

WEEKLY REPORTS

Checklist
8/3/2012

Bill Lofy

_____ Agency of Commerce and Community Development – Lawrence Miller

_____ Agency of Agriculture – Chuck Ross

_____ Agency of Transportation – Brian Searles

_____ Department of Labor – Annie Noonan

Alex MacLean

_____ Agency of Natural Resources – Deb Markowitz

_____ Department of Public Safety – Keith Flynn

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

Susan Bartlett

_____ Agency of Human Services – Doug Racine

Sarah London

_____ Department of Financial Regulation – Steve Kimbell

Jeb Spaulding

_____ Agency of Administration – Jeb Spaulding

Special Reports

_____ Additional Report: Education

_____ Additional Report: Lottery

_____ Additional Report: Irene Recovery Office

_____ Additional Report: Boards and Commissions

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary - Agency of Commerce and Community Development
Date: August 3, 2012
Re: Weekly Report

Green Mountain Digital/Nature Share: The Governor visited the team a year or so ago. CEO Brendan Cahill. They do the Audubon app among other things. Completed a \$1.5 Million round and changed name to Nature Share.

Chinese delegation was successful. We will follow up and I probably need to go over on a few items in November. We should talk about the December trip sometime soon. I need to know what you want out of it.

I met with Goldman Sachs and Dwight Asset Management Monday. It went very well. When they bought Dwight they learned the customers really value having the firm here, and it is going to stick. I pointed out that we have a flexible and skilled regulatory office at DFR and they should consider putting business units here that would benefit from that. I also asked for more client and employee conference business since they now know what a great place we have.

Wednesday I went to see our friends at Porter in Toronto with Jason Gibbs representing the ski association and David Rocchio representing the airport. We have a handshake on four trips per week this winter and two trips per week next summer. They will continue to use the FIS at Heritage but some work needs to be done so customers can leave directly from there without transferring to the terminal. I went to Heritage today and agree that the plan is doable. They will begin the preclearance request with US customs when they hit the 400,000 seat run rate which will happen in September but customs wants to see a year of sustained business at that level before processing the application so it may take up to three years to move full operations to the terminal.

I would like to keep coming to the health care meetings. It helped me immensely tying back to the Monday group meetings.

Chris Cochran learned at a dinner for Bernie that Lisa Jackson (Administrator for EPA) is trying to arrange to visit Vermont. Chris touched base with Justin J as well and we are hoping to set up a meeting with Lisa if and when she comes to discuss possible environmental justice funding for the mobile home work as well as wastewater and stormwater for our designated downtowns.

Wrapped up the condemnation effort by sending the last letter to FEMA before the Individual Assistance team departs. As of this writing, it appears that additional IA benefits provided to Vermonters whose mobile homes were destroyed will exceed \$1 million. **None of this would have been possible without the extraordinary efforts of the Governor's General Counsel Sarah London.** On top of an immense work load, she took the time over the last several months to final a legal solution, turn her attention to issues related to individual cases and prepare more than 130 condemnation letters.

Responded to inquiries about the status of Patterson's mobile home park and possibilities for assistance. The fate of the park and residents waiting to return highlights the need for affordable housing in the Waterbury and Duxbury area. **It is critically important that negotiations are successful between BGS and CVCLT and Housing Vermont for the use of former state office complex buildings for replacement housing.**

Lawrence off to Iceland until 8/13. Lori Camp will have a way to reach me. 828-5204

To 116 STATE STREET
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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: August 3, 2012

Secretary's Top Issues:

Formaldehyde: the report by Agency of Ag, Health Department and CDC about the use of formaldehyde on dairy farms in foot baths and the potential for elevated exposure when manure is spread will be released soon. The study concludes that there is no elevated exposure resulting from the use of formaldehyde by dairy farmers in Vermont. Agency of Ag will follow-up with a safety sheet coordinated with VOSHA on safe practices for workers handling formaldehyde on farms.

Compost: CSWD has been FOIAed by VT Digger for information relating to the compost. Agency of Ag received similar request Thursday noon. CSWD wants to release info. Secretary Ross has suggested that CSWD call a meeting of all or most of the affected parties to provide them with a heads up. Secretary Ross has invited himself into the conversation to remind folks of role of Agency. This issue is likely to hang around for a long time.

Animal Health paid an inspection visit to the Vermont Horse Show in Manchester, VT, and found poor compliance with VT Importation Rules for Equine. Measures have been taken to rectify the situation, including a conversation with the Horse Show Office and a letter from the state veterinarian indicating that all participants must immediately comply with VT importation rules. All equines coming into VT from another state must have a valid CVI within the past 30 days and a negative Coggins test within the past year.

Farm to Institution Presentation at National Farm to Cafeteria Conference, Burlington VT (2nd through 5th of August 800 people attending) on August 2

Abbey Willard will present *Growing Up Local: VT F2I pioneers share their stories of success* with Kingdom Creamery of VT, Green Mountain College, and Burlington School Food Project on their Farm to Institution success stories.

The UVM Hills Lab Renovation Project is in its final stages. All code inspections have been completed and an Occupancy Permit is expected to be issued on August 1st. A majority of the completed offices and lab spaces have been released to the State. The Lab staff has begun moving equipment and supplies from Terrill Hall to set up the completed lab spaces in Hills. On August 1st – 3rd Action Movers will be moving office furniture and lab equipment from storage in Berlin and the Waterbury Complex. The remaining construction work is scheduled to be completed by August 3rd. The Lab's goal is to continue testing of Farm, Dairy and Meat plant water supplies as well as Brucellosis, EIA and Horse Pulls during the transition to the new lab space.

St. Albans Dairy farm with 900 head of cattle & lack of adequate water. Agency worked with VEM as well as local fire department & town management to assist dairy farmer. Local Fire department will provide retired tanker truck to the farmer free of charge so water can be drawn from Lake Champlain to water the animals. Local authorities are concerned that more farmers will need similar services. VEM and Agriculture are monitoring the situation and if more farms come forward in this condition further action can be taken.

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: August 3, 2012

Status of Governor's Priorities:

Jobs

Press

- Press calls regarding drought issues in Midwest and their affect on VT Farms.
- Jon Margolis: Secretary Ross spoke to Jon Margolis about the breadth and depth and longevity of the impact of Irene on Vermont Ag. Explained things in broad terms and told him we would have more info in a couple of weeks.
- Candy Page: Asked Secretary Ross if we needed tougher AAPs and effective BMPs. I told her we need more resources as we don't have enough to do support the work we need to do under the existing regulatory scheme.
- Tim Schamlz, Plant Industry Section Chief was on Vermont Edition regarding noxious and invasive weeds in VT.

Significant Events/Meetings:

A representative from the Government Accountability Office (GAO) requested a conference call with the Meat Inspection section to discuss the Cooperative Interstate shipment program that the USDA has been instituting. They wanted our perspective as a state that that looked in to the program but decided not to participate.

Meat Inspection Program Chief met with Representative of the Vt Beef Producers Association to disseminate information associated with allowable activities, the differences between state and federal inspection, exemptions, etc.

Animal Health (AH) staff met with AH staff from New York and VT USDA Veterinary Services staff to discuss the traffic flow of livestock between the states and how the Animal Disease Traceability rule could effect that, whenever the rules comes into effect. We don't have a date for that event yet.

AH met with Assistant Attorney General Diane Zamos to discuss record keeping, our extent of AH involvement in animal welfare cases as per VT Statutes, and some recent investigations that AH has been pursuing.

AH followed up with a livestock dealer who is not providing its transporters with proper paperwork when they are transporter livestock on behalf of the dealer. This issue was uncovered at a DMV checkpoint where AH staff was working in conjunction with DMV staff.

Evolving Issues:

Animal Health paid an inspection visit to the Vermont Horse Show in Manchester, VT, and found poor compliance with VT Importation Rules for Equine. Measures have been taken to rectify the situation, including a conversation with the Horse Show Office and a letter from the state veterinarian indicating that all participants must immediately comply with VT importation rules. All equines coming into VT from another state must have a valid CVI within the past 30 days and a negative Coggins test within the past year.

Animal Health Specialist conducted a livestock dealer's inspection and found that the livestock dealer was not maintaining records for livestock which he imported into the State of Vermont and then sold to others. The Agency of Agriculture requires that livestock dealer licensees, as a condition of their license, maintain accurate records of all livestock bought, sold, bartered, and traded. AHS is working with his supervisors with respect to follow up on this matter, which will likely involve a letter of corrective action.

The Department of Motor Vehicles (DMV) Commercial Vehicle Enforcement Section referred information to the VAAFM involving a for-hire livestock transporter hauling a horse imported into Vermont from Massachusetts, which appeared to not have a Certificate of Veterinary Inspection (CVI). Recently, the Animal Health Section worked with the DMV Commercial Vehicle Enforcement Section at a commercial truck checkpoint, enabling the DMV truck inspectors the opportunity to learn more about VAAFM's rules and regulations. This referral was the direct result of the collaborative working relationship that is being developed with DMV. Upon further investigation into this matter, the AHS learned that the commercial livestock transporter did not possess a Livestock Transporter's License, as required by statute. It was also determined that the horse was in fact imported without into Vermont without a CVI. Vermont law requires that livestock imported into Vermont have a CVI to minimize the risk for disease transmission and trace back capability. The AHS has contacted the importer and has requested that a CVI be obtained within 48 hours and that the horse not be moved from the premise where it is presently located.

Animal Health Specialist continues to work on obtaining voluntary compliance with several unregistered animal rescue organizations and one unlicensed pet merchant. According to statute and VAAFM policy, animal rescue organizations must be registered with VAAFM and pet dealers need to obtain a license issued by VAAFM. Upon being registered and licensed, both pet merchants and animal rescues/shelters are subject to record keeping requirements and inspection by the Animal Health Section of the VAAFM. Letters will be sent to these organizations advising of their need to comply with Vermont regulations.

AH was made aware of a bird swap that is being held somewhat regularly in the parking lot of a farm store. Corrective action is being taken to notify both the store and the organizers regarding the Agency's Rule for Domestic Fowl.

A fair with a horse pulling event did not procure the services of a veterinarian for drug testing of the horses. This has been a continuing issue with the fairs this year. AH staff will work with Jackie Folsom and the fairs to see if there is a way to resolve an issue that is unnecessarily expending the time and energy of the Animal Health Section.

Franklin County Dairy farm with 900 head of cattle and a lack of adequate water. Agency of Ag worked with VEM as well as local fire department and town management to assist dairy farmer. Local Fire department will provide retired tanker truck to the farmer free of charge so water can be drawn from Lake Champlain to water the animals. Well water must be used to clean equipment at the farm. Local authorities are concerned that more farmers will need similar services. VEM and Agriculture are monitoring the situation and if more farms come forward in this condition further action can be taken.

Summary of Key Agency Department Activity:

Administration

Secretary Ross and Deputy Secretary Bothfeld attended priority #2 Environmental Conservation and Renewable Energy strategic planning session.

Agricultural Development

Vermont activities scheduled for National Farmers Market week event (August 5-11, 2012)

- Governor Shumlin is visiting the Waterbury Farmers Market at Rusty Parker Park on Thursday August 2 at 3:00 pm.
 - Governor will briefly visit with 3 diversified vendors at the market.
- Burlington Mayor Weinberger and Secretary Ross are visiting the Burlington Farmers Market at City Hall Park on Saturday August 4 at 10:30 am.
 - Mayor and Secretary will walk and shop through the Burlington market.
- Senator Sanders Chief of Staff- Huck Gutman and Agriculture Policy Advisor - Jenny Nelson are planning to be at the Danville Farmers Market on Aug. 8th at 9:00 am.
- Follow up press release will be distributed to local media, USDA AMS, VT Farmers Market Association list serve about the week's activities

Meeting with Sodexo Management Company about increasing local food production at UVM

- Secretary Ross, Abbey Willard, Ellen Kahler (VSJF), Annie Harlow (ACORN), and Abbie Nelson (NOFA- VT) met with numerous UVM and Sodexo staff to discuss opportunities for increasing local food procurement at UVM.
- As a result of this meeting, a Farm to Institution Symposium will be held this November (date and exact location TBD) to connect Sodexo food service, institutional chefs, VT agricultural producers, food hubs, and technical service providers around the specification and procurement procedures to include local food in the institutional cafeterias that Sodexo manages in VT.
 - Staff from VAAFM, NOFA-VT, ACORN, and Sodexo will collaborate to organize and promote the fall Symposium
- The intent is that producers will attend this Symposium to learn what is required to sell to institutions and will then attend the VT Fresh Network Matchmaker and connect with institutions to 'make the deal'

Farm to Institution Presentation at National Farm to Cafeteria Conference, Burlington VT on August 2

- Abbey Willard will present *Growing Up Local: VT F2I pioneers share their stories of success* with Kingdom Creamery of VT, Green Mountain College, and Burlington School Food Project on their Farm to Institution success stories.
 - VAAFM will share the 15 high priority strategies identified in the Farm to Plate Strategic Plan that pertain to supporting farm to institution relationships and successes.
 - Presenters will share what has worked well in their farm to institution experience and then work with audience feedback to identify and propose solutions to overcome challenges to implementing F2I programs in all communities

Deputy Secretary Bothfeld interacted with Kiersten Bourgeois from Commerce to prepare for visit with Qimiq dairy company to Vermont in August. Vince Galluccio is working with this company is bringing representatives to the state in August. Meeting scheduled with the Governor, Secretary Miller and Ross on Aug 22, 2012. 200 jobs at American headquarters and 50 – 60 jobs in processing.

Food Safety and Animal Health and Consumer Protection

Animal Health Specialists continue to provide back tags to livestock dealers, discuss animal disease traceability rules, conduct livestock dealer inspections, and provide the horse pulling drug testing box to veterinarians for upcoming fairs

AH attended the Lamoille Co Field days to check livestock paperwork and paperwork on out of state pulling horses. Those who did not have those lacking such were warned and told to obtain health papers before returning to Vermont for the next event.

AH staff continues to work on the Dairy Biosecurity Survey. St. Albans Coop field staff has started contacting their dairies to conduct the survey. AH staff in the home office is updating fields in USA Herds to facilitate the logistics of this huge undertaking.

Meat Inspection

- Meat Inspection Section took part in discussion concerning the Agency message of supporting the growth in slaughter and processing industry capacity across the board.
- Working on the action plan for Meat Inspection Section for the work unit meeting to be held on Monday.
- Monitoring situation of a loose bull at the Westminster slaughter establishment. The management is trying to figure out a way to round up and load the bull safely.
- Met with Hall's market to evaluate the progress of the custom cutting shop modifications, Establishment should be operating as a licensed custom processor by September.
- Meat Inspection Program chief participated in the monthly slaughter infrastructure meeting.
- Spoke with representative from Tops supermarket concerning the purchase of several Grand Union stores in Vermont and rules particular to Vermont Meat processing that differ from surrounding states. Also refer them to the Health Department for licensing of deli and seafood operations.
- Met with Tangletown Farm Representatives, they are progressing in the operation and are working slaughter of ducks as well as chickens and turkeys. They have also inquired about doing rabbits under inspection but that process would be considered voluntary inspection which would result in a fee of \$40.11 per hour (current base cost which can be adjusted annually).
- Continuing to work on LincPass documentation for all inspectors so they can continue to access the Federal computer systems.

Agricultural Resource Management

The UVM Hills Lab Renovation Project is in its final stages. All code inspections have been completed and an Occupancy Permit is expected to be issued on August 1st. A majority of the completed offices and lab spaces have been released to the State. The Lab staff has begun moving equipment and supplies from Terrill Hall to set up the completed lab spaces in Hills. On August 1st – 3rd Action Movers will be moving office furniture and lab equipment from storage in Berlin and the Waterbury Complex. The remaining construction work is scheduled to be completed by August 3rd. The Lab's goal is to continue testing of Farm, Dairy and Meat plant water supplies as well as Brucellosis, EIA and Horse Pulls during the transition to the new lab space.

Secretary's Comments

MEETINGS:

UVM/Vermont Sodexo: attended meeting with Sodexo representatives to explore how to Sodexo could leverage their large institutional footprint in Vermont to support growth of local food producers. Agreed to hold a fall symposium to help producers learn how to supply Sodexo to be hosted by Agency of Ag, NOFA, ACORN, Sustainable Jobs Fund and Sodexo.

Climate Cabinet: Attend monthly meeting and discussed GHG initiatives and how flood resiliency could be a climate change adaptation and issue of interest to Climate Cabinet.

Strategic Planning, environment: joined a small group to discuss the Strategic Priority relating to the environment.

VLITE/VELCO: attended VELCO board meeting with Dick Marron to learn about what kind of skills and background VLITE ought to be looking for in a Board member.

PRESS:

Jon Margolis: Spoke to Jon Margolis about the breadth and depth and longevity of the impact of Irene on Vermont Ag. Explained things in broad terms and told him we would have more info in a couple of weeks.

Candy Page: Ask if we needed tougher AAPs and effective BMPs. I told her we need more resources as we don't have enough to do support the work we need to do under the existing regulatory scheme.

EVENTS:

Alpha Gamma Rho: national convention was held in Vermont. I spoke at a panel discussion on Sunday and attended and spoke at a "taste of Vermont" dinner at the Paquette family greenhouse operation in Richmond.

Chinese Luncheon: attended luncheon with Chinese delegation at the Hilton. Discuss agriculture issues including GMOs. I was invited to go to China by the provincial agriculture minister.

State of the Lake: Attended event with Markowitz, Mears, LaClair and range of other community members and representatives of Quebec and the EPA. Good turnout but news was not all positive about the lake.

Johnson Farm/VHCB: plan on attending the event recognizing the completion of the conservation effort of the Johnson Farm in Canaan. Over 500 acres of good farmland conserved along Connecticut River.

Farm To Cafeteria: Plan to facilitate panel discussion Saturday morning at the national Farm to Cafeteria conference in Burlington.

Burlington Farmer Market: Plan to walk through the market on Saturday morning with Mayor Weinberger.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, August 3, 2012
SUBJECT: VTrans - Confidential Report to the Governor

TS Irene Situation Report

The orthophotography and LiDAR (Light Detection and Ranging) project continues and while 100% of the LiDAR has been processed, we are at about 70% for the orthophotography. We have received the draft block of data for VT-9, 11, 12A, 100 and 107. The draft imagery has been posted to the servers and is available for preliminary work.

In terms of permanent Irene projects, of 356 total, 48 are complete, 204 are in some aspect of design or construction and 104 are in permitting, ROW or Utilities for approvals.

The State Plane

The state plane is a 1962 Cessna 182, 4-place aircraft that is used primarily for inspection of state airports. There are three pilots in our Aviation Section, including the Program Manager, Guy Rouelle. The aircraft is certified and safe; however, it is a 50-year-old single engine aircraft that should probably be replaced. You have inquired about possible transportation for yourself when time is short and I think there should be some consideration to using a twin-engine aircraft. Guy is twin-engine rated and has access (for a price) to another aircraft at Knapp Airport in Berlin.

Given the discussion of LiDAR (see above) and the fact that we don't have the mapping and damage assessment capability in the current aircraft, this year may be the time to discuss a replacement plane. The combination of the age of the plane, the lack of redundancy that comes with two engines, and the inferior technical capabilities should translate to making a good case for replacement.

Vermont Gas Systems Addison County Expansion

Surveying and preliminary engineering have started on the proposal to extend gas service from Chittenden County down to Vergennes and Middlebury. In the northern part of the project the routing is likely to utilize the Circ corridor to get to the VELCO corridor to

the south. VTrans Utilities and Permits technical staffs are fully engaged with VGS on the planning for this project.

I-89 Northbound Exit 6 Rock Fall

Scaling of more rock from the site has been completed and approximately 30 rock dowels are being installed to mitigate against further problems at that site. Other sites are being inspected and repairs to a problematic site on I-91 in Fairlee are scheduled to be completed today.

ICS Training Schedule

As you know, the Incident Command System (ICS), a standardized national approach to disasters, was critical in our temporary reorganization in the hours after Irene. We were lucky that a few of us had the benefit of extensive ICS training and could supervise the quick reorg and deployment under the system.

In an after-action report it was recommended that the entire agency get at least Level 100 (1st level) training and that selected staff get levels 200, 300 and 400. That process has begun with Level 100 training required of everyone and available on-line. We will conduct the training in-person at the District Garages and all 100 training will be done by September 1.

We will create a resource pool of 20 employees who will get Level 200 training, along with agency managers and directors by April 1, 2013. Level 300 training will be presented to senior agency managers, section chiefs and directors by June 1, 2013 with Level 400 training by August 1, 2013.

We will be working with Joe Flynn's staff to deliver the training on this ambitious schedule. We feel that an immediate recognition of our employees of what ICS is and what it can deliver along with a task-specific working knowledge for pool employees and managers will make the next response even better.

jetBlue Orlando Service

Pat Moulton-Powden and I along with airport officials and representatives of the Congressional delegation will meet with a contingent of jetBlue folks at the Burlington Airport on Thursday, August 9 to make the best case we can for retaining the highly successful BTV-MCO flight.

Our guess is that it will come down to money and we are analyzing the potential in that regard. This is a signature flight that attracts attention particularly from on-line prospective travelers in Canada.

Route 17 Reconstruction

The major reconstruction of 7.28 miles of Route 17 from Addison to New Haven, a \$7.3 million dollar project, has provoked complaints from people who don't like the rough road and the fact that it is taking all summer. We are ramping up public outreach on this

project and stopping activity during the Addison County Field Days which start next Tuesday, August 7.

People who have claimed tire damage are being referred to Pike Enterprises, the general contractor, who has a contingency for such damage. You may hear about this project as you travel to Addison County as Senator Ayer and Rep. Lanpher have been fielding complaints and have been helpful in communicating to a constituency who are claiming they were not aware of the scope of the project.

This is one of those jobs made necessary by the existence of old deteriorated concrete in the roadbed that has been paved over many times in the past. There are several places left where the same treatment will be necessary over time.

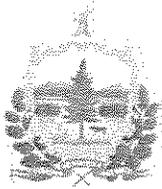
VTStrong Report – as of July 30, 2012

◆ Total VTStrong Plates Manufactured	=	31,035
◆ Total VTStrong Plates Sold (payment collected)	=	26,890
◆ Total amount of plates at vendors and DMV Offices	=	4,045
◆ Current stock of VTStrong Plates (VCI)	=	0
◆ Current stock of VTStrong Plates (DMV Stockroom)	=	100
◆ Expecting 3,500 plates available at VCI on 7/31		

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: August 3, 2012

Subject: ANR Weekly Report

Governor Level Issues:

- **Governors' Conference:** Thank you for your leadership and getting some great results from the 36th Annual Conference of New England Governors and Eastern Canadian Premiers. We were very happy with the resolution on electric cars and the continued interest in forcefully addressing the interstate air pollution issue. I am also looking forward to working to move forward on the partnership with OIA. Promoting outdoor recreation in the northeast is right in line with our mission as it highlights the intersection between a strong economy, healthy environment and getting kids (and adults) outdoors.
- **Commonwealth Dairy:** We received a good submission from them on Friday which will enable us to amend their permit for the higher capacity discharges they are incurring. Brattleboro has given them permission for the increased discharge for 1 year, hopefully renewable.
- **Resource Mapping Project:** We were briefed on the status of this project and shown an excellent work product on Wednesday. We are on target for having it ready to go public by the new year. The map uses 21 measures of biodiversity to identify and rank areas of natural resource importance. GIS based, it can be overlain with other layers of interest – such as road systems, wind resources, agricultural lands, etc., by other agencies who may wish to use this tool. We will discuss appropriate roll-out over the next few months. **My one concern is that people want this map to be everything to everybody. It uses best scientific judgment to identify areas of highest natural resource value.**
- **Mollys Falls:** GMP owns the land around the Marshfield Reservoir and is interested in selling conservation easements to the state. This is a great opportunity and we have agreed to consider it.

They are working with VLT to structure a deal and I have been in touch with Steve Terry who is their point person. One complicating factor is that they want action on the purchase by the end of September and there is at least one competing project (Alburgh Dunes) that might make it hard to commit to it this quickly. Steve is seeing whether it would be possible to structure the payment so that it could be done over a period of years. We would be working with VLT and VHCB if we were to go forward.

EVERYTHING ELSE:

Press Issues/Releases:

Work in the Rivers: AOT and ANR staff held a press event in a river to alert the public that work was being done to improve and stabilize emergency repairs. The coverage was great. No awkward questions.

State of the Lake Report: David and I participated in the release of the LCBP State of the Lake Report. It was a very well attended event in Grand Isle with lots of press and interest groups present.

Spiny Water Flea: We had lots of press activity involving the threat we are facing from the spiny water flea reaching Lake Champlain.

E-Waste: Staff participated in a press event help by Northeast Resource Recovery Association in Burlington on Monday. The program is celebrating its first year – collecting over 4.8 million pounds of electronic waste for reuse or recycling, exceeding the goal of 3.3 million pounds by 45%.

Interviews on Knotweed: Staff supervised a 4 person VYCC crew on new growth, Irene flood-debris knotweed removal in Guilford, Weston, and Jamaica, along the Green, West, and Winhall Rivers. Conservative estimates suggest they pulled ~1200 plants. Staff also conducted two interviews on the project, one of which ran immediately, and generated conversations between local citizens and the crew members. The 2nd piece will run in the 8/6 Sunday edition of the Rutland and Montpelier papers.
http://www.reformer.com/localnews/ci_21142484/official-seeks-take-out-invasive-knotweed

Moose Lottery: We had a good press event today picking winners of the moose lottery. Sadly none of the ANR commissioner's names were picked! The governor did a great job with his remarks about the importance of managing the herd.

Significant Meetings/Events:

Dam Removals. David, Patrick and I met with staff to discuss the possible removal of a series of dams that no longer serve a productive purpose and where there will be benefits to the ecosystem to allow the river to go back to its natural state. Staff will begin discussions with the Army Corp about what will be required to move forward. The state has hundreds of aging dams that serve no productive purpose (and which are too small to be economically viable for hydro) which at some point will need costly repairs or removal.

Swimmer Safety: Staff met with Health Commissioner Harry Chen and advocates for increased state efforts to improve safety at swimming holes. Coincidentally, there was a near drowning at the Bolton Potholes that very afternoon. The principal outcome of the meeting is that Deb and Commissioner Chen will appear in a PSA promoting caution at gorges and other popular swimming spots following significant rainfall.

Biomass Harvesting Workshop: Commissioner Michael Snyder took part in a workshop and roundtable discussion in New Hampshire, presented by UNH Cooperative Extension, and spoke about wood energy issues in Vermont. The workshop included speakers from the University of Maine, the US Forest Service, and the NH Timberland Owners Association. Foresters who work in Vermont expressed concern and confusion about the new legislation and greatly appreciated Michael's willingness to explain what was going on and to hear from them.

Grand Isle Monochloramine: Staff participated in an evening public meeting with the Grand Isle Consolidated Water District on July 25, 2012. The meeting was to discuss the proposed use of monochloramine in the public water system. The District may reconsider use of granular activated carbon which Green Mountain Engineering estimates will cost about \$125.00 per year per user and go to a formal vote after developing final costs on which alternative to pursue. Most participants, estimated at 35 residents, supported use of granular activated carbon while two questioned the higher costs associated to the carbon system. We also returned a call to a Rutland City Alderman Monday regarding information on monochloramine in advance of the City meeting.

SP Land of Killington: Chris met with SP Land development (another Pete Van Oot client) to talk about issues with its request for a permit to discharge sewage into the Killington WWTF. The applicant needs to connect to the Killington waste water treatment facility and the Alpine connector sewer. However, the Killington WWTF has a permit to upgrade its facility, but it has not yet installed the changes. This must be completed before it can treat any additional flows of this magnitude. The Alpine connector sewer, damaged in Irene, needs to be rebuilt before any flows can be approved to the treatment plant, but it is not yet under construction. There is no capacity for the disposal of any additional flows to the Indirect spray irrigation system as the spray system is already accepting flows that should be discharged via the Alpine connector sewer to the City of Rutland's WWTF on an interim basis sue to Irene damage. Chris will work with staff to see what interim options exist to allow them to go ahead with construction in anticipation of being able to connect up before occupancy.

PCBs in Schools: Staff met with VDH toxicologists Dr. Sarah Vose and Razelle Hoffman to discuss the plan for moving forward with sampling VT schools for the possible presence of PCBs. We will draft information for schools, parents, teachers and workers prior to implementing a sampling plan. VDH is deriving a threshold value for indoor air testing, such that further evaluation work will be recommended (e.g. testing of peeling caulk, paint, HVAC systems, fluorescent light fixtures). DRAFT work plans and info documents will be distributed to VDH, Dept of Ed and DEC for review in the next few weeks.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

North Springfield Sustainable Energy Project/Winstanley (North Springfield): We are incorporating final internal Agency comments into the draft permit and will be issuing a draft permit for public comment either August 2nd or 9th with a public meeting to be scheduled for later in August.

Mylan Laboratories (St. Albans): Mylan is proposing an expansion of the St. Albans facility to initially include a new boiler and subsequently a new coating line that would be equipped with its own thermal oxidizer/incinerator for control of volatile organic/toxic solvents. Mylan manufactures medicated dermal patches that result in emissions of solvents from the application of the adhesive backing. An application is expected shortly.

On-site Wastewater Technology: Staff is reviewing the structural issues with **Ecoflow Biofilter** that was approved as an innovative/alternative wastewater treatment process. We've received a fair number of complaints that the plastic tanks are cracking allowing groundwater to infiltrate and possibly affects this may have on the treatment process of the peat moss and long term viability of the product. The approval for the use of the Ecoflow Biofilter expired on June 1, 2012 and we are withholding renewal until completion of our investigation.

Pittsford/Proctor Wells: Staff drafted a letter for well drillers concerning new drilled wells that are overflowing in the Pittsford/Proctor area. Municipal water services are being discontinued to approximately 65 to 70 users in the Pittsford/Proctor area requiring the owners to find an alternative water source. (This was the subject of capital bill legislation this past session to provide funds for this work.) A few of the new drilled wells exceed 50 gpd and were left overflowing, one being directly piped to a stream. The letter is addressing the potential need to obtain an NPDES Permit for discharges to surface waters and to comply with Part 12 of the Water Supply Rules that states the well needs to be constructed "to prevent unreasonable depletion of the aquifer, loss of artesian pressure, and erosion of the aquifer confining materials or the land surface". The letter is being finalized for mailing.

Office of the Inspector General, EPA, and Philadelphia Office: Special agent Richard Rolfes will be conducting reviews of ARRA- funded Clean Water and Drinking Water Projects in the towns of Troy and Hartford. We had our first conference call with Agent Rolfes this week and have sent him requested files we have, and have requested e-copies from local engineers of remaining files. Richard plans of visiting the towns for additional file reviews and hopes to complete his investigation by the middle of August.

Essex Junction Village; Wastewater Treatment Plant Refurbishment - Contract #1: This project will refurbish the existing plant and include facilities for enhanced chemical and biological phosphorus removal. The Bid opening for this contract was on June 28, 2012. Four bidders responded to the Bid invitation and Trumbull-Nelson Construction Co., Inc. of Hanover, NH had the low bid at \$11,832,465 which was less than the engineer's estimate \$12,405,000 and the project budget. The estimated total project cost is \$15.4 million. The project will be partially funded by clean water revolving loan. Notice of Award and Contracts were signed on July 19, 2012.

Completed Emergency Action Plans for High Hazard Dams: The following plans, prepared by the Department under contracts with consulting engineers and funded through Vermont's FEMA Dam Safety Grants, were presented to the noted local Emergency Management personnel:

- Blueberry Lake, owned by Warren; Warren Emergency Management
- Institute Pond, owned by Lyndon Institute; Lyndon Institute and Lyndonville Fire Department
- Lake Sadawga and Jacksonville Pond, FW owned and Town owned; Whitingham; Whitingham Fire Department
- Lake Paran, AOT owned; Shaftsbury/Bennington; AOT District 1 staff

The Plans were well-received and good questions asked. All participants were actively engaged in identifying properties at-risk and their practical experience with these. The Barnard Fire Chief told DEC staff he had his members read the Silver Lake Plan. The Whitingham Chief told DEC staff that they had evacuated Whitingham village and Jacksonville during Irene and posted a fireman at Sadawga Dam during the storm.

Public Service Department – Flood Resiliency and Hazard Issues: GC Morris, Gas Engineer, with the Department of Public Service contacted the State Geologist in regard to interagency collaboration regarding flood resiliency. The Division has worked with Vermont Gas Systems to cooperate with shared information concerning slope instability in proximity to the trunk and distribution gas lines. Engineer Morris wanted to know more about the landslide mapping protocol that the Division is developing for the State Hazard Mitigation Plan.

DEC Lab: We continue coordinating efforts related to lab renovation at the Hills Science Building on the UVM campus. UVM and their contractors are on schedule. We are in the process of moving equipment and furniture into the building. On August 2nd and 3rd, we are scheduled to move remaining instruments and furniture out of the Waterbury lab. Last week, all hazardous chemicals were removed by a licensed waste hauler (TMC) at the Waterbury lab. The goal is to have the DEC Laboratory at Hills operational by no later than September 1. We are still confident that this transition will be seamless for nutrient and wet chemistry analysis.

Stabilization of Hazardous Materials: A contractor stabilized two containers of reactive/explosive materials for the Department of Health on 7/25/12. The work was approved under the provision for 'emergency' treatment of hazardous waste, and a permit was issued for the work back in May. The contractor then traveled to Marlboro College to provide the same service; six containers were stabilized. No problems were reported at either site. These cases are markedly different from the May 21 Ben and Jerry's case, in which the South Burlington Fire Department came to the scene and brought in the VSP Bomb Squad who detonated the hazardous material in a field on site. We are writing to both the SBFD and VSP to provide information about the emergency permit provisions of the Hazardous Waste Management Rules.

Moretown Landfill Odor Issues: Staff met with Moretown Landfill owners to discuss the ongoing odor problems at the site. Since DEC's letter of July 17th, there were two more verified, significant odor issues. The MLI reps emphasized that they take odor problems seriously, noting the improvements in the landfill gas collection system and equipment deployed to manager odors – yet the problems persist. We indicated that if they have seriously addressed odors and are unable to control them, then we have to conclude that the problem is a siting issue, and that we can't make the findings necessary to certify the facility. They seem intent on trying to manage the odors at the landfill rather than taking pre-emptive actions.

E-Waste: Through its first year, which came to a close on June 30, the program collected 4,819,491 million pounds of covered electronic devices, almost 1.4 million pounds over the performance goal established in the e-waste law. While the law established a goal of 5.5 pounds per capita, the program collected 7.7 pounds per capita. Of additional note—these numbers do *not* include the additional *non*-covered electronic devices that were also collected by the registered collection facilities, and kept out of our landfills. The press event highlighting this success is summarized above.

Jay Peak: We are assisting the Environmental Board with a enforcement case brought against the resort for allegedly violating reporting and conservation flow requirements at its snowmaking water withdrawal.

Ball Mountain Hydroelectric Project: FERC granted our request for rehearing on the license. We had disagreed with FERC's assertion that we had missed the one-year deadline to issue the 401. FERC amended the license to include our 401 conditions.

Fish and Wildlife

Search & Rescues (Bridgewater & Stowe): Wardens assisted in two searches last week both for Alzheimer suffers who wandered away. Both subjects spent the night in the woods. Wardens assisted VSP in the Bridgewater search by supervising various search parties. Our Warden's search group located the subject sitting under a tree, unharmed but severely dehydrated. In Stowe, wardens assisted Stowe Mountain rescue with another search in which the subject was found unharmed by local police.

Sunderland: Staff coordinated with DEC Rivers Program on offering technical assistance to the town after they sent a letter to the Department expressing intent to change their regulations. DEC Rivers Staff has long been providing technical assistance to the town. The letter from the town was sent to landowners in Sunderland (Kesick Swamp WMA). In discussion with other F&W staff we didn't identify particular Departmental interests related to the swamp and the change in flood regulations since the Department doesn't have development interests there.

Protecting Bobcat Denning: Staff conducted a site visit to the Rice Lumber redevelopment in Shelburne with developer Pat O'Brien and consultant Errol Briggs. Staff recommended moving four house sites out of the more mature section of the Transition Hardwoods Limestone forest, which in turn provides an approximately 250 foot buffer from the Temperate Calcareous Cliff. The cliff is known to be important Bobcat denning habitat.

Plant reappears after last being observed in 1952: Staff documented the recently rediscovered population of Spurred Gentian (*Halenia deflexa*) on Steam Mill Brook WMA. The plant was historic in the state, last observed here in 1952 until rediscovered by an independent botanist earlier in the year. Staff monitored and assessed management needs of populations of Smooth Draba (*Draba glabella*) State threatened, Tansy mustard (*Descurainia pinnata*) S1, and Limestone rock cress (*Boechera divaricarpa*) S2 on Law and Sunset Islands. All populations are extant, but those on Sunset have noticeably declined since they were last observed, likely due to competition from other vegetation.

Dam's effect on Fish and Wildlife: Staff completed the dam safety permit review and Commissioner's investigation of effects on fish and wildlife for the Manley dam project in Marlboro. This project involves dam repair at an on-stream pond. The outlet structure will be modified to draw much of the discharge water

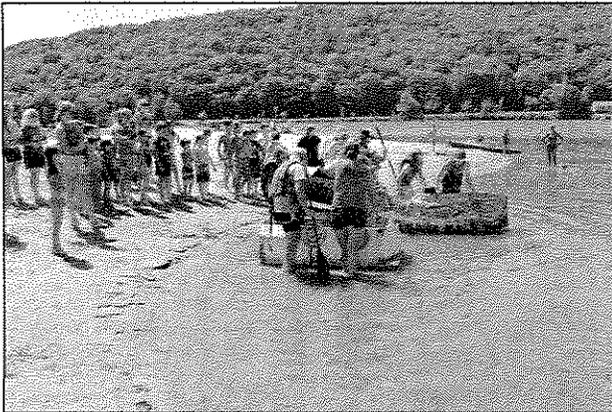
from deep in the pond to minimize the pond's warming effect during the summer. Staff also prepared recommendations for revision of the Department's dam safety permit review process.

Forest, Parks and Recreation.

Park Visitation: This season continues well ahead of last year at 14%. Total attendance is still 11% ahead of 2010. Day use attendance is 20% ahead of last year and camping is up by 7%.

Camping Clinics: In partnership with Eastern Mountain Sports, camping clinics and equipment demonstrations are scheduled for Branbury State Park on August 11, Emerald Lake on Labor Day weekend, and Mt. Philo on September 22. Each clinic will be led by EMS staff with interpretive assistance from state park staff. The programs will be held in day use areas of the parks and are intended to be useful, informative and fun for both experienced campers and camper "wanabees."

Cardboard Boat Contest State Parks are commonly used as venues for municipal recreation programs throughout the summer. The attached photos are from a Ludlow town recreation contest at Camp Plymouth last week. Participants brought boats made from cardboard boxes and the winner was the person with the boat that floated the longest (10 minutes)!



Lieutenant Governor Works on Trail Project: Staff was joined by Phil Scott in Coolidge State Forest within the Town of Shrewsbury to help with a trail construction project being done by the Long Trail Patrol. This project was part of Lt. Gov. Scott's "working for a day initiative", working with Vermonters on different jobs throughout the state. Jay Maciejowski talked about the benefits of partnerships with groups like the Green Mountain Club which help the department maintain its hiking trails for use by the public.

Forest Road Repairs: Contracted crews are completing the final round of post-Irene road repairs on state forest highways in southeastern Vermont. All roads that were closed post-Irene were expected to be open by the end of July.

Vermont Project Learning Tree is facilitating a joint early childhood workshop with Project WILD in Pittsford on August 1 for twenty-three educators from across the state.

Parks Interpreters continue to be busy planning and delivering thematic programs for park visitors around the state. Over 11,500 people have attended these programs since June.

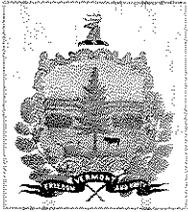
Information Technology

Records Management: The vendor ANR chose to support the Scanning/Records management project is trying to re-negotiate details of the contract. ANR selected them from the DII Prequalified Vendor list so we know that they already signed the contract. We're pushing them to stick to the terms but they may opt to back out of doing business in Vermont.

The second building in Berlin we'll be using for records storage and perhaps eventually for records scanning lacks network/phone wiring or a circuit out of the building. We asked BGS to have a conduit run between the buildings.

Business Office

Budget: There is growing concern among our Departments about the funding for the staff's 3% reinstatement, the 2% increase and the unfreezing of step increases. The GF portion of the increases as provided by the "payact" legislation is much below what is really needed. We'll need to quantify the problem and develop a strategy to address this.



State of Vermont...

Department of Financial Regulation

89 Main St. Drawer 20 Montpelier, VT 05620-3101 Main Number: 802-828-3301

Divisions: Banking, Insurance, Captive Insurance, Securities, and Health Care Administration

www.dfr.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING Report to the Governor for Week Ending 8/3/12

Health Care Reform

Commissioner Kimbell spent Tuesday morning in Springfield visiting the new Springfield Health Center, located in the old Fellows Gear Shaper foundry. The center is scheduled to open in September. It will house most of Springfield's physical and mental health primary care practices, as well as a physical rehabilitation unit and a new IT center that will serve Springfield Hospital as well as the practices at the new center. A dental clinic is scheduled to be added next year.

Kimbell also visited the Edgar May Fitness Center, which may be acquired by the hospital's parent organization as part of an attempt to integrate wellness with treatment. Kimbell also visited Edgar May at his home in Springfield. The former State Senator sends his regards to the Governor, even though he supported another candidate in the primary.

General Information

Banking Division

Payday Lenders – Vermont law effectively prohibits payday lending. Some Vermonters are still being victimized by these predatory lenders. The Banking Division has begun discussions with the AG's Office to find legal remedies to further limit Vermonters from being taken advantage of by payday lenders that are operating over the internet from out of state and out of country locations.

Captive Division

We will be attending the VCIA convention in Burlington next week. Approximately 1100 captive owners and service providers will be attending. It is the largest meeting of its kind in the U.S.

We licensed one new captive this week for Presidia Insurance Company, a captive formed by Tyco Industries.

Sandy Bigglestone presented at the annual meeting of the Society of Financial Examiners. She was on a panel with AM Best and others discussing our Special Purpose Captives.

Health Care Administration

- Engaged stakeholders in meetings to define **primary vs. specialty mental health/substance abuse services** as called for in Act 171
 - Met with Vermont Psychological Association to review their proposal
 - Asked DVHA for review of routine outpatient MH/SA codes
 - Requested data on insurance co-pays for specialty care and on federal parity co-pay requirements from David Martini
- Continued work on developing the **strategic health care workforce plan** called for in Act 48
 - Met with Health Commissioner Chen to review draft recommendations affecting his department and to solicit his input/agreement
 - Presented an update of the plan's development to the Green Mountain Care Board with consultant Craig Stevens and to obtain members' feedback
- Consulted with Wakely contractor on models for an **Exchange Navigator** program
 - Linked in Bi-State Primary Care staffer with Wakely to review her work under a state grant to train practices in patient assistance for state programs
- Consulted on conflict of federal rules with plans for **developing Addison County FQHC** look-alike
 - Reviewed regulations with Bi-State Primary Care Association
 - Made plans to discuss/get assistance on resolving with Senator Sanders' office

Insurance Division

The Division of Insurance settled a market conduct investigation against Bankers Life and Casualty Company for selling unsuitable insurance products--mainly to older Vermonters--and failing to properly supervise its sales people. The penalty levied against the company is \$600,000 with an additional \$77,000 in payments of restitution to harmed customers. We believe that this is the largest penalty for an insurance market conduct matter to date.

Securities Division

Proposed Investor Advisor Oversight Act of 2012 – This is just a heads-up. Proposed federal legislation to have all investment advisors be regulated by a self-regulatory organization (SRO), probably FINRA, has been tabled in the House Financial Services Committee. A letter was sent to Congressman Peter Welch's office by Commissioner Kimbell objecting to the proposed legislation. This legislation would create a duplicative layer of regulation and compliance costs which will not produce a corresponding benefit to Vermont Investors.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: August 3, 2012
SUBJECT: Confidential Report to the Governor

CONNECT VT

Nothing to report.

BUILDINGS AND GENERAL RESOURCES

Significant Events/Meetings:

- Met with DMH Patrick Flood twice in efforts to speed up the Morrisville and Duxbury projects.
- Held meeting regarding whether or not to pay Maclay for Bennington SOB work while we hold them accountable for the buildings completion.

FINANCE AND MANAGEMENT

Nothing to report.

HEALTH CARE REFORM

Nothing to report.

HUMAN RESOURCES

Status of Governor's Priorities:

DHR facilitated a discussion on the second priority in the strategic plan—energy and the environment—yesterday. The meeting was well attended and productive.

Press/Media Notes:

DHR has continued to respond to public records requests from the press regarding overtime and salary information. No requests are outstanding.

Commissioner Duffy received a message from Terri Hallenback about her desire to make public records requests for documents regarding pay for the Attorney General's Office, and "something she has heard about them getting higher salary increases." DHR has attempted to reach Ms. Hallenback to get clear parameters for the request, which is presently undefined. DHR advised the AGO that it has received the request.

Significant Events/Meetings:

Decision by Labor Board on Lieutenants Classification Hearing: DHR has learned that the Labor Board has held in favor of the VSEA in its attempt to change the managerial designation of lieutenants. As a result, lieutenants will remain in the VSEA Supervisory Bargaining Unit. An analysis of the decision will be provided, once a copy of the decision is made available.

Evolving Issues:

Emergency Closing/Double Pay Grievance: The Attorney General's Office and members of the VSEA attended a meeting with Tim Noonan to discuss the pending emergency closing/double pay grievance, particularly discovery requested by VSEA. VSEA has requested responses to 450 interrogatories, which the state argued was unreasonable and unnecessary, seeking a protective order. Mr. Noonan suggested that the parties try to resolve this matter without board intervention. VSEA suggested that one way to limit the discovery would be for the parties to agree to bifurcate the hearing into two proceedings, the first to address whether the state is liable for double time pay, and the second, if necessary, to determine the damages due. After consultation with Secretary Spaulding, the state will indicate it is willing to proceed in a bifurcated manner. Mr. Noonan also urged the parties to settle the case, but VSEA stated settlement is unlikely as the matter is politically charged and the employees involved were upset about comments made about them by the Governor. The parties have scheduled a follow up meeting on August 21st to attempt to resolve discovery and trial issues. The hearing date, currently scheduled for October 11th, will be cancelled and rescheduled for a later date.

Request for Information: The Joint Fiscal Committee asked DHR to provide information concerning overtime, including compensatory time earned for overtime. DHR provided the information it currently has regarding overtime, which relates to cash overtime, but stated that the information on comp pay is not available at this time. DHR generally provides this information to the Legislature in January, and has not compiled the information yet. JFO was satisfied with the response provided.

Class Requests for Reclassification at the Department of Corrections: Employees have filed five class requests for reviews for classification. The specific positions at issue are: Corrections Services Specialists I and II; Corrections Living Unit Supervisors; Corrections Security and Operations Supervisors; and Community Correctional Officers. A decision to increase pay grades could impact as many as 221 employees, roughly 25% of the Corrections Bargaining Unit. Obviously, this could have a significant fiscal impact. DHR is working with DOC to create a classification committee that will assess the classification requests, and will provide updated information on the classifications and potential fiscal impact as soon as that information becomes available.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: The sole source DII Oracle contract which helped get their consultants onboard is likely to grow from its current \$2.5 million to \$19 million as AHS piggybacks their need for Oracle. AHS has also hired a project management firm to manage four healthcare related projects under DII's pre-qualified vendor contract. They are pleased with the work to date and will be preparing a sole source justification to get them under contract for the duration of the projects. This sole source request will likely be over \$2 million. Commissioner Boes will be discussing his concerns with a sole source approach to this engagement with Deputy Secretary Clasen.

Governor's Dashboard: Training for the dashboard occurred this week and we received preliminary, but still unapproved, changes for the narratives. Initial review of the narrative changes identified some problem areas and Bill Lofy has agreed to work through those issues with DII.

LIBRARIES

Significant Meetings/Events:

Board of Libraries Names Jamaica Bridge: At their July 17 meeting the Board of Libraries held a public hearing related to the petition that the name "Richard W. Hube, Jr. Memorial Bridge" be the official name for Bridge #30 located on VT Route 30 in Jamaica. Rep. Oliver Olsen provided testimony by telephone. [Note: The 2012 Transportation Bill stated that a memorial plaque would be posted at the bridge. H.770, Sec. 46.] The measure was approved by the Board (6-1).

Wide Area Network (WAN) for Vermont FiberConnect Public Libraries: DII recently hired a network administrator to manage the WAN for internet service for the 42 libraries in the FiberConnect project. He and our IT Librarian Sheila Kearns have made visits to the initial 11 libraries to do network mapping and determine equipment and wiring requirements.

It is their goal to see this network expanded in the future as more libraries get fiber connectivity. Many libraries now receive free residential-level internet service from Comcast; new fiber costs are prohibitive for many libraries. But the State of Vermont has a strong interest in seeing that these libraries have high-speed, high-capacity broadband to provide free internet access for citizens for workforce development, life-long learning, access to reliable health information, global communication, etc.

Catamount Library Network: Work continues on this open source project which will see 5 public libraries migrating to the "Evergreen" software program for their library operations (integrated library

system/ILS) by summer 2013. They are looking ahead to migrate the department's ILS, the three electronic union catalogs, and our statewide electronic interlibrary loan network to Evergreen in FY14. It is our vision is to have a single library catalog/ILS for Vermont libraries to provide Vermont citizens easy access to all library collections in the state.

Videoconferencing Project: \$77,000 Grant from Google: The Joint Fiscal Office has approved our receipt of \$77,000 for a videoconferencing project at the Department of Libraries and 7 (?) public libraries. Funds will be used for equipment and tech support costs. The goal is to create community videoconference centers for free use by local residents (distance job interviews, conferences with medical professionals, etc.), local business and organizations (trainings, seminars, etc.), local government, and libraries (public programming, author participation at book discussions, etc.)

We have been working with Matt Dunne on this project and this week some LIB staff went to the Google office in White River Junction to learn about Google Hangout, a web-based social networking and videoconferencing (a bit like Skype and Facebook combined) tool.

TAXES

Legislation:

Health Care: Michael Costa gave two presentations on the basics elements of possible comprehensive tax reform to the weekly cross-division finance group, as a backdrop for shared understanding on all the revenue pieces, how they interact and opportunities for synergy between overall revenue reform and eventual health care finance. The Commissioner and Michael met with the Secretary of ACCD individually. One point of discussion was closing the tax expenditure for health care benefits (insurance benefits not currently counted in compensation), although Robin cautions this likely is an ERISA issue. A meeting is scheduled with Commissioner Larsson and Deputy Commissioner Tucker to discuss the exchange eligibility process (streamlined application based on Modified AGI, possible intersections with income tax and property tax adjustments), benefits cliff, and revenue sources including employer assessments and provider taxes. Likewise, a meeting is scheduled with the DOL economist to discuss current payroll taxes. In the meantime, the Department has made itself available to the UMass team, but UMass has not yet specifically identified its data needs from Tax. Michael Costa is meeting with Robin to discuss managing that process.

Operations:

ETM Processing System: The Department still has not resolved the issue with respect to the posting of Corporate/Business Income payments. This is absorbing a great deal of resources across the Department. Manual workarounds have been developed, but the issue will escalate even more if not resolved when the volume of payments picks up in September. In the meantime, the RFI for an alternative processing system and the RFP for a technical upgrade will both be issued next week.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: August 3, 2012
Re: Weekly Report

Status of Governor's Priorities:

Aug 1 update sent to administration; reviewed goals with staff and set monthly discussion for progress and methods for measurements.

Legislative Issues/Contacts:

n/a

Press Issues/Releases/Contacts:

Reviewed demographic survey about Lottery players with Nancy Rimson from BFP. She is preparing a story for this weekend. Interesting that from 2008 survey our player growth was in higher educated, higher income groups.

Significant Events/Meetings:

Monthly Tri-State meeting today in NH. No significant issues on the agenda.

Evolving Issues:

Lawsuit threat from Wallace Nolen last Friday about failure to respond for records request.

Summary of Key Agency Department Activity:

VT Lottery audit in house this week. Today is wrap-up day for field work.

Executive Director's Commentary:

I have to leave for the NH meeting. I will send more at the end of the day.

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Commissioner
DATE: August 3, 2012

Thank You: Thank you for reaching out to me to discuss your plans for the position of Education Secretary. Your candid conversation was helpful and appreciated.

Adequate Yearly Progress (AYP): As was mentioned last week, determinations for AYP will be publically released on Monday, August 6th. Until that date, **information is embargoed**, although a draft press release was shared with Sue Allen and Susan Bartlett. This is a heads-up as we expect press calls following this release. We do not expect to see a change in the trend of it being more difficult for schools and districts to meet the higher targets. There are 118 schools that did not make AYP last year for the first time. We anticipate that most of those schools will not meet AYP this year and enter school improvement. It is not surprising that as we get closer to the 2014 NCLB expectation of 100 percent proficiency, we will continue to see more schools not meeting AYP.

Harassment, Hazing, and Bullying Prevention Advisory Council: On Wednesday, I announced the formation of this council, composed of individuals with deep and diverse experience, which will provide a regular forum for communication and collaboration between my office and the community. The advisory council will be chaired by Tracey Tsugawa, civil rights investigator at the Vermont Human Rights Commission. The first meeting is scheduled for August 31, 2012 at the Vermont Department of Education. The council shall report annually in January to the State Board and the House and Senate Committees on Education. The full press release can be viewed by clicking [here](#).

Shanghai Da Tong High School: As mentioned before, I have been invited by the principal of Shanghai Da Tong High School to celebrate the 100th anniversary of their school and the inauguration of Vermont International Academy (VIA). The dates for this event are November 16th–20th, 2012. I have secured funding for air travel for this trip through Champlain College, and during my stay the cost of accommodations and ground travel will be covered by the Shanghai Da Tong High School, so I plan to move forward with the appropriate request for out of state travel. Secretary Miller was also invited to this celebration; at this time he is not sure if he will be attending. This is relevant to both of us as part of our education and potential EB5 involvement.

Vacation: I am on vacation through the morning of August 6th. I plan to return to the office that afternoon. I will do my best to be available and/or check in if need be, but I am not sure how good my cell/internet service will be and furthermore, I am using vacation time for this trip, and not travelling on state business. During this time my responsibilities will be delegated to Deputy Commissioners John Fischer and Bill Talbott, and then to State Board of Education Chair, Stephan Morse.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding, Appointments to Boards & Commissions
Date: August 2, 2012
RE: Boards and Commissions Update

Appointments made August 1st and 2nd, 2012

Assistant Judge of Windham County

APPOINTED: Lamonte Barnet, Rockingham

Justice of the Peace, Brattleboro

APPOINTED: Lee Madden, Brattleboro – Democrat, book dealer

Vermont Center for Geographic Information:

REAPPOINTED: Aaron Worthley, Huntington

REAPPOINTED: Tom Hurd, Barre

Prevention of Domestic and Sexual Violence Task Force:

APPOINTED: Ilisa Stalberg, Marshfield –

Gang Activity Task Force:

APPOINTED: Bob Wetherby, Rutland

Downtown Development Board:

APPOINTED: Ron Redmond, Essex Junction

REAPPOINTED: Peg Elmer, So. Royalton

REAPPOINTED: Michael McDonough, Bennington

Clinical Utilization Review Board

REAPPOINTED: Michel Benoit, Shelburne

REAPPOINTED: David Butsch, Moretown

REAPPOINTED: William Minsinger, Randolph Center

REAPPOINTED: Paul Penar, Shelburne

REAPPOINTED: Norman Ward, Burlington

Vermont Economic Development Authority –

REAPPOINTED: Robert Britt, South Burlington

REAPPOINTED: Kenneth McEwan, Panton

Vermont Council on Domestic Violence:

APPOINTED: Krista Atwood, South Burlington

REAPPOINTED: Amy Messina, Cavendish

REAPPOINTED: Heidi Remick, Weathersfield

REAPPOINTED: Susan Ide, Richmond

REAPPOINTED: Kim Fountain, Marshfield

REAPPOINTED: Todd Shove, Elmore

Vermont Byways Advisory Council formerly Scenery Preservation Council:

REAPPOINTED: Vicky Tebbetts, Cabot – CHAIR

Enhanced 911 Board:

APPOINTED: Joseph Speidel, Burlington

Fire Service Training Council:

REAPPOINTED: Al Barber,

State Program Standing Committee for Adult Mental Health

APPOINTED: Marla Simpson, Randolph

Working Lands Enterprise Board:

APPOINT: Kathleen Warner, Chittenden

APPOINT: Amanda Thurber, Brattleboro

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: August 3, 2012

Vermont Department of Health (VDH)

Rutland Methadone Program Update. The opinion of the Department of Financial Regulation (DFR) is that Rutland Mental Health will not need a Certificate of Need (CON) based on the fact that they are already providing medication assisted therapy. Because DMH made an initial determination that a Certificate of Approval (COA) was required we are waiting for them to confirm whether further review under COA is required for this project.

Bath Salts. The Vermont Department of Health has updated its online Bath Salts information by creating a new *Synthetic Drugs and Bath Salts* Web resource:
http://healthvermont.gov/adap/drugs/synthetic_drugs.aspx.

These new pages include links to fact sheets, news releases, the current and emergency Regulated Drugs Rules, and additional information, such as prevention and treatment resources provided through the department's Division of Alcohol and Drug Abuse Programs.

Formaldehyde Farm Study. In May 2012, the Vermont Department of Health, Agency of Agriculture, Food & Markets, and the federal Agency of Toxic Substances and Disease Registry conducted a study to determine if formaldehyde from used foot baths emptied into manure pits adds to public exposure when that manure is spread on farm fields. Two sites (farm houses and properties in East Berkshire and Fairfax) were tested for both outdoor and indoor levels of formaldehyde in the air. The results of this study indicate that the current use of formaldehyde foot baths on farms does not contribute to elevated levels of formaldehyde levels in air. Spreading manure that has been mixed with formaldehyde from foot baths is not expected to result in levels of formaldehyde in air that will cause acute health effects. The report will be posted on the Health Department's website.

Rabies Vaccine Bait Drop. In August, the Health Department will work in collaboration with the USDA to conduct a rabies vaccine bait drop in northern Vermont. As in past years, researchers will continue this project which is designed to keep rabies from spreading across the Vermont/Canadian border. Rabies vaccine bait will be dropped from low-flying aircraft in rural areas and placed by hand in residential areas. We expect no adverse health effects for people or domestic animals that may inadvertently come into contact with bait and vaccine. Last year 28 cases of rabies were confirmed in Vermont; so far this year 31 cases of rabies have been reported.

Department of Mental Health (DMH)

It's been a fairly manageable week in terms of people waiting for acute care beds.

The Department is actively engaged in finding community placements for people at the Springfield Correctional Facility, as well as long term patients who have been at the Brattleboro Retreat since the flood. Some remarkable work is underway with the DMH team working with community partners. One woman who had been at VSH for seven years was discharged today to a stepdown. Other discharges are scheduled for this month. These patients are some of the most difficult in the system, so we can expect some setbacks, but these efforts demonstrate real commitment to a community system.

These efforts should also result in the closure of the Springfield unit in late August or early September if the court processes succeed for a couple of the patients.

New hospital planning continues on schedule. Two more all day meetings are scheduled, the second on August 20. Then the perimeter of the new hospital building will be "frozen" so the permitting can begin. The latest architectural drawings will be on the department's web site next week. Planning for the emergency CON is proceeding on schedule as well.

Morrisville. BGS has been able to speed up the asbestos abatement at the facility, which should move the opening back from November closer to the first of October. No firm opening date has been set yet.

One of the new "stepdown" facilities, an 8 bed facility called Hilltop in Westminster, opened this week and has admitted two patients. This additional capacity will have an immediate impact in freeing up some hospital beds.

Department of Disabilities, Aging and Independent Living (DAIL)

Status of Governor's Priorities

Jobs. DCF's Office of Child Support in partnership with DAIL's Division of Vocational Rehabilitation launched a statewide pilot called Work 4 Kids to serve non-custodial parents who have fallen behind in their child support. The Work 4 Kids program brings together VocRehab Vermont, Invest EAP, and Creative Workforce Solutions to help parents obtain work and receive ongoing support. Non-custodial parents are being referred to the Work 4 Kids program by the courts with the understanding if parents can receive needed rehabilitation and find a successful job, then they can also meet their child support obligations.

This week, the U.S. Department of Labor today announced the award of nearly \$260 million in grants to 15 nonprofit organizations across the country to provide critical job training and related services through Senior Community Service Employment Program jobs. Vermont Associates for Training and Development Inc, an active participant on the Governor's Commission for Successful Aging, received \$2.9M This grant will provide job training to enhance low-income

seniors' employment opportunities and contribute millions of community service hours to nonprofit and civic organizations.

Ongoing Issues

Adult Protective Services Litigation. No new developments; the litigation is in the discovery phase and it is unlikely that any meaningful settlement discussions will occur before each side has received responses to their interrogatories.

Direct Care Workforce. Commissioner Wehry has been working with Alex MacLean to respond to AFSMCE's lobbyist Michael Sarotkin's request for a repeat of a 2008 study of the Direct Care Work force in Vermont. In a meeting today, also attended by Dave Mickenberg, all agreed a study would be less useful than convening the committee recommended by the 2008 study. Michael Sarotkin will get back to us as to his recommendations for the composition and charge of the group.

Department of Corrections (DOC)

Other

Orchestra Engagement Lab. Community High School of Vermont (CHSVT) students at the Chittenden Correctional Facility and Marble Valley Facility are programming partners in the Orchestra Engagement Lab **My Family** project. The Orchestra Engagement Lab is an experimental performance Lab that will present community engagement projects that use music to bring people together to explore their family identities, learning something new about themselves and building stronger communities. We are very excited to be partnering in this musical adventure.

Attorney General Meeting. On August 1st, Commissioner Pallito and Susan Bartlett met with Attorney General Candidate Jack McMullin, at his request. The purpose of this meeting was educational on matters pertaining to Corrections. Prior to this meeting, Commissioner Pallito extended an invitation to both Democratic candidates for Attorney General.

Corrections Citizens Advisory Group. This week, Commissioner Pallito sent the following email to the members of the Corrections Oversight Committee:

The Corrections Citizens Advisory Group (CCAG) was established by the Commissioner of Corrections in June 2004 as a working group of various citizen advocates and other interested parties to create the foundation of a citizen's advisory group. The purpose of the proposed advisory group was to review systemic issues and advise the Commissioner/Department on how best to reach the Department's stated goals. The Citizens Advisory Group was officially convened in September 2004. The group has met quarterly since that time. In 2005, two additional meetings were held to address group issues. Members of the Citizens Advisory Group include offender advocates, non-profit providers of treatment and transitional housing, victims' services providers, business people, representatives of the faith community, prisoner rights, protection advocates and other concerned citizens.

Over the past few months, it has become apparent to me and to members of the group that the current model for CCAG is not effective. With this in mind, I propose a new structure to engage all of Vermont citizens in the work of the Department. The major change to the group is that it no longer has formal membership. Instead it will operate as a "Corrections Town Meeting." All members of the public will be invited to attend. This new model will give the Department an opportunity to hear new voices and establish new relationships with the community.

I welcome your questions and comments regarding this new model. Taking your comments, I will roll this out with an effective date of October 1, 2012 and have the first meeting scheduled during the fourth quarter of calendar year 2012.

Population

The department's incarcerated population is currently hovering around the 2100 mark with the detention population creating this increase. The incarcerated sentenced population has remained stable at around the 1470 mark. This is down from August 3rd of 2010 when it was 1597 and August 1st of 2011 when it was 1543. The female population had an increase also with the incarcerated female population at 161 on August 1, 2012.

Department for Children and Families (DCF)

Significant Events/Meetings

Bennington School Update. As we reported earlier, fraud has been uncovered at the Bennington School. The Justice Department is poised to bring charges against four of the top leaders of the School. Our Division of Rate Setting estimates that Bennington School owes us in the neighborhood of \$1.8 million going back 5 years.

The Justice Department has told us they are seeking a settlement whereby the principals at the school who are involved will agree to pay back the funds to avoid prison.

Our challenge now is to hold the fraudulent staff accountable without closing the school as one-third of children in DCF custody in residential care reside there (about 40 children at a time). To say that the closure of Bennington School would be a huge disruption in the lives of the children placed there would be a significant understatement.

Dave Yacovone will meet with the School Officials soon to let them know we will not continue doing business with them unless those who committed the fraud leave and they turn over their license to a new operator. We expect the new operator would maintain the existing line staff while bringing new management to the school. One of the complicating factors in our efforts to transition to a new operator is that the school is owned and operated by a private trust. The trust could take a legal stand and fight our efforts to secure new operators. We will propose to the trust that our new operators rent the necessary buildings from them at fair market rental prices. We have leverage over the school as the Department of Education approves their school license and DCF approves their residential care license. Essentially the trust will have to decide whether they want rental income, or no income at all.

Evolving Issues

Governor your support for more social workers is paying off. Three years ago only 56% of children in custody received the mandatory monthly social worker visit required by the federal government. In May, the last month we have current data for, 90% of our children received the required monthly visit! We will report in the future on the benefit of these higher levels of visits, but clearly work with children who have been traumatized is highly relationship dependent. The more we visit these vulnerable children the deeper the level of trust that is built with them.

Department of Vermont Health Access (DVHA)

Status of Governor's Priorities

Essential health benefits. Mark Larson and Lindsey Tucker briefed members of the Green Mountain Care Board about the Administration's upcoming recommendations on the Essential Health Benefits and decisions that the state must make regarding choice of a benchmark plan. Board members responded positively to the Administration's thinking on the benchmark plan (BCBSVT) and cost sharing plan designs. A formal proposal will be presented to the Board on August 9th.

Legislative Issues/Contacts

Non-Emergency Medical Transportation Unloaded Miles. Senator Al Franken invited Senator Leahy to co-sponsor a bill that would allow volunteer drivers to be reimbursed for unloaded miles. Unloaded miles are defined as the miles a volunteer must drive between their home and the place at which the volunteer picks up their passenger. Senator Leahy's office asked us to review this bill and to assess the way it might affect our Non-Emergency Medical Transportation program (NEMT).

Our NEMT program relies heavily on volunteer drivers. These drivers provide excellent and reliable service to needy Vermonters. We reimburse these drivers for their actual mileage using the current IRS mileage rate. Volunteer drivers cost only a fraction of the cost of a taxi or van. In Vermont, we already compensate our volunteers for unloaded miles, but the Centers for Medicare/Medicaid Services (CMS) recently suggested that they might prohibit this practice. If CMS prohibited payments for unloaded miles, we believe many of our volunteers would no longer be able to afford to participate in this program. The draft bill will clarify the issue in our favor.

VTrans is also reviewing this bill as it may help their volunteer driver programs as well. On Tuesday (7/31) we discussed this bill with our regional transit providers at the Vermont Public Transportation Association meeting. There was general support for this bill.

We would like to encourage Senator Leahy to co-sponsor this bill.

Significant Events/Meetings

ER Codes/RRMC/CVMC. Mark Larson and other DVHA staff met leadership of RRMC and CVMC and their attorney Linda Cohen in an attempt to resolve the hospitals' claim that they were underpaid for ER services for a period from May 2008 through December 2010. DVHA

proposed adjusting claims from September 2009 through December 2010 which was two years from the date DVHA received notice of the hospitals' concern consistent with provisions of the DVHA provider agreement related to timely filing. The two hospitals argued that DVHA should address underpayments all the way back to 2008 and that timely filing guidelines were not the issue. The hospitals also argued that DVHA was aware of their concerns as early as May of 2011 not September 2011.

DVHA committed to notifying the hospitals of its final determination within two weeks. Funds to cover the underpayments were reserved from DVHA's FY2012 closeout.

Emerging Issues

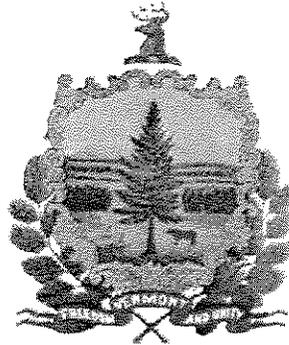
Health Information Technology. An updated Policy on Patient Consent for access of health information by health care providers utilizing the Vermont Health Information Exchange (VHIE) network was submitted to Secretary Spaulding and the Green Mountain Care Board for their approval as required by statute. The policy represents the culmination of an extensive public engagement process conducted over the last year and a half. Changes in federal privacy law affecting health information exchange required the changes in Vermont's consent policy. This update also paves the way for the initiation of "query" exchange on the VHIE, expected to be implemented by October. This will enable doctors and other clinicians to view -- when patients' provide their consent -- an aggregate summary of health information from multiple doctors and institutions. (e.g., It can show your primary care physician information about a hospital discharge or new medication prescribed by a specialist.)

Cathedral Square (CSC)/SAVI proposal. Mark Larson met with Nancy Eldridge and representatives of Enterprise, a financial investment firm. CSC and Enterprise have a proposal for the state for a social equity bond wherein private investors would partner with the state to make investments in better services to DUAL eligibles in order to achieve better medical outcomes for DUAL's and financial savings for the state. If savings targets are achieved, the state would repay investors. If savings targets are not reached, no repayment would be necessary. Mark agreed to speak with Robin Lunge and Jeb Spaulding and myself about whether the state is interested in further exploring this idea.

CMMI State Innovation grant. The Center for Medicare and Medicaid Innovation (CMMI) has announced a grant opportunity for states related to payment and delivery system reform. A discussion between AHS leadership, DVHA, VDH, DMH, DAIL, DCF and the Green Mountain Care board resulted in agreement to move forward with exploring a CMMI State Innovation Model (SIM) proposal. There was agreement that the limitations of the departments must be recognized as potential strategies and proposals are discussed.

FAHC. DVHA met recently with members of Fletcher Allen Health Care to discuss FAHC's request for an increase in Medicaid funding. FAHC asserted that without increased financial support from Medicaid that it would be forced to shift costs to commercial insurance plans. After discussion with Jeb Spaulding and Jim Reardon and myself, Mark Larson communicated to FAHC that the Administration is interested in more information about the outcome of the Green Mountain Care Board's review of FAHC's budget request and any specific impact this may have for insurance rate increases before entertaining any discussion about increases in funding.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: August 7, 2012
SUBJECT: Governor's Report

Division Reports and Updates;

State Police

A-Troop

Working on homicide with BCI

Domestic assault and reckless endangerment for discharging a firearm in a home

Underage drinking party Fairfield tickets issued to minors

New England Governor's and Eastern Premiers Conference numerous troopers involved

BCI

Located, interviewed, arrested and lodged Kevin Tetrault for Sex Assault and Unlawful Restraint.

Two Search Warrants written and granted for Sex Assault

Death investigation in Cambridge Rose Conklin

Natural death of a 79 year old

Executed a search warrant at Chittenden Correctional Facility seized several letters

Death investigation

Assisted Brookline, NH police department with interview of 7 year old

B Troop

Troops dealt with Michael Moghari who had been dropped off at NVRH and was out of control. Doctor suspected Moghari was under the influence of Bath Salts.

Multiple burglary investigations

BCI

Baby death case follow up Groton

C Troop

Underage drinking party

Assisted with homicide in Ferrisburgh

BCI

Untimely death in Mendon

D Troop

Assisted Plattsburgh, NY PD with locating a missing person in Putney

Pulled 16 marijuana plants on a MERT Detail in Newfane

Fire Investigation

Meth Lab training – Fort Indiantown gap PA

Fire Investigation in Barre City (Accidental/electrical)

ATF Agent Ben Cohen in attempt to locate Michelle Deatte in relation to the Jay Fire Investigation.

Fire investigation in Burlington (Incendiary).

Follow-up with Gene Bastian on Fire Investigation in Lowell, VT

Fire investigation in Williamstown (Incendiary). Developed two suspects both interviewed, confessions and arrested, cited and released for 1st Degree Arson

Follow-up with States Attorney Tom Kelley regarding fire investigation in Williamstown

Call Out for Fire investigation in Rutland. Residential structure fire / Injury resulting.

K9 Call to Burlington to assist with fire investigation. Fire deemed to be arson (Det. Sgt. Potter lead investigator).

Emergency Management

Issues/Updates:

As of this report a large industrial fire in Ghent, NY (Columbia County) burns in proximity to Pownal, VT. Current weather and winds are favorable for Vermont; VEM will continue to monitor.

While not in an official drought, VEM has contacted AG and ANR. As point for the Drought Task Force, DEC Commissioner David Mears has offered to take the lead for ANR. DEC has many of the monitoring/information responsibilities. VEM has worked with Dr. Hass at AG regarding water to one farm in Franklin County.

Received approvals for the first few HMGP buy-outs associated with 2011 declared disasters.

Completion of the Alternate EOC at Camp Johnson in Colchester met the July 31st deadline due to great efforts, by DPS IT, DII, the National Guard and VEM staff assigned to the project.

The Director will be on medical leave for most of August due to hip replacement surgery. Deputy Director Peter Coffey will be Acting Director during that time.

General Information/Other:

Updated the Commodity Points of Distribution document to reflect more involvement by VT National Guard. This is based on the response and distribution of commodities post Irene.

Alternate EOC low band radio system installed and being operated for testing purposes at VTANG JOC. This now provides 8 station statewide VEM low band network access at the alternate EOC and provides National Guard with statewide back up radio system for guard deployments.

Making inroads with the private sector regarding disaster assistance and information flow; initial contact established with the VT Grocer's Association, including access to membership's email lists; developed a concept to incorporate private sector, with government capabilities, into DisasterLAN to improved situational awareness in the SEOC. VT CERT now has a Facebook account.

Updating outstanding items in the COOP Plan, working with BGS to resolve some state wide issues.

The VT Alert process is slower than hoped; drafting a URL registration request letter for the State CIO signature; coordinating with E911 on the updated database; monitoring the progress of SOV AGO to secure and finalized the VT Alert contract.

Participated in multiple JFO and Recovery Office coordination meetings and calls.

Division Requests:

Would like the governor to open the State Emergency Preparedness Conference on September 17, 2012 in Killington.

Fire Safety

Construction Summary Plans Review: Between July 25-August 1, 2012 the division reviewed (\$5,500,000.00) in new construction valuation collecting \$31, 000 in fees.

Fire Code update has been submitted to ICAR process. Edits that we discussed have been made.

IAFF contract for Fire Ground Survival class is expected to be finalized next week.

Mud City Kids project is moving forward as discussed.

Sharon Elementary School- Sharon- Two double-wide modular units with a connecting hallway were moved to an area behind this school last week. No permits had been obtained, and a citation has been issued along with a stop work order. Landon Wheeler is meeting with school officials today to discuss issues, including fire dept. access (the units are behind the school, with no vehicular access), fire alarm, ADA access, permits, etc.

CJS

Marijuana Dispensaries

We have been notified by the Town of Waterbury that Patient's First, Inc. has made an inquiry to the zoning office asking about establishing a business dispensing marijuana. The town has advised they do not have any ordinance prohibiting this type of business. Because of this action we have instructed Patient's First that they qualify for a certificate and should send us the fee of \$20,000.

Memorandum

Vermont Public Service Department

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Sarah London, Governor's Counsel
From: Sarah Hofmann, Deputy Commissioner
Subject: Weekly Report – Priorities Version
Date: August 3, 2012

Status of Priorities and Cases of Interest:

Vermont Yankee Operations:

- On Monday, July 30, Vermont Yankee reduced power as low as 55% to conduct a scheduled control rod sequence exchange. Power was back up to 96% on Tuesday, July 31, and 100% on Wednesday August 1.
- Root Cause Evaluation Report for “A” Recirculation Motor-Generator (MG) Trip of June 18th, 2012 at VY - The most probable cause of this event was a neutral motor lead to a crimped-lug connection that overheated and degraded the electrical insulation in the motor junction box until an electrical arc flash occurred. The root cause of this event is still under evaluation. Connections and leads from the motor and bus bar have been sent to Massachusetts Material Research, Inc. for forensic analysis. The Root Cause Evaluation Report identified contributing factors that led to this event as well as opportunities where it could have been prevented. For instance, in 2005 and in 2011 inspection of the motor connections identified the overheating of the bus bar but the cause of the overheating was not identified correctly partly because the connection that failed was internal to the motor and not visible. Thus, in both instances repairs were made to external connections and not to the one that was actually causing the overheating. In addition, it was identified that the condition of the external connections as found was incorrectly categorized in the Maintenance log as “Satisfactory or Normal Wear” in 2011, when it should have been categorized as “Abnormal Wear” or “Extreme Degradation” which would of flagged an engineering review. Also, there was operating experience of this condition that VY did not incorporate into their predictive/preventive maintenance procedures even though industry and two other sites in the Entergy Fleet conduct infrared thermography of motor junction boxes as part of their predictive maintenance programs. VY has identified and implemented a number of corrective actions to assure all large motors with bolted connections are not overheating.

AARP Low Income Program- The Proposal for Decision was issued at the end of last week and all parties have been reviewing and discussing. Comments are due by August 8. All are generally supportive of the Proposal, but there are some minor issues that the parties will point out. DPS is pushing everyone to come to agreement as much as possible to avoid any implementation delays.

Regional issues – This week we have been busy following and trying to influence regional issues. Three of the major issues are adjustments of the Forward Capacity Market, negotiations on transmission issues designed to support renewable deployment, and the gas and electric interplay and conflicts.

Legislative Issues/Contacts: Liz will meet next week with Rep Botzow to discuss public participation in the PSB process. Liz will need to discuss further with Alex. Next week, DPS staff is meeting with the Board Staff to discuss possible avenues to explore on increased public participation.

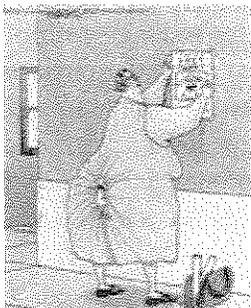
Press Issues/Releases/Contacts: Liz responded to questions from the press on the NEGPC, the GMP rate decrease and VLITE formation and purpose.

Significant Meetings/Events:

- DPS met with our PHMSA (gas pipeline safety) reviewer/auditor as part of an exit interview. We will get some points off that will affect our grant minimally. The major need for improvement is organization of records and the further documentation of compliance issues with the operators.
- Liz attended the Climate Cabinet.
- Liz attended the NEGPC. She will follow up with HQ, GMP and other relevant utilities on the electric vehicle corridor.
- Liz attended the Strategic Planning Priority Development Session on Environmental Conservation and Renewable Energy.

Evolving Issues: As a follow up to the meeting with Comcast, Liz is going to try to help on a recent issue brought up by BED that has negative consequences for Comcast.

Resolved issue: This actually could never be our Liz because the scale is so wrong, but for all the curious minds that want to know, Liz found her lost dog, hungry but happy to see her.



Confidential and Privileged

To: Honorable Governor Peter Shumlin

From: Annie Noonan, VDOL Commissioner

Re: Weekly Report - week ending August 3, 2012

Unemployment and Wage Issues: Newspaper Carrier UI Issue is scheduled for ICAR on August 13, 2012. Secretary Spaulding has advised that he will be contacting the newspapers in advance to discuss the proposed rule with them. The "interagency taskforce memo" that I sent over was edited by Sarah London and she is circulating to the impacted departments. I will need a response on the State Prevailing Wage before too long (reminder). Richard Sheir of Montpelier has contacted me to request a meeting to discuss our UI Trust Fund. He indicates that he testified at the legislature during the 2010 changes. I am not sure of what his role or perspective was during those hearings. I believe that he is self-employed, but has some veterans' services contract.

During the week ending 7/28/12, we conducted Rapid Response (*layoff counseling) sessions for the following employers: NRG, Resolution, Casey Family Services (Burlington and WRJ workers), Fulflex, and Rutland Regional Medical Center. UI Claims Center Stats, Week 07/28/12 we took 2,528 calls. This is a decrease of 111 calls from the week ending 7/21/12. We processed 392 initial and 511 additional claims. This is a decrease of 169 initial claims and a decrease of 226 additional claims from the week ending 7/21/12. 71 claimants exhausted all tiers of benefits with the week ending 7/28/12 compared to 121 claimants who exhausted all tiers of benefits during the week ending 7/21/12. We paid 7,055 claimants during the week ending 7/28/12 compared to 7,155 last week.

Workers Comp and Safety: WC Director met with GMP, CVPS, Financial Regulation and Hickok & Boardman regarding their WC coverage in the merged company. It appears they want to self-insure, which will require a new S-I application and scrutiny to ensure that it meets financial 'soundness' test. WC Inspectors are at the county fairs and field days checking the safety of the 'workplace' for those employees and whether there is proper WC coverage. So far, so good. Interestingly, the federal wage and hour division and the state (DPS) fire inspectors have also been on site. I believe that this increased regulatory presence will make an impact on the fair operations. WC and VOSHA are both involved in the fatality at Hawk Mountain (drowning of worker). The employer has not been overly 'accurate' in the reporting of information. I was briefed about the VT Electric Coop fatality findings, and advised that citations against the company will be issued. Our VOSHA Inspector was repeatedly told by workers that they do not report workplace safety concerns because the CEO 'will retaliate' against anyone who complains. The WC staff members met to examine issues within the system and possible legislative changes; they will be reporting their findings to me in the upcoming weeks. We issued a Stop Work Order to Vermont Custom Roofing. Project WorkSafe did technical tower rescue class for Kingdom Wind. We are writing a lightning safety policy for them. VDOL staff is on-site there once a week. This week, WC held 26 case conferences, put 15 cases into mandatory mediation, addressed 9 court motions, settled 7 formal hearings, issued 3 decisions.

Workforce Development, Fiscal and LMI: VDOL was successful in a filing for Trade Adjustment Act funds for workers of NBC Solid Surfaces from Windham County. The employer would not cooperate in getting us information on the workforce. Donna Nobrega, our Veterans Reps' supervisor, completed the report on Vets services in Vermont, per request of Susan Bartlett. LMI Division Director Barewicz worked on requests from the Bennington Banner, NECN Creative Economy, VSJF.

Other Notable: The USDOL Region 1 staff was here Tuesday through Thursday meeting with me and key program directors on funding, program utilization, business outreach, etc. I called a meeting with disability advocates on UI rulings which took place this morning. August 22 is the workplace civility workgroup's first meeting, responding to Rep. Helen Head's request to me. VDOL's Staff Annual Meeting and Picnic is this coming Wednesday at 12 noon. I had asked Sue Allen to pass along the invitation to all the staff at the Gov's Office. I hope to see folks there.

