

WEEKLY REPORTS

Checklist

3/1/2013

Elizabeth Miller/Aly Richards

Agency of Commerce and Community Development – Lawrence Miller

Department of Labor – Annie Noonan

Department of Financial Regulation – Susan Donegan

Agency of Education – Armando Vilaseca

VT Commission on Lottery – Greg Smith

Louis Porter/Drusilla Roessle

Agency of Transportation – Brian Searles

Agency of Human Services – Doug Racine

Sue Allen/Leigh Appleby

Agency of Agriculture – Chuck Ross

Agency of Natural Resources – Deb Markowitz

Public Service Department – Chris Recchia

Sarah London/Carolyn Wesley

Department of Public Safety – Keith Flynn

Agency of Administration – Jeb Spaulding

Susan Spaulding

Boards and Commissions

Other

Irene Recovery Office

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary - Agency of Commerce and Community Development
Date: March 1, 2013
Re: Weekly Report

The move to swing space on Davis 2 and basement went smoothly. Better response from most people than expected. **Only one quit**, and I am fine with that one.

Joe Bookchin has resigned from the Creative Economy position. We will fill the position promptly with someone tied into the rest of the digital economy, not a film focus. VCFU is going to be announcing a film MFA soon, and will be doing a lot of outreach in that area.

Kiersten and Lawrence, together with Christine Thompson went to **Killington** to get briefed by the town, SP Land, the resort, Killington Mountain School and others about community growth ambitions. There is something very surreal about having a community of 800 people talking about needing a TIF district. This was in response to their invitation to GPS to come spend a few hours with them getting this presentation. All in all, master planning is going well. The resort, SP Land, and the town truly seem to be on the same page. Their big concern is that three RPC's together are proposing Act 250 permit conditions that include picking up a proportional share of transportation corridor improvement costs all the way from I-89 and I-91 to Killington on routes 4, 100, and 103. I will connect with VTRANS. This does seem a little excessive for the scale. Oh, and they hate the state property tax. And they hate the state share of the local option tax.

Lawrence and Chuck, together with other team members, attended a meeting of a **Dairy Vision** project led by Reg Chaput and Jane Clifford. This is an industry led group intent on developing better technical assistance and financing systems for medium and large farms. We expressed our support for the commodity dairy industry, and recognized that with all the attention given to small producers it is important that the large producers also thrive.

Council of State Community Development Agencies: Jen attended annual conference in Washington, DC where there was much talk and information about new HUD compliance requirements and sequestration. Along with community development leaders from other states and Ann Kroll, met with Acting Assistant Secretary Mark Johnston and Stan Gimont, King of All Things Disaster Recovery. An excellent opportunity to forge an even stronger relationship between Vermont and HUD headquarters. Sequestration will mean a cut to CDBG and HOME of approximately 5%.

Designation Reform Bill H.377: After a great deal of work and consensus building with stakeholders, H.377 was finally introduced this week and we expect testimony to begin on Friday in the House Committee on Commerce and Economic Development. The bill may be reviewed here. The bill must be voted out of committee by March 15 to be considered this year.

Downtown Reinvestment Stats: The downtown reinvestment numbers have been submitted and demonstrate that downtowns are truly an economic engine for Vermont. Approximately \$35 million was privately invested in 183 projects that included façade renovations, building rehabs and public improvements. In addition, \$30 million was invested by the public. Additional numbers showed 176 net new business openings, 191 total new business openings in downtown, and 431 net new jobs created, with a reported total of 463 net jobs gained in Vermont Downtowns.

Vermont Life publisher **Dave Hakins** has been diagnosed with pancreatic cancer. He is planning to undertake a newly developed chemotherapy regimen. Grim prognosis either way.

Sky Barsch created a **brand new e-commerce site for Vermont Life** in two weeks! Because our fulfillment house (Reso) had control of our catalog website, making changes and adding or deleting products was always cumbersome to say the least. With Reso's demise, we brought site management in house, and Sky was charged with not only designing the site but uploading all of the photos, descriptions, SKUs, costs, etc, not to mention figuring out how to charge for shipping and accept credit cards, etc... Not always an easy task within state government. The result is wonderful; much more appealing than our old site and far more in keeping with the look of the new VL. Sky continues to work on details, but in the meantime we have a functioning ecommerce site without a single day of delay! We Luddites look on in awe.

Amtrak/National Train Day, Tap into Vermont Spring Skiing/Maple Sugar Season: The CMO met with VDTM and AOT/Amtrak representatives to discuss an onsite presence for SOV on May 11th in Philadelphia in conjunction with National Train Day. A national event, this year's celebration, entitled "Trains Matter", expands the awareness of Amtrak stations, routes and services, and reminds passengers that trains not only move people but are catalysts for economic growth. VDTM and Rail Vermont will participate in the 6th annual National Train Day, promoting leisure travel to Vermont with Amtrak representatives.

Kiersten and Lawrence will be meeting with VTEL next Wednesday. VTA may pull some funding at their Friday meeting but this would not have a major impact. Nothing major came out of the DC hearing where Mike Smith testified.

Memorandum

To: Honorable Governor Peter Shumlin
From: Labor Commissioner Annie Noonan
Re: Weekly Report - Week Ending February 22, 2013

Issues of Critical Note: UI Issue for Newspaper Carriers at LCAR: We have a letter from LCAR counsel requesting VDOL's position on LCAR's ruling. We are preparing our response, which could be as follows: (1) VDOL does not agree that our proposed rule was arbitrary (see rationale, below), but will take additional time to consider the newspapers information on economic impact. However, be aware that whatever we do, we may face litigation. Meeting today to discuss the AHS cut to VDOL's Reach Up grant (cut in half, \$600K). I will need to meet with Commissioner Duffy next week to discuss the resulting RIFS and bumping within the CDF series. This will likely involve a host of vertical displacements. We have also asked that VDOL be allowed to compete against CWS/VABIR and VAL for continued funding in FY15. DHR will have to start the RIF review and letters have to be distributed 40 days in advance of the layoff date which I anticipate will be June 15th or earlier.

Legislative issues:

WC Fee Bill in Senate Finance, moving forward. WC Presumptive Bill: VLCT testified against it in SEDHCA this week. VDOL's WC and UI Bills: Commerce will likely schedule for March 12 or 13. Rep. Cross' bill on SEA; moving forward, but no appropriation to VDOL which needs to be addressed as it moves forward. House General: took up VDOL's Wage and Hour bill. It looks like it will move forward. Biggest Issue: Irene Recovery bill introduced by Ann Manwaring and Dick McCormack. Huge issue with the newly expanded scope, possible costs, etc., and we are working through a preliminary estimate of those problems. I met with the Speaker to discuss those impacts. House Ed: asked me to testify on Vermont Scholars; they really wanted to focus on all other issues relating to workforce development and jobs for at risk youth; lots of questions about STEM jobs. Commerce: testified on Next Gen and WETF - lots of reports delivered to them from VDOL. Senate Appropriations on VDOL's budget S.136(WC, VR) report delivered yesterday

Unemployment Comp & Wage: Call Center Stats: For the week ending 02/23/13 we took 2,886 calls. This is a decrease of 192 calls from the week ending 02/16/13. We processed 529 initial and 824 additional claims. This is a decrease of 27 initial claims and an increase of 356 additional claims from the week ending 02/16/13. 8 claimants exhausted all tiers of benefits with the week ending 02/23/13 compared to 13 claimants who exhausted all tiers of benefits during the week ending 02/16/13. We paid 8,930 claimants during the week ending 02/23/13 compared to 9,044 for the week ending 02/16/13. 202 Mass Claims were processed for week ending 02/16/13. Bus Companies - 83; Ethan Allen - 58; Granite Sheds - 8; Sodexo - 1; Vermont Castings - 52

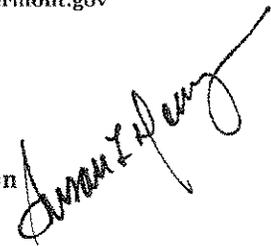
NEK UPDATE from VDOL Coordinator Cindy Robillard: "I received an email reply from Alex Maclean regarding sub-contractors on the Stateside Hotel project. She indicated that the bids were not opened yet and awards have not been made. She expects that Mike Smith from DEW is waiting to get back to me when he has that information. I will continue to follow up regularly on this to get the contacts as early as possible. VDOL Commissioner is reviewing proposal from Umbrella/VT Works for Women on their Fresh Food Project, providing culinary training to women in transition in the Newport area. We held a conference call including Steve Patterson, NVDA. He shared that there may be news coming soon about another company, unrelated to the EB5 projects, coming to the Newport area. No details at this time, but he will advise as soon as he is able."

State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

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

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: March 1, 2013
Re: Weekly Report



Status of Governor's Priorities:

The Department's Health Insurance Policy team was established to address the evolving duties as promulgated by the passage of Act 48 of 2011 and Act 171 of 2012. DFR has been tasked with making sure health insurance issuers and health insurance plans offered on Vermont Health Connect meet all federal and state law requirements.

While many states grapple with the post-ACA landscape of the commercial health insurance market, Vermont is a pioneer. On January 8, DFR began the review process for health insurance plans to be offered on a health exchange and on March 15, Vermont will accept and begin to review the first rate submissions formulated for those plans.

Some of the tasks that the Health Insurance Policy team has tackled include:

- Outlined federal guidance and defined state approval process for Qualified Health Plans (QHPs) as mandated by the ACA;
- Created the certification process for QHPs incorporating state and federal requirements into a comprehensive checklist, which was later articulated in the QHP Request for Proposal issued by DVHA in November 2012;
- Ensured plans offered meet those standards using QHP certification requirements, new federal data collection templates and enhanced state templates.

DFR collaborates with Centers for Medicare and Medicaid Service (CMS) and the National Association of Insurance Commissioners (NAIC) to share early insights with the rest of the country.

Because of the rapidly changing market, DFR has stressed the need for carrier engagement in the new form and rate approval processes. Recently, the Department hosted a half-day seminar on the changes to



the rate submission process, which was open to all potential Vermont carriers, DVHA, the Office of the Health Care Ombudsman, and GMCB. Guidance was provided by our actuarial firm, Oliver Wyman, and the chief actuary from the Center for Consumer Information and Insurance Oversight (CCIIO). Nurturing close relationships with carriers will hopefully ensure transition takes place in a smooth and timely manner, which will allow tight statutory and operational deadlines to be met as well.

In addition to performing statutory duties, the Department continues to be involved with the operational requirement sessions of Vermont Health Connect. Staff members spend up to 65 percent of their time developing system and business requirements, combining their knowledge of the law, policy and the insurance market to guarantee the system addresses the needs of Vermonters. The data and information project manager for the Health Insurance Policy team recently testified on the results of the Household Health Insurance Survey and those findings will also be presented to the GMCB later this month. The next major project will be to collaborate on drafting the contracts for issuers that have been selected by DVHA for inclusion on Vermont Health Connect.

With approximately six months until Vermont Health Connect is open for enrollment, please be assured that DFR is diligent in its efforts to support DVHA in this collective undertaking and is acutely aware that the nation is watching as this ground-breaking project is successfully executed.

Significant Events/Meetings:

The Securities Division is in the process of finalizing a three-part settlement with Bankers Life and Casualty Co., Proequities and UVest regarding unregistered conduct as securities broker-dealers and investment advisers. The three orders will result in payments to the Department of more than \$142,000 in fees, costs and penalties, most of which will be contributed to the general fund. Commissioner Susan Donegan signed the primary consent order Thursday that calls for a \$120,000 payment from Bankers Life.

Captive number 988 was licensed this week to Mailroom Solutions Inc., which is a subsidiary of NeoPost S.A. NeoPost is the number one producer of mailing and shipping products in Europe and second in the world. NeoPost manufactures products such as folder/insetters and was the first to manufacture electronic postage meters.

Bill Carrigan of the Securities Division spoke on fraud and identity theft to Champlain College students Wednesday evening as part of the college's Life Experience and Action Dimension (LEAD) program.



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

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Secretary
SUBJECT: Agency of Education (AOE)
DATE: March 1, 2013

FIRST Tech Challenge (FTC): Saturday I attended the FTC Vermont Championship at the Davis Center on the UVM campus. This was an all-day competition sponsored by the CEMS. There were eight Vermont teams competing against 22 out-of-state teams in this exciting robotics competition and it was a great opportunity for students to apply math and science skills in a fun and competitive contest. FIRST's mission is to inspire middle and high-schoolers to be science and technology leaders by building skills in science, engineering and technology through mentor-based programs.

US ED: Deputy Talbott participated in a conference call Tuesday with US ED on sequestration. We were informed that our federal programs, being forward funded, will not be affected until July 1, 2013. At that time we can expect 5% reductions in our Elementary and Secondary Education, Special Education, and Career and Technical Education federal grants. Specific reduction amounts were not available but since the total of these programs is about \$87 million we expect to see a reduction of about \$4.3 million should sequestration take place.

Vermont Afterschool and Summer Learning Day: On Wednesday I gave a welcome greeting for this event that was held at the Capitol Plaza.

School Visits: On Thursday I visited Mt. Abraham Union High School where I was interviewed by one of the students who was working on an anti-bullying project. I also toured the school and visited with staff and discussed Mt. Abraham's use of electronic PLPs.

Miscellaneous Education Bill: Discussions on this bill began in the House Education Committee this Thursday. This bill is intended to clarify technical issues in education law to facilitate our implementation of them. We have worked with Aly Richards to keep items in this bill consistent with the Administration's policies.

Upcoming Media Events: Next Monday I will be on the Charlie Ernie & Lisa Show to discuss Personal Learning Plans. And on Wednesday of next week I will be a guest on WDEV's "The Vermont Conversation" with David Goodman. He has asked to review the results of school budgets from Town Meetings and discuss your education agenda.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Mar 1, 2013
Re: Weekly Report

Status of Governor's Priorities:

n/a

Legislative Issues/Contacts:

House Appopr. Comm. Spoke with our contact rep (Peter Fagan from Rutland) about their proposed cuts to our budget. I agreed to a \$14K reduction in payroll due to a retirement of a 30 yr person replaced by a new hire. He agreed to support the other increases – pay act, contractual increases, and \$60K more in marketing. I am keeping my fingers crossed.

Sen Sears from Senate Appopr has asked to meet on Thurs 3/14 about i-gaming report. Let me know of any concerns about this.

Press Issues/Releases/Contacts:

n/a March 3-11 is National Problem Gambling Week. Most of our ads are cut back and problem gambling ads take most of the air time. We have increased to airing of problem gambling ads to 52 weeks from 6 weeks.

Significant Events/Meetings:

We held an agent advisory meeting with 8 agents in the Springfield area yesterday. We reviewed what our plans for are and discussed their support and concerns with this. Some good operational ideas come forward from them to us, and from them to each other. Overall, very positive.

Evolving Issues:

We will keep our Keno thoughts to ourselves for now.

Summary of Key Agency Department Activity:

A 13 year employee that was just promoted to field sales rep got a DUI and will likely lose his license for 90-180 days. HR is assisting, and his criminal hearing is set for 3/14. Last week we had a very successful birthday and retirement gathering. Thank you for attending.

Executive Director's Commentary:

I will be out of the country on vacation March 5 – 11. Carole Lacasse will know how to reach me.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Deputy Secretary Sue Minter
DATE: Friday, March 1, 2013
SUBJECT: VTrans - Confidential Report to the Governor

Brian is away so I am on deck until 3/13

Legislative Update

The House continues to work through the Tbill and budget proposal. We have worked hard to forge agreement with all parties – including House and Senate Transportation Chairs, Speaker and Pro Tem, Governor and Lieutenant Governor. The House has begun to consider this proposal this week and expects to vote it out shortly after Town Meeting (Tues or Wed.) The goal is to move it very quickly within the Tbill. Elements of revenue agreement include:

- Gas tax increase & restructuring for sustainability: multi-year phase in of 4% sales tax on retail price (2% in FY13 & 2% in FY14 – this assumes passage & implementation by May '13); reduction of pennies-per-gallon in FY15 & indexing thereafter. Results: 6.7cent increase at the pump overall by 'FY15. Note that the revenues would be raised at the distributor level (as they are now), not with the retailer.
- Budget cuts to Gov. Recommend of \$ 4.4 million in cuts. We have proposed recommended strategy. The House is busy changing to meet their needs, and we are flexible.
- TIB Bonding: \$10.3 million (net proceeds)
- Reductions to Transfer to Public Safety (aka JTOC): \$2.5 million in FY15 & \$2.5 million in FY16. Selling point to “purify the fund.”

Note: Mazza wants a cap to the P&U transfer to Education Fund, but this is not on the table at this time. *Consideration of a “public agreement” from all parties in advance of the House vote. To be decided on Tuesday 3/12, and I am interested in your preference around whether or not to push for this.*

Sequestration

The situation is all speculative at this point, but Federal Highway Administration is generally NOT affected by these GF cuts. However, potential Federal Railroad

Administration cuts (5.3%) could affect Amtrak (operations and capital funds), and Federal Aviation Administration cuts may affect Air Traffic control folks who may become furloughed and some of whom are working on a Rutland Airport activity.

Vermont Gas

The Act 248 review of the VT Gas project is beginning. VT Gas is proposing to run their pipeline along the Circ. Highway Right of Way. We have purchased this ROW with FHWA funds; therefore it is a decision that requires their concurrence along with ours. We will need to discuss a policy for whether or not to allow, and whether/how much to charge for the rights to the land. This is unprecedented so the policy is an important one. Our team is writing a white paper of the options and we will meet with Jeb to discuss in near future. The Town of Williston also working to require VT Gas to develop a bike path, which will also require our concurrence, along with FHWA (which may be a challenge).

National Transportation Issues

Brian is at the AASHTO Washington Briefing this week, addressing national transportation policy and funding issues with DOT Execs from around the country. I participated in a national Climate Change conference (Georgetown Climate Center) on Electric Vehicles network and Climate Adaptation last week. Lots happening around the country on both of these fronts.

NEK/ EB- 5

We are actively engaging with Lucy/ACCD and the NVDA planners around potential transportation challenges from the growth from the economic revival that the Stenger investment will bring to the area. We want to proactively prepare to support this needed economic activity.

Thanks from our neighbors

Attached is a letter we received from the State of Massachusetts thanking us for the rapid deployment of our VTrans crews to assist in their snow removal challenges. Our team received rave reviews – I don't think they are used to seeing the kind of work ethic (i.e., work until the job is done) nor the snow removal talent that were on display in Boston.

Have a great weekend!

S

From: Kurt personal
Sent: Tuesday, February 26, 2013 4:01 PM
To: Flynn, Joe
Cc: Christine Packard (CDA); Mike Russas; Allen Phillips; Kurt Schwartz
Subject: Thank You!

Hi Joe:

I am long overdue in taking time to extend my thanks and appreciation to your agency and to the Vermont Department of Transportation for the quick reply to our EMAC request for assistance earlier this month.

In the immediate aftermath of a major blizzard that dumped record amounts of snow across Massachusetts, it was evident that our state needed immediate assistance to help us open roadways and rail lines. The day after we posted our EMAC request, 15 large front end loaders and operators from the Vermont Department of Transportation arrived at staging areas in Massachusetts. For the next four days, these crews assisted the Massachusetts Department of Transportation (MassDOT), the Metropolitan Bay Transportation Authority (MBTA), the State Department of Conservation and Recreation, and the City of Boston, in moving snow and opening roads, commuter rail stations, parking lots, and access to critical infrastructure.

I've heard from MassDOT and the City of Boston that the crews from Vermont were nothing short of outstanding; they worked hard and collaboratively and provided critical assistance.

I also understand that two of the crew members sustained work related injuries, and at least one required hospital treatment. I hope that both crew members have recovered and are back to work.

Please accept my thanks on behalf of a grateful state! And I hope that you are able to share this email with those in your agency that facilitated our EMAC request and with the Vermont Department of Transportation.

Thanks!

Kurt Schwartz
Undersecretary, Homeland Security and Emergency Management Director Massachusetts
Emergency Management Agency Massachusetts Executive Office of Public Safety and
Security

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: March 1, 2013

Vermont Department of Health (VDH)

Statewide Incident Reporting Network (SIREN): The VDH is pursuing an investigation into the unauthorized access and potential use of the Emergency Medical Services (EMS) patient care record database (SIREN) by a former employee over the past eighteen months. The department is working with the contracted vendor to reconstruct the history of access to the database and has taken steps to restrict the access of the individual in question. In addition, database access permissions for all active accounts in the SIREN system have been reviewed and there is no indication of additional issues.

Mosquito-borne Illness Information Meeting: On February 28th, Commissioner Chen and experts from the Health Department and Agency of Agriculture held an informational meeting for legislators to review actions taken to control mosquitoes in 2012 and plans in progress for tracking and control in 2013.

Vaccine Pilot Program: In 2013, the Vermont Vaccine Purchasing Pool Pilot program will continue to provide significant funding toward the purchase of pediatric and adult vaccines. Vermont purchases vaccine from the federal contract at prices 15% to 50% below private purchase costs. Insurers who cover more than 200 Vermonters are assessed annual fees based on market share, which represents 47% of pediatric and 70% of adult vaccine costs. The total assessment is over \$7 million for 2013.

Fluoride: The Bradford Water and Sewer Commission Board Members voted in May, 2012, to discontinue community water fluoridation (CWF). The Board made the decision based on fluoridation misconceptions and financial reasons, but failed to consult with any dentists, health providers, or the approximately 1,500 Bradford residents on the water system before voting. Residents learned of the decision to end fluoridation in November when fluoridation was not listed on their water bills. This prompted area dentists to circulate a petition to voters on the system asking for a vote to the Water Board's decision and reinstate CWF.

On February 26th, the Bradford Selectboard held a special meeting to address the petition. After several hours of debate, residents on the public water system voted 50/38 (57%/43%) in favor of re-establishing nearly three decades of water fluoridation.

Department of Mental Health (DMH)

Legislative Week:

Senate Health and Welfare – S.128 – A bill to make changes to Title 18 to reflect current practice as it relates to involuntary care: Interim Commissioner Moulton did a walk-through of this bill, sponsored by Senator Ayer, last Friday. On Monday, DMH Transformation Council met with many advocates present. Although Interim Commissioner Moulton had met, with all parties involved separately, this was a convergence of advocates who felt that the mental health system was not delivering as promised. SFI funds cut, secure residential closing or shrinking, and now a proposal to change wording in involuntary commitment law. There was a plea for drawing back from the substantive changes and discussing as a group with emergency services, law enforcement, advocates, peers, etc., in the summer. Emergency Services representative Nick Emlen, of the VT Council of Developmental and Mental Health Services, was present and willing to have a more thorough discussion of language changes. At this juncture, the general clean-up of language will be proposed. Testimony on S. 128 then continued on Wednesday, Thursday, and Friday. Commissioner Moulton is also attempting to insert language into the bill that will allow SFI individuals from Corrections into the secure residential. Currently only hospital step-downs are allowed. Commissioner Moulton has spoken to Commissioner Pallito, who is in agreement with this change if we can determine correct legal routes. The Committee will take testimony today from Judiciary and will ask this question. I have concerns that this language could lead to a new program with SFI individuals that may require a large new secure residential facility.

Corrections & Institutions: Secretary Spaulding testified before the committee on February 26th. The Department of Buildings and General Services (BGS) had apparently been in to the Committee to discuss redesign costs for the secure residential recovery facility (SRR) in Berlin. Secretary Spaulding informed Interim Commissioner Moulton following his testimony that it made sense to stick with building a 25-bed hospital. Interim Commissioner Moulton and I will meet next week with Secretary Spaulding and Commissioner Reardon regarding the issue of keeping the SRR facility open, which will cost \$877,000 for the final three months of FY'14 and \$3.5 million annualized and require 32-34 new positions. I had hoped that we could use 4 beds of the Berlin facility for a secure residential settling, but Secretary Spaulding has said no.

S. 93 – An act relating to notice of placement at designated residential service homes – Senate Health and Welfare – Interim Commissioner Moulton testified today. This bill calls for DMH to report to police regarding the residency of every person who has committed a sexual or violent crime and been placed on an Order of Non Hospitalization. Residency in this case involves 1-2 bed unlicensed homes where people are in wraparound programs. There are multiple problems with the bill, not the least of which are the increased stigma for those with mental illness and creating a “list” for police of people with mental illness who have been found incompetent to stand trial.

Duxbury Residential: This individual state-run program has successfully transitioned a significantly violent person into the community with outstanding results. The expense has been very high and staffing is now being reduced with a transition to community programming for a

savings of \$450,000/year. Planning today looks toward transitioning this program to Collaborative Solutions Corporation, beginning in two weeks.

Intensive Residentials:

- Westford 8-bed program planned opening date May 1st
- Rutland Certificate of Approval (COA) hearing took place this week. The hearing went very well with little opposition. These 4 beds are anticipated to open late Fall, according to Rutland Mental Health
- 5-bed Soteria House in planning and development with anticipated opening date of January 2014.

Commissioner of DMH: Interim Commissioner Moulton is to appear before St. Johnsbury criminal court to show cause why the Commissioner shall not be held in contempt of court for violating the order of June 2, 2011, requiring a court hearing before discharge of a person in care and custody who committed a violent crime. This hearing is now scheduled for March 12, 2013. Interim Commissioner Moulton was not aware of the 2011 order and not informed by the Attorney General (AG) of such. The judge did uphold the order of the person named in this case, now living in the community. The latter is very good news.

Green Mountain Psychiatric Care Center: is full and running well. There have been some heating and dryness issues that are being resolved. There have also been some very challenging patients. Staff has done an excellent job managing violent behaviors. Entering third month of operation with no restraints having been applied to any patients.

Emergency Room (ER) waits: ER waits have increased this week. We currently have three people waiting for hospital beds. Care managers are doing everything they can to move the system, but these situations do arise and cause the complaints about the mental health system to crescendo. Interim Commissioner Moulton has taken calls this week from hospital risk managers, psychiatric unit directors, emergency services clinicians, and emergency room directors.

Department of Disabilities, Aging and Independent Living (DAIL)

Ongoing Issues:

Adult Protective Services: Senator Snelling advised Commissioner Wehry today that the advocates continue to bombard legislators with unsubstantiated claims that we have made no progress. She recommends our reports (which do show progress) should be more widely distributed.

Litigation: The plaintiffs have proffered a settlement that is identical to the previous offer which we rejected. Our attorneys are drafting a response for our review.

PACE follow-up: Ron Cioffi, Rutland VNA, and Dan Quinn, Executive Director of InterAge/Rutland Mental Health Services, have agreed InterAge (Quinn) will be the sole provider of adult day services in Rutland. The expansion by InterAge into a second site is precipitated by the closing of PACE VT. Some community members (Council on Aging, family member) have expressed reservations about InterAge's commitment to serve more challenging individuals. We will monitor.

Legislature:

Commissioner Wehry appeared before House Human Services on Choices for Care (H.140). While we generally support the bill, language concerning how to define and utilize so-called 'savings' remains problematic. Commissioners Reardon and Wehry and I have proposed compromise language that addresses the issue but will not likely be found satisfactory by Michael Sirotkin or Ken Gordon who have been the most persistent critics but have yet to propose a satisfactory alternative.

We continue to work on S. 59 with hopes of securing the right to collective bargaining for Vermont workers. The complexities of the bill are many and Commissioner Duffy and HR Attorney Steve Collier have offered to address the more vexing of these to help the bill move out of Appropriations.

Commissioner Wehry attended hearings on S. 73 which would remove moratorium on CONs for Home Health Agencies. The Committee has not asked DAIL for testimony given the Administration's neutral stance on the bill.

Department of Corrections (DOC)

Press Issues/Releases/Contacts:

The Department did an interview with WPTZ Channel 5 News regarding James Vincelette and Erin Charbonneau who were both on escape status from furlough. The two furloughees were arrested in New York after they stole a car which belonged to Donna Karan (American Fashion Designer and creator of the DKNY clothing labels). The interview focused on the furlough program, what happens when someone goes on escape, and the legal process that follows when extraditing offenders back to Vermont.

The Wall Street Journal continues to work on an article regarding S.1, an act relating to consideration of financial cost of criminal sentencing options, and the DOC's success in reducing its budget over the past two years. We anticipate an article within the next week.

Significant Events/Meetings:

House Committee on Corrections:

On February 27th, the Department appeared before House Committee on Corrections and Institutions and discussed a proposal regarding Community High School of Vermont. The focus of the discussion was on the Agency of Education's (AOE) responsibility to educate people not under DOC custody.

Senate Committee on Institutions:

The Department appeared before Senate Committee on Institutions to provide testimony on Section 3 of the Capitol Bill.

Population:

The Department continues to maintain an overall average female population of 130, with the percentage of presentenced individuals comprising 32% of the overall female population. The male population continues to stay in the low 1900 range with the percentage of presentenced individuals comprising 18% of the overall population.

Department for Children and Families (DCF)

Evolving Issues:

ESD Application Processing Rates: DCF's Economic Services Division (ESD) has recently reported a decrease in application processing times. The processing times are very close to the court implemented 97% requirement for a 30 day completion rate. Fuel Assistance has hit the 97% processing rate, followed closely by Reach Up with a 96% rate. 3SquaresVT has achieved a 93% processing rate and Health Care applications have reached a 91% rate.

Department of Vermont Health Access (DVHA)

Significant Events/Meetings:

Contracting: The Exchange continues to move aggressively with contracting. We have completed our first amendment on the CGI contract and are finalizing an Oracle licensing purchase. Also in the pipeline are: an additional CGI amendment for hosting, our premium processing contract, and our customer support center amendment with Maximus. The volume and the timeline mean we continue to ask for expedited review, and we are working with the DVHA business office to improve our processes.

Outreach: Vermonters across the state will be introduced to Vermont Health Connect as dozens of legislators, Town Clerks, and citizen volunteers are planning to make Town Meeting Day announcements about the coming Health Benefit Exchange and share handouts with participants. Residents will be invited to visit VermontHealthConnect.gov and to look out for webinars and attend in-person presentations being held across the state throughout the spring and summer.

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: March 1, 2013

Secretary's Top Issues:

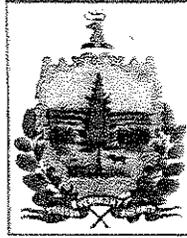
Sequestration:

- Meat Inspection: The Agency is closely monitoring the impact of sequestration on meat inspection and Vermont's meat industry in general. Conf call with USDA today at 3pm will offer further updates.
- Animal Health section -- work conducted in collaboration with FDA on animal tissue residue may be affected. Monitoring.
- Specialty Crop Block Grant:
 - We will have a 5.1% cut to our SCBGP allocation from USDA (normally 225K)

The Agency is monitoring the debate surrounding Act 250 and Whistle Pig.

The Agency is monitoring the debate surrounding the legalization of hemp and labeling GE foods.

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AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: February 22, 2013

Status of Governor's Priorities:

GMO Labeling:

Jobs in Agriculture

new

PREP COOK/PASTRY

Kismet

We are female chef owned, farm to table restaurant in the heart of downtown Montpelier. We are a staff of 25, looking to take on one or two interns that will train with and assist our pastry chef and head chef....

INTERNSHIP/APPRENTICE FEB 25, 2013

Montpelier, VT

ON-FARM KITCHEN ASSISTANTS

Cedar Circle Farm

Cedar Circle Farm, a certified organic Vermont vegetable and berry farm seeks kitchen assistants for the 2013 season. We run a diverse operation in a beautiful stretch of Vermont, with many events and educational opportunities in addition to regular kitchen production. For budding or newly minted chefs, this is an excellent way to gain real farm-to-table experience while helping to create better food on a community scale....

PART-TIME FEB 22, 2013

East Thetford, VT

CREAMERY ASSISTANT

Consider Bardwell Farm

Consider Bardwell Farm is a nationally known creamery and dairy farm located in West Pawlet, VT, which is undergoing expansion. Our cheeses have won multiple international awards and are featured in many of the nations top restaurants, retailers, and markets. We hand make cheese from milk from our own herds of goats and cows, as well as milk from our local partner farms....

PART-TIME FEB 21, 2013

West Pawlet, VT

CHEESE MAKER

Consider Bardwell Farm

Consider Bardwell Farm is a nationally known creamery and dairy farm located in West Pawlet, VT, which is undergoing expansion. Our cheeses have won multiple international awards and are featured in many of the nations top restaurants, retailers, and markets. We hand make cheese from milk from our own herds of goats and cows, as well as milk from our local partner farms....

FULL-TIME FEB 21, 2013

West Pawlet, VT

FARM MANAGER

Inn at Baldwin Creek & Mary's Restaurant

For the past 10 years Mary's at Baldwin Creek has been cultivating a farm to table dining experience for our restaurant guests. Our small farm has grown each year and supplies our restaurant and ice cream shop with fresh herbs and vegetables from our 2 acre farm....

FULL-TIME FEB 20, 2013

Bristol, VT

FULL-TIME HELP ON ARTISAN BEEF FARM

Green Mountain Spring-Rock Farm LLC

Hardworking, Team player needed for general help on beef farm....

FULL-TIME FEB 20, 2013

Springfield, VT

FELLOWSHIP

Vermont Law School

An energetic individual, passionate about local sustainably grown food, would be a great candidate for our Market Manager....

FULL-TIME FEB 15, 2013

South Royalton, VT

- The Lake Champlain Basin Program has posted the Lake Champlain Lake Steward job announcement for 2013. Applications are due to New England Interstate Water Pollution Control Commission by COB on March 22nd, 2013. For more details please visit: <http://www.lcbp.org/jobs.htm> or <http://www.neiwpc.org/employment/internships.asp>

Press

Consumer Protection Section Chief Henry Marckres was interviewed by Dr. Michael Farrell of Cornell University for a book he is writing about maple syrup – interview focused on ‘off’ flavors in syrup’.

Consumer Protection Chief Henry Marckres participated in Maple Tree Tapping Press Conference with the Governor and Maple Sugar Makers at the State House on Wednesday.

The Agency announced that Alan Graham was named State Entomologist. Announcement of Alan’s new post was timed with the EEE hearings at the legislature, which were held in partnership with the Department of Health. Alan was interviewed by Jane Lindholm, VPR, on Thursday, Feb. 28.

State Veterinarian Kristin Haas spoke with Andy Bromage, 7 Days, about captive cervid facilities in Vermont and the cervid facilities that the Agency regulates.

Legislative Issues

- H.112: Followed the markup of H.112 regarding the labeling of GE containing foods this week – wide ranging testimony again this week including UVM Professor of Nutrition and Food Science stating that there is no scientific evidence that GE is not safe. The House Ag committee is committed to moving the bill. Mark-up for past two days; bill passed out of committee Friday a.m. with a vote of 8-3. The bill creates a new chapter 64 of title 9 and places enforcement authority with the AG’s office.

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 - For raw agricultural commodity, must label with the words “produced with genetic engineering” or “genetically engineered” on the front of the package
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 - These GE products cannot be labeled as “natural”
 - Meat, eggs, and other animal products are exempt
 - Retailers are not liable for failure to label processed foods
 - Enforcement by Attorney General
 - Goes into effect 18 months after 2 other states enact comparable legislation OR on 7/1/2015
- S.29: Industrial Hemp:
 - Tim Schmalz and Diane Zamos attended Senate Ag Committee on Wednesday, 2/27, to provide testimony on proposed revisions to the industrial hemp law (S.29), requiring development of rules to implement an industrial hemp program in Vermont, in spite of the federal prohibition on cultivation of the plant. The draft legislation would remove most of the restrictions on farmers wishing to cultivate hemp existing in the current law, and would grant the secretary authority to collect a permit fee to manage the program. Most of our discussion focused on what the potential exposure to farmers growing hemp could be, whether the existing law could blunt or deflect federal efforts to prosecute Vermonters growing hemp, and if the Agency of Agriculture wants to engage in a program that is in open defiance of federal regulations. We were asked to follow up with the Secretary on the policy ramifications and report back to the committee following the town meeting break.
 - Testimony from Sen. Leahy’s office and the Public Safety Department about the current proposal (Sen. Ag). Bi-partisan legislation has been introduced in the U.S. Senate and has been forward to the Sen. Judiciary committee that would re-define marijuana in the controlled substances act to not include hemp (Senator Leahy is chair of that committee)-- no projected timeline for committee testimony on the bill. Senate minority leader is bill cosponsor which provides hope that it might be taken up. Senator Leahy has also made inquiries directly to DEA regarding federal permitting activities. DEA and Leahy staff are meeting today to discuss those issues. Commissioner of public safety would not support the bill

as currently written and believes that a change to the federal law is the most appropriate avenue. Commissioner also discussed potential for forfeiture of property under federal and state law.

- H.405, An act relating to manure management and anaerobic digesters
 - Senior Ag Dev Coordinator DePillis testified before the House Natural Resources and Energy Committee. Staff gave the Agency's perspective, following up on previous testimony from farmers, and outlined possible changes that would make the bill more concise. Staff from the Agency subsequently met briefly with the law clerk assigned to H.405 to provide options for language. The revised H.405 will probably stay in House Natural Resources and Energy Committee, for the week of Monday the 11th.

Significant Events/Meetings:

2013 Flower Show, Champlain Valley Expo, March 1-3. Plant Industry has an exhibit educating the public about invasive pests that Vermonter's should be concerned about--Emerald ash borer, Asian Longhorned Beetle and Hemlock Woolly adelgid (Cooperative Agricultural Pest Survey targets). Informational material regarding some general ag pests has also been included for the public to take if they want: late blight, giant hogweed, ticks. While Ag is the lead in this display, there is cooperative help from Forests, Parks and Recreation staff (ANR), UVM extension staff and UVM students who are part of the Forest Pest Outreach Survey Project service learning project with Agency staff Rhonda Mace and volunteer 'First Detectors' who were trained earlier this year. The exhibit captures some areas of concerns that are shared by more than one agency and as such, highlights the strength of Vermont's ability to work collaboratively with other agencies and organizations.

Animal Health: Dr. Mehlenbacher attended a very productive feral swine focused meeting with USDA Wildlife Services and VT Fish and Wildlife representatives. The purpose of the meeting was to discuss feral hog prevention strategies that may be funded by WS in 2014. NH has a large hunting facility along the CT river valley that is fairly close to the border with Vermont. WS has eradicated approximately 50 escapee hogs over the past three years so there is definitely a risk. U.S. WS and VT Fish and Wildlife plan to draft up a Rapid Response Plan and share with VAAF. USDA has also offered to provide training on feral hog prevention and eradication to Agency staff and we plan to take them up on offer.

Farmer Listening Sessions: Secretary Chuck Ross facilitated the 2nd of 5 farmer listening sessions at Green Mountain College in Poultney on Thursday, February 28, 2013. Approximately 25 farmers, students and others attended. The session offered a venue for the Secretary and agency staff to hear ideas and concerns of those directly involved in agriculture. Discussion included focus on how agriculture and other entities can best assist in reducing the phosphorus levels entering Lake Champlain; supporting animal production; protecting small farms from non-farm interference; dairy profitability; and ways that production agriculture can be done smarter to increase profitability. Due to the proximity of Green Mountain College to NY, there was also discussion concerning Vermont's winter manure spreading ban and how it differs from New York State which has no such ban.

Harvest New England Annual Meeting: The Agency participated in the Harvest New England Conference, a meeting with a mission to support promotion and marketing of New England agriculture. NE Commissioners and Secretaries met to discuss a proposed "Boston Public Market", a plan for a new market with 14,000 square feet of retail space. The market will be a 501c, will be located near the historic haymarket district, will be accessible from the orange line of the T and will have 300 dedicated parking spaces. The market is seeking support from the New England states, which could use the space to promote local agricultural products. Many Vermont farms currently successfully participate in Boston Farmers markets. This would be an opportunity for year-round, permanent retail space for Vermont products. The team anticipates over a million visitors annually. They are still raising capital to support the project, but hope to launch in less than 2 years. Other topics included the proposed Food Safety Modernization Act (FSMA). The FDA has issued over 500 pages of proposed rules, and has asked for comment. All NE states are currently reviewing the proposed rules and will reconvene in May to discuss impact to the region and coordinate comments. The "Keep Local Farms" initiative was also on the agenda; the marketing effort has changed direction, with a new tagline, "Must Be the Milk."

Finally, the group met with the president of the Eastern States Exposition, Gene Cassidy, to talk about the state buildings on the Avenue of the States. Each state owns property at the Exposition, located in West Springfield, Mass, and operates a building during the 17 day fair in September. All states expressed frustration with the current business model and dissatisfaction with the Eastern States management. The buildings are costly for the states to maintain and provide content to the Big E, but the Big E does nothing to help support the cost of the buildings (as an example, the Vermont Building needs \$700k in repairs). We are seeking ways to redefine our relationship with the Eastern States.

Evolving Issues:

National Milk Producers Federation and the International Dairy Foods Association petitioned FDA in 2009 for changes in some of the dairy rules. FDA published it in the Federal Register on February 20, 2013. The proposal has been significantly misconstrued when picked up by media outlets. The proposals major request is to allow the use of "any safe and suitable" sweetener in flavored milk and milk products as part of their standard identity, such as chocolate milk. The major point of misinformation is on labeling. The proposal does not state that aspartame or whatever other reduced calorie sweetener is used would not have to be on the ingredient list. It would have to appear on the ingredient list. It is they do not want to have to put "reduced calorie" in the name of the product. Currently if a non-nutritive sweetener is used a disclaimer like "reduced calorie" has to appear in the name of the product. The proposal can be found at <https://www.federalregister.gov/articles/2013/02/20/2013-03835/flavored-milk-petition-to-amend-the-standard-of-identity-for-milk-and-17-additional-dairy-products> and is open for comment until May 21, 2013.

The Agency will encourage anyone wishing to comment to go to the FDA website to review the actual proposal and express their opinion to FDA.

Summary of Key Agency Department Activity:

Administration

USDA FSIS has been present in the agency throughout the week to audit the Agency's Meat Inspection Program. Overall positive review though accounting challenges have been identified which will be corrected for future. Outcomes will be reported next week.

Agricultural Development

Working Lands Enterprise Board (WLEB):

Is in the process of reviewing 191 Enterprise Investment applications, with the assistance of 20+ volunteer external reviewers that have sector expertise, to ensure a quality review process. Every application will be looked at and scored by at least three reviewers. The timeline to conduct the reviews, and make award decisions within, will most likely be pushed out (currently slated for March) as the volume of administrative work needed to manage the process exceeds staff and board member capacity within the current timeframe. Applications for the Service Provider Investment Grants have been submitted. Applications for the invited Capital & Infrastructure Investment funds are due March 12, 2013.

Vermont Agricultural & Forest Products Development Board (VAFPDB):

The VAFPDB hosted a Genetically Modified Organism (GMO)/Genetically Engineered (GE) panel discussion at the Statehouse on Friday, February 15, 2013. Both the Senate and House Agriculture Committees were in attendance. The panel consisted of experts to give brief reports on the science, legal aspects, biotechnology, and the potential impact of GE/GMO Regulations on Vermont Businesses. Secretary Chuck Ross moderated the panel. Speakers provided additional resources which will be shared with both the House and Senate Agriculture Committees.

Agency attended Harvest New England conference, with participation from nearly 600 farmers and Ag organizations from across New England.

Met with Whole Foods and other meat buyers in Boston to further determine market for Vermont meat in urban centers. Moving more meat to Boston is possible, but there are challenges (consistency, scale, moving the lower-value cuts)

Food Safety and Animal Health and Consumer Protection

Section Chief Henry Marckres and Toxicologist Annie MacMillan are working on the isopropyl alcohol concern in maple production.

Consumer Protection field staff have found 15 violations in the past month. These will result in 11 reports of corrective actions and 4 penalties. Most are short weight or scanner violations.

Consumer Protection/ Significant Events:

Weights and Measures regulatory jurisdictions throughout the country, including Vermont, are celebrating **Weights and Measures Week: March 1-7, 2013**. This event commemorates the first United States Weights and Measures law signed by John Adams on March 2, 1799. The Weights and Measures inspection program is located in the

Consumer Protection Section of the VT Agency of Agriculture Food and Markets. The section conducts inspections and investigations regarding commercial transactions and devices utilized for determining the weight or measure of anything bought or sold. Inspections are conducted on all types of scales, gas pumps, oil and propane meters used for home delivery, scanning systems, package weights, and consumer complaints. 2012 was a very active and exciting time for the W/M program:

- The W/M team successfully restored the Metrology laboratory to full certification recognized by the National Institute of Standards and Technology (NIST) after it was destroyed and relocated following tropical storm Irene. This certification allows the lab to be operated as a regional resource for the weighing and measuring and maple industry.
- Two additional field inspectors were added to the staff to cover crucial geographic areas and functions.
- A new initiative was successfully launched and completed to test and inspect all New Hampshire fuel oil trucks crossing the border into Vermont ensuring added protection to consumers purchasing fuel oil.
- The penalty process and related policies were successfully refined and advanced.
- The successful use of technology employing the use of electronic recording of inspections in the field continued to be implemented, refined, and improved. The W/M program leads in employing such technology and is one of the only Agency sections employing such a system.
- Cross training and professional development of all staff continued to be successfully implemented. Staff attended NIST classes on Metrology and Retail Liquid Measuring Devices, supervisory development training from The Summit, and training/ mentoring from long term employees.

Meat Inspection:

- Federal financial audit by the FSIS (Food Safety Inspection Service) of the Meat and Poultry Inspection program underway this week at Agency of Ag.
- Continue discussions about potential effects of sequestration on meat inspection program.
- Food Safety Specialist, Craig Koscielski, is in Dallas participating in Resource Management training as the program prepares to transition from the Performance Based Inspection System (PBIS) to the Public Health Information System (PHIS). The system relays information about inspection activities in all inspected plants.
- Conversations with Green Pastures meats in New Haven have begun concerning possible start-up of a mobile red meat slaughter operation under state inspection.

Animal Health:

- The tax set off program is paying off as the AH section received the first payment from a delinquent violator.
- AHS Jim Cameron continues to work on the fair grant program as paperwork comes in.
- Specialist Cameron attended a poultry seminar sponsored by Oliver Seed Co in Milton and was available for questions, including the USDA's National Poultry Improvement Plan program. That plan is primarily beneficial for those poultry operations that ship eggs out of state; however we recommend that people only source chicks from NPIP certified flocks. We are working with the DOH to print up educational brochures on safe poultry handling and bio-security practices to be provided at feed stores, fairs, and bird swaps.
- AH is handling the normal winter-related increase in animal welfare calls. Call have included livestock in Shelburne (cattle fine), the goats in Fairfield (goats fine, owned by a veterinary technician, investigation carried out by the Vermont State Police), and draft horses in Essex County which will be checked out later in the week.
- DMV notified AH of a shipment of calves without proper shipping papers being transported from NY to McCracken's Livestock. AH followed up with the transporter and McCracken's and the facility will receive a letter of warning. Calves less than 14 days of age imported into Vermont need official ID and an owner shipper statement; a Certificate of Veterinary Inspection (CVI) is not needed if they are under 14 days of age. The new USDA Animal Disease Traceability Rule that comes into effect March 11 2013 will require a CVI in addition to official identification for any age cattle traveling interstate to be fed out.
- Specialist Darryl Kuehne attended the Addison County Commission Sale on Thursday and Monday evenings. In addition to monitoring the sale barn activities he met with several dealers and the sale barn owners to provide

outreach regarding the new ADT. Darryl is also working on a tagging station agreement that must be approved and signed by the State Veterinarian, the USDA Area Veterinarian in Charge, livestock facilities that tag cattle. Tagging station agreements are required by the new ADT rule.

Agricultural Resource Management

- Participated in an informational briefing with the Department of Health for the legislature regarding Eastern Equine Encephalitis and mosquito control. Legislators in attendance including House/Senate Ag and Health & Welfare -- generally favorable of the state's efforts in 2012 and future proposals for mosquito control and survey work.

Enforcement Activity

Six enforcement actions have been completed and are awaiting final signature before they are sent out. Actions include

- two corrective action letters to 2 small farms for spreading during the manure spreading ban (AAP violation);
- corrective action letter to a small farm for burying a horse and stacking manure within the required setbacks to property lines (AAP violation);
- corrective action letter to a medium farm for applying manure within the required setback to water (MFO general permit violation);
- notice of violation to a large farm for applying manure within the required setback to water, for not having records of the manure application, and for applying to a field not included in the farm's nutrient management plan (LFO permit violations);
- Assurance of Discontinuance for a large farm previously issued a notice of violation for violating a large farm permit amendment.

Annual Water Quality Enforcement Report

The ARM Division has completed its Annual Water Quality Enforcement Report. The report documents all enforcement and technical assistance activity relating to small, medium and large farms. In 2012, the Agency performed a total of 631 inspections/visits to farms to determine compliance with the Accepted Agricultural Practices Regulations, the Medium Farm Operations General Permit and the Large Farm Operation Individual Permits, and to offer technical assistance. A total of 67 enforcement actions were taken (this number includes 50 medium farms that received notices of violation for not submitting their Annual MFO Compliance Reports by the required deadline.) Once reviewed by administration the report can be delivered to the Secretary of ANR as required by the MOU.

Secretary's Comments

Outreach for the Week:

- Secretary Ross and Dep Secretary Bothfeld participated in a ½ day visioning session with the Dairy Industry to build strategic actions for industry development. More details next week.
- Spoke to the Dairy Producers Association annual meeting.
- Participated with Dr. Chen and Agency of Ag and Dpt of Health staff in a presentation to a joint session of House/Senate Ag and Health committee members regarding Mosquito Control – 2012 activities, plans for 2013 survey and testing, district activity and budgets.
- Testified on S. 119 - An act relating to amending perpetual conservation easements before the Senate Natural Resources Committee
- Attended/Facilitated the 2nd Farm Listening Session in Poultney at Green Mtn College.

Legislative Bill Tracking Information

- H.112: Followed the markup of H.112 regarding the labeling of GE containing foods this week – wide ranging testimony again this week including UVM Professor of Nutrition and Food Science stating that there is no scientific evidence that GE is not safe. The House Ag committee is committed to moving the bill. Mark-up for past two days; bill passed out of committee Friday a.m. with a vote of 8-3. The bill creates a new chapter 64 of title 9 and places enforcement authority with the AG's office.

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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: March 1, 2013
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Testified on FY14 budget before Senate Appropriations Committee Tuesday. Sen. Westman, committee liaison to BGS, indicated the committee is looking for money and positions seem to be the best source. Scheduling meeting with Sen. Westman as soon as he can get to it.
- Working with Reps. Marcotte and Brennan on a possible solution (which involves VTRANS) for the future maintenance of the Newport boardwalk.
- Held normally scheduled weekly meetings with the Speaker, Rep. Emmons and Sen. Flory.

Significant Events/Meetings:

- Held update meetings on the problems experienced at the Brattleboro SOB and the seemingly endless Bennington SOB project.
- The development of the Carr lot into a multi-transit center might mean a new location for the present rest area located at 134 State Street. Talks continue with Montpelier officials as they attempt to gain site control of the Carr lot.

FINANCE AND MANAGEMENT

Issues Update:

ERP Project - Training: A memo from Secretary Spaulding and a following meeting notice went to all agency and departments heads and their deputies for the mandatory March 18, 2013 Extended Cabinet Meeting. The draft agenda for the meeting is being reviewed by the project directors and will be presented to the Secretary's office for final approval when completed. This meeting will inform the extended cabinet members about the changes, benefits and the impact on each of them personally as well as on all of their employees. Cabinet and senior management support is critical for the success of Go-Live and post Go-Live.

FY 2013 BAA: H.47 has passed both Houses. We have not received a bill review request from the Governor's Office yet, but have prepared a draft review in anticipation. Overall, there were very few changes from the Governor's original recommendations.

Vantage Budget System: Deputy Zeller and Bradley Kukenberger (the budget analyst assigned as Vantage administrator) met today with Joint Fiscal Office (JFO) staff to discuss how F&M's new Vantage budget system can best interfaced with JFO's excel based application. We agreed to send defined flat files to JFO for testing in loading to their system. The group also discussed what future changes might be necessary for programmatic budgeting with both system.

Federal Sequestration: The Department of Finance and Management continues to monitor the situation in Washington, D.C. regarding the impending sequester. The estimated impact of program cuts for Vermont has been in the range of \$14 to \$16 million, but that is a rough estimate based on many unknown factors. It is difficult to predict exactly what the losses will be and their impact as many will take months to kick with negative impacts to the economy.

HEALTH CARE REFORM

Status of Governor's Priorities:

Premium & Cost-Sharing Subsidies: HHC ended up voting out a proposal that was within the budget amount of our revised proposal (\$4.5M GF) – they put more into premiums & reduced cost-sharing for 200-250% FPL to balance. The bill, H.413, also replaced the employer assessment revenue with revenue from a sugar sweetened beverage tax. Additional money raised was put into obesity prevention. The bill is now in Ways and Means. They seem most focused on the call center and cloud computing costs of the Exchange, so Robin is working with DII to sort out how to explain this.

Next Steps – Financing: The Business E.O. and the current brainstormed list is circulating.

ERISA: Robin has completed two one-pagers on the ERISA issue and possible Congressional fixes. One is more detailed for delegation staff and internal, one is higher level for the Governor. She has requested a call with US DOL Asst Secretary Phyllis Borzi to discuss options.

Legislative Issues/Contacts:

- Robin met with Tim Ashe to discuss rate review & consumer assistance
- Senate Health and Welfare on S.44 - we are neutral but have some tech suggestions

Significant Events/Meetings:

- Call with IBM re: claims assessment tax - will have a follow up meeting
- Rae Claire, President CareCk - vendor visit
- Congressional delegation call - monthly check in; discussed provider tax, GME, ERISA

Evolving Issues:

- H.418; Co-op (has a hearing March 1)

HUMAN RESOURCES

Legislative Issues/Contacts:

Commissioner Duffy testified in Senate Economic Development on S7 Social Networking Privacy Protection Bill.

Commissioner Duffy testified in Senate Economic on S.52, the child care unionization bill; and is scheduled to testify in Senate Appropriations on S.59, the care providers unionization bill.

Commissioner Duffy responded to requests from Senate Appropriations on the number of individuals on temporary relief from duty and the length of time spent on TRD.

The VTA has indicated we are at impasse and will be required to go through the mediation process.

Press/Media Notes:

Commissioner Duffy was interviewed by VTDigger regarding VLRB "Double Pay" grievance.

Significant Events/Meetings:

Continued participation and preparation for the VLRB "Double Pay" grievance.

VTA bargaining is underway.

Supervisory Development Program and Vermont Public Manager Program registration has received a very good response for the session beginning next month.

Open office design training is under development to assist employees and managers in open office workplace issues.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: Contract with Oracle signed 28 February for software to be used in support of the Health Services Enterprise (HSE), and a contract amendment with CGI also signed today. We are continuing to work with AHS to mitigate risks regarding staff resources.

Legislative Issues/Contacts:

Senate Appropriations: VCGI Executive Director Dave Brotzman testified to his FY14 budget and presented broad strokes on a merger with DII.

Significant Events/Meetings:

The following significant service interruptions occurred the last week:

Monday 2/25 9:00am to 3:30pm – Grand Isle CSD lost network connectivity due to an outage of their Fair Point Frame Relay circuit which was slated for replacement with a FP ELAN connection (completed 2/27/13)

Evolving Issues:

- Work Continues on finalizing the Web Portal Project Contract. A new draft was delivered on 2/21 and is being reviewed by the AG's Office.
- The Historic Sites division of ACCD has begun work on its new Website.
- The Agency of Natural Resources has nearly finalized their design for a new Website for both the Agency and its various departments.
- The Department of Human Resources has nearly completed their design work for the new site to launch in combination with the new ERP system.

LIBRARIES

Significant Meetings/Events/Project Updates:

Update on Law Print (Books) Collection: For now we will continue our print law subscriptions pending input from stakeholders who have an interest in the print law collection, including the VT Law School, Judiciary, Bar Association, etc. We continue to have an interest in moving to a virtual law collection, with print related to Vermont law.

Other:

Department of Libraries in the News: Marty was contacted by the reporters from the Burlington Free Press and Times Argus related to two articles this week, on library funding and use trends (BFP/cover story) and the Kellogg-Hubbard Library (Montpelier) and the statute related to the confidentiality of library records.

For the record, Marty is not in favor of libraries calculating town tax support by using the number of registered borrowers (as reported by the Kellogg Hubbard Library.) Instead, believes libraries should use population figures. She is in the process of forming a committee to revise state standards for public libraries and the matter of calculating tax support is sure to be one of the issues for the committee to discuss.

Vermont Digital Economy Project: Marty participated with Paul Costello/VCRD in the review of vendors who responded to the RFP for the development of a statewide community social network.

TAXES

Legislation:

Statewide Property Tax Rate: Ways & Means took some testimony this week on Rep. Condon's bill (modeled on Oliver Olsen's idea) to have an income and property component for all education tax payers. Another overhaul plan of the moment is Rep. Scheurmann's 16 education districts with a freestanding tax to pay for income sensitivity (being promoted by Campaign for Vermont).

Miscellaneous Technical Tax Bill: The Department prepared a bill summary and is preparing a letter for Finance. A meeting was held with representatives from the Natural Resources Board about the provision to remove from the property transfer tax form signed buyer and seller certifications (re Act 250, potable water and septic); and the Department also approached Rep. Klein to discuss the potential new requirement for a thermal rating on the form. The Board maintains that such certifications are handy reminders; the question really is whether there is a measurable benefit given that the real estate bar cites these old fashioned signature requirements as barriers to using the Department's e-filing system to promptly pay the tax.

Miscellaneous Policy Tax Bill:

- *Cloud, Wood Manufacturer's Credit:* Still no testimony scheduled in Ways & Means.
- *Fuel Gross Receipts Tax:* The Department had put this provision in play with a technical change to line the base up with the tax collected for the clean-up fund. Now Matt Cota appears to be working furiously behind the scenes to avoid further tax in support of weatherization; he is quietly suggesting that there may be some suspect interpretations by dealers ripe for enforcement (not clear) or that a current exemption for small sellers be eliminated.
- *Break Open Tickets:* Rep. Condon and Wilson overheard discussing its death in the House.
- *Criminalizing Zappers:* House Judiciary heard testimony on zappers, and will indicate to Ways & Means that they are interested in pursuing this as a stand-alone bill.
- *EITC:* Michael Costa appeared with Secretary Racine before the Education Committee in support of the proposal.

Various Taxes

- *Revenue Sources:* Our POLA division is looking at various small revenue possibilities, such as limiting deductions and credits, just in case. Apparently, JFO has been charged with coming up with a laundry list by the legislature.
- *Health Care:* On Thursday, Rep. Fischer walked through the Exchange funding bill including sugar sweetened beverage.
- *TIF:* Ways & Means heard Milton's grievances with the Auditor's reports.
- *Universal Service Fund Fee:* House Commerce heard testimony on the two different approaches to attaching the fee to prepaid cards.
- *Solar Tax:* The bill passed last year provided for a nameplate capacity tax for plants over 10kW in lieu of a statewide property tax. Tax is still working with DPS on identifying the affected taxpayers, which appear to number more than anticipated. Tax has not worked out a mechanism for collecting the tax – generally taxes are based on a registration/filing system; given the original estimate of a low taxpayer base we had contemplated sending out bills. Aside from the administration problems which will delay collection beyond the April 15 deadline in the legislation, there is an issue of whether the exemption should be sized higher, and whether more outreach should be performed prior to collection. The question is whether to seek amendment in the Miscellaneous Bill to push out the effective date.

Current Use: The committee voted 10-0 in favor of a free-standing bill modeled on the previous versions. They spent some time fiddling with the details for the land use change tax, appeared to strip out all studies out, and once again, voted to repeal the parking provision. The latter would seem a no-brainer given that the previous two attempts to target parking have been unworkable.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: March 1, 2013
RE: Boards and Commissions Update

Supervisor of Beul's Gore – Denise Barnard is looking into what being the Supervisor entails and will get back to me next week.

District #6 Environmental Commission – Frank Ciofi has a couple very qualified young women but wanted a chance to think about it. His Aunt died and his family was going to be at his house for dinner Friday (3/1) evening. I believe his aunt is Bob Paquin's mother.

Public Service Board – FYI – I have had 73 people request applications, 8 are completed. Deadline for application is April 1st.

Appointments Made February 27, 2013

Parole Board:

REAPPOINTED: William Pettengill, Guilford
REAPPOINTED: Peter Ozarowski, So. Burlington
REAPPOINTED: Wayne Dengler, Rockingham (Alternate Member)
REAPPOINTED: Susan Blair, Colchester (PAROLE BOARD DIRECTOR)

Technical Advisory Committee:

REAPPOINTED: Spencer Harris, Starksboro (Site Technician)
REAPPOINTED: Justin Willis, Jericho (Site Technician)

Byways Advisory Council:

REAPPOINTED: Tordis Isselhardt, Bennington

State Program Standing Committee for Adult Mental health:

APPOINTED: Brooke Hadwen, Burlington (Provider)

Vermont Housing & Conservation Board:

APPOINTED: Cheryl DeVos, North Ferrisburgh (agriculture)

Fish & Wildlife Board:

APPOINTED: Theresa Elmer, Northfield (Washington County)
REAPPOINTED: Kevin Lawrence, Newbury (Orange County)
REAPPOINTED: Peter Allard, Swanton (Franklin County)
REDESIGNATED: Brian Ames, Putney (Windham County) CHAIR

Telecommunications Authority:

REAPPOINTED: Louise McCarren, Charlotte

Board of Education:

APPOINTED: Stacy Weinberger, Burlington

Special Education Advisory Council

APPOINTED: Troy McCallister, Burlington (Dept of Corrections)

Veteran's Home Board:

REAPPOINTED: Richard Dundas, MD, Bennington

Justice of the Peace, Town of Greensboro:

APPOINTED: Bridget Collier (Democrat)

Justice of the Peace, Town of Monkton:

APPOINTED: Susan Camp (Republican)

Irene Recovery Situation Report
3/1/2013

IRENE RECOVERY OFFICE

WSOC-VSH

- In consultation with the State, FEMA pushed back announcing the funding eligibility levels for rebuilding the Waterbury State Office Complex while they continue to explore how to maximize them. They are seeking some policy waivers from FEMA HQ and are looking into making use of provisions of Sandy legislation that would provide additional flexibility. We continue to work closely and remain hopeful of a good outcome soon, though timing is in question.
- Next week we expect to complete alternate and improved project proposals for transferring functions and funding from buildings to be demolished into the renovated historic core, new addition, and new heat plant. FEMA has indicated an approximately a one-week turnaround after they receive them to give us EHP approval to begin asbestos remediation as a first step to demolition.
- FEMA is still considering responses from the State's insurance carrier, Lexington, to questions they asked on WSOC coverage. They've requested a meeting next week at which we hope to further resolve issues that will enable FEMA to determine the reductions they will make on reimbursements due to expected insurance payments. Our goal is to minimize any potential gaps between insurance and FEMA funding.

FEMA PA

- To date, 3,299 project worksheets (PWs) have been written and entered into EMMIE by FEMA, of which 3,185 (96% -- up 3 from last week) have been obligated.
- Federal funds obligated to date (based on 90% federal share) stands at \$142,602,258 (up \$9,602,258 from last week because the VSH Temporary PWs were obligated).
- Mary Andes reports that there are 63 towns with large projects, of which 39 towns have completed at least one large project and have initiated close-out.
- All time extension requests received to date have been submitted to FEMA (prior to the March 1 Period of Performance deadline).
- 20 Alternate Project requests have been submitted by applicants.
- 34 Improved Project requests have been submitted by applicants. Of those, 8 have been approved by FEMA, 6 are under review by FEMA, 3 were withdrawn. Four more were reviewed by Peter Coffey and conveyed to FEMA on 02/26. 3 remain for review by the PA Team and conveyance to FEMA.
- 44 Appeals have been submitted by applicants. Of those, 3 have been approved or partially approved, 3 have been denied (1 of which is on second appeal to FEMA headquarters), 15 have been submitted to FEMA and are under review at Region 1, 11

are "on hold" pending further FEMA JFO action (including 10 PWs pertaining to debris removal in Bennington, Woodford, and Rockingham), 4 have been withdrawn and addressed through Scope Change Requests, and 8 are currently under review by the PA Team for conveyance to FEMA Region.

- 22 scope change requests from 13 applicants remain under review by the State PA Team. 20 scope change requests have been submitted to and are being reviewed by FEMA. 45 have been denied. 34 have been approved, resolved, or deferred to close-out. FEMA has agreed to consider a scope change request for Brownington's PW207, which is good news.
- SAIC's Lemuel Malcom demobilizes on 02/28/13. That leaves just Ed Tidwell and Thad Leugemors (also assisting on HMGP) as outside contractor support for the PA Team.

Individual Recovery

- The first approval of CDBG-DR grant funds for housing recovery occurred this week for a family in Putney, VT in the amount of \$26,495.
- A survey of all existing individual recovery cases being worked on by FEMA-funded Disaster Case Managers in an effort to reprioritize existing cases and identify long-term funding strategies. Findings of this survey confirm that currently 277 cases are open; in February 82 cases were closed and 9 new cases were opened. Of the 277 cases that remain, 20 cases have highest amount of unmet need that will not be met with existing resources; 36 cases have very high unmet needs but will be able to be resolved with existing resources; 95 cases are straightforward and will be met with existing resources; 76 cases need additional assessment or information is unclear. DCMP anticipates working with the Irene Recovery Office to address those 20 highest need cases. It is believed that there may be approximately an additional 100 other cases being worked by other case managers not funded by FEMA that are not in the database used for this survey.

ACCD

- Noelle McKay met with George Hamilton and Deb Perry of the Institute for Sustainable Communities regarding the Resilient Vermont Project, as a follow up to discussions at the State agency Irene Recovery Coordination Team meeting at which Noelle was designated to liaison with this project. They confirmed the agreed upon deliverables, including specific recommendations that will be included in the road map. Deb Perry and Noelle will meet every two weeks to maintain communication and information flow.
- Commissioner McKay testified before House Commerce on CDBG Disaster Recovery assistance for businesses. The committee is considering H.169 and hoped CDBG-DR could be used to offset increases in unemployment compensation contributions resulting from rate changes due Irene-related layoffs. The funding cannot be used for

that purpose but, with Sam Anderson of CVEDC, explained how the disaster business assistance program can help.

- Jen Hollar traveled to Washington and met, along with community development leaders from other states, with HUD Acting Assistant Secretary Mark Johnston and Stan Gimont, who oversees the agency's disaster funding. Excellent opportunity to update HUD on status of Vermont's CDBG-DR allocation, ask questions and forge an even stronger relationship between Vermont and HUD headquarters. Discussed potential for additional DR funding for Vermont as a result of Hurricane Sandy appropriation.
- Met with appropriations and housing staffers for Senator Leahy and Congressman Welch in DC. Provided an update on CDBG-DR allocation and discussed Sandy appropriation.
- Worked with consultants and Arthur Hamlin on drafts of the Mobile Home Resilience Study and presented draft recommendations to a roundtable discussion among stakeholders sponsored by the UVM School of Community Development and Applied Economics.

HMGP

- **Current Status of Buyout Properties:**

HMGP Approved	89
HMGP Pending	21
Appealing/RFI HMGP Determination	6
HMGP Ineligible	10
Round 4 (Potential)	5
Grand Total	131

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

VTRANS

Program Development Division

- Scoping summaries received for all corridor projects; working with FHWA to format close-out documents.

- Braintree STP 0187(12) meeting was held to discuss acceleration options with Structures, ROW, ENV, UTIL, geomorphologist and design consultant.
- Woodstock STP 0241(40) site reviewed with consultant, geomorphologist and M&R.
- Searsburg NH 010-1(48) authorized and moving into preliminary plan development.

Operations Division

All District Irene Related FHWA ER Sites	This Week
Total sites	688
Total sites complete	424
Total sites under construction	15
Total sites awarded	84
Total sites ready for bid	104
Total sites scoping/design complete	120
Total sites no activity	11
Total sites given to PDD	65
Total sites on hold ROW/ENV	46

Finance and Administration Division

- Transportation System Recovery Expenditures through February 25, 2013:
\$215,596,888

	Totals	Federal	State	Local
FHWA-ER	\$108,509,883	\$102,240,701	\$3,757,461	\$2,511,721
FEMA - 4022	\$101,799,376	\$98,150,011	\$3,649,365	\$0
FEMA- RREW	\$5,287,629	\$0	\$5,287,629	\$0
	\$215,596,888	\$200,390,712	\$12,694,455	\$2,511,721

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

Tel: (802) 828-1294

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: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: March 1, 2013
Subject: ANR Weekly Report

Governor Level Issues:

Northeast Kingdom Project: Downtown Newport—Spates Block: An article in the Caledonia Record inaccurately reported that this project is being delayed by a lack of DEC approvals. Our brownfields program leader, Trish Coppolino, is in contact with Bill Stenger and Alex Maclean to discuss the details of the program as it would apply at the Spates properties and other brownfields projects that have been discussed conceptually over the last year.

Meeting with IBM re: Lean process: Commissioner Mears met with IBM officials to explore ways they can assist the division with implementation of the “lean” improvement process. DEC will be taking a team of managers to IBM in May to learn more about how IBM has used this process at their Essex facility.

Waterbury Hydroelectric Project: The Agency received a request to withdraw the current 401 application for the Waterbury Hydroelectric Project from Green Mountain Power and a request to reapply. This will reset the 1 year “clock” under federal regulations for the Agency to issue a Section 401 Water Quality Certification for the Project. The Agency plans on issuing the 401 in the next several months.

Fish and Wildlife Board gives preliminary approval for 355 permits moose permits: A total of 355 permits will be issued for Vermont’s 21st annual October moose season under a proposal the Vermont Fish and Wildlife Board gave preliminary approval to on Wednesday. The board voted unanimously on a proposal presented by the Vermont Fish & Wildlife Department that allocates permits in 17 of the state’s 26 Wildlife Management Units. The 355 permits proposed by the department represent a slight decrease from the 385 permits issued last year. Under the proposal, hunters are expected to harvest close to 200 animals during the Oct. 19-24 season.

Vermont Foresters for the Birds Project Wins National Award: The *Foresters for the Birds* project has won national recognition from the U.S. Forest Service *Wings Across the Americas* program for its collaborative approach to forest and bird habitat conservation in Vermont and along the Atlantic Flyway. The *Foresters for the Birds* project is an innovative partnership between Audubon Vermont and the Vermont Dept. of Forests, Parks, and Recreation that started in 2008 with support from the U.S. Forest Service State and Private Forestry Program. It is being recognized for breaking down perceived barriers between tree-cutters and bird-lovers in order to achieve common goals of assisting private landowners with protecting and improving forest health, productivity, and habitat for birds of conservation concern. The *Wings Across the Americas* awards will be presented as part of the 78th North American Wildlife and Natural Resources Conference to be held in Arlington, VA, March 25-30, 2013.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Fee on Bulk Water Withdrawals: DEC met with Senators Ashe and Lyons regarding a proposal they would like to make to charge a fee for all bulk water withdrawals where groundwater is used for bottled water. We provided information about groundwater withdrawals and also let them know that we are not certain whether the Administration could support such a fee.

H. 223 Shorelands Protection: This legislation is advancing in House Fish, Wildlife and Water Resources. The current version is opposed by the Vermont League of Cities and Towns, the Homebuilders and Realtors. We are working with House leadership to develop a new bill that is simpler and addresses the concerns that the opponents of this bill have raised. Our primary goal is to have a statewide program to protect shoreline natural vegetation while allowing typical lakeshore uses.

Lake Champlain Cleanup Plan: Stephen Perkins (EPA, Region I), Eric Smeltzer (DEC State Limnologist), Jim Leland and Laura DiPietro (AAFPM), and I testified in a hearing before a joint panel of the House and Senate agriculture and environmental committees regarding the of the Lake Champlain total maximum daily load (TMDL or lake cleanup plan). EPA explained that the schedule has been pushed back to the late spring of 2014 in order to allow the Vermont legislature to provide the funding and authority to implement the phosphorus reduction efforts. Eric Smeltzer gave retrospective look at TMDL and related efforts. He explained the modeling components, as well as the multiple benefits of managing phosphorous including soil health and water quality. Jim Leland presented an overview and history of agricultural clean water efforts.

He emphasized the good relationship between AAFM and DEC. Laura DiPietro presented an overview of AAFM's clean water programs and funding.

Floodplain Planning and Protection: House Fish, Wildlife and Water Resources passed H.52/72 on a vote of 8-1. The bill's effective date was moved to July 1, 2014 which is fine with DEC. A proposal for amendment from VNRC to clarify that the bill does not restrict new development in village centers and downtowns was not included, but may resurface in the Senate.

Current Use: Commissioner Snyder continued Current Use testimony this week with House Ways and Means. H329 passed 10-0 out of House Ways and Means without any reference to the 83 cents/acre proposed in the budget to fund the county forester program.

Joint Resolution: The Department expects to submit a proposed Joint Resolution to the legislature later this week. The Joint Resolution would seek legislative authorization to proceed with a proposed land exchange with Markowski Excavation in Plymouth and a transfer of a portion of Grand Isle State Park to the Town of Grand Isle for outdoor recreation purposes.

Press Issues/Releases:

Vermont Edition Wastewater Discussion: Commissioner Mears participated in a discussion of innovative and alternative wastewater disposal methods.

<http://www.vpr.net/episode/55482/what-to-do-number-two/>.

VPR Report on Bridge and Culvert Repair: This report focused on the fact that many towns are not being fully reimbursed for the cost of bridge and culvert repairs following Irene by FEMA. I spoke to the reporter and explained that the state is appealing FEMA's decision which relies upon a hyper-technical reading of their rules and is inconsistent with the purpose of the Stafford Act to ensure that communities build back stronger.

http://www.vpr.net/news_detail/97621/discrepancy-between-state-standards-fema-reimburse/.

WPTZ Report on Lake Champlain TMDL: This TV news station did a report on the Lake Champlain joint legislative hearing before the House and Senate agriculture and environmental committees. <http://www.wptz.com/news/vermont-new-york/burlington/Vermont-and-federal-officials-work-toward-new-pollution-limits/-/8869880/19080302/-/fh52vm/-/index.html?absolute=true>

Lake Fairlee Dam: Steve Bushman was interviewed by VPR about the privately owned Lake Fairlee Dam, which is in poor condition. A committee composed of members of three towns (Fairlee, West Fairlee, and Thetford) formed to develop strategies to help with the analysis and repair of the dam, since the private owner is unwilling to do this on his own.

http://www.vpr.net/news_detail/97631/towns-to-vote-on-study-repair-fairlee-dam/.

Outdoor Cats Pose a Threat to Vermont's Wildlife: A new study from scientists at the Smithsonian Conservation Biology Institute and the U.S. Fish and Wildlife Service raises concerns about the welfare of Vermont's wildlife populations. The study found that cats are the single greatest cause of human-caused mortality to birds and mammals, killing an estimated average of 2.4 billion birds and 12.3 billion mammals each year in the United States.

Public Meeting on Potential Test Waters Designation for Jobs and Martins Ponds: A special Test Waters designation intended to improve fishing for large, wild brook trout at Jobs Pond in Westmore and Martins Pond in Peacham is being considered by the Vermont Fish & Wildlife Department. A public meeting on the potential change is scheduled for 7:00 p.m. on Tuesday, March 12 at the Caledonia Forest and Stream Club in St. Johnsbury.

Fish & Wildlife Department Seeks Deer Hunters for Regional Working Groups: The Vermont Fish & Wildlife Department is encouraging deer hunters to apply for one of three regional working groups currently being formed throughout the state. The goal of the working groups is to bring together hunters to discuss deer management strategies and regulations as part of the department's comprehensive deer management review process.

Significant Events/Meetings:

Stormwater Meeting with Chittenden County Municipalities: Commissioner Mears met with the Chittenden County communities most affected by the new updated stormwater permit (MS4 or municipal separate storm sewer system). We discussed the possibility of exploring settlement of the pending legal challenge, discussed options for funding stormwater improvements, and updated them on our efforts to get authority to do flow monitoring for these communities.

Agriculture Partners Meeting: Commissioner Mears met with the USDA NRCS, UVM Extension, AAFM and the Vermont Association of Conservation Districts to discuss coordination in how we provide technical assistance to farmers related to water pollution reduction.

The **Fish and Wildlife Board** met on February 20, 2013 at St. Leo's Hall in Waterbury. On the agenda for the evening was: moose permit vote, black bear management updates, comprehensive deer management planning process, Department deer hearings and a petition from the Vermont Horse Association

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Moretown Landfill: The Air Division is working jointly with the Solid Waste Program and the Health Department to devise an ambient monitoring plan as a result of recent odor and health complaints filed with DEC, VDH and EPA regarding air emissions from the landfill. The landfill was requested by the Solid Waste Program to develop a monitoring plan to address the recent complaints. While the landfill has proceeded with some testing on their own, we will review the plan and will make comments on devising an appropriate monitoring plan. The Solid Waste Program has the lead on this effort and we are providing technical assistance. One concern of ours is that expectations and objectives need to be clearly established. One question is what we expect to do with any results that we develop.

Randolph Union HS Vermont Energy Presentation: Brian Woods and Jacob Ebersole accompanied Secretary Markowitz on her visit to Randolph Union HS last Friday. The eighth grade class was studying Vermont's energy sources, both renewable and non-renewable. Secretary Markowitz worked with the large group to identify and discuss the positives and negatives associated with our energy sources (hydroelectric power, wind, solar, wood, nuclear, fossil fuels). The visit was covered in the local news: http://www.ourherald.com/news/2013-02-21/Front_Page/RUHS_8th_Graders_Spend_a_Day_Discussing_Vts_Energy.html

ANR v. Green Power, LLC: We issued an administrative order to this company which owns and operates a power equipment and small engine sales and repair facility in Marlboro, Vermont. Several site visits revealed violations of the Vermont Hazardous Waste Management Regulations and State law related to notification of waste generation activity, labeling and storage of waste containers, and release prohibitions. The Administrative Order seeks a penalty of \$4,000.00 and contains directives for conducting an inventory of all hazardous waste storage containers on the property, and properly labeling and storing all containers. The company is opposing the order and the matter is pending before the Vermont Environmental Court.

5 lbs of Mercury Removed from sale on the open market: Our investigators learned of a posting on Craigslist by an individual offering to sell approximately 5 pounds of mercury. While it was determined that a private sale was not a violation, WMD expressed a desire to remove this large quantity of mercury from the open market to ensure that it would not enter the environment. We purchased the materials and arranged for its transportation to an approved mercury recycling facility.

The **DRAFT Fiscal Year 2014 Clean Water State Revolving Fund priority list** will be sent out 2/21/13 and a public hearing will be held on 2/28/13 at National Life. In 2014, we propose to fund the construction of 22 projects for a total of about \$38 million. In addition about \$4.5 million will be made available for planning 21 projects. This year additional funds are available to the Clean Water State Revolving Fund in part because the City of Burlington will be making the last balloon payment of \$14.5 million on January 1, 2014.

National Life: Solid Waste staff completed a guidance document for state employees at National Life. This document will provide instructions and assistance on how to manage common recyclable materials, as well as special materials such as batteries. The document also provides instruction on how to divert food scraps through buckets that will be placed in the

cafeteria near the microwave. This organics diversion effort is a modification in previous collection and diversion methods and is being provided at the request of ANR and assistance of the NL Group Facility Management, UNICCO janitorial service, and partnership with NECI.

Gorge-18 Hydroelectric Project: DEC and FPR staff met with representatives of Green Mountain Power and the City of Burlington to finalize the location of an easement for a canoe portage at the Gorge-18 Hydroelectric Project on the Winooski River. GMP will be acquiring an easement from the city for the downriver put-in.

South Hero Dock: The Shoreland Encroachment Program held a public meeting in South Hero about an application to build new docks at a private campground. Local residents are concerned about increased boat traffic. It would essentially result in a new marina in Keller Bay where there are none now.

Fish and Wildlife

Ice Fishing: Ice fishing continues with the best ice conditions experience all winter. Some water bodies, especially Lake Champlain, continue to have marginal ice conditions. Fishing pressure and catch rates remain low except during the numerous fishing derbies that are occurring each weekend.

Snowmobile patrol: Snow conditions continue to improve along with rider participation. Wardens conducted numerous snowmobile patrols and encountered many minor violations. There were two fatal snowmobile accidents over the weekend but wardens had little involvement. In both cases excessive speed was a factor along with alcohol consumption in one case.

Moose struck by snowmobile in Holland VT: A moose was struck and injured on a VAST trail by a snowmobile last weekend. Local warden, Jenna Reed, responded (3 miles from the nearest road), located, and euthanized the injured moose. With border patrol's assistance the moose was retrieved and salvage for meat. The snowmobiler was uninjured.

Rabid skunk in Newbury? Warden Mark Schichtle was called out at 2:30 AM to respond to a report of a bloody 83 year old male who was bitten by a rabid skunk. Further investigation revealed the 83 year old, who suffered from dementia, actually injured himself fighting off an imaginary skunk.

Ice Safety training in Colchester: The four new district game wardens attended US Coast Guard training regarding ice safety. The training consisted of purposefully plunging into icy Lake Champlain to simulate going through the ice and learning strategies to rescue themselves.

Timber Harvest in Roxbury: Staff inspected a timber harvest to create early succession habitat on Densmore Hill WMA with Forest and Parks staff. This operation is going extremely well and is nearly complete. It consists of a series of irregular patch cuts to develop aspen and other

pioneer species, as well as areas of single tree and group selection harvest to promote mast trees. Although this is a relatively small WMA (about 250 acres), it has been carefully managed over the years and has a broad range of multiple age classes of forest habitat conditions. Several ruffed grouse were flushed and there was extensive evidence of deer activity. The district stewardship staff is to be commended for doing a fine job of managing this WMA.

Important Wildlife Crossing Funding: Staff reviewed a proposal for 6' fencing on Rt2 and 189. At the meeting, staff secured money for at least two years of wildlife monitoring for this important road crossing. This data will help the Department build a case for where the most appropriate location and need are for enhanced road crossings along this section of the interstate system.

National Guard resource management plan: Staff started the review of the Air National Guard Integrated Resource Management Plan. This is a thorough assessment of the natural resources on the base and an implementation plan that serves to incorporate conservation with their military-based mission. Annual meetings and 5-year review will involve USFW and VTANR in the process. Staff has scheduled a site visit to assess the property.

Forest, Parks and Recreation

Commissioner's Office: On Commissioner Michael Snyder's agenda this week: an ANR interdepartmental meeting on Examining Vermont's Environmental and Funding Risk, a Legislative Breakfast on the Environment at the State House, a Friends of Vermont State Parks board meeting at Seyon State Park, several meetings with legislators, a meeting with senior ANR staff to discuss the North Springfield biomass project, and attending a portion of the State Parks annual division meeting. If time and legislative agenda allow, the Commissioner will attend the Governor's maple tree tapping ceremony.

Killington Ski Area: Department staff met last week with Killington Ski Area. Like most other ski areas in Vermont, Killington reports that they have had a reasonably good ski season to date (much better than last year's dismal season) and has high hopes for a strong February break and spring ski season. Killington has been at the forefront of most of Vermont's search and rescue operations for lost skiers this year: to date, approximately 50 skiers/boarders have been rescued after skiing off the backside of Killington and becoming lost or needing assistance. Surprisingly, Killington says that this is running about average for them; the difference is that these events are now being widely publicized. Killington is hoping to complete construction of their new summit lodge by December of this year.

ARC Project: As a part of the Agency's Record Conversion (ARC) project, the Department's Record Officer has been working closely with project consultants and Department staff to complete inventories of all Department records.

Land Transactions: The Department met with the Bolton Development Review Board this week for the final subdivision hearing for the Lafreniere sale parcel subdivision. Much of the

discussion at the hearing focused on ways to further the protection of the historic structures on this property through the sale of this land. The hearing has been continued for the evening of March 12th. Both the Dorset and Rupert Selectboards met recently and expressed support for the proposed donation of the Stone property to the State (addition to Rupert State Forest). Work continues on other priority ANR land transactions including Bolton Nordic property (Bolton), Alburgh Dunes State Park land exchange (Alburgh), Fitzpatrick inholding in Coolidge State Forest (Killington), Benson inholding within Okemo State Forest (Andover), and other land transaction projects.

There's An App For That: The Vermont State Parks mobile app is now available for Android platform. The iPhone platform has been doing very well, and we expect the same from the Android.

Windham County Forester Working With Students: Bill Guenther, Windham County Forester, has been advising a team of students from the Conway School of Landscape Design in their efforts to create an educational document which will inform community members and landowners about the benefits of the working forestry landscape. The intent is to foster pride and understanding about the region's high quality forest as a valuable renewable resource - boosting forestry in a way similar to the locally grown "Farm to Plate" movement has boosted local agriculture.

NASF Hill Visits: Steven Sinclair, FPR's Director of Forests and the National Association of State Foresters' representative to the Sustainable Urban Forest Coalition, is in Washington, D.C. this week to attend an annual meeting, and he will also be participating in Hill visits with our Congressional staffers on Urban and Community Forestry, the Farm Bill and USFS appropriations.

Conservation Education: Staff are contributing to the long range interpretive plan for Marsh-Billings-Rockefeller National Historical Park. An advanced Project Learning Tree workshop based on secondary education and assessment is being planned for Castleton State College pre-service education students. A public speaking workshop for Forests, Parks and Recreation staff was well received in Springfield. A collaborative early childhood conservation education professional development series is being planned with partner organizations.