

WEEKLY REPORTS

Checklist
6/22/2012

Bill Lofy

_____ Agency of Commerce and Community Development – Lawrence Miller

✓ _____ Agency of Agriculture – Chuck Ross

✓ _____ Agency of Transportation – Brian Searles

_____ Department of Labor – Annie Noonan

Alex MacLean

✓ _____ Agency of Natural Resources – Deb Markowitz

_____ Department of Public Safety – Keith Flynn

_____ Public Service Department – Liz Miller* (shared with Sarah)

Susan Bartlett

✓ _____ Agency of Human Services – Doug Racine

Sarah London

_____ Department of Financial Regulation – Steve Kimbell

Jeb Spaulding

✓ _____ Agency of Administration – Jeb Spaulding

Special Reports

✓ _____ Additional Report: Education

_____ Additional Report: Lottery

_____ Additional Report: Irene Recovery Office

_____ Additional Report: Boards and Commissions

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: June 22, 2012

Subject: ANR Weekly Report

Governor Level Issues:

- **AIV:** Michael Snyder and Chris Recchia will be going to talk with AIV this evening as a follow-up to prior conversations with Bill Sayre.
 - **ATV's:** Staff has been meeting with VASA and internally to discuss the two other trail connections VASA wishes to pursue. These make sense, but are complicated in various ways. We will continue to work through the issues involved. As you may recall, we issued a license for VASA to construct a trail along route 105 in Brighton (the first of the three requests) and VASA applied for a grant from our recreational trails program (RTP) to construct it, which we are unlikely to grant, as the competition for those funds is fierce and the other parts of the trail are class IV roads for which the policy is not to expend RTP funds on trails that are not fully in control of the applicant. We have also met with CLF to discuss these three trail requests. CLF did not object to the Route 105 license, but will oppose use of the license as a mechanism to grant approval for the two others, though they recognize these trails may make sense to accommodate somehow. We promised to keep them informed as well.
 - **Plum Creek v. State of Vermont:** A counter-offer to settle was rejected by Plum Creek. The state is preparing for trial which is expected to be scheduled in late summer.
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EVERYTHING ELSE:

Press Issues/Releases:

Town of Stowe: The Stowe Reporter is following and writing about complaints of odors originating with the Town's WWTF and about the Town's decision to seek recertification of fields that are adjacent to the Stowe Walking Path as biosolids land application sites.

VPT Call-in Show: Staff prepared and participated in the Vermont Public Television call-in show for deer management.

Hammond's Cove Shooting Range Informational Meeting, June 20: The Vermont Fish & Wildlife Department is hosting an informational meeting to discuss improvements to the Hammond's Cove Shooting Range located in Hartland, VT on Wednesday, June 20, from 7:00 to 8:00 p.m. The meeting will be held in the basement of the Hartland Recreation Center, 19 Rte 12, in Hartland, Vermont.

Vermont Moose Hunting Application Deadline is July 5 and Moose Permit Auction is Now Open: Vermont's moose hunting permit lottery application deadline is July 5, and the Vermont Fish & Wildlife Department is urging hunters who plan on entering to do so now online.

Muzzleloader Antlerless Deer Permit Applications Available: Vermont's muzzleloader antlerless deer hunting permit applications are now available on the Vermont Fish & Wildlife Department's website (www.vtfishandwildlife.com). A quick-link to the information and application is provided on the home page.

Envirothon: An article about the recent Envirothon competition was submitted by FPR Conservation Education staff to the State Wide Environmental Programs newsletter.

White Pine Needle Disease: FPR reports that white pine tree needle damage is widespread in the state again this spring. Although the damage is very noticeable, it is not life-threatening to healthy trees. Widespread yellowing of white pine needles also caused alarm in the spring of 2010. Microscopic fungi have been associated with this disease, which has become noticeable throughout northern New England. Trees will look better in early summer, once all the injured needles are shed. FPR is cooperating with the US Forest Service and other states in conducting surveys to determine the cause and impact of the damage.

VPR Articles: On behalf of Vermont Public Radio, Tom Slayton visited Wilgus and Ascutney State Parks last weekend to gather material for his first installment of the summer-long series of articles on state parks. He travels to Little River/Waterbury Center/Waterbury Reservoir next weekend.

Significant Events/Meetings:

Forestry Training at Green Mountain Conservation Camp took place June 14 at Kehoe and Buck Lake Conservation Camps. The Buck Lake workshop was taught by Ed O'Leary and the Kehoe session was taught by Eric Hansen. This training was for all conservation camp staff, to prepare them to teach the new forestry curriculum on Forester day throughout the summer camp sessions.

Forest Roundtable meeting was attended by Commissioner Snyder and FPR forestry staff. The agenda included updates from this year's legislative session, a draft of the revisions to FPR's AMP manual (Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in Vermont), VHCB funding, Current Use, forest health, and viability of the forest products industry.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Climate Cabinet Endorses VDH Grant Application: The Climate Cabinet endorsed the Department of Health (VDH) application for a Center for Disease Control (CDC) grant titled "Building Resilience Against Climate Effects in State, Territorial and Tribal Health Departments". This appears to be a timely opportunity to build capacity in state for addressing climate change related health issues, which is an area we have not devoted too much attention to.

The minimum award would be \$200K/year for four years. We're optimistic that Climate Cabinet endorsement will be a deciding factor in VDH's favor.

Amicus Brief for CA Low Carbon Fuels: The Office of the Attorney General announced that VT was joining several other states in filing a "friend of the court" brief supporting California's appeal of a federal district court's rulings invalidating its low carbon fuel standard.

Burke Town School Water System Improvement Project; RF3-274: This project includes the construction of a 9' X 12' treatment building to accommodate sodium hypochlorite and orthophosphate chemical feed systems, hydro-pneumatic pressure tanks, chlorine contact tanks, source meter, controls and appurtenances. The original bid had one responsive bidder – with a price which was \$146,000 above the engineer's estimate of \$99,000. The FED Construction section worked closely with Burke Town School and their engineering consultants, Weston and Sampson Engineers, to attempt to salvage this project. The re-bid saw two responsive bidders - with Tri-State Drilling & Boring, Inc. of West Burke, VT the low bidder at \$76,610. The contract has been signed.

Association of American State Geologists Annual Meeting: The VT Geologist was asked to present "Successes with the Bedrock Geologic Map of Vermont" as part of the celebration of 20 years of the National Cooperative Geologic Map Act in Austin, Texas on June 11, 2012. He acknowledged the map participants, its new geologic elements, and the work of the VT Administration to bring the map forward with the Governor in a public presentation. The Association passed a resolution honoring the new map and the participants.

Lakes: Mary Borg and Steven Hanna participated in a conference call with the US Army Corps regarding the removal of old bollards located in Burlington Harbor. The Corps and City of Burlington will seek a 401 Water Quality Certificate for the project. The bollards are where oil barges used to dock and pump petroleum via piping to onshore tanks.

The Permittees/Co-Permittees associated with the Aquatic Nuisance Control Permits for Lake Morey, Lake St. Catherine and Indian Brook Reservoir have completed treatment of the lakes using the aquatic herbicide Renovate to control Eurasian watermilfoil. The monitoring phase of the project is now underway.

CAFOs: The Program is making significant progress on drafting a CAFO permit and hopes to have the draft completed within the next several weeks.

MS4 Stormwater: Final revisions have been made to the draft MS4 permit based on comments received during the public comment period and during EPA's extra review period pursuant 40 CFR 123.44(j), and the revised permit was sent to EPA this week for final review.

Fish and Wildlife

Fishing/Boating: Wardens are reporting the recreational boating traffic increased significantly with the hot weather over the weekend. However, excluding Lake Champlain, the fishing pressure was lighter than expected. Lake Champlain's fishing and boating activity was very high with the LCI fishing derby taking place. Wardens report violations encountered by derby participants to be rare, and most violations encountered were of people not participating in the LCI derby.

Conservation Camps: The Green Mountain Conservation Camps are in full swing. Staff concluded a two week staff training session that included a hunter and bow hunter education combination course, wilderness first aid training, staff facilitating a field trip for the Barre town school kids, training from the Department of Children and Families, and general training on our camp curriculum and policies.

Hunter Education: Staff gave a program for the State Park Interpreters on hunting and fishing in Vermont. This rather new component of interpreter training was added to introduce park naturalists to both the Department and, more importantly, the hunters and anglers they will meet in their duties. The training also includes an introduction to using the law digest to help them to answer public questions.

Northeastern Bulrush: Staff visited a site for a population of federally endangered Northeastern bulrush with Water Quality staff, Trans Canada staff, and a local farmer to discuss water level manipulation at the site. Apparently the farmer has been removing beaver dams at the site for 10 years which has resulted in dramatic water level fluctuations at the site. This has likely adversely affected the bulrush. Staff are attempting to come to a solution that benefits the bulrush while still allowing the farmer to access this property that he leases from Trans Canada.

Forest Roundtable: Staff participated in this Randolph meeting to discuss new VHCB guidelines for working forest easements, recently approved legislation that will affect forests, and revisions to the AMPs.

Act 250 Site Review: Staff preformed an ACT 250 site review at the old vacant Pine Ridge School in Williston. The prospective buyer is being told that he needs to provide a public recreational trail system according to the town ordinance. This is problematic because the trails would be placed in a deer wintering area. Staff sent a letter to the applicant stating that VFWD would not support a public trail system in this area. This same ordinance is also requiring trails in other deer yards in Williston, such as the nearby Fontaine parcel, which we also don't support.

Fish and Wildlife Land Use Rule: Staff presented the rule governing the use of department lands to the fish and wildlife board. The board voted unanimously to approve it in their first vote. Public hearings are scheduled on this rule for August 21 and 23rd. If all goes according to plan, the rule will go into effect on November 5, 2012.

Debris Jams from Irene: Staff met with NRCS and town the of Plymouth representatives to conduct site visits to survey problem debris jams that resulted from TS Irene. A dozen or more sites have been flagged by NRCS in Windham County and will be assessed over the next couple of weeks to identify which need to be remedied and those that do not pose a threat to roads, structures, etc. Seasonal staff have completed surveying district rivers and streams for habitat damage resulting from TS Irene flood recovery work.

Master Angler Program: Staff travelled to Middlebury to give a presentation on the Vermont Master Angler Program to approximately 20 Boy Scout Troop Leaders from the northern half of Vermont's Ethan Allen District (Rutland to Charlotte). Staff also encouraged Scout Leaders to incorporate the Master Angler Program as part of their regular Scout activities, including earning a Fishing Merit Badge.

Forest, Parks and Recreation

State v. Inkel: The department is still waiting for a decision from the Superior Court on cross motions for summary judgment.

Wileman v. State: This is an appeal of the denial of a request for a public record. The parties are working on a Settlement Agreement that would resolve this litigation and hope to have the Agreement signed this week. If settlement is not achieved, the state would be required to file an answer to the complaint in superior court by June 28, 2012.

Okemo Timber Creek Project: FPR, Okemo and Timber Creek are working on finalizing an MOA related to the development of an adjacent private parcel for residential and skier access to Okemo, which would require reimbursement of FPR for the purchase of the so-called Pace Tract by Timber Creek. The parties hope to sign this agreement by early next week and Timber Creek would then file its Act 250 permit application for review.

Zack Woods I Land Acquisition: The closing on this addition to Green Reservoir State Park will be delayed about a month. We are waiting for the town to convey its lease interests in the property to the state.

Park Attendance remains strong for the operating season due in large part to the great weekend weather. Schools are now out for the summer and campgrounds are beginning to be effectively full. All seasonal promotional programs (radio, online) are in full swing.

Stand Up Paddleboard Festival: The first annual event is being held at Waterbury Center State Park this coming weekend. Instructional clinics, equipment demonstrations, repair and maintenance workshops and a lot of fun are expected. The event is sponsored by Umiak Outfitters and a number of other partners.

Construction: Projects nearing completion for the summer include flood repair at Camp Plymouth, the rental cottage at Ricker Pond and the much needed restroom facilities at Green River Reservoir State Park.

“Story Walk”, an activity for children prepared by the Urban and Community Forestry staff for the Statehouse Arbor celebration in May using the popular Dr. Seuss book *The Lorax*, was so well received that Vermont State Parks featured it in five parks for last weekend’s “Vermont Days.”

State Park Interpreter Training took place last week at Kehoe Conservation Camp in Castleton. Seven new interpreters, five interpreters from New Hampshire State Parks and six returning interpreters participated. Guest presenters included Nate McKeen, Ed O’Leary, Lisa Thornton and Jim Esden.

Information Technology

Mapping project: Staff met w/ Jon Kart, DII, VIC and RavenMark (ANR’s vendor supporting the Natural Resource Mapping Project) to discuss options for building the websites associated with this great initiative. According to VIC their templates will not meet ANR’s needs, and DII will not allow ANR to work directly with VIC to build new templates for this project.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: June 22, 2012

Vermont Department of Health (VDH)

Rutland Methadone Clinic Siting Update. Following vocal opposition at a community meeting on June 14th to discuss the proposed Granger Street site, Commissioner Chen is working with Susan Bartlett and Peter Mallary to assist Rutland Mental Health and Rutland Regional Medical Center to identify an alternate location by the end of the week. It is essential that a location is decided by then in order to allow AHS to move along with a Medicaid State Plan Amendment (SPA) that would begin January 1, 2013.

Services must be ready to begin concurrent with approval of the SPA. Two alternate sites have been identified: one at 200 West Street and the other at the Howe Center. Another community meeting to review these locations will be held on June 21st and a decision reported to the Health Department on June 22nd.

Tobacco Quit line. As a result of a new media campaign, the Vermont Quit Network saw the largest May response ever, with over 250 calls received for the month and a 30% increase over the average number of calls for the last six months. The CDC developed and placed the ads that contain graphic and emotionally laden images of the health consequences from smoking.

Department of Mental Health (DMH)

We have not received a report from Commissioner Flood this week.

Department of Disabilities, Aging and Independent Living (DAIL)

Ongoing Issues

Adult Protective Service. The new Program Chief started this week; the program remains stable. No indication from Terri Hallenbeck as to when or if she plans to run her report on APS. The Health and Human Services Administration (HHS) issued a funding opportunity to explore ways to prevent elder abuse, neglect and exploitation. DAIL intends to submit a very competitive grant.

Senator Sanders and his staff will be in Vermont next week and meeting with key leaders at DAIL. We are also arranging a visit with community partners who best demonstrate the merging worlds of aging and disabilities. Merging these service areas is a key goal of the new HHS

Administration on Community Living and Vermont is recognized as already leading the nation in this regard.

Department of Corrections (DOC)

Status of Governor's Priorities

National Institute of Corrections (NIC) Report – Chittenden. We have received the draft report from the NIC regarding Chittenden and have provided them with some comments for incorporation into their final report. When that report is final, we will share with a broader audience. Work is underway on some of the recommendations and we will begin work on the remainder.

Press Issues/Releases/Contacts

WCAX. WCAX will be running a story on the MH Unit at Springfield. We will facilitate the film crew for DMH.

Significant Events/Meetings

DOC Management Meeting. On June 20th, the DOC held a small meeting for the operations team. Topics of discussion were the year behind and the year ahead. DOC plans to deliver to me (sometime in the fall) a plan for consideration, with the appropriate cautions, the need for resources, etc, for 1) closing the out of state program, 2) using transitional housing for multiple populations, perhaps as a diversion from jail and 3) reducing the number of statuses from fourteen to a lower number.

Population

The Department continues to witness a detention population that is in the high 300's occasionally reaching and exceeding the 400 mark. The out of state population continues to be in the middle 400's. The overall incarcerated population remains under 2060 to 2070 range. We will be meeting with Administrative Judge Amy Davenport next week to discuss the detention issue.

Department for Children and Families (DCF)

Press Issues/Releases/Contacts

Allegations of Fraud at EDS. A Benefit Program Specialist (BPS) in the St. Albans district office is suspected of issuing an EBT card to a client whose existence is in question. DCF learned of this because a postal employee contacted the St. Albans office to advise them of an inquiry about DCF mail addressed to the supposed client, by another person who is known in the criminal justice system. A relationship between the BPS and the person making the inquiry, who was attempting to acquire the benefits card on behalf of the unknown entity, is being established. The EBT card was sent to a misspelled address and has now been returned. The likely scale and

scope of this suspected fraud, while serious, is relatively minimal; the BPS is being interviewed next week.

In another case, a BPS in the Rutland district office is suspected of issuing fraudulent EBT cards and cash benefits to two clients. DCF learned of this because a Regional Manager routinely scans the local police blotter and compares who's in it to who may be a client of the office. He found that a felon with a warrant out was receiving benefits, and further review determined that there was no paper trail for these benefits. With additional scrutiny, the Regional Manager recognized that another client of this particular BPS had the same home address as she did. The likely scale and scope of this suspected fraud may amount, financially, to approximately \$2,500 - \$3,000.

Significant Events/Meetings

Kinship Navigators Federal Grant Opportunity. DCF is applying for an HHS/ACF grant to fund local service navigators to support kinship care families. The Casey Foundation estimates that about 4,000 Vermont children are living with relatives. These kinship relationships are primarily the result of such factors as parental incarceration, substance abuse, and mental health issues. While only about 3% of children in kinship care are involved in the foster care system (126 children), many families providing kinship care receive financial support for the children. Last year the economic services division provided 795 "child-only" Reach Up grants, an 18% increase in four years.

The needs of kin as parents, and the children they are caring for, are significant. Children in kinship care have often experienced trauma and have a number of special needs related to their early life experiences. In addition to the needs of the children, kin as parents are typically grandparents who are older than average parents and may be experiencing their own health issues, and find themselves raising young children without the resources or physical energy needed to do so. The grant will help support those often under-resourced and older families to access much needed services for the children in their care. UVM Jeffords' Center has agreed to evaluate the project.

Evolving Issues

LIHEAP. The Seasonal Fuel Assistance is now a year-round program. Economic Services Division (ESD) will review eligibility for fuel benefits annually. A letter is going out at the end of this month to last season's program participants informing them of this program change. Past recipients only have to report changes in income, and their files will be kept active year-round. This should save mailing time and expense, confusion on the part of the recipients, and will allow EDS to promote participation in 3SQVT for the 7,000 +/- fuel program participants who are not receiving the 3SQ benefit.

Given the over \$9.3 million reduction in the LIHEAP budget for FY13 (carry-over reduced by \$3.25 million and no commitment for \$6.1 million from state and Weatherization funds) it's timely to provide this update regarding the status of Fuel Assistance program for the next heating season.

Relying only on the Federal LIHEAP Block Grant, the average full-season, full-fuel-liability benefit will be \$543. Last winter that average was \$900. Assuming no change in petroleum fuel

prices, \$543 will cover approximately 19% of the average household's average winter heating cost. Last winter the \$900 covered 31%. As a way of calculating the impact of additional funding, DCF estimates that for every additional \$1 million in funding, the average full-season, full-fuel-liability benefit will increase by \$35. With that formula, if we add \$1 million to LIHEAP, we end up with a \$578 average benefit. If we add \$2 million, we get \$613. To match last year's \$900 average benefit level, we would need to add \$9.2 million to the program.

Trauma Informed Services. A federal grant opportunity is offering the opportunity to the Vermont Child Trauma Collaborative (VCTC) to expand the availability and use of trauma focused, evidence-based assessment and treatment practices for children and youth experiencing complex trauma – especially those served by the child protection system. If the grant application is funded, VCTC will continue its consultation with The Trauma Center at Justice Resource Institute, which in the past three years has trained 60 mental health clinicians and supervisors statewide in Vermont in use of evidence-based interventions.

The VCTC will also extend knowledge and use of trauma-informed care throughout the Agency of Human Services' Integrated Family Services system and child protective services. It will collaborate with UVMs' Department of Social Work's Child Welfare Training Partnership to create and implement an ongoing workforce development plan and adapted curricula to deepen the knowledge and skills of the child welfare workforce. 200 child welfare workers will be trained, as will 100 other IFS (early childhood, health care) workers and biological and foster parents. Approximately 1,900 children/families will receive trauma-informed child welfare services, including trauma screening, over four years.

Department of Vermont Health Access (DVHA)

Significant Events/Meetings

Provider Tax Notices. This week DVHA sent out the notice of tax assessment to Vermont health care providers pursuant to 33 V.S.A. § 1950. The assessment is based on the following methods:

Hospital Assessments.

1. Acute Hospitals shall be assessed 6.0% effective 7/1/2012 of net patient revenues less chronic, skilled, and swing bed revenue and home health revenue.
2. Mental hospitals or psychiatric facilities shall be assessed 4.21% of net patient revenues less chronic, skilled, and swing bed revenue and home health revenue.

Nursing homes shall be assessed \$4,919.53 for each licensed bed on June 30 of the immediate preceding year.

Intermediate Care Facility for the Mentally Retarded facilities annual assessment shall be 5.9% of total annual direct and indirect expenses for the most recently settled audit.

Home Health Agency assessment shall be 19.3% of its net operating revenues from core home health care services, excluding revenues for services provided under Title XVIII (Medicare) of the federal Social Security Act.

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Commissioner
DATE: June 22, 2012

State Board of Education (SBE) Retreat: On Monday and Tuesday of this week, I attended the SBE's monthly meeting and annual planning session. It was great that Susan Bartlett was able to join us for some of Tuesday.

Workforce Development Council (WDC): On Thursday I attended the full council meeting. Commissioner Noonan did a nice job of updating the group on efforts being undertaken by the Department of Lab, with support from education, to improve opportunities for young people in Vermont.

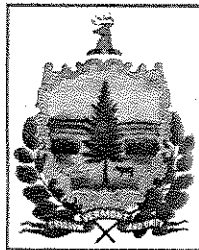
Governor's Retreat: I am looking forward to this event which will allow us all some quality time to review the newly revised statewide strategic plan, discuss the statewide priorities, and work on the next steps of reporting and implementation.

High School Math Requirements: I will be reaching out to Susan Bartlett in the near future to discuss the dual agendas of increasing math expectations for all students and at the same time doing the needed professional development with high school math teachers. I believe that she has already spoken with Bud Meyers about having someone from your office address the VSA, VPA and VSBA to encourage their local boards to use some of their professional development money to help finance this program.

Outright Vermont: We have received several media calls around the funding that was restored to Outright Vermont. Funds of \$2,000 this year and \$2,000 next year will go towards continued work in Vermont schools to ensure that bullying, harassment, and other forms of cruelty are not tolerated and that a safe environment is provided for ALL students.

For Your Information: Following is a link to Diane Ravitch's blog that you may or may not have seen. I thought you might find it interesting. <http://dianeravitch.net/2012/06/21/is-vermont-the-best-state/>

To 116 STATE STREET
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STATE OF VERMONT
AGENCY OF AGRICULTURE

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Chuck Ross, SECRETARY

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 22, 2012

Secretary's Top Issues:

AAP/Zoning Inquiry. Agency legal counsel received an inquiry from a zoning administrator inquiring whether a medical marijuana facility that intends to grow its own plants would fall within the definition of "accepted agricultural practices" and therefore be exempt from local zoning. The inquiry is one of first impression and will require both legal analysis based on the plain language of the AAPs and a policy discussion.

Animal Health veterinarians have drafted an informative letter that will be provided to retail grocery outlets so they are aware of VT regulations that state it is illegal to provide prohibited waste that is to be fed to swine. The ban has been put in place to reduce the risk of introducing a foreign animal disease and to eliminate other harmful pathogens such as foot and mouth disease, hog cholera, African swine fever, salmonella, campylobacter, trichinella and toxoplasmosis.

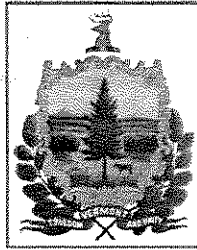
Meat Inspection Program Chief met with Representative Chip Conquest to review progress on the custom slaughter facility that he is building in Wells River.

Agency staff attended the summer meeting of the Meat and Poultry Processing Association. Approximately 30 meat processors were in attendance. Issues discussed ranged from food safety regulations, government relations, supporting new operations, and the future of the Association. Six association members will be traveling to the American Association of Meat Processors' Convention in St. Paul, MN at the end of July.

Farm Finance Crisis call for Large Family Farm in Addison County. This family farm needs over 200k in finance to put in their corn. They are struggling with low milk prices and lots of debt which was created in last two down milk cycles. This farm milks approximately 1000 cows and owns another 1000 cows plus or minus. Their business approximates a 5 million dollar business with ties to many other businesses in the area. Spoke to organizations that have been financing this farm. It does not look good.

The Ag Innovation Center Board met. The Board has made over 40 grants for Ag infrastructure, market development, organizational and workforce development and technical assistance. The Ag Innovation Center Board is near the end of a two year cycle which invested over \$3 million into Vermont's working landscape. Secretary Ross and Deputy Secretary LaClair, who chairs the board, joined the discussion focused on 'lessons learned' about the grant making process which will inform the Working Lands Enterprise Board process in the months to come.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 22, 2012

Status of Governor's Priorities:

Jobs

Press

Deputy Secretary Bothfeld spoke with WCAX regarding Greek Yogurt and its affect on Vermont dairy industry.

Significant Events/Meetings:

Animal Health Specialist found some violations regarding the charting of equine from the Bureau of Land Management's adoption of wild horses held at the Rutland Fairgrounds last week. The State of Maine will be notified of some wild horses being relocated to their state. AH spoke with the BLM contact at the event to ensure that they are aware of VT's requirements and general regulations regarding the interstate movement of horses.

AH attended the Vermont Bird Fanciers Swap in Berlin over the weekend; this is one of the largest swaps held in Vermont. At the event, AH performed Salmonella testing (as required by law) and collected Avian Influenza (AI) samples (part of a cooperative agreement with the USDA). AI samples are sent to a lab in CT for testing. This also provided great outreach for the Agency with the poultry community as AH Specialist Jim Cameron and Assistant State Vet Dr. Mehlenbacher interacted with many of the attendees to discuss poultry disease and bird activity. The next event will be in Addison Country in August and the AH team will provide a special educational session for the young adult members.

Assistant State Veterinarian participated in a New England States Animal Agricultural Security Alliance (the charter for which was signed by the 6 New England governors) call and updated the group on what Vermont has done so far regarding the Farm Readiness Survey project. The animal health section is awaiting the opportunity to communicate with the Governor's office about this initiative prior to starting the farm surveys, and time is of the essence as the completion timeline for this project is September 30, 2012. AH provided Secretary Ross with summary information along with the NESAASA charter for a meeting with the Governor's staff. AH would be happy to answer any direct questions the staff may have.

The Meat Inspection section just participated in the exit interview for the federal on-site review. There were no FSIS findings, but there were some state program findings found by the state chief and veterinarian. A corrective action plan is being worked on to prevent similar findings in the future

Dr. Haas attended and moderated a portion of the AVIC Leadership meeting in Raleigh NC this week. Participation in this meeting is funded by VAAFM's Traceability cooperative agreement. This 2nd annual

meeting brought together USDA Animal Plant Health Inspection Service (APHIS) upper level management personnel and state animal health officials from the eastern half of the country to discuss animal-related policy issues and federal budget updates. Warranting considerable discussion over multiple days was the organizational restructuring of APHIS- Veterinary Services based on operational units vs. geopolitical boundaries. This proposed restructuring impacts Vermont and VAAFM in that the federal authorities who currently regulate livestock import/export at the VT and NY- Canadian border ports may no longer report to the Area Veterinarian in Charge for New England. VAAFM animal health staff members currently work closely with import/export officers through the AVIC office, and a close working relationship will need to be maintained with both federal entities moving forward. Other topics of discussion focused largely on the federal budget. Anticipated cuts for the next fiscal year will likely lessen the amount of funding that VAAFM receives through cooperative agreements to run essential animal health programs.

The Ag Innovation Center Board met. The Board has made over 40 grants for Ag infrastructure, market development, organizational and workforce development and technical assistance. The Ag Innovation Center Board is near the end of a two year cycle which invested over \$3 million into Vermont's working landscape. Secretary Ross and Deputy Secretary LaClair, who chairs the board, joined the discussion focused on 'lessons learned' about the grant making process which will inform the Working Lands Enterprise Board process in the months to come.

Deputy Secretary LaClair attended the Greater Burlington Industrial Corporation annual meeting which included awards to Senator Dick Mazza and outgoing Interim UVM President John Bramley.

Evolving Issues:

Animal Health along with the local constable and humane society agents made a follow up inspection on animal welfare complaint and found improvements. A consultation with a local veterinarian will follow.

AH investigate a pet merchant who is operating without a license. Her facility passed inspection however she needs to pay for her license. An official letter will be sent to the individual.

AH continues to investigate an individual who has been dealing in livestock without a license and therefore violating an AOD that was issued last year. AH will elicit the help of the Agency's legal counsel to issue a notice of violation.

AH is investigating a livestock transporter who is transporting livestock from ME and NH into VT without the proper licenses needed. AH is working with state veterinarians in ME and NH regarding this individual and the farms that the livestock are picked up from.

AH veterinarians have drafted an informative letter that will be provided to retail grocery outlets so they are aware of VT regulations that state it is illegal to provide prohibited waste that is to be fed to swine. The ban has been put in place to reduce the risk of introducing a foreign animal disease and to eliminate other harmful pathogens such as foot and mouth disease, hog cholera, African swine fever, salmonella, campylobacter, trichinella and toxoplasmosis.

Drs. Haas and Mehlenbacher, with the assistance of animal health staff and agency legal counsel are beginning to work on a violative tissue residue administrative enforcement case that has been referred by FDA for follow up. Although statutory language was passed two years ago enabling VAAFM to pursue enforcement processes for repeat violative tissue residue offenders, it has taken considerable time to clarify with FDA appropriate procedures and confidentiality-related issues pertaining to this process. This recently referred case involving a dairy farmer in Richford whose animal tested positive at slaughter will provide the backdrop to move forward with this initiative. Because violative drug residues in the food supply constitute a public health risk, this

initiative falls squarely within the mission of the Food Safety and Consumer Protection Division as defined in the Division strategic plan completed earlier this year.

Summary of Key Agency Department Activity:

Administration

In re Charlotte Solar PSB#7844. Agency legal counsel participated in a two day technical hearing for the proposed solar facility on 15 acres in one of the Hinsdale farm's large fields along Hinesburg Road. There is significant neighbor opposition based on aesthetics.

In re: Williamstown Solar PSB #7632. Agency legal counsel prepared and filed comments on a proposed amendment to the project and its existing CPG. The proposed amendments would construct 300' of road way and a drainage ditch and re-locate the inverter and its concrete pad into the area of primary agricultural soils at the site. The site is adjacent to the I-89 Exit 5 interchange, the soils' location are favorable from a market access and distribution perspective, and their agricultural potential for the future is a consideration as a matter of public good.

In re Springfield BioMass PSB #7833. Agency legal counsel and plant pathologist began work to formulate discovery requests as part of this contested proceeding. At issue is the potential for pest infested biomass feedstock to be imported to Springfield from quarantined areas both within and without Vermont. Expenditure of significant legal resource is anticipated for this contested case over the course of the summer.

VACC v. Cedar Ridge Stables, et al, including VLT, VHCB and AAFM #81-10 Fc. The state court foreclosure action on a conserved farm owned by Wm. and Rita Dean was dismissed this week by the Franklin Superior Court at the request of the creditor, VACC. The Agency was a named defendant in this lawsuit by virtue of its co-held conservation easement which included a right of first refusal. After the foreclosure action was commenced, the Deans filed for bankruptcy. As part of the bankruptcy proceeding, a portion of the farm was sold to a private buyer and the VACC debt was satisfied. This ends the litigation.

Agricultural Development

Saturday, June 16: Meat and Poultry Processors' Association Meeting

Agency staff attended the summer meeting of the MPPA. Approximately 30 meat processors were in attendance. Issues discussed ranged from food safety regulations, government relations, supporting new operations, and the future of the Association. Six association members will be traveling to the American Association of Meat Processors' Convention in St. Paul, MN at the end of July.

Food Safety and Animal Health and Consumer Protection

Animal Health (AH) inspected the Tunbridge Historical Exposition as event hosts both avian and livestock exhibits. AH was involved in pre-testing poultry prior to the event.

AH has followed up on a report of a rescue organization that was supposedly importing animals into VT from other states without the required health certificate and rabies vaccination. The investigation revealed in-order paperwork so the case has been closed. It is important for the health of VT companion animals to follow up on cases of this type to make sure animals crossing into VT are healthy.

Assistant state vet continues to provide course information to VT veterinarians for Johne's recertification; the Agency, through a grant with UVM, pays for this continuing education course to keep VT's veterinarians up to date on Johne's disease (an economically devastating bacterial disease of cattle).

Assistant State Veterinarian is working with the Vermont Euthanasia Board of Animals to fully license a new Certified Euthanasia Technician. This board serves the important mission of ensuring humane euthanasia performed by certified personnel for animals in registered animal shelters across Vermont.

Meat Inspection

Program Chief Randy Quenneville met with Ray Sweeney of R n' B Meats in Glover to discuss progress on expanding the custom processing operation to include custom slaughter and the facility upgrades required.

Program Chief met with Phil Brown of Brown's Custom Meats in Glover to discuss expansion of custom meat cutting shop to include State inspected meat processing. Also, discussed implementation of Hazard Analysis Critical Control Point Plans (HACCP) and Sanitary Standard Operating Procedures (SSOP) needed before inspection is granted as well as facilities required.

Program Chief met with representatives of Tangletown Farm as they gear up to start under state inspection for the mobile poultry slaughter unit (which is stationary at this time) for Friday June 22nd.

Program Chief did a presentation at the HACCP course offered by UVM extension for producers looking to move into inspected slaughter and processing. Course had 22 attendees and a second course is scheduled for mid-July due to demand for the food safety training.

Program Chief met with Representative Chip Conquest to review progress on the custom slaughter facility that he is building in Wells River.

Agricultural Resource Management

AAP/Zoning Inquiry. Agency legal counsel received an inquiry from a zoning administrator inquiring whether a medical marijuana facility that intends to grow its own plants would fall within the definition of "accepted agricultural practices" and therefore be exempt from local zoning. The inquiry is one of first impression and will require both legal analysis based on the plain language of the AAPs and a policy discussion.

Secretary's Comments **Meetings**

Working Landscape – met with Agency team and Commissioner to discuss progress on standing up new Board and Staff. Recommendations to Governor were finalized for both Ag and Forest positions. Recommendations with biographies for Ag slots were sent to Susan Spaulding on Wednesday. Position requests for two limited service 1 year position for the Board have been submitted.

Ben Luce of Lyndon State College – Met with Luce and Ag staff to discuss energy research Luce has been hired to do. He has been asked to review the existing range of on farm energy options and to identify those most ready to deploy successfully on Vermont Farms. Developing report is in progress

Doug Langtagne, UVM Dean of Extension - Met with Dean for monthly meeting. We discussed the need to bring leadership teams together to better understand each other, expand our collaborations and find new opportunities to work together and support VT agriculture. Also explored notion of marketing the "full value" of VT milk to niche plus markets. This concept plays off the work of Ben and Jerry's Caring Dairy Program.

VT Council on Rural Development – Attended annual meeting held at the Applecheek Farm in Hyde Parke. Presented progress to date on implementing Working Landscape Enterprise Board and the challenges and opportunities of this activity. Over the course of the meeting it was clear that VCRD would continue to support finding some sustainable funding source for the WLEB.

Ron Greenwood, Farm Show Trustee Chair – discussed how to move forward for 2013 farm show in light of retirement of Jon Turmel (the farm show manager) and the new limitations on Agency staff's participation. Convey the clear and unwavering support of the Agency for the Show. Greenwood and fellow Trustee Jackie

Folsom will meet with Champlain Valley Exposition leaders to begin process for organizing and managing the 2013 farm show.

Agriculture Innovation Center, aka AIC – met with board to discuss and learn from the experiences of AIC in standing up a new grant making Board. Many lessons were learned and what is clear is that it will be a lot of work.

VHCB – attended meeting in Randolph largely focused on housing matters. Active discussion of how funds were limited for normal programs in order to help with Irene. Staff salaries were discussed as well as a transition plan if and when it might be necessary.

Farm Finance Crisis call for Large Family Farm in Addison County. This family farm needs over 200k in finance to put in their corn. They are struggling with low milk prices and lots of debt which was created in last down milk cycle. This farm milks approximately 1000 cows and owns another 1000 cows plus or minus. Their business approximates a 5 million dollar business with ties to many other businesses in the area. Spoke to organization that have been financing this farm. It does not look good.

Press

Phyl Newbeck of the Vermont Citizen interviewed me for an edition in July or August. It was a general background interview about me with more focus on a few issues particularly dairy. This feature will most likely appear in August.

Outreach

Middlebury Rotary – spoke to the Club about agriculture in general terms and explained the working landscape legislation.

Office Operations

Finance – continue to work with Agency Business Manager, Finance and Management team and Auditor's office to understand the financial circumstances in the Agency so the Business Manager can reconcile books at year end.

Personnel – Jon Turmel, a 35 year employ of the Agency and manager for the Farm show has retired. Have submitted requests for all the new positions authorized for the Agency. Continue to deal with the details of moving people back into the building.

Today the temperature in the building was recorded to be in the mid 80s and close to 90 in some rooms. BGS will be repairing the issue on Friday.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, June 22, 2012

SUBJECT: VTrans - Confidential Report to the Governor

Checkered House Bridge – Richmond

The widening of the 1929 Checkered House Bridge has been completed and will be followed by the reconstruction of the bridge deck and extensive work on approaches and a nearby intersection.

There has been some grumbling about the price of this project which was planned and permitted over the much of the past 10 years. Some press reports seemed to suggest that we could have done this job for much less money by tearing down the bridge and putting a concrete bridge over the river. Although theoretically true, we deal with realities not theory and the project that is being built is what was permitted by the FHWA in accordance with federal rules around historic preservation. John McClaughry is currently doing a rant about it on the radio and several legislators have had feedback from constituents suggesting that it is somehow the fault of this Administration. Ironically, the project was designed and permitted during the previous Administration.

Middlebury Rail Spur

We have been informed by OMYA that they are no longer interested in utilizing a planned rail spur from their Middlebury quarry to the state-owned main line in the western corridor. This effectively puts the project on "hold" and will eventually result in its cancellation. The State of Vermont has made an investment in planning, including an Environmental Impact Statement that cost between \$1 and \$2 million in state funds. The project has been promoted for about 20 years as a way for OMYA to increase business by avoiding the Act 250 cap on truck trips on Route 7 and by VTrans as a way to preserve Rt. 7 and reduce truck trips through downtown Brandon.

The project was always envisioned as a public-private partnership with Vermont Rail Systems and OMYA paying a significant role in funding. However, with OMYA out of the picture, there is no reason for the state to pursue it further. We will not pull the plug

until we have explored all aspects of project status including the remote possibility that some of our investment is recoverable.

OMYA had projected a 25% or more growth in business but that estimate has been scaled back due to the overall international economy and decreasing role of paper in our lives. There are paper mills in Maryland and Michigan that together constitute the biggest purchase of calcium carbonate from the Florence plant and they are reducing their operations. OMYA will be using trucks that will be converted from diesel to natural gas and will be living within the 118 trip per day cap on trips from Middlebury to Florence.

Rutland Rail Yard

This project has been the subject of a federally funded EIS and considerable planning, but there has been no progress due to the inability of the two Rutlands to come to an agreement about the relocation from the current City site to the Town. The price tag of more than \$60 million makes it highly unlikely that it could be built even if the two communities agreed. The Rutland Redevelopment Corporation wants to present a new alternative that had not been previously considered. The FHWA is warning us that there could be federal payback (about \$1.5 million) if there is not a Record of Decision (ROD) published soon that recommends a "no build" alternative.

Our position should be that we consider the new idea from RRDC, but suggest that funding for the additional work on the EIS be local or a subject for the next legislature as the Feds don't want to be involved. We will then argue to FHWA that we need more time before we are ready for a ROD on this project. We anticipate that this will take us well into November at the earliest.

Newport Airport Development

Aviation Program Manager Guy Rouelle met with Bill Stenger this week and agreed in concept on a lease for a foreign trade zone storage facility, two 120' by 120' jet hangars and a 50,000 sq. foot aircraft manufacturing facility. These are standard ground lease contracts that should not take much time for legal review and final approval, perhaps two weeks.

This is a major step forward for the airport and the region and we'll need some feedback as to whether you want to do a press event around the signing of the lease or some other aspect of this development.

Notes

DMV will issue a press release in the next couple of days announcing the 1 millionth on-line registration renewal through DMV Express. About 30% of all transactions are now done on-line.

The TIGER IV grant of nearly \$8 million is a huge piece of the strategy to get to Montreal with the Vermonter. Given the track record of these grants not going to State DOTs but, rather to cities and counties we were pleasantly surprised by the award. Thanks very much for your efforts on behalf of this very important grant.

Note below was sent to all staff regarding this past Tuesday's employee recognition event

Hello All:

I know some of you were not able to join us on Tuesday for the employee recognition event held here at National Life and broadcast to certain remote locations. I have listed the award recipients for your information and want to reiterate my heartfelt thanks to them and to everyone for the great job you all have done in the 18 months. I'm very proud of your effort and the results and I know that's true of Governor Shumlin, the management team at VTrans and all Vermonters.

An especially important part of the ceremony was the presentation of the first few of 74 engraved granite plaques that will be permanently installed at every single state garage in recognition of our maintenance staff who performed so brilliantly during the four declared disasters around the state in 2011. It is important to note that companies like Rock of Ages and Family Memorials from here in central Vermont wanted to participate in thanking our personnel and donated almost all of the material and labor necessary to create these permanent tributes.

Congratulations to all of you!

DMV

2010 Employee of the Year – Robin Jackson

2010 Team of the Year – The Ignition Interlock Team of Joanne Bilodeau, Chauncey Liese, Donna Earle, Nancy Gosselin, Tom McCormick, Michael Smith, Glen Button, Tammy Kelley and Kim Plante

2010 Manager of the Year – Glen Button

2011 Employee of the Year – Val Cyr

2011 Team of the Year – The South Burlington Office Team of Elizabeth Anthony, Cassie Bouchard, Allysa Cole, Pam Conant, Flo Damon, Dave Evans, Cathy Gregory, Sara Jelen, Karen Keelty, Randy Labarge, Mary Lariviere, Roy Levesque, Tensin Lhakhang, Ed Martin, Bonnie Murray, Mike Murray, Jeanie St. Peter, Christine Starai, Deb Talcott, Debbie White, and Diana Woodruff.

2011 Manager of the Year – Michael Smith

Finance & Administration

2010 Team of the Year – Carma Flowers and Diane Reardon

2011 Employee of the Year – Sonya Boisvert

Operations

2010 Employee of the Year – James Sabens

2010 Team of the Year – Roger Barry and Brad McAvoy

2010 Manager of the Year – Joe Flynn

2011 Employee of the Year – Bill Jewell

2011 Team of the Year – The Royalton Garage: Paul Stratton, Warren Pratt, Luke Russ, Ryan Slack, Leon Higgins, Alan Rousseau, Frank Benson, and Dustin Roberts
2011 Manager of the Year – Bruce Nichols

Policy, Planning and Intermodal Development

2010 Team of the Year – The USDOT Discretionary Grant Application Team of Bob Atchinson, Krista Chadwick, Costa Pappis and Karen Songhurst
2011 Employee of the Year – Trini Brassard
2011 Manager of the Year – Joe Flynn

Program Development

2010 Employee of the Year – Eric Fontana
2010 Team of the Year – The LTF Team of Todd Sumner, Bill Preis, Jon Kaplan, Aimee Pope, Wayne Davis, Curtis Johnson, Joel Perrigo and Ande DeForge
2011 Employee of the Year – Phil Peloquin
2011 Manager of the Year – Wayne Symonds

All-Agency awards

2010 All-Agency Employee of the Year – Eric Fontana of Program Development
2010 All-Agency Team of the Year – The USDOT Discretionary Grant Application Team of Bob Atchinson, Krista Chadwick, Costa Pappis and Karen Songhurst
2010 All-Agency John T. Gray Manager of the Year – Joe Flynn of Operations
2011 All-Agency Employee of the Year – Sonya Boisvert of Finance & Administration
2011 All-Agency Team of the Year – The DMV South Burlington Office
2011 All-Agency John T. Gray Manager of the Year – Bruce Nichols of Operations



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: June 22, 2012
SUBJECT: Confidential Report to the Governor

CONNECT VT

Status of Governor's priorities:

VTEL status: CONFIDENTIAL: Visited on site with VTEL to review their entire wireless project plan, including sites acquired and permitting status.

To date:

- 158 sites are contemplated
- 123 are identified, in process of gaining agreements for site occupancy
- 25 are search rings, not yet identified property and structure
- 58 of the 123 have been forwarded to legal team (DRM) for permitting cycle to begin.
- After reviewing their plan, I believe that there are areas of the state that are in need of additional search rings and have communicated this to Vtel.

We are closely monitoring the site acquisition to permitting cycle, and seeking forecasted dates for filing of permits from DRM. VTEL has been very open about sharing this granular and very confidential information with the administration, soon to establish a link to their daily updated project plan.

Target Communities Connect VT, VTA, FairPoint, Department of Public Service Activity: Follow up call scheduled to propose fiber build solution down Route 113 that is funded by VTA, strands owned or long term leased by retail providers. This will ideally: keep FP docket commitment whole in the Orange County area, allow for EC Fiber to deploy their local investor capital, benefit consumers there with

choice of providers, and possibly repurpose some of your docket funds to other target communities that don't have a proposed solution.

VTAs: Board action on two target areas in the grant funding round, awarding \$625,455 as the first two awards. As a good indicator, Topsham solution coming at \$5200 per unserved location, Comcast solution at \$4748 per unserved location.

Provider: **Topsham Communications**

Target Grant Areas: **Bradford-Bradford-North and Topsham-Groton**

Technology solution type: **Fiber**

Locations: 138

Provider: **Comcast**

Target Grant Areas: **Braintree-Randolph-North, Pownal-Pownal-2 and Shaftsbury-Bennington-1**

Technology solution type: **Cable DOCSIS 3.0**

Locations: 71

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Contacted by Rep. Sweaney and Sen. McCormack regarding preservation of the Windsor Prison Pond dam.
- Rep. Stevens dropped to discuss the Waterbury project.
- Sen. Benning dropped by to discuss the civil war monuments mentioned in the capital bill.
- Rep. Acinapura called about a state owned Brandon building which could be sold, 43 Church Street.
- Returned Rep. Olsen's call.

Press/Media Notes:

- Answered a few questions posed by Andrew Nemethy, VTDigger, on the Waterbury situation.
- WCAX called regarding the Waterbury Grenier property.

Evolving Issues:

Health lab: Colchester withdrew its request for an Act 250 hearing.

FINANCE AND MANAGEMENT

Issues Update:

Year-End Closing: Things continue to progress smoothly with no significant issues. AOT requested and was granted an extension for filing their impaired asset list. The extension was necessary due to the large number of impaired assets caused by Tropical Storm Irene. The extension will not cause any major delay in the closing timeline.

Fiscal Transparency Website (FTW): Work continues on finalizing the website structure mapping and content development. Deputy Zeller reviewed the proposed website working name (Spotlight.gov) and a graphic look/feel mock-up with Secretary Spaulding on Monday. On a related note, at Doug Hoffer's request, Zeller provided several charts for the Governor's Dashboard; these same charts are already planned as content on Spotlight.

HEALTH CARE REFORM

Nothing to report.

HUMAN RESOURCES

Status of Governor's Priorities:

Strategic Plan: DHR finalized the Agency of Administration's strategic plan and the overall strategic plan for the state of Vermont. The state plan has been distributed to the extended cabinet in anticipation of the second strategic planning retreat, which is scheduled for June 22d. Directors Hetzel and Gowdey also met with Governor Shumlin to review the plan and prepare for the retreat.

Press/Media Notes:

Taylor Dobbs from VT Digger contacted Commissioner Duffy to discuss state policies that apply to political activity. In particular, Mr. Dobbs appeared focused on comments made by the Attorney General about his campaign activities.

Significant Events/Meetings:

Diversity Events: The Governor's Workforce Equity and Diversity Counsel met this week and reviewed final proposed revisions to the Executive Order that establishes the council and affirms the state's commitment to diversity. The GWEDC would like to have a signing event with the Governor in late September or early October to promote Diversity Awareness month. Commissioner Duffy will discuss this proposal with Secretary Spaulding and will have the Governor's counsel review the draft Executive Order.

The Council also wants to explore the possibility of conducting cultural training to promote diversity. The Department of Health is engaging in a small pilot program, and DHR will assess that program and ways to fund a larger program for employees throughout the state. One mechanism may be to ask Agencies and Departments to contribute a small portion of any carry forward money to fund such a project. Commissioner Duffy will discuss this with Secretary Spaulding and Commissioner Reardon.

Commissioner Duffy and several members of her staff also attended a conference on diversity that was hosted by the Vermont Human Resources Association. The conference was stimulating and highlighted the need for cultural training if advancements in diversity recruitment and retention are to be realized.

Meeting with American Red Cross: Deputy Secretary Clasen, Commissioner Duffy and employees from AHS and Vermont Emergency Management met with a representative of the

American Red Cross concerning evacuation plans in connection with a radiological event at Vermont Yankee. At present, is not able to staff facilities where citizens would be relocated in the event of a significant event at VY and is requesting that state employees be utilized to staff emergency shelters. This presents a host of issues, including labor and liability issues. Commissioner Duffy will work with Deputy Secretary Clasen to assess what steps could be taken to permit employees to be deployed in such emergencies and make proposals to Secretary Spaulding.

Evolving Issues:

Implementation of Pay Act: DHR sent worksheets to Agency and Department heads providing preliminary information regarding salary adjustments and requesting feedback and approval. Most Agencies and Departments have responded, and DHR has discussed these recommendations with Secretary Spaulding. DHR anticipates that it will be able to finalize the salary review and inform Agency and Department heads of the results in the next two weeks.

Labor Relations Issue: The VSEA is continuing to file Notices of Dispute with the Labor Board about the state's designations of certain employees as managerial or confidential. VSEA has also filed a Unit Clarification Petition arguing that individuals employed by the States' attorneys and Sheriffs are within a classified bargaining unit and are not exempt employees.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Governor's Dashboard: Completed for demo to extended cabinet on June 22. The intent is to allow for a 7-10 day review period and launch the site in 2 weeks.

Healthcare: Healthcare initiatives continue to move forward though more project management structure needs to be put into place.

Significant Events/Meetings:

- VCGI had its annual budget review by the board (of which I am the chair) and the prognosis does not look good for the future. A few years ago, VCGI's appropriation were cut significantly (along with many other), but the work expected from them for state & local activities has continued to grow. Luckily, the VCGI had appropriate cash reserves to survive through the downturn. Based on current budget, VCGI will be forced to reduce its service offerings in FY14/FY15 if the gap in funding is not addressed. The board has agreed to have a strategic retreat in the fall to look at alternatives.
- Tax has selected Mathtech to write the enterprise tax management (ETM) RFI. Since a thorough vetting of long-term alternatives (they did look at alternatives for the tax types in question, but not the major tax types we are now considering) was not done at the selection of Oracle a few years ago, Mary and I felt we needed a more comprehensive look at alternatives before deciding on our future path. We're working with them on finalizing the SOW-Agreement and will have the vendor on-board soon.

Evolving Issues:

- Initiated contract negotiations with Cisco OnLine (formerly GoToMeeting) to hash out an Enterprise contract for all State of Vermont departments and agencies as well as Colleges and Universities to utilize their audio and webinar solution. Additionally there are opportunities for online training webinar resources as well.

LIBRARIES

Nothing to report.

TAXES

FTA Conference:

The Commissioner and Michael Costa spent 2 ½ days at FTA conference in DC. Themes included pending federal legislation, the Streamlined project, and technology, technology, technology.

On the various federal bills, there was frank discussion on how difficult it is for states to come together to craft consensus positions to combat overreaching by Congress, or to shape details of bills. There was also some “be careful what you wish for” – in the event of a Main Street Fairness bill, a state should be prepared not only with its own collection system for remote sellers (Streamlined has guidelines), but more importantly with education initiatives for in-state vendors who will need to comply with unfamiliar collection in other states.

There also was discussion about the Streamlined project – which now includes nearly half the sales tax states, but lacks the major population centers. Leaders acknowledged that the group moves at “glacial” speed to reach policy consensus, presently struggling with not only inherently complex issues such as cloud, but even seemingly mundane matters such as how to treat Groupon discounts and the allowance of credits for taxes paid in other states. For Vermont, it presents a real challenge in whether/how to allocate our extremely limited resources to such time consuming undertakings.

Technology initiatives were the subject of many presentations – and also dominated private conversations among Commissioners. Technology advances presented a myriad of opportunities and challenges in both processing returns and enforcement. In particular, the quest to move from legacy processing systems to integrated platforms is littered with failures, cost overruns, delays, and lawsuits. It was clear that the most satisfied states were those that had bought the most expensive solution (“Gentax”); a mature off the shelf product that comes in on time with a comprehensive suite including taxpayer portals, website, and dedicated service technicians. The discussions confirmed that it makes sense for the Department to do a thorough review of current options before continuing with Oracle’s ETM.

Operations:

Retreat: The Tax Department held its second annual retreat for Senior Staff and Supervisors. Overall, the energy was surprisingly positive – those who are vocally opposed to change were not able to win over the evangelists nor sway the majority that perhaps has not embraced change but see some upside,

and is willing to give it a chance. We were lucky to have a skilled facilitator who used some very constructive exercises. We got to consensus that we need to manage expectations, and set some realistic milestones for the next year so we experience success to keep moving forward.

The biggest concerns centered on technology and personnel. Clearly it is a stress on the Department to be using a series of systems, some of which are fairly unstable and we were able to explain where we are with the delays related to ETM. The added challenge is that our IT Department can neither recruit nor retain employees. Frustration with HR procedures in general was a theme – with respect to filling positions, reclassifications, and discipline actions. There was hope that the new HR system addresses some of the clunkiness and delays that are further barriers to competing with the private sector. (The Deputy told a hilarious story about how he kept getting rejected as unqualified from the HR system as he applied for state jobs, despite his MPA and years of managerial experience – he only landed with me because he could just submit a resume). Although communication was cited as an area for continued improvement, some of our efforts were very much appreciated – including the visit by the Secretary to a brown bag lunch, which was very popular with staff.

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary - Agency of Commerce and Community Development
Date: June 22, 2012
Re: Weekly Report

Dashboard item – Most of my comments will go through the system, but want GPS and this group to note that on the Education tab the first text bullet references low teacher/pupil ratio. I don't think that is totally proven as a good objective, it is probably not financially sustainable, and will likely change as a result of some of our policies going forward. I would rather we were talking about outcomes and operational efficiency: the admin/teacher ratio for example. If Vermont as the education state is going to be a major effort this could use some attention.

GPS: we should talk about the proposed innovation center for UVM on our trip to Armonk. This is high on my list but also want to make sure it is sufficiently independent from core UVM that it doesn't sink and can be accessed effectively by companies and individuals outside UVM. There is a good model from the photonics industry in Quebec City.

The US Ambassador and Consul have a US Independence Day event in Quebec City on Thursday which VDTM is involved in and Lawrence is attending. Car share available if anyone from 5th is attending.

Vermont brand licensing efforts are ongoing with CMO and Ag and will be moving to include A.G. RSG, a White River Junction based research firm, will provide qualitative focus group research on the attributes of the Made in Vermont program.

Formally **requested that HUD allow DEHCD to use up to \$4.5 million** more in CDBG-DR funds in Windham County than is currently allowed by requirement that 80% of the funds be spent in Washington and Windsor counties. If approved, this would leave 20% of the state's allocation for all other areas of the state. Ongoing communication with business owners in Windham County as well as the towns of Brattleboro and Wilmington, BDCC and the Windham Regional Planning Commission. Also with Illuzzi.

Met with other board members of the **Vermont Housing Finance Agency at its monthly meeting**. The board approved the allocation of state affordable housing tax credits for the mobile home financing program. Urged agency staff to be flexible in its administration of the credits to allow Champlain Housing Trust to blend them successfully with other funding sources and get the program running.

Byways: Megan followed up with the group from Newfane and included Stratton President Skye Volkes, Oliver Olsen, Laura Sibilia (Brattleboro Economic Development) and the town clerk from Jamaica and Jon Mack from the Newfane select board. Megan recommended forming a Scenic Byway from Brattleboro to Stratton along Rt. 30 but to include Grafton and Windham. The idea was very well received and the work has already begun with VTRANS.

Vermont Mountain Biking: Meetings with the Lintilhacs Foundation resulted in a commitment to support Vermont Mountain Biking Association with VDTM with a match for a 3 year \$91,000 investment.

LGBT Travel Section: The Department of Tourism has been working with the Vermont Gay Tourism association to develop a special page on VermontVacation.com for the LGBT traveler. We have added a link to the right header of our site to direct consumers to the page. The Department will be investing in Google display ads to promote this page and encourage the LGBT traveler to visit Vermont. It was a wonderful collaboration with the association. The staff who used Google's adsense to identify websites to market on had a few shocking moments and were worried about getting in trouble with DII but all is OK now.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Sarah London, Governor's Counsel
From: Sarah Hofmann, Deputy Commissioner
Subject: Weekly Report - Long Version
Date: June 23, 2012

Status of Priorities and Cases of Interest:

- This week focused on getting the Directors for VLITE in place for the closing of the merger next week. We spent a lot of time making sure the documents were in order, tracking down the VLITE directors and getting the necessary signatures. As of Friday at 5:00 we completed our tasks. All the ducks are properly in row.
- Liz and telecom continue to work on EC Fiber issues.
- Vermont Yankee Operations: The Vermont Yankee nuclear station experienced a trip of the alpha recirculation pump on Monday, June 18th at 1PM. Plant operators adjusted the plant to run on a single loop (with the remaining Bravo recirculation pump) at a reduced power around 40%. The failure was the motor-generator set that produces the AC electricity for the recirculation pump motor. VY has removed the motor and has shipped it to a repair shop in Connecticut. The cause of the motor failure is unknown at this time. Until the motor comes back the plant will continue to run at less than 50% capacity.
- Texas Compact: The VT payment to Texas re the Texas Compact of \$12.5 M is due no later than Tuesday, June 26th. The plan currently is to send it Monday afternoon. In the last few days there was some concern about the facility owner pressuring various parts of Texas Government including the Compact to except certain imports in this first year. This raised concerns here in Vermont. At this point, we believe we have gotten some clarity on the issues and believe that Vermont should send the money owed and remain in good standing in the contact. Contacts with Entergy have confirmed that although "concerned" Entergy is not "alarmed" by what is happening in Texas and at this point Entergy sees no basis for not sending the money to Texas as per the statute. Entergy believes that Vermont should remain in good standing in the Compact.
- GMP/CVPS Merger – Docket 7770 – DPS and its rate consultant have been very engaged with the Companies as they prepare the combined base rate filing due August 1. The filing will be provided to the Docket 7770 parties, and is therefore likely to receive greater scrutiny than past filings. This base rate determination will set the baseline against which merger savings will be calculated, i.e. rates will be set as if no merger was occurring. The unique circumstances of this filing have engendered a variety of issues which DPS and the Companies are working through. Closing on the acquisition of CVPS is scheduled for June 27.

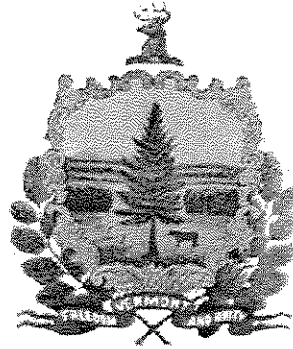
- Burlington Telecom - PSB Docket 7044, Superior Ct. Docket S1588-09 CnC, US Dist. Ct. No. 2:11-cv-214 (wks) – On June 18 the City of Burlington (City) filed a motion to amend its answer to Citibank's complaint. The amended answer asserts in part that Citibank has failed to act in a commercially reasonable manner, and that any demand for repossession of the "Equipment" must be commercially reasonable under Vermont law. The City also asserts that by virtue of investing its own funds in some parts of the fiber-optic system it is a co-owner of the system, creating a tenancy in common. DPS is reviewing the amended answer, defenses and counter-claims but does not believe any DPS response is needed.

Also on June 18 Burlington Telecom filed its fourteenth status report. The report indicates that BT is continuing negotiations with up to three potential investors/partners, despite the existence of the Citibank litigation. BT also stated that there will be a hearing on June 27 on all pending motions in the *Osier* lawsuit in Chittenden Superior Court.

Press Issues/Releases/Contacts

- Liz fielded calls regarding tar sands oil possibly flowing through Vermont.
 - Sarah responded to a couple of requests on the recirculation pump problems at VY.
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Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: June 25, 2012
SUBJECT: Governor's Report

Division Reports and Updates;

State Police

A-Troop

Motor cycle clocked at 114mph; charges and tickets processed.

BCI

Inmate jail sex assault allegation came in Thursday evening. The "victim" said her two cell mates grabbed and touched her in an L&L manner. All were interviewed and the "victim" was re-interviewed. She confessed that she made it up; cited her for false report to a LEO.

Assault at CC- Inmate assaulted 2 guards, destroyed a sprinkler head and cell camera- Inmate sent to Newport.

Russell Douse, 54 year old foster parent was recently arrested for luring a child, is now being accused of sexual assault against a former foster child. Victim and witness interviews completed.

Assisted Field Force with Cabot Home Invasion second interview with victim needed.

Worked on Plainfield Assault and Robbery from 6/5/12, second interview with victim needed

B-Troop

Multiple DLS and DUI arrests

Attempt to locate reported runaway juvenile from Jay, VT, she turned up on her own the following day.

U.S. Customs border detail for final weekend of Laconia Bike Week. Three Troopers worked detail in Derby Line and Canaan / Norton area in conjunction with CBP officers; nothing significant.

Subject taken into custody regarding a past home invasion, accused entered the residence and was charged with trespass.

BCI

Met with AUSA on O'Hagan case

Affidavit completed for first degree murder charge in the case of Melissa Jenkins

C-Troop

Assist to Rutland City PD with suicidal male with weapons on the roof of his home- taken into custody and all fine.

Missing seven year old Rutland Town, located within the home.

A missing person report; 75 year old senior citizen with Alzheimer's, the following emergency departments responded to help Starksboro Fire Department, Hinesburg, and Williston PD along with SAR assisted. Located 2 hours into the search uninjured.

Assisted Vergennes PD with a bomb threat at the Job Corp. Troops assisted with traffic control while VPD investigated the incident false report.

6 consent searches all resulting in arrests and/or discovery of MJ and paraphernalia.

BCI

Robbery Rutland Town

Consent Search of vehicle, occupants found to be smoking Percocet

Untimely death of a ten day old baby in Shaftsbury

Untimely death of a 58 year old female in Pownal

D-Troop

Weathersfield robbery subject told clerk he had gun, none actually shown. Trooper was able to establish identity of subject who was driven to and from the scene by his grandmother (she was unaware of the nature of his errand). Subject not yet located, warrant will be applied for.

Night shift Trooper's set up surveillance on a seasonal home in Wardsboro which has been burglarized between 2300-0200, on all the previous three Sundays. Suspects declined to make a fourth burglary of the home.

Investigated an attempted burglary of the Putney General Store, no arrests investigation still ongoing

Received information from NIU that a person of interest was planning on stealing telephone line from RT 30 in Dummerston. Nightshift set up in the area, no show by POI.

We were contacted by the Guilford School regarding the welfare of a student follow up to the incident. It was reported that the student's mother had threatened to shoot her if she wasn't home at a certain time. VSP was then notified that the student had now attempted to overdose on pills and was transported to BMH. Trooper contacted HCRS and DCF to assist with removing the student from the home.

BCI

Sex offender registry compliance check in Sharon

McDaniel Homicide hearing

TSU call out in Washington

Two SSCF assault cases inmate assaults on guards

Sex Offender Registry checks in Rockingham

Arson Detectives

Responded to a pipe bomb explosion in Fairfield; while juveniles were making the pipe bomb it detonated. Two juveniles were sent to the hospital for injuries.

Assisted with a robbery in Rutland Town two subjects devised a scenario in where a vehicle was used to block an unsuspecting passing motorist. Once the target vehicle stopped, one of the perpetrators' exited the nearby woods and confronted the stopped automobile and stole the operator's purse.

Assisted Rutland Police with sex offender registry at the barracks

Assigned a fire investigation to the team to Springfield, the fire was deemed to be arson and the investigation is continuing.

TOPS

MV stop on 91(NB), consent search, 150 bags of heroin seized, 2 subjects arrested for possession/trafficking heroin.

VEM

Issues/Updates:

- a. Met with VSP D Troop Commander regarding planning for the July 1st protest event at Vermont Yankee in Vernon. Organizers are hoping for a large turnout (1,000+) and arrests may occur. VEM will draft an Incident Action Plan (IAP) and, while not yet final, expect the EOC will be at Level 2 (occupied with minimal staff) for the duration of the protest on that day.
- b. A "flotilla protest" at Vermont Yankee is scheduled, possibly for August 18/19, in the Connecticut River. There will be more to follow on as is known.
- c. VEM staff toured the Entergy HQ facility in Brattleboro, with specific access to the Joint Information Center (JIC), the Emergency Operations Facility (EOF) and the Control Room Simulator. Our bi-weekly staff meeting was conducted while there.
- d. Working with Entergy to understand why information varied between what we were told and what the media reported regarding the June 18th "power reduction" incident at VY.

- e. FEMA has approved VY's Rapid Emergency Telephone Notification System (RENTS) to provide, along with sirens and the NOAA Tone Alert Radios, capability to notify the public in an emergency at VY.
- f. FEMA Region 1 Administrator Boyce met with the Administration this week.
- g. Zachary Borst was offered employment (contingent on background clearance) to fill the position of Outreach Specialist. He has extensive experience as a first responder and has done internships in emergency management.

General Information/Other:

- a. Attended LEPC 4 meeting in Franklin County.
- b. Attended the LEPC 6 meeting at Brattleboro Memorial Hospital.
- c. Conducted DLAN training for Stowe Mountain Rescue and Lamoille Dispatch.
- d. Participated in a VT School Crisis Planning Team meeting. The crisis guide is on the VEM website and the Department of Education will put a link on their site to the VEM site as well.
- e. Attended Region 1 EPA sponsored training at Champlain Valley Union HS, which the purpose of was to review storage protocols in school labs and advise teachers how to properly store chemicals.
- f. Participated in a Council of State Governments webinar on the Nuclear Safety in the Northeast.
- g. Participated in the National Level Exercise (NLE12) communication portion this week. VT chose only this phase of the exercise due to the extra duties coming from TS Irene.
- h. Vermont hosted FEMA course L975 – Finance Admin Unit Leader training. 21 people attended from 10 states, including 10 between DPS and VTrans.
- i. Provided (RERP staff) training to the Vermont State Guard in Berlin this week. They provide support to the Staging Area at the AOT D2 Garage in Dummerston.
- j. Continued to respond to FEMA requests for information related to HMGP applications and work with SAIC in providing RFI feedback for selected HMGP applications.
- k. The State Hazard Mitigation Officer (SHMO) is conducting daily conference calls with FEMA R1's Dick Verville to resolve outstanding issues for home buy-outs and met with Army Corps/Engineers to discuss proposals for ACE grants.
- l. FEMA-State After Action Review postponed due to multiple schedule conflicts.
- m. Scheduled VY evaluated exercise coordination with VY, FEMA and other states to finalize preparedness activity dates.

- n. The Emergency Management Planner I attended situation unit leader ICS training.
- o. Hosted natural hazards review meeting with UVM and state partners.
- p. Conducted a recovery presentation for the Healthcare Preparedness Conference in Stowe.
- q. Assisting HSU with grading proposals for a facilitation workshop.

Fire Safety

Construction Summary Plans Review: Between June 13- 20, 2012 the division reviewed (\$10,000,000.00) in new construction valuation collecting \$55,640 in fees Wesley Crider, Assistant Fire Marshal is retiring from State Service effective June 29, 2012. We will be recruiting to fill his position.

Mobile home inspections to assist the Department of Economic Housing and Community Development in securing FEMA funds are near completion. Approximately 10 mobile homes were inspected.

The new fire data base has been accepted (final acceptance). A 3 year sole source support contract is going to be submitted for approval. This contract is critical for the division of fire safety IT.

The Vermont Fuel Dealers Association and the Division of Fire Safety are partnering to coordinate public education/awareness focused on propane and fuel oil safety resulting from Irene. VFDA has put together a couple brochures and we will be including them in our newsletter and posting on our web page.

Robert Patterson plans on submitting the proposed rule changes to ICAR within the next couple of days.

Propane companies in Vermont have been vocal about their dissatisfaction with the Department of Public Service (Gas Pipeline Program). Gas Pipeline Program Manager, Chief Engineer, Hans Mertens is retiring effective July 6, 2012

Confined space prop at the Fire Academy is 40% complete and the trench prop is 80% complete.

This weekend is swift water training in Brattleboro.