

WEEKLY REPORTS

Checklist
5/16/2014

Elizabeth Miller/Aly Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Health Care Reform – Lawrence Miller
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan (**no report this week**)
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

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

Sue Allen

- 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 – Susan Spaulding
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: May 16, 2014
Re: Weekly Report

LEGISLATIVE ACTIVITY

- **Legislative Wrap Up:** The gavel has fallen, legislators have packed up their desks and the results are in. This year we...
 - ...saw most of the Governor's recommendations of our budget – including increases to RDC's, RPCs and MPG program – pass.
 - ...passed Governor's Enterprise Fund which give the Governor 4.5 million in discretionary money to help retain and grow jobs in Vermont.
 - ... passed the Vermont Strong Scholars Program. One of the Governor's priorities announced at the beginning of the biennium. This, along with dual enrollment, will allow Vermont students to get two years of free college!
 - ...created the Entrepreneurial Lending Program through VEDA which provides a loan loss reserve account for Vermont business lending.
 - Created the Domestic Export Program which will help Vermont businesses gain access to export markets within the US.
 - ...raised the minimum wage to help lift Vermonters out of poverty and into the middle class.
 - ...passed numerous other provisions in the Economic Development bill in areas as diverse as financial regulation, energy, business technical assistance and more that will help pave the way for future economic growth in Vermont.
 - ...received a \$500,000 increase in downtown and village center tax credits and technology wiring and HVAC linked to technology are eligible for tax credits.
 - ...gained fee authority to launch the Made in Vermont Program that will leverage the Vermont Brand for participating businesses in marketing and beyond.
 - ...saw an increased cap (\$12) on fees for our historic sites and increases in fees for storing archeological boxes and mobile home park registrations
 - ...gained the ability for municipalities to condemn properties after a disaster
 - ...passed updates to our growth center and new town center designation procedures
 - ...passed incentives for our designation programs and changes to Act 250 criteria to support compact development and infill of strip
 - ...clarified the method of valuing shared equity homes
 - ...tied eligibility for the Vermont Training Program to Livable Wage.

LUCY LERICHE, DEPUTY SECRETARY

- **Vermont Strong Scholars:** Spoke at this Governor's press conference at VSAC to highlight legislative educational achievements of the session.
- **GMO Rulemaking:** With Attorney General's office and Ag Agency, attended first rule making meeting to begin to map out a plan for rule making.

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DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **LaunchVT** held the finals for its business plan competition on 5/8. Lars Torres presented on the state of the creative economy and Lisa Gosselin helped the Lake Champlain Chamber present a check for \$25,000 to the winning company, IrisVR. Started by two 23-year-old Middlebury graduates who were mentored by Cairn Cross of FreshTracks Capital, IrisVR has created 3D visioning technology (glasses and software) that allow architects and others to visualize and "walk through" their 2D designs. The check (funded in part by ACCD) was supplemented with almost \$45K in in-kind services (ranging from legal to accounting) that local services have provided. The pool of finalists was remarkably stronger than last year and included Wintersmith (bar ware), BityBean (infant carriers), Notabli (a social media site for children), AirShark (drones to inspect infrastructure) and Recess (an app developed by a Dealer.com employee to set up lunch events such as pick-up basketball). LaunchVT's young founders Emily Piper and Nick Gromley have also been asked to speak about how they garnered community involvement to get the in-kind at the upcoming Sandbox Summit in Massachusetts. Gosselin and Torres will also be attending on Secretary Moulton's behalf. [Story in BFP](#)
- **Make Vermont Home:** Nancy Brooks, Steve Cook and Lisa Gosselin met with Aly Richards on 5/13 on the "great jobs in Vermont" outreach campaign. Steve Cook has proposed using the new VermontVacation.com landing page – which details multiple ways you can learn about and appreciate all Vermont has to offer – as the landing page for this campaign with a "Jobs" button that would then link to DOL and other jobs sites. Aly is working with HR directors and Lisa suggested they create and populate a LinkedIn group devoted to jobs in Vermont that are targeted to college grads. Goal is to have program fleshed out and ready for a press event the first week in June.
- **CEDS:** Draft of CEDS was submitted to reviewers, including consulting economist Art Woolf on 5/8 with feedback expected by 5/15. Last few projects and initiatives are coming in. Process is on track for presentation to Governor on 6/3.
- **Prospect:** On referral from Lawrence Miller, Lisa spoke with Cornwall's George Dorsey of Edgewood Holdings about a business he is considering acquiring and what the options are to place it here. The business, currently located in California, is a consulting firm for large infrastructure projects would also consider Texas, Florida and Colorado – all closer to its current customers. Lisa is working with recruiting team of Fred Kenney and Kiersten Bourgeois to follow up.
- **CONFIDENTIAL - Troubled Businesses:** Four troubled businesses were brought to DED's attention this week, including Springfield's G3K which has been closed due to allegations of fraud at its new parent company. RDC Bob Flint is working with former company owners and receivership team to see if there is option to restart the business, which employed 35 people. Other companies have been reported up and DED and partners are working to remedy situations where possible. Highly confidential,, please call for more details.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

- **Telecommunications/ConnectVT:** With the adjournment of the legislature, new workloads are created and in the telecom world, it involves five studies to be completed by the end of the year. There are a few deployment reports as well as a report on transitioning from the VTA to the Division of Connectivity.

CONFIDENTIAL

- **Franklin Foods:** Met with Enosburg Falls Trustees to talk with them about possible cost saving measures for Franklin Foods. The plant manager also reviewed incentives that AZ offered them and while it is still very logical for FF to maintain an East Coast presence, our ability to support the company – even in the realm of milk supply – is significantly less. The one idea that we will be pursuing is an economic development rate (electric) for the company. The Trustees (who also serve as the board for the municipal utility) wholeheartedly supported this and we will be working with Public Service, the Village and VPPSA on moving this forward. The other area where there could be savings is around wastewater. However, the Village Administrator is less interested in looking into that. Franklin Foods – and Enosburg as their host community – are in a very unique place. They make cream cheese in a location that is far from the interstate; are the largest power and ww user by far in a community with a municipal utility and their waste contains a lot of BOD – which has historically caused some stress for the small town.
- **Resolute Forest Products:** Have been working on a few follow-up items at their request and specifically trying to finalize the incentive request for them. This will likely form the basis for which the Gov's Jobs Fund discussion will begin. At this time, they are considering four very good real estate options in Chittenden County (2 in downtown Burlington; one in Colchester and the other in S. Burlington). The latter two could accommodate future growth. I am also working on some housing/CoL data that will hopefully show that we can be somewhat competitive with NY. I also received a call from their CFO asking for help in finding a temporary housing option or two in Chittenden County so they have someone on the ground to work on "Phase II".
- **Seldon:** Seldon is still working with the Town of Windsor and SRDC on determining where on the Goodyear site they might be able to build their new facility. There are far too many cooks in the kitchen on this and I have offered to share the lead with SRDC in an effort to move this along –it is almost ridiculous at how this is being driven at this point.

The present owner, CRDC, is very willing to sell, but there is a simultaneous effort underway to dissolve CRDC. I have suggested to SRDC to focus on that following the execution of a P&S.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **JBM Sherman Carmel – Bennington:** The department facilitated a meeting with a Bridport inventor and Brandon investor to develop and manufacture a new innovative soil sifter. Discussions and negotiations are continuing with the eventual hope of an initial production run for the new product.
- **Quebec/VT Event:** Ken Horseman assisted Brent Raymond to plan an event with companies and officials from Quebec and Vermont in collaboration with UVM as a follow up to last year's initial conference held under the governor's treaty with the province to pursue areas of mutual economic development interest.
- **Maponics - White River Junction:** The company is undergoing rapid growth and significant changes in management to address those challenges. Full time employment has increased from 27 in 2013 to 41 today and two positions are unfilled. Their major challenge is recruiting for highly technical positions, and Vermont's income tax is a challenge as they draw from New Hampshire for their workforce. The company is developing new products with the latest to be announced in July. Sales are up slightly for the year. Their space needs are a challenge and GMEDC is working with them to meet their needs. They are strongly committed to the community, and are working to make permanent an internship/apprenticeship program with local high school students.

- **Core Value – Norwich:** This software company is growing rapidly with employment expected to double from 10 to 20 in Vermont in the next year. They are working on major economic development projects in Rochester, NY and the Tidewater region utilizing their software tool to help businesses understand their core value and clarify key drivers for company growth and red flags that will potentially affect that growth.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Prospective Meeting for Large Sports Medicine Orthopedic Group:** Dan Towle, Director of Captive Insurance and Dave Provost, Deputy Commissioner of Captive Insurance gave background details and formation advice to a large group of sports medicine orthopedists that are looking to form a captive. The referral came from Scott Beckman of ISMIE Mutual Insurance Company (Chicago), an individual that Dan has built a strong relationship with over the years.
- **Congressman Welch’s Office:** Dan provided feedback on proposed legislative language that Congressman Welch may sign on as a co-sponsor. The legislation concerns modernizing the Risk Retention Act.
- **Ed Meehan, Vermont’s First Director of Captive Insurance Dies, Press Release:** Dan put out a press release the end of last week announcing the death of one of Vermont’s early pioneers of captive insurance. Ken Horseman continues to provide excellent counsel on the press releases to Dan. Governor Shumlin was quoted in the release along with Commissioner Donegan. It was widely picked up by the trade publications.

INTERNATIONAL (EB-5/Vermont Global Trade Partnership) ♦ Brent Raymond, Director

Vermont Global Trade Partnership

- Brent Raymond continues to monitor weekly the progression of Seldon Technologies’ new multinational owner’s EB-5 business plan and execution during this critical investor I-829 approval phase.
- John Kessler, Lawrence Miller and Brent Raymond continue to review and make recommendations to AnC Bio regarding investor concerns and USCIS Request for Evidence (RFEs) notices.
- Brent Raymond sent email to Jay Peak Development regarding corrective measures specific to inappropriate EB-5 marketing including projects not approved.

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

VEGI

- Worked with following companies on VEGI applications:
 - 1366 Technologies (Expansion to VT; Initial Application in June)
 - Resolute Forest Products (Relocation to VT; Initial Application in June)
 - Whistle Pig Whiskey (Expansion; Pre-App)
 - WARM (Expansion; Pre-App)
 - Precyse (Establish work-at-home coding position in VT; Pre-App)
- Investigated current position of SB Electronics: 2013 VEGI claim indicates that the company will be terminated from the VEGI program because they did not meet the 2011 performance requirements by end of 2013. Other intel includes re-negotiating CDBG loan and VEDA loan to interest-only payments, restructuring building ownership to leaseback, sell off of another product, and lay off of at least 12 workers

(although some have been brought back). All indications are that SB Electronics is in trouble due to very slow growth of the electric car market.

RECRUITMENT

- Escorted Tom Crary and Brian Eller of 1366 Technologies to meetings at IBM, with the Vermont Clean Energy Tech group at AllEarth Renewables, and Husky. Vermont is definitely in the running for this project. They very much appreciated Governor's participation and attention and were very impressed with everything they heard. See separate memo regarding details, outcomes and follow up required.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Cabot Hosiery:** Beth Demers spoke with Rick Carrey of Cabot Hosiery Mills in Northfield. The company is adding 35 new knitting machines and 15 new employees. Beth and Rick talked about how the Vermont Training program may be able to assist with the cost of training new hires. Rick is reviewing the application materials and will be back in touch.
- **Dealer.com:** Beth Demers met with Learning Solutions Director Caren Laiosa at Dealer.com in Burlington. Beth and Caren reviewed the current VTP grant and the company's ongoing workforce needs. The company is nearing completion of renovations in the old General Dynamics building and has moved employees to that location. It is estimated that the company will add an additional 110 employees over the next year. Beth will be in touch with Caren once the VTP has reviewed its process and any legislative changes.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

- **VY Funding Process:** Grant process moving along and on track. Most of the ACCD leadership team met with Windham County legislators the Friday before adjournment to provide them with an overview of the funding, the elements of the program and next steps. There is a stakeholders meeting set up for May 22nd and hope to have a public meeting the first week of June. Thanks to everyone for all their great work.
- **CEDF Public Hearing:** With other members of the Clean Energy Development Board, held a public hearing on \$5.3 million that was released to the CED Fund as a result of the MOU between the State and Entergy. Half of the amount is to be used to support renewable and clean energy projects in Windham County. Held in Brattleboro, the hearing was well attended by the public, press and legislators. Suggestions ranged from an anaerobic digester at the local landfill and developing a strategic plan for the use of the funds to creating a wood pellet coop. The Public Service Department will now develop a proposal for the \$2.6 million and present it to the Board as part of its 2015 Annual Program Plan. Before the hearing, toured the former Estey Organ Factory complex and a wood pellet heating

DEPARTMENT OF TOURISM & MARKETING

Steve Cook, Deputy Commissioner

- **VDTM App Vendor Announcement:** VDTM, in collaboration with the [Vermont Chamber of Commerce](#), announces the development of the official statewide app. The official State of Vermont tourism mobile app will be a digital marketplace, allowing the ever-increasing number of mobile consumers to connect, research and, ultimately, book a trip to Vermont via the app. The Vermont Chamber has selected [Route 802](#), a Williston-based new media marketing firm, to develop the official State of Vermont tourism mobile

app. The launch of the official State of Vermont tourism mobile app is scheduled to coincide with the release of the *Vermont Vacation Winter Guide* later this fall.

RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Research

- **BTV Arrivals Up in March and April:** Even though winter storms persisted through much of March, arrivals at Burlington International Airport were up 5.61 percent for that month and up 6.77 percent during April. Severe winter storms during January and February resulted in nearly 200 flight cancellations. March delivered an increase, in spite of more than 90 flight cancellations during that month. April’s strong performance brings the calendar year to date 1.45 percent ahead of 2013 arrivals.
- **Taxable Receipts for MRA Strong in February:** Winter storms may have hampered air travel, but appear to have been a boon to Vermont’s hospitality and recreation industry. The Tax Department’s preliminary report on taxable receipts for Meals, Rooms and Alcohol (MRA) sales during February indicates a second year of strong growth, particularly in the sales of commercial rooms (+7.41 percent) and alcohol (+6.45 percent). Meals receipts, which had shown only modest growth 2013/2012, also showed a healthy increase (+5.60 percent).

February Taxable Receipts: % Change 2014/2013/2012/					
	Meals	Rooms	Alcohol	MRA Total	Est. Revenue
2014*	75,767,332	51,208,251	16,229,752	143,205,335	\$ 13,050,777.67
2013	71,748,422	47,677,349	15,246,206	134,671,977	\$ 12,272,939.99
2012	71,300,677	43,399,592	14,047,546	128,747,815	\$ 11,727,778.81
2014/2013	5.60%	7.41%	6.45%	6.34%	6.34%
2014/2012	6.26%	17.99%	15.53%	11.23%	11.28%
<i>*Preliminary</i>					

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

- **Products and Calendars:** Vermont Life will scale back the catalog business to strictly Vermont Life-produced products. These products have the biggest profit margin and account for the majority of our sales. This will save a great deal of staff hours dealing with outside vendors.
- **Vermont Life App:** Our App has been submitted to the marketplaces (iTunes, Android, Kindle) and GTxcel is working out the kinks.

CHIEF MARKETING OFFICE ♦ Nancy Brooks, Chief Marketing Officer/Heather Pelham, Marketing Specialist

- **“Flood Ready” Website:** Nancy and Heather were invited to preview the “Flood Ready” website (formerly known as “Focus on Floods”) being developed by a team at DEC. This website is a cross-agency resource for cities and towns to give them municipal planning tools to enhance their flood resiliency. We thought the site organization does a great job of presenting topics thematically, rather than departmentally – and while not a direct parallel to a business “one stop shop,” this site is definitely a useful example of an online resource organized around an important topic. The site is not live yet, but the DEC team shared an internal link with the CMO’s office. Anyone interested in previewing the site should check with Nancy or Heather.

Privileged and Confidential

Date: May 16, 2014
TO: Governor Peter Shumlin
FROM: Lawrence Miller
RE: Weekly Report, Health Care Assignment

Testing for the next release is going as expected, which is to say behind schedule and with more defects than expected. CGI is proposing a reduction in the number of integration tests with BCBS, we are declining that request. Additionally, significant aspects of automation have been dropped from the scope of this release.

The project remains high risk.

With support from HES the team has interviewed potential providers of project augmentation who could also replace CGI if it comes to that. Deloitte and Optum are preparing proposals. One key is the ability to do staff augmentation to retire the CoC backlog when functionality is available. **This is a modified contracting process expected to be in the range of \$3mm funded with exchange grant dollars.**

Navigator grant proposal review completed and final decisions communicated to applicants. DVHA will be funding \$1.85 million in grants to 21 organizations

The HSE IAPD was approved.

CMS has requested a meeting regarding site security next week.

The federal government has offered new flexibility for individuals who expect to lose health insurance. Instead of having to wait until they lose coverage, Vermonters will now be able to apply for insurance through VHC up to 60 days in advance of loss of Minimum Essential Coverage, in addition to within 60 days from loss. VHC will also grant individuals coverage dates that are appropriate to their circumstance, including retroactive coverage for loss of MEC.

The federal government has announced new types of special enrollment periods (SEPs) for persons seeking to enroll in qualified health plans (QHPs) through the Federally-facilitated Marketplace (FFM). Vermont Health Connect has decided to adopt similar special enrollment periods. Most notable, one of the SEPs relates to individuals who are eligible for, or enrolled, in COBRA coverage. These individuals will have until July 1 to apply for health insurance through VHC if they would prefer a VHC plan.

Will soon need to discuss some changes around organization structure of VHC and HAEU, in the context of how to best serve customers. I suggest there is a need to bring these units together with a “customer” rather than “client” perspective.





120 State Street, Montpelier VT 05620-2501
(p) 802-828-3135 | (f) 802-828-3140

CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: May 16, 2014

It is absolutely great to have the legislative session over. I was actually able to squeeze in mid-week runs again, and it is giving me a new lease on life.

Meetings:

I met with VSBIT, VSA, VSBA and superintendents who had been involved in SD or RED formation to discuss options for developing a handbook to support this work. This was off to a bit of a bumpy start; I may need to ask to facilitate the next one, as I am not sufficiently patient to do rerun conversations for the next few weeks. The goal is to work towards development of a handbook to support parties that want to form an SD or RED.

I met with **BBF** executive committee and separately with Julie Coffey. My role in that group is to help keep her focused on outcomes. She is starting to experience the first pushback—it was inevitable that this would happen at some point.

I spoke at the **Tri-state Association of School Business Officers**, and managed to forget it was a tri-state group, and perseverated on making the point, using VT data, that education quality is dependent on economic sustainability and efficiency. Let's hope it was a generally appropriate topic. Either way, I am fairly confident they left feeling nervous their retirements were in jeopardy.

I met with a group called the **Education Delivery Institute**, which offers process consulting in the field of education. Of interest to us is their expertise in working with state education agencies around developing tools for supporting continuous improvement in the field, and also their efforts to develop expertise (somewhat unusual in the United States) related to school quality reviews. They have a consultant on board who did this kind of work in the UK. Coincidentally, I found out this group is also

working with CA on a process that is very similar to ours. This could serve us well if we ever get to reauthorization of ESEA.

Race to the Top Waivers nationally are starting to fall apart around the requirement to use test scores to evaluate teachers. Most states are not going to be able to implement by their promised deadlines. A very few will be prevented by legislative action prohibiting the use of test scores to evaluate teachers. US DOE sent out a guidance memo offering flexibility, given “evolutions” in the field. We called to confirm if this flexibility might extend to something that could make sense for VT, and perhaps get us access to RTTT dollars to support a better teacher and principal supervision model. During the conference call with **Deb Delisle, the Deputy Secretary** confirmed we would have to do something she agrees is statistically indefensible to become eligible, and then encouraged us to contact other rural states with waivers to find out how they did it, and cited Alabama and North Dakota. North Dakota is actually a non-waiver state, for all the reasons we are a non-waiver state. I would rather not emulate Alabama. As Scarlett O’Hara said, “tomorrow is another day (on the waiver front).”

Follow up on Governance

While I understand the appeal of an executive order, and know a few districts I would like to give several orders, I am really struggling to figure what we could do within that tool that would make a difference, absent any grounds in statute. The Governor has been very strong on the principal of local control. At this point, absent legislative action, I think our best leverage is that with local control comes responsibility for decisions made locally.

There are a few ways I do think we can move this conversation prior to the next legislative session. For context, I think the next budget cycle will be even worse than the current cycle.

Public Communications and Opinion:

I am working on a contract to see if I can get someone to work with us on an AOE communications strategy. This person will also provide advice on several specific communications goals, including:

1. Build public understanding of the relationship between education quality and economic sustainability.
2. On our website, diagram the logic and operation of our finance formula to illustrate why and how it works. We can illustrate with a few case studies, including some of



our high per pupil spenders, to make clear why the rising rates are a function of local decisions.

3. Detail specific burdens/challenges posed by governing through many small units.
4. Model/diagram governance in SDs vs. SUs using two real districts, as a way of documenting and making transparent the human and financial costs and inefficiencies associated with different governance structures.
5. Document equity challenges associated with very small units (For example, I just heard about a school considering giving up offering free and reduced lunch, although 18% of its students are eligible. They say that as a small school, they can't afford it.)
6. Do a more extensive job of elaborating on some of the differences in offerings and PPE levels across districts.

Research

We are meeting internally to see if we can frame a study that would use our data to answer:

1. What is the relationship between students' expected NECAP Math scores and the governance of the district they are in? (e.g. once we account for poverty, English language learners, etc.... are students doing better in SDs or SUs?)
2. What is the relationship between students' expected NECAP Math scores and whether or not their district operates continuously K-12? (e.g. once we account for poverty, English language learners, etc... are students doing better in systems that operate K-12 or in systems/towns that only operate at some grades?)
3. What is the effect of being in a very small high school on outcomes, for elementary schools and high schools?
4. What is the relationship between Per Pupil Expenditures or Administrative Per Pupil Expenditures and the governance of the district they are in? (e.g. once we account for poverty, English language learners, etc..., are students more expensive to educate in in SDs or SUs?)
5. What is the relationship between students' Per Pupil Expenditures or Administrative Per Pupil Expenditures and whether or not their district operates continuously K-12? (e.g. once we account for poverty, English language learners, etc..., are students more expensive to educate in systems that operate K-12 or in systems/towns that only operate at some grades?)

We have the brain power in house to do this work, but not the time, so are going to explore options for contracting out or partnering to further some of this work.



Support

1. We have begun to work with partners to develop a handbook for SD and/or RED formation.
2. Complete the common chart of accounts, the handbook providing guidance, and provide technical support in its use.

Workforce Development/Education to Support VT's economic future

On Friday May 16, John Fischer and Jay Ramsey attended a meeting at **Whelen Engineering, Inc.** in Charlestown, NH, sponsored by the **Green Mountain Economic Development Corporation** of White River Junction. We are looking at developing an internship program for Hartford HS students, based on a model at Whelen Engineering, that would be a model for replication through the State.

CTE priority pathways

We feel a clear, statewide focus on priority sectors and consistent quality outcomes would better serve the interests of our students, business and industry and the State. Recently, John Fischer shared AOE's priority pathways with Lisa Gosselin, the Commissioner of Economic Development and Ken Jones, who is working on the economic development planning. The AOE has identified 6 priority sector/cluster areas for workforce, economic development and education/training. These include:

- Travel/Tourism and Business Systems (Culinary, Hospitality, Accounting, Management, Entrepreneurship)
- Manufacturing/Engineering (STEM)
- Construction/Green Building and Design
- Local Food Systems, Natural Resources (Sustainable Food and Value-added Systems, Forestry)
- Information Technology (Networking, Software Development, Website Design)
- Health/Medical industries

We propose:

1. State-wide Consortia will guide the development of career pathways for each of the priority sectors. Consortia membership will include education, higher education, business/industry, and State agencies. Consortia membership can include: secondary and CTE, higher education CTE, and business/industry sector specific members.
2. The charge for each cluster/sector statewide consortia will be:



- To ensure implementation of Programs of Study (POS) covering grades 9-14 (including non-college postsecondary opportunities),
- To endorse a single POS for each priority cluster/sector,
- To recommend industry certifications and other outcomes required in each POS,
- To manage and update as needed the POS competencies and standards,
- To monitor quality outcomes of POS.

On Monday May 19, John Fischer will speak at the **Franklin Grand Isle Workforce Investment Board**. He will discuss the impact on workforce/economic development of the agency's Flexible Pathways, Education Quality Standards and the proposed Priority Sectors initiative.

Karin Edwards and John Spinney are collaborating with **Project SEARCH**, which is a workplace immersion program for students with intellectual disabilities in their final year of high school. It is a collaborative program between the Agency of Education, Vocational Rehabilitation, Developmental Services, VABIR/Creative Workforce Solutions and a local business. The goal is to have students learn transferrable skills via internships that lead to more complex competitive employment than is typical for young adults with intellectual disabilities. This provides many students with intellectual disabilities with the capacity and opportunity to provide economically meaningful work.

Have a great weekend, all.

Rebecca



Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, May 16, 2014
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

US Senate EPW Marks-Up Transportation Bill

We are working closely with Sen. Sanders' staff to ensure a Reauthorization of MAP-21 that works for Vermont. President Obama spelled out his proposal last week and, although it is a really good one, it has already been deemed irrelevant by the Congress. There are two areas of concern in the Senate draft:

The rural threshold to take advantage of the section on "Projects of National or Regional Significance" is too low; 50 or fewer persons per square mile while we're at 68 ppsm. Bernie is trying to get that raised to 75. If we are not included as a "rural" state our project threshold to grant qualify would be \$58.7 million and we have had only one project that large, the current bridge replacement in Brattleboro on I-91. As a "rural" state the threshold comes down to \$29.4 million.

The TIGER program is not reauthorized in this proposal and Vermont has benefitted from this program over the last few years, especially in Rail.

Update: We learned late yesterday that Sen. Sanders was successful in changing the threshold to 75 persons per square mile. We are now rural. Credit goes to VTrans Policy Analyst extraordinaire Costa Pappis for finding this problem in the first place.

Highway Trust Fund Update

Other than continued pronouncements by members of Congress of all stripes that they can't let the HTF go to insolvency, there has been no movement to fix it. I did an interview with Bob Kinzel today in an effort to explain that we will not shut down construction projects in advance of this but that a "tapping of the brakes" may be needed as federal reimbursements are reduced by 1/3 in July.

Meanwhile, Beth Pearce has authorized the carrying of up to \$15 million in receivables which could accumulate during August and September, if the Congress doesn't act before their August recess.

Town of Rupert and the D&H Rail Trail

The trail in question traverses the towns of Castleton, Pawlet, Poultney and Rupert. There was some reimbursement of damage from Irene by FEMA and a \$400,000 "statewide" bike/ped improvement grant for safety issues, such as road crossings. The Rupert select board signed off on new signage but now townspeople are objecting to the path improvements on the basis that one of their local roads should be improved instead. Of course, these are discreet spending areas. The objectors have taken to the airways with a more-than-willing WCAX and are now threatening to tear up our signs. We will be trying to work with the actors leading this local opposition but it will be tough to convince them that bike paths are a good thing.

White House Task Force Meeting

You were well represented this week at the 3rd meeting of the White House Climate Task Force in Des Moines. Deputy Secretary Minter was present, along with Secretary Markowitz and her staff, Sarah McKernan.

Sue reports the Task Force meeting was a great (if exhausting) event, with both education around climate issues (including presentation on the National Climate Assessment by Dr. John Holdren, Assistant to the President for Science and Technology) and contact with Cabinet members. This meeting was focused on two topics/Sub Committees: Natural Resources & Agriculture, and Health & Community Development. Deb represented you on the Task Force, while Sue Chaired the last meeting of the Sub Committee on Disaster Recovery and Resilience.

Task Force discussion also centered around the Early Action Recommendations that CEQ is queuing up for the Task Force to adopt at its final meeting in July -- which we expect you will attend. Three of our main objectives for Vermont are contained within the six early action recommendations. Specifically, per our goals, these include: more data/tools -- including national LiDAR mapping, incentivizing stormwater investments, and aligning programs to build resilience in recovery. (Note that Vermont's culvert challenge was specifically referenced by Cabinet members during the discussion -- they have heard us!).

During the press conference, Chair Boots specifically referenced his Vermont visit, emphasizing his view of Irene recovery, energy efficiency and described how impressed he was by your leadership in building back stronger, smarter and safer.

Deb and Sue will try to get Climate Change & Resilience into the public discourse through an Op Ed by Deb focused on the national Climate Assessment. We also may pursue VPR and Vermont Edition for a more detailed discussion on these issues.

Fast Fix 14

The recently announced paving program is off to a great start with more than a dozen projects already under contract and some more due out today. This should start making a real difference in the next few weeks.

NOTES FOR STAFF

I-91 Design-Build Bridge Project-Brattleboro

I traveled with eight other VTrans staff to a briefing and site visit on Wednesday of this week. This was a co-presentation by the CEO's of both PCL Civil Contractors of Pennsylvania and Figg Bridge Company of Florida. This team has designed and built some of the biggest bridge projects in the United States and this is their first project in Vermont. The \$60 million dollar project replaces four bridges that span the West River, Route 30 and the Dummerston Road with two bridges that accomplish the same tasks. They are experts at building great bridges that are also respectful of the environment and aesthetics. This project continues to have significant public input from the people of the Brattleboro area.

Some, including the Associated General Contractors of Vermont (AGC) have criticized us for going out of state for this team but, quite frankly, this job is way too big for any Vermont contractor. Further, the CEOs, Linda Figg and Gayle Grady, take extra steps to support the community and the area including making large donations to local charities during the time that they are in the State. They also participate actively in our minority recruitment efforts and are hosting young women as interns, OJT participants, and are paying for a Step Up To Construction "boot camp" in Brattleboro on May 28 in conjunction with Vermont Works for Women.

The bridge project itself is scheduled for completion by June, 2016.

DHR Investigation in Legal Section

An apparent dispute in the Legal section has resulted in a complaint by one of the attorneys and an administrative assistant to DHR concerning the use of crude language by another administrative person and an investigator. The functioning of this unit has been less than desirable since they were moved into new space more than a year ago, although I think it would be premature to assume that the move was causal to the behavior being investigated.

The organizational structure is a problem, however, since the attorneys work for the Attorney General and the four other employees work for VTrans but are supervised by the lead Assistant Attorney General, John Dunleavy. During the time of the investigation (and perhaps beyond), the four VTrans employees will be supervised by Director of Finance and Administration Faith Brown.

The investigation is expected to be wrapped up in about four weeks and we have moved one of the employees physically to another floor during that time.

Sinkhole on Route 9

A sinkhole measuring 25' by 8' and 10' deep opened up on Route 9 in Marlboro Monday night and was filled by Tuesday morning. This is an area that was damaged by T.S. Irene, to include bank erosion around a culvert which we have determined was clogged. We're not sure how long these problems will continue to crop up in the wake of that now nearly three-year-old event.

Stowe-Morrisville Airport

We have received a letter from Russell Barr of Stowe and New York, NY, an attorney and President of Stowe Aviation LLC thanking our aviation staff, particularly Guy Rouelle and Tom Anderson, for their hard work in helping put together the Federal, State and Private infrastructure project at the airport.

This is an EB-5 project that will include \$21 million in private investment in the airport and an additional \$6 million in public investment, mostly in the form of an FAA grant to do runway and airfield lighting work. The EB-5 aspects of this project were the result of the good work of Lawrence Miller and Brent Raymond.

I will be meeting with Mr. Barr in the next few weeks to go over his experience in putting this together and to see what we can glean from the experience at both Stowe and Newport as we continue to create viable business enterprise at more state airports.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: May 16, 2014

This has been an especially difficult week for DCF. The media focus on the department, with the clear message that DCF has major problems and is largely to blame for the two tragic deaths, has been hard to hear. It is important that all of us continue to express our desire for reasoned and thoughtful reviews and investigations and that we are committed to finding and fixing any performance, policy or systems issues. I am concerned about morale issues with possible impacts on the ongoing work being done by the Family Services Division.

Vermont Department of Health (VDH)

Brattleboro Round Table Event:

On May 15th, Commissioner Chen participated in a Round Table discussion focusing on Vermont's opiate and heroin problem entitled "A Call to Action". WKVT radio in Brattleboro hosted the live event. Participants included community select board members, business owners, law enforcement, high school students and staff from the Brattleboro Retreat.

Deputy Commissioner to Participate in National Governor's Association Health & Human Services Committee Briefing:

Barbara Cimaglio will be participating (via phone) on a panel speaking to the NGA Committee about opioid addiction treatment and what states are doing to address the problem. Because of Governor Shumlin's efforts and his leadership on the opioid abuse policy academy, Deputy Cimaglio was asked by the NGA to speak briefly about Vermont's work in this area.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH):

The new hospital is still on track for an early July opening. Opening ceremonies will be held on July 1st. You are scheduled to present at 10:00 AM. I have visited today and we have a facility that will make us proud.

Department of Disabilities, Aging and Independent Living (DAIL)

H.555 and H.728 final bill reviews near completion:

The final bill reviews for H.555, an act relating to the commitment of a criminal defendant who is incompetent to stand trial because of a traumatic brain injury, and H.728, an act relating to developmental services' system of care, are near completion. The Department supports both bills without reservation in their final forms.

Grace Cottage facing possible loss of CMS certification:

The Brattleboro Reformer called DAIL regarding a CMS notice of proposed termination of Grace Cottage Hospital. Grace Cottage received several serious regulatory citations as the result of a complaint survey conducted by the Division of Licensing and Protection (DLP) in February of 2014. The Hospital has submitted a plan of correction. The DLP will be conducting an unannounced follow up visit prior to the proposed termination date (May 28, 2014) to determine whether or not Grace Cottage has corrected the deficiencies. This information and some explanation of DLP's role as the State Survey Agency was provided to the reporter.

Department of Corrections (DOC)

Booking Photos:

The DOC has been answering many calls from the media recently asking for booking photos related to the lodging of persons in connection with high profile crimes. We have said no to these requests. It is the opinion of our attorneys that these photos are part of an inmate's core file, which cannot be shared without a court order. This position is not new but may result in angry calls to your office.

Town of St Johnsbury:

The DOC met with the Town Manager and local representatives of St Johnsbury last week to discuss the relationship between the two parties. Town Officials report the relationship is good with much collaboration between the work camp, use of work crews and the Town. The Town would like to revisit a Memorandum of Understanding (MOU) with the State and will draft something and send it to the DOC.

K-9 Searches:

The DOC is working on an MOU with the Department of Public Safety (DPS) regarding searches of correctional facilities. Under the MOU, the DPS will conduct random searches of the correctional facilities using K-9 Units. Once the details are finished, DPS will issue a press release highlighting the collaboration between the two departments to address contraband.

Chittenden Facility Superintendent Search:

The hiring register has closed and first round interviews will take place in another week. The search panel contains a member of the community.

Health & Mental Health Services/Staffing Study:

The Request for Proposal (RFP) for medical and mental health services to inmates was posted last week. Proposals to this RFP are due back to the DOC by July 25th.

Population:

The department's incarcerated population averaged 2,091 for the previous week. The department's male population averaged 1,927 with 327 being presentenced. The female population averaged 163 for the previous week with 41 being presentenced.

Department for Children and Families (DCF)

DCF Terminating Family Services Grant in Newport:

Family Services is terminating its grant with Northeast Kingdom Human Services (NEKHS) as of June 9th, 2014. The grant was in the amount of \$213,062.50 for intensive in-home counseling services. They served families at risk of having their children placed in custody or whose children were recently reunited. Family Services is preparing an RFP to identify a new grantee. The participating families will have a gap in services, but we hope to make it as brief as possible.

Federal Changes to 3Squares:

The USDA recently informed states that they will be issuing new rules prohibiting the use of federal dollars to do “recruitment” into the federal SNAP (food stamp) program. Vermont has 13 contractors (Area Agencies on Aging, Hunger Free Vermont and some parent child centers) that receive \$850,000, half of which are federal funds to do outreach. We will not know until the rules are filed if our grantee activities will be permissible in the future. We use some of the dollars to encourage people to apply and some to help people fill out the application. We will watch this closely and act accordingly once we hear the limits of these dollars and the outreach definition.

Department of Vermont Health Access (DVHA)

Vermont Health Connect:

Major Accomplishments for the Week:

- Operations augmentation and IT analysis: Two vendors were interviewed this week about providing staff augmentation and project management support. The scope of services would include:
 - Analysis and recommendation about operations and removing the backlog of CoC’s and data integrity issues.
 - Operations staff augmentation.
 - Conduct a risk assessment & gap analysis of existing IT solution.
 - Provide enhanced project management oversight of existing IT vendors to maximize performance.
 - Possibly provide system development activities for work descoped from other contracts.
- Navigator grant proposal review completed and final decisions communicated to applicants. DVHA will be funding \$1.85 million in grants to 21 organizations
- *Usability:* A consultant has been selected for a usability review and analysis of Vermont Health Connect.
- *Renewals:* Developing plan for 2014 renewals, identifying major components that must be included in renewals operations readiness plan.

Major Issues and Risks:

- Stakeholders do not have information regarding the timing of small business deployment. In particular, all carriers are looking for information about realistic expectations for small business. Additionally, the SOV team remains concerned about the amount of work

needed on stabilization, other functionality including renewals and planning for open enrollment.

- CGI has identified gaps in Package 2 (Change of Circumstance) functionality that will require manual workarounds.

S.295, An Act Relating to Pretrial Services, Risk Assessments, and Criminal Justice Programs:

VT Digger contacted DVHA about the staff assigned and the cost implications of the portion of S.295 relating to providing access to health coverage to inmates. DVHA responded that we have not yet assigned staff to this project and that our work could be accomplished with existing staff.

Vermont Information Technology Leaders (VITL) FY15 Contract Negotiations:

Ongoing contract negotiations with VITL for core Health Information Exchange (HIE) services, new projects and SIM related work have raised concerns that VITL may be overspending against SOV contract limits and about financial management. DVHA has consistently received invoices that need significant revisions and proposed budgets that vary substantially from one version to the next. Newer information may indicate that VITL has increased staff during the current fiscal year to a degree that cannot be supported by available funding in FY15. DVHA continues to gather information to gain a better understanding of VITL's current and proposed staffing and budgets.

116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
TEL: (802) 828-1619
FAX: (802) 828-2361

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: May 16, 2014

Secretary's Top Issues

Raw Milk

A raw milk producer who had 11 of 46 cattle test suspect for TB was retested by Dr. Haas last week as per protocol, and the animals were determined to be negative for TB. The quarantine that had been placed on raw milk sales and movement of live animals off the farm was lifted on May 8th.

Reusing Spent Grain from Breweries as Feed

Kristin Haas, State Veterinarian, spoke with a Burlington Free Press reporter this week regarding feeding brewers grain to pigs. The reporter questioned whether there were any negative animal health effects associated with this practice.

Maple Syrup Grading

Henry Marckres, Marc Paquette, Mike Larose and Scott Dolan of the Consumer Protection Section recently inspected bulk barrels of maple syrup on two days at the Franklin County Co-op in Fairfax. Over 600 barrels were graded.

Dead Cow in Lake Champlain

After being alerted by the Governor's office of a dead cow in Lake Champlain by Vergennes, Agency of Agriculture Resource Management staff contacted the constituent and sent field staff to the property to assess. Because of the physical landscape of the property and shoreline there is no evident way for the remains to be accessed from land. The Agency is working with the property owners and the Department of Fish and Wildlife to determine if access and removal from the water is possible.

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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: May 16, 2014

Status of Governor's Priorities:

Press

Kristin Haas, State Veterinarian, spoke with a Burlington Free Press reporter this week regarding feeding brewers grain to pigs. The reporter questioned whether there were any negative animal health effects associated with this practice.

Henry Marckres, Chief, Consumer Protection was interviewed by Nora Doyle-Burr of the Valley News on several maple topics.

Significant Events/Meetings:

A meeting of the Livestock Care Standards Advisory Council was held the week of May 5th, and plans were finalized for an outreach initiative regarding best management practices for cow/calf transport. The Council will seek donations from dairy and beef agriculture stakeholders to support contracted services to develop a resource guide for producers, haulers, dealers and auction market owners on this topic. A partnership between the Livestock Council and Farm to Plate also continues to evolve.

Animal Health State Veterinarians attended the Northeast District meeting of the United States Animal Health Association (USAHA) this week in Portland Maine. The two day meeting covered animal health, public health and regulatory topics of interest to state and federal regulators and northeast regional animal agriculture industry members. During this meeting, Dr. Haas was elected by the District to represent them on the USAHA executive committee as 3rd Vice President beginning in October 2014. This 5 year commitment will include a one year period as president of USAHA in 2017.

Evolving Issues:

A raw milk producer who had 11 of 46 cattle test suspect for TB was retested by Dr. Haas last week as per protocol, and the animals were determined to be negative for TB. The quarantine that had been placed on raw milk sales and movement of live animals off the farm was lifted on May 8th.

Summary of Key agency Department Activity

Administration:

Land Use:

Instigated by the passage of the Farm Bill, the requirements of USDA Natural Resource Conservation Service funding for farmland conservation projects has changed. The Agency will work with our conservation partners, the Vermont Land Trust and Vermont Housing and Conservation Board, to evaluate how some of these changes

effect the current standard easement document used in farmland conservation projects, and assess the best way to incorporate the new easement requirements.

Food Safety and Animal Health and Consumer Protection:

Consumer Protection:

Consumer Protection staff performed inspections on small capacity scales, tested liquid measuring devices, assisted in testing several heavy duty scales such as hopper scales in concrete and asphalt plants.

Hugh Lund of the Consumer Protection Section performed numerous inspections on Liquid Propane delivery meters on trucks in both Vermont and New Hampshire. Trucks that deliver into Vermont are tested by Hugh. Hugh is also training staff from the New Hampshire Department of Agriculture on the testing of propane meters.

Sumner Kuehne has recently attended training in Boise, Idaho to become a certified GAP (Good Agricultural Practices) auditor

Henry Marckres, Marc Paquette, Mike Larose and Scott Dolan of the Consumer Protection Section recently inspected bulk barrels of maple syrup on two days at the Franklin County Co-op in Fairfax. Over 600 barrels were graded.

Weights and Measures Specialist Marc Paquette attended the Northeast Weights and Measures Association (NEWMA) meeting held in Manchester NH. Representatives from seven states, the National Institute of Standards and Technology (NIST), and private industry attended. The W&M Specialist served on the Professional Development Committee, received training from NIST instructors, was nominated as the Vice Chair of the 2015 meeting to be followed Chair of the 2016 meeting as organizers hope to bring the NEWMA meeting to Vermont in 2016.

Agricultural Resource Management:

Medium Farm Operation (MFO) and Large Farm Operation (LFO) Programs:

- Staff conducted two technical assistance visits on MFOs in Addison County related to Annual Reporting and to get an update about one farm purchasing a neighboring farm to be included in their operation.
- Staff conducted three joint inspections with ANR-DEC on MFOs in Addison County. The inspections were part of the LFO permitting process and the farms are transitioning into the LFO permit program.
- Staff conducted three NMP field inspections on MFO/LFOs in Franklin County.
- Staff attended a public information meeting related to constructing animal housing as part of a LFO permit amendment. Farm representatives and VAAFPM staff were the only people in attendance.
- Staff are processing applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program. Information is being compiled and permits are being drafted for these farms and this will be a major focus of the team through the rest of the month.
- Staff are working on developing the water quality section of the new CAI USA Food Safety water quality database.

Conservation Reserve Enhancement Program (CREP):

- Staff visited a SFO in Lamoille County with agency engineer, contractor, and NRCS to discuss plan to divert and treat barnyard runoff and provide info to contractor to derive project estimate.
- Staff visited a SFO in Fairfax participating in CREP to provide/discuss pipeline and water tub design and inspect contractor tree and shrub planting. Also discussed need for small laneway in area not previously seen and had farmer complete bmp application. Waiting to hear from excavator.

- Staff checked on contractor planting tree and shrubs at SFO participating in CREP in East Fairfield and conferred with fencing contractor on same project.
- Staff assisted on NRCS visit to a Franklin County LFO to push for implementation of much needed agronomic practices.
- Staff visited SFO in Swanton to provide watering system specifications and plan for assistance with installation of laneways and controlled water access to pond as part of CREP project . inspected contractor tree and shrub planting while there.
- Staff introduced NRCS/USFWS staff to east Fairfield SFO and assisted in fieldwork on potential CREP site, but where landowner and program goals better matched to NRCS WRP program. Excellent wetland and stream restoration potential!
- Staff met with fencing contractor and tree/shrub contractor again on E. Fairfield SFO CREP project to make planting adjustments and walk/confer on fence location/gates in relation to livestock movement and related NRCS EQIP project,
- Staff worked with FSA staff and NRCS in Rutland County to make needed adjustments to CREP project on SFO project.
- Staff communicated with VACD staff re: small farm BMP project planning details and appropriate funding mechanisms.

Secretary's Comments:

Meetings and events:

FDA Commissioner Hamburg, Washington DC: met with Commissioner and her staff to address issues relating to the Food Safety Modernization Act. Was joined by NASDA staff. There continues to be a few major stumbling blocks that threaten partnership between states and FDA on FSMA

Higher Education Food System Consortium, VCRD Office Montpelier: met with leaders of 6 participating colleges and VCRD staff to discuss how to coordinate and advance this initiative. There is a slowly coalescing around how to joint market each other's programs and how to launch a joint effort education course pointed toward a program

Ralph McNaull, Richmond: McNaull is President of St. Albans Cooperative, met to update one another on matters relating to dairy and Vermont Ag

Genetic Engineering, Attorney General's Office, Montpelier: Dep Sec Bothfeld and Dep Sec Luriche met with AGO staff to discuss strategy for moving forward with the GE law and Rule making, meeting was friendly and collaborative and AGO office is taking lead, more details to be discussed in future

TMDL, Governor's Office: met with senior leadership in Governor's office and affected Agencies to review and discuss the process of sending Governor's letter and plan to EPA

VT Farm Show, Board meeting, Berlin VT: Attended meeting as Trustee and Ag Sec to discuss last farm show and next year's farm show. Last year was very successful and will continue with show in Essex in 2016. Long time Board Chair Ron Greenwood stepped down.

US Department of Energy Secretary Moniz, VEIC Burlington: Attended and spoke at Senator Sanders' listening session for Sec. Moniz.

Shelburne Farms Annual Dinner, Shelburne: attended and spoke at dinner of supporters of farm, thanks SF for its leadership on many agricultural and food system efforts in VT. Also spoke to Sec Moniz who was having dinner with Congressman Welch at the event.

Anju Dahiya, PhD., Montpelier: discussed research efforts at Clark Hinsdale's Nordic Farm on algae derived biofuels, requested letter of support for USDA grant subject to articulation of better understanding of business plan and finances

Sodexo "Vermont First" strategy, Montpelier: discussed with staff outline of Sodexo's plan for launching a "Vermont First" local sourcing effort, may lead to event worthy of Governor attending

Governor's Council of Energy and Economic Advisors, Montpelier: Attending meeting and explained possible federal funding sources for water quality work in VT

Boston Public Market, Montpelier: Met with ACCD staff to discuss if and how VT might want to participate in the Public Market scheme that would offer a coalition of VT businesses the opportunity to sell products in downtown Boston.

New England Food Vision, conference call: discussed with other New England Secretaries of Agriculture and researchers how the researcher may want to roll out the vision of how New England could produce up to 50% of their food within New England

DEC/VAAFM monthly Water Quality Meeting, Montpelier: reviewed ongoing work with staff on the TMDL and the Regional Conservation Partnership Program with USDA

UVM Rubenstein School Communication Training, Burlington: participated as part of panel discussion about how to best communicate science base information to public policy makers and press

UVM Charlie Ross Practicum Program Reception, Montpelier: attended and spoke as reception for interns and legislators who participated in the program during legislative session

Green Mountain College, Poultney: will speak at Graduate School Commencement Friday evening and attend graduation ceremony Saturday morning.

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

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

www.anr.state.vt.us



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: Justin Johnson, Deputy Secretary, Agency of Natural Resources

Date: May 16, 2014

Subject: ANR Weekly Report

Legislative Issues/Testimony:

Significant Bills That Recently Passed

Shorelands (H.526): This bill creates a new shorelands protection program to be implemented by the Department. DEC worked with the Department of Finance and Management to ensure that the positions needed to implement this bill were included in the budget. DEC is developing talking points for the Governor in anticipation of a bill signing ceremony, as well as preparing for implementation of the bill by July 1.

Universal Recycling (S. 208): This bill's operative provisions are (a) the removal of the one-ton hauler exemption from parallel recycling pickup, so that all haulers are required to pick up recyclables at no extra charge, (b) establishment of an advisory committee to determine the infrastructure investments necessary to implement Universal Recycling, (c) a new program to encourage the recycling of construction and demolition materials, and (d) allowing certain municipalities to be exempt from the requirement to provide parallel collection of recyclables where a municipality can show that they can demonstrate that they are meeting certain goals.

Sewage Holding Tanks (S. 211): This bill expands the use of sewage holding tanks to buildings owned by religious and non-profit groups but would require that a surety bond be posted to cover the cost of maintaining/operating the tank for 20 years. A problematic section of the bill related to wastewater permitting has been removed, and was replaced with a requirement for a DEC study, which we support.

Primary Battery Recycling (H.695): This bill requires manufacturers of primary (non-rechargeable batteries) to submit and implement plans for collecting and recycling primary

batteries throughout the state, at no additional charge. The bill includes incentives for manufacturers to work together, using a stewardship organization, to meet the requirements.

Onsite Loan Program Technical Fix (H.578): The Onsite Loan Program was created in 2012 to provide low-interest loans to low income and moderate income Vermonters who can't access commercial credit, for the purpose of replacing failed septic system. DEC worked with the House Commerce Committee to introduce H.578 this session in order to clarify that DEC can work with community development credit unions to administer the loan program. With the passage of this bill, DEC is ready to begin making loans to qualifying Vermonters.

Press Issues/Releases:

Seymour Lake: One press contact regarding issues at Seymour Lake and the suit filed by that Association was directed to the AG's office.

Trophy Trout Program Expanded to the Walloomsac River: A section of the Walloomsac River in Bennington has been added to the Fish & Wildlife Department's "Trophy Trout" stocking program on eight river sections and 15 lakes and ponds that receive two-year old trout, some over 18 inches long.

Vermont's Trophy Trout Stocking for 2014: Vermont's "Trophy Trout" stocking program for 2014 includes eight river sections and 15 lakes and ponds receiving the two-year old trout, some over 18 inches long. "The trophy rainbow and brown trout stocked in the Black, Winooski, Lamoille, East Creek, Missisquoi, Walloomsac, and Passumpsic Rivers as well as Otter Creek provide exciting fishing for many anglers of all ages and skill levels," said Vermont's Director of Fisheries Eric Palmer. "Large two-year old rainbows will also be stocked in 15 additional lakes and ponds to provide excellent fishing opportunities."

Experience Outdoor Fun at Annual Family Camping Weekend: The deadline for the 17th annual "Becoming an Outdoor Family Weekend," is May 15. The program gives families an opportunity to reconnect as they explore the outdoors and sample new activities such as geocaching, orienteering, canoeing or nature photography.

Protections Remain in Place for Conn. River Salmon: Fish & Wildlife reminds anglers that Atlantic salmon in the Connecticut River and its tributaries remain a protected species and should not be caught or killed. The once abundant salmon disappeared from the river in the early 1800s following the building of dams. In 1967, Vermont began partnering with the U.S. Fish & Wildlife Service and other state agencies in an attempt to restore Atlantic salmon populations to the Connecticut River basin.

Tree Planting: Jon Bouton assisted with riparian tree planting with Ottauquechee (elementary) School on the Quechee Green. A brief clip of the program with Jon Bouton made it on WCAX. <http://www.wcax.com/story/25494431/quechee-students-help-rebuild-and-learn-from-tropical-storm-irene>

Significant Events/Meetings:

LC TMDL: We received EPA's letter in response to our draft Phase 1 Plan. EPA's written comments generally follow the informal feedback we had received from them. The primary comments are that EPA would like to see more detail with regard to the milestones particularly with regard to the steps the state will take to obtain additional funding and resources. We are working with Quebec to set up a meeting in July to discuss the TMDL. Quebec is particularly interested in the outcome of the modeling, expectations under the TMDL, the manner in which TMDL affects Quebec's current agreement with Vermont, and next steps.

Draft MMP and Responsiveness Summary – LCAR Preparation: A package is being prepared in preparation for the upcoming LCAR meeting at the end of the month of May. The revised MMP with the accompanying Responsiveness Summary to over 200 comments received is under review and the APA filing forms will be sent to the Secretary to sign prior to submittal.

EPA Region I Drinking Water NOV's: DEC was notified by EPA that they were considering sending out Notice of Violations (NOV's) to three restaurants/B&B's (Transient Non-community Water Systems) for drinking water being out of compliance for an extended period of time. The cases have been evaluated by our staff, in consultation with EPA. DEC is taking enforcement action.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

New Source Performance Standard for Residential Wood Heaters: The Northeast States for Coordinated Air Use Management (NESCAUM) submitted comments on behalf of Vermont and the other NESCAUM states (except Maine) on EPA's proposed New Source Performance Standard for Residential Wood Heaters. The comments supported: EPA's proposal to establish emission standards for previously unregulated devices (e.g., outdoor wood boilers) and lower emission standards for devices that are currently regulated (e.g., woodstoves); improvements to certification testing procedures; efficiency testing of heaters to help inform consumers; and phasing in emission standards with a two-step approach to afford industry with time and flexibility to meet the new requirements.

Hearth, Patio, and Barbeque Association: Air Quality & Climate staff and the Northeast States for Coordinated Air Use Management met representatives of the Hearth, Patio and Barbeque Association (HPBA) to discuss the EPA's proposed New Source Performance Standard (NSPS) for Residential Wood Heaters. The HPBA shared their views on potential issues, and we agreed to continue a dialogue in effort to advise the EPA on issues of common concern, such as the development of an electronic reporting tool. The HPBA voiced support for the NSPS establishing nationwide standards for all wood heating devices while they expressed concerns about specific provisions of the proposed regulations.

Final Judicial Order on Electrical Transformer Case (Royalton): In July 2010, two residents obtained 13 discarded electrical transformers, transported them to rental property in Royalton, dismantled them, and emptied them of transformer oil in order to salvage copper components. The transformer housings were left on the property. Later, transformer oil and paper material was burned off of the copper component. Following our investigation, we initiated remedial activities at the site using funds from the Environmental Contingency Fund (ECF). We served an Administrative Order, and the resident did not request a hearing on it. The Environmental Court entered it as a Final Judicial Order on May 2, 2014. The Order imposes a penalty of \$7,740.00 and recovery of \$6,635.95 in ECF expenditures.

Proposed Aeolus Mountain Spa (Manchester): This project requires an indirect discharge permit (IDP) for its wastewater disposal. Drinking Water & Groundwater Protection received numerous comments from concerned citizens regarding design flows, potential impacts to the Battenkill and other receiving streams, wetlands, water supply wells and other topics. We scheduled a public hearing, preceded by a site visit, and our Rutland Regional Engineer is working with the Spa's consultant to determine design flows for their proposed building. In addition to hotel rooms, the building will contain a conference room, a spa, a restaurant, and a dining room. We are in communications about a rational approach to the design flow that works within the Water/Wastewater Rules and takes into consideration the various flows associated with the different activities that will occur at the facility.

Rutland City CSO Project: Rutland City contacted DEC with concerns about requiring the City to correct existing insufficient separation distances between the water and sewer service lines during the CSO construction project. DEC was requiring the City to modify those portions of the water and sewer service lines located under the street that were less than 10 feet apart. According to Rutland, this work would add \$60,000 to \$80,000 their project cost. After internal discussions, it was agreed that this "requirement" would be revised to be a "strong recommendation" as our program does not have the authority to require the improved separation distances during this project.

Pollution Prevention Grant: DEC's Environmental Assistance Office received EPA Region 1's Pollution Prevention Grant for full funding of \$80,000 in a regional competitive process. The grant will support business assistance and recognition programs, including the Vermont Business Environmental Partnership, Governor's Awards for Environmental Excellence, and an outreach and assistance project for vehicle service and repair businesses, including a revised compliance assistance guidebook, workshops, and on-site assistance.

Public Service Recognition Week: Steve Bushman of the Facilities Engineering Division was recognized this week at the awards ceremony for his contributions in the Dam Safety Program.

Business Transformation Initiative (BTI): Preparation work continued last week in anticipation of Lean week May 12-16. The three project teams are well prepared and excited. Faith Brown, AOT Director of Finance and Administration and Denise Gumper, Chief of Contract administration with AOT will be joining us for the initial opening remarks and training Monday morning May 12. The three projects are:

- Drinking Water Source Permitting
- Grant and Contract Management
- Stormwater Permitting and Information Management

Vermont Better Back Roads Program: VTrans has received 94 applications (over \$700,000 in need) for the FY2014 Vermont Better Back Roads program. Ten of the projects funded were from new towns. VTrans has \$440,000 available. ERP is evaluating how to provide additional financial assistance to meet some of this need.

Jay Peak Resort 1272 Order: Representatives of Jay Peak Resort met with DEC staff to present their draft Water Quality Restoration Plan required by a recently issued administrative order. The order was issued in order to address damage done to the Jay Branch as a result of development activities at the resort over the past decade. The plan delivered presents remediation opportunities that staff believe will achieve restoration of affected reaches, for all areas within the control of the Resort. We expect to prepare a second, related administrative order compelling implementation of the Resort's plan following receipt of the final plan submission.

Marshfield 6 Hydroelectric Project (Molly's Falls): Streamflow staff conducted an initial site visit of the Molly's Falls Hydroelectric Project with colleagues from Fish and Wildlife. We are currently in the initial stages of developing study plans to gather the necessary information needed to bring the project into compliance with Vermont Water Quality Standards. The project is currently unlicensed, but in 2012, Agency of Natural Resources and Green Mountain Power signed a MOA to set forth a common understanding of the status of the Molly's Falls hydro project and the parties' future intentions with regard to regulation and operation of the project as part of the proposed work on the dam. Studies will be conducted in 2014 and 2015 with the reports due to the Agency by 2016.

Fish and Wildlife

Non-compliant Hydro Facilities: Staff sent photo documentation to DEC of non-compliance of downstream fish passage requirements on several hydro facilities on the Black River in Springfield and Cavendish. Staff also began to develop a Department position and criteria for determining fish passage needs at hydroelectric facilities and other dams. The goal is to provide, protect, and restore natural upstream and downstream movement of migratory and resident fish past hydroelectric projects and other dams to access river reaches and tributaries with suitable habitat for the establishment of sustainable fish populations.

MOA with Navionics: Staff drafted a Memorandum of Agreement for review by the Department's General Counsel. The MOA is between the Department and Navionics, a company that makes navigational and bathymetric computer chips for use in GPS units. The chips are commonly used in boat-mounted GOS/Sonar units by anglers as fishing and boating aids. Navionics has developed technology that allows the creation of more detailed and accurate depth charts of waters by using user-recorded sonar logs, which are uploaded to their website, and then made into charts that are then available from their free online web app. Navionics reached out to the Department with an offer to provide the necessary equipment needed to run their

SonarCharting program on lakes in VT that we wish to develop new depth charts for, or update older hand-created depth charts with more accurate and detailed data. This will benefit the Department for fisheries management purposes and also benefit Vermont anglers by making depth charts available that can be used for fishing purposes.

Sampling at Berlin Pond: Staff conducted sampling on Berlin Pond using a trap net. Berlin Pond had been closed to fishing for several decades, but was recently opened due to a Supreme Court ruling in 2012. High fishing pressure and limited fisheries knowledge prompted the implementation of a Test Water designation in June 2012 through December 2015. As the public water supply for Montpelier, combustible engines are prohibited preventing common techniques used to assess fish populations (i.e. electrofishing). Use of a trap net will allow staff to collect additional information to help assess the fisheries community and inform future management decisions.

New Wetland Restoration Easement Program: Staff attended an NRCS meeting to discuss implementation and coordination of the new Wetland Restoration Easement program that replaces WRP in the new 2014 Farm Bill. Vermont will continue to receive WRE funds and we anticipate using them in similar fashion to WRP project funding in the past. The group agreed to a new, collaborative process for conducting outreach to landowners for new projects.

Osprey Nests: Staff worked on osprey nesting issues with Green Mountain Power and VELCO. Nests were moved, or are scheduled to be moved, to new platforms in Weybridge, New Haven, West Addison, Ferrisburg, Shelburne, Grand Isle, Milton, and Alburgh (pending). Several new nests were also discovered in Milton and Swanton (natural tree nests). Inactive nests were removed in Shoreham and Grand Isle.

Creating Snake Habitats: Staff spent two interesting days with VTrans earth-moving contractors at the Gilford weigh station site, constructing experimental snake hibernacula, basking sites/egg-laying substrate, travel and foraging cover using their big equipment which was at our disposal. This was fun and interesting. Those big, tough equipment operators were also really into it. Staff also monitored rattlesnake hibernacula this week. In addition to garter snakes and eastern rat-snakes, rattlesnakes finally began to emerge this week. Unfortunately, 80% of the early emerging rattlesnakes we've been able to observe thus far appear to be affected by skin fungal disease.

Trying to establish new populations of Endangered Spices: Staff participated in an attempt to establish a new population of the federal and state endangered Jesup's Milk-Vetch (*Astragalus robbinsii* var. *jesupi*) on an island in the Connecticut River. A total of 72 small plants, grown at the New England Wildflower Society from seeds taken from another population, were planted in 3 different locations on the island. Previously, we attempted this at a site farther south, but after 3 unsuccessful attempts we have moved to a different site. The present site is upstream of Wilder Dam which controls the hydrology of the other 3 populations. Plants will be watered as needed and will be monitored throughout the growing season to determine survival.

Forest, Parks and Recreation

Land Transactions: Work continues on several priority ANR land transactions including sale of Lafreniere homestead parcel at Camel's Hump SP, sale of a portion of Coolidge SF to Markowski Excavation, transfer of a portion of Grand Isle SP to the Town of Grand Isle for outdoor recreation purposes, Dern acquisition at Emerald Lake SP, Mendon Brook Tree Farm acquisition project at Coolidge SF, and other projects.

Other: Lands Division staff are coordinating with the Department of Public Service regarding licensing of "attaching entities" that have been allowed to attach to utility poles within existing licensed utility right of ways on state lands. Archeological work associated with FPR lands and programs has been assigned to the various archeological consultants under contract and will begin shortly.

State Parks

- State Parks field staff remain fully engaged preparing parks for the operating season which begins fully on Memorial day weekend.
- Camping reservation activity is about 4% ahead of last year at this time.
- State Parks will be featured in a Burlington Free Press article this weekend and on WCAX's The 30 next week.
- Parks Director Craig Whipple and Regional Manager Ethan Phelps will be meeting with the Thetford select board next week to discuss a possible partnership for managing Thetford Hill State Park.
- The second round interviews for the vacant Chief of Park Operations position are being held this week. There are five highly qualified candidates still being considered.
- Director Whipple and Beth Montouri-Rowles, Chair of the Board for Vermont Parks Forever, met last week with staff of ECHO to discuss a partnership for designing and building new interpretive displays for the Groton Nature Center, a high priority fundraising project for the Foundation.

The **Vermont Envirothon** was May 13 at Farm and Wilderness Camps in Plymouth. Lisa Thornton, Tim Morton and Rebecca Phelps administered the forestry exam for the nine high schools participating. Bellows Falls High School earned the highest score in the Forestry exam, and People's Academy won the entire event.

New Web Site: A new Vermont Project Learning Tree (PLT) website is being built. This website will be hosted by Vermont Tree Farm. PLT is also forming a partnership with the Vermont Energy Education Programs (VEEP) in doing workshops for schools using the PLT GreenSchools! Program and VEEP materials.

Planning is underway for interpreter training, which is at Kehoe Conservation Camp June 9-13. There will be about ten new park interpreters this season, and seven park interpreters from New Hampshire will attend the training as well.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: May 16, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

- **U.S. Senate Committee on Environment and Public Works – Washington, D.C. –** Testimony at the 5/14 decommissioning hearing went well, generating significant interest from the press.
- **GMP –** Negotiations between the Department and GMP are continue in fits and starts. We will provide an update over the weekend.

Significant Meetings/Events this week:

May 13: PSD/GMP meeting

May 14: Chris testifies on nuclear decommissioning at U.S. Senate EPW Committee hearing

May 15: PSD/Anbaric meeting; PSD/NextSun meeting; PSD/REV meeting; Chris met with Mary Powell at GMP; Chris and Darren attended Energy Advisory Council meeting

May 16: Chris and Darren attend Vermont Energy Summit with DOE Secretary Muniz

Engineering

Vermont Yankee Operation

VY has been at 100% power since the last report, with no notable operational issues. VY has conducted routine maintenance and surveillance activities during this period. The plant has operated continuously for 404 days.

2014 Vermont Gas Systems Addison Transmission Pipeline Construction

VGS informed the Department that a contractor has been selected for transmission pipeline construction. The company is expecting several types of steel pipe to be delivered later this month and hopes to be mobilized in the beginning of June to construct the most northern 11 miles of the project. There are two or three ROWs in the pipeline trajectory which are still in negotiation, and ANR permits for the project's two "lay-down yards" (properties for material, equipment storage and construction management) have not yet been issued.

VELCO Newport Substation Upgrade

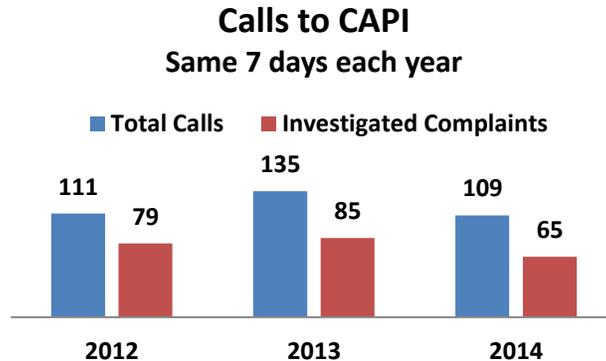
The Department attended a meeting with VELCO to discuss an up-coming Section 248 project to upgrade their Newport 115 kV to 46 kV substation and merge it with a re-located VEC distribution substation which is served by the VELCO substation. The VELCO portion of the project alone is an upgrade of the controls and switchgear in the substation to meet present day North American Electric Reliability Corporation (NERC) requirements. The existing equipment was installed in the early 1960s by then-owner Citizens Utilities. VEC and VELCO decided that this would also be a good time to re-build/re-locate the VEC substation which is old and very tightly spaced, creating some operational issues. The VEC substation will be moved to be directly adjacent to the VELCO substation fence. VELCO and VEC expect to file a joint petition for CPG in June.

VSPC Geo-targeting Subcommittee

Engineering participated in the Geo-targeting subcommittee meeting on Tuesday, where GMP explained how each of its capital projects was screened for non-transmission alternatives, and whether transmission projects were the appropriate solutions. Nearly all of the projects are being proposed as required for reliability, and not load issues. There was a discussion regarding what the cost-effective reliability of the system should be, and how the cost impacts rates. The subcommittee will be requesting that other utilities (such as BED, VEC, and WEC) also make a presentation of their projects with the intent of creating a state database.

CAPI

For the period Sunday to Saturday, May 4-10, 2014:



POST CPG WIND COMPLAINTS – First Wind: 1, for noise

Public Advocacy

GMP Rate Case and Alternative Regulation Filing – Docket Nos. 8190 & 8191 – The parties to these cases are involved in settlement negotiations. While the Department has met with GMP twice and once with GMP and AARP together, discussions at this point are still at a preliminary stage. GMP representatives at the recent meeting did not have authority to negotiate on the single biggest dollar issue in the case—the ROE. GMP’s current ROE is 9.58%. GMP proposed an ROE of 10.00%. The Department is proposing an ROE of 8.75%. (This represents an annual difference of approx. \$12-13 million). The Department has made a good faith opening offer of 9.2%. GMP has yet to move. The Department’s position on ROE is strong, and while a litigated result will be somewhere between the two proposals, the Department believes that there is a strong likelihood that the Board would set an ROE in the middle-lower end of the range. The Department is waiting to see if GMP would like to continue negotiations or litigate. If agreement can be reached on ROE, most if not all other issues are potentially resolvable (with the possible exception of the documentation required to support including capital projects in rates). The Department has pre-filed testimony in both cases due on May 20. Department objections to GMP’s pre-filed testimony are due on May 19. Technical hearings are slated to begin on June 9.

Barton Solar – Docket 8148 – The Menards provided additional responses to the petitioner’s discovery requests. Despite the hearing officer informing the parties that he expects that all remaining issues can be resolved at the May 14th technical hearing, the Menards have filed an objection to the petitioner’s objection to their surrebuttal testimony and the petitioner has filed a motion to compel. The hearing officer sustained in part and overruled in part the petitioner’s objection to the Menards’ surrebuttal testimony, essentially disallowing testimony that is hearsay or outside the scope of the Menards’ topics of intervention. The Menards were assisted at the (lively) technical hearing by Annette Smith of VEC.

NextSun Solar – Park Street – Docket 8194 – The hearing officer denied Allco’s intervention request and permitted GMP’s. GMP was directed to file testimony supporting the economic benefit of the project. Discovery is due to the petitioner by May 23rd.

NextSun Solar – Main Street – Docket 8195 – The hearing officer denied Allco’s intervention request and permitted GMP’s. Discovery is due to the petitioner by May 23rd.

GMP Stafford Hill Solar in Rutland – Docket 8098 – The Board has scheduled the technical hearing for May 28th at 1:30. GMP has stated publicly that no one else is doing battery storage like this project, which does not appear to be true.

SPEED Standard Offer – No Docket –The parties are working to resolve the primary issue regarding how to best reconcile incremental ISO-NE transmission costs incurred by VEC for hosting SPEED standard offer projects in the VEC area block-loaded on HQ. Additionally, VEC is putting together additional documentation in preparation for the PSD to call another meeting to work towards resolution of the recovery of costs.

Charter Hill Solar Project – Docket 8212 – The Department is discussing a number of aesthetics issues with the Petitioner. A call is scheduled for May 19th to discuss solutions to the Department’s concerns. In addition, the Hearing Officer issued an order on interventions, approving GMP and the City of Rutland’s requests, and denying the request of a landowner who had not provided a certificate of service demonstrating that they had served other parties (they did not serve the Department).

Addison Expansion—Docket 7970 –In connection with the ongoing negotiations with Monkton landowners concerning easement acquisitions, a meeting was held on May 6 among VGS, counsel for the PSD and a spokesperson for the homeowner group. This meeting appeared to achieve positive results. PSD counsel is also working with VGS and counsel for one of the Old Stage Road homeowners to coordinate post-CPG process regarding land impacts- an informal site visit is planned. Appellant Kristin Lyons filed her docketing statement with the Vermont Supreme Court. Appellant and appellees have filed a joint motion for an extension of time to file initial briefs. PSD counsel and our safety consultant are preparing letters to advise VGS of the PSD’s expectations with respect to pipe specifications and procurement practices, together with other safety specifications ordered by the Board based upon the PSD’s testimony.

Addison Expansion Phase 2—Docket 8180- The Town of Shoreham is still negotiating an MOU with VGS, which is close to being finalized. Non-petitioners served a second round of discovery requests on VGS on May 9; responses are due on May 23, with non-petitioner direct testimony due on May 30. Several parties are having discovery disputes with Vermont Gas over its round one responses, which has resulted in several motions to extend the schedule. The absence of an order on the Protective Agreement remains problematic, as well. The Department supports the Agreement, but VPIRG and Solar Haven Farms have challenged certain provisions. The Department also supports adhering to the existing schedule. Additionally, VPIRG has filed two

motions for partial summary judgment, which the Department believes to be both without merit and improperly characterized as summary judgment motions. We will oppose. The site visit and first public hearing were held on May 7. The site visit went well, but the public hearing was very acrimonious, with opponents jeering those who spoke in favor of the Project.

Kingdom Community Wind – Docket 7628 – The PSB directed GMP to seek agreement on a plan to conduct continuous noise monitoring at the Lowell project. PSD proposed that it conduct the monitoring through its newly-hired acoustics consultant Acentech. Project opponents filed a letter indicating a lack of confidence in the Department’s experts, and asking the PSB to retain experts that they approve of. Lacking agreement the Department filed its proposal on May 14; GMP filed in support.

Investigation into Sound Standards – Docket 8167 – The PSB held a second workshop on May 13 in Morrisville, to hear from people affected by wind turbines or other utility infrastructure. The hearing was well-attended, and many people spoke. Speakers were more or less evenly divided between people who stated they did not hear any noise from wind turbines, and those stating that they had lost any quiet enjoyment of their property and were being sickened and driven from their homes. Individual susceptibility and local terrain appear to play a prominent role with respect to who is affected and who is not.

Charter Cable CPG Renewal – Docket 7820 - Charter filed a proposal for potential public hearing dates and locations and the Department’s response is due May 16th. Discovery is due to Charter on May 20th, and an internal meeting is scheduled for May 15th to discuss potential questions.

Village of Swanton Section 108 Petitions – no docket – the Board issued a number of questions to the Petitioner, and the Department will await Swanton’s response before filing its recommendation. In the meantime, the Department continues to discuss its concerns with the Petitioner.

Winooski One Rule 4.100 Proceeding – Docket No. 8010 – While this case has sat dormant for almost a year at this point, the Board recently set a status hearing for May 20. Continued uncertainty about the Rule 4.100 (which is engendered by the lack of action in this proceeding) is concerning. The Department’s goal is to use the status hearing to seek a path forward to making Rule 4.100 workable, especially given that the Department has been receiving calls from developers interested in the program.

Net Metering compliance tariffs – No Docket – The first wave of tariffs complying with the new net metering law have been filed. The Department recommended that the Board support VEC’s proposed net metering provisions. While Hardwick and Morrisville filed initial revisions to their net metering tariffs, they have since revised them. The Department is still reviewing these tariffs. WEC, which has more flexibility under the new law than other utilities (given its portfolio of renewables), is taking a different approach to net metering. WEC met with the Department to discuss its approach, which seems reasonable at first blush. WEC will file next week.

True Wireless ETC Petition – Docket 7918 – True Wireless has filed a motion to withdraw its petition to be designated an Eligible Telecommunications Carrier because it has not yet received approval of its compliance report from the FCC. The company anticipates refileing its petition at a later date. The Department has no objections to its motion, but has contacted the company to resolve the matter of its unpaid gross receipts tax and delinquent annual report.

Sovernet Designation as an Eligible Telecommunications Carrier – Docket 7619 – Sovernet filed a letter with the Board withdrawing its request for renewal of its ETC designation.

Jay Peak Telephone Service – no docket – The Department has learned that Jay Peak resort has been providing telephone service to condos at the resort without a certificate of public good from the Board. The Department has contacted the resort and has brought this to their attention, and plans to send the company a formal letter noting their noncompliance with Title 30 and requesting that they seek Board approval for the service they are providing.

Willoughby Water Works – No Docket – The PSD met with the owner to discuss the process and documentation necessary for requesting a rate increase. Additionally, the PSD held a conference call with the customers and the owner to answer questions and explain our understanding of the current state of the water system and the possible next steps. While the water system has a CPG issued in the mid-1980, it appears that it never filed a rate tariff for approval.

GMP Low Income Program - Docket 7535 - In response to GMP's filing, which set out its plans for use of the excess funds, the Board issued a series of questions. GMP circulated proposed answers for comment from the other parties, and a consensus filing was made on May 7. We await a Board ruling on the proposal.

VGS/Plouffe –condemnation of a pre-existing utility line-Docket 7819 —Following the issuance of a Proposal for Decision finding necessity, the landowners requested oral argument before the Board. It was scheduled for May 21, but counsel for landowners has asked that it be re-scheduled due to vacation commitments.

GMP and CVPS Smart Meter Plans – Dockets 7704 and 7612- PSD met with GMP staff to discuss revised template for measurement and verification of AMI/Smart Grid costs and benefits. Parties appear to be heading toward a consensual filing on revisions that reflect ongoing and long term results of AMI implementation.

Soveren Solar 500kW Net Metering Project (Westminster) - Docket 8211 – PSD reviewed proposed changes to the project intended to maximize output. Petition and comments are pending before the PSB and petitioner has filed notice of their intent to file a request for this change. PSD will support the change.

Sudbury Solar 2.0 MW Solar (Std Offer) - Docket 8225 – PSD is retaining an expert witness to provide a recommendation on aesthetics. Site visit and public hearing are scheduled for 5/20.

Bridport Solar 2.0 MW Solar (Std Offer) Docket 8234 – PSB held prehearing conference and parties agreed on initial schedule for a stipulated settlement. PSD is retaining an expert witness to provide recommendation on aesthetics. Site visit and public hearing are scheduled for 5/27.

Demand Resource Plan Proceeding - EEU 2013-01 – PSD prepared for and attended a pair of workshops on the budget and savings recommendations of all parties for the 2015-2017 three year energy efficiency budgets for Efficiency Vermont and Burlington Electric Department.

Vermont AllSun Solar (VASS) Southeast State Correctional Facility-Windsor 500kW solar net metering project - (NMP) #3668 – ANR filed comments on this project on 4/30/14 requesting a variety of conditions, including a lengthy set of reporting obligations to quantify the Green House Gas (GHG) impacts of the installation. The PSB has asked the petitioner and the PSD to comment on the proposed conditions by 5/16. This is atypical since the conditions do not relate to criteria upon which PSD usually provides recommendations on. PSD has communicated with petitioner who strongly opposes the GHG condition and with ANR who strongly supports it. The PSD will need to decide whether to support the condition. It is noteworthy that the property owner and beneficiary of the installation is a State facility.

Burlington Telecom – Docket 7044 –The parties continue to prepare testimony and supporting documents in advance of the Board’s May 29, 2014 filing deadline.

Sheffield Wind – Docket 7156 – The Department met with Vermont Wind representatives to discuss possible responses to a Paul Brouha complaint and accompanying outdoor-to-indoor attenuation analysis conducted by Les Blomberg, concluding that violations of the 30dba indoor CPG noise limit are present the Brouha residence. The Department has decided to conduct its own investigation, with heavy reliance on its sound consultants, into the Blomberg analysis before making a determination as to whether a Board investigation into the complaint is warranted. The Department’s experts, Acentech, have preliminarily determined that additional monitoring at the Brouha site is warranted. The Department filed comments with the Board indicating that it will file an update/recommendation by June 6, 2014. First Wind has not yet agreed to assume costs associated with the Department’s investigation at this stage; if they do not do so PSD may simply recommend a Board investigation, which will allow it to bill back its costs.

Georgia Mountain Community Wind – Docket 7508 – The Department has received feedback from its sound experts after reviewing a noise complaint from Reggie Johnson alleging tonal noise from turbine cooling fan operation, evidence showing that GMCW and RSG noise consultants had conducted background monitoring while the cooling fans were operational (in violation of CPG and Board order), and RSG’s annual report attempting to explain why the tainted background readings did not affect RSG’s conclusion that no CPG violations were found during any of the four quarterly monitoring sessions. Department experts, Aercoustics, have

determined that RSG's report is unclear and thin on substance and that additional information is necessary to determine whether a tone is present at the site. The Department intends to submit a series of information requests to GMCW once the questions have been compiled by its experts.

Cold River Solar – Docket 8188 – The Department filed second round discovery with petitioner and responses are due Friday, May 16, 2014. A status conference is scheduled for Tuesday, May 20, 2014. The Department is not in a position to enter into an MOU at this stage. Intervenor are actively opposing the project, and the decommissioning fund is particularly low for this Project.

Telecommunications

248a – Heather Jarvis joined the Telecom Division as Special Counsel. Heather will represent the Department in 248a proceedings before the Board.

Supreme Court Review of Local Facility Siting Decision – the Supreme Court of the United States granted Certiorari in a case involving a municipality's rejection of a proposed wireless telecommunication facility. T-Mobile petitioned the local authorities in Roswell, GA to build a tower within its city. The municipality rejected the petition without providing a written decision explaining the purpose of the rejection. At controversy is a provision of the 1934 Telecommunications Act requiring zoning decisions by any state or local government denying a wireless facility siting request to "be in writing and supported by substantial evidence contained in a written record." 47 U.S.C. 332(c)(7)(B)(iii). The law broadly prohibits blanket bans on Wireless telecommunications facilities. While the outcome of this case will not likely have a significant impact on Vermont's current regulatory regime for tower siting, it may require the Public Service Board and, more importantly, local municipalities to make procedural changes that agree with the Court's interpretation of the Telecommunications Act.

H. 297– H.297 amends the 248a procedure to require Department presence at a public meeting with an applicant if a municipality (or body within the municipality) requests such a meeting and requests that the Department attend. Such a meeting would take place during the 45-day notice period.

Charter Tariff – PSD staff analyzed the Charter line extension tariff in preparation for the CPG renewal. Board rules require cable companies to fund customer-requested extensions of sufficient customer density. The rule specifies that qualifying density is initially set at 16 customers per mile, but indicate that this density may be revised based on each cable company's financial information, which has not yet been done. Based on analysis of Charter annual report data, it appears that qualifying density for Charter would be 9 customers per mile. If the density for Charter were revised, for instance in the CPG renewal, Charter would not be required to build specific line extensions, but would be required to pay a greater portion of the costs of customer-requested line extensions.

Regional Policy

New England Infrastructure Initiative

- **Gas Pipeline**
 - States have concluded that a credit backstop (additional financial assurance beyond the ISO-NE tariff) is necessary to ensure construction of any gas infrastructure. Rather than utilizing a Request for Proposals, states will be asking for expressions of interest. It appears that the most likely outcome is a collection of electric utilities, including investor-owned and public utilities. In order to keep cost information confidential, commercially sensitive submittals will be sent to one central entity that has the ability to keep the information confidential. States are currently examining possible tariff language to ensure that states have appropriate reporting requirements and oversight over any entity that provides the credit backstop and/or capacity manager function.
 - States have agreed that the FERC filing for the gas pipeline tariff should provide FERC with three options for management of gas capacity, in order of preference: (1) establishment of primary and residual auctions, where only gas-fired generators can bid for capacity in the primary auction; (2) approval of a custom rate schedule where gas-fired generators have a preferential rate compared to other gas customers; and (3) a simplified approach in which capacity is released in the market with no preference for which entities receive the capacity.
 - In order to determine the size and location of gas infrastructure, an RFP or RFI would be issued asking for detailed responses, rather than having the states specify the location and size in the RFP. States have agreed that a consultant will be needed to evaluate the responses. States have still not resolved whether LNG should be able to respond to an RFP/RFI, in part because LNG does not provide the same level of economic benefits compared to a pipeline and there is very little competition with respect to available LNG.

- **Determining Cost Effectiveness** – States are in agreement that cost-effectiveness should be determined by the construction costs of the infrastructure compared to the benefit of energy price suppression. Although there are other costs and benefits, these two factors are by far the easiest to estimate and the least contingent on external factors. All states are in agreement that individual projects must be cost-effective on their own, independent of the impact of any other project. However, as the projects are considered cumulatively, the cost-effectiveness decreases (energy prices can only be suppressed so much and therefore the benefits are not linearly additive). States are in general agreement that the overall collection of infrastructure projects must have a cost effectiveness factor of some sort, with 1.6 on the table currently and Massachusetts wanting further information before agreeing to a specific number.

- **Progress of Individual Projects** – States have agreed that individual projects must be allowed to move forward independent of the progress of other selected projects. In

other words, a transmission project and gas pipeline project would not have to each wait for approvals before construction could begin. Under this approach, it's possible that the political compromise of the gas pipeline and transmission line isn't fulfilled – if for example, a proposed line does not obtain siting approval in Massachusetts but a transmission project receives approval in Vermont.

- NESCOE costs – NESCOE has already spent considerable funds on the Infrastructure Initiative and all of the additional necessary tasks (primarily consultants to evaluate RFP responses, provide technical expertise on pipeline issues, and legal costs associated with filing at FERC) would overrun NESCOE's budget. States are individually examining whether internal funding is available for some of the necessary tasks.



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

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: May 16, 2014
Subject: Weekly Report

Emergency Management/Homeland Security

Issues/Updates:

Ben Rose, Recovery and Mitigation Section Chief was selected by the National Emergency Management Association (NEMA) to represent FEMA Region 1 on a Public Assistance (PA) steering committee to work with FEMA on the direction of the PA program.

Planning was completed for the Burlington City Marathon (5/25). The Watch Officer will be deployed to the Burlington EOC and a roster will be developed for response to the SEOC if needed (members will not be on *standby* status).

Responded to the Public Service Department's Commissioner's request for comment on the NRC Request for Additional Information sent to Entergy. This was in regards to the post-shutdown staffing reductions within the Emergency Response Organization. Overall there is little impact besides the timing of the reduction being in the lead-up to the next evaluated exercise.

It was recommended the Governor seek an extension from FEMA to submit requests for Presidential Disaster Declaration. This was due to the 30-day clock post-disaster and the time it has taken to complete the Preliminary Damage Assessments (PDA's). Total validated damages were \$1.6M statewide. Six of seven counties met their thresholds. Washington County fell short by \$59K, but will be requested nonetheless on the advice of FEMA.

The official request for a Presidential Disaster declaration will be submitted to the Governor for review prior to May 23d.

Discussed moving the homeland training position from the Police Academy to DEMHS with VCJTC Director Gauthier reaching conditional agreement. More planning to take place with implementation September 1, 2014.

General Information/Other:

FEMA Headquarters' Hazard Mitigation Planner David Conn is on-site this week and next, to assist our Hazard Mitigation Planner with completion of BCAs and documentation for \$2M+ of HMGP applications. Submitted Cat Z indirect administrative cost narratives for DR4066, DR4120, and DR4140.

All SRIA fixed estimate agreements submitted to FEMA in time to meet a May 20 deadline. The WSOC team worked on a parallel track to submit SRIA fixed estimate preserving \$1.8M of Ag Lab funding.

Media inquiry from Brattleboro Reformer regarding funding to EOCs in the EPZ once Yankee closes.

Fire Safety

Issues / Updates:

The Division received 16 Million in new plan review construction valuation collecting \$75,000.00 in permit fee revenue.

Vermont Center for Justice Research

Max Schlueter and other researchers have started their own non profit corporation called "The Crime Research Group (CRG)". They will be bidding on a request for proposal that we will be distributing shortly. Max will be resigning as the executive director for the Center for Justice Research on or about 5/30/14.

The request for proposal will focus on acquiring contracted services to provide statistical and analytical research associated with criminal justice and juvenile justice information requests.

It is unknown at this time what will become of the Vermont Center for Justice Research. They, of course, will be allowed to bid on this RFP and if they do significant consideration will have to be given them as they are the designed Statistical Analytical Center (SAC) for the State of Vermont. If they do not bid then this brings into question their ability to serve as the SAC and we will have to have a discussion about a new executive order creating a SAC. Our plan is to post the RFP with a return date of June 6, 2014. This date may change based on the review and approvals required to get the RFP submitted.

This issue may be of some importance because of recent passed legislation such as S. 295, which requires an evaluation component within the language of the bill.



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

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

Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: May 17, 2014
SUBJECT: Confidential Report to the Governor

SECRETARY OF ADMINISTRATION'S OFFICE

Status of State Police Investigation of Alleged Embezzlement by Lisa Peduzzi: Vermont State Police have confirmed approximately \$78K in fraudulent activity involving 20 incidents for 2012, 2013, and 2014 and believe there may be an additional \$25K for this time period. For the years 2009, 2010 and 2011 they are first focusing on approximately 40 cases that have been flagged by accounting staff as potential fraudulent cases. The State Police will also investigate claims paid back to the date of hire in September 2006 once that claim information has been assembled by the accounting staff. The work is tedious as it involves locating and contacting recipients of checks going back seven years. The State Police believe they will have a better sense of the scope in two more weeks.

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

Mylan: While it is a developing situation, progress in getting the Ullman agreement and the 20 Houghton Street P&S signed seems to be coming along at a less than quick pace. Our full attention and effort is directed toward a favorable outcome. State of Vermont language on two outstanding PSA items is with Mylan, who is currently reviewing with corporate counsel. We understand that language is agreeable in principle.

Significant Events/Meetings:

- Waterbury State Office Complex – Nonprofit development (i.e. Hunger Mountain Day Care and Central Vermont Community Land Trust) have presented a challenge, stretching our resources and sometimes our patience. We, however, remain committed to the realization of both projects.
- Energy Audits in State Buildings - The BGS Energy Engineer and Purchasing and Contracting are developing an RFP in order to generate a list of contractors to perform energy audits on State properties. Site visits with Efficiency Vermont (equivalent to an ASHRAE Level 1 Energy Audit) are being performed on all correctional facilities. The Level 1 Audits will develop into a scope of work for all facilities to have an ASHRAE Level 2 (or higher) Energy Audit. These energy audits will calculate the feasibility of energy conservation measures (ECMs). All ECMs that prove feasible will be combined into a project. The Energy Star Portfolio Manager will be used to set goals and track consumption.
- Sammis/Lamberton meeting with Ed von Turkovich, Deb Ferrell and Emily Montgomery. Emily is charged with developing a list of options relative to the exclusionary clause in the agreement. Likely conclusion is that such exclusion does not take effect until the Sammis Center is built and opens. Conversations with Lamberton informing him that once we are satisfied with the paperwork we will be talking with him about an agreement.
- Logue Camp demolition meeting with Commissioner Michael Snyder, Mike Fraysier, Jeff Lively, and Dave Burley. Dave Burley suggested demolition of the Logue Camp as a liability reduction effort. Forest, Parks & Rec to put the parcel without the buildings through its lands acceptance committee.

FINANCE AND MANAGEMENT

Issues Update:

Self-Assessment of Internal Control questionnaires were due on Wednesday, May 14th. Several departments have requested extensions for various reasons. This year we have received significantly more questions, good questions, about the questionnaire. We believe this is a direct result of the message delivered by Secretary Spaulding and Commissioner Reardon at the most recent extended Cabinet Meeting. Our expectation is that the results of this year's process are likely to reflect our controls are not as tight as they have been reported in recent years, but we believe a fair and accurate evaluation is the first step to an overall stronger internal control system.

Fiscal year end close activities are underway. In addition to detailed instructions that were recently issued, weekly reminders outlining upcoming due dates are issued every week. Departments continue to respond well to this approach which leads to a timely and efficient close for everyone.

In the continuation of our review of potential duplicate expense reimbursements to employees, we have heard from about half of the departments regarding potential duplicate expense reimbursements. Most of the duplicates detected occurred within the first six months of go-live and employees have complied with reimbursing the State. Out of a potential \$27,500 of duplicates (\$19,000 of which is Leg Council), \$2,500 has been repaid.

The Legislature passed the budget bill (H.885) last Saturday, May 10th. The budget office is preparing the bill review for the Governor's Signature. The Joint Fiscal Office has indicated that they will likely send the bill for the Governor's signature on May 27th.

Deputy Commissioner Clark worked with the Governor's office to establish a fund and prepare to accept donations – check, credit card and cash, for the Food Fight Fund. To date, we have received approximately \$8,900 in on-line donations and \$575 in cash and check donations.

HEALTH CARE REFORM

No report.

HUMAN RESOURCES

Press Contacts:

Laura Krantz, the Criminal Justice Reporter at VT Digger, has requested information on the start and stop dates of employment for all DCF employees over the course of the last five years. She indicated she is researching work patterns at DCF for a future article. DHR is assessing what can be provided, and will provide any information that can be obtained.

Evolving Issues:

DHR is working on creating different scenarios for potential pay increases for exempt employees. Commissioner Duffy will attend a meeting with Secretary Spaulding and Commissioner Reardon to discuss the scenarios and formulate a recommendation for the Governor.

DHR is reviewing newly created legislation to create all new job positions. In addition, Commissioner Duffy will meet with entities that are part of the position pilot to provide appropriate information to the Legislature before any positions are created under the pilot.

DHR is working with AOT to finalize its reorganization efforts.

DHR continues to work with VocRehab as they struggle with management issues in the wake of the return of John Howe to full time status.

INFORMATION AND INNOVATION

Significant Events/Meetings:

Commissioner Boes was at the National Association of State Chief Information Officers (NASCIO) Conference last week. NASCIO programs are centered on policy issues, trends, best practices and information technology issues that affect the public and private sectors.

Evolving Issues:

Web:

- An RFP from the Parks Department has been issued for an *online reservation system* that should be reviewed for appropriateness for development under the Web Portal Contract.
- The fee bill containing the fees for DMV and Tax was passed but there is still not a final version available online.
- Harry Bell worked with VIC, The Governor's Office and the Department of Finance on a site to allow donations to the Food Fight Fund. The site is now live at:
<http://foodfightfundv2.vtdesignworks.net/>.

Projects: Martha Haley reviewed the healthcare Berry Dunn Lessons learned report with the project manager from the Tax Department. She highlighted some specific items for discussion that were relevant to the tax project. It was a worthwhile discussion and a few action items resulted. The Tax project is a very well planned & managed project thus far. The vendor has been really great.

LIBRARIES

No report.

TAXES

Legislative Update:

Miscellaneous Tax Bill/Education Rate Bill: Major Provisions:

Administration win: Expansion of the Downtown Credit.

R&D Credit: Administration unsuccessfully opposed both the reduction and disclosure.

Major Revenue sources: Not what the Administration proposed. Cigs/snuff, employer assessment instead of the health care claims tax.

Top 100 Delinquent Taxpayers: A lot of interest in this already (WCAX and Fox44 both taped interviews on this, and we have received phone calls). It is a top priority for the Department, with steps including: scrubbing the lists, public outreach, and personal outreach.

Estate Tax: The Department intends to work on a proposal for the next session

Ed tax rates: Possible spin: not the Administration's call, reasonable fix for this year although unfortunate so much of burden shouldered by the non-res payers. We have a spending problem even more than a financing problem, and the anchoring of the excess spending penalty may be a step in the right direction, although it would have been preferable for additional measures (such as budget form). On spending, it is unfortunate that the ed governance measures did not go further, an area we will need to continue to explore.

Municipal Parking Garages: Several municipalities, but especially Winooski, are upset that the bill did not exempt garages – the Commissioner met with Deac, assured her that we could continue to work on solutions over the summer with ACCD, VLCT and the mayors group, and that no enforcement requiring Winooski to collect tax was in the offing (little money for Ed Fund since they are a 98% TIF).

Tax Expenditure Bill: The bill that finally passed contains purposes for all our tax exemptions and credits; and eliminates exactly one: sororities/fraternities in 2 years.

Current Use: Died once again, except for the FP&R sections.

Budget: ANR Pilot Moratorium: PVR has some confusion over how to implement a moratorium on the ANR Pilot provisions, and will be consulting with Justin Johnson and Mike Snyder.

Summer Policy Initiatives:

Tax Reform: Our policy group is teeing up possible proposals to address comprehensive tax reform, should it become a reality. Their work will include analysis of income tax AGI based models, alternatives or expansions to the sales/rooms tax (such as gross receipts), property tax models (including further analysis of district wide budgets, rates and appraisals, as well as Household Income alternatives based on MAGI and perhaps with an asset component), and estate tax reform (including the federal exemption, portability, acceptable flat rate).

Standard Operating Procedures: Our legal division and Hearing Officer proposed new standard operating procedures for moving cases through audits/assessments and hearings. Our policy division greatly improved on these procedures, by layering on deadlines (with firm deadline of 12 months to resolution or hearing), notices and documentation to insure that we are unassailable in providing due process. We will be launching a working group with representatives from various divisions to finalize and then operationalize these procedures.

Communication: Our IT project has provided the opportunity to revamp our entire suite of letters to taxpayers, and a working group will be busy writing all summer.

Operations:

Tax Season Wrap-Up: We have prepared a draft press release with the following themes

Refund Fraud: approximately \$800,000 in phony returns has already been stopped.

Volume: Through May we have received 8,000 more returns than last year.

Declarations: In the second year of the return to annual declarations, we again appear on track to have the vast majority of homeowners identify their residence by the April 15 deadline. The late deadline is October 15 (new this year).

E-filing on the Rise: At this point, we are over 80% e-filing – if this holds, it would be our first time at this level. Although we had pushback, overall the move to discontinue bulk distribution of forms was successful – generally taxpayers had their request for a booklet quickly fulfilled, and as a result, nearly half of those booklets generated a filing this year, minimizing waste and representing money savings.

E-Current Use:

The Department retains a percentage of the property transfer tax, to be used to modernize our administration of current use, including online filing and digitizing existing records. Our PVR Department has been working with VIC, and the project has been consistently missing deadlines (most recent delay because VIC programmer was pulled off for Food Fight portal). The Deputy has intervened, and has contacted an outside Project Manager to take the reins.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: May 16, 2014
RE: Boards and Commissions Update

Board of Nursing: Stephen “Nick” Morse, LNA appointment was revoked. The Board unanimously voted to express that it had no confidence in his ability to serve. Nick received a letter from you and an email and voice mail from me letting him know we thought it was unfortunate but you were left with no other option. I received a nice voice mail from him and he identified himself as “the yahoo we had to fire from the nursing board.” He thanked me for my call, said it was probably all for the best and was looking forward to the peony season. (He is the President of the peony society) He sounded very pleasant and friendly.

Senior Advisor and Chief of Health Care Reform: Lawrence Miller was officially appointed to begin June 1st.

Board of Education: Laura Gray, Jess Mishaan, Aly Richards, Carolyn Wesley and I will be interviewing 10 students on Wednesday.

Governor’s Veterans Advisory Council: The Council requested that you appoint a Senator. The biographical sketches of Senators have only **Mark MacDonald** listed as a veteran. Should I see if he is interested in serving?

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: May 16, 2014
Re: Weekly Report

Status of Governor's Priorities:

Legislative Issues/Contacts/Updates:

- S299: would allow for licensees to serve flights of various products for comparison purposes. The bill was passed out of Senate and is in House General. Bill review already submitted.
- H884 Miss Tax Bill: Made some adjustments on spirits taxes that will help instate manufacturers.

Press Issues/Releases/Contacts: Nothing now.

Significant Events/Meetings: Next Board Meeting 06/11/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Greta progress with vendor and working with DII.
- Preliminary review of department processes for potential licensing and enforcement system.
- Performance Audit underway. Report hopefully in May.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners. I hope some of your staff will be able to attend. Will keep you informed

Summary of Key Department Activity:

- May sales look good halfway through the month!

Commissioner's Commentary: Have a great weekend.