

WEEKLY REPORTS

Checklist
2/12/16

Darren Springer

- ☒ Agency of Commerce and Community Development – Patricia Moulton
- ☐ Department of Financial Regulation – Susan Donegan (**nothing to report this week**)
- ☒ 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 – Jim Giffin

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: February 12, 2016
Re: Weekly Report

PATRICIA MOULTON, SECRETARY

GOVERNOR'S PRIORITIES:

- **Q Burke:** Tuesday we released the retainage in PeakCM's latest requisition. Releasing the Retainage was described to us by Stenger as the primary reason PeakCM was withholding certificates of occupancy enabling the hotel to open this weekend. We are now hearing from Stenger PeakCM will not release the certificates of occupancy until all outstanding payments are paid. As we know, we did not agree to pay equipment. There are others payments not authorized by the agreement between Q-Burke and DFR. I will never understand why Stenger entered in to an agreement with PeakCM in the last week, agreeing to holding the CO's until payments he knew were contentious, are made!! This is ridiculous. This is completely contrary to the original contract with PeakCM. I am sure will be talking with the AG and DFR today.
 - On a related note, Bill Stenger asked the VEDA Board to reconsider the staff position that as long as there is a review being conducted by DFR, VEDA will not approve a loan. The board agreed that should be the position. But agreed if Stanger wishes to apply, VEDA will except an application. Jo Bradley will communicate to Stenger an application would not be approved at this time.
- **GlobalFoundries:** David Gram of AP had a public records request a couple weeks ago regarding GF's Enterprise Fund application. I spoke to him Wednesday, spoke to Janette Thursday. Not sure when this article is running.
- **Quebec:** We had a great meeting with Françoise Bertrand of the Federation of Chambers of Commerce of Quebec (FCCQ). She and part of her team were here to discuss our workforce development infrastructure and programs. We also had a group of Vermont and Quebec IT companies meeting and that went very well. See Kiersten's report below.
- **Easton Hockey:** We received word this week that Easton hockey is closing their Newport operation affecting 15 employees. Kiersten has arranged a call sheet for the governor to see if we could convince them to perhaps bring additional operations to Newport. Longshot, but perhaps worth it.
- **Vermont Aerospace:** has been having tax and other difficulties lately. We heard there may be layoffs pending, and then Tuesday, the CEO, Don Cota killed himself. This is a very sad event. We will be following up to find out the future of the company.
- **Dynapower:** We heard of 20 layoffs at Dynapower. We are trying to find out what is going on.
- **CDBG:** I am meeting today to decide on awardees of the latest round of applicants. See Josh Hanford's report below. We will get a list of the awardees to you.

LEGISLATIVE ACTIVITY

- **Vermont Strong Scholars:** ACCD stopped taking new enrollees into the STEM program in anticipation of the passage of Vermont Strong Scholars (VSS). Lucy's plan was to redirect the \$144,000 STEM annual appropriation from the Next Generation fund to VSS once all of our STEM obligations were paid. This is the first year that Lucy was able to earmark some of those funds for VSS—about \$110,000. This can be combined with the arbitrage of about \$100,000 per year from VSAC that has been promised to the program. These funds might be enough to get the Legislature to agree to let us start enrolling this year, but it is very far from the \$3-4 million dollars per year the program will need once it is fully built out in about 9 years. Lucy advocated for a line item appropriation in this year's budget to get things going, but that was unsuccessful. Lucy was also working with the beneficiaries of the Higher Education Trust Fund to see if they would agree to apply some of their disbursement for the VSS program. That was also unsuccessful because they learned the Treasurer's investment strategy may lead to them getting no disbursement at all in the 2017 fiscal year. Currently, there are concerns being voiced by legislators around funding child savings accounts in an environment where VSS and perhaps other programs too, are not yet funded. Some options could include: funding the program; eliminating the program; scaling down the program to meet available funds. *So, Lucy would greatly appreciate some direction on how to proceed with VSS.*

- **Marijuana:** Pat testified on marijuana in senate economic development. This was a follow up regarding expanding drug testing laws to enable testing after a workplace accident. Another issue clearly the committee is stuck on is financing and whether or not to allow out-of-state financing.
- **Working Lands Enterprise Board Presentation:** Lucy presented the Commerce side of the Working Lands partnership in a joint hearing before the Senate and House Agriculture, Commerce and Economic, and Natural Resources Committees in Room 11. The presentation focused on the overall performance of the program and this year's annual report. Four grant recipients came to tell their inspiring stories.
- **H.702:** Noelle joined Dale in a meeting with Rep. Baser of Bristol. He is the driver behind H.702. He took time to outline the issues he is trying to address (need for workforce housing; older housing stock; high land prices so higher density should be encouraged; infrastructure needs such as water, wastewater, storm water, etc.; streamline permitting and planning). He is open to suggestions. Followed this with a meeting with key staff. The bill envisions a pilot program to help 2 communities plan for housing in designated areas. Once the designated housing area is planned, the program would reduce the cost of development with funding for infrastructure. The bill contains a number of good ideas and we have developed a list of questions to help expand the conversation, bring in line with current state designations and ensure multiple benefits. The questions were shared with our partners at the NRB and ANR and a meeting is set to review them and coordinate agency feedback to the bill.
- **Pathway from Poverty 15% Goal:** Noelle hosted the third and final meeting and have draft Executive Order concepts to review with the Governor. Meeting went well and I think we have provided a path forward that will be successful and help meet the goal of ending family homelessness by 2020. We also have implementation next steps laid out as well.
- **Pause the Permit:** Noelle testified to a combined meeting of House General and House Commerce on an idea to help development that goes through lengthy appeal. Noelle had met with Housing Vermont's Kathy Beyer over the summer on bill H.234 which HVT had pushed because of their lengthy process trying to develop an affordable housing project in Woodstock. In our discussions, Kathy mentioned that one issue is that they had received ANR permits, but they expired due to the ongoing Act 250 appeals and they had to reapply – with added fees and opportunities to appeal. Noelle spoke with DEC Commissioner Schuren and she felt there was a way to 'pause the permit' so this does not happen. DEC's Matt Chapman and Noelle presented this concept. It is easy for DEC to do this for new construction projects and Matt with summaries how that would occur.
- Numerous bills have been introduced this session touching on housing development and landlord-tenant laws. House Committee on General, Housing and Military Affairs lined up several of these bills for introduction on Wednesday and Shaun covered the discussions. The Committee is very interested in innovative ways that housing development can be further encouraged and heard from Treasurer Pearce about the Local Investment Advisory Committee and initiatives that have touched on housing and energy efficiency. The Committee was also very pleased to hear about the Vermont Housing Finance Agency's Down Payment Assistance program, which has successfully assisted over 60 households, with average incomes of \$61,000 and an average age of 31, to purchase their first home in Vermont. One Representative on the Committee noted that she was aware of one "young, professional couple" who chose to buy in Vermont instead of New Hampshire due to the program. There are several bills relating to the eviction process in a rental unit – it is unclear whether there is any appetite to open landlord-tenant law this session.

LUCY LERICHE, DEPUTY SECRETARY

- **Quebec Minister of Agriculture Pierre Paradis:** Lucy joined a number of key legislators, Agency of Agriculture leadership, and folks from the AG's Office to discuss the Vermont experience with requiring GMO labeling. Quebec is very interested in creating a similar law.
- **Economic Development Op Ed:** Joan and Lucy are working on an Op Ed on the Vermont approach to economic development and will be sure to share the draft with Scott Coriell before it goes out. This is in response to a recent national study that Public Assets Institute was pointing to on Vermont Edition and in a VtDigger article, implying that Vermont had the wrong approach. We hope to correct the record in a way that is positive and does not give PAI any more attention.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

Vermont Quebec Enterprise Initiative

- **Federations of Chambers of Commerce of Quebec (FCCQ):** Hosted a very productive meeting and roundtable with the President and CEO of the FCCQ, the VP of Business Development and three IT companies from Montreal. The first part of the day focused on workforce development; specifically, follow-up from Governor

Shumlin's mission to Montreal in October. The FCCQ team was eager to learn how we are able to work with employers, develop a talent pipeline and fund our programs. Dan Smith, President of VTC, Scott Farr, Director of the River Valley Tech Center and Secretary Patricia Moulton participated in this session.

The second part of the day focused on B2B meetings with selected IT companies. Each Vermont company that participated found benefit in the roundtable and every VT company that participated reported that they have specific next steps with one or more of the QC companies that were present. Feedback from companies was positive; having a handful of carefully selected companies was far better than opening it up too widely.

Next steps are for a reverse visit in the Spring and selection of the next sector per the MOU with the VQEI/FCCQ.

The FCCQ team was very pleased with the entire experience.

- **Inbound Visit – Monteregie:** Hosting 12 companies from the Monteregie region next week in Burlington. Sectors represented range from specialty foods to specialty metalworking. Governor Shumlin will address the team.
- **Late March Event @ Jay Peak:** Delighted to report that we have 23 companies signed up for this event.
- **Recruitment: Mottra Caviar:** Met with Iveta Sarova of Mottra. The company has two sturgeon farms (one in Latvia and another in Lithuania) and hope to establish one in the U.S. Presently, they are importing the caviar and selling it in the NY/Boston/Mtl markets but want to expand. They are interested in EB-5 as well. They are seeking specific space that I am looking into now.
- **Pioneer Cold:** Expanding the site search for this prospect; they are considering building a new facility in the Chittenden County area.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- Killington Resort is in Boston setting up the “**Big Air Fenway**” taking place Thursday and Friday. This is a new snowboard competition in Boston. Ski Vermont is hosting a party after the Thursday activities. Following that event Ski Vermont is spending the weekend at the Collingwood Resort, a small ski area near Toronto, promoting the Porter flight and the Vermont ski areas. Several of our resorts are offering the Canadian dollar at par so we want to share that info with the members of the Collingwood community.



Steve Cook, Deputy Commissioner

- **Amtrak:** Cook met with members from Amtrak, VTrans and the CMO's office to discuss new direct service to Killington via Amtrak. A new partnership allows for travelers to purchase tickets via Amtrak with service to Killington via Gramps Taxi Service. VDTM is excited for this new partnership as it eases consumers perceived concerns of traveling via bus or taxi directly to Killington. VDTM intends to promote this option via our website and future promotional efforts.
- **Maple Season Marketing:** The VDTM team will launch spring maple promotions the last week of February. This year's campaign utilizes direct mail to consumers that have engaged with VDTM in past maple campaigns and digital advertising in drive markets. The campaign will drive consumers to www.VermontVacation.com/VTmaple where consumers can learn about the process of making Vermont Maple Syrup and enter to win a gallon of Syrup.
- **Kenmore Station Domination:** VDTM is running a full station domination of the Kenmore Square T stop this month. This campaign is running during the Fenway Big Air competition. The campaign will run through February.



DEPARTMENT OF ECONOMIC DEVELOPMENT: Joan Goldstein, Commissioner

- Attended the State Workforce Development Board meeting. I sat with the employer group including Ben and Jerrys, Dealer.com, Revision Military, and UVM Medical Center, who all appear to be daunted by the maze of the Career Tech Ed network of VT. They also are not enthusiastic about serving on advisory boards of the Career and Technical Education (CTE) centers around the state. They do not have the time nor do they understand what the end goal is. It is apparent that they need to express what their needs are to educators and that the educators need to show flexibility and awareness of what is required in the labor marketplace. The majority of the employers present have had very little interaction with the CTE centers. The decentralized and fragmented nature of the system in Vermont means that we will need to do regional outreach pairing employers with the local high schools and career technical schools. It was an interesting meeting in that the House Commerce Committee was present to hear all of this and experience the complexity of the current system. Next steps will be to compare the notes of the employer group with the notes of the provider groups.
- Attended the VSECU/Milk Money press conference with a very good turnout. Milk Money is a startup meant to help startups and early stage businesses who may not be bankable and are too small for Angel Investors or Venture Capital. Touted the changes to Vermont Small Business Offering (VSBO).

- Met with Superior Technical Ceramics. There are many opportunities for us to help them. They are attending Hannover Messe and the Montreal Innovation Forum through our STEP grant funding mechanism. They are also eligible for the Department of Defense grant help.
- Traveling with Marketing Consultants to Bennington, Rutland, and a joint meeting of the House Commerce and Economic Development and Senate Economic Development, Housing and General Affairs Committees.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- The press release announcing the upcoming Northern Border Regional Commission (NBRC) grant information sessions went out on Jan. 28 and was picked up by Vermont Business Magazine and the Stowe Reporter. Thanks to Laura Peterson for her assistance. Info session dates and locations are:
 - Thursday, February 18 from 2-4 pm at the Morristown Town Offices, 43 Portland Street, Morrisville
 - Tuesday, February 23 from 2-4 pm at the Northeastern Vermont Development Association, 36 Eastern Avenue, Saint Johnsbury
 - Wednesday, March 9 from 1-3 pm at the Swanton Village Offices, 120 First Street, Swanton
 Further outreach is also happening via partner websites, newsletters, and listservs. Thanks to Shelley, Richard, and Gary for their assistance. I am also going to add an info session in Montpelier, for interested State Agencies and Departments... more information to follow.
- It is a good thing that we have \$1.7 million in NBRC funds this year, because interest is already very high and the application has not even been posted (it will be by March 14). I am already aware of thirteen interested applicants. Based on our average grant award from the past couple of years (about \$200K), I believe we will be able to fund at least 8 projects this year. **CONFIDENTIAL:** Thus far, interested applicants are: The Center for an Agricultural Economy, Rural Edge, Energy Action Network, Northern Counties Healthcare, Community College of Vermont, the Craftsbury Public House, Northwest Vermont Healthy Roots, Town of Derby and possibly the Vermont Community Loan Fund. Additionally, previous grantees planning to apply for another grant include: VTrans, the Farm and Forest Viability Program, the Fairbanks Museum, and VCGI. Note: I had a conversation with Lucy, agreeing that in order to be a trusted and independent arbiter of the application process and to avoid any perceived conflicts of interest, we should not allow any NBRC applications from within ACCD. That said, we need to decide whether or not we consider VCGI as part of ACCD.
- Meeting with VCLF and the Farm and Forest Viability Program on Friday, Feb. 12 to move the new “deferred payment/no or low interest loan program paired with technical assistance” for critical working lands businesses (yes, we need to come up with a real name for the program!) forward.

BUSINESS SUPPORT ♦ Brett Long, Director

- Met with North Hartland Tool on OEA Grant and Hannover-Messe.
- Met with Amos Winter on Green Mountain Panel.
- Met with AJ Rossman and Evan Forward of Smart Resource Labs.
- Met with Concepts NREC on OEA Grant and Hannover-Messe.
- Dinner with David Alward, Consul General – Canada.
- Met with Superior Technical Ceramics on Hannover-Messe and OEA Grant.
- Met with Stan Williams, CFO of EC Fiber, on idea of using EB-5 financing for build-out.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Point - Counter Point in Captive Review Magazine:** Dan Towle, Director of Financial Services, will be featured in a point – counter point article on how to count captives and measure domiciles. This issue has considerable interest. Dan will be writing on this topic against one of the pioneers of this industry, Hugh Rosenbaum, former principle with Towers Watson. This article should garner considerable visibility for Vermont.
- **Vermont Captive Insurance Association and State of Vermont Roadshow:** Dan will be in New York next week presenting on a panel called the Strategic Advantages of Captive Insurance. This half day event will include 2 educational seminars followed by a networking reception. These events have proven to be an excellent way to both meet prospective clients, but also to network with existing Vermont captives.
- **Conference Preparations for RIMS and CICA Conferences:** Two of the largest trade shows that Vermont exhibits at are coming up in March and April. For the RIMS Conference, Dan recruits a group of a dozen Vermont captive insurance service providers to help the State of Vermont staff this trade show that typically attracts 8000 attendees. Dan is typically joined by 4 members of the Department of Financial Regulation. Preparations are on-going.

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

- Conference call with Omega Optical marketing team to assist in using STEP funding to internationalize their current materials.
- Brett, Bob Hayes and I met with Concepts NREC to discuss STEP grant, VTP grant, as well as OEA grant. Concepts is interested in many different grant possibilities.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay

- **Burlington Town Center:** Requested an update with BTC developer and his team for state agencies now that the local public outreach has been completed and they are moving on to working with the City on a Development Agreement. Key issues are the needed TIF changes as BTC is in the Waterfront TIF district and a longer timeline is required. Sinex has hired Necrason and Associates to help with this legislative change. Noelle and Fred will touch base with the City and Adam N to discuss next steps and how the Agency might assist. No other substantive state permitting issues were raised.
- **Lake Monsters Kyle Bostwick:** Met with Kyle to discuss ideas for long-term needs of the Lake Monsters and if there was public funding to help investigate options. I shared that if he is looking outside of Burlington CDBG could help, otherwise Burlington has its own CD funding. I looped Josh as well as BTV reps on the potential opportunity.

Deputy Commissioner Hanford

- **Feb 11th VCDP Board Meeting:** 14 projects and over \$4.3M was requested, including new CDBG & Disaster Recovery applications and enhancements of existing applications. VCDP staff (Carl, Nate & Claire) provided an overview of each application and the issues identified. Applicants had a chance to present their project and take questions from the board. The VCDP Board had to make some tough funding decision due to limited resources. Josh will review the funding recommendations with Secretary Moulton for her final funding decisions.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

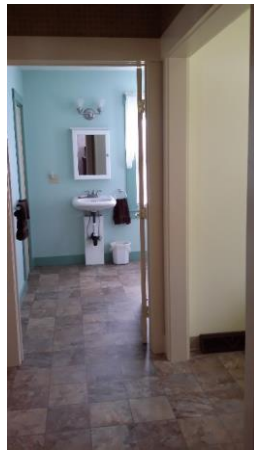
Natural Resources Board

- **Act 250 Criterion 9(L) Guidance:** John provided an overview of the new Act 250 Criterion 9(L) guidance and explained how extensive research and stakeholder input shaped the final document. Attendees included the NRB Board and staff, district coordinators, and reps from Ag and ANR. The questions were mostly technical and relatively easy to answer or address. The Board is now accepting final written comments and plans to formally adopt the guidance at their March meeting.
- **Documenting and Promoting Benefits of State Designation:** Act 250 contains a number of provisions that reduce the cost of permitting in state designated centers. Use of these provisions is growing and John and Chris met with NRB staff to identify ways to document the results consistently across the nine Environmental Commission districts that administer Act 250. Easier said than done, but we will have an approach to share with Act 250's regional coordinators and permit specialists in the next few weeks. A companion project working with the Lake Champlain Area Chamber, the Homebuilders and Remodelers Association and the State Chamber is in the works to help raise general awareness of these permitting benefits.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

CDBG Monitoring Visit

- Staff monitored the Town of Brattleboro for the Southeast Vermont Rehabilitation Loan Fund (SERLF) scattered site projects on February 10th. The Town made a subgrant to the Windham & Windsor Housing Trust, Inc. (WWHT), to continue the Southeast Vermont Rehabilitation Revolving Loan Fund, a regional scattered site housing revolving loan fund serving Windham & Windsor counties for \$1,000,000 of VCDP grant funds, for housing counseling and rehabilitation of single family homes to meet basic housing quality standards. This includes lead abatement, handicapped accessibility modifications, and energy efficiency improvements as needed. The VCDP funds helped to leverage \$7,224,170 of Other Resources to rehabilitate 58 low/moderate income owner-occupied housing units, to provide housing counseling services to 1,900 people and to assist 48 households to purchase a home. To date 26 rehab projects have been completed. Staff provided technical assistance to the Town and WWHT in a number of areas.



Extremely happy homeowners now have a new, accessible entrance that added 4 feet of kitchen space to a tiny galley kitchen, seen on left; and seen to the right, a converted former bathroom space on right of picture into laundry; converted former bedroom on left of picture into accessible bathroom.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **Financial Gold Star:** Jesse Blondin deserves a gold star for his recent analysis and negotiations with the bank. Jesse recognized that the fees being charged to the Sites, specifically Coolidge, Chimney Point, Hubbardton and Mount Independence, were too high and not consistent with some of our other sites. The bank was charging 0.815% of the gross sales amount of each transactions and \$0.25 per transaction. After Jesse brought this to the bank's attention, the new rates are 0.315% of the gross sales amount of each transaction and \$0.15 per transactions for all Sites. This will save Sites \$175 a month in bank fees. OH and Jesse didn't stop there.....he also concluded that Hubbardton and Mount Independence were being charged an additional \$10 a month for no particular reason. As a result, we are being refunded \$240 for this mysterious fee in 2015. Way to go Jesse!!!!!!!
- **Burlington Town Center:** Laura and Jamie joined a larger group to review the most recent set of plans for the Burlington Town Center. The well-choreographed meeting included ANR, NRB, and many from ACCD. VDHP will be following up with design team and the City of Burlington's principle planner regarding the plans for the façade of the building fronting Church Street.

State Archaeologist

- After officially announcing the extended capabilities of the Vermont Archaeological Inventory in the Online Resource Center last week, Jess has received a great deal of positive feedback and thanks from consultants for the increased efficiency that the tools will provide. Jess has also already received a number of site forms through the new system, and it has thus far worked flawlessly....thanks to our ACCD IT.

Project Review

- **Guilford:** Elizabeth and Jamie met with Kate Stephenson, Helm Construction Solutions, regarding the Act 250 review of Black Barn Arts in Guilford. The project is partially finished and is on hold while permitting issues are resolved. Kate has been hired to assist the owners with preparing their Act 250 application. VDHP consultation will continue by working with Black Barn Arts to achieve design solutions for the remaining work that can also serve as possible mitigation to resolve adverse effects of the earlier work.
- **Solar:** Yvonne met on site with a representative to discuss proposed solar sites in Hinesburg and Thetford with the goal of redesigning the project plans to minimize the need for archaeology. Consultation on the Thetford project may actually eliminate the need for archaeology altogether. Yvonne then went on to solar site visits in Newbury, Waterford and Cabot.
- **Johnson:** Jamie and Elizabeth met with representatives from the Vermont Studio Center in Johnson, and their architect Milford Cushman to discuss their current master planning activities and reviewed design development plans for four different projects around campus that will all rehabilitate existing historic houses and build new additions on the back of these buildings to provide 75 rooms around campus to be used for dormitory and staff/faculty housing. VDHP staff were happy to see a number of suggestions from earlier meetings were incorporated into these designs, and will continue consultation as these projects over through Act 250 review.
- **Middlebury:** Jamie met with Middlebury College's Norm Cushman and architect Steve Smith to discuss Middlebury's desire to demolish the Harris Farmhouse, located on the outskirts of campus. The late-19th-century farmhouse was abandoned as faculty housing a few decades ago due to code issues and has been mothballed ever since. Without a current use or long-term purpose for the building and therefore no resources to allocate towards its restoration, the College would now like to demolish the house. Consultation will continue to seek alternatives or appropriate mitigation for the loss of this deteriorating historic resource.

Historic Sites Section Chief

- Historic Sites staff traveled to the State House on Friday, along with State Historic Preservation Officer Laura Trieschmann and other VDHP colleagues to hear the reading of resolutions honoring important anniversaries at two of our State-owned Historic Sites. As many of you may already know, we are celebrating the 125 anniversary of the Bennington Battle Monument's dedication this year. At Mount Independence we are marking 50 years since the establishment of the trail system, 25 years since the founding of the Mount Independence coalition and 20 years since the construction of the Museum. We are grateful to Rep. Dennis Devereux for his long-standing interest in the State Historic Sites Program and his work on these resolutions.

(Pictured, left to right) Marylou Chicote, Bennington Battle Monument; Rustan Swenson a.k.a. Seth Warner,



Mount Independence Coalition; and Elsa Gilbertson, Mount Independence and the western sites.

State-Owned Historic Sites

- This weekend two leaders and 20 members of the 86th Infantry Brigade Combat Team (Mountain) of the Vermont Army National Guard were at Mount Independence for staff professional development to study the 1759 Battle of Snowshoes in the area of the Mount, the lake ice, and Fort Ticonderoga. They focused on lessons learned by the French and invading British forces. Elsa provided links to historic maps from the time. Although the snow and ice didn't cooperate, they thoroughly explored the Mount. It was a pleasure to work with them on the planning. We are deeply honored they choose the military historic sites for staff training and that they find this history relevant to today.
- **Coolidge Site:** Josephine Matyas, a travel writer who visited the site in 2013, has written another article about her trip through Vermont (with a focus on the Vermont Cheese Trail). It appears in the current issue of CAA Magazine. CAA is the Canadian equivalent of AAA.

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

- On February 2, 2016, The Cold Springs MHP in West Fairlee was sold to Steven Davis of Hartford, VT for \$145,600. Mr. Davis is also an owner of Vermod High Performance Manufactured Homes. Cold Springs was owned by the late George Huntington until his tragic death in an automobile accident a few years ago.
- On Wednesday, the Housing Foundation Inc. board was scheduled to decide whether to buy the Tetrault Mobile Home Park in Derby Line which has been noticed to close in July 2017. Because the three lot park has just two mobile homes, and two residents, it normally wouldn't be considered a feasible purchase, however, the park is just a few miles from another HFI-owned park, and a purchase would save the park from closure. Unfortunately, an available lot at Rural Edge's Shattuck Hill MHP that one resident wanted to move into, did not materialize.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Existing Grants

- **Town of Thetford:** The Town's \$300,000 grant award from December 2012 assisting the Creative Spirit Children's Center, a licensed child care facility, has emerged from the legal dispute with its neighbors in good shape and is ready to move forward. Staff got a call from Sheila Bedi, the Executive Director, asking for next steps to allow her to purchase and renovate its new facility, an existing single family residence allowing the Center to expand its childcare services from 25 to 38 children. The neighbors had appealed her local zoning permit and due to their opposition, she had agreed to make her playground smaller (so would be 50 feet farther away from a neighbor), not take more than 20 children outside at a time and not hold more than five functions a

year. The judge was very nice and told her the court case meant she was starting over and was not bound by any of her concessions. So she said she would prefer the large playground and no restrictions on the number of children outside at one time nor on the functions she would hold. The court ruled in her favor on all three issues. I asked her to provide me with updated contact information as well as a summary of the legal status of the appeal.

VT CENTER FOR GEOGRAPHIC INFORMATION (VCGI) ♦ Steve Sharp, Interim Director

- **VCGI Imagery Program**

- **Orthophotos:** The VT Ortho Committee was able to select a finalist from the bids submitted to BGS under the RFP released in November, 2015. VCGI is now focused on writing a contract in collaboration with BGS. We hope to enter into negotiations next week with the goal of having a contract in place no later than 4/1/2016.
- **LIDAR:** With the Federal funding piece in place for the U.S. Geological Survey Broad Agency Announcement 3D Elevation Program (3DEP) and the state funding piece still in session, we are patiently monitoring the process. LiDAR related efforts now return to developing LiDAR web services. Part of the overall LiDAR data delivery strategy, these services will greatly improve access to robust resources for the business needs of a broad range of use cases.

- **Outreach and Professional Development Program**

- Leslie and Nina Safavi from VTrans staffed a display at the VLCT Town Government Day at the Capitol Plaza. Lots of great conversation about Statewide Parcel Mapping Data.
- Leslie represented VCGI at the monthly VAPDA meeting, updating the group about LiDAR, Orthophotos, and the possibility of VCGI hiring a Director. She also helped a bit with an update about Statewide Parcel Mapping Data by Rich Tetreault and Nina Safavi of VTrans.

- **GIS Governance & Coordination:** VCGI, in close coordination with the EGC's "GIS Action Planning" subcommittee, pulled together a draft "VT GIS Action Plan – 2016" in response to the AOA's request that the State's use and deployment of GIS be evaluated to determine if changes should be made moving forward. The draft has gone out to EGC representatives, with all feedback targeted for COB Thursday 2/11/16. The EGC subcommittee will be meeting on Friday, 2/12/16 to finalize the document before its presented to the EGC for final review and endorsement.

ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director

Activities and Accomplishments

ITS

- Attended ITS New England Board Meeting.

MATS

- Received MATS AID draft application comments back from VT FHWA.

Future Plans/Activities

- Attend meeting to discuss security issues at rest areas.
- Attend PRND Exercise at VTTC.
- Revise MATS AID application.

Obstacles and Opportunities

- none



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: February 12, 2016

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

House Appropriations Committee Testimony - We had a good discussion with the committee and I do not see any problems with our proposed budget from their standpoint. I took the opportunity to give a “progress report” of sorts identifying approximately \$36M in ratepayer savings over the last two years, \$150K refund from FairPoint expected next month, and an additional \$50M in protection of the RES program that could have resulted in those cost being incurred if we’d lost the FERC or CT case, plus the \$14.5M/yr for 40 years from the TDI negotiations. They seemed impressed and appreciative.

RUS – The State Treasurer is continuing to review a proposed Board order on the USDA Rural Utility Service (RUS) loan to VEIC for energy efficiency and renewable energy projects. The draft language in the order was worked out by VEIC, the Department, and Leg. Council. The Speaker’s office is working to get something in writing from Leg. Council indicating that the proposed language would eliminate any need for legislative action on RUS. The Treasurer

indicated that she has a couple other minor issues. Hopefully these will be easy to address.

SNRE – S.230 – Senate Natural Resources and Energy took 3 days of testimony on S.230, the energy siting bill. Senator Bray has indicated he is not interested in seeing energy projects go through the Act 250 process, as has been proposed by Senator Rodgers. Instead the Committee is focusing on bringing over the components of Act 250 that could improve the Section 248 process. The Committee also appears to be coalescing around the concept of better town and regional energy planning as a pathway towards greater deference before the PSB. A critical question remaining is how town and regional plans will be “certified” as compatible with the Comprehensive Energy Plan or other state energy goals/statutes.

Senate Ag Committee consideration of S.205 – S.205 is a bill introduced by Senator Rodgers that would incorporate the ag soils and forest soils criteria of Act 250 into the Section 248 criteria. Dep. Comm. Copans testified in the committee Wednesday, providing an overview of the recommendations of the solar siting task force and encouraging the committee to focus on party status for the Agency of Ag. as well as possible bill back authority. AAFM, ANR, and PSD have worked up alternative language that would require consideration of ag. soils and forest health as part of Section 248. REV has not, as of this writing, provided a clear read on their position on this possible language and the proposal for bill back authority.

Telecom Bills under Consideration – House Commerce Committee heard opening testimony on three telecommunications bills. The committee offered its opinion following the testimony. H.513 proposes to repeal 248a. The committee ranked this bill as a “medium” priority but stated its preference to consider a less far-reaching proposal. H.786 adds a news service for the visually impaired to the list of programs funded by the VUSF. The response from the committee on this proposal was generally positive. H.710 proposes to add a \$1.2M capital appropriation to the Connectivity Initiative. This bill was overwhelmingly supported by the committee. Another bill, yet to be presented, raises Connectivity funding through a slight increase to the VUSF rate of charge.

Coolidge Solar – 20MW Solar 248 and Rule 4.100 Proceedings - Dockets 8685 and 8586 – The full Board, accompanied by numerous Board staff, held a prehearing conference on 2/10/16 to address the application of Coolidge Solar for a CPG for this proposed 20 MW solar project in Ludlow as well as Petitioner’s request for approval of a power purchase agreement pursuant to PSB Rule 4.100. Counsel for Petitioner urged the Board to set an aggressive 16-week schedule for the entire proceeding. The Department favored an incremental approach, which called for scheduling the site visit, public hearing, intervention deadlines and comments and reply comments on Petitioner’s Motion to Clarify Scope by late March, followed by the submission of scheduling proposals for the remainder of the proceeding. The Department and Green Mountain Power contended that disposition of the Motion to Clarify Scope would be useful in properly identifying what issues would need to be considered during the § 248 proceeding. The Board gave indications that it was inclined to take the incremental approach recommended by the Department. While the Board did set 3/14/16 as the date for the site visit and public hearing, they took the remainder of the schedule under advisement. On an unrelated aspect of the project, the Department is considering issuing an RFP to obtain the services of a civil engineer to fully evaluate the decommissioning proposal for this project.

Enosburg Falls Water & Light Department Section 108 Petition (Hydro Repairs) – no docket – Enosburg Falls filed a petition on December 14th seeking approval to issue long-term debt in the amount of \$2 Million to finance the rehabilitation of its hydroelectric generating facility. The Department filed a letter on January 26th recommending approval of the petition based on the Financing Division's review of the petition. However, during the course of the Department's review of the petition's consistency with the Comprehensive Energy Plan, additional questions arose relating to repayment of the loan under the new hydrology standards that will be required when Enosburg renews its FERC license in a few years. A conversation was held with John Elwell, Town Manager of Enosburg Falls, about this matter. He was frustrated to learn that the Dept. would take into consideration a potential loss in generating capacity resulting from FERC relicensing in review of the Section 108 petition.

Regional Energy Issues – ISO briefed us on the FCM10 Auction results yesterday. They got very good capacity and pricing compared to last year's auction, and three dual fuel (gas and oil) plants bid in for 2019 in SE Mass, CT and RI. While this may help with capacity, it exacerbates the reliance on natural gas in the region, now over 50% of our generators. Burning oil would not be good for our GHG goals.

Meetings/Calls this Week:

Feb 8 – ISO –NE monthly meeting,

Feb 9 – Comcast meeting

Feb 10 – 2017 Budget Presentation to House Appropriations, VEDA Board meeting, Senate Ag. Committee on S.205

Feb 11 – Capstone Community Action meeting, Dick Saudek representing New Haven on Anbaric project

Feb 12 – Meeting with Senator MacDonald

Meetings next Week:

Feb 15 – NARUC Winter meeting in Washington, DC (Recchia, Porter, Copans, McNamara), NECPUC Board meeting,

Feb 16 – NARUC Winter meeting in Washington, DC

Feb 17 – NARUC Winter meeting in Washington, DC

Feb 18 – ANR Climate Cabinet meeting

Feb 19 – Mary Powell meeting

Media: AP referred to ANR regarding RGGI funds; Mike Faher, VT Digger on VY DC Court decision; Susan Smallheer RH on VY DC Court Decision.

Public Official Contacts: Speaker, Treasurer, assorted legislators

Everything Else:

PERD

- Staff prepared a cost-benefit analysis of the net metering program for the Deputy Commissioner to present to the House Natural Resources and Energy committee. The

analysis showed that the program proposed by the DPS was cost-effective with a net-benefit to ratepayers of \$.0-.07/kWh depending on the size, location, and REC allocation decision. The current program, however, is not cost-effective when customers elect to retain their RECs, which they most often do. This model will likely be used to update Senate Natural as well (likely Feb. 16).

Evaluation

- Home Energy Report Evaluation
 - Staff scheduled a meeting for Feb. 8 to review the results of Cadmus's Home Energy Report (HER) phone survey. Preliminary findings indicate the following.
 - Based on survey respondents' self-reports, the HERs do not appear to influence recipients to undertake energy-saving improvements and behaviors at a higher rate than non-recipients. Non-recipients find saving energy to be easier and show more frequent energy-saving behaviors.
 - The HERs appear to increase general awareness of EVT, but this did not translate to an increase in EVT program participation.
 - EVT's NPS (loyalty rating) improved from the 6-month to 12-month periods, largely due to the non-recipients. The HERs appear to have a negative impact on NPS.
 - Although HERs' awareness, readership, and neighbor comparison accuracy have all increased from the 6-month to 12-month periods, satisfaction with the HERs and perception of EVT did not improve.

Heat Saver Loan Program

- Submitted request to VLITE for a change of scope for the IRB to allow a portion of the old and new funds to be allocated for use with IRB for loans to remediate vermiculite in homes of clients in the State Weatherization Program; we anticipate a decision next week. In the interim, staff will prepare grant amendments for the two credit unions authorizing the change of work scope.
- Discussed with PERD staff options for the Heat Saver Loan going forward in context of current funding available and growing interest in the loan program, including a request from another credit union to participate. Staff will prepare for a potential transition of the program to an outside entity (e.g. VEIC using RUS loans) as well as steps that would be needed to continue the program internally going forward.

Clean Energy Development Fund

- Reviewed and approved an invoice for NeighborWorks of Western VT for \$1,797.04 for two energy efficiency loan interest rate buy-downs. This brings them up to 24 loans total.
- Discussed reviews and scoring of the 6 advanced wood heating grant applications received from schools and affordable housing groups. CEDF and outside reviewers agreed on the following 6 conditional grants:

Name of Organization	Town of Project	Estimated Gallons of Fuel Saved	Grant awarded \$	\$ total of project
Brewster-Pierce Memorial School	Huntington	6,130	47,117	134,620
Housing VT	Rutland	10,800	50,000	147,659
Windham & Windsor Housing Trust	Brattleboro	3,616	20,000	142,000
Bradley House	Brattleboro	11,802	71,008	202,880
Barre Supervisory Union	Barre	6,300 (<i>and 8 tons of wood chips</i>)	55,000	339,900
Housing VT	Bennington	40,000	25,000	1,377,821

78,648

268,125

2,344,880

This was the second round of this granting opportunity. In the first round there were 7 grants for a total of \$153,000.

Renewable Energy Standard

- Drafted a response to BED's request that it be granted the exception outlined in 30 V.S.A. § 8005 (b)(1)(A) which allows utilities which are 100% renewable to meet their tier 2 obligations by accepting net metering systems. It is the Department's current position that BED meets the criterion to qualify for this exception, but that any RECs assigned to the utility from their net meter program should be retired rather than either sold or used to meet Tier 3 obligations.
- Completed redline and comments on DU/EEU Straw proposal and distributed to Working Group per request prior to discussion this Friday (2/12). Substantive comments/edits were made on the information to be included in DU's annual plans, EM&V process and mechanism to recover costs (billback), and the trading of Tier 3 credits (suggested this be included in the 2020 review, rather than be considered/allowed now).

VSPC

- First "VSPC evolution" meeting has been scheduled for Wed. Feb. 10th. DPS has briefed RAP that this is happening and invited their participation in future meetings. RAP has offered a small amount of technical assistance to ongoing VT grid transformation projects.

Other Items:

- Prepared with staff and participated in final meeting of the Clean Energy Finance Initiative coordinated by EAN on Friday, February 5th at VEDA. The group discussed endorsing the idea for a finance collaborative (established via MOU, without a director, board, or separate funding) to continue building the market for clean energy projects into the future. Final recommendation language will be emailed sometime next week.
- Staff attended the monthly VAPDA meeting and discussed the CEP, solar siting, and the net metering rule process (and siting provisions).

Regional

Installed Capacity Requirement

- On January 8, FERC accepted a filing by ISO-NE setting the Installed Capacity Requirement, the target amount of capacity required to ensure system adequacy, for 2019. In setting the Installed Capacity Requirement ISO-NE incorporated the distributed generation forecast, which assumes several hundred MWs of behind-the-meter solar generation and has the effect of reducing load and therefore the Installed Capacity Requirement.
- On February 8, NRG, a company owning several merchant generation resources, filed a request for rehearing of the January 8 FERC Order. NRG claims that there was insufficient stakeholder process in determining how the distributed generation forecast would impact the Installed Capacity Requirement.

Otter Creek suit in Federal District Court

- DPS staff have held several discussions with the Assistant Attorney General working the Public Service Board in this matter. The AG's Office is taking a very defensive and conservative position that is primarily focused on keeping the state out of the suit. The AGO did note that Green Mountain Power and VEPPI, the parties being sued, may have different interests in the suit. Staff will continue to discuss with the AGO.

Challenge of New Hampshire Transmission cost recovery

- New Hampshire Transmission filed its initial testimony supporting recovery in transmission rates of planning costs for a proposed transmission solution to reliability concerns in the Boston area. The NHT proposal was not selected, but NHT is attempting to recover \$10.6 million in planning costs.
- The group of New England consumer advocates challenging NHT at FERC are preparing discovery of NHT's prefiled testimony. States' testimony is due at the end of February.

Transmission Rate Transparency

- New England States and Transmission Owners have continued meeting to discuss a process for reviewing and informally and formally challenging inputs into the formula rate that Transmission Owners utilize to recover transmission costs. States and Transmission Owners are generally in agreement on the process for Regional Network

Service. Once that is completed, the groups will move on to discuss Local Network Service.

FERC Technical Conference on PURPA

- On February 9, FERC announced that it will hold a technical conference on June 29, 2016 to discuss implementation issues associated with PURPA.

Finance & Economics

Smart Meter Progress Report – Pursuant to Section 15 of Act 170 of 2012 the PSD is to prepare and publish a report (in 2014 and 2016) on the “savings realized through the use of smart meters, as well as the occurrence of any breaches to a company’s cyber-security infrastructure.” Finance & Economics surveyed and solicited AMI capital expense and operating expense data, as well as selected performance metrics from the five participating electric utilities. Preliminary tabulations finds a total of \$128 million has been spent to date on implementing AMI. This consisted of \$107 million in capital expenses and \$21 million in operating outlays. Commensurately, utilities reported \$27 million in AMI savings (benefits).

Engineering

State Nuclear Engineer Attends Vernon Natural Gas Plant Informational Meeting

The State Nuclear Engineer attended a Vernon Town Planning Commission informational meeting on the potential construction of a gas-fired electric power station on or near the VY site. The meeting presented what Vernon Town Officials have learned within the past year regarding Federal and State regulations for constructing and operating gas power plants, as well as the plant’s potential benefits and impacts on the town. Public concerns voiced at the meeting included the plant’s potential for air-borne and water pollution, as well as risks from gas explosions. The Town will hold a non-binding referendum on March 1 to determine whether residents will support an actual plant proposal.

Vermont Gas Systems Addison Transmission Pipeline Project Construction

Preparations to commission Segment One of the ANGP Project were performed by several contractors during this report period. Contractors performed operations to dry the pipeline (which was hydrostatically pressure tested), excluding facilities directly connected to the existing 10” diameter transmission mainline at the most northerly location of the project. Pipeline gas-up processes of purging and odorization (filling pipeline with natural gas and odorant) were performed sequentially in four adjacent sections. During this process, the Gas Engineer noted that the pipeline supports were not in place as designed at a particular location. The Gas Engineer informed VGS representatives that because this situation currently includes facilities containing natural gas, it is a condition which must be immediately analyzed to determine structural integrity, that determination must be documented, and remediation of the condition must be determined, scheduled and documented along with procedures to deactivate the pipeline if appropriate or monitor conditions until remediation and final designs for supports are approved and installed.

Public Advocacy

VGS Addison Expansion—Docket 7970 - Second Remand: The time for appeal of the Board’s January 8 Order denying the Rule 60(b) motions expired on February 8 with no appeals taken.

The 3rd, 4th and 5th requests for non-substantial change determinations remain unresolved; these requests involve the property of the Peyser, the Palmers and the Hurlburts, respectively. With regard to the 3rd request, the Board issued an Order on February 3 granting Mrs. Peyser's intervention motion and advising that it would appoint a hearing officer and open a separate investigation to deal with the Peyser complaint and motion regarding the safety of relocating mainline valve #4. With regard to the 4th request, the Board issued an Order on February 3 advising that it would appoint a hearing officer to review the status of the Palmers' complaint regarding the hydrogeological implications to their property from moving the pipe off of their property. The 5th request is still in the final drafting stages.

Discussions continue among the Department's Gas Engineer, our safety consultant, VGS and the PA division with respect to the commissioning (gas up) of the first 11 mile segment. These discussions are with respect to safety requirements and the Department's expectations from the Company. VGS continues the process of commissioning this segment this week.

VGS-Broughton condemnation-Docket 8641-This parcel is in Monkton. Mrs. Broughton has a pending motion for summary judgment. Following the cancellation of an appraisal appointment due to the presence of protestors, the Commissioner and Department counsel conferred with Mrs. Broughton's lawyer. No assurance regarding the orderly conduct of any future appraisals was given and currently there are no plans to reschedule the appraisal. A prehearing conference was held on February 9. Despite a strong law enforcement presence, the proceedings were totally disrupted by protesters. In order to promptly conclude the hearing, parties were requested to submit scheduling requests in writing the week of February 15.

VGS-Cuneo condemnation-Docket 8642-This parcel is in Williston. Motion for summary judgment identical to Mrs. Broughton's is pending. Following the cancellation of an initial appointment, the Department's appraiser is attempting to reschedule. (These landowners do not appear to be affiliated with the protesters.) The Board has scheduled a prehearing conference for February 19.

VGS-Town of Hinesburg condemnation-Docket 8643-This parcel is in a park owned by the Town. A negotiated settlement has been reached. A prehearing conference is scheduled for February 11.

VGS-Peyser condemnation-Docket 8645-This parcel is in Monkton. Status conference was held on February 8. A handful of protesters attended, but they did not disrupt the proceeding. A discussion regarding the schedules previously submitted by VGS and Peyser was not very productive and there is still no agreement on a proposed schedule. In a Prehearing Conference Memo issued on February 9, the Hearing Officer requested that parties submit memoranda in support of their proposed schedules by February 12.

VT v. NRC – D.C. Cir. 15-1279 – The circuit court granted Entergy's motion to dismiss the State's petition, describing it as "irreparably premature." The Court noted that an appeal of the NRC staff's granting Entergy the requested co-mingling exemption is currently before the NRC Commissioner, and that the State would be able to refile an action at the Court once the NRC appeal runs its course.

VY Second ISFSI – Docket 8300 – The Board has scheduled technical hearings to take place on February 23-24.

Sheffield Wind Noise Investigation – Docket 8653 – The parties submitted initial briefing to the hearing officer regarding threshold issues on which parties seek clarification before making determinations of CPG compliance at the Brouha residence. The Department seeks clarification of four specific analytical assumptions impacting attenuation testing results. Vermont Wind and the Department agree that additional site-specific testing at the Brouha residence is warranted, however the Department has recommended that any additional testing be conducted under its direction and control. Mr. Brouha has argued that no additional testing is necessary and sufficient evidence exists to show a violation has taken place. Brouha has also filed a motion for partial summary judgement, which the Department is reviewing. Reply briefs are due to the Board on February 24.

Lincoln Renewable Natural Gas-Salisbury project-Docket 8596-Biomethane digester project in Salisbury to connect with the Vermont Gas system and ultimately serve Middlebury College. In October/November, the Board received several negative public comments regarding property value diminution, odor, traffic and other issues thought to be potentially occasioned by the Project. The Board has scheduled a public hearing in Salisbury on February 22.

GMP-St. Albans Community Digester-Docket 8673- 800 kW methane biodigester generation facility to be constructed in St. Albans. Staff is reviewing. A prehearing conference was held on February 2 and a Prehearing Conference Memo was issued on February 5 adopting the previously agreed-upon schedule. A site visit and public hearing will be held on February 18, which Department staff will attend. The Division of Historic Preservation has filed a motion to intervene and a St. Albans businessman concerned about pollution may move to intervene as well.

TDI New England Clean Power Link Project – No Docket – In a letter to the PSB (statutorily required within 12 days of the filing), the PSD recommended the PSB allow TDI's petition for a CPG pursuant to section 231 and for *de minimis* regulation. Additionally, the PSD recommended the PSB allow this petition without further investigation or hearing. Prior to submitting its recommendation, the PSD communicated with counsel for VELCO who raised no concerns. Curiously, VELCO has now filed a motion to intervene. The PSD has reached out to VELCO to understand any new concerns.

VELCO PV 20 Replacement Project – Docket 8604 – The Petitioner filed comprehensive discovery on ANR. ANR had argued unsuccessfully for longer discovery turnaround times in the schedule; in light of the extensive discovery requests from VELCO they may seek an extension of time to respond, which PSD expects to support.

Uncommitted Funds/Carryover – EEU 2015-05 – Pursuant to Board Rule 5.305(D)(20), at the end of every three-year budget cycle the Department is required to file a report indicating the amount of unspent funds that have not been encumbered by virtue of contract or other mechanism from that budget cycle and to make recommendations on the disposition of those funds. On 11/13/15 the Department made a filing which reported that there were approximately

\$1,500,000 in uncommitted funds that had previously been earmarked for PSD evaluation of EEU activities. A new evaluation initiative (to combine the evaluations of the Forward Capacity Market Savings with the Savings Verification of EEU claims) was already underway and the Department recommended that the monies be used to support that initiative. VEIC filed comments opposing this use and instead proposing other uses of the funds for non-evaluation activities. A Board proceeding has been commenced to determine appropriate disposition of those funds. DPS favors devoting the funds to evaluation activities, and in particular to the combining of the two separate evaluations identified above, and in the alternative to return the funds to the ratepayers. PSD and VEIC are discussing the best procedural mechanism to move forward. While VEIC has proposed a workshop, PSD favors briefing or else contested case proceedings, and will determine next week whether we can make a joint recommendation on procedure.

BDE Grand Isle Solar 5MW in Grand Isle – Docket 8665 – The Board granted limited intervention to an adjoining landowner (Morgan) on health and general property values, but not to the impact of the project on the value of her own property. The Board held a site visit and public hearing on the afternoon and evening of 2/3/16. Approximately 30 people attended. Two speakers expressed concern about the impact of the project, and three speakers expressed support for the project, one of whom was the landowner of the project parcel. Intervention deadline is 2/10/16 and PSD second round of discovery is due 3/2/16.

Charlotte Solar LLC Enforcement Investigation– Docket 8638 –Counsel for Charlotte Solar, the Town of Charlotte, a pro se Intervenor and the Department met on 2/5 to discuss the potential for an agreed amendment to the landscape mitigation plan and a penalty for violation of the CPG in Docket 7844. The parties agreed that Charlotte Solar will provide an amended landscape plan and the Department will provide a draft penalty calculation under 30 V.S.A. § 30 by 2/17/16 as part of the settlement negotiations. **Considering the severity, duration and extent of the violation, as well as the size of the project, the Department is likely to recommend a substantial penalty on the order of \$10,000.**

Westman GLC and Cambridge GLC 500 kW Net Metered solar projects - NMP 6045 NMP 6046 - The Board conducted a six-hour hearing on 2/8/16 on the issue of aesthetics at the behest of an adjoining landowner for a pair of 500kw Net Metered Solar Projects for which no landscape mitigation was proposed. The Department's aesthetic expert recommended that landscape plantings be installed in order to satisfy the Quechee test. At the conclusion of the hearing, the Parties discussed potential settlement. It appears Petitioner will agree to install landscape mitigation at one of these projects, and it remains to be seen whether they will agree to do so at the other project. A briefing schedule was established and initial briefs are due March 7, 2016.

GMP Vegetation Management – No Docket – Department staff, in connection with its rate consultant, is putting together a report on a vegetation management proposal put forward by GMP last summer. GMP is seeking to capitalize two years' worth of intensive hazard tree removal at a cost of \$3.6 million/year. The Department is presently analyzing what effect it would have for GMP to not capitalize this amount and simply spend it as ongoing O&M, especially in light of GMP's recent history of vegetation management, which appears to lag both industry trends and its own benchmarks. The result is that Department staff will likely

recommend that GMP move forward with its plan, but that it expense the work with no adjustments to its Platform expense.

Generic Rule 4.100 Ratesetting Proceeding – Docket No. 8684 – On February 5, the Board opened an investigation into the Department’s proposed update to the Rule 4.100 rate schedules. The Department filed this update on October 30 and asked that the rates go into effect immediately, subject to the final outcome of the proceeding. Ranger Solar filed a motion to dismiss the Department’s proposal, to which the Department responded. The Board opened an investigation and set a prehearing conference for February 17. The Board denied the Department’s request to put the rates into effect immediately and denied Ranger Solar’s motion to dismiss. The result is that a proceeding to establish generic avoided-cost rates will now commence.

GMP Net Metering Cap Proceeding – Docket No. 8652 – Some additional comments have been filed by SunCommon and GMP. Parties have another opportunity to file comments on February 12. However, the general state of play is that all parties are awaiting some Board action on the merits of this case. Department staff has had some talks with counsel for New Haven, who expressed a willingness to consider settling if post-cap projects are restricted from New Haven. The Department is presently considering this issue as well as whether to file additional comments at week’s end.

Draft Net Metering Rule – No Docket – At the end of last week, Board staff indicated that it would try to get on ICAR on Feb 8 for the draft rule. It does not appear that this goal was met. Department staff has heard no further word on timing.

GMP Rate Design – Docket No. 8525 – The technical hearing was uneventful and the parties agreed to work toward a joint Proposal for Decision to be filed by February 12. Department staff is currently reviewing a proposal from GMP.

Telecommunications

Broadband Mapping RFP – The PSD received one proposal for broadband mapping from the four GIS contractors invited to bid. PSD staff prepared a draft contract and provided this to the vendor Stone Environmental for review.

Map Server – The new PSD mapping contract calls for Stone to assist the PSD to design and deploy a server solution for storing and processing GIS data. PSD staff and Stone staff are evaluating solutions including services to be provided by VCGI and DII to come up with the most cost effective solution that will meet the mapping needs. This will likely cost approximately \$5,000 per year.

CoverageCo EDA – CoverageCo had previously identified 65 of the 165 sites in the EDA contract that it proposed to change. Of these, it proposed to transfer 9 sites from the VTA incentive corridors that the PSD identified as priorities. CoverageCo agreed to revise its proposed changes to the EDA contract to remove these 9 from the proposal, and leave them in the VTA Incentive contract. Instead, CoverageCo will find in of the existing EDA sites that it had proposed to eliminate, and keep these instead.

CoverageCo Incentive – The VTA Incentive contract lists 141 sites, of which the PSD identified 73 as being in priority corridors. Of these 73 sites, CoverageCo identified 29 sites that it could commit to bringing service to by October 31, 2016, if it were allowed to have flexibility in deployment location and time with the remaining sites.

Craftsbury request for Information – The town of Craftsbury requested cost data on the CoverageCo small cell project. Craftsbury is interested in sponsoring a similar project with the same company. Staff advised the Craftsbury Broadband and Cell Committee (CBCC) to have CoverageCo come speak, but recommended that the committee hold off on a town-funded solution pending the outcome of the Department's redesign of the Incentive corridors. There may be an opportunity for the town to offer some in-kind support to the project, such as site hosting.

Readsboro Follow-Up – Readsboro has formed a broadband committee on recommendation of Department Staff. They have established contact with VTel and FairPoint. The committee's initial meeting is February 17th. Afterward, the committee intends to host FairPoint and Vtel to learn about the services available from the company. Department staff met with Readsboro officials in January to discuss broadband availability.

VTel Cabot 248a Petition (Docket 8549) – The Board held the continued technical hearing on Thursday, February 3. The Department presented testimony from its radiofrequency and aesthetics experts. The RF expert testified that the project cannot reasonably be collocated at an alternate location. The aesthetics expert testified that the project will have an undue adverse impact, but the impact could be minimized if the CPG is conditioned to require mitigation through vegetative screening. Briefs are due by February 19. DPS intends to recommend that the Board, if it issues a CPG, include conditions relating to the aesthetic mitigation recommended by its expert.

FairPoint Pole Attachment Complaint (Docket 8470) – FairPoint, Comcast, and Charter have informed the Department that their settlements have been finalized. They intend to file a request that the docket schedule be suspended indefinitely by the end of the week. The Department does not know the specifics of the settlements, but understands that the settlements will be contingent on the Board approving modified contract rates for pole attachments for Comcast and Charter. The Department has advised all parties that it will not support a special contract rate for pole attachments.

Verizon Wireless 248a Application – Waterbury – Verizon has informed the parties that it intends to modify its project by reducing the height of the proposed tower by five feet (from 90 feet to 85 feet). Verizon will file amended site plans by February 15, and allow for other parties to submit additional comments on the application by March 15, 2016. It stated that the revision is being made in response to the Department's testimony and in response to concerns from the towns about the aesthetic impact of the project.

Burlington Telecom CPG Renewal – Division staff held a telephone conference with Burlington Telecom ("BT") and its attorney to discuss the renewal of BT's CPG to offer cable television. BT's current CPG will expire in September, 2016. BT advised that it intends to file a petition to

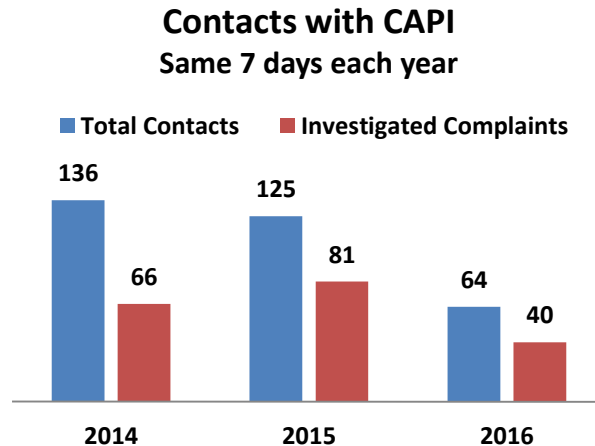
renew its CPG by the end of February, 2016.

Verizon Brookfield 248a Petition (Docket 8688) – The Board issued an order denying the Town of Brookfield Planning Commission’s motion to dismiss the petition for failing to comply with the requirements for providing a 45 day advanced notice. The Project includes a proposal to increase the height of an existing tower by 10 feet. The Board also found that the Town failed to make a showing that there is a substantial issue with respect to the aesthetic impact of the project. The Board however, did find that the Town made the necessary showing to demonstrate that there is a significant issue with respect to compliance with the Town plan and recommendations from the municipality. The Board will schedule a technical hearing to address the limited issue of compliance with the Town Plan and whether it should give substantial deference to the recommendations of the Town.

CAPI

Please note that this report covers activity from Sunday to Saturday, January 31—February 6, 2016.

INTAKE DATA



Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: February 12, 2016

Secretary's Message:

The Agency continues to make progress implementing Vermont's plan to end child and family homelessness. This has been aided recently by your goal of making 15% of publicly-funded housing available to the homeless. My staff and ACCD's Department of Housing and Community Development (DHCD) are working closely to manage concerns raised by some of the non-profit housing organizations and the Vermont Housing and Conservation Board. Angus Chaney, the AHS Director of Housing and I met with Commissioner MacKay and her Deputy Commissioner Hanford this week to revive another concept from the plan which would make small sums of money (grants or loans) available to private sector landlords to make needed improvements to sub-standard, vacant rental units. We feel there may be room to try this on a small scale using federal community development block grant funds and will develop a strategy to share with leadership. As with the success of VEDA loans in the wake of Irene, it is critical that any such program be highly user-friendly and designed for the private sector to access with the minimum of bureaucratic red tape.

I recently met with a large group that included many of the designated agencies, Vermont Care Partners, and our Integrated Family Services (IFS) staff to discuss how to allocate unspent IFS funds in the future. As previously reported, Northwestern Counseling and Support Services (NCSS), who is one of the pilots doing Integrated Family Services, had unspent funds two years in a row. The Agency decided to recoup some of those funds which created a controversy in both the designated agency network and in the legislature. The outcome of the meeting resolved that issue with both the state and NCSS sharing in the savings. These savings are a sign that our payment reform model with IFS is resulting in improved services and doing it for less cost. In this regard, we are working out a formula for the future that allows the designated agencies and their communities who are participating in IFS to benefit from these savings and also gives the state the ability to recoup some of those savings if they go over an agreed upon cap. We are close to finalizing this agreement.

Yesterday was the Suicide Prevention day. I was a speaker at the press conference and also participated in a panel attended by legislatures and other interested parties. At the press conference and panel, the Zero Suicide approach was presented to the public and the legislature. This is an evidence based approach to suicide prevention that has been successful in other cities and states and we believe it can significantly reduce suicides in Vermont. More people die from suicides in Vermont than from automobile accidents, homicides, and drownings combined. Vermont has a 30% higher capita suicide rate as compared to the US average. Suicide not only impacts family and friends, but usually the entire community. Participants in the event were very pleased that you have put additional resources in the budget for suicide prevention and the event was a success.

AHS Highlights:

Agency of Human Services Secretary's Office

St. Johnsbury warming shelter gaining momentum

The St. Johnsbury warming shelter continues to operate and gets better with time and experience. We are consistently housing an average of 4 individuals each night. One individual has obtained permanent housing and moved in last week, and another started a job last week and is saving for housing. There is a strong cadre of volunteers, although, that group needs to grow and efforts are being made to recruit additional volunteers. Additionally, if all goes according to plan, The Newport shelter will open this weekend. An experienced Coordinator has been hired by NEKCA and he is trying to pull the necessary pieces together. These shelters, which are supported across the state are reducing our alliance with hotels and motels.

Recovery Center in Newport enjoying local support

The Journey to Recovery Community Center is getting up to speed and is offering 3 meetings per week along with several groups and individual Recovery Coaching sessions. The Board is growing and volunteers are signing on to help out. The Center has been well received in the community.

Vermont Department of Health (VDH):

Adolescent Substance Abuse Treatment Grant at ADAP

The SAMHSA-funded 3-year Vermont Youth Treatment Enhancement Program/VYTEP) is making great strides in preparing the clinical workforce to address and treat adolescent and young adult substance use concerns. Five sites around the state have been trained in the use of the evidence based treatment model "Seven Challenges", and 11 agencies were trained in the use of the evidence based treatment model "Seeking Safety". In the two treatment agencies that have fully implemented "Seven Challenges", follow-up evaluation interviews indicate reductions in young peoples' use of alcohol and marijuana during the three months after starting treatment. A full evaluation will be published at the end of the grant period.

In 2016, VYTEP will be focusing more on enhancing adolescent treatment by gaining clarity and emphasizing what works best with adolescent substance abuse treatment throughout the state, and include ongoing technical assistance and coaching regarding these core practices. The program will also be licensing additional sites in these evidence based treatment approaches. Finally, this week VYTEP is supporting ADAP's Prevention Consultant in Windham County in hosting a community forum involving stakeholders, clinicians, and community members to discuss the perceived accessibility and quality of adolescent substance abuse assessment and treatment options in the region.

Medical Practice Board Opioid Training Events

Two training events on prescribing opioids are being planned. VDH has coordinated with the federal SAMHSA to present an opioid summit in Montpelier in April.

The Medical Board and Boston University School of Medicine have tentatively scheduled another SCOPE of Pain opioid training on September 10, 2016. Both events are free to attendees.

Department of Mental Health (DMH):

Vermont Psychiatric Care Hospital

VPCH remains at full-census again this week. Overtime issues continue to be limited to one shift and have been less this past week. Ongoing meetings with DHR recruitment and the hospital continue; and DHR continues to work toward finalizing the work and recommendations of the AHS workgroup on

nursing salaries. Recruitment of traveling nurses continues to provide the personnel needed while active recruitment efforts continue. In anticipation of legislative interest later this session, VPCH also continues its work on the external nursing consultation report and recommendations, as well as, an action plan for recommendations to be pursued.

Emergency Departments

This week there were 18 people in need of inpatient psychiatric admission and 12 were admitted during this time. There are currently 3 involuntary adults waiting, one who has been waiting for 36 hours is being admitted today and the other two adults have been waiting less than 6 hours. The three voluntary people waiting have all been waiting for less than 12 hours. The adult in-patient system of care this week is at an overall occupancy of 91% with the level 1 units running at 100%. The child and adolescent units are running at 100% occupancy.

Department of Aging and Independent Living (DAIL):

DAIL Survey and Certification Unit Perfect Performance

The Vermont State Survey Agency received a perfect score for FFY 2015 from the Centers for Medicare and Medicaid Services for the quality, timeliness and enforcement action taken in their survey and complaint investigations conducted in regulated health care facilities and agencies. The Vermont State Survey Agency evaluates hospitals, nursing homes, home health agencies and a myriad of other health care facilities to determine compliance with federal and state health and safety regulations.

DAIL Move to Waterbury

The entire DAIL department has made the move to Waterbury over the last two weeks. Staff are settling in and enjoying what is truly a beautiful and respectful space. We have already seen the benefit of easy meetings with our colleagues across divisions and across Departments.

Department of Corrections (DOC):

Population

The Department's incarcerated population averaged 1747 for the previous week. The Department's incarcerated male population averaged 1603 for the previous week. The out of state population is currently at 239. The female population averaged 144 for the previous week.

Department for Children and Families (DCF):

Family Services Staff Safety Incidents

Recently, DCF Family Services has experienced a number of significant staff safety related events. On 2/4, after hours staff at the Emergency Services Program received a call during which the unidentified caller (later identified by information he shared during the call) made a threat to harm his former social worker in the St. Johnsbury District Office. On Friday, 2/5, the same individual contacted the Barre and Newport District Offices stating an intent to come to those offices and harm staff. These events are currently under investigation by Vermont State Police and it is believed that this individual has previously and has since made threats to other governmental officials.

On Friday, 2/5, two social workers in the Middlebury District Office were responding to a report of child abuse involving an infant. The workers (and law enforcement) responded to the infant's home. The mother's partner was hostile during the home visit. The workers transported the mother and infant to UVMHC for medical evaluation of the infant's injuries. During the drive from Middlebury to Burlington, the mother's partner (following behind law enforcement in his own vehicle) began driving

erratically and appeared to be making efforts to force the social worker and law enforcement vehicles off the road. The social workers pulled into the Vermont State Police barracks where the individual was spoken to and released. The social workers (still followed by law enforcement) attempted to continue to drive to Burlington. They were again followed by this individual who again appeared to be attempting to force them off the road. They again stopped and contacted an ambulance to complete the transport from the Shelburne Police Department.

In the six months since the murder of Lara Sobel, DCF Family Services has documented 128 staff safety incidents.

Department of Vermont Health Access (DVHA):

All Payer Model

A key decision was made to pursue a procurement pathway to secure ACO participation in a Medicaid arrangement and an RFP development schedule has been established as a result, and Subject Matter Experts from DVHA have been engaged in the RFP drafting process.

A project Kick-Off meeting has been scheduled on Friday; approximately 40 DVHA and AHS staff members and consultants will be in attendance.

Vermont Health Connect Update

Testing of the full release (R2Cx), with VHC Medicaid Renewal and Department of Labor functionality is not complete. As of Friday, 2/5, 65% of the test cases have been successfully executed. That is an 8% improvement over the previous week. The User Acceptance Test (UAT) team has logged and prioritized defects that are critical to the execution of Medicaid renewal cases.

Legacy Medicaid Renewals (LMR): State of Vermont Leadership met with CMS on 12/15 during a CMS Technical Assistance (TA) visit to Vermont. After CMS's visit the priority to start Legacy Medicaid Renewals (LMR) in January was established. All LMR activity is to be complete by April (9000 a month). 9000 initial notices have been sent and Maximus and the SoV have started to receive calls and processing LMRs. Another 9000 notices will be sent out on Friday, 2/11. The SoV is in the process of hiring 20 temp resources to be trained to perform LMRs. The first seven of these temporary resources started at HAEU on 1/19 & 13 staff will be on-boarded 2/8. VHC renewal activity has been pushed to start in April (9000 a month) and renewal activity will need to be complete by the end of November 2016. CMS was on site in Vermont last week on 2/1 & 2/2 to get an update on LMR activity and overall VHC IT processes. CMS will be holding a follow-up meeting next week to review contingency planning and options for VHC Medicaid renewals in the event IT delivery is late.

The Operations teams remain focused on completing Change of Circumstance (COCs). Currently VHC has completed 2,000 COCs as of February 8th bringing the total backlog down to 3,750.

Optum provided the State with recommendations related to a reconciliation audit and remediation plans between VHC and Benaissance (payment processor). Data was analyzed for variances between January 28th and February 4th. Root cause analysis was then performed between February 1st and February 3rd which identified possible causes for the variances ranging from invalid source system data to integration errors. Short-term and Long-term remediation plans were recommended. The State is reviewing this feedback and working on processing a change request for additional support to implement some of these plans in order to provide BCBS with an action plan on how the State plans to resolve these variances.

Other Report Items from the Agency of Human Services:

Agency of Human Services Secretary's Office

Newport District Office on lockdown due to a threatening phone call

The Newport Hebard Building went into lockdown mode last Friday for approximately 2 ½ hours. The Family Services Division received a threat of shooting. Local law enforcement was called and upon initial investigation, instituted the lockdown. Further investigation with VSP and law enforcement from both St Johnsbury and Barre revealed similar behavior and the FBI was involved. Upon determining the caller was out of country and verified to be in Puerto Rico, the lockdown was lifted. AHS Managers met with Chief DiSanto and the town Manager to debrief the incident. AHS Managers are engaged with BGS and working on a building-wide safety plan.

FY17 Capital Appropriation

Per last year's Capital Bill (Act 26 of 2015), the Legislature is transferring \$125K of funding from the IE project to fund JFO's IT consultant that is assisting with IT projects statewide.

Vermont Department of Health (VDH)

Interstate Prescription Drug Data Sharing Agreement Signed

An MOU between VDH and The National Association of Boards of Pharmacies to allow interstate data sharing of prescription data with 31 states has been signed. This allows VPMS staff and the VPMS vendor to begin building the linkage between VPMS and the PMPi hub.

Department of Mental Health (DMH)

Legislative

Dr. Jay Batra, DMH Medical Director and Karen Barber, DMH General Counsel provided testimony to the House Human Services Committee on the Department's Annual Report on Court-Ordered Medication and a brief overview of the External Consultant's Report on the same subject. Both reports contain similar content on the process, efforts made to reduce court-ordered medication whenever possible, and an overview of the small number of individuals who are subject to court orders during the course of the year. DMH continues to identify that creation of two reports on the same topic is inefficient and that the content of both reports could readily be represented in through one external consultant report. Deputy Commissioner Bailey also provided joint testimony with Deputy Secretary Bouchey, this time to the Senate Education Committee, on the 2015 Act 46 requirements for Coordination of Education and Social Services.

Stakeholder Input on proposed changes to Involuntary Medication

Commissioner Reed addressed the proposed changes to court-order involuntary medication to the Statewide Adult Program Standing Committee during its regularly scheduled monthly meeting. A similar overview to information presented to the House Human Services Committee was discussed with the advisory group. Members were mixed in their responses and reflected to the general divide in perspectives about court-ordered medication versus patient-centered choice in their treatment plan. Commissioner Reed and DMH staff also provided a public forum to interested stakeholders on the same topic on Tuesday. Treatment providers, family members, and advocacy organizations were

represented. Again, the individuals presented represented the sharp divide that exists in providing timely treatment when it is not completely voluntary. In both discussions, there were references to a United Nation's position with regard to involuntary medication being akin to "torture" and a human rights violation as a substantive determination that this was the wrong course for the State of Vermont.

Dr. Jay Batra, DMH Medical Director, explored this further and did find that there was a report (attachment 1) by Juan Menendez to the United Nations Human Rights Council in 2013 in which Mr. Menendez talked about involuntary medication over person's objection because of a disability being a cause of concern and a human rights violation. It is important to note that this was a report to the UN and not a finding by the UN. Later, Mr. Menendez wrote a letter to the American Psychiatric Association and the World Psychiatric Associations that he wanted to provoke a conversation about this important and controversial topic. He states that he had not proposed this as a resolution for the council to adopt, rather it was meant to start a conversation. The entire letter is attached (Attachment 2) but he clarifies that he meant to say that involuntary medications should not be authorized based solely on the basis of having a disability and should not be indefinite as he has found in some parts of the world. The language from his letter is as follows:

"For the record, I did not mean to propose an absolute ban on non-consensual interventions (including institutionalization and restraints) under any and all circumstances. I meant to restrict my condemnation to non-consensual treatment based exclusively on discrimination against persons with disabilities. In other words, the fact that a person is diagnosed as having a psychosocial disability should not by itself be enough to justify non-consensual treatment."

DMH was proactive and sent out this clarifying information to both its Adult Standing Committee and the VT Digger who was present during the public forum.

Department of Disabilities, Aging and Independent Living (DAIL)

Access to Bayada Home Health Agency Tax Records

DAIL is supporting DVHA to access Bayada's tax information as is required for all our home health providers. Bayada is being unresponsive to DVHA's appropriate requests for information. If they remain unwilling to provide the information, they may be suspended from billing for services although they will remain able to provide services to ensure that vulnerable individuals do not lose vital supports while this issue is addressed.

Department of Corrections (DOC)

Northeast Kingdom Caucus- Discussed closure of the work camp

House Corrections and Institutions- Overview of Corrections that included:

- What offenders & work programs are at each facility
- What the classification of offenders is
- The number of offenders who qualify for good time
- What the agreement is with St. J regarding the work camp

Department for Children and Families (DCF)

VOSHA Investigation Results

Following the murder of DCF social worker Lara Sobel on August 7th, VOSHA (part of the Vermont Department of Labor) initiated a workplace violence investigation. As part of this investigation, written questions were sent to DCF, BGS and DHR. According to VOSHA's rule, investigations must be completed and a closing letter provided to the employer within six months. VOSHA initiated a closing conference with DCF, BGS and representatives of the Agency of Administration on February 4. Since multiple departments and agencies were involved, Michael Duane of the Attorney General's office represented the State at the closing conference.

At the closing conference, a draft "hazard alert" letter was provided to DCF, BGS and AoA. DCF, BGS and AoA provided feedback to VOSHA at the closing conference. VOSHA also met with VSEA prior to the meeting with DCF, BGS and AoA and provided VSEA the same draft letter for input on the employee perspective on the findings. A final hazard alert letter was issued on February 6. The hazard alert letter found that social workers work in an inherently dangerous workplace climate. The letter also found that while DCF had a workplace violence prevention policy, the policy was not fully developed and implemented. The letter provided, however, that it cannot be said that a lack of a fully developed and implemented policy would have prevented the murder of Lara Sobel. Although it was found that DCF's policies or lack of policies did not contribute to the murder of Lara Sobel, VOSHA made findings requiring DCF, in conjunction with BGS, to take steps develop a comprehensive workplace violence prevention program.

A comprehensive workplace violence prevention program for DCF would include, among other things, hazard analyses of all DCF offices and implementation of the appropriate use of hazard controls at every worksite location (examples include locks, barriers, lighting, etc.). DCF plans to work with BGS and AoA to come into compliance with the requirements outlined in the letter. While the focus of the hazard alert letter seemed to be on DCF as the "employer" in this investigation, this letter could arguably apply to put the State of Vermont as an employer on notice of the requirement for a fully developed and implemented workplace violence prevention programs for all state employees and workplace locations.

Disability Determination Staff Receive National Awards

Social Security's Associate Commissioner Awards for 2015 were just announced. Four Vermont Disability Determination Services staff have received national recognition:


- Lisa Champney, Financial Administrator III – Associate Commissioner Citation for exemplary leadership, public service and professionalism in all her work for the Disability Program, the DDS, and the people of Vermont
- Margie Morley, Adjudicator III – Associate Commissioner's Customer Service Award for sustained outstanding customer service and contributions to the Disability Program, the DDS, and public we serve
- Trevor Brooks, Adjudicator III – National Adjudicator of Year for exemplary and superior performance in all areas of case adjudication providing Vermonters with exceptional public service
- Trudy Lyon-Hart, DDS Director - Associate Commissioner Citation for her work on the "Cross Component Fiscal Team." This national workgroup consists of Social Security fiscal, operations and executive staff and DDS Directors. The team works to improve the budgeting and hiring processes for all DDSs.

The DDS and DCF are very proud of these outstanding employees and the national recognition they have received.



219 North Main Street, Suite 402, Barre, VT 05641
(p) 802-479-1030 | (f) 802-479-1835

CONFIDENTIAL AND PRIVILEGED MEMORANDUM

TO: Governor Peter Shumlin 
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: February 12, 2016

Emerging Issues

I will be taking a few days off next week (Wednesday-Friday). That will make me a nicer person. I will be instate but trying to not deal with the legislature.

Act 46

We have given both Shap and John Campbell suggested language for a letter of intent and draft language for a technical correction to Act 46 that closes a loophole in the Act 153 (and now Act 46) tax incentives that would let merging districts spike their tax rate without consequence. The goal is to have this sealed up by the end of the session. Given Hoffer's evident obsession with our Agency, we have to get this loophole closed so we can put the brakes on if anyone tries to exploit it.

Results Oriented Program Approvals for colleges (ROPA reviews)

We were not allowed to put a fee in the fee bill for ROPA reviews, apparently because colleges pushed back. VT Colleges now realize how devastating it would be to not have a fee for ROPA reviews in the fee bill. The alternative—the cost of national accreditation-- would close a bunch of programs and fiscally stress others. Private preK providers don't realize it, but it would also substantially impair their ability to hire provisionally licensed teachers, which they need in order to get public dollars. **I think we should not get in the way of the colleges' efforts to push it into the fee bill.** More detail on implications in previous SWRs.

AOE Budget context and stress in the field

The governor asked for no new PK-12 education legislation, and instead asked the General Assembly to please focus on getting done what we need to get done. However, the ferocity of efforts to try pass new mandates or strip programs out of the AOE and give them to other Agencies is stunning. Last week, we heard proposals to take CTE out of PK-12 and give it to the colleges, to take our educator quality work out of the AOE and give it to OPR and to take more Ed Fund and give it to 0-5 child care providers, and to make every school both operate and offer school choice. The legislature is trying to cope with a budget deficit by moving chairs around on the deck, ignoring real costs, and adding new demands on the education fund, even as they blame districts for rising education costs. I would laugh, but for the volumes of time they are demanding of my staff to testify on these issues, which distracts us from critical and ongoing work. We just don't have a lot of staff standing around and twiddling their thumbs anymore. My bigger fear is staff quitting after Sharpe insults them. Heather

Bouchey did a great and well-received presentation at SWIB and the PK-16 council on our new Career and Tech initiatives, which they have spent substantial time developing, and basically Sharpe's only comment was that he wanted to take this work and put it in the colleges. Very motivating.

For context:

Our GF appropriation in FY08 was \$13,886,668.

Our proposed GF appropriation in FY17 is \$9,567,661.

Not counting inflation, which I am too tired to figure out now, that is over a 30% cut in 9 years, even as the scope of our work and mandates to which we are subject have increased in number and complexity. These cuts provide a pretty stark contrast to growth in state spending generally. Note that we have had a lot of new demands placed on us, even as these funds have been cut.

Our federal funds provide a state minimum to support administration and monitoring of federal programs. The good news is we have been able to dual purpose a lot of these monies to meet state obligations, which is essential because the GF basically just keeps the lights on and gets the money out the door at this point. The bad news is these state minimums have not been increased in something like twenty years. As a result, for example, our Title dollars used to have about 11 staff people to administer and monitor federal funds and provide technical assistance to the field. Now, we can only afford 3.5 for the same work. The impact is starting to be visible: some of our neediest systems are sitting on unspent dollars, because they seem to lack the capacity and administrative bandwidth to put together proposals and projects that would get those dollars out the door.

System leadership is at a crisis point. I have heard from a number of high quality Superintendents like Dan French who have quit or are thinking of quitting, basically because they are sick of dealing with so many boards and because they feel that the general assembly has made it impossible for them to do their jobs. We have completely eroded their ability to lead by micromanaging the details of their work and making their jobs so complex they are undoable. BRSU had to go with an interim because they were unable to attract a viable candidate pool, and that is one of the high functioning areas. Basically, this job has been made undoable by the complexity of governance, proliferation of state mandates, the growing inability of supts to control resources due to new state entitlements, and the progressive and nasty attack by choice advocates on schools. Their conversations used to be about how to provide good education equitably to the kids in the systems. They say that with the growing focus on personalization and individualism, it has been about how to make sure every individual gets what he or she wants, and that tends to end up meaning that some people get what they want or they spend all their time fending off attacks. Anyone with the skill of Dan French who is in public education is doing public work because he is an altruist; he could do anything (including run a private school) and make a lot more money doing so, but he chooses to be in public education. They also go in with eyes wide open. When our highest capacity superintendents start complaining about the growing lack of public commitment to public education and equity, we ought to take note.

And, frankly, some of the local boards are pretty dysfunctional. One just drove out a good superintendent, despite a unanimously positive recommendation from the subcommittee that evaluated the Superintendent, and the Board Chair has such a reputation statewide as a bully that it will be interesting to see if they can attract any replacement candidates. When Bridget Nease tried to hold the board in Warren accountable for addressing some very serious issues that potentially affect the safety of their students, the Board's response was to call North Bennington and see if they could "privatize" their school, presumably so they don't have to fix serious mold and safety issues. You can't make this stuff up.

At the end of the day, we will get what we wanted. It may just not be what we expected.

Unintended consequence of new mandates:

The state has implemented a lot of new mandates that all draw on the Ed Fund and have implications for local budgets. These mandates have successfully changed the conversation from how to we create strong school systems to one of how to we provide each individual with personalized opportunities that move them towards their goals. Individually and in some regions, the effect is negligible. Collectively and in some places, and particularly in some of our more rural public schools, the effect is potentially pretty injurious. To be clear: **the administrators who approach me are supportive of the goals of increasing college attainment and better meeting individual needs.** The problems are: 1) in some places, the execution can have an injurious effect on their budgets, which puts them in conflict with other mandates and 2) that many of these mandates not only tell them what to do (e.g. provide PK) but how to do it (e.g. through vouchers). This ties their hands when it comes to local management, because they are unable to provide these services in a cost effective way, and unable to corral resources to support partnerships or build capacity to create viable, high quality programs. Then we blame them for not providing it well or providing enough. For example, the conversation is now about how we push special education services into 1500 providers (which makes my head explode). The problem is making the goal meeting individual needs creates an uncontrollable appetite for state dollars and a proliferation of advocacy groups who are begging for more. There is no way to satiate that need, especially when those getting the dollars are not the ones who bear the brunt of raising them.

For example, the early college numbers statewide seem modest but growing:

Early College Student Counts

Year	FY15	FY16
Total	93	120

However, these students tend to come from smaller, more rural and less wealthy contexts. Kids in wealthy or big schools like Hartford and CVU seem less likely to want to leave their schools. Some examples:

Early College Home HS	Student Counts	
	FY15	FY16
Champlain Valley UHSD #15	1	-
Colchester HS	-	1
Hartford HS	-	-
Harwood UHS	5	5
Hazen UHS	5	8
Lamoille UHS	4	8
Leland & Gray UHS	1	2
Peoples Academy	5	7
Spaulding UHS	5	4

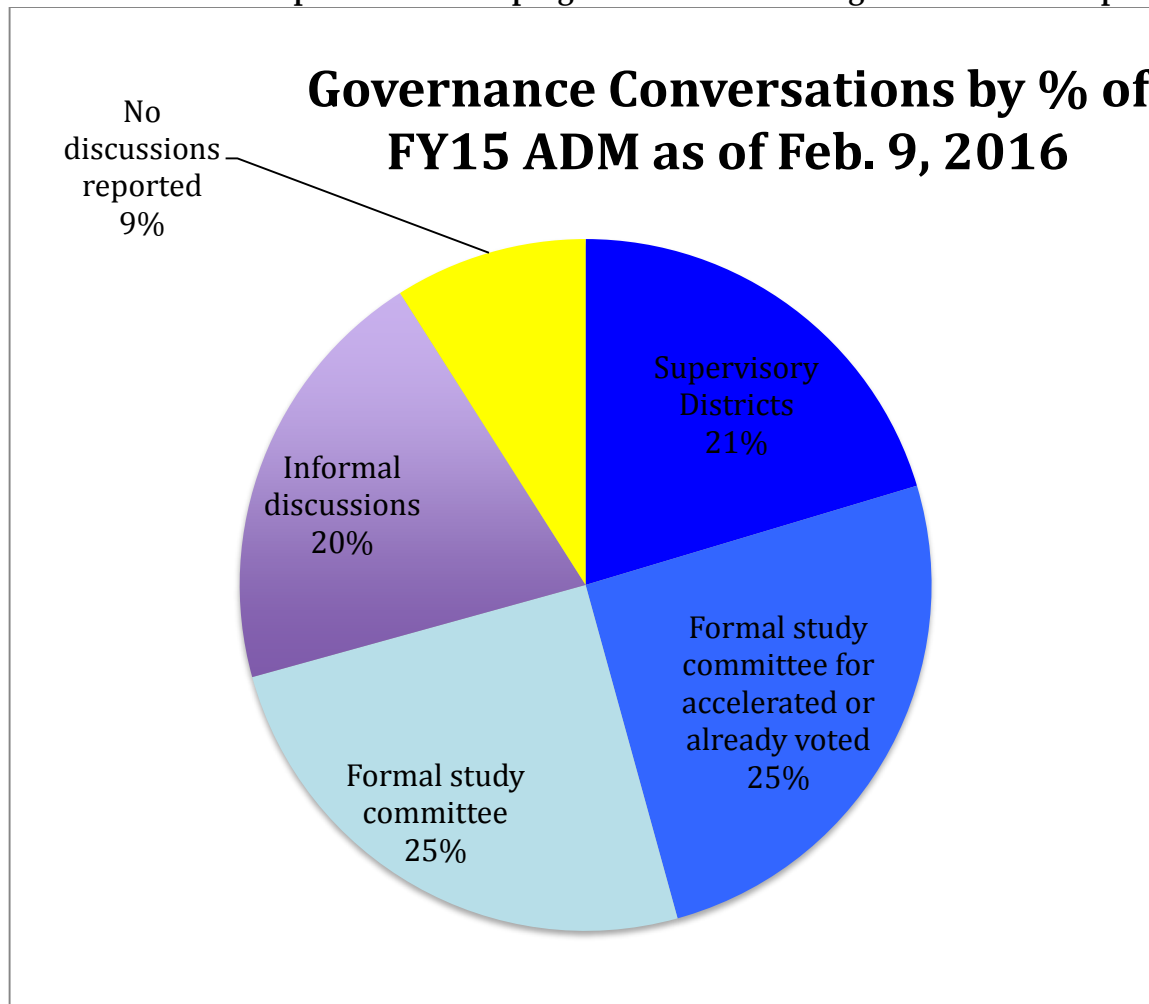
On the one hand, this seems like an amazing opportunity for kids in schools like Hazen Union High school, and it is, for the individuals who pursue it. The unintended consequence is these students unenroll from their high schools, which effectively removes these students from the student count that drives funding locally to these schools. 8 students in early college creates a pretty substantial

drop in revenue or increase in tax rate in some places by exacerbating the effect of declining enrollments. Also, it looks like it might be creaming out of the schools, on average, some of the higher performing students. Bundle this together with costs associated with encouraging more kids to pursue CTE through flexible pathways and encouraging more kids to participate in dual enrollment, and these schools have some practical problems around having enough kids to offer basic comprehensive education. It also makes it impossible for these schools to attract tuition students. In other words, we are hurting the public high schools that make all these individual opportunities possible and we appear to be compelling these systems to raise their tax rates to stay viable, at the same time that the legislature is mandating caps on tax rates and sanctions on districts that—because of state mandates-- can't stay under thresholds. This has long term implications for equity and for the nature of our rural areas that nobody is discussing yet.

VSEA

We will get whacked again by VSEA. The Labor Management committee at the AOE seems to be the first refuge of disgruntled employees, but even so, we can't not performance manage Union reps just because they are union reps. We have moved some now disgruntled and dysfunctional employees out of the AOE; now we will pay the price in the press and in Doug Hoffer's office. My hope is that they will be as vile in public as they are internally, so it will be clear they are not representative of the overwhelming majority of our staff, who are good people who are working very hard.

Good news...ADM update for Act 46 progress....this is working better than we expected:



Media Contacts:

Test Scores

Michael Hock , Director of Educational Assessment, talked with Catherine Gewertz, **Education Week**, about accommodations for students with disabilities on tests such as ACT, SAT and the GED.

School Data

Hillary Niles continues to work on a data project about Vermont's education system for **VPR**.

Marijuana

Kayla Friedrich, **Stowe Reporter**, asked for and was sent the Agency of Education's position on the possible legalization of marijuana.

Education Spending

April Burbank, **Burlington Free Press**, talked with Brad James, Finance Manager, about education spending per equalized pupil minus exclusions.

Sexual Assault Data

Emily Schmall, the **Associated Press**, requested data on sexual assaults from the Combined Incident Reporting Software (CIRS).

Governance

Ed Week, Daarel Burnette trying to reach Rebecca about Act 46

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Friday, February 12, 2016
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Brattleboro I-91 Bridge – Global Settlement Negotiations

I have given VTrans' Construction Engineer, David Hoyne the greenlight to begin negotiations with his counterparts in PCL Construction on a global settlement. The settlement involves both Liquidated Damages associated with the extra time PCL is taking to complete the project as well as the claims PCL has submitted requesting additional compensation that they believe is due to them on such things as weather impacts, permit delays, hard rock, etc. Though we can contractually wait to clean up these issues at the end of the project there is sufficient benefit to the State to entertain PCL's request to me to negotiate a settlement now.

From my perspective the majority of the delay and challenges on this project are directly the responsibility of PCL. That said, the Agency is at risk on some of the claim items that could drag out for years and involve significant legal fees. Furthermore, we may be able to negotiate a no-cap/no-fault disincentive amount of \$10,000 per working day to be assessed after a newly agreed upon interim completion date providing us with a more robust lever to wrap things up in a timely manner. Construction Engineer Hoyne has guidance on what he can negotiate within parameters that I believe are reasonable outcomes and beneficial to the State, if achieved. The FHWA is in support of this approach and is working closely with the Agency of Transportation. FHWA ultimately needs to sign off on any negotiated agreement. A negotiated settlement is preferable, as depending upon the terms, it will save the money and time and having a no excuse date wherein the penalties will be more than double what they are now, should focus PCL on reaching that objective.

Ultimately we are moving forward on a project that will serve the public well for many generations. If you have any questions/concerns let me know.

NOTES FOR STAFF

Legislative Update

- Testimony on the TBill is moving forward quickly with many sections approved so far. The bill will stay in the Transportation Committee until House Ways and Means advances the Transportation Fee Bill.
- JFO and the VTrans CFO are working together to iron out differences in CPI methodology in the Fee Bill. It has become clear that our Agency and the JFO need to have an agreed upon methodology ahead of time to avoid these in-the-weeds analyses occurring during the Legislative process. We will follow up with the JFO after the session.
- Still working on getting a deal on the stormwater language we are advancing. Our language didn't get the full support of the Fish and Wildlife Committee due to lingering rancor over the administration not supporting Representative Krebs' terrible idea of including municipalities on the Clean Water Board. While this isn't a major issue now if left unresolved, it will place a burden on municipal grants funds in the future if VTrans payments for municipal stormwater utilities aren't balanced between the TFund and Clean Water Fund.
- Rep Zagar is interested in putting a net underneath the Quechee bridge to stop suicides there. They average one a year at the bridge compared to approximately 70 to 90 suicides statewide.

Fee Bill

House Ways and Means Chair wants to take the DMV fee bill, with the shrinkage proposal and new 1111 permit fees and create a separate bill she's calling the Transportation Revenue Bill. I asked our CFO, Lenny LeBlanc to get in touch with Jason Aronowitz to inform Commissioner Pallito on this concept. We have no objections to putting the transportation fees and associated proposals in a separate bill, but titling it the Transportation Revenue Bill seems more an appropriate issue for fifth floor staff to weigh in on.

Champlain Parkway & Lightly Contaminated Soils

I met with VTrans staff to discuss the pre-proposed rulemaking for contaminated soils. Dan Dutcher and Michele Boomhower met with the City of Burlington Public Works Director and Attorney to discuss the City's planned response for the February 12 deadline; VTrans shared their general thinking. The City will copy VTrans on their submission and there will be a discussion at the February 17 Champlain Parkway Coordination meeting which will be attended by ANR staff. Depending on the final rule by ANR, there could be significant costs to VTrans on its roadway projects.

Middlebury Tunnel

The Deputy Secretary and I met with the Local Project Management Team via phone and discussed the bridge clearance issue. We made a joint decision to maintain the clearance at 21 feet to accommodate Amtrak Dome cars and freight auto carriers. This decision will be announced at the Rail Council meeting next week; we will discuss the

decision and the project will advance towards final design wherein we will be able to better adjust the schedule and make further decisions jointly with the Town to further reduce construction time.

VT Rail Systems Intermodal Transfer Facility

Michele Boomhower and Trini Brassard attended the February 9 Shelburne Public Meeting hosted by the Selectboard to discuss the project. Michele provided an overview of the Section 1111 Highway Access Permit process at the meeting. Coordination continues between VRS and VTrans regarding the submission of their application for a Section 1111 permit. On the advice of our AG's, VTrans is taking the position that State statute which requires 1111 permittees to be in compliance of all state and local laws and ordinances, is pre-empted by federal law. The Town appears to be taking a contrary position. Stay tuned.

Milton Hourglass Project

John Dunleavy drafted proposed language for a Finance and Maintenance Agreement with the Town of Milton which outlines the Town's responsibilities for costs associated with the southern half of the Hourglass Intersection. Staff are reviewing the language and plan to finalize review and share the language with the Town next week. The Town Manager has indicated that he will not be ready to present the language to the Selectboard prior to Town Meeting Day. Project is advancing well; the Town and developers are pleased.

Transportation Climate Initiative

I participated in the first well-attended TCI "Market-based Policy Work Group" call on February 3. The group was given an overview on 2 of the 4 regional policy initiatives to be pursued in the coming months - emission budget programs (cap and trade) and carbon fees. The remaining topics are mileage based user fees and green banks. There is a TCI meeting with the leadership states in DC on March 8; Secretary Markowitz is attending, so I think I will participate by phone.

Aviation

The Construction of the Newport fuel farm will begin next week. All of the components have been received by the vendor. Construction safety and phasing plan is being devised and a preconstruction meeting will be held before construction begins. This will include the installation of two 12,500 gallon above-ground fuel tanks.

1 National Life Drive
Davis 2
Montpelier, VT 05620-3901

Tel: (802) 828-1294
Fax: (802) 828-1250

www.anr.vermont.gov



Deborah L. Markowitz
Agency Secretary

Trey Martin
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: February 12, 2016

Subject: ANR Weekly Report

Governor Level Issues:

Hermitage: You may get calls about a 401 water quality permit application from Hermitage that we have found is not technically complete. The Hermitage wants this permit for an Act 250 master plan hearing on February 16. Hermitage has asked if it can get a Section 401 certification from us in the absence of applying for the underlying permits (wetlands, stormwater, rivers permits) if they submit “equivalent” application materials in the 401 application process, likely to avoid permit fees. This approach will not work for DEC because the 401 permit incorporates the permit conditions of all ancillary permits and includes water quality protections not captured in the other permits. We have let Hermitage know. Our approach with them is consistent with all other applicants.

EPA Region 1 Improves Lead & Copper Rule Implementation Strategies: In response to Flint, Michigan, EPA is changing some of the sampling protocols which are part of the Lead and Copper rule (LCR) implementation. EPA has also developed a New England Lead Strategy, which will assess the current status of public water systems, identify areas of needed support to the states, promote consistent LCR protocols across New England, implement state drinking water program reviews, and look for creative leveraging to fund residential lead line removals. While we are confident that our drinking water system protocols have kept Vermonters safe, we welcome these new measures.

Vermont Rail (Shelburne): DEC has reviewed Vermont Rail’s stormwater management application for coverage under the Construction General Permit. We have provided comments related to threatened and endangered species impacts and are reviewing Vermont Rail’s response now.

Shifting Licensing Programs to the Office of Professional Regulation: DEC proposes to shift its onsite wastewater designer licensing and wastewater treatment facility certifications to OPR. DEC will continue to administer exams and training. OPR will provide the licenses and enforcement. DEC will continue to advise on these matters. This is an approach that makes sense - we will reduce our program costs and can use our staff resources for higher value work.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Green Up Day Exemption (H.602): On Tuesday, February 9, the HNRE unanimously voted out H.602 (with Rep. Gamache absent) to exempt Green Up Day litter from Universal Recycling separation requirements. This will put the bill up for second reading in the House on Thursday, February 11. Although DEC did not believe this bill was necessary, as it simply puts into statute the Department's current policy, DEC provided general support in order to encourage Green Up Day activities.

Solid Waste Franchise Fee (H.602): Rep. Botzow introduced this bill, to exempt out-of-waste trash from the solid waste franchise fee, on behalf of his constituent Trevor Mance, who has made significant investments in universal recycling infrastructure in Pownal. DEC opposes this bill because it would result in a loss in revenue for DEC solid waste programs, Green Up Day, and grants to towns and solid waste districts to handle hazardous waste. The Department would like to work with Trevor Mance and the solid waste district managers to find a consensus solution. HNRE has scheduled testimony this week from various people including solid waste district managers, Trevor Mance and DEC staff.

Water Quality Classifications (H.517): House FW&WR marked up the bill on Tuesday, February 9 and has scheduled a vote for Wednesday, February 10. Utility lobbyists have had concerns about the bill's potential impact on hydro dams. The water quality classifications are set based on the water uses and existing quality. The result is no anticipated impact on hydro. The classification would take into account existing hydro.

Results Based Accountability (S.198/H.521): DEC provided Legislative Council Mike O'Grady with comments on FW&WR's proposed amendments to H.521 on Tuesday, February 9. In the meantime the Senate passed S.198, the companion bill to H.521, without any of the changes suggested by either DEC or FW&WR. The House committed S.198 to the House Government Operations Committee, which is where H.521 also sits.

DEC Permit Process Improvement (S.123): Same report as last week. SNRE continues to take testimony on S.123 every Thursday morning. Chairman Bray has indicated interest in moving forward with the consolidation of 85 permitting processes to five; and with an electronic

website portal for DEC permit applications and notices. Whether SNRE will move forward with “on the record” review in place of “de novo” review is less clear; a decision on this issue is expected this week.

Clean Water and Drinking Water State Revolving Funds (CWSRF & DWSRF) (H.610):

Both HFW&WR and HC&I are taking testimony on H.610 this week. DEC staff testified in HC&I last week. In response to vociferous interrogation by Rep. Browning, DEC clarified that the bill does not modify the types of entities, municipalities or private, that are eligible for various types of grants and loans. HFW&WR asked us to testify this week on projects that are eligible for CWSRF loans and, in particular, if green infrastructures project are an eligible CWSRF project type (they are).

Stormwater Utilities: HFW&WR has scheduled committee discussion on VTrans’ stormwater proposal on Thursday, February 11. With DEC concurrence, VTrans suggests that the Clean Water Fund statute be amended to include support of stormwater utilities among its priorities.

Budget: The Secretary and Commissioners provided budget testimony to the House Appropriations Committee on Monday. There is strong support for both our mission and our budget.

H.584: Commissioner Snyder provided testimony and wrap-up comments on the forestry bill to the House Fish, Wildlife and Water Resources Committee. He also testified before the House Agriculture and Forest Products Committee on the trip ticket portion of the bill.

Press Issues/Releases:

Can Flint Michigan Happen in Vermont? VPR interviewed a DEC drinking water staffer on how the state monitors for lead in public water systems and how Vermont will avoid the lead problem currently being experienced in Flint, Michigan. We routinely monitor for lead. If a high sample is found, it is dealt with immediately. Individuals with well water should also be testing for heavy metals, chemicals and pathogens.

Fish and Wildlife Releases: ‘Let’s Go Fishing’ Instructors Needed; Public Hearing on Turkey Hunting proposal.

Significant Events/Meetings:

Lamoille Union High School Water Issue: Several years ago, Lamoille Union High School in Hyde Park had a new well drilled after it was determined that a volatile organic compound (VOC) plume (MTBE and Benzene) was traveling toward the original well. The source of the plume was a leaking, vandalized underground petroleum storage tank. The new well was drilled away from the plume, but has high sodium and chloride levels. The high chloride levels interfere with the corrosion control chemicals, resulting in elevated levels of copper and occasionally lead

since 2010. While some individual samples show elevated lead results, the system has never exceeded the action level for lead. The school has tried various treatments with no sustainable success. The old well historically showed no exceedances of lead and copper. Water from the new well is exceeding the copper action level. DEC has reached the conclusion that the corrosion issue cannot be treated and recommended switching back to the old water supply well in the short-term, as no contamination has yet been found in that well, while they allow the corrosion control chemicals to continue to work. Should it be connected, the original will be monitored at least monthly for VOCs, and alternate sources of drinking water (bottled water, bulk delivery) will be ready in the event the plume reaches the original well. The Vermont Department of Health has been contacted for advice on the risk factors and approach. Division staff have phone conferences scheduled with the School and Vermont Department of Health for this week, in hopes of making the final determination.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Policy (OPP)

Ranger Solar Coolidge (Ludlow): The PSB held the pre-hearing conference, Wednesday, February 10, for Ranger Solar's 20MW Coolidge Solar project. The facility is proposed to be sited near the existing VELCO substation in Ludlow and would be the state's largest solar plant. Preliminary issues raised by the Agency were the need to conduct breeding bird surveys in the spring/summer of 2016 and the need for Ranger to assess the lifecycle greenhouse gas impacts of the project, including the carbon deficit resulting from the clearing of significant forested acreage for the project.

New Applications for the Week of February 1: OPP received 2 new Act 250 applications and 3 new Section 248 petitions.

Environmental Conservation (DEC)

ECO AmeriCorps Recruitment: Next week we will begin recruitment of 2016-2017 service sites and ECO AmeriCorps members for the second year of ECO AmeriCorps. The program will continue its focus on water quality. We will issue a press release and send out an announcement to community partners, and college career centers.

New Source Performance Standards (NSPS) for New Residential Wood Heaters Outreach: In response to new federal standards for residential wood heating devices which became effective on May 15, 2015, DEC has prepared several fact sheets intended for Vermont dealers of woodstoves, wood boilers, wood pellet stoves and boilers, and wood-fired forced hot air furnaces, as well as manufacturers of wood pellets. The factsheets will aid dealers and pellet manufacturers in understanding new requirements of the regulation and will be distributed to both small business sized dealers, larger national chain dealers, and all of Vermont's wood pellet manufacturers.

Audit Considered for Clean Water Program: The State Auditor's Office is performing a risk assessment of DEC's clean water programs to determine if we have the systems in place to receive the fee and Clean Water Funds that were granted to us last legislative session. The auditor could come to three conclusions: 1) there is minimal risk and a full audit is not warranted; 2) there is enough risk to do a full program audit; or 3) it is too soon to tell. After our meeting this week, our guess is that the auditor will decide that it is too soon to tell.

Fish & Wildlife (FWD)

Fishing Activity: Ice anglers are out in droves catching target species this week. There are solid ice conditions in some areas and not so solid in others. Violations detected this week included; license issues, access area violations, another fishing under revocation arrest, lead sinkers, unlabeled shanties; and catching closed-season fish.

Nuisance/Sick Animals: This week was a busy one concerning sick animals. There were two sick gray foxes dispatched in the Plainfield area. There was also a report of a sick raccoon in the southern part of the state and a rabid raccoon vs. a dog in Tunbridge. Wardens also responded to reports of a dead hawk, owl, bald eagle and other fowl around the state.

Rare Species found in Future Transload Facility: Staff provided the Department's legal counsel with an updated list of rare species and natural communities found in the proposed VT Railway Transload Facility in Shelburne. This is a controversial development as the project location is part of the LaPlatte River delta natural area.

Flying Airplanes and Bats: Staff continued working on evaluating impacts for the potential Hartness Airport expansion via a conference call with the Airport folks and consultants. The tree clearing near the known northern long-eared bat maternity colony may be limited to select tree removal to keep the airspace clear. Staff will meet on-site with the crew next week after they mark trees. Much of the land is owned by the Army Corps so they are now involved as well and want to be careful about the bats.

Online Fishing Tool Soft Release: Staff worked on finalizing the Online Fish Regulation tool for a soft release on February 8. This included the addition of new ice fishing tables and reviewing of the corresponding data. Staff also worked to add a "survey" link so people can provide reviews and evaluations comments of the new tool.

Forests, Parks and Recreation (FPR)

Firewood Importation Ban Rule: The public comment period has concluded on this proposed rule. A draft Responsiveness Summary is under review. Once finalized, the final proposed rule will be filed with the Secretary of State's office.

AMP Proposed Draft Rule: Public comment period ends on February 16. A Responsiveness Summary is being prepared. DEC requested a meeting with FPR on the draft proposed rule which has been scheduled for February 17.

Jim Jeffords State Forest Acquisition: Closing was postponed due to a significant title issue on a portion of lands in Shrewsbury. The Trust for Public Land (TPL) is working to resolve the title issue. Closing is scheduled to occur before February 29.

Muckross Donation: The hazardous waste clean-up plan has been approved by DEC and clean-up of the small amount of hazardous waste contaminated soil can begin. The ROW with the neighbor Drinker is being revised to include comments of Drinker.

Sweet Tree Holdings, Maple Sugaring Operation, Forest legacy Easement Lands: The US Forest Service has forwarded the Department's letter providing an analysis and explanation of the Department's approval of the Sweet Tree sugaring operation to their General Counsel for review and opinion of compliance with the Legacy Easement. The Department has offered to provide any information or assistance the USFS counsel may request. FPR staff have communicated this to Sweet Tree and made clear that FPR has not had the opportunity to have discussions with the USFS. Sweet Tree is preparing their own letter to send to the USFS.

State Lands Management: Stewardship Forester Tim Morton reports that so far this has been a terrible winter for logging, one of the worst in many decades. After repeated thaws and heavy rains, the woods are super-saturated with record amounts of warm, thawing water. Timber harvest operations in District 1 have been temporarily shut down.



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: February 12, 2016
Subject: Weekly Report

Priorities:

DEMHS PIO continues to communicate with Health Department regarding Zika virus communications. Health is holding off on major outreach until "mosquito season" and will address all diseases associated with mosquito bites. Health has built a Zika virus web page with links to CDC information.

The Coalition of Fire & Rescue Services will be sponsoring a "*meet your fire fighter*" on February 18, 2016 from 4:00-5:30 p.m. in the Cedar Room at the State House. There will be representation there from all fire service entities and the division of fire safety will have a booth set-up as well.

Administration

Testimony this week in HAC on the DPS FY '17 budget.

CJS

Lab Backlogs (as of 1/31/2016):

Blood Alcohol (0)
Drug Chemistry (799)
Serology (66)
DNA (casework) (151)
DNA (CODIS) (488)
Firearms (34)
Latent Prints (467)
Arson (1)

Working with DOH and VSP to obtain NARCAN and train lab analysts in use in the event of accidental exposure

2/10/16 TEG Contract - AG AA14 approval complete. Off to go to DII, AOA, TEG and DPS. Optimistically finish by 2/26.

Crosswind Technologies/Valcour

2/10/16 AA14 Sitting in DII, then needs to go to AG, AOA, Crosswind, and then DPS for final signature. That puts us to end of next week at the earliest for final signature.

We are also negotiating with Spillman Technologies for an interface to the e-Ticket system. DPS received changes back from Spillman. The changes were extensive and will require lots of discussions internally and with Spillman.

We have started notifying colocated users of the of the Bellevue Hill radio site in St. Albans of the States plan to eliminate the facility. This includes users / owner of the 800 MHz system installed for public safety

and transportation departments working in the lake Champlain island areas. It is my understanding that most police, fire and EMS have moved onto a VHF system, however the transportation departments have not converted. Other users include the St. Albans Police Dept. and EMS who has some legacy HEAR stations installed. We will assist all users by providing coordination services, however the physical relocation and FCC licensing associated with this activity will reside with the equipment owner.

The State Police have requested adding encryption capabilities to their two-way radios in Chittenden County. This is required so that State Police officers operating in his region can communicate with other law enforcement units in the county. This work has been identified as an "officer safety" issue and therefore a priority request. We are working with our vendors to identify firmware, software and hardware needed to retrofit the equipment. This request highlighted a larger issue which pertains to the need for better coordination of all SP two-way equipment purchases. I recently had a conversation with command staff and outlined the concern. We have mutually agreed that our program should provide purchase coordination moving forward.

DEMHS

Applications closed on 02/10 for the State Hazard Mitigation Supervisor position.

There has been some progress on the 2015 Hazardous Materials Planning grant, however, challenges still exist.

The following HMGP Projects were awarded: Pawlet's Generator for Red Cross Shelter at the Mettawee School (\$49k) and Andover's buy-out of 1053 Simonsville Road (\$146k).

Members of the Vermont National Guard provided a presentation of their capabilities to provide live video feed from their helicopters through the CST on 2/11 to SEOC representatives.

VT ALERT Notifier training was provided to the town of Middlebury and the town of Chittenden.

Watch officer training was conducted including a tour of the VT Agency of Transportation's Transportation Operations Center as well as an overview of the VT Agency of Transportation's (State Support Function 1) capabilities.

PAO still working with Vermont Public Radio on story about open public projects associated with the Irene disaster. Worked with Vermont Public Radio on Public Assistance disaster declaration story. Provided list of towns with outstanding projects - 141 projects in around 30 towns. Most outstanding projects are simply paperwork – closeouts

Valley News inquiry regarding Irene public assistance projects in Norwich. Paper asked if DEMHS had "warned" town that if primary project (town dam pool) fell through it would need to apply for an alternate project. Dam project was denied a permit by ANR and DEMHS PA staff discussed Alternate Project applications, and the process of applying before pool project was denied in order to have a contingency plan, with town during visits stretching back to 2014. Town had not come up with a contingency plan until project was denied. DEMHS staff worked with town on Alternate Project application and ensure it would be accepted by FEMA. Application will be submitted this Friday.

Fire Safety

The Division received \$3.2 Million in new plan review construction valuation collecting \$18,000.00 in permit fee revenue.

Staff met with UVM yesterday to discuss a proposed new building on Mount Mansfield which would house 20 scientist. The scientist would sleep at the site and would be involved in studying the environment.

Vermont State Police

A Troop

FF

14 Total Arrests, 6 DUI

Suicide 15 year old female with history of depression, left note.

Search Warrant of a known drug house in Westford, multiple agencies involved. Children removed into DCF custody, some stolen property recovered and, lots of drug paraphernalia.

Hosted a large meeting to discuss intel on gangs/drugs/stolen firearms.

Troopers are investigating fraud cases with \$50.00/\$100.00 bills.

BCI

Search warrant in Westford on a residence known to be selling heroin. Joint effort with numerous municipal departments and DCF. Minor amount of illegal drugs located as well as stolen merchandise. DCF took custody of three children from the residence.

Requested CO assault case at CRCF. D/Sgt looking into. No real assault. More of a use of force issue at facility.

Investigation into Marshfield armed robbery. Arrest of three suspects made after wire warrants and interviews. Interviews showed suspects related to six other robberies and burglaries. D/Sgt working with Berlin PD and Montpelier PD regarding the suspect's admission to their robberies.

Ongoing investigation into armed robbery in Cabot. Search warrants obtained. Main suspects identified. Investigation continues with applications of search warrants and wire warrants.

Accidental shooting in South Hero. D/Sgt assigned. Victim arrested as the shooting occurred in a crowded public establishment and the victim was highly intoxicated. Victim admitted that he should not have had a firearm in his possession based on his level of intoxication.

Assault investigation at the Swanton Correctional facility. D/Sgt assigned.

Intel meeting regarding gang activity and drug sales in Alburgh. Ongoing intel gathering regarding the drug activity. All known parties currently living in Burlington.

B Troop

FF

17 Total Arrests, 2 DUI

Issued a citation to Obadiah Croteau for Impersonating a Police Officer. US Army was notified of this and eventually released Croteau.

Mark Frady was arrested in North Troy for burglary, cat stealer.

BCI

Follow up interview with Inmate victim regarding agg. Assault. Inmate uncooperative (claims he doesn't remember whether or not he was assaulted or if he fell) Inmate has broken back but is back in general population at the correctional center.

Armed robbery in Barnet. Male entered a store with a knife and demanded money. Fled on foot. Follow up on Armed Robberies (Barnet, Cabot and East Hardwick) suspects have been identified. More follow up this week with Wire warrants and possibly search warrants.

Polygraphs administered in the Bradford Baby death investigation. Both Parents results were inconclusive. Plan is to re test both parents again.

Death investigation 70 yr old male in Glover, VT– History of Cardiac problems. Natural.

C Troop

FF

20 Total Arrests, 4 DUI.

“Crime Not to Read Program” at Lothrop School, Pittsford.

Arrested a subject for disorderly conduct and trespass after he arrived at a community health center and demanded medication and refused to leave.

Conducted 1 consent search resulting in a narcotics arrest.

Trooper conducted public speaking event at the Maple Street School.

BCI

Continued investigation of Rutland Town drive by shooting interviews, supplemental reports.

Case follow up on Hart homicide. Interviews, MCU work list.

Obtained evidence from ICAC with report for possession of child pornography case.

Case follow on sex offense case.

Juvenile interview with DCF at Middlebury HS for sex offense.

Sex assault in Bennington; interview with victim at Bennington CAC; Father arrested.

Assigned new case. Assault from MVCC.

Assist uniform with NTO service at MVCC. Subject refused to comply.

Assigned new case. Agency Assist to MPD. Download of two cell phones.

Assisted Bennington PD with Armed Robbery investigation which led to viable suspect in Armed Robbery at Cumberland Farms in Wallingford on 12/20/15.

Conducted further review of the Schaff missing person case, listened to all recorded interviews and read through entire case file.

Attended a briefing on the Schaff missing person case and discussed the case with previous case officer.

Worked on Aggravated Sexual Assault with Det. Trooper's assigned. Conducted interview of POI in this case and supervised the investigation.

D Troop

FF

10 Total Arrests, 2 DUI.

Single vehicle crash with ejection. Operator sustained leg and head injuries and air lifted to Dartmouth.

Agency Assist Canal Street Brattleboro- K9 requested for subject who robbed a Domino's Pizza Driver and took off on foot.

I-91 mm8 NB Brattleboro, vehicle stop resulting in consent search. 474 bags of heroin and 16 grams of crack cocaine located in vehicle. Four subjects arrested.

Assist to Woodstock PD with suspicious vehicle left in road with no operator. K-9 called out and male subject located standing in a small brook off the side of the road.

BCI
New Suspicious Fire Bellows Falls.

Assist Bratt PD with suspicious Fire from November 2015.

Fire in Bellows Falls.

Grega Evidence viewing by AG's office (for civil hearing).

Follow up interview with Sex Assault Victim.

Child Abuse, Wardsboro.

Fraud – Peru \$8000 loss – Offender processed at Rockingham. Court paperwork.

Sex Assault – Westminster – Offender interview. Case write up.

Agency Assist – Londonderry – Courtroom testimony for homicide trial in Georgia (via Facetime).

Untimely of a 40 year old female at the Yankee Village Motel in Ascutney, possible overdose.

Assault on correctional officer case, subject cited and case submitted to SA.

Assisted Windsor County SIU with sitting in on an interview with a 4 year old, the case involved inappropriate sexual contact among juveniles as well as a male subject showing the 4 year old pornography.

DCF intake, consensual sex allegation between 14 year old and 19 year old.

Assist C Troop with overdose investigation in Center Rutland, 23 year old female found deceased at Jen's Motel,.

Arrest for prisoner assaulting guard at SSCF with an improvised weapon.

TOPS
K9 search for Woodstock PD for male with mental health issues, located later hypothermic and transported to ER.

Members did escort for Sanders with Secret Service.

Public speaking @ Stafford Tech Public Safety Class.

Major Crime Unit:
CRT crash, completed reconstruction.

Thomas Casey untimely death case-completed (this was the death case on the morning of the Brattleboro Homicide- natural death).

Rashad Homicide-follow up: video surveillance review, property return to victim's wife, victim's vehicle released to insurance co., follow up for NYSP (for video enhancement work).

Denise Hart homicide: follow up-interview Nick Greeno's uncle, strategy meeting, case conversion to digital, FBI mapping cell data.

Dean Webster unsolved Homicide- interview in Rutland – nothing of interest gained (Assistance of NIU).

Grega homicide evidence review with AG's Office at Brattleboro Barracks.

AG case file provided for FBI.

Schneider Homicide: Follow up interviews.

Northfield Homicide: follow up interviews, grand jury subpoenas (tracking reluctant witnesses for service).

Jeffery's unsolved Homicide: follow up on info from family.

CSST:

2 members activated for assist to BPD with suspicious death scene.



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

[phone] 802-828-3322
[fax] 802-828-3320

Justin Johnson, Secretary

PRIVILEGED AND CONFIDENTIAL MEMORANDUM TO THE GOVERNOR

TO: Governor Peter Shumlin
FROM: Secretary Justin Johnson
DATE: February 12, 2016
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Issue Updates:

Decommissioning of VIT sites: All scheduled sites for decommissioning are completed and the equipment has been secured. We are awaiting Legislative direction.

Vacant space: With the moves back into WSOC, we are surfacing a significant amount of vacant office space that we need to sort thru. With the space study in Washington County complete, how does that integrate and what are the maintenance plans/schedules. Maybe time for a focus group?

Status of Governor's Priorities:

Stable.

Significant Meetings/Events:

Capitol Complex Security Working Group: Discussed security and legislation written to assist.

FINANCE AND MANAGEMENT

Issue Updates:

- FY2016 BAA was passed out of the Senate this week and will now go back to House for consideration.
- Continuing to work with the Governor's Office on establishing a marijuana legalization budget.

- Senate supports our proposal to establish a reserve within the General Fund to fund the next 53 week of Medicaid and the next 27th Payroll.
- Testified this week on Finance and Management and SOA Budget in front of SAC, no issues.

HEALTH CARE REFORM

All Payer Model:

Term Sheet: The federal government provided staff and attorney level comments on Vermont's proposed term sheet. The State team identified a half dozen issues of concern. Three issues stand out.

(1) Blueprint

- a. The federal government is representing that Medicare will no longer participate in the Blueprint, and they are showing no flexibility on this issue. Staff has elevated this to the principals, and we are set to discuss this issue with federal leads next Friday. This issue may need to be escalated if the Governor meets with CMS/HHS officials at NGA later this month.

(2) Financial Targets

- a. The financial construct for a long time has been an all-payer growth target of 3.5% and all-payer ceiling of 4.3%. The federal government proposed removing the 4.3% ceiling in favor of simply having a 3.5% target. Yet, they offered to only take corrective action for non-performance if we exceed the target by more than 0.8%. Accordingly, we would still have the equivalent of the 4.3% ceiling. The rub would be that the deal could appear worse than the proposed term sheet.

(3) Floor

- a. Vermont proposed a 3.5% Medicare floor for year 1 of the agreement and a 2% Medicare floor for each year in years 2-5. This was done to create some incentive and certainty for year 1 and protect Vermont from too low Medicare growth in each year. The new federal proposal is an aggregate annualized floor of 2.3%. While Vermont's proposal looks at each year individually, the federal counter-proposal does not. The aggregate floor would be measured at the end of the five-year term and puts Vermont at more risk for any individual bad year. This is a substantive change that we are working through with the project consultants and actuaries. The initial read of our consultants and actuaries is that (a) they are surprised that the floor is still in play but (b) the federal counterproposal may be substantially worse than the State's original proposal. Staff and contractors will continue to assess the federal proposal and focus on the likelihood that the floor would be triggered.

Implementation: Progress was made on APM implementation at DVHA, and they are likely reporting their progress to the Governor separately.

- The APM team made a decision late last week to pursue an RFP. Target release date is April 5th.
- Project team has identified all the relevant subject matter experts at DVHA/AHS to develop the RFP.
- Kickoff meeting for entire RFP team is scheduled for Friday.

Meetings: Michael Costa met with Commissioner Spellman of DHR to discuss the potential impact of the APM on the State as an employer. The goal is to enable DHR to have a conversation with BCBS regarding how this model might incorporate the State as a large, self-insured entity.

Michael Costa and Al Gobeille presented about the APM before the VSEA Board of Directors. Al did much of the talking, and it went well. VSEA had done their homework on the issue, and they understand the concepts and goals. Here are the union's major questions:

- Does the State intend to try and participate in the APM? If so, starting when?
- Is participation in the ACO a bargaining issue?
- Could the State lock in a guaranteed premium trend rate over multiple years if we joined the APM as an employer?

2/5 AARP Meeting: The team and GMCB had a call with AARP state and federal policy staff to discuss the term sheet and answer their questions. This generally went well and we requested that they provide comments on how to strengthen the term sheet.

SIM/VHCIP:

The SIM Team continues to work with CMMI to receive formal approval of remaining 2015 contracts and a series of 2016 agreements. The Program side indicated that would be received last week and we have not yet received the formal notice. This has delayed some 2015 payments to vendors and our 2015 year close out. We have a check-in call with them tomorrow and hope to address this issue. We are also awaiting formal decision from CMMI regarding clinician payments and what is allowable. We suspended payments for these activities in November pending federal approval.

The SIM Team is working with a new vendor on the launch of the event notification system, which will provide admission, discharge, and transfer information to providers around the state as patients move from one setting to another. This new system will launch in March and target ACOs, hospitals, and skilled nursing facilities first.

Other:

2/8 VEHI meeting: Devon, Robin, and DFR talked to CMS about VEHI's status and whether it must comply with the ACA's insurance market reforms, including the requirement that small employers go into the small group market. CMS is leaving it up to DFR as to whether VEHI is insurance or a self-insured governmental plan. If VEHI is insurance, then it must comply with the ACA market reforms, if it is a self-insured governmental plan, then it can stay as is. CMS is available for consultation and would like to see VEHI's contract with BCBSVT. AoA's position is that it would like VEHI to be compliant with state and federal law.

Legislative:

Provider Tax: Steven Costantino testified in HHC. We have not heard anything further from Ways and Means.

All Payer Model: Ena Backus continues to provide basic background testimony on the APM to committees as requested. AOA attends those hearings as well. Hearings occurred in HHC, SHW, SAC, and Senate Finance this week. We continue to hear that APM is in trouble at the legislature, however the tone of the community providers and others took a significantly more positive turn this week. They are testifying that they support the APM, but would like some assurances (which still may be a poison pill.)

Bills:

S.255 09-03: Nothing new from last week.

H.524 1332 SHOP waiver: The draft SHOP waiver was posted on DVHA's website on Monday and published in newspapers on Wednesday. There will be two public hearings held. The public comment period will end on 3/11 after which time the waiver will be submitted. Lawrence notified CMS/CCIO about the waiver and will follow up with them on a weather report. We are testifying in Senate Finance on the bill today & hope to get it out of committee very soon.

H.812 Consumer protections for ACOs: There was no testimony this week on this bill, however, SHW took similar testimony on the topic this week.

H.761 Performance measures: Georgia provided background information to HHC on the performance measure inventory and alignment work performed through SIM for the Shared Savings Program. This was followed up by several people testifying on the same bill including Craig Jones providing additional information for the Administration. The Committee is very interested in doing something to solve the two issues they see: 1. There are too many measures imposed on providers and these are too burdensome; and 2. The use of EMRs is causing significant challenges to providers. The proposed legislation does not modify #2, as that is federally-driven.

H.651 Pregnancy SEP: HHC said the bill is not going anywhere for now because language is currently in budget.

HUMAN RESOURCES

Legislative/Policy Update:

Responded to a request from Sen. Campion in regards to how many State employees would be excluded in the draft of Paid Sick Leave bill that first passed the Senate.

Testified in House General on H. 111 which would create a committee to study the removal of grievance decisions from the Vermont Labor Relations Board's website. Will be working informally over next week with VSEA the Labor Board on solution that would avoid study committee.

Testified before House Economic on H. 778 which is revision to worker's compensation and unemployment insurance. Provided perspective with my "employer" hat on and directed them to Risk Management and Purchasing and Contracting for state oversight questions as DHR does not play that role.

Communications Update:

A letter was sent to the 68 phishing scam victims outlining the identity monitoring services the State will be providing.

Significant Meetings/Events:

Met with Michael Costa regarding the All Payer Waiver and possible participation of the State Benefits Plan. Will soon reach out to Blue Cross Blue Shield to discuss.

Worked with benefits and retirement on issues regarding the Vermont Supreme Court decision on the status of State's Attorneys and Sheriffs employees- developed recommendations.

Discussed final draft, due next week, on proposed statutory changes to provide health care benefits to the dependents of any employee that dies as a result of work related violence. Working closely with retirement and keeping VSEA informed.

Preparing for negotiations with Vermont Troopers Association, to begin at the end of February.

We have established a pilot project with DCF to recruit their Cases Aides on a "continuous" basis. DFC, centrally, will do prescreening and 1st round interviews to create a "short list" for District Directors to expedite the process. If successful, we plan to extend this model to DCF Social Workers.

Working with DII on developing several protocols in the wake of the phishing scam.

INFORMATION AND INNOVATION

Significant Events/Meetings:

Commissioner Boes talked to Ways and Means (W&M) regarding the two lines in section 45 of the fee bill that recommend a standard 3% fee be approved for new web sites leveraging credit card payments or \$1.50 for ACH payments from VIC. W&M had also requested a report on the funding model for VIC. A summary and the report were provided to the committee, but the committee remained concerned that the public was paying fees that should be paid by the state. I explained only 10% of the fees paid to VIC were paid by the public and they said anything was too much. They wanted to have me come back with Rob Ide (50% of the fees paid by the public are for DMV services) to explain why this administrative overhead had not yet been absorbed by the state. Until we address this point, the legislature will continue to be an obstruction to optimal use of the web portal. While I did not propose this to W&M, I believe the best solution would be to do as W&M has suggested and have the state pay the fees. The total amount of fees paid by the public in FY15 was \$170K.

LIBRARIES

Issue Updates:

Bed bugs discovered at Midstate Library Service Center (Berlin): BGS continues to work with the staff in Berlin to eliminate the bed bug problem. A "sniffing" dog was brought for a third time to the facility and her work showed that the bugs had spread into the book collection. BGS has provided a loaner "heat-pak" for heating books and other materials to temperatures of 120 degrees+ (for extended periods) to kill bugs/eggs. They first tested the heat-pak to make sure that plastic cases and talking book playback machines would not be damaged. We continue to be in contact with libraries in CT that have had this kind of problem. BGS will purchase a heat-pak, and after more testing, we plan to purchase one, too to

have on site and to use as a possible loaner to libraries. We will schedule regular visits with the dog, and put other protocols in place.

TAXES

Legislative Update:

Estate Tax: The advocates are trying to determine the best path forward with Rep. Ancel's insistence that out years be "revenue neutral" – which is only achieved by a lower exemption. The question is whether it is best to get the structure right, and leave the exemption for another day.

TIF: We have worked with VEPCI on a draft letter to Burlington informing them of the error in activating their TIF, and that the revenue erroneously retained by the city would be deducted from their first TIF payments upon activation.

AirBnB: Rep. McCormack and Sen. Pollina have both contacted us about tax on AirBnB. We have responded with some stats on our outreach and audit programs, and informed them that AirBnB has presented some boilerplate terms to collect on behalf of their hosts, but there are a number of issues, and we are going slow.

Marketplace Fairness: Ways & Means is considering what Vermont might do to join Alabama's lead in passing a law (in Alabama's case a reg) that creates nexus for remote sellers in defiance of Quill. Alabama's purpose is to create a lawsuit to take to the US Supreme Court – I spoke with them, and no one has sued them, so they will have to go out and assess a business to get to court. NCSL is pushing states to act with model legislation, one or two other states have under consideration.

Operations Update:

Tax Season: Refunds: Our crawl on refunding continues in fits and starts. We have not gotten W-2 information early from large payroll services as hoped (not due until end of month). The small number of returns that we have tried to push through are being flagged for fraud through our data warehouse at a 50% rate – we are analyzing that further. In the meantime, we have found at least one situation where the warehouse does not catch a flag. To top it all off, as of last week, we had two vendors admitting to data breaches and an IRS shutdown. This week, the IRS acknowledged a major data breach – and privately they are saying they believe they may have received a large number of fraudulent returns from this breach. We are on hold for the next couple days as we analyze our data warehouse results and await further information on suspicious filers from the IRS. Next week is typically our busiest for returns.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Patrick Delaney, Commissioner
Date: February 12, 2016
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates:

Testified before Appropriations on Friday regarding the DLC FY17 Budget – all went well.

Bill Goggins testified 2/10/16 to House Gov Ops on H.130, which would create a super-agency of law enforcement.

Bill Goggins and I testified 2/11/16 to Senate Economic Development, Housing & General regarding discussion of a Committee Bill related to consolidation of up to six bills related to DLC (S.11, S.80, S.163, S.164, S.250 and S.253). We have concerns on some of these bills, and hope to get them modified in committee.

Also on 2/11/2016 Bill Goggins and I testified to House General on bills related to Liquor Control:

H. 305, 404, 451, 802, 804 and 835. Similarly, we have concerns on some of these bills and hope to get them modified in committee.

Press Issues/Releases/Contacts: None

Significant Events/Meetings:

Liquor Board met 2/10/16 –

They approved sending notice to Pownal store that we will advertise for a new Agent for the area and most likely not renew their contract. We have notified legislative members from the area.

They approved sending notice to the Brandon store that we will advertise for interested applicants for an Agent store for the area. We have notified legislative members from the area.

Board chair is interested in expanding the use of Board Counsel. Unsure if this is scope, time, or both. A meeting will be set up with her and AG's office.

Have scheduled a board meeting on February 17th to conduct final round of interviews for Deputy Commissioner position.

Summary of Key Department Activity:

Agency Issues: Advertising for a replacement Agency in Bradford this week. Board is also interested in forming an Agency Advisory Committee. We will need to get back to the Board with some ideas on membership and what they would do.

Staffing: - Nothing noteworthy.

IT POS system: Continuing to work on new RFP's. Goal is to have them ready by the end of the month

Warehouse: We received a \$5,000 grant from NABCA to analyze our delivery routes.

Commissioner's Commentary: A very productive week with on-going exposure to the legislative process and introductions to numerous members of both the House and the Senate. Continuing education regarding the product listing and de-listing process and the DLC procedures for inventory management. Initial interface with David Jackson the DLC's operations consultant for the past 6 months. The dust is starting to settle with respect to introduction phase to the new position and its corresponding responsibilities.

**116 STATE STREET
MONTPELIER, VERMONT 05620**



**OFFICE OF THE SECRETARY
TEL: (802) 828-1619
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: February 12, 2016

Secretary's Top Issues

Possible stolen horse from Wyoming

Kristin Haas, State Veterinarian, made a referral to a Vermont State Police captain regarding the possible existence of a stolen horse in Vermont. The animal allegedly originated from Wyoming, and the case was brought to VAAFM attention by veterinarians with the Wyoming State Livestock Board. VSP will follow up with Wyoming veterinarians, and VAAFM is available to offer support as requested, including quarantine issuance.

Farm to School Awareness Day Celebrated in the Vermont Statehouse on February 10, 2016.

The day began with a joint committee hearing in Room 11, where 12 organizations, teachers, students, farmers, a superintendent, food service directors, and state agencies testified about the impact of farm to school, to the House Agriculture, House Education and Senate Agriculture Committees. The evening event, a ceremony to celebrate the 2016 Farm to School Grantees. This year, \$69,200 in grants went to 13 schools and supervisory unions, in 7 counties, impacting more than 5,000 students.

Vermont Agricultural and Environmental Lab

Secretary Ross, Dep Sec LaClair, and Lab Director Guy Roberts joined BGS Commissioner Obuchowski and ANR Dep Sec Trey Martin to present the annual update on the capital bill appropriation for the Vermont Ag and Environmental Lab. Ross and Martin provided thanks for the tremendous 3 agency partnership between BGS, Ag and ANR to get to this phase of development, a project 4 years in process since Irene swept the lab from Waterbury. BGS outlined the design and permitting process to date: all on track to move into the lab in March 2018 and operational by April 2018.

Slaughter Violations

Kristin Haas, State Veterinarian, issued multiple letters of warning and Notices of Violation this week to Vermont dairy farms who have had repeat tissue residue violations from market cows and bob calves sent to slaughter. This is a significant problem in Vermont that the Animal Health section is working diligently to improve. One of the farms that will receive an NOV has already paid a \$2,000 administrative penalty to the Agency for two violations within one week involving bob calves.

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STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: February 12, 2016

Status of Governor's Priorities:

Legislative Activities and Issues:

2/10/16

Senate Judiciary took up S.231, a bill to limit civil liability for agritourism activities. Testimony provided by Vera Simon Nobes, Shelburne Farms, Farmers Beth Kennett and Mike Isham. Senator Ginny Lyons is the author of the bill, resulting from her visit to the Isham Christmas Tree farm with the Governor and Sec Ross last December. Mike Isham discuss concerns regarding landowner liability with all the visitors and over 60 school groups he hosts each year. Last testimony provided by Trial Lawyer – saying this is not needed. Committee discussion: We understand the value of agritourism in Vermont however unsure how this bill would make a difference. Will insurance rates go down? Have there been Vermont cases in which a business owner was sued for civil liability result of experience on a farm? Answers were not clear and witnesses understand their need to do more homework. Further testimony will occur next week. DPT of Financial Reg will be brought in as well as a major insurer. Megan Camp is taking the lead to build the case in support. The Working Lands Enterprise Board Policy Committee will further discuss the issue, however at present I believe the justification needs to be better outlined before the board would adopt a formal position in support.

Senate Agriculture returned to S. 205. Senator Starr presented the bill as moving land use determinations associated with energy facility construction to Act 250, and keep the electrical transmission within the PSB jurisdiction. Leg Counsel Adler corrected Sen. Starr indicating that the bill would incorporate Act 250 criteria 9(B) and (C) for PSB consideration. Sen. Starr went on to say that meeting focus was on Solar Siting Task Force (SSTF) recommendations. Deputy Commissioner Copans testified. Discussion of interest to the VAAFM include

- Allowing solar in wetlands- taking that land out of production (whether tiled drained or not) and allowing wetland functions to improve, and farmer continues to receive revenue for making water quality improvements- a “win- win”
- Dual use of Ag and Solar on a parcel
- When a state has money in a project- Downtown tax credits, affordable housing, *conservation easements* – require solar development- Deputy Commissioner Copans mentioned that the DPS is looking at providing incentives within the program.
- How much solar does the state need?- 12,000 acres ground mounted, 4,000 in rooftop installations
 - substantially more expensive to do retrofit on developed land
 - use state incentives to only fund projects that are not getting built otherwise
 - Tier two another program another option for directing resources
- Party status for VAAFM
 - 248 existing criteria b(5) provides authority to consider Primary Agricultural Soils and forest health
 - DPS recommended bill back authority for the Agency of Ag to SSTF

Kevin Fink Policy Analyst for PSB

- Generally, he commented that the Public Service Board would not have a problem with the incorporation of 9(B) and (C) on b(5).
- The VAAFM has not been denied intervention in PSB proceedings. PSB appreciates when state agencies participate and their expertise.

- Bill back - hiring some else outside of Agency for expert testimony. (Unclear whether this can be done for legal counsel) Department of Public Service can hire on behalf of VAAFM (need some additional information).
- Can bill back existing state Agency personnel, but PSB doesn't generally authorize this. (Talked to Anne and they have done this for existing personnel at the DPS)

2/11/16

Senate Ag took testimony on Regenerative Soils S 159. The program is characterized as a way to support small farms, and instituting a “raised through regenerative agriculture” or similar label for meat. The idea of livestock and grass farming, raw milk, on-farm slaughter, etc... and providing a place for agriculture's role climate change mitigation by increasing soil carbon by four thousandths (0.4%) per year

No mention of, or explicit connection to:

- Small farm certification
- New water quality rules

There is a relationship to organic, and was called “organic plus”

- Organic does have a little-known requirement for building organic matter
- NOFA-VT OK with the concept
- Organic is what you don't do, whereas regenerative would be an affirmative standard, based on three yes/no tests.

Costs and other

- Jesse MacDougall's spreadsheet assumes \$200 for testing, of the \$500 fee, i.e. a \$300-per-farm means to administer the program

Letters of support from Bill McKibben, Judith Schwartz (author, she also testified). William Moomaw, Tufts University (emeritus), Seth Itzkan, Soil4Climate (Thetford), Ryan Yoder, Yoder Farm (Danville), Sally Dodge, Iroquois Valley Farms (Arlington), and Regeneration International and Kiss the Ground, two non-profits.

Significant Events/Meetings:

- Assistant State Veterinarian met with representative of the National Sustainable Agriculture Coalition to discuss the Produce Safety Rule and the Food Safety Modernization Act, the work the Agency is doing to prepare for the Rule, and to exchange ideas and information.
- Animal Health Section staff are contacting via phone poultry producer to assess interest in completing the voluntary High Path Avian Influenza (HPAI) assessment forms. If producers are willing to participate in this voluntary program, staff will set up a time for an on-site visit that will occur in conjunction with our USDA partners. These visits will help us build relationships with the growing poultry industry in the state while at the same time providing valuable technical to producers regarding biosecurity practices and mitigation measures for HPAI.
- Assistant State Veterinarian provided a training on High Path Avian Influenza for the Lamoille County Emergency Planning Commission. The talk represents the next phase of Agency planning which is to reach out to local responders who will likely be the boots on the ground people during an outbreak.
- Dairy staff will be meeting with 4 prospective establishments about processing various milk products.
- Kristin Haas, State Veterinarian, hosted a conference call of the Vermont Veterinary Medical Association's Antibiotic Residue Avoidance Task Force, which she chairs. The Task Force is working to fully implement the HACCP-based Food Armor Program in Vermont, which is an antibiotic residue avoidance program. There is a potential opportunity to partner with Ben and Jerry's on this initiative by incorporating Food Armor into the Caring Dairy Program. Discussions with Ben and Jerry's project leads pertaining to this are happening this week.
- Kristin Haas, State Veterinarian, presented information to Directors with the Department of Buildings and General Services about that department's support role in a Highly Pathogenic Avian Influenza outbreak. The information was presented at the request of Bill Laferriere.

Evolving Issues:

- Kristin Haas, State Veterinarian, issued multiple letters of warning and Notices of Violation this week to Vermont dairy farms who have had repeat tissue residue violations from market cows and bob calves sent to slaughter. This is a significant problem in Vermont that the Animal Health section is working diligently to improve. One of the farms that will receive an NOV has already paid a \$2,000 administrative penalty to the Agency for two violations within one week involving bob calves.

- The Agency notified three applicants for the Dairy Programs Section Chief position that they are welcome to participate in 2nd interviews, which will be scheduled in the coming weeks.
- The Food Safety and Consumer Protection Division received a request for a hearing this week from a VT dairy farmer who has had multiple tissue residue violations in response to a Notice of Violation he received from VAAFM
- Kristin Haas, State Veterinarian, spoke with a DEMHS exercise planner to begin determining logistics for a Highly Pathogenic Avian Influenza tabletop exercise in May focused on the interaction between local responders and the state during a disease outbreak. The exercise is tentatively slated for April.
- Kristin Haas, State Veterinarian, submitted a single nomination for a VT geographic shortage location for the 2016 award cycle of the Veterinary Medicine Loan Repayment Program. If the shortage area nomination passes the merit review process, eligible veterinarians will be able to apply to the program and be reimbursed for up to \$25,000 annually to offset educational debt load in exchange for working in the area for up to 3 years.
- Animal Health Section staff collected samples for avian influenza (AI) testing for a participant in the National Poultry Improvement Plan (NPIP) who is certified AI clean.
- Animal Health staff inspected a new animal rescue facility located in Essex Junction. The facility did not pass inspection due to a number of factors, including lack of a ventilation system and adequate space to house the animals. The owner was provided with a letter outlining why the shelter did not pass inspection and what steps need to be taken to come into compliance with the Animal Welfare Rules. A copy of the letter was also provided to the parent organization located in both NH and SC.
- Animal Health Section received a complaint from a legislator regarding the conditions of livestock held at a barn owned by a licensed livestock dealer. Staff also assisted the legislator in contacting the appropriate branch of USDA to follow up on an issue of non-payment that this legislator had with the dealer, who purchased a number of goats from him but not provide payment.
- Dairy Processing staff have had inquiries from industry stake holders about the Non-GMO labeling rules.
- Farm inspectors have referred several Dairy Farmers to Ryan Patch with questions about the new water quality rules.
- Farm and plant inspectors continue to do their assigned duties.

Summary of Key Agency Department Activity

Administration:

Ag/ANR Lab:

Secretary Ross, Dep Sec LaClair, and Lab Director Guy Roberts joined BGS Commissioner Obuchowski and ANR Dep Sec Trey Martin to present the annual update on the capital bill appropriation for the Vermont Ag and Environmental Lab. Ross and Martin provided thanks for the tremendous 3 agency partnership between BGS, Ag and ANR to get to this phase of development, a project 4 years in process since Irene swept the lab from Waterbury. Martin discussed the newly created Governance Model, including a Governance Board, a Lab Management team and a Stakeholder Advisory Committee to launch in 2017. LaClair shared the tremendous gains made by Lab Director Roberts to meld a culture of 2 agency's staff and the breadth of program responsibilities under the purview of the lab. Roberts finished the presentation discussed what the core lab does, how it has changed, the critical changes with IT infrastructure, and the opportunities to create a new business model – analysis and new partnerships already underway. Roberts also highlighted all the program users - ANR department programs – which are now key to the Lab and will be located in Randolph. BGS outlined the design and permitting process to date: all on track to move into the lab in March 2018 and operational by April 2018.

Land Use:

This January, the Act 250 program reviewed a total of 10 projects. Of these 10 projects, three projects have de minimis impacts, three projects have soils which do not meet the statutory definition of primary agricultural soils, and of the remaining four projects there are 15.03 acres of soils impacted which, should these projects be approved based on the review letters written by the Agency of Agriculture, a total of 32.33 acres of mitigation is warranted. In addition to the 10 projects reviewed the District Coordinators finalized 4 permits and decisions with findings on Criteria 9(B). Two of the four decisions result in a total of \$16,896.20 of offsite mitigation fees which will be paid to the Vermont Housing and Conservation Board which will be used to purchase conservation easements on farmland throughout Vermont.

Agricultural Development:

- On Thursday February 11th, Senior Market Development Specialist Reg Godin listened to testimony from the Vermont Fairs Association and six Vermont Fair & Field Days to the House Committee on Agriculture and Forest Products.
- Jackie Folsom of the Vermont Fair Association and Executive Director of the Vermont Farm Show introduced the testimony, highlighting the successful 2015 fair season. In all, fairs were up 3%, roughly 14,000 visitors. Jackie noted the success of the 2016 Farm Show despite having nearly 30 exhibitors renege on their contracts in October 2015 the exhibition was still full by January 2016. Moreover, meeting rooms were maximized by Producer Associations and the Farm Show anticipates needing additional meeting space in 2017.
- In addition to Jackie, the following Fairs were in attendance to testify to the Committee, Addison County, Orleans County, Caledonia County, Tunbridge and Champlain Valley Exposition. Each fair noted the importance of the capital grants program and its role in preserving and improving the old infrastructure. Orleans and Tunbridge noted it was their fair's 149th and 145th fair respectively! Some of the capital grants project mentioned were the rehabilitation of the Orleans County wooden grandstand, major electrical upgrades in Tunbridge, critical HVAC upgrades at Champlain Valley Expo, Barn improvements in Caledonia and general facility upgrades in Addison.
- Legislators were very interested in the economics of the fairgrounds and how they may increase revenues. Representative Purvis theorized that due to the mediocre ski season fairs would see an uptick in business and questioned the fairs ability to host campers. In addition, he mentioned that he would like to see fairs hosting campers and others during the offseason. Rep. Purvis also quizzed Champlain Valley Exposition on why the Vermont Building appeared so dilapidated and what could be done to make it into something similar to the Vermont Building at the Big E. Tim Shea with Champlain Valley discussed the challenges with attracting small, local producers to participate at the 10-day fair and the upgrades required to the building. Rep. Lawrence noted the entrepreneurship of Orleans County fair through the purchase of a cheese curd machine to use milk produced at the fair to produce cheese curds. This allows the fair to pay the farmers who bring their dairy cows to the fair. Addison County noted their interest in including more local food at the fair and their efforts in 2016 to have more Vermont alcohol tastings.
- Lastly, Madam Chair Partridge tasked Jackie Folsom with ensuring fairs are better aware of the Capital Fair grants availability in 2016, particularly how much money is available and how many fairs intend to apply for the funds, so that the funds can more easily be distributed by the grant advisory committee.

Produce Program Team Meeting with National Sustainable Agriculture Coalition

- Produce Program Team—Abbey Willard, Kristina Sweet & Shelley Mehlenbacher—met with National Sustainable Agriculture Coalition Policy Specialist Sophia Kruszewski to discuss final Food Safety Modernization Act (FSMA) rules.
- The team discussed national and state plans for FSMA implementation as well as how to provide outreach, education, and technical assistance to small and diversified farmers and processors who may be impacted by the rules.
- The team will continue to collaborate with NSAC as outreach and educational materials are developed and shared with Vermont growers.

Produce Program Coordinator Hosts Specialty Crop Block Grant Program Information Session

- Produce Program Coordinator Kristina Sweet hosted an information session webinar for potential applications to the Vermont Specialty Crop Block Grant Program (SCBGP), funded by USDA's Agricultural Marketing Service.
- The information session presented an overview of the program, new USDA requirements, and the Agency of Agriculture's new online grants management system to over 30 attendees.
- A recording of the webinar will be shared on the [Vermont SCBGP webpage](#).

VAAFM Farm to School Coordinator, Zipparo, Leads Team of Researchers Evaluating the Progress of the Vermont Farm to School Network of Reaching Its Goal

- The network's goal is: 75% of Vermont schools will engage students in integrated food systems education and purchase 50% local by 2025.
- The research team consists of: Dawn Ellis, Dawn M Ellis and Associates; Shoshanah Inwood, UVM CDAE; Jennifer Woolard, VT Department of Health; Linda Berlin, UVM Extension and Nutrition; Erin Roche, UVM Center for Rural Studies; Betsy Rosebluth, Vermont FEED; Anne Lezak, Mercy Connections; Megan Camp, Shelburne Farms; Ali Zipparo, Vermont Agency of Agriculture, Food and Markets
- Though the main task of the team is to measure progress of the network in its pursuit its goal, the research team will be exploring other metrics related to measuring the impact of farm to school, overall.

VAAFM Farm to School Coordinator, Zipparo, Attends Introductory Technical Assistance Webinar with 2016 Farm to School Planning Grantees

- The webinar was delivered by Vermont FEED, and was designed to align all grantees around expectations of the grant technical assistance plan.
- In addition to Vermont FEED, other technical assistance service providers were on the webinar, including Healthy Roots, Northshire Grows, and Marble Valley Grows.
- This is the second round of planning grantees that will receive required technical assistance, along with the financial assistance they receive.

Farm to School Awareness Day Celebrated in the Vermont Statehouse on February 10, 2016

- The day began with a joint committee hearing in Room 11, where 12 organizations, teachers, students, farmers, a superintendent, food service directors, and state agencies testified about the impact of farm to school, to the House Agriculture, House Education and Senate Agriculture Committees.
- Additional testimony was heard in the Senate Education and House Health Committees.
- The evening event, a ceremony to celebrate the 2016 Farm to School Grantees, featured comments from Secretary Holcombe, Secretary Ross, Senator Sirotkin, Milton High School Students, and Leigh Merinoff of Meadows Bee Farm in Windham.
- This year, \$69,200 in grants went to 13 schools and supervisory unions, in 7 counties, impacting more than 5,000 students.

VAAFM Farm to School Coordinator Participates in Farm to School Coordinator Community of Practice Meeting in Montpelier, on February 11, 2016

- The meeting was a culmination of two regional meetings held in Manchester and Craftsbury, that brought together coordinators from the region, to share survey results and discuss best practices, needs, and vision for better farm to school coordination throughout the state.
- The COP project was funded by Vermont Community Foundation, and led by Green Mountain Farm to School.
- The initial survey went out to several school and farm to school outlets, and had 123 respondents who identify as farm to school coordinators. 80% of respondents were paid, and worked less than 10 hours per week. 40% of those worked less than 2 hours per week as a farm to school coordinator. This is important, because it highlights the need for paid coordinators, but that it doesn't need to be a dedicated full-time staffer, making it more feasible for schools to include this type of a position in their budget for fairly effective delivery.
- More than 9 farm to school support organizations attended, including VAAFM, VDH and ANR.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- FSIS has given a due date of April 29 for the Limited English Proficiency plan to be compliant with the Civil Rights Division. Meat Inspection is currently working on creating one.
- Assistant Director, Dr. Katherine McNamara is working as a planner for Vigilant Guard.

- Meat Inspection is updating the humane handling template for establishments to use in writing their plans.
- Meat Inspection received an inquiry from a slaughter establishment in Grand Isle regarding submission of their humane handling plan and proper licensure of their firm. They have had a walk through from USDA FSIS and are planning on starting soon.
- Investigation conducted by Compliance Officer in regard to potentially misbranded sausage at a South Burlington pizza shop. This was referred to compliance by the state health inspector in that area.
- Compliance Officer sent a small plant inspection package to a producer in Craftsbury for the possible construction of a slaughter and processing facility.

Animal Health:

- Animal Health Field Staff
 - Completed an annual inspection of a livestock dealer
 - Collaborated with Meat Inspection compliance officer to inspect a cervid producer's restaurant regarding the source of elk for sale at the restaurant.

Food Safety:

The Food Safety and Consumer Protection Division management team met with legal counsel in the newly-resumed bimonthly compliance meetings. Multiple enforcement cases were reviewed, and substantial progress has been made in recent weeks on most of them.

Dairy:

- Dairy Section continues to perform required regulatory activities and to pursue enforcement actions as warranted.
- Dairy had an enforcement hearing for a farm not in compliance with the Pasteurized Milk Ordinance.

LOTTERY WEEKLY REPORT

I was gone all week so not contact with legislature, media or others.

Our financial statements YTD through January are completed with the following results:

Budget	Diff to LY	Actual	Budget	Last Year	Diff to
Sales	\$8.6M	\$72.9M	\$69.7M	\$64.3M	\$3.M
Profits	\$2.9M	\$15.7M	\$13.5M	\$12.8M	\$2.1M

There are always some expenses that are below plan at the moment that will reduce this difference to budget.

Next week I appear before HAC to discuss budget and problem gambling grant. I am told that Senate Econ is planning to vote on S.252 next Friday.

Greg

Greg Smith
Executive Director
The Vermont Lottery
802.476.0100

To: Honorable Governor Peter Shumlin
From: Annie Noonan, VDOL Commissioner
Re: Weekly Report ---- Week Ending 2/12/16

Key Issues:

UI system crash this week delayed some UI checks (approximately 3,200 - about half of the process run), by about 2 days. WCAX reported on this. For week ending 1/30/16, we paid out 6,155 (a 100 person increase). Certainly, the ski area layoffs have increased the claimant numbers, but we also had a 22 person layoff at FabTech; and this week we have the Dynapower layoffs.

Despite being confident about the joint venture with Idaho on a UI modernization (Idaho has built a system for UI benefits, tax and reporting), our CURRENT system is breaking down daily. It has become a "whack-a-mole" system, and I fear that our IT staff are lacking in both time capacity and expertise to address the daily crises. As such, it's only a matter of time before we have a much bigger, more serious crash.

Legislative:

House Commerce is planning (at least as of what they said this morning) to vote the misclassification bill next week. They have spent most of this week on the bill, and have had dozens (no exaggeration) of people in to testify on the bills. Right now, they are trying to meld a bill between VDOL's and Rep. Scheurmann's. Interestingly, most of the witnesses support VDOL's bill.

House General took up about 15 bills this week from sponsors on a myriad of labor issues. Matt Hill and I will do bill reviews for you on all of these. We are approaching the sponsors when we think the bill is problematic, or superfluous, and trying to gently advise them that we may not support the bill, and explain why.

I was asked for a fiscal note (by JFO) on paid sick leave (again...), and advised that we do not need funding, but (and this was not shared with JFO), that will require VDOL to be able to carry forward GF monies without any loss of those funds.

I believe our proposal on WC Opiate and PBM programs are strongly supported by Commerce. Now wait and see the whining from the advocates.

WC & Safety:

I believe the resolution on the VOSHA review of the Sobel case was greatly assisted by AAG Michael Duane.

WETF grants have been awarded. Would you like a press announcement from Gov's Office? Regional Workforce Partnership applications are ready to be advertised.

State Workforce Development Board meeting was held this Wednesday. About 100 people attending, including the entire House Commerce Committee. I would like a meeting with you, Gov, to discuss issues and concerns that I have with workforce direction/expenditures.