

WEEKLY REPORTS

Checklist
10/10/14

Elizabeth Miller/Alyson Richards

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

TBD

- ☒ Agency of Transportation – Brian Searles
- ☒ Agency of Human Services – Harry Chen

Sue Allen

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

Sarah London

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

Susan Spaulding

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

Alyson Richards

- ☐ Leg Prep

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: October 10, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

The week has been busy finalizing budgets and narratives and preparing Vt. Enterprise Fund proposals.

Vt. Castings: I met with Brad Determan, CEO of Hearth & Home the new owners of Vt. Castings. Hearth & Home (H&H) is a division of HNI. It was clear from the conversation they will be investing in the foundry in Randolph. They want to move enameling from Bethel to the foundry and believe they will have adequate footprint when the modernize foundry equipment and “lean up” the facility. They expect to invest \$500,000 or more in the next few months. They will be bringing foundry work currently done in Belgium to Randolph and possibly enameling done in Washington state as well. They may move admin and R&D to Randolph to a new small office building they could construct. It was also clear the assembly in Bethel is in jeopardy. H&H has assembly capability elsewhere and do not see the economics of building a new assembly plant in Randolph unless “the state can provide incentives.” We are concerned they will not qualify for VEGI due to wages and at this time, unknown job creation. Richard Leon and Jacob Reuben are staying with the company for a while. They also retained ownership of the Bethel facility and the enameling equipment. We will remain close to this situation.

EB5: Friday is deadline day for substantive submittals from AncBio. We are hopeful all will be in order. We are also meeting Friday with DFR about involving them in compliance work.

Digger article: The recent Digger article got picked up by a few on line publications but also a ski industry newsletter. It is also taking its toll on Brent Raymond. We feel quite strongly we need to have something on the Digger web site in rebuttal for the foreign investors who are bound to pick this up. Lisa Gosselin is cleaning up our latest draft for review by Sue and Liz.

IBM rumors are flying. I am hearing regularly from Frank Cioffi who is hearing an announcement next week.

LUCY LERICHE, DEPUTY SECRETARY

- **Working Landscape Partnership Coalition:** The Coalition met and is dedicated to pushing for \$1,575,000 in Working Lands Enterprise funding for FY 2016.
- **Entergy VY Senate Meeting:** Representative members of the VY State Inter Agency group, as well as Commissioner Mary Peterson and Sarah London met with Senators Campbell, Kitchel, and White to give the Senate leaders an overview of the Administration’s work to date regarding decommissioning responsibilities. The group expressed its desire to align with any legislative proposals that might be in the works for the 2015 session. The Senate has no active proposals in the works and agreed to coordinate efforts.
- **Vermont College of Fine Arts Dinner:** The College is doing well and embarking upon the first phase in a multiple year campus redevelopment. The first phase includes the rehabilitation of College Hall, tearing down a parking structure and building faculty housing. There may be Historic Preservation issues. Lucy encouraged college leadership to consult with the Division as soon as possible.
- **VCGI Survey Results:** Alex Ibey completed the VCGI survey within state government. Most encouraging is that all 8 respondents ranked VCGI services as either “good” or “excellent.”
- **VCGI Position Scenarios:** As VCGI currently has 6.5 full-time and contractual FTEs, ACCD will absorb at least .5 FTE of work into its operations as part of the integration if we are to ensure no loss of data services. But we will need all six positions to effectively integrate VCGI in to ACCD. We are addressing this in detail in our budget submittal.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Vermont Wins US Captive Insurance Domicile of the Year:** Dan Towle, Director of Financial Services, reports that Vermont was selected as the top US domicile by Captive Review Magazine. The award was announced at the Captive Live Conference in Chicago this week. A panel of captive experts and editorial staff made the selection. Dan submitted the winning application back in August.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

ConnectVT – Telecom

- **Outreach:** Over the past two weeks, I have been meeting with members from House Commerce, the Chair of Senate Finance and planning visits with Gov Ops chairs to discuss the transition of the VTA to the new Division for Connectivity and also the telecom plan. Overall, the transition discussions have gone very well and we are wrapping up our studies and reports for the legislature.
- **Public Service Board Workshop:** In Act 190, the Legislature set the USF rate at a flat 2%, activated the Vermont high-cost fund and created the Connectivity fund – which will both be funded by USF dollars. A team comprised of Comcast, FairPoint, AT&T and independent phone carriers met with George Young of the PSB to discuss how these new programs would be set up, the mechanics involved in accessing the fund, etc. The Connectivity Fund will be used to continue broadband build-out, initially in areas that don't presently have 4/1 or better.
- **USF Fund Management:** With Public Service, met with Dave Beatty to review the potential opportunities of bringing USF management into an existing state agency (most logically, DPS). The fund is presently managed by a contractor and is overseen by the Board.
- **FirstNet Hiring:** With Public Safety, interviewed candidates for the FirstNet Project Manager. There was not a candidate that was suitable, so we are reposting the position. Also, Dep. Comm. Aumand and I are meeting with the new National FirstNet Board Member next week: former Governor Jim Douglas.

Brownfields

- **237 North Winooski:** Closed this loan for \$400k with Maiden Lane, LLC for the redevelopment of the former Dairy Queen site in the City of Burlington. There will be new housing and commercial constructed at the site.
- **West Shore Management:** Closed a \$125,000 loan for this Bennington project which has allowed redevelopment of the former Alcaro property. The developer has relocated his furniture store to the site which received some good WCAX press on Wednesday.
- **Summer Street:** Working with HVT, et. al. on this downtown Barre project. Adjacent to City Place, the redevelopment plan will include new housing. This will be a loan for about \$200k.
- **FONDA-BERA:** Discussed this week the possibility of contacting Solo to see whether they will contribute any to the clean-up, which is now around \$3 million. I have contributed funds for the remediation of this, and the City will likely as well. We figured that it couldn't hurt to ask the RP.

Recruitment (confidential)

- Still working with BHS of Sherbrooke on their US project. They are seeking space or a JV partner in either NY, NH or MA. They would add about 50 new jobs if they set up their own facility. If they partner (good talks are going on with PC of VT) the number of new jobs is presently unknown.
- Continuing conversations with 1366 and encouraging them to submit VEGI ASAP.

Other

- **Energizer:** Working closely with their corporate real estate team and a prospective purchaser of the property in St. Albans. The sale of this property will make available much needed space in Franklin County.
- **Kennametal:** Starting to work with the broker on that property to assist with marketing, etc. of this important facility in Lyndonville.
- **Franklin Foods:** Still working with the Village of Enosburg Falls on FF's electric rate reduction project.
- **DairyVision (MORE HIRING!!):** On the interview team to select a new Executive Director for this group. Also soliciting interest for new participants.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **Governors' Institute on Community Design: State Resilience and Economic Growth Summit & the CDBG-National Resilience Disaster Competition:** Presented on two panel sessions for the two day Summit in DC. Conference agenda can be found [here](#). Over 24 states and territories were in attendance along with eight Federal Agencies. HUD spoke on the National Disaster Resilience Competition and was able to informally chat with agency staff which was helpful and an opportunity to learn more about the competition. Chris Cole for AOT participated as well and it was good to have another ear in the room. Based on what we heard at the Summit and reading the NOFA, this will be a HUGE effort should we decide to move forward with a state application. Thus, we are taking a phased approach and concentrating on first documenting the unmet need. During this phase, Noelle will be point, working closely with Jen and Sue Minter. We have a crack team from ANR, ACCD, AOT and DEMHS involved with a link to the Governor's Office.

Deputy Commissioner Hollar

- **Renter Rebate Study:** Made good progress this week with the Joint Fiscal Office and Tax Department which will now run cost and use scenarios based on a modified program with the goal of keeping the cost of the program close to the current \$9-10 million while making it easier to access and administer. These scenarios will be presented to the Study Committee next week and allow for a discussion of key variables such as income limits and benefit caps.
- **National Disaster Resilience Competition:** While Noelle was at the Smart Growth America conference, facilitated a meeting of reps from ANR, VTRANS and DEMHS the goal of which was to brainstorm remaining recovery needs and data sources that will enable the state to meet the threshold requirements. We must document CDBG-DR eligible needs that remain from Tropical Storm Irene or the spring floods of 2011 in Windham, Windsor, and Washington County that we cannot address with our current CDBG-DR funding. While the definition of unmet needs is very narrow, the threshold is low. The group is collecting data in the areas of housing, infrastructure, economic revitalization and environmental degradation. Noelle will reconvene the group next week. Also updated our HUD's Vermont Director on the state's interest in the competition and planning thus far.
- **Vermont Community Development Program:** With the VCDP team, reviewed applicant responses to staff analyses and supported the Vermont Community Development Board as it considered planning and implementation projects to be funded by regular CDBG funds. The VCDP and GMS staff is working hard to keep this program - "regular CDBG" – moving forward in addition to managing the CDBG disaster recovery funds. We will be making announcements on the next round next week.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Downtown + Village Report

- **Waitsfield:** Caitlin met with the owner of Lareau Farm Inn and American Flatbread in Waitsfield to discuss a project to rehabilitate the main barn on the property. The owner is working with the Valley Arts Foundation to create an arts center in the Mad River Valley which would use the barn. The group discussed the possibility of using federal historic tax credits to support the project as well as state preservation grant funding options.
- **Morrisville:** Caitlin attended the ribbon-cutting for the former Arthur's Department Store which now includes 18 mixed-income apartments and 3,300 square feet of commercial space. ACCD was heavily involved in the project, providing support through Community Development funds, Brownfield Cleanup loan funding and State and Federal historic tax credits.

Partnership Building

- **Strong Communities, Better Connections Grant Program:** This grant program is the result of a new partnership with VTrans and is designed to help cities and towns better plan and coordinate their land use plans with transportation investments. We received eight applications: Brattleboro; West Rutland + Rutland Town; Rutland City; Mad River Valley (Warren, Fayston, Waitsfield, Moretown); Montpelier; Vergennes; Hartford; and Waterbury – and they will compete for approximately \$200,000 in funding. Next steps are to review the grant applications and announce the awards later this fall.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Environmental Review

- Ann has been working with the Town of Waterbury on the Municipal Complex project to provide technical assistance on noise attenuation for the Library portion of the project to reduce the noise decibels to less than 65. This is easily being accomplished through the construction materials and the windows in the new addition and the insulation as has been demonstrated in the noise coefficient for the various materials. This was the final hurdle to jump through to complete the Environmental Review!!!

HISTORIC PRESERVATION ♦Laura Trieschmann, State Historic Preservation Officer

- **Plymouth Cheese:** Laura and Dale Azaria met with Leo Werner of Plymouth Artisan Cheeses, which is located at the Calvin Coolidge Historic Site. The discussion was based on cheese equipment repairs, building maintenance, and a better partnership for the benefit of the Historic Site, cheese business, and the 1890 building.
- **Underwater Preserve Committee Meetings:** Working with the Lake Champlain Maritime Museum (LCMM), Scott reinstituted the Underwater Preserves Committee meetings as a format to engage with the wider dive community on issues concerning the State managed Underwater Preserve Sites and the overall protection of Vermont's underwater resources. The initial meeting, which was held in Burlington Tuesday evening, was set up in part to address increased diving pressure on several significant wreck sites that have been identified as potential Preserve candidates but had not been opened. Due to YouTube postings highlighting the dives, the pressure on these and other sites will only increase in future years. The meeting was well attended and a productive start to developing action plans to expand the Preserves and initiate protection of other significant underwater sites.

State Archaeologist

- **Vermont Archaeology Month:** This will be the final update related to Vermont Archaeology Month until next year. We are currently drafting the final report, and although numbers related to a few specific events have not been finalized, there are several general statistics that bear mentioning here. A total of 44 events were held in 23 Vermont towns or cities in ten Vermont counties during the 2014 VAM. This represents approximately 10% of all of Vermont's towns or cities and 75% of its counties. The web traffic to our Vermont Archaeology Month parent website increased by approximately 320% relative to an equivalent time period last year, direct traffic to our calendar of events (mostly through search engines) increased by approximately 225%, and our overall Facebook likes increased by 30% from September 1st to October 1st. Given that the grant money provided by the Agency of Transportation has not increased in a number of years, these gains are a testament to the efficiency of our presenters, planners, hosts, and facilitators. The numbers also demonstrate that we successfully learned from previous outreach endeavors. Ultimately, they also provide further evidence of many Vermonters' inherent interest in the archaeology and history of our state.

State Architectural Historian

- **Barre TIF District Historic Resources Survey:** The City of Barre and the Barre Area Development Corporation have undertaken a survey of historic resources within the Barre TIF district boundaries to identify buildings that may be eligible for the National Register either individually or as part of a new or expanded historic district. Devin is reviewing the survey results and preparing comments for the City and BADC.
- **Champlain Arsenal, Vergennes:** Devin has been contacted by a group of citizens in Vergennes who are interested in researching, documenting and finding a new use for the Champlain Arsenal and the Fairbanks Building at the Weeks School. Both buildings are owned by the State and have been vacant for many years. They are significant historic resources and identifying options for adaptive reuse, with the support of the local community, is a step in the right direction towards ensuring their preservation.

Environmental Review

- **Solar Projects:** Yvonne has been very busy this summer reviewing solar projects for the Small Scale Renewable Energy Incentive Program administered by the Public Service Board. More than 280 project reviews have been completed for the solar program in the last 6 months.
- **Upcoming Projects at the University of Vermont:** Laura, Judith and Jamie attended a meeting at UVM with representatives from Campus Planning Services and Facilities Management to discuss a number of in-progress and upcoming projects, including the restoration and rehabilitation of Billings Memorial Library, the H.H. Richardson masterpiece, into a new home for Special Collections; the demolition of three dormitories associated with the expansion of Fletcher Allen Health Care's Renaissance Project, future campus housing projects, and rehabilitation of 61 Summit Street, the former Delta Psi Fraternity house, into

the UVM Alumni Center. All parties showed interest in improving on-going communications regarding alterations and additions on campus.

State-Owned Historic Sites

- **Bennington Battle Monument:** This was our Peak Week at the Monument, with almost 2,200 visitors, 30 motor coaches and a school group from Hartford, Vermont; visitation is now ahead of the past 4 years. As usual, the visitors come from all over the world and in the past week included a group of Buddhist Monks and Nuns from South Korea, many visitors from China, and the U.K. Marylou also flew a flag over the Monument for a Sergeant Major from North Carolina.
- **Coolidge Tour:** At the request of Amity Shlaes (Coolidge Foundation Board President), Bill provided a special after-hours tour for Tim Goeglein from Washington, D.C. Mr. Goeglein is Senior Advisor to the President and Vice President for "Focus on the Family," a faith-based initiative organization. He was most impressed with the site and later sent an email thanking us for "a marvelous tour."
- **Mount Independence Loss of Friend:** Paul Saenger, owner and captain of the *M/V Carillon* cruises, based in Shoreham, passed away this week. He was a great friend and supporter of the western sites, and with his South Lake Champlain cruises—to many school groups and others—truly was an amazing ambassador about Lake Champlain, its history, and Mount Independence. We will miss him.

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

- The **Housing Needs Assessment** is coming together. Bowen National Research submitted a third and final draft of the Fact Sheets. These were reviewed carefully and Arthur relayed a handful of comments/suggestions to Desiree. A few property surveys are still outstanding but Bowen reported they have over 70% done. Unfortunately, one organization indicated they will not have time to do them at all. The next milestone is October 23 when the draft report will be due.
- **Champlain Housing Trust** closed on their first down payment assistance loan for a Vermod High Performance Manufactured Home which is located at Twin Pines Housing Trust's Riverbend MH in South Royalton. Since June CHT has closed on six new loans.
- Shaun met with a group of representatives of various state agencies to discuss efforts to increase education and compliance of rental housing health and safety codes for farm workers. It has become increasingly apparent that housing conditions for farm workers, particularly non-English speakers, throughout the state may not be in compliance with rental housing health code. It is believed this is largely due to a lack of understanding of what codes are applicable. The group is working to analyze the applicable codes and best practices and create more accessible documents that articulate the basic requirements. These will then be used as part of a significant outreach and education campaign that will hopefully get underway in the beginning of 2015.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Work

- **Westgate Housing:** Technical assistance was provided to staff at Westgate Housing Inc. Westgate Housing is a 98 unit affordable housing complex located in West Brattleboro. Westgate has had significant amounts of water seeping into basements since the flooding event caused by Tropical Storm Irene. The VT ANR is attributing this flooding to the aggregation of sediment and gravel in the Whetstone Brook which in turn has caused the water table to rise, allowing water to enter into the basements of multiple units which is causing mold and mildew issues. A comprehensive plan has been developed by the engineering firm Stevens and Associates to prevent future water related issues in the affected buildings.

Regular CDBG: Applications

- **VCDP Board:** The board met and considered 3 applications, 1 enhancement request and 1 award condition extension on Oct 9th. Josh will meet with Sec. Moulton to review recommendation and make final funding decisions on Oct 10th.

Other

- **HUD Consolidated Plan:** The five year consolidated planning process for Community Development Block Grant, Emergency Shelter and HOME grant funding is underway. The Department of Housing and Urban Development requires states receiving these funds to conduct extensive community outreach and to seek public input when developing the plan. Lisa Ryan, Arthur Hamlin and Shaun Gilpin met to discuss

possible locations for seven meetings that will be held in December and January. The team will work with staff from the Agency of Human Services and HOME to develop an online survey in addition to holding meetings throughout the state. In 2010, the statewide survey was taken by over 500 stakeholders and members of the general public. Meetings were attended by 126 individuals representing the business community, regional planning commissions, regional development corporations, affordable housing developers, community action agencies, municipalities, providers of homelessness prevention services, downtown organizations and public service providers. We hope to increase the number of participants this year through increased outreach and welcome feedback and participation from all of you.

DEPARTMENT OF TOURISM & MARKETING

Megan Smith, Commissioner

- Megan took Laura Peterson, our new communications director, on a quick tour of Southern Vermont to see some of the highlights, including Killington, Okemo, Weston, Hildene, and Manchester. Megan Sullivan, from Congressman Welch's office, also rode along as she wasn't very familiar with the region either. While there, Megan taped a [PEG TV](#) show in Manchester with Berta McGinnis from the [Manchester Chamber](#). The series is "From Manchester to Montpelier" in preparation for the next legislative season. We also met with some of the people from [Hills Alive](#) to discuss possibilities for next year and explained our inability to be a sponsor. We are hoping the community will fill in the gap and support these amazing performing arts.
- Megan met with Lloyd Komesar, a retired [Disney](#) Executive with a home on Lake Dunmore, who is hosting a film festival in Middlebury next summer. We hope to be able to promote this event as part of the "Year of the Arts" as it appears he is making a large personal investment and has a great deal of community commitment already. Just another example of a second home owner that loves our state.

Steve Cook, Deputy Commissioner

- **VDTM/Cabot Social Experiment Recap:** VDTM met with [Cabot](#) and People Making Good ([PMG](#)) to discuss the results of a collaborative social media experiment the team has conducted during the last three months. Below are results of this effort:

OVERALL GROWTH

VDTM Social Media Stats (Beginning: Late July 2014)

- Facebook likes – 28,300
- Twitter followers – 15,425
- Instagram followers – 1,446

VDTM Social Media Stats (Ending: October 1, 2014)

- Facebook likes – 29,440 (net gain: 1,140)
- Twitter followers – 16,329 (net gain: 904)
- Instagram followers – 1,704 (net gain: 258)

VDTM Partner Social Stats Totals (July 3rd - October 1, 2014)

- Facebook: (36 total posts) 1,553 likes, 81 comments, 230 shares
- Twitter: (48 total tweets) 64 RTs, 55 favorites, 12 replies

VDTM Solo Social Stat Totals (July 3rd - October 1, 2014)

- Facebook: (52 total posts) 2,413 likes, 77 comments, 460 shares
- Twitter: (66 total tweets) 92 RTs, 112 favorites, 10 replies

LESSONS LEARNED

Most Engaging Attributes

- Attractive Pictures of VT landscapes with links
- Recipes and Snack Ideas with photos and links
- Travel opportunities within VT with photos and links


Least Engaging Attributes

- Non-landscape photos
- Photos of people
- Hyper-local and overly specific event content


COMMUNICATIONS ♦ Jen Butson, Director of Communications

- **Social Media:** Not too surprisingly, you mention the “F” word on Facebook and things run wild. We’re tracking nearly 80,000 impressions this week alone. Here’s a couple of our top Foliage posts:

Post DetailsReported data ma

**Vermont Tourism** shared Michael Blanchette Photography's photo.
October 5 at 10:46am · 🌐

Coming into Columbus Day weekend soon, many of Vermont's hillsides will be at peak. Follow the foliage progression at www.VermontVacation.com/fall. Thanks to Michael Blanchette Photography for sharing this stunning scene of Groton! Keep the #VTFoliage pics coming!



© MICHAEL BLANCHETTE PHOTOGRAPHY

9,908 People Reached

356 Likes, Comments & Shares

352 Likes

347 On Post

4 Comments

4 On Post

0 Shares

0 On Post

261 Post Clicks

58 Photo Views

7 Link Clicks

NEGATIVE FEEDBACK

2 Hide Post

1

0 Report as Spam

0

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **VermontVacation.com:** A new trail, [Covered Bridges](#), was added under the Discover Vermont tab. With more than 100 covered bridges, Vermont offers many tourists the opportunity to see one, or many, within the state lines – all within a day’s drive. To help visitors find these bridges, a [Google map](#) is available is now available. The map shows many different details about each bridge, including GPS coordinates to navigate to the bridge. This page is responsive, making it mobile-friendly.

RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

- **Revenue Indicates Strong Summer Tourism Business:** With tax revenue for Meals, Rooms and Alcohol (MRA) collected during September up 7.35 percent over last year – and up 5.16 percent for the three months of the fiscal year to date – the hospitality/recreation sector has clearly enjoyed a strong summer season. A more exact analysis of business activity through the summer will come when the preliminary taxable receipts reports are issued in mid-December.
The MRA was also ahead of the Administration’s projected target for the month of September, with revenue of \$15.04 million above target by +\$0.49 million (+3.39%) for the month.

Tax Revenue (Sep)	Month	% Change (y/y)	FYTD	% Change (y/y)	% Target
MRA	\$15.04 million	7.35%	41.68 million	5.16%	102.38%
Local Option MR* (Adj/Tran)	\$829,100.21	10.0%	\$1,403,698.87	-7.2%	N/A
*Preliminary			4		
Taxable Receipts	Prelim. for June	% Change	Update for March	% Change	
Meals	\$ 79,146,132	3.6%	\$ 77,293,093	0.60%	
Rooms	\$ 34,687,713	9.2%	\$ 37,758,627	-0.8%	
Alcohol	\$ 13,873,840	4.3%	\$ 16,610,265	2.8%	
Assembled by Greg Gerdel, Vermont Dept. of Tourism & Marketing					

- The Local Option Meals and Rooms amount reported here this month is entirely an adjustment subject to numerous variables. For this reason it is not reliable as an indication of a trend this early in the fiscal year.
- The preliminary MRA Taxable receipts report for June indicates strong performance for room rentals during the month and real growth for both meals and alcohol sales. The updated and final report for March shows a slight decline in room rentals (-0.80 percent), though steady performance for the other two measures. Considering that March 2013 was the all-time high for March MRA activity, March 2014 comes in as a close second place.

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

- **French Sales Mission:** Christiane will be traveling to Paris from October 11 through the 18. She is joining a delegation from New Hampshire and Maine, visiting 20 tour operators in Lyon and Paris, and training over 73 agents.
- **Montreal International Show:** Upon her return from Europe, Christiane will be staffing the VDTM booth at the Montreal International Show along with staff from the [Lake Champlain Regional Chamber of Commerce](#), the [Burlington Town Center](#) and [Sugarbush Resort](#).
- **Bienvenue Quebec:** Following the Montreal Show, Christiane will be meeting with 30 tour operators in Québec during the [Bienvenue Québec Marketplace](#).
- **World Travel Market:** In early November Christiane will be returning to Europe to attend [World Travel Market](#) and will be staffing the [Discover New England](#) booth along counterparts from the other New England states. A full report will be completed upon her return.
- **Italian brochure:** The Italian culinary itinerary has been shipped to Italy for the [Slow Food](#) show being attended by the Agency of Agriculture. Our previous international brochure, which we have produced in French, German, Chinese and Japanese, has been translated in Italian and is in final production. This new brochure and itinerary will be sent to [Visit USA Italy](#) for their November show.
- **Familiarization Trip:** Three employees of Compagnie des Etats-Unis of France are currently traveling in Vermont from October 5 through the 7. Their two-day itinerary in Vermont has them visiting [Vermont Country Store](#), [Stonehearth Inn](#), [Jackson Gore Inn](#), [Crisanver House](#), [Mountain Top Inn](#), [Trapp Family Lodge](#) and [The Essex](#). These employees represent travel offices located in Paris, Lyon and Lille. Another group of 12 agents from Ireland will be visiting on October 19, they will travel to the Manchester area, visiting the [Lodge at Bromley](#), the [Wilburton Inn](#) and [Hildene](#).

CHIEF MARKETING OFFICE ♦ Nancy Brooks, Chief Marketing Officer/Heather Pelham, Marketing Specialist

- **Happy News:** Nancy is out on maternity leave, adjusting to and enjoying her new life as mom to little Anna Susan Brooks, born on October 8th. We wish her all the best and look forward to her return in January 2015.
- **Race to the Top Early Learning Challenge:** Nancy and Heather met with representatives from the Governor's Office, AOE, Dept. of Health and DCF to discuss outreach and communication goals for this 4-year, \$36-million federal grant that aims on a systems level, to improve the school readiness of high needs children. The group created an inventory of communication channels in use by the agencies involved and discussed ways of coordinating messaging and reaching the public outreach goals outlined in the 24 projects that make up the grant. The team will likely issue an RFP for an overall communications plan to be developed as the efforts involved are highly complex and cross several agencies and regional nonprofits.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Lisa Gosselin, Commissioner

- **EB-5:** Lisa Gosselin worked with Brent Raymond, Pat Moulton and John Kessler on media corrections as well as discussed new requirements to bolster program. Brent Raymond has learned that New York State is working on setting up a state-run regional center.
- **Road Pitch:** DED hosted a brown bag lunch for the RDCs and others with Road Pitch/Fresh Tracks Capital leader Cairn Cross. Cross is eager to grow event next year and to have RDCs work to cultivate and prepare start-ups for pitch events. Discussed how to build this into a state-wide event and leverage media attention Cross has gained via his investment in Ello. Laura Trieschmann offered up Vermont historic sites as pitch venues. Lisa Gosselin is working with Cross and RDCs to grow 2015 event statewide.
- **NG Advantage's** Mary Evslyn was the guest speaker at the RDC lunch and RDCs will be working to communicate opportunities for natural gas to be trucked to major businesses around the state.
- **Business Outreach:** Lisa Gosselin spoke with Barry Chouinard about his anticipated expansion. The company has seen a 65% increase in orders and is looking to expand in the coming year. A follow-up meeting is scheduled for early November. Lisa Gosselin and Pat Moulton also met with Brad Determan of HNI, the new owner of Vermont Castings and discussed company's plans for investment in the Randolph facility. Joan Goldstein and Lisa Gosselin are following up with connections to VEGI and Efficiency Vermont.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Edlund Company – Burlington:** The company reports that business is very strong. The parent company has made major investment in new equipment, and there are two pending contracts that could double or triple the company in Vermont. Full time employment is at 110, but they are finding it very difficult to find workforce -- especially in sheet metal and welding skill sets. Companywide turnover has been consistently between 30 and 40%. Several areas of assistance were discussed, and there was keen interest in the training program which they have used very successfully in the past to adopt a lean manufacturing culture. They also expressed interest in elevating the local company's profile, a significant departure from past practice. Appropriate referrals will be made.
- **GreenLight Retrofit of Vermont – Middlebury:** A meeting was held at the request of a Middlebury company that does retrofitting of street lighting. They have received approval from Efficiency Vermont to offer rebates, and meet all industry standards and certifications. They are working with NVDA seeking to locate in the Northeast Kingdom with initial employment at three full time. They work closely with a Granby, Quebec company and they are awaiting a contract from Green Mountain Power that would trigger manufacturing operations. We will continue to assist as needed.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Chaired the first meeting of the newly formed **Goals and Evaluation Committee** of the Working Lands Enterprise Board (WLEB). Purpose of the Committee is to identify and develop the sources of data that should inform WLEB's understanding of the Working Lands sector(s) in Vermont, and how we track and evaluate the effectiveness of our grant making.
- Toured the Moran Generating Station (60,000 sq. ft. former coal, then biomass facility on Burlington's lakefront) and learned about the impressive plans of Charlie Tipper, Erick Crockenberg and Tad Cooke (collectively "[New Moran](#), Inc.") for an energy positive, mixed use civic space. New Moran's was the highest ranking proposal in Burlington's "Public Investment Action Plan" process. Hoping to arrange a follow-up tour with additional state officials.

INTERNATIONAL (EB-5/Vermont Global Trade Partnership) ♦ Brent Raymond, Director

- Becky has recruited the 4th company, North America Connexions to attend MEDICA.
- Brent and Becky are coordinating with other New England states to attend Arab Health event under Best of New England booth in January 2015.

OFFICE OF THE CREATIVE ECONOMY ♦ Lars Torres, Director

Upcoming Events

- **Tech Jam 10/23-24:** The OCE is hosting a series of lively talks we're calling "Tech Tank" - the future of ten Vermont companies in ten minutes.
- **Woodstock Digital Media Festival 11/7:** This year will feature the launch of the 2015 White River Indie Film Festival's Transmedia prize, a national search for the best interactive storytelling.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

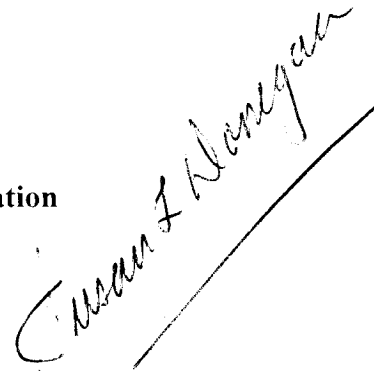
- **Smart Resource Labs:** Beth Demers is assisting this Burlington based software and renewable energy company with a draft of its VTP application.
- **Vermed:** Beth Demers had several phone calls with Vermed regarding their VTP application.
- **Grow Compost:** Beth Demers met with this Moretown based Compost Company. They are drafting a VTP application which will include the training of existing employees and several new hires.

State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: October 10, 2014
Re: Weekly Report



Captive Insurance Division:

Vermont was named "Captive Domicile of the Year" this week by the U.S. Captive Services Awards. According to their website, U.S. Captive Services recognizes and rewards "those providers of captive insurance products and services who have outperformed their competitors and demonstrated the highest levels of excellence over the past 12 months." Judges were looking for "evidence of the highest standards of regulation, accessibility, insured care and efficiency. Innovation in regulatory acts, passed during the official judging period, the number of new formations and growth in premium written" were also considered.

Securities Division:

Commissioner Susan Donegan and her team from the Securities Division met this morning with Secretary Patricia Moulton and her ACCD EB-5 staff to discuss establishing a compliance program to be housed at DFR to support the Regional Center's projects. DFR presented an outline of various compliance tasks and a regulatory framework that would transfer the securities, regulatory compliance, investor, financial, data gathering and reporting aspects of the EB-5 program to DFR. Marketing and interfacing with federal counterparts would remain at ACCD. ACCD is going to arrange a follow-up meeting for next week after further reviewing the DFR proposal.

Banking Division:

DFR has asked the Congressional delegation to support H.R. 5320 which will direct the U.S. Attorney General to provide state officials with access to criminal history information with respect to certain financial service providers required to undergo state criminal background



checks. The bill will enhance the ability of state regulators to process criminal background information through the Nationwide Mortgage Licensing System (NMLS).

Insurance Division:

DFR is aware of a mailing that has been distributed to homeowners in Vermont offering a type of insurance that covers water service line protection for their property. The mailing envelope resembles a utility bill which has confused consumers. The product being offered is in the form of a service contract that pays for certain claims in the event outside water and sewer lines that service a home are damaged. All companies that sell or issue service contracts to Vermonters, or cover property located in Vermont, are required to register with DFR. DFR is issuing a consumer alert in conjunction with the Attorney General's office to inform Vermonters about this offering and encourage them to call DFR before purchasing the insurance to check to see if the company is registered in Vermont.



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**CONFIDENTIAL AND PRIVILEGED
MEMORANDUM**

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: October 10, 2014

Press Contacts

Tuesday, Oct. 5:

Emmeline Zhao, Real Clear Education, asking about SBAC testing contract
Mike Cartov, Fox44, re PLPs

Wednesday, Oct. 6:

Rebecca spoke to Mike Eldred, Deerfield Valley News about the visit to Twin Valley
Schools in Wilmington

Thursday, Oct. 7:

Rebecca spoke to Josh O’Gorman at the Vermont Press Bureau
Rebecca spoke to Terri Hallenbeck of the Burlington Free Press on school funding ©
Rebecca spoke to Alicia Frees of 7 Days, regarding the Chittenden East SU MUUD©
Rebecca spoke to Mike Eldred, Deerfield Valley News, re Twin Valley visit
John is playing phone tag with Susan Keese at VPR, re: Austine. The sources to which she
has spoken have made the case that serving deaf and hard of hearing children in
inclusive settings does them a disservice, and that if 100 of the 600 students we serve
in an inclusive way instead attended Austine, then the school would not have a
financial problem. Our challenge is that families vote with their feet, and VT families
with deaf or hard of hearing children have opted for inclusive environment, and out
job is to support them where they are.

Meetings/Public Appearances

Monday, Oct. 6: Twin Valley Schools, visited, met with Ann Manwaring. She acknowledged that Twin Valley was able to be stable now because of a consolidation, but also questioned the reliance of our formula on providing revenues on a per equalized pupil basis, because that inevitably rewards size and incentivizes consolidation, without asking if that is a good thing.

Tuesday, October 7: Keynote at the **Vermont Educational Opportunity Programs (VEOP)** Annual conference, focused on dual enrollment and college access issues. A bit of a revival meeting.

Wednesday, Oct. 8: Speech for Leadership Upper Valley (part of Vital Communities)

Wednesday, Oct. 8: Speech to Osher Lifelong Learning Institute (OLLI) Chapter of Central VT – on Education Spending and Sustainability

Emerging Issues:

I am mid thought on the issues I will mention today, so will put them on your radar but consider them incomplete thoughts until I get your guidance.

PK funding

Up front, I need to say we are struggling to provide guidance in the budgeting process for PK, in part because the impact of PK will be different in different reasons based on district size, current status of PK use, extent of local collaboration across districts, availability of PK in the region already and whether it is school based or private provider based, current levels of local PK use, family demographics, how forward looking SU/SD leadership has been in recent years, local SU budgeting and management capacity and skill, and current use/reliance on federal monies. There is no one-size-fits-all, silver-bullet guidance because of the way the law was written and variability across the state in a variety of factors.

Some districts will be fine, but number of districts are going to have trouble passing budgets that include preK, including a few that have not yet figured out they are in trouble.

Top on this list are districts that are currently relying heavily on Title 1 money to fund PreK, because under federal supplement vs. supplant guidelines, they will now have to raise that sum off the Ed Fund. Because many of these districts are also trimming in other areas, it will be difficult and probably impossible to repurpose these funds in ways that mitigate the budget hit. Depending where you draw the boundary, three or four of the most affected SUs are in the Northeast Kingdom, one is Rutland Northeast (birthplace of the Brigham case), and two are larger cities that have been in the press a lot for budget-related issues. An inescapable reality is that in some SUs, providing PK will incentivize cuts at the K-12 level, but because of

the reactionary way these cuts will be made, and the short timeline on which they need to be made, they may not be good solutions.

For example, North Country spends \$500k of Title 1 on PK, and will now have to use state funds first, in line with the supplement vs. supplant provisions of federal monies. It will be difficult to transfer that \$500k to other line items to mitigate pressures, because districts in that SU are routinely making cuts, so backfilling in other areas would also violate the supplement vs. supplant requirements. And, while \$500k seems like pocket change, it will have a substantial impact in a region characterized by small districts, in which small changes have a disproportionate impact on tax rates. In addition, some of the most affected towns are likely to be towns that already struggle with public support for budgets and which have fairly high per student expenditures already. Also, it is a region composed of very small units, and these are units that experience any economic shock most acutely, because of the small student base over which they have to spread cuts. Similarly, Rutland Northeast is heavily reliant on Title 1 for PK. It is also an SU with high per pupil expenditures and small units....and an area that has seen a 30% decline in enrollment over the last 30 years.

Ironically, it occurs to me that PK may force closure or consolidation more than anything else that has been done, or PK may be repealed.

The problem is that the ramp up is too fast for boards to be able to respond quickly enough with good long-term solutions, even if they are high capacity boards. It is worth noting that some of the more sophisticated leaders are already pointing out that funding for PK is going to come at the expense of K-12 programming, not least of all because districts will not have the time to make more sustainable and less damaging choices. I would like to keep the focus on finding sustainable ways to support universal PK, and minimize the zero-sum language that is just starting to emerge as people begin to form budgets.

We are currently working on two possible options the Gov could choose to propose, that would provide targeted bridge support in the transition to universal PK, so that kids in K-12 less adversely affected by the addition of PK. If providing a bridge in the transition is of interest, we will develop and flesh these out for the Gov:

1. We could take a serious look at how the \$11+ million prevention intervention Medicaid grants are being used. PreK is a perfect way to use them. In some cases these grants have been used as discretionary funds by districts. I need to clarify with Bill, but my perception is that there is a sizeable pot of prevention intervention Medicaid money that just rolls over, unused, in districts every year. We could work on a way to redirect this.
2. We could suggest a session law, out of the gate in January, (not codified) with a sunset in 1 or 2 years that might say:

"notwithstanding any other provision of law, a school district seeking to apply federal Title I funds for the provision of pre-kindergarten services for eligible students, may make a request for a waiver to the Vermont Secretary of Education/AOE from the requirements of Act 166 of 2014. Waivers enabling the use of Title I funds shall only be granted by the Secretary upon a showing of economic hardship to the district. Hardship factors the Secretary may consider include a leadership transition which precluded effective anticipatory planning in districts heavily reliant on using title 1 monies to support PK, current effort to consolidate that make it wise to delay 166 implementation until a system-wide solution is in place... etc....

It would need to be very clear, whichever option we pursued, that this is only a 1 or 2 year bridge. And in no case should the bridge eliminate the EF burden associated with preK. We can't insulate any of these districts from the full effect, or they will not transition.

We have a little bit of an ostrich effect here in some of these places. It is fine if a few districts lose a few tail feathers while their heads are underground. Let's just do it in a way that does not severely hurt our most vulnerable children.

The Northeast Kingdom is a region that needs PK.

Business management generally

You may remember that at the beginning of July, we sent quite a strong letter to Addison Northwest, imposing sanctions and telling them, among other things, to get rid of their business manager or lose federal funds. This hit the paper, became a public spanking, and got VASBO in a twist. Several folk challenged my authority and questioned my action. However, an auditor has completed a review of the districts financial practices, and what will now come out will likely raise huge questions about the capacity of boards to provide oversight, and likely result in criminal prosecution of at least a few actors.

What concerns me is that the auditor suggested that a lack of adequate internal controls in many of these SUs with lots of small districts is actually pretty common. We also heard about a few common practices that are inadvisable, on which we will have to again provide guidance.

Big districts like Burlington get a lot of press coverage because they are big and actually pretty transparent in the scheme of things. The SUs with multiple small districts are actually much more vulnerable, because they are too small to have adequate separation of duties and too loose to have tight oversight. We also suspect some of the districts with a lot of SU turnover may be the most vulnerable.

In the case of Addison Northwest, by their own report, the board did not see an audit for 4 years, saw some irregularities in forecasting, and it did not occur to them to ask hard questions.

I think we need to consider that one reason some districts are not moving to make forward looking, sustainable choices may be that they lack the managerial and leadership capacity to do so in a timely way.

In sum:

The more I know, the more I think eventual consolidation and school closings are inevitable for some places. The question will be whether we do it well and in an equitable way, or whether districts begin to collapse one by one, which means may mean less savings and more pain.

A paradox of the Isle of Mottes of the world is that if they were able to partner with the Alburghs of the world, then any savings associated with closing their school would be shared. As it is, if they just close and tuition, they will pay full tuition to the Alburghs and any other school their children attend, and any savings will go to the Alburghs, for those Alburghs to reduce tax rates or more likely, expand programs with newfound revenues. Food for thought. How we do consolidation will influence the extent to which we reap savings.

What may happen is that PK will lead to a lot of budget failures, and how we manage the fallout may be critical to determining whether PK comes under attack or consolidation is pursued.

R

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Oct 10, 2014
Re: Weekly Report

Status of Governor's Priorities: .

Working on budget preparation.

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Final presentations were made by vendors for our new website. DII and CMO both had input. We expect to make decision by Oct 20. Our gaming vendor's general manager for Vermont has been promoted to Ohio and they promoted a young man from within to the GM position. We are stretched a little thin with two open spots and three large projects in progress or soon to begin (new machines on market, upgrade to game system to support new machines and new games, and beginning the design of a new website).

A long serving VLC commissioner, Tom Scala, will be at his last VLC meeting on Wed Oct 15, and his last Tri-State meeting on Oct 24. We are still looking for a VLC replacement.

Executive Director's Commentary:

We have definitely turned a corner in sales and marketing this year but still have initiatives to undertake to become current in the media marketplace. In our FY16 budget I am proposing a new position of marketing manager to take on the daily and weekly responsibilities currently handled by our director of marketing so that he can plan strategy and implementation for these new efforts. I understand the budget direction that we have been given but stress the importance of remaining relevant across many demographics by engaging them on various media platforms – tv and radio are not enough.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin

FROM: Deputy Secretary Sue Minter

DATE: Friday, October 10, 2014

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Quebec's Auto Route 35 Opening

The Ministry of Transport Quebec (MTQ) has informed us that the first 2 segments of their Auto-route 35 project, between St. Jean sur Richelieu to the VT border in Highgate, had a "soft opening" on Wednesday. An official ceremony is being planned, potentially for Friday, October 17th. We will be in touch with your office as soon as details are finalized.

ASCE Infrastructure Report

Next week (Thursday) the American Society of Civil Engineers (ASCE) will release their "Report Card for Vermont's Infrastructure". Sue has been asked to speak. While our overall grade for transportation is a "C", this represents significant improvement from 2 years ago (when we received a D). We will work to keep the message positive – touting our overall improvements over the last 4 years – along with supporting ASCE's goal of underscoring the need for sustainable transportation funding.

TMDL

We are working with ANR and Senator Leahy's office to support the plans for Lake Champlain clean up and clarify that transportation is a part of the multi-sector solution. We will be increasing our VTrans investment into stormwater management along our state system through a new streamlined statewide permitting program called TS-4.

FEMA Visit

FEMA staff from Washington, DC came to Vermont last week to meet with VTrans and ANR engineering staff to discuss, once again, our bridge and culvert regulations in order to reinforce how they meet FEMA requirements for reimbursements. While the FEMA staff seemed willing to listen and consider our views, they were non-committal. As a result we will continue to follow up with FEMA DC, members of the White House Task

Force group (with whom we have been discussing our culvert challenges) and Congressional Delegation to achieve the result we are looking for.

Big Data

Brian is traveling back today from a State Smart Transportation Initiative (SSTI) meeting on “Big Data” and its potential to respond to transportation challenges from planning to traffic management, traveler information to funding. He reports that a combination of sources including cell phones, GPS, custom phone apps, loop detectors, social media and many others are producing real time data and storing it. In fact, according to Brian, every 48 hours in this world more data is collected than the total collected from the dawn of civilization through 2003. If this were a proposal, we'd likely shudder at the thought but it is already happening. And, of course, the private sector is already using this data to get us to behave in certain ways, usually around their products and services. Can we improve our systems without violating privacy? It's a hot discussion which will engage VTrans for the foreseeable future.

Waterbury Bridge Work

Work around Exit 10 will begin to affect interstate travel. Passing lanes will be pinched down for several weeks to build the bridge crossovers. This area is likely to encounter slow downs and traffic for several construction seasons as we reconstruct 3 deficient bridges. As much forewarning as we try to give the public, we anticipate traffic backups, and some unhappy customers.

NOTES FOR STAFF

Budget and BAA

We have submitted our proposal for FY15 BAA and FY16 Governor's Recommend. It is noteworthy that we have constrained our proposed budget to meet available revenues (which required cutting \$12M in proposed spending, including cutting/delaying several projects and reducing our paving, rail and transit programs). You will see significant reduction in spending from the last three years -- \$59M (8%) reduction from FY15 to FY16. Half of this decrease is attributable to the completion of Irene projects (which elevated our federal spending). We have decided to wait until next session to propose a DMV Fee Bill, given federal funding uncertainty as well as anticipated budget increases into the next fiscal year.

The main funding adjustment in our BAA addresses a \$750K upward pressure for the Town Highway emergency repairs from flooding in Southern Vermont (managed by decreasing transit appropriations available from CMAQ funding). The BAA also: requests authority to move appropriations to address likely salt price increases; manages upward pressure in the maintenance appropriations to accommodate maintenance worker salary increases (to meet minimum wage); addresses several personnel changes associated with our internal restructuring.

Inter-Agency Work

Sue participated in the Energy Action Network (EAN) as part of a panel (with DPS and ACCD). Also working with ACCD as part of multi-sector team to develop eligibility criteria for the HUD Resilience competition.

LiDAR mapping project has begun with flights expected for next week. The project covers: Rutland, Chittenden, Washington, Lamoille and Orleans Counties.

License Plate Production

The Vermont Correctional Industries Plate Shop is currently experiencing a shortage of aluminum plate stock. The aluminum shortage is affecting other states as well; therefore, deliveries of aluminum to the Plate Shop are currently in small quantities that only allow the Plate Shop to make approximately 6 series of plates at a time. DMV is monitoring plate inventories carefully and has not been impacted by this shortage at this time. This shortage is projected to run into mid-November.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Harry L. Chen, M.D., Acting Secretary of Human Services
Re: AHS Weekly Report
Date: September 26, 2014

Highlights:

VDH:

Lyme Corps Presentation- Dr. Christina Nelson pg. 2
Tobacco Free Mental Health pg. 2

DMH:

CMS Extends the Termination Date for Brattleboro Retreat (the Retreat) pg. 3
Emergency Involuntary Procedure (EIP) Rules pg. 3
Rutland Mental Health Services (RMHS) Plan to Address Concerns pg. 3

DAIL:

VocRehab Vermont does it again pg. 3
Senators Mullin and Ayer advance a constituent's concern about Vermont Nursing homes pg. 4
Parents charged with homicide in death of teen, Isaac R. pg. 4
Probe of unspent funds in Designated Agencies continues pg. 4

DOC:

Escape from Custody pg. 4
Offenders' Deaths pg. 5
DOC Population pg. 5

DCF:

Joint Investigation of Child Care Provider pg. 6
Increased caseload pressures across the board in Child Protection pg. 6
Rutland Family Services Interim Leadership pg. 6

DVHA:

Pediatric High Tech Program pg. 7
Xerox Protest pg. 8

Secretary's Message

As the media continues to cover the recent Ebola cases in the United States, Vermont does not anticipate that there will be an Ebola outbreak in the US or in Vermont. Vermont currently has no cases of Ebola and the Vermont health infrastructure (healthcare system, public health reporting system and infection control protocols) is strong and we would very likely be able to contain the disease. CDC has stated and I agree that there is little threat to the US public.

At this time, Vermont has no specific plans to receive any patients arriving with Ebola in the US to Vermont. However, in addition to several other large hospitals, Fletcher Allen has expressed to the CDC a willingness to receive and treat patients if necessary.

If Ebola comes to Vermont, The Commissioner of Health currently has the authority to enact a health order which could include a quarantine order (for patients, or others exposed) if necessary. Contact tracking and quarantine are important and effective strategies to contain an Ebola outbreak. A declaration of a state of emergency is not required for Vermont to allow for such a health order.

The Vermont Department of Health (VDH) has taken precautions and preparedness efforts regarding EVD (Ebola). Some efforts included: Provided emergency medical guidance regarding Ebola symptoms, patient handling and provider protections to all VT EMS Heads of Services, District Chairs and District Medical Advisors, VDH and FAHC infectious disease specialists hosted a teleconference with Vermont hospitals, Participated in discussions with Fletcher Allen Health Care, CDC, and the Association of State and Territorial Health Officials about accepting a medevac'd Ebola patient in the future, created an internal epidemiologic Ebola response protocol, and created an Ebola page on the Health Department web site.

Next week, I will be interviewed by Bill Sayre on WDEV to discuss the medical aspects of the virus and to improve public awareness and understanding of how it would be difficult for an outbreak to happen here. I will highlight the current and future activities taken by the Vermont Department of Health including: preparing a table top exercise for use by hospital emergency departments, developing a protocol for use by 911 call-takers if/when needed, updating VDH website as more information is provided, and creating a tracking system to track suspect patients, and contacts.

In the near future, I will publish an Op Ed in conjunction with VDH addressing general concerns of Vermonters and providing information about Ebola. I will continue to update you as information is collected and as preparedness efforts take place.

Vermont Department of Health (VDH)

Enterovirus D68 (EV-D68)

The first laboratory confirmation from CDC verified that enterovirus D68 (EV-D68) is circulating in the state. Guidance for submitting respiratory specimens via the Health Department lab to CDC for EV-D68 testing was updated and will be posted to the department's website.

Lyme Corps Presentation- Dr. Christina Nelson

On October 1, the Department of Health and the University of Vermont hosted Dr. Christina Nelson, a CDC Medical Entomologist with expertise in Lyme disease. Dr. Nelson gave a presentation about Lyme disease to UVM medical, nursing and public health students. Her visit was the first step in implementing Lyme Corps, a CDC initiative to train health sciences graduate students to become peer and community educators about Lyme and other tickborne diseases. The students will participate in a two-day workshop this winter and then conduct education and outreach projects next spring and summer.

Tobacco Free Mental Health

In August, Health Department staff conducted key informant interviews with five of Vermont's behavioral health facilities. The discussions focused on the tobacco-free requirement for state funded

behavioral health facilities to implement a tobacco-free policy and incorporate tobacco cessation into treatment planning by July 1st, 2015. From these interviews it was evident that each facility will have unique challenges with the tobacco-free requirement and personalized technical assistance will be key to addressing those challenges.

Climate Change Presentation at UVM

On October 8, Health Department staff gave a presentation at UVM entitled, “Integrating Climate Resilience into Public Health: Vermont Department of Health’s Climate Change Adaptation Program”. The talk addressed ongoing efforts to assess the potential health impacts of climate change in Vermont, and to develop appropriate public health adaptation strategies.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

Vermont Psychiatric Care Hospital is at 21-beds and preparing to open the 4th unit by the end of the month.

CMS Extends the Termination Date for Brattleboro Retreat (the Retreat)

The Centers for Medicare and Medicaid Services (CMS) has extended Brattleboro Retreat’s termination date to November 5th. This extension will provide the Retreat and CMS time to develop an acceptable system improvement agreement.

DMH Testifies to Mental Health Oversight Committee (MHOC)

DMH has been asked to testify to the Mental Health Oversight Committee (MHOC) on the 17th. The topics of discussion are: Quality Reviews and Adverse Event Reporting and an update on DMH’s accomplishments relating to the Act 79 consultant report recommendations.

Emergency Involuntary Procedure (EIP) Rules

It appears, MHOC will recommend to the legislative committees of jurisdiction that they weigh in on the legislative intent of Act 79 regarding EIP’s and “same rights and privileges as VSH”.

Note: It also appears that MHOC will make a case to the Legislature that they should continue in their oversight role and add more members.

Rutland Mental Health Services (RMHS) Plan to Address Concerns

AHS has developed a plan to address the areas of concern. It will be reviewed by the Governor’s office.

Elizabeth Teague (E.T.)

An Order of Non-Hospitalization (ONH) has been presented to the court as ordered by the Judge. When the Judge approves the ONH, DMH will develop a safety and treatment plan for E.T. and will move her when a bed is available in the next few weeks.

Department of Disabilities, Aging and Independent Living (DAIL)

VocRehab Vermont does it again

FFY2013 results are in and DAIL’s Division of Vocational Rehabilitation once again exceeded its employment goals. 1,821 persons with disabilities achieved employment making VT number one in the country for highest number of per capita employment outcomes.

Senators Mullin and Ayer advance a constituent's concern about Vermont Nursing homes

DAIL is following up on complaints lodged by Deborah Ploof, whose Mother is alleged to have received inadequate care at Birchwood Nursing home in Chittenden County. According to her correspondence, Ms. Ploof lodged many complaints over the two and a half years her mother was a resident (first at Birchwood and later Starr Farm, both owned by Kindred Health Care) but alleges the investigations did not lead to any change. Ms. Ploof would like more vigorous regulations and seems unaware of the level of oversight of nursing homes. Commissioner Wehry has asked the Survey Division to follow up to ensure we did indeed follow-up adequately in this case.

Mental Health Oversight Committee to take additional testimony

The Departments of Health, Mental Health, Children and Families, and Disabilities, Aging and Independent Living are collaborating to improve communication about adverse events and will testify before MHOC next week on our progress to date.

Health Oversight Committee to take testimony on Choices for Care system report

Commissioner Wehry will testify next week on the recently submitted Choices for Care report. The program is sound and we are in agreement about areas for improvement. This year it is the Moderate Needs Group (MNG) for which the initiative is underway. Jackie Majoros (VT Legal Aid) and Dave Mickenberg (COVE) plan to testify but we don't anticipate any surprises.

Parents charged with homicide in death of teen, Isaac R.

WCAX first reported on homicide charges brought against the mother of Isaac Robiteille and her boyfriend. Isaac had multiple disabilities and had previously been in DCF custody. He was receiving services from the Developmental Services Division of Lamoille County Mental Health (LCMH) as well as from the Department of Health's Children's Personal Care Services team. DCF contributed a portion of the funding for his plan of care. The director of LCMH DD services said that they had not had any concerns about this family during the past few years in which they have been providing services.

Probe of unspent funds in Designated Agencies continues

DAIL has now met individually with almost all of the 14 agencies to drill down on underutilization of respite funds and other self-directed expenditures in Developmental Services. We have uncovered significant problems with monitoring by the agencies and are identifying solutions to improve this going forward. We will have a full report available by the end of the month.

No word on release of State Auditor report

The title says it all: *Designated Agencies: State Oversight of Services Could Be Improved, But Duplicate Payments Not Widespread*. DAIL submitted its comments October 1st. Overall, we found the report to be accurate and the recommendations sound and have created a work plan and timeline to begin making improvements. Additional resources will be required to fully implement the auditor's recommendations and these will be reflected in our budget request.

Department of Corrections (DOC)

Escape from Custody:

On October 6th, inmate Anthony Fitzgerald escaped from the Southeast state correctional facility in Windsor.

Mr. Fitzgerald is serving a 3.5 year – 10 year sentence for 2 counts of Lewd and Lascivious Conduct with a Child. He had a concurrent 25 month federal sentence for a sex offender registry violation. His minimum release date would have been 6/15/15 and his maximum 12/15/21. Mr. Fitzgerald was taken into custody approximately 8 hours later. One incident attracting interest from media is the DOC's use of the Community Alert Network (CAN). The system is new to the DOC and was not timely deployed during the incident. Manual phone calls, however, were made by DOC staff immediately following the incident and the CAN was used timely to advise the public that the offender had been apprehended. This system is being reviewed by the DOC.

During the event and subsequent initial review, additional concerns arose regarding local leadership. The Superintendent has been placed on temporary relief from duty pending the VSP investigation and the case has also been referred to the AHS investigations unit for a major incident review.

Commissioner Pallito to Appear on WDEV:

Commissioner Pallito will be on the Mark Johnson show on October 15th at 9:00 am. The topic will be the contract for out of state beds.

Offender Death:

On October 5th, offender Crystal Figueroa was found dead in her room at Dismass House in Rutland. Police reported there were drugs (heroin) and drug paraphernalia found in the room.

Ms. Figueroa was on conditional re-entry (furlough) status. She was serving a sentence of 6-12 months. Her minimum release date was 7/16/14 and her maximum release date was 1/10/15. She was released on furlough on 9/12/14. Ms. Figueroa's convictions were Resisting Arrest, Possession of Heroin (m), Reckless Endangerment and Petty Larceny.

Offender Suicide:

Bennington Probation staff reported that according to VSP, troopers responded to a death in the town of Woodford, VT on October 6, 2014. The caller advised that a person had hung himself in his garage. The death has not been officially determined to be a suicide. DOC learned of the incident by another offender on supervision.

Transitional Housing Audit:

On October 2nd, DC Menard and other DOC staff met with staff from the State Auditor's office for an entry conference.

The auditor's office will initially have the following objectives:

- 1) Assess the extent to which residents of DOC's transitional housing are receiving the services outlined in their service plans
- 2) To assess whether and how DOC has determined that its transitional housing program is meeting its goals of supporting community reintegration, maintaining public safety, and reducing offender recidivism.

The audit is likely to take 4-6 months with a draft report expected in the spring of 2015.

Population:

The department's incarcerated population averaged 2058 for the previous week, the average presentenced population was 367 (18%). The incarcerated male population averaged 1905 with 330

(17%) presentenced inmates. The female population averaged 153 for the previous week with 36 (24%) comprising of presentenced female inmates.

Department for Children and Families (DCF)

Joint Investigation of Child Care Provider

On October 5th, the Special Investigations Unit (SIU) of the Family Services Division (FSD) in DCF accepted an intake on alleged sexual abuse by a child care provider. A mother reported that her 4-year-old child had disclosed highly inappropriate interactions involving the child, other children, the provider, and her spouse (who is her assistant), at a family child care home. SIU alerted the Child Care Division (CDD) in DCF and opened an investigation with Vermont State Police (VSP). After a thorough investigation, multiple interviews, and a medical examination, there are no indications of physical sexual abuse. It was observed, the provider was significantly over the permitted number of children to adult ratio allowed in their license which may have led to supervision issues. CDD will work with the provider to come into immediate compliance and will visit regularly to assure appropriate supervision and child safety.

Increased caseload pressures across the board in Child Protection

The number of intakes received by the Child Protection Hotline has risen steeply in the last six months. The following table shows the last four six month periods.

Six Month Period	Intakes	Accepted Reports
10/1/2012-3/31/2013	7,946	2,474
4/1/2013-9/30/2013	8,488	2,596
10/1/2013-3/31/2014	9,294	2,518
4/1/2014-9/30/2014	9,753	3,122

Assuming that the volume of the last 6 months continues, Family Services will have 19,506 intakes and accept 6,244 reports for investigation or assessment in this 12 month period compared to 17,782 intakes and 5,114 accepted reports for the previous 12 month period.

- Family Services must increase their use of temps in their call center to accommodate this increased volume of intakes. Currently, they have 52 social workers assigned to investigations and assessments. The expectation is they can complete 100 per year. Completing 6,244 would require 62.5 FTEs.
- While we are adding additional staff to Family Services through the pilot program, including two additional assistant attorney general positions, the increased caseload pressures will quickly exceed our capacity.
- All of this translates to significantly increased pressure on the courts, attorneys and DCF Family Services staff. Additional resources are needed throughout the legal system in order to adequately protect children.

Rutland Family Services Interim Leadership

In August of this year, the state entered into a stipulated agreement with former Rutland Family Services Director John Zalenski. Mr. Zalenski will continue to work half-time on policy-related matters until late February 2015. At this time, he still occupies his district director position. Therefore, we are only able to recruit for an interim director in Rutland. Beth Sausville, Bennington Family Service Director will be promoted on an interim basis and will provide oversight of daily operations for both offices with additional support from Lynne Klamm who's primary focus is on community relationships. We have immediately started to try to identify a current employee, in Rutland or another district, who may be able to assume the director position with training and support. It remains to be seen if this will be viable.

We also continue to provide considerable support and concrete assistance to the district from the central office. Caseloads continue to rise in Rutland, and they are under considerable pressure. Two floater social workers will be placed initially in Rutland to assist with workload. This strategy alone will not fully address the workload. For this reason, we are exploring what other resources (in the form of temps) might be useful.

Office of Child Support Awarded Grant

On September 29th, the Office of Child Support was awarded a grant entitled, "Behavioral Interventions for Child Support Services – Improving Performance and Customer Experience through Choice Architecture". This grant, issued by the federal Office of Child Support Enforcement (OCSE), will support efforts to test various approaches to improve the customer experience for parents through several types of behavioral interventions. In addition, the grant will also test the impact on the Division's performance in paternity establishment and collections, both current and arrearages.

The funds from this grant will serve as a State match to draw down an additional 64 percent in federal funding from OCSE, bringing total available funds for this project to \$1,147,057 over a five year period. The majority of these funds will be utilized to contract a vendor for consulting support, project management, implementation, and will provide a data analyst and administrative support. In addition, there is a small amount for any needed IT changes that may be required. The grant does not require the addition of State positions or funding. It is 100 percent federal funds.

Department of Vermont Health Access (DVHA)

Pediatric High Tech Program

Collaboration between VDH/MCHC and DVHA, re-assessments of all children on Pediatric High Tech program has been completed. All children were reassessed by state registered nurses and accurate and updated clinical service hours/care plans have been determined for all children. While some children will receive more services based on their needs, some will receive the same as previous and some will receive less. Determining medical necessity and appropriate utilization of services allows for additional children to be admitted to the program, reduces wait lists and assures appropriate use of Medicaid Funding. Written communication to patients and families, as well as physicians will be sent out the week of October 12th, with appeal rights and process included

This was communicated and reviewed by DVHA's Medical Director and the primary physician for the child. Advocacy groups such as VLA, VFN, MEAB, etc., were informed and updated with complete understanding and support of MCHC/DVHA actions.

Xerox Protest

On September 26, Xerox protested the MMIS RFP process with Buildings and General Services (BGS) instead of DVHA. When it was determined it was a DVHA RFP, Howard Pallotta, General Counsel, received a call from the two attorneys representing the protestant and then met on Monday. They are protesting that the bid should be reissued because of a mandatory requirement regarding the reuse of Oracle.

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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: October 10, 2014

Secretary's Top Issues

Shelburne Farms Quarantine Lifted

The quarantine that had been established on Shelburne Farms due to a suspect positive test result on one heifer has been released following the completion of confirmatory testing that was negative for Tuberculosis.

Vermont is Tuberculosis Free

Animal Health Section submitted the annual tuberculosis testing numbers to USDA, which is required for Vermont to maintain its tuberculosis free-state status. 2340 livestock animals were tested by private practitioners and State Veterinarians.

Working Lands Program

The Application period opened on October 1 for FY2015 Working Lands Grants. Staff has been conducting extensive outreach to solicit proposals, including a series of webinars hosted in partnership with RDCs. Approximately \$1,040,000 is available to be granted out this year.

The Big E (Eastern States Expo)

It was another tremendously successful year for the Vermont companies who exhibit at the Vermont Building at The Big E. This year, sales in the building exceeded \$1.7 million dollars. We are currently producing a video about the building which will be used in our outreach efforts to attract new vendors for 2015. We are meeting with BGS on 10/16 to make plans for maintenance and repairs in 2015.

Water Quality Engineering Development

The Agency is developing a strategic plan to utilize private engineering resources to accomplish more of the water quality infrastructure improvements necessary on farms in order to meet water quality goals in Vermont. Our draft plan has been shared with our federal partner USDA Natural Resource Conservation Service and we intend to sit down with them to review the nuances. Currently it is envisioned that NRCS will provide the bulk of the implementation funding to farmers for projects (currently \$45M has been portioned to the lake Champlain for 5 years per Sec. Vilsack, and the State of Vermont just put in an additional \$20M NRCS fund request through RCPP), and the State will provide financial support to farmers for engineering and design services from private engineers. If the details of this plan can be agreed upon (may require a MOU between agencies to prioritize other workloads in order to maximize the two agency resources) the hope would be that it hits the ground next spring.

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: October 10, 2014

Status of Governor's Priorities:

Press

- Assistant State Veterinarian worked with Local Foods Administrator on a press release and invite to the FDA FSMA (Food Safety Modernization Act) listening session to be held in Vermont in November.
- The Agency distributed a press release urging consumers to "get what they pay for" when purchasing heating fuel, outlining the regulations that govern the sale of fuel and firewood. WCAX, WPTZ, and VT Digger ran the story.
- Katie Flagg at Seven Days is writing a story regarding Ag Labor laws. Deputy Secretary Diane Bothfeld was interviewed.
- Melissa Pasanen is writing a story for the Burlington Free Press about culled dairy beef. Deputy Secretary Bothfeld provided data.

Water Quality Communications

- The Agency participated in a meeting of the Vermont Water Quality Partners (UVM, VACD, NRCS, ANR, etc) this week to discuss the progress of the partnership to date. The team recognizes the need to externally communicate the work farmers are doing to improve water quality in Vermont. The Agency of Ag will host an internal meeting 11/4 to outline an Agency Water Quality communications plan for 2015.

Significant Events/Meetings:

- Animal Health Section submitted the annual tuberculosis testing numbers to USDA, which is required for Vermont to maintain its tuberculosis free-state status. 2340 livestock animals were tested by private practitioners and State Veterinarians.
- Animal Health Program Coordinator became certified with USDA AMS as a Livestock Market Grader and Market News reporter for USDA Market News. The USDA will be making a link to the Agency's website in the next couple of weeks.
- Director of the Food Safety and Consumer Protection Division, Kristin Haas, participated in a meeting this week with the Fair Association President and lobbyist to discuss the 2014 Vermont fair season. Areas in need of improvement were pointed out and a plan was formed for how to improve the communication between VAAFM and the individual fairs on topics related to livestock/poultry health as well as communication regarding the drug testing at horse pulls. Improvements will be implemented prior to the 2015 fair season.

Evolving Issues:

- The quarantine that had been established on Shelburne Farms due to a suspect positive test result on one heifer has been released following the completion of confirmatory testing that was negative for Tuberculosis.
- The FSCP Division Director, Dairy Section Chief and Deputy Secretary worked this week with legal counsel to draft a formal response to a petition received from Rural Vermont asking the Agency to rescind an internal compliance policy pertaining to the implementation of the raw milk direct to consumer sales statutes. The response is being drafted in accordance with 3 VSA § 806.

- Animal Health staff worked with USDA Veterinary Services partners to review records from the Northampton, MA, livestock market to ensure that an unlicensed has ceased activity until he is able to obtain a bond and become licensed.
- Animal Health staff initiated a tissue residue investigation as a Commissioned FDA Agent at a dairy farm in Rutland County. The culled animal was positive for desfuranylceftiofur, which is a metabolite of ceftiofur, the active ingredient in antibiotics such as Naxcel and Excede. The most likely reasons for a meat residue with this antibiotic are improper dose, duration of treatment, or route of administration or an inappropriate withdrawal period.
- Animal Health staff is working with a cervid producer to prepare for their upcoming inspection and tagging of all cervids (no deer are currently tagged at this time, as required by Vermont Captive Cervid Rules). The producer constructed a new catch facility to restrain the deer so they can be tagged and current tags can be read. The facility also allows the producer to examine the deer or have a veterinarian provide medical care or deworming medication on an as needed basis.

Summary of Key agency Department Activity

Administration:

Accepted Agricultural Practices

- In September, the Agency provided opinions that signs advertising agricultural operations and sales, and greenhouses for the cultivation of plants that do not result in the sale of \$1,000 or more of agricultural products in a normal year are not “farm structures” as defined in the AAPs (Accepted Agricultural Practices). Perimeter fences on farms are also not farm structures, but are part of “farming” as defined in the AAPs. Therefore, a municipality is pre-empted from regulating perimeter fence installation through zoning regulations.
- A logger inquired whether a commercial sawmill/woodshop was a “farm structure,” and the use of the structure for the processing of lumber is considered “farming.” The use and the structure do not meet either definition in AAPs as presented by the individual. The Agency also clarified that it does not make determinations of Act 250 jurisdiction; Act 250 District Coordinators make jurisdictional determinations for Act 250. This is just a sample of the questions received in September. More information on these and other determinations are available at the Agency.

Agricultural Enterprises

The Agency convened two stakeholders meetings in September to discuss agricultural enterprises and the diversification of farm operations. At these meetings convened the Agency and the Department of Housing and Community Development, we began identifying farmer and land use officials’ experiences relative to agricultural enterprises that include agri-tourism, on farm events, and processing of products not grown on the farm in on farm facilities, and the problems or confusion around these types of operations. We also identified barriers to farmers when they want to expand their operations. These discussions resulted in a list of needs for the Agency to explore, and include:

- Clarifying regulatory thresholds for jurisdiction over “agricultural enterprises”
- Recognizing farming as critical to rural economic development in local and regional land use plans
- Improving technical assistance and education to farmers and the public
- Providing guidance for agricultural area land use planning

The Agency will continue to hold meetings with two subcommittees of key players, and will work to identify opportunities and solutions with our partners.

Solar Guidance for installation on Agricultural Soils

The VAAFM submitted draft guidance to ANR addressing solar development on agricultural soils for inclusion in its guidance document that will assist the industry in siting and developing projects. The Agency’s guidance suggests that soils, which are considered most productive, or are or were recently in agricultural use, should remain available for farming now and into the future. It also provides recommendations for installation on and reclamation of agricultural soils in order to retain or improve soil productivity when an installation is decommissioned. The VAAFM is not a statutory party in the Section 248 process, but has a history of intervening in cases and providing guidance to the Public Service Board on applications that effect agricultural soils. The next meeting of this working group is October 29, 2014.

Agricultural Development:

Working Lands Program

The Application period opened on October 1 for FY2015 Working Lands Grants. Staff has been conducting extensive outreach to solicit proposals, including a series of webinars hosted in partnership with RDCs. Approximately \$1,040,000 is available to be granted out this year.

Boston Public Market

The Agency of Agriculture has been offered booth space at the Boston Public Market, to be opened in June 2015. We are currently assessing the financial viability of this opportunity, which would create new market channels for Vermont producers, and promote the Vermont brand in the Boston market.

Dairy Promotion

- The Agency is preparing its 2015 Dairy Promotion budget and will present it to the Vermont Dairy Promotion Council on 10/15 for approval.
- The first draft of the economic impact study for Vermont's dairy industry is complete. Ken Jones from ACCD has compiled the data – the next step is to produce a report/brochure and update the VermontDairy.com website with the information. Our goal is to roll these findings out with ACCD during the last week of January.

The Big E

It was another tremendously successful year for the Vermont companies who exhibit at the Vermont Building at The Big E. This year, sales in the building exceeded \$1.7 million dollars. We are currently producing a video about the building which will be used in our outreach efforts to attract new vendors for 2015. We are meeting with BGS on 10/16 to make plans for maintenance and repairs in 2015.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Compliance with the new Poultry inspection modernization: in order for our state inspection program to remain "equal to" we will institute the new regulations concerning the new poultry inspection system. Since being under the new inspection system is voluntary for plants and is geared towards the very large establishments, we will stay with the traditional inspection system we are currently using. However, there are additional requirements for all plants for increased microbiological testing, which the inspected poultry establishments will have to institute.
- The Guild Commissary in Winooski, a State Inspected processing plant, contacted the Agency looking for information on how to find producers that would be interested in inspected private label processing as the company would like to increase this part of their operation for raw processing so that more producers can enter wholesale markets within the state
- Agency meat inspectors met with owners of a retail market in Barre, VT producing fresh sausage and meat raviolis to review plans to expand current location to produce their products for the wholesale market in Vermont utilizing State Inspection services
- Agency meat inspectors set up a visit for next week to a restaurant in Warren, VT wishing to be able to produce Meatballs in Sauce under State Inspection if the restaurant kitchen is properly set up to accommodate the inspection facility requirements
- Several plants are getting closer to completing construction and/or Hazard Analysis Critical Control Point (HACCP) plans to enable state inspection to begin. These are located in Milton, Arlington, Burlington, Orange, Randolph Center and other locations.

Animal Health:

- Met with Humane Agents in the Northeast area regarding animal welfare cases
- Attended weekly auction at ACCS checked for ADT compliance.
- Issued a transport certificate issued to a poultry producer for entry into live bird market in New York City.
- Performed Mycoplasma testing for a poultry producer to export hatching eggs to Canada

Agricultural Resource Management:

Agency of Agriculture Engineering

The Agency is developing a strategic plan to utilize private engineering resources to accomplish more of the water quality infrastructure improvements necessary on farms in order to meet water quality goals in Vermont. Our draft plan has been shared with our federal partner USDA Natural Resource Conservation Service and we intend to sit down with them to review the nuances. Currently it is envisioned that NRCS will provide the bulk of the implementation funding to farmers for projects (currently \$45M has been portioned to the lake Champlain for 5 years per Sec. Vilsack, and the State of Vermont just put in an additional \$20M NRCS fund request through RCPP), and the State will provide financial support to farmers for engineering and design services from private engineers. If the details of this plan can be agreed upon (may

require a MOU between agencies to prioritize other workloads in order to maximize the two agency resources) the hope would be that it hits the ground next spring.

“Moving Farms into the Future”

This is an underground initiative that the Agency has been working on with VT Housing Conservation Board and the Farm Viability Program, VT Land Trust, NRCS, and DEC. There are many small farms that are in very poor locations for meeting water quality regulations. In most instances the engineering and maintenance costs of installed systems are greater than on a typical farm of equal comparison. The challenge of how inflexible federal funds are when it comes to implementing conservation practices, has allowed higher costs projects to proceed despite logic suggesting it might not be the best investment. Despite the challenges, the agencies keep searching for the opportunities to overcome them and honestly it may take the State taking on the initiative to show the USDA what a farm bill program could look like next time around that would include this innovation. Currently there is a potential farm that we may be able to use the existing programs to get this concept rolling a bit further, which hopefully will help frame out the program concept sufficiently enough to get a draft for a grant request.

NRCS hosted their State Technical Committee meeting this week and the current plan is to spend \$8.3M next FY on Lake Champlain water quality improvements in agriculture. An addition \$2.5M will be spent in the remainder of the state.

Next Wednesday (11/13) the Champlain Valley Farmer Coalition is hosting a discussion on water quality and is inviting legislators and others to engage in learning about what the farmers are doing. This event is in Charlotte, the same night and just before the Democratic Emerge Program for women leadership is having a political event at Shelburne Farms, so it may pull a broader spectrum of attendees. (<http://www.emergevt.org/events/legacy-leadership-evening-celebrating-democratic-women-politics>)

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

- Staff conducted inspections on two MFOs in Addison County, two MFOs in Orange County, a LFO and an additional facility in Orleans County and two SFOs in Franklin County. The inspections were conducted to evaluate the farms for water quality compliance with applicable rules and to evaluate the proposed water quality database inspection questions as well as to collaborate with ARM Division Field Agents.
- Staff conducted a permit compliance visit on a LFO in Orange County. The visit was to evaluate whether or not the farm was constructing structures not authorized in their permit.
- Staff responded to a water quality related complaint on a SFO in Franklin County.
- Staff are drafting inspection reports and memos for complaint investigations, enforcement actions and ongoing inspections.
- Staff are working the Attorney General’s Office and are preparing for a deposition related to an ongoing case in Orleans County.
- Staff coordinated a public information meeting and a construction variance request for a LFO in Addison County.
- Staff are working with ARM Division engineering staff to assist with development and implementation of BMPs on several MFOs and LFOs.
- Staff have been processing FAP Program grants for farms.
- Staff are continuing to process LFO permit applications and permit amendments. One LFO permit was submitted to Secretary Ross for signature.
- Staff are working on developing and testing the water quality section of the new CAI USA Food Safety water quality database.

Conservation Reserve Enhancement Program (CREP):

- Staff sampled wells at a SFO in Franklin County. The farm is also interested in enrolling acreage in CREP and is engaged with NRCS regarding.
- Staff conducted CREP planning fieldwork on SFO in Franklin County.
- Staff conducted CREP planning visits on a LFO and a SFO in Addison County.
- Staff prepared for upcoming field visits to farms with potential CREP projects.

Secretary's Comments:

- Attended the Energy Action Network annual meeting in Vergennes.
- Participated in the Keurig call for the Water Quality Trust Fund which the Governor's office participated in.
- Participated in the federal partners meeting (including EPA Administrator Gina McCarthy) at the Echo Center in Burlington with the Governor's office and other state agencies/departments.
- Interviewed with Michelle from the St. Albans messenger about water quality issues.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: October 10, 2014

Subject: ANR Weekly Report

Governor Level Issues:

Waterbury Reservoir: We worked with the town of Waterbury to hold a public meeting to discuss options for the water quality certification conditions related to Waterbury Dam. David Mears, Jon Groveman and our staff worked hard to develop a power point that laid out the considerations relating to recreation, dam safety and compliance with the water quality regulations. David did a masterful job managing the meeting and answering questions, and the clear consensus of those present was to support our “preferred option” - to manage the reservoir at the higher level. We believe this option is safe, and it preserves maximum recreational use. Robert Dostis from GMP was present and indicated that they would not appeal a permit of this nature. Note that in order to ensure flood protection we would write the permit in a way that would authorize a draw down of the reservoir when our dam safety experts deemed it necessary (due to precipitation events and/or snowmelt.)

Jeffords Forest: FYI - we will soon reach out to the family of Senator Jim Jeffords to see if they would be interested in having the Mendon Brook acquisition (900+ acre forested parcel in Shrewsbury and Mendon) be named in honor of the late Senator. We are coordinating this outreach with the Trust for Public Land, which is working to acquire this parcel on behalf of the Agency.

Moretown Landfill Violations: The AG’s office issued a demand letter to Moretown Landfill’s attorney regarding past violations. The letter summarizes the environmental violations and states that penalties would be in the “millions of dollars.” The AG’s Office followed this statement with an offer of \$450,000 if the matter is resolved out of court. Moretown Landfill has requested a meeting to discuss the terms.

A Big Year for Parks: As of Oct 6, state park attendance for 2014 is over 946,000 visits, which makes this the highest visitation in 25 years (and the season isn't over!). This exceeds the total annual visitation every year since 1989.

EVERYTHING ELSE:

Press Issues/Releases:

F&W Press releases: The 2015 FWD Calendar is Available; VT's Big Game Reporting Stations for 2014 announced.

Foliage Story for CBS: On Oct 6, Commissioner Michael Snyder was interviewed by CBS correspondent Chip Reid for a story about this year's autumn foliage season in Vermont. The story will air soon on the CBS Evening News.

Firewood Supply and Demand: Paul Frederick, Wood Utilization Forester has recently been quoted in several stories about firewood in Vermont, featured in local and regional newspapers and on local television and radio. Vermont Public Radio aired this story last week:

<http://digital.vpr.net/post/vermont-firewood-dealers-cant-keep-demand>

Significant Events/Meetings:

More on Roxbury Hatchery: On Sept 30, ANR staff along with the Secretary of Administration, the Deputy Secretary of Administration, staff from VT Emergency Management, and staff from the U.S. Congressional Delegation met with FEMA Region 1 and National Headquarters staff to discuss maximizing funding for the Roxbury Fish Hatchery rebuild. Negotiations are ongoing and a new "fixed estimate" offer from FEMA is expected in the month of October. The current deadline for receiving a Sandy Recovery Improvement Act "fixed estimate" offer is Oct 17 but could be extended if needed to allow more time. Regardless of an acceptable fixed estimate offer, the State has the right to appeal FEMA's 1st appeal denial to FEMA National Headquarters for its 2nd and final appeal if desired. Currently, the State is holding off on submitting a second appeal until FEMA provides a "fixed estimate."

ANR/Ag Lab consolidation: BGS's good work on scoping and designing the new lab building continues. Concurrently ANR and Ag have almost wrapped up a plan to transfer the operations of the two labs to Ag via the 2016 budget. In addition we have had productive discussions with VTC which have already brought out some great ideas for how we can further the partnership and help the operations of ANR, Ag, and VTC. More to come!

JARD Site (Bennington): The JARD site in Bennington was officially listed on EPA's Superfund National Priorities List. The former capacitor manufacturer site suffers from PCB contamination, which has impacted groundwater and a handful of area homes. EPA issued a

press release and let the Congressional delegation know.

<http://yosemite.epa.gov/opa/admpress.nsf/bd4379a92ceceecac8525735900400c27/05dde2586fbe1fae85257d5500608849!OpenDocument>

Outdoor Recreation Grants Announced: Over \$700,000 is available in outdoor recreation grants via the Land and Water Conservation Fund (LWCF) administered by FPR. These funds will be available to municipalities around the state to conserve lands and develop infrastructure dedicated to outdoor recreation.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

TDI NE Clean Power Link: On Thurs, Oct 9 TDI New England held their ‘Lake Champlain Symposium’ at the Echo center in Burlington. The three hour event featured overview presentations by the project principals and technical presentations by consultants on water quality, thermal, magnetic and cultural impact models and studies. The audience was a mix of press, non-profits (CLF, VNRC, Lake Champlain International, etc.), legislators, state/federal regulators and others. The session was generally well received. A few highlights:

- TDI’s proposed ‘Vermont Public Benefit Fund’ is still structured as an independent fund administered by a small board of stakeholders (as was done in New York) and the fund is still without a firm dollar target. Both the structure and amount of the fund will be set forth in detail as part of TDI’s filing with the PSB.
- TDI provided model results that suggest construction phase levels of turbidity and operational levels of heat may raise questions with regards to the state’s water quality standards. At least one advocate (from VNRC) stated publically that she believes the project would not comply with state standards based on the model results.
- TDI is still on track to file with the PSB in early December and appears to be firming up the various aspects of their proposal.

ANR will continue to meet with TDI between now and December to work through emerging issues and clarify the regulatory landscape, especially regarding our jurisdiction over the potential thermal impacts of the project.

Burke Resort: When Burke amended their existing Act 250 master permit 18 months ago to shift from 34 condos to several a large hotels, the new plan involved a number of stream buffer impacts. ANR and Burke successfully negotiated a mitigation package to allow for the project to proceed largely as planned. The mitigation package involved two components: a buffer restoration/re-vegetation plan and a snow management plan. ANR approved the restoration plan earlier this year and on Wed, Oct 8 met at the resort with Andy Stenger and Burke’s operations manager to discuss the snow management plan. Burke will modify the plan slightly and submit it for final ANR review this fall with the intent of implementing the plan this winter.

Vermont Gas Phase II: OPLA continues to engage with Vermont Gas through their consultant VHB around outstanding Agency concerns regarding Phase II's hydrologic impact on the Shoreham Swamp, a state significant natural community. For several months ANR has been asking for two things: (1) information and documentation to support a Hydrologic Impact Assessment conducted by VHB, which concluded that under certain conditions the gas line would not have an undue adverse impact on the swamp and; (2) progress on securing land between the proposed line and the western boundary of the swamp for wetland restoration necessary to buffer the project's impact. Finally VHB appears to be making progress on both fronts. If both pieces proceed in a satisfactory fashion, one of the main outstanding issues with the project may be close to resolution.

Hermitage Resort: OPLA has compiled comments from DEC and DFW technical staff on Hermitage's latest round of master plan revisions. The comments suggest that, as proposed, the East Tract portion of the project may pose undue adverse impacts as a result of direct and cumulative impacts to wetlands and wildlife habitat. It may also be difficult for the applicant to obtain a 401 water quality certification with the current proposal. The staff is considering requesting the applicant to conserve the East Track parcel in its entirety to potentially serve as mitigation for impacts proposed at the airport and mountain.

New Applications. For the week of Oct 6, OPLA received 9 new Act 250 applications and 1 new Section 248 application.

Environmental Conservation

Relatively Clean Summer 2014 Ozone Season in VT & New England: New England experienced fewer "unhealthy" ozone exceedance days this summer than it has in previous years (9 days in 2014 v. 20 in 2013, 27 in 2012). This marks the third summer with no ozone exceedance days in VT. EPA is currently considering lowering the ozone standard from 75 ppb to 60-70 ppb. At a 60 ppb standard, Vermont would have six days out of compliance this summer.

VT's Water System Operator Certification Program Receives 99.7% Compliance Rate from EPA: EPA's Municipal Assistance Unit Manager confirmed this week that Vermont's operator certification program continues to do well in implementing EPA's Final Guidelines for the Certification & Recertification of the Operators of Community (ex. Municipal systems) and Nontransient Noncommunity (ex. Schools, offices) Public Water Systems, with a 99.7% compliance rate of certified operators.

E-Waste Program: Oct 1 is the official start of the fourth program year for Vermont's electronic waste collection program. National Center for Electronics (NCER) is the new contractor for the state collection plan. The contractor has been doing outreach to collection locations, holding webinars and distributing information. A manufacturer opt-out plan was also approved for 14 electronics manufacturers with Good Point Recycling as their administrator and recycler. We anticipate a smooth transition into the new program year.

Fish & Wildlife

Deer: Archery deer hunting season has begun. Wardens are reporting participation to be average due to the rain on Saturday. Wardens have encountered numerous deer baiting locations associated with deer hunting and several arrests were made. Several deer hunters were also arrested for hunting under license revocation. One hunter in the St. Albans area was arrested for not only illegally hunting deer over bait but also hunting with a crossbow without a permit. Nighttime shots fired, spotlighting and poaching calls are at an all-time high this time of year. Wardens located several illegally killed deer this week and continue to investigate these cases.

Moose: Archery moose hunting season has also started and wardens are reporting seeing several moose being reported. One moose hunter was charged with taking a moose too close to a roadway, but other than that incident this season hasn't resulted in a lot of enforcement issues. Two moose were killed by motor vehicles on the highway.

Search & Rescue in Belvidere: Four wardens responded to assist a lost moose hunter in Belvidere. The all night search was unsuccessful but the hunter was able to walk out of the woods once daylight returned.

Forest, Parks and Recreation

ANR PILOT: Lands Administration Division staff will be meeting later this week with representatives of the Joint Fiscal Committee, Property Valuation and Review, and Vermont League of Cities and Towns to develop the legislative report on ANR's Payment in Lieu of Taxes (PILOT) program. This report is due to the legislature later this fall.

Proposed Sugaring License: We are reviewing a proposal from Blue Ridge Properties for a long-term sugaring license on state lands in Mendon and Killington (former Bertha and Burch parcels). Blue Ridge acquired the timber rights on this property from A. Johnson Company last year. The Department contends that the timber rights do not include the right to sugar. Blue Ridge disagrees with this interpretation. Limited sugaring was allowed on the Bertha tract in 2014 via a special use permit from the Department. Conditions associated with any long-term sugaring agreement for these parcels were outlined in the special use permit, and include additional permanent protection to the Long Trail as it winds through these parcels.

Business Office

iTop: Preliminary numbers for the cost to ANR of the conversion to DII's consolidated server management program, iTop, are for a \$10,600 upward pressure in FY15 and \$62,000 in FY16. We have been asking for this information for over a year as there is currently no budget for this upward pressure.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: October 10, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VGS: The Board today agreed not to re-open the Phase I decision based on the cost estimation increases identified by VGS. The Department argued vigorously that the benefits still far outweigh the costs and re-consideration would not likely change the outcome. The Board agreed and issued an order to that effect. I Met with Don Gilbert this week and his project team to discuss the Phase II project and Phase I project management. Now that the letter to Beaverdam Farms went out yesterday, I will call Peyser on Monday now to discuss potential meeting dates (looking for some potential dates from Shana). On the rate case we have recommended a -1.31% decrease versus VGS's proposed -.07%.

Sheffield Wind and Therriens: I have continued to be in contact with both the Therriens and First Wind about settling the outstanding dispute. We made some progress this week. I believe we could settle this in the \$115-120k range, and have strongly suggested to FW they do so. I have offered to help FW on curtailment issues that are affecting their operations.

VY: VY went to 58% power on Wednesday due to the need to test turbine bypass valves. They are back up to about 97% and I expect them to be at about 94% next week as they continue to power down slowly. I am waiting to hear from Entergy (expect today) on our counter-proposal to settle the EPZ issue. Working with VDH and VDEMHS we proposed \$879K/year for 2016-2020 as the lowest amount we can do and still effectively run a program. This includes NH and MA too, which are both on board with this proposal. At this time, we expect to receive the Site Assessment by about the 16th, and will get a heads up the night before after the markets close. My suspicion is that the costs of decontamination and dismantlement and site restoration will be well over \$1Billion, including spent fuel management, but I will be learning more over the next week. The interagency team (ACCD, PSD, ANR, VDH) also met on Thursday with Senate leaders (Campbell, Kitchel and White) to discuss VY generally and the resource needs going forward. They are inclined to keep their powder dry on any bills unless we ask them to move forward.

Total Energy Study: We have completed the draft of the TES and it is under review now internally. TES presentation of high-level findings to EAN Annual Meeting 10/6 triggered some stakeholder concern regarding net economic impact modeling results (e.g. framing/presentation of results). PSD leadership met to discuss TES presentation at REV conference and to reassess messaging. We will be providing a draft of the report to you shortly. The report will not be released for at least another month.

ISO/Solar ICR – Much to ISO's surprise, NEPOOL voted to NOT approve their ICR and FCM estimates excluding solar DG. We were pleasantly surprised by the outcome. Much credit goes to Dave Mullet for his eloquent presentation at the meeting.

Upper Austria: It looks like a delegation to UA is firming up for Mid-November on biomass in furthering of our MOU with the state. BEREC, VT Wood Pellet, Sunwood Biomass, FP&R and ACCD are all engaged and planning to attend. I am planning to attend for the PSD. Expenses for state agencies are being sponsored by outside funds. This will be the week on November 17th.

Meetings this Week:

Oct 6 – Chris, Asa present at, Darren attends EAN meeting and meets with Chris Bray
Oct 7 – Chris conference call on Building Codes with Chris Snyder and Liz Miller;
Chris/Louise Porter meet with VGS team
Oct 8 – Chris meets with Norm Etkind and Jeff Francis of SEMP; Chris attends VY Interagency debriefing with state senators; Darren meets with Conor Kennedy
Oct 9 – Chris/Jim Volz monthly catch-up; Darren/Asa discuss RPS with GMP

Oct 10 – PSD meets with VLS re Biomass Report

Meetings next Week:

Oct 13 – Chris and PA conference call with GMP re Elizabeth Mine project; Darren meets with David Mullett/VPPSA; Chris/Darren attend extended cabinet meeting

Oct 16 – Chris REV speaker on two panels: Moving to Modern Wooden Heat, and Vermont as a Renewable Energy Transmission Corridor roundtable discussion; Asa REV speaker: Transforming Vermont's Energy Landscape

Oct 17 – Darren REV speaker: Legislative panel

Oct 21 – Chris meets with FERC staff and commissioners in DC (via NESCOE)

Media: Chris spoke with the following reporters: Steven Singer/AP CT on winter fuel projections for VT; Jim Ostroff - Platts Nuclear on NRC Petition to Intervene; Erin Mansfield, Rutland Herald on PSD filing with Board recommending not to re-visit ANGP Phase I CPG; Wilson Ring AP on TDI NE Clean Power Link

Everything Else:

PERD

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

- Public comments have been received and collated. Staff is currently summarizing and drafting responses to the comments, which is required for our LCAR filing. Decided we will not respond to policy or other comments not directly applicable to the code language, but will include those/all comments with LCAR filing.
- Very few comments were received on the proposed CBES.
- Comments on RBES range from support for a strong code to the opinion that the code is too rigorous.

Thermal Energy Finance/Heat Saver Loan Pilot Program

- Program underway - signed grant agreements from Credit Unions being received

Total Energy Study

- TES presentation to EAN Annual Meeting 10/6 triggered some stakeholder concern regarding net economic impact modeling results (e.g. framing/presentation of results). PSD leadership met to discuss TES presentation at REV conference.

Net Metering

- Completed and distributed Evaluation of Net Metering in Vermont Pursuant to Act 99 to the Board and stakeholders. The study updates the current status of net metering applications, evaluates the costs and benefits associated with the current design of net metering, and provides insights in advance of the expected Public Service Board process to consider the design of the future net metering program. Revised the net metering portion of the website to reflect the current report.

- Met with PSB Staff to discuss information sharing between the PSB and Department regarding registration and application forms. PSB agreed to share their document listing all applications received each week to help facilitate reconciliation. Development of a “fillable” PDF form enabling electronic submission to the Department, and perhaps utility, being considered.
- Two REC-incomplete recommendations were sent to the Board this week.

	Current Week	Previous Week
Incomplete	3.17%	6.52%
Retain	92.06	89.13%
Transfer	4.76%	
Util		4.34%
		100.00%

Net Metering Activity 9/20/14 – 10/2/14

	Registrations*	Applications	CPGs Granted
Count	62	3	46
kWAC	399.376	450.00	399.640
Ave Size kW	6.442	150.00	8.689

Cumulative Capacity of Registrations and Applications Submitted

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
9783.75	15,992.35	54523.18	~ 36.30%

Integrated Resource Plans

- GMP presented preliminary resource plan scenario analysis to the Department on 10/3. GMP described the format of analysis and some of the key variables, which include energy and capacity prices, REC prices (the importance of which predictably varied with scenarios), and inflation. Provided feedback with regard to ensuring appropriate treatment of RECs in both accounting for meeting scenarios associated with particular levels of SPEED or future RPS goals and quantifying remaining portfolio emissions. GMP will provide the Department with a draft of the IRP on 10/17.

CEED

- Spoke with Bob Griffin of GMP re: regulatory issues surrounding CEED Fund investments in electric energy efficiency. Discussion focused particularly on the questions of additionality and complementarity with existing or potential EVT programs.

Engineering

Vermont Yankee Operation

VY conducted additional maintenance activities, focusing primarily on returning the “A” Emergency Diesel Generator (EDG) to service. The “A” EDG has been declared “Operable” and is back in service.

Public Advocacy

Addison Expansion—Docket 7970— A board order on the remand is due by October 10 to meet the deadline set by the Supreme Court. Briefs were submitted on October 2 by VGS, the Department, CLF, AARP, Ms. Lyons and the Palmers.

Briefs are due on October 10 on the Old Stage Road re-route; this is post-CPG process regarding re-alignment. The Department will file in support of VGS’s proposed alignment, which was ordered by the Board.

Vermont Gas submitted its first quarterly budget update this week to the Department, Board and parties. Company representatives met with the Commissioner and staff to discuss this update, as well as management issues and status of dockets.

Addison Expansion Phase 2—Docket 8180- This docket remains somewhat on hold due to the uncertainty which continues to exist with Phase I. Following the issuance of the 7970 remand order, it is likely that serious scheduling discussions will begin, with VGS (with the support of the Department) lobbying for hearings in advance of January 2015.

The Department reached an agreement with Solar Haven Farms whereby we agreed to respond to their out-of-time discovery on our rebuttal testimony and to not oppose his motion to submit surrebuttal testimony.

Energtek-North Country— Declaratory Ruling re: CNG facility and Board Jurisdiction-Docket 8303- On October 1, the Board issued a Declaratory Ruling re: Regulatory Status which was consistent with the MOU among Energtek, the Department and VGS supporting Energtek’s request that the Board use its discretion to decline to exercise jurisdiction over the company and its facilities. The MOU reporting obligations are similar to those imposed on NG Advantage.

VGS – 2015 Base Rates Filing – No Docket – VGS’s annual base rate adjustment removed Phase I pipeline costs and resulted in a base rates decrease of 0.70 percent. The Department’s consultants did a site visit and conducted additional discovery and are recommending additional adjustments, resulting in a decrease of 1.31 percent. The Department filed this

report on September 18. On September 29, the Department recommended that the Board accept the consultants' recommendation. On October 7, Vermont Gas made a filing accepting (though not necessarily agreeing with) the Department's recommendations. The Department has a further recommendation due to the Board on October 16.

VGS – Rule 5.409 Penalty Investigation – Docket No. 8328 – The Board set dates for briefing the scope of the proceeding and for intervention. Initial filings are due next week. On October 7, AARP filed a notice that it would not intervene in this proceeding. The Department is currently drafting a recommendation on scope that will likely urge the Board to proceed in two phases – investigation into whether a violation occurred and if so, a penalty investigation.

VGS – Interruptible Sales Tariff – No Docket – VGS will file revisions to its interruptible sales tariff on October 9 or 10 that will allow it to provide interruptible CNG service to 3 customers in Middlebury (Agri-Mark, Middlebury College, and Vermont Hard Cider). VGS initially filed a special contract for just Agri-Mark but withdrew the filing after realizing the regulatory challenges associated with providing the same service to multiple customers via special contracts. The Department is reviewing a preliminary version of the tariff.

GMP/VYNPC – Entergy Excess Revenues Declaratory Order – Docket No. 8341 – A prehearing conference memorandum establishing a schedule for this proceeding is still pending. The schedule proposed by the parties calls for interventions by October 10. A local attorney for the NU Companies has reached out to the us and indicated that NU may file a limited intervention for the purpose of moving to dismiss the matter or, in the alternative, to compel arbitration.

Seneca Mountain Wind – Docket 7867 – The Board issued an Order revoking SMW's § 246 MET Tower CPG issued in August, 2013 in response to the Vermont Supreme Court's remand of the proceeding back to the Board. SMW had recently filed a notice that it had dismantled its sole MET tower operating under the CPG, rendering the pending appeal of the CPG moot.

NRC VY Proceeding – NRC 50-271-LA – The NRC Atomic Safety & Licensing Board issued a scheduling order setting an October 20 deadline for responses to the Department's motion to intervene and request for hearing. Any response from the Department is due October 27.

NextSun Solar – Main Street – Docket 8195 – The petitioner filed a letter of credit and drawing certificate issued by Commerce Bank & Trust Company. The PSB issued an order informing the petitioner that the drawing certificate does not meet the PSB requirements, nor conform to the petitioner's previously filed example. The petitioner has filed a corrected version.

NextSun Solar - Park Street – Docket 8194 – The PSB approved the Project and issued a CPG, subject to expected conditions. Of note in the Board discussion section, the PSB "specifically adopt[ed]" the hearing officer's conclusion that "because this proceeding is neither a GMP rate case nor a GMP least-cost plan review, the approval...does not constitute a Board review or approval of GMP's decision to pay the price terms contemplated under the PPA."

Barton Solar – Docket 8148 –Petitioner filed a notice of pro se appearance. Additionally, the petitioner has requested an extension from October 2nd until October 17th to respond to the Menards’ allegations. The PSB granted the petitioner until October 8th to respond and has requested any comments to the petitioner’s response be received by October 15th. Additionally, on October 8th the PSB granted Leslie Cadwell’s motion to withdraw as counsel.

Charter Cable CPG Renewal – Docket 7820 - The Department hosted settlement discussions between Charter, VAN, and the DPS on October 7th. The Department and Charter have worked out most of the terms of a full settlement which would avoid the need for litigation. VAN is likely to sign on to most of this agreement, but may choose to pursue its own conditions (which the Department does not support) through litigation. Charter will be revising the list of CPG conditions consistent with Tuesday’s discussion and will be sending it to the Department to review for inclusion in a potential Memorandum of Understanding. Since settlement is imminent, the Department will not serve discovery on Charter’s Oct 10th Rebuttal testimony.

New England Power Searsburg #9 Switching Station 248(j) Petition – Docket 8138 – The Board issued a CPG for this project on April 9, 2014. On October 6th, NEP filed a notice of proposed modifications to the project, which would result the elimination of certain project elements, such as changes to the existing Y-25 line and a three-pole, dead-end structure. NEP has requested Board approval for these changes by October 17th, and the Department has been in touch with NEP counsel to evaluate the changes.

Investigation into Comcast Billing Practices – Docket 8224 – The Board issued a final order on October 3rd, closing the investigation. The Board approval Comcast’s disconnection notice, which was supported by the Department. The Board did not impose a limitation on Comcast’s ability to conduct physical disconnections, and waived Board Rule 3.404 to allow the company to conduct electronic disconnections between the hours of 8 am and 7 pm.

Hardwick Electric Department 248(j) Petition – no docket – HED filed a petition on September 30th requesting a Certificate of Public Good authorizing the replacement of the transformer at its substation located in Wolcott, Vermont.

Vermont Water Utilities Petition for Proposed Rate Increase – Tariff 8517 – The PSD awaits the supporting documentation promised by the petitioner. PSD recommendation is due Oct 16th.

GMP White River Junction Substation Project – Docket 8322 – The PSD participated in the site visit and public hearing. Four members of the public attended the public hearing and asked questions. Motions to intervene are due by October 20th. The hearing officer issued discovery questions to the petitioner, with a response deadline of October 17th. The petitioner will also be providing an update to its aesthetics report.

VELCO/GMP Bennington Substation Project – Docket 7763 – In a filing to the PSB, the petitioner submitted its post-construction aesthetics assessment in compliance with Condition 16 of its CPG. The petitioner has requested a site visit be scheduled if the PSB deems it necessary.

Generic Sound Investigation – Docket 8167 – The PSD, with the help of our consultants and in collaboration with the Health Dept., is preparing information on several topics in response to a PSB request. The request, directed to all participants in the docket, is to provide information regarding the treatment of a number of sound-related issues in other jurisdictions. The filing is due Friday 10/10. The PSD will emphasize that the submission is not to be taken as a statement of the PSD’s position with respect to any specific project or standard.

Telecommunications

VTA Fiber Cost Model – PSD staff met with the VTA to discuss fiber construction costs. PSD staff told the VTA that the forthcoming revision to the Telecommunications Plan will include estimates for the cost of building fiber networks based on various cost experiences. The VTA indicated that it had consultants on retainer to develop business models that incorporated, in part, estimating the cost of building fiber networks. The VTA agreed to direct the consultants to prepare a formula that the PSD could employ in the telecom plan, along with the other estimates already identified by PSD staff. The PSD will hold up release of the revision of the telecom plan until this information is provided by the VTA.

FairPoint Repair Performance – PSD staff has analyzed the FairPoint service quality reports since 2007. The reports indicate that FairPoint has often not met the required performance for repairs, specifically the metric Troubles not cleared in 24 hours. FairPoint has consistently repaired approximately 1250 repairs within 24 hours, but when the number of troubles generated in 24 hours exceeds this amount, FairPoint cannot keep up. If there are too many more than 1250 reported troubles in a day, FairPoint cannot meet the benchmark for that metric, and this prompts an “Action Plan” under the terms of the service quality reporting obligations of PSD docket 5903.

Cable and Wireless Availability – PSD staff has requested that Stone Environmental perform an analysis of the cable plant and the Pericle wireless propagation projections to determine the availability of competitive providers in the FairPoint service territory. This analysis could serve as part of the basis for support of the proposed FairPoint alternative regulation plan.

FairPoint IRP Testimony – Staff began outlining testimony in support of the proposed incentive regulation plan for FairPoint currently under the Board’s review. The testimony will generally outline the policy reasons for supporting the IRP. Namely, competition will ensure price protection for consumers. The continued price capping of Basic local service will ensure that “Captive” customers will continue to have affordable access to basic service. In a majority of FairPoint’s service area, the company faces fierce competition from wireless providers (28% of Vt. Households are currently wireless only) and cable providers (cable plant covers roughly 72% of the state). Cable and wireless generally provide voice service at lower rates than FairPoint.

248a Process Guide – The 248a public guide was posted this week. Telecom staff will give a talk at the League of Cities and Towns annual meeting on the 248a process. Staff will hopefully

provide a forum for towns to air concerns about the current process. Unfortunately, the PSB's Order of 9/5/2014 will present staff with additional challenges, as many towns vehemently disagree with the Board's adoption of definitions for "substantial deference" and "good cause."

National Deregulation – Staff attended a conference on the market impacts of telecommunications deregulation. Representatives from the POTS carriers, wireless carriers, and cable providers spoke. Their viewpoints were predictable. The National Cable Association representative sang the theme from the Lego Movie, "Everything is Awesome." The wireless representatives believed that de regulation had benefitted the market for consumers but raised the usual complaints about the efficiency of spectrum licensing and the always looming specter of increased title II regulation. The incumbent telephone companies (as represented by FairPoint) were highly critical of the '96 Act.

Wireless Telecommunications Facilities (248a) Report –

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

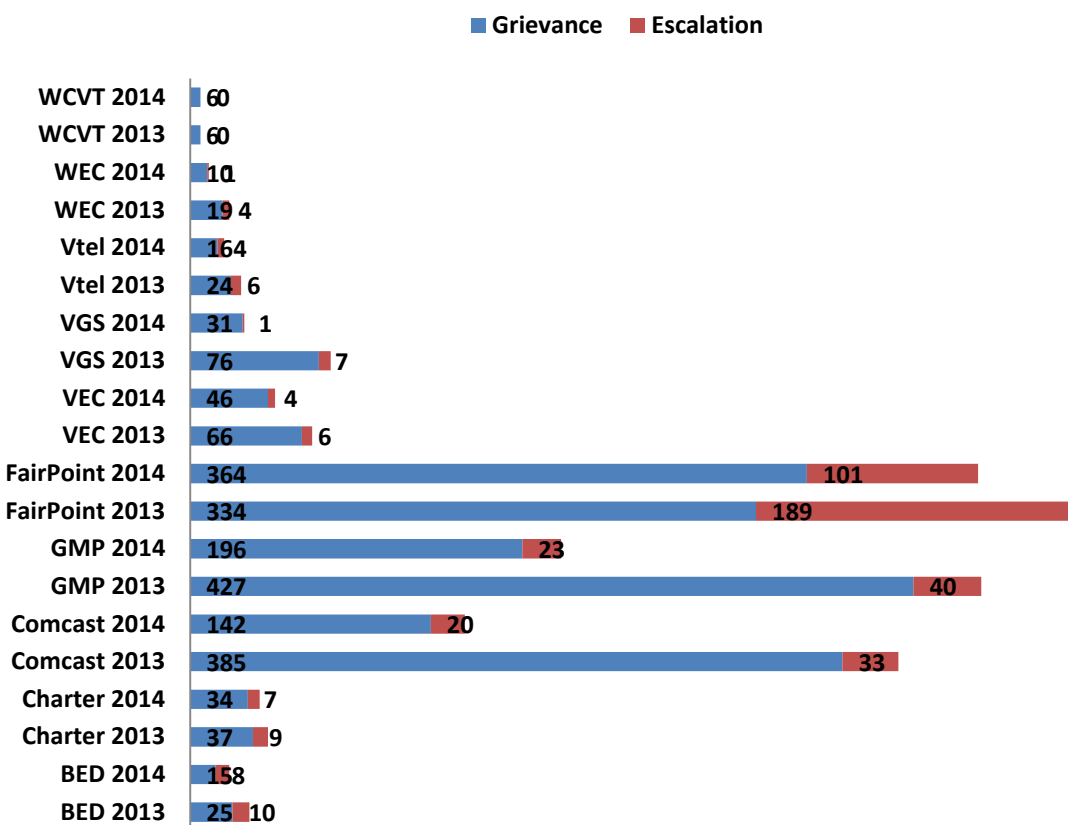
Date	Applicant/Location/Type of Filing	Brief Synopsis and if applicable DPS recommendation to the Public Service Board
10/2/2014	AT&T/Bellows Falls COW/ <i>de minimis</i> project: 9/30/14 special request for expedited review of temporary cellular-on-wheels trailer	The Board wrote in a footnote of its order granting a 90-day CPG, "The Board is granting expedited approval of the temporary facility in this case solely because failure to do so would result in loss of service to AT&T's customers in that area. Expediting the review and approval of applications puts an inordinate amount of stress on the Board's resources. This is especially true when the need for the expedited approval could have been avoided had the Petitioner planned for this contingency in the first place. In the future, we expect that the Petitioner will endeavor to anticipate its needs for project approval in a more timely manner."
10/3/2014	Vt RSA No. 2-B2 (US Cellular)/Peru Bromley Mtn Ski Area/ <i>de minimis</i> modification	Addition of two antennas to US Cellular's facility on an existing 62.5 foot tall monopole; DPS recommended approval.
10/8/2014	Vt RSA No. 2-B2 (US Cellular)/Chester Lover's Lane/ <i>de minimis</i> modification	Addition of three antennas to US Cellular's facility on an existing 180 foot tall guyed lattice tower; DPS recommended approval.
10/8/2014	AT&T/Ludlow, Okemo Ridge Rd./project of limited size and scope	Addition of nine panel and one dish antennas to and removal of four panel antennas from an existing 83 foot tall monopole; DPS recommended approval.

VTel Proposed Tower in Plainfield

On October 2, 2014, the Public Service Board held a prehearing conference. There are two issues in this case. The first issue is whether VTel's "proposed facility reasonably cannot be collocated on" Cloud Alliance's existing tower. 30 V.S.A. §248a(c)(3). The second issue is the matter of giving substantial deference to the Town's objection to the tower as proposed (not co-located with Cloud Alliance), based on the land conservation measures in the Town Plan unless there is good cause to find otherwise. 30 V.S.A. §248a(c)(2). At the prehearing conference, the hearing officer ruled on several motions. He denied VTel's directed verdict and final determination motions, granted the Town of Plainfield intervenor status, and denied Cloud Alliance intervenor status. The parties agreed upon a schedule for discovery and prefiled testimony, anticipating being ready for technical hearing by November 14, 2014.

CAPI

Number of Complaints Investigated, by Company YTD 2013 and 2014



Wind complaint handling: In response to a request from the PSB for information on effective complaint handling, CAPI began a review of how states handle complaints regarding existing wind generation facilities. Findings were submitted to the Board on October 10.

FairPoint: CAPI staff met with FairPoint to review causes and hear solutions to the company's lengthy wait times to have service interruptions restored, and new service installed. FairPoint agreed to begin providing notice to CAPI when wait times exceed 72 hours.

Energy Summit: CAPI hosted the annual Energy Summit on October 10. Attendees included representatives from electric and natural gas utilities, state agencies, community action agencies, and VEIC.

Regional Policy

Forward Capacity Market Installed Capacity Requirement

- At the October 3 NEPOOL Participants Committee meeting, ISO-NE proposed an Installed Capacity Requirement (the amount of capacity that must be purchased through the Forward Capacity Auction) for 2018 that did not incorporate the following reductions:
 - ISO-NE's solar distributed generation forecast, which projected the amount of solar resources with a nameplate capacity of 5 MW or less, expected to come into service within the next ten years as a result of state programs. The amount of new solar DG expected to be commissioned by 2018 is XX MW
 - A component of the ICR is the estimated generator availability. Over the past few years, generator availability has been declining and ISO-NE is proposing to increase the ICR this year due to decreased generator availability. However, the Performance Incentive program, proposed by ISO-NE and accepted by FERC for implementation in the upcoming capacity period, is designed to improve generator performance and availability. Accordingly, there is a disconnect between the assumed generator availability value included in the ICR calculation and ISO-NE's claim that the Performance Incentive program will improve generator availability.
- At the NEPOOL PC meeting, ISO-NE indicated that it would not commit to incorporating the solar DG component into the ICR due to the complexity of the issue. VPPSA and VELCO led an effort to successfully vote down ISO-NE's proposed ICR. The ICR proposal received only 38% support. The lack of support from NEPOOL does not prohibit ISO-NE from filing its proposed ICR value with FERC for approval, and ISO-NE will be submitting that value for approval.
- There was no alternative ICR value proposed. In order to include these considerations in the calculation of the ICR there would need to be changes to the market rules. States and a few NEPOOL participants have been pushing for a year to have ISO include the solar forecast into the ICR calculation, but ISO has not taken any efforts to make the necessary changes. The issue of generator availability was only raised within the past month.
- The DPS and likely NESCOE will be filing comments at FERC requesting that FERC direct ISO-NE to incorporate the solar DG forecast and generator availability information into next year's ICR calculation. It is not expected that any party will propose to reduce the currently proposed ICR value. The concern is that making a last minute change that ignores the stakeholder process and market rules would open the door for the

generators to make similar arguments. Given the significantly higher litigation budgets that the generators possess, it's likely that creating a precedent whereby market rules could be essentially ignored would result in a flood of proposals by generators that would increase costs to ratepayers.

Governors' Infrastructure Initiative

- On October 7, 2014, Massachusetts Department of Energy Resources announced that it has hired Synapse Energy Economics to conduct a modeling analysis that will "consider various demand scenarios and to evaluate energy supply scenarios to address potential resource needs. MA DOER is collecting stakeholder input through late October, with the goal of producing preliminary findings November 20 and final report by December 23.

TDI-New England

- On October 6, 2014, the U.S. Department of Energy issued a presidential permit for the Champlain Hudson Power Express, a 1,000 MW DC line that would bring power from Canada to New York City and would include a route that includes laying cable on the bottom of Lake Champlain. The project still requires siting approval from New York state prior to commencement of construction. The Champlain Hudson Power Express is being developed by the same parent company that is proposing the New England Clean Power Link project.



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

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: October 10, 2014
Subject: Weekly Report

DEMHS

Issues/Updates:

Director and Commissioner joined the Secretary AOA to meet with the Governor and COS to discuss the succession plan and restructuring of DEMHS.

Director joined Commissioners' PSD and DEC to brief Legislative Leadership on the status and plan for the SOV response to open VY Decommissioning items.

Hazard Mitigation Officer submitted a response to FEMA Region 1 regarding the status of Vermont's efforts to assist communities in completing Local Hazard Mitigation Plans. A full 2-day G-318 Hazard Mitigation Planning course will be offered in Vermont on Nov. 20-21.

FEMA approved three HMGP projects: a culvert upgrade in Underhill at Route 15 and Cilley Hill Road for \$145K; a buyout in Stockbridge at 40 Bridge Street (aka White River Campground) for \$369K; a flood-proofing and elevation in Arlington for the Campground on Battenkill camp site for \$113K.

Legislative Contacts:

Corresponded with Rep. David Deen regarding follow-up on Westminster's funding gap on PW2424 (Covered Bridge Road). Rep. Deen has contacted Jim Reardon, who has asked Recovery and Mitigation Chief for a list of other municipal funding gaps.

Patricia Coates for Congressman Welch's office notified us that she inquired with Region 1 and was told that the Bennington Second Appeal has been forwarded from Region 1 to Headquarters.

Vermont State Police

A Troop

15 total arrests, 8 DUI

Troopers along with the help of citizen tips and BCI were able to make 7 arrests in the recent rash of school vandalisms. Total property value is not known as of this written but more to follow with that case.

Troopers received several threat cases in which Goddard College and some of their staff members received threats reference the guest speaker. At Sundays graduation there was approximately 20 gathered in protest, however no concern of harm for school staff, graduates or the public. Threats to be investigated.

New series of vehicle smash and grabs started, Troopers working with adjourning barracks and Federal Forest agents.

B Troop

21 total arrests, 5 DUI

Trooper arrested Corey Berthiaume for aggravated domestic assault.

Trooper arrested Denise Roberts for domestic assault on a 9 y/o and then arrested Timothy Egan for aggravated domestic assault on Roberts.

C Troop

14 total arrests, 5 DUI

Troopers will patrol hiking access areas in the patrol area to reduce vehicle larcenies.

Arrested a suspect for possession of stolen property as a result of a burglary investigation.

D Troop

12 total arrests, 3 DUI

Family dispute in Westminster; arrested one for domestic assault

Responded to a report of a burglary in progress in Newfane; woman claimed she was "house-sitting", but owners said no, one arrested for Unlawful Trespass.

Two charges for Aggravated Domestic Assault resulted in report where male threatened a male and female with a knife.

BOLO for vehicle reported by Newport PD. Vehicle stopped I91 NB in Brattleboro-consent granted after K9 alert to vehicle-924 bags of heroin located in the vehicle jack compartment in trunk-2 female occupants arrested/lodged-Possession/Trafficking/Importation of Heroin.

Fire Safety

The Division received \$15.5 Million in new plan review construction valuation collecting \$82,000.00 in permit fee revenue. The first quarter of FY15 has been very busy with over 833 construction permit applications received totaling 187 million dollars in construction valuation. The same quarter last year we received 720 construction permit applications totaling 117 million in construction valuation. (FY15: 70 million dollars more in construction valuation with 113 additional construction permits received compared to same time FY14).

Criminal Justice Services

Firearms Storage Program - Held a meeting with Sarah Kenney trying to develop a strategy to get more local law enforcement agencies involved in being designated as a cooperating law enforcement agency for the purposes of storing firearms. It was decided that the network for domestic violence should take the lead in promoting the program at the local level instead of DPS trying to encourage law enforcement to participate. Sarah will also reach out to Judge Davenport to get her continued support and effort to get Judges to order the relinquishment of firearms.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: October 10, 2014

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Interest to 5th Floor from BGS Directors:

Montpelier 109 State Street 5th Floor Window Replacement: Complete. Two replacement windows are 8 weeks out.

Montpelier 115 State Street East Side Sidewalk Repaving: Green Mountain Paving is the low bidder on the sidewalk repaving on the State House east side. Work to remove the old asphalt and install new will be done from 10/7 thru 10/10.

Randolph AG/ANR Collaborative Lab New Construction: Programming meetings pretty much concluded at this point. Design team developing lab plans in response to each group's requirements and beginning discussion on adjacencies of the various lab groups. Determined we do not need to include a BSL-3 lab in the facility, a BSL-2+ will suffice. Ag and ANR are currently discussing whether to incorporate a single sample receiving area and how that might work with a new sample management protocol. Similarly, they are discussing a single supply area and how to manage that rather than each group handling their own supplies. Finally, the site survey work is scheduled to begin October 13th depending on whether the contract makes it through approval. Also need to prepare for the next all staff (Ag & ANR) presentation currently scheduled for 10/16.

Westminster New Public Safety New Building: The Town's attorney recommended we file a motion to reconsider the DRB's Findings of Fact. This was done last Friday and we are waiting to hear from the Town.

Springfield SSCF: Martha Staskus with All Earth Renewables has submitted the 45 day notice to the town and abutters for the solar panel project. Sam also sent Martha pictures of the three utility poles at the top of the hill so she can connect with GMP and VTEL about what is there.

New Health Lab: Punch list work is ongoing and close to being complete. Toured the facility Monday evening with the local fire department to show them around the facility and to prepare them in the event an emergency response is required. ***Need to determine who the speakers will be for the Ribbon Cutting Ceremony on October 22, 2014***

Significant Events/Meetings:

VSECU Follow-up Meeting: Met with Robert Miller, Steve Avery and Michael Clasen. VSECU is looking at whether or not they can meet employee space needs in present location. If not, they are interested in 144 State Street or Stanley and Wasson buildings in Waterbury.

Prevailing Wage: Met with Rebecca Ramos, Adam Necrason and David Mickenberg, along with Deb Damore, to discuss placing prevailing wage in the Capital Bill. Follow-up meeting with Jeb 10/21.

E-invoicing: Met with Jeanne Kennedy and Bruce Lawlor to discuss E-invoicing/invoice financing model as an economic development tool within Vermont state government. Jeanne and Bruce also met with Steve Wisloski and then Deb Damore. Both Jeanne and Bruce are former members of the House.

Duxbury Land: Met with Louis Porter and Jeff Lively to discuss the transfer of the cleaned up Father Logue Camp from BGS to Fish and Wildlife.

One Taylor Street Welcome Center: Meeting with Montpelier City Manager, Bill Fraser Friday morning to discuss moving the State Street Visitor Center.

FINANCE AND MANAGEMENT

Issues Update:

Requirements Gathering for VISION upgrade – Vendor presentations are complete. The selection committee has come to consensus on a vendor to move forward with. There are three things underway now (1) developing an estimated budget/cash flow for the project, (2) defining the scope of work in anticipation for the contract and (3) conducting due diligence on the vendor (reference checks, financial stability, etc.).

Tax Department VTax project – Tax is in the process of testing pass one of the integrated revenue system for corporate and business taxes. We have begun testing with them. From our perspective, things are on track and progressing as expected.

Commissioner Reardon is attending the Fall National Association of State Budget Officers Meeting in Washington, DC.

Agency and Department budget exercises are due to the Budget office tomorrow, Friday, October 10th. Budget meetings begin next week.

Deputy Commissioner Clark is work with David Beatty and the Treasurer's Office to compile the documentation needed for the bond offering. Rating Agency calls are scheduled for the week of October 20th.

HEALTH CARE REFORM

Green Mountain Care Planning/Financing:

Concept Paper: The GMC concept paper is complete and ready to submit to the feds and the legislature. It is not due to the legislature until Nov 15th, so Robin will discuss with Liz whether she is concerned about doing it sooner or later. Robin would like to submit it to the feds now, because it provides helpful background for their staff. It was sent to Scott, Floyd, the Governor's Consumer Advisory Group, Anya, Lawrence & Liz for review and any comments were incorporated.

GMC Modeling: There are two data issues that are nearly resolved, but worth noting. 1) The employer survey was delayed due to concerns raised by Vermont DOL. We've worked through those issues and are ready to have UMass field the survey on-line. The data will not be back in time for the first couple of runs through Gruber's model, but will still be useful to validate and use in the last rounds of modeling. 2) Self-insured data: we hope to have a final NDA with Blue Cross today. Their lawyer keeps changing her mind about what they want, which has slowed this down, but because they are still pulling the data together it hasn't yet slowed down getting the data. They have indicated that they hope to get us the data by the end of the week. After working with the data, the actuary found some issues with the submissions from Delta and MVP. MVP didn't fully provide ASO data, so we are working with them to get the last pieces. It may be optimistic to get it by the end of this week, but we are asking for that.

GMC Benefits Design: We are finalizing 8 draft plans this week, so that the actuary can price them. There will be the opportunity to modify them later in the process, but we need to close down initial design in order to stay on track with the timing. We are taking a bit more time on secondary coverage and continue to work through the design with the goal of finalizing by the end of next week.

Overall planning is on track. Robin is working with Anya on finalizing the schedule for a first draft of the report by the end of October. This draft will not have complete information, because the economic modeling will be in progress, but will have dummy tables without content where necessary.

Waiver Process: We are planning a webinar with Treasury, OMB, and HHS (hopefully) next week to talk about the modeling assumptions we are using for the ACA pass through funds. The purpose is to educate them on GMC and our approach, and to get their questions, concerns, and reactions to our proposed assumptions. We are setting up regular meetings with Treasury on both the economist side and on the lawyer side. CCIIO is talking with CMCS about whether they could have joint monthly meetings with us to move the process forward or whether we need to start separate monthly meetings for the Medicaid & ACA waivers. CCIIO confirmed that they are having internal meetings about how to structure a rule.

SIM Update:

The SIM Core Team approved a set of quality measures for year two of the commercial and Medicaid Shared Savings Program. This measure set now moves to the Green Mountain Care Board and DVHA for approval and implementation. The Core Team also continued its review of the sub-grant applications

at its 10/8 meeting. The expectation is to approve awardees on 10/21. In the next week, SIM will convene several work groups to continue their ongoing activities. The Medicaid SIM Team is performing a significant amount of new data analyses for CMS as part of the State Plan Amendment process. The SIM Team is continuing its work on updates to the Operational Plan due on 11/1.

Other Significant Meetings/Issues:

VSEA, 10/2: Michael & Robin spoke to the VSEA Executive Committee with Jeb about GMC planning. The group was lively and well informed on benefits design. Overall, the meeting seemed to go well and we agreed we'd come back with more details later this fall to update them. Robin would like to schedule a time in mid to late November to go over benefit plan designs with their benefits group.

HUMAN RESOURCES

Significant Events/Meetings:

Meeting with Mike Hogan (DLC) regarding HR services. Very positive meeting. Mike is very interested in being included in the position pilot and intends to ask the legislature for 4-5 new positions this session.

Several meetings with Finance & Management as we work our way through the budget process.

Meeting with Colonial Life (per request of Liz Miller), a voluntary benefits provider, which offers products such as medical bridge plans and college tuition assistance for employee dependents. Very interesting presentation. We intend to gather more information.

Emerging Issues:

Continuing communications with Vermont Early Educators United representative regarding their representation petition to the VLRB on behalf of the AFT. Our staff is coordinating with AHS/DCF and the AGs office to make sure all issues are covered.

VSEA has withdrawn the designation dispute for the Environmental Conservation Program Manager at DEC. This case was filed late winter/early spring of 2014, and is one of the last pending disputes. The other dispute is over multiple positions in the VISION Ops division at F&M. Last October Bill Rose worked with Brad Ferland to designate the positions as confidential. The review was initiated by one of the employees who was concerned that he was not designated confidential.

Working with DVHA on a classification review for the business office staff that was actually completed several weeks ago. DHR staff with Commissioner Larson to discuss the review, and provided a detailed Willis rating explanation. DVHA is unhappy with the outcome of the review. The positions did not change in pay grade, while there were some changes to the incumbent's duties. Those duties are already encompassed on the expectations for the job class or did not result in enough Willis points to change the pay grade.

Workforce Development initiative – DHR signed lease for Vt. College Center – it is with BGS for final approval. Met with BGS Purchasing to discuss cost savings on furnishings. Position vacancies are under

recruitment. Curriculum development is underway and exciting. Working with the Chief Marketing Officer on a rebranding effort for the “Summit” Center.

Meeting with Jim Morris, the AHS Investigations Unit supervisor, to discuss the transition of AHS investigations work from DHRIU to the AHSIU. Also discussed what the business process will be regarding the handling of AHS investigations as it relates to HR Field Operations staff. A finalized business process will be established next week.

MVRCF Superintendent Dave Bovat on RFD effective 10/7 because of the inmate escape at SESCOF. He will probably be reassigned to a role at SSCF. Kat Tkaczuk, Asst. Superintendent at SSCF, will be temporarily assigned as Superintendent at SESCOF.

AGO provided a response to an HRC complaint made by a former DPS employee who alleges that she was discriminated against. She named HR Mgr. Phyllis Martin as one of alleged discriminating officials. The AGO has indicated that there’s no basis for the allegation, and feels very confident that the complaint will go nowhere.

Met with BCBSVT and our Auditor CTI on a pre-meeting for the audit. Things are proceeding. We need to sign a Business Associate Agreement with CTI.

Letter to unions on premium meeting went out. Haven’t heard from them to date, will check tomorrow. We will have an internal meeting with Steve May and the Commissioner on Friday to prep for the October 14 meeting.

Making progress on teasing out the erroneous overtime reporting on State Troopers. This is tied to request from Sue Zeller, and will be used in other areas, like the workforce report.

INFORMATION AND INNOVATION

Status of Governor’s Priorities:

Healthcare: ETA on security resolution for the health connect with CMS is on pace for 10/14.

Press/Media Notes:

Richard met with Cyrus Patten, the [Executive Director for Campaign for Vermont](#), to discuss State policy, procedure, and initiatives around Information Technology contracts and procurement. Mr. Patten coauthored an article in July with Heidi Spear entitled [Building IT systems and our technology sector](#). As a result of that article, Richard reached out to Mr. Patten to help in understand more about our technology contracting and procurement system and the things we are trying to do to continuously learn and improve. The session was cordial and productive, and we agreed to talk more. Also attending were Deb Damore and Janet Overstreet from BGS and Darwin Thompson.

Evolving Issues:

Web: Harry Bell will be assisting the Lottery Commissioner with a review of RFP responses for the new Lottery Website. The Lottery Commission determined that they needed to use an external vendor, i.e. not VIC, because of the promotional nature and the extensive data needs of their site.

LIBRARIES

No report.

TAXES

Legislative Update:

Cloud: The Commissioner will be meeting with Sen. Ashe and the Speaker next week.

Homestead Declarations: Last year Ways & Means tweaked the homestead declaration requirement, dispensing with ownership and occupancy on April 1 in favor of 180 days of occupancy. This was purportedly to accommodate snowbirds who rent their VT homes through April, but as drafted has the effect of classifying any home that sells between April 1 and July 1 on the nonresidential list, with a different rate and no opportunity for a property tax adjustment. As opposition grows, the Commissioner has reached out to Rep. Ancel and Sen. Ashe to confirm whether this result was intended or whether they would entertain a technical correction.

Renter Rebate: The Department continues to support ACCD's work with various advocates to possibly reform the renter rebate program. The goal is to develop a recommendation for a tax credit that would be easier to access and administer within the same cost.

Ag Equipment: A group of vendors has been inviting Senators to meet.

Operations:

VTax: This week, VTax was put through its paces with the first of three rounds of end to end testing. The project team was generally satisfied, although a great deal of work remains for the next week before the second round begins.

The steering committee continues to define the process for cleaning up the backlog of 30,000 corporate and business returns that have suspended without processing since implementation of ETM in 2010 (in all cases, payments have been processed). We will simply post any return over three years old, due to the statute of limitations. For newer returns, we are considering the establishment a \$100 threshold for payments due. For those returns, we will send a letter explaining that VTax has facilitated processing, the amount due, and offer to waive penalty for payment within 60 days. We brought on a practitioner as an interim principal assistant, and she is working with our outreach team on communication to the practitioner community to explain the clean-up, and also to assist them in setting up online accounts with their corporate and business clients.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: October 10, 2014
RE: Boards and Commissions Update

Appointments Made October 7 & 8, 2014

Green Mountain Care Board:

APPOINTED: Jessica Holmes, Cornwall

Criminal Justice and Substance Abuse Cabinet:

APPOINTED: Jane Stetson, Norwich
APPOINTED: David Mickenberg, Burlington
APPOINTED: Tom Sympatico, MD,
APPOINTED: Jeff McKee, Rutland
APPOINTED: Jim Baker, Arlington
APPOINTED: Mary Alice MacKenzie, Burlington

Hearing Panels for Professional Public Educators:

APPOINTED: Danila Dinan, Burlington (Public Member)
APPOINTED: Karen Quinn, Burlington (Teacher)

New Motor Vehicles Arbitration Board:

REAPPOINTED: Gina Germond, Sudbury (Alternate Public Member)
REAPPOINTED: Mitchell Jay, Barre (New Car Dealer)
REAPPOINTED: Michael Loschiavo, Bradford (Alternate New Car Dealer)

Current Use Advisory Board:

APPOINTED: Randy Viens, Georgia (Lister)

Developmental Disabilities Council:

APPOINTED: Terry Holden, Cambridge

Statewide Independent Living Council:

APPOINTED: Gary Snyder, Brattleboro (Disability)
REAPPOINTED: Steven Pouliot, So. Burlington (Client Assistance Organization)

Commission On Alzheimer's Disease & Related Disorders:

APPOINTED: Glenn Jarrett, Burlington (Legal Profession)

Dept of Aging & Independent Living Advisory Board (DAIL) :

APPOINTED: Denis Bailey, Montpelier (Disabled rep, VCIL)

State Rehabilitation Council:

APPOINTED: Chris Loso, So. Burlington & Maryland

APPOINTED: Samuel Liss, Sunderland

Real Estate Appraisal Board:

APPOINTED: Dawn Loring, Brattleboro (Banking Experience)

Fire Service Training Council:

APPOINTED: Jeffrey Pryce, Middlesex (Insurance Rep)

VT Medicaid Drug Utilization Review Board:

APPROVED REAPPOINTMENT: Janet Farina, So. Burlington

APPROVED REAPPOINTMENT: James Marmar, Woodstock

VT Economic Progress Council:

APPOINTED: John Davis, Burlington

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: October 10, 2014
Re: Weekly Report

Status of Governor's Priorities:

- Submitted targets for FY2016 budget today. I am requesting some new positions as our business is growing and we are trying to move away from temporary employees.
- I will be speaking and moderating a panel on marijuana at a national conference of multiple states in two weeks. Some of these states (Oregon) have the issue coming to a ballot initiative or a potential legislative change.
- Working with Rand Corp on information regarding other state regulatory approaches to marijuana. Monitoring the process in Washington State that has recently issued marijuana retail licenses.

Legislative Issues/Contacts/Updates:

- Nothing now.

Press Issues/Releases/Contacts:

- Nothing Now.

Significant Events/Meetings: Next Board Meeting 11/12/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems. Testing new registers next week.
- Preliminary review of department processes for potential licensing and enforcement system. Considering using VIC as they are very familiar with our business processes to help with a statement of work.
- Performance Audit Exit Meeting held this week. A draft report will be coming out in two weeks.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners.
- Working with VIC on break open ticket reporting process. Prototype has been developed. Should be beneficial to Tax and DLC to gauge the amount of tickets sold and who they are being sold to. Working with Tax and should roll out this reporting process in January 2015.

Summary of Key Department Activity:

- Met with new HR Commissioner. Very good meeting with lots of issues discussed. I think we are on the same page as we expressed areas of concern that other departments had. DLC would like to be part of an expanded Pilot Project.
- **Commissioner's Commentary:** Have a great weekend.