northern Pass NEPOOL Advisory Vote

- The NEPOOL Reliability Committee provides advisory votes on proposed transmission interconnection applications. On July 12, a vote on the Northern Pass project failed to gain a sufficient percentage of the vote in favor of its application (66.7% is needed for a favorable vote and the project received 65.7%); this was largely due to a significant number of abstentions. The vote is only advisory and ISO-NE is expected to approve the application.

Public Advocacy .

VGS Addison Expansion—Docket 7970- Kristin Lyons, landowner in this docket, and the resident intervenors in the Hinesburg condemnation docket (8643 below) filed a Motion for an Order to Show Cause and an investigation concerning Vermont Gas's continued construction of the pipeline while the issue of the Geprags Park wetland delineation gets sorted out. In response to the Board's request, the Department, ANR, VGS, the Palmers and CLF filed comments on the Motion. CLF and the Palmers supported the Motion, and the Department, ANR and VGS objected on the grounds that VGS was constructing in accordance with its CPG and would obtain whatever amendments were ultimately needed for construction in Geprags Park.

Additionally, Vermont Gas reported to the Board and the parties that a contractor inadvertently disturbed harsh sunflowers on the former Peyser property in Monkton. Vermont Gas will work with ANR with respect to remediation, penalties, etc.

Kristin Lyons also brought suit in Addison County Superior Court alleging destruction/damage to her trees on account of blasting activity on the neighboring Hurlburt property and trespass. The trespass claim relates to the placement and use of a portable toilet on her property by construction workers.

VGS Addison Expansion –Notice of Probable Violations-no docket - The public advocacy and engineering divisions are preparing a NOPV regarding Vermont Gas's construction practices where electric transmission lines are present. Vermont Gas failed to follow its own Specifications in this regard.

GMP-St. Albans Community Digester-Docket 8673- 800 kW methane biodigester generation facility to be constructed in St. Albans. GMP and the Department met on June 28 to discuss revisions to the Project in response to concerns raised by the Department. The schedule remains suspended, but GMP has circulated a revised proposed schedule to parties for comment. Talks continue among staff and we await the delivery of promised documentation from GMP.

Triland Williamstown Solar Project-Docket 8666-Petition to construct a solar electric generation facility of up to 2.2 MW off George Road in Williamstown. On July 7, the Department met with Triland and ANR to discuss pre-CPG construction activity that ANR alleges Triland has undertaken at the Project site. ANR's request for an investigation is still pending and the schedule remains suspended. Triland has submitted a request to the Board to reduce the size of the facility to 1.5 MW and the Board is seeking comments from the parties to the Standard Offer docket on this request. Triland submitted a new System Impact Study to the Department for approval on July 18; it has been amended several times at the request of the Department.

VGS-Petition for a Renewable Natural Gas Program and Optional Tariff-Docket 8667-The Department and CLF submitted direct testimony on July 7; Lincoln Renewable filed some testimony describing its operations and how it hopes to engage with Vermont Gas, but it also sought a 30-day extension to submit additional testimony. The Department is generally supportive of the Program.

VGS-Broughton condemnation-Docket 8641 - This parcel is in Monkton and is owned by Mrs. Broughton's Revocable Trust. Vermont Gas and the Successor Trustee participated in a mediation session on July 18, at which they reached an agreement in principle. A closing is due to follow, after which the petition will be dismissed. The Board has requested a status update from VGS by July 22. In the event the settlement falls through, the parties have jointly proposed August 17-18 for a technical hearing.

VGS-Town of Hinesburg condemnation-Docket 8643-This parcel is in a park owned by the Town. The Town's Motion for a Protective Order was denied, as was the Residents' Motion to Compel, for failure to conduct good-faith efforts to resolve discovery disputes prior to requesting relief from the Board. A site visit with the full Board is scheduled for August 2, with a technical hearing-which will be closed to the public- scheduled for August 4. VGS has submitted settlement offers to both the Residents and the Town; the Town has requested additional time and the Residents have not responded. It appears that VGS's offer to HDD under the parcel may be acceptable to both the Residents and the Town. Even if settlement is reached, the technical hearing is necessary due to a restrictive covenant in the deed conveying the property to the Town and the resulting need for a Board order.

Charlotte Solar Enforcement - Docket 8638 – Enforcement action against owner of a 2.2 MW solar facility who failed to timely and completely install landscape mitigation for a period of over two years. DPS filed an Initial Brief on 7/7/16 recommending a penalty of \$30,000. Reply briefs are due on 7/21/16. A new landscape mitigation plan approved by the Board was put in place on 4/14/16 and called for the installation by 7/15/16 of specific numbers, specific species, and specific sizes of plant materials. The Department learned on 7/18/16 that while the installation was completed, substitutions were made on species and reductions were made on

sizes. Along with our Reply Brief, the Department is going to file a Motion to Hold Open the Record, until more details about the installation are known, in the event that we need to seek further enforcement action or wish to make additional recommendations regarding sanctions.

BDE Grand Isle Solar 5 MW facility in Grand Isle – Docket 8665 –Petitioner cancelled the technical hearing scheduled for July 14th to continue negotiations with ANR who opposes the project based on undue adverse impacts to wetlands and particularly wetland buffers. The Petitioner indicated it hoped to reschedule the hearing for September or October.

Commercial Building Energy Benchmarking and Labeling – Docket 8488 –The Board scheduled a workshop for 9/16/16 to discuss the Board’s questions on how aggregation of building energy data would be accomplished and whether it would impact utility privacy policies.

Peck Electric 150 KW net metered solar facility in Charlotte – NM 6691 – A PSB Hearing Officer held a status conference in this matter on 7/15/16, following a Board Order which granted the request of the Agency of Natural Resources to expand the scope of the proceeding. Docket parties will now investigate whether the proposed facility created a significant issue with respect to Project's impacts on development affecting public investments, pursuant to 10 V.S.A. § 6086(a)(9K) (incorporated into § 248). The concern arises out of the project’s visual impact on views from Mount Philo State Park. The Board had previously determined that a hearing was necessary on the issue of aesthetics. At the status conference parties discussed a schedule for proceeding with additional testimony, discovery and a technical hearing. The Town of Charlotte, which was recently granted intervention, has now filed a formal objection to the Petitioner’s request to submit additional testimony on aesthetics.

Seymour Lake Solar 500kW net metered facility in Morgan – NMP 6633 – The full Board conducted a site visit for this proposed facility on 7/14/16. The Town of Morgan has intervened and was represented by counsel at the site visit. The Division of Historic Preservation has also intervened. The Petitioner addressed the aesthetic issue raised by the Department with a satisfactory aesthetic mitigation screening proposal. The Town’s major concerns pertain to Water Quality, Orderly Development, and Aesthetics. The Board has not yet issued a schedule for the remainder of the proceeding.

Triland Partners 500kW net metered facility in North Clarendon – NMP 16-0018 – A Hearing Officer conducted a site visit for this proposed facility on 7/19. The site visit was scheduled in response to aesthetic concerns expressed by the Department in comments filed earlier this year. The Petitioner had proposed no screening for this facility which it elected to site 100 feet from a public road, directly in front of three residences. Ten individuals attended the site visit including adjoining landowners. Petitioner indicated an intent to propose screening, but does not have site control over the area where the screening, deemed minimal and generally ineffective by the Department’s aesthetic witness, would be installed. The Department will file comments by 7/26/16, likely recommending that robust screening be proposed, on lands controlled by the Petitioner, even if that means increasing the land lease or decreasing the size of the project.

BED Retail Electricity Provider Determination – Docket 8712 –BED filed a letter stating that it does not object to the PSD’s proposed condition that BED be required to demonstrate annual compliance with section 8005(b)(1)(B).

GMPSolar Williamstown – Docket 8682 – The PSB has scheduled a technical hearing for July 29th. GMP has requested the hearing officer’s guidance as to which witnesses are required to attend the technical hearing. With reference to Allco’s appeal (2016-228), the Supreme Court determined the record complete on July 11, 2016. The PSB Clerk certified the docket entries and provided original documents. Additionally, the Supreme Court issued an entry order placing this appeal on waiting status and suspended filing deadlines until the Court issues a decision in *In re GMPSolar Richmond*.

Irasburg/Blittersdorf MET Tower Investigation – Docket 8585 – The Department filed a joint motion with ANR and the Town of Irasburg to quash notices of depositions of a number of DPS, ANR, and Irasburg representatives, arguing that the depositions seek irrelevant and privileged information, and are duplicative with other methods of discovery that have been used in the proceeding. The motion also sought a protective order prescribing the appropriate scope and timing of discovery methods. Blittersdorf’s attempt to depose agency and town reps are largely geared toward harassment and churning the case. Notwithstanding the joint motion, Blittersdorf then issued a notice of deposition of Andy Perchlik for August 5, which the Department had indicated was the earliest date it would make representatives available for deposition in a letter to Blittersdorf sent last week. The timing of filing the motion to quash relative to the August 5 deposition notice creates a very tight timeframe for the Board to issue a ruling on the motion prior to the proposed deposition. Perchlik may be deposed on the August 5 while the quash motion is pending. Blittersdorf’s response to the Department’s motion for partial summary judgment on the question of liability is due on July 29.

GMCW/McLane Icing Investigation – Docket 8734 – The Department, GMCW, ANR, and Scott and Melodie McLane filed a joint stipulation of undisputed facts in advance of briefing on the threshold issue of whether a violation of the GMCW winter operation protocol occurred when it operated under icing conditions in March. The parties were only able to stipulate that the project operated under icing conditions for some unspecified period on two separate occasions in March. The Department will likely argue that under the terms of the winter protocol, violations occurred when the turbines operated with ice on the blades. Briefing is due on July 29.

VEC 2016-2035 IRP – Docket No 8672 – In a letter to the PSB, VEC requested additional time to work toward an MOU. The PSB granted the parties until July 20th. The PSD, VEC and VEIC have resolved all issues. The PSD anticipates that an MOU, along with the revised IRP, will be filed by the 20th.

VELCO PV 20 Replacement Project – Docket 8604 – VELCO filed a motion to amend/alter the PSB’s final order and CPG. Specifically, VELCO requests the PSB allow extended construction hours up to 24 hours per day seven days a week during horizontal directional drilling; in-lake cable installation and removal activities; and work that requires planned transmission outages. The PSD anticipates supporting VELCO’s request.

GMPSolar Hartford – Docket 8580 – The PSB approved GMP’s letter of credit. GMP immediately filed a letter stating that it had fulfilled all pre-construction CPG conditions and will be commencing construction.

Coolidge Solar 20 MW facility in Ludlow - Docket 8685 and Request for Rule 4.100 contract approval- Docket 8586 – The non-petitioners deadline to file direct testimony is July 20th. The PSD anticipates filing testimony from Bill Jordan, Asa Hopkins, and Mark Kane. Coolidge responded to GMP’s motion to compel responses to its discovery requests by stating, in part, that GMP’s financial document requests are precluded under PURPA and that providing the financial information would impede its ability to effectively negotiate with GMP in future solicitations outside of Rule 4.100. In a letter, GMP replied to Coolidge’s response stating, in part, that PURPA does not preclude discovery of financial information and stating that it would make arrangements to safeguard the financial information from impacting power supply negotiations. Coolidge responded to GMP’s response, claiming that GMP is incorrect.

SunE Solar XVI – Docket 7957 – In order to prevent confusion regarding this entity’s name, note this CPG has been transferred three times. The PSB has directed the CPG holder to file a compliance affidavit by July 22nd stating whether it is in compliance with the evidence and plans submitted. Specifically, the PSB is interested in whether the CPG holder has preserved “a 20-foot fire lane between the eastern side of the building and the Project.” If the CPG Holder is unable to provide the Board with such an affidavit, the CPG Holder is required to explain why it has not complied. The CPG holder has requested a three week extension to the response deadline.

Generic Rule 4.100 Avoided Cost Proceeding – Docket No. 8684 – A technical hearing was held on July 7. It was long but uneventful. Initial briefs are due at the end of the month.

North Hartland Rule 4.100 PPA – Docket No. 8569 –. The case involves a request from an existing hydro facility for a 20-year nonlevelized PURPA contract. For such a contract, the generator has to demonstrate compliance with 248(b). Because the standard Rule 4.100 rates are “stale” at this point, the DUs and the Department oppose the request. A technical hearing will be held on July 21. The case has become litigious and has spawned a related challenge to the Board’s implementation of PURPA at the FERC.

GMP Off-Grid Innovative Pilot – No Docket – GMP proposed to launch a pilot program in which it would provide off-grid service through some combination of solar generation, back up generation, storage and energy management systems. GMP is allowed to propose such projects pursuant to a provision in its alt reg plan. The Department plans to oppose the pilot. Staff are finalizing a letter of opposition to send to leadership for filing this or next week.

Rule 4.100 – No Docket – On July 18, the Board issued a Final Proposed Rule 4.100. This is the Board’s rule that implements PURPA. This rule has been in the works for a couple years and is now in its final stages, apparently heading to ICAR for final review. The rule retains most of the features of the proposed rule. One notable change is that it increases the contract term from 5 to 7 years. Staff is still reviewing the rule.

Rule 5.100 – No Docket – On July 15, the Department (and many others) submitted reconsideration comments on the Board’s proposed net metering program. The Department addressed three primary areas: (1) the 4% cap (we suggested eliminating it); (2) changes to existing net metering customers rates through re-categorization of certain charges as non-by-passable by use of net metering credits (we opposed); and (3) elimination of Category V facilities (150-500kW facilities that do not qualify as well sited (we opposed as limiting flexibility going forward)). The Board will now consider these and other comments and revise its temporary program as necessary and file a new proposed rule.

VGS PGA and Gross Receipts Tax Change – Tariff No. 8611 – On July 20, the Department filed a letter recommending that the Board approve a proposed tariff change implementing the most recent PGA and incorporating an increase in the gross receipts tax passed by the Legislature this session. The result was an overall rate increase.

Stowe Electric Department Section 108 Petition – no docket – SED filed a petition on May 24th requesting approval to issue \$800,000 in General Obligation Bonds to fund its capital plan and \$667,000 in indebtedness to purchase membership units in Vermont Transco, LLC. On June 22nd, SED filed an amended petition to increase the amount of its proposed borrowing to \$745,000 for the purchase of Vermont Transco shares. The Department filed a letter on July 19th recommending approval of the financing.

WEC Section 108 Petition – no docket – WEC has filed a petition pursuant to Section 108 for approval of a promissory note and mortgage to the National Rural Utilities’ Cooperative Finance Corporation to finance its Siloxane Removal System. The Department filed a letter on July 19th recommending approval of the financing.

Vermont Transco Section 108 Petition – no docket – Vermont Transco filed a petition on June 22nd seeking approval to issue up to \$50,000,000 in Class A Units to Vermont distribution utilities. The Department will be filing its recommendation by the end of the week.

Morrisville Water and Light Department Declaratory Order re the Meaning of “first-come, first-served” – Docket 8756 – This case was prompted by Morrisville’s effort to place its own nascent project ahead of more developed projects in its net metering queue. The Board has scheduled a prehearing conference for August 5, 2016.

North Hartland Transfer – FERC Project NO. 2816-048 – In an order issued July 20 the Federal Energy Regulatory Commission approved the transfer of the North Hartland project on the Ottaquechee River from North Hartland LLC – New Hampshire to North Hartland LLC – Vermont. No license conditions were changed in this transfer.

Telecommunications

Broadband Table – Stone provided a table that depicts broadband availability, including the speed available, for each broadband service provider for each location in the state. PSD staff will use this data to populate a simple website for PSD staff to use to respond to consumer inquiries about broadband availability.

GIS Server – PSD staff met with staff from the VT Dept. of Agriculture. The team developed a proposal where PSD would pay for a DII-provided server and VT Dept of Ag would provide ESRI GIS software and maintenance. Both sides agreed to develop firm prices and consult with their respective administrations and meet again in early August.

Resiliency Point Maintenance – The Department is a recipient of a \$1.6 million grant from the Economic Development Administration to deploy small cell wireless units throughout the state. Ten of these sites are “resiliency points,” which can provide cell service in the event of a power outage. A resiliency point consists of solar panel installations, with battery backup, wireless communications equipment, and satellite backhaul. The intent of the solar panels is to provide power to the wireless equipment during power outages. They can be used to extend cell service during a public safety emergency (such as a flood, or snow storm). Although designed by the Vermont Telecommunications Authority, the Department has taken over this project and is finishing the construction of the resiliency points. The Department owns and is responsible for the solar panels. The solar panels will need to be maintained. Last year, the Department received a quote for maintenance from Northern Reliability, the solar panel installer. NR quoted the Department about \$70,000 per year. At that time, Division staff determined that it lacked funding to proceed. Unfortunately, the need for maintenance will continue. The Department should consider putting out to bid a maintenance RFP and secure a third party vendor to perform basic maintenance.

EDA Grant Administration – Staff prepared and submitted the quarterly progress report for the EDA funded resiliency project. In addition, staff worked on a draft contract amendment, which the Department will present to the Department’s contractor on Thursday. The Contract amendment calls minor changes to the contract, which will ensure greater oversight and response from the Contractor.

AoT Rights-of-Way Assessment – Staff attended a meeting with Agency of Transportation officials. AoT staff informed Department staff that the agency intends to invoke 19 V.S.A. § 26a(b), which allows the agency to assess the value of its rights-of-way and charge telecommunications providers a reasonable rate for use of the right-of-way. The Agency may waive the charge if the Department of Public Service and the Agency determine that the provider is offering a comparable value as to be in the public good. The waiver may be for up to five years. All fees assessed against telecommunications providers go to the Transportation Fund. AoT staff were unsure how much revenue the Agency would receive from assessing the charge, but said it could be millions of dollars. This provision was a part of H.117, which was signed into law in 2015 as Act 41.

Central Greens Fiber Transmission Line – The Central Greens Project is a VTA fiber construction project for which the Department is now responsible. Part of the route calls for attachments to a GMP owned transmission line. GMP is formulating the make-ready costs now, and is expected to share them with the Department this week. The make-ready costs are expected to be very expensive. Department staff spoke to VELCO about leasing strands of fiber on its existing network. VELCO already has fiber on the transmission line. VELCO has offered to swap fiber with the Department. For every one strand mile of VELCO fiber that the Department

leases, the Department will lease to VELCO two strand miles. Department staff will review GMP's make ready assessment before committing to this arrangement.

Route 132 New Pole Set – On Route 132, GMP is upgrading its distribution line to provide greater capacity to the Elizabeth Copper Mine in Thetford. The Department owns a fiber optic cable along the same route. GMP has set new poles along the route, but has not yet requested the Department to move its attachments. On Friday, ECFiber reported that the Department's attachments on two poles along this route were moved to the new poles. This transfer was not performed by the Department's contractor and Department staff had no prior knowledge of the transfer. The crew performing this transfer has left the trunions on the old poles. The fiber is attached to the new poles with twine. These two attachments likely violate NESC and the Public Service Board's pole attachment rules. Strangely, FairPoint's cables have also been transferred onto the same two poles, but FairPoint's attachments appear to be properly installed. Staff have contacted the Department's contractor to repair the attachments.

Comcast CPG Renewal (Docket 8301) – The Board held a technical hearing for the docket on Monday, July 18. Although scheduled for three days, the hearing was completed on the first day. There was relatively little cross-examination or Board questioning for most of the witness. Although there are numerous issues that are being litigated in the docket, the hearing and questioning from the attorneys was civil and rather non-confrontational. The parties intend to present a briefing schedule to the Board by the end of this week, which will likely have the briefing run through September.

Burlington Telecom CPG Renewal (Docket 8719) – The Burlington AMO organizations notified the Department that they are close to reaching a settlement with Burlington Telecom on all public access issues that are relevant to the CPG renewal. They have requested a two week extension on filing testimony, which would otherwise be due on July 21. The Department has agreed to the extension and anticipates that the docket will be resolved through an MOU.

Verizon Waterbury § 248a Petition (Docket 8601) – This docket involves the construction of a new cell tower on a hillside in Waterbury center near the Stowe town line. The application was initially filed last summer, but Verizon has agreed to numerous extensions to allow parties to retain attorneys and review the possible impacts of the project. The Board recently issued an order approving motions to intervene from several neighbors and the Towns of Stowe and Waterbury. The Board is also now trying to schedule a prehearing conference. DPS submitted expert testimony last December from aesthetic and RF experts finding that the application complied with applicable § 248a criteria. ANR submitted written testimony that was highly critical of the project due to its impact on wildlife habitat. The neighboring intervenors have retained wildlife and aesthetic experts to review the application. The Department anticipates that this docket will entail significant and extended discovery, likely including depositions and extensive interrogatory requests. Verizon has advised the Department that it intends to proceed with the application notwithstanding the opposition and anticipated discovery.

VTel Cabot § 248a Petition (Docket 8549) – The Board issued a final order in the docket, which largely preserved the conditions recommended by the hearing officer. Although the Board granted a CPG, it is requiring VTel to revise its site plan for the project to comply with a 300

foot setback from the Town's zoning bylaws. The Board also preserved a condition that requires VTel to consult with the Department on whether aesthetic mitigation will still be needed if the site location is revised (the Department expert witness testified that the initial proposal would violate the *Quechee* standard). The Town (and several adjoining landowners) opposed the application, and filed extensive comments that sought to have the hearing officer's proposed decision overturned. VTel has also advised the Department and made public statements that it will not proceed with the project if the Board required strict compliance with the 300 foot setback. Telecom Division staff intend to discuss the decision with both the Town and VTel to determine whether the Town will seek to appeal the decision and whether VTel will construct the tower.

VTel Wireless ETC Designation (Docket 8391) – The Board requested that VTel and the Department provide an update by July 23 as to the status of the docket, which has been stagnant since September 17. The Board requested that VTel either file a motion to withdraw its petition, submit a proposed docket schedule, or provide a status update on the state of its network. The Department has reached out to VTel's attorney on how it would like to respond. The Department hopes that VTel will proceed with the Docket and obtain an ETC designation, but it has not received a response from VTel on how it will respond to the Board.

QLink Wireless Wireless ETC Renewal (Docket 8075) – QLink Wireless contacted Telecom Division staff about renewing its wireless ETC designation, which expires in September. QLink missed its initial deadline for submitting a renewal request, but the Department advised that it will not oppose the request for being untimely. CAPI staff have advised that QLink is active in the Vermont wireless Lifeline market and would like to see their ETC designation extension. Telecom Division staff intend to work with QLink to ensure that the ETC extension is approved so that it can continue to offer Wireless Lifeline Service.

FairPoint Service Quality Metrics Investigation (Docket 8701) – FairPoint filed a petition with the Board seeking relief from its service quality metric reporting obligations. It is seeking an order that relieves the company of the obligation to report on service quality metrics for areas where it faces competition. It also seeks to have the Board review and consider alternatives to a metric that measures the percentage of troubles cleared in 24 hours in areas where there is no competition. DPS staff issued an RFP for a technical consultant to provide expert services in the docket. DPS has selected an RFP respondent and is currently working with the selected contractor to put a contract in place. FairPoint filed a motion that requested that the deadline for its first round of testimony be extended from July 15 to August 4. The Department and FairPoint have also filed a stipulated motion for the Board to approve a protective agreement. The proposed revised schedule would extend the hearing dates from mid-November to early December. The Department did not oppose FairPoint's request.

Charter Line Extension Investigation (Docket 8715) – The docket was initiated after the Board received complaints from two separate consumers. The consumers had requested that Charter provide estimates for the cost of line extensions into un-serviced areas. The consumers complained that Charter's estimates included costs for equipment that would be installed in locations where there is existing plant (i.e. upgrades to existing lines). DPS staff have had several meetings with Charter to discuss the line extension issue. Charter has attempted to convince DPS

staff that the Board investigation should not proceed, but DPS believe that resolution of the underlying legal issue is necessary. DPS intends to recommend that the Board proceed with the investigation, but has agreed to meet with Charter one more time before submitting a proposed docket schedule to the Board.

Revised § 248a Procedures Order – The Board issued a memorandum requesting comments on proposed revisions to its procedures order for § 248a applications. The revisions incorporate amendments to § 248a that were codified through Act 130.

Licenses for Wireless Equipment on State Facilities – Telecom Division staff completed a license extension with AT&T for use of a Public Safety tower located on Mount Snow. Telecom Division staff are currently working with VTel and Public Safety to complete a lease agreement that would allow VTel to install microwave dish antennas on the same tower to provide backhaul to a VTel Wireless Network site in southern Vermont.

VELCO § 248a Motion for Non-Substantial Change – The Board denied a motion from VELCO for a non-substantial change determination for a recently permitted telecom facility in Barnet. VELCO has revised its site plans to incorporate two solar panel arrays and backup generators to power the facility. The revisions required minor tree clearing. The Department had several discussions with VELCO attorneys about the revisions, but ultimately recommended that the Board deny the motion for a non-substantial change determination. The Department did not oppose the changes, but believed that they could have an impact on relevant criteria and believes that ANR should be given an opportunity to comment on the changes before they are approved.

Centralized Telecommunications Facilities Database – At the request of Secretary of Administration Johnson, staff will create and manage a centralized database of all telecommunications facilities owned by the state of Vermont, or sited on state of Vermont land, buildings or other property. Although four primary departments/agencies are involved in owning or leasing telecommunications facilities – Department of Public Service; Agency of Transportation; Department of Public Safety; Department of Forests, Parks and Recreation – Secretary Johnson plans to issue a memo to heads of all Agencies and Departments asking them to provide the Division with telecommunications facility information. The information to be provided includes coordinates, physical location, current terms in conditions, and copies of executed leases and/or other agreements. Secretary Johnson has asked the Division to propose suggested text for the memo he will send to Agency and Department heads, which has been drafted and is currently being reviewed internally.

2016 Connectivity Initiative RFP – As has been noted in prior reports, there is approximately \$556,273 available for the first round of grants to be awarded from the Connectivity Initiative in 2016. On July 5th the Division announced on the Department's website that the deadline for receipt of proposals in response to the RFP had been extended from July 15th to August 12th. In addition to the web announcements on both the Department's home page as well as on the Connectivity Initiative RFP page, staff also updated the state's Bid Registry with the new August 12th deadline, and sent an email announcing the new August 12th deadline to all internet service providers that had indicated an Intent to Respond to the RFP (as stated in the RFP). On July 15 Southern Vermont Broadband Cooperative submitted a proposal in response to the RFP (no other

proposals were submitted by/on that date). Since Southern Vermont Broadband Cooperative had not submitted an Intent to Respond to the RFP, they were not included on the email distribution list that was sent out advising ISPs of the new August 12th deadline.

Michel Guite Testimony in the Legislature April 28, 2016 – Staff obtained audio transcripts of Michel Guite’s testimony given in House Commerce and Senate Finance committees as part of the process of determining whether the number of subscribers of VTel wireless service should be treated as exempt from Public Records Act disclosure under the trade secrets exemption (prompted by a public records request for VTel wireless annual report information). In the audio transcript of the April 28th hearing in House Commerce committee, Michel Guite states in his opening remarks that “*Our (VTel) wireless now has something like maybe 1200 or so people using it or homes using it or institutions and places and sites using it.*”

Sandgate Roadshow: Staff with the connectivity team traveled to Sandgate to meet with citizens and Representative Steve Berry to discuss the town’s telecommunication and connectivity needs. The team recommended that the town also speak to the local service provider to schedule a roadshow. The town is in FairPoint territory, and some residents receive 4/1 service, according to our data. The residents state that some of them receive good service, and some desire improvements. The town is in territory receiving CAF II funding as well. Staff put the Sandgate group in touch with the local service provider, FairPoint, to set up a meeting with the town to discuss the current and future of connectivity in this area. FairPoint will be able to provide address-specific and detailed information on service availability in Sandgate, as well as information on any potential projects that may be planned in that area. Staff also reviewed the small-cell technology currently being implemented in projects throughout the state. The town may look into potentially installing small cells along their local roadways to provide better mobile coverage for residents.

CoverageCo Project – Vanu CoverageCo is a company who was awarded the EDA Resiliency Project to provide cellular service in unserved areas of Vermont. A Field Test Plan was created to test the EDA Resiliency sites that were known to be in operation as of now and was in the process of being executed. The field test covered three main areas of Vermont and 41 site locations. 26 sites were previously made operational by CoverageCo and 15 new sites were just added this month. The field test for these sites is now complete. Eight of the original 26 sites were found to have issues and are not properly functioning. Two of the new 15 sites were found to have similar problems. A report is being generated and will be sent to CoverageCo for further discussion.

Staff is working on the CoverageCo presentation and other materials required for this week’s face to face meeting.

CAP

Report period for July 10 to July 16, 2016

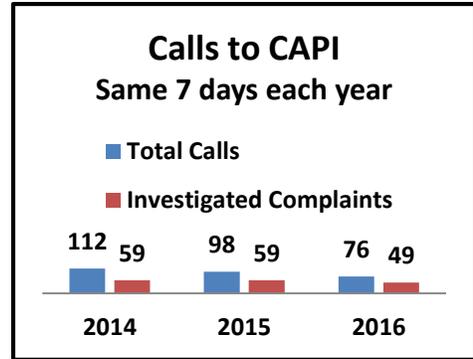
CPG Complaint Protocol – CAPI received feedback from PA, incorporated edits from the committee, worked with the Commissioner to finalize the press release for distribution and published the webpage and survey.

CASES OF THE WEEK

FairPoint – 3 customers called about poorly grounded telephone service along an off-grid stretch of homes in Rochester, VT. They all report ruined handsets, melted wiring and smoke as a result of lightning in the area and state that the problem has existed for years and years, and has never been resolved by FRP.

New England Wireless – CAPI received two calls from consumers about service degradation with New England Wireless (formerly Great Auk) in Irasburg. CAPI reached out to the company for additional info. NEW informed us that service problems in that area are caused by interference from VEC meters and possibly a VTel tower using the same frequency. NEW’s solution is to transfer affected customers to a different frequency. The maximum amount of customers impacted is fourteen. The NEW rep also let us know about recent successes the company has had in providing service to Kampersville in Lake Dunmore and to residents on Maidstone Lake.

Credo – The FCC referred a consumer to CAPI concerning a slamming complaint. The consumer said that he had canceled his long-distance service with Credo and switched to FairPoint for bundled local and long-distance service. However, Credo continues to bill him. CAPI contacted FairPoint to get a PIC/LPIC (inter- and intra LD) history of the consumer’s account, as well as which entity (the consumer or the carrier) requested any change in service.



Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: July 22, 2016

Secretary's Message:

As you know, there was a positive news story by Jennifer Costa at WCAX at the end of last week that focused on Vivitrol. As a result of changing the drug protocols for prescribing Vivitrol to Medicaid beneficiaries, and due to training over 50 physicians, there has been a significant increase in utilizing Vivitrol in Medicaid Assisted Treatment for opioid addiction. That said, the pilot in the Rutland Correctional Facility has been very slow in its implementation. Apparently, our DOC contracted medical physician has been reluctant to prescribe Vivitrol. She has concerns around liability and feels there needs to be a more comprehensive treatment program within the facility. DOC also had concerns that the right community supports were not in place to work with inmates released who were prescribed Vivitrol. This week, I met with the DOC medical contractors, DOC staff and ADAP staff to discuss the issues around the utilization of Vivitrol. As a result of that meeting, I believe that everyone is now onboard. We do have a list of inmates who want to try Vivitrol and were just waiting for their release dates to come up. I'm hopeful this will finally take off.

This week, I was invited to the NE Opioid Convening, sponsored by the Corporation for Supportive Housing and held at the Boston Foundation. A number of our staff were invited to this convening. Barbara Cimaglio did a panel presentation focused on our approach to Opioid prevention, treatment and recovery. I also presented on a panel, the focus of the presentation was on the role housing plays in effectively treating opioid addiction. I must say, I was most struck by the number of people who are dying in New England from opiate overdoses. Clearly, this is a serious problem for us, but in comparison to other NE States, we are more effective in preventing fatal opiate overdoses.

I will be on personal leave from July 25, 2016 through August 2, 2016. I will be attending the Aspen TeamWork Final Retreat in NJ on August 3, 2016 through August 5, 2016 but will return the afternoon of the 5th to attend the Lara Sobel memorial service. On Sunday, August 7th I will represent the administration at the dedication of the bench in Montpelier and the unveiling of the tombstone that afternoon for Lara Sobel. Deputy Secretary, Paul Dragon, is available during this period should any issue arise and can contact me in cases of need or emergency.

AHS Highlights:

Agency of Human Services Secretary's office

Barre District to Identify Infrastructure Improvements to Address Homelessness

Our Continuum of Care partners have begun a data mapping process to assess how many unique individuals are precariously housed and homeless in Washington County, and what infrastructure improvements might be needed to create affordable housing and wrap-around supports to alleviate homelessness in the region.

LIT team in Morrisville District works to address homelessness

Housing Review Team partners have begun utilizing a triage approach to connect precariously housed and homeless individuals to needed supports as quickly as possible. This process made it clear to the HRT team that a preponderance of our hardest cases require local Inter-Agency Team involvement. Subsequently we've changed the status of our LIT team from as needed, to a monthly standing

meeting, immediately following our partner networking meeting. We're hopeful this change will foster ever better outcomes.

Brattleboro providers meet to address seasonal shelter

Groundworks Collaborative, serving people who are experiencing homelessness and housing instability in the Brattleboro district, is seeking a location for the seasonal emergency housing shelter for this fall/winter. The location they were planning to have the shelter this year is not viable and the previous location is not available. Community providers who have been engaged in the development of GA emergency housing turned their attention to this critical question to support Groundworks however they can in identifying and securing a location. This is an urgent need in the community. The seasonal shelter has served from 12-30+ people per night throughout the fall and winter months.

Vermont Department of Health (VDH):

PFOA blood results

Last Thursday, the Health Department received the PFOA blood test results for the Bennington/North Bennington community from the CDC lab. The blood test results have been mailed to 477 individuals, and if given permission, a copy was mailed to their health care provider. The results range from 0.3 to 1125.6 micrograms/liter ($\mu\text{g/L}$). The geometric mean for the Bennington/North Bennington investigation is 10.0 $\mu\text{g/L}$. The geometric mean for the U.S. population is 2.1 $\mu\text{g/L}$. A Health Advisory to health care providers was also sent and a press release is in development. In a few months, the Health Department will publish a more detailed analysis that will include information from the questionnaire. It will be published on our website.

Vigilant Guard

Final preparations for Vigilant Guard, the state's largest and most complex emergency preparedness exercise are being made. The Department of Health along with many other partners across the state will be participating in the exercise from July 25 - August 2. This will be the first time that the entire workforce at the Vermont Department of Health will be involved. Exercising our emergency plans allows the Health Department to be better prepared to assist Vermonters when a real emergency occurs.

Department of Mental Health (DMH):

Vermont Psychiatric Care Hospital

VPCH census is currently 25. The Division of Licensing and Protection (DLP) surveyors were on site for 2 days under its state survey and certification capacity for reviewing patient complaints. DLP was investigating complaints from a patient and Disability Rights Vermont that the was not released from seclusion at the earliest possible time, as well as, a claim of injury by staff during a restraint. DLP was thorough in interviewing staff and reviewing charts and had no findings against the hospital based on exit interview comments. The hospital is at day 20 of the 45-day period in which the Joint Commission will return to review all conditional level deficiencies for correction as a component of a full accreditation determination. The hospital has already corrected many of the deficiencies and is actively implementing its work plan to ensure all deficiencies are corrected by 7/29. Active monitoring of corrections will continue through the follow-up Joint Commission visit and then transition into an ongoing quality improvement initiative to maintain compliance.

Emergency Departments

This week saw 25 people in need of inpatient psychiatric placement and 16 have been admitted to hospital. There are 5 involuntary adults who remain in EDs at this time. 3 of the 5 individuals remaining have been waiting less than 24 hours; and the current longest wait time is just over 3 days. That individual is expected to be admitted today. There were two court ordered individuals awaiting inpatient admission this week. One has already been admitted to a hospital and one has been waiting less than 36 hours in DOC. There were no involuntary minors this week and only 2 voluntary minors. Each has waited less than 9 hours for placement thus far. The adult inpatient system of care is averaging 96% occupancy and the children's inpatient system of care is currently at 91% occupancy.

Department of Disabilities, Aging and Independent Living (DAIL):

Use of Anti-Psychotics in Vermont's Nursing Homes Lowest in New England

A recent article in the Connecticut Post referenced data from the Centers for Medicare and Medicaid Services (CMS) celebrating two states for the most significant reductions in the use of anti-psychotics in nursing homes, Vermont and Utah. The article confirmed that Vermont has the lowest prevalence rate in the New England States at 16.2%, below the national average of 17.4%. This accomplishment is a testament to the work of the industry to address challenging behaviors, especially due to dementia, with alternate, positive strategies. One such strategy is the Oasis curriculum which DAIL will be supporting for implementation in additional nursing homes in FY 17.

Health Care Rehabilitative Services (HCRS)

HCRS was cited a year ago with significant deficiencies through DAIL with an intent to de-designate. HCRS developed a strong corrective action plan and was able to become re-designated. Over the last several months, DAIL has had some significant concerns with HCRS' ability to maintain progress on the corrective plan and to continue to address the issues of concern. DAIL Developmental Services Director and staff spent a day at HCRS this week, delving into specific issues and offering direction and guidance in all areas of concern. They worked with HCRS leadership to develop some options for technical assistance and support in order to ensure that HCRS continues to improve. The DAIL team will be monitoring HCRS closely to avoid impacts to quality and service delivery for individuals in service.

Department of Corrections (DOC):

Offender Threat

Christian Cornelius 2/9/83 is currently on escape status from the Newport Probation and Parole Office. His current max date is 6/22/18 for the following charges: VAPO x2; Resisting Arrest; and Escape. He has recently posted on social media about the District Manager of NEPP on his personal Facebook page. Additionally, his brother has posted about the District Manager. Both have a posting listing the manager as wanted by the brothers. It appears they photo shopped a WCAX story to make it look like a news story. We are particularly concerned about Cornelius because we know he's capable of killing someone, which he has done in a self-defense, who which he wasn't prosecuted. Safety planning for the manager is ongoing.

Honor Guard members to Texas

Two members of the VTDOC Honor Guard will represent the State of Vermont at the funeral of Texas Correctional Officer Mari Johnson. Officer Johnson was killed by an inmate this past weekend in a Texas prison. Her funeral is 7/22/16. In the past week there have been reports of two correctional officer deaths. This one in Texas and another in Pennsylvania. These types of incidents are thankfully

rare but when they happen, particularly two in a week, they do affect staff morale. We are keeping staff informed of any information we receive on these tragic events.

Population

The Department's incarcerated population averaged **1732** for the previous week. Last year at this time, the average was **+129** over the current number.

The Department's incarcerated male population averaged **1596** for the previous week. Last year at this time, the average was **+119** over the current number.

The Department's incarcerated female population averaged **136** for the previous week. Last year at this time, the average was **+10** over the current number.

The Department's overall detainer population averaged **424** for the previous week. Last year at this time, the average was **-47** under the current number.

The out of state population is currently at **252**. Last year at this time, the out of state population was **+28** over the current number.

Department for Children and Families (DCF):

CDD Transformation Project

CDD is developing a "Transformation" grant opportunity for a continuum of affordable, effective, professional development opportunities that support a foundation in relevant core topics and expand child care workers' knowledge and competence. The vision is to develop career advancement opportunities that are delivered locally with consistent quality and access. CDD's focus is to revamp the Northern Lights Career Development Center and the Regional Professional Development Opportunities programs of the Vermont Early Childhood Professional Development System (ECPDS) currently administered by CDD and funded by the federal Child Care and Development Block Grant (CCDBG.) CDD is looking to have these "transformed" programs delivered by a coalition of agencies and community partners, with funding for the work drawn from the current federal CCDBG. Applications are due by October 3, 2016 with an anticipated programming start date of January 1, 2017. A recent informational webinar related to the Transformation grant drew over 20 interested parties including many supporting agencies and community partners.

Department of Vermont Health Access (DVHA):

Vermont Health Connect

Medicaid Renewals: Initial renewal notices mailed last week to an additional 8,997 MAGI Medicaid households. This group will get a reminder notice in early August and, if they don't respond, will receive a final notice with a closure date of August 31. With this group, VHC has initiated the renewal process for more than 60,000 MAGI households; more than 100,000 individuals. Nearly nine out of ten (87%) households processed to date have been determined to still be eligible for MAGI Medicaid.

Customer Support Center; More than 8,000 calls received the first three days of this week. The abandoned rate held below 10%. Over 60% of calls were answered within 24 seconds (target is 60%).

Change Requests: The COC inventory is below 2,000 households (1,534 as of 7/20) – the lowest level this year.

Other Agency Report Items for Consideration:

Agency of Human Services Secretary's Office

Multiple Initiatives to Support Kids and Families in St. Johnsbury Underway with a Focus on Alignment

- An initiative at the hospital (NVRH) is seeking to use Collective Impact strategies to address the social determinants of health. This is being supported by a grant from the Food Bank and they have recently hired a coordinator. The governing body is made up of 7 community based partners representing health, mental health, poverty, aging, and housing.
- The St. Johnsbury School District is a Promise Community grant recipient and they have spent the past year doing needs assessment work and planning and are now engaged in the final stages of soliciting community feedback in a proposal that looks at creating a “hub model” in St. Johnsbury.
- A third group has been meeting to address the challenges that area schools are having with young children who are struggling in the school and community. This group formed around a couple of specific incidents but is now broadening its’ membership to other interested folks and is loosely using ACE’s (Adverse Childhood Experiences) work as a foundation.

After consultation with AHS IFS staff, and leadership representatives of the groups, we decided to hold a meeting to examine ways to better align and intentionally coordinate efforts. The meeting will take place the first week of August.

Newport District Works to Improve Health Outcomes

In Newport, a group has come together under the leadership of VDH’s local Director Jim Biernat, to shine a light on the health status of those living in Orleans and Northern Essex counties. An application was made to the Robert Wood Johnson foundation who responded by providing a “Coach” who is helping the group begin to strategize ways in which the health outcomes of the area could be improved. The two counties mentioned have historically ranked 13 and 14 in the state with respect to these outcomes and are looking to generate community support to make improvements. There is good representation from the health community and the social services agency. Representatives from the Blueprint and the RCPC are also involved.

Families gather to celebrate early childhood

The Southeastern VT Building Bright Futures Council held a family celebration event on July 13. To reach out to families in the whole AHS District, the celebration was held at Newbrook Elementary School in Newfane. The picnic, which was largely potluck, was well attended by families with young children. There were representatives from Let’s Grow Kids, the Brattleboro Co-Op, and other partners as well, to offer activities and information.

Vermont Department of Health (VDH):

Getting the Word Out on Tick-borne Illness Prevention

Megan Lynde, Public Health Nurse at the Brattleboro District Office, is providing outreach around the district on preventing tick-borne illness. Megan will finish her fourth group presentation this week. She also appeared on a local radio show to share highlights on this topic.

Tuberculosis and Refugee Health

The VDH Tuberculosis program has recently responded to multiple requests from media outlets for information, including the number of TB cases among refugee populations. The program has provided the requested data while also giving background information on the epidemiology of TB, the difference between latent and active infection, and the extensive screening process required for all refugees. Due to the increased attention to this issue, a fact sheet on tuberculosis and refugee health was posted on the VDH website:

http://healthvermont.gov/prevent/tb/documents/tb_and_refugee_health.pdf.

Quitline Data

Vermont's vendor that provides the state's cessation support via telephone is now open 24 hours. The tobacco control program's communications and media coordinator quickly made a compelling graphic. This was then disseminated to the network of tobacco treatment specialists and community coalitions and it has become the most widely shared post in 802Quits Facebook page history.

Department of Mental Health (DMH):

Acting Commissioner

Commissioner Reed will be away July 23rd through August 16th and also out-of-state between August 6th – 8th for the National Association of State Mental Health Program Directors annual conference. Deputy Commissioner Melissa Bailey will be Acting Commissioner during this period.

Department of Disabilities, Aging and Independent Living (DAIL):

Homemaker Program Lost Due to Change in WIOA

The regulations recently released on June 30, 2016 for the Workforce Innovation and Opportunity Act (WIOA) include a significant change for some blind and visually impaired individuals. The law eliminates the category of Homemakers and gives the State Division for the Blind and Visually Impaired (DBVI) until June 30, 2017 to close all individuals in that category. In current practice, Homemakers can receive extensive services to help them adapt to vision loss and blindness with the goal of being responsible for day-to-day tasks in their household. These individuals are responsible for things like paying the bills, shopping, preparing meals, cleaning, and overall organization in their homes. This usually involves specific training and equipment necessary to adapt to their vision loss.

WIOA is now focused exclusively on competitive employment and Homemakers are eliminated from this funding. The advocates at the national level had hoped that this change would result in increased funding for federal Independent Living programs to absorb this change. That did not happen and the needs of these individuals will need to be met by the DBVI Independent Living Program or the Older Blind Program administered by the Vermont Association for the Blind and Visually Impaired. At this time neither program is scheduled for increased funding at the federal level to meet the needs of the additional 80 people entering these programs each year.

DBVI staff have several meetings scheduled for the next couple months to discuss the impact of the changes and the solutions for meeting the needs of these individuals in our state.

Anniversary of the Americans with Disabilities Act

July 26th is the anniversary of the signing of the ADA. DAIL will be drafting a press release honoring the day and the work we have done in Vermont to reduce barriers and increase community inclusion for individuals with disabilities. One area which we can and will highlight is the recent Executive Order related to the hiring of individuals with disabilities into the state workforce. This is a concrete example of a strategy that brings the spirit of the ADA to life and is something to celebrate.

Department for Children and Families (DCF):

SSA On-Site Compliance Review

On July 18th, the Social Security Administration (SSA) met with DCF and agency staff to conduct an on-site compliance review to ensure Vermont is properly safeguarding any information it receives from SSA. As part of this review, they visited the DII data center. Prior to the meeting, we were required to complete an extensive 78-page questionnaire and provide specific documentation. The review went very well however we are anticipating some findings that we will need to address - only one that they consider significant. The corrective actions addressing the findings will have an impact on both program and IT staff. SSA will issue their detailed assessment report, along with the required or recommended actions needed within a couple of weeks.

Child Care Regulations Update

On July 14, 2016, the Legislative Committee on Administrative Rules (LCAR) approved the second and final revision of the Child Care Licensing Regulations for Afterschool Child Care Programs. The Child Development Division (CDD) is ahead of schedule for meeting the adoption deadline of these rules which will also go into effect on September 1, 2016. While the new rules are effective September 1st, implementation of the more substantive rules changes will occur over the next several months allowing appropriate support and training for the thousands of child care providers throughout the state.

CDD has developed a variety of training and communication strategies to maximize the outreach to Vermont's child care providers. Currently CDD is collecting Frequently Asked Questions both electronically and by telephone and will post responses on CDD's public website. This material will be incorporated into future trainings. In August, CDD staff will be trained on the new rules and will begin planning a series of mock compliance visits at different child care programs in each of the twelve AHS regions. Also in August, CDD will present multiple "kick off" webinars on the Family Child Care Homes regulations and the Center Based Child Care and Preschool Programs regulations. CDD is also in the process of developing online modules for a more in-depth look at the different sections of the rules. CDD staff will present multiple workshops on the new rules at the Vermont Association for the Education of Young Children (VAEYC) in October and will continue to attend community forums and regional meetings as much as possible in the next several months.



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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin 
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: July 22, 2016

Good News

Project Search

Vermont's "Project Search" is a high school transition program for youth with developmental disabilities, and includes a unique, business-led, one-year school-to-work program that takes place entirely at the worksite. At this point, all but one of the students has a continuing job.

Invite to Governor

We have over 150 people signed up already for a two day work session at Jay Peak on August 10 and 11 to get broad stakeholder input on our state plan for the Elementary and Secondary Education Act (ESSA). Now that my position is a cabinet position, this work falls under the Governor and not the SBE (to the SBE's irritation). We picked Jay Peak as a place to host the event in order to throw some cash to the region (we have a grant from Nellie Mae to pay for the overnight and conference costs for 150 people) and to make clear we want their voice in the development of the plan. Participants come from all over the state and will among other things be providing input on the "school report card" we will use for accountability purposes. There will also be a strong equity component to the conversation. **We would be happy to put together talking points about equity and education and the history and importance of this work for the Gov. It would be a great place to showcase the Gov's commitment to equity.**

Other:

Medicaid/Global Commitment Summary

I look forward to following up with Lawrence Miller and Justin on Medicaid and the Global Commitment waiver. The current negotiations effectively create about a \$28 million dollar hit on our budget, and by extension, a hole in the education fund, a hole in school budgets and a hole equivalent to over half our non-federally funded positions. AOE will be DOA if this hole is not filled. A quick breakdown is below:

Total Medicaid Reimbursement Special Fund (16 VSA § 2959a(b))		27,334,517.25
	Subtotal for AOE	2,645,432
	DCF-existing	1,712,000
	AHS and DOE Total	4,357,432.08
		15.94%
AOE for LEA Grants		13,353,476.29
Total Education Fund Transfer		9,623,608.88

Breakdown of AOE Appropriations from SF

General Counsel	53,198.51
Deputy for Admin	150,375.91
Info Tech	253,344.35
Special Ed	89,850.75
Ed Services Admin	62,816.00
General Supervision	468,829.28
Quality Assurance	6,661.26
ISL PreK-Middle	395,800.00
ACT 117	755,873.02
Deputy for Admin (carry forward)	750,000.00
FY '16 PO Encumbrance	99,999.75
FY '15 PO Encumbrance	(160,360.75)
FY '15 Carry forward (EEE)	(290,000.00)
SCHIP Physicians	9,044.00
	2,645,432.08

AOE Positions

Medicaid Reimbursement Special Fund	19.07	\$1,731,797
Global Commitment	7.05	\$639,039

Additional context: the AOE legal department used to have 9 staff, consistent with our regulatory role. Now we have 4 positions in our legal team, and without my GC (as of yesterday), only 3.

IMPORTANT HEADS UP: PK licensing

We have a problem. Last year, AOE was very clear that all staff in PKs had to be vetted through a fingerprint supported background check as required by statute. Because implementation of Act 166 was optional last year, some superintendents, particularly in regions with well established PK initiatives under Act 62, were able to move forward without risk. The situation is different this year, because we are expecting all districts to provide PK in the coming year through a massive number of new providers.

Last year, DCF/CDD committed to figure out a way to handle fingerprint supported background checks for private providers in time for this year. It did not do so. We have been pushing hard and making noise now for a while, telling them to get out notice that people needed to initiate the fingerprinting ASAP in anticipation of the process. CDD plans to begin the process in September, and only sent out the memo yesterday. The school year begins in the end of August. With possibly 2400 people to push through the system, we should assume massive delays. AOE has done everything possible to accelerate fingerprinting of teachers to reduce the bottleneck, however, it is possible that many PK providers won't even be able to schedule appointments for fingerprinting before September. I just don't know what to say about this, beyond the fact that I know CDD has a process, but is operating on a different timeline than the rest of the state.

It could be 2-3 months before CDD can provide the necessary assurances, given the current pace of work.

Immediately when VSA got the memo urging folk to fingerprint, I got the call from VSA. Jeff Francis is not dumb and sees the writing on the wall. Superintendents are not going to sign contracts with providers absent an assurance that fingerprint-backed checks have happened. There is too much risk and liability involved.

The contracts districts sign with providers will likely make the fingerprinting through DCF/CDD a requirement, so that superintendents can substantially comply with sec 255 of title 16. They will likely time the start of public PK services by centers that are vendors to coincide with verification of prints being done and vetted by DCF under the new CDD regulations and confirmed to Superintendents. DCF/CDD will need to figure out how it wants to notify Superintendents that all staff in a provider have been fingerprinted.

This will likely delay effective rollout in some places until October or November. The administration needs to decide how it wants this to play out in public. One option is for the State to make that delay explicit up front, so it is clear that we are aware of the issue and working to manage it. This keeps us from looking incompetent. We could explicitly acknowledge the delay and signal how to handle it to superintendents, by providing guidance that the contracts districts sign with providers should make the fingerprinting through DCF/CDD a requirement, so that superintendents can substantially comply with Section 255 of Title 16. VSBIT and VSA and VSBA will like this. DCF will not. Alternatively, I can make this call. However, we can't be pushing districts to comply in a way that runs them afoul of the statutory background check requirement, especially in the current climate and with the current news stories about lax oversight in child cares.

Sarah, maybe you want to weigh in on this.

Jeannette White

As you remember, we challenged Secretary Condos in the last session in Jeannette White's committee. In sum, he wanted to take a set of licenses from us, leave us with the work but take the revenue, and at the end of the day charge higher fees to educators in the name of good government. The push to do so appears to have come from the head of the SLP association, who is also his campaign manager. Jeannette White was quite upset when

we got taken out of the bill in Senate Finance. I genuinely don't think she understood what she was doing, or what the politics were behind the scene.

Recently, a constituent of Jeannette White's competed for a large contract that he had previously received, lost, and complained to Jeannette. In the competitive bidding process, he was not even close to winning the contract. Jeannette appears to be upset because she says we gave it to a non-Vermonters over a Vermonters. We followed procurement processes that don't allow us to privilege a vendor because they happen to live in a Senator's district, and to be clear, this individual does not have the capacity to deliver the contract, so partnered with a well-known national entity to submit a proposal. In truth, his application was not a Vermont application anyway.

Nevertheless, White FOIA'd the contracting documents and called Doug Hoffer to get him to audit us. Ironically, this was a tight bidding process in part because we used Hoffer's last audit to really tighten up and make the process competitive. Hoffer seems to understand this. Tighter processes are changing who wins bids, which is what was supposed to happen.

What does seem to be the case is that when we follow the law and proper contracting procedures, we get harassed by Senators. If we made Senators happy, we would make Hoffer unhappy. We are going to focus on keeping Hoffer happy, and cross our fingers in the legislature.

Emerging issues that may end up in the news next week (Sorry):

Vermont School for Girls

I have been in ongoing communication with Ken Schatz about the VT School for Girls (an approved VT Independent School). We respect DCF's partnerships, but continuing investigations simply increase our concern about this independent school. We have discovered additional sexual incidents of sexual assault, evidence that suggests that after initial incidents, the school did not act to put in place appropriate background checks and protocols to manage risk and prevent future incidents, and indeed, those future incidents have happened and possibly could have been prevented. And, the school has had 108 runaway incidents since 2013. I understand the population is a challenging population, but if a runaway ever got hurt or drowned in a stream, we would be having a different conversation.

When a child is placed in state custody, the state effectively stands in the place of the child's parents or guardians, and is responsible for that child's welfare. I do expect the State Board to take this up at their meeting next week. I do not know how they will act, but think it likely they will have grave concerns and may temporarily suspend VSG's independent school approval pending a complete investigation, because of concerns about the ability of this school to provide a safe and healthy environment for its students. If nothing else, pressing pause with a temporary suspension will send a shot across their bow that they need to clean up their act, and will allow us to sort through all the available evidence. We will work through all of the facts and circumstances as expeditiously as we can. We will work with all relevant entities to ensure continuation of needed services for these children.

Just generally on sexual assault and independent schools

We may have a bit of a "Spotlight" problem in some of our independent schools. In addition to Vermont School for Girls, I am now aware of 2 other schools about which I have concerns. In one, we have seen physical evidence of a coach who is still on staff who actively tried to recruit girls he knew were minors to have sex, and two administrators who did not make the required DCF report. The head of school indicated that his commitment was to his school and staff person. The offending individual is still on staff. If this was a public school, this person would not be on staff, and the administrators would have been subject to employment sanctions for failure to report and failure to impose corrective actions.

The independent school approval rules are so weak that there is very little AOE can actually do on this besides shame and harangue. I am going to call the Head and try to shame him a little. I feel negligent knowing this person is still on staff if I don't try to do something. We will investigate the third school as well, and that one will also be sensitive, as it is connected to another Senator. This state is so small that everybody is connected to a Senator.

Burlington College

I sent Sarah London an email on this separately as well. In short, Burlington College (BC) has closed its doors and is no longer operational. Our role under statute at AOE and the State Board of Education is to find a permanent repository for student records. We are asking the Board next week to assign the records to AOE for safe keeping until a permanent home is found.

In the course of working to find a home for the records, we learned that HITEC of Williston has apparently reached some MOU with BC to (i) take custody of the records, (ii) enroll new students and (iii) offer new education programs. However, HITECH is not an approved postsecondary institution. HITEC has appropriated and is using the Burlington College logo and one of their staff is calling himself their Dean. The education program issues, whereby HITEC, which is unapproved, is calling itself "Burlington College" is really an issue for the Attorney Generals Office. We trust them to handle those questions and have been referring all those issues to the AG.

Annie Noonan sent a letter in support of HITEC, but her concerns actually relate to the issues that are with the AG at this point, as those concerns are not part of our mandate.

Independent School Approval Rulemaking

In statute, the SBE is tasked with ensuring that education funds are used in equitable, quality ways to address public purposes. In particular, the SBE's role is to ensure that every public dollar goes to ensuring that every child has equitable access to a good school (public or private). To that end, the State Board asked the AOE to draft (revised) independent school rules, with specific goals, which we will provide at the SBE meeting on Friday. The draft rules reflect the SBE charge to the AOE.

This is the Board's first step in trying to better align the regulatory process in this area with the fundamental right to a public education as set forth in the Vermont Constitution and state law. Shortly, the Board will begin to receive and weigh public comment as this

rulemaking exercise goes through the steps set out in the Administrative Procedures Act. This will be a hotly contested process. These are the Board's rules. We are the administrative support staff.

Guidance on final phase of Act 46

At the State Board's request and with the state board's input, we are presenting proposed guidance on the final phase of Act 46, including "alternative education structures" to the SBE at their June 29 meeting. This will be followed by rulemaking, which we will introduce in August, but the Board wanted guidance out first. This guidance is basically going to be an explicit public statement that just staying as you are is not what the Board and legislature had in mind, and if you stay as you are, you need to complete a study that includes evaluation of options and demonstrates why you need to stay as you are. Basically, the Board wants to say that it assumes it will be reducing SUs/alternative structures to the least number of district structures possible, absent strong evidence this does not make sense.

Other:

Doug Hoffer reaudit?

Doug Hoffer may be coming back for another bite? His team sent a letter following up on his previous audit. We have actually done a ton of work to improve procurement processes, so am not too worried about that. It is just time, time, time, which we do not have.

Lawsuit by religious PKs

The AG is preparing to respond. They seem a little hesitant to be assertive. One of the PKs has stated that it is part of the church's ministry and that it would not be able to operate without the state dollars. I am unclear why the AG doesn't clearly see this as compelling the state to support a religious establishment.

Media Contacts:

Tiffany Pache, VT Digger: Tiffany emailed looking for the vote count for Salisbury, VT from their unification vote on Town Meeting Day. She also asked if the SBE agenda was available online. Haley and Stephanie searched for the Salisbury vote, but were unable to find it. Donna was out of town. Haley suggested Tiffany reach out to the town offices to get the vote count. She also told Tiffany the SBE agenda would be available later the following week. She later asked if the Mount Mansfield Unified Union is considered an Act 46 vote. Stephanie put together an explanation of the various votes that the MMMUUSD had, including Huntington's two no votes, to explain how neither votes were under Act 46.

Allison Novak, KidsVT: Alison emailed Haley about the June 30, 2016 press release about the National Leadership and Skills Conference winners. She is looking for contact info for the student who won a motorcycle for Green Mountain Tech. Haley sent her the contact info for the executive director of the program.

Keith Fournier (this was a public call): Keith Fournier contacted Robert looking for advice on how to handle “a kid with autism who reportedly cannot ride the bus anymore.” Robert asked Karin Edwards to contact Keith.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Friday, July 22, 2016
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

TCI Meeting in New York

Secretary Markowitz and I met with representatives from the Energy, Environmental Protection and Transportation Agencies from NY, MA, RI, CT, NH, DE, MD, PA and the District of Columbia, along with representatives from the Georgetown Climate Center's Transportation Climate Initiative to discuss next steps in developing a regional market based policy to reduce carbon in our region.

Major takeaways from the meeting:

- All states are interested in a data driven policy development and there was additional need for data on how any policy would economically impact the region and individual states.
- CT is having their participation in the I95 coalition's mileage based user fee study become a campaign issue for legislative races and are sensitive to creating any other publicity issues studying policy.
- All states cited economic impacts, mobility impacts due to increased costs of fossil fuels and emission reductions to each state as data gaps.
- There is interest amongst a majority of states to further study a market based approach to reducing carbon in the region as well as financing mechanisms through Green Banks (CT and NY both have Green Banks which stimulate markets for sustainable transportation, renewables and energy conservation projects).
- NY and VT both expressed concern about implementing such a policy without all of their neighboring states adopting it as well.

We received a couple of requests from the group to have Governor Shumlin speak to his fellow Governors at the upcoming NEGCP meeting about advancing this policy process and making it a regional priority. We will send over some talking points in case the Governor does want to advance this as a regional priority.

Missisquoi Bay Causeway

We are preparing to release the scoping report in the next couple of weeks and we will be recommending removing 330 feet of the eastern portion of the causeway, which is as much of the causeway removal that can be permitted under the Endangered Species Act. ANR supports this preferred alternative approach and we believe we have sufficient funds remaining in the earmark, \$4.1 million to remove that much of the causeway. The SOA supports this approach. We are working collaboratively with ANR on a communication plan for the region and to the Towns of Highgate and Alburgh. We are also working with the RPC on this issue.

Middlebury Tunnel

We will be announcing publicly next week that this project will not commence this fall as previously announced due to staff and consultant misunderstanding of the time it would take to negotiate an agreement with the contractor under this new contracting method. We had a very tight schedule to begin with and this additional time doesn't mesh with the community's expectations that the street grade work only takes one construction season. We are re-evaluating what is possible to achieve that community goal which may require pushing out street grade construction until the spring of 2018 in order to accomplish it in one year. We are still working closely with the Local Project Management Team and the business community to develop a project schedule that reflects local concerns. This is an unfortunate delay but we have also had two FOIA requests on this project from local attorneys and there is some risk that this project will be litigated which would obviously further delay construction.

Meanwhile, the Agency continues to negotiate with the railroads, NECR and VRS, to try and divert rail traffic around Middlebury in order to close the railroad and expedite work. NECR and VTrans are negotiating temporary detour access for VRS but we are very far apart on costs and FHWA will have to approve of the detour costs.

Transportation Revenue Update

Transportation revenues fell below forecast for FY2016, resulting in shortfalls of \$2.56 million in the Transportation Fund and \$148,000 in the Transportation Infrastructure Bond Fund (TIB). The shortfalls required reducing year end appropriation balances in order to maintain the Transportation Fund Stabilization Reserve at its statutory maximum.

Thursday's Emergency Board revision of the FY2017 consensus forecast will require additional reductions to FY2017 appropriations. VTrans is preparing a rescission plan to identify appropriation reductions or other adjustments to accommodate an additional Transportation Fund shortfall of \$2.8 million FY2017. In addition, another \$100,000 reduction of TIB fund will be needed but that can be included in the FY2017 budget adjustment act.

NOTES FOR STAFF

Construction

- We have 50 active work zones; 24 bridge, 12 safety, 6 paving, 4 reclaim, 3 roadway and 2 rail. We anticipate 90 contracts active this year.
- We received a notice of intent to file a claim for the Pittsford ABRP rail bridge project. The issue is associated with tree cutting and the protection of the Northern Long Eared Bat (NLEB). The ROW was cleared of trees last winter, but not the overhanging canopy. The contractor cannot effectively build the project without cranes and the canopy is preventing the use of cranes. The contractor conducted the acoustic study as a requirement to cut trees within the restricted time frame and the study found Indiana and NLEB bats on the west side of the project. The report was submitted July 14th and we are waiting for direction on how to proceed. The contractor can't move forward without approval to cut the trees, and the clock is ticking. The contractor is ECI, it is clear that the NOI was written by their attorney (FEAD Construction Law) and the notice was rather aggressive in the scope of the potential impacts associated with the delay. It is possible that we don't receive permission to trim or cut trees which pushes this contract back a full year.
- Recycled Materials Working Group: Met on 7/13/ Paving for VT 74 is underway and is using 20% Recycled Asphalt Shingles (RAS) in the unbound aggregate shoulders. Decided not to use RAS with Hot Mix Asphalt in VT 74 district leveling project because it would add \$48k to the cost of this state-funded project.

Projects

- Champlain Parkway – Participated in monthly partners meeting. Topics included a focus on the soils assessment, the appraisal of the VTR/Havey rail rights, design plan review, the City Market project, and the future maintenance and operations letter currently being drafted by VTrans. The currently project schedule places the project in construction in the summer of 2018 but there are many complicated issues to resolve to meet that tight schedule.
- LVRT – a meeting has been scheduled for VTrans and VAST staff to meet on 08/23. We intend to relieve VAST of their role to finance and build this project with the State assuming that responsibility out of the Bike Ped program while keeping VAST on in a maintenance role on the project.
- VTrans web page has been updated, click [here](#) for a view in all its glory.

ANR/VTrans Coordination: The Coordination Group met on July 15th topics discussed included:

- Missisquoi Bay Causeway
- VW Settlement Agreement Update: DEC is working to coordinate all agency comments on the current draft. VTrans primary concerns are related to the eligibility of transit buses and VTrans' diesel fleet.
- Lake Champlain TMDL Implementation Plan Roll Out
- Streamlining VTrans Payment of Water Quality Permit Fees

- VTrans Review of the Stormwater Manual
- Status of the Municipal Roads Permit: DEC has updated the GIS erosion risk layer for use by the municipalities undertaking inventories through this year's Better Roads Category A grants. RPCs are available to assist towns in accessing the data that will help direct inventory efforts to "connected" road segments. DEC, with VTrans' assistance, has released an inventory guidance and inventory form. Use of the GIS layer/inventory form is optional for this year and will help inform the final inventory/prioritization requirements to be included in the draft permit due the first of the year.
- Middlebury Bridge: Rich Tetreault asked that the agencies stay in contact regarding the complex and controversial project's permitting status. There are stormwater as well as toxics issues related to the railyard.
- Middlebury Airport Fees: DEC will be back in touch. Michele Boomhower indicated that Bennington and Newport airports have projects in the works

Quechee Gorge Hope Holder Initiative: Continued correspondence with local stakeholders regarding legislative requirements. Preparing for 7/22 meeting with sub-group of stakeholders (mental health professionals) to review final plans and related messaging/materials for the Hope Holders/structures (Department of Health, Department of Mental Health, Vermont Suicide Coalition, Hartford Community Coalition, and Health Care and Rehabilitation Services).

Return of Service to Montreal:

Brian Searles was invited to participate, in a listening capacity, to discussions among western US/Canada cross-border transportation operators with Canadian officials – Transport Canada, Public Safety/CBSA on the work efforts and start of final negotiations for preclearance. The Seattle-Vancouver region is wrapping up pilot projects for the preclearance and will be the first "new" roll-out under the recently signed agreement. One very key statement was that they "will not put the switch on" *until after both countries pass legislation pending to ratify the agreements protocols. **Meaning no new full preclearance operations will be initiated before passage.*** The Canadian Parliament has introduced their bill, no barriers are anticipated, and final passage is likely by first quarter of 2017. In the US that means S.2612 must move before end of December 2016, to avoid being delayed with a new Administration and Congress.

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Agency Secretary

Trey Martin
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Trey Martin, Deputy Secretary, Agency of Natural Resources

Date: July 22, 2016

Subject: ANR Weekly Report

Governor Level Issues:

Hermitage Resort: Despite the District Commission denial of Hermitage's Motion to Alter that would have narrowed the scope of their master plan application to just the Mountainside Tract, the Agency fulfilled its commitment to Hermitage and provided a written response to Hermitage's draft proposed findings of fact for the Mountainside Tract. The comments were fairly limited and we are close to agreement on the findings related to that project component. If Hermitage manages ultimately to drop the East Track and Airport from their proposal, it is likely the Mountainside Tract could proceed for master plan findings without opposition from ANR.

Because the Commission denied the Motion to Alter, the project is still subject to the most recent Recess Order, which requires ANR to provide responses on certain issues to the Commission by next Friday, July 29. OPP staff is working with ANR attorneys and DEC/DFW program staff to develop that response; however, after we respond to the Recess Order, the Agency will likely push back on any additional work on the Hermitage project until the applicant clarifies how exactly they intend to proceed given the denial of their preferred course.

VT Gas ANGP Phase 1 Harsh Sunflower Taking (Peyser Property, Monkton): Vermont Gas Systems (VGS) notified the PSB and ANR on Tuesday, July 19, that pipeline contractors weed-whacked and trampled many Harsh Sunflower plants on Monday, July 18. The Harsh Sunflower is a state threatened species and any impacts to individual plants or populations requires a takings permit. VGS was hoping to avoid the need for a takings permit by using HDD technology to drill under the plants, and the impacts to the threatened species resulted from the preparation for that drill. Approximately 70 individual plants were taken.

VGS has stopped work at the site initially, but the company is eager to re-start pipeline installation. DFW staff working OPP and OGA responded to VGS yesterday, July 21, with a list of four action items VGS must complete before work can recommence. The main focus of ANR's recommendation is that VGS develop a comprehensive avoidance plan to ensure no additional takings occur, that ANR review and approve the plan and that Agency staff perform a site visit to ensure populations of Harsh Sunflower are adequately flagged and that the avoidance plan can be effectively implementable given site conditions. VGS will also need have an approved environmental compliance monitor on-site at all times when work resumes. VGS's consultant VHB is developing the plan today and expects to deliver it to the Agency by COB with the hope that DFW staff can review the avoidance plan and complete a site visit early next. Additional enforcement action may follow as a result of the unpermitted taking.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Act 171 / Act 250 Study Group: Per legislative mandate, following the passage of forestry omnibus bill H.857, now Act 171, Commissioner Snyder is forming a study committee on land use regulation and forest integrity. The group will include state, private and non-profit stakeholders.

Act 154: This week, Deputy Secretary Martin convened two working groups created in Act 154 (H.595). The first work group was mandated to provide the General Assembly with analysis of the sufficiency of regulation of toxic chemical use in Vermont and recommendations for future action to better protect Vermonters from unregulated or under-regulated chemicals. The second group was mandated to provide ANR with technical guidance before developing a new regulation and methodology for the assessment of natural resource damages.

Press Issues/Releases:

Gold Panning: Coverage continued this week, as seen in the weekly. Channel 22 has an outstanding request for an interview.

Swanton Dam: VT Digger reached out about Swanton Dam related to alleged fish kills at the dam and how that ties to the proposed hydropower proposal. VPR also covered the issue this week. Their angle was that both the Town, interested in generating power from the dam, and Lake Champlain International and other organizations, interested in the dam's removal from a habitat perspective, both cite environmental reasons.

PFOA: Media this week was primarily focused on the Shaftsbury landfill, IBM, and the former Hercules site, located at Champlain Cable. The Governor's Office is in close contact on the press requests.

Controlled Waterfowl Hunt Application Deadline is Aug. 22: Applications are available for controlled waterfowl hunting permits to be used at two VTFWD WMAs. Hunting under controlled conditions for ducks at Mud Creek in Alburgh and geese at Dead Creek in Addison has been popular since the early 1970's.

2016 VT's Moose Hunt Auction is Open: VT's lottery for moose hunting permits closed July 12, but there's one more opportunity to get a permit for this fall's moose hunt. Vermont's auction for five moose hunting permits is open until 4:30 p.m. August 10. Bids will be opened and winners notified on August 11.

Cook-Off Challenge: Local 22/44 News did a morning segment this week about the Campfire Cook-off Contest. It is getting lots of attention.

Bat Housing: A "condo" for bats was installed at Kingsland Bay State Park.

Significant Events/Meetings:

Cyanotoxin Monitoring: Beginning last week, DEC is collaborating with VDH to offer at no cost cyanotoxin analysis of raw and finished water at the VDH laboratory for the twenty-two Lake Champlain-sourced water systems for twelve weeks (July through September). This is the second year that we are offering this service. Weekly results will be posted on our website. Last year there were no detections of the monitored toxins in finished drinking water and no confirmed detections of them in the raw water entering the treatment facility. We have had three cyanotoxin blooms reported this year already. Given the high temperatures and low water levels, we expect these blooms to be persistent throughout the summer at a potentially greater intensity than last year.

PFOA Update: Pownal- We are still waiting on the drinking water test results from Pownal Fire District #2. Once we receive clean results we will lift the "Do Not Drink" order. The carbon filtration system is fully functional at this time. Bennington Area- North Bennington Village and Bennington Town are working through their local process to determine their recommendation for the municipal line extension. We expect to receive their feedback by early August. Shaftsbury Landfill- We have sampled the landfill for PFCs out of concern that Saint-Gobain may have disposed of waste in the landfill.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Policy (OPP)

Anbaric Green Line – Kingsland Bay Push-back: A group of boaters that have historically moored and used Kingsland bay as a day-anchorage have begun to contact OPP with concerns and opposition to the proposed Anbaric Green Line route that would bring a high voltage electric line through the bay, making landfall in Kingsland Bay State Park. While Anbaric represents

that once the line is installed and buried in lake sediments, that it will not impact boaters use of the bay, the citizen group has pointed to other federal guidance, recent moves by the transmission line lobby in Washington, and facts that emerged in the NYS permitting of the project that suggest continued use of the bay by boaters may be compromised by the project. The boater group is pushing to have the line rerouted to Hawkins Bay, the next bay north, which also fronts on a portion of Kingsland Bay State Park, but that bay may be too shallow to accommodate the project.

The group is drafting a letter to Anbaric expressing their concerns and expect to send the letter in the next week or so. Once their concerns are articulated in writing, I've offered for their representatives to meet with Agency staff to share information and discuss how their concerns may be addressed through DEC's Lake Encroachment permit review. An internal meeting of OPP and FPR Lands and Parks staff is scheduled for later today to discuss this issue and the Agency's general response to inquiries related to Anbaric's use of Kingsland Bay State Park.

New Applications for the week of July 10: OPP received 6 new Act 250 applications and 0 new Section 248 petitions.

Office of the General Counsel (OGC)

Ranger Solar's 20 MW Coolidge Solar Project (Ludlow/Cavendish): ANR, the Department of Public Service, and all parties other than Ranger Solar filed testimony in the Public Service Board matter considering Ranger Solar's petition for a Certificate of Public Good for its 20 MW Coolidge Solar Project in Ludlow and Cavendish. ANR's testimony calls for Ranger to supplement its testimony with a greenhouse gas life cycle analysis in order for ANR to provide comments on the greenhouse gas benefits and impacts of the project. Although ANR has not called on solar developers to provide full life cycle analyses in the past, the 20 MW solar project is of vastly greater-scale than other solar projects in Vermont and it requires over 40 acres of forest clearing and will disturb and grade land to accommodate the solar panels. The forest clearing will result in a loss of carbon storage in the trees and soils, as well as result in emissions by disturbing soils that sequester carbon. In addition, the use of the wood cleared may result in additional emissions. As a result, ANR needs more information regarding the tree species, soil types, planned uses of the cleared wood, and components to be used in the project in order to provide comments on the greenhouse gas benefits and impacts. A full life cycle analysis will provide this information. ANR's testimony also calls for protections for streams and deer habitat.

Costco Stormwater Permit Amendment Appeal: After the close of evidence of R. L. Vallee, Inc.'s prior appeals of Costco's land use and ANR permits for its gas station expansion project in 2014, Costco applied for an amendment to its stormwater permit. Once ANR issued the amended permit in June 2015, Vallee promptly appealed the decision to the Superior Court Environmental Division. The merits hearing for that appeal will take place next week (Tuesday, July 26 and Wednesday, July 27). The issues on appeal relate to Costco's addition of a pump in one of the stormwater retention ponds and whether the inclusion of that pump meets the

applicable stormwater rules. The parties to the appeal are R.L. Vallee, Inc., Costco Wholesale Corporation, Timberlake, LLC, and ANR.

Environmental Conservation (DEC)

Wetlands: The program has completed review of the wetland delineations on the Gesprag's park property. The discrepancy shows over 400 additional feet of wetland and 500 additional feet of buffer impact from what was indicated in the Vermont Gas application. Several members of the public throughout the state have reached out to the program to be added on the distribution list for any permit amendments.

Crowley Cheese Company (Mt. Holly): The company has been emitting offensive odors that have been impacting at least one neighbor. The odors come from a "whey pond" – a pit that the owner pumps whey waste into under a "grandfathered" permit condition. The whey is pumped from the cheese production facility across a street to a holding tank and then to a disposal pit. Operational changes are being made to address the odors. The facility's Indirect Discharge Permit expires at the end of the year. Additional long-term solutions to address the odors may also be required as part of a permit renewal process.

Permit Specialist Town Visits: Assistance staff visited Rutland and Bennington Counties (Rupert, Pawlet, Wells, Tinmouth and Middletown Springs) meeting with Town Clerks and other Town officials. During these visits we delivered "Do You Need a State Permit?" brochures and business cards, answered questions about their proposed projects of interest, provide resource materials, and discussed regulatory changes.

ANR v. Vermont State Colleges (Randolph): Vermont State Colleges owns and operates Vermont Technical College (VTC), which is the owner and permittee of two 12,000-gallon Category 3 underground storage tanks (UST) located in Randolph. On November 26, 2015, VTC personnel discovered fuel oil spilling out of the UST fill pipe and onto the ground. Respondent notified the Agency and instituted emergency mitigation measures at the facility. Upon further investigation, improper operation of the system controlling the flow of fuel oil between the two USTs and the boiler was determined to be the cause of the release. Approximately 1500 gallons of #4 fuel oil were released. The contaminated soil was excavated and shipped offsite for thermal desorption. Corrective actions occurred and the matter was settled on July 11 for \$5,250.

Moretown Landfill (MLI): On July 14, a site visit and Act 250 hearing were held to discuss the closure plan for the Moretown Landfill. The Closure Plan, the Odor Plan and the Groundwater Corrective Action Plan were discussed. The majority of the hearing was spent discussing the public health and environmental reasons for denying the Cell 3 Certification and what DEC required MLI conduct for actions and protections as a result through the consent order requirements. MLI requested three amendments to the Act 250 permit: 1) modified capping materials; 2) six new vertical gas wells; and 3) a slope variance. All of these requests are sound technically and have been reviewed and approved. The tone of the hearing was educational and the neighbors in attendance were all reasonable in their concerns and requests.

Clean Water Fund: The Clean Water Fund FY18 budget materials were put out for public notice and comment period on July 1. An online survey was also sent to hundreds of stakeholders in an effort to gain public feedback. Eleven clean water meetings were held across the state on the Clean Water Fund to raise awareness of the Clean Water Fund and budget process. Hundreds attended, including many municipal officials.

Fish & Wildlife (FWD)

Battery Bandits Endanger Nesting Beach: Staff had to replace an electric fence battery at FWD's largest turtle nesting beach, which is on VTFWD land after a thief disconnected and stole the battery powering the fence as well as the backup battery. A new battery is now chained and locked to a large timber and law enforcement has been notified. The nesting beach is safe once again.

North American Wildlife Enforcement Officers Association Conference: An incredible effort by Wardens Jenna Reed, Bobby Currier and LT Eckhardt resulted in an amazing NAWEOA conference held in South Burlington. Special thanks to all of them for the outreach and coordination, without which this conference would never have been such a huge success. VT is now on the map in many ways, including its hospitality, professionalism and ability to draw large crowds of conservation LE officers together for development and training.

Very Large, Little Brown Bat Colony Condo: Thanks to bat enthusiast Joe Gardner and with the help of FPR (mostly Dennis Lincoln), Green Mountain Power, media outlets, and Barry Genzlinger, we coordinated the installation of a large bat condo (1100 pounds, can hold up to 7,000 bats) near a known, monitored little brown bat colony at Kingsland Bay State Park. Joe built this out of his own pocket and the kindness of his heart and deserves all the credit. Lucky bats.

Forests, Parks and Recreation (FPR)

State Parks Visitor Numbers: Annual state park visitation is tracking 1% ahead of 2015 to date.

Mountain Bike Fest: FPR will be represented at the annual Vermont Mountain Bike Festival this weekend in the Mad River Valley area. It will be an opportunity to showcase the successful partnership between VMBA (Vermont Mountain Bike Association) and FPR.

Education and Outreach: Bennington County Forester Kyle Mason participated in the planning and presentation of the program "What Every Woodland Owner Should Know". The program is a three-part series for Vermont forest landowners and it covers the wide variety of programs and services available to them. The presentations are co-sponsored by the One World Conservation Center in Bennington, FPR, and the Bennington County Sustainable Forest Consortium. The program is being held on July 19, July 21 and August 18.



State of Vermont
Department of Public Safety
103 South Main Street
Waterbury, Vermont 05671-2101
www.dps.state.vt.us

To: The Honorable Peter Shumlin
From: Joe Flynn, Deputy Commissioner of Public Safety
Date: July 21, 2016
Subject: Weekly Report

Priorities:

Information Sharing Program (VJISS) - The Police Data Initiative project is moving forward steadily. Due to scheduling conflicts, August 16th has been settled on for the public release event in Montpelier at the Pavilion building, from 5pm to 7pm. The 3 final VSP data sets will be presented to VSP Command staff next Tuesday morning for final review and feedback. We are still moving forward with setting up White House representation at the event.

The National Criminal Justice Association Justice Reform Project (NCJRP) continues. We met with Annie Ramniceanu the Director of Pretrial Services for Vermont to begin the process of formulating our team, and developing a response to the recently published RFI. The response to the NCJRP RRI is due from the Governor's office this coming Monday, July 25th. We are working on the letter of interest to provide the Governor's office for submission. Sarah London as our 5th Floor contact for processing.

The new VSP Westminster Barrack opened this week. Staff continues to provide on-site and remote support of the consolidation and decommissioning of the Brattleboro and Rockingham Barracks and the Rockingham PSAP to Westminster. July 18th the Brattleboro Barrack moved and July 20th the Rockingham Barrack moved. The Rockingham PSAP will move on July 25th which required on-site staff to disconnect and reconnect equipment.

Administration

DPS has begun compiling a draft Transition Document and has received input from all Divisions.

We are outlining a Fitness for Duty assessment contract with the thought being to be put it out for bid so experts who assess members/employees are vetted and readily available. Given the unique criteria often necessary for evaluation this may prove to be more of an impediment than an aid. However, we have every intention of following the guidance as laid forth in Bulletin 3.5.

Our Asset Management initiative will require that all Divisions appoint an asset "custodian (s)" with accountability for proper asset tracking. We had a very significant number of recorded assets that could not be located, so this is very critical. We also received a Single Audit finding on this in FY14 and 15.

Our Indirect rate approval continues to be delayed as we are still waiting for our FEMA contact, Danielle Unger, to get back to us so we can discuss and resolve these issues.

We heard this week that our FFY16 EMPG application has been approved, so very good news. We will continue to work to pin down our match, but good to know that our application is not being held up because of this.

CJS

Forensic Lab-

1 analyst currently training in Alcohol and another 7 cross-training in Latent Print analysis.

1 DNA analyst will be leaving July 20th for Grad School (position posted 7/19).

Persistent ceiling leaks continuing in one exam room in the VFL. BGS is still waiting for warranty roofer to come.

VOSHA follow-up regarding the medical record Citation. Lab procedures were updated, the settlement finalized and VOSHA has withdrawn the Citation.

9th annual Green Mountain DNA Conference scheduled for August 1-3 (VFL hosts).

VFL hosting regional training August 4-5 for DNA analysts in kinship analysis (required for paternity cases or unidentified human remains) – currently not within our scope of services.

Communications-

Lightening caused a transmission outage on Jay Peak this week taking down dispatch capability to Orleans County departments. Radio Technicians worked well into the night during the storm and into the following day to restore dispatch capability. Previously devised back-up procedures to notify departments were engaged. SOV functions were restored in less than 24-hours.

OTM-

DPS Performance Management System quotes were received in response to our original RFP and requested "best and final" offers from each vendor. We received quotes of \$24,600 and \$14,400. This is an annual licensing fee. The lower priced system could fulfill our basic needs. Guidance will be needed from the commissioner's office as to the priority of this system, as it relates to the required investment.

e-Ticket - DPS Admin required a second document for the source code agreement as an attachment to the contract we had received back from Spillman before it could go to the Commissioner's office for signature. The Project Team is expecting the first REAL (non-test) citation data to be transferred through the Valcour application to the Judicial Bureau, via VJISS, within days. Ticket data from Spillman agencies (such as VSP) still requires more technical work, but still cannot start until the Spillman contract is finally executed.

GIS Support/E911 - Public Service presented a very short list of what they can offer and it needs to be compared against the greater list to see if the effort to support additional network connectivity, security, account management, etc. is beneficial based on what Public Service has to offer. Feedback was received from DEMHS on their current needs requirements. We will modify the priority documents and have them ready for discussion about how to move forward. Those lists help determine what is absolutely necessary for DPS to continue to maintain the GIS infrastructure or what may need to be considered for reduction or contracting out.

VCIC-

The vacant Deputy Director candidate list is under review for interviews and a vacant Criminal Record Specialist position is being reclassified for the Marijuana Registry (due to continued increases in patient applications). Additionally discussions are under way with Administration to enhance our understand costs relating to the Record Check process to ensure costs are accounted for a charged to the program accordingly.

Clarification has been requested from the courts concerning several issues which have recently come up concerning the Sex Offender Registry, specifically registration length requirements as noted on various orders.

DEMHS

2016 Local Emergency Operations Plan submission rate at 80% as of 7/14.

CI Planner provided Cyber brief to Norwich students.

CI Planner provided CI Introductory brief to Commissioner of Economic Development.

FEMA Region 1 awarded the long-awaited HMGP Cambridge Trail Bridge Upgrade and Floodplain Restoration project for \$399,938.

BGS issued the RFP for contingency debris removal contractors on 07/12/16, culminating a year of interagency review and editing. Bidders' conference is scheduled for 08/04, and proposals are due 08/18.

VT ALERT was used in the AHS evacuation drill conducted in Newport.

Final planning this week in preparation of the upcoming Vigilant Guard exercise.

The SEOC was used as a site to record a VELCO television commercial.

More than 12,000 Facebook followers and 6,000 Twitter followers have made those platforms the most efficient and effective way of communicating with the public in addition to Vermont Alert.

Fire Safety

Director Desrochers was elected to the Board of Directors for the National Association of State Fire Marshals.

The Division received \$13,342.00 in fees based on \$1,792,974.00 in construction cost from July 13th to July 20, 2016.

The Fire Academy Site Coordinator position has been posted and the Division should be receiving a good pool of candidates.

The DPS Fire Investigation Unit participated in the Explosives Training presented by the FBI. This Training was held at the National Guard Underhill Firing Range.

The Division will be holding public hearings for public comment in regards to the code update process on July 26 in Berlin and July 27th in Rutland.

Vermont State Police

A Troop-

FF

9 Total Arrests, 2 DUI

2 year old choking death in Westford.

Troopers stopped a motorcycle traveling 107 MPH on the interstate. Operator was under the influence of alcohol.

BCI

CALEA mock inspection.

D/S.gt attended Dallas PD funerals for Honor Guard.

Arson investigation in Colchester. D/Sgt. responded to a business and completed investigation. The following day Arson responded to another scene in Colchester. A male suspect was taken into custody by CPD and charged with Arson due to evidence gained at the residence. Male was lodged and released the following day without conditions.

Clan lab activation in Derby for a BHO lab.

Death investigation of a two year old in Westford. Investigation did not reveal anything immediately suspicious. Autopsy pending. D/Sgts. investigating. Appeared child died in the middle of the night after a small illness the night prior.

NUSI assigned case of a 24 year old female alleging she was sexually assaulted by her uncle while she lived with him in April of this year. D/Tpr. assigned.

NUSI assigned case where an 18 year old male inappropriately touched a 12 and 16 year old boy.

Assist federal agency with background investigation.

Numerous sex offender photos.

Arson unit assisting Stowe PD with two suspicious fires. One male suspect was interviewed twice. Male was scene at both fires and is believed to be the person who started both. Stowe PD keeping case and looking at numerous search warrants. D/Sgt. assisting.

Assisted south Burlington PD with special investigation.

Det. Tpr. Crick's first week. D/Tpr. crick was asked to present Sovereign citizen training for SA's office and court staff.

Death investigation of a 75 year old male in Orange. Ruled to be a natural death due to likely cardiac issues. D/Sgt. assigned.

B Troop-

FF

14 Total Arrests, 4 DUI.

Overdose in St. Johnsbury, subject recovered.

Consolidation of VSP St. Johnsbury/Bradford continued. All cases are now B1 and dispatch is referred to as "St. Johnsbury" by all units (VSP/Bradford PD/Thetford PD/Fish and Wildlife).

Warrant was conducted in Derby, yielded a large amount of marijuana, several guns and some money.

BCI

SOR checks in Bradford Area.

Citations issued to two inmates at Newport Correctional Center for Assault on a corrections officer.

Assisted Uniform Troops in Derby with search warrant.

Background investigation.

Sex assault investigation 14 yr. old male sexually assaulted a 14 yr. old female who is now pregnant.

Follow up on death investigation from two weeks ago. Preliminary report has cause of death as drowning. Still no sign of foul play.

Sex offender Registry photo.

Arrest of offender in sex assault investigation (L&L with child).

New intake of allegation of sex assault that has taken place on a 2 yr. old and 8 yr. old in Concord, VT.

Death Investigation, Waterford, VT 85 yr. old male – Natural.

C Troop-

FF

22 Total Arrests, 5 DUI

Two "missing" people, from the Rainbow Gathering in Mt. Tabor. One was located, still present at the Gathering and the other was located at a homeless shelter in Albany, NY.

Endangerment case in Pittsford investigated, the next morning discovered that the accused had committed suicide.

Tprs. responded to an intoxicated male who was out of control at a residence, upon arrival the subject would not comply and fought with both troopers knocking one of them to the ground, no injuries, taser deployed and subject taken into custody.

2 warrants executed; #1 pills, guns, cash, charges for sale and possession of pills #2 cocaine, crack, conspiracy, agg assault, guns, cash, asset seizure.

BCI

New Case: Dead Body - Untimely death investigation of a thirty-nine year old female at Kampersville in Salisbury. Decedent had health issues and was obese at 462 lbs. Autopsy performed, diagnosis pending.

New Case: Dead Body - Untimely death investigation, likely suicide, of a fifty-two year old female in Pittsford. The decedent is believed to have shot herself in the head with a 9mm handgun following an armed dispute with her neighbors. Autopsy performed, diagnosis pending.

Write-up for Pittsford armed robbery of Champlain Farms convenience store.

Background.

Mock CALEA at Williston.

Case follow up - death investigation, accidental fall from cliff. Hike back in with Forest Service and Neil Van Dyke to assist them in locating where he fell for their cases.

Case follow up – Death investigation, spoke with Mike Bruno regarding video and relationship of deceased with other drivers.

CSST Training at HQ.

New Case: Agency Assist - Assist to DCF for unannounced home visit.

Case follow up – Domestic Assault/Sex Offense – Uniform made an arrest for Domestic Assault, however, case also involved a possible sexual assault that was never reported to BCI on 7/5/16.

Monthly MDT meeting followed by Peer Review for Forensic Interview.

Case Follow up – Pornography interview/statement regarding additional information provided surrounding incident.

Meeting with SA and defense attorney to view all physical evidence in the Gathright sex assault case.

Work on scanning Shaftsbury evidence.

Follow – up on new leads for Schaff missing person case. Interviews conducted as well as research into concrete scanning.

Meeting with ATF-VT, NYSP and Bennington PD about two individuals in Bennington County dealing guns.

Clan Lab activation, search warrant conducted in Derby on a possible BHO lab. BHO and Marijuana seized as well as indicators of a BHO lab.

Planned and executed a warrant on a residence in Bennington. Individual was dealing 600 -1000 Percocet's per week. Interviews conducted, Percocet's, money and guns seized, one arrest made.

Planned and executed a warrant on two properties in Shaftsbury on a large cocaine dealer's property. Several interviews conducted, drugs, guns and \$17,100 seized as well as multiple arrests.

Continue follow-up / interviews on Hartford incident and typing reports.

Phone meeting with Deputy S.A. John Wasak and correctional staff regarding jail assaults on staff that are pending trial.

Screened possible sex offense intercepted by jail staff. Subject calling inmate stating she was raped. Female did not identify the offender and has not made a complaint to law enforcement.

D Troop-

FF

16 Total Arrests, 3 DUI

Stopped a vehicle on I91 in Guilford; 0099 done; arrested two for Possession of Heroin (176 bags).

Responded to a report that a subject was robbed/assaulted near a baseball field in Wardsboro; investigation is on-going.

BCI

DRE Evaluations.

Brattleboro Evidence.

Royalton – Evidence Room Conversion to File On Q.

Sex Offender Registry.

Death Inv./Suicide write up.

VCR/TRO Viol. At SSCF-write up/prep for SA.

Assist HPD (NH) w/sex assault referred to them by VSP.

Agency Assist to NHSP- Keene w/homicide investigation - pulling videos in Bratt. at businesses.

Untimely of 92 old at Londonderry IGA - Natural causes-no autopsy.

Move to Westminster.

Royalton – Evidence training for NIU.

Brattleboro – Closing Ceremony.

Completed death investigation.

Background investigation for VSP applicant – to MA to interview family and applicant.

Death investigation – suspected natural – pending autopsy.

POLYGRAPH-

6 Pre-employment polygraphs.

Numerous criminal test requests. Specifically from Stowe PD regarding arson investigation. More follow up needs to be completed.

MAJOR CRIME-

Smith homicide: Phone conference with SA Barrett. Continue to organize material, review transcripts, and review of phone records.

O'Hagan homicide: Review of jail calls by Keith Baird, he continues to violate no contact orders of the court.

Cold Cases – Peters: Work on electronic file continues. Milizia: Follow up on Tip. Rogers: Follow up with family.

Burt Homicide (Northfield): Grand Jury Subpoenas issued in Barre. Interviews conducted in Washington County area.

Russ Fraud special - follow up with FBI and owner of Cell Tower Company.

CSST Team training with Lab sections.

Dunlap: Assist to uniform with felony gun/drug search warrants/Shafsbury.

Lott Homicide: Finished up on 400 jail call review, reports completed and sent to SA.

Assist to uniform with serious motor vehicle/moose accident.

Assisted Fish and Game conference by playing Taps for fallen officers. Assisted LT Oliver by playing Taps at Brattleboro Barracks closing.

OCME-

8 autopsies.

Death investigation of 19 month old in Westford.

CCU-

Continued forensic examinations on several state and federal child exploitation cases.

Tallmadge's first week in the lab. He got the crash course before leaving for a 5 week training in Hoover, AL.

Current Cases: 4

Pending Cases: 6



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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: July 22, 2016

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Issue Updates:

Survey for land transfer in Windsor: Simplified bid process underway – vendor has been selected. We will not hit the August 1st target.

Westminster – Public Safety Facility – New Construction: The State Police move from Brattleboro and Rockingham has begun, Rockingham Station is officially closed. The PSAP group will be the last to move. We are waiting on the approved plans and permit approvals to be directed to move ahead with bidding the erosion control work on the adjacent Town property.

Randolph – VAEL – New Construction: DRB Site Plan and Conditional Use approval has been appealed by the Campground Owner. Provided the AG's office with information to respond to the appeal. Due to the appeal, the design team has been notified that we no longer need to provide early bid packages for site and foundations as we will probably go out to bid for a general contractor rather than for CM services.

AHS Security – 14 Major District Offices – Exterior Building Security Assessments: The RFP for 14 sites (exterior assessments) has been advertised. Beginning the review and design for all other security enhancements.

Waterbury State Office Complex: The Division for Historic Preservation Advisory Board Meeting held a meeting on July 20th to review and discuss the nomination application of the Waterbury State Hospital to the National Register of Historic Places. This meeting went well and the campus will be nominated at the national level.

Vermont Information Centers: Renaming of Bennington Welcome Center to James M. Jeffords Welcome Center has been postponed to September of 2016.

Information Centers – Security Assessments: Vendor presentations are scheduled for July 28th and July 29th.

Assessment of Security Camera Equipment Upgrades/Lighting/Alarms/Staff Training Presentations scheduled for July 28 and 29, 2016.

Exit 7 – Berlin Public Private Partnership: VICD Staff continues to collaborate with owners; September 2016 anticipated opening date.

Security Director Position: Interviews are scheduled for July 27th and July 28th.

BGS and AHS: Continue to develop and implement physical security enhancements at the 14 major district offices.

FINANCE AND MANAGEMENT

Nothing new to report.

HEALTH CARE REFORM

Nothing new to report.

HUMAN RESOURCES

Legislative/Policy Update:

Updated the DHR policy governing death benefits for a state employee who dies in the line of duty. Submitted the required legislative report.

Communications Update:

Responded to a request from the Burlington Free Press regarding employee compensation data for a Deputy State's attorney who has sued the state concerning a pay equity concern.

Significant Events/Meetings:

Submitted to the Auditor a joint response from DII, F&M and DHR to the performance evaluation audit. The completed audit should be made public shortly.

Worked on statewide security policy and procedures with BGS.

The draft of a consolidated statewide ethics policy is with Sarah London for review.

VTHR Operations continues to work on CBA changes to system.

In the process of testing system changes which would allow us to auto enroll employees (they could opt-out) into Life Insurance and Deferred Comp.

Staff attended training on Bulletin 3.5 and created a process and certification form for requesting contractors to be paid through payroll.

Coordinated with Retirement to fix a glitch in the accounting of the retirement life premium.

INFORMATION AND INNOVATION

Issue Updates:

DII Initiative – Anywhere/Anytime computing (Office 365) – Exchange/ Office: All users have now been migrated to the cloud. We currently have a grand total of 11,116 users licensed (including partners and contractors).

FY16 Year End Processing

- Yearend processing for HR and Finance has all but completed without incident.
- Preparations for FY17 budget process have begun

Web Updates:

- The company Siteimprove, which sells services to monitor Websites for accessibility compliance and other errors has been approaching state Website owners attempting to sell their services. The sales people are using the fact that the Secretary of State and Department for Children and Families uses their service to encourage others to also purchase it. Harry has received emails in the last few days from three Website owners worried that they must use this service.
- The new Website for the Office of Technology Management in the Department of Public Safety is complete on the development server and ready for training.
- The Governor's Office new Website is now live at governor.vermont.gov.

LIBRARIES

Nothing to report.

TAXES

Nothing new to report.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Patrick Delaney, Commissioner
Date: July 22, 2016
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates:

Press Issues/Releases/Contacts:

I spoke to reporter from the Burlington Free Press regarding the popularity of local craft distillers and the Departments and State government's support of this economic driver. The reporter asked about specific issues with Vermont Distillers. I indicated that I was unable to discuss specific business relationships but did describe the Depts. expectation that our business partners remain in good standing with the State by being current on tax payments and licensing. Also stated the Dept. was committed to working with our producer partners to resolve problems when they occur so business could continue uninterrupted.

Significant Events/Meetings:

The DLC Communication Committee met Monday July 18. We continued our discussion on store evaluation criteria, the revised agent manual.

On July 19 the Deputy Commissioner Kessler and I met the Board to present and discuss numerous department business practice changes that we are planning to implement in the near future. The meeting was very productive and will lead to changes in department operational policy and procedures.

On July 21, Deputy Commissioner Kessler, Board chair Stephanie O'Brien and I met with Laurence Miller and Secretary of Administration Justin Johnson to provide an update on department operations following my appointment as Commissioner. Additionally, we had an opportunity to discuss some big picture priorities such as IT development and different approaches to initiating the warehouse replacement project.

Have been having productive conversations with DHR to create a game plan to deal with both short and long term staffing challenges with our warehouse operation.

Summary of Key Department Activity:

Agency Issues:

The agent transition for the Harmonyville store is on schedule to be completed at the end of the month.

The new Bradford liquor agency contract is in process, with anticipated agency opening date of July 29th

The contract bid submission for the Pownal agency has been completed. The Dept. will make a recommendation to the Board on August 8th.

Staffing:

We have received the routed candidate list for a Temporary Warehouse Worker II (driver) position. We are working with DHR Classification to reclassify a Warehouse position to a driver position, after which we hope to reclassify the vacant driver position to a Warehouse Supervisor position.

The Board has approved filling the Principal Assistant position. We will initiate the hiring process in the near future.

Commissioner's Commentary:

It was a busy and productive week. The Deputy Commissioner and I had very productive business meeting with the Board and Office of Administration to discuss future plans for the progression of the Department. A pre-planning meeting was also held with BGS, the project contractor, and our warehouse management team to organize our collective efforts for the shelving install.

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**OFFICE OF THE SECRETARY
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FAX: (802) 828-2361**

Chuck Ross, SECRETARY

**STATE OF VERMONT
AGENCY OF AGRICULTURE**

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: July 22, 2016

Summary of Key Activity

Secretary Ross and Deputy Director Bothfeld met with Gus Seelig (VHCB) and Gil Livingston (VLT) to discuss Henry Harper's failure to comply with the conservation easements for his property. Agreed to send Harper a stiff letter asking them to discuss with the three easement co-holders how he proposes to come into compliance with the terms of his easements.

The Working Lands Enterprise Board met on Tuesday July 19th to Wednesday July 20th at Shelburne Farms for a Summer Board Retreat. The Board planned for continued success of the program, including strategies for:

- Grantmaking to businesses, considering leveraging funds, risk, innovation, need and return on investment
- Investing in the technical assistance continuum, and the Board's role in market development and access
- WLEB's role in the capital continuum, including matchmaking and capital readiness
- In addition, the Board provided input on next steps for the Policy Committee and Grantee Stewardship, and left space for relationship building and big picture thinking.

Assistant State Veterinarian is conducting a foreign animal disease investigation of a horse with vesicular lesions reported by an accredited veterinarian. Blood samples and tissue swabs will be collected and sent to the National Lab in Ames, IA.

Animal Health Section is investigating a swine farm linked to a farm located in NY that has tested positive for swine brucellosis. The farm has been placed under quarantine and testing will be conducted by VAAF and USDA Veterinary Services staff next week. Vermont currently has a swine brucellosis free status, enabling ease of livestock movement by Vermont producers.

VAAF staff met with Property Valuation and Review to discuss a change in Vermont law from 2015, under Act 57, that clarified the assessment process for partial enrollments of a parcel of land in the Use Value Appraisal Program. This clarification in statutory language, as well as direction to the Tax Department to provide assessment guidance, are to ensure that all property owners with partial enrollments were being treated equally in all municipalities across the state. Some agricultural land property owners have experienced an increased assessment of land excluded from the program, and a decreased assessment in enrolled land when part of the same parcel of land. This change in assessment due to the clarification results in an increase in a tax bill, and a decrease in the payment to the municipality from the state. This clarification should not be confused with the revisions to the Land Use Change Tax, which was also changed under Act 57.

Deputy Secretary Bothfeld, Chief Policy Enforcement Officer Smith and Act 250 Coordinator Masseria met with representative from ACCD, AOT and the Governor's Office to discuss Highgate Sand and Gravel project in Highgate. The group will meet with the owner to further discuss the project in August.

Secretary Ross and Deputy Director Laclair hosted a meeting for Vermonters interested in Cuba with the input from two Cuba experts from AkinGump, a law and lobby firm in Washington DC:

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: July 22, 2016

Evolving Issues:

Assistant State Veterinarian is conducting a foreign animal disease investigation of a horse with vesicular lesions reported by an accredited veterinarian. Blood samples and tissue swabs will be collected and sent to the National Lab in Ames, IA.

Animal Health Section is working with the Vermont Summer Fest regarding issues of equine participants entering the state without a current valid health certificate.

Animal Health Section is working with USDA Veterinary Services and the MA Dept of Agriculture to identify horses that may have entered Vermont without proper health papers from an equine sale and subsequent rescue organization located in PA and MA.

Deputy Secretary Bothfeld, Chief policy Enforcement Officer Smith and Act 250 Coordinator Masseria met with representative from ACCD, AOT and the Governor's Office to discuss Highgate Sand and Gravel project in Highgate. The group will meet with the owner to further discuss the project in August.

Summary of Key Agency Department Activity

Administration

VAAF staff met with Property Valuation and Review to discuss a change in Vermont law from 2015, under Act 57, that clarified the assessment process for partial enrollments of a parcel of land in the Use Value Appraisal Program. This clarification in statutory language, as well as direction to the Tax Department to provide assessment guidance, are to ensure that all property owners with partial enrollments were being treated equally in all municipalities across the state. Some agricultural land property owners have experienced an increased assessment of land excluded from the program, and a decreased assessment in enrolled land when part of the same parcel of land. This change in assessment due to the clarification results in an increase in a tax bill, and a decrease in the payment to the municipality from the state. This clarification should not be confused with the revisions to the Land Use Change Tax, which was also changed under Act 57.

The Vermont Tax Department will soon notify property owners of the procedure to certify that their agricultural land and buildings are still eligible for enrollment in the Current Use Program. Annually self-certifying continuing eligibility for participation in the program is a relatively new requirement for enrollees of "agricultural land" and "farm buildings". If land and/or buildings are no longer eligible, this is opportunity to remove property or revise enrollment. Failure to certify eligibility to participate in the program by the September 1 deadline may result in land and buildings being removed. Last year, Form CU-313 was sent directly to enrollees. The VAAF anticipates this will occur again. Once the forms are issued, the VAAF

will help the Tax Department spread the message about self-certification and the importance of meeting the deadline.

Secretary Ross, Deputy Secretary Bothfeld and Senior Ag Development Coordinator DePillis met with representatives from GMP to discuss the multi-farm methane digester project in St. Albans. Discussion centered around Certificate of Public Good, testimony from the Agency of Ag and the future schedule for activities at the Public Service Board. The majority of the Agency's concerns have been addressed and there may be an opportunity for a research project that further monitors this project and the farms involved to determine Phosphorus reduction benefits.

Agricultural Development:

VAAFM Farm to School Coordinator, Zipparo, Leads Communications Planning Meeting with Farm to School Economic Value Team

- The team consists of staff from VAAFM, NOFA-VT, UVM Center for Sustainable Agriculture, and UVM Center for Rural Studies. The discussion focused on a recently completed economic research project that looked at the impact of local food procurement in Vermont schools, and found that the overall impact was positive. The team will officially release the report at the beginning of the 2016-2017 school year.

VAAFM Senior Ag Development Specialist, Zipparo, Discusses Opportunities to Connect the Procurement Technical Assistance Program (PTAC) to the Work VAAFM is doing in Local Food Procurement in Institutions, Including Corrections

- The discussion took place over the phone and at a PTAC meeting in Middlebury, which featured a training for Vermont businesses on the benefits and opportunities with PTAC. Rutland Area Food and Farm Link staff were in attendance, exploring ways the organization can help area producers access new wholesale markets, specifically with the assistance of PTAC

VAAFM Food Systems Section Chief and Senior Ag Development Meet with Bob Arnell and Brian Mitofsky of Corrections, to Discuss Local Food Procurement

- The three discussed supply chain innovations, local dairy opportunities and ways to procure more local food. There are many ways corrections can procure more local vegetables and some dairy. VAAFM will continue to work with corrections on reaching the goal of 10% local procurement in corrections food.

VAAFM Food Systems Section Meet with Salvation Farms to Discuss Research on Food Waste on Farms

- Roughly 14 million pounds of food is left on the farm field, and Salvation Farms would like to make that food available to hungry Vermonters through the Vermont Commodity Program and other initiatives. The research surveyed farms throughout Vermont, with 58 responses. The total waste data was based on a projection of the data gathered in surveys. As Vermont schools and Corrections moves to procure more local food, "naturally beautiful" produce might be a viable option for such an initiative. VAAFM will work with Salvation Farms to identify next steps, which will likely begin with more research and perhaps a campaign to build the market for such produce.

Deputy Secretary LaClair, Food Systems Section Chief Willard and Senior Ag Development Specialist Zipparo Meet with Farm to School Leadership at Shelburne Farms to Discuss Farm to School Grant Program

- VAAFM, NOFA-VT, and Shelburne Farms serve as the three legs of the three-legged stool of farm to school leadership in Vermont, and meet regularly to ensure priorities are aligned, and to explore new, innovative initiatives and partnerships. The farm to school grant program relies on these organizations and other government and non-profit partners to deliver high quality programming, and the leadership team explored strategies to continue to build positive momentum toward helping schools establish and maintain sustainable farm to school programming in Vermont. The innovation of this leadership team often serves as a model for national partners and other states.

Food Systems Chief and Senior Ag Development Specialist Zipparo Meet with Hunger Free Vermont to Design New Farm to School Universal Meals Grant Program

- Universal Meals is a new component of the Vermont Farm to School grant program funded by Vermont's Legislature in 2016. Schools are eligible to participate when they move into the USDA-administered Community Eligibility Provision (CEP), which provides reimbursement for schools providing free meals for all students, regardless of socio-economic status.
- The goal of the Universal Meals component is to provide grantee schools the financial and technical assistance tools necessary to enter the CEP program, while leveraging as many resources as possible to ensure a smooth and viable transition into offering free meals for all students. Institutions with farm to school programs will be given priority, as there is a strong local food procurement component to the program, providing Vermont producers further opportunity to sell their product to Vermont schools.
- Hunger Free Vermont, along with other partners, will design this new and unique program in the coming months, with an expected completion in mid-September 2016. Hunger Free Vermont is nationally recognized for their work on promoting CEP in Vermont. Currently, roughly 50 schools in Vermont participate in CEP. Hunger Free Vermont has a goal of all schools in Vermont serving Universal Meals.

Food Safety and Animal Health and Consumer Protection:

Animal Health:

- Animal Health Section met in Montpelier to review program requirement for the National Poultry Improvement Plan, the swine biosecurity month initiative, and an official identification outreach document for stakeholder using such ID.
- Assistant State Veterinarian met with the Produce Team and the Massachusetts Department of Agriculture Commonwealth Quality Program Coordinator to plan for produce regulation implementation, identify commonalities between VT and MA, and discuss regional initiative collaboration opportunities.
- Assistant State Veterinarian and Veterinary Services VMO conducted an accreditation session for new VT veterinarians. The NVAP is a voluntary program that authorizes veterinarians to work cooperatively with Federal veterinarians and State Animal Health Officials to protect and ensure animal health by preventing, controlling, and eradicating disease in animals. NVAP is administered by USDA / Animal Plant Health Inspection Service / Veterinary Service
- Assistant State Veterinarian received an inquiry regarding a homeopathic mastitis treatment used on VT farms and consulted the dairy section field staff supervisor for information. The product is considered non-approved by FDA because the medication is injected directly into the udder and there is no milk withholding time. This practice would violate the PMO and will affect an inspection if found on the farm. The Dairy Section has performed outreach regarding this product.
- Animal Health Field Staff
 - Monitored the Connecticut Valley Fair in Bradford, VT to check for valid Certificates of Veterinary Inspection and coggins testing for in and out of state participants (horse and oxen pullers, exhibitors).
 - Completed pet shop annual inspections.

Consumer Protection:

- Fairs and Field Days are starting in Vermont, and many of the Consumer Protection staff will be judging a variety of products. Our first judging is at Lamoille County Field Days on July 21, with Henry Marckres, Chief and Marc Paquette, Weights and Measures Specialist judging hay, silage, honey, eggs, maple and fruits and vegetables.
- Consumer Protection staff is busy with special inspections this summer. They include: oil trucks, propane trucks, heavy duty scales, gas pumps, USDA GAP (Good Agricultural Practices) and USDA COOL (Country of Origin) inspections, as well as Farmers Market Audits.

Meat Inspection:

- The program has requested to review the answer from FSIS on a complaint from a Federally inspected establishment on the federal inspection staff. We have one state inspector who has covered under the cooperative agreement during this time frame.
- Setting up meetings to discuss press release and outreach and information webinars concerning 6 VSA 204 section 3311(a) and changes related to Act 860 for exemptions for on-farm slaughter
- Federal establishment in Westminster, VT has resumed operations, and are operating under a verification plan for their humane handling violation.
- Cross-utilization budget rate proposal for FSIS for Fiscal year 2017 has been submitted for approval
- Consulted with couple in Isle la Motte concerning start-up of a poultry slaughter and processing operation. Couple is currently working under 1000 bird exemption but has an acceptable facility to slaughter up to 20,000 without inspection. Couple would like to start under the benefit of state inspection next summer. Discussions include Written Hazard Analysis Critical Control (HACCP) and Sanitary Standard Operating Procedures plans and associated microbial sampling requirements.
- Consulted with individual in Sandgate concerning options for sausage kitchen as an addition to their home with complete separation. At this time, the individual is going to develop a retail store and then see if he would like to pursue inspection in order to expand his market share

The items below are continuing projects from last report:

- Inspection staff is extremely busy this time of year, as most establishments are in full operation and we continue to provide relief coverage to several federal plants. This continues to be the case. We are also missing our administrative assistant and down one food safety specialist, so it has been particularly difficult. Supervisory and compliance staff are performing the daily inspection tasks so that the plants are able to operate and apply the mark of inspection to their products for further sale in the marketplace
- We are reviewing applications to interview for the open Food Safety Specialist I position. There are 45 qualified applicants

Compliance:

- Received information about the possible removal of “Not for Sale” labels from meat products at a Farmers Market and then offering the products for sale.
- A Greater Maine Organic Seafood company with a Maine license plate, on a red pick-up truck with chest freezers in the back, was reported trying to sell packaged meats products at a Maplefields location.

Agricultural Resource Management:

Laboratory:

- Vermont Organic Farms (NOFA) requested that the USDA’s National Organics Program (NOP) register VAEL as being in compliance with their requirement for use of accredited laboratories. VAEL is currently registering with the AOAC proficiency testing program for pesticide residue testing on fruits and vegetables to meet NOP’s alternative standard for accredited testing laboratories.

North Lake Contractor Initiative:

- Staff continue to coordinate with North Lake contractors as projects move forward. Several Work Plans are being reviewed and prepared for final signature.

Small, Medium and Large Farm Operation (SFO, MFO and LFO) Programs:

- Staff had consultation meetings with five LFOs and discussed Agency direction, LFO’s permit compliance, and reviewed insufficiencies with LFO’s nutrient management plan.
- Staff are continuing to work on and test the FoodSafety Water Quality database. The Agency recently hired a new project manager and we are currently developing a new strategy to complete the water

quality database. Additional team members are assisting with database testing to hasten database go-live.

- Staff conducted two LFO compliance checks and started writing reports.
- A majority of the zones have been defined for the MFO and LFO farm inspectors. The previous project managers are introducing the new project inspectors on many of the upcoming inspections. Ten of these farms were inspected and the transition has begun.
- Staff are making additional improvements to the LFO file structure.
- Staff are reviewing applications for LFO permit amendments.
- Staff completed establishing new SFO filing system, and are verifying paper files and electronic files are consistent.
- Staff are gathering data and beginning to visualize the SFO territories for each staff member
- Staff attended Lake Memphremagog Water Quality – Agricultural Work Group meeting.
- Staff provided technical assistance to two SFOs in Franklin County.
- Inspection and complaint report write-ups are ongoing.
- Staff met with H.R. staff to discuss time sheet and contract concerns.
- New protocols for the BMP application process and for FAP Communications were discussed.
- Field staff met with enforcement team.
- Staff assembled information following a FOIA request.

Topics from Secretary

Press: No contacts this week.

Meetings:

- Working Lands Symposium – meeting of the Board to discuss future agenda for the Board and program.
- Harper Conservation Easement – met with Gus Seelig and Gil Livingston from VHCB and VLT to discuss Henry Harper’s failure to comply with the conservation easements for his property. Agreed to send Harper a stiff letter asking them to discuss with the three easement co-holders how he proposes to come into compliance with the terms of his easements.
- Met with members of the International Joint Commission at the Lake Champlain Basin Program’s office in Grand Isle. Discussed how Vermont was addressing flooding risks and how water quality issues. Made case that:
 - more money from the respective federal governments are needed to support the various initiatives underway to curb water quality at the farm and community level;
 - additional critical source area studies of the Lamoille and Winooski River basins would be helpful;
 - support for transition to grass based farming could be important generally and in specific high risk areas;
 - resources are needed for new initiatives like phosphorus trading
- Met with Will Raap to discuss some new agricultural and food initiatives
- Hosted meeting for Vermonters interested in Cuba. Discussed the following with the input from two Cuba experts from AkinGump, a law and lobby firm in Washington DC:
 - Who from Vermont is doing what in Cuba now
 - What are the future opportunities for Vermonters through engagement in Cuba
 - What are the trade opportunities for Vermont businesses
- Met with DEC staff to review upcoming water quality meetings and tasks.

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To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: July 22, 2016
Re: Weekly Report

Status of Governor's Priorities: .

Changes to our shipping methods and frequencies over the past three years for instant tickets to our 700 agents has resulted in a cost reduction of \$45K annually from FY13 (over 20%). This has all occurred while our volume of tickets shipped has increased by over 20%. And we have reduced the number hours worked by the staff that handle this by 20% (\$13K annually).

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Our FY16 year end totals are shown below:

	FY16 Actual	FY16 Budget	FY15 Actual	Diff to Budget	Diff to LY
Sales	\$124.2M	\$116.7M	\$111.7M	\$7.5M	\$12.5M
Profits	\$ 26.3M	\$ 23.1M	\$ 22.8M	\$3.2M	\$ 3.5M

The Powerball record jackpot cause approx. \$4M extra in sales and approx. \$1.5M extra in profits. Lower fuel prices are also a strong contributing factor to increase consumer spending on lottery tickets as well as other in-store purchases.

Executive Director's Commentary:

Nothing at this time.