

WEEKLY REPORTS

Checklist
5/31/2013

Elizabeth Miller/Aly Richards

Agency of Commerce and Community Development – Lawrence Miller

Department of Labor – Annie Noonan

Department of Financial Regulation – Susan Donegan

Agency of Education – Armando Vilaseca

VT Commission on Lottery – Greg Smith

Louis Porter/Drusilla Roessle

Agency of Transportation – Brian Searles

Agency of Human Services – Doug Racine

Sue Allen/Leigh Appleby

Agency of Agriculture – Chuck Ross

Agency of Natural Resources – Deb Markowitz

Public Service Department – Chris Recchia

Sarah London/Carolyn Wesley

Department of Public Safety – Keith Flynn

Agency of Administration – Jeb Spaulding

Susan Spaulding

Boards and Commissions

Department of Liquor Control

Other

Irene Recovery Office

Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report – Weeks Ending May 24 and 31, 2013

Most Current:

IBM – VDOL had 2 conference calls this week with USDOL regarding utilization of our federal dollars to address any layoffs at IBM; in particular TAA and Dislocated Worker funding. VDOL staff met with VTC and CCV on their TAA-grants to discuss their plans or ability to respond to training needs in the event of layoffs. Reach Up: I spent all last Friday and most of yesterday finalizing placement options for all VDOL Reach Up workers in order to avoid any layoffs, and were successful with placements into VDOL existing vacancies, or backfilling funding cuts with VDOL program money. This was challenging since AHS changes impacted 8 of our 12 offices. However, as a result of working through the changes with our staff, no RIF notices were issued. I want to note that Tom Ball and John Berard of DHR were very helpful to VDOL with this work. Secretary Spaulding requested a meeting between VDOL and ESD regarding Reach Up and also my concerns about CWS and VABIR. It was decided that the CWS issue would have to be addressed with AHS and VR.

NEK Project: Meeting held with VSC, VDOL, ACCD, VMEC and the 3 team members (Cindy Robillard/VDOL, Penne Ciraldi and Ann Nygard/VSC) to discuss Tim Donovan's request to pay VMEC to do Innovation Engineering on the project. A meeting with VMEC is now scheduled for June 19 and 20. No final decision has been made. There is much frustration with the lack of communication from the companies that will need the workforce, in particular AnC Bio, and Lawrence Miller was asked to get a representative from these employers to engage in the discussion.

Legislative for VDOL:

S.155: I met with Rep. Kupersmith and WDC Chair Jim Pratt this week to prepare for the study committee on S.155. H.169: 8 weeks relief for employers impacted by 2011 disasters. Vermont employers have until June 10th to apply. Newspaper carriers: VDOL will be sending JFO our research files on the issue. LCAR did not make us appear again. VDOL will be issuing a new bulletin on the domestic violence language that changed this session. H.51: WC Debit Card bill – VDOL staff will be preparing a RFP for companies to bid this project. S.7: VDOL has started some work for the social network privacy study. Prevailing Wage: VDOL's annual report/update of the Prevailing Wage Rates is ready for distribution. This is politically sensitive since we have the PW request for study from Senator Flory and Rep and there will be a significant push for the Administration to support adopting some calculation for benefits into the PW, or even adopting the industry standard contract as the PW. This has been a long-standing question that we should decide soon.

Unemployment Comp & Wage: VDOL is ready to repay the UITF loan as early as next week, and I have been working with Sue Allen to discuss having you (Gov) announce it at a press conference, since it's really good news (paying off our debt 18 months ahead of the earliest projected date) and saving all Vermont employers \$42 per employee starting in January. We can also couple that news with the fact that Vermont UI Reemployment Eligibility Assistance Program has again been cited by the feds as the leader in New England for program results, getting UI claimants back to work quicker than the other states. Claim Center Stats: For the week ending 05/25/13 we took 2,617 calls. This is a decrease of 32 calls from the week ending 05/18/13. We processed 433 initial and 499 additional claims. This is a decrease of 73 initial claims and a decrease of 124 additional claims from the week ending 05/18/13. 7 claimants exhausted all tiers of benefits with the week ending 05/25/13 compared to 7 claimants who exhausted all tiers of benefits during the week ending 05/18/13. Two claimants exhausted Tier 1 benefits with the week ending 05/25/13 compared to 3 claimants who exhausted with the week ending 05/18/13. We paid 5,928 claimants during the week ending 05/25/13 compared to 6,017 for the week ending 05/18/13.

Other: Phone conferences with feds on VDOL performance, sequestration impacts, and IBM; Rutland WIB; VTC on the Apprenticeship Program; Gerry Ghazi and Julie Davis on Vermont HITEC; VDOL regional office managers; Federal OSHA region 1 staff; WETF meetings; Compensation Call with SOA

Other News: Many issues - positive and negative - in regards to personnel matters. Newly promoted VDOL staff as regional managers have been announced: Wendy Morgan (Bennington and Rutland); Morgan Sailer-Carlisle (Springfield and Brattleboro); Barb Smith (Barre, WRJ, Morrisville). We are reposting for the Burlington/St. Albans regional manager. There are several noteworthy announcements of retirements, including Greg Voorheis in Grants Division, Pat Nagy in Apprenticeship, Maria Beede in UI. We have 2 openings for Veterans reps and I am working with the Veterans program administration to find good candidates. The employee who received a death threat here at work has now filed a Workers Comp claim, and I am keeping DHR in the loop on all of these developments.



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**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Secretary
SUBJECT: Agency of Education (AOE)
DATE: May 31, 2013

Rural Chiefs Meeting: This week I was in Utah with the rural chiefs with the intent of building the capacity of rural states and advocating on their behalf with the US ED and Congress. Topics discussed include supporting the development of principal and teacher effectiveness and evaluation models, preschool initiatives, rural poverty and workforce needs. One of the primary goals was to identify shared needs for new tools and resources that can be achieved through cross-state collaboration and support from CCSSO and its partner organizations. I will share more in next week's report.

Education Quality Standards Commission (EQS): The EQS Commission, charged with creating a draft rewrite of State Board Rule 2100, held its final meeting this week. The group now will prepare final recommendations and will make that report to the State Board of Education at its June 25 meeting in Stowe. These rules include School Quality Standards, Graduation and Curriculum Requirements, and other critical guidelines for schools in how they deliver education. They also reflect the expectations in the recently-passed Flexible Pathways legislation regarding Personalized Learning Plans and Flexible and Multiple Pathways to Graduation.

Workforce Planning: On Wednesday, the National Governor's Association hosted a technical assistance retreat on health care workforce planning. Tom Alderman, Director of the Secondary and Adult Division, represented the Agency of Education. Development of the health care workforce is essential to Vermont's effort to reduce health care costs and improve the health of Vermonters. Public education can contribute to that effort specifically through programs of study in career and technical education that are related to health care occupations, and generally through the goal of college and career readiness for all graduates. The interagency workgroup will continue this effort over the coming months.

Dual Enrollment: On Wednesday, Deputy Fischer attended the New England convening of the National Alliance of Concurrent Enrollment Partnerships, held at the University of Connecticut. This was the first organized assembly of dual and concurrent enrollment programs from throughout New England, showcasing a variety of successful programs that provide rigorous college courses to high school students. Deputy Fischer, joined by leaders from each of the New England states, participated in a panel on concurrent and dual enrollment initiatives, sharing the highlights of Vermont's programs, successful outcomes, and recent innovations and trends affecting concurrent and dual enrollment.

League of Innovative Schools (LIS): On May 24th, the Agency of Education hosted a meeting of the LIS. Currently, there are 13 high schools and 7 partnering career centers that make up the League in Vermont. There are comparable numbers in each of the five states that comprise the New England Secondary School Consortium (NESSC). Its purpose is to encourage innovation and provide a mechanism for sharing effective practices. This most recent meeting was intended to gather information that will enable the Agency to provide more relevant and useful support to the League in the coming year.



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

Status of Governor's Priorities:

Commissioner Susan Donegan said that the review process for rates submitted by Blue Cross Blue Shield and MVP to be offered on the health benefit exchange is on schedule and nearing completion. She expects to make a recommendation to the Green Mountain Care Board by the middle of next week. GMCB has planned a public hearing for June 18 and should issue an order shortly thereafter. Once the rates have been approved by GMCB, they will be submitted to Commissioner Mark Larson at the Department of Vermont Health Access for inclusion on Vermont Health Connect.

Significant Events:

The department has concluded that an investigation into potential securities violations by the company Dreamlife will not be necessary. After evaluating the project, the DFR legal team determined that there were no violations of Vermont law, no investors, no principles living in Vermont and no one harmed, therefore no investigation would be conducted. Dreamlife's EB-5 housing project was canceled by the Vermont Agency of Commerce and Community Development in April.

Health Care Administration:

David Reynolds, deputy commissioner of Health Care Administration, hosted a day-long seminar Wednesday with a consultant from the National Governors Association, who was here to advise on implementation of our Health Care Strategic Workforce Plan. One of only three states nationwide, Vermont was chosen to take part in this program. Participants included representatives from the Vermont Department of Labor, Agency of Education, Agency of the



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Administration, Office of Professional Regulation, University of Vermont College of Medicine, Vermont State Colleges and the Green Mountain Care Board.

Banking Division:

Deputy Commissioner Tom Candon reports that he took part this week in discussions on an information sharing agreement with the Federal Reserve Board and the renewal of the department's agreement with the Nationwide Mortgage Licensing System and Registry. He met with the AG's office to determine how a money transmitter was electronically moving money and how Vermont law covered such activity and talked about a possible action against a payday lender. (A payday loan is a small, short-term unsecured loan.) Also this week, a request was received by an attorney for a Texas trust company inquiring about how to conduct business in Vermont and the deputy took part in talks about the merger plans of two Vermont credit unions and the management structure of each.

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To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: May 31, 2013
Re: Weekly Report

Status of Governor's Priorities:

n/a

Legislative Issues/Contacts:

n/a

Press Issues/Releases/Contacts:

n/a

Significant Events/Meetings:

n/a

Evolving Issues:

n/a

Summary of Key Agency Department Activity:

Launched new Gimme 5 draw game in mid-May during Powerball jackpot run – not ideal timing. Sales continue to grow and Maine had a jackpot (\$100,000) winner on the 2nd drawing. We will aggressively advertize this game through most of the summer. Our Business Mgr is out for an undetermined period for medical reasons. If it extends through most of June I will probably reach out to Finance for assistance.

Executive Director's Commentary:

Still looking for commissioner candidates to fill opening.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Deputy Secretary Sue Minter
DATE: Friday, May 31, 2013
SUBJECT: VTrans - Confidential Report to the Governor

Update for the Governor

1) From Brian:

I will be traveling out of country beginning today and will be back in Vermont on June 16. I will not have electronic devices and will not be following email. We will have a phone and the number is being provided to Deputy Secretary Minter, Jo Maguire and Liz Miller in case there is something I should know about. We will be traveling to Italy and Albania (where I will deliver greetings from you to our hosts, Betsy Ferries and Peter Clavelle).

BURLINGTON AIRPORT issue:

The Burlington International Airport has asked for the Governor to sign a letter, prepared by US Airways, in support of the merger with American Airlines and in opposition to a change in slot allocation at Washington-Reagan (DCA). The merger would result in one airline, the new American, controlling about 2/3 of the slots at DCA. A request was made of the Congressional Delegation to sign the same letter.

I have told the airport that I am not recommending you sign this letter and have learned that none of the delegation members support it either. It is a matter best left to Congress to approve or not and to comment on the slot allocation would be a "finger in the eye" of jetBlue, who would benefit from additional DCA slots. I think Mayor Weinberger was convinced to sign the letter so he might say something to you but I don't think you should be involved at all.

2) Dealer.com / City of Burlington

We are working with the City of Burlington to try to assist their efforts to sustain Dealer.com's presence and expansion in the city. Of interest to both the City and Dealer.com is the future Champlain Parkway which is currently in Act 250. We are working with the City and FHWA to expedite certain elements of the project, specifically, pedestrian amenities that will link with the City's expanded parking. We are

working hard to ensure these components can happen quickly, to demonstrate our collective effort to accommodate the growth needs of this important employer. This topic may be raised at a future press conference at the Burlington Rail Yard.

3) Storm response

VTrans District Techs participated in the damage assessment teams with federal (FEMA) and state (VEM) partners. While FEMA declaration looks likely (for Lamoille and Chittenden counties), we are less optimistic for an Emergency Declaration for the FHWA system. We should be able to confirm next week, and are already in touch with Sen. Leahy's office on this matter.

4) Awards / Recognitions:

Lake Champlain Bridge is receiving the Outstanding Civil Engineering Achievement Award gtp, American Society of Civil Engineering at the ACEC event which you are attending on 6/6.

The Checkered House bridge is receiving an award for Historic Preservation at the Downtown Conference (6/7).

Rich Tetreault, Director of Program Development at VTrans was named the Chair of a national AASHTO committee: Technology Implementation Group, which is good for us, him and AASHTO.

We recognized outstanding employees at our annual staff appreciation Ice Cream social this week. Each division awards an Employee, Manager, and Team of the year.

5) Inter-Agency Workings of Note:

VTrans and ANR continue to work closely together on many fronts. Of note is a recently developed training program: "Roads and Rivers" an outgrowth of TS Irene's aftermath. This has been the subject of several national conference presentations that VTrans has been asked to give, and the collaboration between our agencies is drawing attention (and envy) from other states. The training focuses on greater understanding of river systems and their changing impact(s) upon our infrastructure, and is now required of our engineers, technicians, equipment operators. We are also encouraging town highway foremen.

Staff Update:

- **Resilient Vermont Project**

Participated with wide stake-holder group in this conference to consider next steps/big picture of how we move from Irene recovery to the larger agenda of Resilience. One idea that may come forward as a recommendation is to establish a public/private partnership of some sort to keep the larger agenda of Resilience progressing. My hope would be that this could coordinate/ integrate with the utility work (Mary Powell, et al) and the IBM "Business of Weather Institute". The participants (especially Chuck Ross) advocated for the ISC effort to sharpen from a broad collection of ideas to more concrete set of recommendations. More to come on this process/project.

- **DHR Needs**

Our response to the “deficiency” determination in Affirmative Action from Federal Highway continues to be a high priority. Among other action steps, we have met with Kate Duffy and Steve Collier to assess options for improvement and will be requesting 2 DHR positions, to be funded by VTrans, and connected to the Secretary’s office and Civil Rights division. Their work will be to expedite investigations and appropriate and timely disciplinary action, as well as supervisory/management support and Equal Employment trainings throughout the Agency. Our federal partners (both FHWA and FTA) may require such action to ensure future AAP compliance. We appreciate your consideration.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: May 31 2013

Vermont Department of Health (VDH)

SamosaMan:

- Following a due process hearing, the food preparation and sales licenses held by Fuad Ndibalema d/b/a SamosaMan will be suspended for 30 days.

Mr. Ndibalema admitted in person, and in writing provided by his counsel, that that he knowingly prepared food in kitchens that were not approved for such preparation for several months in violation of his Health Department-issued licenses. Mr. Ndibalema's license will be restored in 30 days assuming he has access to an approved kitchen. At this time, this decision is confidential and only known to the Commissioner's Office.

Vermont Entergy Testimony:

- Bill Irwin, Radiological Health Chief, has provided pre-filed testimony for the Public Service Board's Vermont Entergy relicensing proceeding in front of the Public Service Board.

His testimony highlights past and continuing issues related to Entergy's sharing of information relative to public health concerns including the tritium leak investigation in 2010. He was deposed by Entergy on May 29, 2012 and will be taking the stand in mid-June.

Hepatitis A:

- During the week of May 20, a case of hepatitis A was reported to the VDH. The case investigation determined that though the ill individual worked in both a childcare center and a food service establishment during the infectious period, risk of transmission was low.

Appropriate information was provided to the childcare center. Hepatitis A immunization was recommended for all food service employees to minimize the already low risk. Over 50 individuals received immunization (either hepatitis A vaccine or immune globulin, as appropriate).

New Medical Practice Board Investigator:

- A new Board Investigator began on May 28th in a temporary position. At this time the new position will assist the Board in dealing with the absence of one of the investigators who is out on administrative leave.

America's Health Rankings 2013 Senior Report:

- Vermont ranked second healthiest state for seniors.

Rutland:

- The VDH has come to an agreement in terms with the Rutland Regional Medical Center for the Hub/methadone in Rutland with the expectation of opening in October 2013.

Department of Mental Health (DMH)

Message from Interim Commissioner Moulton:

This will be my last report for my tenure as Commissioner. It is been a privilege to serve the State of Vermont and I would like to express my appreciation to the Governor and the Secretaries of Human Services and Administration for supporting my appointment.

The mental health system has progressed steadily over the past several months and we are seeing the pieces fall nicely into place with a few blips and concerns along the way.

I look forward to continued work within the mental health system. Interim Commissioner Frank Reed is well poised to continue all of these efforts through the month of June and in-coming Commissioner Paul Dupre will begin his employment on July 1st.

Rules:

- On May 30th, LCAR approved the therapeutic community residence emergency rule that will govern the secure residential facility. Some advocates testified supporting a seclusion and restraint room within the facility. Interim Commissioner Moulton believes this to be a misguided approach to providing our residents with the "same rights and protections they would have had at the Vermont State Hospital". Interim Commissioner Moulton testified in support of the rule. Prior to the LCAR meeting, Interim Commissioner Moulton alerted Senators Mark MacDonald and Snelling, as well as Representative Patsy French to the arguments.
- The final proposed Emergency Involuntary Procedure rule is drafted. It does contain a requirement for a Licensed Independent Practitioner to order the procedure within one hour of a phone consultation with a trained registered nurse, who can begin the procedure. The Hospitals are aware of the decision to have this level of oversight. It was the compromise position at which DMH arrived following testimony from advocates and hospitals and is consistent with what Commissioner Flood had proposed. We have heard and received considerable testimony, have incorporated suggested changes within the rule, and will have a draft out to interested parties next week. The rule will probably be heard before LCAR in June or July.

Facilities:

- News regarding the Brattleboro Retreat's deficiencies has hit the press. There was a meeting on Thursday between the Retreat, legislative chairs of House Human Services

and Senate Health and Welfare, DMH, AOA and AHS. This meeting was requested by Senator Ayer. The Brattleboro Retreat has indicated to Interim Commissioner Moulton, a commitment to a Plan of Correction that will pass Centers for Medicare and Medicaid Services (CMS) on the next round. While saying that, they are beginning to hammer out a refrain about the larger system in crisis. They are correct on one point regarding length of time it can take for a person to have medication ordered, but Interim Commissioner Moulton has advised Peter Albert, Senior Vice-President of Government Relations & Managed Service Organizations, to take care not to distract from the matters at hand, which are primarily to do with the actual deficiencies cited within the report. They are considerable and a discussion began this week about the dollar amount the state would incur should Brattleboro actually lose its certification. Emily Byrne has been in touch with DMH to begin to flesh out those numbers. It is \$8,000,000 on the Level I unit alone. Any de-certification would affect the entire hospital. DMH will send its Quality Director to the Retreat twice/week over the next several weeks to assist in an outlined process. Further meetings are anticipated to monitor the situation and to identify and implement strategies for a successful outcome.

- Secure Residential is on target for opening in a few weeks. There was a fire safety inspection this week, which began to raise questions regarding the level of dangerousness of people coming into the facility and whether there needed to be additional safety features. Frank Reed, Interim Commissioner beginning June 1st, is lead on this project, and has worked this week to settle this issue. There are no changes in population that would bring about additional concerns beyond those already identified.
- Westford Intensive Residential facility is nearing completion and will be ready to accept residents in the next six weeks.
- Rutland Intensive Residential facility has received its contract from DMH and will begin work in the next few weeks. The facility is expected to open in the Fall.

Rulings/Grievances Affecting Patient Stays:

- Involuntary medication orders are issued through the court process and case law requires that the patient then has 30 days to comply with the order. The state has successfully averted that process, causing an immediate order to be issued from the bench for the person to begin medication immediately. Disability Law Project successfully blocked two immediate orders this week. We anticipate that they will continue to take this approach. This will slow patient flow and disable our system of care even further. Legislation may be in order next year to address this problem. Attempts to mediate this stance with Disability Law Project have been unsuccessful.
- A grievance was received this week, which is the tip of the iceberg, regarding individuals ordered from court to hospital, but diverted to Corrections until a bed is available. The grievance identifies an individual case from September of 2012, but due to the fact that we have many cases regularly in the system where people must wait for a few days in Corrections, the larger issue is the lack of hospital mental health care as ordered.

Department of Disabilities, Aging and Independent Living (DAIL)

I did not receive a report from Commissioner Wehry this week.

Department of Corrections (DOC)

Wall Street Journal:

- Article on Serious Functional Impairment (SFI)

We have been contacted by the Wall Street Journal regarding an article they are doing on inmates with a serious functional impairment. We are providing data to them and will be speaking with them over the next few weeks.

Burlington Free Press – Jeremy Dodge:

- Criminal Record Request

Terri Hallenbeck has requested a copy of Jeremy Dodge's criminal history. This is a public record.

DMH Plaque Presentation

- DMH thanks the DOC for help during TS Irene

On Tuesday, Interim Commissioner Moulton thanked Commissioner Pallito for help with the placement of DMH patients inside a DOC facility after TS Irene. Interim Commissioner Moulton presented Commissioner Pallito with a plaque and letter of thanks. The plaque will be displayed permanently at the Southern State Correctional Facility in Springfield.

Population Report:

- The Department continues to absorb higher than expected presentenced numbers and for an overall 19% of the total incarcerated population. The overall incarcerated population is averaging 2061 for the previous week.

The female presentenced population comprises 33% of the female population for an average of 51 of the averaged 157 females for the previous week. The male population is averaging 18% presentenced inmates or 335 of the 1904 male inmates. The out of state population is currently at 487 inmates

Department for Children and Families (DCF)

Emergency Solutions Grant (ESG):

- Federal Funding for the Emergency Solutions Grant will be reduced nationally by 25%

The ESG provides core funding for the state's emergency shelter network and supports homelessness prevention/rapid re-housing efforts. Last year, the total Emergency Solutions

Fund (federal and state) was \$1,580,000 including a one-time increase in federal funds (total about \$180,000 for grants). This year state funding is level at \$792,000 and federal funds will be less the one-time increase and about a 5.2% reduction due to sequestration. A recent Notice from HUD suggests that federal funding for the ESG program will be reduced about 25% nationally. We should know what this means for Vermont in the next 30 to 60 days. A 25% decrease in federal funds (plus the loss of the one-time funds) means that our total grant pool this year may be about \$288,000 less or at least an 18% decrease in funding overall.

HUD ESG funds (7.5 %) are used to support administrative costs. In SFY 2013 we had \$67,408 for administration; in SFY 2014 we could have just \$36,803. If these cuts take place with no replacement funds, OEO will need to prioritize and preserve the emergency shelter network first with Rapid Re-housing and Prevention as the next priority. OEO will not know the final HUD award amount prior to making grants for SFY2014. These grantees will need funding in order to maintain operations as many are small programs without strong cash flow. OEO plans to provide first quarter payments based on a lower estimate of the reduced HUD funding.

Williams Center:

- Possible closure of a special needs program: the Williams Center

The Vermont Center for the Deaf and Hard of Hearing (VCDHH) holds three residential treatment program licenses: the Austine School, Williams Center – Autism Program, and Williams Center – Behavioral Program. These licenses are issued under the statutory authority of the DCF Family Services Division. The two Williams' Center licenses are currently under review for revocation due to critical regulatory violations with the apparent result of a decrease in the quality of care, safety of residents, and ability to provide efficacious services to the residents. There are currently 5 adults (state of origin: 3 MA, 1 NY and 1 VT) and 2 juveniles (2 NY) being served by the Williams' Center programs. On May 24th a letter describing the violations and necessary responses to avoid revocation was sent to the Board President and VCDHH administration. It is likely that VCDHH will be able to respond in the short term to avoid Williams' Center closure; however, long term sustainability will require significant changes in the administrative and clinical management of the programs. Use by the programs of local police, state's attorney, and hospital resources to respond to unmanageable residents has significantly eroded community support of this program.

Central Vermont Community Action Council (CVCAC):

- CVCAC Head Start awarded Effective Family Engagement Award

The Office of Head Start announced that CVCAC Head Start is the recipient of the 2013 Region 1 Award for *Effective Family Engagement*. Based largely on outstanding outcomes and comprehensive efforts made by the Family Literacy Center in Barre, this highly competitive award is for programs that demonstrate strong leadership and exemplify innovative approaches to family engagement.

CVCAC's Family Literacy Center is funded, in part, through a grant from DCF's Child Development Division (CDD). In 2010, DCF received a three year grant from the Office of Adolescent Health to support programming for pregnant and parenting teens. CVCAC is one of 16 community based programs receiving this funding. Data collected over the past two years

indicate that young women participating in these programs have a significantly lower rate of subsequent pregnancies – 9% of program participants under age 20 had subsequent pregnancies as compared with the statewide average of 19% for non-participants.

Department of Vermont Health Access (DVHA)

Federal Exchange Gate Review & Oversight:

A small team of State of Vermont staff, including DII Chief Technology Officer Mike Morey and DVHA Deputy Commissioner Lindsey Tucker will be traveling to Baltimore next week with CGI contractors to present to our federal Centers for Medicare and Medicaid Services partners on exchange development. This visit is called our Final Detailed Design Review, and it is a 2-day session to review our technical design and documents supporting that design. Goals for the meeting are to clarify our exchange build for our federal partners and receive technical assistance.

Vermont Health Connect Training:

Training for Vermont Health Connect (VHC) officially begins with a 3-day Train the Trainer session June 4-6, for Exchange-critical representative groups to review the training materials, training concepts, and training technology functionality. State staff as well as external stakeholders, including Navigators, will receive training throughout the summer

Exchange June Public Forums:

- 6.4.13 Enosburg Falls - 6:30-8:00pm, Public (Lindsey Tucker)
- 6.12.13 Waterbury - 6:30-8:00pm, Public (Lindsey Tucker)
- 6.13.13 Putney - 6:30-8:00pm, Public (Mark Larson)
- 6.18.13 Randolph - 6:00-7:30pm, Small Business (Devon Green)

Provider Tax Appeal Update:

The nine separate hospital provider tax appeals were specially assigned to Judge Robert Bent of the Washington County Superior Court. All previous briefing schedules set by the Chittenden Superior Court and the Washington Superior Court in the Fletcher Allen Health Care and the Central Vermont Medical Center appeals are vacated. The court in Washington County should soon be scheduling a global status conference to discuss the process for briefing and hearing all nine appeals. At this point there are no court dates.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: May 31, 2013

Secretary's Top Issues:

The Agency was notified by the Department of Children and Families (DCF) that a foster parent's home in Rutland was treated for bed bugs by AAA Accredited Pest Control Company, No. Clarendon, and the residents were not comfortable staying there due to strong odors. To date, our investigation has uncovered misuse of the active ingredient chlorpyrifos, an organophosphate insecticide for which there are no registered residential uses.

Meat Inspection Section is getting several inquiries for clarification of the on-farm slaughter portion of H. 515 (Miscellaneous Agriculture Bill). This bill takes effect upon passage.

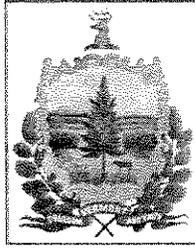
The Agency has a new website! The switchover begins 5/30 @ 4:30pm and should be completely done by Monday the 3rd.

Animal Health completed a National Poultry Inspection Program Inspection at Peaceable Hill Pheasant Farm in Shoreham VT; farm re-classified as a hatchery (previously farm was a Primary Breeding flock). Farm currently purchases fertile eggs from a certified flock in PA and then hatches them at their facility.

Dr. Haas has communicated over the last two weeks with Senator Leahy's office about the Veterinary Medicine Mobility Act, the language from which is currently incorporated into the Senate version of the Farm Bill. The proposed language would amend the Controlled Substances Act, which prohibits veterinarians from transporting controlled substances across state lines.

Peter Van Oot, Sam Samets and their construction consultant from DEW, Bill Haynes, met with Secretary Ross and Deputy Secretary Bothfeld to discuss ACT 250 criteria 9b. They are contemplating submitting only their 9b criteria for a preliminary ruling from the Ag Agency. They want to work with us to see if they can design a project that can get the VAAFV blessing. Ideally they want us to opine in support of appropriate circumstances to allow off site mitigation - something we heretofore have never done but rather have let the District Commissions render that decision.

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STATE OF VERMONT
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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: May 31, 2013

Status of Governor's Priorities:

Jobs in Agriculture

Press

Dr. Haas received a request from Judy Simpson with WCAX for interviews on the state funded veterinary medicine loan repayment program and on statistics pertaining to animal welfare cases in Vermont. The first of these interviews will take place next Tuesday in Montpelier, and the second will be completed during the annual Vermont Veterinary Medical Association meeting in mid-June.

Legislative Issues – Federal Issue

Dr. Haas has communicated over the last two weeks with Senator Leahy's office about the Veterinary Medicine Mobility Act, the language from which is currently incorporated into the Senate version of the Farm Bill. The proposed language would amend the Controlled Substances Act, which prohibits veterinarians from transporting controlled substances across state lines. The current federal language has a significant impact on large animal veterinarians in Vermont and across New England. Because of the small size of the New England states and the pocketed but real shortages of food animal veterinarians within our region, the likelihood of an individual vet or practice having to provide medical or surgical services to a clientele located in an adjacent state is high. Many of Vermont's large animal veterinarians located in Addison, Chittenden and Franklin counties are also licensed and maintain a client base in New York. Similarly, those with a business address in southern Vermont are often licensed in New Hampshire and in Massachusetts; those based in Orleans County may also provide services in New Hampshire. All but one of the Vermont-based large animal veterinary practices that fit into these categories are ambulatory in nature so most/all of their clinical work is performed on the farms/properties of their clients rather than at a physical haul-in facility. The types of services they provide include medical and surgical procedures as well as euthanasias, all of which require the utilization of controlled substances in a manner that would be prohibited in some contexts under the current Controlled Substances Act. Unnecessary restriction of veterinary utilization of controlled substances in patient care also has the potential to negatively impact animal welfare and food safety/security since many of the patients of these veterinarians will ultimately enter the food supply. This change will support Vermont and New England's livestock industries by preserving animal health, protecting animal welfare, and by helping to maintain the safety and security of our local food supply.

Significant Events/Meetings:

Eastern States Exposition (aka Big E): Deputy Secretary LaClair and Marketing and Promotions Administrator Alison Kosakowski traveled to West Springfield Mass to join 4 of the 6 NE states in a meeting w/the West Springfield Liquor Control Commission. Eastern States Exposition Mgmt has taken a position that they will no longer allow alcohol sales or consumption along the Avenue of States, comprised of buildings owned and operated by the 6 NE states. Each state holds firm that there are sovereign rights, and while very willing to

abide by strict criteria regarding alcohol sales/consumption, want the right to have at least one vendor/booth per building to host a craft brewery or farm winery. The meeting was very positive, and has resulted in an invitation to present further information as well as individual state-sponsored applications to the Liquor Control Commission. Much research – regarding deeds, alcohol laws – needs to be done. AAG Diane Zamos will assist Vermont, however little time to commit given her ongoing large scope of work. Mass Attorney will assist with compiling document submitted by each state. In addition, compromise has been reached with Eastern States Mgmt to allow Long Trail to exhibit for the final year of the contract. Vermont is hopeful that it can work out a long-term agreement with Eastern States and the W Springfield Liquor Control Commission to continue to host one Vermont-branded alcohol vendor each year.

Deputy Secretary LaClair attended the Retirement celebration for Molly Lambert, State Director, USDA Rural Development. A large contingent of federal, state, non-profit and private sector leaders/partners attended to pay tribute to Molly's tremendous investment in rural community and economic development during her 4-year tenure at USDA RD.

The dairy section had two hearings in the past two weeks. One was a farmer that had not repaired an opening between their feed storage and the milking area after agreeing to make the repairs in a pre-hearing conference. The other was a farm that had swine in the same area as the milking animals and fowl in the milking area and milkroom. The farm was given a timeline to comply; the fowl were removed but after temporarily moving the swine out of the barn, the swine were returned within a few weeks. The farms have been ordered to make the needed changes to be in compliance along with other penalties.

State veterinarians met this week with USDA-APHIS Veterinary Services and with Brett Denny from Dairy Herd Improvement Assn to finalize an agreement related to bovine eartag distribution within VT. The agreement helps to ensure that this distribution is done in accordance with the Animal Disease Traceability rule.

AH completed a NPIP Inspection at Peaceable Hill Pheasant Farm in Shoreham VT; farm re-classified as a hatchery (previously farm was a Primary Breeding flock). Farm currently purchases fertile eggs from a certified flock in PA and then hatches them at their facility.

AH attended the Fair Association meeting to answer any questions regarding the drug testing protocol for horse pulls and transition Sylvia Jensen over to administering the stipend fund.

Evolving Issues:

Vermont's 188 licensed milk handlers have received their renewal notices for this year and renewals are being processed. This is also the time when bonds needed to protect Vermont's dairy farmers are renewed. Over \$30,000,000.00 of bonding protection is in place for milk purchased from Vermont farmers. Bonds (or irrevocable letters of credit) are required unless milk is paid for in advanced; is milk used by a farmer owned cooperative or processed by the farmer themselves.

The Agency was notified by the Department of Children and Families (DCF) that a foster parent's home in Rutland was treated for bed bugs by AAA Accredited Pest Control Company, No. Clarendon, and the residents were not comfortable staying there due to strong odors. To date, our investigation has uncovered misuse of the active ingredient chlorpyrifos, an organophosphate insecticide for which there are no registered residential uses. At this point, our focus has been more on the misuse of pesticides for the control of bed bugs, than on dealing with clean-up procedures. Analytical results are just now being finalized. Because the applicator did not accurately represent the products that were used at the residence, the Lab needed to rerun all the samples based on different methodology. We do not have the final lab reports as of yet, they are expected soon, but we do have email results from our chemist. We usually wait until we have the official lab reports before acting, but the Department of Children and Families are interested in helping the residents get back in their home. Products containing the organophosphate insecticide chlorpyrifos have all been canceled since 2001. Existing stocks

provisions in the federal register made any residential chlorpyrifos use illegal after 2004. Inspection of the basement of AAA Pest Control led to the discovery of multiple containers of canceled products containing chlorpyrifos: Dursban LO, Dursban 4E, Dursban Pro, Dursban 50W, Tyforce, and 62 Equity. During the storage inspection a sample of the spray tank the AAA Applicator had just used at another job was sampled. The sample tested positive for chlorpyrifos, although not at an application rate but positively identifiable in the laboratory. We are currently working to provide clean-up procedures and pesticide fact sheets to DCF to distribute to the residents. Our primary concern at the current time is that the illegal use of these products by AAA Pest Control stop immediately. A Cease and Desist Order will be given to AAA Pest Control ordering the company to immediately cease and desist from the use of all products containing chlorpyrifos, and to keep all products in storage until the Agency provides guidance on how to properly dispose of the products. We are currently collecting the pesticide use records for AAA Pest Control applications made over the last year. With regard to other applications made by AAA, we are mostly concerned with indoor applications and are continuing to investigate the extent of this product's misuse.

Ongoing Animal Health investigations:

- Livestock dealer who has not updated his dealer's license.
- Lack of veterinary presence at livestock dispersal sales/auctions to write Certificates of Veterinary Inspection (CVIs) and apply official identification tags for out of state buyers.
- Two equine and two dairy welfare investigations – technical consult for Humane Agents. One equine welfare investigation found a number of carcasses on the premises and the euthanization of one horse by a veterinarian onsite for consultation.
- Farm store selling piglets without being licensed as a dealer; additionally, they are importing the piglets from a neighboring state via Canada to sell without meeting Vermont import requirements.
- Possible repeated import violations by producers purchasing animals at a market in MA who does not provide a veterinarian to write CVIs, obtain import permits, and apply ID for out of state buyers. We are working with our USDA partners to obtain records and follow up with education and outreach for VT buyers.
- Two tissue residue investigations – both involving calves and neomycin.
- Contacting out of state veterinarians writing health certificates for livestock coming into VT without obtaining an import permits.

Summary of Key Agency Department Activity:

Administration

The IT group has a new member. Joanna Grossman has come on board as a temporary GIS Specialist. She will be working with each group to figure out the needs of the Agency and then begin building an Enterprise system to help us with our GIS needs.

The Agency is happy to announce the arrival of our two newest websites: The 1st one released was the new Work Lands website, www.VermontWorkingLands.org. The 2nd is the Agency of Agriculture website! After two years of development it has finally arrived. The switchover begins 5/30 @ 4:30pm and should be completely done and go live by Monday the 3rd.

Agricultural Development

Senior Ag Development Coordinator Chelsea Bardot Lewis attended a series of farmer roundtables on Agritourism in Woodstock, Hardwick and South Hero. Agritourism is a strategy for forwarding Agency goals of agricultural literacy, farm viability and vibrancy of the working landscape. Farmers expressed interest in more networking opportunities, education and technical assistance. The Agency has applied for a USDA grant to support these services, as well as an expanded marketing campaign.

Working Lands Enterprise Initiative: The Working Lands Enterprise Board (WLEB) is 90% through their final funding decisions for the Service Provider and Capital & Infrastructure Investment grants. Final decisions will

be made during the week of June 3rd. A Press Conference announcing award recipients will be held on Tuesday, June 18, 11 a.m. location to be determined. The Working Lands Enterprise Initiative website, developed and maintained by staff, successfully moved into a Content Management System – www.vermontworkinglands.com where it can be easily updated on a daily basis. The website will serve as a front door portal for resources and tools on applying for a Working Lands grant in addition to technical assistance and business development resources available for producers and working lands business owners.

Vermont Agricultural & Forest Product Development Board (VAFPDB): The VAFPDB is meeting on Wednesday, June 5 at Westminster Organics hosted by Board member and owner of Westminster Organics, Paul Harlow. The meeting will focus on the Board's plan of work for FY14 and an election of a new Chair as Leonard Bull is stepping down. The afternoon will be a tour of Westminster Organics.

Food Safety and Animal Health and Consumer Protection

Animal Health completed dairy biosecurity surveys in the areas of Hartland and Derby Line.

Animal Health provided Pullorum and Avian Influenza testing and tagged poultry at the Vermont Bird Fancier's Association bird swap in Springfield. AH required an out state participant without import paperwork and a certificate of veterinary inspection for his birds to leave. He had been warned last year of our import requirements. AH has done repeated outreach with the VBFA so they are aware of the import requirements; will ask them also post the information on their facebook page. Post-bird swap, AI samples were sent to the laboratory in CT for testing.

AH will be setting up appts with poultry producers for Pullorum testing to prepare for the fair and show season.

Meat Inspection

Section is getting several inquiries for clarification of the on-farm slaughter portion of H. 515 and we are not sure if the Governor has signed it yet.

Randy Quenneville, program chief did a regulatory presentation in association with the HACCP training course sponsored by the UVM Extension service.

Agricultural Resource Management

Secretary's Comments

Meetings:

Sodexo, Kevin Ellis, Montpelier: Meeting to identify appropriate follow up to grow 'local food to institution' market opportunities in Vermont.

Leahy Summit, Burlington: Attended conference reception Tuesday night with Governor and subsequent two days of meeting with over 150 attendees from Vermont and beyond.

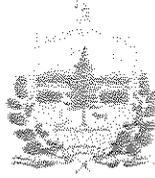
New Zealand Water Quality Workshop, UVM: Helped convene and host 4 day workshop of New Zealanders, UVM, Vermont ANR and VAAFAM agency staff and various Vermont stakeholders. Primary focus is to exchange knowledge and know-how highlighting common interests between Vermont and New Zealand on water quality issues both face as a function of their agricultural economies.

Northeast Association of State Departments of Agriculture, Cape May NJ: Annual NEASDA meeting of 10 states. Meeting to discuss and coordinate agendas across the region. Sunday 6/2 thru Tuesday 6/4.

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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: May 31, 2013
Subject: ANR Weekly Report

Governor Level Issues:

Annual Governor's Awards for Environmental Excellence: We missed you at the Annual Governor's Awards for Environmental Excellence ceremony, but appreciated that you made your best effort to attend. The event was well attended and fun. VBSR did a great job incorporating the award into their program. Eleven award-winning projects were recognized. For award winning project descriptions see: <http://www.vermontbiz.com/news/may/2013-vermont-governors-awards-environmental-excellence>. Perhaps Lisa can write up congratulatory letters for you to send to the winners (this may have already been done.)

Death at Kettle Pond: There was a suicide in a lean-to at Kettle Pond last week. Our parks staff are well trained for these kinds of crises, but it was nevertheless pretty traumatic for all involved with dealing with it. The victim is a woman from out of state (NY I think) who we believe was undergoing treatment for cancer. She died of a self-inflicted gunshot wound. The state police do not suspect foul play. We have offered staff ERP support.

Jay Sewer Project: Facilities Engineering Division is not accepting the design of the gravity sewer as presented by the consultants for the town. We have offered to work with the project consultant to go over our comments and arrive at an acceptable design so that the project can proceed. The next step is to wait to hear back from the consultant or Town officials with either a request for a meeting or submission of a response to our comments. Because this project is being funded with a federal earmark which has a budget deadline, we will check on the status of design revisions if we do not receive a response within the next few weeks.

Lake Champlain Clean-up plan (TMDL): EPA recently informed us that the modeling tool that will be used to analyze alternative loads of phosphorus into the lake will not be ready until

mid-July, at which time EPA is scheduling a technical workshop to present the tool. This delay means that the public discussion we are hoping to have about the TMDL will not be possible until September, according to EPA.

Lake Bomoseen: Staff commented on an Aquatic Nuisance Control Permit application for Lake Bomoseen. The applicant is proposing to use a new powered mechanical device not previously employed in Vermont. The device is called a "Lake Maid" and has a 12 or 24 foot arm that rotates around a center drive shaft. Chains with rake head attachments dangle from the arms, and as they rotate, the attachments drag the lake bottom, dislodging and killing submerged aquatic vegetation. A video of the Lake Maid device can be viewed on the company's website at www.lakerestoration.com. Staff are recommending this permit application be denied on the grounds that it does not satisfy the ANR statutory conditions of acceptable impacts to the non-target environment and no undue adverse effect on the public good. The actions of the Lake Maid will indiscriminately uproot and kill all submerged aquatic plants, not just the targeted Eurasian watermilfoil. Additionally, published research of the Laid Maid show that it actually fragments milfoil, potentially leading to an increase in the abundance and distribution of Eurasian watermilfoil.

Parks Prescription: The Parks Prescription program, which will have several pediatrician and family medical practices across the state issuing free State Park day passes to patients, will begin next week.

EVERYTHING ELSE:

Contact with Legislators:

Legislative follow ups: I am sending various legislators thank you notes for their work this past session and we will be scheduling follow up meetings to discuss how to move certain initiatives forward, including the public informational sessions on the Shorelands Bill.

Shale Hill Adventure Farm: DEC had to do some last minute work to help this applicant obtain a water supply and onsite wastewater permit in time for a May 25 event. Representative Will Stevens contacted us to understand what the problems were with issuance of the permit. In sum, the owners changed specific details regarding the event several times between March and May which caused delays in the permit issuance.

Press Issues/Releases:

Bennington Walmart Stormwater Permit: The appeal of the stormwater permit for the expansion of the Bennington Walmart was dismissed.

Agency of Natural Resources to Hold Public Hearings on West Mountain WMA: The Vermont Agency of Natural Resources is updating the management plan for West Mountain

Wildlife Management Area (WMA) in Essex County. The agency will hold public hearings to allow stakeholders to provide input on updates to the plan.

Fish & Wildlife Dept, VEC Partner on Osprey Recovery: F&W and Vermont Electric Cooperative (VEC) have partnered to provide nesting platforms for osprey. The team recently created two new nesting platforms for the birds at the Eagle Point Wildlife Management Area in Derby, Vermont. Osprey are large, fish-eating raptors that were once nearly extinct in Vermont due to loss of nesting habitat, declines in fish populations, and the effects of the pesticide DDT. Following a nationwide ban of DDT in the 1970's, osprey have made a dramatic recovery. They were removed from Vermont's threatened and endangered species list in 2005.

Vermont State Parks Opening: Vermont State Parks announced the annual opening of its summer operating season last weekend. The Memorial Day holiday, the unofficial beginning of summer, also marks the beginning of the prime season for all 52 state parks. Officials are optimistic that this year's park visitation will at least match last year's 20 year record.

Boston Globe Article: The Waterbury area (Waterbury Center State Park, Mt. Mansfield State Forest) was featured in an article in the Boston Globe this week entitled "Healthy Escapes in New England" at <http://www.bostonglobe.com/lifestyle/travel/2013/05/25/healthy-escapes-new-england/fDYIbCqORx0WAhGxOZJN/story.html>.

Significant Events/Meetings:

Leahy's Echo Conference on Lake Champlain: David and I spent two days with a very diverse group of Vermonters considering what we could be doing to promote clean water in Vermont and to clean up the Lake. We are hopeful that some concrete actions will result. It was a star-studded event with Bobby Kennedy Jr., Carol Browner and Nancy Sutley, the Chair of Obama's Council on Environmental Quality, all speaking.

UVM Rubenstein School of Environment Natural Resources Graduation: David Mears provided the commencement address to graduates of the Rubenstein School. His focus was on the need for the graduates to maintain a commitment to their ideals, to continue their pursuit of knowledge as a lifelong endeavor, and to always seek justice in the form of a commitment to democratic process and fairness.

UVM Rubenstein School Experiential Programs: David and I have met with UVM staff who coordinate fellowship and internship programs and agreed to develop a menu of options for students and DEC professional staff that we can use to promote a greater level of academic and professional exchanges. I am looking at potential grant funding to help us pay interns as part of this collaboration (UVM will pay half the stipend.)

Institute for Sustainable Communities Resilience Project: Along with other state agencies, local, NGO and business leaders, we participated in a two day conference to develop action plans

for making Vermont more resilient to future extreme weather events with a focus on mitigating future flood damage risks.

Consulting Forester Meeting: Commissioner Snyder and FPR forestry staff met with consulting foresters at the annual meeting hosted by the Department. The Commissioner recapped the issues related to forestry that were featured during the legislative session that just passed. Also discussed were the planned revisions to the “Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in VT,” the process and timeline for development of voluntary forest harvesting guidelines and Use Value Appraisal revisions that are being proposed. About 40 foresters attended at the Barre Historical Center.

2013 Vermont Drinking Water Week summary: On Friday May 10th, after 10 months of planning, Vermont celebrated National Drinking Water Week (DWW) with a fair dedicated to the education and promotion of drinking water. The all-day fair was held at VINS in Quechee. This year about 175 students plus 12 teachers, 45 parents, and 30 volunteers participated in the fair. Students participated in various water related activities and games designed to educate students on the role drinking water plays in their lives. This event relies entirely on donations.



SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Moretown Landfill: The Air Program has been asked by the AG’s office to review and critique a modeling analysis the landfill recently completed in response to odor complaints.

Business Transformation Initiative: The BTI lead team met this week and decided to move ahead with filling the project manager position as soon as possible and creating an RFP related to the consulting support. We are moving forward with a small-scale pilot, or practice, effort related to processing checks. Also in the queue are brown bag lunches to answer staff questions about this effort, and a visit to IBM to learn how they have used Lean in an office environment.

EPA Programmatic Review: EPA Region 1 staff visited this week to conduct the annual programmatic review of the Clean Water and Drinking Water state revolving loan funds. DEC

staff and representatives from the Vermont Municipal Bond Bank met with and answered questions as needed over the course of several days to facilitate EPA's review. This multi-day on-site review will be followed by a draft Program Evaluation Report, which we will have an opportunity to review and comment on before it is finalized.

Waste USA: DEC Waste Management staff attended an Act 250 meeting regarding the tonnage increase at the Waste USA landfill in Coventry. A prehearing site visit took place at the landfill. The District Commission asked several questions regarding leachate production at the landfill and the treatment at the Newport wastewater treatment facility.

Hazard Mitigation Planning Grants: Watershed Management staff are preparing one-page concept papers for funding under FEMA's hazard mitigation planning grant program and working with Administration Deputy Secretary Clasen, VTrans, DEMHS, and ACCD to identify eligible projects for this funding. Our goal is to ensure that the available funds are fully utilized and directed to priority needs for planning to prevent future flood damage.

White River Tactical Basin Plan: The White River Tactical Basin Plan has been released for public review. This plan characterizes the surface waters in the watershed and identifies the greatest impacts on those waters. It will be used by the department, watershed groups, local governments and regional planning commissions to improve water quality. Early feedback on the plan has been positive. Public comment meetings are scheduled for May 30, June 4, and June 5.

Shorelands Legislation Public Hearings: The Lakes Section is gearing up to be ready for the Legislative Shoreland Commission's series of public meetings on the proposed shoreland protection bill. The Program is preparing a slide show summarizing the need for this legislation, preparing draft shoreland rules for discussion, and preparing related material for web posting.

Beaver Wood Energy permit extension: The permit for Beaver Wood Energy was issued February 10, 2012. The permit contains a clause that the permittee must commence construction within 18 months. The clause further states that the Agency may grant an extension upon satisfactory showing that an extension is justified. Beaver Wood has not commenced construction at this point as it has not obtained all necessary permits, including the Certificate of Public Good from the PSB. We have done a cursory review of the permit and the underlying requirements and are likely to determine that the conditions of the permit are still acceptable and thus extend the permit

St Johnsbury CSO Project: This project has been advertised but the bid opening may need to be delayed due to concerns expressed by the Vermont Historic Preservation Office. We met with the survey archeologist, of the Vermont Division for Historic Preservation, to discuss the project. Concerns relate to the Caledonia County Courthouse cemetery and other resources along Main Street and the upper end of Eastern Avenue (near the courthouse). Historic Preservation has requested a professional archeological resource assessment for the entire project. Given the concerns raised, the Town has agreed to delay the bid opening.

VT Railway Settlement: A supplemental environmental project resulting from an enforcement settlement with VT Railway involving hazardous waste violations was used to purchase a 330 gallon foam trailer. The foam on the trailer is alcohol resistant and can be used to extinguish a large fire involving gasoline and ethanol. The foam trailer has numerous application methods ranging from a large trailer mounted nozzle to hand held nozzles.

Bradford Pond: We met with Brian Seligman in Bradford. He has a small man-made pond on his property which was formerly fed by overflow from the Town's now abandoned open drinking water supply reservoir. Mr. Seligman has initiated legal action against the Town for cutting off the supply. The current reservoir is now a completely enclosed below ground structure and the water it contains is chlorinated. As such, the discharge is prohibited under NPDES regulations. An alternative means of supplying water to the pond will be investigated.

Connecticut River Hydropower Relicensing: ANR staff have been participating in meetings with TransCanada and other stakeholders to discuss TransCanada's study plan proposal for the relicensing of the three hydro projects on the Connecticut River. As part of the relicensing process, TransCanada has proposed 33 studies to be conducted over the next 2.5 years. The intent of these meetings has been to reach consensus on the study methodology to ensure that the agencies concerns are properly addressed.

Fish and Wildlife

Vermont Yankee Deposition: Staff completed preparation of responses to the third round of discovery questions submitted by Entergy Vermont Yankee to the ANR. For a second time staff will be deposed by Entergy lawyers on June 5 and will be cross examined before the Public Service Board on June 24 and/or 25.

Trails in Essex: Staff attended a meeting with Williston Conservation Commission to discuss trails at the Essex Alliance Church. These trails are depicted on project site plans as going through the Allen Brook riparian corridor. They are existing trails, but we have advocated for them to be removed from the site plan so as not to promote use with increased development in the area. This has been our position throughout the 6 years of this project development. The WCC agreed to support diverting traffic out of the buffer by providing a primitive trail on its edge that will lead to the proposed bike path. The proposed bike path bridge over Allen Brook is another element of the project that needs wildlife consideration and a meeting with Williston Public Works is planned.

VT Departments of Corrections, Fish & Wildlife Partner for Bat Conservation: The Vermont Fish & Wildlife Department has partnered with the Southeast State Correctional Facility in Windsor to help save Vermont's bats. Inmates involved in a work crew program recently built 50 bat houses that state biologists are using to provide daytime roosting sites for bats. The bat houses were given away at this year's Herrick's Cove Wildlife Festival to attendees who regularly observe bats near their home.

Forest, Parks and Recreation

Appeal by Plum Creek Maine Timberlands, LLC: Trial began May 29, 2013 in the Plum Creek matter. Plum Creek appealed the adverse inspection report issued by the Department of Forests, Parks and Recreation for the cutting of timber on lands enrolled in the UVA program in a manner that is contrary to the UVA forest management plan requirements. Trial is scheduled for three days in Orleans Superior Court.

Bolton Nordic Project: FPR, Vermont Land Trust and Vermont Housing and Conservation Board are working to finalize all closing documents. Closing on this project has been scheduled for June 13.

Long Range Management Planning for State Lands: The Agency has begun meeting with stakeholder groups as part of the required ten-year update to the long range management plan for West Mountain WMA and the long term access plan for the Plum Creek timberlands. Initial public meetings on these plan updates are planned for the evenings of June 11 in Brighton and June 13 in Lyndonville.

Land Transactions: The Department received two bids from qualified contractors for the barn stabilization work at the former Lafreniere property in Bolton. We will be working with the Division for Historic Preservation in reviewing these proposals and hope to select a contractor and initiate this work soon. Work continues on the Bolton Nordic acquisition with a tentative closing date set for June 13. Other priority on-going land transactions include Stone donation, Benson acquisition, Alburgh State Park land exchange, transfer of portion of Grand Isle State Park to the Town of Grand Isle, and transfer of Woodchuck Mountain property to Town of Newbury.

Survey Section Updates: The Department is negotiating contracts with two property survey firms to conduct needed survey work at selected ANR lands. In the meantime, work continues on exchange parcels at Alburgh Dunes State Park, Blueberry Hill WMA, Shaw Pond WMA, and Emerald Lake State Park.

Electronic Communication Licenses: FPR is working with Vermont Communications (VCOMM), the Department of Public Safety and the U.S. Customs and Border Patrol Agency to facilitate the transition of federal agency antennas on the existing federal tower to the newly constructed state VCOMM tower at the Killington Peak electronic communication site as part of consolidating all the users at this site onto the new VCOMM tower. Before this planned work can happen, FPR will need to amend its license with Customs and Border Patrol to allow for this transition. We will be working over the coming weeks with Vermont Public Television to develop new long-term license agreements for VPT at Burke Mountain, Mount Ascutney and Killington Peak.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: May 31, 2013

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

Vermont Gas – Rate Design Case: VGS has filed its proposed rate design and the only change in methodology is in the calculation of the cost to interruptible customers to change the distribution location in Canada (resulting in cost decrease) and to account for transport (resulting in a rate increase). The net effect is prices for interruptible customers would go up 6.71% to about \$4.91/MMBtu. This cost is well below the \$9.49 price for regular industrial customers and \$15.59 price for residential. Still – the major interruptible customers include IBM, Perrigo (a nutritional supplement manufacturer in Georgia) and St. Michael’s College, which are actively participating in the Docket. The Department thinks the rate design is ok, but is sensitive to the effects on these customers and possible effect on others were this change to be reduced.

Vermont Gas - Addison Expansion: PSD staff and consultants continue to review VGS’s responses to the first round of discovery and await responses to the second round, which are

due on May 30. The Department's testimony/recommendation is due June 14 and we are meeting internally and with our consultants to formulate positions. I will be meeting with the review team on Tuesday to discuss progress and issues outstanding.

Billback Proposal: We are getting ready to announce that we will begin to bill back for merchant (not GRT paying) project staff time starting July 1. We are finalizing the policy to include exemption of smaller projects, possibly all Standard Offer and Net Metered projects. Also, pre-application consultation would not be billed back, so as to encourage early and often discussion of potential projects with staff in advance of filing. ANR is considering a similar policy and has reviewed and commented on our draft.

Regional Issues, Including Coordinated Procurement: PSD met with ISO-NE Board Members 5/29, we continue to press concerns around wind curtailment, incorporation of distributed generation into ISO planning, and consideration of non-transmission alternatives to keep transmission costs in check. Darren, Ed and I will be meeting with the full board on Monday in Massachusetts.

Entergy Diesel Back-Up Generator – The PSB set oral argument for the diesel generator case for 6/5, and the AGO filed that notice with the Federal District Court and noted that the PSB shortened its normal timeframe for setting argument schedule.

Winooski One Partnership Avoided Cost Rate – Docket 8010: PSD recommended Board initiate rulemaking to change the Rule, and address avoided costs on case-by-case basis in the interim. BED filed a brief arguing the Board should stay the proceeding and compel arbitration, and Great Bay Hydro filed comments stating VEPPI told them VEPPI will not enter into new Rule 4.1000 contracts due to unclear avoided costs rates. Great Bay suggests the Board authorize VEPPI to determine rates on case-by-case basis subject to Board review.

Energy Generation Siting Policy Commission: Per the final requirement in the Big Bill (H.530), we will be completing an Index of the Siting Commission report due to Chairs of House and Senate NRE Committees by 7/1, along with recommendations on curtailment.

AEP Payment to CEDF: With the budget signed into law, the AG has sent a letter drafted by PSD to AEP requesting payment of the \$1,074,285 due to Vermont from the air pollution settlement, which along with \$250,000 in general funds is the full amount appropriated to CEDF for FY14.

Legislation:

- **S.30:** Signed into law
- **H.520:** Final bill review submitted
- **H.395 VT Clean Energy Loan Fund:** Final bill review submitted
- **H.405:** Final bill review submitted

The latter three bills will be signed at the energy summit next month, the planning for which is proceeding well.

Significant Meetings/Events:

- **Weds May 29:** PSD/PSB meeting with ISO-NE Board Members
- **Thurs May 30:** I met with REV (Gabrielle and Adam N.) to discuss various issues and included a discussion about possible uncontested docket on wind noise issues. They think the industry would benefit from a clearer standard, and are understandably nervous about what the end result might be. They seemed to appreciate the benefits probably outweigh the risks.
- **Next week significant events/meetings:**
 - **Mon June 3:** Chris, Darren, Ed McNamara trip to ISO-New England HQ

Everything Else:

PERD

Thermal Efficiency Task Force

- Staff facilitated last Thermal Efficiency Task Force meeting, where results from the Legislative Session were presented, results from HMF Market Research and an Overview of Residential Score Generator and Label were described, and the plan for the Total Energy Study was presented.

SEP Base and ARRA-SEP & EECBG

- Received email from our Program Officer that he agreed with our determination that the Montpelier district heating system meets the requirements necessary in order to use equipment made in Canada and Germany. Need concurrence and direction to document Buy American compliance from DOE Buy American officer.

Clean Energy Finance Summit

- Staff met with Treasurer Pearce, Jo Bradley (VEDA) and Sarah Carpenter (VHFA) re: structure and content for the public-private partnerships session.

Clean Energy Development Fund

- Sent out an email to stakeholders (follow-up with phone calls to several key stakeholders) asking for comment by June 5th on the CEDF FY '14 operational plan and budget. Also sent communications on this topic to CED Board members.
- Completed draft letter for AEP settlement funds for AG's office re: CEDF Funds

Renewable Energy Items

- Planning for June 27 DOE-Vermont-Sandia energy storage workshop. Sent invitations to representatives from utilities; response has been 100% positive to date (there will likely be 20-25 people there, with oversized contingents from GMP and Dynapower).

Contacting participants to assess their contributions to and desired outcomes from the day, and working with Sandia on their/DOE's presentation pieces.

Standard Offer

- Reviewed motion for reconsideration filed by Thomas Melone of PSB Order determining that proposed two plants adjacent to one another constituted one plant, and accepting one plant to be contracted for under the standard offer. Response to the motion due June 7.

Net Metering

- 5/14-5/24 – 22 CPGs granted, 115 KW, average size 5.25 KW.
- Continuing research on next steps for net-metering – where do we go from here as the smaller utilities approach or have reached the 4% cap? At current rate of registrations and applications the state as a whole is expected to reach the cap early in 2015.
- Upcoming meetings: Hardwick Electric and VPPSA on 5/31

Heating Fuel

- Crude Oil is trading at \$93.60 v. \$94.57 two weeks ago.
- The natural gas market this AM is \$4.13 v. \$4.12 two weeks ago

Engineering

Vermont Yankee operation: On May 20th, VY started a 4 day project to replace the Bravo Uninterruptable Power Supply (UPS) battery bank which provides backup power to the Low Pressure Safety Injection System. The batteries were approaching their end-of-life for reliable performance. In the coming months VY will also be replacing the Alpha bank of batteries for the same (redundant) system.

VY submits Licensee Event Report to NRC: On 5/16, 2013 VY submitted a Licensee Event Report (LER) to the NRC entitled "Potential to Flood Switchgear Rooms Due to Missing Conduit Flood Seal". This event occurred on 3/19, 2013 during the refueling outage when water from dredging the river intake was discovered inside two manholes in the Vital Switchgear Rooms. VY has taken corrective actions and replaced all mechanical flood seals that communicate with the Switchgear Rooms with SYLGARD 170 silicone elastomer, and capped an abandoned sump pump discharge line.

NRC to Perform Flooding Audits

From the lessons learned from the Fukushima event, NRC required nuclear power stations to perform flooding walkdowns. These walkdowns have been completed and the walkdown reports have been submitted to the NRC for review. As part of the NRC review, NRC announced that they will perform regulatory audits for selected plants to verify that the walkdowns were implemented per the walkdown guidance. The Region I plants that were selected to receive a flooding audit are Salem, Hope Creek, Oyster Creek, Vermont Yankee, and Millstone. Vermont Yankee will be audited from 7/17 – 19. The Nuclear Engineer will observe this inspection.

FERC Order No. 779 Reliability Standards for Geomagnetic Disturbances

On 5/16 FERC issued a final rule directing the North American Electric Reliability Corporation (NERC) to develop and submit new reliability standards to ensure continued reliable operation of the nation's Bulk-Power System in the event of geomagnetic disturbances (GMD; a disturbance to the earth's magnetic field caused by a solar flare). VELCO and ISO-NE will be required to develop and implement operation procedures related to this.

May 25/26 Storm

Heavy rains, wind, and some wet snow at high elevation caused power outages Saturday night into Sunday. A peak of approximately 4,500 customers were out at any one time. Power was restored on Sunday.

CAPI

CONSUMER COMPLAINTS

There were 96 consumer contacts made to CAPI this week, with 50 new investigations opened.

Public Advocacy

Entergy SBO Generator – Docket 7964 – The Department filed comments with the Board supporting the hearing officer's Proposal for Decision. NEC reiterated its opposition to the Board granting a CPG while the plant is operating in violation of a Board order, and has requested oral argument. The Board requested that parties waive the 12-day notice requirement for hearing and has tentatively scheduled oral argument for 6/5. All parties have agreed to waive the 12-day requirement. The Department has forwarded all materials responsive to Entergy's discovery requests to AGO, and has kept them apprised of developments in the PSB docket.

The AGO filed a motion in federal court seeking continuance of the 6/4 hearing on the preliminary injunction, arguing that the Board has yet to act within the timeline contemplated by Entergy for a 6/10 construction start date. The court rejected the motion without prejudice citing lack of scheduling availability after 6/4. AGO has also filed a joint motion with Entergy to file the parties PFD comments with the federal court.

North Springfield Sustainable Energy (NSSEP) Biomass Project – Docket 7833 –

In response to the PSB memo soliciting comments on a proposed new access road from Route 10 to the Industrial Park, ANR and DPS stated that the PSB had jurisdiction and suggested that additional testimony and perhaps hearings would be necessary. NOSAG (neighbor/intervenors) suggested that such a road would be under Act 250 jurisdiction, but that the Board should then consider any traffic impacts from the new road as part of the Section 248 proceeding. Curiously, the Petitioner NSSEP denied there is a new road proposed and denied there was an agreement with the Town of Springfield and the Southern Windsor Regional Planning Commission to build such a road, and further stated that if there was ever to be such a

road, it would be under Act 250 jurisdiction. The Board issued a memo on 5/21/13 indicating that since NSSEP denied that a new road was part of the project and had not agreed to build one, no further process was needed. NSSEP filed an objection to some of the DPS conditions proposed in our Reply brief regarding, heat energy utilization, as untimely and ill-defined. The Department and VNRC responded on 5/23. DPS asked the Board to impose the condition not objected to by NSSEP, noting that the issue of thermal waste heat utilization was addressed in testimony, at the hearing, and in initial briefs. We also noted that the Board has authority to impose any appropriate conditions it sees fit to impose, based on the record before it.

FairPoint – CANNE Wire Center Reclassification - Docket 7958 – The DPS response opposing FairPoint’s Motion for Declaratory Ruling highlighted both that the factual record was incomplete because no testimony had yet been filed regarding the six non-party CLECs whose status as Fiber Based Collocators is at issue in this docket, and also that FairPoint’s request sought a legal ruling not tied to a particular set of facts, thereby exceeding the Board’s declaratory ruling jurisdiction. On 5/28 PSB issued order denying the motion without prejudice. Wire Center site visits with our consultant are set for 5/29-5/31. We have proposed to parties that we extend the deadline for our direct testimony from 5/31/13 to 6/5/13, and agreed to respond to discovery on the existing schedule so as not to delay proceedings. FairPoint has no objection and we suspect CANNE will also be amenable. If so we will file a motion with the Board.

Bennington Solar Facility Section 248 Proceeding – Docket No. 7981 – Petitioner filed a request that the proceeding be stayed for the summer to allow settlement talks between Petitioner and ANR to proceed. Petitioner will update the Board in August or September.

Swanton Rate Increase – Docket No. 8024 – Swanton filed initial testimony on May 17 in support of its proposed rate increase. A public hearing was held in Swanton on May 20. Approximately 10-15 people attended. Ratepayers expressed concerns with the proposed 10.69 percent increase. Some residents also expressed concern with being forced to pay a demand charge when their loads exceed a certain amount two months in a row.

GMP Base Rate Filing – No Docket – On 5/17, staff had a call with GMP and discussed the deliverables regarding Smart Grid that GMP will provide in connection with its 2014 base rate filing. GMP thereafter provided Smart Grid cost/benefit information to the Department. Department staff will go to GMP to review associated documentation on May 30. GMP and Department staff also began weekly calls to discuss issues that will come up with respect to the upcoming base rate filing (which will come in to the Department on 5/31).

On May 17 GMP filed a notice of its declaration of dividends to its shareholder Northern New England Energy Corp. The dividend will be paid as of 6/30 and totals \$7,280,488.

Barnet Water System, Inc. 520% Rate Increase – Docket 8052 – The Board issued an order suspending the increase and opening an investigation.

Addison Expansion—Docket 7970 – PSD staff and consultants continue to review VGS’s responses to the first round of discovery and await responses to the second round, which are due on 5/30. The Department continues to attend selectboard meetings in the towns along the expansion route for the purpose of explaining the Department’s role in the process and to hear the towns’ concerns. These meetings are going well and are appreciated by the towns. If requested by the towns, a representative of VGS attends the meetings as well to respond to specific questions about the Project. The Board substantially approved the Protective Agreement proposed by the parties, but rejected recently-offered revisions regarding the Department’s obligations with respect to confidential information once the litigation is concluded.

Vermont Gas Rate Design Changes— Docket 8009- Perrigo, a manufacturer of nutritional supplements located in Georgia, Vermont, and an interruptible customer of VGS, filed a motion to intervene in the docket. The Department, VGS and IBM agreed not to oppose the motion despite the fact that it was filed beyond the deadline. Perrigo will meet with VGS this week and has requested a meeting with the Department next week. The Department awaits responses to our discovery requests on VGS, which are due 5/31. IBM has served 3 sets of information requests on VGS, two of which have been answered. Our testimony or a Stipulation is due on 6/7. The Department is generally supportive of the proposed changes, but will discuss and consider the concerns of the intervenors.

Burlington Telecomm – PSB Docket 7044; U.S. Dist. Ct. Docket 2:11-cv-214; Sup. Ct. Docket S1588-09 CnC – On May 22 the PSD commissioner and staff as well as the Treasurer and her assistant met with Mayor Weinberger, City Attorney Blackwood, the managers of BT and the City’s counsel in the various BT proceedings. Attendees discussed BT’s prospects now that the Early Neutral Evaluation process in federal court has ended unsuccessfully. While BT appears to be well-managed currently, the pending federal litigation remains an existential threat. As PSD advised the City, if the City is forced to pay a judgment in that matter PSD would likely have to seek CPG revocation. A requirement that the City remove the system per the lease terms would have the same effect. In the event of an adverse judgment the City would likely seek to change the charter provision barring the use of taxpayer funds; it is not clear what effect this would have on retention of its CPG. Treasurer Pearce noted that the City’s credit rating has been reduced to one notch above junk as a result of the unresolved federal case. The state civil suit has been dismissed as to the City and former CAO Leopold, but reinstated as to Leopold; a motion for reconsideration of the City’s dismissal is pending.

Telecommunications

GMP Quarterly AMI update – GMP representatives came to the PSD to present their quarterly AMI update. Meter deployment is complete, and the Department of Energy recently held a project wrap up meeting at which they commended GMP for its work on the grant. GMP is concerned about an opt-out rate close to 5%, and may try to message customers who have opted out to see if they would change their mind.

Finance and Economics

GMP---has filed for a power cost adjustment covering the quarter ending in March. The proposed adjustment is a rate increase totaling \$1,810,176 or \$.00167 per kWh effective 7/1. Staff is reviewing the filing and will prepare a recommendation that is due by 7/16.

GMP---Staff has continued informal discussions with GMP regarding its preliminary proposal to offer a heat pump rental "pilot" program utilizing on-bill financing. Discussions have included options for reducing/mitigating risk exposure to the general body of rate payers.

Stowe---has filed a request with the PSB for approval to defer filing a rate case and rate design case until the 1st qtr of 2014. The rate case filing was requested by the Department while the Board requested the rate design case.

VGS---filed its quarterly purchased gas rate adjustment this week that reflects an overall rate decrease of 1.3% or a 2.55% decrease in gas cost.

Regional Policy

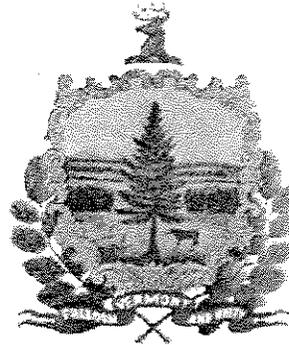
Order 1000

- On May 17 FERC issued its Order regarding the ISO-NE Order 1000 compliance filing and it will:
 - Eliminate the right of first refusal for regional transmission projects in order to promote competition. There is an exception for transmission projects needed for reliability that have need date within three years of the assessment.
 - Require ISO, rather than NESCOE, to be the entity that evaluates and selects which transmission projects will be built to meet transmission needs driven by public policy.
 - Require ISO to submit a default cost allocation method, developed in advance of particular transmission facilities being proposed.
- ISO is given 120 days to file changes consistent with FERC's order. It is likely that ISO will request an extension of time.
- NESCOE is planning on filing a request for reconsideration at FERC.

Distributed Generation

- ISO has indicated that it will be initiating a distributed generation working group in the fall to discuss how to incorporate distributed generation into planning.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: May 31, 2013
SUBJECT: Governor's Report

Emergency Management

As you know there were considerable flooding issues this past week and weekend. Staff from Emergency Management and Vermont State Police worked to assist communities affected. There were messages sent on regular bases to staff and interested parties to keep all informed. Federal teams are out doing assessments and it is believe that we'll be asking for a declaration for PA.

Director, Deputy Director, and Planning Chief participated in the annual FEMA Hurricane VTC Conference call with DHS Secretary Napolitano and FEMA Administrator Fugate.

Two Vermont school safety and security briefings were held on 15 May13 (Brattleboro High School) and 16 May 13 (South Burlington High School) regarding statewide DHS school safety assessments that will be conducted over the summer.

State Hazard Mitigation Plan draft was submitted to FEMA on May 17th Vermont was the first state in Region 1 to submit.

Vermont State Police

Trooper attempted to stop a vehicle on I-89, which was displaying a self-manufactured registration plate. A short pursuit ensued and the female operator was arrested for DLS and ATE. It was found that she was part of the sovereign citizen movement and after learning her true identity it was also found that she had an outstanding warrant for DLS.

A woman came home in Dummerston to find an unidentified male subject inside her residence. Male subject left, the female provided a vehicle description and plate number, which turned out to be a stolen vehicle from VA. BOL issued, Brattleboro PD tried to stop the vehicle on Putney Road pursuit follow through downtown Brattleboro and into Hinsdale, NH. Subject abandoned vehicle in a field off of Monument Road and took

leg bail. Troops went over to Hinsdale to assist in search. Subject later arrested; he was interviewed and cited for unlawful trespass. Subject was lodged on numerous federal arrest warrants in NH.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: May 31, 2013
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Met with Senate pro tem Campbell regarding DEW and the proposed White River Junction Prospect Street location of a new leased office building. We are internally reviewing the adherence to process in the decision making process.

Significant Events/Meetings:

- Met with Roger Albee concerning a Vermont tourism APP he is developing and seeking cooperation of the rest areas.
- Met with DHR regarding Department of Public Safety's mandate for background checks on BGS employees who work in DPS properties.
- Attended meeting with Montpelier officials regarding the heat plant and when it will officially be supplying thermal energy to the city. Construction kick-off awaits Act 250 permit.

Evolving Issues:

- What will happen to the Vergennes/Ferrisburgh train station?
- Forwarded AHS information regarding non state employees housed in state owned or leased space to Administration leadership for review.

FINANCE AND MANAGEMENT

Issues Update – ERP Project:

First Payroll: The first payroll of the new VTHR system ran this week. The vast majority of employee pay was calculated correctly and paid via direct deposit (9,231) or system generated check (250 – temps, new employees, etc.): The Payroll staff and Time & Labor staff worked over the weekend to review the payroll run and determine where underpayments were valid and should be paid via manual check or individual wire transfer. Off-Cycle (manual) checks were necessary for a total of 58 individuals

Expenses: The new Expense module has gone live and is operational. Employees were sent their log-in information and expense reports are being entered, approved and paid. Travel advances are also being requested and paid on-line with the appropriate approval.

HEALTH CARE REFORM

Status of Governor's Priorities:

ERISA – we are working on setting up follow up calls with the delegation and DOL.

Exchange: The team finalized the scope document for October 1, January 1, and beyond. I've asked for this lengthy document to be put into a more digestible format for you.

Co-op: The decision was released last week.

Significant Events/Meetings:

May 16:

Business Roundtable follow-up meeting – talked through future meeting agenda items they are interested in and a plan for sharing information over the summer. Robin will be attending their next health policy meeting in mid-June. Their interest seems largely focused on provider rates.

May 23:

VEHI – meeting with VEHI regarding questions about school districts and whether they would also have access to the Exchange.

Avalere interview regarding the financing plan – Mark, Lawrence, and Robin spoke with them to answer their questions. Many of their questions were related to the overall single payer planning and were not limited to the financing plan. We also discussed assumptions regarding provider rates (which seemed to be the primary issue).

May 29:

Fleischer Jacobs Group Seminar- Exchange overview presentation to 200 attendees. Answered exchange-related questions.

May 30: In Winooski:

NGA Health Care Sustainability Task Force conference call – first call with the NGA Medicaid task force. They reviewed waiver authority. We emphasized interest in payment and delivery system reform.

HUMAN RESOURCES

Significant Events/Meetings:

DHR representatives participated in a meeting with Merryn Rutledge and other agencies and departments involved in the National Life moves. The parties assessed the successes and lessons learned, with the intent of applying this knowledge to future large scale moves, particularly in connection with the new Waterbury facility.

Commissioner Duffy participated in a conference call with Secretary Spaulding and other Agency and Department heads to discuss issues related to exempt compensation, in anticipation of increases scheduled to occur in the new fiscal year. Commissioner Duffy will work with Secretary Spaulding to prepare recommended salary increases for exempt employees, consistent with the direction of the Governor.

Evolving Issues:

VTHR has been launched, and while there were bumps in the road, employees were able to enter time successfully and have been paid using the system. Several issues have been identified and will be fixed. Of particular note, the implementation of new recruitment rules and the need to repost all job openings has presented some difficulties for DHR's recruitment division, hiring managers and applicants. DHR is working closely with the Recruitment team to triage the problems and expedite the posting process.

Commissioner Duffy is working with Elizabeth Bankowski to facilitate the work required to fill a vacancy on the Green Mountain Care Board. An initial meeting of the Nominating Committee has been scheduled, and DHR hopes to receive authorization from the Committee to post the advertisement, job description and application on the state's websites next week.

DHR representatives met with Heather Wishik, a global expert on diversity, to discuss the parameters of her presentation to the extended cabinet. A follow up meeting to discuss the specifics of the presentation will occur next week.

DHR is working with the Secretary's Office and Finance and Management to allocate the 14 pool positions created in the Big Bill. Agencies and Departments are providing memoranda to support their requests for those positions requested but not specifically authorized in the Big Bill.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: A small team comprised of State staff, HSE PMO, CGI staff & Oracle have been working very hard over the last two weeks refining the specific scope for HSE Release 1 (October 1, 2013). This is the culmination of requirements work and business process modeling work that in some cases was

begun last year. We're wrapping up this week with a scope review and approval by business leaders. Unfortunately, the fact that we are still refining scope 6 months into a 10 month project means that we will not have the same level of specificity as other states at the upcoming detailed design review with CMS next week. From this point forward, release scope will be under program change management.

In general, Healthcare initiatives continue to move forward with clearer requirements being established for Healthcare Exchange Oct 1st go live.

Evolving Issues:

General:

- Web Portal Project Contract is now final. The current contract extension expires 6/8. The new contract will take effect on the 9th. We are currently validating the final draft and will then distribute to signatories.
- Working with Socrata (OpenData vendor) to get their services through VIC at no cost to the state. This will allow us to move our financial transparency score from a C+ to the A or B range.

WEB:

- The new Agriculture site in the standard template is scheduled to launch 6/3.
- The Working Lands Enterprise Initiative Website has launched in the standard template and is now live at workinglands.vermont.gov.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

Tax Bill: Despite the absence of any significant revenue changes, the final bill as always does contain a number of provisions that require follow up by the Department. One of the biggest is taking over collection of the health claims assessment tax from DHVA. We continue to improve our procedures to insure timely implementation of legislative changes.

1.5M Enhanced Revenue: The Compliance and Policy/Outreach divisions are working to refine the projects to implement after July 1 that will yield the \$1.5M in enhanced revenue, including a voluntary come forward and review of professional license holders for requisite good standing.

Solar Tax: A state uniform capacity tax on solar plants was enacted in 2011, in lieu of the statewide property tax. The statute establishes a modest \$4/kW annual capacity tax on plants over 10kW, and exempts plants under that size from both state and muni taxes. The Department was directed to advise municipalities on valuation methods for over 10kW plants, but the idea was that municipalities would have an incentive to exempt even large plants since they would not be required to make up any shortfall to the Ed Fund.

Unfortunately, shortly before the legislative session ended, the Property and Valuation Division put out a memo to towns that did not mention the possibility of exemption, but rather suggested that towns must immediately list plants over 10kW. The law itself created no such urgency, although it does provide a roadmap for towns henceforth to take affirmative steps to exempt or tax such plants. Upon further review after the session ended, the Commissioner discovered that the memo also contained several other misstatements with respect to interpretation and administration of the law. The Commissioner had the memo taken down, and has worked through the issues with Department of Public Service staff, now incorporated into a draft Technical Bulletin. The Commissioner has committed to VLCT and representatives for the solar industry that we will circulate the draft bulletin to make sure everyone is on the same page before it is publicly released.

Likewise, staff at the Department was delayed in preparing a tax form and accompanying materials to actually collect the tax – which was due on April 15 (although part of this delay was engendered by the hope that the legislature would adopt the Department’s proposal to incorporate property tax exemptions for the capacity tax – the Legislature chose not to act). These drafts also have required significant revisions. The guiding principle for this first year is that we will send a letter to all certificate of public good holders informing them that they *might* owe a capacity tax. The letter will contain a tax form to pay the tax, or an alternative form that will allow the recipient to explain why they do not owe the tax (for example, the plant was never built, as built is 10kW or smaller, is owned by another entity, etc.)

After this billing cycle, we intend to reconvene the original study group and Ag to consider proposals to amend the statute (including possibly increasing the size of exempted plants, incorporating property tax exemptions, and making provisions for current use), as well as procedures to collect the tax in the future (including notifying CPG holders of a simple tax registration process that owners could complete upon putting a plant into operation).

Operations:

Recording Telephone Calls: The Department has started recording telephone calls of any staff on an ACD line (basically, our staff in Taxpayer Services, Compliance and Property Valuation and Review). This originally was an initiative from the legislature that leadership concluded had some promise of benefit. There were some significant hurdles with HR and the IRS (we are in substantial compliance with the onerous IRS requirements for federal data that may be contained in a recording).

Personnel Issues: Leadership continues to address general succession issues, with a large number of staff that have indicated their imminent retirement. There are two particular pain points with highly visible, senior staff whose work is suffering as retirement nears – the Director of Property Valuation and the Taxpayer Advocate. We are putting the final touches on plans we have been developing over the past few months to create redundancy and oversight in these positions until such time as the retirement actually occurs.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: May 31, 2013
RE: Boards and Commissions Update

Appointments made May 21, 2013

Justice of the Peace, Town of Grafton:

APPOINTED: Christine Dyke, Grafton

Clinical Utilization and Review Board:

REAPPOINTED: Ann Goering, MD, Burlington

REAPPOINTED: John Matthew, MD, Marshfield

Rail Advisory Council:

REAPPOINTED: Charles Moore, St. Albans

REAPPOINTED: David Wulfson, Shelburne

REAPPOINTED: Arthur Whitman, Shaftsbury

REAPPOINTED: Charles Hunter, St. Albans

Public Safety Broadband Network Commission:

APPOINTED: Francis Aumand, Stowe – (Dept of Public Safety-at large) CHAIR

APPOINTED: David Tucker, East Montpelier – Executive Director, Enhanced 911

APPOINTED: William Laferriere, Barre – BGS

APPOINTED: Michael Manning, Morristown – Vermont State Police

APPOINTED: James Porter, Montpelier – Dept. of Public Service

APPOINTED: Joe Flynn, South Hero – Director of Emergency Management

APPOINTED: Kiersten Bourgeois, Colchester - ACCD

APPOINTED: Christopher Campbell, Montpelier –Vt Telecommunications Authority

APPOINTED: Frank Costantino, So. Burlington – Telecommunications Director, DII

Governor's Council on Physical Fitness & Sports:

APPOINTED: Connie Tompkins, PhD, Colchester

Standards Board for Professional Educators:

REAPPOINTED: Katherine Blair, South Burlington (Special Educator)

REAPPOINTED: Patricia Coultas, Hardwick (Public Higher Education)

Hearing Panels for Professional Public Educators:

REAPPOINTED: Raymond Pentkowski, Fair Haven (Administrator)

Unorganized Towns and Gores: The Director of Property Valuation and Review, with the approval of the Governor, biennially appoints appraisers.

Buels Gore: APPROVED: Sandra Brodeur of Warren
APPROVED: David Dawson of Essex Town
APPROVED: Augusta Graves of Fayston

Glastenbury: APPROVED: Barbara Andrejczak of Manchester
APPROVED: Josephine Kilbride of Searsburg
APPROVED: Jeanne Zoppel of Sandgate

Somerset: APPROVED: Jenepher Burnell of Whitingham
APPROVED: Christopher Crafts of Wilmington
APPROVED: Clyde Twitchell, Sr. of Whitingham

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: May 31, 2013
Re: Weekly Report

Status of Governor's Priorities: Thanks for your support throughout the session. We are going to write some regulations on Break open ticket reporting requirements. It was some last minute language in the fee bill. I believe we can substantiate our original numbers after we get a good reporting system in place.

Legislative Issues/Contacts:

- S.61 passed and we are pleased the way things turned out. Last minute work and good legislative relationships as well as your staff made the difference. Direct shipping by breweries was a great piece of the overall package.
- Budget- We resolved the IT funding issue for now.
- Fee Bill- pleased with the outcome.

Press Issues/Releases/Contacts: You probably saw the 30 day suspension we gave Rasputin's in Burlington. We were dealing with multiple repeat issues and the sanction is a reminder that they are dealing with a regulated and dangerous product if not used responsibly. Over service is a big issue in Vermont and across the nation. Our education program for licensees and employees makes a positive difference with only a small percentage of licensees violating liquor laws and regulations.

Significant Events/Meetings: None

Evolving Issues:

Working on our new marketing program and reviewing agency locations and siting criteria. Also reviewing current regulations with some minor changes due.

Summary of Key Department Activity:

- End of school and summer are very busy for DLC. Working with other law enforcement throughout the state on reducing underage drinking.

Commissioner's Commentary: It was a pleasure to work with Secretary Spaulding and your staff during the session. I think some good working relationships have been established. This is foundational in moving forward any strategic plan with its myriad of goals. Have a great weekend!

Irene Recovery Situation Report
05/31/2013

IRENE RECOVERY OFFICE

WSOC

- On 05/20/2013 FEMA received and forwarded formal guidance on the Sandy Recovery Improvement Act pilot program. Based on this guidance, the JFO should be able to complete WSOC PWs over the coming months.
- On 05/24/2013 a formal request was submitted from BGS for approval to proceed with hazard abatement and demolition on eight selected WSOC buildings (to keep the BGS timeline on track).

Individual Recovery

- DCMP submitted Demobilization Plan to FEMA Region 1 on 5/31/2013, including the following key steps for the closeout of the scheduled end of the DCMP by August 31, 2013:
 - At this time, it is clear that not all of 230 currently open cases will not be brought to a safe, secure, and functional state as a result of case complexity; cases continue to be serviced and monitored by 11 DCMP disaster case managers.
 - It is anticipated that half of Priority 1 and 2 cases will be closed prior to close out, leaving 40-50 cases needing to be transferred to service agencies prior to grant end for remaining disaster-caused unmet needs. Currently, meetings are ongoing with the network of Home Ownership Centers, CAPs, AHS, and other partner agencies, to evaluate appropriate case referral based on support capacity.
 - To appropriately reduce staff based on case complexity and geography, CVCAC-DCMP is proposing a formula which proposes a weighted analysis of caseloads based on the established "Priority of Needs" and service tiers developed by FEMA.
 - A final reporting package is due to FEMA 90 days after the program close out outlining the remaining disaster-caused unmet needs, categorization of client cases, explanation on the transfer of cases to other programs, and the submission of the independent evaluation report.
- As a result of the storm of 05/22 – 05/26/13, communications among IA partners are ongoing; the next IA Team Call has been moved up a week to 06/03/2013 to discuss with partners including the Vermont Disaster Relief Fund, VT VOAD, and AHS, available resources for individuals affected.

PA

- As a result of the storm of 05/22 – 05/26/13, DEMHS has requested that FEMA conduct Preliminary Damage Assessments (PDAs) in Chittenden and Lamoille counties. Three assessment teams were deployed on 5/28 and conducted site visits on 5/29 until complete. Early indications are that Chittenden and Lamoille counties will qualify for PA.
- FEMA obligated an additional \$216K in Public Assistance federal funds for Irene, bringing current total to \$144.6M.
- Review of bridge/culvert PWs for additional 406 hazard mitigation funding is ongoing.
- Attended Institute for Sustainable Communities (ISC) Resiliency Conference at Sugarbush 05/20-05/21.

HMGP

- State Hazard Mitigation Plan draft was submitted to FEMA on 05/17/2013.; VT is first state in Region 1 to submit.
- DEMHS is seeking a task order amendment with SAIC to extend their period of performance through 12/31/13, spreading out remaining unspent funds without changing total contract maximum. Approximately \$300K will be re-allocated from the underspent PA task order to extend HMGP support through Round 5 and buy-outs.
- Current status of buyout properties:

HMGP Purchased (75% HMGP, 25% CDBG)	6
HMGP Approved	86
HMGP Pending	8
Appealing/RFI HMGP Determination	11
HMGP Ineligible	4
Round 4	4
CDBG-DR Only	9
Grand Total	128

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

ACCD

- Commissioner MacKay met with Institute for Sustainable Communities (ISC) Resilient VT Project Program Manager to discuss next steps following last week's two-day workshop:
 - Once notes from the workshop and recommendations are disseminated, ISC will bring together Agency point people to discuss next steps, and how best to create an outreach strategy that meshes the other various resilience initiatives.
 - ISC will provide a comprehensive "ongoing project" list that will be used to determine how ongoing projects may collaborate or identify any gaps.
- Received notification from HUD that flexibility requested in the use of the supplemental CDBG-DR \$17.9 million allocation has been approved to include Windsor County as well as the previously noted Washington and Windham counties in the area targeted for 80% of the funds. The next step is for DHCD to develop an Action Plan for the use of the funds to be submitted to HUD for its approval.
- Staff from the HUD Regional Office visited ACCD this week to check in on our administration of CDBG-DR I and plans for CDBG-DR II. In coordination with ACCD staff, HUD provided an environmental review (NEPA) training for grantees. ACCD also gave HUD staff a tour of Waterbury projects and accompanied them to the Capital Bill Signing event at the WSOC.
- ACCD visited potential sites in Sharon and Wilder for a new housing development featuring Irene Cottages designed by the Upper Valley Housing Coalition as part of the alternative housing pilot project. Once CDBG-DR eligibility is confirmed, a planning grant application will be encouraged; Twin Pines Housing Trust and the Upper Valley Land Trust are both potential partners.
- ACCD coordinated with DEMHS and AHS on housing-related updates to the SEOP.

VTrans

- Transportation System Recovery Expenditures through May 28, 2013: **\$2,259,935**

	Totals	Federal	State	Local
FHWA-ER	\$113,345,798	\$107,120,725	\$3,965,137	\$2,259,935
FEMA - 4022	\$109,350,095	\$105,270,724	\$4,079,371	\$0
FEMA- RREW	\$2,682,870	\$0	\$2,682,870	\$0
	\$225,378,764	\$212,391,449	\$10,727,379	\$2,259,935

Structures

- Rochester ER BRF 0162(18), ER STP 0162(19), BRF 0162(16), and BRF 0162(17) - Final Plans are all in and are currently out for online shared review; comments are due 06/05/2013. These projects are part of a significant corridor improvement that includes the replacement of four bridge structures, two of which were damaged by flooding from Irene. The structures will be replaced during the 2014 construction season under one contract.

Operations Division

All District Irene Related FHWA ER Sites	This Week
Total sites	689
Total sites complete	437
Total sites under construction	10
Total sites awarded not completed	78
Total sites ready for bid	77
Total sites scoping/design complete	89
Total sites no activity	16
Total sites given to PDD	67
Total sites on hold ROW/ENV	32

