

WEEKLY REPORTS

Checklist
6/08/2012

 Bill Lofy

☒ Agency of Commerce and Community Development – Lawrence Miller

☒ Agency of Agriculture – Chuck Ross

☒ Agency of Transportation – Brian Searles

☐ Department of Labor – Annie Noonan

Alex MacLean

☒ Agency of Natural Resources – Deb Markowitz

☒ Department of Public Safety – Keith Flynn

☒ Public Service Department – Liz Miller* (shared with Sarah)

Susan Bartlett

☒ Agency of Human Services – Doug Racine

Sarah London

☐ Department of Financial Regulation – Steve Kimbell

Jeb Spaulding

☒ Agency of Administration – Jeb Spaulding

Special Reports

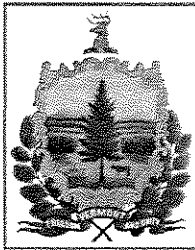
☒ Additional Report: Education

☐ Additional Report: Lottery

☐ Additional Report: Irene Recovery Office

☐ Additional Report: Boards and Commissions

To 116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 8, 2012

Secretary's Top Issues:

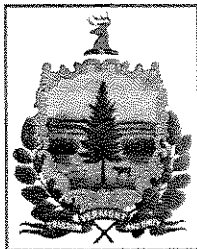
The Vermont Agricultural Development Board met on Wednesday, June 6, 2012 in Montpelier and welcomed the Commissioner of Forests, Parks & Recreation, Mike Snyder to the board. As of July 1, 2012 the board will become the Vermont Agricultural and Forest Products Development board and will be adding four forestry sector representatives to the board - a person with expertise and professional experience in forest products manufacturing, a forester, a sawmill operator, and a logger. The board's next two meetings will focus on the proposed maple grading system and maple certification program, and the topic of GMO's and labeling.

Animal health-focused state veterinarians attended the 2012 Northeast United States Animal Health Association (NEUSAHA) meeting this week, held in Whitefield New Hampshire. The meeting contained a joint half day session with attendees of the Northeast Association of State Departments of Agriculture (NEASDA), as well as two additional days of animal health-focused presentations and discussion. In addition to state and federal animal health officials, meeting attendees included persons from USDA, FDA and the Department of Homeland Security, as well as various animal agriculture industry representatives. This regional meeting including 11 northeast states is a valuable opportunity to develop policy and collaborate on issues that impact agriculture in the northeast, especially given that many national policies that are developed do not take into account fully the unique aspects of animal agriculture businesses and industries in the northeast. Effective at the close of this year's meeting, Dr. Haas is no longer the president of the NEUSAHA but intends to stay actively involved in the regional organization as well as its national parent one.

Animal Health, in conjunction with Veterinary Services, is continuing to investigate the case of the pig farmer feeding prohibited waste to swine as additional grocery stores providing the prohibited waste have been identified. AH will work with retailers to make sure they understand it is illegal in Vermont to supply or feed prohibited feed to swine. The ban has been put in place to reduce the risk of introducing a foreign animal disease and to eliminate other harmful pathogens such as foot and mouth disease, hog cholera, African swine fever, salmonella, campylobacter, trichinella and toxoplasmosis.

Chelsea Bardot Lewis returned last week from a 10-day trip in Italy with a contingent of 6 meat industry representatives. Participants visited farms, slaughterhouses, meat processing facilities, university labs, government offices, restaurants and retail butcher shops to gain perspective on meat in the Italian food system. Important lessons were gleaned on financing infrastructure development, maintaining marketing values through the supply chain, and scaling up while preserving artisanal quality and traditional techniques. A full report is forthcoming, and the group is presenting findings during the next Meat and Poultry Processors Association meeting on June 16th.

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 8, 2012

Status of Governor's Priorities:

Press

Significant Events/Meetings:

Evolving Issues:

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Summary of Key Agency Department Activity:

Administration

Agricultural Development

The Vermont Agricultural Development Board met on Wednesday, June 6, 2012 in Montpelier and welcomed the Commissioner of Forests, Parks & Recreation, Mike Snyder to the board. As of July 1, 2012 the board will become the Vermont Agricultural and Forest Products Development board and will be adding four forestry sector representatives to the board - a person with expertise and professional experience in forest products manufacturing, a forester, a sawmill operator, and a logger. The board's next two meetings will focus on the proposed maple grading system and maple certification program, and the topic of GMO's and labeling.

The Agency wrote an ACT 250 review letter for a project in Shelburne.

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VT Specialty Foods Association Annual Meeting: Dep Sec LaClair and Sr. Ag Development Coordinator Chelsea Lewis attended the VSFA annual meeting including over 80 specialty food producers. The Agency

continues to expand its Food Export Program linking to support Vermont specialty food producers expand into new markets.

Big E/Eastern States Trustees: Dep Secretary LaClair met with the board of trustees for Eastern States, the 17 day annual exhibition in West Springfield, MA, at which Vermont owns and operates the Vermont Building along the Avenue of the States. The Agency of Ag, in partnership with the VT Dpt of Tourism and Mktg, and VT Life, will be launching a sponsorship program to raise capital for reinvestment in building renovations and enhancements.

Food Safety and Animal Health and Consumer Protection

Animal Health attended the all agency retreat on Friday and carved out some time while there to hold a short meeting regarding regulations around the import/export of young calves to and from neighboring states.

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AH specialist Darryl Kuehne represented the Agency at the Vermont Animal Response Coalition meeting in Rutland Vermont. The Vermont Animal Response Coalition is a state-wide coalition of private and governmental agencies and associations that have joined to coordinate Vermont's efforts to prevent and respond to animal cruelty through communication, education, training, legislation and enforcement.

AH met with the veterinarian who performed the blood draws for the horse pulling event at the recent Dairy Festival in Enosburg; the horse pulling went well. AH also collected from the veterinarian the drug testing unit for the next fair event. The lab results from the horse pulling event at the Enosburg fair were negative.

AH is meeting with a livestock dealer who provided information about two individuals possibly involved with illegal livestock dealing with pigs.

In preparation of fair season, Animal Health is responding to call from the public to test birds prior to sale or exhibit at the fairs. This week, AH conducted poultry testing at 3 private locations in which the flocks are going to be shown at the 4H show at the Tunbridge Fairgrounds on June 15, 16, 17.

AH performed inspections of pet merchant facilities, livestock dealer records along with two new animal welfare complaints. One of the welfare complaints involves a horse who stabled in Vermont with owners who live in Georgia. The out of state component will require a clear communication chain among stakeholders involved.

AH provided assistance in packing and shipping supplies requested by practicing veterinarians and technicians for livestock identification and health exams. AH also fielded phone calls from producers and veterinarians for movement permits and disease inquiries. A number of the call involved consumers with back yard poultry, which is a growing group. As this group does not have on-staff veterinarians or biosecurity plans in place (as do commercial producers), it is important for AH to maintain relationships and provide technical assistance to this community (e.g. disease surveillance and prevention, education).

Meat Inspection

- Preliminary discussion with people looking at building a slaughter facility in Lyndonville
- Federal auditor here next week reviewing the meat inspection program. She will do sight visits and an audit of paperwork in the office
- Mad River Food Hub submitted new Hazard Analysis Critical Control Point (HACCP) plan to expand product line to include No Nitrite Bacon
- Program Chief met with representatives of Vermont Highland Cattle Company as they explore the possibility of working several days a week under state inspection since they are having a hard time getting slots at the federal slaughterhouses and are consequently having animals slaughtered under state inspection. This limits the distribution to in state accounts but allows them to continue processing their products
- Program has been reviewing new HACCP plans for several plants as they expand into value-added meat processing
- Program Chief met with Tangletown farm as they move to state inspection for poultry on their farm in Middlesex utilizing the newly purchased mobile poultry slaughter unit
- Program chief working with Sandy Adams' of Adams custom cutting in Passumpsic as she is working on development of HACCP plans to start a state inspected further processing operation
- Program chief working with Phil Brown of Glover as he is expanding his custom cutting operation to be able to perform state inspected meat processing with plans to add a smoking and curing operation. Mr. Brown is also trying to coordinate the use of the red meat mobile slaughter unit being developed by Mark Smith of Middlebury
- Program Chief working with Mike Bowen of North Hollow Farm of Rochester as they develop a federally inspected processing plant in order to process the carcasses currently being slaughtered at the Royal Butcher in Braintree

Agricultural Resource Management

Lake Champlain Basin Program (LCBP) Flood Conference: Deputy Director Laura DiPietro attended the conference both days; many discussions about agricultural alternatives and pending National Flood Insurance Program changes under consideration in Washington.

LCBP Technical Advisory Committee: Received an update on the draft final report for the Missisquoi Stream bank failure report: currently this report says 36% of the Phosphorous (P) load is from stream banks. The Critical Source Area report completed several months ago suggested that 40-50% of the P load was from stream banks. There are lots of issues with the methodology of the stream bank failure report which TAC identified and LCBP will get the contractor to address.

America's Great Outdoors (AGO) Edge of Field grant: The contract with Stone Environmental was signed this week which was a major step forward in getting the equipment ordered and the monitoring stations established.

AGO CSA: The Critical Source Area work in the Missisquoi is continuing this week. Farmers have until next Friday to sign up with NRCS to receive 100% cost-share for practices that help address CSA concerns and any other select field practice concerns on the same farms that have CSA concerns.

Secretary's Comments

Due to continuous commitments and public speaking engagements, Secretary Ross will provide this week's update in next week's report.

OFFICE OF THE SECRETARY

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Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, June 8, 2012
SUBJECT: VTrans - Confidential Report to the Governor

Bus Subsidy

On the recommendation of staff I have authorized the continued operation of the Greyhound Bus service from White River Junction to Brattleboro and on to Springfield, MA at a cost of about \$45,000 in federal funds. This service was being dropped by Greyhound and was carrying about 15 people per day.

We are in the middle of an extensive study of the needs of inter-city bus service and it will not be complete until the end of the calendar year. Our consultant advised that a discontinuation of the service could hurt the existing ridership and substantially damage the potential for growth and Greyhound was pulling the plug on the 15th of June.

The Federal Transit Administration will allow us to use Greyhound mileage as match and we have a federal discretionary account which can be used for this purpose pending the results of the study that will identify needs statewide.

Committee on Transportation Funding

The first meeting of the Committee, per H-770, the T-Bill, is meeting today to get organized. The committee is charged with studying the need for funding in the future and discussing ways to achieve the level of funding necessary, particularly given the declining performance of the gas tax.

I will Chair the Committee which includes Commissioner Ide; Senator Kitchel; Representative Lanpher; Steve Jeffrey, VLCT; Susan Schreiber of VAPDA; and Bud Meyers of the Jeffords Center for Policy Research at UVM. The effort will be staffed by VTrans Policy and Planning under the direction of Joe Segale and outside consultants are the staff of the State Smart Transportation Initiative (SSTI), who are assisting at least four other states with similar studies.

A report is due to the legislature prior to January 15, 2013.

Storms of May 26th

It appears that we will have a federally declared disaster for the 5th time since you have been Governor! The million dollar threshold has been reached and although there were six full or partial road closures, mostly on the eastern side of the Green Mountains, all were reopened by 10:00 pm that night.

One lingering situation is Bridge 39, on Rt. 16 in Glover which was undermined and damaged to the point where an inspection of abutment damage has resulted in a weight limit of 3 tons.

VTrans and MTQ Knowledge Exchange

On Tuesday May 29th ten (10) VTrans employees travelled to Quebec City to participate in the first transportation knowledge exchange summit with counterparts from the Ministère des Transports du Québec (MTQ). The two days of presentations were filled with a wealth of information shared on pavement designs, bridge inspection procedures, asset management principles, materials testing, research projects, snow and ice control operations, and intelligent transportation systems. The event was such a great success we plan to host a similar event next summer here in Vermont.

DMV's 4-Digit Plates

For the first time since Bonnie Rutledge retired, the DMV was unable to fill all the monthly requests for 4-digit plate assignments. All requests are accumulated for 30 days and processed on one of the first days of the month. Until June, all requests have been filled by using recently relinquished 4-digit plates or by using numbers previously unassigned.

The unfilled requests will be at the top of our pile for July consideration. About 10 applications were affected.

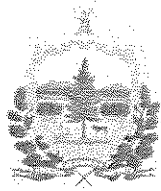
Vermont Law Enforcement Challenge

DMV's Enforcement Division was awarded a plaque for finishing first in our category for the Vermont Law Enforcement Challenge (VLEC). This is the 12th consecutive year the VLEC has recognized our Department's efforts in enforcing laws on DUI, speeding and occupant protection.

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
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: June 8, 2012

Subject: ANR Weekly Report

Governor Level Issues:

- **ANR Move/Waterbury Files:** We are working diligently to inventory, sort, cull and label remaining files and other items left to be moved from Waterbury, but the amount of files alone is staggering – equivalent to nearly 1700 file boxes. Even if successful at culling half of these, which is optimistic in the timeframe we have, storage space will be required to move files that contain records that must be managed consistent with our record retention policy and to prepare them for scanning or archiving. (See individual entries below about ongoing records management work in the Agency). We strongly recommend the basement (~5,000 sq feet) of the North Building of National Life be dedicated to this so that these files need only be moved once, and where the movers could take advantage of the loading dock adjacent to this area. We look forward to meeting with Michael Clasen next week to discuss the matter.
- **Congressional Delegation Meetings:** I am in DC for meetings of state environmental commissioners/secretaries and had productive meetings with our congressional delegation and staff. I will report on main topics upon my return.
- **Forest Health Provisions of the Energy Bill:** Chris Recchia met with Bill Sayre on Tuesday and while Bill reiterated his disappointment in what happened, and Chris apologized for it, he and Chris agreed to a productive path forward to address the issues raised in the energy bill regarding forest health, harvesting and procurement. Bill, Chris and Michael will meet shortly to discuss a process whereby AIV and its constituencies can have a forum to raise their concerns and work to resolve them to the extent possible.

EVERYTHING ELSE:

Press Issues/Releases:

ANR v. Pamela Malone Press Release issued 5/29/12: We issued a press release announcing the resolution of this case. This release was drafted in a more “appealing” fashion than our typical, and as a result was picked up by the Burlington Free Press and the Boston Globe.

Vermont Public Radio: VPR featured quotes from Commissioner Michael Snyder and County Forester Matt Langlais on Tues, June 5th in a story about forest products in the Northeast Kingdom.

State Parks Summer Radio Campaign starts next week over 15 stations covering the majority of the state. The campaign features extensive exposure through park pass giveaway contests, airing of 60-second “Park Reports” regularly across all stations, and personal interviews. A modest “pay-per-click” internet and Facebook campaign focusing mostly on nearby Massachusetts and New York markets is also starting. There is good response to broad early season promotional programs with Kids Vermont, Vermont Public Radio and the American Red Cross.

Vermont Days weekend is June 9-10. Free admission into state park day use areas, license-free fishing on Saturday, free admission into state historic sites and the Vermont Historical Society Museum highlight the weekend with several special events and programs at parks and historic sites. Quechee, Mt. Philo, Button Bay, Knight Point and Elmore State Parks are each hosting a Story Walk© of the Dr. Seuss book, *The Lorax*. Oak tree seedlings are being given to the first 25 people to walk each Story Walk©. A “Let’s Go Fishing” clinic is being held by volunteers at Branbury State Park.

Vermont’s Free Fishing Day is Sat., June 9th: We issued a press release announcing Saturday, June 9th as Vermont’s Free Fishing Day -- the one day in the year when residents and nonresidents may go fishing in the Green Mountain State without a fishing license.

Hunter Education Instructor Training Offered: The Vermont Fish & Wildlife Department Hunter Education program has scheduled a New Hunter Education Instructor Training for Friday, June 29, and Saturday, June 30. Instructors will receive certification in both Bowhunter and Basic Firearm Education. The training will be held at The Buck Lake Green Mountain Conservation Camp in Woodbury from 7:00 p.m. Friday to 4:00 p.m. Saturday. Food and lodging will be provided.

Significant Events/Meetings:

Omya: The Air Pollution Control Division had a conference call with Omya to discuss information needed for a permit application for the previously-discussed fuel switch from distillate fuel to CNG. This discussion included the approach needed to estimate the potential change in facility emissions and if there

will be an increase in any pollutants that may be considered a major modification for the purposes of New Source Review.

RGGI: Final true-up for the first three year compliance period (2009-2011) will be completed by RGGI on June 1 and the report of facility compliance status will be issued at that time. The two Vermont subject facilities, Green Mountain Power (Berlin) and Burlington Electric Department (Penny Lane) have been determined to be in compliance as they have reported their emissions and surrendered the required number of CO2 allowances to cover their actual emissions during the three year compliance period.

Becoming an Outdoor Family Weekend took place in Groton State Forest June 1-3. Despite rainy weather this year and lower than normal attendance at this popular event, here's a quote from their Facebook page: "THANK YOU 2012 Becoming an Outdoor Family Participants, Instructors, and everyone who helped to make this an amazing weekend. Some folks saw a moose, a bear, loons, ducks & ducklings, forest flowers, birds and took part in 50 workshops over the last 3 days. The rains came down, down and down. The smiles were still up at the end of another successful BOF!!!!"

The Leicester Hollow-Chandler Ridge Loop Trail in Leicester, closed by flooding four years ago, had a short reopening ceremony and ribbon-cutting last Saturday morning, attended by FPR staff and other representatives from the state, federal and nonprofit groups that collaborated on the project. "This is a special place," said Colleen Madrid, forest supervisor with the U.S. Forest Service. "This premier recreation destination includes hiking trails, mountain bike trails, cross country ski trails, snowmobile trails and camping areas."

Strolling of the Heifers FPR Forestry staff participated in this event last weekend in Brattleboro, which went well despite the rainy weather. The forestry tent was fully stocked with displays and people, giving staff a great opportunity and dry space to talk to "Stroller-Goers" about invasive insects.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Cow Power: Approvals were recently granted for two additional "Cow Power" manure digester gas to energy projects. The first was Vermont Technical College and the other was River View Farm in Franklin.

Environmental Citations: Gary Kessler met with the Environmental Court Judges and Clerk to discuss the changeover of environmental citations from the civil bureau to the Environmental Division. The court was provided with a proposed ticketing form and court rule drafted by CED staff. This has now been passed along to the civil rules committee to consider. This was a good start to getting the court ready for the civil citations process which can start on July 1.

Records Management Project: The Workgroup met May 30th. A core part of the discussion involved developing recommendations for VSARA to modify the GRS to either: shorten the Decisions retention time to 5 years; or to create a new record type with a shorter retention time. This will be resolved at a meeting with the State Archivist on June 4th. The team was also made aware of a shift in the project plan to

focus on very high level weeding and file cabinet labeling short term – for the purpose of moving the records to a central location. Actual file preparation for scanning will occur at the new location.

SharePoint Server10 Pilot: EA and ANRIT staff joined DII, VSARA and ACCD staff as the work group for the proof of concept pilot project to test out SharePoint 2010. This is the first step toward getting this system available as ANR's document/records management system.

Village of Essex Junction; RF1-157: Amendment No. 1 to this CWSRF loan was approved in the amount of \$1,148,000 increasing the loan value to \$1,212,300. This action adds funding for the construction of the project entitled High School Pump Station Upgrade, Contract No. 2.

Fiscal Year 2013 Clean Water State Revolving Fund Plan Adopted: The Department has adopted the Vermont Clean Water Intended Use Plan for Federal Fiscal Year 2012 Funds. This year the Department plans on funding 21 projects with 25 million dollars in combined State capital funds, Federal grants and revolving loan funds. Projects include addressing combined sewer overflows and renovation of existing wastewater treatment facilities.

Bloomfield Water System; RF3-264: Bids were opened for water system improvements involving the demolition and replacement of a wood framed water storage tank roof enclosure and installation of a standby disinfection system. The low bid was \$10,750 above the budget estimate of \$27,000. Second and third low bids of \$57,500 and \$ 67,697 sent a strong message that the budget estimate was too low. The FED Construction section will be working closely with Bloomfield and their engineering consultants, Otter Creek Engineering, to attempt to salvage this project which does not presently have the local funding authorization to award the contract. Bloomfield is one of the last municipal projects in Vermont which does not have standby disinfection for their drinking water supply.

Sherburne FD #1; RF1-143: Bids were opened on the fire district's wastewater treatment facility upgrade contract which had been estimated to cost \$780,000. Six responsive bids were received, but unfortunately, the low bid was \$975,750. The FED Construction section met with system management and their engineers, Aldrich + Elliot, and laid out options for this project, which does not presently have sufficient local funding authorization to proceed.

Highgate Radionuclide Study: On May 24, Middlebury College Student Emily McDonald presented to the Health Department an ANALYSIS OF RADIONUCLIDES IN THE CLARENDON SPRINGS FORMATION: IMPLICATIONS FOR GROUNDWATER COMPOSITION IN NORTHWESTERN VERMONT. The Vermont Geological Survey has been working with Middlebury College to focus on extending our knowledge of naturally-occurring radioactivity in Vermont bedrock. Of the first 16 samples collected (analysis funded by the Health Dept.), 25 % contain elevated gross alpha (between 5 to 19 pCi/L) in the study area. The passage of S.183, the water testing bill, came up for discussion. How will the state receive private lab data into databases? It was suggested that the Health and ANR could discuss this at our quarterly meetings to better understand how database issues can be resolved.

Hills Lab Renovations: After receiving a permit from the City of Burlington, laboratory renovations began last week at the Hills Building. Based on recent bids and cost estimates from the project contractor, the total UVM costs (construction, design, and oversight) for renovation is estimated at approximately \$1M. Major reasons for a cost higher than the original ballpark estimate of approximately \$650K relate to electrical and mechanical modifications needed to comply with building code requirements. Large

equipment items, such as refrigerator and lab furniture, have been moved to temporary storage locations within Hills. At this time, we are still on schedule to start moving into Hills in August. The renovations will also include lab space for the Lakes and Ponds section and F&W and one office space for the biomonitoring program. We appreciate the hard work of the UVM's project team and DEC/AG staff. With everyone's effort, we were able to go from design to construction in a month's time.

Waterbury Lab: AG/DEC staff are still making progress in getting things moved to Hills and getting the Waterbury Laboratory ready for demolition. Staff will be meeting with BGS's consultant to discuss closure scope, tasks, and sequence. At this time, it appears that BGS and their consultants will be taking the lead in developing the closure plan and performing the investigation tasks related to closure. Both AG/DEC laboratories have developed a detailed inventory of hazardous materials at the Waterbury laboratory. As part of the process to obtain quotes for transporting and disposing the haz materials, staff will be meeting with waste haulers (under contract with BGS) at the Waterbury Laboratory for a site visit this Wednesday.

Laboratory Operations: Despite having to spend time on Hills renovations and getting out of the Waterbury Laboratory, staff has been keeping up with samples related to nutrients and wet chemistry. However, due to current instrument, facility, and staffing issues, we temporarily withdrew our accreditation with the National Environmental Laboratory Accreditation Conference Institute for all metals (including Mercury) and TKN analyses and will not be able to run these analyses until we are up and running at Hills in August. It is our expectation that we will be ready to perform the required make-up PTs to regain accreditation for these analyses by September at the latest. In the meantime, for samples that are time sensitive, an outside laboratory will be needed. We currently have a contract with TestAmerica; however, that contract is near its limit and will either need to be amended or we need to go out to bid again. By the end of the week, we will decide which option makes the most sense.

Waste in Bethel: A call was received from Del Cloud, town manager of Bethel. He stated that the town entered into an agreement with EPA to allow them to use the town site to collect HHW following Tropical Storm Irene. EPA and the Coast Guard collected a lot of waste, much of which was taken away, but not all. He recently has become aware that thirteen 55 gallon drums and thirty 5 gallon pails of waste liquid is still there. He said it is a mixture of gas/oil/water that EPA took from properties. The drums and pails are stored inside on a concrete floor. Del said he has contacted EPA and was told the project has been closed out and payment cannot be authorized for removal of this waste. We are following up with EPA and will also visit Bethel to confirm the nature of the waste.

E-Waste: A contract amendment has been signed to extend the present contract with NRRA (Northeast Resource Recovery Association) for an additional 15 months. The amended contract will also cover collection and recycling costs for the remainder of the current program year (to June 30), which is needed because more e-waste than anticipated has been collected to date, far exceeding our goal. Notices were sent to three manufacturers for non-payment of fees. The total outstanding balance was \$119,153.96. Payment was subsequently made by two of the manufacturers, and a PO for payment was received from the third.

Town of Cavendish: The Town of Cavendish was referred to enforcement for operating an uncertified transfer station. This is the third time that the 5 year solid waste facility certification has expired and that the Town has failed to file a timely renewal application, despite reminder notices.

Rhoades Salvage: The DEC contract with BDS Waste Disposal Inc. for partial cleanup of the former Rhoades Salvage yard has been executed, and work will begin as soon as the scheduling can be cleared by the AG's office. The Chittenden Solid Waste District Board did not approve the DEC request to waive their \$22.06 per ton fee for the tire cleanup project that DEC is planning and funding at the now-inactive Rhoades Salvage Yard in Milton. The Solid Waste Program accepted a bid of \$80/ton from a Maine tire processing contractor to clean up the tires and had hoped to avoid paying the District fee on top of that. Unfortunately, the CSWD decision means that the \$75,000 budgeted by the state will cover the removal of 732 tons of tires rather than 884 tons, or approximately 15,200 fewer tires.

Emergency Haz. Waste Treatment Permit: We have received an application from DOH for the on-site stabilization of two containers of peroxide-forming chemicals. Because of the location of the lab facility (Burlington) we are requesting the DOH contact/coordinate with Burlington FD before issuing the permit. In addition, BGS personnel will coordinate since BGS owns the building. We expect to issue the permit by mid-June, with the standard 90-day expiration.

Former JARD site, Bennington: Staff coordinated several meetings in Bennington Friday afternoon and evening to discuss recent data, our plans for evaluation and remediation of affected residences, and taking the site through the Superfund process. USEPA Removals Program and VT Dept of Health participated in the meetings. The afternoon meetings were held with the two individual residential owners who are known to be affected by the groundwater plume. The evening meeting was open to the public and included neighbors, local business owners and town officials. Some frustration was expressed by neighbors over the lack of responsiveness and notice that they are potentially affected by the contamination; some directed to town officials, some to state and federal officials. Several people expressed their gratitude for the work being done.

Watershed Management: An email was sent by James Maroney to staff (cc's circulated to ANR and AAFM leadership, CAC leadership, Bartlett, Linthilac's, Candy Page, others), expressing in diatribe form significant displeasure over the treatment of agricultural land use in the Winooski Basin Plan.

The **Otter Creek Watershed Management Plan** will be released in final form shortly. The Plan has seen little in the way of highly contentious comment, though we expect more of the same Maroney response as described above. The Plan enjoys support among most stakeholders in the subject areas.

Monitoring, Assessment & Planning Functions: Staff met with representatives of the monitoring, assessment and planning functions of NH Dept. of Env. Services to compare approaches to these watershed planning functions. An objective of the meeting is to use shared/common approaches and data or information where possible. This would be beneficial in coordinating the Long Island Sound (LIS) TMDL wasteload allocation efforts, and the "Enhanced Implementation Plan" work required of our respective agencies. NH's position remains more reserved than VT's in regards to participation in the LIS efforts.

Fish and Wildlife

Bears: Bear damage issues continue throughout the state. Two bears were shot and killed as a result of doing damage to property. A very large bear, 380 lbs dressed, was killed in Jericho while in the act of damaging a beehive. Another bear was shot in Walden damaging a chicken coop. Unfortunately, three newborn cubs were discovered after the bear was shot. Wardens utilizing our live bear trap were able to

capture the three cubs. As Vermont does not have a bear rehabilitator, New Hampshire and their bear rehabber, Ben Killam, thankfully accepted the cubs for rehabilitation.

Endangered Vetch: Staff participated in an augmentation of federally endangered Jesup's milk vetch. Fifty plants were planted at the VT site to augment the existing 7 plants that remained this spring. Plants were grown from seeds collected from the site last year. Staff also met onsite with consultants with Trans Canada who will be surveying the populations in an attempt to correlate plant elevation with the frequency and duration of inundation.

Proposed WMA Rule: A draft rule has now been submitted to the Fish and Wildlife Board for their review.

Municipal Planners Training Course: Staff met to discuss a training course for Municipal Planners. It was agreed that a training course for this audience is appropriate and a single Agency offering would be more efficient than separate course by each Department. FPR and DEC reps will be getting outlines together for what their portion of the course will include. In the coming weeks, staff will be working together to review and fine-tune the presentation that they intend to use for the F&W course offering.

St. Albans Solar Project: Staff conducted a site visit to St. Albans Solar Project which proposes a 9 acre solar array in a forested area. Staff observed mallards with broods, beaver activity, herons, turkey, and deer. Although this site is not ideal given its proximity to wetlands and impacts on the forest structure, it appears that our regulatory purview only enables staff to recommend the perimeter fence be relocated and redesigned..

Continued Decline in Bat Population: Staff conducted exit counts at three locations: Isle La Motte, Georgia, and Cornwall. Bat colony numbers remain extremely limited and it appears that one site may have lost essentially all of their bats from just last year - an indication that the white nose syndrome continues to kill large numbers.

Northeast Moose Technical Group Meeting: Staff attended the 18th Annual Northeast Moose Technical Group Meeting in Bangor, ME. Moose biologists were in attendance from Quebec, Nova Scotia, New Brunswick, Maine, New Hampshire, Penobscot Nation and Passamaquoddy Nation.

Corps of Engineers Meeting: Staff attended a meeting to review the Corps of Engineers' Vermont General Permit renewal with staff from the Corps of Engineers, VTDEC, VTrans, TNC, CLF, EPA, USFWS, and CVPS. The Corps is changing their General Permit from a Vermont specific permit to a New England Regional permit. Permit requirements within the Corps permit process are critical to the Department's ability to protect aquatic habitats. Comments on draft permit language will be forwarded to VTDEC for compilation and submittal to the Corps.

Forest, Parks and Recreation

Ski Areas: Much is happening at several Vermont ski areas that lease state forest land. The owners of Jay Peak recently acquired the Burke Mountain ski area. We will be setting up a meeting later this summer with staff from Burke Mountain and Jay Peak ski areas to discuss what the recent ownership change at

Burke means for the ski lease, and for ski area management and development at Burke in general. Jay Peak will be pursuing new lift projects, renovations to the Sky Haus and associated new sewer line, and various ski trail improvements this summer on state land. Killington will soon begin construction of their new summit lodge, a two-year project. We will be meeting with Killington ski area and V-COMM's engineer later this week to discuss V-COMM's telecommunications proposal at the Killington Peak electronic communications site adjacent to the ski area, including options for addressing concerns with this site and coordination of construction activities with Killington. We will soon finalize a MOA with Timber Creek at Okemo # II, LLC and Okemo Ski Area regarding proposed ski-related development on land immediately adjacent to the Okemo ski area, which among other things would require a \$660,000 payment to FPR for use by the Agency to, as a first priority, acquire/protect additional black bear habitat in the region.

Electronic Communications: We have learned that V-COMM's telecom proposal at the Ascutney North Peak site may impact existing users at this site and we have asked that VCOMM's engineer coordinate their proposal more closely with E.C.A., the site manager at this electronic communications site.

Land Record Scanning: We have developed a draft agreement and associated project plan for the ANR lands records scanning project. The agreement would be between FPR and the Vermont State Archives and Records Administration (VSARA) and would allow for the scanning project to proceed at VSARA's Middlesex facility. The scanning would be accomplished by a temporary Archivist I who is scheduled to begin work later this month.

Rules and Regulations: The public comment period on the proposed changes to Rules and Regulations pertaining to park visitor conduct and fees ends this week. Afterward, a final filing will be made and will be presented to LCAR hopefully at their June 28 scheduled meeting. The rules could then take effect 15 days later. There continues to be interest in the proposal to establish Smoke Free areas at playgrounds and intensively used day areas although there was very limited attendance at the public hearing on the matter last week.

Vermont Visitor Survey: This summer-long survey in cooperation with UVM, VDTM, the highway rest areas and some members of the Vermont Attractions Association will begin by mid-June. Park staff from 25 campgrounds are being trained to administer the survey next week.

Use Value Appraisal Discussions: FPR's private lands staff is participating in facilitated discussions on Use Value Appraisal. The Legislative session that has just ended has left FPR with a directive to consider how silviculture and wastewater systems intersect on enrolled lands, as well as a mandate to provide standards for harvesting for energy products on both state and private lands. Other issues related to UVA were deferred, so FPR is taking a long view of this important program and how it can continue to be the important stabilizing force for landowners and forest ecosystems into the future.

Document Revisions: FPR has been working on revisions to the *Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in VT*. This guidance is crucial to helping loggers and forest landowners comply with Water Quality Statutes. The revision is necessary due to changes in the statutes, and will need to go through rulemaking. FPR will begin to engage stakeholders in the proposed changes this month after working with ANR staff to review and craft updated language.

Invasive Plants Workshops: The last of four workshops aimed at increasing the knowledge of management for terrestrial invasive plants was held last week in Hinesburg by The Nature Conservancy

with support from FPR. Over 270 land managers attended the workshops, held at various locations around Vermont. The workshops illustrated the value of partnerships in exploring resource issues.

Training and Events: Preparations are underway for state park interpreter training, which will take place next week at Kehoe Conservation Camp in Castleton. An exciting partnership is coming together with the Project Learning Tree program and the Vermont Woodlands Association.

Information Technology

Records Inventory and Electronic conversion: We received and evaluated 4 proposals as a result of the SOW advertised last month. Reviewers agreed that the Grant Thornton proposal was the best – The bids were as follows:

Vendor	Total estimated hours		Cost
	ANR	Vendor	
Grant Thornton	80*	352	\$53K
InStream	210	510	\$82K
SecurShred	110	1040	\$48K
Inception	100	332	\$44K

*Grant Thornton's proposal articulated the work that ANR staff would need to address through the 1st of the 4 phases but did not put down a number of hours

IT Retention: Kate Duffy and other DHR staff members joined the *IT Classification, Recruitment and Retention* task force to hear Gallagher Flynn's preliminary findings. They noted pay and competitiveness issues, and it is striking that the turnover is focused on so few departments. Vermont has some characteristics that can help recruiting and retention. Chief among them is the potential for engendering a collective sense of mission, which can have a great impact on recruiting and retention. This was clearly evident in the ANR IT Department, which was displaced by the flood and is now working in a building that provides few amenities, to put it mildly. Despite that upheaval, they have not lost anyone, and their turnover is historically very low. That is partially attributed to the sense of mission within the Agency that the IT Department shares."

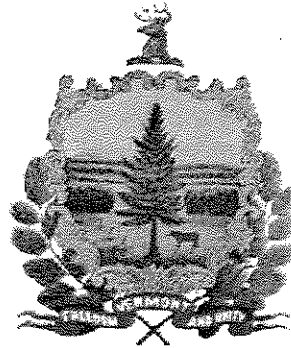
Business Office

Year-end Close: As we near the close of the fiscal year all three Departments and the ANR Central Office preliminary assessments are that they anticipate no significant financial issues that should affect the FY12 close. Year-end close workload remains very high with significant fund shifting and excess receipt activity needed to process remaining payrolls.

Move to National Life: Will be starting to detail the likely financial issues to be considered involving the move to National Life including one-times costs, new base costs, and potential funding sources (ANR or from elsewhere) as well as any potential savings.

DATA Act: It appears that additional Federal "transparency" legislation is on the horizon with the DATA Act (Digital Accountability and Transparency Act) winding its way through Congress. Like the earlier passed FFATA (Federal Funding Accountability and Transparency Act) there is anticipated to be extra workload , system needs, and expense.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: June 8, 2012
SUBJECT: Governor's Report

STATE POLICE

A Troop

FF

- 8 DUI's
- Arrested two individuals for Burglary, as well as False Information to a Police Officer & Accessory After the Fact stemming from an incident where a business owner's tenants broke into his business and stole over \$100 from a cash box. Upon being questioned by Tpr. one of the suspects jumped out a second-story window of the apartment and fled. Troopers were able to locate her a short time later and charge her as well as the tenants.

BCI

- Testified in Federal Grand Jury for Waitsfield Bank robbery – indictment returned on James Baker
- Assault on Correctional Officer
- sex offence case / Charges brought against a correctional officer
- Assist Essex PD with homicide
- Meeting at CUSI with DCF on open CUSI conflict case involving 17 year old who late-reported sex assault earlier this month. Warrants were sought for controlled calls and victim and mother are now un-willing to have victim make calls.
- SOR Check Packet Preparation (Tuesday and Wednesday)
- Washington County SOR Check Execution Wednesday Evening
- Met with and Processed Offender in Luring a Child Case – 54 y.o. male vs. 14 y.o. male – Marshfield
- CSST Activation for Essex Homicide, agency assist (home invasion)

B Troop

FF

- VSP responded to a report of an unknown female who fled Price Chopper after committing a retail theft and jumped into the Passumpsic River. PC Loss Prevention Officer thought she might have drowned. S&R called out; St. J Fire Dept. put a boat in the water & K9s searched the area, but were unable to locate her. The female was later identified through store surveillance. Investigation determined the female went into the water, but made it out, and then committed another burglary a 1/4 mile away from PC.
- DMV is investigating the incident in which a female lost a leg after her dump truck rolled over her.
- The Coventry Landfill Detail continues.
- 5 DUI's
- Taser deployment in connection with a domestic assault arrest.

BCI

- Follow-up on American Legion Embezzlement
- Assist with the missing female from retail theft incidence at the St. J Price Chopper.
- Started a case of L&L with child
- Picked up 4 drug case from jail and 1 assault against guard from jail
- Started special investigation in Lamoille.
- Follow-up on Jenkins Homicide
- Prescription fraud/burglary case of an elderly woman from Bradford

C Troop

FF

- ALL CARE Initiatives and DUI Sobriety Checkpoints completed
- Threat of School Violence (via e-mail), Mill River Union H.S., Clarendon- Troops and BCI worked with Rutland County Sher. Dept. on the issue. Male student located and situation handled.
- Multiple DOMV cases
- Conducted DUI checkpoint and assisted local PD with checkpoint

BCI

- Assist to OCME with untimely from previous week.
- Assist to Rutland County Sheriffs with school threat.

- Series of correctional facility drug cases (4).
- Assigned suspicious possible child pornography case from Clarendon.
- Hunter: strategy meeting with Sgt. Elliott; travel plans, obtain binders for interview, make timeline and organize interview.
- DCF Safety Escort: Escort DCF on a home assessment at a suspected drug dealer's home in Leicester.
- Child Cruelty/Domestic Assault; case closed with arrest.
- Assisted Uniform, Trp Zink with a reported serious injury accident in Shaftsbury; photos.
- Assisted Uniform, Trp Godfrey with an Obstruction of Justice investigation.
- Drill Instructor Meeting at OPD

D Troop

FF

- Search warrant executed at a residence – seized 4.63 grams heroin; 5 grams of marijuana; 12 Buprenorphine pills. Resident facing charges for all. Warrant was result of investigation that started with the search of a car at a crash 2 weeks ago.
- Assisted FW Game Warden with under aged individuals at Grout Pond in Stratton
- Responded to an HCRS residential house in Guilford for an out of control client. The client had assaulted the worker, but due to the mental health issues of the client, he was not arrested.
- Torch Run

BCI

- Assisted with Wash Cty SOR compliance checks
- Follow up on McDaniel homicide
- Follow up on Grega homicide

Arson

- Completed Supplemental Investigative Narrative for (Jay Arson Investigation). Follow-up with tenant on property information to be added into the CAD system. Follow-up with Sgt. Manley, arrangements made to interview suspects for the Lyndonville Fire. Follow-up on fire investigation in Springfield. Assisted St. Johnsbury Troopers with the search of a shoplifting subject that fled the Green Mountain Mall.
- -Barre City 3 structure fires. 2 Weather related. 1 electrical. I did a scene drop by to check with incident commander at each scene. All reported no injury and no investigation needed. Spoke with Chief Bombardier as well.

- Call by Derby car fire. Uniform (S/T Shelp) to handle will contact Manley if help needed. Mail box damage in Shaftsbury. Uniform Troops to handle. (Sutton to give guidance if necessary)
- Assist Middlesex uniform trooper with possible child porn possession interview/Case was unfounded.

ICAC

- Coventry landfill search all week
- Activation for homicide in Essex
- All CCU members spent week transferring ICAC to HQ

EMERGENCY MANAGEMENT

Issues/Updates:

- a. We have word of protests planned for Vermont Yankee in Vernon for June 26th in the Connecticut River, and for July 1st outside the facility. Word to us was there will be arrests expected.
- b. A Joint Preliminary Damage Assessment (PDA) was approved by FEMA Region 1 for the May 29th storm.
- c. Field PDA assessments will be conducted June 7th to begin confirmation of damage estimates from the May 29th storm. Crews will be on the ground in 12 Vermont towns; Eden, Belvidere, Waterville and Cambridge in Lamoille County; Lowell, Albany, Glover and Barton in Orleans County; Ripton, Shoreham and Cornwall in Addison County; Newfane in Windham County.
- d. A draft Declaration letter is being prepared for the Governor and will be forwarded once a certain damage threshold has been confirmed.
- e. Deputy presented, with NY and QC, and Director attended the Lake Champlain Basin Resiliency Conference.
- f. Two new staff, Dan Peterson and Charles Dickerson, were added and assigned, fulltime to the WSOC project.
- g. Logistics continues to work diligently on the alternate EOC at Camp Johnson to meet the July 31st readiness deadline. Meetings continue with VEM, National Guard, DPS IT and DII personnel.
- h. Met with Vermont Yankee to discuss exercises going forward and VEM participation in that process.
- i. Met with the Basic Emergency Operations Plan (BEOP) working group to review format changes and modifications resulting from after action recommendations from 2011 storms.

General Information/Other:

- a. Attended LEPC 13 to discuss upcoming Dlan training to be hosted by the Grand Isle Sheriff.
- b. Conducted Dlan training for SerVermont.
- c. Attended the National Weather Service Emergency Managers Spring conference.
- d. Participating in the Brattleboro Emergency Services PIO Drill planning session June 7th.

- e. Conducted Staging Area Overview training June 4th at Camp Johnson for the Vermont State Guard HQ and 1st Battalion, additional training for 2nd Battalion will be June 19th.
- f. VEM has discontinued service to 5 of 6 Satellite Phones lines. The 6th is a land-line in Halifax, VT which will transition to the town to cover. Not all phones could be located, no one could remember when last used, nor were the ones found in working order. Sat Phones can be gotten quickly if truly needed in the future. This will save nearly \$3,000 per year.
- g. Conducted 3 interviews for the Regional Outreach Specialist. One more Interview is next week.
- h. An Orange County CERT Team with 30 trained people has formed in the Randolph area.
- i. Met with Middlebury FD on mobile support units. The chief will discuss their interest with the town manager.
- j. The Hazard Compliance Program has been begun performing joint inspections with DFS. Additional facilities for Tier II reporting have been identified. Current receipts are \$599,300, and growing.
- k. The draft donations management annex is complete and the working group awaits it's review.
- l. The June VEM Newsletter was released.
- m. The VEM web site calendar is live with future and past events to better capture activity and involvement.
- n. All staff continued to participate in the flood recovery efforts (coordination with recovery task forces and publication of the state situation report – monthly).
- o. Participated in multiple JFO and Recovery Office coordination meetings and calls (WSOC).
- p. Attended an Initial Planning meeting for a Green River Dam exercise in November.

Forecast: *(Forward Looking - as compiled by the National Weather Serviced and briefed out to VEM weekly)*

- a. A bit unsettled over the next few days.
- b. Most concentrated threat of showers and thunder storms Saturday, and night, June 9th.
- c. No flooding or severe threats expected in the next reporting period (June 7th – June 14th)
- d. Much warmer next week.
- e. Nothing (*Hurricane or Tropical Storm development*) anticipated in the Tropics through next week.

FIRE SAFETY

Issues / Updates:

Staff attended a meeting at the Vermont Health Dept Office in Burlington in regards to the Healthy Home Initiative that they are putting together.

Shelburne museum project is still on hold. The plans they brought in were designed to older code editions and had to be redone.

- **The division reviewed \$7,250, 000.00 in new construction valuation collecting \$42,000.00 in permit fee revenue.**
- Attorney General Offices drafting up dismissal order for Wayne Ploof case.
- John Hammer (temp plumbing insp.) started this week.
- The USAR Temp position is being finalized and should have this filled within a couple of weeks.
- Temp position numbers for the 2 remaining temp position numbers will be re-located to Williston and Rutland.
- We will be working on the RFR for the Chief Electrical position.
- Staff attended the VFDA Annual Conference. Matt Cota made a special announcement to everyone at lunch thanking the Division for supporting the association regarding propane tanks.
- Mobile home inspections continuing
- Summer study on sprinklers is moving forward
- Code update is progressing
- Staff, Bob Gorman, City of Barre, and Barre City IT consultant met yesterday to start discussions on how to merge different municipal inspection programs so we can accept downloads.

CRIMINAL JUSTICE SERVICES

Marijuana Dispensaries

The rules were formally filed for adoption on May 24th. They take effect on June 8, 2012. We have published the notice that DPS is accepting application. A press release was distributed this week and there have been several news stories on the program. Our plan is to take questions on the application process by June 8th and the applications are due in by June 22, 2012. We expect to award registration certificates by July 8, 2012.

The implementation portion of the program has been transitioned to VCIC where it will be managed. We are scheduling interviews for the programs administrator. VCIC will be handling this and submitting the finalist to me and I will set up interviews with the Commissioner.

Blood/Breath Alcohol Program

Paco Aumand had a meeting on Tuesday with Peg Schwartz and Trish Conti to discuss the rules and the accreditation process for the alcohol program. We have looked at South Carolina's rules and find them to be a similar version as ours. Ohio's alcohol programs rules are more comprehensive. We will take a look at both states rules and incorporate them into Vermont's as is appropriate.

Project Management

John Quinn, Project Manager from DII, stopped in my office this week advising me that in his opinion we do not have enough project management oversight for the numerous projects

that DPS is undertaking. He is managing the network transition from DPS to DII project and after hearing the numerous interconnected projects that we are working on feels that we do not have enough staff to successfully bring all the projects to completion. He was also giving me a "heads up" that as of July 1st DII will have new statutory authority to oversee and dictate how IT projects will be managed. DII also has retainer contracts with project managers so that departments who are in need of management oversight can hire these personnel. This will inflate the costs of IT projects.

I asked him to take his concerns back to his management and have them put in writing the concerns of DII relative to project management. I do not disagree with his interpretation of the workload associated with all of our projects. However, we have not had an IT project fail. We do have a hard time completing projects in a timely manner because of the lack of IT staff.

E 9-1-1 CAD Interface

I am pleased to report that we have moved the 9-1-1 ANI/ALI and CAD interface into a testing phase. This project is one of our federal ARRA grant initiatives and has been in the planning stages for some time. We have initiated a test phase using the Hartford Communications Center and the feedback we are getting is positive.

Hartford Fire Department

The interface work between the Spillman computer aided dispatch system (CAD) and the Alpine Software (Hartford) records management system is progressing. Alpine Software has all the permissions they need to establish the interface. This vendor requires an inordinate amount of support from the DPS IT staff as they are not aware of the data fields from a police

(CAD) system and are unaware of the roles and responsibilities between DPS and our users. For example this week there were several questions asked of Kim Prior concerning street addressing in Hartford and certain types of call information. These questions were clearly questions that Hartford Communications Center and Fire Department should have been answering. Nonetheless, we handled them and the project is moving forward and is clearly in the court of Alpine Software at this time.

Information Technology re-organization

With the transition of our network and hardware support to DII I want to move to focus our IT resources more towards the application side of technology. It is important that the business drive IT decisions.

Vermont Crime Analysis Mapping Program (VCAMP)

This project is moving along. We held a meeting this week with our vendor Fountain Spatial, Inc. (FSI). One of the issues that came out of this meeting was that FSI is planning on developing a data warehouse of information so that they can GEO code the information easier. This is contrary to our original design which did not call for the storage of CAD/RMS data other than in their respective data bases. We are reviewing our contract and they are reviewing their technical design to determine if they can change the design. I have told them that if we have to develop a data warehouse then we will work to get the permissions necessary to house this data in another location but it is not our preferred way of proceeding.

VJISS Query Tool Project

This project is also moving forward with SEARCH the National Consortium of Justice Statistics and Information. SEARCH is providing DPS with a replacement of our metatomix software so that we can continue with providing the query tool. The tool will be an information broker that will allow for a variety of disparate databases to be connected through it providing information from these databases to our customers. This replacement tool is also crucial to the success of VCAMP as this broker is where VCAMP will be receiving information. This will be significant because the broker will also be used for pushing information to other systems, a piece of functionality that we currently do not have.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: June 8, 2012

Last weekend I attended the annual meeting of the American Public Human Services Association (my counterparts) in Washington. It was sobering. Most of the discussion was about the potential for significant budget cuts, no matter the outcome of the November election, and how to transform the delivery of human services in the probable new world. It is impossible to predict specifically what will happen, but not one person briefing us felt that human services would be spared serious damage.

I have been delivering that message to various groups, both here at AHS and outside. I am trying to impress upon all that we must be looking at performance-based contracting, outcomes, greater consolidation and coordination of programs and priority setting. The responses back come in two versions: 1. Raise more taxes. 2. My program is vital, so certainly you will find the money to protect it. Not a cheery conversation. Needless to say, I must find a better way to communicate.

Vermont Department of Health (VDH)

Bennington Jard site. The Health Department met with about 15 residents of Bennington concerned about possible exposure to polychlorinated biphenyls (PCBs) that have migrated with groundwater and contaminated soil from the former Jard Site to private homes and municipal land nearby. The Department of Environmental Conservation and the US Environmental Protection Agency are leading a site characterization and mitigation effort of the site and surrounding area that has lasted many years. The Health Department was brought in recently when PCBs were found to have contaminated soils and private drinking water supplies. Residents have been shifted to municipal water supplies, and contaminated land is being identified and isolated from use. Indoor air testing is underway in a couple of the homes and results are expected in a few weeks. So far there is no evidence that residents have experienced health problems that are the result of PCB exposure. PCBs cause cancer and illnesses of the immune, reproductive, nervous and endocrine systems.

Formaldehyde Farm Study. The Health Department, Agency of Agriculture and the CDC's Agency for Toxic Substances and Disease Registry (ATSDR) recently completed a month of sampling for formaldehyde in the air at two farms in Franklin County. One farm uses formaldehyde regularly to treat dairy cow hooves, disposing of the formaldehyde in manure pits from which manure is later removed and spread as fertilizer on corn and hay fields. The other farm uses zinc sulfate for cow treatment, but is in the vicinity of fields where manure is spread from farms where formaldehyde is used. Samples of indoor and outdoor air were obtained with the cooperation of homeowners and farmers. ATSDR will analyze the samples and issue a report

later this summer or fall on the possible health implications of these uses of formaldehyde on farms. In the meantime, a few area residents are continuing to report symptoms they believe to be related to the formaldehyde use on farms in the area and Senator Sanders has requested a meeting with the Health Commissioner and Secretary of Agriculture for an update on the state's activities.

VY Construction Office Building (COB) Well Sampling. The Health Department, DEC and EPA attended a meeting with Entergy to discuss methods by which the Construction Office Building well might be sampled. The Health Department, DEC and DPS have repeatedly requested that Entergy routinely sample the COB well to characterize potential risks to drinking water from the tritium leak and to fully substantiate Vermont Yankee's site conceptual model. The site conceptual model indicates drinking water should be protected by the elevations and movement of groundwater and surface water and samples from the well could prove this protection is occurring. Entergy recognized the validity of the EPA sampling methods, but did not commit to sampling the COB. Currently, the groundwater sampling at Vermont Yankee indicates tritium levels at about 80,000 picocuries per liter, down from a peak level of as much as 2,600,000 pCi/L.

Pertussis. Pertussis cases continue to be identified in Vermont. Vermont's pertussis outbreak began in the Fall of 2011 with 94 cases confirmed for that year. As of June 1, 2012, there have been 135 cases confirmed this year. Two hospitalizations have occurred so far this year. Both were in infants less than 2 months of age. One was hospitalized for 1 day; the other for 20 days. All cases are investigated by Health Department Nurses to allow for appropriate disease control interventions.

Salmonellosis. Vermont has been working with other states and the CDC on two separate multi-state outbreaks of salmonellosis associated with live poultry. Vermont has one case involved in each outbreak; both VT cases have recovered from their illnesses. Outbreak A involves 117 cases from 25 states and is associated with live poultry sourced from a single hatchery in Ohio. Outbreak B involves 63 cases from 19 states and at this point multiple hatcheries are associated with this outbreak. Both investigations are ongoing.

FY13 School-Based Substance Abuse Services Grant. The Vermont Department of Health received 40 applications to this program and awarded twenty-one grants totaling \$806,000. The focus of the grant is to deliver selected substance abuse prevention and early intervention services based on school need. Local schools chose from a menu of allowable activities and base the selection on school need demonstrated by Vermont Youth Risk Behavior Survey (YRBS) data and other sources. All schools receiving grant funds are expected to provide ongoing substance abuse screening and referral services, and to demonstrate how they are working within their comprehensive school-based health framework. Awardees are required to participate in the 2013 Vermont YRBS.

Blue Green Algae. The Health Department and Agency of Natural Resources have launched this year's blue green algae awareness program. Some forms of blue green algae include cyanobacteria which emit neurotoxins that can seriously harm humans and animals. Some scientists are investigating whether cyanotoxins may be related to amyotrophic lateral sclerosis,

also known as Lou Gehrig's Disease. To date, no clear evidence of causality exists. The VDH/ANR blue green algae program helps people spot and report blue green algae blooms and know how and why to avoid exposure. This is part of a larger effort to tie numerous risks to our recreational water together in an outreach designed at helping us all prevent recreational water contamination by bacteria, chemicals, flooding and runoff.

Department of Mental Health (DMH)

Following is last week's report - It arrived too late to be included.

Request to Brattleboro Retreat for additional capacity. After preliminary conversations with the Retreat, Commissioner Flood has sent a letter requesting that the Retreat provide an additional 6-8 beds for high need patients. The current statewide situation is untenable with too many people waiting in emergency rooms or Corrections for a bed. The Retreat leadership has been extremely helpful and thoughtful in how they might help meet this need. They have expressed a willingness to switch units for our patients to provide a 22 bed unit instead of a 14 bed unit. Given that we are already using some of the beds on the 22 bed unit, we think the net increase in beds will be 6. Even that small number will provide significant relief. This proposal is temporary until the 8 bed temporary hospital in Morrisville (Sept. 1) and the 7 bed secure residential facility (November) are operational, or for 5-6 months. Then we will return to the Retreat having 14 beds for this population. The net cost to the FY 13 budget will be about \$1 million, or about \$400,000 GF. Once the Morrisville facility opens, we will use some of the beds at the Retreat to move patients currently at Springfield, thus reducing DOC expenditures to offset some of the additional GF needed. Nonetheless, this proposal will undoubtedly result in a budget adjustment request in January. However, it is a critical step, and the Retreat deserves very high praise for being so flexible and helpful.

VT Digger article on Retreat death. VT Digger is writing an extensive article on the death at the Retreat in January. That death was not a DMH client, but was on the substance abuse unit. Both Rep. Donahue and the Digger article criticize Dr. Simpson for what they perceive to be misleading testimony to the legislature. The Department's position is that:

1. The death came as a result of a serious error in handling medications;
2. Licensing and Protection investigated and cited deficiencies;
3. The Retreat moved swiftly to correct the problem in their system, and submitted plans of correction to DLP that were accepted.
4. Overall, DMH believes the Retreat has done an excellent job treating our patients since the flood.

Concerns may be raised that we are expanding our reliance on the Retreat even after this incident. We believe that a) they have corrected the problem and continue to provide excellent care, and b) we have to add beds and the Retreat is the only hospital able and willing to take on this challenge.

Secure Residential. DMH is moving ahead with plans to develop a 7 bed secure residential facility in Waterbury. We are still awaiting an imminent appraisal on the desired property. The town has given us constructive advice and BGS will start moving ahead with the permitting. The plan is still to use modular construction to get the facility up and running as quickly as possible.

Springfield Unit. DMH is continuing to work to close this unit on two fronts. First, as described above, once Morrisville is open we can utilize additional bed space to move anyone left at Springfield. However, that is 3 months away, so DMH continues to work on community based plans for several of the residents there. The overall situation is deteriorating as time goes on, with some staff leaving. DMH is working with DHR to come up with a plan to incentivize staff to stay at Springfield for a few more months.

Bloomberg News. This news outlet has been working on a story about Vermont's mental health challenges for months and apparently it will be released next week. The reporter has talked to many Vermonters. It is not clear what bent the story will have.

This week's report:

Emergency CON. We are completing our Emergency CON, which includes plans for: 1) the interim state hospital in Morrisville; 2) Rutland Medical Center redesign of psychiatric unit; 3) Brattleboro Retreat redesign. There were a few outstanding safety concerns in the Rutland project design, as presented by our consulting firm, GMI architects. A conference call between our consultants, the Rutland architects, and clinical staff from DMH and the hospital, resulted in discussion and consensus on the necessary revisions today. A new schematic will be sent to our consultants, and we should be on target to file the CON early next week.

VT Digger article on Retreat death. The article regarding this incident was published this week. The timeliness of reporting to the legislature by the Retreat on this patient's death, as well as to DMH, was raised in this article. We are testifying before the Health Access Oversight Committee on Wednesday and anticipate questions regarding the reporting process. We are working diligently on a process for following up on adverse events and will be prepared to speak to that, as well as to the report made to DMH by the Retreat on this event. As was indicated in last week's report, this man who died of an apparent overdose was not in the care and custody of the commissioner, and we were aware that Licensing & Protection was following up. Further, we believe the Retreat has worked quickly to make corrections regarding the mistaken process that led to this man availing himself of un-prescribed medication.

Secure Residential. DMH is still awaiting the appraisal results from BGS. As soon as we receive that, we will move forward as it is our goal to have a modular unit on this property by the time snow flies.

Springfield Unit. With four patients left on the unit, we continue to work on plans for community placement, in addition to working toward a seven-bed secure residential facility. This week we had a very promising meeting with Northeast Kingdom Healthcare Services regarding housing and treatment for one of our folks residing in Springfield. If all plans fall into place, we will be moving a gentleman out of Springfield within the next couple of months.

There are legal barriers which have to be surmounted, but the groundwork has been laid by our Legal Division and we are feeling fairly confident. NKHS also took another very hard-to-place individual two months ago; and this person has had very successful placement after receiving rejections for community placement for the past two years.

Bloomberg News. This article was published this week and proved to be a commentary on the need for more psychiatric beds, not just in Vermont, but nationally. Unfortunately, the reporter gathered his information from a variety of sources and drew a conclusion that we have a broken system, only to be repaired through the building of hospital beds. While we agree that a few more hospital beds would be beneficial, we continue to believe in our plan for community and peer driven services, balanced by enough hospital beds to create healthy tension in the system.

Fisher Road site for new state hospital. BGS is nailing down details on a sale price. Not quite there yet.

Meetings with ADAP. In a joint meeting this week between ADAP and DMH, planning for integration of services, when appropriate, began. An agenda has been developed for setting goals and objectives, as well as determining performance and outcome measures over the next few months.

Department of Disabilities, Aging and Independent Living (DAIL)

Jobs. On Monday, June 4th, the Commission on Successful Aging met with Paul Harrington, a Consultant from Drexel University who works on labor market trends. Mr. Harrington inspired the group to apply Vermont's clear success as leaders in progressive employment to developing the older worker. Commission members from DAIL, DAIL/VR, The Department of Labor, and Vermont Associates responded enthusiastically about the opportunities to work together on this issue.

Ongoing Issues

Adult Protective Service. We remain on a steady course. Final two new permanent investigators (including Walt Decker) began orientation this week as did the second program specialist. We now have the full complement of APS staff.

Our attorneys responded today to AJ Rubin on the John Doe case I referenced two weeks ago. No further press activity on this item as yet.

Terri Hallenbeck followed up on her interview with Commissioner Wehry and asked to interview an APS investigator; we are working on arranging this. Terri is now extending her story to look more closely at the nature of the risks faced by vulnerable adults and not just the litigation and legislation. If she stays on track, this is good news.

Adult Protective Services Litigation. Our attorneys were granted a two week extension to the time for filing a response to the plaintiffs' pleading. Attorney Prine has sent a "pre-settlement letter" outlining what she wants to resolve the litigation. The territory is familiar and there has

been little movement on her part. Of the 10 performance assurances they seek, 7 have been addressed (and resolved) for months; we have fundamental disagreements about the remaining 3 (caseload caps; what it means to commence; emergency response). From a statutory standpoint we are on solid ground.

Legislature. Commissioner Wehry will testify June 13 before the Health Access Oversight Committee on APS; the Choices for Care (CFC) reinvestment strategy of \$1.1M; and the relationship between the state and CMS with respect to the federal survey (this grew out of concern over the de-certification of McGirr's earlier in the year). Our report on APS will reflect our continued progress and stability; our report on CFC re-investments (diverse) has the support of the DAIL Advisory Board, VHCA (Pelosi) and the Adult Day lobbyist (Renfrew) but not the lobbyists for Home Health (Cobb) and the AAAs (Gordon, Shullenberg) who continue to advocate for focusing only on providers initially and then others, if there are additional funds.

Evolving issues

New. We learned yesterday that there is some talk in Congress of lowering the provider tax to offset the cost of student loan subsidies. After consultation with Finance Commissioner Jim Reardon, Commissioner Wehry reminded our congressional delegation what a deleterious impact this would have on Vermont's public programs. Rep. Welch's staff were not on our regularly scheduled call but the Senators' staffers agreed to pass it along.

Old. The Survey and Certification response to the December FAHC incident is still under review by the federal regional office in Boston.

After review by the Commissioner, Adult Protective Services has opened an investigation of three individuals (2 former VSH employees and 1 FAHC Nurse) connected with the FAHC incident.

A death in a nursing home was referred by the medical examiner's office to the Division of Licensing and Protection (both Survey and Certification and Adult Protective Services are investigating), the AG's office and to local police for investigation. The Survey and Certification team completed its review yesterday and found no purposeful intent on the part of the nurse who gave the multiple excessive doses of a medication. Also, it does not seem that the over-dose caused the resident's death. There will most likely be a couple of low level citations but the situation is far less concerning than it looked based on the initial report.

Department of Corrections (DOC)

Status of Governor's Priorities

Chittenden Regional Correctional Facility. Construction at the Chittenden Facility continues to progress. The new booking unit is almost complete, the raised garden beds have been installed and the yard is being re-seeded. If you are in the area, please feel free to stop by.

Other

Northwest Correctional Facility. Later this summer, the St Albans Facility will begin a new envelope manufacturing industry. This industry will employ 8 to 10 long term men. It is hoped that we can reach 14,000,000 envelopes per year and supply the State with all of its envelope purchases (currently about 14,000,000).

Staff Assault. Yesterday afternoon, an inmate at the St Albans Facility, Tim Dufresne, assaulted Correctional Officer Devin Rochon by striking him in the face and kicking him in the legs when he was down. Later that day, he set off and then broke the sprinkler head in his cell. Later he broke a dome camera in his cell. We have referred all of these things to the Vermont State Police.

Population

The Department's incarcerated population has floated around the 2060 mark, with the detention population remaining high, just below the 400 person mark. The female incarcerated population remains in the 130 range. The out of state population is currently at 467 individuals. We no longer have any people housed in Franklin County, Massachusetts, and are only using our two CCA facilities (one in Kentucky and one in Arizona).

Department for Children and Families (DCF)

Legislative Issues/Contacts

VSNIIP. ESD plans to put the Vermont Spay and Neuter Incentive Program (VSNIIP) out to bid in a Standard RFP. There are several important reasons for this decision.

State Bulletin 3.5, Key Issue, Item A, Opportunity to Compete, Executive Order #3-20, requires all State agencies to implement a policy to offer a free and open bidding process. ESD took over the current contract agreement last year from the Department of Agriculture and was not involved in the Scope of Work from inception. ESD inherited objectives defined by the Dept. of Agriculture, and these need updating. Another reason we believe it's imperative to put the VSNIIP program out to bid is there has been a "Situation Report" from the State Auditor's office indicating oversight of this program has significant weaknesses.

Since Challenges for Change was implemented, the State has committed to assuring all grants and contracts have clearly defined outcomes and performance measures. An open, competitive bidding process would create an opportune time to make this a solid performance based contract. The current contract will be amended beyond the end of the fiscal year to assure continued operation of the program during the bid and grant award process.

Press Issues/Releases/Contacts.

The state auditor's office has recently reviewed ESD benefit programs to determine the breadth and depth of issuing public benefits to deceased individuals. A preliminary review of the individual cases brought to our attention (88 cases identified by the auditor) reveals that about half of the situations are related to the seasonal fuel benefit and are attributable to the timing of

closing those cases in the system. There has been no fiscal impact to the State due to this timing issue with the fuel program or with most of the other benefit programs because the benefit was either not issued or was not accessed. In the limited situations where a benefit to a deceased person may have been used (it appears the 3SQVT program is most vulnerable to this) ESD is investigating deeper in each individual circumstance brought to our attention through the audit. In cases where fraudulent activity is discovered, appropriate action will be pursued. Our investigation is continuing for the next several days and in next week's report we will provide more details regarding the prevalence of the problem, any fiscal impact to the state of human or system errors, as well as our plan to mitigate future problems.

Other

These comments came from the Office of Child Support's comment card: Coming from Northern Virginia, Vermont has a great Child Support System! You have wonderfully nice and helpful people that you can actually speak to on the phone. No voicemail circle. You guys are fast and I love your website. Overall, Vermont has it right and makes getting information easy. Thank you VT! My only suggestion is, in Virginia I had an Eppicard that was an actual MasterCard where my Child was actually reloaded each month. It seems a little behind the times that you don't offer the Eppicard option. Apart from that, hip, hip, hooray for Vermont Child Support folks. Thank you, Tracey Ash, South Burlington, VT 05403.

Department of Vermont Health Access (DVHA)

Emerging Issues

Co-Pay Restructuring. Pursuant to Act 162, DVHA is in the process of implementing the new co-pay structure for 7/1/12. The new co-pay structure is expected to reduce expenditures by \$337,000 (state & federal). One aspect of the implementation is advance notice to beneficiaries. For the initiative to begin 7/1/12, printing of the notice has to occur beginning 6/7 with mailing to occur by mid June. As of 6/5, AHS/DVHA was still awaiting CMS approval to the initiative. Until CMS approval is received, printing/mailing of the beneficiary notice is not likely to proceed therefore there may be a delay in the start date of this initiative.

Graduate Medical Education. AHS/DVHA continues to confer with CMS and representatives from FAHC and UVM on the \$30M Graduate Medical Education (GME) initiative. This initiative has a tentative start date of 7/1/11. This initiative has been vetted and approved by the Legislature but it also requires CMS approval. AHS/DVHA has been responding to CMS questions/concerns for the past year. Currently, AHS/DVHA is in the process of finalizing responses to CMS's most recent questions/concerns. Commissioner Larson has kept FAHC/UVM and Vermont's Congressional Delegation abreast of the most recent developments related to this initiative.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Sarah London, Governor's Counsel
From: Sarah Hofmann, Deputy Commissioner
Subject: Weekly Report - Priorities Version
Date: June 8, 2012

Status of Priorities and Cases of Interest:

- Vermont Gas - The Department and VGS finally came to a successful conclusion to its negotiations for VGS' alternative regulation docket and its cost of service. Terms include a 9.75 allowed rate of return. VGS currently has an ROE of 10.25%. The hearings on this global settlement will take place on June 26th and 27th before the Board. VGS has also informed the Department that it has hired the engineering firm to take the next step and actually design the Addison expansion project.
- Vermont Yankee cases before the Board - Entergy filed a motion to modify previous board orders which precluded it from operating and storing spend fuel after March 21, 2012. At a minimum, the motion fails to take into consideration that the State may prevail in the *Entergy v. Shumlin* lawsuit. We are drafting our response which is due on June 15, 2012.
- Vermont Yankee Operations – ISO NE has reevaluated how it would recover from a grid blackout. Before VY's station blackout procedure relied on the Vernon Hydroelectric Dam. The new process ISO is requiring does not start with hydro stations and for a variety of reasons, ISO NE can't guarantee that the Vernon Dam Tie will provide power to VY in the required 2 hours. VY is instituting plans to have a 3 MW diesel generator installed at VY to meet the NRC Blackout Requirements that doesn't depend on the Vernon Dam. Entergy will have to seek an amendment to its NRC license and apply to the PSB for a CPG for a small building and concrete pad for the new diesel generator. Entergy is expected to file for the CPG by July 23, 2012.
- GMP/CVPS merger – We have no way of knowing anything precisely but based on experience, it is likely that we could get a board order next week. Big orders usually come out on Fridays so that is my best guess on timing. Liz and Sarah have both been talking with organizations like WEC, VEIC, VELCO, RAP and others regarding the VLITE Board. The MOU says we will have to name the VLITE directors before the closing of the acquisition if the Board approves the merger. The closing is scheduled for the end of the month.
- Texas Compact – The assessment for the final \$12.5 M to Texas has been sent to the appropriate generators. The lion's share of the assessment is paid by Entergy at \$12,425,923. Also, the Texas Compact is going to have its meeting in Vermont on September 26th. I believe Dick Saudek would like the Governor to speak so it will have to be determined if that is a good idea or not.
- The U.S. Court of Appeals for the District of Columbia issued an order today finding that the NRC's Waste Confidence Rule constitutes a major federal action necessitating either an environmental impact statement or a finding of no significant environmental impact. The Court found that the NRC in concluding that permanent storage of spent nuclear fuel

will be available “when necessary” was deficient because the NRC did not calculate the environmental effects of failing to secure permanent storage and in finding that spent fuel can be safely stored on site at nuclear plants for sixty years beyond the expiration of a plant’s license, failed to properly examine future dangers and key consequences. The case has been remanded for further proceedings. This is a major victory. The Waste Confidence Rule was based on a wish and a hope. This will put pressure on NRC and DOE to come up with storage or disposal options.

Legislative Issues/Contacts: Sarah continues to be in contact with Rep. Clarkson. A meeting is scheduled with the DPS, Rep Clarkson, the B&B owners and CVPS on June 25th to see if we can work out a compromise on the rate classification for B&Bs in CVPS territory.

Press Issues/Releases/Contacts: Quiet week on the press front.

Significant Meetings/Events:

- Liz met further with Mike Smith as promised. Tenor of the meeting was positive. Mike is going to consider some options. Karen Marshall has had preliminary discussions with EC Fiber. We understand that Senator McDonald may not be happy at this point.
- We had an internal DPS meeting regarding the Thermal Efficiency Task Force. We are gathering data to review with Alex re the scope of the Task Force’s efforts.
- Liz and Porter met with the Health Department regarding the smart meter study due by January 15, 2013 pursuant to S.214. Sarah met separately with the Health Department about improved coordination and collaboration and the possibility of doing a Health Impact Assessment in the future.
- Liz and DPS staff met with NG Advantage and its attorney to see what common ground there might be to enter into an MOU. We are still deep in the weeds of determining PSB jurisdiction and haven’t determined our position yet. NG Advantage wants as little (or no) regulation from the PSB as possible. The Vermont law is not clear on this so we are trying to find the best path given the ambiguous state of the law.
- Liz and DPS staff met with Annette Smith and Matt Levin of Vermonters for a Clean Environment. Annette was quite exercised about many aspects of wind but the focus was on noise. We are reaching out to see if we can help one particular family that has contacted VCE. That might help us establish a framework for future complaints.
- Liz met with REV to discuss issues and at a high level discuss where REV’s priorities are in the coming year.
- DPS hosted a meeting with Cliff Duncan, Congressional Staffs, and other cable companies. The issue is that the cable companies are feeling that retransmission consent rights are being abused by the broadcasters. It was a good discussion, but we are constrained by possible jurisdictional concerns at the state level. It is likely that we have to direct our concerns to the FCC in some fashion.
- Discussions have been occurring about whether IBM Global can assist the CETI/Sandia project. An IBM Global executive will be here the last week of June to meet with us and the project partners (IBM included).

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Commissioner
DATE: June 8, 2012

Senator Sanders: On Wednesday I received a call from Senator Sanders' office, following his meeting with Secretary Duncan about several issues, but primarily about our decision to not pursue the ESEA waiver. Senator Sanders wanted to better understand this decision. I explained that there was no flexibility from US ED on the annual testing requirement, teacher evaluation, alternate assessment for ELLs and several others. Further, Vermont would need to do significantly more work on the ESEA waiver in order to have an approvable application and even then, it would no longer be the one that was agreed upon by stakeholders months ago. Senator Sanders proposed a phone conference among myself, DOE staff, Leahy staffers, and Secretary Duncan's key staffers, followed by a call directly with Secretary Duncan. His office will be coordinating this and I think it would be helpful to have representation from your office on these calls. In the meantime, we have provided Senator Sanders' office with the complete ESEA Waiver application, US ED's response to this and the notes from the Peer Review Panel.

Leadership Training with Tim Cook: On Monday my Leadership Team participated in three hours of training with Tim Cook of Vermont Training Solutions, d/b/a Dale Carnegie Training. Tim has developed a Team Development Project for us that include a personality survey/inventory, personality traits as they influence teamwork and relationships, interpersonal communications, the Johari window, and the "innerview." Most of the feedback received from the Leadership Team has been positive. The Leadership Team has some challenges to overcome around communication, especially with divided locations, changing leadership, and staffing reductions coupled with increased demands. There is a second three-hour training scheduled for next Monday.

PK-16 Council Meeting: We continue to work on ways of making HS education more personalized and multi-faceted; such as flexible pathways, dual enrollment and proficiency-based learning. The focus is also on improving the early education system and looking for ways of finding further collaboration under the weight of somewhat challenging rules of Act 62.

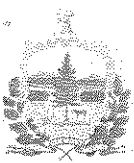
Student Educator Course Transcript (SECT) Training: On Tuesday I traveled to Rutland to participate in the second of two SECT trainings that the department has conducted. These trainings were offered in an effort to provide as much technical support as we can to the supervisory unions as they begin to collect this information in order to comply with the US ED's requirement of our acceptance of Statewide Fiscal Stabilization Funds. There is uncertainty that comes with any new data collection, and this one is no different. My role at the training was to try and alleviate some of this anxiety and reiterate the importance of this work. Additionally, we have a separate, dedicated webpage where all specifications and resources related to this collection may be found.

NU Documentary: A group of Norwich University students, accompanied by their professor, William Estill, visited our office this week to give myself and several other DOE staff the opportunity to screen their student documentary on Vermont's Education Transformation. Many students feel strongly about not being in control of their educational paths and the emphasis that was placed on standardized testing. The documentary is 58 minutes long and includes interviews with students and faculty from much school across Vermont. I encourage you to [view the documentary](#) and share it with others. I will also forward you a copy of the DVD under separate cover.

Community HS of Vermont (CHSVT): This week I met with Secretary Racine and Commissioner Pallito along with CHSVT superintendent Wilhelmina Picard about improving the relationship between CHSVT and the DOE. We plan on meeting regularly to work together to improve their program, collaborate with K-12 partners, and reduce the recidivism rate of CHSVT students.

VAMLE: On Wednesday evening, I attended the Vermont Scholar Leaders Banquet at Norwich University and spoke about how important the middle school years are and some of the unique characteristics of an excellent middle school education. The two student speakers were Mariette Aborn from Burr and Burton, and Nicholas Shallow from Mount Mansfield Union. Both are U.S. Senate Hearst Award winners. About 80 students were in attendance representing 40 middle schools.

Turrell Fund Day for Children: Thursday was spent at the Turrell Fund Day for Children where I participated in many worthwhile discussions with advocates, policy makers, and funders involved in working toward child well-being in Vermont. Discussion topics included Vermont Birth to Three, Benchmarking the Early Years' Work and Early Childhood Advocacy. Lisa Ventriss, President of the Vermont Business Roundtable was the keynote speaker and spoke about the importance of early childhood care and education from an economic development standpoint, and the role the business community should play in this work.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: June 8, 2012
SUBJECT: Confidential Report to the Governor

CONNECT VT

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Met with Sen. Benning regarding Harley tour State House photo op next Tuesday.
- Talked with HCIC Chair Rep. Emmons primarily about the selection of the Fisher Road site for the VSH replacement. She was concerned about lack of legislative notification.
- Monthly report to SIC and HCIC to be issued by Friday.

Press/Media Notes:

- Issued statement to Andrew Nemethy, VTDigger, on negotiations for LaGue site parcels.
- Talked to Nancy Remsen, BFP, about the delay of the revised Option B report.

Significant Events/Meetings:

- Waterbury State Office Complex, met with representatives of the Hunger Mountain Child Care regarding their desire to return to their former location.
- Met with A. Carr regarding the possibility of renting his remediated lot for SOV parking.

Evolving Issues:

- Many folks have observed that the Vermont Mutual site would be a good site for public safety facility.

FINANCE AND MANAGEMENT

Significant Events/Meetings:

DVHA: Financial Operations met with DVHA yesterday and confirmed that VISION will be able to accommodate many of their accounting needs for the Health Benefit Exchange. VISION however will not be able to accommodate their billing and receivable needs, this requirement will be met through a different financial system. The information managed in the other financial system will need to be interfaced into VISION and the systems will need to be reconciled on a monthly basis.

HEALTH CARE REFORM

Nothing to report.

HUMAN RESOURCES

Status of Governor's Priorities:

Strategic Planning: DHR is planning for the second session of strategic planning, which is scheduled for June 22, 2012. The extended cabinet has been provided with logistical information as well as an agenda for the meeting.

Legislative Issues/Contacts:

Senator Illuzzi contacted Commissioner Duffy regarding a provision in the Pay Act that requires DHR to conduct a study of attorney pay throughout the executive branch to ensure pay parity. Senator Illuzzi indicated that the States' Attorneys are anxious to proceed, and that he would like to be kept informed on the progress of the study. He also noted that the lack of an across the board increase for exempt employees making over \$60,000 has caused some dissension, making the study even more important.

Significant Events/Meetings:

Commissioner Duffy met with Auditor Tom Salmon to discuss several issues. In particular, they discussed performance measurement and the steps being taken as part of the strategic planning process to move towards performance budgeting. The Auditor also requested that DHR consider extending the market factor that now applies to classified auditors to the elected officer as well, if the officer has the appropriate qualifications. Commissioner Duffy has discussed this request with Secretary Spaulding.

Commissioner Duffy met with Commissioner Noonan to discuss several personnel issues, particularly a possible reduction in force that could be necessary at the Department of Labor. Commissioner Noonan indicated that as many as 40 individuals could be subject to a RIF if certain federal funding is not continued. One issue contributing to this possibility is that federal

OSHA personnel have expressed concern about the amount of work completed by Vermont's OSHA investigators, and may consider taking over that program from the State.

Evolving Issues:

Voluntary Reduced Work Schedule Program: Commissioner Duffy asked appointing authorities for feedback on the Voluntary Reduced Work Schedule Program to assess whether the program should be continued. Generally, the response was very positive. The program saved approximately \$500,000, all funds. Accordingly, DHR will contact the VSEA to determine whether they will agree to continue the program, and potentially expand it to include all bargaining units.

Implementation of Pay Act: Based upon feedback from the Governor, Commissioner Duffy will advise appointing authorities that requests for merit bonuses for exempt employees will not be considered until January 2013.

Equal Employment Opportunity Plan: With assistance from the Governor's Workforce Equity and Diversity Committee, DHR finalized an Equal Opportunity Plan. The Plan has been executed by the Governor, Secretary Spaulding, a GWEDC representative and Commissioner Duffy.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

IT Reorganization: The HR legal interpretation of the DII merger plans has been evaluated as a "significant restructuring" and that an executive order must be approved by both houses before they can move forward with making these AHS staff DII employees. Therefore, they plan to move a key position or two from AHS to DII in July (HR says this part is fine) and have DII provide supervision of AHS staff, through an MOU, until the EO for the significant restructuring is approved.

Governor's Dashboard: Commissioner Boes presented prototype to Secretary Spaulding outlining optional views, finishing touches to come, and next steps. Decisions from presentation include commitment to complete initial website by June 22nd, Extended Cabinet retreat. Cabinet members and their agencies will have one week to review and Team will target launch in first week of July.

IT Compensation and Classification Project: DII and DHR met with Gallagher and Flynn on Friday to review a preliminary draft of their findings and recommendations. Following are their draft recommendations:

1. Increase the pay grades for the IT positions that are not competitive in the local market.
2. Develop a classification system that will recognize increased levels of expertise in senior technical positions, expanding the current I, II, and III levels of some positions so that the increased market value of greater expertise in these positions can be better recognized in the State pay system.
3. Develop a process for regularly comparing the State's IT positions to the local market.
4. Create the capability to develop and maintain a sustained and focused IT recruiting strategy within the SOV.
5. Develop programs and linkages with Vermont colleges and universities that will assist recruiting.

6. Develop a process for the ongoing review of the internal equity of IT positions in various departments.

DII provided critical feedback, and GFC will be working closely with DHR to make sure the deliverables can be used by DHR to enhance State programs and serve as a catalyst to restructure as necessary.

Press/Media Notes:

- Commissioner Boes spoke with Peter Hirschfeld regarding changes in statute affecting the web portal. He explained their direction and thought it better to wait on a story until after DII releases the RFPs. Richard did not share any information that could jeopardize those RFPs, but told him he would be happy to talk to the subject later in the summer.

Evolving Issues:

- DII is experiencing a significant power issue in their secondary data center that has temporarily eliminated their ability to use backup power. None of the systems are critical (they are for redundancy) and they are currently running on “street power”, but the level of resiliency and redundancy are greatly reduced putting the systems at higher risk. This issue should be fixed or mitigated by Monday night as they work to repair the power issue.

LIBRARIES

Nothing to report.

TAXES

Legislation:

TIF: The Auditor has released the Burlington TIF audit, concluding that Burlington impermissibly used roughly \$1M in TIF money. The Auditor, based on advice of the AG (who in turn relies on Tax Dept AGs), concludes that it was impermissible for Burlington to use TIF money to pay off financing on land originally purchased before the TIF district was formed. The Auditor rejects the opinion of the Burlington attorney that the spending was proper – Burlington argues that the Certificates of Participation (COP) that are being repaid had been issued after the TIF, and that the State was aware of the use.

The Auditor actually has touched on a long running dispute between Burlington and the Tax Dept – in fact, the Commissioner remembers related testimony simmering in Ways and Means years ago. Perhaps distinguishing the situation in Milton and Newport, Burlington has purposely utilized some very sophisticated techniques in its TIF. It has lobbied relentlessly, and usually successfully, to have the TIF statutes retroactively amended to accommodate any challenged activities.

In this case, Burlington had the TIF statute amended to allow for payment on COPs, although the statute originally contemplated only more traditional financing with inherent safeguards. The heart of this latest twist in the dispute is that it turns out that the COPs in question also were a RE-financing mechanism; Burlington had owned the land prior to the TIF. The Auditor concludes that since TIF is

intended to stimulate investment, the statute logically does not support using TIF to pay off prior investment. And the Auditor concludes that the State was not aware of this aspect of Burlington's TIF.

The Auditor acknowledges that there is no mechanism to recoup this money. The Auditor signals that after the Winooski audit is released it will have a capstone report, although it is not clear the Auditor will then wade in to suggest what to do about the past funds it asserts was misspent by the towns. The Auditor does suggest that Burlington's issue is ongoing, and it recommends that Burlington stop using TIF money for this purpose, and work out a resolution with State officials.

Several policy issues are presented. First, whether the Administration wants to take a position on whether the towns should be required to return money identified by the Auditor as misspent. With three towns in, the sum is approaching \$5M, which is a half cent on the statewide property tax. Some legislators made noise about being tough on the towns during the session. On the other hand, there is no mechanism in statute to recoup money and there no doubt would be protracted litigation, particularly with Burlington and Milton. A safer course would be to propose legislation that explicitly forgives these amounts, but sets up a study committee including Legislators, Tax, ACCD, the Auditor and VLCT, charged to propose the composition of a permanent oversight panel, additional safeguard mechanisms at the town level and recoupment provisions. Mercifully, there were no proposals to expand TIF this session, and this approach would give the Administration grounds to resist any expansion at least until improvements are implemented.

With respect to Burlington's ongoing issue, my recommendation would be that we arrange a meeting with the Secretary, Commissioner and high ranking Burlington officials. Again, we could propose that we would support legislation to bless this one time use of TIF to pay down a refi of pre-existing debt, but that this is one of the policy issues that a study committee is charged to study going forward.

Irene Relief: The Department is putting the final touches on forms and procedures to implement legislation allowing for reimbursement of sales or property taxes paid on replacement mobile homes, and for refundable downtown tax credits.

Operations:

ETM Processing System Technical Upgrade: The Department received four responses to its RFI on performing the technical upgrade for our processing platform. Three were significantly cheaper than Oracle's proposed contract, and one appears to be a viable and perhaps superior proposal, although it might cause more delay. The Deputy Commissioner is preparing a written recommendation for the Commissioner and DII for a final decision on how to proceed with the upgrade. In the meantime, this week the Department also will be receiving responses to its SOW for a consultant to conduct an RFI with rival vendors of tax processing platforms to provide information on alternatives to continuing with Oracle's product.

