

From: Miller, Elizabeth

Sent: Sunday, August 25, 2013 4:11 PM

To: GPS; Allen, Susan; Porter, Louis; Richards, Alyson

Subject: Weekly Reports - Executive Privilege 08 23 13.pdf

Attachments: Weekly Reports - Executive Privilege 08 23 13.pdf; ATT00001.txt

A few highlights, nothing major

WEEKLY REPORTS

Checklist
8/23/2013

Elizabeth Miller/Aly Richards

- ☒ Agency of Commerce and Community Development – Lawrence Miller
- ☒ Department of Labor – Annie Noonan
- ☒ Department of Financial Regulation – Susan Donegan
- ☒ Agency of Education – Armando Vilaseca
- ☒ VT Commission on Lottery – Greg Smith

Louis Porter/Drusilla Roessle

- ☒ Agency of Transportation – Brian Searles
- ☒ Agency of Human Services – Doug Racine

Sue Allen/Leigh Appleby

- ☒ Agency of Agriculture – Chuck Ross
- ☒ Agency of Natural Resources – Deb Markowitz
- ☒ Public Service Department – Chris Recchia

Sarah London/Carolyn Wesley

- ☒ Department of Public Safety – Keith Flynn
- ☒ Agency of Administration – Jeb Spaulding

Susan Spaulding

- ☒ Boards and Commissions
- ☒ Department of Liquor Control

Other

- ☒ Irene Recovery Office

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary - Agency of Commerce and Community Development
Date: August 23, 2013
Re: Weekly Report

Quite a week, but not much for the report.

HUD Monitoring Letter: Received letter from HUD with the results of its monitoring visit in June at which it reviewed DHCD's compliance with the National Environmental Policy Act and environmental review process. HUD is overseeing NEPA compliance with new staff, vigor and guidance. As anticipated, it has issued several findings and concerns related to documentation and classifications of review for the CDBG, NSP and HOME programs. The letter also noted DHCD's good faith efforts and progress in revising its environmental review process. And highly recommended the creation of a dedicated environmental review officer. This request currently sits with the Department of Human Resources.

Designation Reform, Part II. About 25 people representing various interests gathered to offer ideas to improve the program. The group affirmed last year's survey results which highlighted the need for more tools or funding to:

underwrite a range of infrastructure needs (from broadband, to wastewater, to sidewalks, to town halls);
improve the quality and mix of housing options in and around downtowns and villages; and
increase the cap and transferability of downtown and village tax credits.

There was general support to streamline the Growth Center application process to encourage more municipal participation. Meeting notes will be posted online soon. Next up are meetings to gather input from the six designated Growth Center communities, followed by a meeting with the Chittenden County realtors and development community. Smaller working groups are in the works to explore the needs and issues related to natural resource protection/Act 250, agriculture, and industrial parks.

Vermont Tourism wins Mercury Award! The Vermont Department of Tourism and Marketing took home a National award at our annual tourism director's conference for the best use of social media. The Department's twitter handle @ThisIsVT has been running for over a year and generated tremendous attention across the U.S.

Irene Final Report: Went to the printer on Wednesday afternoon. This project was the major focus of our week, hence a rather short weekly report. "Nancy Driscoll"

Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report - Weeks Ending August 16 and 23, 2013

press?

Most Current: VDOL has a contract almost ready to sign with VTHitec who will assist VDOL on helping the IBM employees with the setting up of their own work, probably starting with about 20-25 employees. We met for about 3 hours yesterday. He is also working on setting up an IBM job fair with Hypertherm; and in discussions with Husky and Dealer.com. VDOL will be setting up another job fair for late September. As you may have heard, I was contacted by one of the laid off IBMers who reported to me that he and 7 other IBMers were contacted to come back to work at IBM as contract employees through a vendor. They are upset, but probably taking the work because the pay more closely reflects their prior wage. However, it is creating some tension with the other employers in the area who have offered IBMers jobs (including in this case, where the employee had taken a job at Autumn Harp as a result of an offer after the Job Fair, but is now leaving to go work for the vendor). I am worried this type of activity will have a chilling effect on other employers hiring IBMers, fearing they will come but then jump ship.

Budget issues: Almost every other state in USDOL Region 1 is closing regional offices. Vermont is not in that position, in part due to more conservative spending and judiciously filling vacancies. We have lost some money in VOSHA, WorkSafe, and Veterans services, and I think we will run close or short in the Tramway program (2 ski areas did not start their construction on new lifts, as planned). We appear to be fine in UI, Workforce Development, Workers' Comp and with our boards and council lines. VDOL is preparing to review the Internship grant proposals, and will soon be accepting applications for the grants to regional workforce development groups, adult tech education centers, and the WETF. We just signed the Governor's Career Readiness Certificate grant with CCV with dedicated money to the NEK project.

Unemployment Comp & Wage: VDOL has a new UI Trust Fund model nearly ready - just working through minor edits. I will present that to the 5th floor before it gets shared with anyone else, including JFO. We saw a two-tenth rise in the UI rate this month, but UI claims are down. Our regional offices will be working together with LMI and the UI division to start more direct outreach to all unemployed persons in their region that we have contract info for, and to connect them with the WDD and REA staff of VDOL. VDOL met with Jeb and DII on our major grant for a new UI computer system. Vermont will not ask to be the lead state on this project, as we had been on the business system development/requirement stage of the project. Vermont led this project on time and under budget, so the Feds were very happy with our consortium and have told us that it very likely they will provide the 3 states with \$50-60M for the computer development. **Claims Center Stats:** UI claims are down. For the week ending 08/17/13 we took 1655 calls. This is a decrease of 548 calls from the week ending 08/10/13. We processed 271 initial and 315 additional claims. This is a decrease of 89 initial claims and a decrease of 77 additional claims from the week ending 08/10/13. 3 claimants exhausted all tiers of benefits with the week ending 08/17/13 compared to 3 claimants who exhausted all tiers of benefits during the week ending 08/10/13. 1 claimants exhausted Tier 1 benefits with the week ending 08/17/13 compared to 2 claimants the prior week. We paid 4965 claimants during the week ending 08/17/13 compared to 5,275 for the week ending 08/10/13. We processed 97 Mass claims for week ending 08/17/13 and 36 return to work dates.

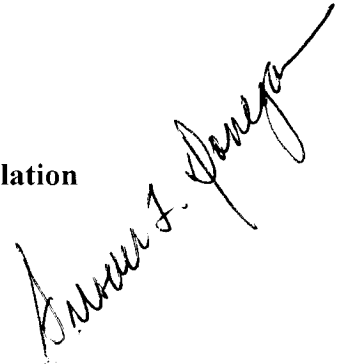
Other: VSP was issued a VOSHA citation. I am working with my staff and Keith Flynn on the resolution. I met with Richard Sheir on Veterans and other workforce issues. S.155 study committee had a conference call. I am meeting on the Reemployment Connections Initiative with VDOL staff. Senator Sanders is working with us to secure a youth grant that VDOL would administer with partner agencies. VDOL is included in several pending grants (2 veterans, 2 TAACCCT grants).

State of Vermont
Department of Financial Regulation
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For consumer assistance:
[All Insurance] 800-964-1784
[Securities] 877-550-3907
[Banking] 888-568-4547
www.dfr.vermont.gov

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: August 23, 2013
Re: Weekly Report



Captive Division:

The Vermont Captives Insurance Association's 28th Annual Conference was held last week in Burlington and boasted more than 1,100 attendees from 39 states and seven countries. Deputy Commissioner David Provost reported that there were many reunions and update meetings with existing captives and lots of new faces and new prospects. DFR staffers met with representatives from Sherwin-Williams, JF Kiely, Direct TV, E&S Ventures, EPIC RRG, and the soon-to-be-former management of American Safety Insurance, all interested in forming new captives here. We also had discussions with CPA firms and management firms interested in establishing practices in Vermont. Speakers from DFR besides Provost included Commissioner Susan Donegan, Sandy Bigglestone, Director of Captive Insurance, and Dan Petterson, Director of Financial Examinations.

Insurance Division:

The Insurance Division recently approved the Vermont Education Health Initiative (VEHI) as an intermunicipal pool to provide health insurance coverage to its members, which includes supervisory unions, schools and retired teachers. VEHI is a self-funded fully-insured trust (not an insurance company) operating under DFR's authority contained in 21 VSA Chapter 121, Intermunicipal Cooperation and Services, and DFR Regulation I-90-1, Rules Governing Intermunicipal Agreements. VEHI is slated to submit its rates to DFR in mid-September (not subject Green Mountain Care Board review).

Other notes:

The commissioner and staff members from the Insurance Division will be attending the NAIC Summer Meeting August 21-27.





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**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Secretary
SUBJECT: Agency of Education (AOE)
DATE: August 23, 2013

School Safety: DPS Commissioner Flynn and I have discussed the idea of creating the position of a Statewide School Safety Consultant/Coordinator and we hope that you will support this. This position would be funded equally from both AOE and DPS. We request that we be allowed to add this as an addition to our budgets and not take the funds for this position from our current budget. Our plan would be to hire someone with prior law enforcement experience, preferably a retired state police officer, and have this person work out of space in both locations (AOE and DPS) to coordinate school safety activities around the state. Please let me know if you need to discuss this further, or what we need to do to move this along.

any support?

State Board of Education (SBE): The SBE held its monthly meeting on Tuesday, August 20. Action taken by the Board included approval of the Windham Central Supervisory Union's MUUSD (Modified Unified Union School District) Planning Committee Report which will allow the associated communities to move ahead with a vote on the creation of the MUUSD. I am concerned that the SBE approved their report, against our recommendations, because it had a provision that violated the one-person, one-vote provision. The Board also voted not to regroup the Battenkill Valley SU into the Bennington Rutland SU. Both of these actions were preceded by a discussion on current and previous supervisory union studies and the efficacy of the current governance system. Chair Morse will be appointing a study committee which will meet this fall to look at possible legislation in this area. Five candidates for the 2014 Vermont Teacher of the Year spoke to the Board and joined them for lunch as did David Cohen and Abby Kiablick from Senator Sanders' office.

SMARTER Balanced Assessment Consortium (SBAC): Deputy Fischer and 5 AOE staff attended a two-day meeting hosted by CCSSO in Chicago this week, titled "Transitions to New Assessments". As Vermont moves towards the SBAC assessments in 2015, there are many questions surrounding implementations and transitions. CCSSO is working with States and the US ED to ensure clear communications and adjustments.

Barre City Place: Jill Remick, Project Manager for the Barre City Place move, has met with all divisions and is in regular communication with BGS staff around the upcoming move to Barre. We are keeping staff informed as we become informed. Michael Clasen and BGS had a meeting on Thursday to discuss the furniture vendor. We are awaiting information from this meeting so that we can start working with the chosen vendor and solidify our floor plan and place our furniture order.

Back to School: On Thursday and Friday, respectively, I gave a welcoming talk to the ANESU and CESU school communities. My welcome was well-received and I was given a standing ovation.

Vermont Teacher of the Year (VT-TOY): The five VT-TOY finalists presented to the SBE on Tuesday at the Board Meeting; together with the five former Teachers of the Year they joined the SBE for lunch. The final stage of the 2014 VT-TOY selection process is classroom visits which will take place late-September/early-October. The 2014 VT-TOY will be named at the 10/15 SBE meeting.

Summer Picnic: The Agency of Education invites you to our summer picnic. It will be held on Wednesday, August 4 at the Wrightsville Recreation Field - Route 12, Montpelier, starting at 3:30 p.m. It would be great if you or your staff could stop by.

CM



CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Aug 23, 2013
Re: Weekly Report

Status of Governor's Priorities: .

n/a

Legislative Issues/Contacts:

I appear before the LCAR Committee regarding a rule change for the Lucky For Life game that has a change planned for Sept 17, 2013. There were no challenges or questions and the rule passed.

Press Issues/Releases/Contacts:

A reporter for VT digger was at the LCAR meeting and asked me a few questions but just factual topics.

Significant Events/Meetings:

n/a

Evolving Issues:

n/a

Summary of Key Agency Department Activity:

VLC Commission meeting was held on Tues the 20th. No significant matters or decisions.

Executive Director's Commentary:

I was asked by a local TV station in Rutland (PEG TV) to be interviewed by a panel about some lottery topics. The commission supports me doing this, and we have agreed on some topics to discuss. We are looking at dates in Sept to tape the show.

OFFICE OF THE SECRETARY
Phone: (802) 828-2657
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Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, August 23, 2013
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Amtrak Negotiations

I have been assured by Amtrak President Joe Boardman in a phone conversation that he will not cancel *The Vermonter* under any circumstances including the lack of agreement with Massachusetts and Connecticut. Our team is continuing the negotiations with Amtrak and met yesterday with Chris Cole reporting amicable discussions but little progress. Since money is not an issue in these talks, we anticipate an agreement by the deadline with a few minor issues to be ironed out later.

Amtrak Schedule

The Vermont Rail Advisory Council met last week and certain discrepancies were pointed out in the schedule which cause the train to be late at several Vermont stops although making up the time farther south. Amtrak has announced that it will tweak the schedule in response to Vermont's concerns.

Apparent Paint Spill

A white substance, determined to be paint, was spilled along the northbound lanes of I-89 from the on-ramp of Exit 3 to Exit 7. Our haz-mat and environmental team are investigating to determine the source of the leak which we assume to be a line-striping truck. We have determined that no VTrans trucks were involved and we had no jobs in the area.

Further evidence developed this morning indicates the paint also leaked on Routes 2 and 14 headed north toward the Coventry landfill.

Cambridge Rumble Stripes

These controversial safety features were removed from certain sections of Rt. 104 and the locals seemed to be very pleased with that action. This was an early application and they were not installed according to spec and it was not noticed until the job was complete.

We are launching projects to install more of these and specs have been tightened up and our residents and contractors have gained experience necessary to avoid this in the future.

VTrans All Employee Meeting

I understand that there is a chance you can drop by and if you can that would be great. This meeting on Thursday, Sept 5, 2:00 PM at the National Life cafeteria, will include the first "Service Beyond Self" award to some employees who performed life-saving steps for an accident victim, a couple of 40-year service pins, a Strategic Plan presentation, an Irene photo array, a Highway Safety Alliance presentation and the launching of an Innovation Award program. Depending on your arrival time we will try to hold parts of the agenda, such as the life-saving recognition, so that you can participate.

NOTES FOR STAFF

Federal Rail Administration Emergency Rules

The FRA has determined that public safety compels the issuance of an Emergency Order which requires railroads operating on the general system to implement additional processes and procedures to ensure that unattended trains and vehicles on mainline track or mainline siding outside of a yard or terminal are properly secured against unintended movement.

The three basic components of these rules require prior justification for any train or train element to be left unattended outside of a yard, certain extra steps to ensure redundancy in application of braking and other security measures and a full report to the appropriate railroad dispatch center of the need to park, the security measures taken, the tonnage and load and the grade of the location.

It appears to us that the FRA is taking this matter seriously and our operating railroads are implementing these new rules.

Canadian Suspension of MMA Railroad Delayed

The suspension of this railroad by the government of Canada has been delayed until October 1. This gives us a bit more time to try to fashion a response that will continue rail service to Vermont customers of the MMA between Richford and Newport.

Middlebury Bridges (Main Street and Merchants Row)

This long awaited project on two badly deteriorated bridges over our Vermont Rail System (Western Corridor) line in Middlebury is a complicated approach that involves not only replacement of the bridges but a lowering of the tracks to allow for more clearance for the double stack loads of the future.

The town would like a "tunnel" that would require connecting the two bridges and creating public space in between. This adds \$1.5 million to the project and the FHWA has determined that it is a non-compliant activity and they can't participate. We are working with the town to advance this project in such a way that either the funds are

raised or the bridge project doesn't preclude the advancement of the connection project at some future date.

Lake Champlain Bridge Project

Believe it or not, this project actually ended this week with the Final Inspection on Tuesday. The final phase of the project involved restoration of the sites of the ferry service docking operation on either side of the lake.

Motor Vehicle Crash Facts: 2013 Fatal/Fatality data received to date

Fatal Crashes **August 6 – August 19, 2013:**

- 8/8/13: Proctor – VT 3. Single vehicle, ran off road & hit tree. Driver fatality, seatbelt worn.
- 8/18/13: Woodstock – Fletcher Hill Rd. Single vehicle crash into guardrails & trees. Passenger fatality, unknown seatbelt use.
- 8/19/13: Coventry – US 5. TT Unit vs. Passenger car. Passenger car driver fatality, no seatbelt worn.

-2013 Fatalities: **43 Total** - **29** vehicle operators (1 snowmobile, 3 motorcycle, 2 ATV), **12** passengers (1 motorcycle passenger), and **2** pedestrians.

As of August 19 in each calendar year:		
Year	Fatalities (people)	Fatal Crashes
2013	43	39
2012	51	45
2011	29	26

-**2013** Fatal Crash data received to date (**August 19, 2013**):

- 4** double fatality fatal crashes.
- 0** triple fatality fatal crash.
- 19** fatalities (persons): unbelted (13), not wearing helmet/DOT helmet (6), or improperly restrained (0).
- 7** operators suspected as driving under the influence of alcohol only.
- 3** operators suspected as driving under the influence of drugs only.
- 4** operators suspected as driving under the influence of both alcohol & drugs
- 5** operators suspected to be speeding.
- 1** operator(s) under suspended license.
- 0** person operating without a license.
- 14** “Older Drivers” involved (Older Driver is defined as any person age 65 or older.)
- 4** Junior License operators involved in fatal crashes.
- 7** Crashes involving a Large Truck/Bus

--Total **43** Fatalities:

- 2 Pedestrians
- 0 Bicyclists
- 17 Belted
- 13 Unbelted

- 1 Snowmobile (No Helmet)
- 2 ATV (No Helmet Used)
- 1 Wearing Helmet/DOT Approved Helmet (Motor-Driven Cycles)
- 0 Not wearing Helmet/DOT Approved Helmet (Motor-Driven Cycles)
- 0 Improperly Restrained/Incorrect use of Belt or Child Safety Seat

If you wish to see additional statewide crash information (including short term trends), please go to the Strategic Highway Safety Plan (SHSP) web page at: <http://highwaysafety.vermont.gov/index.htm>. The opening page counts are updated as soon as we are notified of a fatal crash. The chart information under “Data” is currently updated on a quarterly basis. If you wish further detailed queries, just let me know.

SIDE NOTE:

	Number of Fatal crashes:		
	2011	2012	2013*
Two fatalities	1	5	4
Three fatalities	3	1	0

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: August 23, 2013

Vermont Department of Health (VDH)

Pesticide Misuse Update:

This week, VDH and the Agency of Agriculture staff had two days of productive meetings with EPA Region 1 representatives. The overall goal is to garner enough information to facilitate a proposal to the US Environmental Protection Agency (EPA) central office in seven days. The proposal will outline how EPA will assist Vermont with testing, analytics and clean-up of the pesticide misuse by AAA Pest Control.

Arbovirus Update:

The Eastern Equine Encephalitis (EEE) virus has been isolated in mosquitoes collected in southern Addison County for three consecutive weeks. Because the risk for EEE will continue for several more weeks, Commissioner Chen made a determination of significant public health risk requiring aerial application of pesticide to protect public health.

Department of Mental Health (DMH)

Brattleboro Retreat (Retreat)

The Retreat continues to wait for the Centers for Medicare and Medicaid Services (CMS) to do its survey. The deadline for the survey has been extended by CMS until September 16th.

Mental Health Oversight Committee (MHOC)

The DMH is finalizing its monthly report for the MHOC. It is expected to report to the committee on emergency room wait times, facility delays and impact on systems, staff injuries, CMS contingency planning, as well as an update on the summer workgroup on Mental Health Judicial Proceedings.

*we should get this
when - what day.*

Press Coverage

The Environmental Division of the Superior Court has found the Town of Westminster's requirement that a state-licensed residential care home obtain a zoning permit is discriminatory and violates state law protecting such facilities. The Office of the Attorney General, on behalf of the DMH, intervened in the appeal by the residential home operator, Health Care & Rehabilitation Services (HCRS), of a notice of violation issued by the town for the failure to obtain a zoning permit for the home in Westminster. In an August 18, 2013, decision, the Environmental Division agreed with the Attorney General and HCRS that the town's zoning-permit requirement violated state law. The Court ordered the Town to withdraw the October 2012 notice of violation and to amend its zoning ordinance to comply with the anti-discrimination statute.

Fletcher Allen Health Care (FAHC):

Commissioner Dupre and Deputy Commissioner Reed met with representatives of FAHC inpatient, consultation, emergency, and outpatient services this week. The hospital group continued to express concern for inpatient psychiatric care beds and wait times in their Emergency Department. Time constraints for implementing court-ordered involuntary medications remains a factor in length of stay, which FAHC plans to testify about at MHOC next week.

Security Issues at GMPCC:

GMPCC is not yet at full census given concerns for the management of its current mix of acute individuals and staffing. Acting CEO Jeff Rothenberg is continuing discussions with Human Resources on staff assignment changes that are allowable under current union contract and security support options available for the small facility. Staff safety remains on the agenda between the VSEA and GMPCC management.

Department of Disabilities, Aging and Independent Living (DAIL)

Therapeutic Community Residence Regulations:

Final Rules were scheduled to be reviewed by LCAR on August 22nd. Early this week, DAIL received requests from Disability Rights Vermont (DRVT) to add additional provisions to the regulations. The outstanding issues were anticipated to be resolved prior to the hearing. The outcome of the hearing will be communicated in next week's report.

Vermont Veterans Home:

The Vermont Veterans Home has corrected all of the outstanding deficiencies and is no longer facing termination by the CMS from Medicare and Medicaid participation. This has been reported in the media this week, but DAIL has not been directly contacted.

Department of Corrections (DOC)

Chittenden Regional Correctional Facility (CRCF) – Random Searches:

After the transition of the Chittenden facility to female, the DOC agreed, after intense pressure from the Legislature and advocates, not to search female inmates for drugs. The DOC has a directive for random pat searches which all other facilities follow. At this point in time, the DOC will be reinstituting random searches at the facility based on some data which shows a growing issue of drug use at the Chittenden Facility.

There has been a steady climb in drug usage by female inmates over the past two years as evidenced by our Urine Analysis (UA) testing; when we transitioned to CRCF the positive rate of UA tests was about 36%, currently the rate of positives is 46%.

The most prevalent increase is of Buprenorphine which has increased from 10% to 15% of all positive drug tests with the females. What makes this significant is that Buprenorphine is easy to hide, smuggle, and pass because it comes in strip form.

Commissioner Pallito will advise the Corrections Oversight Committee of this change and the policy will be instituted on September 15th.

Correctional Officer Tim Harrington:

On August 19th, the Newport Correctional Officer died in a vehicle accident in Coventry, after leaving the facility. Mr. Harrington was a 17-year employee with the DOC. Mr. Harrington did have an active pending personnel investigation. During the investigation, Mr. Harrington allegedly lied and was facing serious discipline. The morning of his accident, Mr. Harrington met with facility management and his VSEA representative to discuss the issue. The media has learned of this investigation.

F-11, this is the piss. Suicide I mentioned

Jane Lindholm:

Dr. Dee Burroughs met with Jane Lindholm. Jane is putting together a series on the mental health system of health care in Vermont. Jane would like to include the Corrections piece of mental health care as well in her series. At the request of Commissioner Pallito, Jane interviewed Dr. Dee Burroughs-Biron, the Director of Health Services for the DOC. Dr. Burroughs informed Jane that for the "whole" story on this topic, she needs to interview more people within corrections. Dr. Burroughs' first choice is Southern State Correctional Facility staff, and mental health services located there.

Complex Inmate Medical Care:

The following is an observation from Dr. Burroughs-Biron, Director of Health Services:

"Do you know that we currently have in my opinion the most complex combination of patients spread out across the state in our facilities that I have seen in my 7 years with DOC? They are clustered at Newport, Chittenden and Springfield. St Albans has a smaller but increasingly unhealthy group as well. They are medically and psychiatrically ill. The older patients in general have complex medical problems and often come in with poorly controlled conditions taking multiple medications and are quite often fragile. We have another subset that are young but may not have taken good care of themselves or have been involved in a serious motor vehicle accident or injured during whatever their criminal activity was that resulted in their arrest. I think we may be reaching critical mass in the infirmary and the medical housing unit at Newport. We are in the process of creating a kind of fragile inmate unit at Springfield in the C-unit. It is a cross between a Nursing Home, and sub-acute rehab and psych facility. As you know we are developing hospice care, now in its early stages at Springfield. The infirmary is a bit of a nursing home/post-op sub-acute rehab/detox/acute psych unit.

"I have spent about 30 hours in the past 2 weeks just dealing with very sick patients who have required acute hospital care that has ranged between tertiary care centers in 2 other states and Vermont- Dartmouth Hitchcock, Concord NH, Brigham and Women's, FAHC and several of our own critical access sites. I have one person now in community rehab and one who should have been if the hospital had been able to find a facility to take him. I have been personally involved in having them transferred, admitted, cared for and transferred back to Vermont again. Our pharmacy bill is at an all-time high - psych med cost is a leader then the specialty meds (MS, Cancer, HIV/AIDs etc.). We continue to increase our staffing matrix to cover the multitude of needs and services that we now provide."

In fact, the DOC does have a growing aging population, about 300+ now as opposed to 100 a few years ago. The DOC has adopted policies to deal with end of life issues for many of these people. Historically, the DOC experiences about 5 people per year who expire from end of life issues. It is expected that this number will climb substantially.

Population:

The overall incarcerated population averaged 2,080, of which 21% are presentenced individuals. The out of state population remained at 472.

Letter of Gratitude from a former Inmate to Superintendent of Newport, Carl Davis:

Mr. Davis,

I was release a little over a month ago and have been meaning to write this since. My name is Jonathan Falcetti, I recently completed 4 years of incarceration (2 in KY, 2 in Newport). The 2 years I spent in Kentucky were a complete and utter waste of time. However, the 2 years I spent in Newport helped me to turn my life around and decide on which direction to head in.

I am indebted to INDAP (Shawn and Norma), CHSVT (Mike Lacoss), Victims Services (Amy Halloway), and also VCI (Mike Lacoss, Barry Allen, Doug Lounsbury, and Steve Maxfield). I suppose I should also say I am indebted to NSCF for having these people in place. You can have all the programs in the world in place, but if you don't have the right people running them you have nothing.

I don't believe that I would have gotten so involved and benefited so much from INDAP had I had facilitators other than Shawn Smith and Norma Gendreau. As they can tell you, I was "a tough nut to crack" early on. However, over time I earned their trust, and more importantly, they earned mine. Shawn is someone I could easily relate to and he genuinely wants to be there and help guys like me out. That much is clear, because both he and Norma certainly employed all their patience when dealing with me at the onset of our relationship. Norma is a little different, but they balance each other out perfectly. Norma has shown me the kind of relationship I want to be in, the kind of relationship I and my next partner deserve. She taught me never to "settle", never to ignore the "red flags". She speaks from experience and is obviously invested in her work. I never felt like I was on a different level than either of them; I always felt like an equal. They facilitated that kind of environment and always made it clear right from the start what was to be expected. It's clear that they both truly believe that people can change their habits/patterns if they work hard enough.

Shawn and Norma taught me how little I actually looked at my thoughts before I acted on them. They taught what it meant to look at a situation objectively (the thing that I think is the single most valuable piece of INDAP).

Before incarceration I was a Licensed Nurses Assistant and my career path was to advance in that field. As a convicted felon that was pretty much off the table. I really had no direction in which I wanted to go, wasn't sure what my options were. There entered CHSVT/VCI with some relevant job skills training available..... 3-D Computer Aided Design and Drafting.

I heard about the SolidWorks and Mastercam classes and immediately recognized the immense opportunity. Mike put me into his class mid-semester and scheduled me for extra time in the B Building after hours. I jumped right in and was practicing SolidWorks for about 6 hours a day, 5 days a week. I heard about an open CAD Tech position at VCI and kept working diligently in hopes to put myself in a position to fill it. Mike and Barry eventually gave me a chance to fill that position. I found the direction there that I plan on following professionally for the foreseeable future. What an incredible opportunity.

After my release I obtained my CSWA Certification (Cert'd SolidWorks Associate) from Dassault Systems, the company that makes SolidWorks. Soon afterwards I registered my business (Intrinsic Design) and began to look for work. It became clear that in order for me to really being working I will have to make an investment. Scary as it was, that's what I did; investing in a new laptop and a license to run SolidWorks Professional (totaling about \$8000.00). The amount of interest I have received is incredible and its clear to me that I made the right

choice. Within the first two weeks I was out I landed my first job doing exactly what I trained for as a CAD Tech at VCI. It's true what they say that if you own your own business, you work 7 days a week, 24 hours a day; but it's worth it, and I wouldn't have it any other way. It is also true that if you love your work, you never work a day in your life.

Mike Lacoss and Dana Lesperance have been trying to make it so that guys can get their certifications while incarcerated. Due to security and politics this hasn't worked out. The problem is that the tests are timed and taken online. Really though, it would be very easy to setup a single computer with access to this one site and therefore there is no security risk. I know Mike would also be willing to supervise the offender. Someone should push this through..... **Think outside the box!**

Please pass along any parts of this letter or this letter in whole to anyone involved in it. You people all have a thankless job and I think everyone deserves a pat on the back or a boost now and then.

Thank You,
Jonathan Falcetti

Department for Children and Families (DCF)

VT-CAN no longer interested in administering VSNIP Program:

On August 19th, DCF's Economic Services Division (ESD) was notified by Vermont Companion Animal Neutering (VT-CAN) that they are no longer interested in managing the Vermont Spay Neuter Incentive Program (VSNIP) after their contract ends September 30th, 2013.

VT-CAN hosted a meeting with representatives from the Vermont Veterinary Medical Association (VVMA), the Humane Society of the United States (HSUS), and the American Society for the Prevention of Cruelty to Animals (ASPCA) to make this announcement, discuss the future of VSNIP, and discuss coming together to support rule changes to the VSNIP language. The VT-CAN board of directors feels they cannot continue to administer the program due to the intense scrutiny the program is under by the previous manager Sue Skaskiw; the limitations the program rules place on how the program can be administered; all coupled with handling rude clientele and frustrated vet facilities.

The State is currently reviewing associated program statutes to discern whether VSNIP can be run internally or if it needs to be bid out to a community partner. The VVMA, HSUS and ASPCA are willing to support and work with the state in making rule changes allowing the program to operate as it was intended to; however, it was determined that no further steps regarding rule changes will occur until the State makes a determination about the future management of the VSNIP program.

Why is this DCF?

Changes in 3SquaresVT Benefits:

The Federal Government performs a Cost of Living adjustment to 3SquaresVT benefits annually. The ESD will send notices to these 14,000-15,000 households in mid-September showing their slight increase in benefit effective October 1st.

At this time, the Federal Government has not extended the 2009 American Recovery and Reinvestment Act (ARRA). 3SquaresVT benefits will be reduced by a general 5.5% beginning November 1st. A notice will be mailed to all 3SquaresVT households, approximately 50,000,

regarding this change in mid-October. The mailing will include the explanation of the decrease, a chart of reduction per household size, and a list of community resources. The explanation will include a statement that ESD cannot change the benefit reduction caused by the end of ARRA.

Such a decrease, all at once for all households, is unprecedented and will generate thousands of calls. ESD is working to add additional resources to address this potential increase in calls and is working closely with community partners to send a consistent message to our communities.

Department of Vermont Health Access (DVHA)

Vermont Health Connect (VHC) Update:

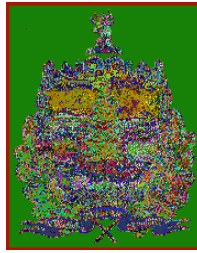
Carrier Contracting – The VHC contracting process with health carriers (Blue Cross and Blue Shield of Vermont, MVP and Northeast Delta Dental) is nearly complete. Final documents have been distributed to each organization for signature.

VHC Review of Carrier Marketing Materials – VHC has begun a process to review health plan marketing materials that relate to the VHC marketplace. Under terms of VHC's contract with carriers, VHC has authority to review materials to ensure that they are factually correct, legal, and not misleading.

Customer Support Center Update – The VHC call center has successfully completed their first round of hiring, and 70 customer service representatives are in their second week of training. A certificate of occupancy has been awarded for their new and expanded space in preparation for the move over Labor Day weekend.

Training Update – VHC kicked off System Orientation training on August 21st with representatives from the Maximus Call Center and VHC Support Services. There are 12 additional sessions scheduled for August 26th – 28th for ESD staff. The training included an introduction to VHC, privacy & security awareness, and a hands-on training session for VHC's new Customer Relationship Management Solution.

116 STATE STREET
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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: August 23, 2013

Secretary's Top Issues:

EEE: The Department of Health issues a 'Public Health Risk' notification on Monday as a result of more positive mosquito pools in the Whiting area. The decision was made to conduct aerial control efforts beginning this evening in an area centered on the Bond Island area of Whiting.

EEE - An accredited veterinarian submitted for testing this week an equine serum sample from a potentially neurologic horse for EEE and West Nile virus. This is the first submission of a diagnostic sample this year under the VAAFM/VDOH jointly managed free arboviral testing program. Results are pending at this time.

Meat Processing and Slaughter continues to expand – Meat Inspection staff is being asked to double their current assignments to accommodate the new slaughter and processing establishments resulting in increased travel and overtime to cover all of mandatory inspection tasks associated with those operations. The program is meeting the requirements but the level of consumer assurance and the ultimate food safety aspects may suffer as the staff is spread thinner and thinner.

Continued Growth of Dairy Processors - This week another new dairy plant started. Bridport Creamery is our 96th dairy plant. While this is a great trend, the sustained growth of this sector of agriculture is stretching the dairy sections resources. A new plant inspector was added last year however, we already have all three plant inspectors at full load (over 30 plants each) and soon will be struggling to keep up the inspection intervals.

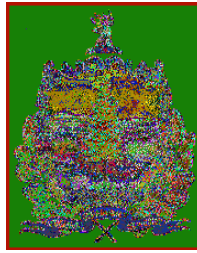
Sammis Exit 4 Proposed Development – Sam Sammis submitted new maps for the Exit 4 project. Sammis and the engineering firm are endeavoring to cluster the proposed development to increase the amount of un-impacted primary agricultural on the site available for mitigation.

Food Safety Modernization Act - FSMA listening session co-hosted by VAAFM and the NH Ag Dept. The purpose of the meetings and tours was to engage in conversation with FDA regarding the two proposed FSMA rules published in January (Produce and Preventive Controls) and educate FDA representatives on the unique community based agricultural system that exists in VT and NE.

Chronic Wasting Disease - The Animal Health section obtained full federal approval of its Chronic Wasting Disease (CWD) Herd Certification Program from USDA this week.

Gas Pump CC Skimmers - Other states are reporting finding gas pump skimmers, illegally installed in gas pumps, which record credit card information. The issue is being discussed in Consumer Protection, and Field Staff will be alert for these devices as a portion of our normal inspection of these gas pumps.

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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: August 23, 2013

Status of Governor's Priorities:

Jobs in Agriculture

Press

Significant Events/Meetings:

Food Safety Modernization Act - Abbey Willard, Local Foods Administrator and Shelley Mehlenbacher, Assistant State Veterinarian attended a FSMA listening session co-hosted by VAAFM and the NH Ag Dept and toured farms with FDA and facilities in both NH and VT. The purpose of the meetings and tours was to engage in conversation with FDA regarding the two proposed FSMA rules published in January (Produce and Preventive Controls) and educate FDA representatives on the unique community based agricultural system that exists in VT and NE. VAAFM will be interviewed by VPR on Monday the 26th to discuss FSMA and the Agency's activities around the proposed rules.

Evolving Issues:

Animal Wellbeing in Addison County - Animal Health (AH) responded to an animal welfare complaint in Bridport. On 8/21 Animal Health Specialist Darryl Kuehne, Veterinarian Joe Klopfenstein of Vergennes Large Animal Clinic and two representatives of Addison Co. Humane Society met with the owners of an area alpaca farm regarding the welfare of their alpacas. Veterinarians at Vergennes Large Animal Clinic will monitor the management of the farm. Parasites and proper nutrition have caused significant losses on the farm. A follow up visit will occur in September.

Chronic Wasting Disease - The Animal Health section obtained full federal approval of its Chronic Wasting Disease (CWD) Herd Certification Program this week. Vermont had been granted provisional approval earlier in 2013 and was required to submit additional documents to USDA to demonstrate compliance of the *Vermont Rules Governing Captive Cervidae* with the federal final interim CWD rule. The MOU that codifies this approval will be applicable for five years and can be renewed. This full approval will enable Vermont cervid producers to export live animals out of state to expand their business scope should they so choose.

Rural Enterprises and ACT 250 - Deputy Secretary Bothfeld met with Commissioner Noelle MacKay to discuss land use issues and possible changes to ACT 250 Criteria 9(b) and Rural Enterprises as part of the larger project that MacKay is leading on Growth Centers, Neighborhoods and permitting requirements. A stakeholder meeting regarding Rural Enterprises will be held in late September early October in conjunction with Commissioner MacKay to determine the best solution to zoning requirements that are affecting Rural Enterprises (farming activities that have grown beyond the farm).

Summary of Key Agency Department Activity:

Administration

Sammis Exit 4 Proposed Development – Developer Sam Sammis submitted new maps for the Exit 4 project. Sammis and the engineering firm are endeavoring to cluster the proposed development to increase the amount of un-impacted primary agricultural on the site available for mitigation. The soils are very good and the amount of soils that would need to be mitigated onsite is large. The Agency does not see how on site mitigation can take place. The changes to the project show an effort to clustering the development and **COULD** lead the district commission to **CHOOSE** to allow appropriate circumstances so mitigation of impacted primary ag soils could be done with both onsite and payment of offsite mitigation. The Agency is requesting final maps to render the opinion and direct Sammis to submit a preliminary application to the district commission so the process can move forward. The Agency does not make the decision on appropriate circumstance for offsite mitigation and does not make recommendations for offsite mitigation. The Agency will review the final maps, indicate the amount of primary agricultural soils impacted, calculate the amount of soil that must be mitigated, state that not enough soil remains on site and provide that information to the district commission. The rest is up to the district commission.

THI...

Internal Dairy Pod Meeting – Deputy Secretary Bothfeld convened the first internal Dairy Pod meeting. Water Quality, Dairy Regulation for farm and processing, promotion, business and human resource development and renewable energy for dairy farms are to attend these meetings. First meeting focused on renewable energy for farm, business development and human resources and promotion. Once establish as an internal meeting, other state agency staff could be included such as ANR, Tourism and PSD. Meetings will be held monthly.

Agricultural Development

Participation in Food Safety Modernization Act (FSMA) listening session with FDA, farm and facility tours in NH and VT

- 11 FDA staff came to New England to participate in listening sessions, panel discussions and farm and facility tours in ME, NH, VT, and MA about the two proposed Produce and Preventive Controls rules under FSMA.
- VAAFM helped NH Department of Agriculture organize a FSMA public listening session in Hanover, NH with FDA officials on August 20.
- On August 20: over 150 members of the VT and NH agricultural community attending the morning public listening session; a core group of 30+/- FDA, NH Department of Ag, VAAFM, and other food safety stakeholders participated in a tour of Lebanon Retail Food Co-op and Edgewater Farm in Plainfield NH; 10 panelists representing VT & NH farmers, processors, food hubs, and distributors participated in an afternoon panel discussion with FDA subject matter experts..
- VAAFM organized a second day of VT farm and facility tours for FDA's FSMA staff on August 21.
- We toured the Mad River Food Hub, Hartshorns Farm and new hydroponic greenhouses, Intervale Food Hub, and Sam Mazza's Farm.
- Farmers, food hub operators, and food safety advocates participated in the tour and discussions about how FSMA will impact the growing agricultural sector in Vermont.
- As a follow up, VAAFM will post our first round of FSMA comments on the Vegetable and Berry Growers Listserv to share the perspective and work done to date by VAAFM with interested growers in Vermont.
- Ongoing conversations with FDA about how the proposed rules will impact community based agriculture in Vermont as well as how states can work with FDA on education, compliance and enforcement of FSMA will continue.

GNAT public access taping of Northshire Grows Now on August 15 with VAAFM

- Joined Liz Ruffa in first taping on Greater Northshire Access TV (GNAT) of 'Northshire Grows Now' a show about agriculture, food systems and community in Manchester and surrounding 18 towns.
- Toured 3 agricultural businesses in the area: Morgan Hill Farm, Weston; JJ Hapgood General Store and Eatery, Peru; and Garden Arts Fresh Market convenience store in Manchester. All three businesses are focused on increasing access to local food, innovative business models, and building local economies through local and sustainable agriculture.
- Spoke about Farm to Plate initiatives with which VAAFM has been engaged, focused on farm to institution priorities, and future opportunities for community based agriculture in Vermont.
- 1 hour public access piece was done in conjunction with Erica Campbell, VSJF and Tara Kelly, RAFFL and will be aired later this fall.

Food Safety and Animal Health and Consumer Protection

EEE –

- Dr. Haas distributed information about Eastern Equine Encephalitis (EEE) and the planned adulticide spraying to Vermont veterinarians this week via the veterinary distribution list maintained by the Animal Health office. The link to the VAAFM website where EEE fact sheets and other resources are located was also provided so that clientele can access updated information easily. State Veterinarians also again reminded private veterinarians to recommend to their clients vaccination of EEE-susceptible species.
- An accredited veterinarian submitted for testing this week an equine serum sample from a potentially neurologic horse for EEE and West Nile virus. The horse had never been vaccinated for either disease and was euthanized by the veterinarian due to severity of clinical signs. This is the first submission of a diagnostic sample this year under the VAAFM/VDOH jointly managed free arboviral testing program. Results are pending at this time.

Electronic Animal Movement Document - Drs. Haas and Mehlenbacher are meeting this week with a large dairy veterinary practice to review with them options for use of electronic animal movement documents. Encouraging the use of electronic documents over paper ones benefits the VAAFM Animal Health office because the animal traceability data that the Agency is required to keep can be automatically uploaded into the existing animal health database, which places less burden on the single employee responsible for otherwise entering this data. Both State Veterinarians will be holding meetings with interested veterinarians throughout the fall and winter, in anticipation of implementing a service fee for the continued use of paper documents after July 1, 2014.

Continued Growth of Dairy Processors - This week another new dairy plant started. Bridport Creamery is our 96th dairy plant. While this is a great trend, the sustained growth of this sector of agriculture is stretching the dairy sections resources. A new plant inspector was added last year. The three plant inspectors are at full load and soon will be struggling to keep up the inspection intervals. Others services the Dairy Section has traditionally provided to assure both a well informed industry that receives the oversight expected by the public and to put the significant time investment into new start-ups throughout their planning and construction phase to assure as successful outcome will become challenged. Investing time in new plants early pays dividends in the long run with clear expectations and consistency in meeting the requirements of regulations. Dairy Section is rapidly approaching the time when certain regulatory and current services will have to be severely cut. 30 plants to oversee is a full load for a plant inspector and we are now exceeding that. The work on the Grade A dairies cannot be reduced as we need to maintain their ability to ship interstate in the Grade A market. We have shifted some of the farm inspectors' time into doing some of the workload for the plant inspectors and will explore more ways to cope. Soon we will have to cut back in some areas to meet the demand until we can get an additional plant inspector. A new inspector should be explored for the next budget year or sooner.

Animal Health at Local Fairs and Field Days

- Animal Health (AH) was at the Caledonia Co. fair to test poultry for Salmonella and Avian Influenza and will do the same this Friday at the CVE, in addition to livestock compliance and traceability activity.
- AH spent significant time in the field this week coordinating delivery of testing supplies for horse drug testing at horse pulls with area veterinarians. We are keeping track of the time and mileage involved in this coordination in more detail than in the past to get an idea of the resources the Agency devotes to this service.
- AH went to the Orleans County fair to check papers on the horse pullers, along with other horses coming in for the horse cart racing. Majority of them had necessary paperwork and the one without the import permit were referred to the office for an exhibition permit, which they needed to obtain immediately or risk ejection for not following VT Rules for Livestock Importation.

Emergency Management - AH moved the CAMET trailer from Barre post emergency operation exercise to its current home by the Montpelier high school. Hopefully it will be able to be in Berlin to be stored for the winter and be less subject to the elements.

Tissue Residue Testing - AH is continuing tissue residue investigations as commissioned FDA agents. The current case involves interviewing the livestock dealer and comingling site where the animal was moved prior to slaughter.

Maple Labeling Rules - The new rules for maple syrup grading were filed with ICAR on Tuesday.

Gas Pump Skimmers - Other states are reporting finding gas pump skimmers, illegally installed in gas pumps, which record credit card information. The issue is being discussed in Consumer Protection, and we will be looking for them as a portion of our normal inspection of these devices.

NIST Evaluation of Weights and Measures Lab - Carole Hockert, National Institute of Standards and Trade (NIST) completed a weights and measures lab assessment on July 26th. The facility meets the requirements for our current scope of operation (Echelon III - medium accuracy). It would not meet requirements for higher level of calibrations (Echelon II, or I). To do any higher level of calibrations would require a large investment in training, equipment, and facility. The assessment is very valuable as the Agency moves forward with it's own lab feasibility study and can be used as reference by the Agency and the consultant.

Meat Inspection

Regulation and Validation

- Working through regulatory sampling protocol for the new HACCP plans the Guild has implemented
- FSIS will be requiring new laboratory validation proof from the labs that the meat inspection program utilizes to test its meat products. The labs have to prove the methods used are at least equal to USDA FSIS labs. The labs we utilize are VDH and our own Ag lab.

New Facilities

- Met with the Adams' Farm in Wilmington to review progress on the new facility, they are about half constructed and will be doing both red meat and poultry slaughter when completed under state inspection. Once up and running they plan to add on to be able to do the smoking and curing of the pork products that they produce. They will also be doing private label work under inspection so that other producers may access inspection to be able to sell the animals that they raise as meat and poultry products
- Met with Peter Burmeister and Katherine Fanelli in Berlin to review progress on their state inspected poultry operation. They are steadily progressing and should be finished construction this fall. Time will tell if they will utilize inspection before the end of this year's poultry raising season

- Mad River Food Hub is moving forward with its plans for dual inspection allowing them to further process meat products slaughtered at State inspected facilities and increasing the availability of inspected facilities for even more producers. They are also adding a HACCP plan for the production of Salami made from Vermont raised meats
- Meetings have been arranged and talks have begun with a producer in Williston with plans for a State Inspected slaughter plant for pork and poultry with plans to expand into processing and further value added processing such as dry cured sausages
- Green Pastures meats, the State inspected mobile red meat slaughter establishment is applying for federal inspection to increase it's ability to capture market share. It is currently believed that the federal government will ask the state program to cover this assignment under the cross-utilization agreement. Currently the state is funded 50/50 for the coverage of this plant. If they go federal and the state covers it, we will be reimbursed at 100% for our time covering. USDA FSIS is not equipped to handle the ever-changing schedule due to the nature of the mobile operation.

Increase in Existing Business and Affect

- The Guild Commissary is up and running under state inspection 5 days per week and producing multiple products under several different HACCP plans. The products are ranging from raw intact (steaks, roasts or chicken and chicken parts) and non-intact (ground beef, sausages, mechanically tenderized steaks or cuts injected with marinating solutions) to fully cooked deli meats that will be distributed to restaurants and available through retail outlets as well.
- Inspection staff is being asked to double their current assignments to accommodate the new slaughter and processing establishments resulting in increased travel and overtime to cover all of mandatory inspection task associated with those operations. The program is meeting it's requirements but the level of consumer assurance and the ultimate food safety aspects may suffer as the staff is spread thinner and thinner.

Agricultural Resource Management

AAA Pest Control/Chlorpyrifos:

- Sampling efforts continue in Rutland. This second phase of sampling is focused on all indoor applications made by AAA Pest Control in 2012 and 2013. To date 11 of a possible 150 sites have been sampled. Efforts to contact other sites and schedule sampling continue. Invoices from 2011 have been obtained and are being reviewed now for possible sampling in the next round.
- A contractor has been selected to test a variety of processes and products for cleanup of contaminated homes. 3 properties have been selected for cleanup next week. Sampling teams will do intensive pre-clean up sampling in order to better characterize the extent of the contamination in each property. Sampling will then be conducted immediately after clean up to determine which methods and products are most effective. This effort will be paid with pesticide special funds and will cost up to \$25,000.
- Health, Agriculture, DEC and EPA staff met extensively this week to discuss a wider sampling and remediation effort moving into the future. EPA Office of Emergency Management is proposing to assist the state in future sampling in Rutland as well as possible site remediation efforts. The meetings this week were an effort to scope out what the actual needs of the state are and how EPA might assist in meeting them. EPA/OEM Region I will be providing a report to headquarters next week summarizing the needs and resources required to meet them. This is a very positive step in this large and resource intensive case.
- Efforts continue in reviewing past application records of AAA Pest Control in order to identify possible sites of past application where chlorpyrifos may have been used.

EEE: The Department of Health issues a 'Public Health Risk' notification on Monday as a result of more positive mosquito pools in the Whiting area. The decision was made to conduct aerial control efforts beginning this evening in an area centered on the Bond Island area of Whiting. Approximately 10,000 acres will be treated with the insecticide Anvil (active ingredient sumethrin). Weather permitting a second application will

be made to the same area next Tuesday. This is one of the same treatment blocks treated in 2012. All organic parcels in the area have been buffered; outreach has been conducted with beekeepers as well. Pre application sampling is being conducted today and post application sampling will be conducted on Friday in order to determine the efficacy of the application.

Water Quality:

- Laura DiPietro, Assistant Director for Ag Resource Management, met with EPA to discuss assumptions in the TMDL related to agricultural implementation practices and the phosphorus reduction efficiencies of those practices. EPA is essentially out of time to do a thorough job identifying data drive assumptions and instead is relying on verbal assumptions and then making their own judgments. I have voiced that I am not comfortable with this approach, however without know what the results of the TMDL model will be, it is hard to argue that the details at this level matter. We will be meeting with the DEC and VAAFM Secretaries in 9/4 to develop a few scenarios for wastewater, stormwater and agricultural phosphorus reduction options to meet the TMDL and then we will begin the public outreach process in October with those results.
- Touring several farms in Quebec with the agricultural counterparts in the Missisquoi watershed region. Each year ARM's try to visit each other to see what the current trends and practices are on farms. We also meet monthly at the Lake Champlain Basin Program to discuss program details and share ideas of how to develop similar strategies in order to implement projects. We have utilized their WASCOB concepts and they have used our river corridor planning concepts.
- On Friday meeting with the Vermont Law School, UVM, DEC and VAAFM to discuss potential opportunities for the agricultural law clinic at VLS and how bigger picture issues in agriculture might be address as they relate to water quality.
- Laura DiPietro, Assistant Director for Ag Resource Management, met with the Natural Resource Conservation Council (NRCC) which is a quasi-Agency of government and is the overarching organization that creates the Conservation Districts. We are looking at drafting changes to the current statute in order to bring the council up to date and motivate some changes that are intended to stimulate a better council to serve the needs to today's issues surrounding agriculture, forestry and other natural resource concerns. There is a meeting in September where we will discuss a proposed budget that will be provided to Chuck Ross to be included in the Agency budget. We have also discussed that the council is technically supposed to be their own line item in the Governor's budget, which would reduce conflict that the Agency of Agriculture controls the funding and is also a member of the council, along with 8 other voting members. It would be really great to get feedback from the Governor's office on whether the NRCC could be integrated as a stand along agency in the budget this year as the statute was intended.

7
Louis? / Job

Medium Farm Operation and Large Farm Operation Programs:

- Staff received and responded to a complaint from a citizen in Grand Isle about odor related to manure spreading. The individual feels that it is unacceptable that farms are allowed to spread manure several times a year which causes odor.
- Staff inspected 3 facilities associated with a farm that is transitioning from the Medium Farm Operation (MFO) program to the Large Farm Operation (LFO) program.
- Staff conducted 6 technical assistance visits to assist Medium Farm and Large Farm Operations (MFOs and LFOs) with Best Management Practice (BMP) solutions, MFO and LFO Program rules and the Farm Agronomic Practices (FAP) program grants.
- Staff conducted a follow-up compliance inspection at the Holden's manure pit in Bennington. The pit is at capacity and it is likely that staff will have to continue to monitor the pit on a regular basis. Enforcement action was taken against the owners in the past for the same issue. The pit was not discharging at the follow-up visit, but still does not have the required freeboard.

- Staff is currently working with the Assistant Attorney General regarding the Nelson Farms. This includes gathering and reviewing information regarding our investigations of the Nelson's farms.
- Staff responded to questions about the Four Hills Farm in Bristol, which is a permitted LFO, as they are installing multiple satellite manure pits in New Haven. The latest set of questions was from the Zoning Administrator in New Haven. A visit to the Four Hills farm has been scheduled.
- Staff are processing payments for the Capital Equipment Assistance Program (CEAP).
- Staff are processing payments and closing FY2013 grants for the Farm Agronomic Practices (FAP) program.
- To assist in the workload demands brought on by the current pesticide investigation, MFO/LFO staff is responding to all AAP complaints on small farms until further notice.

Conservation Reserve Enhancement Program (CREP) Program:

- Staff attended a meeting with State Nongame and Natural Heritage Program botanist and partner agencies - (NRCS, USFWS PFW) to discuss invasive plant issue in CREP and WRP projects. The group visited a site so that people will be able to positively identify invasive plants in the field. Site visits were conducted at to project locations with potential invasive plant issues.
- Staff met with a farmer to get them enrolled in Federal EQIP Program for agronomic practices on their cropland.
- Staff is also working on CREP mapping and other associated programmatic paperwork.

Secretary's Comments

Meetings/Events:

FDA/FSMA visit, Hanover, NH and VT Tour: Co-hosted FDA field visit for listening and learning session in VT and NH. Worked with NH Dept of Ag and FDA on publicity and tours in NH and VAAFM staff put together VT tour of 4 operations: Mad River Food Hub in Waitsfield, Hartshorne's Farm Stand in Waitsfield, Intervale food in hub in Burlington; Sam Mazza's Farm Stand in Colchester. All events went well, FDA listened and learned about unique nature and challenges of New England and VT farm and food systems. Developed good relations with FDA personnel and had over 150 farmers/processors show up for listening session. VAAFM is now working to augment its comments on the Draft Rules of FDA relating to Produce, Processing and Importation.

Pesticide/Bedbugs, Conf Calls: Participated in numerous conference calls with Joint Health/Ag Operation Center calls to discuss, plan and implement Incident Action Plans. Calls include state, Governor's office and federal partners. Headway is being made on getting EPA to partner with VT to assist on problem.

Governor's Staff re water quality and agriculture: Joined Sec Markowitz and Commissioner Mears to discuss water quality issues and then independently covered current range VAAFM issues. Emerging collaborations with GMP on biodigesters investments and Sodexo on farm to institution utilization of VT products have real potential for job and economic growth.

EEE Mosquito Spraying; Whiting: Participated in calls and decision making with the Department of Health which led to the decision to spray the "Whiting Block" for adult mosquitoes to mitigate the risk of humans contracting EEE.

Vermont Law School, Montpelier: Participated in VLS led conversation about how to increase bottom line in agriculture while also increasing positive conservation outcomes. Develop rationale and action plans for increasing both.

China Trade Mission, Montpelier: Began recruiting of VT businesses for a trade mission Sec Ross will lead as Secretary of VAAF and President of NASDA in November. Letters were mailed out and collaboration is happening with ACCD on the mission.

PRESS:

VPR, VT Digger, Hanover, NH – interviewed as part of the listening session in NH. Comments were captured in their stories. Emphasized the importance of the rules impact on farm and food systems and the need for the producers, processors and their associations to speak up and make comments on the rules.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
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: August 23, 2013
Subject: ANR Weekly Report

Governor Level Issues:

Proposed Large Maple Syrup Production Facility in Mendon: A large maple syrup production facility, South Ridge Maple Products, is being proposed in Mendon, with upwards of 200,000 taps. The facility envisions a seasonal discharge of 250,000 gallons/day into the East Creek, a small headwater/cold water fishery, upstream of Chittenden Reservoir. The project developer is looking at multiple options to manage the effluent, though at this point, all are problematic. The developer's consultant was made aware of these issues.

Vermont Stream Gaging Network: We are coordinating a review of the Vermont stream gaging network by agencies that regularly use the data. The objective is to identify the importance of each gage in the network. A discussion with USGS on funding options for the Endangered Ten (Champlain gages) is scheduled for the end of August, at which time we will have to commit, or not commit, state funds to continue their operation past September 30.

VT Gas: Staff completed rebuttal testimony. There are still several significant areas of disagreement with VT Gas regarding protection of sandplain forest and several large wetlands. An ANR-VT Gas negotiation session is set for Sept 5, depositions by VT Gas attorneys on Sept 6, PSB site visit on Sept 10, and PSB hearings the week of Sept 16, 2013.

State Parks Visitor Numbers: State park visitation is now only 9% behind last season to date. Day use is down 12% and camping 4%. Out of state camping is only down by 1.5%.

*Check in w/
Deb*

EVERYTHING ELSE:

Press Issues/Releases:

Fish and Wildlife Releases: Bears - Vermont now has two bear hunting seasons; early season (which requires a special tag) from Sept 1 - Nov 15, and late season from Nov 16 through Nov 24. The bear tag that comes with a hunting license is for use during this late season. A hunter may only take one bear during the year. **Moose** Vermont's auction for five moose hunting permits is open until August 21 with a minimum bid amount of \$1,500. Auction winners will choose to hunt in one of several wildlife management units (WMUs) open to moose hunting and choose to hunt during the October 1-7 archery season, or in the October 19-24 regular season. **Birds:** The Vermont Fish & Wildlife Board approved the 2013 migratory bird hunting season dates at its August 14 meeting in Montpelier. A copy of the regulations can be downloaded www.vtfishandwildlife.com. A printed version also will be available from license agents and post offices in early September. **Fish Hatchery** - Fish Hatchery Goes Green with Solar Operation: F&W recently installed a 132-panel solar electric system at their Bald Hill Fish Culture Station in Newark, VT. The system will replace 75 percent of current electricity consumption with renewable solar energy and will also provide a significant reduction in greenhouse gas emissions.

Snyder on You Can Quote Me: Michael was at WCAX Wednesday being interviewed on a range of topics about the Department of Forests, Parks and Recreation for this week's "You Can Quote Me" show, which will air on Channel 3 at 11:00 a.m. Sunday.

Mears on Mark Johnson: David talked mostly about solid waste on the show Thursday morning. The whole thing was very positive.

Berry and Markowitz send out op/eds. My op/ed was on lessons learned from Irene (Sue reviewed it), and Patrick sent in an op/ed in support of the Shoreland Protection legislation.

Trails Grants Announced: FPR announced earlier this summer that approximately \$500,000 in Recreational Trails Program (RTP) funding will be made available through grants to communities and non-profit organizations for local trail projects planned for 2014. Vermont's RTP is a federal aid program of the Federal Highway Administration. Grants are available for the development, rehabilitation and maintenance of trails and trail-related facilities for non-motorized, motorized, multiple-use or compatible recreational trail uses.

Brighton and NorthWoods Collaborate to Conserve Bluff Mountain Trail: This summer, the popular Bluff Mountain Trail received substantial improvements thanks to a grant from the Vermont Recreation Trails Program, and a new public easement secures access to the area for generations of hikers to come. Sitting just outside the village of Island Pond, Bluff Mountain has afforded stunning views to generations of local hikers who have climbed to its lookout over the village and pond below. The grant, administered by FPR, targets several priority improvements on the 1.7-mile hiking trail, including new 'puncheon' bog bridges near the summit, erosion

control and stabilization, and the construction of a new trail segment that climbs to the summit more directly.

Significant Events/Meetings:

Fire Shuts Down Norwich Water System: Last week fire destroyed Norwich's pump house and a boil water notice was issued to residents. As of August 12 the system was back up, meeting the water demands of users by utilizing a trailer mounted generator to provide power to the well source and filling the water storage tank. Although the operating situation is considered good and is no longer considered an emergency, it has not yet returned to normal.

Deerfield Wind Project: The 30 day notice for the Deerfield Wind Project draft stormwater discharge permits and the draft 401 Water Quality Certification is scheduled to begin on August 22. A notice of a public hearing will be posted in the newspaper. We expect significant public interest.

Groton State Forest Event: On Aug 27 the Department of Forests, Parks and Recreation will host a public tour to demonstrate and highlight activities in the working landscape of Groton State Forest. The event will begin at 9:30 a.m. at the nature center on Boulder Beach Road off Vermont Route 232. Groton State Forest is managed as a multi-use forest with numerous campgrounds, day use areas and many roads and trails available for exploring, and has over 75,000 visitors each year.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Salvage Yard Program Joins Division: The salvage yard program was moved into the Waste Management & Prevention Division. To date 53 salvage yards have been registered, generating a total of \$45,900 in fees.

Agri-Mark Middlebury: Air Quality and Climate division staff received a Title V operating permit renewal application from Agri-Mark in Middlebury. The facility is interested in using natural gas as fuel. Their intent is to install the boilers possibly as early as this fall and run them on propane or CNG until the gas lines are completed.

Waterbury Phosphorus Removal: A pre-bid meeting was held this week at the wastewater treatment facility, which was attended by five contractors. An unanticipated issue involving relocation of a high voltage power transmission line and a 100-foot wide easement has arisen that will add cost to the project, estimated at \$45K which is state grant eligible. The power line passes above the proposed new sludge drying facility, which will need to be relocated along with reestablishing a new easement.

Troy/Jay Sewer Line: A draft letter establishing proposed permit conditions that would enable us to accept the proposed design was sent to the consultant for his consideration and comment before we issue our approval. The intent is to rely on either or both the Act-250 permit and the NPDES permit to include our recommended conditions so they are in an enforceable document.

Fish and Wildlife

Search & Rescue in Castleton: Warden Rob Sterling and his K-9 Rufus assisted the state police with the initial search for a 78 year old Alzheimer's patient. After an unsuccessful initial search the individual was located at a local beach after having been given a ride.

Improving Turkey Habitat: Staff worked with local National Wild Turkey Federation chapter to assist in getting some habitat improvement work done at Robbins Mountain WMA. NWTf will provide funds for seeding in new landings and roads for the current timber sale nearing completion.

All trails do not lead to Essex: Staff reviewed the Environmental Board decision for the Essex Alliance Church in Williston. Staff had previously asked that they stay well out of the riparian buffer/wildlife corridor along Allen Brook and eliminate proposed trails within the buffer as well as any indication of the existing "primitive trails" on the site plans so as not to encourage their use. After meeting with Williston Conservation Commission to express Department concerns, the WCC was on board and agreed to back up our requests. The Board included a condition that the 150-foot buffer remains naturally vegetated and undisturbed. It is still unclear as to the status of removing primitive trails and trailheads leading to them from the site plans.

Hunter Education: Approximately 40 people attended a Department-sponsored bear hunting seminar in St. Johnsbury. In addition to biology and hunting techniques, participants had hands-on demonstrations with bear hounds, trophy care and cooking. The program supplied ammunition, including hunting loads, clay targets, and related equipment.

Forest, Parks and Recreation

ANR Land Transactions: Work continues on a number of priority ANR land transactions. Staff will be meeting with the Bolton Development Review Board next week to discuss options for proceeding with the proposed sale of the former Lafreniere parcel at Camel's Hump State Park. We anticipate holding a public meeting in Plymouth in September on the proposed sale of a portion of Coolidge State Forest to Markowski Excavation. Other ongoing land transaction projects include land exchange at Alburgh Dunes State Park, transfer of Woodchuck Mountain property to Town of Newbury, and acquisition of former Fitzpatrick parcel in Coolidge State Forest.

Business Office

ERP System: We had a very positive meeting with Michael Clasen, Kate Duffy and ERP staff about the issues we are having with the new ERP system. We left feeling optimistic that our

most pressing issues will be resolved and that HR will be a good partner in helping us to troubleshoot issues that cannot be resolved through system fixes.

F&W Audits: The bulk of the Federal (FY11 and FY12) and KPMG (FY13) audit work in Fish & Wildlife has been completed and we have not been advised of any major findings at this point. The auditors have been very complimentary of our responsiveness to their requests. (Over the past six weeks we have has as many as five auditors here at one time!)



Privileged and Confidential

MEMORANDUM

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

From: Darren Springer, Deputy Commissioner, for Christopher Recchia, Commissioner

Date: August 23, 2013

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

Addison Expansion Legislative Requests: Rep. Jewett contacted Darren about questions relating to width of IP lateral and whether it was larger than needed to meet load at IP, in anticipation of some further expansion into NY. PSD position is that Phase 2 not filed yet, but that we would explore these issues in that docket. PSD legal and econ staff talked with Aaron Adler in response to a request from Senator Bray, and shared info on cost recovery related to IP.

Net Metering: Village of Morrisville Power and Light appears to have hit the 4% cap, along with VEC, WEC, and Hardwick. Chris spoke with Patty Richards, and WEC is allowing net metering for 5KW systems and under, but not for larger systems. Systems over 5KW could still apply for CPG but not net metering (and would probably have to pursue power purchase agreement making it unlikely anyone would do this). Chris spoke with David Hallquist at VEC, and communicated that PSD will not be able to support any interim tariff that makes significant material changes to program as VEC had contemplated. VEC will consider the option of an interim tariff that raises cap modestly to allow for customers to apply for net metering while long-term legislative

solution is worked out. PSD continues to develop proposal for legislation.

press
know?

NRC Response/VY Radiation Monitors: VY reported that a new radiation monitor (replacing the one that failed previously earlier in the summer) on the refuel floor spiked at 1:20 am on August 19 and actuated the standby gas treatment system. On August 22 the NRC responded to the PSD letter requesting information on the radiation monitor failures from June and July. The NRC was forced to hold their response planned for earlier this week, to account for the most recent radiation monitor failure. Their response was similar to VY's, and noted systems worked as intended but they are still investigating why these radiation monitors continue to send false signals.

VTel: ACCD and PSD met with VTel on August 21 to discuss the actual amount of unserved addresses that VTel intends to serve. It is clear that VTel does not intend to serve as many unserved addresses as we believed. More details on this soon.

ugh.

more
details
soon

Coordinated Procurement: Chris spoke with Connecticut on MA/CT idea to bring new transmission in from New York, up through Maine, and into Canada. It would be transmission primarily for gas generation from NY, and would also unlock some wind resources in Maine. Chris communicated that we could be supportive but would want to see clear VT benefit, possibly similar agreement on transmission to unlock wind in Northeast Kingdom.

Significant Meetings/Events:

thing I told you
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on

August 22: PSD Directors Retreat

August 23: PSB Workshop on PSD/GMP MOU on base rate filing; PSD hosts interagency meeting to develop Act 12 report to the legislature on mechanisms to collect Transportation Fund revenue from electric vehicles. Participating agencies include PSD, Tax, VTrans Planning, ANR, DMV, PSB, and JFO.

Next week significant events/meetings:

interest

August 27: Chris meeting with Mike Twomey; Chris and Darren meeting with Luke Shullenberger, Green Lantern; Darren meeting with Tuck Rainwater, Comcast

August 29: PSD meeting with VELCO on transmission costs; PSD meeting with Clean Energy States Alliance

Media: Some additional stories on VY and net metering. Chris spoke to Rutland Herald about GMP's compliance with merger agreement not to lay off any workers, in response to an op-ed by a long-term temporary worker who lost his job recently.

Everything Else:

PERD

Renewable Energy Items

- Released energy storage RFP 8/22 on PSD website and state bids website as well as emailing to storage workshop participants, PSD contractor list, and CEDF listserv.

Total Energy Study

- Held TES focus group sessions #4 (Renewable Energy Liquids: Biofuels), #5 (Commercial Building and Industrial Energy) and #6 (Local/Distributed/Community Energy). All three events continued to engage stakeholders from private sector firms, non-profit organizations, utilities, state government agencies and other groups. Participants are sharing input on potential technology pathways, policy sets and related considerations to inform development of the study.
- TES Sessions next week include a multi sector session on “what is the lowest cost - economic and/or environmental option for getting to state goals” (Monday, August 26th); Renewable Energy Generation, excluding biomass (Wednesday, August 28th); and Alternative Fuel Vehicles and Infrastructure (Friday, August 30th).

Engineering

Wind Turbine Sound Monitoring

The issue of noise from wind turbines is getting more and more press time recently with people filing complaints with the Department’s Consumer Affairs & Public Information (CAPI) division at an increasing rate. At the hearing of the PSB on the noise level exceedance penalties of the Kingdom Community Wind project, there was concern expressed that the two week monitoring sessions each season was not capturing a true picture of the noise from the project, and suggestions were made that maybe monitoring the project 24/7/365 would be appropriate. In the Department’s web search we found the cost of monitoring from one vendor was significantly less than a figure of \$600,000+ that GMP testified to. The Department has invited three vendors to provide budgeting quotes on systems to accomplish continuous monitoring of the noise levels at KCW and possibly other projects. The three vendors are Brüel and Kjær EMS Inc.(B&K), Larson Davis, and Scantek, Inc. The vendor for Larson Davis stopped by today and got specific information as to our desires and will prepare a budget quote. The B&K representative has scheduled a visit on Tuesday 8-27-13 at 10:30 AM and Josh Castonguay of GMP, project manager for KCW, has accepted an invitation to meet with us to discuss the equipment and software available from B&K.

Quarterly Meeting with GMP Engineers

The Department’s Engineering Division met with GMP engineers. In addition to reviewing GMP’s capital budget, items on the agenda included:

- Status of the synchronous condenser for the KCW project. Construction is underway, and GMP expects the condenser itself to arrive on site in late September or early

October.

- Continuous sound monitoring for the KCW project. Engineering shared its research into vendors of continuous sound monitoring systems. GMP did not seem outright opposed to continuous sound monitoring, but rather expressed a concern for data integrity in terms of how to treat the issue of background noise. GMP was concerned that one option is to shut down all turbines periodically to measure background noise, and this would cost them money in terms of lost generation revenue. Other options are to locate a separate monitor behind a structure that blocks the sound from the wind turbines (this method has proven to not be as effective as originally hoped, and would increase the cost due to the extra monitor) or to use software to subtract out the background noise (the vendor would have to demonstrate the accuracy of this method). GMP is open to meeting with vendors to discuss this further (see item above).
- South Street incident report (see below).
- National Grid Searsburg project. GMP is satisfied so far with National Grid's design, after GMP and National Grid met (at the Department's urging) to discuss this proposed reliability project. GMP substations are served by National Grid's 69 kV transmission line in the Searsburg area. National Grid expects to file a Section 248 application soon for this project.
- Reliability – based on data year-to-date, and historical seasonal trends, GMP predicts that it is on track to meet its SAIFI and CAIDI reliability targets this year.

Accident at GMP's South Street Substation in Springfield

On 8/15/2013, GMP released to the Department the report by the independent consultant relating to this incident. The consultant evaluated three general categories (fencing, signage, and clearances within the substation), and found that GMP was in compliance with fencing, but not in compliance with signage and clearances. Code requires signs to be on each fence side and "at" each gate. There was no sign on or near the gate whereby the boy gained access, although the remainder of the fence was in compliance. Within the substation, the clearance between energized equipment and ground were too low in two instances in the area of the electrical contact. However, the report concludes that "[w]hile these two requirements (signs and clearances) were not met, meeting these requirements likely would not have prevented the accident." The next step is for the Department to decide whether to conduct a "public investigation" pursuant to 30 V.S.A. § 207.

CAPI

CONSUMER COMPLAINTS

Complaint numbers for the period August 14th – August 20th are just under 100 calls and 60 complaints registered.

Post-CPG wind complaints

CAPL took in three noise complaints regarding Georgia Mountain Community Wind (GMCW), one noise complaint (over a 3-day period) regarding Lowell Wind, and two complaints (one complaint over a 2-day period) of noise and health issues regarding Sheffield/First Wind.

Public Advocacy

GMP Base Rates Adjustment filing – No Docket – On August 15, 2014, the Department filed the Larkin Report—the Department’s expert’s evaluation of GMP’s base rate filing. On August 20, the Department submitted testimony from Ron Behrns in support of GMP’s base rate adjustment (as agreed to in the MOU between GMP and the Department). Behrns’ testimony also addressed how the MOU interacts with GMP’s Alternative Regulation Plan. A workshop is scheduled for August 23 to discuss the rate adjustment and MOU in the context of GMP’s alternative regulation plan.

WEC Point to Point Distribution Tariff – Tariff No. 8458 – On July 22, 2013, WEC filed a point-to-point distribution tariff to enable WEC to charge standard offer projects in its territory a wheeling charge. The Department filed a recommendation on August 20. The Department asked the Board to open an investigation into the matter, but to allow the tariffs to go into effect, subject to refund, during the pendency of the investigation. The reason for this recommendation is that there is already a standard offer project wheeling power through WEC’s service territory. By allowing the tariff to go into effect, subject to refund, WEC can recover the costs of the service and at the conclusion of the investigation (when just and reasonable rates and terms are established) all parties can be made whole by refunds. The investigation will address, among other things, issues already raised by the Board in a memorandum.

VEC Specific Use Tariff – Tariff No. 8457 – On August 20, the Department recommended that the Board accept VEC’s Specific Use Tariff, which establishes a new dynamic pricing rate schedule, under which formula rates would be revised annually. The purpose of the new service is to allow VEC to serve two snowmaking customers under a tariff rather than special contracts, and to allow VEC to recover the costs necessary to maintain the infrastructure needed to serve Portland Pipeline.

Addison Expansion—Docket 7970 - The Department filed rebuttal testimony on August 14 from our engineering consultant on safety issues and additional, more expansive testimony from our staff planning and economics analysts regarding the economic impacts of the Project vs. various alternatives. Addison County Regional Planning Commission filed a MOU on August 14 reflecting the settlement it reached with VGS, together with some supplemental testimony from ACRPC. The only other parties to file rebuttal were ANR, CLF, the Town of Monkton and the Palmers; the Vermont Fuel Dealers did not file rebuttal.

Technology Drive Solar – The Department received a petition from Winstanley seeking to develop a 2.0 MW solar facility in a Brattleboro industrial park. The developer is seeking 248(j)

treatment for the facility, arguing that smaller methane and solar sites have been afforded (j) treatment. This is the first larger-than-net-metering solar project submitted under 248(j). The Department is evaluating whether it can conduct a thorough review of the project and issue discovery within the confines of a (j) proceeding timeline. The petition has yet to be docketed, so the Department has time to discuss possible ways forward with the developer and ANR.

Burlington Telecom – Docket 7044 – The Federal Court held a hearing to review Citibank’s motions to appoint a receiver and to hold BT in contempt. Judge Sessions denied both of Citibank’s motions, and also denied the Department’s and AGO’s motion for leave to file an amicus brief. While the Court did not accept the amicus brief as part of the record, it used most of the Department’s arguments contained in the brief as the bases for denying Citibank’s motions. Sessions indicated a strong interest in having the Department become a party in the proceeding, despite Citibank’s strong objection. The Department and AGO are assessing whether to intervene. Trial has been scheduled to start in early February.

VTel Wireless ETC Designation – Docket 7966 – Following the Department’s and VTel’s separate responses to the Board’s questions regarding the MOU and PFD, the Hearing Officer has scheduled a status conference for August 28th.

GMP Section 108 Petition – no docket – GMP has filed a petition requesting authorization to issue first mortgage bonds in the amount of \$75,000,000. The Department’s recommendation is due to the Board on September 19th.

Telrite Corp. Designation as ETC for Wireless Lifeline Service – Docket 8031 – The Hearing Officer issued a Proposal for Decision on August 14th, requesting parties’ comments by August 30th.

Q Link Wireless ETC Designation – Docket 8075 – The parties are discussing a potential Stipulation. A status report is due to the Board on August 30th.

Clarke Solar in Rutland, LLC Project – Docket 7957 – In a letter to the Board, the Department did not object to the petitioners’ motion to transfer the certificate of public good or to the minor modifications requested. Additionally, the Department supported the petitioners’ interpretation of the PFD language that it requested clarified.

Vermont Gas Rate Design Changes— Docket 8009– The Department advised the Board that it agreed with the reasoning of a Reply Brief filed by VGS on August 15 in response to the Proposals for Decision and Briefs filed by IBM and Perrigo. IBM also filed a reply brief in which Perrigo joined. VGS filed revised tariff sheets last week which reflect the rate design changes and, in advance of the base rate filing, has prepared a draft customer notice which sets out the projected rate change, both assuming that its proposed rate design changes are ordered and providing that an updated notice will be filed if the Board orders something different.

Telecommunications

Vermont USF High Cost Phase III “Recommendations” report – Consultants for the PSD have prepared a draft of the third section of a report about the Vermont USF High Cost Fund. This draft report recommends that the legislature consider activating a high cost fund that would provide support to the Vermont ILECs. The report recommends a complex funding methodology that is based on a.) costs calculated by an economic model, b.) evaluation of actual costs and revenues in filings by the companies, and finally c.) constraints on the program as a whole created by a program budget (for instance if the model and filings call for more support than the program is budgeted for). PSD staff is evaluating the draft.

Vermont USF high-cost Phase II “Cost” report – Vermont ILECs provided financial information in response to data requests from the PSD about regulated and non-regulated activities for the preparation of a report on the cost of providing telephone service in the state requested by the legislature. The ILECs claimed that this information was confidential. Consultants for the PSD prepared a draft report that attempted to address the confidentiality concerns of the companies by aggregating the information and generalizing discussion in narrative instead of including tables. The PSD shared a draft of the report with the ILECs and provided an opportunity to claim that the draft report contains information they believe is confidential. The PSD did not receive a response to this request, and subsequently informed the ILECs that as a result it would treat the information in the draft report as public, despite prior confidentiality claims. The ILECs offered a few suggested changes to the report. PSSD staff passed some of these suggestions to the consultants, and requested that the consultants prepare a final public draft of the report next week.

Broadband availability databases – Based on input from the VTA and PSD staff, Stone Environmental has revised its analysis of the broadband availability data as of 12/31/2012. The information is ready to be installed on both the broadbandvt.org (maps for the public) and vtpsd.powershift.org (table for CAPI staff) websites, but it has not yet been placed on these sites.

Finance and Economics

Electric

Ryegate - Investigation into the Establishment of a Standard-Offer price for Baseload Renewable Power under SPEED Program. The open question in the case is whether the Ryegate owner will install a selective catalytic reduction system (“SCR”) at the Ryegate generation facility and if so, who gets the RECs, who should pay and how much. The utilities and Ryegate have been negotiating for some time and have tentatively reached an agreement they plan to file by the end of the month.

GMP - Third Fiscal Quarter 2013 PCAM, GMP has filed for a rate adjustment increase of \$2,890,142 or \$0.00282/kWh in the energy charge. Staff is reviewing the filing. The PSD recommendation is due September 13th.

Stowe Electric—Electric Vehicle Charging Station Tariff---this week we received for review and

IBM
Hickel
FYI

comment a draft of a tariff Stowe plans to file by the end of the month that establishes retail rates for customers to use Stowe's electric vehicle charging stations.

Gas

VGS - PSB Docket 8009 Investigation into Vermont Gas Systems, Inc. proposed rate design changes. Staff reviewed the filing and assisted PA and VGS in drafting a Proposal for Decision that was filed August 2, that supports the rate design as filed. We are waiting for the PSB to issue the PFD. In the meantime VGS is preparing its 2014 base rate filing assuming the rate design will be approved and also assuming it will not be approved.

VGS---Alt Reg--- Several teleconference calls have been held with VGS to go over its cost of service. VGS has updated its preliminary Cost of Service to increase the rate decrease from 4.6% or \$4 million to 5.5% or \$4.5 million assuming the PSB approves the pending rate design case for the new rate year that begins on October 1, 2013 (3.5% or \$3.0 million without the new rate design). Our consultant working on this case, J W Wilson has begun a review of the filing and is expecting to get responses to discovery this week. .

Regional Policy

Burlington Electric Department Petition to FERC

- On August 15, 2013, the City of Burlington Electric Department filed a petition at FERC requesting that FERC determine that BED is not obligated under the Public Utility Regulatory Policy Act to purchase the output of Winooski One.
- BED argues that Winooski One has been able to successfully participate in the ISO-NE administered markets through both the VEPPI Purchasing Agent and, once Winooski One's first long-term PURPA contract expired, through its partial-owner GDF Suez.
- It appears that the underlying reason that BED filed the petition is to attempt to lower the value of Winooski One in order to better position BED during the upcoming arbitration process. (BED has the option of purchasing Winooski One and parties are currently in arbitration to determine the value.)
- FERC established a deadline for comments and motions to intervene of 9/12/13.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: August 23, 2013
SUBJECT: Governor's Report

Keith, I am including in this Friday's update to the governor about our idea/plan to see if we can add a statewide school safety consultant, the money for that coming 50/50 from each of our depts. I am also requesting that this not be taken from our current budget but that we be allowed and supported to add this as an addition to our budgets. As we discussed, the person needs to be someone with law enforcement experience (preferably a retired state police) and that they have space in both locations (Public Safety and AOE) to coordinate school safety activities around the state. By way of this communications from Armando Vilaseca we would like to inform you that we support this initiative.

Joanne Chadwick received communications from the US Department of Labor informing her that they are planning an investigation/audit of the payroll system for DPS. We don't have a lot of details at this time but will keep you and Kate Duffy informed as we get more information. We have an idea it might be FLSA related, but we're guessing at that. The person that contacted Joanne from the US Department of Labor is a former employee of the State and worked for the Vermont State Department of Labor.

As you know Fire Safety Director Mike O'Neil is retiring September 9, 2013, we have had communicated with SOA Jeb Spaulding regarding the replacement. We plan to meet with Deputy Director Michael Desrochers next week to begin a transition to replace Director O'Neil.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: August 23, 2013
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

- Renewable energy solar PPA for 109 State Street and correctional facilities under legal review; expect execution next week.

Legislative Issues/Contacts:

- Conference call regarding St. Albans 20 Houghton Street project involved Sens. Kitchel and Nitka and Reps. Emmons, Heath, and Myers. Sen. Flory has been difficult to connect with. Another conference call for the Franklin County delegation on the 20 Houghton Street project attracted Sen. Collins and Reps. Keenan, McCarthy, Branagan and Savage.

Significant Events/Meeting:

- Attended meeting of the Capitol Complex Commission which approved four matters and were informed about pending issues.
- Attended CDAAC meeting; informed debt affordability recommendation for next biennium could be \$25,000,000 less than prior biennium.
- Held meeting regarding the completion and opening of the Bennington Welcome Center with Sen. Hartwell and Bennington folks as well as the contractor the next day.

we may do
press report
5/6/13

FINANCE AND MANAGEMENT

Issues Update:

ERP System: Met with senior managers from the Agency of Natural Resources (ANR) on issues and concerns ANR still has with the ERP system. Ferland and Wilson will be going to ANR to work directly with supervisors and business office staffs, to help them better use the system, its tool, reports and processes.

A similar meeting is being scheduled in the next week or two with the Agency of Human Services. Ferland & Wilson are planning additional visits to agencies and departments to provide more focused assistance in helping departments build better business processes around the ERP system.

St. Albans Projects: Participated on a conference call with State Economist Jeff Carr to discuss the elements and information necessary for Carr to revise and expand the economic analysis on the two separate but related downtown projects in St. Albans. F&M will coordinate Carr's effort and ensure that he has the information necessary.

VT Digger.org: Deputy Zeller met with Hilary Niles from VTDigger.org. Hilary wanted to obtain detailed historic monthly revenue target and actual information. She is working on a long term data project and wants to create a database going back years so that they will be able to compare revenues to more than just the current target and prior year.

Vermont G.O. Bonds: F&M participated in the kick off conference call, with Bond Counsel, for the next planned issuance of Vermont General Obligation Bonds.

HEALTH CARE REFORM

Nothing to report

HUMAN RESOURCES

Legislative Issues/Contacts:

Spoke with Representative Shaw regarding the recent death of a DOC officer who had been placed on temporary relief from duty. Representative Shaw expressed concern regarding the need to monitor the mental health of correctional officers and his own experience working for Correction.

Representative Anne Donahue has reached out to the State to express dissatisfaction with the State's award of the medical and behavioral contracts to Blue Cross Blue Shield. DHR will work with Robin Lunge to address Representative Donahue's concerns.

under control.

Press/Media Notes:

DHR spoke with WCAX, VT Digger and The Times Argus about the awarding of contracts to benefits providers, particularly the award of the medical, behavioral and stop-loss contracts to Blue Cross Blue Shield.

Significant Events/Meetings:

DHR awarded health benefit contracts after the completion of a competitive bidding process. Medical, behavioral and stop-loss contracts were awarded to Blue Cross Blue Shield (BCBS). The State currently contracts with Cigna, so DHR will need to work with the Treasurer's Office to coordinate the transition to BCBS. The pharmacy contract was awarded to Express Scripts, Inc. and dental was awarded to Delta Dental. Overall, the state will see a savings of almost \$11 Million as a result of the bidding process. VSEA has expressed dissatisfaction with the award to BCBS and has stated publically it is skeptical of projected savings.

Deputy Secretary Clasen and representatives from DHR and Finance and Management met with Secretary Markowitz and her team to address issues related to the new VTHR and Vision systems.

Evolving Issues:

The Vermont Veterans' Home passed its most recent evaluation by CMS and will be certified to receive federal funding for patients.

The VSEA is conducting an "election" at the Vermont Veterans' Home to assess their member's proposed response to the Pulling report and the recommendations of the Administration related to the Pulling Report. Results should be available within days.

DHR is working with its consultant to assess and make recommendations to Secretary Spaulding on the premium rates that should be set for state benefit plans for FY14.

The FBI conducted an audit of the State's compliance with federal policies around the fingerprinting of employees in certain sensitive positions. DHR passed the audit with flying colors. The Auditor advised DHR that many other Vermont employers have had negative findings, so the State's performance is exemplary.

DHR is overseeing the HR processes related to two recent deaths of AHS employees.

DHR is meeting with VSEA to establish ground rules for bargaining. Efforts are underway to provide VSEA with information requested and to prepare the State's initial bargaining position.

DHR received a records request from the Auditor's office requesting information concerning state employees, including salaries and overtime costs for each employee for FY13. DHR has already begun to compile this information and will provide the information as soon as possible.

DHR has compiled FY13 overtime information for all Departments, at Deputy Secretary Clasen's request.

DHR responded to a public records request from the VSEA for initial results from the engagement study conducted by DHR.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

PeopleSoft/VISION/ERP: Project Directors are visiting departments and agencies to hear first-hand about the issues they are experiencing in order to better prioritize work requests.

Healthcare: The project plan for Vermont Health Connect (VHC) is aggressive to meet the 10/1 deadline. We are closely monitoring deliverables and milestones through daily joint meetings between State of Vermont and CGI project leadership.

Evolving Issues:

Web: The Boards and Commissions Web Service project will proceed with a simplified solution allowing a lookup of vacant positions and soon to be vacant positions. The larger project to have a consolidated page that allows users to lookup boards and board membership will wait for the backend system upgrade.

our office - FY1

The Office of Child Support, Child Support Payments Service is in the final stages of testing and will be going live in the next few weeks, the exact date depending on the outcomes of testing.

LIBRARIES

Nothing to report

TAXES

Legislative Update:

Solar Tax: In one of the lighter moments at the Department (no pun intended), a Times-Argus reporter accompanied a taxpayer to pay their solar tax in pennies. Across the country, in Arizona, and across the world, in Spain, there are solar tax revolts. I wish I was joking - Arizona's new tax apparently was modeled on ALEC litigation; their regulators are being portrayed as doing the bidding of utilities. Of course, our tax was designed as a break, but that message may be clouded. (This week's stunt also pointed out the Department's need to limit its intake of coins, like banks).

Miscellaneous Tax: Collection Tools and Online Travel: We are starting to compile possible proposals for next year's tax bill. This likely is the year to push for better collection tools – we lack the enforcement mechanisms, such as suspending driver licenses, administrative wage garnishment and bank levies that are found in other states. The key is to emphasize that these tools are used when the tax bill is fixed – the taxpayer has forfeited or exhausted appeal rights and is just trying to elude payment. Another possible provision would amend our rooms tax to make clear that tax is applied to the retail rate paid by the guest (not the wholesale rate received by an online travel company such as Expedia). NCSL last week endorsed states taking such an approach.

Operations:

RFP for Integrated Tax System: We announced to the vendors and staff that we intend to negotiate with FAST enterprises for an ITS, and we followed up to staff with a memo on the general terms of how we will manage the change in duties for both our business users and IT staff. We got positive feedback from business users. We are interviewing a contracting expert next week – who is currently assisting MA in its ITS acquisition, including discussions with FAST. We expect it may be difficult to come to terms with FAST, particularly on a true model where payment is contingent on identified new revenue streams from the project.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: August 23, 2013
RE: Boards and Commissions Update

Liquor Control Board:

DESIGNATED as CHAIR: Stephanie O'Brien

Veterans' Memorial Cemetery Advisory Board:

APPOINTED: Clayton Clark, Winooski - This appointment was made August 7th but was put on HOLD when Richard Reed called to voice his concern. Reed couldn't articulate what his concern was. I spoke with Obuchowski and he thought Clayton would be a great appointment. Richard Reed met with OB and after the meeting OB supported Clayton being appointed.

Green Mountain Care Board:

APPOINTED: Betty Rambur, South Burlington, to take Al Gobeille's seat that was vacated when he was appointed to Anya's seat as CHAIR.

State Police Advisory Commission: We will need to make an appointment to replace Tom Crowley

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: August 23, 2013
Re: Weekly Report

Status of Governor's Priorities: Revising our strategic plan. Working on transformational ideas as requested in last cabinet meeting.

Legislative Issues/Contacts:

- Reviewing draft changes to Department Regulations with AG's Office- mostly cleanup language and clarifying.
- Continuing to work on regulation changes on break open tickets as outlined in the Executive Fee Bill. Meeting with Tax Commissioner is scheduled.

Press Issues/Releases/Contacts: Nothing to report.

Significant Events/Meetings: Next Board Meeting 9/11 Enforcement Hearings.

- Department will have a booth at the Champlain Valley Fair. Hope you can stop by.

Evolving Issues:

- Working with vendor on contract for ERP/POS Project.
- Preliminary review of department processes for potential licensing and enforcement system. .
- Working on some regulation changes- draft document in house review.

Summary of Key Department Activity:

- August sales are still looking good: +4-5%.

Commissioner's Commentary: Have a great vacation!

Irene Recovery Situation Report 08/23/2013

IRENE RECOVERY OFFICE

- On 08/28 the Governor will hold a press conference in Wilmington at 12:00pm to recognize the two-year anniversary of Irene, discuss the progress that has been made and our commitment to a more resilient future. The formal transition of the IRO to the appropriate agencies will also be mentioned and the final Irene Recovery Status Report will be made available to the media and public.
- On 08/28 beginning at 5pm the Governor and Town of Rochester will cohost "Recognizing Our Progress", to commemorate the second anniversary of Irene and acknowledge various recovery leaders throughout the State.

Public Assistance

- Applicant Briefings held for DR-4140 in Lyndonville on 08/13, Waterbury & Royalton on 08/15 and Mendon on 08/21.
- Nearly half of the project worksheets for DR-4120 have been written by FEMA; applicants are being notified with electronic versions of their PWs.
- Joint Incident Action Plan and Federal/State Agreement for DR-4140 was signed.
- State and FEMA leadership met on 08/20 to discuss PA eligibility of repairs to the Roxbury Fish Hatchery. FEMA is undertaking further review of this PW; the need for producing an appeal seems less likely.
- Met with FEMA on 08/21 to discuss HMGP advance assistance requests and increasing the DR-4022 HMGP lock-in amount (allowing a time extension for spending the available funds).
- State Hazard Mitigation Office is preparing 5th round HMGP applications for submission to FEMA by Sept. 1.
- Three PAO candidates were interviewed on 08/22.
- DR-4022: 201 of 322 large project close-outs have been submitted to FEMA. \$162.1M+ (+\$825K since last week) of federal PA funding has been obligated.
- FEMA's significant funding commitment for WSOC will be announced publicly in Waterbury on 08/29.

ACCD

- Participated in press event with Governor Shumlin and Secretary Miller announcing a \$700,000 CDBG Disaster Recovery Grant to Moretown to rebuild its municipal offices, since the old building was severely damaged by Irene.
- Development of the CDBG-DR II Action Plan is ongoing.

HMGP

- Current status of buyout properties:

HMGP Purchased (75% HMGP, 25% CDBG)	25
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HMGP Approved	70
HMGP Pending	15
Round 4	4
Round 5	8
CDBG-DR Only	13
Grand Total	135

Link to Map: <http://www.trorc.org/buyouts.html>

VTrans

Finance and Administration Division

Transportation System Recovery Expenditures through June 10, 2013: **\$2,271,940**

	Totals	Federal	State	Local
FHWA-ER	\$109,261,479	\$102,288,904	\$4,700,633	\$2,271,940
FEMA – 4022	\$115,185,719	\$110,852,457	\$4,333,262	\$0
FEMA- RREW	\$2,866,205	\$0	\$2,866,205	\$0
	\$227,313,403	\$213,141,361	\$11,900,101	\$2,271,940

Operations Division

All District Irene Related FHWA ER Sites	This Week
Total sites	667
Total sites complete	493
Total sites under construction	52
Total sites awarded not completed	60
Total sites ready for bid	49
Total sites scoping/design complete	58
Total sites no activity	21
Total sites given to PDD	52
Total sites on hold ROW/ENV	25

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