

From: Springer, Darren [Darren.Springer@vermont.gov]

Sent: Saturday, January 09, 2016 9:20 AM

To: GPS

CC: Allen, Susan; Coriell, Scott; London, Sarah; Miller, Lawrence; Johnson, Justin; Pepper, James; Gray, Laura

Subject: Weekly Reports - Executive Privilege 01 08 16.pdf

Attachments: Weekly Reports - Executive Privilege 01 08 16.pdf; ATT00001.txt

Highlighted Weekly Attached.

Gov - see Pat's notes in ACCD on EB5 and Britton Lumber.

Also in Ed section Rebecca proposing to formalize a school safety task force. Sue knows more about this.

Costa and Robin ready with provider tax proposal by early next week.

Sue - check out carbon pricing item in ACCD, we should talk with Chris Cole and Lucy and anyone else in Administration to make sure they will not be listed as supporting this report, and if they are they ought to do a statement making clear they objected or raised concerns around this piece.

Lawrence - see Lottery section and Liquor Control section notes. Did we know about this 1998 article from Utah?

Scott - check out medicaid item in AHS. We can use as response anytime we get another question about medicaid audit idea....

Sarah, Pepper, Laura, Justin, a few notes in here for you.

Finally, we may have our avian flu after all, Scott jinxed us by bringing it up this week, a farm in Montpelier under quarantine.....

Have a good weekend,
Darren

WEEKLY REPORTS

Checklist
1/8/16

Darren Springer

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Financial Regulation – Susan Donegan
- Public Service Department – Chris Recchia
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Education – Rebecca Holcombe
- Agency of Transportation – Chris Cole
- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz

Sarah London

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

Jessica Gingras

- Boards and Commissions – Jessica Gingras
- Department of Liquor Control – Jim Giffin

TBD

- Department of Labor – Annie Noonan
- VT Commission on Lottery – Greg Smith

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: January 8, 2016
Re: Weekly Report

PATRICIA MOULTON, SECRETARY

GOVERNOR'S PRIORITIES:

- **EB5:** We are being told the Q-Burke Hotel is complete. We hope the final requisition will come in shortly. At last review, outstanding approved bills exceeded available funding. We are also coming close to exceeding the \$100,000 cost of White & Burke to review the requisitions. I will be talking to Susan and Bill Griffin about how much more work, if any, we want W&B to do beyond requisition approval. But I suspect we will need to modify and increase the contract. On advice of the AG and DFR, we have not billed back this expense to Q-Burke.
- **RDC changes:** The Rutland Economic Development Corp (REDC) has entered in to a contract with Castleton University to provide Executive Director services for REDC. Joan and I have met with the team at Castleton and remain optimistic the new plan will work. Time will tell. The REDC Board and Castleton are excited. Our only concern is that the region gets served and that our funding is well used delivering on the requirements in our contract.
 - The Bennington County Industrial Corp. (BCIC) is almost insolvent. There is a several year history of the ED there not doing much work to raise other funding. BCIC has been on our “watch list” for RDC compliance with our contract. They are pursuing contracting with the Regional Planning Commission to provide Executive Director services. It is good to be rid of that Director. As with REDC, we will be watching to be sure the contract is fulfilled and the region gets served. This will likely come up with the Governor meets in Bennington on February 8.
- **House Commerce:** As outlined below, we are presenting a program overview to House Commerce. They are now asking US to prioritize our programs from high, medium to low with low being possible for eliminating. They are also micro managing very well and seem to have a limited understanding of the separation of powers between the Executive and Legislative branches. While we want House Commerce to support us, we are working on finding the balance between giving them too much and not enough information. Their micro managing is around the Economic Development marketing plan which they feel they have direct ownership of. Again, trying to walk the line. Stay tuned.
- **Land Air Express:** Due to non-compliance with federal law, the Fed have shut them down. This will affect approximately 150 employees. They are looking for \$1 million dollars in “fast cash” which we do not have. I have offered contacts with potential investors. I have offered to assist with loans but none of that is fast. They are closed as of now.
- **Dan Towle reports: Captive Insurance Licensure Year End Update:** Dan Towle, Director of Financial Services, reports that a total of 33 new captives were licensed in 2015. This is more than double last year’s efforts that came in at 16 licensures. Eleven of the 33 licenses were what we call ‘redomestications’. Redomestications are established captives that move from another captive domicile to Vermont. Of the 11, 3 were from South Carolina, 3 from Arizona, 2 from Bermuda, 1 from the Cayman Islands, 1 from Nevada and 1 from Kentucky. Many of the redomestications came from our biggest competitors and that speaks well to our ongoing marketing efforts, despite fierce competition. The largest number of redomestications in our history was 7 that occurred back in 1994. One application has already been licensed in 2016, with three more applications in process. Dan is preparing a press release to go out later this week or early next week.
- **Jared Duval reports: Britton Lumber:** Spoke with Bob Moses, Owner of Britton Lumber. His timeline on a decision re: whether or not to rebuild continues to get pushed back because of ongoing negotiations with his insurance company. He still estimates the financing gap (or insurance shortfall) on the \$10 million rebuilding project at somewhere between \$1.5 – \$2.5 million. Bob said that he will have to make a decision within the next 6-8 weeks in order to be able to begin building at the start of the construction season (beginning of April). Once Bob has a clearer sense of the financing gap and the negotiations with the insurance company have come to some resolution, I will be his “first call” so that we can explore options together.

- **Noelle Mackay reports: Burlington Town Center (BTC):** Along with Fred and Laura, attended the BTC public meeting to preview the latest plan, outline the timeline and answer questions from the public. Amazing packed house. The plans have incorporated input from the public over the past year and Don Sinex, the developer, and his team hope to have a developer's agreement in place in the next few months. This agreement would provide an overview of what is expected from both parties – from the City, a commitment to zoning updates to allow for the higher housing and office space. Comments were positive and productive.

LEGISLATIVE ACTIVITY

- **House Commerce:** The ACCD Team has started presenting overviews of all programs to the House Commerce Committee per the new process for prioritizing budget decisions ordered by the Speaker. Megan, Steve, Mary and Heather presented an overview of the Department of Tourism and Marketing, Vermont Life, and the Office of the Chief Marketing Office (CMO) to House Commerce on Wednesday. Joan and Fred presented the Department of Economic Development on Thursday and Noelle and Steve Sharp and David Mettraux will present DHCD and VCGI next week.
For Governor's Report Only: One major policy flag that has come up is how the Office of the CMO operates. The committee was concerned with the lack of authority the CMO has to enforce marketing message continuity across state government. It seems very likely that a bill to restructure how this office functions will be forthcoming. ACCD will pro-actively work with the Governor's Office on a proposal with the goal of ending up with something that will be an improvement, or at the very least, something we will all be able to live with. The overall impression from this experience is that the Legislature's tendency to micromanage is getting worse. Lucy will have an off-line, quiet conversation with Shap about how we might improve Administration/Legislative relations for this transitional year.
- The CMO presented an overview of the Chief Marketing Office and progress to date on the Economic Development Marketing Plan to House Commerce on Wednesday, during an ACCD program review that included VDTM and Vermont Life. The Committee is keenly interested in the economic development work, especially the campaign goals and metrics that will be developed over the next two months.
- **Morrisville and S.50:** For the past 3+ years, Todd Thomas, Morrisville's zoning administrator has been asking for the municipal authority to regulate commercial buildings in designated downtowns for owners who are not taking care of their buildings. They have a 'bad apple' in their community. They have asked over those years to support a bill to do this. We have shared with them that they already have the authority in statute to do this. They continue to push and Chris Bray had a meeting with Noelle and Chris from DHCD along with Todd and the Town Manager from Morrisville and Sen. Westman. After the discussion, Morrisville agreed to try and use the existing statute. Senator Bray shared with DHCD that he is not interested in changing state law to deal with one 'bad apple.'
- The House Committees on General, Housing and Military Affairs and on Human Services held a joint hearing on Housing and Homelessness issues. Shaun covered the hearing which took testimony from representatives of homeless service providers and housing developers including: Agency of Human Services, Pathways, COTS, Network on Domestic and Sexual Violence, Champlain Housing Trust, and Vermont Housing and Conservation Board. The Committee was interested in changes to the emergency housing system and what still needs to be done to close the gap between people in need of housing and the cost of maintaining said housing.
- Thursday was Homeless Awareness Day at the State House with many homeless service providers and housing developers providing testimony to the House General Committee and House Committee on Human Services. A vigil was held on the State House steps.

LUCY LERICHE, DEPUTY SECRETARY

- **Relocation Tax Credit Study Report:** We are finalizing the report of this committee now. Because the committee uncovered many difficulties and complexities in providing a straight tax credit for relocation, they decided not to include that in its recommendations. Instead, the committee is recommending moving forward on a workforce needs assessment and supporting ACCD's economic development marketing initiative as a tool for recruiting labor talent into Vermont.
- **Carbon Pricing:** The Vermont Council on the Climate Economy held a retreat to discuss the components of the final report to be presented at their conference in February. Of particular note was the recommendation to institute a carbon tax. Administration representatives Lucy Leriche and Chris Cole from VTtrans spoke about our relative concerns for carbon pricing and its effect on Vermont's border regions and the economy as a whole.

Sue ↑

Other members of the business community serving on the council also voiced opposition, but we were outnumbered and carbon pricing will appear as one of the recommendations in the report.

Lucy worked closely with Paul Costello on the draft to make the proposal a little more palatable. It now contains softer language (shoulds instead of musts) and acknowledges some of the economic issues--border concerns, regionalism vs. Vermont going it alone, and potential impact on manufacturing. The report is in review phase right now and will be going into production soon.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **Sales Manager:** VDTM has welcomed Kathleen Kolva this week as our new Sales Manager. We recruited Kathleen from CT so she and her husband have relocated to Montpelier. Kathleen has an extensive background and we are thrilled to have her.
- **Porter Air:** Megan received the report from the airport for the first 2 weeks of the Porter flights. They were surprisingly strong with one flight full from BTV to Toronto. The flights increase to 4 round trips this week.

Steve Cook, Deputy Commissioner

- **Winter Advertising:** With the late arrival of winter VDTM had paused regional advertising while keeping national advertising active. We had anticipated conditions improving in January. As of this week all regional marketing is running again at a higher rate of impressions based on our December pause.
- **Ski VT Marketing Meeting:** Steve will attend the Ski Vermont quarterly marketing meeting at Sugarbush on January 7th. The goal of this meeting is to discuss an organized late season marketing push to recover lost December business.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Communications Outreach:** Laura is working again with blogger Malerie Yolen-Cohen on a fam trip that will include Brattleboro, Mt. Snow, Burlington, Rutland, Montpelier and the Northeast Kingdom. Malerie's previous Vermont fam trip was carried extensively on Huffington Post. Laura supplied photos for [this article](#) on maple sugaring for DelawareOnline—perhaps our first syrup story of the season.

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **Spring Campaign Development | Follow the Steam:** VDTM is extending the *Follow the Steam* concept into this year's promotion to help encourage visitors to explore multiple sugar houses during Vermont Maple Open House Weekend as each experience is unique. David has begun outreach to maple sugar maker participants from last year to gauge their involvement this year, while pushing the importance of having their events on [VermontVacation.com's events calendar](#) for additional exposure throughout the season, whether they're participating or not. The team will be getting together to review the online experience regarding Pure Vermont Maple. Sample creative below:



DEPARTMENT OF ECONOMIC DEVELOPMENT: Joan Goldstein, Commissioner

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Facilitated reviewer meeting to make recommendations to WLEB Board re: which of the 23 Service Provider LOI's we should invite to submit full applications. All requests received totaled approx. \$923,000. Available funds are likely around \$250,000. Target is to invite back 2 times that amount, or approx. \$500,000 in final application requests.
 - Yes recommendations: 11 projects totaling approx. \$428,000 in requests
 - Maybe recommendations: 3 projects totaling approx. \$113,000 in requests
 - No recommendations: 9 projects totaling \$382,000 in requests
- Board will make final decision on which LOIs to invite back at Jan.19 WLEB meeting.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Vermont Captive Insurance Association Legislative Day:** Dan is preparing for this event that is to occur next week on the 14th. This day-long event will include coffee with Legislators in the morning at the State House, a VCIA quarterly board meeting which Dan will be presenting during, a luncheon with Governor Shumlin, testimony in House Commerce (not confirmed), testimony in Senate Finance (not confirmed), meetings with legislative leaders and a legislative reception held at the Capitol Plaza in the evening. Typically, around 75 members of the captive insurance community attend this event. Dan will be providing talking points for Governor Shumlin.

INTERNATIONAL (VERMONT GLOBAL TRADE PARTNERSHIP) ♦ Katie Corrigan

- Currently there are 6 companies with applications in and approved for Aero-Montreal in April. There are 3-4 more pending companies with STEP applications pending for Aero-Montreal and 2-3 more companies still undecided.
- Superior Technical Ceramics is confirmed with paperwork submitted to Hannover Messe in April and STEP application approved.

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

VEGI

- With Sam Andersen and John Young, met with Bob Boulanger, Rock of Ages regarding potential expansion and VEGI application.
- Worked with Lyndon Furniture, Imerys Talc, and LTK Engineering on VEGI applications.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay

- **Solar Siting Task Force Meeting:** participated in the Task Force meeting which concentrated on the various recommendations made by the committee and public. Report is due January 15th and it is still not clear what the final report or recommendations will be. Currently, many of the recommendation that are supported by the majority of the Task Force members center around education, planning and creating a more transparent and customer friendly process at the PSB.
- **Parcel Mapping:** Noelle is teaming up with Deputy Secretary Tetreault and Nina Safavi from VTrans to begin meeting with other Agencies to try and get support (\$ and in kind) for statewide parcel mapping. The first of these meetings was with Commissioner Peterson and staff members from Tax. Meeting went well and we will continue to determine support for both statewide mapping as well as ongoing maintenance.

Deputy Commissioner Hanford

- **Turning Point Center/Transitional Housing** for recovering drug addicts & recently release prison inmates: William Brim, Executive Director of Turning Point Center of Addison County in Middlebury www.turningpointaddisonvt.org reached-out to me to explore CDBG funding to help with the purchase and operation of a new 8-10 unit facility they are planning in Middlebury. They have seen an incredible need to expand their services to include transitional housing and have an option on an existing building but are looking for additional grant funding to support the bank & VEDA financing they are securing to purchase the facility. They will need to work closely with the Town of Middlebury to seek CDBG funding.
- **French Block Housing:** Spoke with Housing VT about their plans to re-develop the under-utilized upper floors above Aubuchon Hardware in downtown Montpelier. The project would be a mix of market (5) and affordable (13) housing in a great location. They have received, lots of support for the project, but have run into some roadblocks with the environmental permitting requirements from HUD. We will continue to work with Downstreet & Housing VT to find solutions.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partner Report

- **Efficiency Vermont Partnering with Designated Downtowns:** In an effort to increase energy efficiency investments in Designated Downtown areas, Efficiency Vermont is offering an enhanced level of support to assist downtown property owners. This pilot program targets efforts in four communities, two will participate between January and June 2016, and two between July and December 2016. So far, we know that Bennington, Barre, and Vergennes will apply in the first round. Rutland and Randolph are on the fence.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Environmental Reviews

- The ER for the Town of Brattleboro's G.S. Precision Exit One Expansion Project was approved on December 28th, 2015. The project generally involves acquisition and expansion to continue the current use of

manufacturing. There are Class II wetlands on site and the buffer area will be impacted. Therefore, a Wetlands Conditional Use Permit will be required. The project is still waiting on the finalized Act 250 Permit.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **Transportation Alternative Program Grants:** Laura and Commissioner Smith attended the final review of the TAP grants at the State House. With \$2.2m in hand, the board approved funding for 11 of the 23 projects.

Project Review

- **Solar – PR Team Continues with Solar Reviews:** Jamie and Elizabeth travelled to Shoreham to look at two projects being built by Aegis Renewables, one for Acorn Community Energy Coop out of Middlebury, and another for Vermont Refrigerated/Sunrise Orchards. They also stopped in Moretown Common to look at another project being developed by SunCommon. The team is taking each and every opportunity to reach out and work with developers, educating them on what we look in in evaluating these projects requiring a Certificate of Public Good, as well as working to develop better communication and notification procedures. Yvonne enjoyed the *slight* lull in solar projects during the festive season. Now that that is over as there are a number of solar projects coming back for review with revised project areas or additional proposals that need to be considered. Larger solar projects have not slowed down and continue to come in at a steady clip.
- **Fish & Wildlife:** The PR Team met with Adam Miller, Director of Fish Hatcheries for F&W to discuss their plans to install an array of solar trackers at the Salisbury Fish Hatchery, which is designed to produce enough energy to power all five (5) Fish Hatcheries across the State (Roxbury, Salisbury, Bennington, Grand Isle, Newport). The engineers are being asked if the number of panels can be reduced as technology has improved, explore moving a panel close to an historic building, and have an Archaeology Phase 1 completed. The group also discussed the next steps for advancing the conversation related to proposed alterations at the Roxbury Hatchery resulting from TS Irene damage and a need to upgrade the facility to improve water quality conditions exiting the facility. These significant alterations, including construction of two new large buildings at the State’s oldest hatchery (celebrating 125th anniversary this year) will create adverse effects on the facility and will require consultation with the VT Advisory Council for Historic Preservation. The National Register nomination will be updated to reflect the continuing historic context and a roadside historic marker placed at the site.

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

- Because the mobile home park did not sell last year, the owners of Eldredge Mobile Home Park in Waterbury issued a new Notice of Intent to Sell with a disclosure that they might close the park. Arthur notified the nonprofits and CVOEO Mobile Home Program, but the park may be too small, with too high a price, for either nonprofit or cooperative ownership.
- The owners of a small mobile home park in Chester requested information on how to give notice to close the park, due to financial reasons.
- Arthur updated and provided the required year-end Tax Credit Statement and Status of Investments forms to eligible Housing Charities for the Charitable Housing Investment Tax Credit Program.
- Arthur successfully filed our two Small Claims cases for unpaid mobile home park lot fees, despite a change in the procedure. The Plaintiff (i.e. the Department) is now responsible for sending the Summons and Complaint, Instructions, and an Answer form to the Defendants, and sending a Certificate of Service attesting to when they were mailed, to the Court within 7 days. The Court also now requires a self-addressed stamped envelope to mail the forms back to the Plaintiff (i.e. the Department), to send to the Defendant. Unfortunately, the Court is not on the route for State “pink mail”.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Recovery Work

- **City of Montpelier:** The City submitted a \$1 million Implementation Grant application for a \$1.3 million project to stabilize and rebuild the Granite Block Retaining Wall that protects the site at 1 Taylor Street from further encroachment of the Winooski River while maintaining its historic character. The project will also remove and dispose of contaminated soils in accordance with the Corrective Action Plan. This project is part of the City’s larger Bike/Pedestrian Path and Transit Center project which has a total cost of \$12.5 million. There are two threshold issues to resolve and both should be fairly easy to resolve.

Regular VCDP

Potential Projects

- **Town of Arlington:** The Town plans to submit an application in February for the April 14, 2016 Community Development Board Meeting. The anticipated VCDP request is \$385,000. Housing Vermont and Shires Housing plan to redevelop and re-syndicate 22 residential units located in 4 sites throughout Bennington County (Arlington, Shaftsbury, and Bennington). VCDP funds would only be used to rehabilitate the buildings in

Arlington and Shaftsbury. They plan to start construction in Fall 2016. The pre-application is currently being reviewed by VCDP staff for feedback.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

- **Economic Development Marketing Plan:** Plans for the 'immersion tour' next week are being finalized, with meetings scheduled with leaders and members of: the Vermont Business Roundtable, the Lake Champlain Chamber of Commerce, Greater Burlington Industrial Corporation, Vermont Technology Alliance, VT Center for Emerging Technologies, Fresh Tracks Capital, VT Manufacturing Extension Center, Agency of Agriculture, VT Chamber of Commerce, and the presidents of UVM, Champlain College, Sterling College, St. Michael's College, Landmark College, Norwich University, NECI and Middlebury College – as well as additional appointments in Southern Vermont still being scheduled. Our consultants should get a wealth of information and opinions on doing business in Vermont and marketing the state.
- **Creative Services:** In addition to creating a new PowerPoint template for ACCD and a draft template for legislative reports, Heather and Erin have recently completed a new field guide for the installation of portable skidder bridges for Forest, Parks and Recreation, a Barn Grants information flyer for Historic Preservation, an updated rack card promoting Amtrak travel for the Agency of Transportation, a rack card for the Archaeology Heritage Center and display panels for a Historic Sites installation at the Statehouse.

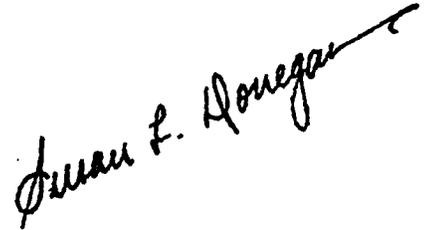
VT CENTER FOR GEOGRAPHIC INFORMATION (VCGI) ♦ Steve Sharp, Interim Director

- **GIS Data**
 - **VT Open GeoData Portal:** Upgrades to infrastructure on which the forthcoming new and improved VT Open GeoData Portal will run are continuing. Steve has completed upgrades to the web service tier of the solution. Ivan is refining the protocol for upgrades to the database tier.
- **VCGI Imagery Program**
 - **LIDAR:** With the New Year and new federal budget, we anxiously await word from the United States Geological Survey on the status of the state's proposal to the 2016 USGS Broad Agency Announcement (BAA) grant opportunity. At the state level, the new legislative session is grappling with a budget shortfall that has all programs under close scrutiny, including the proposed Clean Water Fund (CWF) state funding portion for the current USGS LiDAR proposal. Addition rounds of testimony before the Budget Appropriations Committee are expected and the hope is the broad utility of this data and broad agency support will ultimately provide a successful outcome.
- **Projects and Technical Service Contracts**
 - **NBRC Parcel Data Project:** Leslie has been working with the final 4 towns to wrap up their data deliveries, final reports, and reimbursement requests: Stannard, Brunswick, St. Albans, and Glover.
 - **Agency of Agriculture:** A revised SLA for provision of services from VCGI to Agency of Agriculture has been completely signed. VCGI will continue to provide database hosting and web service hosting services to Agency of Agriculture. The revised SLA includes an updated pricing schedule.

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CONFIDENTIAL and PRIVILEGED



To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: January 8, 2016
Re: Weekly Report

Captive Insurance Division:

The first captive insurance company license of the new year was issued to Sand Lake Re of Hannover Life Reassurance Company of America. Sand Lake reinsures term life insurance policies that have been issued by Hannover. Hannover's home office is in Hannover, Germany, with 24 offices worldwide, and more than 1,600 employees. Standard & Poor's rates it "very strong" and A.M. Best calls the company "superior." It is Vermont's captive insurance license number 1,063.



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Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: January 8, 2016

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VGS Addison Expansion – Board Ruling – Positive and clean ruling from the PSB on the VGS Expansion Project.

NM Rule – There are ongoing conversations on the PSB’s draft net metering rule. Comments are due January 13th. GMP and developers remain at odds.

VEC – Representatives from Vermont Electric Coop came in to provide an update on their community solar projects. Their Alburgh project has not proceeded as they had hoped. They are working on a 5MW project in Grand Isle and are hopeful for commissioning in October 2016. They also are working on a 1.7MW project in Hinesburg. They are sensitive to concerns about their cap but have no intention to re-open net metering for projects under 15kw.

VEIC – RUS – USDA’s Rural Utility Service has made a loan offer to VEIC of \$46 million to enable financing of energy efficiency and renewable energy investments by Vermonters. PSD staff met with VEIC Counsel and Legislative Council to collaborate on potential changes to the

RUS conditions in association with the loan offer. The conversation was productive and the Department is hoping that avoiding any legislative approval of this deal remains a strong possibility.

Joint Energy Committee Response – In Act 56, the Joint Energy Committee was charged with investigating Vermont’s investments in energy efficiency and the Energy Efficiency Charge that funds those efforts. In November they posed a series of questions to the Department asking that we quantify the financial benefits accrued to Vermonters from investing in energy efficiency. The Department has completed that analysis and will be transmitting it to the committee today. We have taken a rigorous approach and only provided measures for those savings that can be accurately quantified.

The analysis includes that completed for the CEP, which shows that the EEUs have returned a net of more than \$65 million in value already, with an additional \$400+ million in already-booked future savings. The analysis also finds that in year 2014 there was very little net macroeconomic impact from EEU activities. However this is due mostly to the fact that ratepayers are currently investing almost as much of their own funds in new efficiency investments as they are saving on fuel bills from past investments. This suggests that the era of increasing returns to scale (i.e. society/ratepayers) is not yet dawned for the EEUs. Projections show that we are in a cross-over period, and that by 2025 we should be well into the time with significant returns to scale.

Act 56 Report on the Public Advocate – Act 56 calls for a report on how Vermont structures our ratepayer advocacy in comparison to other states. The report was due December 15. In December, after consultation with legislators, we announced a new schedule. We would release a draft report by January 8, accept comments for 3 weeks, and then issue a final report by February 15th. The report still needs significant work before it is released to the public, so we will now release the draft on January 15th. The deadline for the final report will not change.

HNRE Testimony – Deputy Commissioner Copans spent nearly 90 minutes testifying before the House Natural Resources and Energy Committee on Thursday, January 7. The hearing was uneventful, covering topics including net metering, PURPA, the VGS expansion project, and the role of the Department generally.

Act 199 Meeting with VEIC – Act 199 of 2014 called for a report issued by ACCD and the Public Service Department focused on large rate payers. The report called for a review of retail choice, energy efficiency programs, and other rate issues impacting Vermont’s larger ratepayers. A draft of that report has been shared with stakeholders including VEIC, AIV, GW Plastics, and Global Foundries. The report envisions some addition process to evaluate and improve the Energy Savings Account program so that it becomes more useful and therefore attracts greater participation. Comments received from Global Foundries and GW Plastics are clear and strong in opposition to the Energy Efficiency Charge.

Kidder Hill MET Tower Penalty Investigation – Docket 8585 – Mr. Blittersdorf filed testimony in which he effectively admits to erecting a MET tower on his property without obtaining a CPG, in violation of 30 V.S.A. § 246, without actually admitting to the violation. The Department

issued first round discovery requests on Mr. Blittersdorf and is exploring the viability of filing a summary judgment motion on the issue of whether the violation occurred.

VGS Addison Expansion—Docket 7970-Second Remand: VGS and the Department have requested an order by January 8, 2016, after which date the MOU expires. It is anticipated that an order denying the pending Rule 60(b) motions (not to reopen the docket) will be issued on January 8.

The Department's Gas Engineer has received a request from Over & Under Piping Contractors, the former mainline contractor with whom VGS is involved in litigation, to examine all of his inspection notes, etc. The Department will determine an appropriate response to this request.

The Department was contacted by the State Police to discuss future condemnation proceedings and site visits; the Board was contacted as well. (See below re: Peyser, Docket 8645.) The Police are concerned about any security they might be asked to provide in connection with these matters. The Department will coordinate with the Board in responding to the Police.

Discussions continue among the Department Gas Engineer, our safety consultant, VGS and the PA division with respect to the commissioning (gas up) of the first 11 mile segment. These discussions are with respect to safety requirements and the Department's expectations from the Company. VGS currently estimates commissioning this segment in early January 2016.

The third and fourth non-substantial change determination requests are still pending except for the approval of the two Rocky Ridge golf course matters which were dealt with separately. The Board has not issued an order in response to the safety concerns raised by Mrs. Peyser with respect to the third request; VGS has submitted a P for D, which was agreed to by the Department. VGS continues to work with hydrology experts to address the Palmers' concerns on the fourth request, which is the re-route around the Palmer property. VGS has prepared a draft filing for the fifth non-substantial change determination (Hurlburt/Old Stage Road re-route) for review by the Department and ANR.

FairPoint Service Quality Investigation (Docket 8390) – The MOU between the Department and FairPoint requires that FairPoint provide bill credits to all customers that experienced out of service interruptions that lasted for more than 24 hours between April 1, 2013 and February 25, 2015. FairPoint has provided data to the Department that outlines which customers FairPoint believes are entitled to bill credits under the MOU. FairPoint identified 38,689 unique trouble tickets that lasted more than 24 hours for that period. However, FairPoint claims that 12,686 of those trouble tickets did not relate to out of service conditions. Accordingly, FairPoint asserts that it is required to provide credits for only 26,003 unique troubles. The Department's expert consultants have reviewed FairPoint's data and concluded that FairPoint under counted the amount of customers that should be eligible for bill credits. The Department's experts, however, are unable to provide a precise number of customers that should receive a credit because of the lack of specificity in the data provided by FairPoint. FairPoint also states that the bill credits will be based on the basic local exchange service (BLES) rate, and not all items that appear on a customer's telephone bill (such as voicemail or caller ID). The Department has informed FairPoint that it disagrees with both FairPoint's calculation of the number of customers entitled to a credit and the rate on which it will calculate the bill credit. The Department is in the process of determining if it can resolve these issues with FairPoint, but it may be necessary to direct the

matter back to the Board to determine the appropriate number and amount of bill credits to be awarded.

VIT – Staff resubmitted text to be included in the final report of the VIT Working Group. The additional text explains the decision-making and process related to removal and storage of VIT studio equipment, and clarifies that the Department is not taking any steps to implement a successor plan. Legislative counsel has advised that following the final meeting of the working group on November 24, 2015, working group members Representative Keenan and Rob Chapman decided to submit a Minority Report to the legislature. Staff provided a status update to Northwest Career Technical Center in St. Albans regarding VIT successor proposal. The CTE had used VIT to conduct a distance learning course. Staff advised the CTE that legislative counsel were drafting a report to the legislature, and that determining ownership of the equipment – as well as determining what happens next vis a vis a successor to VIT – rests with the legislature.

Brockway Mills, LLC CPG to net meter an existing 485 kW hydro facility in the Town of Rockingham, Vermont – NMP 6647 - On December 23, 2015 the Department filed a Motion to Alter or Amend the Board’s order of December 11, 2015 in which it granted Brockway Mills a certificate of public good to net meter the existing hydroelectric facility. The Department asserts that the Board’s Rules do not waive section 248(b) criteria for existing facilities and that the Petitioner should be required to fully brief the issue of economic benefit - the Department continues to request further process to this end. The Board has asked Brockway Mills to respond to the Department’s motion.

Elizabeth Mine 5 MW Solar facility in Strafford and Thetford – Docket 8632 – The Public Service Board held a site visit and public hearing on this project on 1/4. PSD attended the site visit with a representative from our Engineering Division and our Aesthetics Consultant. The public hearing was attended by about 30 members of the public. Chief among the concerns raised by the public were that all RECs from the project were not being immediately retired and that the Town of Strafford was not afforded automatic party status. Attendees also expressed concern about construction truck traffic during times when school buses operated in the vicinity of the project and whether the petitioner would ensure that any road damage caused by construction truck traffic would be repaired. There is some, but not widespread opposition to the project on aesthetic grounds. Intervention deadline is 1/11/16. PSD will be filing discovery on decommissioning plan detail and fund estimate, and on the nature of the impacts from line extension, line upgrade and substation upgrades needed for the project.

Meetings/Calls this Week:

Jan 4 – VEC meeting, Net Metering 2.0 Act 99 meeting

Jan 5 – Solar Siting Task Force Meeting

Jan 6 – Governor’s Cabinet Meeting

Jan 7 – HNRE Testimony

Jan 8 – VEIC/RUS Roundtable and announcement, EAN Regulatory Reform Working Group

Meetings next Week:

Jan 11 –

Jan 12 – Solar Siting Task Force Meeting
Jan 13 – Iberdrola meeting
Jan 14 – House Commerce & Economic Dev. Committee – program reviews.
Jan 15 –

Media: TDI CPG stories, VGS condemnation hearing disrupted by protesters.

Public Official Contacts: Longer conversations with Reps Hebert and Gamache of HNRE. Spoke to Treasurer Pearce about the VEIC – RUS Loan Fund – she seems to be relaxing somewhat her concerns about this deal.

Everything Else:

PERD

EEU Avoided Costs

- Board issued order approving avoided cost input values for DSM screening. These values have been loaded into the state screening tool and will be considered operational, pending final review by DPS. Of note, the Board concluded that there will be no environmental costs avoided by fulfillment of RES Tier 1 obligations as PSD argued and has only approved adjusting the avoided externality values from the AESC by the RES Tier 2 obligation percentages. Board has also requested that an update to avoided T&D estimation methodologies be completed by the next EEU planning cycle, with a status report submitted by August 2016. The avoided energy costs approved by the Board do not appear to have an embedded avoided RPS cost, as the Department had proposed despite the text of the order saying that the Board accepts this recommendation.

Clean Energy Development Fund

- Participated in two meetings with the Southwest Medical Center and others regarding their new heat plant. Also participated in many phone calls regarding this issue.
- Met with VEDA and the City of Montpelier about restructuring their \$750K ARRA-CEDF loan. They are only paying interest on the loan and the current terms of when the City would start to pay principle need to be amended. The City gave a thorough report on the operation of the heating system and plans for the next 5 years.
- Processed an invoice for payment of \$813 to VEIC for the administration of the PACE interest rate buy-down program for October. VEIC is having problems getting proper paper-work for their invoices prior to October (May – September) and those invoices remain un-paid. VEIC and their PACE program partners (Opportunities Credit Union) have had little activity in the program. Since the start of 2015 they have had 5 applications for loans and only 3 actual PACE loans have closed. Their current grant ends in March, 2016 and there is little chance they will have used the funds by that time. The un-spent grant funds should likely be re-distributed to the Heat Saver Loan program.

Other Items:

- Staff sent comments to DOE on the scope of the next iteration of the Quadrennial Energy review, which will focus on electricity. Comments identified the importance of

examining strategic electrification in the context of meeting aggressive decarbonization goals (e.g. to be consistent with the Paris Agreement).

Engineering

State Nuclear Engineer Provides Decommissioning “Lessons Learned” to NY Public Service Staff

On 12/30/15, the State Nuclear Engineer teleconferenced with Bridget Frymire, a Power Systems Operations Specialist in the New York (State) Department of Public Service, to discuss “lessons learned” from Vermont’s efforts related to VY’s decommissioning. The State Nuclear Engineer strongly recommended that New York 1) dedicate staff to reactor decommissioning oversight (i.e. separate staff should monitor the plants day-to-day operations until the plant(s) shut(s) down permanently); 2) review the plant owner’s license amendment and exemption requests as early as possible (to maximize the amount of time to file formal comments on the requests); 3) draft all comments assuming that they will become part of a Petition to Intervene on their respective amendment requests; and 4) use all available avenues to comment on amendment requests, exemption requests or decommissioning issues of concern (particularly since the NRC does not allow third-party comments on exemption requests).

Additional Information on New DOE Siting Process for Permanent Spent Fuel Storage Facilities

On 12/31/15, the State Nuclear Engineer received additional information from the Department of Energy regarding its schedule for developing a community consent-based approach for siting spent nuclear fuel and high-level radioactive waste storage facilities within the US. The public comment period noted in the 12/28/15 report officially opened on 12/23/15 (the date that the DOE announcement posted in the Federal Register). The DOE will accept public comments and host several public meetings on the community consent-based approach through June 15, 2016. Dates and locations for these meetings have yet to be announced.

VY Granted License Exemption on NRC Record-Keeping Requirements

On 12/31/15, the NRC granted License Exemptions to VY allowing the elimination of record keeping for plant systems that have been removed from service (i.e. abandoned) as a result of VY’s permanent shut down. NRC regulations normally require record keeping on all nuclear power plant systems and components until a plant’s reactor license is terminated. As granted, the exemptions allow elimination of record keeping only after all uses for the abandoned systems or components have been deleted from VY’s Technical Specifications. Record keeping from when VY generated electricity is not impacted by the exemptions. Elimination of any radiological dose-related record keeping for the abandoned systems / components is explicitly not allowed; as is the elimination of any record keeping pertaining to VY’s Dry Cask Spent Fuel Storage Systems.

Vermont Gas Systems Addison Natural Gas Project Construction

Contractor activities, to install pipeline facilities at the Rocky Ridge golf course in St. George, resumed following a break for the holidays. (This location is not a portion of the most northerly 11 miles of the project, Segment One) The contractor, Michels Corp., mobilized approximately 35 individuals for these activities and will continue to maintain that group for completion of Segment One. Engineers Construction Inc. enlarged to 26” a hole previously drilled under the

Colchester Sand Plains. The two contractors are planning to coordinate activities to install 1800 feet of pipe at this location later this week. The Engineering Division has requested a specific installation plan for this. The Engineering Division also monitored preparations for actions required prior to gas-operations of Segment One during this report period.

Dockets 8620 – 8631: VPPSA Integrated Resource Plans (IRPs)

The PSB held a consolidated prehearing conference on these dockets. VPPSA has filed two IRPs (Ludlow and Northfield), and plans to file the remaining 10 IRPs over approximately the 2nd and 3rd quarters of 2016 in order to stagger the preparation and review times. Engineering and Planning will have 90 days to review and comment on the first two IRPs, and this should help VPPSA with what we are looking for in the remaining 10 to be filed later this year.

Regional Winter Fuels Conference Call (1-6-16)

This conference call involves state energy representatives DOE, ISO-NE, NASEO, US Coast Guard, fuel suppliers, transportation folks, and several other interested parties. The summary of the current situation is that we are all waiting for cold and snow with full fuel storage facilities and no transportation issues. Even though the past few days have been cold, the regional heating degree days are over 400 fewer than last year and a warm up is happening for the next few days. The group looked at a first draft of a spreadsheet of where emergency information can be obtained and then what pieces of information are needed to make the spreadsheet useful to everyone. The next call will be in two weeks and we will look to put the spreadsheet into a user-friendly format and see where it might get circulated for use outside our group.

Public Advocacy

NRC Decommissioning Rulemaking – No Docket – The Department met with AGO, ANR, Public Safety, and Health to discuss what topics each agency intended to address in response to the Advance Notice of Proposed Rulemaking. The agencies also met with reps from the Vermont federal delegation to discuss the State’s overall approach to the rulemaking. The NRC has extended the ANPR comment deadline to March 18, 2016.

VY NRC Finance Petition – NRC 50-271 – The State/VYNPC/GMP filed a reply to Entergy and NRC Staff’s motions to dismiss the petition. The reply focused on Entergy and Staff’s arguments that effectively call for further fragmentation and siloing of the issues presented in the finance petition. Massachusetts, Connecticut, and New Hampshire filed a response as well, arguing that those states are or will be affected by the concerns raised by Vermont in the finance petition. Entergy and NRC Staff both filed a motion to strike certain portions of the petitioner’s reply, and Entergy moved to strike the entirety of MA/CT/NH’s reply. Vermont’s response to motions to strike are due January 7.

VY Second ISFSI – Docket 8300 – The Department filed surrebuttal testimony in the proceeding outlining support for Entergy’s decision to move the start date for spent fuel transfer in to dry cask storage up two years from 2019 to 2017, and to highlight an additional source of financial assurance by Entergy.

Georgia Mountain Community Wind – McLane Motion for Relief – No Docket – The Department filed a response to the McLane’s motion for relief, arguing that the Board should not

open an investigation in response to the motion. The Department consulted with the Department of Health, who advised they have no evidence that the operation of wind turbines in the state creates an undue adverse effect on public health and safety. Individual noise complaints may be better adjudicated in Vermont Superior Court.

Swanton MET Tower Penalty Investigation – Docket 8561 – On December 3rd, counsel for Respondent filed a *Motion for Public Service Board Review of Hearing Officer's Order on Intervention*, seeking full Board review of the Hearing Officer's decision to grant intervenor status to Christine and Dustin Lang. On December 4th – the deadline for parties to file a proposed litigation schedule – the Department filed a proposed schedule agreed upon by the Department, ANR and the Langs. Counsel for Respondent filed a *Motion for a More Definite and Detailed Statement on the Burden of Proof and Issues for Hearing*, and requested that no scheduling order be issued until after the Board rules on Respondent's December 3rd Motion and any subsequent interlocutory decision by the Vermont Supreme Court. Parties' replies are due to the Board by January 15, 2016. The Department is preparing its replies, along with a Motion for Partial Summary Judgment on the issue of whether Respondent committed a violation of law by installing a met tower without a CPG. On January 4th, the Hearing Officer issued a Procedural Order granting Respondent Motion for a Protective Order as to confidential income information requested by the Department in discovery.

VGS-Broughton condemnation-Docket 8641-This parcel is in Monkton. Mrs. Broughton has filed a motion for summary judgment. Mrs. Broughton argues that because the Project today is so different than the Project which received the CPG, the CPG is no longer valid for purposes of eminent domain. VGS has responded to the Motion. A previously scheduled site visit and prehearing conference were cancelled and have not yet been rescheduled.

VGS-Cuneo condemnation-Docket 8642-This parcel is in Williston. Prehearing conference and site visit were scheduled for December 30 at the St. George Town Hall, but were cancelled when the Select Board became concerned about the possibility of protesters. It has not been rescheduled. Motion for summary judgment identical to Mrs. Broughton's has been filed.

VGS-Town of Hinesburg condemnation-Docket 8643-This parcel is in a park owned by the Town. A negotiated settlement has been reached. Prehearing conference was scheduled for December 30 at the St. George Town Hall, but it was cancelled when the Select Board became concerned about the possibility of protesters. It has not been rescheduled. VGS has submitted to the Board a draft Proposal for Decision, which has been agreed to by the Town and the Department.

VGS-Peyser condemnation-Docket 8645-This parcel is in Monkton. Prehearing conference and site visit were held on December 30 in Monkton. Both events were disturbed by protesters and the Hearing Officer, the Department and the Company were not permitted on the property to do the site visit. Counsel for Mrs. Peyser has indicated that they will move to have this visit rescheduled. VGS and Mrs. Peyser have each proposed a schedule and these were submitted to the Hearing Officer, who indicated he would not make any rulings as to schedule until the Docket 7970 Remand Order is issued.

South 40 Solar – Docket 8600 – The Petitioner provided responses to first round discovery requests, which included a copy of the power purchase agreement between petitioner and Burlington Electric Department, calling for a \$.195 kWh price. The Department is determining how to position itself with respect to the PPA price. The Department sent out second round discovery requests seeking additional information regarding how BED and petitioner value the project's output.

GMPSolar – Williston, LLC 4.69 MW Solar Facility in Williston, Vermont – Docket 8562
A technical hearing was held on January 6, 2016. The full Board was present, but the hearing was uneventful.

Emerson Falls Hydro, Inc. CPG to net meter an existing 230 kW hydro facility in St. Johnsbury, Vermont – NMP-6757 - On December 24, 2015 the Board issued a certificate of public good to Emerson Falls Hydro, Inc. to net meter the existing hydroelectric facility. The Department anticipates that it will respond in a manner consistent with its response in Brockway Mills. A motion would be due January 7, 2016.

Springfield Hydroelectric Company CPG to net meter the existing 410 kW Slack Dam hydro facility in Springfield, Vermont – NMP-7399 - On December 15, 2015 Springfield Hydroelectric Company filed an application to net meter the existing 410 kW Slack Dam hydroelectric facility in Springfield. This project falls within the category of net metering applications in GMP's service territory for which the comment deadline has been tolled until resolution of the GMP petition to raise the net metering cap in Docket 8652. The Board specifically listed this project in its order of December 31.

Next Generation Solar Farm, LLC Petition for 2.2 MW Solar Facility in New Haven, VT, Docket 8523 - On December 18, 2015 the Town of New Haven filed a Motion to Strike Filing by DPS and Petitioner (MOU) and a Motion to Join GMP as a necessary party. Responses are due January 8, 2016.

New Haven GLC Solar, LLC 500 kW net metered solar facility in New Haven, Vermont – NMP-6369 - By Memorandum dated December 22, 2015 the Board requested responses to the Town of New Haven's November 3 request for a hearing on the issue of system stability and reliability and to join GMP as a necessary party. On December 22, 2015, the Petitioner filed an Addendum to the GMP Fast Track analysis with technical detail supporting its conclusion that the proposed project will not have an adverse impact on system stability and reliability. On January 4, 2016 the Department filed comments with the Board stating that it is satisfied that the project will not have an adverse impact on system stability and reliability.

BDE New Haven Lazar Solar, LLC 500 kW net metered solar facility in New Haven, Vermont – NMP-7398 - On January 5, 2016 the Department filed comments with the Board stating that this project falls within the category of net metering applications in GMPs service territory for which the comment deadline has been tolled until resolution of the GMP petition to raise the net metering cap in Docket 8652. The Board specifically listed this project in its order of December 31. The Department understands that this project may fall within the net metering cap calculated by GMP because it filed an interconnection request with GMP prior to GMP reaching its cap.

The Department recommended that the comment period begin to run if and when GMP confirms that this project is not outside of the net metering cap.

BDE Vergennes Poquette Solar, LLC 500 kW group net metered solar facility in Vergennes, Vermont – NMP-7040 - On December 17, 2015 (received December 22), BDE Vergennes Poquette Solar, LLC; BDE East Montpelier Lazar Solar, LLC; BDE Danville Lazar Solar LLC (NMP-7433); BDE Waterford Suitor LLC; BDE Waterford Lower Lazar Solar, LLC; BDE Ferrisburgh Lazar Solar LLC; BDE Sheldon Woods Lazar Solar LLC; and BDE Sheldon Main Lazar Solar LLC filed a joint motion to approve more than one generation facility (10 facilities in total, each of approximately 500 kW capacity) to be attributed to a net metering group proposed in NMP # 7040 under PSB Rule 5.105(B). Only 3 of the 10 proposed facilities have filed an application for a CPG at this time. The offtaker will be Omya, Inc. The total capacity of the proposed “super-group” will be approximately 5 MW. All of the projects, except for BDE Vergennes Poquette Solar, LLC, will fall within the category of net metering applications in GMPs service territory for which the comment deadline has been tolled until resolution of the GMP petition to raise the net metering cap in Docket 8652 and it is not clear at this time whether those projects filed interconnection applications prior to GMP reaching its net metering cap. It is not clear when responses to the motion are due and the Department intends to seek clarification from the Board.

EEU 2011-06 – Guidance to the Fiscal Agent –The Department filed on 12/23 an updated summary of the PSD Evaluation Budget Set Aside which explains what funds in the EEC Fund are earmarked for use in PSD evaluation work for the current performance period (2015-2017), including carryover from the prior performance period. VEIC filed an updated cash flow analysis for the first half of 2015. Parties are contemplating a brainstorming session on 1/13/16 to discuss goals and objectives for the proceeding. Both PSD and VEIC view this proceeding as an opportunity to get more clarity on what is currently a complex, cumbersome and problematic management process for EEC funds. Comments are due on 1/19 with Reply Comments due on 1/26.

Hyde Park Electric 1 MW Waterhouse Solar Project – Docket 8614 - PSD entered into an MOU with Hyde Park on the matter on 12/23 and a technical hearing is scheduled for 1/7. The MOU includes conditions with respect to aesthetic mitigation plantings at the project site and also includes an agreement to extend the depreciation schedule for the project’s assets, which will lower the effective cost of power for the ratepayers.

GMP Haystack Substation – Docket 8541- Engineering Division reports that they can support this project if GMP can agree to process improvements in the exchanging of information regarding justification for construction of new substations with respect to new load and feeder backup capabilities. PSD will be crafting a protocol and schedule for the process improvement and we will be sharing it with GMP for inclusion in a Memorandum of Understanding, due to be filed 1/8/16.

GMP Net Metering Cap Proceeding – Docket No. 8652 – The Department filed comments on GMP’s net metering cap petition on December 18. The comments questioned GMP’s calculation of its cap and filed comments based on informal discussions with GMP staff indicating that the

cap could be up to approx. 6 MW greater than indicated by GMP. After extensive discussions with GMP, Department staff agreed in principle with a calculation methodology that resulted in an additional 1 MW of capacity over what GMP had previously proposed. GMP has made a filing proposing this adjustment.

A prehearing conference was held on December 30. The only party that will strongly oppose GMP's petition is New Haven. New Haven objects to the Department's recommendation to use notice and comment procedures. There have been back and forth filings on this point. At present, the Department has responded to New Haven's initial comments and New Haven will provide further comment on January 8.

Additionally, the Board has since granted the Department's request to toll the comment period on above-cap applications. GMP is creating a website to allow for the accurate tracking of its cap. GMP filed something to this effect on January 6. The bottom line is that this proceeding has to date been very confusing, due in no small part to the rapid influx of applications as GMP approached its cap and a less than stellar effort by GMP in dealing with the issue and crafting its petition. At present, issues are narrowing and the proceeding is getting on track.

Stowe Electric Department Section 108 Petition – Docket 8663 – The Board issued an order on December 21st approving SED's request to issue up to \$3.5 million of Clean Renewable Energy Bonds.

Village of Hyde Park Electric Department Section 108 Petition – Docket 8671 – The Board issued an order on December 22nd approving HPED's request to issue up to \$3.5 million of Clean Renewable Energy Bonds.

Telecommunications

Comcast CPG Renewal (Docket 8301) – Division staff have issued an RFP for expert services in connection with Comcast's CPG renewal docket. The Department is seeking experts to provide testimony on issues related to displaying public access channels on Comcast's interactive guide and whether Comcast is making sufficient investments in outside plant to reach the maximum number of subscribers within its service territory. The Department's first round of testimony is due on January 22, 2016.

VTel – Springfield Area Public Access TV (SAPA) Arbitration (Docket 8609) – The Board held a prehearing conference on January 5. The parties have agreed to file proposed joint and/or individual schedules by January 19, 2016. The parties have also agreed to meet prior to January 19 to attempt to narrow the areas of dispute and possibly work toward a settlement for the docket.

VTel Calais 248a Petition (Docket 8535) – The Board issued an order denying the Town's request that the petition be denied with prejudice. The Board also denied the Town's request for costs associated with the docket.

VTel Cabot 248a Petition (Docket 8549) – The Board has scheduled a technical hearing on the petition to construct a new tower in Cabot for Tuesday, January 12. The Department's aesthetic

expert submitted prefiled testimony that the proposed tower will have an undue adverse impact. The Town of Cabot has also submitted testimony opposing the project on aesthetic grounds and because the project violates several provisions of the Town Plan and zoning bylaws. VTel has indicated to the Department that it intends to proceed with the hearing, but it may modify its plan design in response to the Department and the Town's prefiled testimony.

Verizon Waterbury 248a Petition (No Docket No.) – The Department filed reports from its radio frequency and aesthetic experts on December 31, 2015. The RF expert found that the proposed project cannot be reasonably collocated at an existing telecommunications facility. The aesthetics expert found that there will not be an undue adverse impact from the project. ANR also filed comments that were very critical of the project based on its impact of an important wildlife corridor and several other environmental criteria. ANR has requested that the Board allow for full discovery, an opportunity to submit prefiled testimony, and that the Board hold a technical hearing on the application. The Department submitted a filing to the Board stating that it defers to ANR with respect to all environmental criteria and has no objection to ANR's request for discovery, testimony, and a hearing. Based on a stipulated schedule from all parties, the Towns of Waterbury and Stowe have until the end of the month of January to file substantive comments with the Board in response to the application.

Burlington Telecom Meeting – Division staff intend to meet with representatives from Burlington Telecom ("BT") on January 14 to discuss BT's financial status and operation performance over the past 12 months. The Department also intends to discuss BT's plans for renewing its CPG, which will expire in September, 2016.

VTA Fiber Map – PSD staff updated the map of the VTA Fiber routes to show the Pomfret-Sharon section complete. PSD staff also modified the map for inclusion in an RFP identifying the sections for which maintenance is required.

Cavendish Broadband Mapping – PSD staff received a list of 52 locations in Cavendish that lack access to DSL. PSD staff plotted these on a map and send it to TDS for confirmation.

Fiber Management RFP – Staff posted a request for proposals for a fiber maintenance and emergency restoration vendor. This vendor will periodically inspect and repair fiber cables for which the Department is responsible. This includes 100 miles of fiber in the Northeast Kingdom and east central Vermont. The selected vendor will also provide on-call emergency restoration services when the fiber is cut or damaged. The Department anticipates having a vendor in place by the beginning of March.

Batchelder Sole Source Contract – The Agency of Administration rejected the Department's request to amend the amount of a sole source contract for Batchelder Associates. The contract amendment called for additional work on the EDA funded project. The rejection appears to be a result of the Auditor's report on sole source contracting. After meeting with the Administrative Division's staff, it appears that the Department may be able to handle some of this work. Staff from both divisions is reviewing financial data now to determine what tasks the Administrative Division can assume.

Connectivity Grants – Two Grantees, ECFiber and Comcast, have issued schedules and budgets for the buildout of their respective projects. Staff issued a notice to proceed to both companies. One of the grantee’s ECFiber, will likely not begin until it receives the requisite pole licenses. ECFiber applied for its pole licenses last summer.

Legislative Presentation: Staff finalized the Telecommunications & Connectivity presentation that will be given to the House Commerce & House Appropriations committees next week. The presentation contains an activity overview of the newly formed Connectivity team and outlines ongoing traditional telecommunications regulation efforts.

VTRS Newsletter: Connectivity staff drafted a submission for the Sprint quarterly Vermont Telecommunications Relay Service newsletter. The article highlights the transfer of program administration from the Consumer Affairs division to the Telecommunications & Connectivity division within DPS. The submission also provides information on recent changes in the administration of the Equipment Distribution program, which was transitioned via MOU from the Department of Public Service to the Department of Aging and Independent Living in the autumn of 2015.

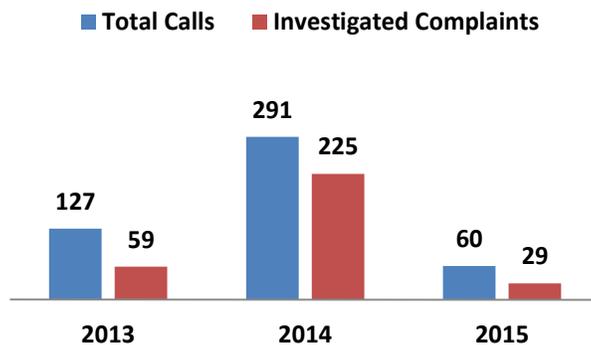
CAPI

Please note that this report covers activity from Sunday to Wednesday, December 28 –December 31, 2015.

CALL DATA

Calls to CAPI

Same 7 days each year

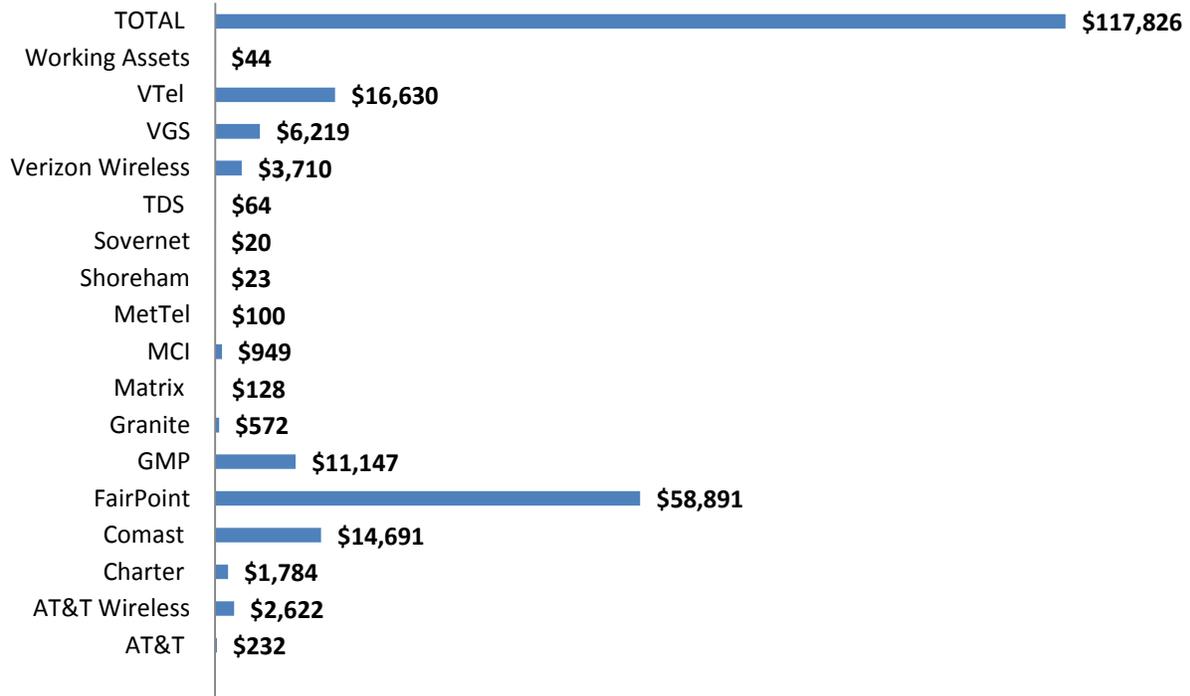


CAPI COMPLAINT SUMMARY 2015

- ❖ Total consumer contacts **5402**
- ❖ Total complaints opened **3420**
- ❖ Total escalated complaints (see definition above) **646**
- ❖ Total escalated complaints resulting in a full resolution in consumer’s favor **516***

- ❖ Total consumers who were able to stop impending disconnection of services or get services reconnected with payment arrangements negotiated by CAPI **92**
 - ❖ Total dollars saved consumers with CAPI assistance **\$117,862**
- *82% of all escalated complaints, 95% of all escalated complaints resulted in a resolution that was partially favorable for the consumer.

2015 Total Dollar Saved Consumers



Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: January 8, 2016

Secretary's Message:

AHS Staff from central office and DVHA/VHC staff along with Lawrence Miller and Secretary Johnson, participated in high-level negotiations with Optum. This resulted in an agreement and a successful path forward for VHC Development Support for 2016. These discussions were particularly complicated by the demise of a key software and services vendor, Exeter who ceased operations in the latter part of 2015. Both parties knowingly entered January without a Development Support contract in-place, but continued to operate with the understanding that outstanding details would be resolved and that mutually acceptable agreements would be reached, as they have. While it is true that as of this writing, the Development Support contract extension signatures are not in place, we are confident that we will have the agreements signed no later than mid-January. In addition, Lawrence Miller and Secretary Johnson have committed to resolving the funding issues, both federal and state, associated with the needed scope. Meantime and I want to stress, the work continues uninterrupted.

Northwest counselling services are one of two designated agencies participating in the Integrated Family Services (IFS) pilot. This pilot is experimenting with providing services with "bundled payments" and is a payment reform model for integrated children and families services. They have had a very successful two years. In their first year, they had approximately \$595,000 in unspent funds, due in large part to the startup time standing up the program. We agreed to defer this revenue to be used for the following year and to act as a risk pool. In year two, they were fully functioning, and providing the anticipated services to the community, they again had unspent funds of roughly \$600,000, for a total of almost 1.2 million dollars. Northwest Counselling Services wanted to recognize the 1.2 mill dollars as their own earned income, however, per the agreement, it is actually deferred revenue. Per the agreement, the deferred revenue can only be spent after submitting and receiving approval from the state. In late October 2015, both sides agreed to split the \$1.2 million in deferred revenue with the state recouping roughly half and NCSS maintaining half. In the FY16 BAA we used some of these funds to balance the budget and to my surprise, Julie Tessler, sent me a legal opinion that the state could not recoup these funds, and testified this to the House Committee on Appropriations. The AHS General Counsel is reviewing the legal opinion but we are confident that we can recoup these funds one way or another. There is potential that this could become a public dispute that involves the legislature, DA's and AHS. I am going to try to avoid this, but wanted to alert you in case it reached this level.

AHS Highlights:

↗ Sarah

VDH:

HIV Update

The Health Department is currently working with Vermont CARES and the UVM Comprehensive Care Clinic in St. Johnsbury regarding an individual with HIV who is not compliant with medical care and is a risk for spreading the infection. In the past seven months there have been two new confirmed HIV cases in the Northeast Kingdom. No clear link is known between any of these individuals, however new HIV cases are rarely reported from this area. Essex County is one of two counties in

Vermont identified by the CDC as vulnerable for an HIV/hepatitis C outbreak as experienced in Indiana. In an effort to be proactive, the Health Department is reaching out to community providers to review what is currently known and to mobilize an action plan.

DMH:

Vermont Psychiatric Care Hospital

VPCH census is at full census of 25 this week. This is the first full census week at VPCH since February 2015. There are a number of patients on constant observation given their clinical acuity, necessitating staff overtime that has been voluntary rather than mandatory over the last few days.

Emergency Departments

This week there were 30 people in need of voluntary and involuntary inpatient psychiatric hospitalization. 24 individuals have been admitted during this time. With 19 of the 30 individuals this week being on involuntary status and a high occupancy rate across the inpatient system, this contributed to some people experiencing an increased wait time for an inpatient bed.

The Level 1 facilities are all at 100% occupancy at this time and the overall system is showing an average occupancy rate of 90% across all adult units and 91% occupancy for child and adolescent units.

One significant departure from usual admission coordination was a rare court request for an inpatient competency evaluation for a minor. The Brattleboro Retreat was very responsive and able to coordinate an admission for the young person in under five hours.

DAIL:

Vermont Ranks 6th in National State Scorecard for Long Term Services

In a recently released Scorecard published by the AARP, The Commonwealth Fund and The Scan Foundation, Vermont was ranked 6th in the nation across a composite of 5 dimensions for long term care services for older adults, people with physical disabilities and family caregivers. The 5 dimensions include: affordability and access; choice of setting and provider; quality of life and care; support for family caregivers; and effective transitions.

DOC:

DOC to join Joint Legislative Justice Oversight Committee at the CSG Justice Center in New York City next week

Senator Sears has invited, Commissioner Lisa Menard and Deputy Commissioner Cheryl Elovirta to join the Joint Legislative Justice Oversight Committee at The Council of State Government Justice Center for their meeting on Monday January 11th in New York City.

The meeting agenda will focus on the following areas:

- 1) Mental Health (esp. adults detained in jail and/or adults sentenced for short sentences)
- 2) Youth/Transitional Age Adults and the Justice System
- 3) Status of the Statewide Plan to Reduce Recidivism

Population

The Department's incarcerated population averaged 1762 for the previous week. The Department's incarcerated male population averaged 1611 for the previous week. The out of state population is currently at 241. The female population averaged 151 for the previous week.

DCF:

Integrated Eligibility Vendor Update

Wipro, the successful IE bidder, will be in Vermont on January 7th and 8th to gather information as we enter into contract negotiations. They will be meeting with technical and business architects to clarify Vermont's technical readiness and our desired approach to modularly build and implement the IE solution. These meetings and conversations with Wipro will assist us in securing a clear, executable and enforceable contract for the IE solution.

DVHA:

Vermont Health Connect Update

VHC Renewal Testing: The Department of Information & Innovation contract with Optum expired on 12/31/15. Optum has continued to work on fixing and retesting the remaining 60% but without a contract extension, this testing and defect remediation is at risk. The User Acceptance Testing (UAT) team has logged defects which have blocked the Medicaid renewal cases from being completed. There are ACCESS integration defects preventing the test cases from being completed End to End. In totality, there are 30 open defects found in the system which have not been remediated and successfully retested. Out of 30 open defects 12 critical and 14 high are remaining. Without these defects being remediated, the state will need to appropriately increase staff to take on the burden of these cumbersome work-arounds and the contingency plan will need to be verified.

VHC was able to develop a process to continue processing Qualified Health Plan renewals in 2016. This process has been tested in User Validation Testing (UVT) and is working in operations. Although the process now works in operations, it requires 5 to 6 workarounds to complete a renewal using the form. This process will be used to process the entire Medicaid population beginning in April. The defects causing the need for the work-around will need to be fixed by that time since the current process will not be sustainable at the rate of 9,000 per month which will be required for Medicaid renewals.

As of 1/4, the system does not allow for any Change of Circumstances (CoC) to be processed in 2016 unless a benefit plan defect (BP3) is remediated or the next version update is implemented. A workaround was identified on Saturday to allow for continued renewal processing. A script to fix the 2016 issue is being tested throughout the week.

The system also does not allow for 2015 changes in 2016. This means that all backlog CoC, new 2015 CoC reported in 2016, changes due to 2015 appeals, and 1095 changes cannot be complete until this upgrade is implemented. The team is working on developing and testing a process to allow for this functionality.

Staff are focused on processing paper applications and completing renewals. There are approximately 200 renewals left to be processed and an additional 448 that still need to be transferred in a file to the carriers.

Scott

Legacy Medicaid Renewals: 9,000 legacy Medicaid renewal notices were mailed on Wednesday to kick off the larger Medicaid renewal process, in accordance with CMS commitments. Business processes are still being finalized and operations plans to hire at least 20 temps to assist with the additional manual workload. Those positions close on January 11th and we hope to have at least some staff onboarded by the 18th.

Department of Health (VDH)

Physician Assistant Renewal Progressing Slowly

Physician Assistant licenses will expire on January 31. As of January 4, 37 of 380 physician assistants have been issued renewed licenses. Only 184 have submitted applications; 147 of those are incomplete. Licensees were advised that they must submit the renewal by January 8 in order to be guaranteed processing by the 31st.

Department of Mental Health (DMH)

VPCH Continued

A contract for the new electronic health record (EHR) at VPCH has been fully executed with Computer Programs and Systems, Inc. (CPSI) after following several months of requirements review and negotiations with the vendor. CPSI is a leading provider of electronic health records systems for more than 650 communities, rural and critical access hospitals and their 12,000 providers. CPSI has been ranked by Black Book Marketing as the #1 EHR solution for small, rural and CAC hospitals with under 100 beds for the last five consecutive years. There is currently an aggressive timeline to implement that new EHR over the next few months. A kickoff meeting is scheduled with hospital staff and the vendor early next week.

The external nursing consultant final report was received by DMH on January 3rd and is being reviewed internally for next steps that may be considered in follow-up to this report. A variety of topics related to staffing, recruitment, retention and training of nurses are covered in the report and includes observations and recommendations to be considered based on the consultant's experience with other states and hospital inpatient care delivery models.

DMH Relocation back to Waterbury

DMH staff are preparing for relocation to Waterbury at the end of this week. For longer-term staff this move marks a return to a more centrally located Agency of Human Services and more readily accessible counterparts in other Departments in the weeks ahead. For all staff, it represents many new workplace amenities and a state-of-the-art work environment going into the future. DMH staff will report to work at the new Waterbury State Office Complex on Monday, January 11th.

Department of Disabilities, Aging and Independent Living (DAIL)

DAIL BAA Testimony for House Appropriations

DAIL staff testified to H. Appropriations in response to specific questions about our Choices for Care carryforward and reserve dollars. Testimony went well and we appeared to have addressed the Committee's questions and concerns.

Meeting with the Community and Hospital Psychiatry Group

DAIL met with medical directors and psychiatrists from community providers and hospitals across the state today to discuss concerns with older Vermonters in hospital and the need to identify different and more appropriate levels of care. It was a good conversation and DAIL laid out some next steps across multiple areas of interest to ensure continued movement forward.

DAIL Annual Report

DAIL has completed its 2015 Annual Report and will be posting it on our website within the next few days. The report reviews general highlights, programmatic achievements and stories of success for individuals and families served across the Department.

Department of Corrections (DOC)

Inmate Passing at Hospital

Mr. Winston Clogston was a 79 year old man serving a sentence for a sex offense. He was brought to the emergency room on 12/27/15 for a GI bleed and suspected pneumonia. On 1/2 /16 he died at the hospital due to complications of a GI bleed. Clogston had multiple health problems. He was diagnosed with: chronic pain, asthma, diabetes, hyperlipidemia, hypertension, cardiac history to include A-fib. He was medication compliant and current on his chronic care medical visits and was next due to be seen on 12/28/15 however he was already in the hospital. His last sick visit was 12/24 where he was seen by a nurse for shoulder pain.

Department Participates in Second Chance Act Conference

Six members of the Department of Corrections attend the 2015 Second Chance Act Conference from December 15-18, 2015. Attendance at the conference is a requirement when accepting SCA funds. The conference featured nationally known experts in the field of criminal justice and a broad range of discussion panels on such issues as behavioral health, enhancing continuity of care, and responding to the needs of women and youth in the justice system. During the conference, agency officials, practitioners, and community-based partners discussed common challenges to their efforts to increase public safety while supporting people returning to their communities from prisons and jail.

Three DOC staff presented at sessions: Chris Barton presented “Reentry Strategies for Adults with Sexual Offenses”; Derek Miodownik presented “Housing Strategies for Adults with Sexual Offenses”; and Monica Weeber presented “Implementation Science: Why good programs fail and what you can do to facilitate success.” The highlight of the trip was a meeting with Senator Leahy to thank him for his support of the Second Chance Act. (See picture)

More information about OJP can be found at <http://www.ojp.gov>.

Department of Children and Families (DCF)

Federal Law Suit Against the Office of Child Support

Last week an 80 page complaint was filed in Federal District Court by Bahji Adams, a noncustodial parent in a child support case handled by the Office of Child Support on behalf of the State of Georgia. Ms. Adams has a long history of court proceedings against her for failing to support her son. Most recently she was briefly incarcerated as part of a Vermont Family Court action. To the extent that her filing is comprehensible, she alleges various infringements of rights against a variety of current and former Vermont and Georgia officials and seeks monetary and injunctive relief. Her previous filing in federal court had been dismissed without prejudice. We are represented by Vermont AAG’s and Georgia’s AAGs are representing them.

— Sarah

DCF Legislative Testimony Summary

Yesterday Commissioner Ken Schatz testified in a joint session with the House General, Housing and Military Affairs and House Human Services Committees on emergency housing. He reiterated the community based alternatives approach this year and the challenges with face in budget adjustment. The committee members asked a lot of thoughtful questions; however their current position is unclear.

He also testified in front of the House Human Services Committee yesterday afternoon regarding H.399, a bill concerned with the Child Registry Review Unit and technical changes regarding the substantiation and expungement processes. A memo of general registry background information was presented. The sentiment was generally supportive.

Tuesday, Commissioner Schatz and Deputy Commissioner of Family Services Cindy Walcott testified in House Human Services on budget adjustment related to child protection. DC Walcott presented caseload trend data. The committee was generally supportive.

Department of Vermont Health Access (DVHA)

Legislative Testimony

Senate Finance: On Tuesday, Steven Costantino testified in Senate Finance on an overview of Medicaid budget drivers including pharmaceutical costs.

Senate Health & Welfare: On Wednesday, Steven Costantino testified in Senate Health & Welfare regarding the Medicaid Ambulance Report and other emergency transportation issues.

House Human Services: On Wednesday, Steven Costantino testified in House Human Services regarding substance abuse treatment utilization, Medicaid reimbursement and access to care.

House Health Care: On Wednesday, Steven Costantino testified in House Health Care regarding DVHA's budget adjustment and on Friday, Steven testified on the Medicaid Ambulance Report.

Blueprint for Health

Development and testing is underway on the Blueprint Clinical Registry.

The Blueprint's Annual Report will be ready for review by the end of the week. An earlier draft was shared with Steven Costantino and Robin Lunge for their review.

The Blueprint continues discussions with ACO leaders and other stakeholders about how the program can be positioned to best serve Vermonters in the evolving health care system – whether aligning more closely with the ACOs or with the GMCB would make sense, or whether the team should stay with AHS and shift focus from health care to other human services priorities.



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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin *PH*
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: January 8, 2016

Great Speech! Love the vision.

Emerging News

FAFSA/Act 77 Press Conference

Scott

This is a heads up that we are trying to coordinate an event on the morning of February 10, in partnership with VSAC and VSC, to support full FAFSA (Free Application for Federal Student Aid) completion. Every year, students leave college dollars on the table by failing to complete the FAFSA. In addition, there is something like a 20% drop off in FAFSA completion between high school and the second year of college. These dollars are critical to keeping lower income kids in post-secondary education, and we are trying to push everyone to complete a FAFSA. This coincides with a new, streamlined FAFSA form. We are pushing to have FAFSA completion be part of the Act 77 Personalized Learning Plan. This is an opportunity to plug the Governor's commitment to improving post-secondary attainment of low-income and first generation kids. We would love to have the Governor speak. If interested, we will forward details.

Formalizing the School Safety Task Force

We propose to formalize the work of the Vermont School Emergency Task Force. We have a draft charter which would describe their operations and membership. We could dissolve it at such time as it made sense, but this would formalize the existing School Crisis Planning Team. This team has since its inception been a group of volunteers whose sole purpose has been to offer emergency preparedness assistance to schools across Vermont. However, this "team" has lacked any jurisdictional oversight or accountability and has also lacked participation from some state agencies who play critical roles in providing our children a safe environment to learn. Our intent in formalizing this "Task Force" is to get the appropriate members at the table and to assist in providing actionable school safety/security recommendations which can then be brought to me and the Commissioner of the Department of Public Safety. Commissioner Flynn has also consulted on this proposal, and unless you object, we will move forward on this.

G o v ↑

Internal Affairs

We are not quite out of the woods on the improvement of internal practices. It just takes a long time to clean up some past bad practices and turn the ship. We are moving in the right direction, but you are likely to hear a little more about this.

In addition, I am really worried about over tasking of our Act 46 team especially now that the Legislature is back in session and House Ed in particular wants a lot of help. We have one or two people who are the inch pin for the fiscal end of a few policy beasts, the most challenging being PK, Act 46 and all issues related to school funding. There is just too much throughput, and we are vulnerable to risk of error. We are working on this.

Barre City Place/Parking Lot

— Justin

We have had some persistent problems with broken glass and bad surfaces in our parking lot, and with significant leaks in the building. Now a new report suggests that the leaks have led to a mold issue and in addition, the restaurant on the first floor is creating a “smut” problem building-wide. DEW is about to begin mold abatement, which will be ongoing, disruptive and visible. The health and cleanliness of the building and the safety of the parking lot has been a persistent issue with our Labor Management Team, and this recent report will send them into overdrive. DEW has not been great. We will do what we can to address this with staff. Being in Barre has not been helpful for recruiting and retaining staff, though I do understand and support the value as a downtown development tool.

Media Contacts:

12/29/15

April Burbank, BFP: Asking about allowable growth rates and how quickly the Legislature would need to act in changing the allowable growth rates to allow districts to adjust their budgets. She spoke with Brad James.

Tom Blinkhorn, Commentator/VPR: Spoke with Brad James about overall education spending and district budgets. He may be planning a commentary about education spending vs. incarceration spending (related to a three-part story by Jim Kenyon with the [Valley News](#)).

1/4/16

Tiffany Pache, VT Digger: She asked about the \$300 per student increase in tuition, which Manchester Journal reports is a 1.88 percent increase, and whether it will put all of Burr and Burton's sending towns above the AGP, except for Sunderland, a town that has a 2.36 allowable growth. Brad James gave her a detailed response explaining that the threshold issue is not that simple.

1/5/16

Tyler Dumont, WCAX: He is writing a story about graduation rates and post-secondary enrollment. He has looked at our numbers online, and has an interview with the VSC Chancellor tomorrow about enrollment. He would like to speak with someone at the AOE about graduation rates. He will be meeting with Heather Bouchey on Wednesday, January 6, 2016.

Lola Duffort, Rutland Herald: She called our Educator Quality division looking for information regarding Vermont Standards Board for Professional Educators Rule # 5713 Private Reprimands. She recently noticed a few of these actions posted on the AOE website. It was explained to her it was an option that we had not used before (since its recent adoption), but we have utilized it in a few recent cases, as a disposition option for licensing investigations.

1/7/16

Hillary Niles, Freelance/VPR: She is working on a data project for VPR related to Act 46, and is asking for digital files for school district maps. She was provided a PDF and Adobe Illustrator map of the SU/SDs.

Tiffany Pache, VT Digger: She was provided clarification on Special Education funding. On average the state reimbursed 60% of expenditures.

Meetings:

I met with superintendents of Brattleboro, Winooski and Burlington to discuss strategies and how the state can support statewide conversations related to equity, diversity and cultural competence.

We spoke with Larry Picus about his draft report. If he sticks with what he said, this will be a fascinating session. I'm not sure that I agree with all his assumptions, but he may make quite a stir.

I met with UVM faculty and our AOE data team to discuss how to further research partnerships.

I testified to Senate Ed on the progress of Act 46.

I met with Shap and with Campbell about the Act 153 loophole which resurfaces in Act 46. They said they would work to close it. It is a little tricky, and if not addressed carefully, could lead to litigation.

I spoke on the phone with Mark Tashjian of Burr and Burton, who I just appointed to the Council of Independent Schools and who may be the new chair of the Council, after they vote Monday. I have turned over a lot of the membership, and stacked it a bit with some of our independent school powerhouses, including Mark and Bill Bugg of Thetford. Tom Lovett has been working to line up support for Mark. I also propose to reach out to the head of the Putney School to fill a seat. I think this will improve the caliber of the Council quite a bit.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Friday, January 8, 2016
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Happy New Year and congratulations on your marriage!!

Middlebury Tunnel

I submitted an editorial to the Addison Independent outlining the Agency's project status, that we were evaluating the height requirements of the bridges at either 21 or 19 feet and the policy issue of whether the Western Corridor rail line should accommodate double stack freight traffic. I remain unconvinced that we should continue this policy for this line, but just to get modern auto carriers through the tunnel might need a clearance of 20'8". The Deputy Secretary responded to the letter from the Middlebury Local Project Management Team and the PPAID Director participated in the Local Project Management Team meeting on January 6. The Deputy Secretary will bring the VTrans project manager to the statehouse and give the Middlebury delegation an update and answer their questions. Initial analysis from the engineers is we might save a little money but probably not much or any time and time is what the community is concerned about. I'm confident we will get to a place where we can get most of the community and certainly the selectboard behind the project.

NOTES FOR STAFF

Legislative Activity

Middlebury delegation is concerned about the tunnel project; we are meeting with them next week to assuage their fears and answer their questions. Representative Copeland-Hanzas of Bradford is concerned about the loss of parking spaces with the road surfacing project; I'm trying to get her town to take over that portion of the road in the downtown so they could then do what they want. I met with the Speaker and he indicated his interest in putting a floor in the TIB. I reminded him we did one last year and I doubted there was any interest in raising it during the same year we were doing a fee bill. He seemed to warm to the shrinkage idea.

DLS

Driving while License Suspended Task Force: The final Task Force report was completed and submitted to the Judiciary Chairs; PPAID Director will be testifying in House Judiciary on January 7 on the Task Force process and report.

Stormwater Utilities

An inquiry was sent to Colchester, Williston and South Burlington with regards to the recently updated draft legislation. Colchester and Williston have responded indicating that they do not feel that the changes were substantial enough. We are making additional changes to try and get their support; a meeting will probably be necessary. The Speaker has also indicated that he doesn't support exempting VTrans from the municipal utility fees so we are redrafting to reflect his position while maintaining our goals of long-term funding from the Clean Water Fund and ease of administration.

Transportation Alternatives Grants

The PPAID Director chaired the Transportation Alternatives Grant Committee meeting on January 6. Of the 10 Bike/Ped/Historic projects applications, 5 were selected to be funded at approximately \$1.1M. Of the 7 qualified Environmental/Stormwater related projects, 5 were funded at approximately \$1.1M. Erik Filkorn will work with staff to get the list of awards and communities for a press release from the Governor's Office.

Montreal Train Service

The following points summarize activities over the last 6 months (July 1, 2015 to January 1, 2016) in efforts to facilitate Preclearance of passengers and baggage by the United States and Canada in order to move the northern terminus of The Vermonter from St. Albans, VT to Montreal, PQ.

1. Following the appointment of former Ambassador Raymond Chretien to work on this project on behalf of the province of Quebec, we reviewed and discussed the entire history of efforts to restore train service to Montreal, including the preliminary planning and engineering of the facility, a \$250,000 effort undertaken by the states of Vermont and New York, along with the province of Quebec and Amtrak. The planning effort has resulted in optimism that a facility is feasible and that the cost would be about \$8 million.
2. We have identified and communicated with all partners in this effort to ensure that there is still support for the project and that meetings to continue project development and financing can be readily convened immediately upon passage of enabling legislation. Those partners include, but may not be limited to: US Dept. of Homeland Security; Customs and Border Protection (CBP); the Canadian Border Services Agency (CBSA); the Province of Quebec; the states of New York, Vermont, Massachusetts and Connecticut; various border transportation and trade groups (CANAMBTA, EBTC, VRAN, VRAC, etc.); the City of Montreal; Amtrak; the New England Central Railroad; and the Canadian National Railroad.

3. We have lobbied the CBP to review the preliminary engineering of this project to ensure that their needs are being met by the planning process. This effort has been unsuccessful as CBP insists on waiting for enabling legislation to pass. In contrast, CBSA has done their review.

4. As we start 2016 we understand that a Preclearance bill will be introduced by Sen. Leahy during the week of Jan. 11 or 18, depending on the timing of lining up co-sponsors. A companion bill is likely to be introduced in the House.

5. Action by the Canadian Parliament on their version of enabling legislation is anticipated in March, 2016. Preclearance will be a key agenda item at a meeting in early March between Prime Minister Trudeau and President Obama at the White House.

6. Ambassador Chretien and I remain in regular communication with each other and the partners and have pledged to assist in any way we can with the passing of legislation and the convening of partners to launch the next level of planning. We have committed to make presentations on both sides of the border this winter and spring to make sure that all partners are fully apprised of both the importance of this project to the safety and security of our international border and to cross-border commerce and transportation.

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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: January 8, 2016

Secretary's Top Issues

Presentations to House and Senate Ag Committees

Secretary Ross gave presentations to both the House and Senate Agricultural Committees summarizing the achievements of the Agency of Agriculture over the past year, and highlighting major events.

Pullorum testing at large egg facility

Animal Health Section field staff completed Pullorum testing for a large hatching egg facility located in Vermont. Staff test 300 layer birds out of the 30,000 in the flock to allow the facility to export the hatching eggs back to Canada. Testing must be completed each time a new flock comes into the premises, which can be 2-3 times a year.

Testing for Highly Pathogenic Avian Influenza in Montpelier

Animal Health Section field staff took oral swabs from poultry at a Montpelier area layer farm for avian influenza and exotic Newcastle disease testing. The producer reported a number of sick and dying birds and birds ill with respiratory signs. The producer has also noted a significant drop in egg production, which wasn't great to begin with. The farm has been quarantined until further notice.

- This could be it!

Beginning preparations for the Maple season

Annual maple meetings have begun. Some counties hold their own sessions, with the state association holding three conferences in Middlebury, Hyde Park and Bellows Falls. Henry Marckres, Chief, Consumer Protection, will attend, with Weights and Measures Specialist Marc Paquette assisting in several meetings.

Ongoing concerns with Westminster Meats

Westminster meats is having a review by USDA FSIS to see if they have met requirements of the federal consent order in order to start operations under federal inspection again. Fed officials have indicated that they we contact VT Meat Inspection with the results of that review. The Agency also received a call from a VT producer concerned with the quality of meat that he may get back from the Westminster facility. Two of his carcasses got caught in the middle of the USDA FSIS inspection suspension. USDA, FSIS would not allow the processing of these carcasses so apparently the carcasses were frozen whole and if Westminster gets Federal inspection reinstated they are going to thaw the carcasses and process them.

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STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: January 8, 2016

Legislative Activities and Issues:

- Secretary Ross gave presentations to both the House and Senate Agricultural Committees summarizing the achievements of the Agency of Agriculture over the past year, and highlighting major events.
- Secretary Ross and ARMs Director Jim Leland gave an update to the House Fish and Wildlife Committees on the status of implementation of Act 64 (result of the Clean Water Bill).
- Dr. Shelley Mehlenbacher, Assistant Vermont State Veterinarian, attended House Ag and Forestry Committee where Legislative Counsel, Mike O'Grady presented a working group report and reviewed H. 512, which amends Title 13 Chapter 8 Humane and Proper Treatment of Animals. The majority of the proposed bill amends requirements relating to the sheltering of cats and dogs and it moves some livestock requirements around without changing them. However, it does modify the definition of 'adequate water' - which applies also to livestock - by stating that snow and ice are not adequate water sources. This could be controversial among the livestock community, particularly the sheep and goat owners and folks that do 'winter grazing' as supported by UVM Extension. Representatives Partridge and Bartholomew both own sheep and did not raise any objections. The dog and cat modifications are based on the federal Animal Welfare Standards and the Agency has no concerns. A more thorough view of the bill with a determination of whether this contradicts the Agency's Animal Welfare Regulations, which are promulgated from Title 20, and a comparison with the Agency pet shop and animal shelter inspections standards. This will likely get wrapped up in two other animal welfare related concurrent activities - The animal cruelty task force that Dr. Haas has been participating in is on track to have their report completed/submitted by the Jan 15th deadline and the equine welfare coalition's informal proposal regarding the definition of adequate shelter.
- Deputy Secretary Bothfeld presented information to the House Agriculture and Forest Products Committee on the Vermont Farms 2+2 Scholarship program. The program provides full scholarships for 20 students per year to attend two years at VTC and two years at UVM in Dairy Herd management. The program was reviewed this summer through a working group and alumni interaction. The new proposal was provided to the committee and the funding situation was outlined. Important fact that 70% of the graduates of this program are either managing a dairy farm (46%) or working in the allied dairy industry (24%) keeping young people in Vermont.

Significant Events/Meetings:

- Assistant State Veterinarian met with the Produce Safety team to plan for upcoming presentations, internal meetings, and state-wide education listening sessions on the Produce Safety Rule.
- Animal Health Section field staff provided technical assistance in a number of instances:
 - The Windham County Police requested a consultation regarding a swine animal welfare complaint.
 - A veterinarian request help on the proper testing procedures for a poultry flock whose owner wants to travel to another state to exhibit the birds.
 - Assisted a new poultry producer in becoming a participant in the National Poultry Improvement Plan (NPIP). Participation in NPIP with helps producers with market access and interstate movement of poultry products. Additionally, the tests that are required for NPIP participation, which are completed by Animal Health

Specialist, provide disease-free surveillance that Vermont needs to prove in order for farmers to import and export poultry and poultry products and support Vermont's growing poultry industry valued at over \$12 million dollars, more than a doubling of increased value in less than 10 years.

- Animal Health Section field staff completed Pullorum testing for a large hatching egg facility located in Vermont. Staff test 300 layer birds out of the 30,000 in the flock to allow the facility to export the hatching eggs back to Canada. Testing must be completed each time a new flock comes into the premises, which can be 2-3 times a year.

Evolving Issues:

- Animal Health Section field staff took oral swabs from poultry at a Montpelier area layer farm for avian influenza and exotic Newcastle disease testing. The producer reported a number of sick and dying birds and birds ill with respiratory signs. The producer has also noted a significant drop in egg production, which wasn't great to begin with. The farm has been quarantined until further notice.
- Animal Health Section field staff met with the owner of meat processing facility in PA to review livestock import and export requirements as this business owner plans to start buying livestock at Addison County Commission Sales, increasing buyer competition which is always good for sale prices.
- Animal Health Section assisted a cervid producer in importing four deer from NY. Staff will meet the imported deer at the premises in Rutland Country and confirm the identification tags of the deer prior to unloading. Deer must meet the

Summary of Key Agency Department Activity

Administration:

Agency of Agriculture representatives met with Natural Resource Board and ACCD leadership to discuss Rural Enterprises (value added agricultural operations) and potential legislation that will:

- 1) Provide the ability for a farmer to continue value added production in instances of fluctuations in crop yields;
- 2) Provide "agricultural product" related businesses (processing and sale) the opportunity to scale up on-site where infrastructure already exists;
- 3) Enable increased sale of agricultural products and raw ag commodities while drawing people to the farm with promotional activities- recreational, classes, events and entertainment;
- 4) Allow small scale non ag related businesses in existing buildings that support the farm operation, but remain subordinate to the operation; and
- 5) Provide certainty and clarity to on farm businesses and municipalities with zoning regulations.

The group has agreed on the potential legislation and talking points will be shared with each agency for use in the legislature this session.

Agricultural Development:

Food Systems Section Chief Willard and Senior Agriculture Development Specialist Zipparo Discuss Shared-Use School Kitchens with Harvard Health Law and Policy Researchers

- The Harvard Center for Health Law and Policy Innovation is piloting research initiatives in 5 states, looking at food safety liability concerns associated with using school kitchens for non-school community or commercial activity.
- School kitchens are underutilized during evenings, weekends and summers, making these resources a possible outlet for early-stage food businesses to access low-cost commercial kitchens.
- Vermont is not participating as a pilot state, but the researchers were interested in discussing the research, to glean input from our food system innovation, as a leader in farm to school.
- Abbie Nelson, local food procurement specialist from Vermont FEED also participated in the discussion, providing valuable on-the-ground feedback.

Senior Agriculture Development Specialist Zipparo Meets with Jon Turner, President of Newly Formed Vermont Chapter of the Farmer Veteran Coalition

- Turner, a Veteran and farmer from Bristol, is building a coalition of farmers, state agencies, federal partners, nonprofits, and private industry partners to begin building a new generation of Vermont farmers who are Veterans. Vermont farmers are aging and a new generation of farmers is needed. At the same time, our Veterans need economic and therapeutic opportunities. Given these circumstances, Turner and others would like to work toward establishing new initiatives that use these opportunities to build a new generation of Veteran farmers in Vermont.

- Zipparo will work with UVM Extension New Farmer Project, Vermont Veterans Affairs, USDA Rural Development and other regional agricultural nonprofits to explore opportunities for collaboration, to help develop this new initiative.

Food Systems Section Chief Willard and Senior Agriculture Specialist Zipparo Visit Bennington School, a 2015 and 2016 Vermont Farm to School Grantee with Leigh and Charlie Merinoff.

- Bennington School is a residential institution that serves young girls who have experienced trauma. The school has completely transformed its child nutrition program, including becoming part of the Nation School Lunch Program, as a result of the farm to school grant.
- The school's farm to school program also includes therapeutic greenhouse, cooking and gardening activities, which have proved highly impactful for this particularly vulnerable population. During the visit, guests were introduced to key staff, shown current and planned garden infrastructure, and heard from students about the impact of farm to school in their educational and therapeutic development.
- Leanne Yinger, a clinician and nutrition coordinator for the school, was given the Staff of the Year award during 2015, because of her work championing the school's farm to school and child nutrition program. Among many changes, Yinger was instrumental in the school to hiring an innovative new chef to lead the school kitchen, which has resulted in more scratch meals and an increase in fresh and local food, which has had a major positive impact on student mood and behavior.

Food Safety and Animal Health and Consumer Protection:

Consumer Protection:

- Scott Dolan, Consumer Protection Specialist, will be training the Director and an inspector from the New Hampshire Weights and Measures Division on how to perform retail price scanner audits. This will take place in Central Vermont within the next few weeks.
- Annual maple meetings have begun. Some counties hold their own sessions, with the state association holding three conferences in Middlebury, Hyde Park and Bellows Falls. Henry Marckres, Chief, Consumer Protection, will attend, with Weights and Measures Specialist Marc Paquette assisting in several meetings.

Meat Inspection:

- Attended a meeting at UVM medical Center regarding MRSA and zoonotic spread. John Barlow, DVM, gave the talk, and included interesting research going on in VT artisanal cheese makers and isolation of pathogens in the animals and human workers.
- Working on finalizing plans for the Animal Health Pathology lab space.
- Conversations and assistance provided to several producers and State Inspected facilities working on expanding their business models to include out of state sales and transitioning to Federal inspection to be able to do so
- Westminster meats is having a review by USDA FSIS today to see if they have met requirements of the federal consent order in order to start operations under federal inspection again. Fed officials have indicated that they will contact VT Meat Inspection with the results of that review
- Received a call from a VT producer concerned with the quality of meat that he may get back from the Westminster facility. Two of his carcasses got caught in the middle of the USDA FSIS inspection suspension. USDA, FSIS would not allow the processing of these carcasses so apparently the carcasses were frozen whole and if Westminster gets Federal inspection reinstated they are going to thaw the carcasses and process them
- Inspection followed up on a consumer complaint concerning sanitation issues with a supermarket in southern VT
- VT State inspection was able to assist FSIS with a short notice request for relief coverage at a VT Federally inspected establishment under our cross-utilization contract
- New establishment in Alburgh set up to handle 4-d (dead, dying, disabled and diseased) animals is ready for licensing and will be starting operations in the coming weeks in order to assist farmers with the disposal of these types of animals
- State inspected Red Meat slaughter plant in northern VT is looking into the possibilities of offering poultry slaughter. This would require a modification of the current facility and meat inspection is providing the technical assistance required for them to move forward

Animal Health:

- Animal Health Field Staff

- Attended the Addison County Commission Sales to monitor the auction market for compliance with federal and state animal movement and identification requirements and to complete the market report, published on the AMS market report website and other publications. The ACCS is the only livestock auction market in the state and moves over 2,300 cows and calves and generating on average over \$800,00 in sales per month. Without this oversight to ensure adherence to animal movement regulations, Vermont producers would have difficulty conducting needed sales of livestock for their business survival. At the market, field staff provide technical assistance to farmers and livestock dealers to help them understand state and federal regulations so they can sell and purchase livestock at affordable prices. Animal Health personnel also provide technical assistance to sale barn personnel in regards to humane animal handling, animal identification, import/export compliance and freemartin testing.
- Working with the Royalton Police Department to provide a verbal report after a concurrent visit to a farm with an animal welfare complaint.
- Completed annual inspections of licensed livestock dealers and pet stores.
- Completed an inspection of an animal shelter in Windsor due to an animal welfare complaint. Animal shelters in VT are required to have non-profit status and register with the Agency but there is no fee association with that registration. New facilities are inspected by an Animal Health Specialist prior to issuing their registration and then inspected only on a complaint basis.

Dairy:

- Farm inspectors have gone live in the new computer system. Had training 1/6 and started in field 1/7. Very few problems reported on first day.
- Farm and plant inspectors continue to do their assigned duties.
- Dairy Section continues to prepare for the upcoming legislative session by collecting data requested by the Administration. Continue to perform required regulatory activities and to pursue enforcement actions as warranted.

Agricultural Resource Management:

North Lake Farm Survey Initiative:

- Staff are conducting water quality surveys of farms in Franklin and Orleans Counties as part of the North Lake Farm Survey Initiative. Approximately 400 farms have been identified in the survey area and surveys are being conducted by several ARM Division staff members. To date, over 266 farms have been fully surveyed and data summary is ongoing. Staff are coordinating efforts and are reviewing the remaining the farm locations to determine whether or not they need to be visited when weather conditions improve (e.g. some locations that were thought to be farms are no longer active farms).

Medium Farm and Large Farm Operation (MFO and LFO) Programs and Conservation Reserve Enhancement Program (CREP):

- Staff reviewed and provided comments regarding the interim tile drainage report prepared within the ARM Division that has been drafted for the Legislature.
- Staff coordinated efforts to develop and finalize a conceptual 20-year budget that estimates the financial need within the agricultural sector to address water quality.
- Staff are preparing for MFO and LFO annual reporting as well as invoicing farms regarding annual permit fees included in Act 64.
- Staff compiled emails related to a Freedom of Information Act (FOIA) request.
- Staff are working with LFOs regarding permit amendments for authorization to construct additional animal housing, waste storage, increase animal numbers and importation of wastes for digesters.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are continuing to work on and test the Food Safety Water Quality database. We are currently working on enforcement actions, permit fees and payments, data tracking and data migration. We are expecting a staging release which will allow us to continue testing.

Secretary's Comments:

Secretary Ross gave presentations to both the House and Senate Agricultural Committees summarizing the achievements of the Agency of Agriculture over the past year, and highlighting major events.

Secretary Ross and ARMs Director Jim Leland gave an update to the House Fish and Wildlife Committees on the status of implementation of Act 64 (result of the Clean Water Bill).

Secretary Ross participated in a roundtable discussion at VEIC in Burlington, VT. Among the panelists were Sen. Patrick Leahy and USDA Secretary Tom Vilsack.

Secretary Ross and Deputies Bothfeld and LaClair were honored to attend the Governor's 2016 State of the State address.

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Deborah L. Markowitz
Agency Secretary

Trey Martin
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: January 8, 2016
Subject: ANR Weekly Report

Governor Level Issues:

Morrisville Hydroelectric Project: The Agency of Natural Resources issued a Draft 401 Water Quality Certification to Morrisville Water & Light (MW&L) this week. MW&L is in the process of re-licensing their hydroelectric project with the Federal Energy Regulatory Commission (FERC), which expired April 30, 2015. Under Section 401 of the federal Clean Water Act, the State must certify that the Morrisville hydroelectric project will comply with the Vermont Water Quality Standards. The Agency's decision will require bypass conservation flows significantly greater than those proposed by MW&L, in order to ensure that the project will comply with Section 401 and the Vermont Water Quality Standards.

Laura

The Agency is in the process of reviewing a bill introduced by Senator Westman which would amend the stream flow requirements of the Vermont Water Quality Standards to establish new stream flow requirements for municipally owned hydroelectric plants in existence on or before January 1, 2016. Upon first review, Agency legal and technical staff do not believe the bill is consistent with the Federal Clean Water Act. We will provide a formal blue sheet as soon as legal and technical review is complete.

Stone Hut Status: The State Police investigation of the fire at the Stone Hut has determined the fire to have been accidentally set, owing to improper operation of the wood stove. Representatives of the state's insurance carrier are on site this week to begin their assessment of the damage.

EVERYTHING ELSE:

Legislative Issues/Testimony:

H.FW&W Budget, Results Based Accountability: Commissioners Snyder, Porter and Schuren provided testimony before the House Fish, Wildlife and Water Resources Committee this week to overview departmental FY16 budgets, strategic priorities and performance measures. In addition, Commissioner Snyder provided updates and background on legislative reports to be delivered this month, including the agriculture/forestry report on maple sugaring.

Clean Water Fund: Secretary Markowitz testified before the House Fish and Wildlife committee and Commissioner Schuren testified before the House Ways and Means Committee to provide an overview on the Clean Water Fund. The testimony was positively received overall. Some concern about the amounts going to agriculture over municipalities and some concern about revenue projections.

Universal Recycling: Sec Markowitz and DEC staff testified before House natural resources and energy on the implementation of the universal recycling law. It was very well received and tees up a conversation involving stakeholders who may be pushing for changes in some of the deadlines associated with the law.

Water Quality Standards Rule/Legislative Amendments: The DEC Monitoring Assessment and Planning Program coordinated outreach meetings with Representatives Webb and Krebs and the Water Quality Advisory Committee (consultants, academics, RPCs, VLCT) regarding DEC's proposal to amend Chapter 47 to create a better water classification system and anti-degradation rule. An additional meeting is tentatively scheduled for next week with Senator Bray.

Press Issues/Releases:

2011 National Air Toxics Assessment (NATA) Data: The U.S. EPA recently published the results of the 2011 NATA data, which is a periodic evaluation of cancer and other health risks from air toxic emissions. NATA is a screening tool intended to assist with the initial identification and prioritization of emissions sources and locations of potential interest for further study. According to the 2011 NATA, Vermont ranked 6th best (lowest) in the country in terms of cancer risk (behind WY, MT, SD, ND, and ME). Vermont's countywide average cancer risk ranged from 17.4 per million (Essex) to 27.7 per million (Chittenden). The U.S. average cancer risk was 39.9 per million. The pollutants driving this risk were formaldehyde, benzene, carbon tetrachloride, acetaldehyde, 1, 3-butadiene, and naphthalene. Important emissions sources of these pollutants included on-road light duty gasoline vehicles, heavy duty diesel vehicles, and nonpoint fuel combustion sources such as residential wood combustion and industrial, commercial, institutional fuel combustion.

FWD Press Releases: Christina Seward of Hinesburg Wins Vermont's Lifetime Hunting and Fishing License Lottery; 2016 Habitat Stamp Promotes Land Conservation in VT; and VT Bear Hunters Had a Successful and Safe Season in 2015.

Proposed Firewood Quarantine Rule is Available for Public Comment: A proposed Rule Governing the Importation of Untreated Firewood into the State of Vermont has been filed with the Secretary of State. The purpose of the rule is to protect forest health by slowing the long-distance movement of wood-borne invasive forest pests, such as Asian longhorned beetle and emerald ash borer, and preventing the spread of pests into Vermont. The enabling legislation requires the Department of Forests, Parks, and Recreation to adopt regulations on importing untreated firewood.

Significant Events/Meetings:

Leddy Park Soils (Burlington): The PCB and Polycyclic Aromatic Hydrocarbon contaminated soils that have been stockpiled at Leddy Park in Burlington for over one year have all been removed from the site. Some of the soil was sent to the landfill in Coventry, Vermont and some to the landfill in Clinton County, NY. The soil was used in both landfills as alternate daily cover material. The parking lot where the soils were stockpiled was steam cleaned and all water was collected for disposal.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation (DEC)

Summit Water Company, Community Public Water System (West Windsor): The Summit Water Company, Inc. recently acquired Vermont Public Service Board approval for the sale of the Public Water System, PWS, to the Town of West Windsor. In spite of the program support and local efforts to improve the infrastructure, the water supply system failed on Monday, December 30. The Division worked with the Town and their contract water operator to restore temporary water service to all Water System users. Users were requested to conserve and reduce their water use until further notice and until such time as the well pump within the Water System's drilled well could be replaced. The well pump was replaced and was up and running by New Year's Eve, thanks to their hard work.

Rowen Court Elderly Care Facility (Barre City): Rowen Court receives its drinking water from the City of Barre's community public water system. The Vermont Department of Health (VDH) has confirmed the presence of legionella bacteria within the potable water service and in-building (hot water) plumbing distribution piping. *Legionella* bacteria was last determined to be present within the Rowen Court facility in 2010. Together we are working with the owner(s) of the Rowen Court Elderly Care Facility to develop and implement a plan for remediating and removing legionella bacteria from the in-building plumbing.

DEC recently conducted a sanitary inspection of the City of Barre's Water System and Water Treatment Facility and believes that the Water System is being well operated and maintained. As this is a developing issue, we will continue to update you.

Fish & Wildlife (FWD)

Mountain Bike Trail at Little River: Staff reviewed an application and provided comments to the Barre stewardship team regarding the construction of a proposed mountain bike trail in Little River State Park. Staff suggested that consultants be asked to move the trail further from a nearby stream to minimize impact and protect riparian function.

Canada Lynx Habitat in NEK: Staff continued planning for winter Canada lynx field work. Staff will focus monitoring efforts on suitable lynx habitats in the Canaan and Averill area as well as within the Sladyk WMA located in the North East Kingdom.

Deer: Deer poaching continues in the North East with investigations following steadily. There continue to be a steady number of road kill deer as well. Wardens are still dealing with fall criminal cases involving deer. These cases are headed to respective SAs and a few violators have been cited and re-cited due to court closures.

Fishing: Anglers are eagerly awaiting ice!!! Some anglers are testing the ice out, but none have been seen fishing yet.

Bear: Due to the warmer weather we have had during the past month, some bears have not denned up for the winter yet. There was a report of 3 bears eating grass in Hyde Park the day after Christmas.

Forests, Parks and Recreation (FPR)

ANR v. Davis: The Vermont Supreme Court will hear oral argument on Wednesday, January 6 on request of Mr. Ken Davis, appellant. Mr. Davis appealed the Environmental Court's decision finding violations of the AMPs on a logging job in Montgomery, VT and assessing penalties. Mr. Davis argues that the Environmental Court erred because it failed to recognize and take into consideration the effects of Tropical Storm Irene and an unexpected early spring thaw and that these two events were the cause of discharges into state waters. The Court held that Mr. Davis did not implement the AMPs and thus the presumption of compliance was not available and a violation occurred.

Jim Jeffords State Forest Acquisition: FPR received the wire transfer of \$470,000 from Timber Creek pursuant to the MOU between FPR, Timber Creek and Okemo ski area. FPR is working with the Trust for Public Land to prepare for closing, with a target of closing in February.

Muckross Acquisition: FPR is proceeding with contracting for clean-up of the small amount of contaminated soils. The contractor that conducted the Phase I and II investigation has prepared a draft clean-up plan that will be reviewed by DEC. FPR counsel is reviewing BRELLA and federal Bonafide Prospective Purchaser protections and will register when clean-up is completed and prior to acquisition of the property. A ROW is being finalized with an abutting neighbor that

clarifies the purposes of the ROW for management purposes only and not for public access. FPR will also receive the right to use an area as a log landing. The survey of the ROW has been completed.

Ski Areas: We received annual ski lease payments last week from Killington and Stowe. Killington's payment of \$1,190,765 was their largest lease payment in nearly ten years, and Stowe's payment of \$588,388 beat their previous highest lease payment of two years ago by more than \$41,000.



State of Vermont
Department of Public Safety
103 South Main Street
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To: The Honorable Peter Shumlin
From: Joe Flynn, Deputy Commissioner of Public Safety
Date: January 7, 2016
Subject: Weekly Report

Priorities:

— Pepper

Indications are there may be an attempt to revisit the recently implemented Therapeutic Marijuana rules by one of the dispensaries (Rutland County Organics). While specifics have not been provided, comments made by RCO staff indicate some attempt to paint the rules as favoring the Burlington and Brattleboro dispensaries (co-managed by Shayne Lynn). Additional information will be provided when/if it becomes available.

January 5, 2016 there was a fire at the Putney Paper Mill in Putney. The damage was contained to a piece of equipment. The sprinkler system did not activate because the heads were packed with paper debris which the Fire Chief told the company in November 2015 to clean. The plant manager was upset fire investigators were called and the manager also delayed calling the fire department for over 3 hours while the fire smoldered in parts of the blower system.

DEMHS Critical Infrastructure Planner conducted a conference call with Vermont Banking and Finance institutions to coordinate and develop an agenda for the Banking and Finance Cyber Workshop to be held in February or March.

CJS

VT Forensic Lab:

Backlogs (as of 12/31/2015):
Blood Alcohol (0)
Drug Chemistry (823)
Serology (66)
DNA (casework) (156)
DNA (CODIS) (761)
Firearms (29)
Latent Prints (464)
Arson (5)

Looking for bill sponsor to remove certified mail requirement for expungement letters
Delays in PO processing/approval have led to intermittent stoppage of work in DNA section and delays in breath alcohol section.

VCIC:

Current staff vacancies stand as follows: Deputy Director waiting for candidate list to be routed by HR, SOR/Criminal History Specialist closes on 1/13/16, and Record Check Specialist list currently under review and scheduling interviews.

Significant work has been completed on the Risk Register (an index of risks associated with an IT project and the prospective mitigation methods) by the Independent Review of the Tri-State (VT, NH, ME) Automated Fingerprint Identification System (AFIS). This marks a continued significant step towards achieving DII compliancy on this issue.

A recent article in the Rutland Herald (attached) illustrates the continued need for law enforcement agencies to be consistent in NIBRS coding and submission. During the last two NIBRS audits of the Rutland City Police Department (2013 and 2014) improper coding of assault types was noted. This improper coding created data which appears to show Rutland with a higher rate of assault than other localities across Vermont. While an individual may be arrested under Aggravated Domestic Assault in Vermont, unless the incident involves obvious severe or aggravated bodily injury the event should be classified as a Simple Assault for NIBRS reporting purposes.

Rutland Herald Article



Rutland Herald
Article.pdf

Communications:

We continue to put considerable effort into the Westminster project. The technology at this new office is considerable and our responsibility touches dispatch center design, console furniture, towers, uninterruptable power systems, radio consoles, telephone systems, communications networks, VLETS, generator solutions and equipment room configurations. As this project gets closer to completion, I anticipate that our involvement will continue to increase.

We are following up on AVL solutions for fleet vehicles.

Continued outreach associated with the FirstNet program

Fire Safety

The Division received \$3.5 Million in new plan review construction valuation collecting \$20,000.00 in permit fee revenue.

Plan review fees for the first 6 months of this fiscal year have not been strong. Estimates are short about \$300,000 if not more.

DEMHS

SEOC was partially activated (Planning Section Chief, SEOC Manager and Deputy, and PIO) in support of the Governor's State of the State Address.

The State Hazard Mitigation Planning and Policy Committee met. Focus of the committee is shifting to development of the 2018 State Hazard Mitigation Plan.

A Memorandum of Agreement with VTrans was routed to the Commissioner for signature, which clears the path for interagency transfers from VTrans to DPS for reimbursement of PA-indirect eligible staff costs incurred on post-Irene disasters 4120, and 4140 (because VTrans is the "Grantee" agency). DPS is awaiting requests from VTrans for interagency transfers for disasters 4163, 4178, 4207, and 4232 (for which DPS is the "Grantee" agency).

In 2012, FEMA awarded 45 HMGP projects; in 2013 FEMA awarded 16 HMGP projects; in 2014 FEMA awarded 43 HMGP projects, and in 2015 FEMA awarded 34 HMGP projects. There are currently 67 HMGP project applications pending.

There was a VPR story about ANR outreach to advise southern Vermont communities on achieving the ERAF 17.5% criterion: <http://digital.vpr.net/post/prevent-floods-and-erosion-let-vermonts-rivers-take-their-own-path>.

Administration

We are working on updating FY16 projections through November '15. Being unsure of receiving Pay Act funding makes it difficult to manage our budget.

EMPG Match: We have spoken with Barbara Neal, ED of the E-911 Board about the possibility of utilizing the USF fund payments that E-911 makes to DPS and to the Local PSAPs for match for EMPG to help when we lose the RERP program funding from VY. It seems E-911 will be willing to help us out with match. There are a few questions remaining that we need to respond to.

State Police

A Troop

FF

5 Total Arrests, 1 DUI

Williston 13 motor vehicle crash investigations, 15 agency assists, 6 alarms, 2 burglary, 34 motor vehicle complaint, 7 directed patrols.

This week consisted of several crashes throughout the counties,

BCI

Completed two drug cases at CRCF / Minute amounts of controlled substances apprehended by COs.

Assisted VSP Rutland with interviews of triple fatal crash. Three survivors were sent to UVM Medical Center for treatment.

Special investigation in New Haven.

Assault case at Northwestern State. Inmate punch another knocking the male unconscious.

B Troop

FF

10 Total Arrests, 5 DUI

Responded to a residence in St. Johnsbury for a report of an individual who had stated he was going to attempt suicide by overdosing on heroin. The troopers responded to the residence, along with CALEX ambulance, and located the individual. The individual was identified as Quinten Greenwood. Greenwood had an outstanding warrant and was arrested. Due to his intoxication and the reports that he may have ingested drugs to overdose, Greenwood was transported to the hospital as a precaution. Prior to transport, Greenwood alerted troopers that Dylan Lohr was also in the residence and that he may overdose on heroin also. Tprs. knew that Lohr had a curfew set as part of his conditions of release. Tprs. were able to see him inside the residence and received permission from the homeowner to enter. Tpr. advised Lohr he was under arrest and Lohr attempted to flee by jumping out of a window. Tpr. Tarricone intercepted him and Lohr was taken into custody and lodged for VCR (X6) and Resisting Arrest. Lohr was also issued a VCVC (diversion) for consuming alcohol.

BCI

Finished up on CSST report for Northfield and put together packet for MCU for the case.

Suspicious case reported of a male showing up at a daycare with his wife supposedly interested in having his child attend the daycare. Nothing found.

Returned to Northfield to do a second search of items based on new information that came in – CSST ran evidence to the lab and Middlesex barracks.

Follow up on Infant Death Case – received FB records – 3417 pages – transferred onto CD's and completed and submitted Search Warrant Return to Orange County Superior Court. Also transferred all cell records.

Call after hours for Death Investigation – 88 y/o female – attended natural.

Review of inmate phone calls for two separate cases (a threatening case involving an inmate and a sexual assault). Submitted information regarding the sexual assault to the State's Attorney for a subpoena.

Approved explosive license application for Maxam North East Explosives, spoke with CPT Clouatre about current Bomb Squad equipment needs.

Completed investigative activity report and persons interviewed report for officer involved shooting investigation, attached audio recordings and sworn statement forms to case in Spillman.

Updated DCF Investigator on status of sexual assault investigation, contacted mother of the victim re: status of investigation and mother advised that her daughter does not wish to pursue the investigation further (i.e. no wire warrant participation), agreed investigation would move forward next with interview of accused.

Worked on supplemental report for investigation of sexual assault of 12 year old by 16 year old in Lyndon.

C Troop

FF

16 Total Arrests, 10 DUI

Triple Fatal Crash on US 4 in Killington involving a TT Unit that went left of center and took out a family from NY State, visiting for the New Year's season to go skiing. The mother and father were killed along with a friend visiting from Poland. Surviving were the parents three children, ages 16, 20, and 22. VT DMV doing the search warrant on the TT Unit. Crash Recon doing download on V#2.

Vehicle crash on US 4 in Mendon. It was determined that the female operator was suicidal, and attempted to kill herself. She sustained minor injuries and was hospitalized for mental health reasons.

Night shift conducted a sobriety checkpoint with the Sheriff Dept.

Clocked a vehicle traveling 118mph in a 50mph zone and initiated a pursuit, lost subject for a while but later located him, subject arrested for DUI, Attempting to Elude, C&N, and reckless endangerment.

Arrested a subject for possession of stolen property as a result of an ongoing burglary investigation.

Responded to a suicidal person armed with a knife, upon arrival, subject was taken into custody without incident and transported to the hospital.

BCI

Follow-up work on the drive-by shooting in Rutland.

Case follow-up, Hart homicide.

New case (callout). DCF vs. parent child custody dispute. Child taken out of state. Resolved.

CSST callout suspicious death in Rutland City.

Meeting w/ Addison SA on Hart homicide.

Sexual assault investigation in Rutland town.

Assisted Rutland P.D. with a suspicious death.

Assisted uniform with triple fatality in Killington.

Met with mother of overdose victim.

Completed discovery request on State v. Cleveland.

Delivered death certificate to Addison and Rutland County State's Attorney Office on inmate.

Case Follow-Up: Sexual Assault on a Vulnerable Adult. Deposition.

Case Follow-Up: Sex Offense. Town of Rutland. 46 year old female reported being physically and sexually assaulted by a 64 year old male subject. Case Completed.

Case Follow-Up: CSST Activation. City of Burlington. Officer involved Shooting. Case Completed.

CDR download of vehicle involved in crash in Arlington.

D Troop

FF

5 Total Arrests, 2 DUI.

Vehicle stop on individual wanted out of Indiana; operator and identified him as the subject from the NCIC hit; arrested as a Fugitive.

Crash 3200 roll over no injury. I 91 North MM3 Guilford. Operator of the vehicle and one of the passengers issued Diversion paperwork for Possession of Alcohol by a minor. Two cases of Pabst Blue Ribbon beer seized. Passenger issued a VCVC for possession of a fake ID.

Assisted BCI with report of Robbery at Champlain Farms in Bethel. Assisted Randolph PD with accidental shooting that resulted in gunshot wound to the left calf of a female.

BCI

Evidence cleaning at Rockingham.

Instructed active school shooter response course.

Completed Attempted Homicide case in Putney.

Active Shooter Instruction in Vernon.

Non suspicious Death Investigation (85 year old male, terminal cancer in Weathersfield)

Follow up on sex assault, Exit 4 Sunoco.

Petit Larceny from Champlain Farms store, Bethel.

Bank Robbery – Ludlow – Suspect interview at SSCF. Report writing. Collecting materials from other agencies for federal case.

Victim and offender interview at SSCF for agg. Assault case involving inmate on inmate assault.

New case from SSCF, attempted assault by an inmate on a staff member.

DCF intake, alleged sexual assault, interview at CAC Springfield.

VT Academy alleged sexual assault follow up interviews, submitted case to SA for review.

Intake and meeting with DCF regarding underage sexting case. No LE investigation warranted.

TOPS

Assists to NIU in arrest and court transports.

CRT cases with follow up and Killington fatal.

Major Crime Unit:

Follow up on Northfield Homicide- second proffer with Tammy Wilder-additional valuable testimony gathered. Continued additional interviews, evidence and case prep. Case was submitted to USA by Wednesday discovery deadline.

Rashed Homicide (Brattleboro) – Additional discovery submissions and victim's vehicle/evidence review with DSA.

Burlington DEA/VSP OIS shooting follow up- officer interviews completed, additional witness interviews completed, evidence submissions and prioritized examinations with Ed Ledo. Case preparation onto electronic format, attempting to complete submission for AG/SA this coming week.

Follow up on Hart Homicide case. Additional SW's prepped and submitted by D/S Scribner for gmail accounts and suspect's text messaging since discovery of body remains. Coordination with US Attorney's office (has expressed interest in possible prosecution of case) and local SA's



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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: January 8, 2016

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Issue Updates:

Decommissioning of VIT Sites: An Injunction has been dismissed and we have completed 4 locations with disassembly and storage of equipment. This job has been unique and all expenses are being captured.

108 Cherry Street: Big changes may be occurring again on St. Paul Street; it appears that they may tear down part of the mall and construct St. Paul Street through it. This may have a major effect on the amount of traffic we may be seeing in the future on St. Paul Street.

Barre Courthouse – DCF Move: Two pre-bids were held. The selection committee met on 12/28/15 and selected a firm for recommendation. The contract is in process.

WSOC New Office Building: The second group to move, DMH, comes in this weekend.

Significant Meetings/Events:

Meeting with VTC: Met with President Smith and discussed the ground lease and other permit needed communication and documents.

FINANCE AND MANAGEMENT

Testimony:

- Commissioner Pallito testified on the BAA in front of Senate Appropriations and Senate Finance Committees on Tuesday. Both went very well.
- Commissioner Pallito testifying today in front of House Appropriations on proposed DCF Child Protection staffing plan.

Staffing:

- Interviews for Change Management Director continue, first round should be finished today. So far we have one excellent candidate with one more interview to go. We hope to make an offer late next week. Filling this position will allow us to resume work on the process of upgrading VISION, the statewide financial accounting system.

Operations:

- Hard copies of Comprehensive Annual Financial Statements report have been received and distributed.
- New GSA mileage reimbursement rates have been established in the employee Travel and Expense Reimbursement Module with an effective date January 1.
- Review is being performed on the 4,000 IRS 1099- Miscellaneous forms that we will be issuing before the end of the month.
- FY2017 Budget is being locked down, final reconciliations will begin starting Monday.
- Progress on the Small Budget Book is being made. It will be a mad dash on the final day before it goes to print on the January 18th. We need to wait for revised revenue numbers from Jeff Carr before we finalize many graphs and spreadsheets.

HEALTH CARE REFORM

Issue Updates:

All Payer Model: Michael Costa and Ena Backus of the GMCB continue to negotiate the term sheet with the federal government, talking almost daily with their federal counterparts. The negotiating team leads (Lawrence Miller, Al Gobeille, and Robin Lunge) will join a call with the federal leads next week. A final term sheet is still possible for later this month; however, the State may need to make important decisions soon regarding whether it can proceed in the absence of the financial floor Vermont proposed to mitigate financial risk.

SIM/VHCIP: The SIM Team submitted several revised documents to CMMI per their request this past week: Y2 Budget Revisions and Y2 milestone revisions. These should be the final communications regarding our approved no-cost extension for Y2. The no-cost extension moves our second project year out by 6 months and delays our third year until July 1st. We are still on track to complete all of our planned activities for 2016, with the no-cost extension being more of an administrative task.

The SIM Finance Team has also spent significant time amending and executing agreements for work performed in 2016. We are finalizing 9 more agreements having processed nearly a dozen in the last three weeks of 2015. The majority of the agreements are held by DVHA.

SIM/VHCIP also kicked off the new year with 2016 work plans defining the tasks that are planned for the next 12 months. These work plans mirror the milestones we committed to with CMMI and are a key communication vehicle with our stakeholders.

Georgia also provided an update to Senate Health and Welfare on 1/5 on the SIM Grant, which went well.

Universal Primary Care: The JFO submitted their final independent review 1/6/16. There were no surprises and their remarks were consistent with issues they have raised previously. Summary of JFO issues:

- More clarity on additional amounts to be publicly financed not quantified in the report – Outside the scope of the study. Robin was clear with the committees that available resources would allow for analysis of claim costs only.
- Additional administrative costs – The report provides an administrative cost estimate, but additional analysis is not possible without plan designs and an operational plan, which is outside the scope of the study.
- Transition costs are not quantified – Outside scope.
- Base case should reflect updated Medicaid numbers – We were unable to come to consensus on the numbers in time for the report, but the report does include an alternative membership scenario with JFO numbers.
- Future health trends – Wakely added a trend sensitivity analysis.
- Integration with other health care reform initiatives – Outside scope.

Robin and Marisa are scheduled to testify in Ways and Means on Tuesday, January 12th and Senate Health and Welfare on Wednesday, January 13. Our position has been that the Governor remains supportive of universal coverage and we have made good progress toward that goal already. Our focus over the next year is working on delivery reform in order to make health care more affordable and to ensure Vermonters have great quality care with the provider of their choice. We are happy to provide technical policy support to the legislature as they look at various proposals.

Rule 09-03: S. 255-- Legislative Council is scheduled to give a high level overview on this bill this afternoon. Although not in this bill, part of the study required a comparison between federal Medicaid regulations and state private MCO regulations because providers would like Medicaid to follow state regulations. Robin, Steve Costantino and Devon met with Sen. Lyons and Sen. Ayer on the issue and let them know that we have done the comparison but now seems like the wrong time to bring Medicaid into compliance with state private MCO regulations because (1) doing so could have significant operational and policy effects; (2) proposed federal regulations are not yet finalized; and (3) the state should be building towards more uniform requirements between Medicaid and private payers in the ACO world, not under MCO standards which will soon be outdated.

Excise Tax Study: Michael and Robin testified before Senate Health and Welfare and Wednesday and will testify before Senate Finance Friday. As previously reported, the federal government delayed implementation of the tax until 2020. Accordingly, the testimony was informational but seems unlikely to prompt a policy proposal or response from legislators at this time.

Legislative Issues:

S. 238 VEHI Bill: VEHI has argued that they are one large employer rather than a collection of small and large employers because they are a self-funded governmental plan. CMS has jurisdiction over self-funded governmental plans, preempting state action in S. 238. Health Care Reform thinks the most prudent course of action is to consult CMS on this issue before moving forward & we are assisting VEHI by trying to find the right CCIIO contact for them. Robin will testify on this issue this afternoon in Sen. Fin.

S. 214 Exchange Bill: Carriers have agreed to do this by letter instead of by bill. Robin is working with VHC on getting that done.

Other Meetings/Options:



Michael Costa is coordinating the development of a provider tax proposal for the FY 17 budget, working with staff from Finance and Management, Tax, DVHA, and the AHS central office. Michael and Robin Lunge should be ready with recommendations for a complete proposal by Tuesday.

Robin and Devon are working with Howard Pallotta, DVHA General Counsel, on a new VHC rule. The carriers have expressed two concerns: 1) that we need an amended contract in place, because it will take too long to finish the rule making process. Howard is concerned that the carriers simply do not want the rule to move forward, so are using this to further delay. The carriers, however, have a good point, so we've asked Howard to extend the contract by a year. 2) that the rule is not well written and has many issues. We are reviewing the rule now, but it is clear that we may need to negotiate the rule in order for it to happen without a ton of controversy.

HUMAN RESOURCES

Legislative/Policy Update:

Testified before Senate Government Operations on nurse reclassification and staffing of psychiatric nurses. They were pleased with our progress.

Scheduled to testify next week before Senate Appropriations on the position pilot and House Government Operations on Results Based Accountability.

Our two annual legislative reports – the workforce report and temporary employee utilization report are nearing completion and will be submitted by the 15th as required.

Significant Meetings/Events:

Workplace Violence training - Finished the final of 16 scheduled sessions. There have been requests to schedule additional sessions, which we are looking at. We are now preparing the PowerPoint voiceover for placement on the website, and will be scheduling half-day sessions in the Electives catalog. Feedback has been largely very positive.

We continue to receive consulting requests from customers. There are approximately seven consulting activities underway at the moment. The nature of these varies widely, but we are seeing this as a high demand service and will be looking at ways to meet the need with existing staff.

Met with VSEA to discuss proposed privatization of Workers' Compensation. This will be a big issue for them in the coming months and we expect to be called in front of the legislature.

We are on track to meet (or exceed) ACA reporting requirements to the IRS – this is the first year of the requirement and the DHR team has exceeded the standard.

Health insurance options for those actives who die as a result of workplace violence- We met with Treasurer's office. If eligible for early or regular retirement, it appears that Retirement can administer as if the employee were disability retirement, and therefore, (if spouse is named as a beneficiary on the

retirement system), dependents could continue health insurance with State share 80%. If not eligible for early or regular retirement- No solution yet for those kinds of employees.

Fact-finding with VSEA set for the 11th. Much work around collecting bargaining data and lining up witnesses including Commissioner Pallito and Jeff Carr.

INFORMATION AND INNOVATION

Nothing new to report.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

Gearing Up for Tax Season: Refunds: The Department's plan to delay refunding until March 1 was part of the Commissioner's Department overview to both Finance and Ways&Means. No great pushback, were suitably concerned about scope of identity theft problem, Rep Ancel expressed strongest concern over the EITC community. Notably, IL announced on Monday they were delaying to March 1st, and in the fed budget Congress directed the IRS to delay both EITC and childcare credit refunds until after Feb 15 for fraud review starting next year.

Garnishment and Levy: We have slowly been getting our administrative garnishment and levy programs off the ground, and had planned to send the first wave of warning letters this week. However, Ways&Mean seems to be having buyers' remorse and asked us to hold off until the Deputy could give them more details.

Telephone Tax, Bank Franchise Tax, Estate Tax: When Finance heard its revenue report from JFO, both the telephone tax and the bank franchise tax were raised as areas to examine for revenue. Sen. Lyons told the Commissioner that Rep. Ancel is concerned about loss of revenue from the Estate Tax proposal in the out years, and told her she would want a revenue replacement.

Ag Exemption: We had met with some of the Ag leg leaders in December with Ag and agreed that although we would take a shot at revising some of the regs to broaden the exemption somewhat in light of modern ag practice, there was no appetite for major broadening at this time (which would take a statutory amendment). Apparently the House Ag Committee did not get the memo, and had a heated committee discussion during Peter Griffin's testimony about pressuring the Tax Dept, although Peter reminded them we needed to follow law. The Commissioner will testify tomorrow, and our message will be the same – the statute is written narrowly, and there are limits to what we can do with the language as it stands. As Tax Administrators, we have no dog in the fight if they want to seek to broaden it – but it will cost money.

Misc. Tax Bill: We promised Rep. Ancel introduction simultaneous to the budget, as per usual.

Operations Update:

VTax Conversion: We continue to experience high call volume/length, leading to long call waits for that very small pocket of businesses that were not able to self navigate through our online portal for sales & use and meals & room tax. In the meantime, work is beginning on the design of personal income tax, and there will be some senior management decisions shortly in areas such as whether to offer MyVTax for filing of personal income tax (this allows taxpayers to avoid using software vendors such as Turbo Tax – but most states have not offered).

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To: Governor Peter Shumlin
From: James Giffin, Interim Commissioner
Date: January 8, 2016
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates: Scheduled next week for Senate Economic Development, Housing & Gen. Affairs

Press Issues/Releases/Contacts: Sent out Press Release on new DLC Commissioner

Significant Events/Meetings: Board Hearings scheduled for January 13, 2016 at DLC

Summary of Key Department Activity:

Agency Issues: Norwich Agency continues to be uncooperative with respect to DLC's administrative requirements of liquor agents. I have notified him that we will stop product deliveries next week if he does not return the signed contract and certificate of liability insurance.

Staffing: Collecting applications for the Deputy Commissioner position. I will need to work with the Board and incoming Commissioner on how they want to proceed.

IT POS system: No update – researching options. Meanwhile we are looking at how to roll out chip reading machines. The burden of proof on transactions has changed if we do not have a chip compliant machine. We hope to do it in a phased and planned manner, but if hit with a serious of fraudulent charges may need to do at a much quicker pace.

Warehouse: None

Enforcement: I am not going to sign a grant agreement with the Shelburne police pertaining to our assisting them with DUI traffic stops. First, it is so poorly written I would not agree to it and, second, this is not the core mission of DLC Enforcement Division.

Commissioner's Commentary: Identified a press report from 1998 where the new commissioner pleaded no contest to violating the Utah liquor laws pertaining providing samples to restaurants. Court agreed to dismiss both charges if no violations for the next year.

Gov / Lawrence

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To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Jan 8, 2016
Re: Weekly Report

Status of Governor's Priorities: .

none

Legislative Issues/Contacts:

I met with Sen Ecom Dev & Gen on Tuesday talking about lottery results from last year, the repeal of restrictive language bill that they will introduce this session, and other thoughts about lottery and game play in the future.

Press Issues/Releases/Contacts:

A few comments and calls from various tv and papers, related to record Powerball jackpot. The headline story in Thursday's Times Argus was created with info they requested from us – lottery preys on those living in poverty. Seemed odd that the focus was that if you win you may be ineligible for state benefits, and that was construed as bad.

Significant Events/Meetings:

Our gaming system vendor, Intralot USA, is sponsoring a legislative reception, with our collaboration, on Wed Jan 13th at the Capitol Plaza. This is about game play and gaming (not gambling). We have invited all legislators, some people in state govt, and about two dozen local business people. Most Lottery Commissioners will also be present.

Evolving Issues:

none

Summary of Key Agency Department Activity:

The record Powerball jackpot is catching much of our attention and work effort – keeping agents stocked with supplies, updating advertising as the jackpot grows each day, monitoring the system and website to ensure they are handling the traffic. Current volume is 5 – 10 times normal daily activity.

We continue to stay ahead of last year in sales, particularly with instant tickets (up 8% over LY thru Dec).

Executive Director's Commentary:

While in Sen Econ & Gen Comm I was asked by Sen Baruth if I supported some of the changes that were recommended for the VT Dept of Liq Control, and an agency that oversaw the vices of alcohol, tobacco, lottery. I said in general the idea makes sense because we each license the many of the same retailers. I also suggested that they improve the compensation of the board members if they wanted them to run these like businesses. Some recommendations from the special committee made sense to me and others needed further review in my opinion.

Lawrence

Sent from my iPad