

# WEEKLY REPORTS

Checklist  
12/5/14

Elizabeth Miller/Alyson Richards

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

TBD

- ☒ Agency of Transportation – Sue Minter
- ☒ Agency of Human Services – Harry Chen

Sue Allen

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

Sarah London

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

Susan Spaulding

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

**To: Governor Peter Shumlin**  
**From: Patricia Moulton, Secretary - Agency of Commerce and Community Development**  
**Date: December 5, 2014**  
**Re: Weekly Report**

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**PATRICIA MOULTON, SECRETARY**

**Healthcare business meetings:** We continue with our confidential, informal meetings with businesses regarding healthcare finance. Thus far there is consistent acknowledgment that employers would want to keep their employees "whole" by using any savings they may have on healthcare costs to offset income tax increases for their employees. There also seems to be universal concern for the quality of the health care plan and acknowledgment that if the final health care plan is less generous than their current health care plan, they would seek supplemental insurance to the extent they can afford it. I am also asking the question about Worker's Comp. costs and how significant that might be if we were able to reform to indemnity only. Clearly office operations and those with low risk occupations find it less valuable than manufacturers and other high-risk occupations. We have a couple more remaining meetings and then will be wrapped up with this intelligence gathering.

**EB5:** We've had extensive discussions this week with Edwards Wildman, the attorney advising us on the adequacy of the AncBio PPM, and the SEC. Liz is fully briefed on the details of these conversations. I have also looped in Susan Donegan on our SEC conversations.

**Meeting with the congressional staffers:** We periodically get together with staffers of all three congressional offices. This week we had a semiannual meeting. We were able to lay out our concerns and hear any concerns they may have. We laid out our concerns over continuing diminishing amounts to CDBG and HOME. We also discuss the continuation of EB5. There seems to be agreement there is bipartisan support to continue to authorize EB5 for at least another two years. Chris Saunders of Sen. Leahy's office indicated they are looking at possibly incorporating our plan to partner with DFR in federal legislation as a new "standard" for EB5. I did express significant concern about who's watching these private regional centers and my doubt that others are as diligent as we are at this point. They were unsure how appropriations would go on other federal funding other than to continue to the trend to reduce those.

We asked what their read is on where we are "vulnerable" for federal funding next year. They were feeling transportation funding is likely to change. It may be level funded but how and where we are able to spend transportation funds is a question. There was feeling that the Republicans are going to be less interested in programs like complete streets, transit funding and may divert that type of funding to paving and construction. They also indicated LIHEAP would be another battle as it is not liked by the Republicans and the President. The President low balls appropriations because he knew Congress would restore and states make it up.

They also said they are concerned that we can get more regional equity within Vermont on the NBRC funding. They felt having an active economic development district in the six northern counties now the EDA has approved the restart of that district, will help in creating better regional equity so that projects are spread from Franklin County to the Kingdom versus the concentration we have seen recently in the Kingdom.

There was also discussion that we may see added employment at USCIS here in Vermont as a result of the President's immigration initiatives. They expect additional staff nationwide, and we could see that here.

**VLITE:** FYI, the VLITE Board approved another round of grants. We are also in discussions regarding "creative enterprise" where we could make investments in new energy technology that could result in new job creation here in Vermont. This is an issue I've been pounding since I've been on the board. My personal preference would be that we continue to make grants that support low income, energy efficiency, weatherization etc. But that we consider building funding to where we could make larger investments the new technologies and new initiatives that will result in new job creation.

## LUCY LERICHE, DEPUTY SECRETARY

- **Upper Austria:** This was a valuable opportunity to see how the state of Upper Austria succeeded in developing the biomass market. The approach they have taken includes “sticks” -- ever increasing regulatory standards that drive innovation in high efficiency, clean boiler technology; “carrots” -- subsidies and technical assistance for citizens to convert to biomass heating systems; and “tambourines” -- public communications, education and promotion of biomass. The site visits were extremely valuable: entrepreneurs were able to physically see biomass installations and the manufacturer’s processes; and Lucy was able to connect with a manufacturer who is interested in finding a US partner. Lucy is currently working to connect them with Vermont Castings.

On the last day of the trip, the delegation brainstormed a list of action steps, which the Vermont team will be meeting about to further refine and execute in the next week or two. High on the list of ideas is for Vermont to create a pellet standard. Many were shocked to learn that pellets being manufactured outside of Vermont contain contaminants such as plastic. We are also thinking about how RUS funds through VEIC can help us develop this industry in Vermont, and how the Forestry Systems Analysis currently underway through WLEB can help us further develop our way forward.

- **Other Nuggets:** In the last year, \$23 million in federal funds have gone out to Vermont airports. The delegation would like our help in promoting this fact to the public. Commissioner Smith will reach out to Guy Rouelle at VTRANS to make a plan. We also asked about the train to Montreal and learned that it is being held up by CVP.
- **VDOL/ACCD Collaboration:** ACCD shared its list of new legislative initiative ideas with Commissioner Noonan and Michele Kupersmith at VDOL and Sue Allen to see if we could find some areas in which to collaborate. So far, VDOL doesn’t currently have any new initiatives, and is focused on some technical and housekeeping items as well as some items that did not pass in the last session, such as Prevailing Wage. We set up a regular every other week meeting to continue the conversation. ACCD is scheduled to review our ideas with the Governor on Thursday.
- **Working Lands Enterprise Board (WLEB) and Vermont Ag and Forest Products Development Board (VAFPDB) Merger:** We have moved a big step forward with combining the two Boards. VAFPDB voted to approve the merger proposal at their meeting this week. The same will need to happen with WLEB, and then the 5<sup>th</sup> floor before we begin talking to legislators about the proposed merger.

## KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

### Recruitment

- **Project Midnight:** submitted data in response to an RFI from a site selector based in Boston. The client seeks about 50,000 sf (expandable) with preference being given to former battery manufacturing sites. I offered the former Energizer property as a candidate. At this time, no additional information was requested, but the total investment will be about \$20mln and around 50 jobs.
- **Project Composites:** submitted a response to a site selector's request from Montreal. The client - from Sherbrooke - is looking for 30k-60k square feet site that could be expanded. Working with REM Development and another commercial property owner, we have submitted three sites for their consideration, along with an initial incentive package. Interestingly, we are working with the company directly on a parallel track: they are also pursuing JV opportunities with a Vermont company. This will likely be the outcome in this scenario, the new job # will be less, but still in the range of 20 or so.

### Telecommunications/ConnectVT

- **VTel:** have been in very close contact with VTel over the past week to identify any potential issues/challenges for their remaining sites. Aside from Middlebury, there are challenges in Bennington and Plainfield that we are trying to resolve; however, we explained that is far easier to be involved at the beginning of a possibly challenging site than trying to undo a mess that has already been created. We have set weekly meetings with VTel.
- **FIRSTNET:** At our FirstNet meeting earlier this week, it was determined that we need to seek counsel from the 5th floor regarding the Governor's ability to accept our FirstNet plan. I will reach out to Sarah L. on this issue to discuss further.
- **Division for Connectivity:** have been meeting with key legislators to discuss the sunset of the VTA and creation of the Division for Connectivity. Overall, the plan to house the Division at Public Service has been well-received.

### CONFIDENTIAL

- **1366:** We are keeping in communication with 1366 Technologies to share with them what we can about GLOBALFOUNDRIES' interest in allowing other tenants on the IBM property.

- **MYLAN/SoB Transaction:** Aiming for a closing on 12-17!! This will be the final piece of this exciting project. I am working closely with the City on the last part of the overall project, which is the hotel that will be constructed on Lake Street.
- **Energizer:** I've been working very closely with Energizer corporate folks, the prospective purchaser and DEC on how to deal with the environmental issues prior to sale. While all parties have maintained patience, it has been an arduous process for several reasons. First, there is a disconnect between the Department of Health and commercial standards around one indoor-air contaminant - which is being resolved, but the Health Department's unwillingness to participate in meetings has been unhelpful. DEC has been dealing with VDH directly and can convey their information. Also, VDH is good about answering questions following a meeting, but the timing has been drawn out unnecessarily. Second, there is a need to expedite reviews, approvals, etc. for some of these large buildings that we are trying to repurpose - Energizer is a good example; we will be tackling the former Kennametal facility next and there are others that would have benefited from a rapid response (sorry, I hate that phrase, but it is applicable here) such as MASKA that would have put these buildings back to a productive use sooner. I've got a thousand ideas about this, so feel free to ask should you want more.

#### **DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner**

- **Let it Snow:** Winter is upon us and the tourism industry has been benefiting from the new snow guns as well as the gift from Mother Nature over the Thanksgiving holiday. Early read is it was a good start to the season due to the new snow.
- **Porter Air:** Megan and Laura met with [Burlington International Airport](#) and [SkiVermont](#) to put a plan together to promote the upcoming [Porter Air](#) season in both Vermont and Toronto. We have encouraged Porter to promote Toronto to our market in addition to our efforts we are making there. We are hoping for a press conference and a welcome event with several media representatives from Toronto on the first flight.
- **Travel and Recreation Council (TRC):** At the monthly TRC Meeting, we shared the initial results of our benchmark study with the group. They gave us a great deal of very valuable feedback. We also had Kimberly Jessup from the Association of Vermont Independent Colleges share their marketing efforts and we all felt there were several ways we could work with both the independent and state colleges.
- **CONFIDENTIAL:** We are concerned with initial results indicating that, although we had significantly increased spending by visitors, the number of visitors to Vermont has been virtually flat for several years. Ken Jones is responding to the concerns and questions about the data raised at the meeting.

#### **Steve Cook, Deputy Commissioner**

- **Winter Vacation Guide:** Cook, Peterson and Gerdel met with members of the Vermont Chamber to discuss strategies for the 2015/16 winter vacation guide. With the release of the ThisisVT mobile application, we are looking at ways to drive consumers who use the guide to download and use the mobile app for in-state navigation and promotions. The team also discussed editorial and organization of travel planning tools.
- **ZipCar:** VDTM will film a collaborative promotional effort with ZipCar on Monday, Dec 9. Commissioner Snyder will play a leading role in the production. We expect that this collaborative campaign will generate significant attention beginning in January.
- **Vermont Business Magazine:** Cook was interviewed by *Vermont Business Magazine* about the Department's use of digital advertising. The interview was positive and focused on VDTM's use of mobile, online and search advertising components.

#### **CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator** **Support for Businesses and Organizations**

- **BREAKING SILOS with the On-line Ambassador Program:**  
The Ambassador Training Program is now live. As Laura writes to the travel industry in the December Commissioner's [eNewsletter](#), "After years of inviting you to join us for [Ambassador training](#), we're now bringing Ambassador training to *you*. Our series of online classes will get you and your staff up to speed on Vermont branding, state parks, history, heritage and more. You'll get valuable customer service tips, and insight into hot topics such as agritourism and culinary pursuits. Each class has a video, slide show, presentation outline and list of helpful resources. You can progress at your own pace, in the comfort of your home or office. The training is free and geared specifically to Vermont's travel and hospitality-related businesses. [Sign up](#) today!" We already have folks signed up and working their way through training. Thanks to all of our participating partners who helped make this possible: Craig Whipple, State Parks; Charlee Drury, Fish & Wildlife; Alex Aldrich, Vermont

Arts Council; Sky Barsch, Vermont Life; Kyle Lewis, Ski Vermont; Penny Libercent and Lynda Unwin, Vermont Information Center Division; Tori Ossola, Vermont Chamber of Commerce; and Chris Howell, Vermont Agritourism Task Force and Vermont Farm Tours.

### **Cultural Heritage Projects**

- **Turner Family Homestead and Vermont African American Heritage Trail:** Through the work of the [Vermont Preservation Trust](#), [The Windham Foundation](#) has committed to serving as the steward of the Turner property. Preservation Trust will undertake fundraising to support stabilization and rehabilitation of the homestead, interpretation of the site, and development of pedestrian and vehicle access. Once the Trust has raised funds for pedestrian and vehicle access, and has begun work on interpretation, the Foundation is prepared to accept ownership of the cabin and the surrounding five acres. A program planning meeting is being planned for mid-December.

### **RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief**

#### **National Research Highlights**

As the end of the year approaches a variety of new analyses are worth noting:

- **The Conference Board Consumer Confidence Index<sup>®</sup>**, which had rebounded in October, declined in November. The Index now stands at 88.7 (1985=100), down from 94.1 in October. The Present Situation Index declined from 94.4 to 91.3, while the Expectations Index decreased sharply to 87.0 from 93.8 in October.
- **Profile of Millennial Travelers:** Young adults, along with financial and career challenges, have a different perspective on travel incentives and loyalty programs that are likely to require changes in business travel promotion and has implications for leisure travel supported by miles and awards.  
<http://www.emarketer.com/Article/How-Loyal-Millennial-Travelers/1011625/1>
- **Hotel Occupancy Rise Predicted:** This is a striking prediction, but difficult to know how the trend will impact Vermont's hospitality industry: [http://www.travelweekly.com/Travel-News/Hotel-News/PwC-forecasts-highest-hotel-occupancy-in-30-years/?cid=eltrdb#disqus\\_thread](http://www.travelweekly.com/Travel-News/Hotel-News/PwC-forecasts-highest-hotel-occupancy-in-30-years/?cid=eltrdb#disqus_thread)

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

- **Advertising:** Began work on reader survey to gain insight about demographics for ad sales. Ad sales are at \$42,616.75, 48% of our goal. We have a *Home & Garden Guide* section, if you know any Vermont businesses who would be interested in advertising in this section, please let us know!
- **Calendars:** Calendar sales have been brisk with a \$7,000+ day on Cyber Monday when we conducted an email blast. The business team is brainstorming ways to sell every last calendar in inventory before January 1. We have also been dealing with fallout from errors caused by the printer on some of our desk calendars; missing months, back page bound in, etcetera. 2016 calendar images have been chosen and are now in production. 2016 and some of 2017 calendars grids have been updated. Work has begun on weather facts/notes for the weather calendar and quotes for the wall calendar.

### **CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager**

- **Telecommunications Plan:** With the help of our design contractor, Ann Howard, the 2014 Telecommunications Plan is now complete. Design of this 150+-page report – outlining the vision for the future of telecommunications efforts in the state -- has been an intensive effort for the last several weeks, but safe to say that the Department of Public Service is thrilled with the user-friendly results.
- **Master Contracting Process:** Responding to requests for clarification and assistance from several Agencies, Heather has created a new Statement of Work standard for the use of the master contracts for creative services and media buying that are managed by the CMO. The change in process strengthens the legal tie between project scope documents and the actual master contract, as well as clarifies the difference between the various contract numbers and vendor numbers to be entered into the VISION accounting system. Feedback from contractors and departments alike has been positive.
- **Communications Support:** After a review of new draft Voluntary Harvesting Guidelines for Landowners, Heather met with a team from FPR to discuss improvements to the delivery of the information in the current document. Several recommendations were shared to make the final product more effective, including reformatting into a step-by-step, how-to guide; grouping best-practice strategies by audience (foresters vs. loggers vs. landowners); and focusing on decision points in the organization of the material. Heather also provided feedback and design suggestions to VCGI on outreach materials related to the statewide parcel data system.

## DEPARTMENT OF ECONOMIC DEVELOPMENT

### Lisa Gosselin, Commissioner

- **Workforce Investment Board:** More than 50 people (51% private sector, per federal regulations) joined the first meeting of the reformed board, to be renamed Workforce Development Board. DOL did a terrific job organizing the event with excellent presentations by Mat Barewicz on the state's demographics and workforce and by Carmen Rodriguez of US DOL on changes at the federal level. One change of note: US DOL is looking at recognizing certificate programs as they do secondary degree programs which could open up funding. Lisa gave an introduction on CEDS and distributed the summary and will do a longer presentation at the next event.
- **NSK:** Lisa met with Bob Nichols, the new HR director of car steering system manufacturer NSK of Bennington. Nichols just joined the company from an aerospace company in North Carolina. NSK is growing and looking to hire 25-40 people in the next few months and starting salary is \$12.36 with a bump up based on attendance in the first year. NSK has hired a number of Plasan people and is currently looking at hiring from New York where a plant closed recently. Nichols was surprised and disappointed by the state's drug policy which only permits testing at hire and views this as one way the state is not 'business-friendly'. He has already had to forego several good candidates who did not pass the test. As he puts it, "we make steering systems for cars, we can't afford a mistake in production or it could cost lives down the road."
- **SBA Annual Meeting:** Lisa attended the SBA annual meeting and is working with Darcy Carter as well as partners (RDCs, SBDCs) to prepare a report for the legislature that shares the good news on how SBA and others are connecting entrepreneurs with capital. SBA saw a rise in the number and the amount of loans to small businesses this past year and noted that their early loans to companies such as Simon Pearce and Ben & Jerry's many years ago helped those businesses grow into what they are today.
- **State of the State:** Participated in brainstormer on messaging for the state-of-the-state address. Reinforced need to focus on businesses and workforce (versus simply jobs) and need to share the good news about what has been accomplished. Sue Minter suggested we do a slide-show showing before/after shots of our downtowns to document the terrific work AOT and DHCD and towns have done on community revitalization in places such as Barre, Morrisville, etc.

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

- **Northeast Precision - St. Johnsbury:** The company is poised for significant growth as a result of two major contracts for transit car parts in Japan and with Vermont Castings which is moving its Mexican manufacturing to NEP. They employ 64 full time at present, and are adding jobs daily. They find it difficult to recruit quality workers, especially experienced engineers. The plant space, currently 40k square feet is getting tight, and IT server issues are a major constraint. They received a VTP grant and are working on lean with VMEC -- essential to their ability to manage pending growth issues. Appropriate referrals will be made.
- **NSA - St. Johnsbury:** The company is growing rapidly after major investments in the past two years. Since 2011 they have added 27 new machines at a cost of \$7M and disposed of 70 machines resulting in a 17% increase in production. In 2010 the average age of their equipment was 18 years. They ship 33,500 parts daily, purchasing 12 tons of sheet metal and 2 tons of bar stock daily becoming the largest sheet metal firm in New England. They have acquired a Massachusetts company and current full time employment is at 250 with 70% of those employees tenured at 15 years or more. They have replaced 9 of 11 managers in the last 15 months. Sales have risen significantly to \$36M in 2013. They are proactively working with St. Johnsbury Academy to develop machinists for their 80k square foot facility. They expressed a keen interest, after this past two years of focusing on capacity, to utilize programs -- especially PTAC and VGTP. They are also very interested in working with the state to reduce energy costs. Appropriate referrals will be made.
- **Kingdom Trails - East Burke:** From May to October, 2014 the group served 70,000 visitors. They employ 4 full time and 21 additional workers in the summer to maintain their bike trails. A membership organization, they work with 60 landowners who have agreed to make their land available for recreational use. They claim that 6 new businesses opened to serve their customers just this past year, and 49% of those customers are Canadian. They are working on a Working Lands Grant to do an impact study for their region. Appropriate referrals will be made.

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

- Represented the Agency at the **Northeastern Vermont focus group** (the first of four regional focus groups across the state) that is the next phase of the Forest Sector economic analysis being undertaken as part of the Working Lands Enterprise Initiative. Strong attendance (20), with participation from loggers, truckers, mills,

secondary manufacturers, and furniture makers. Several key themes are emerging that will be part of the final report due next summer.

#### **FINANCIAL SERVICES ♦ Dan Towle, Director**

- **Cayman Captive Forum:** Dan Towle, Director of Financial Services, is attending this conference this week. This conference is now the largest attended captive conference in the world with 1480 attendees. The Vermont Captive Insurance Association Conference had approximately 1100. This conference has become the default conference for the health care sector for captive insurance. 45% of all of Cayman's captives are in that sector. It is approximately 20% of Vermont's captives, but has been one of Vermont's largest growth sectors for several years. It has been a very busy conference this week, with Dan making many new contacts in the industry.
- **Captive Insurance License Update:** Three new captive insurance companies were licensed this week. The total number of licenses is now up to 1024. The three new included a re-domestication from Bermuda. That brings the total new captives to 11 this year. There are still quite a few applications pending that expect to be licensed by year end.

#### **VERMONT GLOBAL TRADE PARTNERSHIP ♦ Becky Fu, International Trade & Foreign Investment Specialist**

- Becky attended MEDICA with 4 Vermont companies with positive feedbacks and multiple potential leads.
- Becky and Ken Horseman have recruited 6 Vermont companies to attend AeroMart Montreal 2015.
- Becky and Ken have recruited 2 Vermont companies to attend Arab Health 2015. They are pushing hard with Brent's help to recruit a 3<sup>rd</sup> company.
- Brent, Becky, Jared and Ken are working on a one day conference for March 24 with Quebec companies.
- Sehyung is finalizing a market research report for Vermont Natural Coatings under Becky's guidance.
- Sehyung updated VGTP's website.
- Becky and Sehyung worked on sending National Group a MEDICA directory book that Becky brought back from Germany per National's request.

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

- **Kalow Technologies:** The Vermont Training Program awarded \$3,400.00 toward the cost of employee training at the Rutland based Kalow Technologies. Kalow will train 40 employees in lean manufacturing. This training will help allow them to "avoid the time delays and prohibitive costs of slower piecemeal offsite training," as-well as being a higher level of training to their employees while they get ready to bring in new equipment and technology to their shop. (Note to Lisa – working on permission to share the grant award on social media)

#### **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

##### **Commissioner MacKay and Deputy Commissioner Hollar**

##### **Commissioner MacKay**

- **CDBG-National Disaster Resilience Challenge**
  - **Partnership Meetings:** To start laying partnership expectations, Noelle is meeting with those organizations/individuals that expressed an interest in potentially partnering on this effort, had a project idea or have funding. A master list is being developed and Agency staff are filling in gaps of any folks that contacted them. Noelle will meet one-on-one with those on the list to manage expectations and do some mini-brainstorming before we begin the larger partner meetings. On that point, Noelle met with Brian Otley of Green Mountain Power to review the list of projects they proposed. Some great ideas on how they might be part of this project and they are interested in participating in broader discussions.
  - **Rockefeller Foundation Summing on NDR in DC:** Attended the day and half forum in DC along with representatives from about 50 other eligible applicants. Heard 'big picture' presentations on climate change and resilience work around the globe along with round table discussions on various topics such as resilience and the economy, building partnerships and leveraging funding. Regional roundtables were also conducted as an opportunity for applicants to share issues, ask questions and see if there were opportunities to work together. Not a lot of 'new' information but it was a chance to create brain space to think about the competition, 'test' our project idea/approach and make some connections. Rockefeller is providing support to applicants. The regional 'boot camp' will be in Boston in January.



- **Unmet Need Letter:** Received a response to our unmet need letter from HUD on 12/3 via email. From the letter, it looks like applicants struggled, but our team did fairly well. We had to show three linked thresholds – most impacted AND most distressed AND with other unmet recovery needs. Applicants could show how they meet the threshold in four areas (housing, infrastructure, economic and environmental degradation); the team focused on Vermont’s three hardest hit counties – Washington, Windsor and Windham – and in areas where we had solid data – housing and infrastructure. HUD accepted the submissions for Housing and Infrastructure for both Windham and Washington. For Windsor, we provided information in the infrastructure category and we did NOT meet the threshold there. The team knew this was a weak area in the letter. The communities/projects identified in the letter are also currently applying to our CDBG-DR so they most likely would not be an unmet need by the time we submit the Phase 1 application. So, hurdle one – check!
- **Parametric Insurance/Insurance Company Data:** Phone call with Alex Kaplan from Swiss Re. He presented at the Governor’s Institute in DC regarding a different way for states to ensure for disasters, parametric insurance. It can be a more flexible form of insurance after a disaster. Basically, using historical data, you ‘box’ an area and if the parameters are hit (i.e. wind speed, sea surge, rain level), the insurance is paid out. It allows for more flexibility as well – for debris clean up, loss of business, loss of tax revenue, etc. He is sending further info and I will share with Dept. of Finance and Regulations to see if this is something the State may be interested in investigating. We also discussed the type of modeling and data that the insurance companies have and how our state might be able to access it.

#### **Deputy Commissioner Hollar**

- **A Sad Loss:** The affordable housing community was hit hard this week by news that Terry McKnight passed away unexpectedly last weekend as the result of a heart attack. Terry has been the Executive Director of the Addison County Community Trust for many years and was set to begin his retirement at the end of the month. His commitment, kind soul, humor and rhetorical flourish will be greatly missed.
- **Congressional Delegation and CDBG:** With the ACCD Leadership Team, met with members of our congressional staff. Asked them to consider supporting a change to the CDBG program that would provide the state greater flexibility within the administrative fee structure. Learned HUD responded negatively to Senator Leahy’s request (prompted by our housing partners) that developers be allowed to enter into purchase and sale agreements before completing environmental reviews. HUD confirmed doing so would be considered a choice-limiting action. This is consistent with HUD’s stricter approach to National Environmental Policy Act requirements but comes as a disappointment. On a brighter note, a key approval was obtained from HUD for the disposition of the Melrose Terrace property allowing the Red Clover project in Brattleboro to continue moving forward. On the funding side, uncertainty remains about FFY 15. The continuing resolution currently in place expires on December 11 and action is expected next week. If an omnibus C.R. is approved, there is a good chance CDBG funding will be close to FFY14 levels. The delegation staff also expressed appreciation for the Department’s efforts to include them in awards ceremonies and asked that we continue to do so.
- **Qualified Allocation Plan:** As a member of the Joint Committee on Tax Credits, reviewed proposals for and public comments on changes to QAP which guides the annual allocation of Low Income Housing Tax Credits. The committee meets on Monday, December 8<sup>th</sup>. The stakes are high for housing developers and there is considerable debate about how and to what degree senior housing projects are able to access 9% credits. As currently drafted and in combination with federal funding realities, they are now only able to use 4% credits which are not sufficient to make a project work. The door to 9% credits needs to be reopened while addressing concerns that there is an equal or greater need for non-age restricted housing development.

#### **COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director**

##### **Partnerships + Collaborations**

- **ANR - River Corridors:** Last week ANR posted its statewide river corridors on the [flood ready website](#). John followed up with DEC staff to review data and discuss its applicability as it relates to possible municipal flood regulations. This river corridor data is essential in resilience planning efforts, as the corridors encompass the area of land surrounding a river that provides for the meandering, floodplain, and the riparian functions necessary to restore and maintain the naturally stable or least erosive form of a river. The creation of this data represents a herculean accomplishment; however, the next challenge is fine tuning the data and communicating how to use it wisely.

##### **Other News**



- **Municipal Planning Grants:** \$475,000 was allocated to 44 communities across the state. The winning projects chosen were selected from a total of 58 proposals requesting over \$657,000. Since 1998, the program has provided over \$10 million to 230 cities and towns across Vermont to help breathe new life into communities, plan for future growth and development and improve our quality of life. Click here for a [list](#) of funded projects by region.

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

- **Historic Sites Champions:** The historic sites had a successful 2014 season, thanks to all the staff. Special acknowledgements go to Marylou Chicote for \$29,736 in admissions at Bennington Monument, the most of any of our historic sites; Bill Jenney for an increase of \$2,300 in gift shop sales at the Calvin Coolidge Site and an increase of \$300 in admissions at Old Constitution House; and Elsa Gilbertson for an increase of nearly 800 visitors at the western sites, with the Hubbardton Battlefield gift shop showing a 13% increase in sales. Congratulations and thank you so very much for your dedication to Vermont's historic sites.
- **ER Champs:** In 2014, the accomplished ER team of DHP completed the review of 812 applications, with a completion rate of 95% on time. This is a marked increase in the number of applications being reviewed annually. Well Done ER Team!!!

### **National Register of Historic Places**

- Devin is working closely with John Ostrum, BGS, to facilitate the nomination of the former Waterbury State Hospital complex to the National Register. This is a requirement of the mitigation agreements executed between DHP, FEMA and BGS following TS Irene. The plan is to select a historic preservation consultant for the project in early 2015 and complete the nomination by the end of next year.

### **Environmental Review**

- **BURLINGTON:** Champlain College and the Division have successfully consulted to a mutual agreement on the Eagles Landing project in downtown Burlington. The proposed project seeks to develop two adjacent parcels fronting St. Paul Street in Burlington that currently contain a municipal parking lot owned by the City of Burlington and the former Fraternal Order of Eagles Club building and parking lot now owned by Champlain College. The Project includes demolition of the Eagles Club building and loss of the two parking lots to accommodate the proposed new construction. The new Eagles Landing building will rise approximately 65 feet above grade and will contain 101 apartments (approximately 280 beds) and 4300 square feet of ground level retail space. In addition, there will be internal parking available to the public. The building will front St. Paul Street and run from King Street to Maple Street, occupying approximately 40% of the entire block bounded by King Street, St. Paul Street, Maple Street and South Union Street. The Division had significant concerns regarding the size, scale and massing of the design, and were brought into the conversation late in the process. Changes to the design are not feasible at this point, and therefore the College has agreed to mitigate the adverse effect of the Project, which lies fully within the Battery Street Historic District by providing up to \$16,500 to fund an updated survey of the Battery Street Historic District and National Register inventory amendment. This would entail a reconnaissance survey in order to collect architectural data and digital photographs to meet the current standards of the Division and the National Park Service. This documentation will be used to amend the National Register nomination, which currently lacks the level of detail required by current standards.
- **MONTPELIER:** SHPO Laura Trieschmann, Counsel Dale Azaria and Jamie Duggan attended the Act 250 hearing for multiple projects on the campus of Vermont College of Fine Arts. The Vermont Advisory Council recently determined that the VCFA campus was eligible for listing in the National and State Register of Historic Places as a historic district. The Division has concerns with some components of the proposed project, in particular, the College is proposing significant alterations to Alumni Hall, c.1926 Colonial Revival style gymnasium building slated to become an art gallery, and ground disturbing activities in areas that have yet to be evaluated for archaeological sensitivity. The campus comprises an area which was formerly the site of a Civil War Hospital. There are a number of buildings in the neighborhood that are extant from this period of use. Several neighbors and abutters attended the hearing and requested party status. The evening evolved into a very long, often contentious, animated hearing that was eventually recessed by the District 5 Environmental Commission. Once the Commission releases the Hearing Recess Memo instructing parties on what information is still needed and how to proceed, the Division will renew consultation with the College in an attempt to find resolution to the current situation.

### **State-Owned Historic Sites**

- **Mount Independence Coalition Book Progress:** The Coalition book committee met recently to review their schedule and work remaining on their book which is expected to be about 120 pages and profusely

illustrated. They have commissioned noted military artist Gary Zaboly to do at least six drawings. Board member Ennis Duling has offered to be the editor, to move work along. Elsa is working with him on gathering illustrations.

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

- The Notice of Intent to Sell that was expected for the Farrington MHP in Burlington was received on November 21, 2014 with an asking price of \$5 million for the 120 lot park which sits on 11 acres of land on North Avenue in Burlington. The notice generated media coverage in the [Burlington Free Press](#), [Seven Days](#) and on [WCAX](#).
- Due to the size of the park and for the convenience of the residents, Brian Pine from Burlington's CEDO office helped arrange for the December 2nd informational meeting to be held at the Heineberg Senior Center. Despite the availability of 100+ chairs the meeting was standing room only. Deputy Commissioner Jen Hollar and Arthur led the meeting; Jen providing introductions and giving an overview of the Department's role and the importance of protecting affordable mobile home park housing. Arthur explained the sale process and deadlines and answered questions such as who is eligible to vote to pursue nonprofit or cooperative ownership. Residents heard presentations about both the cooperative "resident ownership" model and from three nonprofits, and generally peppered the presenters with excellent questions throughout. The meeting was also attended by Senators Tim Ashe and Diane Snelling, State Reps. Kurt Wright, Jean O'Sullivan, and a handful of City Council members.
- A follow up meeting has been scheduled next week by the CVOEO Mobile Home Program to continue the residents' discussion of everything they heard at the meeting, and decide as a group whether to pursue purchase of the park through cooperative or nonprofit ownership.
- During the week Arthur also continued to work with Robert Farrington to clean up the list of mobile home owners in the park as there appeared to be some discrepancies, although none of the notices sent by the Department inviting mobile home owners to the meeting have been returned by the post office. Arthur also provided information to April Burbank of the Burlington Free Press who attended the meeting and asked a follow up question after the meeting about park sales and closures.

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

- **Town of Warren:** The Community Development Board will make a recommendation next week on the Town's \$301,033 Implementation Grant application to undertake the Warren Village Main Street Improvement Project to construct pedestrian improvements, landscape and gateway enhancements to improve safety and accessibility to walkers, bicyclists, and other multi-modal users in the Village. There are some minor issues and the major issue is how much funding can continue to be awarded to grants that do not meet the Low and Moderate Income (LMI) National Objective since 50% of all funding under the Disaster Recovery Program must be spent on projects that are LMI.



**State of Vermont**  
**Department of Financial Regulation**  
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For consumer assistance:  
[All Insurance] 800-964-1784  
[Securities] 877-550-3907  
[Banking] 888-568-4547  
[www.dfr.vermont.gov](http://www.dfr.vermont.gov)

## **CONFIDENTIAL and PRIVILEGED**

**To: The Honorable Peter Shumlin, Governor**  
**From: Susan L. Donegan, Commissioner, Department of Financial Regulation**  
**Date: December 5, 2014**  
**Re: Weekly Report**

### **Captive Insurance Division:**

#### **Five new captives**

Five new captive insurance companies were licensed this week, which brings the number of new captives formed in 2014 to 13. License number 1022 was issued to Westbridge Insurance Ltd., which has re-domesticated from Bermuda. Its parent company is Union Carbide (now Dow Chemical). Novaris LLC is number 1023. It was formed by Physician's Mutual Insurance Co. of Omaha, Neb. Number 1024 is Bluegrass Insurance Co., whose parent company is Sazerac Co. of Metairie, La. Sazerac distillers is the bottling company for more than 100 spirits including Pappy Van Winkle 20 Year, which is rated the number one bourbon in the world by the World Spirits Championship. White Rock USA Ltd., license number 1024, is a company being formed by Aon, which is a worldwide insurance broker with a captive management office in Burlington. Its Vermont office manages more than 200 captive insurance companies in Vermont, New York and Missouri. And Emergency Capital Management (Vermont) LLC was signed as license number 1025. It provides liability insurance to Emergency Physicians Medical Group and clinical staffing for emergency departments and urgent care centers. Re-domesticated from Delaware, its home office is in Ann Arbor, MI.

### **Insurance Division:**

#### **Rating upgrades for Vermont Mutual**

A.M. Best has upgraded the financial strength ratings for Vermont Mutual Insurance Co. and its subsidiaries Northern Security Insurance Co. Inc. and Granite Mutual Insurance Co. The financial strength rating was upgraded to A-plus (superior) from A (excellent) and the issuer credit ratings advanced to AA-minus from A-plus. The outlook for all ratings has been revised to stable from positive.

According to A.M. Best: "The rating actions reflect Vermont Mutual's favorable underwriting and operating results, which have consistently outperformed the industry composite in recent



years. In addition, Vermont Mutual continues to maintain solid risk-adjusted capitalization, a well-established market presence in the New England states and knowledge of local insurance issues.”

Partially offsetting these positive rating factors is Vermont Mutual's business concentration in the New England states, which exposes it to weather-related events and competitive market conditions. However, the company maintains a comprehensive reinsurance coverage program to mitigate potential catastrophe losses.”

These companies are members of Vermont Mutual Insurance Group and are all headquartered in Montpelier.

### **Workers compensation rates**

The Insurance Division saw a presentation this week by representatives from the National Council on Compensation Insurance (NCCI) regarding proposed rates for 2015 workers compensation insurance. Rates are slightly down. Last year DFR implemented a new rate “smoothing” formula to help prevent significant rate spikes – either high or low. Commissioner Donegan anticipates approving a 5.6 percent reduction in rates for the Voluntary Market and a 5.4 percent decrease in rates for the Residual (assigned pool) Market. DFR feels that the new formula has stabilized rates within an acceptable range of 5 plus-or-minus percent. This is especially important for small businesses that cannot afford large unforeseen rate swings.



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(p) 802-479-1030 | (f) 802-479-1835

**CONFIDENTIAL AND PRIVILEGED  
MEMORANDUM**

TO: Governor Peter Shumlin  
FROM: Rebecca Holcombe, Secretary, Agency of Education  
SUBJECT: AOE Weekly Report  
DATE: December 5, 2014

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**Press Contacts:**

- Ann Galloway of VTDigger requested data on spending, teacher-to-student ratios, and enrollment from Secretary Holcombe.
- Kyle Midura of WCAX asked about the statement by VTNEA that Vermont has the highest per pupil spending in the country. According to NCES, Vermont ranks 4<sup>th</sup>.
- Josh O’Gorman of the Vermont Press Bureau, asked about the availability of opiate overdose medication to school nurses. He spoke at length with the Vermont Health Department.
- Howard Weiss-Tisman of the Brattleboro Reformer requested the memo from Secretary Holcombe and Secretary Chen regarding delaying Act 166 implementation.
- Molly Walsh of the Burlington Free Press spoke with Rebecca regarding education spending, and requested information on education spending back to 1990.
- Alex Apple of WCAX interviewed Jill Remick regarding the requests for public comment on the State Board of Education’s Strategic Plan.
- Richard Schier of The Montpelier Bridge spoke with Jill Remick about why the focus in Montpelier is on staff-to-student ratios rather than per pupil spending.
- Hilary Niles, VTDigger, requested recent years’ data on small schools grants.
- Trevor Lewis, our public records liaison, satisfied a public records request from David Hodges at TV44.
- Michelle Monroe at the St. Albans Messenger spoke with Rebecca about education spending and teacher quality.
- Steph Machado of Fox 44 requested information about the Act 148 report currently being worked on by the Prek-16 Council.

## **Public Presentations/Meetings:**

**Monday:** Spoke at Boston College's "States of Success" event  
**Tuesday:** VSA Trustees  
**Wednesday:** Ann Manwaring (governance reform and per pupil formulas) and PK-16 (warmed up by observing that our colleges might also have an excess of seats—ready for that, Jeb?)  
**Thursday:** NEA  
**Friday:** Meet with Agency of Agriculture, the Agency of Education and the Department of Health to discuss Vermont's Farm to School initiatives

## **Emerging Issues:**

### ***Reauthorization of ESEA***

It looks like the US Congress is going to quickly move on reauthorization of ESEA under the direction of Lamar Alexander. We are scrambling to see what opportunities we can create to throw our ideas and priorities into the mix. Our high level goal is to appeal to Republican affinity for states' rights to encourage flexibility for states to develop appropriate accountability models. We would also like to encourage Congress to back off on the requirement for annual testing in two subjects in every grade 3-8 and grade 11. Through John Fischer, we are connecting with counterparts in other states. We are a little hampered by not having a Republican, though Senator Sanders is offering help. We now have a conference call scheduled with representatives of all five New England states to also address proficiency based models. One thing that might be helpful would be if you could reach out to Maggie Hassan and discuss common ground. They are likely to have a little more pull than we will, unless Alexander sees virtue in having a true blue state to wave at the Democrats. Ironically, what is currently on the table from the Republicans would fit Vermont a little better than anything the Democrats have proposed.

### ***New Federal Mandate on Equity and Teacher Quality***

US ED has rolled out a new set of requests related to equity of access to high quality teachers. Some of them do not make much sense in our context, but we will figure out how to make this work. The biggest challenge is the substantial burden this is going to place on us. Since we have cut back already, we have very little in the way of staff or resources to meet these requirements. We are working on a plan now.

### ***Another Data Release:***

Next week, I plan to send a memo to school boards and superintendents that shares:

- data on the anticipated teacher retirement bubble
- data on population projections by county for the next 5-10 years



- a spreadsheet-based template we created that provides, by town, figures showing trends over five years in critical indicators like number of equalized pupils, education spending, tax rates, and teacher-to-student ratios.

I will also use this note as a chance to make the plea that with data like this, boards and communities have some of the information they need to understand some of the changes and pressures they and their schools face. They have an opportunity to act now, proactively, to create a future for their towns, and to do the hard work of thinking through what their school and community will look like in a future with fewer children. Altogether, this collection of data is pretty compelling, and in the face of this data, local control means acting to make sure they are creating a promising future for their kids. Fact of the day: one or two of our high schools have teacher-to-student ratios of close to 4:1.

### **Good news:**

#### ***Good News/Window of Opportunity***

I wanted to make sure you saw the following Angelo Lynn article, which uses what you have been saying to make your case. I actually believe we have come a long way in the last few months in terms of public understanding and developing a sense of urgency. We will continue to dial that up, but I think you have a real moment here to challenge Vermonters: we are spending more than anyone per pupil, but fiscal stress and growing inequality are eroding the quality of our system. Do Vermonters want to tolerate declining schools, or do our communities and boards want to step up and take responsibility for figuring out how to fix our system and provide better opportunities for kids? I think some are realizing that in a local control system, it is up to them. And, given our system, they may need to think of “local” in a different way. I think our future depends on it. I also do not see the legislature being in a position to do anything about this now, given where they are. The stage is actually yours. Unfortunately, if local boards don’t act, Angelo is correct: the legislature will have to do so.

I also think you can acknowledge the sense of loss many feel. With the declining numbers, the towns we used to have are gone. We need to let go of what rural used to be, because it may be a rural we can only afford in some places. The good news is, nostalgia aside, most people don’t want to go back to the rural of 100 years ago, because they are happy to live in an era of paved roads and smart phones. They just need to rethink what our communities will look like.

#### ***Editorial: How to keep school taxes lower via local control*** ***By Angelo S. Lynn***

*Want to know how to keep property taxes for school spending down and avoid the projected two-cent hike recently projected by state officials?*

*In theory, it’s not that hard: just keep local spending per pupil the same as last year.*

*In her report to the Legislature on Monday, Tax Commissioner Mary Peterson projected that an increase of two cents on the homestead and nonresidential property rates would be needed to pay for expected increases in statewide school spending. But she also noted that local schools and municipalities could partially control their own fate by keeping per pupil spending from rising. An important concept, she emphasized, is that the statewide property tax rate is predicated on a district's spending per pupil — if a school district reduces that per pupil spending, the district's share of taxes sent to the Education Fund would also be reduced.*

*“Both the \$1.00 (representing a two-cent increase over the prior year) and 1.94 percent base homestead rates will be subject to adjustment based on local spending decisions,” she explained in her report. “These adjustments must be understood as a pricing mechanism only; districts are not raising the amounts that they are spending over the base amount locally. Rather, the local rate is adjusted so that the district contributes to the Education Fund in proportion to its spending per pupil, providing a signal to voters of their district's spending per pupil relative to other districts.... A district which adjusts its budget to spend the same amount as it did in the current year per pupil, and which has no CLA increase, will see essentially no increase in its homestead property rate.”*

*The message is clear: taxpayers in school districts that work to keep per pupil costs down will pay lower taxes.*

*That's not just a “duh” moment; nor is it all that easy to achieve.*

*We all know that lower spending on town budgets means lower taxes, but we have become more distanced from school taxes and how those are financed in the past several years. That's partly because school finance is a complex subject and partly because it's easier to blame “big government” — or the funding formula — for our troubles than it is to do the hard work of reducing spending at home. Nor is it easy to keep per pupil spending from rising when fewer students in a school district mean less state financing to the school even as infrastructure and labor costs grow.*

*Nonetheless, that's the tough job each school district — as well as the Legislature — must address, if we are to contain school-based taxes.*

*As the Legislature and governor's administration wrangle with this issue in the coming session, here are some important facts to consider:*

- The projected number of students in Fiscal Year 2016 is 88,626 statewide; that's 631 less than in FY2015 (and that includes the pre-K students the state has added over the past couple of years.) That continues a trend of the past couple of decades. Since 1997, K-12 student population has declined by 20 percent. But here's the kicker: even with that decline in students, Vermont employs more teachers and paraprofessionals than ever. The current student-to-staff ratio is 4.67-to-1, as well as class sizes from 2 to 9 students in 20 percent of elementary classrooms.*
- About 80 percent of education costs are employee-driven; that is, the cost of hiring teachers, administration and staff.*
- Education funding is comprised of far more than just the property tax: 30 percent of the*

*General Fund is devoted to education; 35 percent of the sales and use taxes go for education; all lottery proceeds; and one-third of all purchase and sales taxes on vehicles. Furthermore, nearly two-thirds of Vermont homeowners pay the bulk of their education tax on income rather than property value.*

*What is crystal clear in that school costs in Vermont today are out of line in relation to the number of students being taught. Our collective failure is that a reduction in expenses did not mirror the drop in students. The solution is just as clear: We have to bring our student-to-staff and student-to-teacher ratios more in line with national averages.*

*All the political hullabaloo about ditching Acts 60 and 68 and coming up with a “better” formula for school funding — basically, a version of robbing Peter to pay Paul because any changed formula is nothing more than shifting the burden from one group of taxpayers to another — is a deflection from the real issue of reducing costs.*

*Governor Peter Shumlin is right to direct the focus of this issue (see his commentary on Page 5A) on the state’s per pupil cost. We hope the Legislature adopts the same framework. What’s most important is helping chart a path to make our schools more economically viable, while improving student outcomes.*

*The strength of Vermont’s educational system is that we are already allocating sufficient resources (that is, we don’t need more tax revenue); rather, we need to re-allocate those expenses in ways that are more cost effective. And on an optimistic note, the goal is to make Vermont’s public school system one of the best in the nation. It remains the state’s best economic development tool, and one of the state’s most promising assets.*

*But change must be embraced. Voters can take measures into their own hands by understanding their school budgets, and making the necessary adjustments — even if that means consolidating with neighboring schools and finding other ways to use the school facility as a community hub. If that fails (and it has for the past decade), the Legislature and the governor will have to force the issue — perhaps with measures that are punitive to schools whose per pupil costs are far above the norm. The latter is certainly not desirable, but when local control fails to do its job, someone has to step to the plate to get it done.*

Rebecca

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**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Greg Smith, Executive Director, VT Lottery**  
**Date: Dec 05, 2014**  
**Re: Weekly Report**

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

none

**Legislative Issues/Contacts:**

none

**Press Issues/Releases/Contacts:**

Receiving a few media requests for Megabucks jackpot winner. Some new agents are using print and social media to promote their new game consoles and showing sponsorship with the Lottery because we are providing promotional prizes for them.

**Significant Events/Meetings:**

none

**Evolving Issues:**

none

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**Summary of Key Agency Department Activity:**

We have failed to reach agreement with one vendor for our new website – too high of a cost and too much of our needs or wants pushed to a phase two. Their final proposal was 15% over our budget not including any content of phase two. I parted ways with them yesterday. We are initiating contact with another vendor (one of three finalists) to start negotiations.

New game consoles started pretty strong last week and continue to do well this week. We are still in the honeymoon phase of a new product and have room to improve with about 1/3 of the vendors who were on the low side of sales.

**Executive Director's Commentary:**

None at this time.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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**Executive Privilege**

**TO: Governor Peter Shumlin**

**FROM: Secretary Brian R. Searles**

**DATE: Friday, December 5, 2014**

**SUBJECT: VTrans - Confidential Report to the Governor**

**NOTES FOR GOVERNOR**

**DMV Montpelier Counter Relocation**

The DMV Montpelier counter services relocation to the refurbished first floor of 120 State Street went very smoothly over the Thanksgiving holiday weekend. Numerous entities provided their services to complete this move. The counter was 100% operational at 10:15 AM on Monday, December 1 -- 105 minutes ahead of schedule. Monday customers between 8:00 and 10:30 felt a disruption, but we believe they were mostly sympathetic to our plight. Our employees are very pleased with their improved working conditions.

**Highway Safety**

Sue spoke at the Red Ribbon Ceremony (with Keith Flynn and Andy Pollito), an event commemorating the survivors of drunk/impaired driving fatalities. It was a moving ceremony, well attended by the public safety community. With 42 fatalities so far this year, we are on track for the lowest highway fatality record in many decades. While every highway death is a preventable tragedy, this is good news, which we will announce in January, when the numbers are final. At that time we can also announce the transfer of the Governor's Highway Safety Program from Public Safety to VTrans.

**Governor's Highway Safety Program**

VTrans and DPS have begun meeting to seamlessly transfer the Governor's Highway Safety Program to VTrans. At a meeting earlier this week, it was agreed that the transfer of the program will occur on January 11, 2015. While there are still many logistics to work through, the transition team is keeping in close communication to ensure that the program continues to provide the necessary service to our customers.



## **NOTES FOR STAFF**

### **Winter Storm Event Dec 2<sup>nd</sup> and 3<sup>rd</sup>:**

We experienced a winter weather advisory overnight Dec. 2<sup>nd</sup> and into the morning of Dec. 3<sup>rd</sup>. The weather included some light snow Tuesday night followed by freezing rain and sleet on Wednesday morning. Many roads were given an application of salt Tuesday evening and roads were monitored during the overnight hours. Crews were out early treating roads for the Wednesday morning commute and commuters were generally able to get to their destinations without incident. We received almost no complaints, and even a few “thank you notes”. The storm was not without its challenges, however. We had 5 plow trucks break down, requiring mechanics to respond. We also had the standard issues with tractor trailers on Route 9 in Searsburg. (Note that an Agency team from the Highway Division is working on chain-up areas for Route 9 and we expect some progress to be made in the coming weeks). We also experienced some areas of snow pack on I-89 between Montpelier and Burlington that weren’t quite cleared up as early as we would have liked, and I-91 SB was closed between Exits 7 and 9 for a brief period of time while two tractor trailers were being removed where they had impacted the guardrail. (VSP advised that they were traveling too fast for conditions...) Finally, we have been plagued by radio communication issues in District 1 (Bennington) where crews have been unable to communicate with each other. DPS is working with us on a solution. 2,500 tons of salt and 48,000 gallons of salt brine were used, and the total storm cost was just under \$500k.

### **Winter Storm of Dec 4<sup>th</sup>**

This storm was quite different in that it was not forecasted, was limited in geographic scope, short-lived, very intense and at the height of heavy northbound traffic on I-89 between Bolton and Williston. The forecast called for a 20% chance of snow squalls along a line that stretched east and west across Vermont. Very localized events did occur in the Northeast Kingdom and as described above and are the winter equivalent of a pop-up thunderstorm. There were no cleanup issues in the Kingdom due to light traffic.

However, as the “wall of snow” started just before 7:00 AM it quickly responded to traffic and falling road surface temps (32-26) in a matter of minutes by freezing solid. The first vehicle to slide and block the northbound was a tractor-trailer on French Hill in Williston. There were several other accidents and slide-offs that occurred in conjunction with this and within minutes all traffic northbound was stopped including our trucks that were in traffic and unable to put down material. As accidents were cleaned up, traffic began to move but it took a couple of hours and some sun exposure to get the road back in shape.

I was there at the scene and witnessed the efforts to treat the roads and get things back to normal and they were above and beyond the normal effort and included bringing in trucks from different districts (and directions) to try and penetrate the congestion to treat the roads. I can’t think of anything that we would have done differently. Further, I think Lt. Garry Scott of the Vermont State Police said it best when he suggested on Channel 3 that people continued at 70 mph when confronted with 30 mph conditions.

### **National Transportation Conference**

Executive Team leaders attended the Annual Meeting of the AASHTO (American Association of State Highway and Transportation Officials), which was an important chance for Sue and Chris to meet with transportation agency leaders from around the country, and receive briefings from the FHWA and USDOT leadership (including Secretary Anthony Foxx). Key briefings focused on federal transportation reauthorization and Agency rulemaking. The Federal Highway Trust Fund is projected (once again) to become insolvent in May, and will need \$15B to be sustained. Although there seems little cause for optimism, the focus of USDOT is to advocate for growing transportation funds (through tax reform proposals), not merely sustaining the current level. We will work with our allies (Northeast region states as well as small, rural states) to advocate both for “filling the hole” and for sustaining our current proportion of the revenues. We will return to DC in February to visit Congress and press our case.

### **FairPoint Communications-Rent for Railroad Rights-of-Way**

Legal and Rail staff are working with FairPoint over their concerns with the pricing structure of State-owned railroad rights-of-way. They are trying to reduce costs and have raised the following points toward a new master agreement:

- Some of the crossings involve service lines to individual homes and businesses. FairPoint loses money on these services but, as a regulated utility, must continue providing these services.
- VTrans switched some time ago from a “per crossing” cost structure to a “per cable” cost structure.
- Because the cost of locating within State-owned railroad rights-of-way historically was modest, FairPoint and its predecessors did not have any incentive to explore alternative ways of serving customers located adjacent to State-owned rail ROW.

However, the FairPoint representatives did not seriously dispute that VTrans’ charges, even under the new agreements, are still less than those charged by private railroads and amount to just over \$91,000 per year, for all crossings.

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

**To:** Peter E. Shumlin, Governor  
**From:** Harry L. Chen, M.D., Acting Secretary of Human Services  
**Re:** AHS Weekly Report  
**Date:** December 5, 2014

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**Highlights:**

**AHS CO:**

Employee Relief from Duty Statistics	pg. 2
Health Exchange Risk	pg. 2
Chittenden County Warming Shelter	pg. 2
Renter Rebate Summer Study	pg. 3

**VDH:**

Rutland Restaurant Closed	pg. 3
Child Care Wellness Consultant Opportunity	pg. 3
Legislative Report Summary and Recommendations	pg. 4

**DMH:**

Vermont Psychiatric Care Hospital (VPCH) Status	pg. 4
Middlesex Secure Residential	pg. 4

**DAIL:**

Letter to Governor Decrying Anticipated Cuts in Human Services Circulating	pg. 5
Housing Needs Assessment Discussion Heating Up in Advance of Report	pg. 5

**DOC:**

Population	pg. 5
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**DCF:**

ESD Applies for \$10 Million Grant	pg. 6
New Family Services' Staff Sends Kudos to Supervisors	pg. 6

**DVHA:**

GMC Operations Planning	pg. 7
Fox 44	pg. 7
Dr. Dynasaur Enrollment Aid Category Issue	pg. 7

**Secretary's Message**

Over the past three months, I have had the opportunity to spend a morning or afternoon in AHS Field offices. I thought I'd share a few thoughts and common themes. It should come as no surprise that they are a dedicated and passionate bunch. If it means staying till 6 or 7 to ensure a safe place for a child one evening, they will gladly do that. No one is slacking off, as the workload is at best challenging at worst dangerous. It is important to note the caseloads continue to rise.

While I was surprised that morale was better than expected, I did sense that it was tenuous at best. IT systems are a chronic challenge to communication and doing the work smarter. No question in my mind of the value of proceeding with the essential upgrades of the Health System Enterprise (VHC, IE and MMIS). I was struck by the perceived lack of support and communication with the “Central Office” whether it be DCF, DAIL or DOC. Fixing this communication issue would go a long way toward improving morale.

I wanted to spend a moment focused on FSD and child safety. That group was the most fragile and needy. Theirs is an almost impossible job day after day with little reward except that nothing bad happened. The challenge is to broaden the tent of responsibility and bolster the support for the incredible work they do day in and day out. Child safety is a “community” responsibility not just a DCF one. I don’t think that anyone would argue this point and indeed the angst and interest in the issue by all is merely a manifestation of this. I think it important to elevate this message as we continue our efforts

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

#### **AHS HR continues support for VHC**

AHS HR staff, in partnership with EAP and DHR Wellness, have arranged for a number of staff workshops in December as a strategy to assist employees with managing workplace stress during the VHC open-enrollment process to include two supervisory trainings on Managing During Stressful Times and wellness workshops, to teach employees how to integrate wellness practices throughout their day (breathing, stretching, hydration, nutrition). In addition, Wellness and EAP staff will provide program information at the next VHC staff meeting on December 2, 2014.

#### **Employee Relief from Duty Statistics**

The Sr. HR Manager for AHS and Director for AHS IU have reviewed the calendar year-to-date statistics for staff on relief from duty due to misconduct. Out of 36 employees, 64% are Correctional Officers I or II’s. We reviewed a number of demographic information including years of service, sex, race, age, and work location. This data will assist us as we work to turn the curve on employee relations issues within AHS.

#### **Health Exchange Risk**

AHS Business Office staff continues to collect and categorize the risks of the various Departmental and DII contracts related to the Health Exchange. Risks range from no federal approval of a State Contract and no request to the Federal Government for funding (High – red) to funding verbally agreed to but no written approval received (low – green). This information has been presented the Health Services Executive Steering Committee the past two Fridays.

#### **HSE IAPDs Reviews at CMS**

HSE IAPDs remain under review at CMS; if approval is not formally (or at least informally indicated) at the conclusion of a negotiation session scheduled for the 17th, AHS CO will need to consider extending the current IAPD for another 30 days.

#### **1115 Waiver Consolidation**

AHS, DVHA and DAIL are working to address 11<sup>th</sup> hour questions from CMS, driving toward a 1/1/15 effective date. Work will continue throughout December. Leadership will be kept apprised of any strategic, or time-based.

### Chittenden County Warming Shelter

In Chittenden County, CVOEO has agreed to take the lead on the creation of a 'Warming Shelter' and is working with the Continuum of Care Shelter Committee to make it happen this winter.

### Integrated Family Services (IFS) and Payment Reform

IFS is exploring comprehensive payment reform for the services provided. An internal working group will be working with technical assistance provided by the SIM dollars. The current payment reform being used by our 2 early implementers is not comprehensive reform and is not replicable.

### Renter Rebate Summer Study

AHS is participating in a summer study developing alternatives or improvements to Vermont's Renter Rebate program. The committee's report will recommend to the legislature that the renter rebate program be maintained in the Department of Taxes with the following improvements:

- Elimination of the Landlord Certificate form (LC 142)
- Reducing amount of rent allocable to taxes from 21% to 19%
- Reducing maximum rebate cap from \$3,000 to \$2,000
- Establishing a rebate floor of at least \$100 for all eligible filers
- Switching from household income to adjusted gross income when determining eligibility

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

#### Rutland Restaurant Closed

VDH conducted a complaint inspection on 12/3/14 at Swards Dairy in Rutland, VT. Several significant food safety violations were observed and the establishment failed critical item violations which require closure to the public. Some of the critical item violations included spoiled food in a non-operational freezer, leaking wastewater pipes in a basement where food is stored, rodent droppings in food service area, malfunctioning dishwasher, and multiple roof leaks being collected by buckets throughout the establishment. The establishment eventually agreed to voluntary closure until corrections are made and a satisfactory compliance inspection is conducted. If the owner does not comply with the voluntary closure until the food and safety violations are corrected, the issuance of an emergency health order by the Commissioner will be necessitated.

#### 5th and Final Year of Deer and Moose Serosurvey

VDH collaborated with the Agency of Agriculture and the Department of Fish and Wildlife to conduct the 5<sup>th</sup> and final year of the deer and moose serosurvey. Over 800 blood samples have been sent to CDC, where they will be tested for antibodies to Eastern equine encephalitis virus, a mosquito-borne virus which can be fatal for humans and certain animals such as horses.

#### Trichloroethylene - Energizer

At the request of the Department of Environmental Conservation (DEC), VDH developed a site-specific, non-residential screening value for trichloroethylene (TCE) in indoor air for use at the former Energizer facility. TCE is a carcinogen, and a developmental toxicant. Health provided DEC with a detailed memo describing the approach used in recommending the screening value.

#### Food and Lodging Database Modernization

VDH has officially started the IT database modernization project to replace a 25 year-old outdated licensing and inspection database. The contract was signed with a vendor (Computer Aid, Inc.) to

implement the USAFoodSafety software system. This system will support improved business processes for licensing and inspection of food and lodging establishments in Vermont.

#### Child Care Wellness Consultant Opportunity

Through the Early Learning Challenge-Race to the Top grant, Maternal and Child Health launched the Child Care Wellness consultant opportunity. The role of the Child Care Wellness Consultant is to work collaboratively with providers to promote the health and development of children, families, and providers and to ensure a healthy and safe child care environment. Our Child Care Wellness Consultants are Registered Nurses who have specialized knowledge of health and safety standards and best practices for child care programs.

#### Legislative Report Summary and Recommendations

*Evaluating Options for the Integration of Electronic Medical Records with the Vermont Prescription Monitoring System - Executive Summary:*

Pursuant to Act 75 of 2013, the following report provides options for integrating the Vermont Prescription Monitoring System (VPMS) with the electronic medical records (EMRs) through the Vermont Health Information Exchange (VHIE) to improve access to timely and accurate prescription history information in a private, secure environment, with minimal costs and minimal workflow disruption to health care providers.

VDH conducted a study to determine the feasibility of integrating VPMS into provider electronic health records (EHRs) through the VHIE. This is an appropriate long-term goal. However, the experience of VDH integrating the immunization registry and provider EHRs, a project which is only partially complete after four years, demonstrates the complexity of the task. The integration of VPMS and EMRs will require significant planning, coordination and resources. Given the complexity and the number of EHR vendors and health care practices involved, a cost estimate cannot be provided at this time. VDH recommends that the short-term solution outlined as Option 1, and involving a single sign-on process, be implemented as soon as is practical. This will enable health care providers throughout Vermont to more easily access comprehensive patient data and assist them in providing effective patient treatment.

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

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

As of 12/4/14, there are 22 patients at the Vermont Psychiatric Care Hospital (VPCH). The hiring of temporary staff continues as well as hiring replacements for staff that have left employment. As the reduction of in-patient acuity happens and more temporary staff are hired, additional beds will become available. From November 27<sup>th</sup> to the morning of December 4<sup>th</sup>, VPCH has had a total of 15 people in need of hospital beds; 7 adult EEs, 4 adult voluntary, 1 minor EE, 2 minor voluntary and 1 court order. As of this morning, there are 3 adult EEs waiting; 1 voluntary adult and 1 voluntary minor. A total of 10 people have been appropriately placed. The longest wait time is for one adult EE who has been waiting since November 20<sup>th</sup>.

##### Elizabeth Teague Scheduled to Move to Secure Residential

Elizabeth Teague is tentatively scheduled to move from the Brattleboro Retreat to the Middlesex Secure Residential next Tuesday.

##### Middlesex Secure Residential



BGS and DMH will be reporting to the House Corrections and Institutions Committee in January on the status of a permanent, secure residential program. At this time, BGS and DMH are looking at requesting a 14-bed facility based on the 15-bed secure residential design that had been approved and received a CON before the flood in Waterbury. Some funding will be requested by BGS for the planning of this facility. This is expected to be a 3 to 4 year project.

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

#### **Letter to Governor Decrying Anticipated Cuts in Human Services Circulating**

Some members of the Disability-Long Term Services and Supports (D-LTSS) have been circulating a letter penned by Legal Aid Attorney, Barbara Prine. This letter is critical of any proposed cuts to persons with disabilities. Agency staff assigned to the committee, while acknowledging the Governor's interest in hearing from stakeholders, have also pointed out the committee's charter is with the state of Vermont's Health Care Reform Initiative and their primary responsibility to inform health reform efforts. The SIM project is federally financed and not impacted by state finances. It appears VT Legal Aid is the primary driver, suggesting the letter be seen as a "litmus test" of "real commitment". They are using multiple platforms to lobby against anticipated cuts. At least one member has objected: ... *I believe that it would be more appropriate if requests for funding such as the drafted letter came from a group of interested service providers and did not represent the DLTSS work group as a whole.*

#### **Housing Needs Assessment Discussion Heating Up in Advance of Report**

A discussion was held with Senators Sarotkin and Ashe at the legislative reception at UVM Medical Center regarding housing needs assessment report. The report, which is expected to be released next week, has caused concern due to the definition of "frail seniors". DAIL has asked the current Vermont housing needs assessment to use a definition consistent with other Vermont policy and state government. This is based on current scientific knowledge and practice and, can be adequately measured with available data sources. We have learned however, the limited HUD definition must be used for federal reporting purposes.

### **Department of Corrections (DOC)**

#### **Corrections Oversight Committee:**

The Committee met for its fifth and final time of the year. The topics of the meeting were general updates, out of state placements and the MAT pilot program. The COC will be working on their report to the General Assembly with any legislative initiatives. The report will be circulated to the Governor's office when the initial draft is received.

#### **Population**

The department's incarcerated population averaged 2,040 for the previous week. The male population averaged 1,874 with 350 being presentenced. The female population averaged 166 with 37 being presentenced.

#### **More Therapy dogs for DOC**

Three more therapy dogs will be trained by inmates for the Disabled Veterans. Their names, in order below, are Benelli, Diego and Max.



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

#### **ESD Applies for \$10 Million Grant**

DCF's Economic Services Division (ESD) applied to the U.S Department of Agriculture's Food and Nutrition Service for funds to implement a pilot employment and training program to help Supplemental Nutrition Assistance Program (SNAP) participants obtain employment and increase their income. As a result, participants will become less dependent on supplemental food assistance. The pilot will be in place for 3 years and begin no later than October 1, 2015. The homeless, individuals suffering from substance abuse, and probationers and parolees will be the primary target groups. This is a partnership between Vocational Rehabilitation, Department Of Labor, Department Of Corrections, the Community College of Vermont, Capstone, Community Action Agencies, the United Way of Chittenden County and other non-profit organizations throughout Vermont.

Approximately 3000 individuals will be part of the pilot. Those in the control group will receive all the services currently available to SNAP recipients. Those in the treatment group will receive additional services including a comprehensive clinical assessment, career readiness certificate training, adult basic education, financial education, coaching, transitional housing, transportation support, job training, job placement services and post-employment job retention support. Treatment group individuals will have a local cross-agency treatment team who will input their case notes into new computer software to facilitate an integrated service delivery model. A national third-party evaluator will determine the success of Vermont's Jobs for Independence program and the potential for its replicability. The total grant request is for \$9,954,866.

#### **New Family Services' Staff Sends Kudos to Supervisors**

A new social worker in the Hartford District Office offered praise to her supervisors. This employee shared an email which spoke about a recent interaction with a family facing allegations of sexual, physical and emotional abuse on a 4-year-old child. The employee stated the professionalism, kindness, caring and compassionate nature displayed by her supervisors aided in turning a very challenging and tense situation into a valuable lesson for all involved. The interaction ended with a family member (who had previously stated to have had a "few words" to say to DCF) thanking the

staff for the good work they have done. The employee ended the email stating “I am thankful to be working for DCF. I am so proud and so thankful to be part of this team. Each and every person in my office is simply awesome!”

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

### **GMC Operations Planning**

DVHA hosted a meeting with subject matter experts on Green Mountain Care operations planning. This is intended to be the kickoff to a series of in depth meetings with subject matter experts on a variety of functional areas needed for GMC operations. Access to time with subject matter experts remains a risk for progress on GMC planning.

### **Fox 44**

DVHA received a public records request for documents related to the state employees volunteering to assist with the VHC renewals process.

### **Vermont Medical Society**

DVHA met with Vermont Medical Society (VMS) leadership regarding proposed updates to Medicaid’s fee schedule for 2015. The changes proposed include a professional fee schedule for every year based on changes implemented by Medicare. VMS is likely to raise concerns about DVHA’s proposal not to implement reimbursement for the new care management code created by Medicare. This code would represent a new revenue option for providers, serving individuals with multiple chronic illnesses but conflicts with the State’s current investments in care management through the Blueprint and DVHA’s existing primary care case management fee. VMS is also concerned about the State’s decision not to replace ACA funding for the primary care bump.

### **Dr. Dynasaur Enrollment Aid Category Issue**

Since January of 2014, children with Medicaid who are enrolled through VHC are being incorrectly categorized as having other insurance. Estimates indicate that to date 1,000 children may be impacted. This does not affect families other than those with Medicaid and no other insurance. Those affected may be charged a lower premium (\$20 vs. \$60).

Impacts to the state include errors in enrollment numbers that affect State and Federal reporting and budgeting. In addition to the loss of premiums, a significant impact is the loss of enhanced federal funding for children eligible for the Children’s Health Insurance Program (CHIP).

Children without other insurance, and income levels between 237-312% of federal poverty level, are funded under CHIP, Title XXI of the Social Security Act. The state of Vermont receives an enhanced federal share of 70% for this population. Due to the error, the state is unable to claim the enhanced match rate for claims processed for children with other insurance. To date ~\$1 million in claims have been attributed to the eligibility category leading to a loss of ~\$200,000 in federal funds.

**NEXT STEPS:** An error in edits within VHC has been identified as the cause. A work group of staff from the Agency of Human Services, and DVHA, is working to remedy the situation. This includes methods to make budget adjustments to recoup the lost federal funding. Families will not be asked to repay premiums. Their status will be updated when they reapply through VHC at their next annual enrollment date in 2015.

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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:** December 5, 2014

**Secretary's Top Issues**

**Milk Margin Protection Program**

Secretary Ross and Deputy Secretary Bothfeld provided multiple interviews with the press regarding the USDA Milk Margin Protection Program – a safety net for Vermont Dairy Farmers. The program had an original deadline of Friday December 5 but that was extended on Thursday to December 19. Sign up in Vermont has improved this week with the added outreach with 347 Vermont dairy farms signed up into this program with an additional 100 farmers that have visited the USDA Farm Services Agency office for more information, chosen to not take part in the program or to sign up for a separate program called Livestock Gross Margin. This represents 51% of VT Dairy Farms that have made some contact and decision about managing risk into 2015. Milk price predications are becoming dire for 2015 with an \$8 drop per hundredweight from this year. This risk management program is extremely important and the Agency is hopeful that with the extension of sign up that closer to 75 to 80% of Vermont dairy farmers will take part.

**Stop Work Order issued to a slaughter facility**

State Veterinarian Haas and Meat Inspection Program managers and compliance officer were notified that a VT slaughter facility will likely be issued a stop work order from the Department of Labor for failing to have workers comp insurance. VAAFM personnel will be providing support during this process to ensure humane handling of any animals on the property.

**Involvement in International Maple Syrup Institute**

Henry Marckres, Chief, Consumer Protection, has been asked to participate on a committee of the International Maple Syrup Institute reviewing standards for maple sap water, a new category of drinks in the U.S and Canada. Recommendations from this committee will be sent to both USDA and Agriculture Canada on standards for these products.

**Water Quality Communication Group**

There is a team of people within the Agency that have begun meeting regularly to discuss the communication/media needs as they relate to agricultural water quality issues. We met again this week to discuss some of the current issues such as the TMDL, the recent Petition decision, and the Franklin Initiative. We drafted an Op Ed that covers these topics as appropriate.

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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:** December 5, 2014

**Status of Governor's Priorities:**

**Press**

Henry Marckres, Chief, Consumer Protection, was contacted by the New Farmer Project in UVM Extension about using an article that appeared in the VAAFM publication AgriView on selling eggs in their educational material.

**Significant Events/Meetings:**

Henry Marckres, Chief, Consumer Protection, has been asked to participate on a committee of the International Maple Syrup Institute reviewing standards for maple sap water, a new category of drinks in the U.S and Canada. Recommendations from this committee will be sent to both USDA and Agriculture Canada on standards for these products.

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**Evolving Issues:**

- State Veterinarian Haas and Meat Inspection Program managers and compliance officer were notified that a VT slaughter facility will likely be issued a stop work order from the Department of Labor for failing to have workers comp insurance. VAAFM personnel will be providing support during this process to ensure humane handling of any animals on the property.
- Interviews were held this week for the temporary Program Services Clerk position that will provide support to the FSCP Division. We anticipate the new employee starting by mid-December.
- State Veterinarian Haas received a call from USDA APHIS inquiring about the possibility of consolidating Canadian ports that facilitate the import of livestock into Vermont from Canada. Conversations will be ongoing about this issue.
- Oral arguments were held this week regarding a cervid producer who has disregarded multiple Notices of Violation and a Final Order for purposes of resolving an ongoing noncompliance penalty that was issued by Animal Health.

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

### **Administration:**

- Deputy Secretary Bothfeld and Land Use Administrator Sylvia Jensen convened the Fair Grant Advisory Committee to access 10 grant applications for Capital Fair Grants. With carry forward – approximately \$230,000 was available to assist fair in implementation of capital improvement projects. 4 fair choose not to apply. This is the first year of implementing new statute that included a 15% required match of the grant amount by the fair though cash and the value of in-kind services and the appointment of an advisory committee. Follow-up was required by the committee on one applications but decisions were made on the remaining 9 grants. Grant agreements will be written with the funds being disbursed in January. Fairs have 2 years to complete capital projects. This is separate funding program from the Stipend Program.
- Secretary Ross and Deputy Secretary Bothfeld provided multiple interviews with the press regarding the USDA Milk Margin Protection Program – a safety net for Vermont Dairy Farmers. The program had an original deadline of Friday December 5 but that was extended on Thursday to December 19. Sign up in Vermont has improved this week with the added outreach with 347 Vermont dairy farms signed up into this program with an additional 100 farmers that have visited the USDA Farm Services Agency office for more information, chosen to not take part in the program or to sign up for a separate program called Livestock Gross Margin. This represents 51% of VT Dairy Farms that have made some contact and decision about managing risk into 2015. Milk price predications are becoming dire for 2015 with an \$8 drop per hundredweight from this year. This risk management program is extremely important and the Agency is hopeful that with the extension of sign up that closer to 75 to 80% of Vermont dairy farmers will take part.
- Agri-Mark Cooperative Creamery Membership meetings were attended by Secretary Ross and Deputy Secretary Bothfeld across Vermont. Agri-Mark has had a good year and will return \$6 million in profits to members. Current CEO Rich Stammer will step down as of May 1, 2015 and Ed Coglean current CFO will take his place. Stammer will assist Coglean for a year in transition at the company. Agri-Mark very concerned about gas pipeline in Middlebury – began using trucked in condensed natural gas and seeing BIG savings in operating costs – will easily save the company over a million a year when fully in place. Increased profitability is shared with the member farmers!

### **Land Use**

On November 20, the Agency hosted Caroline Alves, GIS Specialist/Soils Scientist, from USDA's Natural Resource Conservation Service. Ms. Alves "demystified" the farmland classification system and explained the USDA designations of "prime," "statewide" and "local", what is looked at to determine soil class and associated notations that can affect soil class. She clarified the limitations of classification system and soil maps, and explained agricultural value groups, which is a state system that identifies the best soils in Vermont. These definitions and ratings are used extensively in Act 250 and for other non-regulatory uses.

Agency staff attended a Vermont Association of Planning and Development Agencies (VAPDA) meeting on December 4. Lieutenant Governor Phil Scott spoke to the members about his top four legislative issues for the upcoming session. They included the economy, health care, state budget, and property/school taxes. The members engaged in a discussion about how VAPDA can play a role in advancing policy on the economy and addressing the affordability issues that Vermonters face. Adam Necrason, from the Necrason Group, and the lobbyist for VAPDA, set the table for the issues that VAPDA might face in the coming session and introduced Rebecca Ramos who recently joined the firm. Mr. Necrason also shared Speaker Shap Smith's priorities for the session, which were similar to the Lt. Governor's with the addition of water quality and Lake Champlain clean up.

### **Solar and Current Use**

Jim Knapp, Interim Director of Property Valuation and Review, Department of Taxes, updated relevant staff from the Agencies of Agriculture, Natural Resources, Commerce and Community Development, the Department of Buildings and General Services, and the Public Service Department on the upcoming technical bulletin on how to handle solar projects in the context of the current use program. The drafting of the eventual technical bulletin is proceeding along the lines laid out in the November 11 item on this subject ("Deputy Secretary Bothfeld met with the Commissioner of the Tax Department..."), and staff posed scenarios designed to identify issues and potential consequences. The Tax Department expects to share a draft in January.



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

### **Consumer Protection:**

Consumer Protection staff have been performing several inspections for the Vermont Maple Sugarmakers Associations' voluntary maple certification program. This is much earlier than normal, as maple packers are "encouraging" producers to become certified.

### **Animal Health:**

Animal Health Specialists:

- Attended weekly auction at ACCS - checked for ADT compliance and completed market report.
- Completed an inspection and inventory of the John Bushee Sr and Jr red deer farm in Pownal. Was able to verify the identity of 5 adult red deer.
- Worked with Vermont DMV at the Ferrisburgh checkpoint detail assisting with livestock movement.
- Completed tissue residue investigation involving the drug Excenel used at a dairy farm in Shoreham VT that was above the allowable tolerance.
- Have been in contact with a cervid owner regarding his inspections as tagging of fallow deer.
- Have received a referral for an animal welfare call in Hyde park.
- Have initiated conversations with an individual interested in National Poultry Improvement Plan certification.

### **Agricultural Resource Management:**

ANR and VAAFM met this week to review the items that both agencies hope to bring to the legislature around the TMDL. This preliminary meeting was to prepare for a meeting with the Commissioner and Secretary of each Agency to ensure the two agencies are in alignment collectively and with the Governor's office going into the legislative session.

VAAFM and DEC met with NRCS to discuss 5 year or longer term planning for agricultural implementation efforts between partners. We discussed integrating the tactical basin planning process and using each agencies resources most efficiently by possibly breaking down or simplifying roles and responsibilities so that efforts are not duplicated. There will be follow up meetings with the expanded partner group to lay this out more but the general goal is to align with the TMDL and maximize resources.

RCPP proposal decision has been delayed again until mid-January.

DEC and VAAFM are meeting with EPA this week to discuss the agricultural needs in the challenged watersheds (Missisquoi and South Lake). This will also double as a conversation to understand the internal loading of Missisquoi bay and how the model did not take this into account while giving St. Albans credit for internal loading reductions.

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

#### **Meetings**

- FDA FSMA meeting, Washington DC: Attended a joint meeting of the FDA and NASDA to begin the process of jointly designing and building the implementation agreements and processes for the state and federal partnership for the implementation of FSMA. Over 50 people attended representing the FDA Leadership and technical staff, state leadership and technical staff and NASDA leadership and technical staff. Process was launched and will be ongoing for next 9 months with a goal of a specific plan, standard operating procedures and action plan for pursuit of funding. Sec Ross was one of 4 top Agricultural officials serving as a leadership team for the states.
- Agrimark Regional meeting, East Bethel: Attended and spoke at meeting of members from south central Vermont, addressed issues relating to the Marginal Protection Program, importance of farm and dairy economy and water quality
- Organic Trade Association, Brattleboro: Spoke at OTA meeting of members, partners and staff; discussed challenges to growing and protecting the organic market especially the challenge of growth in demand outstripping growth in supply

- Farm to School meeting with Agency of Education, Department of Health and FEED (not for profit partners): discussed how the three state leaders and their respective departments could collaborate jointly as well as with the not-for-profit community to support and expand FTS activities with special focus on strategies in this budget environment.
- State VAAFM and ANR lab, Dan Smith and VTC staff: get to know you meeting and exploration of the many ways to partner to advance all stakeholders
- Water Quality, VAAFM ANR: discussed how to organize, fund and communicate water quality work with special interest in meeting EPA TMDL goals, included discussion of a system analysis evaluation of water quality to figure out how to include more the public and various stakeholders in process

### **Press**

- Margin Insurance Plan Press Conference with Congressman Welch, pushed message and importance of farmers signing up for MPP

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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: December 5, 2014**

**Subject: ANR Weekly Report**

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**Governor Level Issues:**

Congratulations on Justin and Hal. Both great additions to the cabinet! I could not stop smiling at the press conference yesterday.

**Lake Champlain Restoration Plan (TMDL):** We released the Clean Water Initiative Report in response to the Act 97 requirement to identify clean water priorities and funding options and have begun informal discussions with key stakeholders to get feedback on our proposals. The media coverage of the EPA hearings announcing their tentative allocations of responsibility for phosphorus reductions was mostly positive. We are now engaging in a series of outreach meetings to help key stakeholders understand the implications of EPA's proposal. We will develop a formal, written response to EPA's proposal and will seek your input before sending.

**Vermont Gas Phase II – Alignment:** OPLA facilitated a meeting Mon, Dec 1 amongst DEC and DFW staff and representatives from Vermont Gas and their consultant VHB to discuss outstanding issues related to the Phase II alignment in the areas adjacent to the Cornwall and Shoreham swamps. The meeting represented a positive step forward on what appear to be the few remaining unresolved alignment issues in the PSB docket. Staff concluded that if VG is able to satisfactorily flesh out the details of what restoration would look like at those sites and provide additional hydrologic modelling data, VG will have reduced the project impacts to an acceptable level (for those locations). Similar issues exist along a shorter section of the Cornwall swamp, but because those landowners are unwilling to work with VG, the developer has fewer options for mitigation and restoration; ANR will continue to engage with VG to determine whether an alternative approach to mitigation through land conservation or minor alignment tweaks are feasible at these locations.

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**Vermont Gas Phase II – State Wetlands Permitting:** Because VG does not have landowner permission to access to a number of parcels along the Phase II alignment, they have yet to field inspect and delineate wetlands features on approximately 16% of the project. The state wetlands program requires that all class II wetlands impacted by a project be delineated by a qualified wetlands ecologist, analyzed for their functions and values and confirmed in the field by a member of the program staff before an application is submitted. Without field verification of the entire alignment the program considers VG's application incomplete. We are working with VG on a work-around to let them begin the permit process, while reserving our rights to protect wetlands that may be determined to be on these parcels. I am hopeful that we have a good path forward. Note that much of the problem can be avoided by VG by slightly shifting the alignment to avoid features or by deploying horizontal directional drilling to go under the features.

**Jay Peak Settlement:** Prospective final talks regarding settlement of the Jay Peak stormwater permit appeals by VNRC were held on Nov 21. A draft settlement agreement is being circulated by the parties.

**Moran Plant Construction:** Work being done on refurbishment of the Moran Plant building in Burlington entails dewatering the excavation. Work was progressing under a stormwater permit, but it was discovered that the dewatering activities may draw in a contaminated plume that would necessitate a direct discharge permit. The constituents of the plume preclude permitting under the General Permit. The Wastewater program is working to clarify how to move the project forward.

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## **EVERYTHING ELSE:**

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

**Multi-year Investigation Leads to Arrest of Irasburg Couple:** VFWD wardens have arrested a NEK couple for allegedly running an elaborate deer poaching operation. Wayne Dion, 66, and Jennie Dion, 63, were brought up on multiple charges related to deer baiting and illegal night hunting practices. A warranted search of the Dion's home in Irasburg revealed 91 deer antler plaques and 15 shoulder mounts. The search also revealed seven chest freezers and several plastic totes containing corn and apples, which wardens believe were used to illegally bait deer.

**VT Muzzleloader and 2nd Archery Deer Seasons, Dec. 6-14:** VT hunters will get one final chance for a deer this year during the muzzleloader deer season and the second part of the archery deer season. The two seasons run at the same time -- December 6-14. A muzzleloader hunter may take one legal buck anywhere in the state. In addition, a hunter who received a muzzleloader antlerless deer permit may take one antlerless deer in the Wildlife Management Unit (WMU) designated on the permit.

**Vermont Public Radio:** Commissioner Snyder was a guest on the Dec 3 Vermont Edition devoted to backcountry skiing and riding:

<http://digital.vpr.net/post/going-trail-vermonts-backcountry-skiing-and-riding>

**FPR Invites Public Comments on Proposed ‘Draft Voluntary Harvesting Guidelines for Forest Landowners in Vermont’:** The public comment period will be open for three weeks, and will close on Dec 22. In 2013 the Vermont Legislature passed Act 24, requiring the Commissioner of the FPR to “develop voluntary harvesting guidelines that may be used by private landowners to help ensure long-term forest health and sustainability.” The proposed ‘Draft Voluntary Harvesting Guidelines for Forest Landowners in Vermont’ and other supporting documents may be found at: [www.vtfpr.org/HarvestGuidelines.cfm](http://www.vtfpr.org/HarvestGuidelines.cfm)

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

**Coordination with VT Emergency Management & Homeland Security (DEMHS):** DEC Drinking Water Ground Water Protection Division and Facilities Engineering Division staff met with VT Homeland Security Planner Todd Sears to coordinate some of DEC’s activities with DEMHS. Specifically, we are working to identify public water system infrastructure vulnerable to flooding and soil erosion. The information that we gather will inform DEMHS’s critical infrastructure planning that is underway.

**All Breeds Rescue Emergency Resolved:** The Lt. Governor’s Chief of Staff notified Justin of the impending eviction of a dog rescue group from their current location and asked if there was any way to assist the group (including some 30 dogs and 3 staff) in moving into their new location. The problem faced was that the new location’s existing on-site wastewater treatment system was not adequate to handle the increased wastewater flow that will be coming from the Rescue. DEC staff developed a viable short term solution that would allow the Rescue to move to their new location prior to the completion of building’s new wastewater system yet still be protective of public health and environment. The Lt. Governor’s Office sent a nice thank you note for our quick resolution of the situation.

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## **SUMMARY OF KEY DEPARTMENT ACTIVITY**

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

**NextSun Solar Projects in Rutland City –potential permit violations:** The Public Service Board issued a CPG to NextSun, LLC for two solar projects in Rutland City. In constructing the project, the developer appears to have failed to comply with terms of the MOU and ANR permits. The issues include construction vehicles in the wetland, turbid water running through the wetland and adjoining stream and storage containers in the wetland. In addition, site trees and woody vegetation had been cut in the wetland and wetland buffer; there were insufficient erosion controls, and no marking of the wetland and wetland boundary. The wetland staff has notified the developer’s principal and engineer notifying them of the problems and asked for an on-site meeting (which is being held today) to discuss site restoration and stabilization, and our enforcement division has begun an investigation.

**New Applications:** Week of December 1 - OPLA received 1 new Act 250 application and 3 new Section 248 applications.

### **Environmental Conservation**

**TDI Powerline Project:** A meeting was held on Nov 20 to discuss necessary permits for the project with the applicant, including a state discharge permit for operation (in-lake emissions of heat from the line), and construction (discharge of pollutants from sediment re-suspension). The meeting was productive. There will need to be further discussions internally as to how a mixing zone might be used for the project. The applicant's attorneys were present and expressed a desire to continue discussing the discharge permits.

**Moretown Landfill (MLI):** Representatives from Advanced Disposal (MLI's parent company) met with DEC staff on Nov 20, following the Attorney General's recent enforcement action against the company. The parties walked through the requirements to comply with the Consent Order. The company requested an update on the status of the Cell 4 application. Staff reiterated that the application remains technically incomplete pending the approval of the groundwater corrective action plan. MLI is proceeding with the acquisition of two residences along Route 2 (Benway, Sandretto). MLI also requested that DEC provide information on the process of closing Cell 3 (cost, permitting, etc.) should they withdraw the Cell 4 application and close the facility. We will provide that information in the near future.

**TransCanada's Vernon Hydroelectric Project:** The Streamflow program participated in a site visit and technical meeting organized by FERC to discuss the studies being conducted as part of the relicensing of TransCanada's Vernon Hydroelectric Project on the Connecticut River. The discussion focused on studies assessing the timing and magnitude of the out migration of American shad and American eel at the project. Currently, FERC has requested that TransCanada conduct a hydroacoustic study to assess the timing and magnitude of the out migration for eel and shad which TransCanada has appealed. The purpose of the technical meeting was to discuss the current gap in data for shad and eel at the hydro project, determine what information is need by the resource agencies to develop conditions, and how best to collect the data. The meeting and site visit were productive for communicating to FERC what data is needed and how best to gather the data for the State Agencies to develop conditions for the 401. FERC will issue its determination on whether TransCanada needs to use hydroacoustics in the coming months.

**Water Quality Trading:** We are pursuing a project jointly with AAFM to research and evaluate options for water pollution trading or other economic tools to incentivize investments in pollution control with the help of a grant from the USDA. We have granted a proposal submitted by a consulting firm that has developed trading programs in other states, Tetrattech.

## **Fish & Wildlife**

**New Conservation Stamp:** At Management Team request, staff drafted a one page version of a previous proposal to generate new FWD revenue based primarily on a new Conservation Stamp. The stamp would be mandatory for all users of FWD lands, including non-consumptive users (hikers, bikers, wildlife-watchers etc.) as well as hunters, trappers, and anglers. The draft is in internal FWD lands staff review and then it will be forwarded to Management Team.

**Problems in Rifle Season:** Although there were no hunting related shootings this year there were still a number of problems that occurred during the 2014 Deer Hunting Rifle Season. Here are only a couple of highlights from last week's warden patrols:

- While on patrol a warden observed a bloody drag mark in the snow. Upon investigating the area, he was able to determine the deer was shot from the road. He then followed up on a few small leads from the neighbor and three local check stations. He was able to put all the pieces together, gained a full confession and a nice 8 pointer from an individual in Hartland.
- Two wardens worked together on a case of CWD transportation. An individual has been bringing deer from penned facilities in NY for years and claiming them as VT deer. The two wardens caught him on a license plate reader entering NY the morning he claimed to have shot his "trophy" deer in Eden. He was caught re-entering VT the next morning. Surveillance footage from the ferry dock solidified this further.
- While on patrol a warden notice a deer lying in a field. The deer dropped where it was shot which happened to be on top of a huge pile of apples, corn, and grain. The hunter (a known baiter) shot it from inside the camp and was hiding in the woods. The warden issued a citation and seized the deer.

## **Forest, Parks and Recreation**

**Forest Economy Meeting:** The Working Lands Enterprise Board is hosting focus groups in four regions of Vermont to engage individuals and businesses throughout the forestry and wood products sector to examine the future of the industry in Vermont. These focus groups will provide an opportunity to network with fellow businesses and to identify opportunities for public investment in the sector. Matt Langlais, Caledonia/Essex County Forester and Commissioner's designee to the WLEB, hosted the first of four focus groups on Nov 20 at the Burke Mountain Clubhouse in East Burke. There were over 20 attendees including loggers, foresters, mill owners, landowners, furniture makers and secondary wood products manufacturers.

**Sunrise Homeowners Association - Killington, Parkers Gore (CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED):** DEC Enforcement and Compliance Division is preparing a Notice of Violation for wetlands violations resulting from the Sunrise Homeowners Association's activities in a wetland on state lands in Killington, known as the IP Parker's Gore parcel. This parcel is also encumbered by an easement held by VLT. There are also violations of Act 250 permit issued to Sunrise. CED is including the Act 250 violations and penalty

assessment received from the NRB. Sunrise built a platform and placed matting in the wetland and operated what they called a "wilderness" camp where they led snowshoe tours to the camp and served dinners and had live music. This activity was discovered over a year ago and Sunrise removed the structures from the wetland.

**Forsey v. State of Vermont (CONFIDENTIAL ATTORNEY CLIENT**

**PRIVILEGED):** After the Court's dismissal of Forsey's motion to dismiss the Third Party Claim filed by GMP, the Parties had a status conference with the Court and a discovery schedule was established. This is a wrongful death action filed against the State for the drowning death of Daniel Forsey in the Little River after GMP released water from the Waterbury Reservoir as part of their hydro operations. Discovery will occur now through the next couple of months and parties may file summary judgment motions in April 2015. The Forsey Estate made a settlement offer that the State will discuss and respond to. The State has strong arguments and believes it likely the court will grant a summary judgment motion. The Forsey Estate previously filed an action against GMP and the parties settled. The State joined GMP in this action seeking indemnification.

**Emerald Ash Borer Preparedness:** On Sat, Nov 15, Forest Protection Specialist Jay Lackey conducted a workshop for 10 Randolph volunteers, which covered Emerald Ash Borer (EAB) biology, signs and symptoms, ash ID, and how to inventory roadside ash.

**Brushwood Community Forest Timber Harvest:** David Paganelli, Orange County Forester, has a new timber harvest up and going on the Brushwood Community Forest, situated in the Towns of Fairlee and West Fairlee, and he did some supervision and marking there last week. In addition to that harvest he has another active harvest going on the Newbury Village Forest.

**Director Finishes Work on Tree Farm Standards:** Steven Sinclair shared that last week the AFF Board of Trustees approved the [2015-2020 ATFS Standards of Sustainability](#). These revised ATFS Standards represent an important milestone for the American Tree Farms System and an exciting step in their work to support America's woodland owners in their stewardship. The 2015-2020 ATFS Standards reflect feedback from across the ATFS community, including very thoughtful insights and expertise of the Independent Standards Review Panel, chaired by Director Sinclair.

**Johnson State College (JSC) Timber Harvest:** Ray Toolan, Lamoille County Forester, sent out an invitation to bid and the prospectus for this contemplated timber harvest. Ray has advised the JSC administration that being this late in the season, a logger might not be found available (most already have jobs lined up) and, if things don't freeze up soon, the harvest is not going to happen this winter.





**Privileged and Confidential**

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: December 5, 2014

Subject: Weekly Report

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**Governor Level Issues:**

**Status of Priorities and Cases of Interest:**

**FairPoint:** We initiated an investigation into service quality before the board on Monday. The PSB decided to go ahead with an investigation yesterday. We continue to get a large number of complaints we are trying to triage and get FairPoint's attention to.

**VGS:** We made some progress with VGS responding to Liz's letter today. I am hopeful I can make arrangements for a meeting with VGS and Landowners in the next two weeks.

**VY:** Entergy declined to continue to try to settle the EPZ and staffing issues. We have a hearing via phone with the NRC on Monday to discuss; AGO will be on the call with me. The Strontium 90 issue remains under evaluation (see more detailed discussion below).

**TDI:** TDI will be filing their 1000MW NECPL project on Monday. They came in today to brief me – proposing \$7.4M per year benefit to Vermont above and beyond taxes. They know this is the start of negotiations, but it is a good start.

**Telecommunications Plan:** The final telecommunications plan was released yesterday afternoon.

**Total Energy Study:** We are posting the TES today on the web, and Asa and Darren will be talking about it at the VECAN conference this weekend. Major take-away – We can meet our Climate and Energy Goals with no or somewhat positive impact on Vermont’s overall economy!

### **Meetings this Week:**

Dec 1 – Chris and Darren meet with REV (Gabrielle Stebbins and Jeff Forward) RE Transmission matters

Dec 2 – Chris, Darren, Ed transmission lines Lake Champlain meeting

Dec 3 – Chris attends NICE meeting in QC; Darren, Asa meet with utilities re RPS

Dec 4 – Darren visits Websterville solar project

Dec 5 – Chris meets with Adam Necrason/Don Jessup on TDI; Chris and Darren 5<sup>th</sup> Floor meeting on Energy bill; Chris attends VY Interagency check-in meeting

Dec 6 – Darren and Asa attend VECAN meeting at Lake Morey

### **Meetings next Week:**

Dec 8 – Chris meets with Dick Gephardt and Liz Miller; Chris and Darren attend extended cabinet meeting; NRC Hearing on EPZ (via phone)

Dec 9 – PSD holds legislative meeting with PSB; PSD meets with IBM and GMP

Dec 10 – PSD meets with Gaye Symington re EAN

Dec 11 – Chris, Ed meet with VELCO

Dec 12 – Chris attends VEDA board meeting

**Media:** Multiple outlets this week on FairPoint and investigation, Joel Baird, Burlington Free Press story on Heat Pumps; Zach Desparte, Addison Independent story on solar

### **Everything Else:**

#### ***PERD***

Total Energy Study - Staff will present the TES at the 12/6 VECAN conference.

#### Net Metering

- After discussion with a number of utility and renewable energy stakeholders, drafted and filed comments with the PSB regarding the upcoming net metering redesign

process. The Department suggested that three working groups be developed, covering rate structure, general process (permitting, billing, etc.) and interconnection, to begin in January and continue through May, with the opportunity to file a proposed rule prior to beginning the formal workshop process in July.

- All applications this week completed the REC fields.

	Current <u>Week</u>	Previous <u>Week</u>
Incomplete	0	5.13%
Retain	100%	91.67%
Transfer	0	7.69%
Util		

#### **Net Metering Activity 11/22/14 – 11/30/14**

	Registrations*	Applications	CPGs Granted
<b>Count</b>	25	4	55
<b>kWAC</b>	148.515	592.6	323.00
<b>Ave Size kW</b>	5.9406	148	5.8754

#### **Cumulative Capacity of Registrations and Applications Submitted**

<b>Year To Date</b>		<b>Total Since 1999</b>	
<b>2013 kW</b>	<b>2014 kW</b>	<b>1999 – 2014 kW</b>	<b>% of 15% CAP</b>
13642.17	19603.63	60614.94	~ 39.69%

#### **Utility Resource Survey**

- Determined that for purposes of ANR's emissions calculations, the environmental attributes of the hydropower purchased by VEC and Stowe should be considered to have been retained. Utilities explained that though they did not explicitly buy HQ RECs they nonetheless had the environmental attributes allocated to them in NEPOOL GIS. Curious though that some utilities reported having purchased HQ RECs, possibly not taking that survey question as literally. Another survey design lesson learned: distinguish ownership of environmental attributes from ownership of RECs.

#### **Heating Fuel**

- Crude Oil prices fell significantly, now at \$66.71 v. \$76.69 a week ago, due to OPEC's decision to continue at the current level of production.
- The natural gas market has traded lower now at \$3.995 v. \$4.40 a week ago.

## ***Engineering***

### **Vermont Yankee Operation**

VY continues to operate on a planned power coast down for the remainder of its last power generation cycle. The plant has generated power continuously throughout the reporting period, operating at 83.9% power on 11/19 and 80.3% power on 12/3. Excluding the gradual power drop associated with the coast down, there were no additional planned or unplanned power reductions during the reporting period. VY has conducted planned maintenance and surveillance activities during this period.

On November 24, VY secured the "B" feedwater pump from continuous operation. VY has reduced power sufficiently that all three of its feedwater pumps are no longer required to maintain reactor cooling & steam flow to the turbine. The plant will operate with two feedwater pumps (with the third in standby mode) for the remainder of its last power generating cycle. This feedwater pump operating configuration is identical to what VY used prior to its 20% power uprate implemented in 2006.

VY has operated continuously for 607 days, a milestone rarely achieved by US nuclear power reactors.

### **Strontium-90 Indications from State Contracted Laboratory Tests Under Investigation**

On November 20, Entergy notified the State Nuclear Engineer (Tony Leshinskie) that Dr. William Irwin of VDH had notified VY that VDH's newly-contracted offsite lab (ALS Lab) had detected strontium-90 in two of 21 samples collected at the VY site in August 2014. While strontium-90 is a fission product that could indicate a radioactive leak at the VY site, it is expected that a positive strontium-90 test would first test positive for tritium. Tritium was not detected in the ALS Lab results. VDH's own lab testing found no indications of strontium-90. VY's testing procedure, which is in-line with nuclear power industry practice, is to test for tritium. If tritium is detected, then further tests are conducted to determine if any fission products (such as strontium-90) are present. Neither on-site VY laboratory testing nor testing performed by VY's independent laboratory (Teledyne) found indications of tritium in these same samples. However, VY agreed to have Teledyne perform a strontium-90 test on the two well samples in which ALS Lab detected strontium. Additionally, VY requested that Teledyne conduct strontium-90 tests on two additional, randomly selected VY groundwater well samples collected during the August 2014 sampling.

On December 2, the State Nuclear Engineer was notified that Teledyne's additional testing on the four selected August groundwater samples showed no indications of strontium-90. Additional testing using groundwater samples collected in November is continuing. Additionally, Entergy staff noted that Dr. Irwin recently received an additional ALS Lab results indicating the presence of strontium-90 at a "control" Connecticut River sampling location upstream of the VY site (near the Route 9 bridge in northern Brattleboro). Strontium-90 emitted from the VY site would not travel upstream. If this latest ALS Lab result is correct, it

could be indicative of a non-VY strontium-90 source. The State Nuclear Engineer will continue to follow VDH's and VY's investigations into this matter.

#### VY Conducted Drill to Test Post-Shutdown Emergency Response Organization

On Wednesday, December 3, VY staff conducted another site emergency drill to test the functioning of the Emergency Response Organization (ERO) proposed for implementation subsequent to VY's final shutdown at the end of this year. The main purpose of this drill (and several recent drills) was to allow all members of VY's post-shutdown operational (i.e. SAFSTOR) organization to become qualified in ERO roles proposed in a Licensing Amendment Request summarized in Entergy Letter BVI 14-018 that is currently under review by the NRC. While there was no formal State participation in this drill, the State Nuclear Engineer participated from his usual duty station at the VY Emergency Operations Facility.

#### Vermont Gas Systems Welding Program

VGS took actions, during this report period, to revise, test and document procedures related to pipeline welding performed to construct ANGP pipeline facilities which are currently installed. The Department Gas Engineer and Gas Pipeline Inspector met with VGS representatives to address several welding procedures which were inadequately determined to be appropriate for the production of the project. These procedures were modified to accurately specify parameters utilized during pipeline production. Sample welds were produced with these procedures and were destructively tested to verify the quality of the specific welding processes. Documentation is currently in process to accurately specify the welding processes, the methods of testing and to record the results. VGS has retained a welding expert to develop and implement an action plan to remediate the company's welding program and ensure the company has adequate capabilities to verify all future welding processes utilized on the pipeline system.

#### 2014 Vermont Gas Systems Addison Transmission Pipeline Construction

No new ANGP mainline pipe was installed during this report period. However, the Department witnessed horizontal drilling construction activities for several road crossings in Colchester and Essex. A crossing of I-89 and pressure station construction in Williston also occurred. 30,748 feet of the ANGP pipeline project have been installed.

#### Net Metering and Interconnection Rules

Engineering met with PERD and PA to discuss net metering issues such as interconnection, fencing, and underground damage prevention. Engineering will assist PERD in developing permitting guidance for project developers.

#### New England Clean Power Link

The Department met with TDI New England regarding the proposed New England Clean Power Link to bring Canadian hydro power to New England via a high-voltage DC (HVDC) line. The line would be placed under Lake Champlain between Alburgh and Benson, from which it would go underground along road rights-of-way to Ludlow. In Ludlow, TDI would construct a converter station to convert HVDC to 345 kV AC and then connect to the VELCO Coolidge substation in

Cavendish. The developer expects to file for a Section 248 permit on or about December 8.

## ***Regional Policy***

### Demand Response

- NESCOE and NECPUC had a joint call to explore potential barriers to the New England states implementing a regional demand response program that could replace demand response's participation in the ISO-NE wholesale energy, capacity, and ancillary services markets, if the Supreme Court declines to hear, or upholds, the D.C. Circuit opinion that FERC has no jurisdiction over demand response.
- Many states appear to be reluctant to begin addressing this issue now. However, given that litigation could take years, it would be helpful if states have an alternative plan to ensure that demand response can continue to lower the amount of energy, capacity, and ancillary services purchased through the ISO-NE markets and thereby save ratepayers hundreds of millions of dollars. NECPUC is considering hiring an expert such as Scott Hempling or Rich Sedano to explain the consequences of doing nothing on this issue.
- In mid-November, the New England Power Generators Association filed a complaint with FERC, requesting that FERC rule that demand response is not eligible to participate in the upcoming Forward Capacity Auction.

### Solar Distributed Generation

- Staff discussed with Green Mountain Power the need to clean up its databases and have a more accurate measure of the net metering, standard-offer, and other merchant generation on its system. To date, GMP has still not fully merged this data between the CVPS and legacy GMP systems. GMP indicated that it would provide additional information on this process by December 5.
- ISO-NE has hired ICF International to perform a study of the economics driving new solar resources in New England. This is a necessary step to improving ISO-NE's solar distributed generation forecast, by recognizing that some solar projects are built outside of state programs such as net metering and standard offer. Stakeholders will begin discussing the assumptions to be used in the study at the December 15 Distributed Generation Forecast Working Group meeting.
- ISO-NE and DPS staff discussed whether it would be useful to begin examining the extent to which solar tracking systems extend solar's coincidence with peak. This also has implications for how utilities track the types of solar projects constructed.

### New England Governors' Infrastructure Initiative

- NESCOE circulated a draft "Statement of Agreement" that would commit each state to pursue legislative action to allow recovery of costs from electric ratepayers for a natural gas pipeline and transmission to support renewable energy. The draft agreement serves two purposes: (1) an indication of whether all of the New England Governors support the infrastructure initiative, and (2) a signal that the states would no longer be

looking to fund a gas pipeline through a FERC-tariff, but instead would rely on state authority. The draft agreement assumes that costs would be allocated to states based upon load share.

- Massachusetts is continuing its study of the potential need for natural gas infrastructure and alternative solutions to addressing gas constraints.
- Connecticut, Massachusetts, and Rhode Island are continuing to explore with electric utilities the possibility of issuing an RFP for renewable resources that would include transmission costs in a resulting power purchase agreement.

#### Winter Reliability Program

- ISO-NE led a discussion of possible configurations of future winter reliability programs. ISO-NE anticipates that winter reliability programs will be necessary for at least the next few years. ISO-NE believes that implementation of the Forward Capacity Market Performance Incentive program, starting in 2018, may help to address the issue, however, given the multi-year phase in of the performance payment rate, it may take several years beyond 2018 before the Performance Incentive program might fully address the reliability issues associated with natural gas constraints.
- Public power and load serving entities expressed general agreement that the existing winter reliability program is likely to be the most cost-effective way to address winter constraints. Generators indicated that they will likely develop a more market-based proposal and bring it to NEPOOL for consideration.

#### ***Public Advocacy***

Charter Cable CPG Renewal – Docket 7820 – All parties have reached an agreement on proposed CPG conditions. Charter has prepared a draft MOU and Attachment containing proposed CPG conditions, and the parties are reviewing. The technical hearing has been rescheduled for January 6.

Joint Petition of VEC and LED regarding transfer of service territory in Sheffield – Docket 8377 – The PSD will be serving discovery on petitioners by December 5. A technical hearing will be held on December 18.

Hardwick Electric 248(j) Petition for Replacement of Transformer at its Wolcott Substation – Docket 8367 – Comments are due to the Board on December 8.

Proposed Special Contract between Enosburg Water and Light Department and Franklin Foods, Inc. – No Docket – The companies have shared a draft economic development agreement which includes preferential rates for a limited period, and have requested the PSD's comments and questions. We have submitted a number of initial questions to counsel for Enosburg and understand the parties may request a meeting with the PSD following our receipt of written responses. Per recent communications, responses from Enosburg are expected by the end of the week. The parties have not made any filings at the Board.

Vermont Water Utilities Petition for Proposed Rate Increase – Tariff 8517 – In a letter to the PSB, the petitioner submitted the revised versions of its rules and disconnection notice for PSB approval, along with the rate increase scheduled for January 1. The PSD recommendation letter requested these revised documents be approved as well.

GMP White River Junction Substation Project – Docket 8322 – The PSD is working with ANR and the petitioner toward resolving all issues and entering into an MOU. The deadline for parties to file a stipulation or proposed schedule for the remainder of the proceeding is December 8.

Woodstock Aqueduct Company – Tariff 8535 – The PSD continues to engage in informal discovery on the petitioner in an effort to resolve issues. The PSD recommendation is due by December 16.

Mountain Water – Tariff 8537 – The PSD is scheduled to speak with petitioner's counsel this week in order to better inform our position on the tariff changes. The PSB has requested the PSD recommendation by December 10.

New England Clean Power Link Project – No Docket – The PSD had a productive overview meeting with petitioner. Additionally, the PSD continues to communicate with the select boards of the towns that the transmission line crosses in an effort to work towards complying with 30 V.S.A § 218c(7). The town of Ludlow has documented its requested to waive the PSD meeting. The PSD is scheduled to appear before the Cavendish Selectboard and the Wallingford Selectboard on December 8<sup>th</sup> and 15<sup>th</sup> respectively. The 248 filing is scheduled to be filed with the PSB on December 8.

Washington Electric Cooperative, Inc. 2014 IRP – Docket 8181 – In a letter to the PSB, the petitioner inquires as to the status of the currently pending IRP since there has been no PSB action for many months.

Barton Solar – Docket 8148 – In an order, the PSB proposed a \$1,000 civil penalty on the petitioner for not exercising a proper degree of control over its delivery contractor resulting in a truck driver turning around in the Menards' driveway. The petitioner has requested a hearing on the matter. The PSB order recites two documents the Menards filed with the PSB that the PSD never received. In a letter to the PSB, the PSD respectfully requested the PSB remind the Menards of their continuing obligation to follow PSB rules, including providing copies of filings to the PSD.

Willoughby Lake Waterworks – Docket 8166 – The PSB approved the \$300 temporary rate emphasizing the approval was materially influenced by the PSD's representation that all the ratepayers have assented. The PSB Order directs the water company to make its tariff filing, including cost-of service calculations on or before February 1, 2015.

BED's IRP – Docket 7979 – In a motion to the PSB, BED has requested the PSB grant a one year extension to the deadline for its next IRP (from September 28, 2015 to September 28, 2016). In



support of its request, BED raises a recently commenced yearlong rate design project that is expected to have a material effect on load and on the decisions it will be testing in its next IRP. BED also raises a staffing issue since the same staff involved in the rate design project will develop the IRP.

Rule 4.100 Annual Rate Setting Investigation – Docket 8010 – All briefs have been filed in this case. The next step is for the hearing officer to issue a proposal for decision. Given the Board's stated goal of having rates in place by the beginning of the new year, a PFD should be coming fairly soon. While the PSD has expressed an openness to discuss a possible settlement after briefing, there is little (if anything) to be gained at this point from settling the matter with any one party. Therefore, legal staff does not intend to reach out to any party to initiate talks. Separately, the PSD has put together a proposed workshop agenda to discuss broader Rule 4.100 issues. The PSD is also considering bringing a speaker in to provide some background on PURPA and other states' approaches to setting avoided cost rates.

GMP Innovative Services Plan Amendment – Docket 8358 – GMP has agreed to modify its proposal to address concerns raised by CLF and VEIC. A prehearing was held on December 3, at which the Board raised no concerns about the proposal and appeared happy that parties seemed on track to work out an agreed-upon proposal. The next step is for GMP to file its revised proposal on December 5, after which the matter will be in the Board's hands.

VGS Alternative Regulation Plan – No Docket – The PSD and VGS filed requests to extend the alternative regulation plan, with modifications to be worked out in the next two months. VGS committed to reporting back to the Board January 30, 2015, with a revised plan or, in the alternative, notice that agreement could not be reached, in which case a new plan and rate case would need to be filed.

GMP Excess Revenues Proceeding – Docket 8341 – GMP/VYNPC engaged in mediation with the out-of-state utilities over the approx. \$8 million in dispute. It appears that a settlement-in-principle has been reached that divides this money 60% to GMP and 40% to the out-of-state utilities. (This is actually closer to 64% to GMP given that one minority out-of-state utility was not involved in the settlement and is unlikely to make a claim for its potential share.) This settlement is appropriate given the risk that GMP could lose the entire \$8 million in arbitration, as well as incur approx. \$350k in litigation costs.

Addison Expansion – Docket 7970 – The Board issued a final order on the Old Stage Road re-route in Monkton, which had been the subject of a technical hearing in September. The Board approved the re-route proposed by VGS and supported by the PSD, which route was substantially the same as the one ordered by the Board in the original proceeding. The PSD continues to work with the company and affected landowners regarding easement/condemnation issues. The PSD received four proposals in response to the November RFP and is in the process of reviewing them.

Addison Expansion Phase 2 – Docket 8180 – As the date for technical hearings approaches

(week of January 12), the Board issued a memo requesting that VGS coordinate with all of the parties to prepare a proposed order of witnesses, including estimated times for cross-examination. The memo also provided some of the logistics for the hearings – hours of hearings, hearing procedures, daily schedule, etc. The PSD continues to meet with VGS in hopes of negotiating an MOU which focuses on renewable natural gas and other enhancements to the Project.

Vermont Gas System Expansion and Reliability Fund – Docket 7712 – PSD staff is meeting with VGS this week to discuss withdrawals from the Fund, including tax and rate impacts. The process for seeking Board approval of these withdrawals is also to be discussed.

VY License Amendment Request – NRC 50-271-LA – The Atomic Safety and Licensing Board held an oral argument addressing the admissibility of the State’s contention regarding Entergy’s proposed discontinuance of the Emergency Response Data System relay to the NRC and the State. While impossible to predict the Board’s ultimate findings and conclusions, the Board appeared to be receptive to the State’s argument that an in-depth inquiry into the ERDS issue is warranted. No date has been set for release of a Board order.

Vermont Yankee – No Docket – The PSD has retained two consultants to review Entergy’s draft Post Shutdown and Decommissioning Activities Report. Pursuant to the State’s memorandum of understanding with Entergy in the PSB relicensing proceeding, the PSD, along with ANR and the Department of Health will submit comments to Entergy by December 16, prior to Entergy’s filing of the PSDAR with the NRC.

Burlington Telecom – Docket 7044 – The City of Burlington/BT filed a motion to amend its petition to seek § 107 approval of the Blue Water/Pecor transfer of a controlling interest in BT. The § 107 approval was a condition of the Board’s order approving the BT sale to Blue Water/Pecor. Burlington/BT has requested that all parties waive their right to appeal a Board order approving the § 107 transfer in order to close the sale more quickly. The PSD is reviewing the filing and will likely waive its right to appeal.

Sheffield Wind – Docket 7156 – The PSD’s noise expert, Jim Barnes, has completed his analysis of the Brouha residence attenuation test conducted in July. The PSD has yet to discuss his findings but anticipates doing so very soon. Barnes has not released a draft report to the PSD at this time.

Cold River Solar – Docket 8188 – The hearing officer issued a PFD recommending that the Board approve the project. The PFD recommends that the petitioner resubmit a decommissioning estimate to properly reflect decommissioning costs that had been reduced due to anticipated salvage value of certain components at the end of the project’s life. It also recommends that petitioner make a compliance filing from a master electrician or electrical engineer affirming that the proposed 7’ game fence meets both the NEC and NESC requirements. The PSD will likely file comments seeking to clarify some language in the PFD addressing the fencing issue. Department comments are due by December 4.

SED Rate Case – Docket 8074 – The PSD continues to work in collaboration with SED to establish an implementation schedule for the Business Process Review recommendations to file with the Board by December 17.

Chelsea Solar 2.0 MW Standard Offer Solar Project in Bennington – Docket 8302 – PSD received supplemental responses to discovery that provided visual simulations of the project that will help the PSD's expert assess aesthetic concerns.

Residential and Commercial Building Energy Standards – PSD Rules (RBES and CBES) – PSD filed the Final Rules with the Secretary of State on November 24 and with a certified objection pertaining solely to the copyright notice. PSD proposed dual effective dates for different portions of the RBES Rule, with a delayed effective date for the stretch code portion, but this did not appear in the paperwork accompanying the adopted rule so we are investigating.

Use of EEC Funds to support electro technologies to reduce the use of fossil fuels – Docket 8311 – PSD proposed a litigation schedule on this matter. A third workshop is scheduled for December 4.

Sudbury Ervin GMC Solar LLC 500kW net metering project – CPG NMP-3754 – On July 10, 2014 the PSD filed a Motion for Clarification on this matter, noting that PSB Rules 5.100, 5.500 and 3.500 appeared to require compliance with both the National Electrical Code (NEC) as well as the National Electric Safety Code (NESC), which have inconsistent requirements on some points, particularly with respect to fencing requirements. On November 25 the PSB issued an Order clarifying that the net metering statute, 30 V.S.A. § 219a, is controlling. The statute, which contains a directive that net metering facilities comply with the NEC, was passed after PSB Rule 3.500 (promulgated in 1983), therefore the statute supersedes the rule.

### ***Telecommunications***

FairPoint Service Quality Investigation – On December 1 the Department filed a petition with the Board requesting an investigation into the adequacy of FairPoint's service quality, including an investigation into the E911 outage that occurred the Friday after Thanksgiving. The Board has opened an investigation and scheduled a prehearing conference for December 9.

2014 Final Telecommunications Plan – The 2014 Final Telecommunications Plan was issued on December 4.

VTel Addresses - PSD staff directed Stone Environmental to identify locations that are presently not served, but that are projected to be served by VTel. PSD staff provided the list of 8069 such locations to VTel so that VTel could determine whether these locations will in fact be served by the VTel network as deployed.

Act 190 - The PSD staff submitted comments to the Public Service Board regarding Act 190 implementation, in response to comments recently filed by Comcast, relating to how to address "competitive overbuilds". The PSD offered the position that in most cases, a competitive overbuild can be avoided by excluding an exchange from VUSF high cost support if all locations in the exchange are served by alternative service providers. In the case of a company seeking a waiver from the 4/1 buildout requirements, competitive overbuilds can be avoided by excluding census blocks that are more than 90% served.

Wireless Telecommunications Facilities (248a) Report –

A summary of activity in the past week about wireless telecommunications facilities:

<b>Date</b>	<b>Applicant/Location/Type of Filing</b>	<b>Brief Synopsis and if applicable DPS recommendation to the Public Service Board</b>
11/25/2014	VTel/Williamstown/project of limited size and scope	90' monopole; DPS recommended approval as soon as VTel submits amended drawings of the four dish antennas mounted on tower. On 12/2 VTel supplemented its petition with corrected drawings.

Board Grants CPG for VTel's Proposed Tower in Castleton

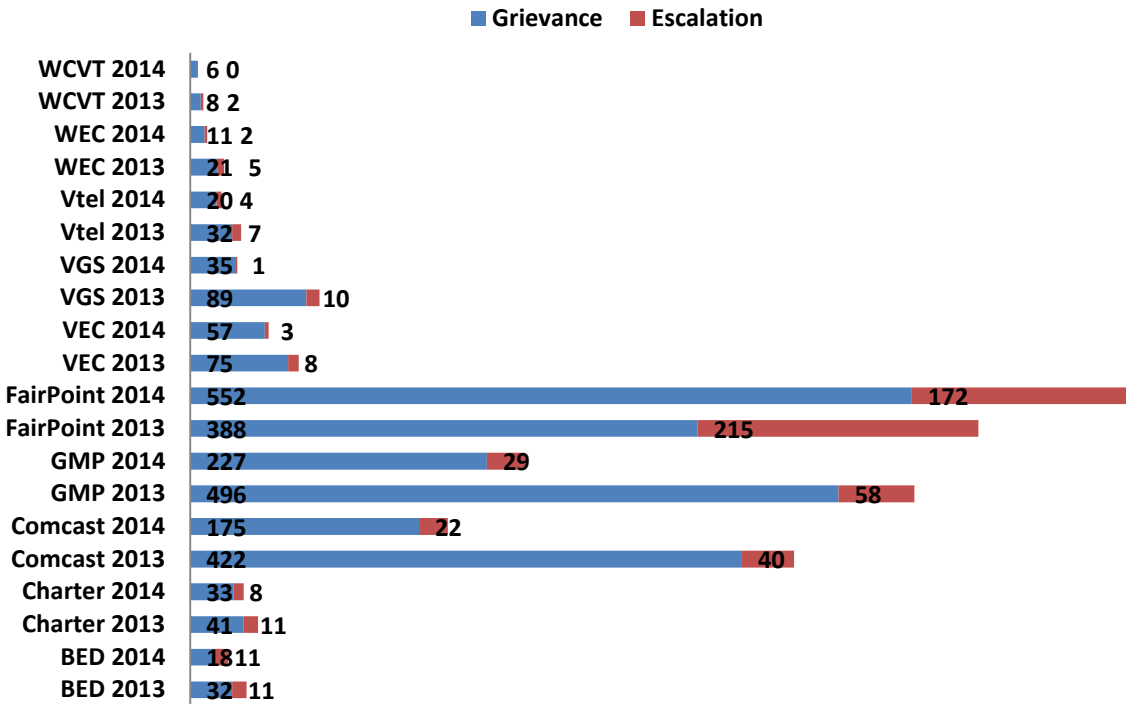
Following VTel's application in July, VTel and the Town of Castleton attempted to assess whether VTel might be able to co-locate on the Town's new, yet to be built, fire tower at the Town's new, yet to be built, fire station. After looking into the opportunity and negotiating with the Town, VTel determined that the expense would be too much for the fire tower location, which would require them to obtain 248a approval for a 150-foot tall tower. VTel decided not to further pursue the fire tower location. On November 25, 2014, the Public Service Board issued the final order and CPG for VTel's originally proposed 90-foot tower in its originally proposed location at 334 Vermont Route 4A.

Very Little Backlog on Board 248a Decisions

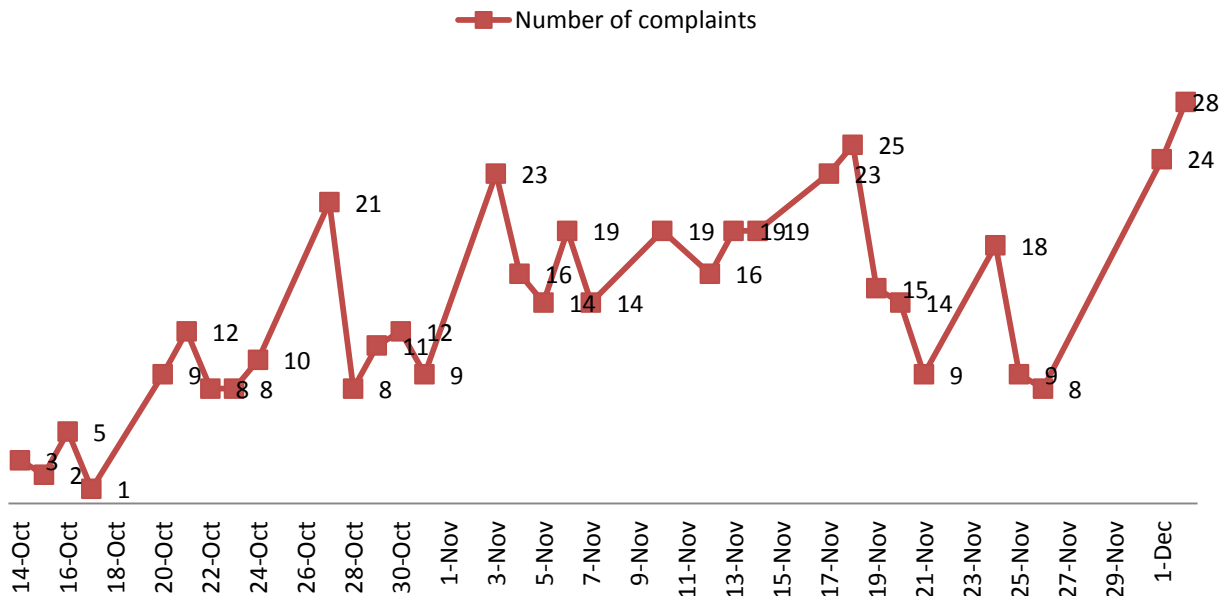
In November the Public Service Board issued more than a dozen CPGs and presently it has few 248a applications that are past the comments period and are awaiting decisions (approximately ten). Additionally the Board has been issuing many decisions quickly, with one recent final order and CPG having been issued only nine days after the close of the comment period.

***CAP***

## Number of Complaints Investigated, by Company YTD 2013 and 2014



## FairPoint Complaints Beginning 5 days before 10/17 strike to present



### **CONSUMER COMPLAINTS**

Complaint topics included, but were not limited to:

- FairPoint:
  - (19) Repair delays
  - (3) Service order delays
  - (6) Other
- (1) Broadband availability
- (1) GMP sharing consumer usage data with Efficiency Vermont, discovered upon receipt of Home Energy Report
- (2) Questions about Comcast line extensions

### **POST CPG WIND COMPLAINTS**

(3) Kingdom Community Wind, for noise. Residents attributed noise to the turbines; however, the company had shut them down due to icy conditions. In addition, the CAPI director facilitated a meeting between local residents and Green Mountain Power, regarding noise concerns from the Kingdom Community Wind facility.



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**State of Vermont**  
**Department of Public Safety**  
103 South Main Street  
Waterbury, Vermont 05671-2101  
[www.dps.state.vt.us](http://www.dps.state.vt.us)

**To:** The Honorable Peter Shumlin  
**From:** Keith Flynn, Commissioner of Public Safety  
**Date:** December 5, 2014  
**Subject:** Weekly Report

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## **Vermont State Police**

A Troop  
16 arrests, 5 DUI

Williston Troops investigated a one car accident resulting in the death of the female passenger in Huntington. Driver admits to C&N before losing control and impacting a tree with his pickup crushing the passenger side door into his 20 year old female passenger who was not belted.

Inmate vs. inmate assault at CCCC

Suspicious case from Chittenden County SA Office, they received a letter from an inmate at Newport alleging that one of their employees is involved in drug activity and providing CI info to drug targets, BCI Derby going to do initial interview and Kamerling will follow up on this end.

NUSI, Sex assault case between 16/4 year old siblings

B Troop

12 arrests, 6 DUI

Armed robbery of store in Topsham. Male and female arrested in Maryland awaiting extradition.

Suicide investigation in derby involving 74 yr old male who was depressed and had chronic illness. Found with single gunshot wound to head by his son.

Armed robbery investigation in Bradford by Det Zorn resulted in identification of suspect and apprehension of suspect in Virginia. Suspect also involved in armed robbery in Barre a couple weeks ago

Joint investigation with DCF regarding 6 month old with broken arm and evidence of prior broken rib. Parents brought child into doctor office and then parents took child to Dartmouth after doctor told them child may have broken arm. While checking child discovered rib that

was healing from fracture. Possibly occurred at daycare in derby. DCF did not take child into custody but developed safety plan. There was nothing to indicate parents are involved. Investigation is continuing with interviews scheduled to take place with daycare provider.

## C Troop

14 arrests, 8 DUI

New Case – Untimely death of 51 year old farm worker from Shorham.

New case: Fraud complaint from Hannaford's Supermarket. Investigation continues.

Communicated with DCF and U.S. Attorney Office in regard to conducting the forensic interview of juvenile child pornography victim. Interview set for Dec. 02.

## D Troop

22 arrests, 3 DUI

Stopped a vehicle in Rockingham; cited one for DLS and Possession of Heroin.

Drug arrest on I-91 MM7 NB. Tpr. stopped vehicle and obtained consent to search vehicle. 400 bags of heroin located on male subject.

Townshend Homicide follow up, reports.

Death Investigation in Barnard. 58 year old male found deceased in bed. Nothing suspicious found during investigation. Male had serious heart problems.

## **DEMHS**

Director has spoken with the PFFV President regarding concerns voiced by their membership that DEMHS did not notify first responders of 911 service interruptions on Friday 11/28.

Director met with the President of the Career Chiefs Association (who is also City of Montpelier Fire Chief) whose members have expressed the similar concerns regarding the 911 interruptions.

Director met with City of Montpelier Police Chief who wanted to understand what had occurred regarding the 911 service interruption and what took place from our end.

DEMHS and David Tucker from E911 discussed ways that DEMHS could assist 911 making public notifications regarding 911 service impacts in the future:

DEMHS can use VT Alert and EAS messaging platforms

We will discuss making VT Alert available to Fairpoint to make their notifications to 911 of potential service impacts

DEMHS and 911 will work to create a state-wide first responder database (disparate information already held by 911) then using VT Alert to inform All simultaneously



The State Strategic Plan for Emergency Management and Homeland Security is being finalized for submission to the Governor's Emergency Preparedness Advisory Council (GEPAC) for review and adoption. This will be important ahead of the EMAP assessment in order to align the document with the entity responsible for providing oversight.

In response to our submittal of a 90-day HMGP time extension request for submitting DR4163 hazard mitigation applications, FEMA Region 1 granted a 45-day extension (i.e. from Jan 29 to March 14), with the possibility of an additional 45 day extension if we can submit \$500,000 of applications by March 14, which should be do-able. Our next deadline for applications to be considered by the Hazard Mitigation Committee is 01/05/15.

### **Fire Safety**

The Division received \$3 Million in new plan review construction valuation collecting \$17,000.00 in permit fee revenue.

### **Administration**

Consolidation of Law Enforcement Agencies: As you know, I received an email from David Beatty on behalf of Jim Reardon wanting DPS to weigh in on consolidation of law enforcement agencies, including Liquor Control, Corrections, and DMV (not to include game wardens). We will need to discuss how you wish to respond to this. As soon as I've completed the rescission response, due tomorrow 12/5, I'll see if I can start to gather some information on this.

### **Governor's Highway Safety Program transition (GHSP) to VTrans**

The Department has decided that a transfer of the GHSP to the Agency of Transportation would be in the best interest of the program and DPS. The mission of VTrans currently is more in line with the GHSP than is the mission of DPS. Further, VTrans being a large agency than DPS has greater capacity to meet the federal match requirements for GHSP than does DPS.

Commissioner Flynn and Secretary Minter have discussed this idea and both have enthusiastically embraced it. Both agencies are collectively working on a transition plan. One of the first steps is the development of an executive order (draft attached) creating the organizational change. The point person for work on the executive order is the DPS legal counsel Rosemary Gretkowski. Deputy Commissioner Aumand is the point of contact for DPS regarding this transitions and Kevin Marshia is the point of contact for the Agency of Transportation. Both agencies have asked approval from Secretary Spaulding to authorize the transfer of two vacant position from the Governor's Highway Safety Program to VTrans. This transfer will assist with the transition plan as one of the positions is the program Chief.

**Executive Order No. (No.)**

[Governor's Highway Safety Program]

-DRAFT-

WHEREAS, under state and federal law, the Governor is responsible for the administration of the State's Highway Safety Program and may designate an appropriate agency through which the State's program may be administered; and

WHEREAS, at this time the Governor's Highway Safety Programs mission and purpose is more in line with the mission and purpose of the Agency of Transportation than the Department of Public Safety; and

WHEREAS, the **Agency of Transportation** is the most appropriate agency to administer the Governor's Highway Safety Program; and

WHEREAS, the Governor may designate a Governor's Representative for Highway Safety to implement the State's Highway Safety Program; and

WHEREAS, the funds administered by the Governor's Highway Safety Program have increased tenfold since 1996 from approximately \$600,000 in fiscal year 1996 to approximately \$6 million in fiscal year 2014; and

WHEREAS, the increase in the funds under administration warrant the appointment of the Governor's Representative at the Commissioner or Secretary level.

NOW THEREFORE, BE IT RESOLVED THAT I, **Peter Shumlin**, by virtue of the power vested in me as Governor, do hereby designate the **Vermont Agency of Transportation** as the appropriate agency **through** which the State's program may be administered, and do further designate the **Secretary of the Agency of Transportation** as the Representative for Highway Safety.

This Executive Order supersedes Executive Order 19-4 dated **March 20, 2003**.

**Dated December 2014.**



State of Vermont  
Agency of Administration  
Office of the Secretary  
Pavilion Office Building  
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*Jeb Spaulding, Secretary*

**PRIVILEGED AND CONFIDENTIAL  
MEMORANDUM TO THE GOVERNOR**

**TO: Governor Peter Shumlin**  
**FROM: Secretary Jeb Spaulding**  
**DATE: December 5, 2014**  
**SUBJECT: Confidential Report to the Governor**

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**BUILDINGS AND GENERAL RESOURCES**

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

**Property Management:**

195 Colchester: Lease to Fletcher Allen in analysis – looking for a NNN lease and FA agrees.

Mylan closing: BGS will be visiting St Albans Town clerk to review land records pre closing (12/16).

109 State Street, Gas-line protest:

- Panic alarm test complete – no surprises. Discussion on other changes to the existing in process (at the request of the Gov's security detail).
- Camera/Elevator/access changes estimated and working with Governor's staff on next steps. Looks like \$125K+- to tighten things up.
- Employee training delivered to 5<sup>th</sup> floor staff.

20 Houghton to Federal Street: Building ready 12/5 – Move starts 12/27/201 and concludes around 1/16.

Randolph, Ag/ANR Lab New Building: Conceptual Design estimating is currently underway. We expect to see the estimate late Friday. We will then look at how to reduce the budget and project costs as requested by the Administration. Working on defining the scope of work more clearly for the wood chip facility feasibility study with the hopes of awarding the contract the middle of this week.

Bennington SOB Bennington VVH Mold: Going well. We are finding misc. areas of additional mold behind walls and heat pumps as we do demolition and heat pump moves, which is delaying occupation of several rooms. The mechanical work is progressing well. We had a lack of heat issue Monday and the entire team rallied together to find the problem and return the rooms to proper temp.

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

City of Montpelier/Heat Plant: Meeting with the City today to discuss the reconciliation “true up” of heat plant expenses as provided for in agreement between the City and the State of Vermont.

### **Legislative Contacts:**

Rep. Kesha Ram: Met with Rep. Ram to discuss leadership in Vermont state government.

## **FINANCE AND MANAGEMENT**

### **Issues Update:**

Work on the audit is progressing and we plan to submit a second draft of the CAFR to KPMG today that will be reviewed by their concurring partner and profession practice group.

All is good on the VTax go-live financial operations end - meaning that we are ready to support the changes to the diversion process and their new interfaces. We have a call with Tax today for an update, but we are expecting them to go-live as planned on 12/8.

The budget team continues to meet with AHS to develop their budgets for FY 2015 BAA and FY 2016. This includes a thorough review of the Exchange budget.

The Medicaid consensus group, this includes members from Finance, AHS, DVHA and JFO, met this week to review caseload and utilization for FY 2015. There were no changes made from the original estimate.

Agencies and departments will be submitting responses to the “spending reduction” plan on Friday, December 5<sup>th</sup>. The budget office will use this information to develop the FY 2015 BAA and FY 2016 budget.

Staff updates – Emily Byrne has been named as the budget director and Linda Morse is retiring at the end of January.

## **HEALTH CARE REFORM**

No report.

## **HUMAN RESOURCES**

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

Report due to legislature on December 15<sup>th</sup> regarding hearing officers in state government. Working on final draft and will coordinate with Governor's counsel before submission.

### **Press Contacts:**

Interviewed by Pete Hirschfeld/VPR on position pilot program. The pilot allows BGS, AOT, DEC and DCF create positions based upon organizational need within their budgetary constraints without having to go through the legislature. Report was balanced and painted the program in a positive light. Have subsequently received a request from WCAX for an on-camera interview. Interview will be conducted next Wednesday (12/10).

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

Meeting with State Treasurer regarding possible changes to the way we handle disability retirement when the medical board determines disability may not be permanent in nature. Treasurer wants to pursue possible legislative changes to tighten up the review process and develop a meaningful process to return recovered employees to work. DHR is working with AGs office on possible language.

Meeting with AGs office on concerns regarding state website accessibility to blind applicants. The National Association of the Blind has sued several large companies for lack of accessibility of their job applicant/recruitment portals. DHR will work with AG office and DII to assess scope of issue and devise possible solutions.

Meeting with AoA regarding the use of standby pay across state government. Bottom line is the data suggest use is excessive and we are working to put parameters in place to curb its use.

DHR, DII, AHS and AOT are collaborating on a possible statewide solution to training course registration and tracking. An enterprise solution makes sense, allowing organizations to pool resources and implement a tool that will assist with an employee's development plan throughout their career regardless of where they move in state government.

### **Emerging Issues:**

Agriculture employee will receive a RIF notice within the next week. Federal grant funded position that will no longer be funded.

Was notified by DEC that they intend to slow down the recruitment/hiring process for their vacancies in order to realize budgetary savings. Anticipate we will see more activity along these lines.

We are seeing heavy recruitment activity at AHS. Approximately 80 -90 positions currently under recruitment.

A change in IRS rules now allows the carryover of up to \$500 in an employee's health care flexible spending account balance from one calendar year to the next. This will be the case for 2015 and provides an added benefit/flexibility to employees.

### **Staff Rebalancing:**

Budgetary constraints have led to a rebalancing of some Field Services Division assignments. Of note, Agency of Education will receive HR support from the unit assigned to currently support AG and ANR; net result is one additional HR support staff for the unit with no diminishment of services. This is one of several rebalancing efforts in process to address the budget shortfall.

## **INFORMATION AND INNOVATION**

No report.

## **LIBRARIES**

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

Press Conference VT FiberConnect Project (VTA/Sovernet): Marty Reid is working with VTA to schedule a press conference to mark the completion of fiber optic connectivity in 43 public libraries. The press conference is tentatively scheduled for early afternoon on 12/16 or 12/17 at the Aldrich Library in Barre. Will Wliquist (VTA) is handling details and will be contacting the Governor's Office if he has not already). We hope that at least one member of the congressional delegation will be able to attend.

Press Conference: Financial Literacy Task Force: John Pelletier (Champlain College), the SOV Treasurer's Office and members of the Task Force have scheduled a press conference on December 18 at 10 am at Perry Hall in the Presentation Room at Champlain College. The press conference will highlight the report that the Task Force has prepared with recommendations for improving Vermonter's financial literacy and financial security in the areas of: K-12 education, post-secondary education, and adult citizens.

Vermont Digital Economy Project (VCRD) issues final report: *Vermont's Digital Stories*: The final report of the federally-funded Digital Economy Project was posted to the VCRD website yesterday and printed copies will soon be available: <http://vtrural.org/programs/digital-economy/reports/VDEP-digital-stories>

Our part of the project, the Internet Intern program (in partnership with CCV) proved to be a great success so we will be looking for funding to continue digital literacy training for citizens in public libraries. We have \$30,000 from the Bill & Melinda Gates Foundation earmarked to do an assessment of digital literacy needs in VT. However Caro Thompson (VTA), slated to do this work, suffered a severe brain concussion earlier this Fall and we may have to delay the project, or find someone else to do this work.

## **Other:**

**Outreach to State Psychiatric Hospital:** Our Special Services Unit has always supported library services for patients at the State Hospital. Marty Reid recently met with the staff there (along with Scott Murphy, Director of State Library Services and Jennifer Hart, Acting Director of our Special Services Unit) and had a tour of the new (fabulous) facility in Berlin. We are now working on an order of books for the hospital's library and will also provide access to downloadable audio books and ebooks via a contract we have with Recorded Books. They believe that audio books will help with therapeutic care and she will be taking samples of audio books on CD and "playaway" formats for them to test to see which formats work best with patients.

**VTLIB Staff Holiday Potluck Luncheon:** 12/19 – noon. Jeb, Michael, Justin, Governor Shumlin .... you are all welcome to stop by.

## **TAXES**

### **Legislative Update:**

**Miscellaneous Tax Bill:** We have scheduled a meeting next week to review the bill. As currently drafted, the bill relates to technical administration, except for a clarification of the provision passed by the Legislature last year on homestead declarations. We have a list of placeholders, including possible legislation regarding property taxation of transmission lines and TIF technical corrections.

**Transmission Lines:** The Commissioner met with the Commissioners of DPS and DEC, and teams of staff. With respect to property taxation, there are three issues. First, for both the land and lake portion, and for both muni and ed taxes, there is the question of valuation. Last session, for the natural gas pipeline, the legislature established statewide valuation allocated to the towns, use of a cost less depreciation methodology, and a floor of 30% on depreciation. Tax recommends we consider legislation to the same effect for electric transmission lines – we will flesh out a proposal. Second, for the lake portion, there is an ambiguous statute that arguably would give only So. Hero and Grand Isle the authority to levy muni taxes – Tax recommends that we consider clarifying legislation to foreclose any claim by those towns. Finally, for the lake portion, remarkably, the ed finance provisions are not entirely clear that a line in the lake is subject to the nonresidential property tax. Again, Tax would recommend clarifying legislation.

**Clean Water Charges:** The Commissioner met with the Commissioner of DEC, and teams of staff. DEC has identified two potential revenue streams – a piggyback on the fertilizer tonnage charge which it imposes (estimated to raise about \$500,000) and an impervious surface charge on certain categories of properties in the Lake Champlain basin. The latter still needs to be designed, and Tax calculates that it would need 18 months after passage to operationalize collection of any such charge.

**Renter Rebate:** The Department sent staff to various meetings of the renter rebate study committee, and our economist performed certain runs for its use. Tax is constrained in its ability to model proposals to change the program, since we have no data on the complete pool of renters, only information on the rental units that make claims under our current program. The Commissioner expressed concern on the draft recommendations in that the proposals had the potential to greatly expand the pool of claimants, and therefore, exceed current limits on the program.

Current Use: The Department has been considering how to administer current use when solar arrays are on a property. The Department had been contemplating the possibility that even land that hosted large scale solar might stay in the program if legitimate, compatible agriculture uses remain - sheep grazing has been suggested. The farmer would have the additional burden however of proving that 50% of income came from farming. However, the Interim Director of Property Valuation and Review met with the Ag Agency and solar stakeholders, and the consensus of that group appears to be that the land should come out of current use in all such large scale solar projects – that any farm use at that point is secondary, and the solar contractual arrangement can cover the taxes.

The Department is meeting Friday with Deputy Bothfeld to discuss a rule submitted to ICAR that sets out the policy for subordinating current use liens to bank financing – we will discuss the balance between protecting the states’ interest and exigencies of bank lending practices.

Amazon: It appears that we are one state away from our click-through nexus legislation taking effect (AG’s call). We are inquiring of the more recent states that have passed the statutes whether the online vendors have cut their ties to affiliates. That was the result in early states, meaning no new revenue.

Estate Tax: The Commissioner met with Ernie Pomerleau, Andy MacLean, and two estate tax practitioners to discuss the legislation that failed last session, and moving forward. The Commissioner discussed that the methodology used to estimate the cost of various proposals should be revisited – particularly to consider whether the estimate should compare the proposals to budget forecast and not actuals for such a lumpy tax. The Commissioner also discussed that both Tax and JFO estimators need to understand the complex nuances of the proposal to gauge their impact. Finally we discussed a strategy going forward; that likely best path is to find legislator champions on both House and Senate side. On the Senate side, Senator Lyons already has embraced such a role. The Commissioner is meeting with Sara Teachout next week on a number of issues, including this.

Waters Edge/Tax Havens: Sen. Ashe asked the Department to estimate how much revenue could be generated from enacting a provision to include in VT corporate income money earned in foreign tax havens. Staff came up with an estimate of \$700,000 based on confidential information provided by Montana, which has such a provision, but we do not have any practical way to know what pool of corporations in Vermont would have income subject to such a provision.

## **Operations:**

VTax: On Wednesday we started the quiet phase of our operation during conversion of the first phase of taxes to go live. Thus far, conversion activities are on track for go live on Monday. The project team will then go into support mode for affected business users. Our brethren in MA have warned us that the biggest issue in the first few days may be internal users, who, despite training, are slow adopters. FAST has warned us that issues with external users may trickle in slowly in the first few weeks.



**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Michael J. Hogan, Commissioner of Liquor Control**  
**Date: December 5, 2014**  
**Re: Weekly Report**

**Status of Governor's Priorities:**

- Fine tuning budget numbers for FY16 and FY15 Rescissions due today.
- Looking forward to reading the report from the Rand Corp on the Marijuana Study.
- Oregon, Alaska, Washington D.C. passed marijuana measures. Oregon will implement their system similar to the way we sell alcohol in Vermont.
- December sales are looking good so far!

**Legislative Issues/Contacts/Updates:**

- Miscellaneous clean up language for Title 7.

**Press Issues/Releases/Contacts:**

**Significant Events/Meetings:** Next Board Meeting 12/10/2014 - Enforcement Hearings.

**Evolving Issues:**

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems.
- Preliminary review of department processes for potential licensing and enforcement system. Considering using VIC as they are very familiar with our business processes to help with a statement of work.
- Alcohol symposium for December 3 went very well with good feedback from all who attended.
- Working with VIC on break open ticket reporting process. Recent meeting this week to review next steps. Should have some good data in the next few months.

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**Summary of Key Department Activity:**

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

Thank you for stopping by for our event just held at the Stoweflake Resort. It means a lot to Stephanie O'Brien and me that you said a few words of encouragement to our audience of partners.