

**From:** Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

**Sent:** Sunday, March 01, 2015 5:37 PM

**To:** GPS

**CC:** Johnson, Justin; Allen, Susan; Richards, Alyson; London, Sarah; Coriell, Scott; Miller, Lawrence

**Subject:** Weekly Reports - Executive Privilege 02 27 15.pdf

**Attachments:** Weekly Reports - Executive Privilege 02 27 15.pdf; ATT00001.txt

A few notes

# WEEKLY REPORTS

Checklist  
2/27/15

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- 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 – Sue Minter
- Agency of Human Services – Hal Cohen

Sue Allen

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

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Justin Johnson

Susan Spaulding

- Boards and Commissions – Susan Spaulding
- Department of Liquor Control – Mike Hogan

**To:** Governor Peter Shumlin  
**From:** Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development  
**Date:** February 27, 2015  
**Re:** Weekly Report

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## LEGISLATIVE ACTIVITY

- **Confidential Budget:** The ACCD leadership team has reviewed and discussed the House Appropriations potential cut list. It speaks to completely eliminating the Department of Tourism and Marketing. Cuts for the regional development corporations, elimination of the new center for geographic information and more. It also seems like a disproportionate cut to ACCD given its size. I am sure this is just the opening salvo, but a very disappointing message. We will monitor and do our part to advocate for the Governor's recommend, but will also be alert to any guidance or direction from the 5<sup>th</sup> floor.
- **Economic Development Bills:**

**Senate**—Lucy was in the room when Senator Mullen instructed leg council to add the following new sections to the bill: Film Tax Credits; Require Agriculture Agency to find money internally to continue Domestic export Program; and language on Industrial Parks and enterprise Zones. ACCD will prepare a bill review when the new bill incorporating these items is released.

**House**—Lucy was asked to testify in relation to the memo sent by House Appropriations to the Commerce Committee. Commerce is being asked make a recommendation on various budget issues within their jurisdiction. Lucy testified about the Next Generation funds that go through ACCD, as well as the Administration's recommendations around the Office of Creative Economy. Rep Scheurman questioned our request to keep \$12,000 of the OCE to continue critical partner event sponsorships such as Launch VT, Peak Pitch, Tech Jam, and others. They ran out of time before they could get to the final topic they wanted to hear about from ACCD which was additional marketing funding from excess Rooms and Meals revenue. Lucy is now scheduled to return to the Committee on this topic the Tuesday after Town Meeting. Additionally, the Chair asked Fred Kenney/ACCD to prioritize the VEGI changes we are recommending should they be unable to pass all of them. Fred said the income change to livable wage and the value added VEGI are the top two, and that he would have to get back tot hem on the order of priority for the remaining 3.
- **Confidential Vermont Strong Scholars Financing:** Lucy pulled together a meeting with Aly, Justin, Jim Reardon and the Treasurer's Office to discuss funding options for the Vermont Strong Scholars Program. The legislation directs ACCD to work with the legislature to find a sustainable funding source. It soon became clear in our meeting that a straight general fund appropriation was really our only viable option. We also discussed and quickly rejected bonding and the Higher Education Trust Fund. Because no state obligation will be due until fiscal year 2017, the consensus was that we would begin building a general fund line item appropriation into the budget for FY17.
- **Tourism and Marketing Initiative:** The Ways and Means Committee was given the courtesy to take testimony on this initiative even though it is an appropriations issue, not a Ways and Means issue. Lucy testified on behalf of ACCD and while she never actually said so, it was clear that the Chair does not support this initiative.

- **Rural Caucus:** Commissioner Gosselin presented the Comprehensive Economic Development Strategy to the Rural Caucus, emphasizing efforts outlined in that document and underway to enhance economic development in the rural parts of the state. These include extending access to capital (EB-5 statewide projects, financing workshops, Road Pitch, VSBOE, and the new VCET ONE grant application to extend financing outside of Chittenden County); setting up economic hubs in all regions of the state that have access to infrastructure, proposed changes to VEGI, municipal SWAT teams and more. Rep. Cynthia Browning was vehemently disappointed the document (and the Administration) has not addressed tax reform for businesses. Lisa explained that CEDS had intentionally focused on initiatives that could be accomplished without legislative action and that it was not a policy document but a strategic document that outlines goals and measures that will help us achieve them.

- **Economic Development:** Commissioner Gosselin sent Scott Coriell and Sue Allen a summary of economic development progress over past year and bullet points on areas we are continuing to push out. Scott is leading initiative to group actions across agencies under a “What we are doing for business” header and creating a one-sheet to deliver to legislators as well as an op ed. Also, am reaching out to review team members Robin Scheu and Rob Miller to get a sense of how Speaker’s economic review team is doing with analyzing the many pages of economic development suggestions submitted at Speaker’s request.

- **Capital Budget:** House Corrections and Institutions are starting to mark up the Capital Budget. In checking in with the Committee on our sections of the budget, we were able to answer some questions regarding changes in levels of funding over the years for Roadside Markers and Unmarked Burial Fund. Also learned that they put back funding for HP Preservation and Barn Grants. Not sure where that funding came from. HP will have folks in the room this week and after Town meeting break to follow any changes.

- **9 (L)**

- Noelle joined Pat last week in meeting with Senator Mullen on implementation of 9 (L), the Act 250 criteria change from last year. We stressed the need for education vs language changes that would also require education.
- Noelle testified in Senate Economic Development along with Jon Groveman and Melanie Kehne from the NRB. The Committee raised concern about the guidance developed saying it was very difficult to read for the ‘layperson.’ Jon, being new as the NRB chair, was very open to revamping material. Noelle noted that we had already begun work on material that would include updated guidance, presentations, case studies and visuals. Sen. Mullen requested that Noelle draft language for the Ec. Dev. Bill directing NRB and ACCD to do what we are working. That language is drafted and being reviewed with sister agencies before it will be sent over by the end of the week.

- **H.35 (House Natural Resources Water Quality Bill):** This bill has passed out of Natural Resources and is making its way to other committees in the House. The CP+R team noted some Chapter 117 changes regarding Town Plans that the Committee members added and will be working with ANR on making some edits so that Ag and ANR do not have to develop a system that DHCD already has – saving time and staff resources.

- **H.256 Tenant Property and Fair Housing Technical Bill:** H.256 was approved by the House this week and sent to the Senate for its consideration.

- **Downpayment Assistance Program:** Jen reviewed the downpayment assistance program sections of the economic development bill being drafted by the Senate Economic Development, Housing and General Affairs Committee under the watchful eye of Deputy Secretary Leriche. The bill would authorize VHFA to use equity from the sale of state affordable housing tax credits to create a downpayment assistance program for first time homebuyers. While ACCD agrees such a program is needed, there are no resources available to fund it. The bill proposed to expand the number of housing credits that can be used for the next five

What is the fiscal in it

years to pay for the program. Rep. Keshia Ram, D-Burlington, is expected to introduce a downpayment assistance program bill in the House.

- **H.123 Mobile Home Park Bill:** No additional testimony on the bill was scheduled by House General this week. Jen continued to make the Department's reasons for supporting clear in conversations with Chairwoman Helen Head, D-South Burlington, CVOEO, Legal Aid, VSHA and the Attorney General's office. At this point, the committee seems inclined to consider the bill for crossover, but is waiting for organizations who represent and work with park residents to confirm the need for the legislation.

## PAT MOULTON, SECRETARY

**Selden Technologies:** I met with the new leadership at Selden technologies in Windsor. If a couple of likely contracts come in, they will be doubling their workforce with potential for additional growth. They currently employ 46. They are in need of immediate term financing of up to \$3 million. Bob Flint and I will stay close to this project to facilitate their use of state programs. They make water filtration systems primarily for military, disaster, and third world uses. They are majority owned by Econet, a large South African company which has a monopoly on telecommunications infrastructure in South Africa.

**Mack Molding:** We learned from Google alerts that Mack Molding has proceeded with a \$2 million investment in clean rooms in Arlington to enable new contracts. Lisa has been in touch.

**UVM SEMDA Program:** UVM has its first class of sustainable MBA students graduating this spring. I attended the dinner Monday night designed to introduce the students to area employees. A very impressive group of young people. Roberta Macdonald and I are working on an idea to have a "matchmaker event" where we would bring in employers in their interest area as well as Governor Shumlin to encourage these young people to stay in Vermont.

**VT Digger:** We have a public records request from V.T. Digger, which is due next Friday. They're requesting information regarding ANC bio. The release of this information is potentially hazardous to the project. We will need to ensure the press reports that we are doing our job as a regional center. I will be connecting with Scott, Sarah London, Sue Allen and Liz on public messaging. On another note, we are getting good EB5 national press on our relationship with DFR. We will share the stories as they come out.

## LUCY LERICHE, DEPUTY SECRETARY

**Beth Boutin of Rural Housing Ventures:** Pat, Lucy and Lisa met with Beth to discuss New Markets Tax Credits and deal flow. Housing Vermont has a number of projects in the pipeline, but has capacity and interest in finding projects that could use funding more quickly. We brainstormed businesses and projects and were able to give Beth some leads. She mentioned a business in Littleton New Hampshire that they are working with, but was hoping to find a Vermont business. We also discussed helping VHV get the word out through our Economic Development newsletter.

## CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager

- **SOV Websites:** Consulted with a variety of state entities over the last week on website content strategy and next steps to migrate into the new CMS template, including: the Department of Children and Families (complete migration and overhaul); the Health Care Innovation Project (content strategy for better engagement); Agency of Natural Resources (climate change microsite); the Department of Human Resources (best uses of new functionalities); and the Department of Environmental Conservation (CMS template features and content audit strategies).

- **Palate to Palette Itinerary:** Work with Catherine Brooks on this new culinary, farm and arts tour of southern Vermont continues, with design of new logo for the program and preliminary design of a two-page ad spread for the Rutland Area Farm and Food Link's Locally Grown Guide.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **Lisa Gosselin, Commissioner**

#### **New Business/Business Growth**

- Met with **Maia Strategy's** senior team and GBIC in Burlington. The New York-based marketing firm has narrowed down two locations, Manchester NH and Burlington VT as potential sites for its 10-15 person market research operations. GBIC followed up by showing them space and Lisa has connected the principal, Neil Sikder, with Fred Kenney for VEGI (if applicable) and Beth Demers for the Vermont Training Program and offered to make introductions to colleges as they plan to hire recent grads.
- **Aqua Vitae**, the Kombucha company that is currently based in Bristol, is expanding and moving its 20 people to Middlebury to take advantage of water and sewer capacity there. Cloud Farm, the gardening start-up that was reviewed during the 2015 Road Pitch, has been successful in its Kickstarter campaign and has secured \$550K in financing, is also locating in Middlebury and hiring 10 people. Referred both to VEGI and to Beth Boutin of Housing Vermont who is looking for businesses that can use New Market Tax Credits. Met with her, Secretary Moulton and Deputy Secretary Leriche and identified businesses in the appropriate regions. Boutin is drafting a list of all businesses in the NMTC regions and DED will help communicate NMTC program and opportunities.
- Nate Herzog, founder of **Story Hack**, has found difficulty in getting traction with this project. Lisa met briefly with him to discuss other potential partnerships that could help his business expand. OCE supported this in the past. Lisa provided Deputy Secretary Leriche a list of all projects OCE has supported in the past, indicated which ones have helped to generate jobs and economic activity and recommended which ones we should continue to support.

### **BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist**

- **Vermont Timber Works – Springfield:** The company reports that it had the best year ever last year, and business is steady this year. They are awaiting word on a major contract for a NY state business. Full time employment is at 16. They voiced their strong concern in opposition to the payroll tax. They have \$650k in payroll, and the tax is basically their annual profit in most years. Their costs have risen as a result of VT Health Connect as well. They expressed interest in VTP for some training needs, and praised the Welfare to Work program as a success for their company. Appropriate referrals will be made.
- **Lovejoy Tool – Springfield:** The company is struggling with downturns in the mining sector and their principal customer, Caterpillar Corporation. Employment is at 48 full time. They expressed serious concerns with VT Health Connect as having raised their costs by 42 percent and reduced their coverage benefits to the point that they have lost two twenty year tenured employees to other companies recently as they offered better benefits. The payroll tax was also brought up as an issue they strongly oppose.

### **BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director**

- **Britton Lumber** is both a wholesale distributor of building materials and a manufacturer of eastern white pine, employing 55 employees in Fairlee and 5 in Gray, ME. Last year they installed a new headsaw, carriage, drive and optimization system, which has increased their output of milled eastern white pine by nearly 10%, to just under 10 million board feet last year. Given this technology upgrade and the need to train workers for it, made referral to Vermont Training Program. Given limited supply of Eastern white pine in Upper Valley, will also make referral to NEK county forester, Matt Langlais.

- **Pompanoosuc Mills**, “Real American Furniture. Handcrafted in Vermont,” employs about 100 in Vermont and 130 company-wide. Started in 1980, the company now has a dozen showrooms across the Northeast, including Washington DC, New York, Boston, Concord, Nashua, Hanover, and Thetford. Discussed possibility of working with VMEC/ VTP on lean process and workforce training. Joan is also exploring eligibility for a NETAAC grant.
- Reviewed **Trade Show Assistance grant** applications. Most applications were for “**market entry**,” to enable a business to attend a new show that aligns with their strategic business expansion plan. As a committee, we recommended funding 23 of the 34 applications received, for a total investment of \$25,000. Will share more details once decision is finalized/made public.

### **VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director**

#### **VEGI**

- Met with Triad Design regarding VEGI application. They have an Initial Application on February 26 meeting agenda.
- Provided Nathan Irons VEGI preliminary estimate for potential life insurance company start-up.
- With Beth Demers, met with COO, CFO, and PM at MSI, Morrisville regarding potential expansion and VEGI application. They will file a Pre-Application.
- With Joan Goldstein, met with Brenan Riehl, CEO, and Tom Johansen, CFO at GW Plastics regarding potential expansion and VEGI application. They will file a Pre-Application.

#### **Recruitment**

- Spoke with Mike Palmer, Wateroter Energy Technologies Inc. based in Ottawa regarding potential to establish presence in Vermont.

### **VERMONT GLOBAL TRADE PARTNERSHIP ♦ Becky Fu, Manager of International Trade**

- Becky, Lisa, Brent, Shelley, Ken and Jared are working on a Power from the North Day 2 matchmaking B2B event. The event will invite 7 to 10 Vermont companies and equivalent amount of Quebec companies specializing in energy efficiency and green energy to participate.

### **VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦ Robin Miller, Director**

- **Silo Buster:** The Vermont Procurement Technical Assistance Center (VT PTAC) team partnered with Vermont Agency of Transportation (VTrans) on Maintenance Rental Agreements (MRAs) workshops held in December. These free workshops for small businesses provided assistance on how to do business with the State of Vermont. The VT PTAC staff was able to assist many companies who submitted proposals. The success was seen in the reduced amount of companies that contacted VTrans directly with basic questions. Success is also seen in how far ahead of schedule they are - 80% complete in all contract negotiations in comparison to last year. In addition, 21 new companies were awarded and 6 of those worked directly with the VT PTAC counselors.

### **VERMONT TRAINING PROGRAM ♦ Beth Demers, Director**

- **MSI:** Beth Demers and Fred Kenney met with Dawn Smith, Project Manager, at the Morrisville based MSI. The contract manufacturing company is looking at a physical expansion. The company is also considering moving into the aerospace and medical device sectors. Fred gave an overview of VEGI and Beth gave an overview of VTP. Both will follow up with the company as they move forward.

## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

### Commissioner MacKay and Deputy Commissioner Hollar

#### Commissioner MacKay

- **9 (L): In Communities**
  - Working with Ferrisburg and Saint Albans on site specific trouble shooting. DHCD is also working on drafting guidance documents and educational materials in coordination with NRB ANR and will also have a smaller advisory group to review and comment on documents. We have reached out to the Lake Champlain Chamber and VNRC to date and will also include a RPC, RDC and VPA reps to round out the group!

#### Deputy Commissioner Hollar

- **Environmental Review:** We received the very good news this week that the agency is back in good standing with HUD on ERs. HUD closed the three findings issued when it monitored our compliance with the National Environmental Policy Act in 2013. We are also no longer required to send all environmental assessments to HUD for its review before releasing CDBG and HOME funds for projects. While the new higher standards for reviews remain in place, the lifting of this requirement will make the ER process shorter and more predictable. Tremendous credit goes to Environmental Officer Kate Fournier who, with much help from Ann Kroll, has brought our review process up to NEPA standards and allowed the state to regain HUD's confidence. Her role has been so critical, that HUD has closed the findings only for as long as the Environmental Officer position remains in place.
- **Housing Needs Assessment:** Bowen noted an error in the statewide analysis relate to the tabulation of *household growth* and *cost burden* numbers as they were used in the housing gap and needs estimates. The correction has been made by Bowen. The net effect reduces the housing gap and needs estimates for households between 80-120% of area median household income. We will distribute the revised statewide analysis with Bowen's statement of correction and county level reports by week's end.

### HISTORIC PRESERVATION ♦Laura Trieschmann, State Historic Preservation Officer

- **Chester Arthur Historic Site:** Neil Glick of Washington, D.C., is donating a copy of a book he recently purchased called the "Glory and Shame of England Vol. I." One inscription in the book indicates it was originally owned by Mrs. E. H. Herndon, the mother of Ellen Herndon Arthur, who was wife of President Arthur. The book was later owned and signed by Marcus Falkner Cunliffe, a renowned British scholar who specialized in American military and cultural history. BUT WAIT, there is more....our own Senator Bernie Sanders will be accepting the book on our behalf at the U.S. Capitol in Washington, D.C. We are greatly honored to accept this gift, which will be on display along with President Arthur's oath-of-office desk at the President Coolidge Museum. Thank you Mr. Glick and Senator Sanders.

#### Environmental Review

- **Newport:** Jamie, Dale and Laura continued to work with Q Development in developing a draft MOU for the Newport Downtown Renaissance Project. The Division is now in receipt of all the information necessary to complete the review process for the demolition portion of the project and is ready to forward the final MOU to Q for signature. Meanwhile, Jamie will be preparing a formal comment letter providing a positive recommendation on Criteria 8 of Act 250 to submit to the District 7 Environmental Commission by the end of next week. Consultation will be ongoing for the next few years.
- **Lake Champlain Maritime Museum:** Scott met with new Executive Director J. Michael Smiles, Erick Tichonouk, and Chris Sabick at the Lake Champlain Maritime Museum (LCMM) primarily to discuss the Underwater Preserve sites. The regional dive community has indicated a desire to expand the preserve system to provide more varied opportunities for sanctioned diving on wreck sites. In addition, advances in locational technology has allowed more easy access to undocumented wrecks with an associated increase in

potential impacts. The discussion identified several locations for new Preserve sites including the *SS Levallie* tugboat wreck near the mouth of Shelburne Bay and a shallow dive/snorkel site with several wrecks and historic features close to the shoreline in Burlington Bay. Planning for these and other sites will include establishing specific hardware, documentation, and administrative costs, as well as identifying cost share partners and funding sources.

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

- Arthur contacted Elisabeth Kulas from the Housing Trust of Rutland County to schedule a residents' informational meeting for the Windy Hollow MHP in Castleton which has been noticed for sale. They also discussed an upcoming sale notice for another park in Rutland City.

### **VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director**

#### **Regular CDBG**

#### **Applications**

- The VCDP team presented ten regular and disaster recovery projects to the Community Development Board on February 12, 2015. Secretary Moulton concurred with all of the board's recommendations last week. [See link for complete list of grant awards.](#) A press release and award ceremony are in the works for some time after Town Meeting Day.

*Suit* → **Town of Williston:** The Town, the Committee on Temporary Shelter (COTS), and Housing Vermont have been notified that their \$580,000 request for the 95 North Avenue project in Burlington has been awarded. There will be an award ceremony coordinated with the Governor's office, so this has not been released to the press yet. The proposed project will provide service-enriched housing for homeless individuals and at risk of becoming homeless individuals (14 units) and it will create a permanent location for the COTS Daystation.

- **Town of West Rutland:** The Town and NeighborWorks of Western Vermont (NWWVT) were notified that they have been awarded \$850,000 (\$1,000,000 request). The Scattered Sites Implementation Grant will provide housing rehabilitation and counseling services for homeowners of Rutland, Addison, and Bennington Counties.

*got one too.*

### **DEPARTMENT OF TOURISM & MARKETING**

#### **Megan Smith, Commissioner**

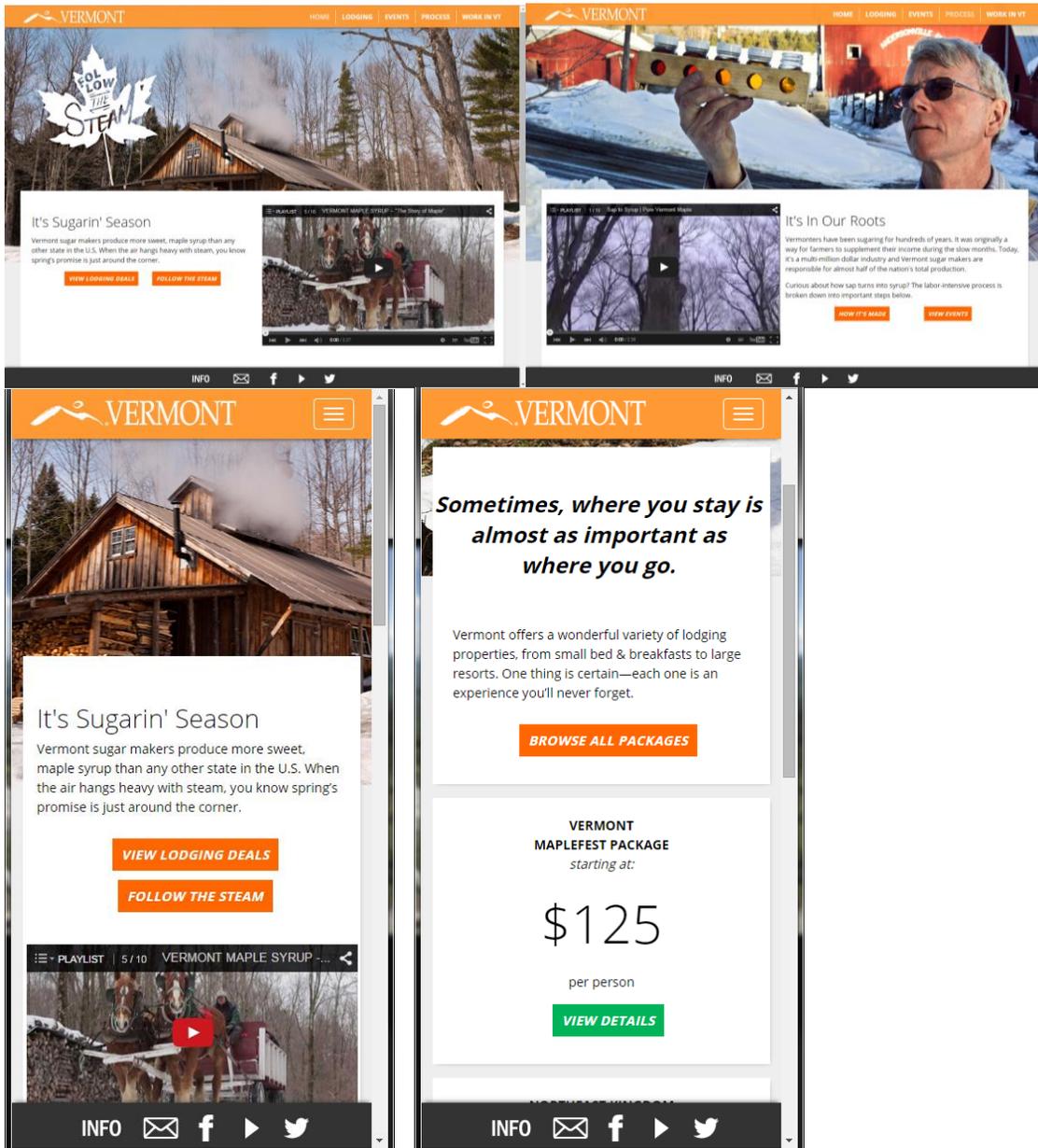
- **Australia Visit:** Megan attended with Discover New England, representing all 6 states. This is an annual event that we attended for the first time when our research showed that we were getting a great deal of interest from Australia on our website and in bookings. Megan filed a full report with the Governor's Office upon her return but in a nutshell:
- Megan met with 27 tour operators, OTAS (online travel operators), and receptive operators in Sidney. Four were already selling Stowe but VDTM will share all of the leads with our entire international partner list of over 100 lodging properties and attractions.
- The media luncheon had 100 invited guests. Vermont and Discover New England jointly met with 37 travel writers, of which 6-8 will be invited this year for familiarization trips.
- The expos in the three cities (Brisbane, Melbourne and Sidney) had a total of over 1000 agents who viewed our video and presentation and visited our table for printed collateral.

**COMMUNICATIONS ♦ Laura Peterson, Director of Communications**

- **Press Releases:** Laura distributed four press releases this week: “[State Barn Preservation Grants Awarded to 21 Agricultural Buildings Across Vermont](#),” “[Vermont’s Public Mapping Data Portal is Transforming](#),” and “[DFR and ACCD Announce Collaboration on Vermont EB-5 Projects](#).” She also helped with distribution of a press release on a [Food Study Tour](#) of Vermont’s food systems.
- **Social Media:** Weekly total reach on our Vermont Tourism Facebook page was 9557 people, up 83.4% from the week prior. People engaged was up 81.6%. A quick audit of our Facebook postings reveals an interesting trend: posts that tap into Vermont pride are 30-40% more effective at eliciting engagement. Total “reach” averages 250-450 people per post.

**MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator**

- **Spring Campaign:** VDTM launched the [2015 Maple campaign](#) this past week. The main focus of this microsite is promoting maple events and lodging packages during the spring. Screen shots are below:



**MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator**

- **Launch of the Spring Campaign | Follow the Steam:** David updated Vermont Tourism's social media channels to complement the spring campaign. The first comment on [Facebook](#), along with the engagement, show that people are positively receptive to the concept, *Follow the Steam*.



## Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report - Weeks Ending Feb 20 and 27, 2015

### Legislative

- VDOL (Mat B and Tracy Phillips) presented on UITF and UI related issues in Senate Finance.
- I presented at Workers Caucus on Wednesday, restating our intent to deal with the UI/Newspaper Carrier issue through resubmission of the proposed Rule to LCAR.
- I testified at House Commerce on the Next Generation program and components (including WETF, ATE, Dual Enrollment, AHEC and Military education loans). Memo from House Appropriations has NOT cut out the AHEC money, but had it highlighted in yellow which I presume means it is still under discussion. Liz Cote has talked to Jim Reardon, and to me, but the issue is with the Health Dept/global commitment, and not with VDOL or Finance.
- Justin Johnson and I testified on Prevailing Wage bill in House General. That same afternoon, I gave an overview of issues 'of interest' from VDOL, and Dirk Anderson and Mike Hoyt spoke about Minimum Wage Exemptions per request of Committee Chair Helen Head.
- VDOL staff (Noonan, Monahan, Anderson, Hoyt and Hill) met with legislators to discuss independent contracting, primarily to explain the law and identified areas of the numerous bills floating around that are inconsistent with the law.
- Monahan testified on S.23/WC.
- Dan Whipple, VOSHA Director, monitored H.74

Unemployment: For the week ending 2/14/15 we took 2,467 calls. We paid 7,088 claimants during the week ending 2/14/15 compared to 7,101 for the prior week. Rapid Response held for workers laid off from JC Penney in St. Albans and for Milagros Kitchen, Brattleboro.

Labor Market: Mat B is assisting ACCD with data for a possible DOD grant to help the layoff situation from Plasan. LMI received a call from Doug Hoffer asking about training programs and wage records. New Q3 2014 QCEW data shows strong job growth, but is still being reviewed internally. VDOL has a new tool to track job vacancies in Vermont, and we are using it to help with Rutland and Bennington as two "priority" areas for Dislocated Workers programs, and NEG grant applications.

Workforce: VDOL is actively working with Plasan - conference call held on Thursday. Wendy Morse, Regional Manager (SW), is meeting with BCIC and other economic development partner groups. VDOL is working with Century Arms to fill 12 positions, and upcoming meeting with Faraday for their 20 openings. Other hiring events/job fairs: C & S Wholesale, Lowes, Birchwood Nursing Home, Resource, Sheraton, UVM. Dartmouth Hitchcock and VIP are recruiting with VDOL under our ITAR/guaranteed job placement program. VDOL, through HRC/Karen Richards, has started implicit bias training for our staff (starting in Burlington, Rutland, Brattleboro, Bennington and the UI Claims Center).

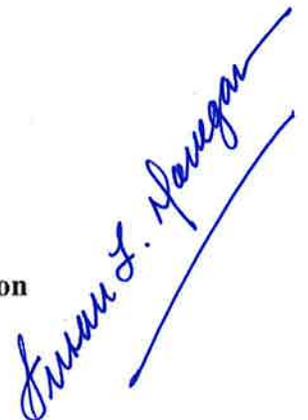
Confidential: Other: The biggest issue this week is the personnel matter involving a staff member who is under investigation for forwarding (what appears to be) substantial amount of confidential/PII data from her state account to her home account. I immediately involved DHR, DII, AG, VSP, and Sarah London and I communicate daily. A search warrant was executed by VSP this afternoon, and may still be underway, to seize her home computer and other materials on-site that may have such data. We know there was some PII info sent (SSN, wage records, etc.). The volume and the reasons are yet unclear. It was not a 'hack' or breach of our computer system. It was an employee theft of data. She worked for us for 5 years, and has permissions relevant to her job tasks. Unfortunately, this access for her job tasks included extensive UI records of employers and workers. I will keep you posted.

State of Vermont  
Department of Financial Regulation  
89 Main Street  
Montpelier, VT 05620-3101  
www.dfr.vermont.gov

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

**CONFIDENTIAL and PRIVILEGED**

**To: The Honorable Peter Shumlin, Governor**  
**From: Susan L. Donegan, Commissioner, Department of Financial Regulation**  
**Date: February 27, 2015**  
**Re: Weekly Report**



**Captive Insurance Division:**

Captive insurance license number 1031 was granted this week to Genesis Re of Indiana. It was formed by SIHO Insurance Services, which is a leading employee health care benefits company in Indiana. (SIHO stands for Southeastern Indiana Health Organization.)

**Insurance Division:**

This week, Commissioner Susan Donegan received updates from Anthem on the recent data breach. As of Feb. 23, indications are that 72,165 Vermonters have had their personal data potentially compromised. Of that, 48,720 people are directly covered by Anthem health insurance or Anthem related companies, which represents Vermonters who receive their health insurance from employers outside the state of Vermont. BlueCross BlueShield of Vermont reports that 22,000 subscribers may have had their information compromised. Of those, only 22 members had Social Security Numbers breached. Anthem and BCBSVT have sent letters to subscribers explaining the details of the cyber-attack. Credit monitoring and personal identity protection services will be offered free of charge for two years for customers going back as far as 2004. The Insurance Division is participating in a multi-state market conduct examination of Anthem. The Commissioner has received briefings weekly through the National Association of Insurance Commissioners (NAIC) about the ongoing investigation. So far, the consumer services staff has not received any calls about the Anthem Blue Cross data breach.

To follow up on the Governor's warning about home damage occurring during the current below zero temperatures, the Department is currently assisting two people. One had a radiator pipe burst and another had a roof leak from ice and snow build-up, which in turn has created mold. In both cases, the insurance companies have been contacted. The Commissioner expects to see more complaints in 4 to 6 weeks due to the time it takes to process claims and manage repairs. The most common complaints are about appraisals not covering the actual repair costs but the real problems will be mold issues. Many homeowners are unaware that some policies include caps on the amount of money allotted to fix damage caused by mold. It is our job to educate consumers about what their policies cover.





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**CONFIDENTIAL AND PRIVILEGED  
MEMORANDUM**

TO: Governor Peter Shumlin  
FROM: Rebecca Holcombe, Secretary, Agency of Education  
SUBJECT: AOE Weekly Report  
DATE: February 27, 2015

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**Press Contacts:**

- Tiffany Pache, VTDigger, is speaking with Vaughn Altemus today about the small schools grant and the impact of the proposed legislation.
- Amy Nixon, VTDigger, requested Rebecca's response to the Castleton poll results (embargoed until the weekend).
- Wilson Ring, AP, sought and received comment on a Missouri county court decision that state compacts like SBAC was a constitutional violation.
- Leslie Engle of Local 44, Nancy Remsen of Seven Days, Wilson Ring of the AP, and Robin Smith of the Orleans County Record requested tax rates by town, which is compiled by our finance division.
- Jill Remick appeared on the Vermont Press Bureau show, Capitol Beat, to discuss the pending education legislation.
- Secretary Holcombe participated in editorial board meetings with Governor Shumlin this week.
- Lisa Rathke, AP, asked for information about the number of districts, SUs and SDs in the context of the House Ed committee bill.
- April Burbank, Burlington Free Press, sought comment from Rebecca and Jill on the school discipline bill (S.67).
- April Burbank, Burlington Free Press, spoke to Rebecca about governance and school funding.
- Katy Savage, Vermont Standard, interviewed Jill Remick about governance and the education reform bill.
- Richard Sheir, The Bridge, spoke with Jill Remick about the Olsen spending cap language.
- Amy Nixon, VT Digger, spoke with Michael Hock about the SBAC assessment. We also responded to Amy regarding a commenter questioning the state mandate of

testing and if parents can opt out. We also provided a memo to schools on this topic. Those students would be counted as zeroes.

- Howard Weiss-Tisman of the Brattleboro Reformer interviewed Deputy Secretary Amy Fowler regarding the Educator Equity public forums.
- Jill Remick spoke with Kyle Midura at WCAX and Amy Nixon at VTDigger on H.361.

### Public Presentations/Speeches/Meetings:

Just the editorial boards!

And a lot of power loitering in the legislature.

### Emerging issues:

#### Quite a week in the legislature.

**BIG BIG POINT:** we need your help stressing that sometimes it is better to do less, and to do it better.....simplicity is a virtue. This legislature tends to pass laws that are so complicated, have so many exceptions to make everybody happy, and are so prescriptive, that they are difficult to implement, diluted in their impact and extremely burdensome to the Agency. We were struck by how much money House Ed was happy to throw and JFO for various studies, even as they threw new waiver requirements and studies at the Agency without a care for cost or burden. We are at the point where we can no longer implement.

no, really??

#### Senate:

Senate is looks likely to drop a bill that includes two options:

1. Move to a unified SD/RED by some drop dead date, with a minimum size of some number we are to suggest, (this somewhat parallels the house)

OR:

2. Move to one of a smaller number of SUs (e.g. regional SUS that include a lot more districts than the current SUs, and which would result in fewer Supts)

There is a part of me that wonders if option 2 is a diabolical and clever plan by Sen. Baruth to call the question on the idiocy of SUs, by making the opt out option even more ludicrous and unwieldy than it currently is.

They have asked for some help with language that will make this happen.

We have agreed to provide some support and guidance as follows:

- a. language to deal with non operating units and grades (e.g. regional districts to serve only tuition students, which basically provide business services and special education oversight. Participating units get assessed based on costs incurred by the choices their

students make.)

- b. a short (no more than a few paragraphs) memo summarizing the literature on optimal district sizes, and our recommendations for optimal district size, based on that c. narrative explanation of benefits and costs of Unified Districts vs. SUs
- d. A summary of how many budgets show an increase in tax rate even with a level funded budget or a reduction in Ed's spending (I think to make the case for change)
- e. a short dictionary (e.g. definitions of the following terms: School district, supervisory district, RED (and how it is like and unlike a supervisory district), supervisory union, MUDD.)
- f. examples of supervisory or compliance costs that would be saved/reduced if moved from a school district in and SU to a school district in a Supervisory District

Bottom line, they need help making the argument that consolidation will actually bring benefits.

### **House Bill**

We will see what reception the House Bill gets at Town meeting. I will work hard to be quiet as a church mouse at my own town meeting.

Will see where Ways and Means chooses to take it.

I strongly recommend diverting all districting authority to the SBE, so that the Secretary is not in the position of being both jury and judge and executioner.

### **SBAC/Testing**

We are about to open the online testing window. We are also going to invite a group of legislators and journalists to sit down and take the complete test at Montpelier High School in April. We are promising to have no individual scores, but plan to publish the group average score. The purpose is to orient a successful group of public figures to just how challenging the test is, so that when we have to release scores that suggest 2/3rds of our high school students are "not proficient," we can put that in the context of the scores of a successful group of adults who also completed college. I am wagering the high school students will hold their own.

### **Head Start**

I have been tugging on Aly's ear so hard about this that she may soon look like a rabbit.

Sorry, Aly. I do feel we need to demonstrate a strong commitment to fiscal transparency and to protecting the public interest by making sure every dollar is spent efficiently to leverage the maximum benefit for children. This includes making sure state PK dollars do not supplant federal dollars. To the extent possible, we also need to encourage all stakeholders to partner, so that children in poverty are not isolated in programs that only serve children in poverty. If we don't do these things, I worry that we will get a lot of pushback from tax payers, especially in areas where districts are now claiming they are paying HS more for the same service they provided prior to Act 166. This will be even more problematic if a tax cap is implemented.

## Other

### From Donna Stafford at the AOE:



JanReynoldsPR2015.  
docx

I thought I would forward this press release as an FYI so that you could share it with Secretary Holcombe in the event that she is looking for an opportunity to celebrate innovative initiatives with one of our Elementary Schools. Chris Dodge is doing some exceptional work with Fletcher Elementary School students and staff this year as their new Principal. **The Fletcher Elementary School's mission is to provide opportunities for students to acquire and use knowledge, problem solve and communicate effectively.** Fletcher Elementary School is part of Franklin West Supervisory Union, Superintendent Ned Kirsch. They are a pre-school through sixth grade school with an enrollment for the 2014-2015 school year of 132 students.

### Education Related News Articles for this week:

Good article on CESU and governance:

<http://education.vermont.gov/laws/2010/act-153>

[Town Meeting candidates for local school boards have their P21 Urges U.S. House to Approve Rep. Loeb's Schools of the ...](#)

[Education, not harsh penalties, is a more effective solution](#)

[Anti-strike bill gets NEA support](#)

[Cariati: Who is listening to the children?](#)

[Town seeks tax increase of 9.34%](#)

[Vt. budget solutions on table, but no plan yet](#)

[Burlington considers lean school budget](#)

[School pitch: value](#)

[House Speaker Shap Smith Convenes Economic Develop](#)

[School choice even improves the value of your home](#)

[Big step backward possible; robots steal our stories](#)

[The literacy challenge](#)

[Duxbury tackles budgets, and whether to record](#)

[How children benefit from family friendly work policies: A new report ...](#)

[New Report Gives \*\*Vermont\*\* High Marks For College Grad](#)

[Embracing the chill](#)

<http://www.sevendaysvt.com/OffMessage/archives/2015/02/26/lawmakers-outline-more-than-28-million-in-potential-cuts>

<http://www.burlingtonfreepress.com/story/news/local/2015/02/27/shelburne-school-upgrade-faces-vote/24065679/>

[Voters OK \\$400,000 for UD-3 upgrades](#)

[Petition seeks firing of ANeSU superintendent](#)

[Hundreds Rally Against \*\*Education\*\* Budget Cuts at Arizon](#)

[School research spending up slightly](#)

[Attention Music Shoppers: Young Musicians Release Rec](#)

[\*\*Education\*\* reform bill expected Thursday](#)

[Jericho town meeting moves to larger venue](#)

[S. Burlington budget adds housing trust fund](#)

[Reider: Leave well enough alone](#)

[Chasing a phantasm](#)

**Williamstown's new teaching strategies**

[DIANE KIRSON-GLITMAN: NOTES FROM THE FIELD REGARDING SCHOOL DISTRICT MERGERS\\*\\*](#)

**Vermont discusses teacher inequity - Education Week Teacher**

[Bethel's Free University Re-Imagines Education, Unites Community](#)

[Unschooling: What is it and how one family does it](#)

[Did No Child Left Behind's test-based reforms fail? Or not?](#)

[Sign of the Times: Deaf Vermonters Seek Better Options](#)

[Races for both contested school board seats in Westminster](#)

[Town Meeting Day is Tuesday](#)

[Vermonters question student suspension rates](#)

[It's All About \*\*Education\*\*: How Vaccination Affects Schools](#)

[Lawmakers Focus on Class Sizes](#)

[Report reveals national 'discipline gap'](#)

[Pomfret and Bridgewater consider school consolidation](#)

[State law ignored at Vt. Statehouse](#)

[Spying on Students' Mating Rituals via Yik Yak](#)

[House concurrent resolution designating February 25, 2015, as Teachers' Day at the State House](#)

30 Schools in 30 Days:

[Granite Academy brings new approach to alternative education in Barre](#)

[Hanover students take a trip back in time to the Renaissance](#)

[Milton H.S. Media Lab building bridges in community and school](#)

[Williamstown's new teaching strategies](#)

[VTrendlines: Farm-to-plate inspires state](#)

[Student-teacher ratios focus as House \*\*Education\*\* Committee](#)

[How Small Is Too Small?](#)

[Businesses key part of free tuition plan](#)

[Danville Co-Principal Charged With Embezzlement](#)

[Police: Danville co-principal embezzled](#)

[Vermont School Union selects Sovernet for network upgrade](#)

[Colchester Considers Local Option Tax](#)

[NCSU Boards Prepare To React To Ed Reform Bills In Statehouse](#)

[Randolph High Student Thrives in Speech Competitions](#)

[The Regrets Of the Young And Innocent](#)

[Mary Hogan spending plan reflects a 1.94 percent increase](#)

[Area students place in Vt. poster contest](#)

[Vergennes elementary wins healthy school food challenge](#)

[Community-Based Learning: Connecting Students With Their World](#)

**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Greg Smith, Executive Director, VT Lottery**  
**Date: Feb 27, 2015**  
**Re: Weekly Report**

**Status of Governor's Priorities:** .

none

**Legislative Issues/Contacts:**

Yesterday in Senate Approps they chose to ignore the Lottery budget and just discuss the consoles and funding for Education. They appeared to come to grips with it being new money, but still think about a reduction to break open beneficiaries. We made it clear that no one can confirm this because it is completely unregulated, unlike lottery. No comments about alcohol or problem gambling.

**Press Issues/Releases/Contacts:**

No press contact. New story in Rutland Herald about VT Vet Home and Vets returning their medals due to not wanting Lottery money.

**Significant Events/Meetings:**

none

**Evolving Issues:**

The lottery commission is developing a strategy to oppose the proposed language in Misc Tax Bill and H251 (restrict lottery from businesses holding 1<sup>st</sup> & 3<sup>rd</sup> class liquor licenses). Fully expect it pass the House, so Senate is the primary focus. We will connect with some reps that will ask the right questions. New commissioner Michel Consejo and I will meet with Andrew McLean, lobbyist for our gaming vendor, Intralot. Please advise if you want us to refrain or keep you informed of activity.

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**Summary of Key Agency Department Activity:**

Normal weekly business. Nationally, hearings are planned for restricting online gaming. There are restrictive provisions in the language for lotteries that we are working to remove. I expect that VT's delegation will be contacted.

**Executive Director's Commentary:**

Quite busy with a few contracts in review, some national assoc meetings, and a few day long meetings with primary vendors occurring in the next 30 days.

I have heard repeatedly in the statehouse that whether or not a rep likes the lottery they think that lottery profits should stay with education. I do not respond.

**Executive Privilege**

**TO: Governor Peter Shumlin**  
**FROM: Acting Secretary Rich Tetreault**  
**DATE: Friday, February 27, 2015**  
**SUBJECT: VTrans - Confidential Report to the Governor**

**NOTES FOR GOVERNOR**

**Brattleboro West River/VT30 Bridge Project**

A meeting of the executive teams from Governor's Office, VTrans, and PCL Constructors was held February 24<sup>th</sup> to discuss the schedule, traffic management, bridge safety inspections, public outreach and overall commitment to the timely and successful completion of this important project. Action items moving forward include quarterly status briefings for the executive team, messaging strategies for the anticipated completion date, continued analysis of traffic patterns and possible mitigation strategies and technology solutions to help with public access to project information. Positive feedback from the public about the installation of the glare barriers was received. Heavy southbound traffic on Sunday February 22 occurred between the hours of 2:20 and 5:50 PM. Secretary Minter has scheduled a public outreach strategy session with the VTrans team for next week.

**DC Visit & Federal Funding**

Secretary Minter reports: The visit to DC has been fruitful, including meetings with Leahy, Sanders & Welch, and their respective staff. In addition to emphasizing our priorities (level funding at a minimum; protections for small, rural states; flexibility in use of fed \$ -- to include rail operating costs), we discussed how gas tax/user fees might negatively impact VT moving forward. With Welch we discussed alternatives to the gas tax, including moving from retail tax to a per-barrel assessment strategy which may (?) gain some traction. Welch wants to continue with public advocacy on this issue, and we will work with him on a press conference at a project (possibly Hartford bridge) at an opportune time. We will include you if desired. With Leahy we stressed our focus on pressing forward with the rail to Montreal and the need for his assistance with Beyond the Border agreement. With Sanders, who is on EPW, we discussed some policy details. They are well-positioned to be our strong advocates.

Meanwhile, at the AASHTO convening, I was officially elected to be the President of NASTO, and we heard encouraging reports from key legislative Chairs of House (Shuster) and Senate (Inhofe) Committees. There is a strong belief from all sides (at this point) that a bill will move. The funding source is the question (Paul Ryan sees it as emerging within tax reform), as is timing. Highly unlikely that they will conclude before May 31st, so we can prepare for the same fire drill we had last year when the Trust Fund runs low in May.

## **NOTES FOR STAFF**

### Legislative Highlights:

The House committee is completing the details of the TBill and preparing to vote out upon return from Town meeting break. They are quite unhappy about the gas tax proposal in the water quality bill which they see as a direct competition with the goal of establishing a TIB floor. Unclear how this may all sort out, but we see support for the TIB floor growing (possibly including Helm, which is a good sign). The House Trans. also began digging into the transportation elements of the water quality bill, including hearing frustration/ anxiety from towns and the need for funding.

On the Senate side S122 was voted out of committee and Senator Flory will be the reporter. S. 78, which deals with ATV reciprocity, has been rolled into S. 122.  
Key provisions:

Tighten requirements to be a licensed ATV, snowmobile or motorboat dealer. Currently there is no minimum number of annual sales required to be a dealer. Some "dealers" never sell a boat, but just so happen to have a very expensive boat for their personal use. This allows them to avoid paying tax. The bill proposes ATV, snowmobile and motorboat dealers sell 6 units annually. Licensed car dealers are already required to sell 12 vehicles annually.

Tweak language on portable hand-held cell phone law: use of GPS, not being able to use device while stopped in traffic, and what does "securely mounted" mean? ugh

Give the commissioner authority to establish rules requiring barcodes on insurance certificates. Can't do this until 5 other states have implemented successful programs.

Housekeeping issues regarding brands on car titles:

Fees: Both Senators Mazza and Kitchel are interested in raising dealer fees and the committees' conversation has led to why aren't all DMV fees being evaluated this year for an increase?

### **License Plate Replacement**

In January the Department of Motor Vehicles commenced a public information campaign on registration plate visibility issues involving faded registration plates, obstructed registration plates and the improper placement of the registration validation sticker.

DMV is partnering with licensed inspection stations, car dealerships, Town Clerks and law enforcement officers in providing information to the public on these issues. Faded plates are replaced at no costs to the owner. There is a \$10 per plate fee for a plate that is damaged/destroyed or lost.

DMV is tracking requests for plate replacement; thus far it is averaging 50 plates per week.

**Winter Maintenance Costs (as of COB 2/24/15)**

FY 15 Winter Maintenance Costs to date = \$24,395,792

FY 14 Winter Maintenance Costs to date = \$21,976,595

FY 15 Salt Usage to date = 109,939 Tons

FY 14 Salt Usage to date = 103,521 Tons

FY 15 Total Hours spent on Winter Maintenance to date = 211,830

FY 14 Total Hours spent on Winter Maintenance to date = 196,082

**Montreal return of service:**

News via Senator Leahy's office that CBP-HQ has finally made contact with Amtrak's international service lead to begin discussion of potential operational scenarios for any return of service into Montreal.

**Eastern Border Transportation Coalition:**

EBTC board has confirmed that Cathy DeCoste-Whitlock will be the new Exec. Director of the Eastern Border Transportation Coalition. She is a recently retired CBSA manager and brings a strong knowledge on cross-border programs such as trusted traveler and NEXUS, as well as a keen understanding of the various agencies involved in cross-border activities. She begins on March 1<sup>st</sup>.

**Derby Line Port of Entry Project on I-91:**

Meeting occurred with VTrans structures, permits, ROW, D-9 DTA staff and FHWA to follow-up on recent teleconference with GSA as they begin to move this port re-design project forward once again. The current project is significantly smaller than those envisioned in multiple proposals over the past 10 years. With FHWA concurrence, we

will likely accept this location. GSI is very optimistic in their expectation of the time necessary to move to construction (they plan for 2016) and agreed that ROW will elevate discussion with AAG's office about GSA's proposed property rights/acquisition agreements for the site. We will need to carefully orchestrate all plans and construction between this project and the Caswell Street overpass as well as the timing of MTQ's construction in the area of the Highgate Springs POE as these are the only two ports capable of handling larger volumes of commercial traffic into Vermont. MTQ is aware that this project is moving again and we will engage them in discussion about the project and schedule as it evolves and also seek their assistance in advance notices for traveling public.

**Privileged and Confidential**  
**Memorandum**

**To:** Peter E. Shumlin, Governor  
**From:** Hal Cohen, Secretary of Human Services  
**Re:** AHS Weekly Report  
**Date:** February 27, 2015

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Highlights:

**AHSCO:**

Anthem Breach Update \_\_\_\_\_ pg. 2

**VDH:**

Vermont Yankee: Post Shutdown Decommissioning Activities Report \_\_\_\_\_ pg. 3

**DMH**

Vermont Psychiatric Care Hospital (VPCH) \_\_\_\_\_ pg. 3

**DAIL**

Simmering tension among community providers \_\_\_\_\_ pg. 4

**DOC:**

Selection Committee recommends switching providers \_\_\_\_\_ pg. 5

Population \_\_\_\_\_ pg. 5

**Secretary's Message**

My staff continues to work on the development of a framework that will enable us to adopt an “ending homelessness by 2020” message for Vermont. I know that you are particularly interested in this potential agenda, particularly with child homelessness exceeding national averages, and I am more and more excited about the possibilities for collaboration across state agencies, outside housing partners and possibly even with private developers. It’s an ambitious strategy and one which will inevitably have resistance from certain stakeholders but it will be well worth the effort. I plan to meet with Liz soon to lay out the approach and to get some guidance and feedback.

Sen. Jane Kitchel is introducing S.107 that creates an Agency of Health Care Administration which proposes to remove health care from the Agency of Human Services for a number of reasons such as the capacity to manage the diversity of programs, current cost of health care, organizational model which is administering health care, etc.

We are currently reviewing S.107 to provide further input about the initiatives we’ve undertaken to evolve our organizational model. However, upon initial review, at a minimum, this bill detracts from our efforts to deepen the integration of health and human services, and would have delivery system and fiscal implications.

## Agency of Human Services Central Office (AHS CO)

### Anthem Breach Update

On 2/20/15, Blue Cross and Blue Shield of Vermont (BCBSVT) informed Vermont Health Connect (VHC) that after further analysis of the Anthem breach, they are still not certain of the exact PII elements disclosed, but believe the Anthem breach impacted 21 Vermont Health Connect consumers enrolled in BCBSVT health insurance plans. BCBSVT indicated that they may not learn more about the exact PII elements disclosed for an additional 4-6 weeks. BCBSVT has notified the Vermont Department of Financial Regulation, the Office of the Vermont Attorney General, and Vermont's Green Mountain Care Board of the breach.

Beginning 2/23/15, BCBSVT will begin calling the impacted consumers and sending them notices about the breach. BCBSVT indicated that Anthem is offering all impacted individuals two years of free credit monitoring and identity protection and repair services. BCBSVT indicated that concerned members are encourage to call BCBSVT and has posted a link about the incident and resources available on their website. VHC reported the additional information in a follow-up report to CMS at 4:30 PM on 2/20/15 and again indicated to CMS that they would provide a follow-up report when they learn more details from BCBSVT.

### Vermont Health Connect Financial Reporting

Per H.82, Sec. 89, in collaboration with the DVHA business office, the AHS fiscal unit has created a report providing an accounting of development expenditures of the VHC, projected remaining development costs, balances on federal grants and the projected expenditures of the VHC sustainability budget for FY15 and FY16. This report will be reviewed by leadership and submitted to the Legislature.

I've seen it FYI.

### Final IFS Stakeholder Meeting and Report on Value Based Purchasing

Last week was the final meeting of the IFS stakeholder group. The final task was to set up guidelines for the work groups that will now begin. IFS presented all of the work that has been accomplished in the past 6 months and used that time to celebrate all the hard work that has gone into rebooting IFS. Additionally, IFS will be receiving the report from DVHA, via SIM, concerning how we fit into the concept of Valued Based Purchasing on March 11th. IFS will plan to review and assess the information quickly to inform and guide the ongoing work.

### Blueprint in Addison

In Addison, the Blueprint work is getting back on track after several transitions in leadership. A large group met and consulted with Blueprint teams from Bennington, St. Albans and the Northeast Kingdom to get a sense of the work that was happening in each of those regions. The group will take what was learned and will develop a strategic plan.

### Addison and Rutland Prepare to Respond to Promise Communities Initiative

In both districts, community groups have merged to begin work on the Promise Community opportunity. It looks like Rutland City and Vergennes school districts will be responding to the invitation.

gurd.

### Home Campaign to End Homelessness

A Community update meeting was held this past week to bring together the partners and interested citizens who worked on the 100,000 Homes Campaign to end Homelessness last October. At that time, 75+ volunteers interviewed 200+ homeless individuals and families using the VI-SPDAT which measures vulnerability and creates a list of clients with the greatest need. The goal is to house these clients in order of vulnerability at a rate of 2.5% per month. Multiple partners including BHA, Safe Harbor Clinic, Howard Center and Pathways have been whittling down the list over the past 4 months with some significant results. Of the “Most vulnerable” (those with 10+ score on VI-SPDAT), 8 persons have been housed (13% out of 62 total). For those in the next level scoring 5-10 on VI-SPDAT, 10 persons have been housed (10.5% out of 96 total). This means that overall, 18 persons have been housed who scored at least a 5 on the VI-SPDAT and therefore recommended for a housing assessment. This represents about 11% of the total – exceeding our target goal of housing 2.5% per month since Registry Week.

Many of our partners continue to use the VI-SPDAT – our Housing Continuum of Care is considering it as one option for our Coordinated Assessment System being created to meet the latest HUD requirements. We will continue to monitor our housed clients as well as create more opportunities for those remain near the top of the list.

### **Vermont Department of Health (VDH)**

#### **Ongoing water main breaks**

VDH convened a meeting along with VOSHA, DEC, and Fire Safety to discuss the ongoing water main breaks occurring due to extreme cold temperatures. Regulations and recommendations from various state agencies were discussed with regard to hospitals, restaurants etc. The following message for schools was agreed upon: Schools without water for an extended period of time should be closed until water is restored. This is the safest approach for fire safety and infection control, including food safety.

#### **Vermont Yankee: Post Shutdown Decommissioning Activities Report**

On February 19, the US Nuclear Regulatory Commission (NRC) held its public meeting associated with Entergy’s Post Shutdown Decommissioning Activities Report (PSDAR) for the decommissioning of Vermont Yankee in Brattleboro. In addition to the Departments of Public Service and Environmental Conservation, Health provided its comments on the PSDAR. Primarily, VDH found the PSDAR lacking sufficient detail to provide assurance that Entergy would protect the public’s health and the environment. The NRC captured comments, but has no obligation to address them.

### **Department of Mental Health (DMH)**

#### **Vermont Psychiatric Care Hospital (VPCH)**

All 25-beds at VPCH have been filled for over a week now. The 45-Level I (State Hospital beds) are also all on line.

#### **House Human Services - H.241**

Commissioner Dupre and Senior Assistant Attorney General, Dena Monahan testified that DMH recommends that we do not establish separate EIP rules and that we continue to use CMS’s rules. Commissioner Dupre explained that using the old VSH rules or the version some of the advocates want, will add approximately \$1.2 to \$1.9 million dollars to the 2016 State Budget. The hospitals testified that they were concerned about their ability to meet these state standards because of its

requirement that would involve a much higher need for psychiatrist or other licensed independent practitioners. DMH is monitoring the Committees ongoing discussions.

### **Department of Disabilities, Aging and Independent Living (DAIL)**

#### **Simmering tension among community providers**

DAIL hosted a testy meeting of representatives from home health agencies (Judy Peterson, Chittenden VNA and Patrick Flood, NEKVNA); SASH (Nancy Eldridge and Molly Dugan); Designated agencies; (George Karabakakis, HCRS; Julie Tessler declined to send a representative) and Area Agencies on Aging (Mike Hall Champlain Valley AAA and Beth Stearn, CVCOA) to discuss resistance to signing their MOU's with SASH. One issue: In light of SASH's continued success as a brand, other parties expressed fear they will come to be seen as redundant and lose funding. At the conclusion, all agreed to sign an extension to their current memorandum of understanding (MOU) through June 30, 2015 and to meet monthly and work in good faith toward resolving barriers to signing new MOUs.

In the meeting, Patrick Flood, Mike Hall and Judy Peterson expressed criticism of the general direction of health care reform (fearing a 'takeover by a single ACO') but did express support for Craig Jones' concept for regional health service areas.

#### **Testimony on Deaf and Hard of Hearing Commission continues**

Senate Government Ops continues to take testimony from advocates on legislation regarding the deaf and hard of hearing that seeks among other things to establish a Commission for Deaf and Hard of Hearing. DAIL was not asked for additional testimony. We remain open to supporting the addition of a dedicated position on the DAIL Advisory Board for a person with deafness or hearing impairment; this has had little traction because it runs afoul of the larger agenda which is to honor deaf culture and not see deafness as a disability or as requiring special education. Unclear how widely that view is supported in the deaf community at large but it is certainly the position of the spokespersons for this legislation.

#### **House Human Services to question Division of Rate Setting on rate increases for nursing homes in FY16 budget**

Commissioner Wehry will join the Director of Rate Setting, Kathleen Denette, today in HHS Committee to discuss the statutorily required inflationary increase for nursing homes. Certain advocates, some of whom are simply opposed to any facility-based care, would like to see the increase eliminated and used elsewhere, such as for Developmental Disability Services.

#### **VT Digger analyzes proposed cuts in AHS**

The VTDigger accurately reported the DAIL's position on the potential impact of certain proposed cuts to Adult Day programs and services for the blind. What the Digger article did not include (which was also provided) was the steady and significant growth in overall public funding for adult days over the last 6 years.

#### **Facilitated Communication (FC) debate may rise to surface prematurely**

As part of the ongoing efforts to improve quality and oversight of developmental services and contain costs, DS Director Camille George has been discussing appropriate clinical services with DVHA. One hotly contested and hugely popular service among advocates, is facilitated communication (aka supported typing & immortalized in the documentary film *Wretches and Jabberers*; the Governor may also recall Kyle used FC at last year's signing of the Respectful Language bill to thank the Governor

for the bill). DAIL currently paid for FC through the DS Medicaid waiver but FC is now explicitly named as a service for which Medicaid will *not* reimburse in the recently issued Green Mountain Care provider manual [p57/186]. We are jointly investigating the implications of this policy with DVHA and will do so under the radar while we develop a plan.



### Department of Corrections (DOC)

#### Selection Committee recommends switching providers

After an extensive evaluation and several site visits, the DOC Out of State Supplemental Housing Review Committee is recommending entering into contract negotiations with the GEO Corporation for both the 600 bed general population and the 75 bed high security population. This contract would replace our current contractor, Corrections Corporation of America (CCA). This decision was based upon a scoring system with factors to include one facility in Michigan instead of two (currently we are in Kentucky and Arizona), better program opportunities and a more secure environment. The Commissioner's Office is currently evaluating the recommendation. This contract begins on July 1, 2015.

#### K-9 Search Reveals AHS Staff with a Weapon

While conducting a routine search with K-9's of the St Johnsbury Facilities, the K9 team hit on a staff vehicle. CO I Max Field consented to a search of his vehicle and troopers found a small amount of marijuana, not enough to charge him, but they also found 2 loaded handguns in the vehicle. DOC staff spoke with Field and notified him of his right to VSEA representation and that a notice of investigation letter would be forthcoming. VSP will be charging him and confiscating the weapons. This has attracted media attention.

#### WCAX Story: Police Discover Drugs in Vehicle

Mr. Young is currently serving time on Parole for predominately drug charges. "SHARON, Vt. - Two men are accused of traveling with hundreds of bags of heroin in their car. Police say 37-year-old Robert Young of St. Albans and 34-year-old Maurice Nix of Brooklyn, New York were stopped for a minor violation on Interstate 89 in Sharon when a police K9 uncovered 600 bags of heroin. They are currently being held on ten thousand dollars bail."

#### High Risk Sex Offender

Joseph Gonsalves, DOB 6/30/61, is scheduled to complete his sentence and be released without supervision on March 3, 2015. After extensive work to find housing for him, in Vermont and Massachusetts, he has decided that he will live in a "safe house" provided by Pastor Pete and the Prison Ministry in the Lamoille County community of Hyde Park. Joseph Gonsalves's risk to commit another sexual offense is considered to be in the High-Risk-Range, and his risk for general criminal recidivism is considered to be in the Moderate-Risk Range. Based on his past history, if he were to sexually re-offend, his most likely victims would be male children between the ages of 9 and 14 years old, who are well known to him. The DOC is doing the notifications of his release and he will have to register with the Sex Offender registry under the new law, H.16.

check on press

#### Population

The department's incarcerated population averaged 1,935 for the previous week. The male population averaged 1,786 with 322 being presentenced. The female population averaged 149 with 30 being presentenced.

## **Department for Children and Families (DCF)**

### **DCF Survey of Employee Engagement – Family Services Division**

In December, DCF staff in all divisions participated in a Survey of Employee Engagement. This was the 4<sup>th</sup> year we have administered this survey, which helps agencies to evaluate internal culture. The Family Services Division was particularly concerned about morale and other aspects of internal culture, given all that division staff has gone through in the last year. Indeed, scores on the construct “Communication flows from the organization appropriately.” showed the most marked decline, from 350 (out of 500 points) to 318, the latter score reflecting an area of significant concern for employees. The lowest scoring construct was “IT systems support our work” at 275. Conversely, employees ranked supervision and teamwork highly, at 388 and 383 respectively.

### **Woodside Media**

Jim Kenyon, Reporter for the Valley News, is doing a three article series on Woodside Juvenile Rehabilitation Facility. The first article was published this past Sunday and covered funding, confidentiality/transparency concerns, disability rights and the culture shift. The second installment of the series is scheduled to be published this coming Sunday and will be about the use of seclusion and the new Intensive Stabilization Unit.

## **Department of Vermont Health Access (DVHA)**

### **Medicaid Management Information System (MMIS)**

The MMIS is in the procurement evaluation stage.

### **House Human Services**

Lori Collins testified in House Human Services on Tuesday regarding H.255 Health; end-of-life care; hospice care. The testimony message was that allowing dual eligible beneficiaries to access hospice services in addition to curative treatment would be a budget increase. In addition, requiring Medicaid and health insurance plans to reimburse health care professionals for engaging in advance care planning would also require an appropriation. Further analysis is underway to identify the financial impacts and will be provided to the committee.

Lori Collins testified in House Human Services with Commissioner Schatz and Monica Light on Friday regarding Vermont Legal Aid’s proposal to find creative solutions to fund essential programs and services like Reach Up for households with family members that have a disability who need supportive housing.

*get summary?*

### **Senate Appropriations**

Steven Costantino testified in Senate Appropriations regarding the 2016 DVHA Budget.

### **House Health Care**

Craig Jones, MD, testified in House Health Care on Thursday regarding the new reports showing Blueprint is lowering health care costs.

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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:** February 27, 2015

**Secretary's Top Issues**

**Captive Cervid Facility**

State veterinarians Haas and Mehlenbacher accompanied Fish and Wildlife Department managers and wardens on 2/25 to a captive cervid facility for a compliance meeting with facility owners. This facility has been operating under a hunting permit for the past two years that is slated to expire at the end of February. Discussion focused on activities that the owners still have to engage in in order to become compliant with the F&W permit. Once those conditions are met successfully, the facility will likely transition to VAAFMM oversight.

**Possible Swine Producer Violation**

The Animal Health section continues to investigate a VT swine producer who is alleged to have violated his own label claims for value added pork products in VT and may have violated VT's livestock import rules. This case has involved a voluntary recall of 90 days-worth of product by one VT distributor. VAAFMM received records from New Holland sale barn, forwarded by the PA Dept. of Agriculture, that are pertinent to the case. The original quarantine order issued to the farm that covered all livestock has been amended to only include swine; the quarantine on lambs and sheep has been released.

**Dairy Producers Conference**

Vermont Agency of Agriculture participated in the annual Dairy Producers Conference in Burlington. Secretary Ross was a participant at the conference and gave remarks to the entire assembled group (roughly 300 attendees). Alison Kosakowski presented on the Dairy Economic Impact Study. Other members of the Agency of Agriculture provided information on animal disease traceability and official cattle ear tags at no charge.

**Harvest New England**

Members of the Vermont Agency of Agriculture participated in the Harvest New England Marketing Conference and Trade Show in Massachusetts this week. This conference had workshops and meeting focusing on marketing, promotion, agritourism, and more. This event was sponsored by VAAFMM and was important opportunity for us to not only connect with producers throughout New England, but also with our counterparts in other parts of New England.

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**Status of Governor's Priorities:**

**Legislative Activities and Issues**

**Vermont Agricultural Fairs and Field Days**

The FY2015 VT Agricultural Fairs Stipend Fund will be allocating over \$95,000 to fourteen agricultural fairs and field days throughout the state. A qualified fair or field day event must be held annually at which premiums are offered for competitive exhibits in at least five categories. The fair or field day must also operate for a minimum of three consecutive days, with a minimum of eight hours operating per day. These funds are targeted for utilization in general operations and plant improvements. The grant recipients are required to complete an annual audit verifying proper utilization of grant funds. The Stipend Fund has been distributing grants since 1991.

**Land Use**

The Agency of Agriculture, Food & Markets is participating in the Northeast Kingdom's revision of its Food System Plan. The original plan was an "attempt to develop a vibrant agricultural economy and food system in the NEK region through a regional planning process that builds on the strengths of both regional planning and local, decentralized planning." The preliminary planning meeting of the players in the region, (which included Northern Community Investment Corporation, Community National Bank, Green Mountain Farm to School program, Sterling College and Lake Region Union High School, Center for an Agricultural Economy, Northeastern Vermont Development Association, regional farmers and community organizers), it sounded as if the scope of the plan may broaden to look at land use planning in support of agriculture and related businesses, and the group urged for specificity addressing implementation of the plan.

**February 19, 2013 (carried over from last week)**

***House Agricultural and Forestry Products***

Deputy Secretary Diane Bothfeld had Q and A with the committee. Discussed a variety of topics but focused on the positions requested for the TMDL implementation. Why are 7 positions needed? How to fund those positions? How do you get positions and what is the position pool? Do you get to post these positions and select who will fill these positions or do you have to take someone else from state government that might not be qualified? Committee is still confused on funding sources - which funds go where and what are the benefits. Discussed newly proposed fee structure from F&W - somewhat supportive. Chair wants rooms tax increase. Asked where funds could still be cut from Agency budget - not much left to cut. Still confused on what happens if we do nothing with EPA. Expect the bill to move to House Ag next week. The Committee would benefit from a Chuck and David discussion.

**February 23, 2013**

***Senate Natural Resources***

Monitored Jim Leland- The senate natural resources committee began a review of S.49 with legislative council last week. The conversations are mostly philosophical in nature at this point.

## ***Senate Agriculture***

Jim Leland testified - No markup occurred of the bill. Primary interests of the committee were what the workload priorities would be with TMDL requirements and potential new staff as well as details of custom manure applicator requirements.

## **February 24, 2013**

### ***House General, Housing and Military Affairs***

#### ***H. 201 An act relating to farm brewers licenses***

- The Legislative Council provided an overview of the proposed bill including definitions of new terms, licenses and license fees (which are greatly reduced). Intent (as represented by the sponsor but described by leg council) of the bill is lower barriers to entry in the cider, wine and brewery business to nano-sized operations that produce inputs on their farm or acquire locally (locally grown is defined in the bill). The “Vermont label” puts emphasis on locally produced and processed product.
- The committee heard from Commissioner Hogan of Department of Liquor Control- he outlined some problems with the bill as presented including the process of verifying the ingredients (who would do this?) the need for more definitions of terms used in the bill, and making sure education of license holders is on par with other licensees.
- Ken Albert, Vermont Grape and Wine Council testified that this bill would make existing labels more confusing. Federal labeling requirements for Vermont wine require that 75% of the grapes be grown in Vermont this license classification for farm vintners and labeling is only going to make it more confusing for the consumer.
- Steve Gagner, Vermont Brewers Association testified that the association does not support this bill as currently drafted. No grains or hops grown in Vermont that could support the creation of “Vermont beer.” Many of the most successful brewers in the state – that make beer labelled as Vermont beer- would be effected by this bill and it would further stratify the local brewing industry. The Vermont Brewers Association support local production of ingredients and buy these locally produced ingredients when they are available already.
- There are few barriers to entry currently. The reduced permits in the bill are not significant. If the legislature would like to help, make changes within the existing licensing system.
- Representative Head thought this bill needed more analysis- if modeled on New York –Is it working in there? what is needed in the realm of vinous and malted beverages business development and agritourism or support for agricultural production?- what do the cider makers think?

### ***House Agriculture and Forest Products***

#### ***Review of H.35 Water Quality***

- Small farm definitions questions; obviously this will be key to their discussion this week (and ours – we will need to find a place where we are comfortable)
- Sliding scales for fees for permitted and certified farms
- Considering removing the fee pieces of the bill and sending them along to ways and means
- Questions as to whether \$10,000 gross is too low for SFOs
- Questions as to where the fee levels came from; who decided etc and how will they be collected; Diane they will want some feedback on this part
- Many questions about the concepts of AAP, BMP and the new ‘enhanced practices’. Most questions related to whether or not cost share will still be available and how it will be doled out.
- Many questions regarding small farm training and custom applicator training. Questioning whether or not a farmer will need custom applicator training if they are providing a service for neighbors etc.
- Most importantly, but an informal show of hands 5 members of the committee do not support any current use impacts with this bill. They feel existing and proposed enforcement authority is adequate.

### ***House Ways and Means***

#### ***Appropriations Bill Language***

ANR Deputy Secretary Trey Martin and Ag Deputy Sec Jolinda LaClair testified before House Ways & Means regarding language in the Appropriations bill (memo sent from House Approps to House Ways & Means) addressing the transfer of the DEC Lab staff to the Agency of Ag to create a new collaborative Lab Team. The Approps bill references ‘fees’ – Ag will be given authority to charge ANR programs ‘fees for service’ as the DEC Lab currently practices. The changes are inter vs. intra agency; there is NO change in practice, service or product. Numerous questions asked about the proposed new collaborative lab – first time most in this committee learned of the \$25 million construction project at VTC (Rep

Masland very familiar as he is on the VSC board). Q's included 'why' VTC vs. UVM? Why governance under Ag vs. ANR? Would the future lab include new testing thus new revenue? All q's answered to the committee's satisfaction and they will report back to House Approps that they have reviewed the language and have no adverse comments.

## **February 25, 2013**

### ***Senate Agriculture***

#### ***S. 49 Water Quality***

The committee heard from a number of interests that are related to Northeast Organic Farmers Association.

They generally supported

- the current use penalty for violators of water quality, as long as the process was deliberate and consistent, but recognized that it only would apply to farmers enrolled in current use.
- Support small farm certification and inspection program
- Funding for a program and enforcement.

The Senator Bobby Starr offered that if Vermont Organic Farmers Association (VOFA- is the inspection arm of NOFA) did inspections on organic dairy farms and a number of their measures addressed water quality then could VOFA also do inspection on small farms for AAP compliance. VOFA said "yes" they would welcome this responsibility with some training on what to look for. They however would have to be funded to carry out this work. One less person to deal with on the farm.

John Hayden, farmer was concerned that the bill only looks at phosphorus and not at pesticides. The state doesn't have a complete picture of issues with the state's waters. He also had concerns about not being able to cultivate perennial plants in buffers and still be able to harvest from these plants (elderberry and other materials for wood chips were mentioned) so long as the buffer continued to function as a buffer.

A question came up about the definition of small farm and what the legislature might land on. Not known at this point, but taking suggestions.

### ***House Corrections and Institutions***

#### ***Collaborative Lab***

Deputy Secretaries Jolinda LaClair (Ag) and Trey Martin (ANR) provided extensive testimony about the Governance Model proposed for the Collaborative Ag and Environmental Lab. A draft including Governance Board, Lab Mgmt Team, and Stakeholder Advisory Group was further outlined. Per committee's previous suggestion, there will be 2 MOU's – one between AG and ANR outlining collaboration; one between State of VT and VTC outlining partnership. There will also be a lease agreement drawn up between the SoV and VTC – BGS will take the lead on this document.

### ***House Government Operations***

#### ***Collaborative Lab***

Similar testimony provided by DS LaClair and Martin. Committee has asked that language be added to the Appropriations bill referencing the Governance Model which will guide the collaboration between Ag and VTC.

## **February 26, 2015**

### ***House Appropriations***

#### ***H 272-An act relating to current use and technical tax changes***

- Rep. Alison Clarkson reviewed the bill with the Appropriations Committee and the major changes, which include 10% FMV land use change tax penalty- this penalty is shared with the Ed Fund, the Easy out, Study committee looking at municipal reimbursement rates, and guidance by PVR to listers for assessing land enrolled in current use.
- It was allude to that this replaces the Governor's proposal, which included the moratorium and the 30% valuation on farm buildings.
- It was mentioned that Louis Porter, Commissioner of Fish and Wildlife was proposing a tiered approach on posted lands.
- The committee thought that some examples on how the proposed land use change tax plays out on an actual parcel would help provide illustration when Rep. Clarkson report out this afternoon.

- 

### *Senate Economic Development draft bill*

- The committee generally offered comments that were not favorable to agriculture as economic development- might be worth scheduling time to talk about the Milk Matters report with them.
- Enterprise Zones
- Support from Rutland RDC and Colchester to lessen permitting requirements and reduce costs for development in industrial parks. Dawn Francis, Town Manager in Colchester, suggested that
- “Industrial Parks that have been in existence as of January, 2010, that are within a community that has an adopted plan, zoning and subdivision bylaws, and have an existing Act 250 permit shall be waived from the Act 250 process.” Unclear to the Agency whether this is all parks from 2010 going forward or just these parks currently in existence since 2010. Another suggested incentive to development of industrial parks is not having to pay for mitigation fees associated with ag soil mitigation.

### *Senate Ag*

#### *S. 22 Tail docking*

Dr. Kristin Haas provided the following:

1. Livestock Care Standards Advisory Council is taking up discussion of S.22 and will have a revised position statement on the bill to provide to both Committees on Agriculture following its May 2015 meeting. The Council's 2012 position statement on S.107 was shared with the committee as some tenets in it are pertinent to the current bill.
2. Anywhere from 60-80% of Vermont dairy farmers utilize tail docking as a management tool since the Vermont dairy facilities are often of an older style and/or retrofitted to accommodate commercial dairy operations.
3. There are multiple industry-driven programs that encourage farmers to utilize best management practices with management procedures such as tail docking - this is a better way to encourage change than issuing a legislative mandate.
4. The existing scientific literature does not support the premise that docked tails result in a lower incidence of mastitis, improved cow cleanliness and improved milk quality, as was once thought.

### *Senate Ag*

#### *Bill S. 110 – Wine and Grape Council Bill*

- The main function of the council is to promote the grape and wine industry. Honey is included because it is used to make mead in the production of wine.
- There are currently about 30 growers in state. Most of the wineries are growing their own grapes, some are importing.
- This bill puts forth the creation of a council which would be under the auspices of the Agency of Agriculture – primarily for administrative help.
- This bill proposes that 10% of the taxes from alcohol sales will be set aside for the marketing and promotion of this industry. Currently there is a little over 1 million dollars in taxes collected from the sale of alcohol.
- Senator Pollina did not have knowledge of the first Vermont Grape and Wine Council, or why this is being repealed to reinstate a new council. The other members of the committee also did not have knowledge of the council created in 2007.
- The 2007 language in the bill regarding the VT Grape and Wine Council said that the Agency of Agriculture would “help” facilitate/create the council.
- There were concerns from the committee about setting aside funding for the council, which would ultimately pull from the general fund.
- There is not a comparable council/fund for beer.
- The committee felt that they needed more information on why the first council was being repealed.
- The committee noted that they wanted to finalize the water bill and would then move on to bill S 110.
- Need to follow up with Linda and let her know if anyone from the agency is currently looking after a wine and grape council or if we have knowledge of what happened.

## **February 26, 2015**

### *House Commerce and Economic Development*

#### *Testimony concerning the VT Food Animal Veterinary Loan Repayment Program*

- At the committee's request, Dr. Kristin Haas provided information pertaining to the Veterinary Loan Repayment program, including an overview of its current structure, the statistics pertaining to number of awards offered, and total

amount of money awarded. I also provided veterinary demographic information to the committee and answered questions that they had related to the program.

## **Press**

Marc Paquette, Weights and Measures Specialist, has modified a press release from the National Conference on Weights and Measures to advise consumers of Weights and Measures Week, March 1 – 7, 2015. This will be published this week.

## **Significant Events/Meetings:**

- Animal Health staff manned the Agency booth at the annual Dairy Producers Conference in Burlington and provided information on animal disease traceability and official cattle ear tags at no charge.
- Henry Marckres, Chief, Consumer Protection, met with Fish and Wildlife on Wednesday in regard to the Consumer Protection testing of deer reporting scales in the fall.

## **Evolving Issues:**

- Animal Health staff manned the Agency booth at the annual Dairy Producers Conference in Burlington and provided information on animal disease traceability and official cattle ear tags at no charge.
- The Animal Health section of VAAFM provided the Agency's Companion Animal Mobile Equipment Trailer to the Central Vermont Humane Society and the Humane Society of the United States for use in an animal seizure undertaken in Eden on 2/25. The contents of the trailer will be used to temporarily manage the almost 100 animals seized from the residential property. BGS moved the trailer to the site for VAAFM.

## **Summary of Key agency Department Activity**

### **Administration:**

Deputy Secretary Bothfeld led a call with ACCD to provide information to a possible French Yogurt maker who is interested in Vermont based on the quality of our milk and brand recognition. The company would like to partner with an existing dairy processor in Vermont and the company will be visiting VT in March. Contacts will be made with potential dairy processors to determine their level of interest in the proposal. ACCD and Agriculture will partner on this effort – such a partnership was successful in bringing Commonwealth Yogurt to VT.

### **Agricultural Development:**

#### **Farm Fuel**

Senior Agricultural Development Coordinator Alex DePillis provided Senator Sanders' office (via staffer Jenny Nelson) an estimate of farm fuel use, i.e. use of heating fuels and of transportation fuel, including fuel for field operations. The estimate is being refined as of this writing, and drew on information from the PSD, UVM, EnSave, Rutgers University, and the Farm Viability Program in the Vermont Housing and Conservation Board. The estimate and basis for it will in turn be shared out to these and other parties.

#### **Harvest New England**

Agency staff attended the Harvest New England Conference in Sturbridge, MA. A number of Vermont producers and organizations were in attendance as presenters and trade show exhibitors. Staff participated in a productive roundtable conversation with Commissioners and high-level staff from the six New England departments of agriculture, as well as Arthur Neal, Deputy Administrator, USDA-AMS, and Elvis Cordova, Deputy Under Secretary for the USDA Marketing and Regulatory Programs.

#### **Produce Safety Training**

Produce Safety Coordinator Kristina Sweet completed 6 hours of training in Practical Produce Safety, including information on Good Agricultural Practices (GAPs) and Good Handling Practices (GHPs), from UVM Extension's Produce Safety Program. This training also provided an opportunity to compile perspectives from growers on the challenges to implementing food safety practices on Vermont produce farms.

#### **Vermont Vegetable & Berry Growers Association – Produce Safety Accreditation Program**

Produce Safety Coordinator Kristina Sweet participated in the inaugural meeting of the Vermont Vegetable & Berry Growers Association's Produce Safety Accreditation (PSA) program advisory board. This board will shape the goals and

structure of the program throughout its pilot phase (2015–2016). Topics discussed included timelines for the accreditation process, alignment with federal regulations, and an item-by-item review of potential requirements for accreditation.

### **Specialty Crop Block Grant Program –Advisory Committee & Review Committee Formed**

As part of the transition into management of the Specialty Crop Block Grant Program, Produce Safety Coordinator Kristina Sweet facilitated the formation of a stakeholder advisory group to shape goals and funding priorities for 2015 grantees as well as a proposal review committee including Vermont specialty crop producers and members of other state agencies.

## **Food Safety and Animal Health and Consumer Protection:**

### **Consumer Protection:**

The state of Vermont along with other jurisdictions across the country will celebrate Weights and Measures week March 1-7, 2015. The date of this year's Weights and Measures Week is significant as it marks the signing of the first Weights and Measures law by John Adams on March 2, 1799. Weights and Measures Week serves as a reminder of the great value consumers receive from weights and measures inspection programs. The Consumer Protection Section works to both regulate and educate the businesses they inspect. When violations are found, appropriate enforcement action is taken. Repeated violations may result in penalties being issued. A list of findings can now be found on the Vermont Agency of Agriculture website at:

[http://agriculture.vermont.gov/food\\_safety\\_consumer\\_protection/consumer\\_protection/violations](http://agriculture.vermont.gov/food_safety_consumer_protection/consumer_protection/violations)

### **Meat Inspection:**

- Information sent to USDA FSIS budget office in an effort to support the request for funds as the current allocation for the 50/50 program may not be enough to make it through the Federal Fiscal year
- Issues relating to misleading labels on product advertised as Vermont raised are being looked into
- Issues with FLEET services are being discussed to determine who decides what the “business needs” of our division are for proper vehicles to accomplish the Agencies mission and provide the mandatory daily inspection of slaughter and processing facilities. Slaughter facilities cannot operate if the inspection personnel are not present and meat inspection field inspectors are not able to observe delayed start times as most other state personnel.
- Poultry producers have been inquiring about the possible effect on the industry if exempt, non-inspected poultry products are allowed to be sold to retail outlets in connection with H-52 proposal
- Working with USDA to track down documentation for the FSIS background checks for new meat inspection personnel
- Meat program Rep spoke with NH House AG committee researcher concerning the direct sale of Bison and Venison products. Researcher indicated that most neighboring states do not allow the sale if not inspected as part of their Health and Human Services regulations. VT does not regulate these sales unless intended for sales to restaurants in which inspection services are offered with a fee based voluntary inspection program.

### **Animal Health:**

- Animal Health assisted a humane agent investigating a report of horses in Ryegate with no shelter or feed. Horses checked out fine.
- Animal Health assisted the Lucky McKenzie Humane Society in the investigation of a complaint of calves with no feed, water, or shelter in Ludlow. Apparently there were numerous complaints about this issue from the public. The animals appeared to be in excellent condition and no further action was warranted.
- Animal Health Specialist IV attended the weekly livestock auction at the Addison County Commission Sale to monitor for compliance with animal disease traceability regulations.
- Animal Health Specialist IV met with livestock dealers and veterinarians and provided animal disease traceability supplies.
- Animal Health Specialist is working with an individual who has a retail meat license and is also acting as a livestock dealer, without a license.

## **Agricultural Resource Management:**

### **Plant Industry**

- Patti Casey and Alan Graham have been analyzing data collected from mosquitoes and ticks last year. They are currently working on mapping locations for the 1500 deer from the 2013 and 2014 sero surveys, which looked for EEE virus antibodies in moose and deer. Kristen Needham at the Vermont Agency of Agriculture lab in Burlington

has completed testing ticks for three pathogens carried by ticks. The data is being summarized for a presentation at the Northeastern Natural History Conference in April. This is part of a collaborative effort between VAAFM and Lyndon State College professor Alan Giese. Alan Graham made a presentation to the Vermont Pesticides Advisory Council on May 25, summarizing the 2014 mosquito arbovirus surveillance season. Alan is also making two public evening presentations on ticks in Pomfret and Chester.

- Firewood rulemaking - The Department of Forests and Parks is working on a rule regulating movement of firewood into Vermont, and we have been offering assistance and advice on the process. The rulemaking was mandated in the 2014 Legislative session (2013-14, Act 112), and requires the Commissioner of Forests Parks and Recreation to have a rule in place by July 1 2015 regarding treatment and movement of firewood in and into Vermont. Currently, the proposed rule will require producers to heat treat firewood to the USDA 71/75 (firewood core temperature reaching 71 C for 75 minutes) standard before bringing it into Vermont, unless it originates from a county bordering Vermont. Plant Industry has been involved with FPR in the pre-file process, providing insight and comment on the proposed rule and potential problems that may arise. Rule filing is anticipated in early March.
- Industrial Hemp – Interest in cultivation and research on industrial hemp in Vermont has been increasing. Although Vermont has made cultivation of hemp legal, and the 2014 Farm Act has legalized cultivation of hemp for research purposes, there remain some stumbling blocks at the Federal regulatory level. Most significantly, the inability to import certified hemp seed from abroad without a DEA permit to import controlled substances, but also uncertainty or conflict between State and Federal law and enforcement policy. The Agency of Agriculture maintains a hemp registry for those interested in growing hemp in Vermont, and is prepared to assist farmers with pest control and other technical assistance matters as we are able. Although we are unable to provide the necessary oversight for research on hemp (unqualified to evaluate research proposals and methods, and we do not have the staff and legal resources to actually implement the research or supervise farmers wishing to cultivate hemp for research), we will help potential growers navigate the DEA permitting process, and if necessary, register with DEA as an importer to help facilitate the seed importation process.
- There are other concerns surrounding hemp in Vermont which the Agency is currently unable to accommodate, including intellectual property protection and hemp THC testing, and overarching concerns regarding the legality of hemp under the Controlled Substances Act and related Federal laws or international controlled substances treaties.
- Flower Show – Plant Industry personnel will be participating in the 2015 Flower Show, running from February 27 to March 1, at the Champlain Valley Exposition. Involvement will include a presentation on the pests and problems facing Vermont gardeners in 2015 and how to manage these, and The Forest Pest Outreach Program will be holding two educational workshops at the 2015 Flower Show. In addition to workshops on Friday and Sunday, ‘First Detector’ volunteers will be donning a full body emerald ash borer costume to interact and hand out forest pest related educational material to members of the public on the exhibit floor.
- Patti Casey and Alan Graham have been analyzing data collected from mosquitoes and ticks last year. They are currently working on mapping locations for the 1500 deer from the 2013 and 2014 sero surveys, which looked for EEE virus antibodies in moose and deer. Kristen Needham at the Vermont Agency of Agriculture lab in Burlington has completed testing ticks for three pathogens carried by ticks. The data is being summarized for a presentation at the Northeastern Natural History Conference in April. This is part of a collaborative effort between VAAFM and Lyndon State College professor Alan Giese. Alan Graham made a presentation to the Vermont Pesticides Advisory Council on February 25, summarizing the 2014 mosquito arbovirus surveillance season. Alan is also making two public evening presentations on ticks in Pomfret and Chester.

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

- Staff are coordinating enforcement efforts, both in house and with the Attorney General’s Office, for several ongoing and future enforcement actions on MFOs and LFOs for water quality compliance concerns.
- Staff are communicating internally to develop and further the Agency’s Franklin County focused water quality initiative.
- Staff are drafting reports and memos related to inspections and enforcement cases.
- Staff processed grants for three Farm Agronomic Practices (FAP) Program Education and Outreach Grants to support efforts to educate farms and the public about management options on farms that can improve water quality. Grant templates were revised to meet current state grant standards.

- Staff attended the UVM Extension No-till and Cover Crop Symposium. AAFM offered financial assistance to the symposium through a FAP Program Education and Outreach Grant.
- Staff are processing and reviewing LFO annual reports for compliance and are also responding to submission extension requests from several farms. One LFO in Addison County was sent a letter regarding their failure to submit an annual report or submit a request for an extension.
- Staff has been working with ANR-DEC's Indirect Discharge program to get information on the amount of wastes MFOs and LFOs received during the 2014 calendar year. The farms are required to include the imported wastes in the nutrient management plans (NMPs).
- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.
- Staff are continuing to work on the water quality section of the new water quality database. We have been testing inspections in the staging environment and sending comments back to the database developer.

### **Small Farm Operation Water Quality**

- Last week Small Farm Inspector John Roberts attended, with other Agency personnel, the No-Till Cover Crop Conference put on by UVM Extension.
- John Roberts spent two days visiting a total of nine (9) farms in the East Fairfield area gathering Basic Inventory information.
- John Roberts followed up on three farms in the St. Albans bay area trying to meet with the farmers to gather information.

### **Conservation Reserve Enhancement Program (CREP):**

- Staff attended the UVM Extension No-till and Cover Crop Symposium.
- Staff met with VLT and USFWS Partners staff to discuss CREP drafts for a Colchester farm VLT owns, but will be transferring to a SFO in the future.
- Staff prepared for a field visit to a farm with potential CREP projects.
- Staff visited with VLT, VHCB, VTAAFM staff, current landowners and potential buyer at SFO in North Cambridge to discuss CREP options as well as farmstead improvements possibly through NRCS EQIP and Agency's BMP Program. VLT has applied to VHCB for funding of a "retro OPAV" (option to purchase at agriculture value) on a conserved farm (VLT/VHCB/AAFM) that make the farm more affordable for purchase by the SFO currently renting the land.
- Staff worked on paperwork needed for recent CREP contract signings
- Staff assisted St. Albans NRCS staff with culvert sizing calculation for a SFO in Georgia.
- Staff began revising QAPP to continue analysis of alternative milk house waste treatment system on a SFO in Franklin County beyond the current April 2015 date. In addition to agreeing to extending the sample analysis (hopefully through October 2015), VTDEC will support monthly sampling vs the current bi-monthly sampling of this system.

### **Secretary's Comments:**

*Hemp* – received request by Emily Peyton to be a third party researcher and development entity under the authority provided to VAAFM under the farm bill. Tentative response so far is the Agency is concerned that it does not have the expertise or staff capacity to supervise such a third party endeavor and there may be some legal issues relating to our relationship to a third party. We have indicated a willingness to assist with the importation of seed to Vermont for legitimate R and D efforts as outlined in the Farm Bill.

*Hemp* – UVM has indicated they are prepared to do R and D work on hemp. They are evaluating the legal issues associated with using a third party's property for the work. We are in touch with Dean Langtange of Extension as we explore how to assist with the importation of seed.

*VT Dairy Producers Conference; Sheraton South Burlington:* spoke to audience about importance of water quality; their role and responsibilities and the emphasis of the state's three prong approach with emphasis on stewardship, partnership and accountability.

*Dairy Promotion Council; Dairy Producers Conference:* encouraged leaders of DPC (Ex Director Gary Wheelock, farmers Paul Doton and Harold Howrigan) to explore how New England and VT Dairy Promotion could tell positive story about VT dairy, touching on issues like animal welfare, stewardship, water quality, economic development

*H.35 Testimony* – I explained and was involved with numerous discussions in favor of fertilizer tax; favor of legislature's input on defining small farms; clarity on need for legislation in order to obtain EPA approval of TMDL and to provide VT solution approach rather than EPA engagement; helped O'Grady draft language to clarify role of AAPs and BMPs in proposed legislation; explored possibility of Committee supporting retention of Current Use Penalty – Partridge said virtually impossible and might lose positive vote on bill if she were to insist on its inclusion; Harvey Smith indicated support for H-35 policy but real concerns about the money needs of the bill and the resulting staffing

*John Herrick interview on Thursday:* He asked about the current use penalty and the funding proposals of the Committee. I explained our support for the CU Penalty, said he would have to ask Chair Partridge about the votes for or against CU; I also explained it was unclear at that moment what if anything the Committee was proposing regarding funding as they were listing options only at the time of the interview. Herrick was in the Committee when I explained the Administration supported the Fertilizer Fee and why.

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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:** February 27, 2015  
**Subject:** ANR Weekly Report

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**Governor Level Issues:**

**Enforcement Lawsuit Filed Against Hermitage:** You may recall the many violations we were dealing with when the new Hermitage owner was getting ready to open his new facility. (One example included Jim Barnes himself on a backhoe in a wetland creating an unpermitted trail.) Last week, the Office of the Attorney General filed a fifteen count civil action against Hermitage Inn Real Estate for its extensive violations of environmental laws relating to construction work done over the past several years at the Haystack Mountain ski resort. Violations include construction without obtaining the necessary permits (Act 250, stormwater, drinking water, wastewater, and wetlands), discharging pollution into state waters and destroying wetlands.

**Jay Peak Stormwater Permit Appeal Settlement:** You might recall that VNRC appealed several stormwater permits we issued to Jay Peak for their latest development project. This week ANR entered into a settlement agreement with the Vermont Natural Resources Council (VNRC) and Jay Peak Resort (JPR) to resolve VNRC's appeal. The settlement agreement avoids litigation while also providing an enhanced plan and schedule to remediate the impaired waters at the resort. The agreement requires that Jay Peak manage stormwater discharges to allow the impacted waters to recover attainment of state water quality standards. Most notably, under the agreement, Jay Peak must also submit a detailed Water Quality Protection Plan before applying for any permits or certifications administered by the Watershed Management Division for development of the West Bowl and must ensure that all of the affected waters are in attainment with state water quality standards before commencing construction of the West Bowl.

**Air Quality Alert in Rutland:** DEC's Air Quality and Climate Division issued an air quality alert for Rutland due to fine particle (PM<sub>2.5</sub>) concentrations above the daily national health standard in the range considered "unhealthy for sensitive individuals." When the program issues

these alerts, DEC works with the Department of Health and local officials to encourage sensitive individuals, including young children, the elderly, and those with existing respiratory or cardiovascular disease to avoid strenuous activity or prolonged periods of outdoor exposure. High winter concentrations like these are typically the result of a combination of increased local emissions – especially wood smoke – during cold weather and poor dispersion conditions caused by low wind speeds and temperature inversions which trap pollutants near the ground in deep mountain valley areas like Rutland. This was the third particulate matter pollution exceedance day in Rutland this year.

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## **EVERYTHING ELSE:**

### **Legislative Issues/Testimony:**

**Clean Water Bill (H.35):** H.35 passed out of the House Fish, Wildlife and Water Resources Committee last Friday on a 7-2 vote. Key provisions include enhanced state authority to address farm pollution, obligations to address stormwater pollution from developed lands, and the creation of a new town highways stormwater regulation. The bill includes funding for state agency capacity and would create and fund a new Clean Water Fund. The revenue sources proposed in the bill are different than those proposed in the Governor's budget, and DEC will be working with House leadership to explore ways to reconcile those differences. The bill has now been taken up by the House Committee on Agriculture and Forest Products, which is expected to modify both funding and some policy provisions before moving the bill at the end of this week. The next stop for the bill will be the House Committee on Ways and Means.

**Universal Recycling:** DEC staff testified in front of the House Natural Resources and Energy Committee last week regarding the Solid Waste Infrastructure Advisory Committee Report. The Committee, made up of haulers, waste districts, composters and industry associations, evaluated the sufficiency of existing solid waste infrastructure to implement the Universal Recycling law. Report recommendations include: creating a loan/grant program for strategic organics and recycling infrastructure investments (trucks, carts, NEK single stream MRF, organics processing facilities, etc.); and adopting State purchasing policies for glass and organics. Report funding options include: replacing the Solid Waste Franchise Fee (\$6/ton) with a Solid Waste Service Fee, which would apply sales tax to solid waste services (similar to Minnesota); and a \$0.05 disposable bag tax. DEC continues to advocate for full implementation of the Universal Recycling law.

<http://www.anr.state.vt.us/dec/wastediv/solid/documents/SWIAC2014/SWIACReportFINAL.PDF>

**9L:** Jon Groveman testified in the Senate Economic Development Committee on Act 250 Criterion 9L. The Committee indicated it wanted Jon to testify on the 9L Procedure. However, the day of the testimony, Mike Zahner from the Vermont Chamber submitted statutory changes to 9L. Jon testified that the changes would introduce new terms into the Criterion that would only increase the risk of litigation, and rebutted Mr. Zahner's claim that 9L leaves the District Commissions no discretion in implementing the Criterion and that 9L would not preclude

manufacturing and industrial growth. Jon also indicated as new NRB Chair he is very open to amending the NRB 9L Procedure. He also pointed to the education and outreach efforts underway on 9L that the NRB, ACCD and ANR are working on. Senator Mullin asked if the Administration would object to language in the bill that required the NRB to amend its 9L Procedure and for the NRB, ANR and ACCD to engage in 9L education and outreach. Jon and Commissioner Mackay indicated they did not object. Senator Mullin asked that the NRB and ACCD submit language that could be included in the Committee's economic development bill. NRB, ANR and ACCD are working on language to be submitted.

**Capital Budget Testimony re: Water Pollution Grants:** The House Corrections and Institutions Committee heard testimony last week from the Town of West Windsor and Rutland City regarding their respective requests for grants from the capital budget. The Town of West Windsor is seeking a grant to pay for a portion of the costs of a sewer extension project to serve the Brownsville community. Rutland City is seeing a grant to pay for a combined sewer overflow abatement project (CSO) that is nearing completion. While both projects are eligible to apply for grants, the funds for these projects are not part of the Administration's FY 16/17 capital budget proposal. In response to the testimony from these towns, the Committee asked that DEC provide a list of those projects eligible to receive water pollution control grants.

**Capital Budget Testimony re: Waterbury Dam:** DEC staff testified before the Senate Committee Institutions on the Dam Safety request of the capital budget proposal. Testimony included discussion of the Waterbury Dam and the effort that is underway to transfer the dam to the U.S. Army Corps of Engineers. The Senate committee raised similar questions to those raised in House Institutions earlier this month and appeared generally supportive of the proposal to transfer the dam.

**Meeting with Senator Lyons on Blue-Green Algae Monitoring:** DEC met with Senator Lyons along with the Department of Health to discuss the impacts of cyanobacteria (blue-green algae) and other potential contaminants in Lake Champlain and on drinking water supplies and the ecosystem. Senator Lyons indicated she is considering legislation addressing concerns about this issue. DEC updated Senator Lyons on state efforts to monitor for blue-green algae and associated toxins and our work with public water suppliers to put in place a voluntary monitoring program.

**S.49:** The Senate Committee on Natural Resources invited Commissioner Snyder to provide testimony on this water quality bill, specifically about sources of runoff and other issues that might be caused by forestry operations and logging. The Commissioner also provided testimony regarding forestry and water quality before the Senate Committee on Agriculture.

### **Press Issues/Releases/Contacts:**

**Clean Water Coverage:** The presentation by groups concerned about water pollution into Lake Champlain to the General Assembly, and the passage of H.35 out of the House Fish, Wildlife and Water Resources Committee generated significant news coverage across all of the major media outlets.

**Fish and Wildlife Releases:** Deer, Moose Hearings Set for March; Batten Kill Trout and Lake Champlain Sauger Fishing Regulation Changes; Conservation Camp Applications Are Available; Public Hearing on Crow Hunting.

**Significant Events/Meetings:**

**Moretown Landfill Cell 4 Application Withdrawal:** Advanced Disposal let us know that they wished to withdraw the Moretown Landfill Cell 4 Expansion Application. With no valid or pending certifications, the company is now required to perform closure activities. Advanced Disposal has agreed to submit a final closure plan to the Waste Management Program for approval.

**FPR Website:** After several years in the making, FPR launched its new website in limited release this week, with full release being slated for Earth Day. The site has been totally re-designed and should be easier and more inviting for the public to use. We expect to roll out the new main ANR site in March, followed shortly thereafter by DEC. You can see the new site for yourself: <http://fpr.vermont.gov/>

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**SUMMARY OF KEY DEPARTMENT ACTIVITY**

**Office of Planning and Legal Affairs (OPLA)**

**PSB Act 99/Net Metering Workshop:** OPLA represented ANR at the PSB's Act 99/Net Metering workshop. The purpose of this installment of the ongoing series of meetings is to refine the scope of the working groups and to identify specific topics that will be addressed by each working group. The PSB has recommended establishing working groups focused on (1) Rate Structure; (2) General Process; and (3) Interconnection Issues. While OPLA generally supports this approach, we believe substantive issue related to timelines and existing waivers of certain Section 248 criteria also need to be addressed in the workshop and we plan to recommend those issues are taking up by the procedural workgroup.

**GMP Methane Digester Project:** OPLA facilitated a meeting amongst Green Mountain Power, GMP's consultants, staff from several DEC programs and representatives from VAFFM. The purpose of the meeting was for GMP to provide an overview of their proposed St. Albans digester, discuss the specific regulatory and planning aspects of the food-scrap fuel stream GMP's anticipates being part of the project, and to discuss the other various DEC and PSB permit requirements, process and timelines. GMP left the meeting with a better understanding of the process and regulatory framework as well as a richer understanding of the emerging market for food scraps, the market players and the goals and implications of full implementation of the state's universal recycling law.

Subsequent to that meeting OPLA began working with VAFFM and PSD on drafting potential legislation intended to clarify the PSB's jurisdiction over methane digesters that are not owner or

operated by farmers. Last session the legislature transferred PSB jurisdiction over many digester elements to VAAF, on the basis that most digesters were farm buildings and were operated on farms, in associating with a farm business. With GMP's interest in operating their own facilities, those changes to Section 248 needs to be revisited and the PSB's role in non-farm digesters clarified. VAAF is in the lead on this effort.

**BGS/All Earth Comfort Hill Solar Project – Wetlands Issue:** OPLA met with All Earth Renewables' development team and staff from the state wetlands program to discuss a 500kw group net metered solar facility proposed for the state-owned Comfort Hill property in Vergennes. Wetlands staff had raised questions and concerns with the wetlands delineated when All Earth filed the project's 45-day notice late last fall, but since that filing occurred on the cusp of winter, no additional field assessment work was possible due to frozen ground conditions. The parties are working to craft a proposed CPG condition that clarifies the potential for class II wetlands on site, the need for further field investigation prior to construction and the potential that the project may need to be reconfigured as a result.

**New Applications:** Week of Feb 23, OPLA received 7 new Act 250 application and 3 new Section 248 applications.

### **Environmental Conservation**

**International Business Machines (Essex):** A draft Air Pollution operating permit renewal was issued as planned. The draft is available for public comment until March 3. Depending on the extent of public comments, the final permit is expected to be issued by March 6.

**Regional Carbon Intensity Tracking Work Group Meeting:** This group is exploring the possibility of a carbon intensity tracking system for the region and includes representatives from CT, MA, NH, NY, and RI. We met to get an update from the participating states. New administrations in MA and RI still need to be briefed before we can move forward with any decisions. On a related note, we have learned that the majority of fuel imports to the Northeast region has shifted from overseas sources to continental sources (North Dakota and Alberta). These sources are harder to track than overseas imports.

**Jeffersonville Public Water System Failure:** A failure of the Jeffersonville public water system occurred last week due to freezing and breaking of critical lines in the system (in the spring supply line to the upper storage tank and another in the distribution system). The system has fixed the leaks and the storage tanks are now recovering. Careful flushing of the system now needs to occur to remove any possible contamination while avoiding additional line breakage and other issues.

**Stormwater Funding Pilot Program:** DEC will be offering a new pilot program this year (for FY16 funds) using state revolving loan funds and Ecosystem Restoration Program funds to finance the implementation of large, stormwater infrastructure projects in communities subject to the municipal separate storm sewer system (MS4) permit. We will offer 100% grant funds for

project planning and design if it leads to construction as an incentive. Our goal is to manage up to five large stormwater infrastructure projects per year with current resources.

## **Fish & Wildlife**

**Five Year T&E Permit for Lampricide Application:** We met with the USFWS and agreed to move their Endangered Species Takings Permit on to the same five year schedule as the Aquatic Nuisance Control Permit they obtain from DEC. DEC and F&W staff agreed that this would provide an efficiency to USFWS that makes sense and that having fewer permits to deal with would give us an opportunity to focus more effectively on the single permit to narrow the impact on non-target species.

**Habitat Assessment Team meeting:** Staff discussed grassland bird habitat as necessary wildlife habitat, reviewed projects involving Bicknell's Thrush and vernal pools, and updating necessary wildlife habitat layers managed by the Department. Staff also talked about deer related to gravel pits, solar projects and determining function integrity of winter areas that no longer show use.

**Fishing:** Another smelt thief was reported this week, the location this time was on Lake Willoughby. Senior Warden Sterling ticketed two individuals after a dispute that broke out on Glen Lake over fishing territory. Several baitfish violations were encountered as well as license issues and line-limit issues.

**Deer:** Road kill and predator kill numbers appear to be steady. Wardens are also reporting deer that have apparently starved to death.

**Relicensing Utilities:** FWD staff have been working with a number of utility companies to properly re-license their transmission/distribution power lines that run across FWD lands, which in many cases expired long ago. Utilities are required to have some level of permission (license) or deeded interest in each parcel of land (easements) on which they operate. By re-licensing these utility lines, the company has a current permission and a clear understanding of what is required of them to operate on FWD land while minimizing impacts public resources. As part of this work, staff met last week with Green Mountain Power to discuss relocating a utility line that currently runs through the Riley Bostwick WMA and are also exploring a line relocation on the Steam Mill Brook WMA. Both lines would be moved from the interior of the WMA to a public right-of-way, which would limit infrastructure within the WMA and minimize impacts to natural resources by consolidated disturbance along a public road.

## **Forest, Parks and Recreation**

**Ski Areas:** Commissioner Snyder and staff plan to meet with representatives of Killington Ski Area this week to discuss the State Auditor's recent report on the state ski leases, ski area operations, work plans for the coming year, and other ski area management issues.

**Dowsville Meeting:** District III and HQ Forestry staff held a meeting to discuss the acquisition of the Dowsville Headwaters property in Duxbury. This 2,000+ acre property will be purchased by the Trust for Public Land using Forest Legacy funds and then conveyed to FPR for inclusion in Camel's Hump State Park. The new addition will add 8% to the total area of Camel's Hump along with many miles of road, trail, and a growing number of passionate skiers, snowmobilers, hikers, bikers, hunters, and anglers. It was in that vein that Recreation Coordinator Jessica Savage, Forest Legacy Assistant Kate Sudhoff, Stewardship Forester Jason Nerenberg and others brought together a group of recreational partners to discuss the timeline for acquisition, current use of the property, and chart a path forward. Most importantly, the people who know the property best were able to share with us the special recreational features of the parcel. We look forward to collaborating with these partners in the future.

**Lye Brook Wilderness:** Scientists and natural resource managers met at the Green Mountain National Forest to share monitoring results and collaborate on monitoring and forest stewardship activities in and around the Lye Brook Wilderness Area in the hills surrounding Manchester. One of the longest studies began 34 years ago as part of the EPA Acid Lakes study. Representatives from ANR included: Jim Kellogg, Heather Pembroke, Ethan Swift and Bennett Leon from DEC, and Sandy Wilmot and Josh Halman from FPR. The workshop was led by the GMNF under the auspices of the Vermont Monitoring Cooperative at its southern Vermont study site. Other participants included NRCS, UVM, and a private ecologist. Recreation impacts in the Wilderness Area were a major focus of discussion.

### **Natural Resources Board**

**NRB Rules:** The NRB held its first of three hearings on proposed changes to the Act 250 rules on Wednesday night. No one attended or commented.

**Clarendon Quarry Enforcement:** The NRB issued an NOAV that included a cease and desist order for a quarry in Clarendon in Vermont. The sand and gravel pit is owned by Kevin Elnicki and operated by a man named Markowski. The pit owner and operator are repeat Act 250 violators. ANR Department of Fish and Wildlife biologists have reported that the pit is being operated in the winter in violation of Act 250 permit conditions that protect a deer wintering area on-site. There are also reports of work in a conservation area required by the Act 250 permit. The pit owner has applied for an amendment to the Act 250 permit to eliminate the winter operation restriction, but the permit has not been granted. Material from the pit is being used for construction at the Rutland Airport that VTRANS is involved with. NRB staff have contacted VTRANS about this matter.



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**To:** The Honorable Peter Shumlin  
**From:** Keith Flynn, Commissioner of Public Safety  
**Date:** February 27, 2015  
**Subject:** Weekly Report

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## DEMHS

### Issues/Updates:

The Vermont National Guard returned this week from their EMAC deployment to Massachusetts.

The Vermont EMAP (re)accreditation review took place this week. Assessors are here from Maine, Indiana, Oklahoma, Washington DC and the City of Ottawa. They have given DEMHS a preliminary status of the results of the (re)accreditation; final determination is made by an independent panel based on input from the assessment team; notice may take up to 3 months.

Due to the extreme cold weather, water main breaks continue in many municipalities. Towns with reported issues include Barre, Bethel, Bristol, Burlington, Bennington, Cambridge, Chittenden, Clarendon, Fair Haven, Groton, Jamaica, Jeffersonville, Lyndonville, Manchester, Pawlet, Randolph, Richmond, Rutland, St. Albans, South Burlington, Stratton, Swanton, and Wilmington.

The St. Albans EOC opened this week to manage a water main break impacting up to 200 homes and businesses, including the Northwest Regional Medical Center and a nursing home. DEMSH provided support throughout the event, to include utilizing VT ALERT.

DEMHS received a call from a citizen inquiring how to obtain home heating fuel. After consulting with VT 211, AHS and the local EMD, AHS connected with the Office of Economic Opportunity to help provide support.

The Agency of Administration Readiness Cabinet met to review status of inter-agency mitigation and preparedness strategies.

The VY Interagency Group met this week. The issues on the table relate to the current petition on the ERDS link, the current petition for intervention on the PDEP implementation, and Entergy's compliance with non-radiological waste disposal as some building removal has begun.

VY has reached out to revise the standing LOA with the State of Vermont in anticipation of the exemption implementation next year. This has obvious implications on the current legal proceedings regarding the EPZ, so no commitments will be made until those are resolved.

DEMHS has received DHS federal funding to support activities through the remainder of this FFY (30SEP15). However, a shutdown and furloughs could impact review of projects, applications already in hand at FEMA as well as payments from FEMA. Other impacts to VT (and the Country) could be a delay in announcements of pending grant program opportunities under the Homeland Security Grant Program, the Assistance to Firefighters Program (AFG) and scheduled training at the FEMA Emergency Management Institute (EMI) in Emmitsburg, MD. We will continue to work with NEMA who is following this on the Hill to be sure we are tracking implications to DEMHS. A shutdown will cause some impacts on federal services in VT funded through DHS. Everything from border security, TSA, Coast Guard and the myriad of federal processing work that occurs in VT under the footprint of DHS.

## **VSP**

### A Troop

13 Total arrests, 4 DUI arrests

Troopers responded to over 52 crash scenes and TCNR scenes during very cold snow stormy weather over multiple days. The majority of these crashes were due to the usual speed issues we see on a regular basis during inclement weather.

Troopers responded to a single-vehicle slide-off in the town of Fairfax. EMTs arrived ahead of VSP and found the male operator to be unresponsive; he was transported to the hospital, where he was subsequently pronounced dead. It appears that the operator may have had a medical event just prior to the crash.

A steady flow of lost skiers and or hikers continue to keep the troops busy in the Camels Hump area.

### B Troop

13 Total arrests, 5 DUI arrests

Troopers assisted Lyndonville PD with searching for Alex Duranleau, who was found deceased in a river of 2 feet of water. Appears to be a suicide.

1st degree aggravated domestic assault. Gun pointed at juvenile.

## C Troop

16 Total arrests, 6 DUI arrests

Trps. continue to assist BCI with intelligence gathering for the Denise Hart missing person case. Trps. will stop cars and be visible in the community seeking information.

## D Troop

14 Total arrests, 5 DUI arrests

Completed a search warrant on a backpack he had secured from a residence in Springfield; two stolen weapons were located in the backpack; investigation continues

Tpr. worked the entire shift with Windham Humane Society. Vet deemed that the dogs at Stimson Brook Road were in imminent danger. 6 dogs seized and brought to the Windham Humane Society. Tpr. completed an affidavit regarding the seizure.



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*Justin Johnson, Secretary*

**PRIVILEGED AND CONFIDENTIAL  
MEMORANDUM TO THE GOVERNOR**

**TO: Governor Peter Shumlin**

**FROM: Secretary Justin Johnson**

**DATE: February 27, 2015**

**SUBJECT: Confidential Report to the Governor**

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**BUILDINGS AND GENERAL RESOURCES**

**Of Special Interest to 5<sup>th</sup> Floor from BGS Directors:**

Electric Vehicles/Charging Stations at Fleet's GMP Location: HHW met with Daniel and Jenn Cortez of GMP. GMP to install in 16 Level Two charging stations at the FMS offices on Green Mountain Drive – to be installed in two phases (8 in the spring and 8 in the summer). There will be no charge for installation, but FMS will pay for the 16 charging stations over a five year period, through the lease -- \$500/month for 5 years. If FMS moves before the 5 years are up, GMP will waive any remaining balance. Meters will be installed for the vehicles; FMS will pay for the electricity at the (lower) EV rate. These charging stations are for the sole use of FMS. This will result in the addition of 8 additional parking spaces – to convert the green space (in the circle) to EV parking spaces. Jenn Cortez to work with Property Management to amend the FMS lease.

Westminster Public Safety Facility New Construction: Naylor & Breen Builders is low bidder and a contract went over to Contract Administration today. COTW selection is approved and a contract is in process with Estimating Concepts. A contract is also in process with GMP for power service and with M&S Soils for materials testing. Contracts are in process for construction and materials sampling. A meeting has been held to discuss tele/data service in conjunction with DII.

Randolph AG/ANR Lab: Working on completing review of Conceptual Design and Basis of Design documents. Mike Kuhn, met with adjacent landowner, his attorney, and Senator MacDonald, to discuss the concern with locating the facility where proposed. Discussion on how we arrived at the proposed site. They expressed their desire for us to consider alternate locations, including the south "Orchard" site originally considered as well as the VTC owned "Enterprise" location on the other side of the Interstate, closer to Randolph. We indicated we would look into the possibilities and try to establish comparative

cost implications around each site similar to what was provided during the original site selection process. We indicated it would be approximately 4 – 5 weeks to go through the process, and offered to meet again at that time to discuss our findings. We also asked what they felt would be necessary for mitigation if the alternate sites did not appear to be reasonable. They declined to offer anything for consideration as they did not want us to use this as a means to eliminate the alternate sites. Soil borings were to start Tuesday, February 25<sup>th</sup>, but the extremely cold weather caused equipment start-up problems. The driller is working on getting the equipment up and running and will probably proceed on today

### **Legislative Contacts/Testimony:**

Met with Rep. Stevens and Rep. Ellis to discuss Waterbury PILOT. Jeff Lively and Mike Stevens were part of the discussion that included a conversation on how Waterbury could structure a bridge. We will be testifying before Senate Institutions on March 10<sup>th</sup> on the Waterbury PILOT. Bill Shepeluk also invited to attend.

House Corrections & Institutions H.188, State House Security: BGS Security Director Peter Danles and BGS testified along with Lt. Col Matt Birmingham of Vermont State Police and Bill Gerke, Security and Safety Program Manager, Judiciary. It appears there is a desire to establish an advisory or oversight committee.

## **FINANCE AND MANAGEMENT**

### **Issue Updates:**

#### Budget and Management:

- Finance and Management continues to track the budget bill in the house appropriations bill. The committees chair is to have it voted out of committee two weeks after town meeting.
- Thursday, the house appropriations committee released a brainstorming list of ways to make up the \$18.6M revenue downgrade that occurred at the January Emergency board meeting. The list is comprised of ideas from several stakeholders, but no individual group is connected to a specific idea

#### Financial Operations:

- This week it was realized that the commuter mileage expense reimbursement rate was not increased on 1/1/15. The estimated amount owed to employees is about \$4,000. The division is working on identifying the employees who were incorrectly reimbursed and will be working with the effected departments to ensure that the error is corrected by the end of next week.

## **HEALTH CARE REFORM**

### **Status of Priorities:**

All Payer Model: We had the third meeting with CMMI, which was a presentation of basic information about Vermont ("Vermont 101"). This meeting went well. The GMCB has not yet made progress on

completing the contract for a consultant. No other updates at this time and no significant progress in the issues outlined last week.

SIM: The SIM Team welcomed Steven Costantino to its Steering Committee meeting this week. As Commissioner of DVHA, he will assume the role of co-chair of the group with Al Gobeille. The meeting went very well and the role and responsibility of the group was clarified. This should allow for smoother processes moving forward. The Quality and Performance Measures and Payment Models Work Groups also met this week making progress on Episode of Care design. The financial team is still working on approval of funds for Year Two and carryover from Year One. CMMI asked for additional information this week that should be the final pieces to gain approval.

HIT Investments: Conversation continues between VITL and the state to determine the feasibility of a new federal grant opportunity to support interoperability.

The DHVA Business Office has conducted a risk assessment (per Bulletin 5.0) of VITL and identified them as a high risk. The Business Office is working with program staff to develop a risk mitigation plan that will provide additional documentation and mitigate against future risks of this nature. VITL is being responsive to all information requests and working well with state staff on this issue.

### **Legislative Issues/Pending Legislation:**

Senate Health and Welfare: The Committee released a new bill on Tuesday. The bill includes new reporting for the SIM team as well as AHS and the GMCB. Various agencies and departments are reviewing other components (price transparency, substance use, pharmacy costs, a prospective payment system for home health) and will have bill reviews early next week. The SIM component is fine as drafted.

Revenue: HHC heard testimony on sugar sweetened beverages and is considering this as a source for their HCR policy proposals.

H.203 Policy Bill: Lippert indicated they will proceed with policy initiatives as a committee bill. Robin testified on the VITL components of the bill and provided new language that she worked on with VITL. Al also testified that the GMCB was interested in the supervision of VITL and its budget. No other provisions were discussed this week, but the committee was primarily focused on budget issues.

HCR Budget Items: Lippert provided a proposal to the committee on how to prioritize HCR initiatives. The priorities were similar to the Governor's. The committee added money to cost sharing and reduced the cost shift amounts.

Lippert indicated that they would vote out \$ priorities with revenue this week in the form of a committee bill that would go to Ways & Means, but would continue to work on policy language related to the \$\$ after town meeting. The idea is that this language would be an amendment from the committee added to what they vote this week (either by ways & means or on the floor). Preliminary language is coming out later today.

There would be a second committee bill that would be "consensus" policy issues that they will also work on next week.

Senate Finance Committee Bill: No update

Universal Primary Care: The Governor met with Deb Richter and expressed interest in her idea.

## **HUMAN RESOURCES**

### **Legislative Update:**

HAC Representative Feltus requested additional information re: the new Workforce Development training center, new training program and additional staff. I notified Representative Feltus that I would appreciate an opportunity to meet with the Committee to discuss its questions and concerns, at its convenience. Representative Feltus agreed to that approach. I expect the meeting will occur next week. I made Michael aware of Feltus' questions.

Testified before House Gov Ops on language in big bill relative to 61 new positions. Explained that these are not an increase in overall position allocation as we are expecting 72 RIFs and positions would come from vacancies. Much discussion about the RIF process in general as well as ways to come up with approximately 10m GF personnel cost savings. Informed committee that we met with VSEA and they were not interested in reopening the contract to find personnel cost savings. Discussed RIFs and early retirement as options. Committee seemed keen on having Administration explore early retirement as an option.

### **Media Contacts:**

Responded to a request from WCAX for information on the number of state employees in an "on call" status and their remuneration for such status. Believe it was a disappointingly low 66K.

Responded to a request from Seven Days for information on compensatory time paid to employees of the Senate Pro Tem's office. The employees are not covered by rules that govern executive branch employees. Coordinated with Legislative Counsel and directed the reporter to the legislative side.

### **Significant Events/Meetings:**

Legal Section is reviewing and advising AHS on the preliminary incident report for the DOC death.

DOL contacted the state police to look into a potential breach of confidential information by an employee; DHR GC notified Sarah London.

Benefits Section is reviewing the issue of ACA and retirees and notified Retirement that we will be communicating with them soon on this matter. We think Retirement will need to generate forms to retirees.

Labor Savings re: retirement – the report team is compiling data. Harold has been in communication with Michael on this and we expect to have something for him on Monday.

Incidental to responding to a request on exempt employees we discovered that, technically, State Troopers are exempt, not classified, employees. We also need to define who exactly in State's

Attorney's and Sheriff's office is/is not technically a state employee. Implications are wide ranging, as we get requests all the time for data on "state workers", "classified employees" etc.

The Information Technology Advisors Committee met last week on the statewide training, registration and tracking system. Various levels of interest for resourcing the system but most agreed such a system is an essential part of an enterprise-wide training program. A survey has been sent to appointing authorities to gauge needs and interest.

## **INFORMATION AND INNOVATION**

### **Status of Governor's Priorities:**

Healthcare: The executive decision to move forward with Optum hosting services for the Health Services Enterprise Platform (HSEP) and its first business application, Vermont Health Connect (VHC), was solidified 5:30pm 2/19/2015. This was a critical decision point as migration to Optum Cloud from CGI Hosting will take 4-5 months. Letter of Intent was delivered to Optum on Monday afternoon 2/23/2015 with feedback from them Tuesday morning requesting clarity around reimbursement for work they are doing if contracting fails. DII Contracting working this issue.

Initial planning and kick-off with Optum started Monday and will go through next week. Efforts are focused primarily on technical architecture, high level migration planning, project governance, interlacing of current VHC, and Optum project management cadence.

Issue related to CGI hosting and statement of work #6 which would add \$125k transition services based on CGI rate card was escalated to exec's as CGI was refusing to continue to do work until a payment vehicle was in place. AHS opted to have CGI just send the bill in and further work will have to occur to ensure this maximum dollar amount is addressed contractually. The subject of adding an additional "optional" month of CGI hosting for July 2015 was broached with CGI management and they are willing to extend service at the June rate for 1 more month.

### **Legislative Issues/Contacts:**

Commissioner Boes met with Senators Kitchel, Ashe, and Flory on Thursday, Feb 26th. Although the meeting started with some expected questions about the DII internal service fund, the questions quickly turned to the VHC "failure". The Senators wanted to understand DII's role and repeatedly stated "no one wants to own the failure". Richard explained DII's oversight role, and how the independent review process related to the VHC project. The independent review was accomplished by Berry Dunn after contract reward. Independent reviews should be accomplished before contract signing, and to mitigate the late review, language was included in the CGI contract addressing the potential for amendment based on independent review findings.

Furthermore, Senator Flory said she and Senator Kitchel were told AOT did not want to be brought in to the State private cloud, and was told we were "taking" two AOT employees. Neither of which is true. From our perspective AOT is happy to move, and we expect to save them money.

Earlier in the week, Richard met with Rep. Fagan to help him prepare, as DII's point of contact, for House Approps budget discussions. Through this conversation, it was clear that Rep. Fagan has a reasonable understanding of internal service funds and the DII budget.

### **Significant Events/Meetings:**

Breach Items: A data breach form has been submitted to CMS for the reported breach of the BlueCross BlueShield Blue Card system. This breach relates to the larger national Anthem breach (80 million records) reported nationally earlier this week.

The currently know statistics on the breach are below. The population of these numbers is all Vermonters affected currently (Not Exchange or State employee's only).

<b>Business Line</b>	<b>Social Security Numbers</b>	<b>Other Sensitive Information</b>	<b>Total</b>
Anthem	37,372	11,348	48,720
Non-Anthem	-	19,974	19,974
Unknown	1,916	1,555	3,471
Total	39,288	32,877	72,165

\* Total records

A data breach was reported from the Department of Labor (DOL) on 2/24. The breach has a potential impact of 300,000+ records at the DOL.

- The breach occurred via an employee sending hundreds of sensitive emails to personal online email accounts.
- The employee is a 5+ year employee of the State. No determination on length of compromise has been made.
- DOL is performing their own investigation on scope and has engaged DPS, HR, AG and DII.
- DOL reported this breach 2 1/2 weeks after the original suspicion of compromise to DII.

### **Evolving Issues:**

VoIP Implementation: Changed Project Health to Yellow: A one month delay with publishing the RFP, combined with a three day delay for the bid opening has pushed the anticipated contract date to August 31, 2015. An unknown implementation timeframe could put Waterbury's implementation in jeopardy. The risk is low right now, but it's high enough that the impact could require an alternative solution to be deployed for Waterbury at a substantial cost to the State. Jon Welch is monitoring the Waterbury move timeline and will keep our project team informed if things change on that end.

Web: The new Forest, Parks and Recreation Website is now live on at [www.fpr.vermont.gov](http://www.fpr.vermont.gov).

ERP: VTHR and VISION service went down on 2/19/15 for about 30 minutes. This was a technical issue that was identified and resolved quickly. Measures have been taken to fix the root cause.

### **LIBRARIES**

No report.

## TAXES

### Legislative Update:

#### Miscellaneous Tax Bill:

##### ***“Non-Revenue/Current Use Bill”***

*Floor Action:* The non-revenue bill with current use is up for third reading – with no amendments in calendar (although a rep pointed out that there may need to be a technical fix to the technical fix on the homestead declaration – the gift that keeps on giving) We will be drafting a possible letter to Finance to point out a few technical things that were left out (Amazon, muni garages, household income, cigarette clean-up, publicly traded partnerships,) – we could also use as opportunity to float the current use posting proposal if desired.

*Current Use:* W&M heard Commissioner Porter on the posting proposal. Note, it was emphasized that it makes sense with easy out, which is contingent on the other changes passing. It appears that other current use ideas, such as a haircut and farm buildings, are still on the table for revenue.

##### ***Revenue Issues:***

*Payroll Tax:* Not much time spent on, in favor of exploring every other revenue idea that has been floated the past 4 years...

*Income Tax:* W&M spent a great deal of time revisiting the proposal to cap deductions at 2 ½ times the standard deduction. A well placed legislator suggested that income tax revenue had to be included to pass the House and that they were seriously considering our SLNC and limit on the rest of deductions for about \$39M (although there is concern over helping some homeowners, to make it complicated of course!) Finance in the meantime went to their favorite proposal, which is to zero in and just limit the mortgage interest deduction. Other favorites, such as a pull up (which essentially is a surcharge on high earners) were also trotted out. Rep. Pearson has introduced a grab bag that also would eliminate any preferential treatment for cap gains.

Although these proposals likely will have support this go round, the problem is that you are raising taxes by haphazardly patching the leaky bucket. With tax reform, you scrap the old bucket and can raise money with lower, more competitive rates.

*Sales Tax:* Rep. Pearson’s bill includes taxing the usual targets – candy, soda, bottled water. Also extraction tax on water and other natural resources.

*Cloud:* Finance passed a bill to clarify the definition of tangible personal property to exclude software accessed on the cloud, and it is up for third reading without amendment. JFO keeps insisting it has a financial impact, although Sen. Ashe seemed to understand that a fiscal note on a clarification of current law is quite a stretch. The other funky aspect of the bill is that it has a July effective date, rather than on passage. Spoke with Rep. Scheurmann and she understands Senate version is more favorable than hers, which actually creates issues.

*Estate Tax:* Looks like Finance is generally favorable, although JFO keeps blowing out of proportion that the new structure creates new gifting opportunities – the truth is that anyone who is willing to encumber their assets during their lifetime can avoid any estate tax now. Finance seems content with a

F71.

three year “deathbed gift” lookback as a solution – the practitioners are not thrilled, but will live with it (a number of states do have such provisions). Not clear whether committee will pass a free standing bill, or more likely wait to put it in the “real” revenue bill.

Water Quality: House Ag apparently will pass the bill without any revenue, and then send a letter to W&M with possible revenue. They do not appear as enamored of the per parcel type proposals that Senate Ag is contemplating (some versions would be collected by towns on the property bill – which is the only sensible solution when some charges go as low as \$25). The Department will work with Deb Brighton and JFO to see if there is a charge structure for broader categories of properties that can be administered. Deb has been clear that the Grand List data is unreliable – it has to be understood that property tax rates vary only between residences and non-residences, so any other categorization, based on loose definitions, is usually done by volunteer listers, for limited purposes of valuation.

Amazon: Rep. Young and Sullivan have both expressed interest in moving a standalone bill to address issue, but not clear either will.

Education Finance: The Commissioner testified to House Ed, and got the look back provision on income sensitivity turned into a study (and then mended bridges with the Chair). Mostly we were on the sidelines watching the committee go through an impressive number of drafts to get out a bill. There seemed to be strong sentiment behind the scenes that some kind of cap was needed for cover – not surprising, since a number of states have caps on budgets, rate increases and/or valuation in response to property tax angst. At the end of the day, Mark Perrault testified that the bill was revenue neutral, although there were winners and losers. The Committee put in the 2 cent rate increase from the Dec. 1 letter – right now Mark states that generates \$15M on the bottom line (there had been some question whether the Committee would leave it to W&M).

R&D Credits: The Commissioner explained the disclosure issues to Sen. Ashe – particularly that we could be listing companies that earned but never end up using the credit. He said it was a House problem as far as he was concerned. Rep. Ancel has not responded.

*Of course .*

Tax Havens: The Commissioner conveyed to Sen. Ashe that there were concerns about going down this road.

### Operations:

Tax Season: We are just about through the backlog of fraud review – although refunds will continue to be held up for longer time as we continue with extra filters. TurboTax got additional bad publicity from former employees who claimed the company knowingly failed to address fraud in order to earn filing fees.

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**CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN**

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From: Susan Spaulding  
Date: February 27, 2015  
RE: Boards and Commissions Update

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**Appointments Made February 25, 2015**

**Justice of the Peace, Town of Addison:**

APPOINTED: Scott Petrin

**Judicial Nominating Board:**

REAPPOINTED: Kathleen Pellett, Chester

REAPPOINTED: Joseph Watson, Leicester

**Community High School of Vermont:**

APPOINTED: Offie Wortham, Johnson

REAPPOINTED: Carol Bokan, Shelburne

**Endangered Species Committee:**

REAPPOINTED: Paul Wieczoreck, Hinesburg (Ag. Activities)

**Livestock Care Standards Board:**

REAPPOINTED: Marcy Wisnowski, Salisbury (auction industry)

**Northeast Forest Fire Protection Commission:**

REAPPOINTED: Charles "Butch" Shaw, Pittsford (Legislator)

REAPPOINTED: Warren Miller, Lake Elmore (Public Member)

**Fish & Wildlife Board:**

APPOINTED: Dennis Mewes, Dummerston (Windham County)

**Governor's Council on Energy & the Environment:**

APPOINTED: Christopher Kilian, Montpelier

**Rail Advisory Council:**

APPOINTED: Charles Baker, So. Burlington

REAPPOINTED: Alan Cook, Northfield

REAPPOINTED: Charles Hunter, St. Albans

REAPPOINTED: Arthur Whitman, Shaftsbury

REAPPOINTED: David Wulfson, Shelburne

REAPPOINTED: Charlie Moore, St. Albans

**District #6 Environmental Commission:**

REAPPOINTED: Mark Naud, South Hero (Alternate Member)

**District #8 Environmental Commission:**

REAPPOINTED: Leslie Keefe, Manchester Center (Alternate Member)

**State Infrastructure Bank Board:**

REAPPOINTED: Peter Gregory, Hartland (Regional Planning)

**Governor's Commission on Successful Aging:**

APPOINTED: Anita Hoy, Barre (COVE)

**Governor's Committee on the Employment of People with Disabilities:**

APPOINTED: Patricia Jarrett, Milton (Business)

**Governor's Commission on Alzheimer's Disease and Related Disorders:**

APPOINTED: Ellen Gagner, Essex Junction

**VT State Rehabilitation Council for the Division for the Blind and Visual Impaired:**

REAPPOINT: Margaret Howard, Berlin (Rehabilitation Counselor)

**Statewide Independent Living Council:**

REAPPOINTED: Theo Studdert-Kennedy, Middlesex

**Building Bright Futures Council:**

APPOINTED: Kimberly-Ann Coe, Essex

**Vermont Arts Council:**

REAPPOINTED: Edward Clark, Jr., Guildhall

**Children and Family Council for Prevention Programs:**

REAPPOINTED: Maria Avila, Burlington

REAPPOINTED: Peter Hathaway, Waterbury (Career Counselor)

REAPPOINTED: Caprice Hover, Rutland (Parent Child Center)

REAPPOINTED: Susan Kamp, So. Burlington (VDH)

REAPPOINTED: Linda Joy Sullivan, Dorset (Competent in Abuse)

**Developmental Disabilities Council:**

REAPPOINTED: Fred Breunig, Brattleboro

REAPPOINTED: Catherine Hybels, Norwich

REAPPOINTED: Lisa Rudiakov, Bennington

REAPPOINTED: Cynthia Smith, Fair Haven

**Requests for Advice & Consent delivered to Senate: GREEN=CONFIRMED**

**January 5, 2015**

Last name	first name	Board/Commission
Minter	Sue	Secretary of the Agency of Transportation
Cohen	Hal	Secretary, Agency of Human Services
Chen	Harry	Commissioner of Health
O'Brien	Ben	Occupational Safety & Health Review Board
Hindes	Churchill	Vermont State Colleges
Pieciak	Michael	Vermont State Colleges
Milne	Linda	Vermont State Colleges
Ewins	Regine	Board of Libraries
O'Connor	Timothy	CT River Valley Flood Control Commission
Moore	Gary	CT River Valley Flood Control Commission

**January 15th**

Last name	first name	Board/Commission
Hofmann	Sarah	Public Service Board
Bourgeois	Anita	Vt. Educational & Health Buildings Financing Agency
Coates	David	Vermont Municipal Bond Bank
Fuller-Ball	Dawn	Vermont Tobacco Evaluation & Review Board

**February 6, 2015**

Waples	Nancy	Superior Court Judge
Eaton	Harold	Associate Justice, Vermont Supreme Court

**February 10, 2015**

Last name	first name	Board/Commission
Comstock-Gay	Lucy	Board of Libraries
Payne, MD	Christine	Board of Medical Practice
Costantino	Steven	Commissioner, Vermont Health Access
Flynn	Sarah	Community High School of Vermont
O'Brien	Stephanie	Liquor Control Board
Haynes	Charles	Natural Resources Board
Boucher	Patricia	Parole Board
Stephens	Mary	Parole Board
Huling	Krista	State Board of Education
Mathis	William	State Board of Education
Peltz	Peter	State Board of Education
Amis	Randolph	Vermont Housing Finance Agency
Boardman	Kathryn	Vermont Municipal Bond Bank
Miller	Mary	Vermont State Housing Authority
Consejo	Michel	Vermont State Lottery Commission

**February 23, 2015**

Boes	Richard	Commissioner of the Dept of Info & Innovation	Commissioner
Chen	Harry	Department of Health	Commissioner
Cohen	Hal	Agency of Human Services	Secretary
Donegan	Susan	Department of Financial Regulation	Commissioner
Dupre	Paul	Department of Mental Health	Commissioner
Flynn	Keith	Department of Public Safety	Commissioner
Gosselin	Lisa	Department of Economic Development	Commissioner
Holcombe	Rebecca	Secretary of Education	Secretary
Ide	Rob	Department of Motor Vehicles	Commissioner
Johnson	Justin	Agency of Administration	Secretary
MacKay	Noelle	Department of Economic, Housing and Community Development	Commissioner
Markowitz	Deb	Agency of Natural Resources	Secretary
Mears	David	Department of Environmental Conservation	Commissioner
Minter	Sue	Agency of Transportation	Secretary
Moulton	Patricia	Agency of Commerce & Community Development	Secretary
Noonan	Annie	Department of Labor	Commissioner
Obuchowski	Michael	Department of Buildings and General Services	Commissioner
Pallito	Andrew	Department of Corrections	Commissioner
Peterson	Mary	Department of Taxes	Commissioner
Porter	Louis	Department of Fish & Wildlife	Commissioner
Reardon	James	Department of Finance and Management	Commissioner
Recchia	Christopher	Department of Public Service	Commissioner
Ross	Chuck	Agency of Agriculture, Food & Markets	Secretary
Schatz	Kenneth	Department for Children and Families	Commissioner
Smith	Megan	Department of Tourism & Marketing	Commissioner
Snyder	Michael	Department of Forests, Parks & Recreation	Commissioner
Spellman	Maribeth	Department of Human Resources	Commissioner
Wehry	Susan	Dept of Disabilities, Aging and Independent Living	Commissioner

**February 27, 2015**

Last name	first name	Board/Commission
Mewes	Dennis	Vermont Fish & Wildlife Board
Wortham	Offie	Community High School of Vermont Board
Bokan	Carol Ann	Community High School of Vermont Board
Gregory	Peter	State Infrastructure Bank Board
Avila	Maria	Children & Family Council for Prevention Programs
Hathaway	Peter	Children & Family Council for Prevention Programs
Hover	Caprice	Children & Family Council for Prevention Programs
Kamp	Susan	Children & Family Council for Prevention Programs
Sullivan	Linda	Children & Family Council for Prevention Programs

**NOTES:**

**Green Mountain Care Nominating Committee:**

**Liz Bankowski** does NOT want to be reappointed

**Tom Torti** does want to be reappointed

**Deb Richter** does want to be reappointed

**Texas Low-Level Waste Disposal Compact Commission:**

**Jane Sanders** does want to be reappointed

Still waiting to hear from **Peter Bradford** and **Dick Saudek**

**Liquor Control Board:**

**Jeffrey Harkness** I had a chance to chat with him for about 15 minutes and he sounds like the perfect candidate. Stephanie O'Brien is going to fill him in on the responsibility of Board members and time commitment. I expect to hear from him soon.

David  
Coen  
interested  
these 2

**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Michael J. Hogan, Commissioner of Liquor Control**  
**Date: February 27, 2015**  
**Re: Weekly Report**

**Status of Governor's Priorities:**

- Staying in touch with my counterparts in Washing and Oregon on the implementation of legalized marijuana.
- February sales looking good: +6%.
- Budget presentations today in the Senate. Went through my budget in the House this past Monday. No issues.

**Legislative Issues/Contacts/Updates:**

- Speaking with Senate Gov. Ops today on Marijuana. General comments by our department on what is working in Washington and Oregon. Both are regulated by the Liquor Control Board in their respective states.
- Couple of bills introduced (H219, S80) to sell fortified wine by 2<sup>nd</sup> class license owners. We have an approach that could satisfy the small number of stores that want to sell these products. It will take some compromise to make it happen.
- H201 is a bill to create a farm brewers license- interesting concept I believe patterned after New York State. Not much happening and little interest by the House General Committee.
- H254 makes some changes to allow retailers to refill clean growlers. It enhances the current department regulations. We might make those changes through rule making if necessary.

**Press Issues/Releases/Contacts: None**

**Significant Events/Meetings:** Next Board Meeting 03/04/2015 - Enforcement Hearings.

**Evolving Issues:**

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems. Testing is going very well.
- Preliminary review of department processes for potential licensing and enforcement system. .
- Break open ticket reporting process is working. Live data is being entered. Should have some numbers by the end of the first quarter.

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**Summary of Key Department Activity:**

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.
- **Commissioner's Commentary:** Have a great weekend.

Elizabeth H. Miller  
802-522-3090, cell  
elizabeth.miller@state.vt.us