

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

Sent: Sunday, April 26, 2015 3:13 PM

To: GPS

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

Subject: Weekly Reports - Executive Privilege 04 24 15.pdf

Attachments: Weekly Reports - Executive Privilege 04 24 15.pdf; ATT00001.txt

Just a few notes, nothing huge. Justin, we should consider asking Keith to give us a "real" report, at least during legislative session. Lawrence, a few small notes for you in DVHA section. Gov, Sue Minter had a specific question for you and there are a few other notes here and there for you, as highlighted. Liz

WEEKLY REPORTS

Checklist
4/24/15

Elizabeth Miller/Alyson Richards

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

TBD

- Agency of Transportation – Sue Minter
- Agency of Human Services – Hal Cohen

Sue Allen

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

Sarah London

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

Susan Spaulding

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

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: April 24, 2015
Re: Weekly Report

LEGISLATIVE ACTIVITY

- **Budget:** The Senate Appropriations Committee is working through the numbers part of the budget bill section by section. Wednesday afternoon, the committee closed out the ACCD sections to concur with the House version of the bill with one exception: instead of taking \$2,800 from the Vermont Ski Areas Association as the House had done, they agreed to put in language to allow the Tourism and Marketing Department to find the \$2,800 within their budget as requested by the Administration. Lucy observed that Dick Sears is still bringing up the Shires and has it on his wish list.
- **Economic Development Bill:** The Committee continues to work through the bill and is finding resolution on a number of sections including the DAIL, the Disaster Response, and the Gun Suppressors sections. Lucy and VDOL worked through the Workforce sections with the Committee yesterday and these are shaping up nicely. The VEGI sections are still not closed, and the outcome of the wages threshold and the value added VEGI changes remain uncertain. The committee held a public hearing on the VEGI changes Thursday evening. Mostly business and RDC's in attendance. The Workers Coalition opposed the wage threshold change, they don't understand it.
Lucy learned that an amendment for on-farm digesters will be proposed to the bill by Representative Parent of Saint Albans. The amendment apparently clarifies that a digester is subject to the Act 248 process as opposed to the Act 250 process. Lucy will check in with Ag to be sure there are no issues.
Noelle spoke with Chair Botzow about the Priority Housing language that is now ready to go. If House Natural is okay with it, it will likely go into the Economic Development bill and move this year. But depending on how things go, it may need to wait until next year. Regardless, a path forward has been identified for the Colchester problem and can happen without this new language so we are covered either way.
The Committee was aiming to vote the bill out on Friday, but that looks unlikely. The bill will need to go to Ways and Means, as well as to Appropriations if the Tourism Formula remains in play. Lucy will continue to monitor.
- **H.272 Current Use and Technical Tax Bill:** Monitored deliberations in Senate Finance. The committee has agreed to the Vermont Housing Finance Agency's (VHFA) substitute language for Section 16 – Qualified Rental Housing – and has added it to the most recent draft (8.1). The administration supports the language as it clarifies that tax assessment adjustments for affordable rental properties do not sunset but must be recertified by VHFA every ten years. The new draft also includes changes to the tax increment financing (TIF) provisions. Fred Kenney continues to work with the Tax Department and committee on these provisions.
- On Thursday morning, Jess Robinson provided brief testimony on **H. 25 - An act relating to natural burial grounds** to the Senate Committee on Economic Development, Housing and General Affairs. Jess testified that the VDHP had no concerns with the current version of the bill, having worked to resolve potential areas of concern before the bill passed the House. Following Jess's testimony, the committee voted 5-0 in favor of the bill.
- **House Commerce:** Steve Cook provided testimony on the Scheuermann marketing/branding bill on April 21, 2015. Cook spoke to the Department's current strategy of tourism marketing and the efforts that have been made in terms of economic development marketing. Cook provided testimony describing the department's planning and advertising process and the team's assignments within the organization.

PATRICIA MOULTON, SECRETARY:

Vermed: The Vermont economic progress counsel on Thursday approved VEGI incentives Vermed. This seals the deal they are staying and growing in Vermont! We will do a press release on Monday.

- **GS Precision:** I have not heard back from Norm Schneeberger despite reaching out to him. I was told he was meeting with the state of New Hampshire on Thursday to see what they can throw on the table. There are several tools at our disposal which are not available in New Hampshire. Hinsdale does have new market tax credit but

may not help Norm. He was all fired up about the paid sick leave and expected it would cost him over a hundred of thousand dollars annually. Once he understood the details, after I connected with representative Tristan Toleno, it calmed Norm down. My impression is he's searching for a way to say no to Vermont but realizes the numbers we have put on the table are very compelling.

- **EB5:** lots of discussion this week with DFR on a variety of EB five projects.

LUCY LERICHE, DEPUTY SECRETARY: Lucy has been camped out at the statehouse doing great work on many items!

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

Telecom

- **AT&T/Historic Preservation:** Organized and attended a very productive meeting with AT&T and Jamie Duggan to talk about coordination, stemming from AT&T's proposed Wallingford project which involved removing a slate roof on a historic structure. AT&T was very appreciative of the outreach and agreed that they needed to contact the Division sooner than they have been with potential projects.
- **VTA Transition:** I am getting drawn in to the day to day transition activities of the VTA transition to the Department of Public Service. I am working with PSD on reviewing contracts, license agreements, etc. and will likely be continuing this for the next couple of months. The PSD team is doing a great job; I just have the experience with the org having worked very closely with them for the last two years so together, we can ensure a smooth transition to the newly created Division for Connectivity.
- **AT&T Rollout:** During our conversation with AT&T, I pitched the idea of doing another success story type of event somewhere along I-91 at the right time; they are happy to do so. They were also very pleased with the recent Richmond event and are eager to continue working with us to keep the good news stories coming.
- **State Sites Licensing:** Met with Peter Kipp, Bill Laferriere, Terry Lavallee and FPR representatives to discuss breakdowns in communication, the opportunity to improve the state site licensing process now that the VTA will be no longer in existence and how we need to better market state sites. We all have to-do lists and will reconvene on May 19th.

Recruitment

- **BHS Composites (Confidential):** The dance continues with this prospect. I met with their consultants in Montreal who confirmed that their decision timeframe has been extended and that they are now really looking at sites much closer to Sherbrooke. They also let it slip that they are considering a location in Northern New Hampshire. A quick Google search revealed that there are a LOT of real estate options there - and also very cheap ones. For VT, we have pitched REM's building in Newport and also Kennametal - the latter of which they have expressed the most interest. I let the consultant know, following the meeting, that we'd like to have a conversation about how the VEF might play a role in BHS's decision; if they can show what NH offered and we can fill the gap (if there is one), we might have a leg up.
- **GE Supplier (Confidential):** After instigating a battle that could be considered WWIII, I followed up with REDC this week to see where they are in terms of putting together information for the GE supplier project. GE let us know that they wanted a supplier to locate in Rutland and REDC would also be involved. As agreed, I sent GE and REDC our information, including a letter from the Governor, about two weeks ago and REDC is still 'refining the package'. I asked that we please see a final product that GE will send to their Sourcing Team.
- **CAI Consultants:** In addition to talking about BHS with this team, I also spoke to them at length about the great things that are happening in Vermont, our reinvigorated efforts to outreach to Quebec companies and organizations to boost sales for VT companies, interest in helping Quebec companies establish a presence in VT, etc. We also talked in detail about the new COREX resource that the FCCQ has launched, etc. I let them know that we will be delighted to meet with any Quebec companies seeking to do biz/locate in VT. They were very appreciative. They also were VERY candid about the weak QC economy, crumbling infrastructure, government and how their portfolio has increased in the past few months because of companies seeking to leave or diversify.
- **Project Malibu:** Responded to a Boston consultant's inquiry seeking a location for a client that would create about 100 jobs. As usual, details were scant, but was able to pitch REM's new Saxon Hill property as a possibility given its size and location. It is either for a pharma, biotech or food related company that needs to be located near a college/university. The consultant has named it Project Malibu - no idea what the news could be.
- **Drink Maple:** Working with a very small company looking to locate a small production facility in Franklin County. Presently based in MA, Drink Maple is - you guessed it - a producer of a sap based beverage that is

already on the shelves in the Northeast and Quebec. They already have solid relationships for raw material in Fletcher, Fairfax and Georgia and want to establish a more formal presence here.

- **Thirsty Ventures:** Have been continuing to work with Thirsty Ventures (aka Green Mountain Co-pack) to explore expansion possibilities in the Chittenden County area. I am collaborating with their broker, Duncan Harris, on this. Their CFO, Chris Crandall, also offered some good assistance with respect to the previous prospect - Drink Maple - in terms of packaging. Thirsty Ventures' timeline is a bit long, so we will have ample opportunity to find them a perfect site.
- **CA Drought Affected Companies:** I have a draft letter ready to go that I will send over soon for review, etc. I also have a list of CA-based breweries and dairy producers (significant water users) as a mailing list starting point.

Good

Special Projects

- **Energizer:** We really are getting closer to closing this deal. There are a few last minute details to deal with and a closing should happen within the next few weeks. I also talked at length with our RE Lead at Energizer Corporate and his position will be cut at the end of May. As you know, the company is being spinning off its personal care division and it will become a standalone company that I believe will be called Edgewell. However, the Energizer attorney that has been deeply involved will remain connected to the company. She is moving to private practice and will take much of her current Energizer Real Estate work with her. She can still be a great resource for us as it relates to anything else with St. A, but also with Bennington. {note - once this transaction is finalized, there might be a good possibility for some kind of event}
- **Reinhart Foods Facility – Colchester:** I met with Town Officials to talk through their idea of buying the Reinhart building (behind Costco) and turning it into a food incubator. I got them to understand that creating incubator space is challenging (read: really expensive) and perhaps using a 60k sf building that was built for refrigeration/freezer warehouse to do this might not be a great idea for this unique facility. I encouraged them to work with GBIC to target possible parties like the C&S/UNFI's of the world to see if there is interest from that community. Might also be a good site for our CA Brewery project. They have reached out to Costco two times to see if they would be interested in it. They are not.
- **Department of Defense/Office of Economic Adjustment Grant:** After picking up the ball on this project, I have reached out to possible stakeholders to gain input and advice around this grant request. It is aimed at providing funding for activities associated with education/assistance for companies that rely heavily on DoD contracts who need/should/want to diversify. This is a non-competitive grant with a max request of \$4million w/ a 10% match. The application is due on June 1 and I have been in regular contact with the assigned project officer. I have met with Senator Leahy's office, Congressman Welch's office, the VAAA team and have scheduled a meeting with Brent and Becky of the VGTP to see how this effort can align with their STEP projects. One item that has been proposed as possible activity to be funded is the bid board/part of the e-procurement project. My PO didn't think that was eligible - and neither did her boss - but I can press again if necessary. We also will nail down in the next couple of weeks our specific funding amount.
- **St. Albans:** Met with Dom Cloud this week to walk through a plan for another neat domino project in the City. It involves new housing below Lake Street, redevelopment of Fonda and a couple of other smaller projects. There is interest from the private sector in the Fonda site, so this will likely start to move more swiftly.

Brownfields

- **EPA Supplemental:** Submitted a request for another \$700k in funding to support Bellows Falls Island, Richmond Creamery, 453 Pine (which has a developer in-hand) and the City of Barre. These are absolutely not set in stone as EPA realizes that projects can dissolve quickly while others can speed toward redevelopment more quickly as well.
- **New Projects:** Finalizing a GA with HousingVT for this Barre City project as well as one with the City of Burlington to support clean-up of a small parcel in the north end that will be used as green space.

KEN JONES, ECONOMIC RESEARCH ANALYST

- Ken met with representatives of several organizations of arts and craft producers. The meeting included a presentation of economic impacts of the visual arts. The main themes of the report are:
 - Income from the sales of visual arts represents about 1.5% of total Vermont income.
 - Vermont has a higher proportion of artists than other states – visual art for this study, but performing arts as represented by other studies.

- The major economic impact is not necessarily the dollar amounts but the creative foundation that they represent. Vermont does have a higher frequency of creative business startups than other areas of our size. There is a relationship between art creation, art appreciation (through purchasing art) and art education (both in K-12 and for adults) and business creativity. The most evident examples are in the craft beer and food growth in Vermont. Creatives appreciate and consume creative products.

The main discussion as the result of the report was how to expand the market. These folks are not the most market-savvy but realize that internet based marketing is the key to the future. We discussed the use of mobile apps as a way to direct Vermonters and visitors to galleries (more than 250), fairs, demonstrations, and training. This effort is consistent with the work of the newly forming Vermont Creatives Network that is also working on ways to inform network members and potential customers the wide range of high quality art and performances in the state.

NEW TO THIS REPORT AND CONTINUING: VT CENTER FOR GEOGRAPHIC INFORMATION

(VCGI) ♦ Steve Sharp, Interim Director

- **VCGI's Integration into State Government:** VCGI and its staff are pleased to have completed our move from Waterbury to Montpelier (National Life). Thanks to the wonderful team at ACCD for making it such a smooth process! We've been impressed by the professionalism and diligence of your group. We appreciate all of the warm welcomes and hospitality. VCGI has four individuals who made the move into State government. They include Ivan Brown (Database Administrator), Mike Brouillette (GIS Project Specialist), Leslie Pelch (Outreach Coordinator and Project Manager), and myself (Steve Sharp – Interim Director). We continue to service our mission and constituents, and work with our partners inside and outside of State government to leverage the power and potential of geospatial technology. We look forward to getting to know our ACCD colleagues, and learn how we can partner with you in the future.
- **VCGI Imagery Program:** The VCGI Imagery Program (VIP) facilitates and manages activities and services related to imagery and other remotely sensed products (e.g.: LiDAR) that are relevant and useful to Vermont stakeholders.
 - **Orthophotos:** The Vermont Mapping Program was the original program which oversaw orthophoto development starting back in 1974. In 2009, during a challenging budget cycle, the Tax Dept. chose to end funding for the VMP. VCGI agreed to take over the program, and is now close to completing the third set of statewide imagery. Bennington and Windham County are on the docket this spring, and planes are in the air! VCGI has opened up half of the flight lines as of 4/22/15 (yellow lines below), and we hope to open the remainder in the next week (pending ground conditions).
 - **LIDAR:** VCGI, in collaboration with our partners, manages the acquisition of LIDAR for VT. LIDAR is a remote sensing technology that measures distance by illuminating a target with a laser and analyzing the reflected light. It is commonly used to create high resolution digital elevation and surface models (sample below). There are two projects currently in process, which once complete, will give VT over 60% LIDAR coverage. VCGI has been awarded funds under USGS's FY15 BAA program, which will support LIDAR acquisition in Windham County (pending matching funds). More information about VT LIDAR can be found here (<http://vcgi.vermont.gov/lidar>).
- **Outreach and Professional Development Program:** Leslie Pelch (VCGI's Outreach Coordinator) staffed the VCGI booth and presented about statewide parcel data activities at the Town Officers Education Conference (TOEC) at the Lake Morey Resort (second one of the year, final one will take place next week in Killington). VCGI's *Intro to GIS/GPS Summer Training* program has been scheduled for July 13 & 14 at the Randolph VTC campus and July 20 & 21 at the Williston VTC campus. Check our website for links to registration: <http://vcgi.vermont.gov>
We are almost ready to post the schedule for the May 27 professional development event for VT GIS folks: The Geospatial Forum.
- **Open GeoData Portal:** VCGI manages Vermont's Open GeoData Portal (<http://vcgi.vermont.gov/opendata>). The VT GeoData Portal is Vermont's one-stop-shopping resource for GIS data and web mapping services. None of this would be possible without the participation of our State agency partners, as well as our partners outside of State government. The current system has been in place for many years, and is in need of a major facelift. As a result, VCGI is working through the State's Enterprise GIS Consortium (<http://vcgi.vermont.gov/resources/egc>) to build and deploy a new system. Stay tuned!

- **GIS Governance & Coordination:** VCGI has been a key component of the State's GIS strategy. The original vision outlined in the late 80's involved the creation of an Office of GIS (OGIS), which in 1994 was transformed into VCGI (501c4). We have come full circle with our integration into State government again. This presents opportunities and challenges in the areas of GIS governance, policy, and standards. We are jumping in with both feet, working with our partners in a thoughtful and deliberate manner to navigate a path toward a more efficient and effective use of geospatial technology inside and outside of State government.

Projects and Technical Service Contracts

- **Statewide Parcel Data:** Although this month's meeting has been cancelled, the EGC Parcel Data Workgroup is looking forward to a presentation about the *Return on Investment and Parcel Lifecycle* reports being developed by AppGeo. The reports will be presented to EGC Parcel Workgroup in May.
- **Conserved Lands Data:** Members of the Conserved Lands Data Managers group (representing ANR, VHCB, GMNF, VLT, and TNC) worked for a year to revamp the data's format and content. We hope to create the first update of this collaborative data since 2009 in 2015!
- **NBRC Parcel Data Project:** Leslie is working with Christine Dewyea and John Kessler to address contracting issues with municipal sub-grantees. Those municipalities are developing the RFPs that they will send out soon to solicit parcel mapping bids. More information about this project can be found here http://vcgi.vermont.gov/about_us/projects/nvpdp.
- **Parcelization Study:** The VT Natural Resources Council (VNRC) has received funds to support efforts to characterize the degree and extent of "parcelization" and associated land use impacts in VT. VCGI is one of several partners in this project, which aims to develop, document and implement a detailed methodology for improving VNRC's existing parcelization and subdivision database, allowing annual updates to better inform land use planning and policy implementation. We hope to enter into an agreement with VNRC within the next month or so.
- **Agency of Agriculture:** VCGI has an agreement with the Agency of Agriculture designed to help them leverage the capabilities of GIS. Our Service Level Agreement (SLA) supports the hosting of geodatabase and web-map services. Agriculture has leverage these capabilities to support the development of web-based tools to for in-house and mobile operations.
- **Dept. of Public Safety – Critical Facilities Data Maintenance:** A modern data collection system is needed for efficient and secure collection of high quality critical facilities data from regional planning commissions (RPC's) into a centralized GIS database. That GIS database will provide efficient dissemination of current data to organizations which utilize critical facilities data. Ivan is leading the RPC's and stakeholders of critical facilities data through the process of implementing a new web-based critical facilities data collector.
- **Dept. of Public Safety – Hazard Mitigation Projects Data Development:** Ivan has been developing an information solution that allows mapping, maintenance, and geo-spatial analysis of hazard mitigation project data. This solution is geo-spatially enabling data that was solely in spreadsheet form at the Division of Emergency Management and Homeland Security (DEMHS). Once this project is complete, DEMHS will have a web mapping interface for maintaining information on the locations and attributes of hazard mitigation projects.
- **Dept. of Public Safety – HSEEP GIS Exercise Series:** Ivan continues to collaborate with DEMHS to conduct activities as part of an HSEEP (Homeland Security Exercise and Evaluation Program) series of GIS exercises, workshops, and/or seminars to occur over 2015 and 2016. HSEEP is a set of guidelines that are applied to the planning, execution, and evaluation of exercises, along with improvement planning. This HSEEP GIS exercise series is incorporated into some Vermont Yankee drills.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager

- **eLearning Platform:** With the SOV's web development firm, Vermont Information Consortium (VIC), and the Dept. of Information and Innovation (DII), the CMO has been exploring options for providing an eLearning platform on an enterprise level for all State agencies. This week Patrick MacCormack and Catherine Brooks from VDTM joined in a requirements gathering meeting with VIC and DII to discuss the logistics of moving VDTM's online Ambassador Training from a private cloud-based service to a state system, similar to the one currently used by E-911 and the Dept. of Liquor Control. The group was optimistic such a switch would provide cost savings without loss of functionality and we look forward to reviewing the details of VIC's proposal.

DEPARTMENT OF ECONOMIC DEVELOPMENT

JOAN GOLDSTIEN, COMMISSIONER: It is Joan's first week on the job. We are giving her this week to settle in!

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **New England Slate – Poultney:** The company requested a meeting to discuss ExporTech. Employing 6 full time, they operate quarries in the region that yield unique colors of slate for use in a variety of products. They currently do business in Wales and a few other countries, and see growth potential for exports. We also took the opportunity to review other areas of assistance going forward. Appropriate referrals will be made.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Represented ACCD at Working Lands Enterprise Board (WLEB) Board meeting. Gave final review and approval for \$418,000 in funding for 10 service providers. Some applications still need decisions and we will have a follow up conference call for those. All WLEB grants -- across the three grant areas of enterprise, capital and infrastructure, and service providers -- will be announced at a press conference on May 19 that is being organized by the Agency of Agriculture.

VERMONT EB-5 REGIONAL CENTER ♦ Brent Raymond, Director

VGTP

- Assisting a Vermont slate company with an export technical issue. Exporting slate to Kuwait.
- Introducing a Vietnam company to Vermont wood suppliers. Thank you to Jared Duval and Becky Fu with their assistance in providing names of potential wood exporters for me to introduce to the Vietnamese furniture maker.
- Assisted Eastern Trade Counsel (ETC) with obtaining a US State Department ITAR expert to speak at their Board meeting. Senator Leahy's office was able to provide the needed assistance to confirm the speaker.
- Initial discussions with Senator Leahy's office to obtain a US State Department ITAR expert to speak to Vermont's defense contractors regarding ITAR.
- Completed review of final Northern Border Regional Commission (NBRC) report written by Ken Horseman. Very positive results.

EB-5

- Currently working on producing records for two VTDigger public records requests. 
- Working with DFR on several project related matters.
- Traveled with Mount Snow to multiple cities in China; Taipei, Taiwan; Da Nang, Vietnam; and Saigon, Vietnam.
- Attended IIUSA Washington, D.C. conference. VT Regional Center shared a booth with Stowe Aviation and Trapp Family Lodge.
- Attended IIUSA Compliance Committee meeting while attending conference.
- Was a panelist at the U.S. Dept. of Commerce's SelectUSA Summit Academy re: EB-5, FDI and Economic Development.
- Skype call with two business men from India who I had met at SelectUSA Summit interested in representing projects approved under the VT RC.

Foreign Direct Investment:

- Vermont DED had a booth at the US DOC Select USA Summit. Multiple foreign business contacts were made.

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

- Becky and team are discussing plans to apply for the STEP 4 SBA grant. The deadline for application is May 20, 2015.
- Becky was helping to recruit companies for ExporTech and referred Mansfield Heliflight and Nick Mayer Art to Dick and Ken. Both of them turned out to be great potential candidates for the future sessions. She has also sent out an e-blast with information for the upcoming ExporTech training session starting on April 29.
- Becky returned from AeroMart Montreal which happened in early April. The 6 Vermont companies who participated with STEP 3 assistance were very positive about the quality of the show and the assistance they have obtained from VGTP. Most of them came home with multiple leads.

VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦ Robin Miller, Director

- Joanne Spaulding and Brenda Plastridge met with Greg Maguire and Kent Rosenthal at Revision in Newport, Vermont on April 9th to discuss additional federal markets that they are interested in pursuing and tour the facility. Joe Kasprzak of NVDA also joined the group for the plant tour. The company has had to lay off a number of employees because of the lapse of their current military contract so a lot of equipment is not being utilized. Rehires are expected soon along with an expansion.
- Brenda Plastridge participated in the 2015 North Country Expo held on April 17-18, 2015 at the Jay Peak Resort & Conference Center which showcased over 50 vendors. Brenda explained to attendees the Vermont PTAC

program and services. Brenda also showed attendees open bids on the Vermont Bid Board and Federal Bid Opportunities as well.

- On April 20th Ed Williams and Chris Herriman of VT SBA spoke about the 2015 Training and Matchmaker Event [taking place](#) May 6-8 in Manchester, VT on WKVT. The discussion was recorded and posted to the ACCD website as well as other social media outlets. See more at: <http://wkvtradio.com/gmm/big-opportunity-for-small-businesses/#sthash.xgz6GuSS.dpuf>
- In advance of the upcoming May Matchmaker in Manchester, VT the PTAC team will continue hosting a series of 'Preparing for the Matchmaker' workshops throughout the state:
 - APRIL 28, 2015 TUESDAY 1:00 - 3:00
ACEDC, 1590 U.S. Route 7, Ste. 8, Middlebury, VT

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Revision Military:** Beth Demers met with Greg Maguire and Kent Rosenthal, CFO, at their Essex facility. The company manufactures ballistic eye wear and advanced head systems for the military and law enforcement worldwide. The company is considering reshoring the manufacturing of its ballistic lenses. Beth gave an overview of the Vermont Training Program. Greg and Kent will consider putting together a draft grant.
- **Classic Designs by Matthew Burak:** Beth Demers spoke with the newish CEO of this St. Johnsbury based furniture manufacturer, Mark Desrochers. The company is considering an expansion and using VMEC services. An overview of the Vermont Training Program and the application process was provided. Beth will follow up once Mark has spoken with VMEC.
- **Competitive Computing:** Beth Demers met with Melissa Dever, VP of Engineering, at the company's Colchester offices. The company is looking at moving into new markets and developing new products. Beth gave an overview of the Vermont Training Program and the application process. Beth will follow up during early May at Melissa's request.
- **Casella Waste Systems:** Beth Demers met with Devin Sevin, HR, to discuss and review a draft application. The company is adding a new service line for industrial customers and expanding its management training. A final application is expected soon.
- **Velan Valve:** Beth Demers was invited to attend Velan Valve's latest apprenticeship graduation. Six employees went through a year-long apprenticeship program that was developed by SkillTech in Essex (Essex Technical Center). The Vermont Training Program funded a portion of the employee training effort.
- **Imerys Inc.:** The Ludlow based talc mining company has applied for Vermont Training Program funds. The company is investing heavily in a new set of equipment that will allow them to compete with Asian mines on efficiency and allow for a broader base of products. The application includes training for incumbent and new hires. The requested maximum reimbursement amount is \$179,076.68. The VTP Review Team will complete their review by midnight on 4/23/15.
- **Hazelett Strip Casting:** The Colchester based equipment manufacturer was awarded \$11,230.00 toward the cost of employee training. The company is creating a new sales process by which they will train their engineers in sales and customer service techniques. The company feels this will allow them to become a trusted advisor to their clients in this mature market and move into new markets.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **Resilient Vermont Network Launch:** The Institute for Sustainable Communities (ISC) received a grant to follow up on the Resilient Vermont [Report](#) they produced last year. They brought together reps from DEMHS, AOT, ANR, RPCs, Vermont Natural Resources Council, VT League of Cities and Towns, and VT Council on Rural Development to discuss the goals of the network, work plan and next steps. Noelle continues to push the "pick one or two" of the recommendations and work on this as a team rather than more planning or researching.

Vermont Economic Resiliency Initiative (VERI)

- **Community Reports:** All five of the draft reports are final and up on the website. We are taking comments before, during and after the community forums and hope to incorporate comments, edit and finalize the reports by the end of May.
- **Community Forums:** Public meetings have been held in Barre and Brattleboro. Good turnout, energy and questions from those in attendance. Good TV and newspaper coverage in Barre and the City Manager and Mayor

are enthusiastic about the report and look at this as a work plan. Mayor Lauzon called to say that they are already moving forward on several recommendations - requesting bids to remove the deck on one of the bridges and talking to landowners about buyouts and retaining wall repairs. In Brattleboro, Representatives Stuart and Burke and Senator Balint attended along with the new Town Manager, Peter Elwell. Chris and Noelle met with him the following morning and were very impressed. Hopefully he can help foster collaboration and coordination among the many groups.

Deputy Commissioner Hollar

- **LIHTC Allocations:** With the rest of the VHFA Board, made 2015 allocations of federal low income housing tax credits (LIHTCs). If all projects proceed as planned, they will create 100 new and rehab and make energy efficient approximately 250 affordable apartments. The board reviewed eight applications for 9% credits that requested nearly twice the value of credits available. Also considered were eleven applications for state affordable credits that greatly exceeded the amount available. The decisions were difficult as there is typically only one LIHTC allocation round per year. The board approved 9% credits for five projects: a senior housing project in Milton, a new leasing coop on Bright Street in Burlington, the day station and housing for the homeless at 95 North Avenue in Burlington, a scattered site project in Hartford and the proposed VERMOD rental development at a defunct mobile home park in Waltham. All but Bright Street already has or plans to apply for Vermont Community Development Program (VCDP) funding from DHCD. State credits were awarded to six of the nine applications including the Darling Inn in Lyndon, Evergreen Heights in Springfield, the Brattleboro Neighborhood Housing Rehab project, Adams House in Fair Haven, the Bennington Historic Rehab Project and Winchester Place in Colchester. Policy issues that arose during the deliberations included how the 25% target for senior housing in the qualified allocation plan should be applied, operating expenses as compared to VHFA benchmarks, the higher priority given to projects in a designated downtown or village centers, and the definitions of supportive and special needs housing. The meeting was ably led by new board chairman Randy Amis.
- **Vermont Community Development Program and Economic Development:** After a couple of years of too few economic development applications, we are seeing renewed interest in VCDP funding for this type of project. Given the number of recent inquiries, there are good opportunities for strong job creation and retention projects. Worked with the VCDP team to provide initial guidance to potential applicants. All at ACCD are encouraged to contact Jen and Josh Hanford with any economic development possibilities for VCDP. VCDP funds are not quick but they can be flexible and low cost. Projects must address slums and blight or jobs that primarily benefit low and moderate income persons. They must also have the support of the municipality, which is the applicant. Successful projects in the past range from Commonwealth in Brattleboro to Freedom Foods in Randolph and Pete's Greens in Hardwick.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Downtown and Village Report

- **Brandon:** Caitlin attended a Board meeting of the Brandon Free Library to discuss the Downtown and Village Center tax credit program and how it may help the library with needed code upgrades. While in Brandon, she toured a possible federal rehabilitation tax credit project on a building damaged by Tropical Storm Irene and met with two additional business owners who are considering façade improvements that would qualify for state tax credits.
- **Brattleboro and Wilmington, Training for New Downtown Directors:** Gary met the new Wilmington Works Executive Director Anna Drozdowski and Brattleboro Downtown Alliance Program Coordinator Jen Austin to provide training on the designated downtown program including benefits, funding and incentives, reporting requirements, and other resources. Both organizations are going through transitions and both new leaders are committed to building strong community support through collaboration and partnerships.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Monitoring Visit

- Ray and Cassie monitored the Town of Middlebury, North Pleasant Street Housing project on April 16th along our new CD Specialist Claire Forbes. The Town made a long term deferred loan of \$450,000 with VCDP funds to the Borrower, North Pleasant Street 2 Limited Partnership, for rehabilitation of 12 units of housing, and new construction of 10 housing units. The VCDP funds were leveraged by \$5,874,416 of other resources. The new housing construction has been completed and occupied with 10 Low and Moderate income households. The rehabilitation of 12 units is expected to be completed and occupied by September 2015. On our tour of the site, staff met a very grateful tenant who is wheelchair bound and loving his new handicapped accessible unit.

Middlebury - North Pleasant Street Housing Project



HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

Project Review

- **Vershire:** Yvonne and Jamie met with Linda Elliot from VT Dept. of Environmental Conservation (DEC) to discuss the proposed plans to clean up the Ely Copper Mine site in Vershire as part of an EPA Superfund site project. Linda shared some of the preliminary design documents, historic resource inventories and conceptual models and overall remedy. The team has tentatively scheduled a site visit with DEC and EPA for mid-May. Similar to the efforts put towards the recently completed Elizabeth Mine in Strafford, consultation will likely continue for years until this project is complete.
- **UVM:** Jamie conducted a site visit to UVM's Slade Hall in Burlington to discuss the proposed rehabilitation activities at the "Community Living" dormitory on the Redstone Campus. Proposed work includes improving ADA accessibility, removing unnecessary fire escapes, interior renovations, and providing access from the "dank" basement, a frequent early venue for the band Phish in the late 1980s and early 1990s. Due to certain standards that the University have developed for campus housing and budget limitations, there are some particular challenges with the current design that will need to be resolved as part of the Act 250 review.

State-Owned Historic Sites

- **Bennington Battle Monument Opens for 2015:** The weather was fine for the opening weekend at the Bennington Battle Monument. The site had 81 visitors on Saturday and 62 on Sunday, and the first item sold was a pink stuffed moose for an 18-month-old named Skylar. The weekend went off without a problem, visitors found their way into the gift shop despite the temporary barriers and fencing and elevator worked just fine. The seasonal employees are all glad to be back at work and they did a great job of helping set up the gift shop and clean the site.
- **Chimney Point:** Thanks to Kevin Waldie, BGS Pittsford, for helping us to quickly cover and secure a window that had been broken, perhaps by a large bird, and planning on replacing the pane. Ospreys are flying around again, and we hope a pair will choose the new osprey platform put up last fall by Fish and Wildlife and the power company for their nest this year. Free rent, lakefront property, lots of fish, great views--ideal location.
- **Coolidge Site:** Thirty students and their instructors from Salisbury School (Salisbury, CT) visited the site on April 17. It was a "Debate Day" with the Coolidge Foundation, concluding with Bill's tours of the permanent exhibit and village. Because he attended Salisbury School, Chris Jeter (great grandson of President & Mrs. Coolidge) was here for the occasion.
- **Chester Arthur Site:** Bill brought the gallery and mirror of the President Arthur desk to Meeting House Furniture Restoration in Quechee. Meeting House, which has done work for the State House, Vermont Historical Society, and many other area museums, will send us a proposal to restore some damage that the desk experienced years ago. If we give them the okay to proceed, they can have the repairs done before the Coolidge Site opens.

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

- Last Friday, Arthur attended the foreclosure auction for five mobile home parks located in Berlin and Northfield Falls which have been tied up in Court for nearly a decade. The parks; Northfield Falls MHP, Berlin MHP, River Run MHP, RMC MHP, and Eastwood Manor, which were owned by R & G Properties, have been in receivership since 2006. River Run was also badly damaged by flooding during Tropical Storm Irene. Three bidders competed for each park individually then for all five parks as a package deal. At the end of the auction, the

winning bid was a bid of \$900,000 for all five parks. Interestingly, the group that made the winning bid apparently includes the former owners, Randy and Greg Rouleau. A final sale will take approximately 40 days from the date of the auction.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Work

- **Hunger Mountain Children's Center:** This project has faced many hurdles as they move forward from their April 2013 award. The grant allows the Center to return to the former Waterbury state office complex with the purchase and rehabilitation of two buildings, including their former rental space, just outside the flood plain. Staff provided updated written guidance to assist the grantee in meeting the Award Conditions for its grant to move towards the grant agreement offer. Family income information was also provided.

Regular CDBG: Applications

- **Town of Colchester:** At the April Board Meeting, the VCDP Board recommended and Secretary Moulton approved the Town's \$500,000 implementation grant application to rehabilitate 148 rental units of Winchester Place Apartments. Of the 148 units, 80 will be available to households earning below 80% median income. An award event at Winchester Place in Colchester is tentatively scheduled for Monday May 4, 2015.

Technical Assistance to potential applicants

- **Town of Northfield:** Staff continue to provide guidance to the Town and Brent Blevins of Cabot Hosiery so they can decide if pursuing VCDP funds as part of the company's expansion is feasible. The goal of staff is to make sure the company knows that the key compliance issues are the environmental review, procurement and Davis-Bacon. GMS has been asked if any other issues might trip up the company if they should move forward with its project but still apply at the November CD Board meeting knowing the application may or may not be successful.
- **Town of Tunbridge:** Staff continue to work with the Orange County Parent Child Center (OCPCC) as it frantically works to submit a complete application for the June CD Board meeting for its project to purchase the former Waldorf School as it moves to Tunbridge from its current facilities in Chelsea. The major issue being worked on is benefit and determining what programs need to be counted for benefit determination.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **National Tourism Awareness Week:** This event will be held the first week of May. VDTM is putting the finishing touches on summer marketing, events promotion, and "Inclusive Vermont" pages of the new website, which we will be announcing that week.

Steve Cook, Deputy Commissioner

- **Cook Interview WCAX:** Cook interviewed with WCAX to address the importance of the summer tourism season and how Vermont promotes itself. [STORY](#)

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Social Media:** This week's most popular Facebook post was a nice combination of Vermont recognition and VT Year of the Arts. It reached over 6000 people.

press?



Vermont Tourism

Posted by Laura Peterson [?] · April 16 at 9:59am · 🌐

Congrats to Stowe, and VT Year of the Arts!



The 20 Best Small Towns to Visit in 2015

From sea to shining sea, our top picks for the most amazing American small towns to see this year

SMITHSONIANMAG.COM | BY BESS LOVEJOY

6,166 people reached

Boost Post

SALES ♦ Christiane Skinner, Sales Manager, International and North American Markets

- **Pre-Discover New England Summit Familiarization Trip:** Christiane joined the 16 delegates from Germany and The Netherlands in Stowe on April 22nd. During their short 1-day trip to Vermont, they have visited Hotel Vermont, Courtyard Harborfront, Churchstreet Marketplace, Trapp Family Lodge, Stowe Mountain Lodge, downtown Stowe village and Ben & Jerry's.

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

- **General**
 - **Fish & Wildlife:** Has declined our offer to produce their hunting and fishing regulation book this year. They have significant changes to hunting regs this year and are concerned about an outstanding contract with their current production vendor. They are considering splitting the fishing and hunting regs into two separate publications for the following year and are considering having Vermont Life produce the fishing regulations. We will continue to look for other projects within state government that can utilize our branding and marketing skills, bring us revenue and save other departments dollars.
 - **VSC:** We have not heard back from Vermont State Colleges on our proposal to give a digital subscription of Vermont Life to VSC freshmen. We have followed up but haven't received a response.

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

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: April 24, 2015
Re: Weekly Report

Susan L. Donegan

Captive Insurance Division:

The Marble Insurance Corp. was licensed this week bringing the total of captive insurance companies in Vermont to 1,036. Its parent company is Marubeni Corp., one of the largest general trading companies in Japan, specializing in the export/import of food, plastics, pulp and paper, transportation machinery oil, gas, chemicals and textiles. It is also a leader in real estate development, construction, power projects and infrastructure, business investment, and finance. Founded in 1858, and headquartered in Tokyo, the company has 118 offices in 64 countries.

Insurance Division:

note? Lisa . . .

Rep. Bill Botzow of Pownal has been named chair of the National Conference of Insurance Legislators (NCOIL) International Insurance Issues Committee. His appointment coordinates well with Commissioner Susan Donegan's role as vice-chair of the National Association of Insurance Commissioners (NAIC) International Relations Committee. NCOIL emphasizes the importance of state-based insurance regulation and has designated international insurance issues as a priority for 2015. Rep. Botzow and several other representatives were involved in crafting a "Legislative Toolkit" designed to give state lawmakers the information necessary to effectively discuss federal and global insurance matters. The 45-page document was distributed this week to state legislators around the country.



CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: April 24, 2015
Re: Weekly Report

Status of Governor's Priorities: .

none

Legislative Issues/Contacts:

No legis contact this week

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Lottery sales continue to be up with a key contributing feature being our agent incentive program which increased the agents commission when there sales are up over 5%. We started one year ago with 220 out 700 receiving the incentive and this past quarter 410 received one. This also opens them up for changes in placement of lottery products in their stores as well as prominence of point-of-sale advertising.

We began an agent compliance plan this week where winning lottery tickets are presented at randomly selected stores to see if the store clerk properly informs the person that the ticket is a winner and to claim it at the lottery (prize amounts too high for them to pay), instead of keeping it and telling person it was not a winner. We will continue these tests each month with follow discussions for agents whose staff members do not correctly inform the winning ticket holder of win and what to do next.

Executive Director's Commentary:

I attended an online gaming conference this week where casinos, online gaming vendors and lotteries could see where and how their products could and are converging on online platforms. Some states are already participating (Nevada, New Jersey, Delaware, Michigan, Georgia, California) based on current law or recent changes. Many game creators are watching and preparing games and methods to allow free play gaming contest, sports betting, and teams and tournaments for all types of game play online.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Sue Minter
DATE: Friday, April 24, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Legislature:

- The Senate voted out our budget this week with little fanfare and I anticipate a short Committee of Conference.
- Our staff engagement (working with VDOL) around Davis Bacon rules helped to quiet the AGC opposition to the Sick Days bill in House.
- We are assisting Senate Approps (at Kitchel's request) address outstanding costs for the Town of Westminster regarding their bridge rebuild post Irene. This is one of the town Irene repair projects we could not get FEMA to reimburse. House Approps had it within the big bill (GF) which has encountered opposition in Senate. Knowing from Sue Allen your desire to assist Rep. Deen with this (and my belief that the state should pay this delta since ANR apparently told Westminster they should build the bridge to that standard) we are adding "notwithstanding" language to the big bill which gives AOT Secretary authority to cover this expense (from our Town Highway Emergency Fund).

IBM / Global

We are full steam ahead on a scoping study for addressing deficiencies to 22A, and working with Janette to understand her/their needs more fully. I have conferred with Mazza about this (and will connect with Brennan when he returns next week) so that they both are aware that there may be a project we need to add to the program. Mazza expressed a desire to help -- within reason (i.e., something we can accomplish within reason on time and money).

NASTO/ AASHTO

I attended an AASHTO Peer Exchange for new CEOs last weekend which was quite useful and insightful both for idea exchange and relationship building. One issue of note is that the job of AASHTO President rotates annually among regional associations. You may recall that I was asked to assume the role of NASTO (Northeastern Association) President this year. I now understand that this also puts me into position of assuming

gov let her know or
tell me + I will ...

the leadership role within AASHTO as the national President beginning in 2016. I received a lot of encouragement to take this on during the Peer Exchange, and while it has been nothing I aspired to do, I am now giving it serious consideration. Need to make my decision by mid May and am curious your thoughts. At a minimum I would not proceed without your concurrence.

TIGER Grant: Western Rail Corridor Project

We are now working full steam ahead on our TIGER grant application which would take us toward the finish line for the 20-year vision of bringing Amtrak to Burlington. We have had conversations with the Congressional Delegation this week, and I am personally engaging in the application process by soliciting support letters from a variety of sources, including Mayors Louras and Weinburger and Tom Torti, etc. Given the competitive nature of these funds, this needs to be a full court press. Unlike previous years, we are committing state resources to this project and committing to making this a passenger service. Realizing this vision will take ongoing resources, but will be an important seed for economic growth and an eventual commuter service along the Western corridor. We will let you know when to call who.

good.

Climate Resilience/ Adaptation:

- VTrans is leading a NE Regional "Resilient Infrastructure" workshop in partnership with ICNet (Infrastructure & Climate Network) next week (4/30). This workshop (in Durham, NH) will bring together for the first time, researchers on climate adaptation with practitioners from every New England DOT. Federal Agency leaders (who we worked with on the President's Task Force) will also participate. We hope it will be fruitful and the beginning of ongoing collaborations around this important need/ issue.
- This week the U.S. Department of Transportation's Federal Highway Administration (FHWA) named VTrans a recipient of a national Environmental Excellence Award in the area of Excellence in Climate Change Adaptation and Resilience. I believe this is the only such award given (!).

Outreach:

I continue to meet with Mayors and leaders around the state to better assess the transportation needs for the future to keep our economy growing and to support the vitality of our economic centers and the mobility needs of Vermonters. Meeting Mayors Weinberger and Leonard today. We will soon be producing our Agency's first newsletter for the public, and I am working on a series of Op Eds.

Smart ...

NOTES FOR STAFF

Construction Season Update:

- We have 26 active work zones: 16 bridge, 4 reclaim, 2 paving, 4 safety. We anticipate a total of 105 projects in 2015. 25% of the program has an active work zone.
- The bi-weekly estimates paid to the contractors this week amount to \$1,171,383.46.
- There was one serious crash within the Waterbury IM 089-2(43) work zone. Apparently an elderly gentleman was distracted and drove off the road, allegedly distracted by his oxygen bottle.

Bridge Project Updates:

Brattleboro IM 091-1(65)

The "Routine/Fracture Critical Inspection" and pothole repair of I-91 Bridge 9S inspection that occurred Tuesday, April 21, 2015 was cut short due to unacceptable traffic in downtown Brattleboro. I am directing staff to develop a more acceptable Plan B. Traffic is flowing smoothly through the work zone and staff is developing new approaches for mitigating increased traffic anticipated to begin Memorial Day weekend. The contractor continues to work on lift 8 of the Pier Table 1. The actual concrete placement for this is scheduled for May 4, 2015, compared to the revised baseline schedule showing this on April 30th.

slipping just a bit. . .

Waterbury IM 089-2(43) I89 Bridges Project

We are into our second week of detouring traffic into the northbound lanes with a crossover and are modifying work zones to address issues that emerge. The primary issue seems to be driver behavior attributed to the motorists not reading or understanding the advanced warning signs and not slowing down to the 50 mph posting through this work zone. We have increased the presence of Vermont State Police (VSP) in the work zone. We hope this increased presence, combined with the other sign/delineation modifications, will improve the safety of the work zone.

Closing the I-89 southbound on ramp at Exit 10 on Monday through Friday from 3:00 to 6:00 pm has not created any major issues to date. No significant delays or congestion along the US Route 2 detour to Exit 9 have been reported based on our traffic spotters and counters located at key intersections along the route. The actual bridge work remains on schedule.

New Amtrak Intra-Vermont Fare

For travel beginning Saturday, April 25th Vermonters traveling between St. Albans and Brattleboro will save 15% or more when you book a Saver Fare at least three days in advance.

http://www.amtrak.com/vermonter-saver-fares?WT.mc_t=VermontSaverFares_EXT&WT.mc_n=VermontSaverFaresPage&WT.mc_r=365

Shank/Scott...

National Train Day

VTrans and Vermont Rail System are teaming up to offer Vermonters a free round-trip train ride between Burlington and Charlotte on Saturday, May 16. The train departs Union Station, Burlington, at 10:00 a.m., returns at 11:00 for remarks from key leaders and offers another round-trip ride at 1:00 p.m. Advertising for the event will launch on May 11. The Governor, the Lieutenant Governor and House and Senate Transportation Committee members have all received advance invitation and the following access code to pre-register "RAIL2015" <http://www.vrs.us.com/vrs50trips.html>.

Middlebury Airport

Aviation Director, Guy Rouelle, met with the Middlebury Planning Commission to discuss the planned Taxiway and Runway Reconstruction, including a 700' runway extension of the Middlebury Airport. There have been some local concerns raised about this project and we are working to make sure information is accurate. An extensive Q&A on the project was prepared and provided to the Town of Middlebury to post on the hosted airport page on the municipal website: http://www.townofmiddlebury.org/vertical/sites/%7BCA36F8A3-652B-4085-AA8E-DD3623CC0020%7D/uploads/Middlebury_Airport_QA_20150422_Update_1.0.pdf.

Safety Update

This month is driver distraction month and we are advancing media and outreach to remind drivers of motor vehicle safety through the media and on our variable message boards.

Motor Vehicle Crash Statistics

--Fatal Crashes April 15, 2015 – April 20, 2015: No fatalities during this period. Crash rates down again this year (so far).

--2015 Fatalities: 7 Total – 4 vehicle operators, 2 passengers, 1 bicyclist

As of April 20 in each calendar year:

Year	Fatalities (people)	Fatal Crashes
2015	7	5
2014	11	11
2013	13	12
2012	22	20

FOR IMMEDIATE RELEASE

Contact: Kevin Marshia
(802) 828-2932
Kevin.marshia@state.vt.us

I-89 Bridges Project: Blasting at Exit 10 to Begin

Montpelier, VT – April, 24, 2015 – As construction advances on the I-89 Bridge project, the Vermont Agency of Transportation (VTTrans) announces that blasting will start on Monday, April 27th and is expected to occur every afternoon for the next two weeks. Blasting of ledge in the area of the northbound off ramps is necessary to accommodate future traffic pattern changes associated with the project. Motorists are advised to expect traffic delays on VT 100 and I-89 sometime between 1:00 PM and 3:00 PM, Monday through Friday. For daily updates on the blast schedule, please register for VT Alerts at <http://www.vtalert.gov/home.aspx>.

The following protocols have been established for safety of motorists and crews:

- ▶ During blasting:
 - Rolling road blocks will be used on I-89 in northbound lanes starting at Exit 9 (Middlesex) and southbound lanes near Bolton Flats south of Exit 11 (Richmond). Rolling road blocks will be led by law enforcement personnel to restrict traffic from reaching the blasting area until the blasting has occurred and the roadway deemed safe for traffic.
 - VT 100 southbound traffic will be stopped at Blush Hill prior to blasting and will remain stopped until the blasting has occurred and the roadway deemed safe for traffic.
 - VT 100 northbound traffic will be stopped at the I-89 SB on/off ramp prior to blasting and will remain stopped until the blasting has occurred and the roadway deemed safe for traffic.
 - Once the blast has occurred and the roadway deemed safe, all traffic will be released.
 - Blasting mats will be used to cover the shot area to contain debris.
- ▶ Blasting Signals: Crews will sound a horn as follows prior to blasting:
 - 3 consecutive signals – 5 minute warning
 - 2 consecutive signals – 1 minute warning
- ▶ Post Blast - 1 signal – all clear to enter the blast zone
- ▶ Blasting Traffic Control - Traffic within the blasting area will be held up to 5 minutes before the actual blast and then continue to be held post blast until the roadway is cleared of debris. The contractor will have equipment ready for immediate clean-up post blast to keep traffic delays as short as possible.

The I-89 Bridges project, located at Exit 10 on I-89 in Waterbury, will rehabilitate two mainline bridges and replace the northbound off-ramp bridges during the 2015 and 2016 construction seasons. Work began in 2014 with the construction of temporary crossovers to carry traffic during the 2015 season

while the southbound and northbound I-89 mainline bridges are rehabilitated. In 2016, replacement of the Exit 10 off-ramp bridge will complete the project.

Weekly construction updates are posted on the Waterbury Works website at <http://watp.vtransprojects.vermont.gov> and emailed to those who register on the website. Regular updates are also provided on 511, Facebook, Twitter, Front Porch Forum and via VTrans' *On the Road* program.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: April 24, 2015

Highlights:

VDH:

Vermont Yankee pg. 2
Maternal and Child Health pg. 3
Community Coalitions Plan Tobacco Point of Sale Activities pg. 3

DMH:

Vermont Psychiatric Care Hospital (VPCH) pg. 4
Brattleboro Retreat pg. 4
Potential High Profile VPCH Patient Scheduled for Release pg. 4

DAIL:

Media Continues to Show Interest in Learning about Vermont's Supported Employment Successes pg. 5
Advocates Express Satisfaction Concerning Progress towards Legislation in Support of Individuals with Disabilities pg. 5

DOC:

Update from Bess Armstrong For On-Going Projects with Offenders Population pg. 6

DCF:

OEO Receives Funding for Vermiculite Abatement pg. 6
ESD Emergency Housing Restructuring Proposal pg. 7

DVHA:

BluePrint pg. 7
VHC Project Update pg. 7
Major Accomplishments for the week/project update pg. 9
Medicaid Transportation pg. 10
Group Therapy payments pg. 10

Secretary's Message

I am very excited about the potential to restructure the Emergency Housing system to one that relies less on motel vouchers and instead provides shelter through local service agencies, along with case management services and evidence-based practices that can truly help people move into stable housing through a sustainable and decentralized approach. AHS is proposing to work with Housing Advocates, community organizations and other stakeholders to create a flexible community based program that

serves ALL homeless individuals and families through redistribution of the funds allocated for motel vouchers and to have the new shelters in place statewide by 10/15/15 when the cold weather season begins. Successful implementation of this proposal will put us on the path to success in the initiative to end family homelessness by 2020.

I met this week with Cyrus Patten from the Campaign for Vermont at his request to discuss his recent report on the Agency of Human Services. As with my public response to this report, I expressed my appreciation for their work and reaffirmed that we are committed to our ongoing efforts that are consistent with the CFV recommendations. I suggested that next time he does a report on AHS departments/programs that he should not hesitate to contact us so that his analysis is based on accurate facts. He did inform us that he is going to do some additional position papers, but my sense is that he won't confer with us and that he will continue to be adversarial as people won't listen if they think that he agrees with our approaches. *hk hk .*

My staff is working diligently to review our contract and grant process in order to continue to embed performance accountability practices. We discussed the need to be able to sort information about our agreements from the database for analysis. Also, my staff is working on a draft template to readily design and identify performance measures for use as an attachment for all AHS agreements and will submit the draft for review to Finance and Management.

When I met last week with Jane Kitchel, she requested I review the current list of grants the Agency awards to non-profits. She asked we provide language related to an AHS grant inventory this week. My staff provided her with a proposed language that would require AHS to use the Finance and Management master list of awarded grants to compile an inventory of all grants current as of December 31, 2015 that have been awarded by the Agency to any public and private entities. This list will be presented to the House Committee on Appropriations, and House Committee on Human Services, Senate Committee on Appropriations and the Senate Committee on Health and Welfare on or before January 15, 2016. The list will reflect the information of each grant including, title, date/expiration, recipient, the associated Agency Department, amount of federal and SOV funds committed in FY 2015, and the major Agency Program served by the grant. Overall, I believe this will help us to review current spending and provide opportunities to get the best value for our grants and possibly lead to some savings. I'm sure that Jane and her committee will tack on some additional tasks related to the inventory.

Vermont Department of Health (VDH)

US NRC Licensees about Vermont Agreement State Interests

VDH and the Vermont Association of Hospitals and Health Systems (VAHHS) hosted a conference call on April 20 to discuss the state's interests in becoming a US NRC Agreement State. The meeting allowed current NRC licensees to share their concerns and have their questions answered. They were also informed that additional stakeholder engagement would follow a formal letter of intent to apply to become an Agreement State from the Governor.

Vermont Yankee

A statement by the VDH, Radiological & Toxicological Sciences Chief, regarding the inadequacies of decommissioning funds, as described in the Vermont Yankee Post Shutdown Decommissioning Activities Report (PSDAR), was filed by the Attorney General's Office in the matter of Entergy

Nuclear Operations Inc., Vermont Yankee Nuclear Power Station September 4, 2014 License Amendment Request. The declaration attests to inadequacies in these areas:

- The depth and extent of the site characterization of Vermont Yankee which is being put off for decades;
- The means to mitigate soil contaminants which are the result of decades of leaks and spills;
- Environmental surveillance of flora, fauna, air, water, soil and sediment until enormous quantities of radioactive materials are removed from the site for license termination; and
- Emergency response during transition from wet fuel storage to dry fuel storage and for fires that involve radioactive materials until those materials are removed from site for license termination.

Public Health Preparedness Funding

Applications are in process for Public Health Emergency Preparedness funding in the areas of:

- Hospital Preparedness
- Ebola supplemental funding
- Injury Prevention

Maternal and Child Health

VDH has learned that extensions of two of its federal funding sources have been approved and expected to be signed by the President.

- The Maternal, Infant and Early Childhood Home Visiting (MIECHV)
 - Supports the Nurse Family Partnership home visiting program
- Personal Responsibility Education Program (PREP)
 - Supports pregnancy prevention education in community-based agencies across the state.

These programs provide critical investments in the health of women, children and families.

press?

Training Helps School-based Food Service Employees Improve Lunchroom Options

On April 15, Patsy Jamieson, nationally renowned cookbook author, led a workshop and cooking demonstration for food service employees and representatives of the School Nutrition Association of Vermont and Vermont FEED. Jamieson shared tips on reducing sodium and increasing the nutritional value of meals prepared in lunchrooms across the state. The event was supported by a CDC grant to VDH to improve childhood health.

Community Coalitions Plan Tobacco Point of Sale Activities

On April 8, VDH staff trained more than 30 community prevention grantees on efforts to counter the tobacco industry's influence at the point of sale. Using data from 760 audits conducted statewide in the fall of 2014, and with guidance from the Center for Public Health and Tobacco Policy, prevention groups are now working on ways to bring data to life to reduce the rate of youth exposure to tobacco advertising.

St. Johnsbury District Health Director

Debra Bach, RN, MSN is a graduate of Norwich University's nursing program working for the past 21 years at Northeastern Vermont Regional Hospital in the Emergency Department. For the past 10 years Deb has served as the Director of Emergency Services leading teams in Emergency Preparedness, Emergency Medical Services, and the Sexual Assault Nurse program. She is an active member of the EMS community, having served on community ambulance services for the past 38 years. Deb is also a member of the Vermont Emergency Nurse's Association and has previously served on the EMS State

Advisory Board and as Chair of the Vermont Hospital Emergency Preparedness Committee. Deb joined state government on April 20th.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

The hospital had a particularly active week, having a two day visit from CMS surveyors in response to a grievance and a recent Board of Health surveyor visit. This visit focused primarily on one patient's care, multiple emergency involuntary procedures with risks presented to other patients and staff, and the hospital's obligation to manage the environment of care and safety. In response to this one patient's intensive care needs and regulatory scrutiny, VPCH is maintaining a census of 22 in order to bring behaviors under control and provide individualized treatment on the four-bed unit.

During the exit interview with the CMS, surveyors they indicated there would likely be some findings for a plan of correction, but no immediate jeopardy findings. For some of the issues identified, the surveyors noted that the hospital had already implemented appropriate changes. A formal report of findings should be issued by CMS within 10 business days or by 5/5/15.

The hospital continues to struggle with staffing, specifically hiring temporary mental health specialists and nurses. The hospital has 15 FTE temporary employee positions open and under active recruitment. Not having them filled means that staff is working overtime, some of which is mandated (14% of shifts since the beginning of March). The hospital continues to recruit permanent nurse applicants, but has 15 open nurse positions relying still on traveling nurses. In addition, the traveling nurse agencies are also struggling with the same issue, further straining staffing at VPCH.

Brattleboro Retreat

The Retreat had a Board of Health surveyor site visit on patient complaints and hospital self-reported incidents. All indications are that no findings were identified. Additionally, the Retreat was notified by The Joint Commission (TJC) that their re-accreditation survey in January found them in compliance with TJC standards. The Accreditation is retroactive to 1/10/15 going forward for up to 36 months. The Retreat still remains under the Services Improvement Agreement with CMS, and continues to receive external consultation with KB Behavioral Healthcare Consultants, and a follow-up CMS survey on improvements is still pending.

Potential High Profile VPCH Patient Scheduled for Release

A potentially high profile VPCH patient with a sex offending history was scheduled for release into the community on Wednesday this week at the end of the court's 90-day order and following treating psychiatrist testimony that the person was not mentally ill and not in need of hospitalization. Initially, the States Attorney indicated that charges in Chittenden County would not be re-filed as the individual has been found incompetent in earlier forensic examinations and the case is weakened by victims who are also vulnerable individuals and potentially unable to testify. However, early Wednesday the SA decided to refile charges and the patient was discharged and transported to Corrections. The patient is clinically viewed by treating staff as malingering, but has been convincing in limited contacts with independent evaluators. As such, the defense attorney appointed may seek re-evaluation in order to once again access hospitalization.

Patients Stuck in Level 1 Beds as well as other Psychiatric Beds.

1. The length of time a psychiatric patient remains in a hospital bed after being assessed as needing long term nursing care is a problem. DMH is working with DAIL to address this issue.

2. Criminal cases: The length of time to have a court hearing on a case when the patient has been found competent, can take months. Even patients who are ready for discharge, who are from the court system, can take a long period of time before the court gives its consent. Some of this will have to be addressed by changes in Title 13. DMH is working with Judge Grearson on this. The other is how to set court dates in a timelier manner.

Department of Disabilities, Aging and Independent Living (DAIL)

Media Continues to Show Interest in Learning about Vermont's Supported Employment Successes

DAIL's Supported Employment Services Coordinator recently spoke with the human/social services reporter from the Minneapolis Star Tribune, who wanted to understand Vermont's Supported Employment model. In preparing his article, the reporter will be visiting Vermont (and likely Rhode Island and Maine, as well) in May or June, and he has asked DAIL staff to connect him with developmental disabilities services participants who work and Supported Employment personnel at agencies. This will be an opportunity to highlight Vermont's successes in developing Supported Employment programs in all counties to help participants find, apply for, learn, and retain jobs and in increasing employment rates and participant satisfaction.

Advocates Express Satisfaction Concerning Progress towards Legislation in Support of Individuals with Disabilities

H.333, Medicaid for Working Persons with Disabilities (MWPDP) and H.402, the Vermont Achieving a Better Life Experience (ABLE) Savings Program and Task Force were added to S.138 by the House Committee on Commerce and Economic Development. Concerning MWPDP, all interested parties supported AHS' proposed language, which directs the Agency to request permission from CMS, on or before October 1, 2015, to increase asset limits for Program eligibility, to disregard spousal income in determining the other spouse's eligibility, and to disregard Social Security retirement income for purposes of calculating Program eligibility. Within 30 days of receipt of approval from CMS, AHS would commence the rulemaking process to amend its eligibility rules accordingly. A report on the status of developments with CMS would be required on or before January 15, 2016.

With respect to ABLE, DAIL supported enabling language to grant authority to the State Treasurer to establish the Vermont ABLE Savings Program. Further, in consultation with the Treasurer's Office, DAIL supported a provision requiring the Treasurer to convene a Vermont ABLE Task Force, which would provide recommendations to the committees of jurisdiction on or before January 15, 2016, on the planning and delivery of the Program.

Appellate Court Schedules Oral Argument on U.S. Department of Labor's (DOL) "Home Care" Rule

DOL's regulation, which was scheduled to take effect on January 1, 2015, made several changes to Fair Labor Standards Act (FLSA) protections for direct service workers, including removing the ability of third parties to claim any FLSA exemption and altering the definition of "companionship services" for purposes of the FLSA. After the U.S. District Court for the District of Columbia vacated the Rule, on the grounds that it was beyond DOL's scope of authority, DOL appealed the lower court ruling to the U.S. Court of Appeals. Oral arguments have been scheduled for May 7, 2015. Secretary of Labor, Thomas E. Perez, is strongly encouraging states to be prepared to implement the Rule if and when the appellate court reverses the lower court's decision.

Department of Corrections (DOC)

Director of Corrections Education Recognized

note?

Wilhelmina Picard, DOC, was recently recognized at the National Correctional Industries Annual Conference for her contributions to the Reentry-Focused Performance Excellence Guide. Wilhelmina was part of a ten member task force who worked for eighteen months to develop and write the guide which has been published online at Nationalcia.org.

The Reentry-Focused Performance Excellence Guide is specifically designed to empower each Correctional Industries organization, no matter the size or structure, to design and implement its program with an emphasis on maximizing system impact.

The model supports implementing effective strategies through the context of work. The results are focused on increasing an individual's success after release. The model provides a holistic approach to evaluating where you are and how to proceed with recommendations based on promising and evidence-based practices. Implementing this model will result in long-term sustainability for the organization and reduced recidivism for the system. It will develop a culture of offender development and employability, preparing an individual for gainful attachment to the workforce.

Update from Bess Armstrong For On-Going Projects with Offenders

There are two ongoing projects supported by grants from DOC:

The film Hungry Heart, with a Question and Answer period has been shown in all Vermont Correctional Facilities over the past year. The last one being in Springfield last week.

Bess is about to start the Writers for Recovery Workshops in the next month at the Newport and St. Johnsbury Facilities, and the Barre and St. Johnsbury Turning Point Centers. The workshop in Burlington continues. These 10 week workshops give offenders an outlet to write and express themselves about their addiction and recovery. Bess hopes to take some of the best writings from these work shops at the end of the summer and create a book of writings to be used in prisons and recovery centers.

Population

The department's incarcerated population averaged 1,920 for the previous week. The male population averaged 1,768 with 330 being presentenced inmates. The female population averaged 152 with 32 presentenced inmates.

It should be known that on Friday morning 04/17/2015, the total incarcerated population was 1897. According to past statistics, this is the first time since 01/03/2003 that the total population dropped below 1900.

Department for Children and Families (DCF)

OEO Receives Funding for Vermiculite Abatement

press?

The Vermont Low Income Trust for Electricity (VLITE) has awarded the Office of Economic Opportunity (OEO) \$125,000 to be used by the VT Home Weatherization Assistance Program (HWAP) to treat vermiculite insulation in income eligible homes. The purpose of the funds is to reduce energy costs for low-income Vermonters. This is a financial arrangement in which VLITE will supply capital which will then be managed by OEO. OEO will identify five HWAP sub-grantees to carry out operations consistent with vermiculite remediation policies, procedures and practices. Each HWAP has a long waiting list for weatherization and many on the list are waiting because of the presence of vermiculite. This funding will provide weatherization to an estimated 50 homes on the waiting list.

ESD Emergency Housing Restructuring Proposal

DCF Economic Services Division (ESD) is rolling out its emergency housing restructuring proposal. Draft legislation has been provided to the Senate Appropriations Committee. DCF will work with the Continuum of Care, the Economic Services District Offices, the Field Directors and community stakeholders to transform ESD emergency housing from a motel-centered voucher program to a flexible community-based program that serves ALL homeless individuals and families. Using funds appropriated for motel vouchers, DCF's Office of Economic Opportunity (OEO) would distribute community grants that complement its evidence-informed Housing Opportunity Grant Request for Proposals.

Department of Vermont Health Access (DVHA)

Blueprint:

Conference

The Blueprint hosted its annual conference, engaging about 400 guests and featuring speakers representing six health systems on three continents. Each system is, in its own way, working towards similar structures that support the same goals. The theme that emerged - the importance of community orientation in health systems design – reinforced the direction of Blueprint-ACO integration work and our Unified Community Collaborative.

Emerging Issues

The Blueprint and independent evaluators have shown that all Blueprint investments are more than offset by reduced health care expenditures. The ability for the Blueprint to continue supporting the health of Vermonters while reducing health care expenditures depends on its funding, with necessary adjustments and increases currently under consideration in the Legislature. The greatest risks are:

- An unsustainable situation may occur if rebalancing market share is not done to allow for fair distribution of all costs against insurers.
- The Community Health System payments have not increased, so staffing in some Health Service Areas is being reduced as normal inflation/cost of living goes uncompensated. An increase is necessary to maintain staffing and services for patients.
- Some independent practices have formally indicated that they will no longer participate in the Blueprint (causing them to violate 33 V.S.A. §§704,705, 706) and will not maintain medical home recognition if the Patient Centered Medical Home payments do not increase to better reflect the true costs of practice transformation. Increased funding would help maintain current levels of participation and a strong, patient-centered primary care delivery system.

Vermont Health Connect

VHC Project Update

VHC is working towards the delivery of functionality to support Changes of Circumstance (COC), Changes of Information (COI) and Reconciliation between VHC, Benaissance and the Carriers as part of Release 1. VHC is also planning for work to be completed related to Release 2 which includes Medicaid and Quality Health Plan Renewals, Notices functionality, Additional Financial Reconciliation and Billing enhancements, and CMS Integration. Additional project updates can be found below:

Project Schedule:

- Renewal functionality must be completed by 10/1/15 to be functional for 2016 open enrollment. If the Amendment 7 contract is executed within the next couple of months, that delivery timeline is considered feasible. There remains lack of clarity of funding available for

completion of undelivered VHC scope. CMS recently approved the IAPD submitted by the Health Services Enterprise Project Management Office. With this approval, came the approval of all contracts through Amendment 6. However, CMS stated that any activities completed prior to April 10 will be reimbursed at a reduced rate (down from 65.5% to 50%) from Center for Medicaid and CHIP Services. The State is still analyzing the financial impacts of this reduction. Any reduction in funding puts the scope at risk.

how much

- The Release 1 implementation timeline is dependent on carrier development and testing execution. BCBS has provided feedback and are committed but concerned with the tight schedule. MVP has provided feedback stating that they could comply with the VHC schedule even through their development schedule does not line up with the proposed plan they will be done development on 5/4. This puts the testing schedule and milestones at risk.
 - COC Development Due 4/24 – on track: Carriers received final set of sample transaction 4/17 (4 days early) to validate their coding which is due complete by Friday. On Tues AM carriers didn't report any negative updates – work is in progress – next checkpoint on Thursday @ 10 AM. Carriers have been instructed to escalate any negative findings to Justin Tease directly.
 - Initial Integration/Connectivity testing – due 4/25
 - BCBSVT on track @ 50% complete
 - MVP about 1 day behind - may be able to recover by end of week
 - Delta has open questions with their IT vendor. Justin Tease escalated the delay to DELTA Senior Management – awaiting response.This activity serves to ensure smooth start to end-to-end testing
- The Release 1 implementation timeline is dependent on VHC's operational readiness to accept the implementation of the auto-CoC code. Optum delivered further analysis Friday providing the SoV options and a recommendation concerning backlog and reconciliation activity needed prior to Release 1. The SoV team reviewed this analysis and negotiated a one week (no-cost) pilot program with Optum for 2015 reconciliation. Once this pilot is complete Optum will come back with more detailed analysis of what technically needs to be done. If our current manual processes are not supported once we deploy a system upgrade, we need to determine how we would be able to process related backlogs or delay the release. The activities that need to be inspected are the following: 2015 Renewals, 2014 CoC process, 2015 CoCs, Date flips, and In-progress Lion's Den work that may not be fully processed by the carriers. The SoV Business Analyst team is also completing their review of all current non-COC processes in 3.3.2.10 to determine if they need to be readjusted. Currently less than 10 of the 200 processes reviewed will need to be adjusted.
- DFR in process of approving additional Dental Carrier Dentegra for participation on Exchange starting Open Enrollment (Nov)
 - A Change Request has been processed with Optum, to determine Level of Effort and size for Information Technology integration work.
 - Assuming Dentegra will be in the marketplace for open enrollment (11/1/15).
 - Per Lawrence Miller – Dentergra's plan has been evaluated, likely they will be approved, but it needs to be completed. Once the revised packet back we will review for implementation.

- Once DFR finalizes their application, Carrier plans then need to be certified by the Commissioner.
- Lawrence Miller will follow up with DFR and Dentegra to level set expectations.

Major Accomplishments for the Week/Project Updates

Project Highlights:

Release 1:

- Scope statement approved on 4/15
- Final Solution Architecture Documents approved by SoV on 4/15
 - Reconciliation
 - ACCESS Integration
 - Notice of Decision
- Final Technical Design Documents approved by SoV on 4/15
 - Reconciliation
 - ACCESS Integration
- Technical Design Documents submitted to SoV for review and approval on 4/16
 - Change of Circumstance
 - SoV received the document 6 days late per Integrated Master Schedule (4/6)
 - SoV is expediting the review process to complete by 4/22 (2 days past baseline)
 - Notice of Decision
 - SoV rejected the document on 4/16
 - Optum to correct document and resend to SoV on 4/20
 - SoV to review document to be complete by 4/22 (2 days past baseline)
 - Optum has indicated that the signoff of the documents will not impact the final implementation date but could put the schedule at risk if the state finds significant errors in the design document which would impact development

Release 2:

- Joint Application Requirements/Design (JAR/JAD) sessions continues for renewals and premium updates with a cover sheet explanation of final draft being expected to be sent by April 15th

Upcoming Work

Release 1:

- Final approval of all Release 1 Technical Design documents (indicating Design completion)
 - Change of Circumstance
 - Notice of Decision
- Final work-around development drop into TEST/PRD environment on 4/24
- Final Approval of Requirement Traceability Matrix
- Final Approval of Test Plan

Release 2:

- Joint Application Requirements/Design (JAR/JAD) sessions continues for renewals and premium updates

Major Issues and Risks

- Release 1 implementation timeline is dependent on carrier development and testing execution. Optum, the State and the 3 carriers must agree to the proposed implementation schedule. Currently the SoV is focused on North East Delta Dental and their agreement on the implementation plan.

- Lack of a contract with Optum for the completion of work required for Release 2 (Amendment 7) puts the timeline for Renewals functionality at risk. The scope of work for Release 2 has been defined by the SOV. CMS has stated they need 60 days to review and approve any contracts submitted by the State of Vermont. The State submitted the final draft contract to CMS on 4/15/15. CMS recently approved the IAPD submitted by the Health Services Enterprise Project Management Office. With this approval, came the approval of all contracts through Amendment 6. However, CMS stated that any activities completed prior to April 10 will be reimbursed at a reduced rate (down from 65.5% to 50%) from CMCS. The State is still analyzing the financial impacts of this reduction. Any reduction in funding puts the scope at risk.
- Timing of the upcoming data center migration as part of the transition from CGI to Optum for Hosting poses a risk to the VHC Development timelines for CoC and Renewals. Consideration should be given to timing of data center migration of VHC application hardware and how it may impact other implementation delivery dates (i.e., delivery of CoC). The VHC project team and the Hosting team need to remain closely aligned on schedule and upcoming activities to avoid any negative impacts. The Project Manager assigned to the Hosting contract by the HSE PMO is being included in VHC project planning activities to ensure this alignment occurs.

These open items, if not resolved, will put the overall VHC project schedule at a significant risk.

Medicaid Transportation

GMTA Transportation Contract is operating above contracted amount. This is due to an increase in utilization and solid numbers indicate the increase in Methadone Transportation needs, as well as the movement of VHAP Clients to Medicaid. Additionally, the remaining 6 vendors are also projected to go over budget due to these increases in utilization and open enrollment. DVHA is considering a new payment methodology for fiscal year 2016 that will include outcome indicators and risk corridors.

Group Therapy Payments

The group psychotherapy code (90853) is intended for many different types of counseling groups, from PTSD, Cancer, Alcohol and Opioid Addiction, to name a few. The use of this code has not been compliant with Medicare/AMA definition or the application of the code. DVHA is bringing this into compliance currently, however, this will have an effect on providers overall revenue. Currently the payment methodology was federally updated, reducing the reimbursement rate by 22 cents per 15 minutes. The additional change was to place a One (1) unit per session on this code, as we had been allowing upward of eight (8) 15 minute increments. Some providers are not happy about this and understand that other changes will occur to this code in the future. DVHA will be meeting with the Vermont Psychological Association this month and in fact have been in discussion about this code for several years. Moreover, the noncompliance of this code is of the utmost important to bring in line.

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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: April 24, 2015

Secretary's Top Issues

Overview of water quality related enforcement

- A pre-hearing was held with the operator of a small backyard livestock operation in Lunenburg who was in violation of the AAPs including the runoff of animal waste over property lines and the stacking/storage of manure within 100 feet of property lines.
- A pre-hearing was held with a Medium Farm Operation in Ryegate that had applied dirty water to a farm field after the start of the Winter Spreading Ban without contacting the Agency and securing a spreading exemption.
- A pre-hearing settlement conference was held with the owner of a small farm in Waterbury who violated the Winter Manure Spreading Ban.
- A small farm in Milton will receive a corrective action letter for violations of the AAPs for stacking horse manure within 100' of property lines. Due to the size of the lot, the manure cannot be stacked in a location that complies with the setback and owner will be required to remove the manure from the property on a weekly basis.

Avian Influenza update

- The Avian Influenza outbreak that is impacting the Midwest continues to expand, with Minnesota being the epicenter. Over 2,000,000 birds are impacted in Minnesota alone. The Governor has issued an Executive Order declaring a peacetime state of emergency in order to activate the state emergency operations plan to provide statewide support for the response. At least one other Governor in an impacted state has declared a state of emergency associated with the outbreak. *Vermont is at greatest risk for introduction of disease during the fall of 2015 when the migratory waterfowl are heading south to winter feeding grounds.*
- The Animal Health Section is undergoing preparations to be ready for an avian influenza outbreak should one occur in the state. Staff will be FIT tested in the new few weeks so ensure that appropriate N95 respirators are on hand for each person.

Captive Cervid Facilities

- Stata veterinarians Haas and Mehlenbacher, along with Deputy Secretary Bothfeld and legal counsel Zamos, met with the Dept. of Fish and Wildlife legal counsel and Commissioner to discuss the regulatory authority of two captive cervid facilities. A coordinated effort between both agencies will be necessary in order to ensure that these two noncompliant cervid facilities are brought into compliance.

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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: April 24, 2015

Legislative Activities and Issues:

April 20, 2015

Senate Finance

Deb Brighton, JFO, provided the following analysis in response to questions from Senator Westman about the trend of enrolling small parcels (25-50 acres) and the valuation of those parcels compared to larger parcels. And the valuation of 27 acres parcels with house sites. [Here handouts](#)

She observed that smaller parcels have a higher valuation- and suggests this is driving up cost of program

- Larger parcels have generally a lower valuation
- Higher the value of a parcel the bigger the state's loss.

Is there a difference with land associated with a dwelling and those without a house site (27 acre parcel)? It was noticed that general parcels with house site have greater valuation, except 25 acre parcels without a house site, which tend to have a greater valuation.

Deb Brighton will provide

- a listing by town where smaller parcels are located and
- A breakdown of small parcels enrolled as Ag land vs. Forest land.

The growth in the enrollment of small parcels likely include first time enrollment (second home owners seeking privacy on their 27 acres), and larger parcels that have subdivided off and sold land either in 25 acre chunks or the 25 acres is the remainder land (leaving land to heirs, maybe?)

Deb speculated that the cost of the program is multi pronged

- increased enrollment,
- more small parcel enrolling based on the data provided to the committee, and
- the market and use value increasing at different rates.

Has there been a thought to giving tiered use value based on size of parcel?

Commissioner Snyder represented his point of view that small parcels, if the forest is fragmented this can have negative impacts to the industry (forest economy), administration of program, and practical implications in executing a forest management plan (updated every ten years)

The other lens the committee had interest in was reviewing what was not objectionable from last year's Senate proposal [found here](#).

FPR provided a figure about the change in the forest use value rate (\$118/acre- 2014 up to \$131/acre- 2015) will increase property tax payments to municipalities.

Testimony from Commissioner Snyder described with the benefits of the program, and that the administration is neutral, on H 272, but it is important that any tweaks not impact the integrity of the program

Supports fairness in appraisals recognizes there is

- no systematic review of appraisals
- no incentive for a property owner to grieve a high valuation

Concern over the interpretation of the definition of "development" in the statute- FPR believes that subdivision is considered development and should require someone to take land out of the program if the resulting parcels no longer comply with enrollment requirements of the program.

PVR assessment guidance is that all land under a single ownership is assessed as one parcel.

This is confusing regarding the administration of the program.

The committee took testimony from Jim Knapp- resources are limited at PVR and the fair valuation topic and how this is tough nut to crack considering it requires appraisals to be conducted- time consuming work.

Bill Moore Farm Bureau - doesn't like the proposed land use change tax (removal of a portion of a parcel results in a 10% land use change tax of FMV) or posting Tiered benefit. Putnam Blodgett doesn't like posting tiered benefit or penalty if property violate water quality regulations (removal from program). Jamie Fidel, VNRC supports proposed land use change tax.

April 23, 2015

Senate Finance H. 35 Water Quality

The Agency provided testimony in Senate Finance regarding fees associated with H35. The committee was most interested in the fertilizer tonnage fee increases and what that might mean to local distributors of fertilizer products. The committee is unclear as to how to finance the provisions of H35 at this time and continues to take testimony.

Provided limited testimony to Senate Judiciary regarding the enforcement provisions of H35. The committee was under the mistaken impression that the Agency was creating a new enforcement section. I explained the current level of staffing for enforcement/compliance activities and the staff additions proposed as a part of H35.

Met briefly with Senate Institutions regarding the capital request for Best Management Practices. The committee would like more information regarding currently available funds and costs of administration of the funds.

House Agriculture H. 484

Leg. Council O'Grady reviewed the Amendments under version 4.1 of H 484.

<http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/House%20Agriculture/Bills/H.484/Drafts.%20summaries%20and%20amendments/H.484~Michael%20O'Grady~Draft%20No.%204.1,%204-23-2015~4-23-2015.pdf>

Changes include some requests for clarification from AAFM, and some additions by the Senate Ag committee affecting granting of funds characterized as prioritization to farmer and forestry industry first- then service providers; and limiting funds given to non-profits that compete with business. Rep. Partridge asked O'Grady whether testimony was taken on these changes. The answer was no.

Sales tax exemption for ag equipment (change percentage of time to be used for non ag use) limited to actual producers of ag products that meet the definition in Current Use Statute. This would mean custom applicators and harvesters would not get the sales tax exemption, but increase when farmers could benefit from the sales tax exemption. There is no fiscal note on this and its effects on the industry. This addition may require the bill to go to Ways and Means and Senate Finance.

Dog shelter provision not talked about at any length.

Not likely to go forward

The final changes are the inclusion of a fuel study by the AG's office. The intent of the bill is to ensure that "farm production expenses reflect fair pricing so that the many agricultural products placed into the greater stream of commerce are competitively priced." However it was unclear whether the study would include fuel used in tractors as the definition of motor vehicle does not include tractor, but the study would include diesel. AGs office testified too, and it sounded like they were not sure what they would do with this authority to ask for information and what it could result in as far as action on the part of the state.

Joe Chocquette representing the fuel dealers said that this amendment to the bill heard very little testimony in Senate Ag. No other Committees (Commerce and Economic Development or Transportation) took testimony on a similar bill (H30) introduced in January. He is unhappy with the process but thanked the committee for the opportunity to testify.

The Chair of the Committee seemed concern about the lack of testimony on the amendments.

Capital Bill

Agencies of Natural Resources and Ag testified in Senate Institutions Friday afternoon regarding the Clean Water fund and initiatives which might move the process for clean-up forward more quickly. David Mears said that there are some projects which could be moved faster w/more funds; Jolinda LaClair, Jim Leland and Laura DiPietro from Ag provided information about funds for engineering and best management practices which are critical to WQ improvement. There was no clear 'ask' from the committee for directing additional funds – both agencies will be prepared on Monday IF there's an ask.

Agency Housekeeping Bill, H. 484

Continued testimony in Senate and House Ag on House passed 484. Jolinda LaClair provided testimony on 2 additions made by Senate Ag to the Working Lands and Ag and Forest Products Development Board merger which would restrict the Board to make grants to non-profits. LaClair testified that this would change the original intent of the legislation which includes providing technical assistance to small and emerging businesses for business planning, marketing and market development, key to small business success to reach the performance goals including job creation, increased income and output. Work will continue in both committees on Tuesday.

Press:

- State Veterinarian, Dr. Kristin Haas, provided information regarding avian influenza (HPAI) to Vermonters on the WCAX program You Can Quote Me. The spot taped this week and will air on Sunday morning. The information focused on the status of the HPAI outbreak in the Midwest and recommendations for poultry owners to maintain or implement good biosecurity practices with their birds in order to lessen the likelihood of disease introduction.
- Vera Chang, who works at Shelburne Farms, is writing a freelance story for Civil Eats about the new Migrant Justice “Milk with Dignity” campaign and requested a comment. Diane Bothfeld provided the following:
 - *“The Agency of Agriculture worked closely with Migrant Justice, Dairy Cooperatives, NOFA-VT, Department of Labor, Department of Health and Department of Community, Economic Development and the Division of Fire Safety to develop the Farm Labor Housing Wage and Hour factsheet and then led trainings to get this information out to farmers to inform and instruct what is required for housing as well as labor for all Vermont Farmers. It is important for all Vermont farmers to abide by the laws of the state and federal government while managing their employees and to consider implementing best practices on their farms.”*
 - We also sent her copies of the Fact Sheet in English and Spanish
- Marc Pacquette was interviewed by VPR for a profile of our Weights & Measures program <http://digital.vpr.net/post/states-weights-and-measures-program-assures-vermonters-get-what-they-pay>
- VPR also attended the informational meeting about the new lab this week in Randolph, but so far, there does not appear to be a corresponding news report.
- Dr. Kristin Haas and Henry Marckres taped an episode of “You can Quote me” with WCAX, which will air on 5/26. The topics discussed included the results of the maple season, and an update about Avian Influenza.

Significant Events/Meetings:

- State veterinarians Haas and Mehlenbacher, along with Deputy Secretary Bothfeld and legal counsel Zamos, met with the Dept. of Fish and Wildlife legal counsel and Commissioner to discuss the regulatory authority of two captive cervid facilities. A coordinated effort between both agencies will be necessary in order to ensure that these two noncompliant cervid facilities are brought into compliance.
- Animal Health staff enrolled two new producers in the National Poultry Improvement Plan. Both flocks were tested for Salmonella Pullorum, the base testing requirement for NPIP participation, and will be selling chicks and hatching eggs.
- The Animal Health Section has received inquiries regarding the requirements for feeder swine entering the state. Assistant State Veterinarian is coordinating with UVM Extension and NOFA VT to provide a webinar on swine import and identification regulations and the economics of raising feeder swine. The webinar will ideally occur in mid-May. As a reminder, the VT import regs for livestock including poultry have been in effect since the 1990s.
- Assistant State Veterinarian is performing a confirmatory tuberculosis test on a farm in the Morrisville area. The test will be read on Friday.
- Animal Health Section received and responded to a public records request regarding Vermont’s captive cervid facilities.

Evolving Issues:

- The Avian Influenza outbreak that is impacting the Midwest continues to expand, with Minnesota being the epicenter. This week, USDA confirmed the first infection in a backyard poultry flock in that state (previous infection has been confined to commercial poultry flocks), and the Governor has issued an Executive Order declaring a peacetime state of emergency in order to activate the state emergency operations plan to provide statewide support for the response. Over 2,000,000 birds are impacted in Minnesota alone. At least one other Governor in an impacted state has declared a state of emergency associated with the outbreak. Vermont is at greatest risk for introduction of disease during the fall of 2015 when the migratory waterfowl are heading south to winter feeding grounds.
- State veterinarians are gathering a group of industry representatives and state/federal government animal health experts to activate the Avian Influenza advisory committee as referenced in the state AI response plan. The first meeting of this committee is scheduled for May 5th, and it is intended that the committee will provide recommendation to the state regarding AI preparedness prior to the fall of 2015.
- State Veterinarian, Kristin Haas, will be presenting information on the Avian Influenza outbreak in the Midwest and preparedness efforts in this state to the Governor's Emergency Preparedness Advisory Council (GEPAC) this spring or summer. If Vermont is impacted by this disease, the support of multiple other agencies will be necessary for an effective response. The GEPAC is comprised of Commissioners/Secretaries of multiple state agencies/departments or their designees so will be an appropriate audience for the presentation.
- Animal Health Section has been working to provide education and outreach to the poultry community regarding the continuing avian influenza outbreak in the mid-west. An article discussing avian influenza and prevention measures was submitted to Agriview and also passed along to UVM Extension for distribution through their agricultural networks.
- The Animal Health Section is undergoing preparations to be ready for an avian influenza outbreak should one occur in the state. Staff will be FIT tested in the new few weeks so ensure that appropriate N95 respirators are on hand for each person.

Summary of Key agency Department Activity

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Assistant State Veterinarian filled in for Head of Meat Inspection and traveled to a slaughter plant in Troy to perform a disposition on a retained swine carcass.

Animal Health:

Animal Health Field Staff

- Received two more FDA tissue residue cases – one is for a cull dairy cow from Addison County that tested positive for the antibiotic Ceftiofur, the second is for a cull dairy cow from Orleans County that tested positive for the non-steroidal anti-inflammatory drug Banamine. Staff will also be conducting investigations with FDA representatives from the local FDA office in Highgate for the Agency's annual inspection audit.
- Animal Health inspectors are contacting captive cervid facilities who are currently due, or will be soon, for their annual inspection.
- Monitored the weekly auction at Addison County Commission Sales for Animal Disease Traceability compliance and completed the USA AMS market report. Also provided new official swine tags to the market.
- Completed a planning session with DMV Enforcement for upcoming details along 89 and 91.

Agricultural Resource Management:

Small Farm Operation (SFO) Programs:

- Small Farm Inspector John Roberts joined Assistant ARMS director Laura DiPietro at a meeting of the Poultney-Mettowee Valley Conservation District at Green Mountain College in Poultney. The meeting was attended by four local legislators and in excess of 35 local farmers. Laura gave a detailed explanation of the status of water quality issues, including how we got to where we are and what is being proposed to mitigate the problem of excess phosphorus runoff. Laura included a detailed explanation of the proposed legislative action, bills H.35/S.49, that are

being considered in the Vermont Legislature. A lot of discussion was generated, particularly over how the legislation will be funded, for both the legislators there and Laura.

- John Roberts attended a Soil Health Workshop held in Vergennes and put on by UVM Extension. A very interesting day with the main speaker, Prof. Jim Hoorman of Ohio State University giving detailed presentations on the economics of cover crops, the biology of soil compaction and how important cover crops are in keeping phosphorus out of the water, particularly soluble phosphorus. A basic message was keep the soil covered for as much of the year as possible, either with a production crop or a cover crop. The afternoon was spent at the Vanderway Farm in Ferrisburgh looking at their cover crops and soil. There were about 50 farmers in attendance.
- John Roberts investigated an anonymous complaint concerning an SFO dairy farm in Georgia Vermont. He met with the farmer in question, received permission to tour his production facility. He found no evidence to support any part of the complaint.
- John Roberts went to a homeowner in Sheldon who was concerned about possible nitrate or herbicide contamination of their well, that is less than 10 feet from a corn field. The well was drilled before there were siting regulations. He took water samples to provide background information if a possible issue should arise in the future.
- John Roberts visited 4 other small farms in the Sheldon/Fairfield area gathering basic farm inventory information and talking to the farmers about the AAPs and giving them copies of the information.

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

- Staff are processing Capital Equipment Assistance Program grants and discussing implementation plans with grantees. We are assisting one farm in developing a plan so that the equipment purchased is used as was intended.
- Staff conducted a complaint follow-up on a MFO in Franklin County related to manure spreading and buffers.
- Staff conducted a visit with a MFO in Franklin County to discuss a field runoff mitigation plan where water is running off of crop fields onto neighboring residential property.
- Staff conducted a follow-up compliance check on a silage leachate collection and treatments systems on a MFO in Franklin County.
- Staff listened in/participated in an agriculture related EPA webinar on Green House Gas Inventory.
- Staff conducted two manure stacking complaint inspections on a MFO and a LFO both in Washington County.
- Staff assisted AAFM staff to evaluate proposed farm construction on conserved land in Windham.
- Staff conducted an inspection of vegetative buffers on a MFO in Orange County due to a complaint submitted/referred by ANR.
- Staff conducted a complaint inspection on a MFO in Addison County to evaluate a potentially overflowing manure pit. ANR was also notified. The Agency will be following up with the farm due to several water quality concerns.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are processing and reviewing LFO annual reports for compliance as well as LFO nutrient management plans (NMPs).
- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.
- Staff sent out applications and processed grants for several grants for the Farm Agronomic Practices (FAP) Program.
- Staff are processing USAHerds livestock data, preparing farm surveys and making maps in preparation for the Franklin County Initiative.
- Staff are working on preparing farm data as part of the water quality (WQ) section's efforts in the development of the new WQ database. The vendor recently released an updated version of the WQ database into the staging environment and we are currently testing the database.

Conservation Reserve Enhancement Program (CREP):

- Staff visited a SFO in Lamoille County with VLT, the landowner, NRCS, a potential buyer, the realtor, and a VT DEC Stream Alteration Engineer to perform initial site visit to determine jurisdictional issues related to potential

stream/ditch maintenance activities desired by potential buyer and related to addressing farmstead issues. Also discussed program options for potential buyer available to address resource concerns on the farm and satisfy VLT/VHCB water quality goals.

- Staff attended a meeting with NRCS, FSA, USFWS PFW (US Fish and Wildlife Service) to discuss updates on USDA's plan to control invasive plant mistakenly planted in via CREP, WRP (, and WHIP (wildlife incentive plan).
- Staff flagged out a CREP buffer at a LFO in Addison County.
- Staff met with a contractor for pre-planting visit for CREP at a LFO in Addison County.
- Staff visited a SFO in Chittenden County with NRCS, UVM Extension, and an Agency engineer to troubleshoot/help the farmer address a short term need to remove accumulated manure solids in an old pit in an effort to prevent a discharge.
- Staff visited a SFO in Chittenden County to discuss livestock exclusion, the EQIP process, and a potential CREP project to achieve livestock exclusion. Staff also mapped a potential fence line with the farmer as part of the planning efforts.

Public Records Requests

- The ARM Division received a request from Mayer Brown, LLP in Los Angeles for any and all documents relating to dog food complaints. We have identified three cases that are responsive to this request and will mail appropriately redacted documents to the company.

Pre-hearing settlement conferences/administrative hearings

- A pre-hearing was held with the operator of a small backyard livestock operation in Lunenburg. A Notice of Violation had been issued to this individual for violations of the AAPs including the runoff of animal waste over property lines and the stacking/storage of manure within 100 feet of property lines. The pre-hearing had appeared to be a success with an agreement reached, but within days the landowner called to inform us that he had changed his mind and did not want to sign the Assurance of Discontinuance that had been drafted to memorialize the agreement. A hearing will be scheduled for the near future.
- A pre-hearing was held with a Medium Farm Operation in Ryegate that had received a Notice of Violation for violations of the MFO General Permit. The Farm had applied dirty water to a farm field after the start of the Winter Spreading Ban without contacting the Agency and securing a spreading exemption. An agreement was reached and an Assurance of Discontinuance will be drafted for signature.
- A pre-hearing settlement conference was held with the owner of a small farm in Waterbury. He had been issued a Notice of Violation for violating the AAP Winter Manure Spreading Ban. This Farm has an extensive history of violating the ban. While all parties were in agreement with the facts outlined in the Notice, an agreement could not be reached on the penalty to be paid. This case will go to hearing.

Enforcement Actions

- A small farm in Milton will receive a corrective action letter for violations of the AAPs for stacking horse manure within 100' of property lines. Due to the size of the lot, the manure cannot be stacked in a location that complies with the setback. The horse owner will be required to remove the manure from the property on a weekly basis.

Secretary's Comments:

Secretary Ross spend most of the week in Washington, DC where he met with leadership of the FDA, the USDA, and his counterparts from throughout the country. The conference that he attended and presented at was focused on implementations (and concerns and foreseen complications with) the new Food Safety and Modernization Act.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: April 24, 2015
Subject: ANR Weekly Report

Governor Level Issues:

Inclusive Vermont: We are working in collaboration with the Dept. of Tourism and Marketing and the VT Center for Independent Living to produce what's called an Inclusive Vermont web presence, to highlight outdoor recreation facilities and attractions that are accessible to people with physical disabilities. This is associated with 2015 being the 25th anniversary of the Americans with Disabilities Act.

State Lands: With winter finally over, staff closed numerous gates for the spring season to protect the road system. The Cotton Brook area was featured in WCAX as a low elevation hiking destination. The clip featured the Green Mountain Club, which is encouraging people to stay off the spring trails.

Ripples: We sent out our e-newsletter this week "Ripples" and highlighted a few staff as Earth Day Heroes as well as including Earth Day themed articles on cleaning up Lake Champlain, the report on forest fragmentation, etc.

<http://archive.constantcontact.com/fs142/1105757924138/archive/1120575445108.html>

EVERYTHING ELSE:

Legislative Issues/Testimony:

Dam Safety & Encroachment Fees: DEC Deputy Commissioner Schuren testified in Senate Finance Committee on the Executive Fee Bill, including proposed Dam Safety fees and a

propoed \$20,000 cap on fees for Shoreland Encroachment Permits. The proposed Dam Safety fees did not receive a strong reaction. Both proposals are expected to be added to the bill, however committee members have expressed some concerns about the Encroachment fee cap.

Disposable Bags (H.295): DEC solid waste program staff testified before the House Natural Resources and Energy Committee regarding the inefficacy of voluntary disposable bag reduction programs based on nationwide research. The Committee directed DEC and the grocers/retailers to convene in order to formulate a plan to reduce bag use voluntarily. If the goals in the plan are not met, the Committee will re-consider bag-fee proposals next year.

Permit Process Improvement (S.123): Commissioner Mears and DEC General Counsel Matt Chapman provided testimony to the House Natural Resources and Energy Committee on S.123, the Permit Process Improvement bill. The response to the bill was very positive and Rep. Klein indicated that he hopes to move on the legislation this session as a committee bill. DEC is working to engage stakeholders as a next step in moving the proposal forward.

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Universal Recycling: DEC Deputy Commissioner Schuren and DEC staff met with Senators Bray and Rodgers regarding concerns with the implementation of the Universal Recycling law in the Northeast Kingdom. The Northeast Kingdom Solid Waste Management District received an exemption from parallel collection of trash/recycling under the law, and Senator Rodgers asked DEC to provide additional outreach to haulers and businesses in his area, letting them know about the exemption and working through issues.

H.355: Commissioner Snyder and staff from FPR Forestry Division continue to provide testimony in support of the proposed forester licensing bill to the House Committee on Government Operations.

Current Use: The Senate Finance Committee invited Commissioner Snyder for testimony on several current use issues.

Press Issues/Releases:

House Natural Resources and Energy Committee holds a hearing on DEC's Permit Process Improvement legislation: John Herrick of VTDigger wrote about DEC testimony before HNRE Committee regarding S.123, a proposal to reform and modernize DEC's permit process.

ACCD and ANR Secretaries combined forces on an op-ed to highlight the economic importance of Clean Water: The linked Op-Ed from Secretaries Markowitz and Moulton was published in the Rutland Herald, Times Argus, and VTDigger.

VTFWD Press Releases This Week: Conservation Camps Still Have Some Openings; Be Alert to Avoid Moose on the Highway; Herrick's Cove Wildlife Festival on May 3; Reptiles and Amphibians Are on the Move; and VTFWD to stock over 1 million fish in 2015.

WCAX News: Commissioner Snyder was a guest on Channel 3's "The :30" this Thursday at 5:15 to talk about the report on forest fragmentation in Vermont which he presented to the legislature last week.

Significant Events/Meetings:

Special Earth Day Celebration – Land Ethic Leaders Program: On Earth Day, April 22, ANR staff participated in a day of presentations, discussion and workshops to envision shared goals for the future. Inspired by Aldo Leopold and his land ethic, the program was held at National Life, presented in partnership with the Aldo Leopold Foundation and ANR. During the opening portion of the program, the annual ANR Canute Dalmasse award was presented to Susan Bulmer, FPR Parks Regional Manager.

Vermont Monitoring Cooperative: At a regularly-scheduled meeting, the VMC Advisory Committee discussed alternative program and staff cuts that would be necessary as reduced funding is available from the US Forest Service Forest Health program's annual grant. VMC's ongoing program exemplifies ideas being discussed as part of the current effort to strengthen science within ANR, and there was agreement that VMC's long-term multi-resource monitoring benefits all departments in the agency.

TransCanada Lower Connecticut River Relicensing: ANR staff from DEC and FWD participated on a call with New Hampshire Fish and Game and U.S. Fish and Wildlife Service to discuss the potential conflict with TransCanada's Connecticut River studies near the Vernon hydro project and Vermont Yankee's thermal discharge studies in that same area of the river. The group identified the Vermont Yankee studies that could potentially conflict with TransCanada's studies. A letter will be sent to TransCanada and Vermont Yankee outlining the concerns and requesting that each company's consultants address them.

State Forester in DC: Steven Sinclair, Director of Forests, is the state representative to the Forest Resource Coordinating Committee, authorized by the Farm Bill to provide guidance to the Secretary of USDA on forestry programs affecting private forest landowners. He attended a two-day meeting in Washington, DC last week, preparing the next set of recommendations, and he will be one of four representatives of the committee to make a presentation to Under Secretary Robert Bonnie later this summer.

Forest Health Meeting: The annual Forest Health Information Meeting, held last week in Woodstock, was attended by 145 Vermont foresters and allied professionals and also 15 attendees from other states, including the Chief of Silviculture for the Pennsylvania Bureau of Forestry (travel expenses donated by his employer), who shared how PA is managing ash on state lands. Strategies include reducing ash stocking, collecting seeds, identifying and chemically protecting high value ash, and retaining some ash to ensure that there is some viable seed after EAB kills the overstory. He emphasized that the time to start planning is now, since mortality and loss of wood integrity occurs very quickly once EAB is present.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation (DEC)

CowPower Registration Requirements: As we have noted previously, CowPower projects are required to register their air pollution emissions annually with the Department, but had not been doing so. Earlier this year, we did outreach on this requirement to boost registration. Now we are developing emission estimation methodologies for these facilities and emissions to ensure consistency. Some of the projects are significant air pollution emission sources due primarily to the high levels of hydrogen sulfide in the gas that forms sulfur dioxide when burned and the fact that internal combustion engines tend to be higher emitting devices than other power generation methods.

E-Waste FOIA Request: Last week the E-Waste program received and responded to a FOIA request from Casella regarding information on the first quarter (Oct – Dec) on this year's e-waste program, including the approved manufacturer opt out program that Goodpoint has been administering.

Fish & Wildlife (FWD)

Solar Projects (Windsor): District staff participated in the review of a 5 MW solar project proposed on a portion of the Southeast VT State Correctional Facility (a.k.a. Windsor prison Farm property) in Windsor. As part of the project, FWD is in the process of negotiating with BGS to receive 800± acres of old farmland for designation as a wildlife management area. A site reconnaissance of the parcel to be carved out for the solar project was walked to identify potential fish and wildlife conflicts.

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Marten Population Monitoring: Staff continued coordinating marten monitoring efforts in southern VT including the retrieval of cameras from the field west of Somerset Reservoir – definitely two, possibly three, individual martens were detected.

Spring Bear Conflicts: Staff responded to several calls concerning bears in conflict situations this week. One conflict involved a complaint of a bear mutilating sheep which when investigated looked more like the work of coyotes or dogs. Another report involved a bear denning in rock pile near a house, and several involved what appears to be sightings of weak yearling bears.

Walleye Seining: Staff worked on the walleye seining prep and start up last week. This included meeting on site to mark turtle areas to avoid, transport of equipment and starting of seining operation. On Monday there was still a small amount of ice cover in the area. By Tuesday enough area had opened up do that seining could occur. Just north of the seining area there was ice cover. Wednesday was the first seine haul but winds picked up preventing a second haul. Seining was repeated on Friday, and two seines were completed. So for the week 3 seine hauls were completed and no walleye were collected. A large number of northern pike and a 652mm muskellunge were collected. On Thursday staff went up Winooski River and

shocked for walleye. Water conditions were high, cloudy and cold (39.1 degree F). Only one walleye was collected on Winooski River.

Drug bust at the Salmon Hole: On a routine visit to the spawning area at the Salmon Hole on the Winooski River this week, Warden Currier encountered a man using what appeared to be crack cocaine. Warden Currier called BPD for backup, and a search pursuant to search warrant yielded 70 bags of heroin and other paraphernalia.

Forests, Parks and Recreation (FPR)

Wilgus State Park: The first state park to begin spring operations is Wilgus State Park in Weathersfield, opening fully this coming weekend to allow camping for the numerous canoe paddling groups on the Connecticut River.

Public Access Grant: FPR recreation staff have been collaborating with FWD to apply for a USDA/NRCS grant to enhance public access for recreation on private lands. The application will be submitted next week.

Trail Rules: Commissioner Snyder and State Parks Director Whipple met Monday with the chair of the Natural Resources Board and Act 250 staff to discuss strategies for clarifying and perhaps changing Act 250 jurisdictional rules related to recreational trails on both public and private land.



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MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: April 24, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

- **Regional Initiative** – Nothing substantive to report beyond what you heard Thursday. We'll work on Order 1000 and schedule. Probably goes without saying, CT summary of Order 1000 Thursday was intended to say how we should avoid using it; however, I thought it was a veiled threat that they would use it if push came to shove.
- **VY** – I touched base with Mike Twomey about the settlement terms. Entergy is working on a response which I should have next week.
- **Fairpoint** – FairPoint has provided notice that it will cut 12 positions in Burlington – mostly collections positions. We anticipate that more layoffs will be forthcoming though the timing is unknown.

- **Sanders** – We have been asked to provide testimony next week on Sen. Sanders’ energy bill and the role of energy efficiency in Vermont.

Meetings this Week:

Apr 21-24 – Darren in SNRE on H.40

Apr 20 – Chris/Jim Volz; Cabinet meeting

Apr 23 – Chris at NEG meeting in CT; Chris NECPUC dinner in Boston

Apr 24 – Chris/ISO-NE meeting Boston;

Meetings next Week:

Apr 28 – PSD call with Philene Taormina and Dr. Dismukes re Alt Reg; Chris VY meeting

Apr 29 – Chris in DC at National Energy Restructuring conference

Apr 30 – Chris panelist at DC National Energy Restructuring conference

Everything Else:

PERD

Legislative Items

- Addressed Senators’ questions and met with interested parties to discuss the PSD model of the cost and benefits of H.40. Updated the model to use the EIA 2015 oil price forecasts.

Residential and Commercial Building Energy Standards (RBES & CBES) – Code Update

- The Residential Building Energy Code Handbook has been finalized and posted on the PSD website. An announcement of its availability as well as the blower door training schedule was sent to the code update email distribution list. Bound copies should be printed in the next couple of weeks.

Energy Efficiency Utility Activities

- TEPF Clearinghouse – Issued RFP. Available at VT Bid site and DPS website, and sent to EEU contractors list, EEU 2013-10 distribution list, TETF email list, and CEDF list.
- Staff met with VEIC to review its draft petition related to requesting Board approval to use Energy Efficiency Fund (EEC, FCM, & RGGI) monies as security and collateral for loan funds related to USDA’s Rural Utility Service (RUS) Energy Efficiency and Conservation Loan Program (EECLP). Staff drafted questions and comments on the draft petition and schedule for internal review.
- Staff continued to work on calculating the unspent EEC monies for the 2012-2014 period. The Fiscal Agent reports for all three years are being revised due to an error with GMP revenues. The 2014 year end Fiscal agent report is “preliminary” and unaudited. Staff plan to use the 2012 and 2013 year end reports because budget to

actual spending should not be affected by the GMP issue. In addition, to calculate budget to actual spending and unspent EEC staff will use actual invoices for 2014.

- Staff continued to estimate BED's unspent TEPF funds for the 2012-2014 period. Staff may recommend that some portion of the unspent funds be set aside and allocated to the development of the Thermal Efficiency Clearinghouse website development.

Public Service Board Dockets

- 8544: VEIC Overall Performance Assessment
 - Staff researched the materials issued by VEIC and DPS in the Initial Overall Performance Assessment six years ago and developed an initial list of materials to source as part of the submission of historical performance data from years 2009 through 2014 due on May 8. Historical data for submission includes but may not be limited to VEIC Annual Reports, DPS Annual Verification of EVT Savings Claims, DPS Certification of Progress Towards QPI's, PSB Determination of Savings Towards QPI's, Independent Audit Results, Energy Efficiency Fund Audit, PSB Reports to the Legislature, DPS Benchmarking Evaluations, DPS Administrative Efficiency Evaluations, VEIC Service Quality and Reliability Performance Data.
 - Staff plans to coordinate with VEIC to ensure duplicate material is not filed.
- Docket 8395 (CEED) - 2015 CEED Evaluation and Verification Plan under development. Shared draft with VEIC and GMP and received comments from them. Making some revisions based on the comments. Plan to file with Board week of 4/20/15.

Thermal Energy Finance Pilot (Heat Saver Loan)

- First set of regular weekly newsletter stories were published to the VFDA to advertise the availability of the loan product this month. Additional outreach this week to BPI contractors via EVT was also undertaken. Fuel dealer are reported to be giving the availability of this new finance product a positive response.
- Processed VSECU invoice for interest rate buy down (\$22,953.53). VSECU closed on five HSL loans this quarter for \$96.4k using \$22.9k for IRB. OCU closed on two loans for \$8.5k using \$1.5k of IRB.

Clean Energy Finance Initiative

- EAN hosted a meeting on 4/15 to share their recommendations from their study with the group. Proposals were presented on a whole home retrofit program, PACE financing and on-bill financing enhancements. Some of the elements in the proposals may be working elsewhere but are inappropriate for Vermont. Other aspects such as low interest, long term financing are already moving in some fashion in Vermont, and the programs recommended would be costly.

Clean Energy Development Fund

- Clean Energy Industry Report 2015
 - Received and began reviewing data memo with survey results

- Findings include information that shows the number of clean energy jobs continues to increase in the state, but not evenly across all subsectors; details will be available in the next few weeks as staff and contractor begin drafting the report for internal review

Renewable Energy Items

- Drafted response letter to Swanton Village regarding assistance per Act 165 interagency hydro MOU and sent to ANR and SHPO for review.
- Attended NARUC ERE Committee call, discussing the results of a Brattle Group study examining NERC’s reliability concerns with the EPA Clean Power Plan. The study found that compliance with the Plan can be achieved without a significant impact on reliability (resource adequacy, gas-to-electric interface, or renewable energy integration).
- Received PA comments on VT-DOE storage MOU.

Net Metering

- Department made presentation to Rate Design working group giving background on three possibilities for recovering the cost to serve NM customers:
 - Minimum Monthly Bill: Customer billing practice currently in use in CA. Applies a slightly higher fixed charge than the traditional customer charge in attempts to collect fair share of costs from NM customers.
 - Stand-by Charges: Traditionally used to design tailored rates for cogeneration customers who supplied all own use except for maintenance/emergency situations. Some states are applying to commercial NM customers.
 - The idea of NM customers becoming their own rate class in a Cost of Service Study.
- In addition, James Moore of Suncommon made a presentation on the customer economics of VT’s current NM rate structure, in which the main (only?) point was that monthly change in typical NM customer cash flow is basically nil and likely to get worse if/when income tax credits expire.
- Participated in Act 99 rate design and general processes working groups. In general processes, Ann Bishop of the PSB presented on ePSB and indicated a go-live date of mid-November 2015. The next meeting will focus on billing standards and procedures, amendment processes, enforcement, and program cap issues. The final meeting will focus on specific recommendations related to the criteria, and will include a presentation from SHPO.

Net Metering Activity 4/11/15 – 4/17/15

	Registrations	Applications	45 Day Notice	CPGs Granted
Count	12	0	0	1
kWAC	87.745	0	0	5.500

Ave Size kW	7.312	0	0	5.500
Cumulative Capacity of ALL Formal Notices Submitted**				
Year Total to Date		Total Since 1999		
2014 kW	2015 kW	1999 – 2015 kW		% of 15% Cap
4824.94	14,311.40	90584.72		~ 60.4

****NOTE: This table includes all systems over 150 kW that go through the full 248 process. It also includes systems for which 45 day notices have been filed, in addition to those for which formal 248 applications have been filed.**

Engineering

Vermont Yankee Spent Fuel Management & Decommissioning

Systems maintenance and testing to support Spent Fuel Pool integrity continued during the reporting period (most notably, several additional Service Water System surveillances). No notifications were received during this reporting period regarding any issue that would adversely impact Spent Fuel Pool integrity. Demolition of now non-essential structures at the VY site continues. The demolition of the "Clean Pipe" Building in the southeast corner of the Protected Area resumed last Wednesday, after Entergy determined that scrap from the building was worth more than a potential resale of the building (for use at another power plant facility) would earn. Reconfiguration of several onsite security structures (consistent with VY's recently revised security plan) began over the weekend.

NRC "Exit Meeting" for First Quarter 2015 VY Site Inspections

On April 15, NRC Senior Resident Inspector Sarah Rich reported the results of NRC inspections conducted during the First Quarter of 2015 to VY senior staff, with the State Nuclear Engineer in attendance. (Note: activities conducted between January 1 - 25 were discussed during a separate Exit Meeting, held on January 29, for NRC inspections conducted during VY's final defueling.) No findings were identified during the reporting period. Accordingly, much of the presentation focused on NRC plans for upcoming 2015 Second Quarter inspections. The NRC will conduct an inspection of VY's Emergency Plans during the week of May 11, coinciding with VY's FEMA-graded Hostile Action Exercise. The NRC's lead Decommissioning Inspector for VY, Steve Hammann, will be on-site sometime in early June to conduct an inspection of VY's Health Physics and Occupational Radiological Dose monitoring programs. It is also expected that the NRC's review of VY's construction plans for a second, on-site Independent Spent Fuel Storage Facility (ISFSI) will begin at roughly this same time.

NRC Dry Cask Storage Inspection Identifies No Significant Findings

On Thursday, NRC's lead Decommissioning Inspector for VY, Steve Hammann, completed his inspection of the existing Dry Cask Storage facility (aka ISFSI) at the VY site. No significant findings were identified during this inspection. The most technically significant item addressed

during the inspection was the presence of VY-identified gouges and enlarged holes in several of the outer cask vent screens. The NRC questioned whether this damage could allow vermin to enter the outer casks through the vents. (The State Nuclear Engineer asked a similar question upon learning of the damage.) VY has indicated that damage to the vent screens (most likely caused by snow shoveling around the individual casks) was insufficient to allow vermin intrusions. Nonetheless, the damaged vent screens will be replaced in the near future.

NRC Grants Consent for VY to Cancel Lines of Credit

On 4/17, the State Nuclear Engineer was notified that NRC Staff had granted Entergy's request (letter BVY 14-087, dated December 19, 2014) to cancel lines of credit totaling \$70 million provided by Entergy Global Investments, Inc (EGI). and Entergy International Holding Ltd., LLC (EIHL) for VY. The NRC Staff's stated reason for granting the request is that "there is no longer a need to provide lines of credit for operations and operational maintenance costs and that Entergy Nuclear Operations has provided adequate assurance that funds will be available for radiological decommissioning and spent fuel management" at VY. This cancellation does not involve the lines of credit that Entergy has discussed on several occasions as a potential means of funding spent fuel management at VY.

PSD Engineering Staff Participate in VY Hostile Action Drill

On 4/22, VY conducted a Hostile Action Emergency Drill that featured "full state participation" in accordance with Vermont's Radiological Emergency Response Plan. This drill is the last in preparation for the May 13 FEMA-graded Hostile Action Exercise. Representatives of PSD's Engineering Division deployed to VY's Emergency Operations Facility (EOF) in Brattleboro and the State Emergency Operations Center in Waterbury. Additional information will be provided in next week's report.

2015 Vermont Gas Systems Addison Transmission Pipeline Project Activity

VGS plans to resume construction activity to complete the most northerly 15 miles of the ANGP project this year. The Gas Engineer met with VGS representatives last week to discuss the implementation schedule and prerequisites. The company stated its Quality Control and Welding programs are both expected to be complete in May. The Gas Engineer provided the company several references to standards and recommended practices for Quality Management Systems applicable to pipeline operators. The company representatives stated the sub-contractors required to perform the construction have not been retained yet and construction is expected to resume in July at the earliest.

Vermont Gas Systems welding program

VGS informed the Department that the company has produced revisions to its welding program to address specific probable violations of gas pipeline safety regulations which were cited in a warning letter issued by the Department. These revisions are currently in draft form and are being internally reviewed by the company. The engineering firm which VGS retained to assess the program is expected to complete its analysis next month (in May). The Department Gas Engineer will continue to monitor these actions to verify completion.

Gas pipeline inspection activity

The Gas Engineer inspected records related to propane systems operated by AmeriGas at the company's regional office in Richmond during this report period. Several propane pipeline systems in Swanton operated by Bourne's Energy were also inspected. No immediate safety hazards were observed. The Gas Engineer will follow-up the pipeline system inspections with a review of the operating company's records required by State and Federal gas safety code(s).

Regional Policy

Winter Reliability Program

- Previously, FERC had ruled that any future winter reliability programs proposed by ISO-NE must be market-based, rather than the out-of-market proposals that have been approved for the past two winters. On April 17 FERC reversed that ruling, based upon a rehearing request by ISO-NE. FERC ruled that the winter reliability program may be non-market based; however, it expected ISO-NE to propose a winter reliability program that is fuel neutral, i.e., that would allow all resources to participate.
- This past winter's reliability program provided incentives for replenishment of fuel oil and LNG as well as increased participation by demand response. ISO-NE's initial proposed would remove demand response from the eligible resources and expand the list of eligible resources to include all non-intermittent generation. The basic structure of the proposal is the same as the 2014-2015 winter program in that generators are compensated for unused fuel at the end of the winter season. The expansion of the program to coal, hydro, and nuclear resources would not actually provide any improvements in reliability and is only being proposed to satisfy FERC's reluctance to approve an out-of-market program that focuses on only two types of resources. ISO-NE would intend that this program be in place for the next three winters, until implementation of the Pay for Performance program in 2018. The expected cost of the expanded proposal is approximately \$120 million, compared to a cost of approximately \$57 million for continuation of the existing program.
 - ISO-NE's argument for dropping demand response is that it does not fit within the methodology (offsetting the fuel carrying costs of a resource). Demand response played a very limited role in the previous two winter reliability programs.
- A group of generators is developing a separate proposal that would consist of essentially a supplemental auction to pay generators up to \$3/kw-month; however, this program would not provide any assurance of additional fuel. The expected cost of the generator proposal is approximately \$144 million.
- Additionally, some NEPOOL participants have discussed proposing a continuation of the existing winter reliability program, given that it is the lowest cost option and there are only three more years of the program.
- On April 21 states had a call to discuss possible options and there was general consensus that NESCOE should work with NEPOOL participants to push for continuation of the existing winter reliability program.

New England Power Generators and Behind the Meter Solar PV

- At the April 16 NEPOOL Markets Committee meeting, NEPGA continued its argument that the Installed Capacity Requirement (the target amount of resources to be acquired from the Forward Capacity Auction) should not be reduced based upon the expected behind-the-meter solar PV. NEPGA instead argues that PV should be required to participate in the Forward Capacity Auction. It appears that NEPGA is simply going through the motions of having some stakeholder discussion in advance of it filing a protest at FERC when ISO-NE files an ICR value reduced by behind-the-meter PV (as it is expected to do later this year).

Demand Response in the Wholesale Markets

- On April 17, ISO-NE issued a paper outlining contingency options in light of the D.C. Circuit's finding that FERC does not have jurisdiction over demand response in the wholesale energy markets (the "EPSA" decision). ISO-NE indicates that its goal is to start a dialog with NEPOOL and state regulators regarding potential scenarios. The paper does not address all potential options. Several of the options presented would presumably require state action to support a proposed change to the marketplace for demand response.
- In its paper, ISO-NE provides a thorough summary of the legal uncertainties created by the *EPSA* decision and the possible actions of the Supreme Court and FERC. One significant question is which markets will be implicated by the *EPSA* decision, if it stands. ISO-NE indicates that it is unclear whether *EPSA* applies to just energy markets, or whether *EPSA* stands for the proposition that demand response cannot be included in the capacity and ancillary services markets as well. Based on this uncertainty, ISO-NE contends that the planned implementation of demand response resources into the energy and reserves markets should be postponed for at least a year, beyond the planned June 1, 2017 implementation, to allow for more clarity.
- ISO-NE has identified four options for addressing the *EPSA* decision, if it is upheld. The first option applies only to a "narrow" reading of *EPSA*, and would permit demand response to continue operating in the capacity and ancillary markets. The "broad" reading options apply if *EPSA* is upheld and forbids FERC from regulating demand response in the capacity and ancillary markets. The three broad reading options are as follows:
 - The first option identified by ISO-NE is to reduce the Installed Capacity Requirement (the target amount of capacity to be acquired through the Forward Capacity Auction) by expected demand resources.
 - A second option discussed in the ISO-NE paper is similar to PJM's "stop gap" measure in which Load Serving Entities (LSEs) would be allowed to submit load reduction bids into the capacity market. These bids could reduce the demand (or the "capacity obligation") that the ISO seeks to meet.
 - The third option is to modify the current method of allocating capacity costs among LSEs. An LSE whose customers consume less than their proportional share of capacity when capacity is in short supply would have their Forward

- Capacity Market (FCM) cost allocation reduced. FCM costs would increase for LSEs with higher consumption than their capacity share.
- According to ISO-NE, options two and three could be combined to reduce ICR and send price signals to LSEs to incent performance of any demand resources.

Finance and Economics

Electric

Swanton: Tariff 8536- Swanton Rate Design Filing, Class cost of service and rate design filing. Staff is reviewing the allocators in the rate design spreadsheets and responses to submitted questions.

Stowe Electric Department (SED): Tariff 8553-Rate Design- Stowe filed for approval of its updated/new rate designs that include updated cost allocations, consolidation of customer rate classes and new optional Time of Use and Critical Peak Pricing rates. The Department filed a recommendation to open an investigation and a pre hearing conference was held on April 14, 2015. Finance & Economics is preparing for the initial round of discovery with emphasis on cost allocators and the commercial class rate increase. Parties are scheduled to file stipulation or litigation schedule on July 1, 2015.

Natural Gas

VGS - D 8472 Petition Pursuant to 30 VSA §248 Requesting a CPG to Construct Phase VII Looping Project

Vermont Gas Systems filed a petition to construct and install approximately 3.0 miles of 16" transmission line starting from the end of the Phase VI looping line and extending through Georgia, VT.

The Phase VII project continues a multi-year transmission system expansion began in 1995 to provide capacity and improve reliability. VGS states that the looping project will address estimated customer growth through 2019. Project plans indicate the project is estimated to cost \$10.8 million.

Burlington Electric Department (BED) – March EEU – Chris Brown of BED sent the March 2015 invoice and general ledger for BED's EEU. Staff made a selection of items from the general ledger and asked BED for back up to the items. BED provided the detail on, staff found no exceptions.

Gross Revenue Taxes

Gross Revenue Taxes (GRT) – Collections Fiscal Year to Date: GRT collected fiscal year to date total is \$8,607,746.46 against an estimate of \$8,708,117.00 resulting in a difference of \$100,370.54, or 1.15%.

Public Advocacy

Vermont Gas Rule 5.409 Penalty Proceeding – Docket No. 8328 – Initial briefs were filed on

April 17 by the parties to the case (Vermont Gas and the Department) and two amici (CLF and Ms. Peyser). The Department's brief made the same recommendation as was made at the beginning—the Board should determine that Vermont Gas violated Rule 5.409 and impose a civil penalty of \$35,000. Vermont Gas's brief did not oppose that fine. Briefs from amici were strong in their criticism of Vermont Gas (and the Department). Both recommended the maximum penalty. Ms. Peyser urged the Board to order additional discovery and hearings and appoint independent counsel. Reply briefs are due May 1.

Vermont Gas PGA – Tariff No. 8558 – On April 20, the Department recommended approval of Vermont Gas's most recent quarterly PGA, which resulted in a rate decrease of 0.7 percent.

Vermont Gas Alternative Regulation Plan Extension – Docket No. 8471 – Though no order has yet been issued, the Board appears to be opening an investigation into Vermont Gas's request to extend its alternative regulation plan by one year. The Department agreed to the extension this winter, with certain conditions that Vermont Gas agreed to. After hearing nothing from the Board for a couple months, the clerk indicated that a docket was established and that a prehearing would be scheduled for May 5. The current plan is set to expire at the end of the fiscal year.

Swanton Rate Design – Docket No. 8398 – The Department has completed its review of Swanton's proposed rate design and has only minor issues, which it has communicated to Swanton. The Department's goal is to wrap this proceeding up by May 24 with a stipulation.

VEC-VELCO Substation in Newport, VT - Docket 8385 - The Department is continuing its MOU negotiations with VELCO. The MOU will support the issuance of a CPG for the VELCO Newport substation upgrades and new VEC substation, subject to a commitment from VELCO to provide the Department with specific information and analysis prior to filing future § 248 petitions. The Department's proposed CPG conditions are intended to satisfy VELCO's obligations to explore alternatives and undertake least cost analysis. Bill Jordan has drafted prefiled testimony explaining the Department's rationale for the proposed CPG conditions, which the Department will file with the MOU.

ANR entered into a MOU with VELCO and VEC on April 15, 2015 ("ANR MOU"). The ANR MOU recommends that any CPG be issued subject to several conditions, including amendments to Exhibit DD-4 (Decommissioning Work Plan) and Exhibit AM-4; compliance with a Vermont Wetlands Permit; and measures to mitigate greenhouse gas impacts.

Farm at South Village - Docket 8406 - The Board is investigating whether the Farm at South Village, Inc. (FSV) complied with the terms of the CPG issued in 2010 with respect to screening; and if not, whether it is appropriate to order remedial action, impose a penalty, and/or revoke the CPG. The Board issued a scheduling order on April 16, 2015, including specific questions for FSV to respond to in its Prefiled Testimony, due May 7, 2015. FSV was initially represented by Will Raap (pro se) however on April 17, 2015 Ritchie E. Berger of Dinse, Knapp & McAndrew, PC also filed a notice of appearance on behalf of the FSV. Lynn and Donald Cummings, the complainant neighbors, filed a notice of appearance and motion to intervene on April 17, 2015;

the Department filed a letter with the Board supporting the Cummings' motion to intervene. DPS has been in communication with Will Raap and the Cummings to try to achieve a remediation plan.

Vermont Solar Farmers 2.2 MW Solar Facility in Bondville, VT - Docket 8443 - A second site visit has been scheduled for Friday 8 May, 2015 at 1 p.m. The Department does not plan to attend. The Petitioner is due to respond to the Department's initial round of discovery on April 27, 2015.

SSE New Haven Solar II LLC 350 kW Group Net-Metered Solar Facility - NMP 5978 - SSE proposes to install and operate a 350 kW group net-metered solar electric facility in New Haven, directly adjacent to an existing 150 kW group net-metered solar electric facility. The Department filed comments on 04/16/15 recommending that a condition be imposed requiring the Petitioner to file the outcome of GMP's fast track analysis and requesting an opportunity to respond to comments filed by the Town of New Haven. The Town of New Haven filed comments and prefiled testimony on 04/15/15, vigorously opposing the project on various factual and legal grounds. The Department is currently reviewing New Haven's filing with a view to formulating a response with a particular emphasis on the orderly development criteria under § 248(1). ANR also filed comments on 04/20/15 recommending various conditions relating to wetlands.

Lajeunesse Interiors, Inc. Compliance with CPG - Docket 8446 - By order dated April 1, 2015, the Board opened an investigation into whether Lajeunesse complied with the terms of the CPG issued in September 2014 for a 22.5 kW net-metered solar electric generating system in Barre, Vermont; and if not, whether it is appropriate to order remedial action, impose a penalty, and/or revoke the CPG. The investigation was initiated by a complaint from adjacent landowners, Steven and Dorothy Korshak, who allege that the Lajeunesse clear-cut the vegetation between the facility and the Korshak's property, contrary to representations made in the CPG application. The clear-cutting occurred before the Board received the CPG application; the application likely should have been amended to reflect the clear-cutting as a material change. Lajeunesse has a parallel contractual dispute with the project developer, Catamount Solar, alleging that Catamount Solar was responsible for amending the CPG application and should contribute to the remediation costs. A prehearing was held on April 16, 2015 and the parties proposed an expedited schedule. Catamount Solar was present at the prehearing and indicated that it may intervene; the deadline for intervention is April 23, 2015.

Woodstock Aqueduct Company – Docket 8462 – The PSB Hearing Officer issued a prehearing conference memorandum and procedural order requiring the Company to file its existing rules and to file support for any rate design changes. The Company filed both documents. Additionally at the prehearing the Company was required to draft a public hearing notice to be approved by the PSB and PSD. The PSD provided the Company with a template and assisted the Company in drafting the notice. The public hearing will be scheduled for the 3rd week in May.

VEC Substation Expansion and Rebuild in East Berkshire – Docket 8450 – The PSD and ANR served discovery on VEC focused on engineering and aesthetics. Responses are due by May 1st.

The public hearing and site visit are scheduled for May 6th.

GMP IRP – Docket 8397 – The PSB Hearing Officer issued questions for GMP relating to the Rutland Grid Innovation project; electricity pricing innovation programs; and the integration/challenges associated with the merger. The PSD, GMP and VEIC filed an MOU resolving all issues on March 11, 2015.

GMP White River Junction Substation Project – Docket 8322 – At PSD request, GMP sent a letter to the PSB reporting that its adjoining landowner list was incomplete and detailing the actual notice and other communications received by all the adjoining landowners.

TDI New England Clean Power Link Project – Docket 8400 – The PSD is scheduled to meet with ANR on April 29th to discuss next steps. Additionally, the PSD is working on a second round of discovery that is due to the petitioner by April 30th.

VY 30-Day Notice Proceeding – NRC 50-271-LA-3 –The State filed a petition for intervention and request for hearing at the NRC in response to Entergy’s license amendment request to lift Entergy’s obligation to give 30 days’ notice to the NRC and the State in advance of any withdrawal of decommissioning trust fund dollars. Entergy and NRC Staff responses to the petition are due May 15.

FairPoint Service Quality Investigation – Docket 8390 – The Department received FairPoint’s initial direct testimony in the proceeding. The Department also secured an amendment to the schedule to allow for resolution of a number of outstanding discovery requests to FairPoint prior to moving into the rebuttal phase of the proceeding. The Department’s next round of discovery requests are due to FairPoint by May 6. FairPoint also announced in the press that it feels that it should be subject to neither the Board’s jurisdiction nor service quality metrics, arguing that such regulatory burdens places it at a competitive disadvantage relative to its major competitors in the state.

VY Second ISFSI – Docket 8300 – The Board has scheduled a status conference in the proceeding. Entergy has completed soil engineering at the proposed site ten months after submitting its initial petition. The parties have been unable to agree to a schedule for the remainder of the proceeding. The status conference will be held on April 29. Entergy will be giving a presentation about the project to the state agencies after the status conference.

VEC So. Hero Net Metering – Docket 8465 – VEC has advised the PSD that it is hitting pause on this project in order to address ANR’s concerns. Panels may have to be rearranged or reduced in number to avoid wetlands, after which VEC will re-visit the economics of the project.

Telecommunications

FairPoint Layoffs – FairPoint has provided notice that it will cut 12 positions in Burlington – mostly collections positions. I anticipate that more layoffs will be forthcoming though the

timing is unknown.

VTA Transition – Department staff met with the VTA’s accountant and former executive director. Staff scoped out a range of issues which will be included in a final memo. The Executive director reviewed with staff, line by line, his list of tasks that the VTA should complete during and after transition.

NBRC Budget – the VTA accountant caught a discrepancy in the NBRC budget. After clarification from the former executive director staff found the source of the problem. In September of 2014, the VTA Board approved an amendment to the budget for \$225,000. The NBRC approved the new budget. The Former executive director forgot to include this amount in the updated budgets. In April the Director requested, and the Board approved, a \$243,000 amendment to the NBRC budget. Because, the executive director forgot about the previous \$225,000 amendment, the NBRC budget is over extended. Staff recommends requesting the Board to amend the April meeting minutes to reflect an amendment of \$18,000 in lieu of the \$243,000 the Board approved. This will keep the budget where the director intended it to be.

ECFiber Capital Assessment – ECFiber reminded VTA staff that it owed \$200,000 in a capital contribution for certain OCFC segments. Staff located an amendment to ECFiber’s Dark Fiber Lease agreement in which it agreed to pay \$200,000. The Former executive director provided a list of other capital assessments that the VTA is expected to recoup in the near future. The remaining amount equals an estimated \$20,000.

Google North America – Google has decided enter the wireless market as a mobile virtual network operator. An MVNO doesn’t own its own facilities. Rather, it rides on another carrier’s existing network, usually by entering into a bulk access agreement with the carrier. Generally, MVNO’s differentiate themselves from other carriers by offering unique pay plans or value added services. In this case, it appears Google will be using its MVNO network to build on its Nexus handset.

Connectivity Initiative Grant Award – Comcast revised its original bid downward. Comcast originally bid for Norwich Census blocks at 239,000.00. It revised downward that bid to \$215,000. There was a discrepancy between its total price and the line item costs. The Department has asked Comcast to confirm the price before issuing an award. ECFiber has been finalized and an award letter is ready to be signed by the commissioner and sent. Staff will need to complete a pre-award risk assessment and gauge the obligations it has under Bulletin 5.

Tower Siting Meeting – Staff met with BGS, ANR, and public safety staff to review the state’s current tower siting process. They had questions about the role the new connectivity division will have in negotiating land leases. They also expressed concern over the level of transparency and lack of good record keeping. BGS staff complained that BGS received a check for \$43,000 from Sprint and did not know which agreement it fell under. After follow up at the VTA, it appears that VTA staff have responded in full to BGS’s numerous requests for information regarding tower lease agreements. BGS also has access to salesforce (VTA’s platform) where all

of the licenses are electronically stored.

Stowe Cable CPG Petition — The Board will hold a technical hearing on the Docket on Thursday, April 23.

Comcast CPG Renewal — Division staff have scheduled a series of three meetings with Comcast and representatives of the Vermont Access Network, which represents the interest of public access broadcasters throughout the state. The first meeting is scheduled for Tuesday, April 28. The purpose of the meetings is to address and narrow the scope of contested matters relating to public access issues in the renewal docket. The meetings will also be attended by CAPI staff. Comcast has not yet filed a petition, but informed Division staff that it will likely file a petition in early June. Division staff have also been working with CAPI staff to prepare for an extensive community needs assessment for the CPG renewal, which will require scheduling at least one focus group meeting in every county in the State. Those meetings are anticipated to be completed during the fall of 2015.

Wireless Telecommunications Facilities (248a) Petitions — Division staff filed recommendation letters with the Board for the following projects:

- AT&T application for limited size and scope modifications to antennas mounted on two silos in Highgate;
- VTel application for *de minimis* modifications to an existing 100 foot tower on the summit of Killington Peak in Killington;
- VTel application for construction of a limited size and scope 90 foot tower in Thetford.
- DPS also filed a letter with the Board in response to an AT&T application to make *de minimis* modifications to an existing 380 foot tower on Mount Ascutney in Windsor. The Department recommended that the Board reject the application without prejudice because it appears that the project does not qualify as a *de minimis* modification.

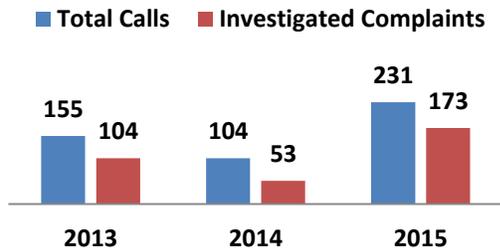
VTel Calais and Cabot Projects — Based on feedback received during public meetings in both towns, Division staff has retained RF and aesthetics experts to review both projects. Division staff anticipate that both Towns will seek party status in the respective dockets. VTel filed its full application for the Cabot project on April 17. VTel has not yet filed its application for the Calais project. Division staff have received numerous phone calls and emails from Selectboard members and the public in response to the proposed Calais site.

DPS received the following new 248a petitions and notices:

- VELCO application for *de minimis* modification to a 130 tower in Royalton;
- VTel application for *de minimis* modification to a telecommunications facility installed on the roof of the tram building on the summit of Jay Peak in Jay;
- AT&T application for *de minimis* modification to a 80 foot tower in South Hero;
- AT&T application for *de minimis* modification to a 100 foot tower in Dover.

CAPI

Calls to CAPI Same 7 days each year



Green Mountain Power: A consumer's house was completely destroyed by fire on March 6. The consumer reports that the fire department determined the cause to be the neutral drop line, owned by GMP. GMP has not taken responsibility. The consumer has an attorney involved. The consumer's insurance company is not investigating. CAPI is seeking a copy of the report and photos from the fire department.

Burlington Electric Department online bill payment security: BED sent notice to customers that, due to "a potential vulnerability" with their online payment processing, through Click2Gov, they will temporarily no longer offer online bill payment. They will, however, take credit/debit card payment over the phone and credit customer accounts the \$3.95 fee charged by the credit card processing company. BED did not provide notice to the Department about this issue. Staff contacted BED to inquire. BED apologized for the lack of notice, saying they had meant to provide it, and further explained that BED is developing the ability to process credit/debit card payments internally, at a cost of approximately \$1.60 per transaction, which it will not charge as a fee. They expect to have this system complete in July and will then begin accepting online payment again.

Consumer complaint filed to PSB: A consumer with whom staff have worked extensively and for whom the Department has twice supported his electric company in administering a remote disconnection of service has filed a complaint with the PSB against his electric company. CAPI provided records of its casework with him to the Board.

Other Department Activity

State National Action Plan (SNAP) Call: staff participated in the monthly SNAP. Topics discussed included:

- An update on how the FCC has improved the process of Eligible Telecommunications Carriers (ETCs) accessing the National Lifeline Accountability Database (NLAD) in order to confirm Lifeline eligibility for their customers. Other changes to the NLAD will allow the Universal Service Administrative Company (USAC), which manages the federal

Universal Service Fund (USF), to have state access to the NLAD by the end of the 2nd quarter 2015.

- A new USF portal established on the FCC's website for consumers, as a source of data and information about how the FCC is progressing towards its universal service goals: <http://www.fcc.gov/encyclopedia/connect-america-fund-progress-portal>
- Rural Call Completion update: The FCC provided an update regarding 1) new rules that became effective in early April regarding call record-keeping, retention, and recording; 2) a new email hotline for rural carriers to report problems with long-distance carriers not completing calls; and 3) four recent consent decrees issued by the FCC Enforcement Bureau that included fines against problematic carriers.
- The Iowa Utilities Board has been receiving complaints that both MCI and Sprint are billing consumers for the same calls. The cause is a provider (Inteliquent/Neutral Tandem) routing unauthorized traffic from another carrier (Voice Stream Network Inc.) to MCI for call termination without MCI or end-user permission because Voice Stream had improperly inserted MCI's CIC (carrier information code) into the call records associated with this traffic. MCI is analyzing the call records to resolve the issues, including issuing credits to affected consumers. According to MCI, this is happening with other interexchange carriers in all 50 states. The FCC is aware of this problem.



State of Vermont
Department of Public Safety
103 South Main Street
Waterbury, Vermont 05671-2101
www.dps.state.vt.us

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: April 23, 2015
Subject: Weekly Report

Vermont State Police

A Troop

Untimely in Waterbury, 51 year old female with significant health issues found deceased in bed by her husband. Death believed to be a heart attack, sent to OCME for autopsy Monday. NUSI, 10 year old female alleging that her grandfather showed her pornographic images.

NUSI, case involving sister of a 65 year old male, who alleges she was sexually assaulted by him as a child, now there are concerns about her brother having contact with children in his new wife's home.

NUSI, Det. Trooper Cota attempted to stop a vehicle for a MV violation, this resulted in a pursuit, subject charged with ATE, C&N, DLS, resisting arrest, and yes.....failure to comply with the sex offender registry making it an SIU case.

Assist to D-Troop BCI on a correctional center assault that occurred in Windsor, interview done at NWRCF with victim who now resides here.

LCSIU, 57 year old female reporting sex assault from childhood.

LCSIU, 30 year old female reported multiple drug gang rape incidents that occurred from 2003-2008, investigation continues.

WCSIU, D-Troop Special involving allegation of sex assault by Orange County Sheriff's son in law, unfounded.

CUSI, report by female that she was sexually assaulted by a drug dealer after purchase of crack cocaine.

CUSI, 5 year old female disclosed to school nurse of possible L&L by her mother's friend.

B Troop

Sgt. came upon a vehicle on the I91 exit 20 ramp and found the male driver passed out behind the wheel. The male was processed for DUI and DLS-C.

Attended forensic interview of juvenile re: skull fracture investigation; interviewed juveniles father, father's girlfriend, other family members, neighbors at MPTP; took photos of residence and play scape where reported fall occurred; photographed visible injuries as of that day, Spoke with Dr. Patno, consistent with fall, probable that it was accidental in nature; updated the mother who agreed she did not believe injury was caused by assault.

C Troop

Worked on a threat to an Ira man reference to Hacking / info. mining by pro-Islamic state Troops assisted with early morning arrest of a Danby male on a Federal Warrant thru the Inspector General's Office/US Marshall Service

Troopers will do aggressive motor vehicle patrol in the town of Weybridge in response to a fatal bicycle accident we had this week. Driver who hit the bicycle was DUI, DLS, and under suspension.

Troopers conducted 9 directed patrols and issued multiple tickets, located a wanted person, and arrested two drivers for DLS as a result of the DDACTS patrol in the area of the crash. Patrols will continue in this area. Search warrant conducted on the vehicle involved. Assisted by Crime Scene Search Team to collect evidence off the windshield and make a 3-D model of the car. Also assisted by Crash Reconstruction Team both at the crash scene and search warrant of the car for detailed analysis. Tpr. arrested the passenger in the vehicle the following day for violating his probation.

Arrested Terrance Chipp for possession of narcotic at correctional center. Completed and submitted paperwork.

Assisted Corrections with inmate Troy Hale telling subject on phone he had drugs. Investigation revealed to be false information.

D Troop

Troopers responded to a 911/domestic dispute in Grafton, Trooper arrested one for Aggravated Domestic Assault and Interference with Access to Emergency Services. Trooper arrested the same offender from for violating his conditions of release and also for a 2nd charge of Domestic Assault (from an assault that occurred about a month ago) in Grafton.

Uniform, BCI & Major Crimes unit assisted Springfield PD with a shooting in their town; warrant has been put out for the suspect for the charge of 2nd Degree Murder.

Arrest for Attempting to Elude, Careless and Negligent Operation of a motor vehicle, Operating without Consent, and Possession of Heroin. While on patrol Cpl. Busier was told that a vehicle that went by was stolen.

Cited SSCC inmate Terrick Craft for simple assault on inmate

Cited SSCC inmate James Badger for Poss and Transportation of Narcotics into Correctional Facility

Cited SSCC inmate Adrian Moore for Assault on Corrections Officer

Cited SSCC inmate Jacob Forcier for numerous Violations of Abuse Prevention Order

TOPS

Stopped vehicle for speed on 89NB in Roylton. Deployed K9 which alerted to passenger's door. PC consent to search granted. 1212 bags of heroin and 137 perc 30s seized. 2 arrests.

Fire Safety

The Division received \$20.6 Million in new plan review construction valuation collecting \$113,000.00 in permit fee revenue.

A construction permit application and plans were received today for the new Walmart Super Store to be located in Derby.

We had a disturbance in our Springfield Regional Office on Tuesday when a tenant came in with a short fuse. He was very aggressive and agitated and was verbally loud. The staff in the office finally calmed him down. I told the manager to report it to the local police department. Apparently this individual receives other State services in the same building.

April 23, 2015: Director Flynn and I are meeting with General Heston regarding the WMD-CST issue.

April 24, 2015: I will be meeting with Representative Fagan to discuss our opposition to the H.409.

May 6, 2015: Meeting with Health Dept. and Economic Development regarding condemnation orders.

Legislative:

I reached out to Representative Shaw and I will be meeting with him to discuss the House version of H.108 (Electrical Installation).

Emergency Management/Homeland Security

The second Vermont Yankee Hostile Action Based (HAB) exercise took place this week. This was the last exercise before the final graded event on May 13th.

The Director, with the Fire Safety Director, met with General Heston to discuss the attempt by HAC to force use of the Civil Support Team as primary response on certain hazmat calls, and express the DPS opposition to such a scheme. Also of concern is the move to defund the Vermont Hazardous Materials Response Team (SOV asset) by \$20,000.

DEMHS is working with VDH to facilitate development of an offer of assistance in response to an EMAC request by the State of Indiana to support a serious outbreak of HIV. This outbreak is tied to a spike in illicit drug use by needles.

DEMHS submitted the EMPG FFY 2015 application this week. This is the primary funding allocation from DHS for FFY15 to support DEMHS operations. The grant is approximately \$3M.

FEMA obligated three Project Worksheets for DR4207 (\$20k for Hardwick Electric, \$3k for Ripton, \$5k for Granville). FEMA now is targeting to have 50% of DR4207 PWs written by 05/04/15 and 95% PWs written by 05/29/15.

Improved project and time extension request package was sent to FEMA the Stockbridge PW3287 Driscoll Road Bridge, urging prompt FEMA review of this time-sensitive project. FCO was asked to expedite review of this PW.

The Town of Essex PW67 was closed out with an additional \$77k obligated; DR4022 Hancock PW1933 was closed out with an additional \$9k obligated, and Wilmington PW2928 was closed out with a reduction of \$62k.

Administration

General Items:

- **MOU to Department of Mental Health:** Per your wishes, Rick Hallenbeck is working on developing an MOU with Mental Health to provide 20k of VSP General Funds for them to provide training to Law Enforcement personnel on dealing with people experiencing mental health crises. This draft should be ready for your review and signature very shortly.



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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: April 24, 2015

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors:

Security COOP Planning: Each agency or department responsible for developing a COOP plan is in the process of updating each section with specific deadlines. All COOP coordinators should notify me by May 1st that they have completed updating the “contacts” section.

Western Region:

Waterbury WSOC Central Plant: AFS electrical work is 95% complete. AFS will return to finish and perform pre-startup activities, date TBD. They are in very good shape. Granite veneer and CMP siding continue, with windows, louvers, doors etc. not far behind. The roofer is working on parapet details. Interior mechanical and electrical work continues as well. Painting is well ahead and office finishes (ceilings, floors, doors etc.) should start soon. Site work will start up again this week, prepping for the truck slabs. Poured the interior slab in the storage building yesterday. Schedule for move-in June 1st.

Eastern Region:

Windsor, SESCOF New Water Well: There has been some uncertainty about the possibility of the facility being closed as a cost saving measure. Due to uncertainty, the engineering services contract to finalize connection of the new well to the system was delayed. We recently had word that we are to proceed with that design contract. We have a proposal from Otter Creek Engineering, which we will now move forward into the contract approval process.

Legislative Contacts:

House Corrections & Institutions: Tour of the Pavilion (lobby/kiosk) and supreme court building w/ Peter Danels, Tom Cheney and Matt Riven. Purpose is to understand current security protocol and procedures.

FINANCE AND MANAGEMENT

Issue Updates:

Budget and Management anticipates that the Senate Appropriations will vote out the budget bill next week. We continue to monitor committee activities. Next week we will review the Senate Appropriations passed bill and any Senate floor amendments for changes from the House Version of the Budget and begin composing a letter from Commission Reardon to the Conference Committee.

HEALTH CARE REFORM

Issue Updates:

NGA followed by a CMMI SIM Meeting. Georgia Maheras and Michael Costa attended a NGA meeting. They will fill us in on what they learned in next week's report. The feds were clear in conversation with Georgia and Michael that they expect the SIM process to be the method for moving forward with the APM models, although this does conflict with their prohibition on speaking in public meetings during negotiation. One note is that people focus on the public conversation component of SIM, but not on the significant work that happens to actually design models – this is done in smaller groups of technical teams. CMMI views SIM more as a design and planning tool and they focus less on the governance process we have implemented. Additionally, CMMI expects that any conversation around the MAPCP program will be part of the APM as well. CMMI will send an email to Al and Lawrence and also bring it up on our GMCB call, so we will be able to determine what they are looking for. This will create some friction with Al, who is not keen on the lengthy process in SIM.

All Payer Model: We continue to work with the GMCB on developing the all payer model. CMS sent the state a range of potential model options, which we discussed on Tuesday. We have the homework of putting the most likely sequence of steps into a timeline for next week. Robin & Michael are working with Ena and the consultants to do a draft, which will then be circulated to Al, Lawrence, Kara and Richard for edits/discussion over the weekend. In Baltimore, CMMI emphasized the need for Vermont to determine the start date for the model so they can plan appropriately. Of note, CMMI is starting conversations with Arkansas and Minnesota about incorporating Medicare into their SIM programs. This means that CMMI will get very busy, very soon.

VHCIP/SIM: Georgia, Michael, Richard, Craig, and Kara were in Baltimore at a CMMI SIM meeting with all 28 states receiving SIM Design and Test awards. The meeting focused heavily on the role of Medicare in SIM programs and included three presentations by Vermont. CMMI requested three ad hoc meetings with the Vermont team to discuss our SIM work and how it aligns with our APM work. We also discussed the pending state plan amendment and it was clear that Sec. Burwell had communicated with the CMMI team about it while we were in Baltimore. Hopefully this will receive federal approval for the SPA around May 6th.

Legislative Issues:

H.481/H.487 – Bills are dead, but priorities are included now in S.139.

h.k. → S.135 – Senate Finance and Senate Health and Welfare taking testimony on 4/23 – Robin provided a detailed summary of the current provisions. Mullin is introducing a spending component to support the cost-shift paid for with a cigarette tax, claims assessment, and employer assessment. Claire is proposing to combine the Workers Center GMC financing study with the universal primary care study and give them to the GMCB. Finance is back at it on Friday.

S.139 with H.481/H.487 components – Voted out of House Health Care 4/23, 8-3-0. On the way to Ways and Means for revenue. The spending priorities are about \$19.3M (gross funds) annually/\$15.6M gross in FY16 and cover cost sharing subsidies, primary care Medicaid reimbursement, the Blueprint, GMCB, AHEC, HCA, and the Universal Primary Care Study.

Other Meetings:

4/20 – AHS Commissioners Meeting – Robin and Michael had the first AHS Commissioners meeting to update them on the all payer model. This was primarily an introductory meeting.

4/21 – Meeting with Sen. Kitchel and Cmr. Costantino – Robin has been supporting Steven on some budget issues and working on language we'd like SAC to include in the DVHA budget. Steven is seeking language regarding coordination of benefits that the carriers are not on board with. Jane prefers that we bring it to Tim Ashe, which Robin has talked to Steven about. There is a study version of the language which is less likely to bring opposition from the carriers.

4/21 – Phone call with Secretary Burwell – The Governor spoke with Secretary Burwell about VHC issues, the APM progress, and a couple of smaller CMS issues (approving the Medicaid shared savings program state plan amendment; AHS contract/IAPD turnaround time issues).

HUMAN RESOURCES

Legislative Update:

Ban the Box: The Governor signed an Executive Order this week. I will work in our legal and recruitment teams to implement the EO within 60 days.

Cadillac Tax: The House Appropriations Committee got a primer on this. While it was brought up that the Cadillac tax could impact CBA negotiations with the VSEA and VTA, there were not a lot of follow up questions. Outside of the legislature, Michael Costa is beginning to shop around an SOW for actuarial work to game out the various options the State has to deal with the tax.

Disability Retirement and AmeriCorps/Peace Corps Retirement Eligibility: The bill (H 304) is on its way to the Governor's desk. The language in this bill, which provides retirement credit for AmeriCorps service (Peace Corps credit already existed), may present a good opportunity to partner with AmeriCorps in being recognized at the federal level as an Employer of National Service. DHR worked with Treasurer's office and AmeriCorps in adding this language. We will work with AmeriCorps in pursuing federal designation.

Grievance Arbitration: S 72 passed the House on April 22nd. It will head to the Senate for final approval. Assume Senate will concur with the House changes but will talk with key Senators to confirm.

Paid Sick Leave: The House is currently considering the bill. It is likely to pass the House but languish the remainder of the session in the Senate.

PBMs: The House Health Care committee has finalized language it will likely include in S 139. It is not substantially different than what was in the Senate passed version. The PBMs and pharmacists worked in concert to draft the language.

Public Records: Senate Government Operations is going to markup H. 18 this week. We testified on this bill and checking with Senator White to see if any of the changes will impact DHR.

Labor Savings Proposals: Plan presented to extended cabinet and working on details for possible retirement incentive. Statutory language needed for retirement incentive to Senate Appropriations Committee.

Significant Events/Meetings:

- Internal meeting on developing better statewide process for tracking and managing temporary employee utilization. This is a must with the new federal ACA compliance requirements and will require additional resources to manage.
- Labor Relations is beginning work to align necessary paperwork and processes in the event of RIFs.
- April update of the RIF bumping list is complete and was distributed and will be posted to our website.
- Work continues on the Nurse market factor analysis/classification project. This effort is targeted on improving our recruitment/retention of nurses. *can we triple time this given state?*
- The BCBS implementation audit is completed and finalized. The general findings are that BCBS is processing claims appropriately and with very few errors (98.9% accuracy rates). There were no red flags in their findings.
- The Express Scripts audit is going back and forth, with TriCast (auditor) feeling that ESI is pulling some tricks to achieve its discount rates, although ESI says that they are acting within the rules of the contract.
 - TriCast works with ESI on several other contracts, and they are seeing this behavior across the board.
 - TriCast feels that the maneuvering and relabeling of medications should not be tolerated and is exploring options for the State to take to perhaps stand against the practice.
- Milliman has been chosen as the benefits consultant going forward and has been notified about the SOW on the Cadillac tax. We will be collaborating with Treasurers office and Health Care reform office on this effort.

- The State Auditors have requested a meeting with Kevin Goddard and the BCBS report team to go over the “price disparity report” they are requesting to ensure that the report contains all of the information they are looking for. This meeting should be held the week of the 27th.
- Developing HRC investigation protocol with AHS, DHR and AGO, exploring state EEO officer position.
- Responded to VSEA correspondence on AOE practices and working with AGO on whistleblower complaint at AOE.

Supervising in State Government Pilot: The pilot has completed three of the four classes, and feedback so far is strong and fairly clear:

- Most participants think it could be mandatory
- Most participants think every supervisor in SOV should take it
- Several feel it is too rushed and that they would be well-served to run it 5 days
- They are responding well to a high level of activity/practical exercises
- They are responding well to the introduction of the strength-based approach

INFORMATION AND INNOVATION

Status of Governor’s Priorities:

Healthcare:

- Vulnerability scanning is configured and preliminary scans on DVHA networks will commence.
- Change of Circumstance is nearly ready for user acceptance testing (UAT).
- GAO Audit
 - GAO expects to see specific network design components, e.g. firewall details, from CGI – this is not likely to happen but this refusal must come from CGI – not from State of Vermont. Working to identify a CGI contact before 4/24/2015
- Hosting Move:
 - CMS has defined guidance on the data center move.
 - Contract negotiations completed last week. State of Vermont security infrastructure was adopted.

Evolving Issues:

Projects:

- **Department of Liquor Control Retail & POS Project - Update for this period:** Project schedule remains “at significant risk” this period and is overall primarily due the amount of testing left to do. The Central Office Go-Live will tentatively be re-scheduled from July 1st to August 1st.
- **The Office of Defender General,** they will be ready to “go live” with their new case management system on May 15th, so power users can pilot the system.
- **VoIP Project**
 - Independent review is in progress.

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Handwritten note: "Justin has update"

re comply
fyi.

- Reference checks are complete
- Vendor selection targeted for April 24.

- **ANR's ECMS project** - Proposals are due to BGS 4/29/15. We are working to develop a project charter, communication plan, task list, proposal review scoring tool, vendor presentation scoring tool, and a stakeholder list. We have met with project sponsors at DEC to discuss the need to identify the team for selecting a vendor. Tools for review and scoring of vendor proposals and presentations to be developed collaboratively with the project team over the next week. Kick-off and review tool training for the review team to be scheduled next week. Current scheduled calls for the project to be contracted with vendor onsite in September 2015 although the timing may be revised due to the volume of proposals anticipated.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

“Non-Revenue/Current Use Bill” and “Revenue Bill/Current Use Bill”: Finance has been working on the non-revenue and revenue components of the two miscellaneous tax bills. Latest draft is H.272, 2.1 on the committee page. Lottery language (banning the sale in restaurants that serve alcohol) is out. Land use change tax changes are also out... for now. The latest draft includes our technical changes, but also:

- Opening up Local Option Tax to all towns (it is in there at the request of a senator. The committee will take more testimony).
- Administrative attachment and garnishment (see below)
- Language for a Division of Collections (see below)
- Their revenue language

The Finance committee has introduced their option for raising revenue. The proposal that seems to be favored by the committee at the moment includes:

- Eliminating SLINC (as proposed by Administration)
- Mortgage interest deduction capped at \$12,000
- Eliminates charitable deduction and replaces with credit for instate donations
 - Credit would be worth 5% of charitable contributions over \$5,000 to a “qualified donee” located in state and provides a charitable benefit to folks in the state. Tax Department would publish a list each December of those who qualify.
- Applies 3% minimum tax for taxpayers with AGI greater than \$150,000

The Finance committee has also been looking at sales tax reform. Their proposal would expand the sales tax to services (exempting healthcare, education, and business to business transactions). It also expands the sales tax to soft drinks and bottled water. This would allow the rate to be lowered to 4.5%. The JFO is still finalizing their latest run at which services are included and how far the rate can be lowered.

Administrative Judgments: Tax has worked on the language with Vermont Legal Aid and the Bankers Association to address their concerns. There are a few points of disagreement between VLA and Tax, but we continue to work on these issues. Sen. Ashe has continued to maintain a strong desire to see this

happen – other members of the committee are less than enthusiastic about it, but it will very likely make it through the Senate.

Division of Collections: In the Senate version of H.272, there is language to establish a Collections Unit within the Department of Taxes. This unit would be tasked with collecting debt owed to the State, including tax debts and debts certified to the Department from other branches, agencies, or subdivisions of government. The language as written asks for us to adopt rules as necessary by July 1, 2016, to implement the creation of a Collections Unit.

Tax has been asked our opinion on this language informally – we are okay with the idea of creating this unit, but it has not been discussed broadly with other branches or agencies. There are also some concerns with the language as drafted that we can work on with the committee.

Water Quality: NEMRC has informed committees that if they have the directive by May 1, they can build it into their system for this year, but that does not take into account the towns that do not use NEMRC, nor does it account for time to train towns and answer questions. There is a cost associated with this that NEMRC has asked the Department to pay for. That money is not accounted for in our FY16 budget.

Estate Tax: Ways and Means took testimony from the practitioners on this issue. The committee does not seem to understand that the reason behind the bill is to fix an outdated, broken tax structure. There appears to be a desire from members of the committee to use this as a bargaining chip during conference committee. Tax has not been asked to testify, but will need to, about why we think this change is necessary.

Cloud: S. 97 still sitting in W&M. The language exists in S.138 from an amendment offered by Sen. Westman (and most of Senate Finance) on the floor last week. The Chair of House Commerce also indicated he wants this language in their version of the economic development bill.

Education Finance: Senate Finance has also started taking testimony on the rates and the yield portions of the bill.

Operations:

Tax Season: Fraud continues to increase. As of 4/15 there was \$562,622 (291 returns) in identified fraud. This is up from \$464,584 (285 returns) at the same time last year. Just this week there were 84 Vermonters who called because they attempted to file their taxes only to learn that a return had already been filed in their name.

The Deputy Commissioner gave 3 interviews this week to news outlets about fraud, tax season, and the Top 100 list.

VTax Project: We are nearing the end of the design phase for Phase 2 – Trust Taxes. Many of our design documents (i.e., data conversion plan, business requirements) are in the acceptance phase and the project team will start focusing on development starting Monday (right on schedule). We are now measuring FAST benefits and will begin making benefit payments to the vendor. Our first quarter report showed a lift of \$376,000 – ahead of projections, but really just the start as we expect that number to

for
11/30
2/1/17

shoot upward as trust taxes are moved. Significant outreach expected this summer with the Trust Taxes and we expect the visibility to ramp up in summer/fall.

Compliance: In the aftermath of the news article from two weeks ago, we have been asked to testify to House Agriculture and Ways and Means on our audit practices. Both committees were interested in the policy issues in question and the process internally around audit and selection, which we addressed with a PowerPoint talking about the changes we are making. Ways and Means was especially receptive to this and spoke positively to the Policy Director afterwards that they feel a positive culture change is happening here.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: April 24, 2015
RE: Boards and Commissions Update

Vermont Medicaid Drug Utilization Review Board:

APPROVED: Louise Rosales, Jericho (Nurse Practitioner)

ADVICE & CONSENT CONFIRMED by the Senate:

Last name	first name	Board/Commission
Smith	Megan	Commissioner, Dept. of Tourism and Marketing
Costantino	Steven	Commissioner, Dept. of Vermont Health Access
Johnson	Justin	Secretary, Agency of Administration
Kenney	Fred	Executive Director, VT Economic Progress Council
Straffin	Shawn	Vermont Economic Progress Council
Morse	Stephan	Vermont Economic Progress Council

New England Board of Higher Education:

Karen Gross resigned this fall as President of Southern Vermont College. I contacted her to see if she needed to resign from the New England Board of Higher Education because the newspaper article said she was taking a job with the federal government and the feds don't allow you to sit on an outside Board. She has not been appointed to a federal job yet and is living in D.C. She still owns a house in Vermont, votes in Vermont and pays taxes in Vermont. She would like to continue serving as your appointee to the New England Board of Higher Education.

Greene	Thomas	Montpelier	New England Board of Higher Education	4/21/2011	2/28/2017
Gross	Karen	Bennington	New England Board of Higher Education	4/8/2010	2/28/2018
Wool	Michael	Charlotte	New England Board of Higher Education	10/12/2000	2/28/2019

Eight persons shall represent the State as members of the board. One board member shall be a member of the Senate appointed by the President of the Senate; one shall be a Representative appointed by the Speaker of the House of Representatives; one board member shall be appointed by the Vermont Council on Higher Education, Inc., and three shall be appointed by the Governor. Each of the board members appointed under this section shall serve for a term of six years. The President of the University of Vermont and State Agricultural College and the presiding officer of the Vermont State Colleges Corporation shall be ex officio members of the board. (Amended 1969, No. 55, § 3.)

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: April 24, 2015
Re: Weekly Report

Status of Governor's Priorities:

- Staying in touch with my counterparts in Washington and Oregon on the implementation of legalized marijuana. Oregon has contracted with a company NIC USA, Inc. who has connections to VIC-Vermont Information Consortium, to build an application for on line licensing for recreational marijuana. This is a great organization with lots of IT expertise and should be utilized more often.
- Attending Senate Gov. Ops on Fridays listening to the Marijuana discussion. Many of the folks who have testified are saying many of the same things that have come out of the meetings in Oregon as the State Liquor Board has traveled around the state for comments and ideas.
- April sales still looking good.

Legislative Issues/Contacts/Updates:

- S.138:- Economic Development Bill has a provision that allows for fortified wines to be sold by second-class license holders who hold a permit. There are limitations on the numbers of permits and a study to evaluate the implementation and the growth of the products. House General has made a few small adjustments to Sections 50-61.

Press Issues/Releases/Contacts: None

Significant Events/Meetings: Next Board Meeting 05/06/2015 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems. Testing is going very well.
- Preliminary review of department processes for potential licensing and enforcement system.
- Break open ticket reporting process is working. Live data is being entered. Looking at the first quarter (Jan-March). We will be verifying these numbers shortly.
- Speaking to potential vendors about warehouse study and pricing analysis as recommended by the Auditor's report.

Summary of Key Department Activity:

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.
- Long term employee Jan Ciemiecki 41 years of service retired. More retirements each year as the state work force starts to change. Lots of historical knowledge is being lost.

- **Commissioner's Commentary:** Have a good weekend.

Elizabeth H. Miller
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