

WEEKLY REPORTS

Checklist
6/20/14

Elizabeth Miller/Alyson Richards

- ☒ Agency of Commerce and Community Development – Patricia Moulton
- ☒ Health Care Reform – Lawrence Miller
- ☒ Department of Labor – Annie Noonan
- ☒ Department of Financial Regulation – Susan Donegan
- ☒ Agency of Education – Rebecca Holcombe
- ☐ VT Commission on Lottery – Greg Smith

TBD

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

Sue Allen

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

Sarah London/Carolyn Wesley

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

Susan Spaulding

- ☐ Boards and Commissions – Susan Spaulding (**no report this week**)
- ☐ Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: June 20, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

IBM: I have taken a few calls from the press on this. Taking the public line “the Governor’s office is on top of communications. We know they are a publically held company and cannot share information with us until their shareholders know. We are optimistic as we know we have a great asset in the plant and the people. Paul Heintz was pushing to know what we are preparing for. I explained there are a lot of scenarios including no change so we are not speculating.

Vermont Castings: I received word today that Vt. Castings is doing a feasibility study on consolidating operations in Bethel and Randolph to Randolph where their foundry is located. They will be hiring a firm to do this research. In that inquiry, they will also be looking at moving to Kentucky where they moved some of their other operations. If consolidation occurs, they will not qualify for VEGI as they will not be creating many new jobs but rather moving jobs. They will have a substantial investment as they would build 75,000-100,000 s.f. Could be a candidate for the Governor’s Enterprise Fund. We will want the Governor and/or me to meet with the CEO and/of CFO next time they are in Vermont, they come once a month. They employ approximately 200 people.

1366: We continue to “dance” with 1366 on any funding from the Enterprise Fund. They indicate they will be going to Japan within the next two weeks to present Vermont, Oregon and Buffalo to the JV partner. Kiersten Bourgeois and Fred Kenney have done great work getting a package to them without the additional funding.

VY funding in Windham County: Jeff Lewis wrote an op ed in the Reformer today indicating the state is planning on putting all \$10 million in a revolving loan fund for the County. I have no idea where he got that notion and I sent an email explaining that is NOT the case. We are not thinking of a response now but rather when the process is finalized, running an op ed with the facts. We have set up a meeting July 10 with the economic development groups and chambers in the region to discuss a possible RLF administered by VEDA. We will have a public hearing that same day.

LUCY LERICHE, DEPUTY SECRETARY

- **S.220:** Lucy is working with Sue Allen on the Press Conference that will take place on Tuesday the 24th. She is waiting to hear back from Jerry Tarrant from MyWebGrocer on whether they will be able to host.
- **VCGI:** Lucy spoke with Steve Klein at Joint Fiscal about the difficulties and complications with a July 1, 2014 implementation date. His view is that we are interpreting the statute too literally and strictly, and that they intended for the transition to be spanned over many months, which is why they also have the March 31, 2015 date in statute for dissolution of the Board and corporation. It looks as though this can be resolved through the legislative intent memo which John Kessler has drafted and is sharing around. Administration officials including Jim Reardon, Sarah Clark, Kate Duffy, as well as the ACCD team of Pat, Lucy, John Kessler, Kathy Thayer Gosselin, and David Metraux met to be sure we were all in agreement about the path forward, and indeed we are. Lucy met with the VCGI Board of Directors to update them on our process. The staff and Board are pleased with the direction we are moving in.
- **Vermont HITEC:** Lucy and Beth Demers met with Annie Noonan about HITEC’s interest in providing training for medical coding for the company, Precyse. At issue is whether we will require “skin in the game” from the employer in order to access Vermont Training Program dollars. Lucy told Annie that we would. Annie is not in agreement with ACCD’s position, even after we showed her the actual language in the statute. Annie was going to get cost estimates for the three components of the training to see how we can best create an effective patchwork of financing to serve this initiative.

- **GMO Discussion:** A suit has been filed against Vermont's GMO labeling law by the National Grocer's Association. It appears as though we need to put rule making and implementation on hold as this is litigated through the courts.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **Reviewed CEDS** feedback from Committee members and others, revised document and incorporated into a final draft version that will be circulated again on Friday 6/20 for final review.
- **Small Business of the Year** awards were held on 6/17 hosted by Vermont Business Magazine. Attended along with Deputy Secretary Lucy Leriche. Governor Shumlin presented to the winners, all related to Working Lands in some way: Super Thin Saws, Sidehill Farm, Bee's Knees, Vermont Bean Crafters, Grow Compost and overall winner, Switchback.
- **Tech Commercialization:** Met with Lucy Leriche and UVM's John Evans, Corine Farewell, and Beth Hill on 6/18 to review grants to UVM and VCET around tech commercialization. Considered ways that UVM can better connect with businesses on research projects, proposed a "Patent Jam" similar to TechJams whereby groups might have 24-48 hours to consider how to commercialize a patent. Also discussed ways DED and UVM can work more closely with Vermont businesses outside of Chittenden County and John Evans has offered to do a dual tour with Lisa Gosselin to visit businesses that could partake in research projects and benefit.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Bartlett Actuarial:** Dan met with three members of Bartlett to talk to them about opportunities to grow their business. They currently have only 1 full-time employee in Vermont, but would like to hire several more. It is difficult to find actuaries as this is a very specialized field. However it is a key part of Vermont's captive infrastructure and they are committed to growing here. They are headquartered in Charleston, SC.

OFFICE OF THE CREATIVE ECONOMY ♦ Lars Torres, Director

Film Inquiries

- Several inquiries this week, including a fall indie feature production, two National Geographic production segments, a short segment for a British show about paranormal activity (Burlington), and a second indie
- **Big Heavy World:** Working to develop a clear role for the Office to work with BHW and the Vermont Arts Council to support BHW's efforts to launch "Hear Vermont" campaign, with a tie-in to 2015 celebration of 50 year anniversary of VAC.
- **Lockwood Prize:** OCE board member Bill Stetson worked out a nice statement in support of the launch of Vermont's largest prize for the arts, given in memory of iconic artist/illustrator Herb Lockwood. First prize given at a nice ceremony at BCA to director/actor/educator Steve Small:
<http://vermontoce.tumblr.com/post/89158067980/governor-shumlin-salutes-innaugural-arts-prize>
- **Vermont Media Alliance:** Vermont's first digital production alliance officially got off the ground Tuesday with the officers signing their incorporation papers in the sterling galley's of Magliano Café in Burlington. This is a great step toward developing both a production guide, network, and industry "voice" for Vermont's digital content creators.

Other

- If you haven't seen it, grab a copy of the latest IMAGINE NEWS which features a cover story about Vermont director Jay Craven's experience Guy de Maupassant's Pierre et Jean to the screen in Nantucket, MA: <http://emag.imagenews.com/Index.aspx>
- *More news and updates at our blog <http://vermontoce.tumblr.com> and via Twitter @VermontOCE*

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Deputy Commissioner Hollar

- **CDBG 40th and Awards Ceremony:** The highlight and focus of the week was a celebration of the CDBG program's 40th anniversary and the announcement of nearly \$4 million in VCDP grants to ten communities. Headlined by Governor Shumlin and Senator Leahy, the event was held at the Milton home of Kerry McManamon who bought her house with the assistance of VCDP funds through the Champlain Housing Trust. Many thanks to Josh, Cindy and Wendy for their work in preparation for the event. And to the entire VCDP and GMS teams for putting these funds to work in no less than 191 communities since the state began administering the program in 1983.
- **Downtown Program Coordinator:** With CP&R Director Chris Cochran, interviewed several well-qualified candidates for the position from across the U.S. As is often the case, salary will be a limiting factor. First and some second round interviews next week. Rep. Tom Stevens is an applicant, FYI.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

- **Tax Credits (Caitlin Corkins)**
 - **Lyndonville:** With Nathan Cleveland and Jen Hollar, met representatives from the Rural Edge Housing group. They are planning to use both federal and state tax credits to support a major rehabilitation of the Darling Inn, a 27 unit assisted living facility.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- Laura was a guest speaker at the Mount Independence Coalition Annual Meeting on Saturday. The day included dining from a campfire as the troops did in 1776-7 and a proper court martial of Major General Arthur St. Clair, the last American commander of Mount Independence. The General was acquitted once again. Elsa and her staff were gracious hosts. Many people commented favorably on the 2014 Calendar of Events brochure and the new Mount Independence brochure which has heavy CMO office involvement.

Environmental Review

- **Waterbury:** Jamie and Judith continue to work with BGS, PC Construction, the Design team and masons at WSOC to identify and refine the specifications for masonry cleaning, mortar color and formulation and brick and stone replacement strategies for the rehabilitation of the historic core. Staff have been spending a lot of time working on these components in recent weeks as the major restoration work gears up for the summer construction season.
- **Rutland:** HP staff, Jamie Duggan conducted a site visit to Green Mountain Power's Center Rutland Hydroelectric Facility to inspect the condition of a massive marble retaining wall that has areas of structural failure and collapse. This massive wall holds back a tremendous amount of material that is the ground for a neighboring manufacturing facility. Both companies are working together to find a solution that will secure and stabilize the steep banks. Engineering and geotechnical investigations are being completed, and the remedy will like involve placing riprap and other large stones in front of the wall and burying it. The wall is a contributing structure within the National Register-eligible, former Vermont Marble Company facility. Jamie's discussion with GMP staff have been revolving around considering alternatives to burying the wall, and if that is not feasible, identifying appropriate mitigation to offset the adverse effects.
- **Middlebury:** Laura and Jamie met with representatives from Middlebury College and the Town of Middlebury to discuss the various components of the proposed land transfer and construction of new municipal offices. Middlebury College will be relocating a historic building that is currently located on Main Street near the new roundabout at the terminus of the recently constructed Cross Street Bridge, to a new location on the other side of the bridge. The College will move this structure, place it on a new foundation and offer it for sale. The College will then donate the parcel of land on Main Street, which is also adjacent to the Isley Public Library, to the Town to build new municipal offices on. In turn, the Town

plans to demolish the current municipal offices, which are housed in the altered, former, late-19th-century high school and early 20th-century recreation center gymnasium. These buildings have serious code compliance issues and no longer function effectively in their current configuration. The buildings do not retain a high level of historic integrity or much architectural character at this point. Once the buildings are razed, a new town park and green space will be established on the site of the high school, opening up the connection and view-sheds between the downtown and campus. The Division expressed an interest in the Town updating their survey information and National and State Register nominations for buildings and historic districts to help the Town and DHP better understand the current overlays.

- **Act 250:** Jamie has been preparing DHP comments for two recent Act 250 projects. The first project is for after-the-fact review of a commercial property in Fairlee where important character-defining features were removed and a number of inappropriate repairs executed. DHP is advocating for those character-defining features to be restored and repairs completed according to the Standards. The second project involves the proposed new construction of a massive, 4-story, multi-use building at the Five Corners intersection in the Village of Essex Junction. The massing, size, scale and form of this building is not in keeping with context of the historic village setting. DHP is advocating for the opportunity to continue consultation with the Developer to find an alternative design solution that would provide for a more suitable design in this location.

State Owned Historic Sites

- **Historic Sites Maintenance:** The Historic Sites Program wishes to thank Kevin Henderson and Merle Miller of BGS for continuously coming to our rescue on short notice, especially while John Dumville is out (liver transplant), and providing the State-owned Historic Sites with the best of maintenance attention.
- **Chimney Point:** Karl Crannell, a site interpreter at Chimney Point State Historic Sites, has recently received extremely positive feedback for his tours. We know Karl is totally awesome but it is wonderful to hear so many visitors compliment him. One even took the time to write a praising letter.
- **Vermont Days Weekend at Western Sites:** The weekend was a success with attendance figures at 91 for Chimney Point, 186 for Mount Independence, and 101 for Hubbardton. Many visitors learned of the weekend through the marketing campaign and outside “free admission” signs, while others look forward to it each year. One woman at Mount Independence commented, “This building is very elegant,” and the exhibit as well. A couple from Barnet pulled up to the Mount after it closed, and were so excited to walk the trails. The woman said they had spent way too long at Chimney Point, which they found absolutely fascinating, to see the museum at the Mount. They had gotten the calendar of events, and she exclaimed, “We want to come back for EVERYTHING.”
- **Bennington Battle Monument:** The eighth week of the season was busy with seven different school groups, with a total of 293 energetic students, most of whom were from Vermont schools. Flag Day was a busy and exciting day, and Betsy Ross herself was at the Monument doing flag games and activities with children of all ages. The highlight of the day was having visitors join in with the worldwide singing of the National Anthem at 4:00 PM. The Monument was lucky enough to have the singing led by a local blues singer, and her rendition of Francis Scott Key’s memorable song was terrific. There were two motor coaches at the site, one with visitors from Great Britain. They were very impressed to have our National Anthem sung and promised us a version of ‘God Save the Queen’ when we visit England. The weekend was a success with almost 600 visitors taking advantage of free admission.

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

- Implementing one of the recommendations from the [Report on the Viability and Disaster Resilience of Mobile Home Ownership and Parks](#) Arthur this week posted the Mobile Home Park Risk Assessment Tool [online](#). Users will be able to sort and filter parks based on flood hazard data, infrastructure and permits, and information from the 2013 registration. An email link is provided to notify the Department of updates and/or corrections.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director **CDBG-Disaster Work**

- **Town of Springfield:** The town's CDBG-DR II application has been received and it has passed threshold review. The proposed project would address significant erosion of the bank between two subject properties along the west side of Meadow Drive that was caused by Tropical Storm Irene. The erosion of the bank is threatening their septic systems and homes. The proposed solution is to construct a stormwater collection system that proposes to address the immediate need to redirect the stormwater away from the eroding bank and other depressions along Meadow Drive to prevent further erosion.
- **Town of Northfield:** The Town has met the Award Conditions with the issuance of the Environmental Release for its DR Planning Grant to relocate its Emergency Medical Service (EMS) facility and create accessible office space and meeting rooms in the fire station. The remaining work can now be completed so the grant agreement can be finalized and offered. The Town is very anxious to get started.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- VDTM is in final preparation for Wanderlust at Stratton this upcoming weekend. We are a major sponsor and will be exhibiting, giving away yoga mat straps and Vermont Teddy Bears. This is an opportunity to create both return and repeat visits to Vermont among a key demographic. We will also be exhibiting at The Vermont History Expo.

Steve Cook, Deputy Commissioner

- **Vermont Arts Council:** VDTM team members Cook, Butson and Brooks met with the Vermont Arts Council to discuss the 50th anniversary of the council taking place in 2015. VDTM has agreed to coop advertise with the council to generate interest in the arts-related events that will be taking place during the year. Focused media will target vacationers in the New England area.
- **GreatJobsinVT.com:** The multiple press conferences held during the first week of June to promote GreatJobsinVT.com were a tremendous success. Site traffic after the kick off launched visitation to the page with over 2,000 visits to the site. The Job Search tab has recorded the majority of the traffic and events that have taken place on the page. This is a huge initial success for the program.
- **Online Travel Agent Marketing:** Cook met with Orbitz.com and had a productive discussion around autumn advertising. Orbitz has had recent strong success with their affinity awards program. We are working on an incentive program that would give consumers stronger rewards for taking their autumn vacation in Vermont. As competition for the autumn traveler has increased drastically across the US Vermont is challenged with holding market share during this critical time period.

COMMUNICATIONS ♦ Jen Butson, Director of Communications

- **Media Projects:** Meet German journalists Roland and Wolf: their Vermont experience was wunderbar! It was a pleasure to bring them on a 15 mile bike tour, in addition to an action packed itinerary. I also currently have a Montreal based writer touring Chittenden county area Sunday-Tuesday. Here's his first submission on a [senior travel online magazine](#).

CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator

Cultural Heritage Projects

- **Experiencing Abenaki Heritage and Culture:** With input from Vermont's official tribes, Catherine Brooks has put together a resource for visitors to learn about Vermont's Abenaki that features exhibits (at Vermont Historical Society, Chimney Point State Historic Site, Fleming Museum, the Vermont Archaeology Center, and the Lake Champlain Museum) and annual events (Abenaki Heritage Festival at the Lake Champlain Maritime Museum, Elnu Heritage Festival at Brighton State Park, and the Northeast Atlatl Championships at Chimney Point State Historic Site. Working with Patrick MacCormack for posting and Jen Butson for promotion.

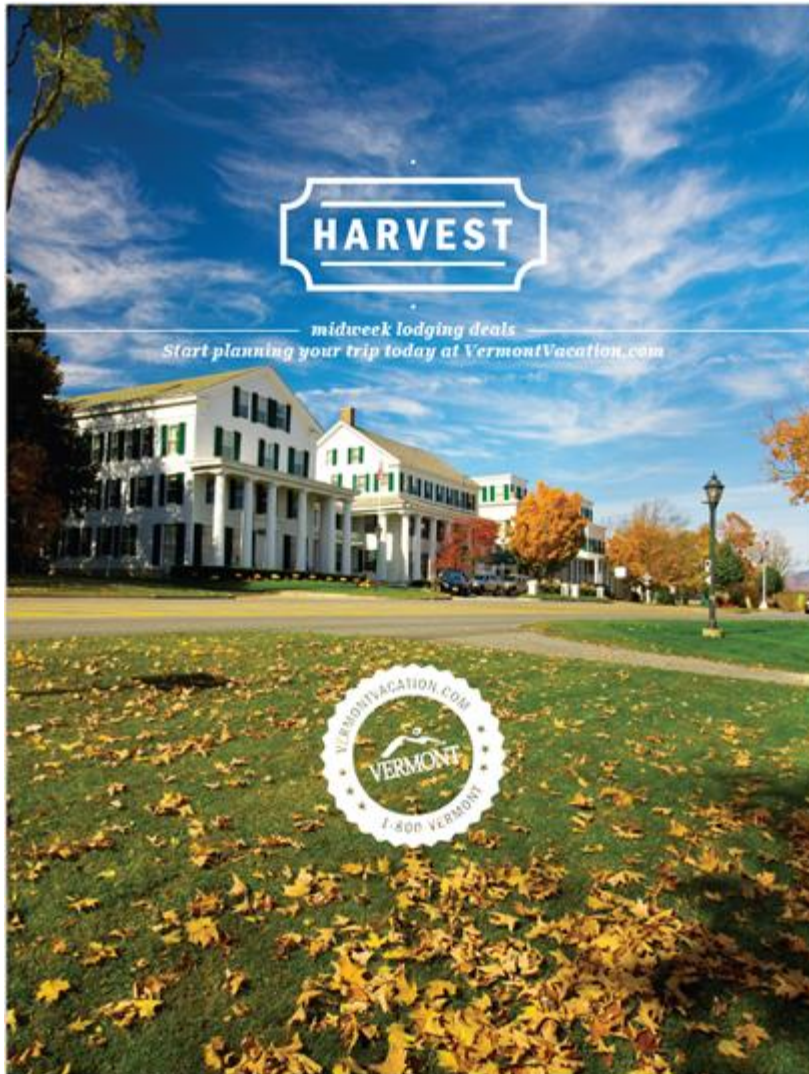
MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **Summer Campaign / HealthyVT:** To help increase the number of visitor sign-ups to be a Cabot insider, we updated the button earlier this week. We changed it from the original "Sign Up!" to "Become a Cabot

Insider!” Visitors should find the button to be more engaging and the button is now consistent with Cabot’s website opt-in opportunity.

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **June 2014 eNewsletter | Consumer eNewsletter:** Please, [read our e-newsletter](#).
- **Fall 2014 | Vermont Life Ad Submission:** David Burnell has been working on an overall concept for the upcoming autumn campaign. Through contextual vocabulary I’ve developed way to relate autumn to the marketing initiatives of the department. In this instance, consumers are asked to *harvest midweek lodging deals*. This theme will extend throughout the fall campaign by pairing autumn terms with VDTM’s promotions.



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

- **Promotion:** Mary has been in contact with our photographers for our upcoming photo/calendar launch party to be held at Hotel Vermont. We have a very strong interest! Some 20 photographers will be displaying their work. She is in touch with Hotel Vermont to plan the details of the September party. Also, this week we've begun the first stages of planning a calendar launch party, Thursday, Sept. 4, at the Hotel Vermont. The Hotel VT/ Vermont Life partnership will act as a kickoff to the Art Hop and our calendar sales season. Vermont Life photographers' images will be exhibited throughout the Hotel and all our 2015 calendars will be for sale. Music, food, drinks and good cheer for all! It's sure to be a fun, well-attended event!

- **Advertising:** The custom e-news continues to be successful. We have a dilemma in that an out of state Inn wants to use this custom tool to promote that Inn. While we allow out of state ads in the print edition, the custom e-news is just that custom and goes to our digital list. We will be meeting to discuss how best to proceed and will brief the Governor's staff.
- **Products and Calendars:** All of the VL calendars have been printed. Working on a production schedule for the direct mail catalog. We have a waiver on the printing contract so we don't need to go out to bid; hopefully this will keep us on track. The catalog will now focus solely on Vermont Life products: calendars and note cards. The only calendar left to print is the desk calendar. David and Judy are working on getting the 2016 and possibly 2017 calendars ready to start working on. We also moved up the calendar photo submission date to July 15 (it was Sept. 15). Thanks to Tourism for including our 30% off sale in their consumer e-news.

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

- **Craft Centers / Vermont History Expo:** Heather and Catherine Brooks have worked hard to produce display materials for the Vermont History Expo this coming weekend. As the event's theme is "Vermont's Creative Heritage," the state's booth will highlight the Vermont State Craft Centers. Catherine has coordinated artist demonstrations throughout the weekend, screening of a video featuring interviews with artists and demonstrations of their craft, as well as displays of craft pieces coming in from galleries all around the state. Heather has designed a timeline of the history of craft in Vermont from 1940 to present, and designed a rack card promoting all 6 Vermont State Craft Centers, for visitors to take away with them. The booth took a lot of planning and coordination; big kudos to Heather and Catherine for all of their hard work! The Craft Centers and craft community as a whole has been very appreciative.
- **Fancy Food Show:** The CMO team is wrapping up preparations for the Vermont Specialty Foods/State of VT booth at the Summer Fancy Food Show in NYC June 29-July 2. All booth display materials have been ordered, and Heather is now working on finalizing all of the printed pieces (recipe cards for demo recipes, and a rack card highlighting all 27 Vermont food companies exhibiting at the show). Nancy and David Burnell also met to discuss a "shot list" for some video footage that David will be shooting at the show on Sunday. We plan to use this footage in the future to promote collective marketing opportunities through the Made in Vermont program. Nancy will attend the show, help man the booth, and hopefully bring back lots of good ideas and connections for development of the Made in Vermont program.
- **State Parks:** The CMO's office will be helping State Parks with an exciting new promotion in July and August, involving Whetstone Brewery in Brattleboro. Whetstone is going to brew two special, limited-edition brews (called Fort Dummer Summer and Molly Stark Dark) in honor of two nearby state parks, and the beers will use the local water sources from those parks. Whetstone has regular Wednesday-night events at the brewery – which have been very well attended -- where they do special releases in conjunction with selected charities (with a portion of the night's proceeds benefiting those selected charities). While Parks will not receive any charitable donations through the program, the connection is designed to promote those two local parks (they will plan to give out park passes at the brewery) and generally to raise awareness of VT State Parks and leverage what we think is a common affinity (people who like beer probably also like camping and the outdoors). We're working on some graphics, posters and flyers to help Parks and the brewery promote the special events – also helping to make connections with other programs (such as Byways and Downtowns) that can help get the word out through their networks.
- **VTrans Recruitment Meeting:** Nancy met with members of VTrans' Operations Division this week to discuss ways marketing could aid in recruitment, which is a particular challenge for plow drivers and entry-level maintenance workers. Challenges are that plow drivers must be on-call 24/7 from December through April, must often work overnights, and the entry-level pay is not competitive with private-sector contracting companies, municipalities, and other neighboring states. Long-term job security and benefits are definite "pluses" in working for state government, but patience, long-term career planning, and staying with the same company for 20-30 years are trends that seem to be going away. Nancy's advice to the group was that marketing could play a part in improving recruitment, but should not be considered a single "silver bullet." (Even if marketing can drive more inquiries about job openings, it will still be difficult for VTrans to "seal the deal" and fill the vacancies if the current competitive disadvantages are not addressed.) She recommended that the division also consider systemic changes, such as moving to a shift schedule for plow drivers, and increasing starting pay while delaying incremental raises. The group seemed to think there might be opportunity for those conversations with leadership.

PRIVILEGED AND CONFIDENTIAL

TO: GOVERNOR PETER SHUMLIN
FROM: LAWRENCE MILLER
SUBJECT: HCR WEEKLY REPORT
DATE: JUNE 19, 2014
CC: EXE

Top Issues

ACO's Critical Access Hospitals are voicing more concern about OneCare taking over their world. Theresa is arranging a series of meetings to address concerns. They will meet amongst themselves first, and then Al and I will join to make sure any dissent is clearly understood. Georgia and I are also discussing additional funding support for the 3 ACO's to help get from now to when the ACO model produces savings to cover more of their own costs.

Blueprint/ACO's Met with both Blueprint and OneCare separately this week. Craig Jones is significantly more open than had been represented. Scheduling joint meetings to map out areas of future responsibility. While we want to avoid redundancy it may be important to retain some functions at Blueprint until ACO's are clearly established so that if they fail we have a fallback.

VHC Testing continues. Delta and MVP say they are now ready to test but CGI tech staff are not confident that they really are ready. We agreed to go forward but they will not necessarily be a blocker to deployment if BCBS is ready and they have a manual alternative.

Terminations are coming up as a more frequent issue. Commonly they are folks who did not pay their bill on time, but some claiming not to have received an invoice, etc.

Optum has been a productive addition. They have reviewed the interim change process and have some significant recommendations for streamlining current practice. They are prepared to train call center staff and begin to work COC backlog ahead of automated COC deployment.

Significant Events/Meetings

Second meeting Thursday with a group from insurers, navigators, and advocates regarding consumer experience of VHC. These are monthly listening sessions and taking the opportunity to keep them current on evolving plans.

New MVP VT President Andrew Garland

Next Tuesday Robin, Tim Ashe and I are on a panel at the BCBS annual meeting.

Legislative Issues/Contact

None, but will be talking to members of Joint Fiscal Committee about upcoming position requests for Health and Human Services Enterprise Program (IE, MMIS) in the next few weeks.

Press Issues/Contact

Peter Hirschfeld, VPR, specific comments on micro-economic simulation and some background perspective; Alexander Panetta, Washington Correspondent for the Canadian Press, background on VT reform efforts, working on a national story and wants to follow VT over several years;

Other Issues

Provider Tax – DVHA preparing briefing for negotiating team.

Business Outreach Talking to the VT Society of Human Resource Managers about running our business survey on current range of health insurance benefit structures.

St. Albans – Mylan toured on Thursday, no report of issues. On track for Monday funding as of Thursday morning.

VIA – Jim Cross of Vermont International Academy, with teachers in China at multiple schools and 450 students, contacted me about AOE decertifying them as a distance learning licensee. Sounds ugly. Will brief Aly.

EE005 Notices are ready to go out using a mail merge approach with a simplified message. I will do a final review of the notice and pass to Scott so that we can be prepared with TP's for press and constituent services.

To: Gov Peter Shumlin
from: Annie Noonan, VDOL
June 20 2014
Weekly Report from VDOL

Issues of note:

Meeting this Tuesday with VY at their meeting house, including VDOL, Mass and New Hampshire DOLs.

IBM - Our staff is working on Trade enrollments

Kennametal - slight delay in layoff schedule. Rumor is that company took 3 pieces of equipment out of Lyndonville facility and brought it to greenfield and 2 pieces won't fit in the facility and the 3rd crashed and the guy in Vt who knows how to fix it won't. Yikes

Benway - rapid response on June 25

Lots of local job fairs in our offices with local employers.

Press release today. UI rate stayed same and Vt is still 2nd lowest

VDOL filed for REA grant. We will most likely be approved and receive more money than requested due to performance measures

VDOL filed for workforce innovation grant for veterans job initiative

Confidential: not allowed to be announced yet: VDOL just received \$3M NEG grant for long-term unemployed. This is a project in conjunction with vt HiTec. We should schedule a formal announcement.

I am also proposing a 6 month contract for additional intensive services for long term unemployed that will go hand in hand with the new grant.

There are a lot of UI changes coming this July 1 and we have started announcing them to business community via our web and our regular mailings. There are also WC changes for which we will need to prepare the stakeholders

Mat B had inquiries from Hillary Niles on the U6 rate. Our response will be we are addressing long term unemployed through new initiatives -- once we can announce the grant.

VDOL is preparing to newly start the ABAWD (Able bodied adults without disability) work for ESD. It has been an interesting exchange of perspective about getting these folks to go to work. It is my position that we push them to get trained and into full time employment. ESD says this population hasn't been pushed heretofore, and I think they will complain to local legislators.

VDOL has several rules pending before LCAR for VOSHA. We will also be filing the WC misclassification and debarment rules within the next few weeks. Tracy, Dirk and I are working on the ESB rules. VDOL has several other rule making obligations post legislation from the session. We also have many summer study obligations as you saw from our report.

I am working with VMEC on an project internal to VDOL that you will see as a contract request.

VTC and VDOL are going to cross swords a bit on their work and lack of performance on the electrical and plumbing apprenticeship program. I've met with Dan smith and Maureen Hebert face to face and Dan seems to get what the issues are, but his subordinates appear a bit out of control - even defiant to him on these changes, so it will be an interesting negotiation. You might get lobbied on this by Dan or Tim D. At this point it would be best to stick with the line that you are certain the process will be fair but that the state and federal monies are tied to performance and contract compliance and completion. Their program manager is likely being moved but that's only part of the issue.

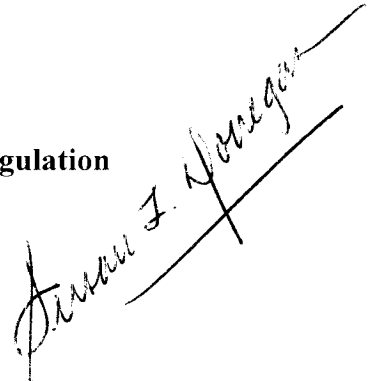
VDOL is hosting the annual meeting for The National Association of State Workforce Agencies in Burlington in September. This will bring about 400 or more people to Vt from around the country. The formal registration came out yesterday and I am hoping we can get you to the opening ceremonies. Mostly every state commissioner of labor will be there as well as most UI and workforce development directors. It will get a lot of national coverage. I hope secretary Perez will come but he hasn't committed yet.

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: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: June 20, 2014
Re: Weekly Report



Securities Division:

Since the Vermont Small Business Offering Exemption (VSBOE) became effective on Monday, the Department has approved one company's offering and received interest from two others.

Village Builders' VSBOE offering was approved this week, which will enable the company to raise up to \$1 million earmarked for expanding the real estate portion of the business. In addition to rehabilitating single and multi-family homes and commercial units, Village Builders of Wolcott is a general contracting business that offers a full range of home building and maintenance services.

The Division has received VSBOE inquiries from two other Vermont businesses:

- A home-based candy company is interested in a VSBOE offering that will fund the relocation of the business from the basement of their home into a manufacturing facility and upgrade equipment. The company makes specialty candies using organic and local ingredients.
- A web-based corporation committed to promoting local businesses through special offers sent via daily e-mails to subscribers.

The Department also met this week with Vermont Businesses for Social Responsibility (VBSR) to promote VSBOE. VBSR is excited about VSBOE and is interested in partnering with the Department regarding outreach and education to its small business members. VBSR currently has 800 members.



Insurance Division:

On Tuesday, Commissioner Susan Donegan, Deputy Commissioner of Securities Michel Pieciak and General Counsel David Cassetty met with National Life Group (NLG) senior management leaders, including CEO and President Mehran Assadi. The purpose of the meeting was to discuss various market issues from both the regulatory and business points of view. While NLG is a solid carrier with targeted growth plans, it is also a mid-sized life insurance company that must respond to competition from larger companies. The Commissioner and Mr. Assadi talked about possible ways to support NLG's growth within the context of being a regulated company. One of the issues identified by Mr. Assadi was a theme the Commissioner has been hearing from the Vermont financial services sector: difficulty in recruiting for Vermont-based jobs. The Commissioner considered the meeting an important opportunity in the ongoing good relations with NLG.

On Monday, the Commissioner met with Michael Nobles the new president and CEO of Union Mutual Insurance Co. Mr. Nobles, former CFO and COO, took over after the retirement of Josh Fitzhugh. The purpose of the meeting was to formally welcome Mr. Nobles to his new role and to discuss his plans for the company for the upcoming year. Union has been engaging in merger activity in New York over the past year and will continue to grow through additional acquisitions. Mr. Nobles also identified difficulty in recruitment as an obstacle for the company. A failed search for a new chief financial officer recently underscored the issue.

Based on the feedback from various financial services executives about the difficulty in hiring qualified financial personnel to work in Vermont, the Commissioner has decided to further explore the recruitment issue and will be putting together a DFR working group to identify obstacles to hiring specific to financial services. She will meet with ACCD as more detailed information is known.

The Commissioner and the Insurance Division's financial staff met with the outgoing President and CEO and Chief Financial Officer of Wake Robin on Wednesday. The meeting was to acknowledge the retirement of Allie Stickney and thank her for her service to the organization and to discuss the succession and expansion plans that Wake Robin is considering. In order to stay competitive in the retirement living and care market, Wake Robin is looking into facility expansion and alternative contracts over the next 3-5 years. DFR regulates continuing care retirement communities.



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CONFIDENTIAL AND PRIVILEGED MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: June 20, 2014

Sample meetings:

I gave a Keynote at the Burlington HS/Winooski HS School Development Institute. It was a good opportunity to feel the culture of the place. Burlington may lose a lot of teachers if they are not careful.

I met with Miro Weinberger on Monday to let him review the letter I proposed to send to Pat Halladay re: the School Board's need to attend to business. The purpose of the conversation was to reinforce the necessity to separate the city and school accounts and complete and audit of transfers between the accounts over the past year. He is committed to doing this. I also pressured him to finish the audit of the transfers between the BSD and the City. More on this below. He is nervous about the political implications of this, which I understand. I think it would serve him well to pursue transparency and eat the lumps in his oatmeal now, so that he is not trying to explain them in two years when he owns them. I am sympathetic, but if I were him, I would be riding my business manager hard.

Emerging Issues:

Staffing:

I have extended an offer to Amy Fowler to serve as our new lead on education quality and have a verbal acceptance. This is a deputy level position. Amy will be relocating from CA to take on this role. I am keeping this under wraps until I have a signature on a contract.

Amy has taught in cities and brings deep practical experience in high poverty, racially diverse schools. She currently works in a senior position in a charter school network whose schools have been successful with a population that is almost exclusively 100% poverty, 100% Latino or African American students. She is conversant in diversity issues in a way that few in the Agency are, but in a way that is increasingly important as our state becomes more diverse. In addition, she has a Doctorate from Harvard, has excellent research and statistical skills, and a strong facility with use of technology to enhance work products. She is a nationally recognized trainer for the Danielson Framework for Teaching; which is the model for teacher supervision for which we currently contract with outside vendors to provide PD (An aside: our summer contract alone costs \$50k to bring in trainers. If Amy can build in house capacity to serve two or three training cohorts, she would cover the cost of her salary right there.) Amy is strong enough to challenge me and keep me from becoming the proverbial bull in a china shop. Most importantly, she is the kind of person who will get the work done and truly understands the limits of compliance and the power of engaging stakeholders (our schools) in sustained R and D if we want to reinvent our schools for a future based on innovation and higher levels of skill. Amy's arrival, assuming she signs her contract, will be game changer for the Agency. It will lead to disruptive change, but in a good way. I now need to find someone comparable on the business side.

Burlington

The BSD school board has been continuously inept and disappointing. We are playing a bit of hard ball with them to ensure they begin to comply with statute and regulations, not to mention common sense. There is no way to fix a situation with bad process, though they continue to "try" to do so. Amazingly, they still have not posted the position of interim superintendent, though Jeanne Collins publicly announced her departure over a month ago. My team met with representatives of the City and BSD yesterday to push the process. The meeting was characterized by various school board members and the attorney contradicting each other and blaming other factors for their failure to move forward.

After pressure, BSD sent us a proposal for an acting Superintendent. However, the proposal they sent is inadequate to the job ahead. We have said we will respond when they send us their response to our previous letter asking for their plans for completing critical tasks we identified that need to be done in the next few months, which they said they would do Monday. Our hope is this response will supplement and force revision of their proposal for an interim.

We continue to keep the pressure on for a full separation of city and school accounts, and have received reassurances and commitments that this will be done by July 1.



We also continue to press for an accounting of all transfers between the city's sweep account and the school district. Without this, nobody will be able to say with any certainty whether the BSD actually has a deficit, or whether it has a cash flow problem associated with the city sitting on district money in its sweep account. We also won't know whether interest accrued on Ed fund money (potentially upwards of 500k per year, depending on timing) was given to the BSD or held to subsidize city operations. The city is convinced the city is subsidizing the BSD, but until this accounting is done, nobody can substantiate that claim. We are concerned that the city is finding it so difficult to complete this report. This issue was first raised two years ago, pushed by us again in December in a letter, and communicated verbally several times since then. Pulling a list of account transfers should be a fairly simple accounting function in a quality accounting system. The delays, rightly or wrongly, raise questions about either the city's accounting capabilities or whether the city is delaying because it is actually sitting on BSD cash. We have been very clear that it is in the interest of both BSD and the City to be transparent on this ASAP. It is our opinion that they will not be able to have sensible, fact-based conversations until this is done.

State Board of Education

I have arranged a facilitator for the Board Retreat and worked with Bonnie Aten Johnson to ensure that a substantial portion of the time is spent on Board roles, responsibilities and process. This will hopefully lay the groundwork for the Board's work on its next strategic plan. There are some really solid people I hope we can hear more from, including Stacy Weinberger, Mark Perrin and Bonnie Johnson Aten. The way the Board currently operates is not taking full advantage of what they have to offer. With respect to SBE goals, I will encourage the SBE to move to a focus on implementation of its new Education Quality Standards, and thoughtful development of policies that support full implementation of those standards.

Stephan is very committed to pursuing governance reform. A majority of the Board feels we have a statewide spending problem and need to consider how to ensure the resources we spend are spent on line items that matter, and not duplicative administrative overhead. My sense, however, is that in the context of the Board, "Governance" is not a fruitful way to begin, especially given that in some peoples' heads, governance is now synonymous with consolidation of small schools. At least two of the Board members (Bill Mathis, Board of Trustees) and Margaret Maclean (paid staff member) are actively involved with Rural Ed, which among other things, hosts a "Consolidation Fight Back Toolkit":

<http://www.ruraledu.org/articles.php?id=2425>

What Mathis agrees is that we have a problem around economic sustainability, and he is willing to entertain the possibility that this may in some cases lead to inequities. I



have developed a good relationship with Bill, and am optimistic we can have a good conversation on this. Margaret is inconsistently involved with the conversation, so more difficult to work with. I am going to continue to emphasize that education quality is ultimately a function of economic sustainability, and that some schools are currently on an unsustainable course.

Preliminary conversations on Governor's Education Goals

In September, we need to present the SBE with the Governor's goals for the upcoming year. I have begun internal conversations and conversations with Aly to support this process. I agree with Aly: we need to focus not on new initiatives, but on robust implementation and pursuit of results for current initiatives. I will meet with Aly soon to develop these further. Several key areas for consideration stand out:

Work force readiness and post-secondary success

This domain aligns with the Governor's focus on jobs and the economy, and is supported by Act 77. Historically, our top performing 25-30% of students (who come primarily from better educated families) tend to go on to college, usually in other states. Well educated HS graduates are one of our valuable exports, up there with maple syrup. What we aim to do is move the needle on performance and post secondary success for the next tier of students—students who traditionally have not gone on to college, but who are much more likely to stay in state.

- Many of these students are able, but lack the resources to go to college. We expect the PLPs and the dual enrollment options to go a long way to defraying the cost of college, and need to make sure this is happening.
- Many of these students are able, but do not think of themselves as college material, particularly if nobody in their family went to college. We hope that taking college courses will make them see that they can indeed thrive in and benefit from post secondary opportunities.
- Many students have potential, but have not been sufficiently engaged or do not see the relevance of education, or perhaps have not had access to applied learning opportunities that would enable them to develop the 21st century innovation skill set they need to thrive beyond high school. This is particularly true of our boys who live in poverty. One place we do see these students thrive (particularly our young men) is in the CTE setting or work-based internships. However, access to these opportunities is inconsistent across the state. MA cites its efforts around Career and Technical Education as absolutely critical to its overall efforts to improve learning in the state. We believe we have a lot of unrealized potential in



this arena and could build on Act 77 and partner with the Agency of Commerce and Community Development to really do some good work. My thinking is to shift John Fischer to thinking about his 4-5 year plan for the AOE's role in work force readiness and post-secondary success. He is already well connected in this arena and passionate about the focus. This builds on his strengths. It would require moving some of his current responsibilities to the new Education Quality hire.

Focus on full implementation of the Education Quality Standards (includes closing opportunities gaps) to ensure education for Innovation/21st century learning

The Education Quality Standards are generally very forward looking, and written broadly enough to scoop up several priorities the governor has voiced, including:

- Closing opportunity gaps through better support for children 0-5 and summer learning and food security
- Transforming schools to education children for innovation and 21st century learning
- Providing schools and districts with better, more comprehensive performance feedback
- Pushing school boards to seek economically sustainable strategies for achieving their performance goals

I want to engage our new hire in addressing these goals.

What follows is just blue-sky thinking. Indulge me here, or skip to the next section. I have been mulling the idea of reaching out to seek support for creating something like the Rowland Fellows program, but at the school level. The problem is we need to engage schools meaningfully in research and development related to school transformation. If we require them to make changes, we are back in compliance mode again. What if, instead, we set up a network called something like "the VT Schools Innovation Lab" and clearly outlined a small set of transformational practices around which we would like schools to take risks and innovate. All of these practices would come out of Act 77 or build on current initiatives. We could invite schools to participate in the Innovation Lab by submitting a very short précis or application of no more than two pages, in which they outline one thing they do well they want to share with the "lab", and one area from our identified set in which they want to innovate and how. We could accept and pair schools in the lab by interest, and offer them \$10k incentive grants to pursue "R and D". This would incentive piloting and development of practices in areas we care about, move us from compliance to



innovation, and make participating in innovation feel like a privilege, not a compliance task. Schools who don't participate will be stuck in five years with nothing more than No Child Left Behind to show for themselves, and which point we can support broader implementation of tools developed and piloted by other schools. As a school and district leader, it always stunned me how much change I could motivate by supplying chocolate. My sense, after speaking with a lot of schools, is that what many programs seek is permission to take risks and opportunities to collaborate, more than cash.

Improved operations internally at the AOE

We have done some good work in the past few months to improve operations and support more strategic fiscal management. We have more work to do. Bringing in an MBA type to help will hopefully enable this work and perhaps smooth a transition when Bill Talbott retires.

Request for a Cabinet Discussion:

At some point, it would help me to discuss HR at a cabinet meeting. I realize current practice exists for a reason. I also feel there is room for improvement if we are to achieve our goals, both in HR and certainly in my own Agency. Within the current structure, there may be some concrete ways we could adjust practices to enable more responsive and effective management.

Good News Update:

Laurie Colgan was invited to present at the national Annual Nutrition Conference in Boston in July. This national conference is held each summer with Food Service Directors, State Agency Staff, USDA staff, food vendors, trainers and other affiliated food service professionals attending for professional development and training. She will be talking about our School Cuisine cookbook and how the USDA foods that schools receive can be used in the recipes. Our team's cookbook and our USDA foods program management is receiving national recognition.

As of yesterday, I am now the parent of a high school student. Wish me luck on that!

Have a great weekend!

Rebecca



OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, June 20, 2014

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Champlain Parkway Update

The City has decided to launch a “feasibility study” of the 4-way intersection of the CP, Lakeside Avenue and the Innovation Center access drive. We have reluctantly signed off on that idea even though it runs counter to our recommendation to sign an agreement with the Innovation Center property owner, Chuck Bayer, with escape clauses, to build what we all want, the above mentioned 4-way intersection. Our feeling was that the agreement would pull the case from the court and allow us to begin construction at the south end of the project while we did the study of the 4-way. We’re not sure why the City is insistent on taking this more time-consuming approach but since they are the project managers we are yielding on that point.

However, the city’s counsel has asked that we keep the feasibility study confidential and I am not willing to do that on a publicly-funded project activity. Our response to the City was not well-received so you might hear something about it.

Other Project News

The Morristown Alternate Truck Route realized a significant milestone this week as the second approach to the long bridge over the Lamoille River (where you signed the T-Bill) was completed. The team celebrated this achievement by allowing Ron Stancliff of Morristown to be the first driver crossing the span. Ron is a consultant inspector who at the age of 75 has been working with the Agency for more than 50 years first as an employee and now as a contractor on a part-time basis.

The Berlin State Highway will be the subject of a bridge closure for about two weeks beginning July 8. Also known as the Benjamin Falls Road Bridge, it passes over Rt. 62 and connects with VT 302 (Barre-Montpelier Road). Major work on the bridge will be accomplished more quickly with this closing but it will be disruptive to traffic. Our

traffic design and Operations staff are working together on the plan in conjunction with the communities that are affected.

The first of several Waterbury projects over the next few years is about to begin with the awarding of a contract to J.A. McDonald Co. of Lyndon for the Rt. 2/100 North roundabout. This follows successful court ordered mediation with two property owners who had contested the necessity of the project.

VTrans and Public Safety Discuss Mutual Needs

Members of our management team and that of the Department of Public Safety have begun discussing the combining of the State Emergency Operations Center (EOC) and the VTrans Transportation Operations Center (TOC) in the same physical location. One of the lessons of Irene was that the merging of these two facilities will improve our response to disasters. In addition, there are space problems with the EOC in Waterbury and HVAC problems with the TOC here at National Life. We will be in touch with BGS and others when these discussions resemble a proposal.

Climate Task Force

The final meeting of the Task Force is set for July 16th in DC. It is anticipated that all the "principles" will attend (though we are trying to verify with other Governors so we know it will be worth your while to go). With all the Subcommittee recommendations to the full Task Force now released, your Vermont team is reviewing to prioritize those that should be advanced and prioritized on behalf of you/Vermont at this meeting. Priorities from each member are to be submitted next Friday. Significantly, the President announced this week a \$1 billion national competition for resilient communities (which was one of our strong recommendations for early action). With your leadership on this Task Force, Vermont should be well positioned to be strong applicants for such funding and Deputy Secretary Minter is actively working to bring Vermont state and community leaders together to brainstorm needed investments around the state for an application for these federal resources.

NOTES FOR STAFF

Town of Johnson Crosswalk Update

As reported last week the Town had refused to accept maintenance responsibilities for three crosswalks despite a previous agreement to do so. The Town Manager, Duncan Hastings, has now reversed course and agreed to maintain the crossings. We have released two town grants that had been withheld.

Litigation Hold re: MBTE

MBTE is a gasoline additive that is the subject of a recently filed lawsuit concerning the possible contamination of soils and waters. We are not aware of any such contamination on state sites but are aware that of the 63 state-owned sites that have gasoline with MBTE, VTrans owns 30 of them. We are not yet aware of the details of the lawsuit but have been notified by the Attorney General of the existence of the litigation hold.

Anbaric Transmission

Chris Cole and Craig Keller from the Utilities Section of Right of Way met with Bryan Sanderson from Anbaric Transmission and Galen Guerraro-Murphy, TRC project manager/consultant, to discuss their proposed high transmission project. They provided PowerPoint slides (see attached) describing the project. Anbaric is a merchant transmission company, they are not a utility and the product they want to provide to southern New England, MA and CT, is 400 megawatts of renewable energy. They are focused on providing wind energy primarily from northern upstate New York.

CT and MA have plans that require them to import 400 megawatts of renewable energy annually to meet plan goals. Anbaric expects the New England States Committee on Electricity to release an RFP sometime this fall and they plan on submitting a proposal. Like TDI, they want to go into the lake but would start from Plattsburgh and come out somewhere near new Haven which is where they want to tie into the grid. Their concept has Velco as a 50% partner in this project but Velco has not agreed to this concept. Bryan indicated that Velco is not interested in transmission projects but only reliability projects, so he wasn't sure if they would end up as partners on the project. Anbaric is also looking for use of the highway ROW. We explained how the process works and how the TDI project was paying for our time to analyze their projects impacts. Anbaric has a different business model approach which doesn't throw as much money at the project initially but instead works to develop partnerships. We will continue meeting with them but it appears as if they are really waiting for the RFP.

Route 2 in Plainfield Intersection

Staff recently held a meeting in Plainfield to discuss this intersection which you may hear about. While the intent was to discuss the recommendations of a scoping study, the residents in attendance were upset to learn that it would be several years before this project could be built and have demanded a meeting with Deputy Secretary Minter, which is scheduled for next week. Representatives and Senators have also expressed dismay. Unfortunately, designing and funding projects such as this does take time and resources, and there is a long line of other worthy intersection improvements that are currently a higher priority (note that this is the 6th of 6 priorities of the RPC, which is who we rely on to advance/prioritize our projects).

Rumble Stripes

You may begin to hear about centerline rumble stripes. As part of our agency goal of reducing crashes and fatalities along our highways, we have joined many other states to install centerline rumble stripes as a part of paving projects. These are proven ways to reduce crashes and fatalities (Since 2008 over 6000 crashes and 94 fatalities in Vermont are due to crossing the centerline. The stripes are said to reduce such crashes by 30%). This policy anticipates including in locations where certain criteria are met: away from densely settled areas, including villages; where speeds exceed 45 mph; where there are adequate shoulders (3 ft. minimum). This policy has created some anxiety/push back in some places (currently on Route 2 in the Islands and Route 12 in Morrisville). On the other hand, we were heavily chastised for not installing them quickly enough along Route

4 (where there were 5 fatalities in a matter of months last summer), and now hear only praise for our actions.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: June 20, 2014

I attended the annual meeting of my peer group, the American Public Human Services Association, in Washington. I was honored as the State Leader of the Year in recognition of our work on transformation and integration in AHS, initiatives that are being promoted as cutting edge in taking advantage of new IT systems and best practices for coordinated services.

Vermont Department of Health (VDH)

Public Health Accreditation:

On June 18th, the VDH was approved for accreditation by the Public Health Accreditation Board. We now join the two state health departments and 20 local departments that have received this distinction. This achievement demonstrates that we are committed to improving and protecting the health of Vermonters and advancing the quality of public health services.

Accreditation standards used to assess health department performance are based on the ten essential public health services, with two additional standards that address management and administration, and governance. Accreditation is awarded for a 5-year period.

Entergy VY Leakage at Condensate Storage Tank Discovered:

On June 17th, a liquid leakage was reported at the "tell-tale" drain (a drain designed to help identify leakage) for the condensate storage tank (CST). Preliminary measurements indicate that the leak rate is 200 milliliters/hour and contains tritium. Preliminary measurements indicate that the total activity rate for the leak is 820,000 picocuries/liter (a very small activity rate). While the CST is an exterior structure, the tell-tale drain is within a moat that is partially protected from the elements. While it is possible that liquid from an external source could get into the moat, the only exit is through the radwaste system. Because the CST tell-tale drains only to the radwaste system, there is no risk of groundwater contamination. VY is currently monitoring the leak and is working to verify its source and the preliminary leakage and activity values. Similar leakages have been observed previously at this tell-tale drain following periods of heavy rain.

Samosaman:

In January of this year, a Commissioner's Decision was issued suspending the Samosaman Natural Foods fair stand license for one year and placing conditions on his food processing license as well as his fair stand license once that suspension ended. Samosaman Natural Foods appealed the Commissioner's Decision to the Board of Health. On May 15, 2014, the Board held a hearing on the appeal and issued its decision on June 11, 2014. The Board suspended

Samosaman Natural Foods' license through July 31, 2014 and imposed the same conditions on his licenses that were issued in the Commissioner's Decision. Samosaman Natural Foods has 30 days to appeal the Board's decision to the Vermont Supreme Court.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH):

The Open House for the Vermont Psychiatric Care Hospital (VPCH) in Berlin is scheduled for July 1st. Several inspections are slated before that time. Conditional occupancy for staff is in place for training and the kitchen is inspected. Licensing and Protection did an initial walk-through on June 16th. There is no determination as of yet. A Fire Safety inspection is scheduled for today. The Board of Pharmacy and Drug Enforcement Agency inspection is scheduled for June 23rd and a meeting with the Board of Health on licensing is scheduled for June 24th. Final occupancy review will occur following completion of the "punch list" of modifications/changes that come from each inspection. As soon as occupancy, license, and inspections are in place, patients will be able to be moved from Morrisville sometime after July 1st.

Brattleboro Retreat:

The DMH received notification from Peter Albert that two representatives from Licensing and Protection were at the Brattleboro Retreat to review the May incident on Tyler 3. As you may recall, this incident involved a suicide attempt of a 15-year old. I will provide follow-up information from the survey as it becomes available.

Burlington Free Press – Nancy Remsen:

Nancy Remsen is writing an article on Linda Corey, Vermont Psychiatric Survivor's (VPS) Executive Director who is leaving her position on June 30th. Deputy Commissioner Reed and Attorney General Dena Monahan responded to her inquiry and then referred her to the VPS Board of Directors regarding any personnel issues.

Department of Disabilities, Aging and Independent Living (DAIL)

Vermont in top quartile for long term services and supports (LTSS):

Last evening, AARP released the second version of their State LTSS scorecard. This scorecard ranks state LTSS systems on a number of measures and was first published in 2011. Vermont remains in the top quartile in our overall performance (ranked #6 nationwide) and showed substantial improvements in a number of indicators; there are four indicators where we had a decline in performance. Bard Hill, DAIL's Director of Policy, Planning and Data, is analyzing the results more closely and we will be looking at steps to address the outliers.

Representatives Pugh and Head ask DAIL's general counsel to convene summer workgroup on H.750 (an act relating to providing adult abuse registry information to housing authorities):

H. 750, introduced during the last legislative session, sought to expand access to the adult abuse registry to landlords. On introduction, the Department remained neutral while acknowledging the merits of the need to protect vulnerable citizens. The bill died in committee and these

legislators have asked us to reopen a discussion with stakeholders in hopes of having a new bill introduced next session. DAIL will try to be responsive to the request in some fashion but does not have the resources to convene a workgroup in light of other statutorily mandated work.

Press attention likely for alleged sexual abuse of a nursing home resident:

The Division of Licensing and Protection is involved in the investigation of a complaint at Rutland Health and Rehab where a licensed nursing assistant (LNA) has been relieved of duty after the facility administrator determined that the LNA had been having sex with a resident. Law enforcement has been notified and it appears likely they will make an arrest in the near future. Survey & Certification (S&C) and Adult Protective Services (APS) are both involved. We will be taking additional precautions because the LNA involved carries a firearm.

Rutland Health and Rehab is deep in an enforcement cycle from past deficiencies. We expect they will have payment denied for new admissions starting July 2nd. The Centers for Medicare and Medicaid Services (CMS) did a look back at the facility this month and confirmed our findings. Rutland Healthcare is a 123 bed facility with an average occupancy rate of 75%; a decision to close, if they do not come back into compliance, could displace about 90 persons, half of whom are likely Medicaid beneficiaries.

Vermont Center for Independent Living (VCIL) reports irregularities in Home Access Program (HAP):

The Home Access Program (HAP) provides funds for persons with disabilities for home modifications that allow them to remain in the community. The Vermont Housing and Conservation Board (VHCB) provides the funds to the Vermont Center for Independent Living (VCIL) for this program. An internal investigation lead to the discovery of apparent conflict of interest violations in awarding contracts, misuse of funds, incomplete work and one allegation of probable intentional fraud (submitting a claim for a disability that does not exist). The AG's office has been notified and as of today, VCIL has been asked to file a formal complaint with Adult Protective Services (APS) on behalf of recipients. At the center of many of these allegations is Harold Nadeau who was recently appointed to the Governor's Council on Poverty. Harold has been a prominent member of the disability advocacy community for years. VCIL Executive Director Sarah Launderville is to be commended for her diligence once the first complaint became known.

Department of Corrections (DOC)

Puppy Program:

This program was featured on WCAX this week. Springfield will receive the dogs in late summer. We will train the dogs over the course of a year. At that point, the dogs will be placed with a veteran. When the dogs are dropped off to Springfield, we will invite media in to cover the transfer.

Prison Rape Elimination Act (PREA) Meeting:

The PREA Seminar was held this week. Working with PREA Act experts, the DOC held a three day meeting this week with all Central Office Management and Facility Superintendents. The

purpose of the meeting is to prepare for the upcoming PREA Audits, scheduled to begin in late July. Three facilities will be audited and any findings will contain a 180 day remediation period.

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

Position:

The DOC is starting to receive applications for the S.295 Director position. Those applications will be vetted and, hopefully, interviews held on July 9th. This is an exempt position.

Population:

The department's incarcerated population averaged 2,061 for the previous week. The incarcerated male population averaged 1,904 for the previous week with 330 being presentenced inmates. The female population averaged 156 for the previous week with 42 being presentenced inmates.

Department for Children and Families (DCF)

VT3Squares:

Vermont is ranked top in the nation for showing the most improvement on 3Square error rates. We ranked 29th in the nation this year, last year; we ranked at the bottom for the same reporting period. Our error rate has moved from 9 to 3 percent. While we do not want to say it publicly, we inherited a mess in Economic Services when we took office. The timeliness of our application processing was at 65%, Legal Aid had sued us, and our error rates were sliding into the sanction zone. Today our application-processing rate is at 97% and we are surely moving in the right direction with our error rates. This turnaround has been achieved through more resources, training, and consultation, helping us implement best practices.

General Assistance Housing - Implementing H.699 (Act 133 - An Act Relating to Temporary Housing):

Act 133, effective May 20th, is a bill that directs DCF to require GA housing applicants (both catastrophic and vulnerable) to contribute *no more than* 30 percent of their income towards the cost of temporary housing. In lobbying for this bill, advocates stressed the need for GA housing applicants to have the ability to save their income for the establishment of permanent housing. Prior to Act 133, applicants for GA catastrophic housing were required to exhaust all available income and vulnerable population applicants were required to contribute 50 percent of their income.

DCF is currently implementing Act 133 by requiring a 30 percent income contribution and is in the process of adopting an interpretative memo pending the formal rulemaking process that uses the Reach Up payment standard as a threshold for the application of the 30 percent income contribution. GA housing applicants with income at or below the Reach Up payment standard will not be required to contribute any income towards the cost of temporary housing. Applicants higher than this standard will be required to contribute 30 percent.

General Assistance Housing – Expedited Appeals:

The current General Assistance rules contain an interpretative memo from 1986 that created a right to an expedited appeal for GA cases. This interpretative memo has remained unchanged since 1986. Until a few years ago, GA expedited appeals were a rare occurrence. Now they are being utilized regularly by GA housing applicants who are denied housing by the Department. The 1986 interpretive memo gave the Human Services Board (HSB) the authority to conduct these expedited appeals. This right does not exist in statute or in the Human Services Board rules. Unfortunately, the interpretive memo does not set forth much of a process with regard to how the expedited hearing should be held including how decisions are issued and how decisions are implemented pending a hearing and decision by the Board. The HSB meets only once a month which can sometimes cause an applicant to exhaust their full housing benefit before the HSB issues a decision. This is especially true for vulnerable populations, which renders the issue moot.

Because the expedited appeal process is an option that is now frequently utilized, DCF is reviewing how this process works and will suggest ways to improve the process. One option being considered is maintaining the current HSB expedited appeal process with more clearly delineated rights and procedures in place. The other option under consideration is replacing the HSB expedited appeal process with an internal expedited DCF commissioner's review process. Once proposals are clearly defined for improving this expedited appeal process, we will reach out to stakeholders for input, including the Human Services Board and its hearing officers, Vermont Legal Aid and others. Our plan is to include these proposed changes when we propose changes to the GA housing rules this summer.

Department of Vermont Health Access (DVHA)

Vermont Health Connect:

Major Issues and Risks: The project is currently listed as RED

- Staffing: Continual staffing overlap and constraints. Upcoming concern with IE project bid review starting. Recommend assessment and appropriate staffing for project and operations across the enterprise.
- 2015 Renewal: System functionality to manage renewals will not be available in time for VHC 2015; risk logged 4/15/14. Team is currently engaged in contingency planning.
- Package 2: Deployment of Package #2 including automated change of circumstance functionality, has been delayed from its original deployment date of 6/8. Further defect fixes and testing are needed.

Brattleboro Retreat (BR) Settlement Update:

BR has accepted the settlement offer for denied days. Review of the automated tool that DVHA will use for care level determination has been shared with BR and a phone discussion/presentation will follow once program is running by end of June. DVHA has initiated conversation & collaboration with BR on quality improvement project that will focus on follow-up care after inpatient discharge from BR.

DVHA Performance Improvement Project Initiation & Engagement in Substance Abuse Treatment:

On June 16th, the DVHA held a day-long training for 26 private mental health and substance abuse therapists who are enrolled in the DVHA performance improvement project, *Initiation & Engagement in Substance Abuse Treatment*. The project is being implemented in three counties: Rutland, Addison and Bennington. The therapists in the program will be reimbursed through a pay-for-performance model and DVHA will be studying the impact on initiation and engagement rates as well as performance and outcome measures. The training was held in Rutland and began with a presentation on the pay-for-performance model and the therapists' role in providing DVHA with the necessary data. DVHA received overwhelmingly positive responses from the clinicians who expressed their excitement to be part of a project with the State. The goals of the project are to increase access to substance abuse services while improving outcomes.

Vermont Information Technology Leaders (VITL) FY15 Contract Negotiations:

Contract negotiations with VITL for core Health Information Enterprise services, new projects and SIM related work are nearing completion. DVHA sent a draft agreement to VITL on June 18th for review and we expect to finalize it over the next week. The final agreement will require expedited review and approval in order to meet a July 1, 2014 start date. We also will be developing a second contract with VITL for project and development work that is included in the recently approved Implementation Advance Planning Document (IAPD). We had a good initial call this week with CMS, but continue to be concerned about receiving clear guidelines and decisions from CMS in a timeframe that can work for the State and VITL given that this work needs to start as soon as possible. Finally, we have been promised a decision this week from CMS regarding an amendment to VITL's FY 14 grant agreement. We need to resolve this issue before the June 30th grant expiration date.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 20, 2014

Secretary's Top Issues

Migrant labor discussion

Secretary Ross and Deputy Secretary Bothfeld met with counter parts with Department of Health, Department of Labor and Agency of Commerce and Community Development to discuss farm labor housing especially for migrant labor. Department of Labor has authority on farm labor housing for H2A and H1B programs and Department of Health works with volunteer town health officers on inadequate housing issues but the relationship between dairy farmers and migrant labor where housing is a part of the compensation package does not fit well into state statutes. Group will utilize counsel to determine what greater authority is available and will schedule a meeting with the migrant education program at UVM, Migrant Justice and the congressional delegation to discuss issues from labor as well as farm owners to try and reach a shared level of responsibility and means to improve the housing situation on farms in Vermont. Continued discussion with VHCB and VLT regarding concerns from board of directors on labor housing issues that may be occurring on conserved farms. Two organizations do not want to become regulatory but would consider outreach to easement holders on what is proper housing and potential assistance in developing materials to use on farms. May also consider looking at labor housing on farms that have requested conservation easement purchase as part of application process.

WLEB press conference

Secretary Ross and VAAFM staff attended the Working Lands Enterprise Initiative press conference at the Grow Compost facility in Moretown. This press conference was conducted in conjunction with ACCD and FPR as well as the WLEB Board to recognize the 37 grant recipients of the 2nd year of working lands funding.

VT Small Business Awards

Secretary Ross attended the SBA Awards at Shelburne Museum: Spoke at reception where businesses were recognized, observed that 6 of the 6 businesses are part of the agriculture and food system economy of Vermont and how over 50% of the 7500 new jobs created in Vermont over the last few years are part of the ag and food economy of the state.

VAAFM and ANR working with dairy industry on water quality

Deputy Secretary Bothfeld and Laura DiPietro of VAAFM and Marli Rupe of ANR met with St. Albans Cooperative Creamery and Dairy Marketing Services leadership to discuss water quality issues and the Regional Conservation Partnership Program, CLF petition, Waters of the United States and the TMDL and its effect on dairy farmers. These two cooperatives are willing to work with other cooperatives in the State to encourage farmers to pay better attention to water quality issues and provide support for the RCPP.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 20, 2014

Status of Governor's Priorities:

Press

- State Veterinarian, Dr. Kristin Haas, spoke with a Seven Days reporter this week regarding the number of zebras that have been imported into Vermont. This inquiry relates to a story that she is working on regarding the prevalence of "unusual livestock" in the state.

Significant Events/Meetings:

- State veterinarians attended the Vermont Veterinary Medical Assn. summer meeting in Burlington this week. One day of lecture focused on One Health topics, including various occupational injuries and illnesses prevalent in farmers and other individuals involved in animal agriculture as a result of environmental exposures and increased frequency of direct livestock contact.
- A quarterly Food Safety and Consumer Protection Division meeting was held this week at the Weights and Measures lab in Berlin. This location was chosen in order to provide an opportunity for staff to become more familiar with the VAAFM alternate work location as defined in the Agency Continuity of Operations Plan. Topics covered during the meeting include storage allowance, section, NASDA meeting, and career ladder updates, as well as FSMA and collaborative laboratory overviews.

Evolving Issues:

- State veterinarians lifted the quarantine this week on a Poultney swine farm that was found positive for Porcine Epidemic Diarrhea in March. The follow-up testing that was completed this week confirmed that the pigs are no longer shedding the virus and should not be infective to other swine. The owner will be performing a final cleaning and disinfection of the barn facility before repopulating the facility with additional/new animals.
- State veterinarians worked this week with a Maryland-based accredited veterinarian who was completing required health certificates for two cattle being imported into Vermont from Georgia post-sale. Both cattle were positive on preliminary testing for Bluetongue virus and for Epizootic Hemorrhagic Disease and were denied entry into Vermont until confirmatory testing is completed and is found to be negative for both diseases.

Summary of Key agency Department Activity

Administration:

- Assistant Attorney General Diane Zamos completed work on information for Public Service Board on Phase II of VT Gas Pipeline with conservation easement co-holders – VT Land Trust and VT Housing and Conservation Board. The pipeline in this phase traverses conserved farm properties and the position of the co-holders is

important in this process of the effect of the pipeline on farmland. The Agency appreciates Zamos leadership and effort on this issue.

- Secretary Ross and Deputy Secretary Bothfeld met with counter parts with Department of Health, Department of Labor and Agency of Commerce and Community Development to discuss farm labor housing especially for migrant labor. Department of Labor has authority on farm labor housing for H2A and H1B programs and Department of Health works with volunteer town health officers on inadequate housing issues but the relationship between dairy farmers and migrant labor where housing is a part of the compensation package does not fit well into state statutes. Group will utilize counsel to determine what greater authority is available and will schedule a meeting with the migrant education program at UVM, Migrant Justice and the congressional delegation to discuss issues from labor as well as farm owners to try and reach a shared level of responsibility and means to improve the housing situation on farms in Vermont. Continued discussion with VHCB and VLT regarding concerns from board of directors on labor housing issues that may be occurring on conserved farms. Two organizations do not want to become regulatory but would consider outreach to easement holders on what is proper housing and potential assistance in developing materials to use on farms. May also consider looking at labor housing on farms that have requested conservation easement purchase as part of application process.
- Deputy Secretary Bothfeld with Marli Rupe and Laura DiPietro met with St. Albans Cooperative Creamery and Dairy Marketing Services leadership to discuss water quality issues and the Regional Conservation Partnership Program, CLF petition, Waters of the United States and the TMDL and its effect on dairy farmers. These two cooperatives are willing to work with other cooperatives in the State to encourage farmers to pay better attention to water quality issues and provide support for the RCPP.

Agricultural Development:

- As a result of an RFP, the Clean Energy Development fund has conditionally approved two awards, for a food-waste digestion pilot project. VAAFM and ANR DEC reviewed and scored the proposals and drafted the conditions, which are now being negotiated. The potential awardees are Casella Waste Systems, Inc. and Grow Compost of Vermont. Casella is partnered with Blue Spruce Farm, and will process food waste at Casella's existing organics recycling facility in Rutland, for use in Blue Spruce Farm's existing digester. Grow Compost of Moretown will process the food waste in a specially designed truck, for use in the existing digester at Vermont Technical College. The awards will be \$139,000 and \$131,549 respectively. Total funds leveraged are at least \$60,000.
- PSD, ANR DEC and ANR DEC have launched an internal effort to streamline and clarify solid waste regulations as they pertain the use of food waste in anaerobic digesters. So far, the discussion has mostly to do with farm-based digesters, but could broaden to municipal anaerobic digesters at treatment plants. The above-mentioned pilot project will serve to inform any potential changes to the regulations.

Agricultural Resource Management:

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

- Staff conducted technical assistance visits on 3 MFOs in Franklin County. The visits were to discuss BMPs for improving water quality.
- Staff conducted/assisted with 2 SFO inspections in Franklin County. These inspections were part of collaborating and working the SFO farm coordinator so that inspections are consistent regardless of farm size.
- Staff are beginning field checks of no-till equipment that was purchased by farms through the Capital Equipment Assistance Program (CEAP). The goal is to document that farms are meeting the conditions of their grant agreements and implementing no-till as specified in their grant agreements. Thirteen farms received financial assistance to purchase no-till corn planters through CEAP.
- Staff are continuing to process applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program. Several draft permits and permit amendments have been submitted to our Directors for review and are being revised as needed. We are also working with farms to set

up public meetings if the farms are proposing to build animal housing. Adding animal housing requires a discretionary public information meeting as well as a permit amendment for existing LFOs.

- Staff are working on developing the water quality section of the new CAI USA Food Safety water quality database.

Conservation Reserve Enhancement Program (CREP):

- Staff worked with State Floodplain manager to confirm/get permission for Colchester SFO (with farmstead situated in a FEMA floodway) to receive clean fill and store on top of footprint of area in FEMA floodway that was previously filled with permission of State Floodplain manager, NRCS, and ACOE.
- Staff checked an installed pipeline and tubs at a SFO in Swanton, and got signatures so farm can be receive CREP cost share.
- Staff checked another installed pipeline and tubs at a SFO in East Fairfield, and also got signatures so farm can be receive CREP cost share.
- Staff evaluated erosion along small unnamed tributary to lake in St. Albans on a SFO at request of partner organization.
- Staff met with a Fairfax SFO and fence contractor to coordinate fence installation – location of switches, pipeline crossing wire, and “flood resilient” breakaway section. In addition, staff coordinated seeding of bare soil areas resulting from stream crossing construction.
- Staff planned for upcoming CREP visits with Orleans County ARS/CREP staff person, Partners for Fish and wildlife, and DEC River Management Staff.
- Staff provided information to partners (VT Land Trust, DEC River Management) from recent CREP field visits.
- Staff coordinated with and connected a SFO in Fairfield with the UVM Farm Transfer program staff and UVM Extension Grazing specialist as a follow-up to a farm visit to discuss timing and BMPs regarding excavation of intermittent stream.

Secretary's Comments:

Events:

- Sterling College, Craftsbury Common: Keynote speaker at job fair held by Sterling for the many agriculture and food businesses in the region.
- Grow Compost, WLEB Press Conference, Moretown: Conducted a press conference with ACCD and FPR as well as the WLEB Board to recognize the 37 grant recipients of the 2nd year of working lands funding.
- UVM Food Summit, UVM Burlington: Opening Speaker at the Summit, called for attendees to move from food fight debate and name calling to discussion and problem solving around shared values
- SBA Awards, Shelburne Museum: Spoke at reception where businesses were recognized, observed that 6 of the 6 businesses are part of the agriculture and food system economy of Vermont and how over 50% of the 7500 new jobs created in Vermont over the last few years are part of the ag and food economy of the state.
- USDA, VT Office of Farm Service Agency, Norwich VT: Spoke to Annual employee recognition ceremony, addressed importance of the community based agriculture they support and their coordination with state government

Meetings:

- RCPP discussion, ANR: Discussed emerging plan for RCPP application, ANR, VAAFM, Governor's Office and ACCD represented
- GMO and Migrant Worker Briefing, VAAFM: met with Governor's office and VAAFM staff to discuss strategy and talking points about dealing with the GMO and Migrant Workers issues.
- USDA, Deputy Secretary Hardin: Quarterly meeting with northeast ag officials to discuss topical issues

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: June 20, 2014

Subject: ANR Weekly Report

Governor Level Issues:

Vermont Gas Phase I (Addison): We issued permits (wetlands, stormwater, stream alteration and 401 water quality certification) for the Vermont Gas Phase 1 project this week. A pre-construction conference was held with the permittee's representatives, as required under the Construction Stormwater Permit. Vermont Gas expects to start construction next week.

White House Task Force on Climate Preparedness and Resilience: We submitted our comments to all of the workgroups to ensure that Vermont's perspective is reflected in the recommendations submitted to CEQ. In the coming week we will be meeting with our climate cabinet staff team to prioritize the recommendations compiled by CEQ. Sarah McKearnan, my special assistant on climate change has been called upon by CEQ staff to help them think through the process to get to a shortened list of recommendations to be considered at the final meeting of the task force mid-July. Once we come up with Vermont's top recommendations we will run them by you to be sure you agree with our priority recommendations.

Regional Effort on Climate Resilience: EPA convened a regional meeting last year to discuss how we could better work together to promote resilience to climate change in our region. Since that time we have been meeting to try to identify how best to move this initiative forward and what the deliverables might be. We are pushing to use this effort as an opportunity to implement in our region the recommendations that come out of the white house task force process. We expect to bring forward some proposals for the governors to consider at the upcoming NEG-ECP meeting.

Vermont Climate Assessment Release: The Gund Institute at UVM released the Vermont Climate Assessment this week. This assessment, the first in the nation at the state level, provides more detail than the recently released National Climate Assessment. Topic areas in the report are climate change policy, community development, energy, water resources, forests, agriculture and food systems, recreation and tourism, health impacts, transportation, and education and outreach. I am happy to arrange a briefing for you on this if you would find it useful. The only real surprise in this report is that, for the near term, Vermont tourism is likely to benefit from some of the changes in climate as our falls season lingers (leaves will stay on longer) and we get more snow (more moisture in the air, and at least for now, (still cold enough to be snow rather than rain) and hot urban areas that will send folks to the mountains north for relief.

EVERYTHING ELSE:

Press Issues/Releases:

White House Task Force: Sue Minter and I were on Vermont Edition together to talk about the White House Task Force Process. We got some good questions (and the predictable High Elevation Wind attack.) We were very well received.

Bow hunter Education Course: F&W is offering a combination hunter education and bowhunter education class geared toward women on Fri, June 20 and Sat, June 21 at Mountain Deer Taxidermy in Northfield.

Random Acts of Camping: In an effort to share the joy of camping with Vermonters, Vermont State Parks will be launching a new promotion designed to encourage day-users to try camping. The program, Random Acts of Camping, rewards lucky visitors to day-use parks with two free nights of tent, lean-to, RV, or cabin camping at a Vermont State Park. One winner will be chosen every weekend, weather permitting, from June 21 – Aug 3. The program was developed as a way to increase statewide accessibility to camping and to foster a lifelong love of the outdoors. To learn more, visit: www.vtstateparks.com.

Working Lands Grants Announced: Commissioner Michael Snyder joined Secretary Chuck Ross of the Agency of Agriculture, Food & Markets and Deputy Secretary Lucy Leriche of the Agency of Commerce and Community Development to speak at a Working Lands press conference this Tuesday. The event, at Grow Compost in Moretown, was held to announce the recipients of Working Lands Enterprise Initiative capital and infrastructure grants.

Significant Events/Meetings:

Rollout of the New Shoreland Protection Act: We have begun holding public informational meetings around the state in coordination with Regional Planning Commissions to provide an overview of this new statute and the permitting process. Many local government officials are attending to better understand the overlap of this new law with town regulations. We have

already received some applications from towns that want to pursue delegation of this program and have heard from others that they want to wait until the dust has settled. David, Justin and I are taking turns attending these to demonstrate that there is leadership support for the smooth roll-out of this new law.

Annual Lake Seminar: On a related note, the annual Lake Seminar for lake associations, volunteer monitors and others was held at the Green Mountain Club in Waterbury Center. The theme for the day was shoreland protection and understanding the new shoreland protection requirements that go into effect this year.

Vermont Hosts Forest Guild: The National Forest Guild will meet in Burlington this Thurs through Sat, and Department staff have been active in planning and providing field tours highlighting Vermont's exceptional forestry. The theme for the conference is "Adapting Forests to Changing Climate". On Thurs, tours will take the 150 participants to Mount Mansfield State Forest and the Proctor Maple Research Center in Underhill, Atlas Timberlands, Marsh-Billings-Rockefeller National Park in Woodstock, Foresters for the Birds work at the Green Mountain Audubon Center in Huntington, Habitat and Mammal projects through Keeping Track, and small property management projects that address climate change impacts. Forestry staff leading and participating include: Keith Thompson, Nancy Patch, David Paganelli, and Sandy Wilmot. Commissioner Michael Snyder will provide the welcome and participate on a panel related to forest adaptation.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs

Costco Trial: OPLA land use attorney represented ANR at the Costco Trial before the Environmental Court. The trial is scheduled to last at least another full week, with additional days reserved the following week as needed.

TDI New England Clean Power Link: OPLA, working with TDI's consultants, scheduled Thursday a day-long ANR site visit to view the terrestrial alignment. The visit is scheduled for July 10 and will follow the proposed route from Benson to Ludlow. Staff from at least 6 ANR programs across 2 departments will participate. TDI's consultants have completed their initial natural resource assessment of their preferred land route and the purpose of the visit is for staff to gain a general understanding of the alignment and to visit specific locations of interest based on the TDI's assessment work.

Derby Walmart site visit/hearing: OPLA staff coordinated a site visit on Tues involving technical staff from multiple ANR programs to assess the streams and stream buffers at the site in order to better understand the potential impact to those resources from the proposed project layout. The stream is intermittent at the project site, but perennial up and downstream from that location. OPLA and DEC staff attended an Act 250 District Commission hearing that night to

alert commission of issues related to stream impacts, presented information from the site visit and on the importance of maintaining buffers. OPLA staff are continuing to work with the applicant to resolve the buffer issue and have internal meeting set up next week. They will be looking for ways to meet our resource protection needs while providing for flexibility to applicant wherever possible. There are also significant issues related to the stormwater management plan as assumptions about the soil type on the parcel proved to be mistaken. The consultant is working on an alternative plan which may give us an opportunity to have the new plan better integrate our buffer requirements.

NextSun Solar MOU's: OPLA attorneys successfully executed stipulated agreements with solar developer NextSun for two ~2MW solar generation facilities in Rutland. The MOU's were filed with the PSB and resolve any outstanding ANR issues with the projects.

Solar Technical Assistance: OPLA staff provided technical assistance and coordinated staff review of a proposed 500kw net metered solar facility at the Interval in Burlington and a 150kw net metered facility in Berlin.

New Applications: OPLA received 4 new Sec. 248 applications.

Environmental Conservation

California Zero Emission Vehicle (ZEV) Regulation Amendments: We are participating in detailed discussions with California, the other states that have adopted California's ZEV regulations, and automobile manufacturers regarding development of proposed amendments to California's ZEV regulation. The primary purpose of the amendments to be proposed this fall is to provide additional flexibilities to the medium sized automobile manufacturers that are transitioning into the more stringent ZEV obligation requirements that the larger manufacturers are currently subject to, while continuing to ensure an aggressive increase in the development, production, and sales of ZEVs in California and the other states that have adopted the ZEV regulations.

WhistlePig, LLC: We have initiated enforcement against WhistlePig, LLC, a whiskey imported/distiller located in Shoreham. As part of their Air Pollution Permit to Construct and Operate WhistlePig, LLC is required to implement an Ethanol Loss Audit Plan to track and regulate ethanol emissions from the on-site inventory in effort to prevent the spread of a black fungal growth, *Baudoinia Compniacensis*, which thrives on whiskey ethanol emissions. WhistlePig, LLC has failed to implement the plan as required.

School Lab Cleanout at Concord School: Environmental Assistance staff assisted Concord School this week in cleaning out the science lab chemicals, sorting chemicals for hazardous and solid waste disposal, creating a waste inventory and a chemical inventory for remaining chemicals. We also made arrangements with the Northeast Kingdom Solid Waste District that will dispose of the chemicals at no charge to the school.

Vermont Public Manager Project Report: A VPM team presented their final report this week on Enhancing Outreach and Assistance to Municipalities. The report contains extensive survey results and six primary recommendations including:

- Establish a consistent point of contact for municipal assistance, using a regional structure where possible;
- Establish explicit expectations regarding responsiveness of DEC staff;
- Develop a simple municipal web page on the DEC web site;
- Improve access to training for municipal officials; and
- Harness relationships with partner organizations

DEC's Municipal Assistance and Outreach Workgroup will be reading and discussing the full report to follow up on the recommendations.

Lake Champlain Cyanobacteria Monitoring: The Lake Champlain Cyanobacteria monitoring effort begins next week. Volunteers will be submitting reports mid-week for quick distribution via the on-line map at VDH - http://healthvermont.gov/enviro/bg_algae/weekly_status.aspx - and a weekly round-up via email on Fridays. The kick-off meeting that brings together staff from VDH, DEC, FPR, Champlain drinking water facilities, LCBP and visiting nurses was held this week in Burlington.

Fish & Wildlife

Molly's Falls MOU: Staff placed water level loggers in the Winooski River upstream and downstream of the Molly's Falls hydropower project in Marshfield. This facility is owned by GMP and is unlicensed since it pre-dates the Federal Power Act. The operation of this project has long caused frequent and extreme flow fluctuations downstream, which concerns the Department since this type of flow regime is typically damaging to aquatic life. ANR and GMP signed a MOA in 2012 to set forth a common understanding of the status of the Molly's Falls hydro project and the parties' future intentions with regard to regulation and operation of the project. GMP would like to make alterations to the spillway at the reservoir and will need a Certificate of Public Good from the PSB. That will provide a permitting venue for making changes. The MOA calls for the initiation of a study planning process in 2014. Staff met with GMP and its consultant to discuss study needs and plan for work that will start later this summer.

Fishing Activity: Fishing activity continues to be high especially on Lake Champlain due to the Lake Champlain international fishing derby taking place last weekend. Wardens reported the derby participants had extremely high law enforcement compliance. Statewide Free Fishing Day also occurred last weekend and wardens reported participation across the state was high. Bass fishing violations continued throughout the week. Fortunately, Saturday was the official opener for "legal" bass fishing.

Fawning: The deer fawning period continues. Wardens are receiving calls daily of abandoned fawns but few have actually been picked up. The few that have, wardens have been able to return to the same area and actually located the adult doe frantically looking for her baby.

Lyndonville Coon & Cat club, Violation Notice: A letter was sent explaining their long-standing tradition of keeping a live raccoon in captivity was illegal without a permit. The letter resulted in initiating preliminary discussions between the Commissioner and the club.

Agency Assistance in Attempted Murder Case: Two wardens assisted the Springfield PD and the State Police with investigating a shooting and baseball bat assault that occurred in Springfield. Wardens located and detained one of the suspect's get-away drivers. After assisting with the interrogation, it was determined the firearm had been thrown from a vehicle but a search of the area didn't recover it. It was later determined friends of the suspects had already picked the firearm up. Ultimately all suspected were located and arrested.

Forest, Parks and Recreation

In Re Appeal of Plum Creek Timberlands (Confidential - Attorney Client

Privileged): Plum Creek filed a Reply to the Vermont Land Trust's Motion for Leave to File Amicus Brief objecting to the Motion and requesting the Supreme Court to deny VLT's motion. In summary, Plum Creek argues that VLT is not a "friend of the Court" but rather a "dedicated, loyal friend of the Appellant, the State of Vermont." Plum Creek claims that VLT and FPR share "identical interests" under the UVA program and the AMP regulations. Plum Creek significantly mischaracterizes the relationship between VLT and FPR. The State, through the AG's office, is considering whether to file a response to Plum Creek's reply to clarify the inaccuracies in Plum Creek's reply and support VLT's motion.

State Lands Transactions: VHCB will be considering several funding request for ANR lands at its upcoming meeting this Friday. These projects include a VHCB funding request for the Mendon Brook Tree Farm (addition to Coolidge State Forest), VHCB approval for the disposition of Lafreniere Homestead parcel at Camel's Hump State Park, as well as a VHCB funding request to support ongoing long-range management planning activities for ANR lands. Work continues on other priority ANR land transactions including transfer of a portion of Grand Isle State Park to the Town of Grand Isle for recreation purposes, acquisition of Molly's Falls Pond property, acquisition of several Forest Legacy easement projects, sale of a portion of State land to Markowski Excavation, and other proposals.

Sugaring: Lands Administration and Forestry staff along with representatives from the Green Mountain Club and the Green Mountain National Forest will be meeting with Blue Ridge Properties on site in Mendon to discuss their long-term plans for sugaring in the area. These plans include the State-owned Bertha and Burch tracts on which Blue Ridge owns the timber rights, subject to a Forest Service easement that protects the Long Trail corridor which runs through these parcels. Blue Ridge obtained a one-year special use permit from FPR to sugar a portion of the Bertha tract in 2014. A longer term sugaring license for the State-owned parcels

would be contingent upon Blue Ridge providing additional protection to the Long Trail and other considerations.

Groton State Park Nature Center: Several parks staff met this week with staff from ECHO to begin planning for the renovation of the Groton Nature Center to be funded by donations collected by Vermont Parks Forever. Using the expertise of the highly skilled and experienced staff from ECHO assures a high quality result that can serve as a model for other interpretive centers across the park system.

Recreation Partnership: FPR is beginning a new partnership with the UVM Rubenstein School/Park Studies Lab to seek funding for support of a postdoc position to work with the Department on a wide variety of recreational efforts.

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Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: June 20, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

GMP Rate Case: Board hearing on Thursday – started and completed in one day. I testified for the Department in favor of the MOU. I believe it went well.

1366: I am working with ACCD on finalizing a proposal to 1366 specifically with regard to numbers associated with the net metering project and on the Economic Development Rate GMP is offering – working with GMP and staff to finalize those numbers as well. Kiersten and I will strategize about how to package the offer – but the options are \$0.069 for 3 years OR \$0.071 for 5 years. For the 5 MW Net Metering Project, IBM is donating the land. GMP is financing and building. 100% of NM Credit will go to IBM year one, with 100% of NM Credit to 1366 thereafter.

WEC Net Metering Tariff: As we agreed to during the NM legislative negotiations, we are filing today in support of WEC's proposed Tariff on NM (allowing them to charge service charge and not allow that to be offset by NM credits) without investigation. REV is opposing.

Clean Jobs Report: Very excited about the release of this report showing 4.3% of Vermont's workforce in Clean Energy employment. **15,000+** jobs in this sector, expected to grow by 12% next year. We are scheduled to do the Press Event on Monday.

VY: Leak (12ml/hr) in the Condenser reported yesterday – condensate is being collected with no opportunity to discharge to ground (see below for details). On a more positive note: Good meeting with Entergy yesterday (with ANR, DOH, VDEMHS) on EPZ emergency planning support, the site assessment report and kicking off a discussion on the process for site restoration standards discussion. Working with Emergency Management and DOH, we'll be giving Entergy a proposal for funding through the time the spent fuel is in the pool. We will coordinate with Sarah and AGO before doing so, as I suspect this will need to be turned into a formal agreement.

Regional Initiative/CT PURA Filing: We are filing today our disagreement with NextEra's interpretation about SPEED, as are the DU's separately. We are all on the same page about the rationale and what to say: No conflict with SPEED before 2017; RECs not being attributed more than once to one entity, etc.

VSNAAP/DCAP: I'll be sending a list of nominees for appointments to the Decommissioning Citizen's Advisory Panel (DCAP) along with recommendations early next week. I am hoping you, Shap and John Campbell can make appointments relatively quickly so I can hold a meeting of the new panel toward the end of July if at all possible.

VGS: Had meeting with Monkton residents on land acquisition issues sponsored by Chris Bray – who has come out opposed to the project as of yesterday. Our testimony last week pointed out significant net benefits of the project – though we are waiting for VGS to get back to us about solar hot water and biogas options. We will arrange a meeting with the Addison County delegation per their request of Liz.

Everything Else:

PERD

Residential and Commercial Building Energy Standards (RBES & CBES)

- Commercial Code:
 - Received 3 planning letter from the Division of Fire Safety for follow up.
- Code Update:
 - 2015 CBES draft language for base code has been posted on PSD code update website. Draft Language for stretch code to be reviewed and posted Monday if approved. Stake holders email in regards to availability of the draft CBES language availability.
 - Commercial stakeholder meeting taking place June 19, 1pm till 4pm at Burlington Electric Department.

Energy Efficiency Utility Activities

- Demand Resource Plan (DRP) –
 - Staff meet with VEIC/ BED and VELCO to discuss QPI setting including:
 - EEC Business Comprehensiveness: Staff discussed changes to the EEU's tracking systems and expect a proposal from the EEU's for setting the target next week.
 - Minimum Performance Requirements: Staff established minimum spending requirements for VEIC based on the DRP modeling assumptions including Residential sector and Low Income minimum spending
 - Small Business equity: Staff discussed establishing an appropriate baseline for this metric and the feasibility of tracking commercial customers in Designated Downtowns. Tracking this data seems feasible, however integrating Downtowns as a QPI metric may be more challenging than originally thought.
 - Staff met with VELCO to discuss the initial benefit/ cost of performing a full scale feasibility analysis on the Monthly Coincident Peak QPI concept. Staff anticipate being able to determine initial feasibility within the next few weeks.
 - Next week Staff will meet with VEIC and BED to discuss the Administrative Efficiency metric and also receive proposals for Market Transformation.

Evaluation

- Forward Capacity Market Evaluation:
 - FCM 2013 metering plan development has begun in cooperation with EVT and BED.
- Savings Verification –
 - Verification is near completion, final few projects still under review by EVT.

Technical Advisory Group (TAG) and Technical Reference Manual (TRM) review

- TAG:
 - Reviewing Clothes Drier PIP.
 - Reviewing UDRH (User Defined Reference Home) update proposals.

VSPC

- Initiated discussion with State co-economist Thomas Kavet regarding possibility of adjusting Moody's macroeconomic variable input values to reflect more Vermont-specific assumptions. ITRON has flagged the Moody's estimates as potentially untrustworthy but it is unclear how influential they are on load forecast results.

Avoided Energy Supply Costs

- Participated in kick off of AESC regional study call of Project sponsors. Stakeholders are looking to start the process sooner to 1) allow more time for completion of the study, and 2) to better fit within Massachusetts three year planning cycle. The timing change does not affect Vermont. In addition, study sponsors are considering moving to a three-year basis, rather than completing every two years. Staff have suggested that this is acceptable as long as the inputs (rather than the methodology) are updated annually. Otherwise, because VT efficiency programs three year cycle is not consistent with Massachusetts and others, the three year study would result in use of values that are too out of date to be reasonable.

Thermal Energy Finance Pilot Program

- Addendum to VLITE grant agreement for additional \$100,000 signed by department and VLITE
- Sent award letters to the two credit unions; follow up plans to begin drafting grant agreements; misc. administrative details

Vermont Clean Energy Finance Collaborative

- Conference call with planning team on Wednesday to finalize the draft agenda. Dep. Commr. Springer is scheduled to describe the department's interests and activities re: clean energy finance as part of the meeting to explore ways the state can improve its effectiveness in finance for clean energy
- Integrated CE Finance Collaborative meeting at VEDA; Wednesday, June 18, 2014 @ VEDA; 2-4pm.

Clean Energy Development Fund

- Approved an invoice for sixteen PV SSREIP incentive payments for a total of \$25,140 for 95.5kW of new PV capacity, and three solar hot water incentives for a total of \$8,640, including one large low-income housing system for the Gilman Housing Trust (\$6,730 incentive on that project).
- Reviewed and released for public comment the CEDF FY 2015 proposed Annual Program Plan and Budget Allocations.
- Notified nine towns that their community solar projects were selected to be awarded grants. Also sent questions to Hyde Park Electric Dept. about their grant proposal. Their proposal was selected as the tenth possible awardee.
 - Responded to many of the 9 towns that received notice that they were selected to community solar grants, answering questions and generally getting them ready for grant agreements.
 - Notified the other 12 applications that they were not selected for an awarded.
- Vermont Clean Energy Industry Report:
 - Final draft reviewed by senior leadership with changes made; the final version will be ready for commissioner's signature on Monday.
 - Target release date for the report: June 23 (pending departmental confirmation)
- Upcoming meetings:

- 6/19 - CED Board Meeting

Renewable Energy Items

- discussions with VEIC about CEDF/Dept. participation in a 3 yr ~\$750K grant proposal they are making to DOE-SunShot Initiative. They submitted a short concept paper a few weeks ago and were asked to submit a full proposal by July 3rd.
- Attended VT Dam Task Force Meeting, at which the Low Impact Hydropower Institute (LIHI), which certifies hydro projects as low-impact in order to qualify for higher-value RECs, presented.
- Attended biweekly PV developers-state agency meetings. In addition to requesting clarity on the fencing issue, developers have pointed to PSD's review of system stability & reliability under 248(b)(3) as unnecessarily redundant if a project has already received interconnection approval from the utility. They would like additional clarity from us on the reasons for this.
- Heard from Gina Campoli at VTRANS that they have identified 23 parcels > 20 acres under their ownership, which might be possibilities for the state utility-scale solar projects; however, they first want to assess the potential for VTRANS doing net metering projects for their own purposes (under the All Earth contract) on those sites, before they'll release them to us for consideration. Have half a dozen ANR operational lands to send to GMP for interconnection review, but waiting for street addresses before doing so.
- Upcoming meetings/deadlines
 - 6/18 1-2 p.m. – meeting with VCGI about PSD mapping needs

Net-metering

Net Metering Activity 6/7/14 – 6/13/14

	Registrations*	Applications	CPGs Granted
Count	23	1	32
kWAC	173.825	15.694	191.52
Ave Size kW	7.558	15.694	5.985

Cumulative Capacity of Registrations and Applications Submitted

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
3982.66	5528.51	44047.57	~ 29.4%

*Note: As of April 1st projects up to 15kW are now eligible for the registration process.

Prior to this change, systems larger than 10kW were required to file an application.

** Note: That table does not include systems larger than 150kW that go through the full 248 process. Those projects (pending or approved) total approximately 12 MW to date.

Total Energy Study

- Dunskey found an error in model calibration related to the baseline, current level of greenhouse gas emissions. The model had understated 2012 emissions by approximately 15%. This results in the model understating the measures necessary to reach greenhouse gas targets, and will have an impact on total costs of meeting targets (previous estimate was 3-9.5% of total energy costs).
- Still awaiting revised FACETS output values from DEC. REMI legwork continues apace with the customization of several NAICS industries to better resemble the FACETS universe of energy producers/distributors and interpolation of baseline FACETS output values.

Integrated Resource Plans

- Met with VPPSA to discuss the key variables they will assess as part of their IRP. The variables identified, and their proposals to stress them, appear to be reasonable. Natural Gas prices, REC prices (or the institution of an RPS) are expected to be some of the most significant. Discussion to be continued early July.
- Met with GMP to review assumptions and initial results of their load forecast. General methodology is similar to that vetted via the VSPC (GMP uses the same consultant as VELCO). GMP generally expects load to be flat. Significant uncertainty remains with regard to treatment of heat pumps. GMP has created a simple payback solar model to estimate the amount of net metering expected on their system and has agreed to share with the Department.

Heating Fuel

- Since last reporting Crude Oil risen to \$106.08 v. \$102.75 a week ago.
- The natural gas market has traded up now at \$4.758 v.v\$4.724 a week ago.

Engineering

State Liaison Officer (SLO) Designee Completes VY Unescorted Site Access Training

Tony Leshinskie, State Nuclear Engineer & Decommissioning Coordinator, completed a series of training courses and follow-up exams within the past week to obtain unrestricted access to the VY Protected Area (e.g. the reactor and turbine buildings at the VY site). This access will allow Tony to conduct his daily work at the VY site without an assigned Escort and additional security procedures normally required for visitors to the VY site.

VY Receives Windham Regional Commission (WRC) Comments on Proposed Second Dry Cask

Storage Facility In a letter dated June 13, 2014, the WRC provided comments to VY regarding the proposed second spent fuel dry cask storage facility at the VY site. Included with these comments are a number of pointed questions regarding what costs associated with the storage

of spent fuel at the VY site can be reimbursed from the Department of Energy (DOE) mandated decommissioning fund, what costs regarding on-site spent fuel storage that cannot be recovered from the DOE fund are currently anticipated, what financial support to Windham Regional emergency response organizations can be anticipated following VY's final shutdown and what is the anticipated timetable for VY's decommissioning. These questions should be reviewed and considered carefully by the PSD when negotiating VY's decommissioning plan with Entergy.

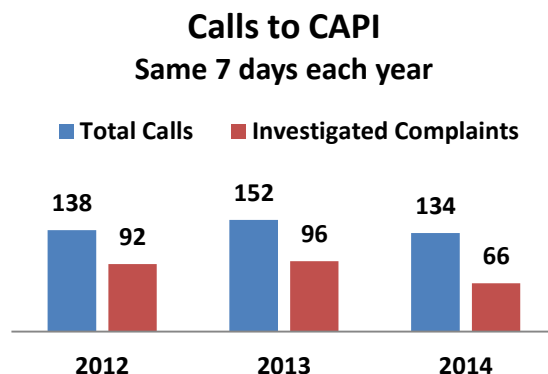
Leakage Discovered at VY Condensate Storage Tank (CST)

On Tuesday June 17, a liquid leakage was reported at the "tell-tale" drain (a drain designed to help identify leakage) for the CST. Preliminary measurements indicate that the leak rate is 200 milliliters/hour and contains tritium. Preliminary measurements indicate that the total activity rate for the leak is 820,000 picocuries/liter (a very small activity rate). While the CST is an exterior structure, the tell-tale drain is within a moat that is partially protected from the elements. While it is possible that liquid from an external source could get into the moat, the only exit is through the Radwaste system. Because the CST tell-tale drains only to the Radwaste system, there is no risk of (i.e. no release path that would result in) groundwater contamination. VY is currently monitoring the leak and is working to verify its source and the preliminary leakage and activity values. Similar leakages have been observed previously at this tell-tale drain following periods of heavy rain.

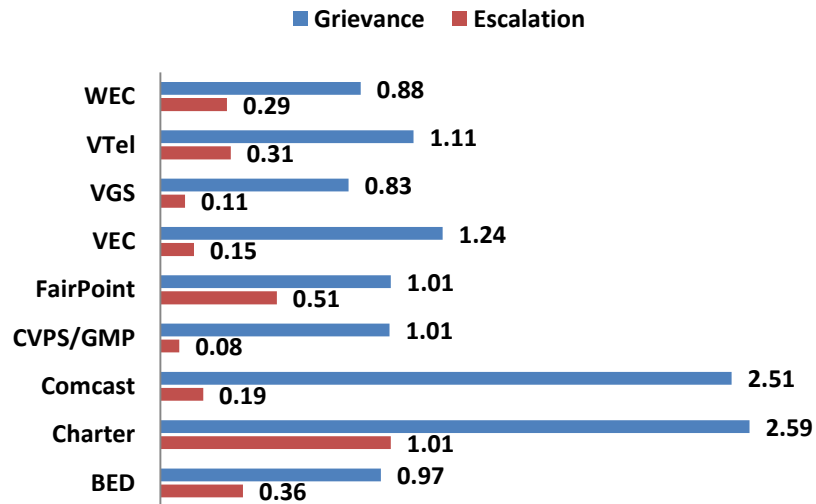
Gas pipeline inspection activity

The Gas Engineer reviewed the progress of Gillespie Propane regarding violations which were noted earlier this year. The company trained four employees to perform safety code compliance activities in May, 2014, and retained a consultant to prepare written operation and maintenance plans appropriate to the pipeline system they operate. Dig Safe membership, establishment of adequate over pressure protection and leak survey performance is currently inadequate. These topics were discussed with company management and will be included in a warning letter to the company later this month.

CAPI



Complaints Investigated, by Company
per 1000 customers
January 1 - present, 2013



CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- (1) trimming complaint against Johnson Electric Dept
- (2) inquiries about the VGS Addison Pipeline project
- (1) complaint regarding opting out of having a VEC smart meter
- (1) complaint from a Comcast customer about not having his number listed in the FairPoint directory
- (7) unserved broadband complaints
- (5) Responses from consumers to Comcast's Quality of Service notice, with complaints about the company's rates (2), billing (1), lack of other internet options (1), and that overall the consumer is happy with Comcast's service (1)

POST CPG WIND COMPLAINTS

None

Charter CPG

CAPI worked on crafting testimony for Charter's CPG. The original filing date was June 17. Public Advocacy, with the support of Charter and the Vermont Access Network, has requested an extension to allow the testimony to be submitted after the public hearings in July.

CAPI finalized four non-scientific surveys for the community needs assessment piece of the CPG renewal review process. Surveys were sent to the participants of the two focus groups done in May, as well as to those who were unable to participate in the focus groups in the two service territories.

GMP Service Quality and Reliability Plan

CAPI and Engineering worked with GMP on the utility's SQR plan. Our main points of negotiation for the plan were metrics that measure bills found inaccurate and meters not read. For the inaccurate bill metric, GMP has changed the language that allowed multiple inaccurate bills for a customer caused by the same error to be counted as one incident on GMP's quarterly report. The new plan would allow errors to be counted as one incident for two billing cycles. If a customer's bill is still inaccurate after two billing cycles, GMP will report each affected bill as a single incident until the error is corrected. GMP changed the meters not read performance measure from three percent to one percent.

FairPoint Notice of Rate Increase to Low-Use Measured Customers

After receiving multiple complaints from FairPoint customers who had seen a \$1.54 increase in May bills with no notice, CAPI asked FairPoint to look into the matter. FairPoint informed us last week that the notice informing Low-Use Measured Customers of the rate increase was not included in the April bills as planned. FairPoint mailed a letter to 30,923 affected customers on June 11, 2014 explaining the error and informing customers that credit will be applied back to May 3rd. FairPoint will increase the rate for these customers in July.

VTRS contract

CAPI finalized edits of the contract, and the final contract language has been drafted and submitted to the Attorney General's office and Sprint.

Public Advocacy

Charter Hill Solar Project – Docket 8212 – The Department is reviewing the Petitioner's responses to discovery, as well as a draft MOU. The Petitioner filed supplemental testimony on June 9th to reflect updated landscape mitigation implemented to accommodate neighbors' requests. The parties must file an update with the Board on June 23rd.

Winstanley Net Metering – No docket – PSD received five 45-day notice letters describing group net metering projects proposed for the North Springfield site where Winstanley had previously

proposed a biomass generator (which was denied). Although owned by five newly-created LLCs, and having separate (redundant) inverters, the five solar facilities would be located next to each other and would appear to be one large plant. PSD has advised Winstanley's counsel that this proposal is not consistent with the intent or purpose of the net metering statute and that we could not support it. If petitions are filed with the Board, PSD will notify the Board of our position promptly within the 21-day period for comments.

Charter Cable CPG Renewal – Docket 7820 - The Department filed a Motion to Extend the Schedule on June 13th, with the support of Charter and the Vermont Access Network. The Motion requests an extension until mid-August for filing PSD and Intervenor testimony, due to the delay in the public hearings as well as the Department's requests for additional discovery information from Charter. The additional time will also allow the Department to engage in discussions with Charter regarding potential settlement conditions prior to filing testimony.

Rutland Renewable Energy, LLC – City Solar Garden Project – Docket 8182 – The PSD filed Asa Hopkins' testimony addressing the cost-effectiveness of GMP's purchase of the output of this project. Testimony on this subject is also due today from GMP and the petitioner.

Willoughby Water Works – No Docket – The PSD is requesting that the owner provide documentation to support his petition to the PSB for a temporary rate. Additionally, the PSD is attempting to gain the owner's support for a recommendation that the PSB close the abandonment docket. Status report due June 26th

NextSun Solar – Park Street – Docket 8194 – The PSD has entered into an MOU with the petitioner and GMP resolving all non-PPA issues. The hearing officer issued an order granting the petitioner's request to extend the MOU deadline to June 18th and also postponed the technical hearing from the week of June 23rd to the week of July 7th.

NextSun Solar – Main Street – Docket 8195 – The PSD has entered into an MOU with the petitioner and GMP resolving all non-PPA issues. The hearing officer issued an order granting the petitioner's request to extend the MOU deadline to June 18th and also postponed the technical hearing from the week of June 23rd to the week of July 7th.

Champlain Valley Solar – Docket 8248 –The PSB has scheduled the site visit and public hearing for June 23rd.

Washington Electric Cooperative, Inc. 2014 IRP – Docket 8181 – The PSD will participate in the public hearing to take place on June 18th at 7:00 PM. Motions to intervene are due by June 25th.

GMP 2nd Quarter 2014 Power Adjustor – Tariff No. 8501 – The Department has been reviewing GMP's 2nd Quarter Power Adjustor filing and has communicated to GMP concerns about the treatment of certain Kingdom Wind related expenses. Agreement was reached on two of three

issues identified, and GMP agreed to remove certain costs from the power adjustor filing. On the third issue, which involves the appropriate accounting for and recovery of regulatory commission expenses related to sound and monitoring at the Kingdom facility, the parties have been unable to reach agreement. The Department, which has just discovered that GMP is flowing these regulatory costs (as opposed to the actual sound monitoring expenses) through the power adjustor, believes this to be inappropriate. GMP argues that it has relied on and planned for this method of recovery and that to change it would result in GMP under-recovering its costs. The parties have agreed that the Department will not object to recovery of these expenses in this filing (approx. \$116,000). However, the Department is noting the issue in its recommendation to the Board, and the parties will attempt to resolve the matter in advance of the next power adjustor filing. While the filing results in an under-recovery of power costs, there is no change proposed in this filing because GMP makes up the difference by crediting approximately \$3.7 million to ratepayers from a recent settlement regarding the federal government's breach of contract to take spent nuclear fuel for storage.

GMP Rate Case and Alternative Regulation – Docket Nos. 8190 & 8191 – Technical hearings will be held on June 19 and 20. All issues in these cases are settled.

Appointment of Natural Gas Energy Efficiency Utility - Docket 7676 – PSD continues to work with parties on drafting a Natural Gas EEU Process and Administration (P&A) Document (EEU governance document) and an Order of Appointment. The relationship between the operation of the VGS Alternative Regulation Plan and the proposed EEU P&A document may be more complex than originally contemplated. In a somewhat related matter, PSD filed comments responding to PSB questions on a VGS plan to offer efficiency services to potential customers on approved expansion routes. Given the analysis which shows that such services are cost effective for ratepayers as a whole, and beneficial from a societal perspective, the PSD supports the program concept, so long as it is in addition to programs offering services to existing customers.

Soveren Solar 500kW Net Metering Project (Westminster) - Docket 8211 – This project is awaiting a CPG. Petitioners have filed a request to add more panels to the project to be able to maximize project output and have also asked the Board to amend the petition to substitute a different entity for Soveren. The PSD will not oppose the substitution.

VASS (SESCF – Windsor) - CPG # NMP 3668 – PSD filed comments in response to PSB questions about a Fast Track Analysis filed by the Petitioner in satisfaction of the requirements of the Board's Interconnection Rule. The Fast Track analysis by GMP showed the project failed one screening criteria and gave no information on another. (Fast Track screening acceptance allows the project to proceed without a System Impact Study.) It was unclear why GMP was supporting the project. PSD Engineering Division staff discussed the results of the analysis with

GMP and ultimately recommended that the PSB accept the analysis. In our comments to the Board we indicated that if the PSB wanted record documentation of why the project was appropriate for Fast Track, the Petitioner should make a supplemental filing to that effect.

AMI Data Transfer to VEIC – No Docket Number – For several months PSD, VEIC and VEC have been trading correspondence about who should pay for electronic data transfer of AMI data to VEIC's contractor, OPower, so that the data can be used in an Energy Efficiency Behavioral Pilot Project. PSD and VEIC disagree on whether the DU's versus VEIC should pay for the set up cost and the recurring costs for the data transfer. The issues had remained unresolved for a very long time, despite great effort on behalf of all parties. VEIC has filed a letter seeking PSB resolution of the matter. PSD staff will seek approval to proceed with the position urged during negotiations, that VEIC pay all costs, and if obtained we will ask the Board to schedule a workshop.

Burlington Telecom – Docket 7044 – The Department issued its discovery requests on BT regarding BT's petition for approval of the Citibank settlement and Pecor bridge financing arrangements. The Department included questions regarding the present day value of the BT system (as well as the value of the system as a going concern), and the steps BT intends to take to increase the value of the system during the course of the bridge financing period. The Burlington Access Management Organizations filed discovery requests as well, and focused heavily on the considerations BT will make when determining the suitability of a potential buyer for BT at a future date. BT will respond to the requests by June 26, 2014.

Sheffield Wind – Docket 7156 – The Department's noise expert, Jim Barnes (Acentech), has tentatively scheduled an outdoor-to-indoor attenuation test at the Brouha residence on Jun 26, 2014. Les Blomberg from the Noise Pollution Clearinghouse and representatives from Vermont Wind have indicated that they will attend the test.

Cold River Solar – Docket 8188 – The Department did not file direct testimony in the Docket on the June 18 due date. Mike Buscher, the Department's aesthetic witness was unable to provide testimony in a timely fashion, but a one day extension to June 19 was secured from the Board. Despite the hearing officer's request for parties to file testimony on economic benefit in relation to the Project's PPA price (17.4 cents/kWh) and need, both the petitioner and GMP have interpreted the hearing officer's statement as not amounting to an explicit direction and have therefore decided not to file testimony. Accordingly, the Department determined that it should not be the only party to support or otherwise opine on the PPA absent testimony from petitioner and/or GMP addressing the issue. An intervenor group filed testimony that included an aesthetic analysis concluding that the Project will result in an undue adverse impact on the area (the Department's testimony will conclude the opposite), and testimony concluding that the Project will undue interfere with the orderly development of the region. Discovery requests on non-petitioner testimony are due on June 23, and rebuttal testimony is due July 17, 2014.

Telecommunications

Charter Build-Out – PSD staff is preparing testimony in response to Charter’s proposal to renew its cable CPG for 11 years. Staff is proposing to eliminate many of the current conditions. Staff also proposes new conditions relating to AMO content origination and line extensions.

Broadband Data Verification – In preparation of the pending data request for broadband availability as of 6/30/14, Stone environmental analyzed the previously submitted data for service as of 12/31/13. Stone identified locations for which crowd-sourced data from the website indicated might not be served. PSD staff submitted data requests to service providers to review and respond to this data verification process.

VTel Local Telephone Prices – VTel is considering raising its rate for local telephone service by 25%. It indicated to the PSD that this is prompted by two reasons: a desire to generate additional revenue, and a need to comply with FCC rules that will potentially threaten federal universal service support it receives if its prices are below a certain threshold. PSD staff has asked for information. VTel plans to offer unlimited VoIP service for \$10 per month, but will not offer this to consumers within its service territory.

Telecom Plan – Staff continued writing the telecom plan. A rough draft of the “voice” portion of the Future Requirements/Current Assessment section was completed and is ready for review. Staff is currently wrapping up the Broadband section of the plan, but anticipates this will be the most complex and sensitive portion of the plan. Staff expects each section to undergo several revisions before they’re ready to be merged into the draft plan. Staff is aiming to have a merged rough draft of the telecom plan by July 11.

The Castleton Polling Institute advised Department Staff that it is on track to complete the Business survey by the end of this week, and hopes to start the residential survey the day following the end of the Business survey.

Community Telecom Concerns – Monday afternoon, June 16th, a resident of Barnet visited with Telecom staff, concerned about a telecommunications facility that will be in his view if erected. The facility in question is in the 45-day notice period. Telecom staff encouraged him to contact the applicant to discuss his concerns and to find out the results of the balloon test and photographic simulations.

On June 12th, Telecom and other PSD staff met with Lisa Byer, chair of Vermont Access Network, Lauren-Glenn Davitian, CCTV Channel 17 director and former VAN chair, and others active in public education and government (PEG) access broadcasting. They presented a short history of public access television in VT and US, a time lapse of Rule 8.000 and its relation to PEG access, and other discussion items.

Finance and Economics

Electric

BED - PSB Rule 5.202 Notification: filed a 90 day Notice of Proposed Contract Purchase and Sale Agreement with Winooski One Partnership. The filing was received on June 16, 2014. Staff

reviewed BED's notification and request to waive the 90 day notice period. No contract was provided with the notice.

GMP – PSB Tariff Filing #8507: Tariff Modifications to CowPower and Electric Vehicle Charging Station Rates that will allow GMP South customers to access GMP North rates. PSD Recommendation is due July 3, 2014.

VEC and WEC has presented a draft of its proposal to socialize the costs of accepting credit card payments. VEC will save about \$900 per year while WEC will absorb about \$4,300 of additional cost. Staff has completed its review of the business case and provided editorial comments to VEC and WEC this week along with an indication that we support the proposal. VEC is waiting for our comments before filing its proposal with the Board. Staff has completed its review and will notify VEC and WEC the Department plans to support their proposal.

Gas

VGS - Tariff 8506 VGS Purchase Gas Adjustor per Successor Alternative Regulation Plan.

VGS filed its quarterly Purchase Gas Adjustment (PGA) on May 28, 2014 effective with bills rendered August 7, 2014. The PGA reflects a 4.08 percent increase in overall firm rates based on a 8.98 percent increase in the Natural Gas charge. The rate increase reflects an under collection of revenues of \$542K for the quarter. Staff is reviewing the filing and will complete a recommendation that is due July 22, 2104.

VGS--St. Michaels's/Vermont Gas customer dispute: Discussed resolution of the St. Mike's issue and determined that no refund should be given as it would be unfair to similar customers. Closing of case is pending contact with St. Michael's to confer.

Water

Colonial Estates Water Company - CAPI requested information about charging interest on delinquent accounts. Tariff information received from the company in October of 2013 was forwarded to CAPI.

Woodstock Aqueduct - Staff is reviewing the financials and working on its spreadsheet format to assist in preparing the utility for a rate increase petition.

Energy Efficiency Utilities

GRT

Gross Revenue Taxes continue to come in. This week's receipts are all subject to the 25% penalty and the utilities have been advised of the penalty by email. The most recent totals are:

This week:	\$ 2,008	
Fiscal '14 YTD	\$8,474,626	
Budget Projection:	<u>\$8,362,740</u>	Last year \$8,144,516
Variance for FY 14	\$ 111,886	

Regional Policy

Nothing additional to report this week beyond NECPUC meeting.

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

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
cc:
Date: June 20, 2014
Subject: Weekly Report

Vermont State Police

A Troop

Troopers solved a single burglary of a residence in Jericho (jewelry and watches). Troopers were able to locate video and info at a local "gold store" on the subject, then arrested him based on his possession of the stolen property.

Five female inmate vs. inmate assaults at CCCC in S. Burlington, 3 citations issued at this point.

Assault at CCCC between inmate and CO, subject will be charged.

Assault at Northwest Regional Correctional Center, St. Albans, inmate vs. inmate

CSST call in Springfield, 3 A-Troop Detectives involved

Drug case at CCCC, 10 bags of heroin

B Troop

Tpr. and Sgt. responded to William Schoolcraft (24) who took 70 Welbutrin pills and took off into the woods to kill himself. Rescue was staged. Upson attempted to make contact with William. William who was naked approached Upson in a threatening manner. William continued to struggle with Troopers after they got him into custody. Rescue members had to inject William with a sedative to calm him down.

C Troop

Troops assisted with two armed robberies at Rutland City convenience stores;

Troopers investigated an animal cruelty case where the suspect tied his dog to a tree and shot the dog. The suspect then left the dead dog tied to the tree. Criminal charges are forthcoming.

SCUBA 2 days – assist to SBPD, search in Winooski River for firearm used in shooting

New Case: Marijuana found in inmate's cell.

D Troop

Took a theft complaint of silver bars (worth almost \$10,000) from Londonderry

Troopers responded to assist Springfield PD with a shooting in Springfield; BCI Det./Sgt. Holden arrested one for Attempted Murder (2nd degree) and Burglary (with intent to commit assault)

Requesting a warrant for a 2nd accused for the charges of Aggravated Assault, Aggravated Domestic Assault and Reckless Endangerment; investigation continues with possibly more charges forthcoming.

Arrested fugitive from NY in Whitingham. Warrant was issued for failure to verify address as a level 3 sex predator.

Springfield Shooting, multiple detectives involved. Case assumed from Springfield PD, 2 arrests.

Fire Safety

The Division received \$16 million in new plan review construction valuation collecting \$91,000.00 in permit fee revenue.

Emergency Management/Homeland Security

Director and Planning Chief attended a meeting hosted by the Public Service Department and VY to begin conversations regarding ongoing needs from the State of Vermont for off-site emergency preparedness, site restoration and ongoing environmental monitoring. It is expected this will be the first of many meetings to define what level of support will be reasonable and applied.

Draft correspondence to VY responding to lack of prompt (or no) notification of situations occurring at the site is with the Commissioner for review.

Planning Chief represented DEMHS at the American Red Cross Annual Meeting. Deputy Director and Recovery and Mitigation Section Chief addressed graduates of Norwich University's master's program.

Director spoke with the Executive Director of the VLCT regarding questions surrounding crude oil transit in VT. There is no Bakken crude reported to be in transit through VT at this time.

Commissioner and Director met with AOT Deputy Secretary and Operations Director to discuss co-location of the SEOC and the TOC and possible future opportunities to achieve this capability.

Director met with Director Gauthier of the VCJTC to discuss transition of Training Coordinator (TC) position (FTE) from VCJTC to DEMHS. The current TC submitted her resignation this week as she has accepted a private sector job.

General Information/Other:

Public Assistance held a call with FEMA Region 1 to review updated "Master Tracker" and projected timeline for open Project Worksheets. The list is slowly getting shorter.

Planning Chief attended the DHS/ EPA Stakeholders meeting to discuss development of products to support emergency responders in CBRNE incidents. This meeting was hosted by VDH and is a part of several meetings DHS and EPA are doing to get input.

A letter will go out to all towns this week reminding them to submit their updated LEOP's which were due May 1st. Assistance was offered to all who advise they need it to complete the expectation.

Multiple meetings continue this week and include: Fatality Management, Services and Housing, Risk Management for Protection Programs & Activities, Supply Chain Integrity & Security, Critical Transportation and Mass Search and Rescue as related to the development of the THIRA.

Critical Infrastructure/Ker Resources work continues focusing this week on Water, Wastewater, Energy and Chemical Sectors.

RECOVERY & MITIGATION - FEMA Region advanced the \$4.5M DR4163 VEC Project Worksheet to the Congressional Queue. Total eligible damages for DR4163 stand at \$7,805,993, with federal share of \$5,897,299. Of 43 PWs, 31 have been awarded, 4 are pending award, and 8 are still under review.

Legislative Contacts:

Recovery & Mitigation Chief replied to Congressman Welch's office regarding their offer to get involved in protesting the codes and standards denial. Asked them to "stand by" for now so that we have a chance to discuss with FEMA R1 (as offered in the denial letter) and formulate strategy.

CJS Information Technology

The subscription service for probation and parole officers was initiated last week in the south eastern part of the state and seems to be going well. This pilot program will run for 4 weeks before it is rolled out state wide. This continues the department's efforts surrounding justice information sharing.

The draft contract for the new statistical analysis and research centers work was completed this week. The crime research group (CRG) will be the replacement organization for the Vermont Center for Justice Research.

Administration

DPS staff coordinated a meeting this week between DOC and Victim Services personnel. This was an attempt to coordinate compliance issues with Vermont's participation in the Prison Rape Elimination Act (PREA). DPS Byrne JAG federal grants will be penalized \$21,000 in FFY 14 for failure to comply. Compliance is a very complicated endeavor but everyone has agreed to work together towards PREA compliance. A follow up meeting with VSP command staff will be held because there needs to be an MOU in place between VSP and DOC concerning the investigation of prison sexual assault.

There appears to be an increasing demand on the State Police to be involved in crime related issues in our correctional facilities.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: June 20, 2014
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Interest to 5th Floor from BGS Directors:

State Health Lab: Occupancy of the Colchester located state health lab by VDH will be delayed approximately 30 days due to inspection scheduling the CDC. This change in plans is causing a reexamination of the 9/23 ribbon cutting ceremony to a possible mid to late October date.

Barre – District Court: EF Wall has completed removal of the original electric boiler along with other mechanical items slated for removal. Excavation and concrete placement for the pellet silo foundation is done. Mechanical and electrical work is underway. New pellet boilers are on order.

Montpelier – 115 State Street, State Street – Dome and Drum Restoration: The paint is significantly failing and peeling off the back of the dome drum. The gilding faded significantly this winter and more dark spots can be seen from the ground. We will be writing a report and obtaining an estimate concerning the restoration of the dome and drum.

Windsor – SESCOF – Vegetable Sorting Building: Vermont Architects Collaborative is working on design documents. We plan to do a meeting with Salvation Farms to review documents at the 75% complete stage to confirm all are in agreement and to revise probable construction costs.

Status of Governor's Priorities:

Governor's priorities stable, especially if the Berlin Hospital certificate of occupancy is settled in a fashion which does not impact the July 2 target patient occupancy date.

Berlin Hospital Update: “The concern with occupancy has been resolved, except we will not have the Certificate of Occupancy until sometime next week. The electrical inspector and engineer have reached agreement on the proposed connection requirement to separate the life safety branch. The engineer has issued a sketch, and the electrical contractor will implement the work. The parts have been ordered and we await the delivery. As soon as we have the parts, the work will be implemented. We are working on completion if at all possible to allow for the certificate of occupancy being issued late Monday or very early Tuesday June 24 in advance of the Board of Health hearing on the issuance of the license at noon on June 24th. We should know if this is feasible sometime on Friday, June 20th.” – **Mike Khun**

Legislative Issues/Contacts:

- Met with Rep. Stevens to discuss his future plans, including a possible candidacy for Sergeant at Arms. Rep. Warren Kitzmiller is another possible candidate.
- Met with Rep. Lenex to discuss the tasks assigned by the General Assembly and how to work together for better results.

Significant Events/Meetings:

Monthly Agency Staff Meeting w/ Deputy Commissioners: Met with Commissioner Kate Duffy re: the smoking bill and implementation of the hot weather memo that was sent to workers in state government.

BGS Day: Looking forward to celebrating/acknowledging all the hard work of the BGS team at Lake Elmore on Thursday from 10:30 – 2:30pm.

CCTA: CCTA sending BGS project budget, response to the MOU and other requests. Upon receipt, BGS will review and get back to CCTA with outstanding concerns.

Mylan update: Emily Montgomery will provide a memo under separate cover later today.

FINANCE AND MANAGEMENT

Issues Update:

Through the morning of June 19, 2014, the food fight fund has received \$33,302.70 in donations from 730 individuals/organizations. This is more than double the amount from last week since the lawsuit was filed. In addition, we have heard from two outside organizations (SumofUs and MoveOn) that they are collecting donations and will be donating them to the Food Fight Fund.

HEALTH CARE REFORM

HUMAN RESOURCES

Press Contacts:

Laura Krantz at VT Digger is continuing to request information on the status of DCF employees for an article that will apparently focus on caseloads and turnover.

Significant Events/Meetings:

Commissioner Duffy and other DHR representatives attended a second meeting with Secretary Moulton, Deputy Secretary Leriche, other ACCD representatives and Finance and Management to discuss the integration of the Vermont Center for Geographic Information into state government. ACCD and Finance and Management have worked with JFO to ensure sufficient time is available to permit an orderly process of integration.

The Benefits Division of DHR had a second meeting with Express Scripts to discuss the implementation of the Employer Group Waiver Program. The process of drafting the contract will begin immediately, but information from CMS will be required that cannot be obtained in later this summer. Significant administrative work will be required to implement this change.

DHR representatives attended the Performance Accountability training hosted by Sue Zeller.

Evolving Issues:

DHR is working with the Secretary's office to implement requests for salary increase for exempt employees. Responses were due to DHR today, but many are still outstanding. The requests will be reviewed with the Secretary next week for approval.

DHR has awarded its flu vaccination contract to a new vendor, and will begin the contract drafting process. DHR will also request the unions enter into side letters to extend the benefits of the flu program. While we anticipate no issues from the VTA, the VSEA may object to the request to extend the benefit.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare:

- The Optum engagement has all the Enterprise Architects engaged in review, documentation and current state of Vermont Health Connect and Health Service Enterprise Platform. The discussions have been informative and will certainly get Optum up to speed in order to assess and help on future direction.
- From an IT perspective, the CGI engagement is getting extremely tense. It is clear that the Maintenance and Operations portions of this engagement need to be separated holistically from the DDI efforts. Discussions are in process for establishing a direct relationship with CGI Tier 1 (the infrastructure guys at CGI) and bypassing CGI Tier 2 folks that are doing both application maintenance and development.

ITOP/Cloud: Migration of department/agency infrastructure to the SOV Private Cloud continues. Target completion for Judiciary and ANR is still on track for July. These efforts will reduce 133 state data center to two physical racks of servers/storage infrastructure in addition to network infrastructure

required. This will allow for starting refitting 133 Data Center as end user space or other as soon as August time frame.

Press/Media Notes:

I was contacted by VPR to talk on a future Vermont Edition and suggested a topic might be OpenData which could bring some attention to the State's OpenData pilot. No dates have been established.

Significant Events/Meetings

Richard met with DPS to go over the independent review of the eTicket project. In response to the issues and risks raised by the IR process, the project is not ready to move forward but needs additional scope and financial analysis. While there is little doubt the project would bring needed benefits, current financial models show a \$1 million loss over the lifecycle based on all tickets moving to this new system. Unfortunately, 23% of the state is using a different system and have already stated their intention not to participate putting the goals of the project in jeopardy.

Evolving Issues:

Web: An initial meeting to discuss the plan for adding electronic check processing for employers who are required to pay employee child support payments directly to the state for the EZPay4Kids service will be held 6/19.

Security:

- CGI is to deliver to the State a project plan to fix High and Medium PoAM items on 6/19. The project plan will be front loaded to accommodate the immediate CMS concern and address the highest risks.
- The CISO believes CGI is ill equipped to meet the deadlines of PoAM items and has escalated it as an issue on the VHC project. CGI has responded with a promise to add additional security resources to the project.
- A tax incident occurred the week of 6/4 that represented 2 account passwords being compromised on a file transfer server. These accounts have been disabled. A review of the logs yields no concern for access to tax data.

LIBRARIES

Significant Meetings/Events

6/16 – Meeting with FCC Commissioner

I met with FCC Commissioner Mignon Clyburn, and her legal staff person Rebecca Goodheart, for about 40 minutes on Monday in Stowe. The conversation focused on the federal e-rate program for schools and libraries and the comments I have filed on the FCC website regarding proposed changes to “modernize” the program and for use of \$2 billion in surplus funds. Ms. Clyburn is most familiar with the K-12 world so my goal was to inform her on what is happening in public libraries and why the e-rate program, and in particular why funding for fiber broadband and premise equipment (routers, switches, etc.), is so critical for U.S. public libraries. Much of our

discussion was on creating school-public library networks for providing broadband which I support for the most rural areas of the U.S, including areas in Vermont. My worry is that she thinks that is the best solution for all public libraries. I gave each of them a packet of materials, including my talking points (attached separately.) I have also attached my comments posted on the FCC site related to a proposal of the American Library Association.

6/19 – Digital Skills Roundtable

I mailed a letter on behalf of the Digital Skills Roundtable to approximately 50 organizations telling them about the Roundtable (formed last fall) and giving them a heads-up about a survey that we will send out in the next couple of weeks to collect information about existing training/learning opportunities for Vermonters on computer and internet skills. From the survey we will create an inventory of programs and an online clearinghouse for Vermonters to use to locate training sites.

Roundtable members working on this inventory:

Center for Media and Democracy / CCTV, Megan O'Rourke
Central Vermont Community Action Council, Dave Rubin
Community College of Vermont, Mary Kay Dreher
Community High School of Vermont, Dan Hescoc
Creative Economy, Agency of Commerce and Community Development, LarsTorres
NEK Learning Services, Andy Burley and Maree Bushey
Vermont Agency of Education, Peter Drescher
Vermont Department of Libraries, Marty Reid and Christine Friese
Vermont Digital Economy Project (VT Council on Rural Development), Sharon Combes-Farr
Vermont Small Business Development Center, Patrick Ripley
Vermont Telecommunications Authority, Caro Thompson and Kelley Spear

TAXES

Personal Income and Corporate Taxes

Tom Kavet has been vocal about how volatility is built into our current tax structure because it relies on a relatively few taxpayers to pay a disproportionate share of our taxes. Statistics on personal income tax show that 1% of our payers pay roughly 30% of total tax. That is more disproportionate than the federal 1%, but moreover, in numbers, just over 3800 payers account for over 180M. in personal income tax. Just 3 companies account for over 10% of total employee withholdings (over \$45M). And just 5 companies pay 44% of our total corporate income taxes (\$40M).

Property Taxes

The Commissioner met with the Secretary of Education. We agreed to have staff look at whether in addition to the spending threshold penalty, we might develop target annual % increases based on three tiers of peer district types. The issue is that even an anchored penalty is not likely to catch the larger districts that truly drive the statewide rate, and we need a way to shine a light on those budget increases. Tax staff continues to look at household income issues. (Tax staff also is playing with ideas to incent savings by committing to return some of the money to districts to create higher education scholarship funds that they could distribute to resident students as long as it was used at state institutions).

Education Finance dominated discussion at this week's meeting of the Tax Advisory Board. No consensus on a path forward, and particularly hearty disagreement over governance reform as part of the solution.

Cloud

The Commissioner has internally circulated a new draft regulation that specifically excludes enumerated services from tax. We are meeting with ACCD next week to arrange industry focus groups. Interestingly however, a tax attorney from NH who is on our advisory board reported back that she had no success getting any of her Fortune 500 clients to participate in a discussion with VT on this issue – they still maintain that cloud software cannot be taxed in any manner. I had recently gently probed the lawyer for COST, the national business taxpayer organization, whether VT might expect a lawsuit – it would be interesting since the lifting of the moratorium demonstrates Vermont legislative intent to tax cloud, so the issue would be whether the tax contravenes Streamlined or is being applied impermissibly. In a somewhat parallel situation that has been widely followed, courts have recently waded into interpreting how commonly adopted language from the Multistate Tax Commission applies in member states regardless of the individual states' intent – the cases have caused some states to consider leaving MTC (VT is not a member).

Operations

Department Retreat

Claire Wheeler of Benchmarks for a Better VT conducted a results based accountability training for our directors and supervisors in the morning. Apparently our facilitator had to negotiate to get a presentation that was “only” 90 minutes. Luckily, the Department has created business analyst positions in each of our divisions, and some of those new hires were quite jazzed with the concepts and are already at work developing metrics for their divisions. RBA requirements dovetail nicely with the launch of our IT project, which will give us usable data to report on our metrics. Our directors met in the afternoon, and discussed getting external feedback from our stakeholders as we embark on the update of our strategic plan. Enthusiasm for soliciting outside perspectives is clear evidence of a shift in attitude at the Department's senior level in the past 3 years!

PRIVILEGED AND CONFIDENTIAL

TO: Secretary Jeb Spaulding

FROM: Robin Lunge

DATE: June 20, 2014

SUBJECT: Weekly Report

Green Mountain Care Planning

The team has begun weekly project management meetings with UMass/Wakely to work on GMC benefit design, updating the cost estimates for GMC, and moving forward with the ACA Section 1332 waiver analysis. We asked the Wakely actuaries to think about 3 different types of plan designs for cost-sharing (deductible, co-payment only, and high deductible with a state tax sheltered account – note that the account would not be federally tax sheltered, because the plans would not be insurance under the Health Savings Accounts IRS regulations). We are also exploring value-based benefit design – which would create financial incentives, both positive and negative, for consumers. For example, a plan with no co-payment for diabetes management visits ensures that cost is never a factor in a diabetic self-managing the disease. On the other hand, providing a very high co-payment for non-emergency ED usage dissuades people for going to the ED when they do not need to.

Galloway PRR –We provided Anne Galloway responses to her 6 public record requests related to Michael Costa's work with the business advisory council. The substantive materials were withheld as privileged. We provided information about the dates of meetings, including preparation meetings, and phone calls with Business Advisory council members.

Request for Proposals – Economic modeling – the answers to the questions were posted this week.

SIM Update

The SIM Team hosted our Project Officer, Project Director and three all-payer waiver staff from CMMI on Wednesday. The site visit, held in Burlington, included many of our SIM leaders including representatives from: each of the ACOs, VITL, Behavioral Health Network, and Vermont Medical Society Foundation. Members of the SIM Core Team and GMCB, DVHA, AHS, VDH and AOA staff all attended as well and provided updates on project progress. The conversation was open and demonstrated Vermont's successes and challenges with this work effectively. The SIM Team considers the day a success and a good building block for our continued work. SIM also hosted the Workforce Work Group and Core Team this week. Next week, the project will convene the Quality and Performance Measures Work Group. This group is working on some of the most contentious activities balancing the need for appropriate measurement and the administrative burden.

Legislative Issues/Contacts

Robin met with Rep. Copeland-Hanzas on June 16th. She would like to have periodic updates over the course of the summer. I referred her to Tess at The Vermont Cure on election related questions and gave her a general update on the Partners for Health Care Reform work. She is concerned that the Vermont Health Connect change

of circumstance delays will mean that we have a higher percentage of people who will owe premium tax credits when they file their taxes next spring for 2014 and this will create a round of negative press and worry within the statehouse at the same time we are working on passing a tax-based financing plan. Assuming we get the functionality working electronically at some point, we should consider whether we should get the word out that people need to remember that the tax credit is trued up on their tax return and they could owe money next spring. We will need a strategy to get out ahead of this issue for the session.

Devon is working with Mark Larson on the VHC and Medicaid eligibility rules in front of LCAR. These rules could raise the issue of the small business functionality not being up for next fall again. They are scheduled for June 26th at LCAR. Mark will handle the press, but Devon will be at LCAR as legal support since she was pinch hitting for VHC on these rules.

Significant Meetings

White House – Robin met with Jeanne Lambrew, Deputy Assistant to the President for Health Policy on June 19th in DC. She has asked for a briefing on Vermont's planning for the ACA Section 1332 waiver and issues with the Treasury. The briefing was a basic overview of Green Mountain Care, what the federal tax issues included, what Vermont would be seeking for in an ACA waiver, and a summary of Vermont's delivery and payment reform work, including the all payer waiver. Robin raised concerns about the process among several federal agencies and how to ensure that we were moving expeditiously with a consolidated waiver approach (which is anticipated by the statute). Ms. Lambrew indicated that she agreed that it was the feds responsibility for ensuring that all the relevant feds were at the table, not the state's responsibility. In addition, she raised the fact that the feds needed to do substantive rulemaking, which they haven't started. It became apparent that this was the driver from her perspective for the meeting and we talked through how to ensure that the work that Vermont was doing would be aligned with their rules, given that we'd be moving faster in all likelihood than their rulemaking process. Robin offered to share our analytical approach in order to be helpful to them in writing the substantive rules. Overall, she did not raise concerns and indicated that we should get in touch if we were running into problems, but also noted that HHS was lead and she wouldn't get in the middle of it absent an issue.

Workforce work group (6/18) – Dr. Betty Rambur from the Green Mountain Care Board presented information on Vermont's payment reform efforts to the group. The workforce work group is responsible for making recommendations to the Governor for how to implement the Workforce Strategic Plan, which includes who to adequately support recruitment, retention, and education of the health care workforce. The group is interested in coming up with recommendations to the Governor for the FY16 budget on how to improve our workforce investments. They have begun the process by finalizing criteria for evaluating existing and future workforce investments. Next month, they will review current investments in health care workforce and begun the process of coming up with recommendations.