

From: Springer, Darren [Darren.Springer@vermont.gov]
Sent: Tuesday, January 12, 2016 8:34 PM
To: Mishaan, Jessica
CC: London, Sarah
Subject: Fwd: Weekly Reports - Executive Privilege 12 18 15.pdf
Attachments: Weekly Reports - Executive Privilege 12 18 15.pdf; ATT00001.htm

PRR

Sent from my iPhone

Begin forwarded message:

From: <Darren.Springer@vermont.gov>
Date: December 19, 2015 at 9:47:50 AM EST
To: <GPS@vermont.gov>
Cc: <Susan.Allen@vermont.gov>, <Sarah.London@vermont.gov>, <Lawrence.Miller@vermont.gov>, <Justin.Johnson@vermont.gov>, <Laura.Gray@vermont.gov>, <Scott.Coriell@vermont.gov>, <James.Pepper@vermont.gov>
Subject: Weekly Reports - Executive Privilege 12 18 15.pdf

Highlighted Weekly Attached.

Gov - some items worth reading on page 1 and 2 of ACCD. I have more on GF and want to talk through it with you when you get back....

A couple of potential high profile items in Agency of Ed on merger tax rates and not funding pre-K for religious schools.

Chris Cole has a settlement proposal on Brattleboro Bridge outlined in VTrans section.

Some notes for Justin, Sue, and Sarah in here.

Have a great weekend,
Darren

WEEKLY REPORTS

Checklist
12/18/15

Darren Springer

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

Sue Allen

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

Sarah London

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

Jessica Gingras

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

TBD

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

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: December 18, 2015
Re: Weekly Report

- **Note:** Lucy Leriche's father Leopold Leriche, passed away Thursday morning. I do not have any information beyond that. Lucy will be out for a bit, she is power of attorney for her father's estate.
- **EB 5:** Selden technologies: Due to Gene Fullam's diligence and support from DFR, it appears there will be some money going back to the EB5 investors from the sale of Seldons assets. The assets were sold at auction to a Colorado firm. We hoped they might retain some of the operation here, but that is highly unlikely.
 - Quechee Lakes: We are about to sign an MOU for a new second-home development project at Quechee Lakes. We are using the new MOU format developed in collaboration with DFR. Details to follow.
- **Next capital:** We learned that next capital will be setting up an office in Burlington. The cofounder of the company is from Vermont, and had originally started in Stowe. They have raised \$16 million recently to help with the startup of a new personal advice platform. I'm not exactly sure on the number of jobs, but they chose Burlington because of the "vibrant technology environment" here. We were not involved in this project but happy to see it happen!
- **Federal delegation:** We met Wednesday with Vermont staff of the congressional delegation. They gave us an overview of the budgetary impacts to project programs of interest as a result of the omnibus bill in Congress. EB5 was extended in that Bill, with no changes. The senators bill is held up by Senator Schumer who wants to assure Manhattan projects are still eligible for what was intended to be a rule and distressed area development program. More to come on that legislation.
- **GS Precision:** The closing on Tuesday was successful. The project financing is officially closed! Combination of NMTC's, VEDA, TD bank, CDBG, WCEDP, Town of Brattleboro and the kitchen sink! We have a new date for the groundbreaking which enables Senator Leahy to participate. That is a great thing. I received a nice note this week from John Hanley, CFO at GS. He said when we first met with Norm and I commented on how his dad and my dad did the first major expansion of GS, "time for you and I Norm as the next generation to lead the next phase of growth" that "somewhere deep in Norm something clicked and his enthusiasm for staying in Vermont grew rapidly. Norm is a libertarian at heart but he knows what ou and VT have done for GSP and he is very excited and grateful." Nice to hear that Norm has a heart and that he acknowledges what we have done for the company!
- **Global Foundries:** I have Janette's first draft of materials for the E-Board. It needs some work and we are running cost benefit models. In a conversation with Steve Klein, the rumors of a possible sale will be a big topic for the E-Board.
- **House Commerce:** Four members of House Commerce, including Chair Botzow, met with us Thursday to go over progress from last year and discuss issues for this year. We discussed Vt. Life, marketing funding for tourism and ED, VEGI extension, and a couple other minor things. VTDigger followed them all day, no idea how that will read. Bill Botzow shared with me after he wants to look at a "safety net for folks starting their own business" and if it fails, there is no UI or other safety net. He believes if we build that, along with down payment assistance to first time home buyers, college debt refinance and perhaps more, that will put Vt. on the map for young people. I tend to agree but philosophically concerned about a safety net for entrepreneurs. Perhaps something like making UI voluntary for sole proprietors could work. I will discuss with Annie.
- **Noelle Mackay reports: Potential Housing Bill:** Met with Helen Head. The House is thinking about developing an omnibus housing bill. She was interested if we would be supporting (or putting in our budget) years 4 and 5 for down payment assistances for first time homebuyers, and continuing the land lord/tenant education. She is also taking another look at the Homelessness Bill of Rights that is currently on their Committee wall. They are hosting member of the Pathways from Poverty Council on the first Wednesday.
- **Dan Towle reports:** *Captive Review Magazine*, a leading publication for the captive insurance industry based in London, has released their ranking of the "Power 50" regarded as the "most influential professionals in the global

captive insurance industry,” and with over a thousand industry professionals contributing to the poll, Vermont has considerable influence. Dan Towle, Director of Financial Services for the Agency of Commerce & Community Development, is listed as nineteenth on the list. Vermont’s chief regulator, David Provost, Deputy Commissioner of the Captive Insurance Division, topped the overall world ranking at number one!!

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

- **BHS Composites:** As we work toward a date, we need to keep in mind some of the folks that should be included: NVDA, the St. J. Fund team, ANR (just Doug Elliott - who was fantastic in helping), CAI, Kitchel, Starr, Marcotte, et. al.
- **Pioneer Cold:** Meeting today with the President of Pioneer Cold of MA. They are interested in leasing 47k at the former Reinhart facility in Colchester, presumably for clients that need refrigeration/freezer space. Details next week.
- **Project Poisson (aka Orvis):** The proposal was sent a couple of weeks ago and since that time, I have answered a few questions from them based on it, but they haven't indicated whether they are still considering moving.
- **Project Poisson Deux:** Received a lead from Kimet Hand that involves her brother, fish and the need for a lot of space. Her brother, David, is working with an aquaculture company seeking 100,000 sf for their operation. I am talking with David in more detail tomorrow, but have already put Brattleboro/WCEDP on the table as an FYI. Other space is available in Bennington County and possibly Rutland. They are pretty flexible at this point in terms of geography, so I will also include REM's space in Essex.
- **NSA:** They are still waiting to hear whether they have received a new contract which would require them to add 70 new people. We are supporting them (hopefully) with WETF, but also likely with VTP funding. I also offered to help with any permitting that they may encounter. Jim is happy to partner on an announcement. These 70, plus BHS' 75, as well as the pellet project and Revision could yield a huge number of new manufacturing jobs for the region.

Quebec

- **Follow-up Meetings:** Last week, I had three meetings in Montreal; two were direct results of the Governor's mission earlier this fall. Specifically, I met with Ms. Alexandra Bell of Export Development Canada. EDC is roughly the equivalent of VEDA, but for the entire country. They offer very similar programs and their clients are all interested in, you guessed it, exporting. Alexandra requested the meeting after learning about the VQEI efforts. She attended the press conference with the Governor and Premier Couillard and admitted that before that, she never considered referring a client to Vermont. She did hand over one small project that I will follow-up on. I talked in fairly deep detail about our programs, services, existing companies, etc. While she can't promote EDC's services in the US, she can work with some Canadian companies with a presence here. Overall, it was a great meeting. I invited her counterpart that covers the Sherbrooke area to our event in March. The second meeting was with Ludovic Ortuno, of a site selection/FDI consultancy called CIDEF. They are presently doing work for the State of Missouri, but have worked all over the US. He was at the lunch event at TD in Montreal with the Governor and wanted to follow-up. The bulk of our conversation was around lead generation, some of the art and science behind it and the time it takes to develop a strong list of real leads. At this point, of course, we are not in a position to hire anyone like this, but did let him know that I will keep him posted on events, news and also provide a copy of the economic development marketing report when completed. I also asked whether he competed with CAI (the consultancy that has been incredibly good to us) and they seem to complement each other; CIDEF's clients are states/EDOs. CAI is normally retained by a company. Also, the northern three counties (FCIDC, LEDC and NVDA) met with Ludovic and his team in the past to see whether there was an opportunity to pool resources for a lead generator; that never materialized. The final meeting was with staff from the Consul's office asking for assistance in recruiting for an event that they are planning in February in Montreal. The event will be to bring together US colleges/universities and CEGEPs to discuss possible collaboration. I think that the goal was for the CEGEPs to find a way to attract more US students, but we agreed that fostering exchanges, semesters abroad, etc. was a better goal. All follow-up has been made with VSC, VTC, etc.
- **FCCQ Visit to Vermont:** Had a planning call for the 2/10 event that will focus on education and IT. Details are being worked out, but the reason that IT was chosen is b/c the leads for the IT discussion that we had in Montreal (one from VT, the other from a company in Quebec) have continued to correspond and would like to have a small B2B sector meeting. Neat outcome.

KEN JONES, ECONOMIC RESEARCH ANALYST

- The Vermont Clean Energy Industry Report provides data on the number of workers in Vermont that are engaged in clean energy jobs. The upcoming report is in its third annual cycle and this year, the Vermont data will be compared with all other states. The survey template developed for Vermont and Massachusetts is the template that is being used to provide similar data on the number of jobs in the renewable energy and efficiency sector. Castleton University's Center for doing telephone surveys received the subcontract to do almost half of the 30,000 business interviews that make up this study. The high quality of Castleton's work is the basis for their use in the national project.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay

- The BTC has requested a jurisdictional opinion for the BTC to be considered as a priority housing project in a downtown. The project is mixed use – hotel, office and housing and are arguing that the hotel should be mixed use and not counted as housing units. The housing units will meet the income requirements for both Burlington's inclusionary zoning and our PHP requirements and are below the threshold number. However, if hotel rooms are counted as 'units' they won't be. The District Coordinator will be reaching out to the NRB for assistance in this determination. Noelle will reach out to Jon, but this is an important development for the city and state.
- **Resiliency Network Activities:** The Institute for Sustainable Development (ISC) is working on various activities through the Resilience Network. They hosted a webinar yesterday and are planning a conference in the spring. One of the requests DHCD had after the VERI report was meeting with funders to share work happening in Vermont and hear from funders where their priorities are in the coming years. Noelle met with Bill Roper to begin planning for this meeting. We are focusing on philanthropic organizations vs federal or state granting agencies. We hope to hold the meeting in late January, early February.
- **Parcel Mapping:** Met with Deputy Secretary Tetreault and some of his team at AOT to develop a presentation on parcel mapping. We plan on meeting with State Agencies starting in January to provide information on state-wide parcel mapping project – why we are considering it; how it can benefit state, regional and local organizations – saving time and money and providing better results – and asking for support.

Deputy Commissioner Hanford

- **Senior Housing:** Responded to Gareth Henderson, business reporter with the Rutland Herald regarding a story he is doing on the national trend for seniors and folks 50 over to moving away from homeownership and seek rental housing. Thanks to Shaun for providing me with data from VT, which shows that VT has one of the highest homeownership rates in the nation and seniors have the highest homeownership rate in VT. That is projected to continue, at least in the near term, but some have concerns that baby boomers are starting to downsize and will be looking to sell their homes and move to rental housing earlier than in the past.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partner Report

- **Vermont Planners Association (VPA):** Faith attended VPA's Annual Meeting in St. Albans City that was focused on water quality. During the discussion of legislative matters, Sharon Murray asked whether VPA should submit an amicus brief supporting the Two Rivers Ottauquechee Regional Commission's appeal of a Superior Court decision. The ruling overturned a District Environmental Commission decision that found a proposal for retail development on a 168-acre parcel in Harford near interstate interchange was not consistent with the regional plan. Lori Hirschfield, of Hartford, strongly urged the group not to get involved, especially in commenting on the facts of the case. Others agreed that if VPA prepares a brief, it should focus on the questions of how local and regional plans should have effect in Act 250. A show of hands indicated the group was split between those who support a brief and those who don't. The VPA executive committee will decide on whether to submit a brief at their meeting on December 18. In related news, Senator Lyons is proposing a bill that would place the Dean administration's executive order on the development of interstate interchanges into law.
- **Vermont Creative Network (VCN):** Gary and other partners received updates on VCN, an initiative started by the Vermont Arts Council that aims to link the contributions of the arts community to economic development and the Vermont brand. The next steps for the group are focused on legislative recognition of VCN, funding for the organization, and restoration of the Office of the Creative Economy. More information here: <http://vermontcreativenetwork.org/>.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **Calvin Coolidge Historic Site:** Laura met with Amity Shlaes of the Calvin Coolidge Presidential Foundation to discuss our ongoing partnership, especially items for the shops and events. Plans are progressing on partnering for new Danforth ornaments, including Grace Coolidge's pet raccoon, Rebecca, and the church. Rebecca lived with the Coolidge's at the White House.



State Architectural Historian

- **Resource Room Scanning Project:** Devin, Deb, Alex and Melissa met to discuss the conclusion of the Resource Room Scanning Project and make a list of lessons learned and best practices for future reference. SecurShred is on track to complete the scanning and digitization of the final batch of documents by the end December. A reporter from Seven Days has been using the Online Research Center and is interested in writing an article about the project and its successful completion. She needs to pitch it to the editorial staff and will follow up if approved.

Project Review

- **Waterbury State Office Complex:** A DHCD contingent attended the ribbon-cutting for the WSOC. The New Office Building will have its first division from Corrections move into the second floor south wing next Monday with a rolling move-in to the entire complex over the next few months. Meanwhile, work continues to near completion on the north end of the historic core, with the Center Building still a month or so away from completion. Staff will start populating the Historic Core in January. The Center building suffered a number of delays due to abatement of hazardous materials discovered midway through construction, but is back on track and nearing substantial completion with occupancy expected in March. Current work in the Center Building includes reinstalling salvaged wood paneling, restoration of encaustic tile flooring and glazed ceramic fireplace hearths and cheek walls, replication of a missing fireplace mantle, stripping old paint and finishes on historic woodwork in preparation for refinishing, other interior finishes such as bathroom tile, carpet and paint in select areas.

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

- Unfortunately, we received notice from Leo Tetrault that he is closing the small mobile home park in Derby Line that was noticed for sale earlier this year. In this case the residents did not extend the negotiation period to consider purchase of the park, due to their inability to afford the park and its small size. Arthur has had regular contact from one of the residents as she is extremely worried about moving her double wide mobile home. Arthur also reached out to the AHS Field Services Director and to HFI to see if there is any potential nonprofit interest.
- The Council on Homelessness also had their bi-monthly meeting this week. Efforts are underway to more accurately quantify the number of homeless Veterans in the state; both those eligible for services and ineligible (the latter of which are often overlooked in counts). This is in response to a strengthening focus of the Department of Veteran's Affairs to end veteran homelessness across the country. The Council is also working on a sample MOU between potential developers'/property managers and homelessness service providers to utilize housing units built and reserved for homeless individuals and families. The goal is to create a useful framework for a comprehensive and successful agreement between a property owner and a service provider needed to ensure a formerly homeless person is successful in a rental housing situation.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Regular VCDP

Applications

- **February 11, 2016 CD Board Meeting**
 - **Town of Bennington:** Threshold review is complete for the Town of Bennington's \$500,000 application for the Applegate Biomass Energy Rehab project and no modifications are required.
 - **Town of Richmond:** Threshold review is complete for the Town of Richmond's \$541,871 application for the Richmond Creamery Redevelopment project. A few thresholds have not been met including the pre-qualification request for a slums and blight application. The applicant has also been notified about several non-threshold issues. Staff spoke to Gary Holloway and John Adams about this project and found out that the Town has recently passed interim zoning to allow for increased density and a reduction in parking requirements. Additionally, the Town may apply for Neighborhood Development Area designation to include this site. If this was pursued and approved by the Downtown Development Board, then the project could be exempt from Act 250.
 - **City of Rutland:** The City submitted a \$257,000 Implementation Grant application for the Rutland County Parent Child Center Renovation project. The VCDP request is to help fund Phase III of their five-year strategic

plan. Phase III includes rehabilitation of a vacant building that was constructed over 50 years ago to provide adequate space for their growing programs. Threshold review will be completed this week.

- **Town of Hardwick:** The Town submitted a \$500,000 Implementation Grant application that would assist with purchasing 12 new highly energy efficient Vermod modular homes that would be placed on vacant lots within the Evergreen Mobile Home Park. The homes would be rented out opposed to the traditional mobile home park model where the homes are owned by the residents. The application has passed threshold review and will be discussed in detail with the VCDP team as a very similar project was recently approved by the CD Board in the Town of Waltham.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

- **Economic Development Marketing Plan:** With fully executed contracts in hand, we have now been able to release the news that two contractors have been selected to complete the Economic Development Marketing Plan: Spike Advertising, from Vermont, and Development Counsellors International (DCI), from New York. The selection of the two firms was a unanimous decision by the review committee, and all involved in the selection feel the collaboration of an in-state and an out-of-state firm, with very complementary skill sets, will truly give the state a 'best of both worlds' final product. After so much preparatory work, we are thrilled to finally be able to get started!
- **Drupal 6 End of Life:** Technical support and strategic planning surrounding the recently announced February 2016 end-of-life date for Drupal 6 have again dominated consulting efforts this week, as the CMO continues to assist and advise agencies on website migration. Possible Plan B scenarios are looking brighter than they did last week following a productive meeting with DII and the state's e-government partner Vermont Information Consortium (VIC). While not yet confirmed, a solution is forming that would allow state entities additional time to complete the migration from Drupal 6, with details to follow shortly.

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

- **VCGI Imagery Program**
 - **Orthophotos:** The due date for the Ortho RFP questions was 12/11/15. We received 28 questions which Steve is working diligently to answer by 12/16. The responses will be posted on the BGS site for potential Bidders to review.
 - **LIDAR:** Awards for the FY16 USGS Broad Agency Announcement (BAA) the state applied for have been postponed from the original Dec. 1, 2015 date due to the fact the Federal Government is currently operating under a Continuing Resolution (CR). Awards are now expected shortly after the beginning of the calendar year.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **Snow Guns Are Ready:** VDTM is starting to hear from a very nervous industry. The long-term forecast isn't doing anything to settle people's nerves. We are all hoping for cold enough temps for the resorts to fire up their snow guns.
- **Discover New England:** Megan attended the DNE Board Meeting this week. Massachusetts still has no State Tourism Director in the new administration nor has it funded any of its tourism regions. The Discover New England Executive Director, Lori Harnois, met with NYC & Company as well as the State of New York and the Capital Region concerning partnering in Australia next year. We voted to pursue a "visit the north east" promotion using JFK as our gateway. We are hoping that Massachusetts will soon be back as a partner but at this point they have not paid their dues. The last time this happened it was Connecticut and their removal from the New England promotional maps spurred their legislature into action to get the funding restored. We all hope that this will not be the outcome with Massachusetts.

Steve Cook, Deputy Commissioner

- **Call Center:** Steve and Greg Gerdel will meet with the Department of Forest Parks and Recreation to discuss options for combining call center operations. VDTM currently has a contract with a call center for covering 1-800-VERMONT. However, the call volume has steadily declined and there is potential to combine efforts with Vermont State Parks reservation. This could potentially reduce the cost for both Departments.
- **VermontVacation.com & Travel Planner:** VDTM has been collaborating with the Vermont Chamber and the developer to complete phase 3 of the Vermont Travel Planner. This update includes synching the search tool with the travel planner. Currently the travel planner is a module displayed within VermontVacation.com but hosted on an external system. This application created issues if a user searched for a business using VermontVacation.com's

search bar instead of the travel planner search bar. We believe that we have found a solution to this issue and look forward to it going live.

- **Team Retirements:** On December 24th two long time and valued members of the VDTM team will retire. Gregory Gerdel, VDTM's Chief of Operations and Claudia Clark, Business Manager. Commissioner Smith and Deputy Commissioner Cook have been working with both to ensure a smooth transition though we are sure we will find some gaps after they are gone. We will miss them both greatly.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Social Media:** This was a big reach for Facebook outreach. Page visits were up 60%, weekly total reach was up 724%, and "people engaged" was up 927%. A posting of "12 Historic Towns in Vermont that will Transport You to the Past" reached 7237 people.

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **VermontVacation.com:** VDTM added a number of things to the state's tourism website this past week. The [January Events Calendar](#) press release was added to the Media Room. The [Spring landing page](#) was updated to reflect a consistent flow of marketing initiatives during the Spring season. A [Winter Festivals](#) list was added to accommodate a link from the January consumer eNewsletter. Stowe was added to the Shop Local promotion, under the Central Vermont page. A new promotion, [Non-Stop Flights to The Outdoors](#), was added as a landing page. *Image Support by David Burnell.*



MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **Charlotte NC Douglas International Airport | VDTM Direct Flight Ads:** David, Steve and Patrick have been working on a new partnership with Burlington International Airport, Douglas International and American Airlines. American Airlines is now offering non-stop flights into Burlington. VDTM has solidified in-airport, "escalator spectacular" digital-billboard type placements. David finalized static as well as video creative – in addition to providing assets for the landing page.



RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

- Lake Champlain Bikeways (LCB) Plans Transition:** With much of the organization's established mission in place the board of directors is preparing a new operating plan for the coming year, designed to better meet a reduced budget while still providing information to riders planning tours on the bikeways. Lou Bresee, who has been the lead volunteer for LCB since its founding in the early 1990s, plans to step back from his involvement as de facto executive director and notes that the time is appropriate given the maturity of the organization. At Lou's recommendation, the part time office space at the Chittenden County Regional Planning Commission will be relinquished; the LCB website will be culled of obsolete information and relocated to the newly redesigned Lake Champlain Basin Program website while retaining both its .com and .org URLs. The printed regional booklets with "ride sheets" will be available on the website as PDFs. Distribution of the printed pieces will be concentrated through appropriate regional chambers. Printed publications of the 41 popular theme loops (many in French), requested through the "Clearinghouse" arrangement with the Lake Placid Chamber of Commerce will require a modest fee to cover mailing. The next meeting of the board will be at the Champlain Basin office in Grand Isle, February 5, 2016 at 10:00 am. VDTM will be announcing a replacement representative for Greg Gerdel, who has been working with LCB since its inception.

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

- Business:** Mary and Sky worked at the Touch of Vermont Holiday Gift Market in Montpelier on Saturday. It was good exposure for Vermont Life, and they received a terrific amount of positive feedback about the current Winter 2015-'16 issue and the magazine in general. Overall sales at the event hit about \$1,000. An in-house sales event, held last week, was also a success, bringing in about \$1,600. Looking ahead, Mary is preparing for a presentation on Dec. 17 to Representatives William Botzow and Michael Marcotte where she will discuss the economic impact of Vermont Life.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Joan Goldstein, Commissioner

- Finalized four of the six videos that Mondo media completed for the economic development marketing. Thanks to Sky, Heather, and Shelley for all of the help and coordination involved in this effort. Take a [look](#)



- Attended the VBSR legislative breakfast. Their agenda includes: carbon tax, paid sick leave, Universal Health Care, and state procurement parameters which would include socially responsible measures but excluding a requirement to be located in VT.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- **WLEB Board Meeting:** We decided to invite 26 (7 Forestry, 1 Forestry/Ag, and 18 Ag) of the 92 businesses that submitted business grant LOIs to move forward and submit a full application. Requests invited back will total \$732,277 (from the \$2.4 million in initial requests). Next we will review the 23 received Service Provider LOIs, which totaled just under \$1 million in initial requests, and decide which of those to invite to submit a full application.
- Met with **Solaflect/Bill Bender** in White River Jct., alongside Brett and Bob Haynes. Solaflect has had a very difficult time with the Public Service Board in terms of timelines for CPG approval and what Solaflect views as “arbitrary and capricious” actions. We will make appropriate referrals. Solaflect is also a possible VTP applicant and PTAC client.

BUSINESS SUPPORT ♦ Brett Long, Senior Economic Development Specialist

- Thursday, John Young and I met with Logic Supply. Discussed status of VTP. Also, inquired about applicability of OEA Grant. They don’t have a direct contracting relationship with DoD and their customers don’t tell them if their products are installed in products that are eventually sold to the DoD.
- Attended a practice session of Smart Resources marketing pitch to provide feedback. Also, had conversation with AJ Rossman to offer to make introductions to Twin Pines Housing Trust, the group of large electricity users, ski areas and the Turkish investor group.
- Visiting Mack Molding to discuss electricity cost issue. Jeff Somple, President, expressed a willingness to be involved in a group of large electric users. Toured their Arlington facility.

VERMONT TRAINING PROGRAM ♦ John Young, Director

- Tuesday I met with Cultural Intrigue who is an online retail company in the process of getting a new web platform and a new ERP system. They have a VTP grant in progress for the software and IT training needs after the new software is installed.
- Wednesday I met with Gardeners Supply along with Ann Carnell from VDOL. Gardeners continues to have difficulties recruiting and training temporary employees for their call center and are contemplating hiring 36 permanent full time employees instead of using temporaries. This might be a possibility for VTP to help as the new positions appear to qualify.
- Friday I will be visiting Edlund who have some training needs and are interested in the VTP grants.

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

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: December 18, 2015
Re: Weekly Report

Susan L. Donegan

Captive Insurance Division:

Captive insurance license number 1,059 was issued to Lincoln Reinsurance Company of Vermont VI of Burlington. This life insurance captive is a subsidiary of Lincoln National Corp., which operates multiple insurance and investment management businesses. The company traces its origin back to 1905 and chose the name Lincoln in order to convey a sense of integrity. Founded in Indiana, its headquarters are now in Pennsylvania.

BCS Re is Vermont's captive insurance company number 1,060. It is owned by BCS Financial Corp., which is owned by Blue Cross Blue Shield licensees and Transamerica Insurance Co. BCS Re will reinsure BCS Insurance Co. and will operate as a pool for the Blue Cross Blue Shield plans to reinsure losses of more than \$2 million up to a catastrophic layer of 185 percent of premiums, which is where Transamerica takes over. Premiums are expected to grow to \$75 million by 2019. BCS Re will help the Blues plans address the additional exposure faced by the elimination of pre-existing condition exclusions and lifetime maximums brought about by health care reforms.

And we congratulate Deputy Commissioner David Provost who once again topped "Captive Review's" list of "Power 50 for 2015." The publication called him the "most influential professional in the global captive industry."

Banking Division:

The Banking Division recently implemented new scheduling and workflow efficiency practices that have resulted in a 35 percent decrease in employee travel time in November as well as a 6 percent increase in time spent conducting examinations as compared with the averages for the prior four months. We expect to see further efficiency improvements in 2016 as the new practices are refined.



Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: December 18, 2015

Secretary's Message

This week, some high level staff from CMS came to the Agency in order to work through Vermont's proposal for re-initiating Medicaid renewals and verifications. At the meeting, we presented CMS with a proposal that would see approximately 94,000 Vermont households renew their Medicaid eligibility, including verification of required eligibility components, between January and November of 2016. The proposal focused on three different groups of Vermonters:

1. Individuals who are Aged, Blind or have a Disability and whose eligibility is managed out of Vermont's legacy eligibility system.
2. Individuals that were calculated to be eligible for Medicaid under new ACA eligibility rules (based on IRS tax requirements and with CMS approval) but have not yet had their eligibility determined through the Vermont Health Connect.
3. Individuals that were determined eligible for Medicaid in the Vermont Health Connect under new ACA eligibility rules in 2014 and 2015 but who may need to have eligibility requirements additionally verified.

The meeting was productive and Vermont received a go-ahead to proceed with our renewal plans. CMS will continue to be available to Vermont for technical assistance. Importantly, if Vermont is able to show considerable progress with Medicaid renewals and verifications in the coming months, CMS will reevaluate extending Vermont's current renewal and verification waivers. These waivers provide Vermont with the necessary federal authority to be outside of the normally federally required renewal and verification timelines and processes.

A couple weeks ago, Bill Schubart did an editorial on how Vermont provides benefits to needy Vermonters. Bill's assumptions and numbers were really out of line. Essentially, he stated that we spend, approximately \$120,000 per person on the neediest Vermonters. He got to this number by estimating there are 3 Billion dollars from the state budget for such benefits and divided that by what he said were the 25,000 neediest Vermonters. I gave Bill a call and explained that in the Agency of Human Services alone, we serve over 200,000 people and that some of our departments, like the Department of Health, provide services to the entire Vermont population. I followed the phone call up with a more detailed letter and met in person with Bill this week. It was a really good meeting, and Bill asked how he can support the Agency. I spoke to him about our integrated eligibility program and about the importance of keeping the Agency of Human Services intact in order to better integrate our programs, services and break down the silos. He was enthusiastically supportive of this.

Paul Dragon, Dru Roessle and I met with Con Hogan and Aly Richards to discuss how the Agency could better partner with the permanent fund and building bright futures. In coordinating data, and reestablishing community profiles across the state. We've come up with some strategies that we will explore further and I'm excited by the prospect of recreating these community profiles. It is something that I have been working on since I started as Secretary.

AHS Highlights:

AHS-CO:

Optum M&O Negotiations

AHS IT and VHC staff with consultative assistance from Jim Reardon, are engaging in VHC Application Maintenance and Operations contract extension negotiations with Optum. The current Optum M&O contract is scheduled to end in June so while the extension is being explored, an expedited RFP process is going forth concurrently as a backup plan in case Optum negotiations do not pan out.

VDH:

Immunizations

The CDC gives Immunization Programs awards for highest rates in a number of categories. VDH won two this year; one for flu vaccination in children and one for zoster (shingles) rates.

DMH:

Vermont Psychiatric Care Hospital

Current census is 23 this week. VPCH successfully treated a very complicated individual with Clostridium difficile or “C-Diff” a contagious bacterial disease and is again admitting patients to this unit.

VPCH continues ongoing recruitment in consultation with DHR to ensure that the hospital is maximizing flexibilities for hiring experienced nursing personnel. The external consultation report regarding nurse staffing at VPCH is currently overdue given additional materials requested by the consultant to fine-tune potential recommendations. The consultant is keenly aware of the interest this report may generate and wishes to assure that report content fully captures the unique circumstances of this state-run hospital.

Emergency Departments

There were 24 people in need of inpatient psychiatric beds this week with 18 of those being admitted. There was a significant increase this week in forensic (court ordered admissions) orders this week with four people being ordered inpatient through the court system which is usually the monthly average for this cohort. Given that forensic admissions can only go to a limited number of units in the state, three individuals remain in need of placement. DMH is expecting one of three to be admitted to VPCH as they open up more beds. The level I units and children’s inpatient units have been at capacity all week. Other general psychiatric units have been averaging just under 90% occupancy. Due to capacity issues and the number of forensic cases, there has been an uptick in wait times this week.

DAIL:

Adult Protective Services (APS) Settlement Subcommittee

In response to the settlement addressing the lawsuit against APS three years ago, an APS Subcommittee was created to monitor APS investigations, guide performance and review investigative files. The subcommittee monitored specific performance benchmarks quarterly and assessed APS compliance with those standards. DAIL is pleased to report that the subcommittee voted at its last meeting to declare the terms of the settlement met and to disband as an entity based on the legal settlement with DAIL. As part of our ongoing quality improvement work however, DAIL has invited the group to continue as a subcommittee of the DAIL Advisory Board and with a charge related to continuous quality improvement in our efforts to create protection for vulnerable Vermonters.

DOC:

Offender Arrested in Connection with Fatal Arson

Howard Hoisington, an offender on furlough-conditional reentry status in Barre, was arrested in connection with the fire in Northfield which occurred 12/14/15. In that fire, one victim was killed and the other was badly burned. He was arrested and is being charged federally for this crime. His current convictions are Six (6) Simple Assaults, two (2) Escapes from Furlough, Furnishing Malt Beverage, Attempted Simple Assault, Unlawful Mischief, Violation of Conditions of Release and Possession of Marijuana. His minimum was 4/30/09 and his maximum is 07/03/2017.

Population

The Department's incarcerated population averaged 1772 for the previous week. The Department's incarcerated male population averaged 1629 for the previous week. The out of state population is currently at 241. The female population averaged 144 for the previous week.

DCF:

Family Services Staff Safety Policy

The Family Services Division at DCF released a staff safety policy on Monday, December 14, 2015.

Family Services Policy 250 guides staff in how to respond to threats, violence, and other safety or security issues. The policy sets expectations regarding the response, documentation, and communication of safety incidents and threats. The policy formalizes the use of teamed responses when conducting home or field visits and introduces self-protection plans for staff. The policy requires the use of the *Family Services Staff Safety Incident Form*, which collects incident details, the impact resulting from incidents, behaviors and circumstances of the person making the threat, accessibility to the person harmed or threatened with harm, safety precautions and necessary responses, and a checklist of staff, supervisor, director, and central office responsibilities. The form is also used to raise awareness and document concerning behaviors or activities that could become active threats or lead to safety incidents. *Family Services Policy 250* was issued as interim and comments will be collected from staff and stakeholders for 60 days. The policy is available at:

<http://dcf.vermont.gov/sites/dcf/files/FSD/Policies/250.pdf>

DVHA:

Blueprint for Health

All contracts are now signed to enable migration of the Blueprint Registry (formerly Docsite) from hosting by Covisint to VITL! All parties are working this week to set up the new system quickly, for testing and confirmation that all is as agreed upon. Once we are past this step, the full Registry will be built and launched to Blueprint partners in 2016.

The Blueprint has been meeting with DVHA leadership and the Administration to plan the best positioning of the program in the years ahead – the place from which the Blueprint can best leverage its Transformation Network and its data aggregation and analysis infrastructure to support the public interest in having an effective and continuously improving, high-value health system.

Agency of Human Services Secretary's Office

Refugee Office

The deadline to submit proposals for refugee elder services and citizenship services for elders is 12/16 and the review panel will convene on 12/18 to assess the applications.

Field Services - Bennington – Bennington community supports children

Last year, the Catamount Rotary Club in Bennington revived the "Spirit of Sharing" project and partnered with AHS to get holiday gifts for children. This year, there were many more children on the list in need of gifts; however, the community response has been tremendous. Volunteers are purchasing gifts for 299 children in the County and others are helping to deliver gifts to families who requested it because of limited transportation.

Field Services – Bennington - GA Emergency Housing alternatives

In both Bennington and Brattleboro, community partners have been working to develop joint proposals to DCF for alternatives to hotel use for emergency housing. They continue to work with DCF to develop these proposals and alternatives that focus on moving people more quickly out of hotels with additional supportive services and coordination.

KPMG – State Financial Audit

KPMG has indicated they have all information needed from AHS to complete the annual Financial Statement audit for SFY15.

FY16 BAA & FY17 Budget

AHS leadership testified on the FY16 BAA in House Appropriations. There are a series of follow up questions from Legislators. Work continues on FY17 budget development.

Vermont Department of Health (VDH)

Smoke Free Public Housing

This fall, the Department of Housing and Urban Development issued a proposed rule to require public housing authorities to implement smoke free policies in all public housing properties. VDH is partnering with SASH, and other organizations to create smoke-free multiunit housing in advance of this proposed ruling. There is strong support among Vermonters for smoke-free multiunit housing, with over two thirds of Vermonters being significantly more likely to choose to live in a smoke-free building. To date, eight public housing authorities have created 23 smoke-free buildings in Vermont.

Department of Mental Health (DMH)

Legislative Testimony

The DMH Commissioner provided testimony, along with Commissioners from DAIL, DOC, and DCF, to the Joint Legislative Justice Oversight Committee this week. As part of the several responsibilities of this Committee, members sought testimony from the Commissioners within AHS on potential collaborative services or treatment models for individuals in Correction.

The DMH Commissioner provided testimony to the House Appropriations Committee on the Department's FY 16 budget adjustment. The committee dedicated some time to updates on system bed capacity for individuals at all levels of care, wait time and reasons for delayed placements from Emergency Departments, as well as, ongoing recruitment of nursing personnel at VPCH with

associated budget ups for sign-on and retention incentives. Additional questions or concerns surrounded the line item adjustment to community services from vacancies and recoupment of one-time underutilization savings. A request was generated from the Committee to Vermont Care Partners, Julie Tessler who was present, to provide current Designated Agency information on staff vacancies and waiting lists for programs or services.

Department of Disabilities, Aging and Independent Living (DAIL)

DAIL Listening Session for Adult Services

DAIL hosted a listening session for providers and stakeholders in our system of care for older Vermonters and Vermonters with disabilities at the Elks Club in Montpelier. About 40 people attended the half-day session and offered feedback and creative ideas related to the larger system of care. From all indications, it was an opportunity for work and discussions with the state that was welcomed and fully supported across our provider and stakeholder community.

Department of Corrections (DOC)

Suspected MRSA

We currently have two inmates with suspected MRSA. One is at Northwest state Correctional Facility and one is out of state at the Michigan facility. MRSA is a highly contagious antibiotic resistant staph infection; it is common in hospitals and correctional facilities. All precautions to avoid further contamination, pending confirmation, are being taken.

Department of Vermont Health Access (DVHA)

Legislative Update

Steven Costantino testified on DVHA's budget adjustment in the House Committee on Appropriations on Tuesday.

Vermont Health Connect Update

VHC Renewal Testing: As of Sunday, 28% of the test scripts have been successfully executed. That is only an 8% improvement over the previous week. 72% of the test cases will need to be completed successfully by Thursday to hit the planned implementation date. The User Acceptance Testing team has logged defects which have blocked the Medicaid renewal cases from being completed. There are ACCESS integration defects preventing the test cases from being completed End to End (E2E). In addition to the ACCESS integration defects, MVP has reported defects on their system which has prevented completion of the carrier test cases. In total, there are 50 open defects found in the system which as of yet have been remediated and successfully retested. Out of 50 open defects, 9 critical and 22 high are remaining. These 31 defects will need to be remediated & retested or priority lowered in order to pass the Go-No Go criteria established for this release. Out of the 33 defects, 14 have been identified as OneGate defects. This leaves the newly established Optum OneGate team only 4 days to onboard, investigate, fix, unit test, & SIT/UAT each defect prior to the 12/18 test execution complete deadline. These defects are directly related to both verifications and Medicaid renewals. Without these defects being remediated, the state will need to appropriately increase staff to take on the burden of these cumbersome work-arounds and the contingency plan will need to be verified.

VHC continues their efforts to complete 2016 renewals and are tracking to December 29th. Call volumes at the call center this week are very high and they are letting people know that if they try to

call in on or before the 15th and can't get through, VHC will honor their 1/1/16 enrollment request.

Operations is working with Optum on a roadmap for defect fixes that incorporates the retirement of manual workarounds that are causing operational inefficiencies. This roadmap is key for ensuring that operations can meet mandated service level times.

The State team is working with CMS to finalize its Medicaid renewals and verifications plan and are in the process of hiring 20 temps to support this work beginning January 1st.



219 North Main Street, Suite 402, Barre, VT 05641
(p) 802-479-1030 | (f) 802-479-1835

CONFIDENTIAL AND PRIVILEGED MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: December 18, 2015

Media Contacts:

12/11/15

Matt Hongoltz-Hetling, Valley News: Questions about spending thresholds and looking for data on SU budgets. Brad James provided information and data on spending thresholds.

Alex Nuti-de Biasi, Journal Opinion: Specific questions about Act 166 preK regions in Fairlee, Vershire, West Fairlee and Thetford. Melissa Riegel-Garrett responded directly to this reporter.

12/14/15

Tiffany Pache, VT Digger: Asking for the "letter" asking for money for staff to help implement Act 46. Tiffany was advised that the AOE has not asked for money for staffing. She was misinformed, and was thinking of the State Board letter from October 2015.

Courtney Lamdin, Milton Independent: Asking if there was an investigation into former-Superintendent Barone in Milton hazing incident(s). Courtney was advised that under state law, the Agency of Education's licensing investigation process (in regard to a licensed educator) is confidential. We are unable to confirm or deny the existence of any licensing report or investigation, at this time. Courtney followed up her question with a public records request, which has been routed to our Greg Glennon.

Haley Dover, Burlington Free Press: Submitted a public records request for any records from 2004 until now involving Jay Hoffman, a former teacher in the South Burlington School District. The record request was forwarded to Greg Glennon. She was provided public records, and denied any confidential material.

Micheal Bielawski, Hardwick Gazette: Working on a story about the impact of Act 46 on Tech Centers. It sounds like he's spoken with a Tech Center director, a school board chair and maybe a few others. Donna Russo-Savage spoke with Michael.

12/15/15

Gaen Murphy, Addison Independent: Looking for help translating Act 46 spending thresholds into plain English.

Howard Weiss-Tisman, VPR: Is interested in learning more about the opioid study Wendy Geller is working on with Abby Crocker from UVM.

Tiffany Pache, VT Digger: Clarification questions regarding the three merger proposals that were approved by SBE this week.

Bridgett Barry-Caswell, WCAX: Needing enrollment information on Essex and CVU. Provided her with the information and link to data on our website.

12/16/15

Keele Smith, WPTZ: Asking for information regarding school safety and student penalties for false reporting. She was provided contact information for Rob Evans, our school safety liaison and was also directed to speak with the school regarding local disciplinary action, the AOE does not get involved in those kind of local decisions.

Ed Barber, Newport Daily Express: Looking for cost containment numbers and FY 16 spending. Brad James provided data files and answered his questions.

Tiffany Pache, VT Digger: Asking to speak with Bill Talbott about SBE asking for staffing and support for AOE. She's been advised – again – that we are not asking for staffing, and that she is confusing Bill Talbott with Bill Mathis.

Andrew McKeever: Asked Rebecca for comment on Dan French's departure from BRS

12/18/15

Andrew McKeever: Asked Rebecca for her position on whether districts can do what North Bennington did. I replied that position is that school districts have the right under current statute to decide whether to operate a school or pay tuition for students and this is a decision appropriately vested with local communities.

Meetings:

Staffers for the Congressional Delegations about the new ESSA—I think they are fine with our measured response, now that we have explained the logic. We shared our communication with the field with them before sending and invited comment.

Met with Sen. Ashe about **student privacy and data governance:**

- Sen. Ashe stated that we had satisfied all of his questions that arose as a result of meeting with privacy advocates earlier this year.
- Greg provided a paper copy of the draft legislation the AOE/Governor's office had presented the past two years (i.e. legislation modeled after CA's SOPIPA legislation to close gap between FERPA and COPPA related to sale/reuse of information)
- Sen. Ashe stated that he would discuss that draft legislation with Sen. Sears and may ask one or two of us to testify about it if it makes it to bill form.

— Sue

State Board of Education: Reviewed and approved three merger proposals.

VT Statewide Independent Living Council about opportunities to partner on inclusive curricula

Hosted an off-the-record orientation to Act 46 for members of the media and key stakeholder groups, attended by some 15 people.

Emerging issues:

Possible need for a tweak in Act 153 of 2010 (governing mergers) – a little political

When different districts merge into one under Act 153, they go from having separate tax rates in each district to one shared tax rate. Because the original towns usually have different tax rates, some of the original tax rates are farther from the new unified tax rate, making some districts bigger winners and losers. To “smooth” the transition, the merger law limits the change in tax rate to 5% a year for five years, presumably on the assumption at the time that that was how long tax rates would likely take to converge.

In some merger situations, this is true. However, in some the tax rates converge sooner, and moreover, the language does not acknowledge the fact that post “convergence”, the unified system might choose to raise its tax rate. A very literal and narrow interpretation of Act 153 would be very problematic in this case. A unified system could, for example, deliberately raise its tax rate, knowing that its effective rate would be limited to 5% increase. This would enable (and even incentivize) a unified district to go on a quick spending spree or build up a surplus as the expense of the ed fund. We have assumed this was not the intent.

Last summer we were asked by the superintendent of the Bennington Rutland SU (Dan French) to explain why we were not using the literal interpretation of the tax rate transition component of Act 153 of 2010. We consulted with the tax Department General Council to explain in writing why the literal interpretation was not consistent with legislative intent of this provision and that our administration of this provision was correct. A similar provision is also contained in Act 46 of 2015. Since our statement we have gotten similar questions and are offering further justification for our interpretation.

Again, if the literal interpretation were to be followed a newly district formed by a merger of under one of the Acts could raise its spending extraordinarily high (for example for one-time expenditures) with minimal tax rate implications for the four and five year transition periods contained in the law because the forming districts rates could not go up more than a year. This is an absurd result and was not what the legislature intended.

This situation has recently become problematic because a financial modeling tool we previewed and which was released by the VSA and VSBA is modeling the literal interpretation. It is also coming up in some districts that have been using the model and are incorporating the model results in reports, and also among some anti-act 46 stakeholders who would like to find a way to discredit the model.

To solve this, I think we can reiterate that a model is a model, no model can yield a perfect prediction, any more than the budgets we approve in advance are a perfect prediction

of finances in the coming year. This is why models need to be used with judgment. We check proposals on this end as well to ensure they are fiscally sound. **However, the legislative intent was not to give converged systems a spending spree, and we can ask the legislature to clarify their intent early on in the session.**

— Sarah

Gov's help?

We hired someone to work in our data team who is not a US citizen. He is now having trouble with his visa, and we are very worried about losing him. He is a statistics rock star, and we have not been able to recruit anyone else with comparable skills—they all go to business when they hear what we pay. Senator Leahy's office has been helping, but he may need letters of reference to make the case. I am going to write a letter. Would the gov be willing to consider signing a letter confirming that he is doing analyses for the AOE that are critical to successful implementation of Act 46? If we could get two years of this guy, it would be a huge help to our efforts.

Religious PK and Act 166

We've identified 3 programs applying for approved status that appear to be sectarian but state they wish to offer 10 non-sectarian program hours:

- Good Shepherd Catholic School/Burlington Diocese, St. Johnsbury (Prequalified Status Already Obtained)
- Little Lambs/Good Shepherd Lutheran Church, Rutland (Applying for Prequalified Status)
- Ark Preschool/Victory Baptist Church, Waltham (Applying for Prequalified Status)

Act 166, Section 4, states the Secretary of Education will ensure that public funds are not expended in violation of Chapter I, Article 3 of the Vermont Constitution and the Vermont Supreme Court's decision in Chittenden Town School District v. Vermont Department of Education, 738 A.2d 539 (1999) or in violation of the Establishment Clause of the U.S. Constitution.

In that case, the current statutory system, with no restrictions on the purpose or use of the tuition funds, was determined to violate Article 3 of the Vermont Constitution. Since this case was decided, the legislature has not passed any law that the executive branch can enforce or implement, with respect to restrictions that prevent the use of public money to fund religious education. **In other words, there is no system by which a sectarian school can somehow segregate public funds it might receive and apply them to non-sectarian purposes.** I'm not sure how the legislature might create such a system. It seems like it could create a bureaucratic nightmare of trying to figure out compliance with any such scheme, not to mention the entanglement of the state rummaging through the books of a sectarian school to see how it deposited and spent its money.

The bottom line is that since Chittenden, supra, there has been no effort on the part of the legislature to try to create a segregated system of funding or receipt of funds. In the absence of that, we are left with the analysis as to whether a school is sectarian in the first instance. The 3 schools referenced above are all deeply entangled with their respective church, and appear to meet the threshold of sectarian under applicable case law (precedent) factors. **Based on this analysis, I intend to deny their application to be state PKs.**

Partnership with AHS to explore opportunities to share resources to better meet the mental health needs of children and in particular, children with emotional disabilities.

Act 46 required us to collaborate with AHS on a report related to strategies to collaborate to better meet needs and address shared priorities. This has been an excellent opportunity to make some headway on some key shared priorities, including access to mental health supports for some of our most vulnerable students. More importantly, it has become an opportunity to collaboratively identify shared goals, identify current effective initiatives, and to establish some protocols and figure out how to work together more effectively. This has been a positive opportunity, and I really appreciate the tone and space Hal created that helped make this possible.

The dating game

In some places, some SUs are having trouble getting started on exploring merger options, because they are waiting around, looking bright and hoping some bigger, stronger neighbor might look at them with interest. Often, the stronger place has no interest. We are starting to gently intervene in some of these regions to start calling this game what it is, and encourage some of the stronger players to start clarifying their intent, so that if necessary, others can move on or think realistically about what changes they might need to make to have a different set of potential dance partners. This is a little more like being the chaperone at an 8th grade dance than we would like to play, but I think it is necessary or these places get stuck and people get frustrated.

Thanks to Justin for the heads up about the bomb alert. My staff could actually see the activity from our windows, so it was good to get a message out.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Friday, December 18, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Brattleboro IM 091-1(65)

The contractor submitted a proposed global settlement to the Secretary on December 15, 2015. A team from VTrans will be meeting next week to review the information and determine next steps. One interesting aspect of the proposal is a no-excuse completion date of May 1, 2017 to have the bridge open to 4 lanes of traffic with a \$10,000 per day penalty. The no-excuse terminology is interpreted just as it says: there are no more excuses for not meeting the date. At the same time I received this proposal, the project team received an updated project schedule showing the bridge open on July 7, 2017. Whether this \$670,000 discrepancy is an oversight or a negotiating tactic remains to be determined. I will develop a response to PCL and will share that response and strategy with you prior to sending.

EV Incentive

I need some direction on whether this is something you want to pursue for this year in the Legislature.

NOTES FOR STAFF

Positions

During the aftermath of Irene, the Legislature approved a VTrans request to create Limited Service positions to assist with the additional work of recovering from Tropical Storm Irene. These positions are due to expire June 30, 2016. Since these positions were created by the Legislature and they have a statutory expiration date, we need the Legislature's approval to either extend, make permanent or repurpose these positions. The SOA has authorized us to move forward with this proposal in our Transportation Bill.

We will be requesting from the Legislature the following:

- Changing 16 LS Irene positions into permanent positions, 7 of which will become Water Quality District Technicians to assist municipalities in project design and state grant opportunities to meet the requirements of the new municipal road general permit being developed by DEC; the remaining 9 positions are either project design positions or construction positions which the Agency needs to not only meet existing project level demands, but also to meet the future demands of the increase in federal funding VT will receive from the new federal reauthorization, the FAST Act. VTrans has sufficient funding in its current and proposed FY17 budget for these positions. It should also be noted that our contractor expenses, necessary to complete the budgeted work authorized by the Legislature, have been steadily increasing which does not represent the best value for the taxpayer's revenues.
- We are proposing extending for an additional three years, the remaining five positions which are necessary to maintain current levels of program performance.
- We will also be proposing the addition of five new positions necessary for VTrans implementation of the Vermont Clean Water Act. Three of these positions are Stormwater Technicians necessary for implementing and meeting the requirements of the new DEC permit called a TS4. These positions will be in the Maintenance Bureau and will actively work on stormwater infrastructure compliance and direct maintenance activities. One position will be a grants coordinator for the Municipal Mitigation Grants Program which hosts the Better Back Roads program, both of which will see significant program growth from \$400,000 in FY16 to over \$4 million for FY17. The last position is in our Environmental Section; the position will work with project designers to meet the new requirements of the TS4 for our roadway projects. The Legislature received briefing materials and testimony on these water quality positions during the 2015 Legislative Session and understands they are required for VTrans to implement the VT Clean Water Act.

Middlebury Tunnel

As you are aware, we received a letter from 50% of the local project development team and many local merchants signed opposing the 60% project plans that were presented at a public meeting in Middlebury. The local project team, who is in charge of designing the project and developing the schedule in conjunction with the contractor, is composed of four individuals: three from the selectboard and one individual representing the merchant's interests. The Local Project Team is split 50/50 on the 60% plans, hence the letter we received. I'm meeting with my staff Monday morning to discuss the facts of the project and I will be preparing a letter to the editor of the Addison Independent that establishes the facts of the project.

Driving while License Suspended Task Force

The final Task Force meeting was held on December 17; the draft Task Force Report will be updated to reflect the meeting input and redistributed to Task Force members for final review on December 18.

Stormwater Legislation

Staff are finalizing legislative language, incorporating some of the comments from the towns of Williston and Colchester, for discussion with Senator Mazza and Representative Brennan on December 22. DEC and VTrans are satisfied with the draft and the plan is to have Representative Brennan sponsor the legislation and have it assigned to the House Transportation Committee.

Legislative Preparations

Policy and planning staff are continuing to coordinate with Agency staff on finalizing legislative language development and informational briefing papers for Agency legislative agenda.

Champlain Parkway

Director Boomhower participated in Parkway Team meeting with the City on December 16. Focus included continued advancement of the soils management plan; borings were completed and this element is looking more favorable. The City was planning to meet with the Act 250 Coordinator later on December 16 to discuss the JO. City and VTrans staff will be meeting soon to coordinate non-rail ROW. VTrans ROW has retained an appraiser to work on the rail ROW process. A meeting will be held on December 21 with FHWA to review Rail Diagnostic elements for determination of eligibility of rail activities.

Bennington Airport

Guy Rouelle met with Senators Sears and Campion along with Representative Corcoran at the Bennington Airport on December 16. The purpose of the meeting was to discuss a limited service FBO (SASO) for the airport. Dave Corey, with other community business leaders, has formed a not for profit called the Bennington Airport Development Corporation (BADC). The purpose of BADC is to increase the business and aviation educational activity at the airport. We discussed a 2-year lease to bring the airport to a level of business that would make it attractive for a full-service FBO to take over. The lease would end in 24 months.

Hermitage Inn Real Estate Holding Company, LLC Transportation Planning (700002-25)

Master plan permit application for the former Haystack Ski Area in Dover, VT that is now a private club. The plan includes safety improvements and runway extension of the Deerfield Valley Airport, four residential units, 10 Inn units, 550 residential units, new base lodge, 4 restaurants, additional lifts and snowmaking and other related improvements. Transportation impacts are proposed to be mitigated by coordination with Mount Snow on traveler information about delays at VT 100-VT 9 intersection, operating a resort shuttle, encouraging later departure of guests and changing work

shifts to avoid the peak hour, and contributing \$50,000 to VTrans for remote traffic signal operation equipment at the VT 100-VT 9 intersection. Hearing date is December 21. We will provide a letter accepting the proposed mitigation.

EV Charging Stations at Welcome Centers

Joe Segale and Gina Campoli met to discuss moving this project forward. Will use consultant assistance to evaluate the feasibility, costs, financing, etc., of level three charging stations at welcome centers in conjunction with net metered solar panels.

Burlington – Railyard Enterprise Project (REP) Scoping/PEL

A public meeting was held December 9th at ArtsRiot in Burlington to present results of the Phase 2 alternatives evaluation and the three alternatives that the Steering Committee recommends that the City advances into the NEPA process. It was a lively meeting with more than 75 people in attendance. CCRPC is working with City staff to prepare for the City Council meeting on December 21 and for the Resource Coordination Group meeting on December 17.

VTrans Solar Planning

The Public Service Board issued a Certificate of Public Good for the Agency's Fair Haven Welcome Center net metering project. The project PPA contracting process is complete and has been forwarded to All Earth Renewables. The finalization of the lease has been delayed by ROW's efforts to update the Utility Accommodation Plan and completing the NEPA document and fair market value assessment, all necessary for final FHWA sign off.

**116 STATE STREET
MONTPELIER, VERMONT 05620**



**OFFICE OF THE SECRETARY
TEL: (802) 828-1619
FAX: (802) 828-2361**

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: December 18, 2015

Secretary's Top Issues

Public Records Request Regarding Huard Farm and Contractor Engagement

The Agency responded to a Public Records request from Karen Huard, representing a contractor engaged in a payment dispute with a farmer. The farmer received grant funding for the project from the Agency. Agency provided requested documents and closed out the request.

Public Records Request from NE Investigative Reporting Ins. Regarding Greg Finch

The Agency is also working on a Public Records request from Troy Shaheen, NE Investigative Reporting Institute, regarding the Agency's interactions with Lorentz Meats and Greg Finch. The primary Agency contact is on maternity leave, so we will reply within ten days, as this constitutes unusual circumstances. The Animal Health section case against Finch related to his illegal importation of more than 1,000 livestock over more than a year, was settled without a hearing. Finch paid \$10,000 of the \$24,000 penalty; the remainder was suspended pending no further violations for two years.

Food Safety Modernization Act (FSMA) Meeting with FDA

The Vermont Agency of Agriculture hosted FDA Deputy Commissioner of Foods & Veterinary Medicine Mike Taylor and FDA subject matter experts for a public meeting on final FSMA rules. The Produce Safety Team met separately with FDA and Vern Grubinger, UVM Extension, to discuss Vermont's plans for Produce Safety Program Development. Over 100 people from 8 northeastern states attended the meeting to learn about the Preventive Controls for Human Food Rule; Produce Safety Rule; and Preventive Controls for Animal Foods Rule.

Re-Stocking of HPAI Stricken Regions of the USA

State Veterinarians received notification this week that all of the Midwest farms that had been directly impacted with High Path Avian Influenza during the last year have been granted permission to restock with healthy birds if they so choose. Continued state preparedness efforts over the last several weeks have included:

**116 STATE STREET
MONTPELIER, VERMONT 05620**



**OFFICE OF THE SECRETARY
TEL: (802) 828-1619
FAX: (802) 828-2361**

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: December 18, 2015

Status of Governor's Priorities:

Press, Marketing and Communications:

The Agency responded to a Public Records request from Karen Huard, representing a contractor engaged in a payment dispute with a farmer. The farmer received grant funding for the project from the Agency. Agency provided requested documents and closed out the request.

The Agency is also working on a Public Records request from Troy Shaheen, NE Instigative Reporting Institute, regarding the Agency's interactions with Lorentz Meats and Greg Finch. The primary Agency contact is on maternity leave, so we will reply within ten days, as this constitutes unusual circumstances. The Animal Health section case against Finch related to his illegal importation of more than 1,000 livestock over more than a year, was settled without a hearing. Finch paid \$10,000 of the \$24,000 penalty; the remainder was suspended pending no further violations for two years.

The Agency is finalizing the relaunch of VermontDairy.com and expects the site to go live in January.

Significant Events/Meetings:

- Assistant State Veterinarian traveled to Brattleboro, VT, with the Produce Safety Team to host the FDA FSMA final rules roll session (Preventive Controls for Human and Animal Food and Produce Safety) and present VT's preparation activities and rule implementation challenges to FDA staff.
- Animal Health field staff attended a USDA call in Animal Disease Traceability. Call reviewed the traceability exercises that state agencies who receive Traceability Cooperative Agreement Funds are required to throughout the year. Call discussed the procedures, the new reporting template, and the average time it takes states to track down the official identification and animal movement information. New this upcoming is the tying together of successful trace completions with a state's ability to receive funds from USDA. The trace exercises involve livestock dealers, producers, veterinarians in practice, and agencies in other states. The recent Animal Health Newsletter provided information to veterinarians in VT on these exercises and their requirement to keep tag application records.
- Animal Health Section is amending an AOD for a cervid producer who partially met the terms as the herd inventory record was submitted and the official identification tags were confirmed by an AHS. However, 5 deer are missing official tags and the producer was unable to utilize his catch

facility to restrain the deer and apply new tags. Producer has stated his catch facility will be useable by the February and he will apply the missing tags then.

Evolving Issues:

- Animal Health Section field staff responded to a sick bird call and took samples for avian influenza testing. Hobby producer with approximately 40 birds, three died in the same day, other poultry exhibiting respiratory signs.
- State Veterinarians received notification this week that all of the Midwest farms that had been directly impacted with High Path Avian Influenza during the last year have been granted permission to restock with healthy birds if they so choose. Continued state preparedness efforts over the last several weeks have included:
- Discussions with Hazmat crew chief and Fire Services chief regarding equipment needed for foam application during depopulation
- Commitment for the Agency appraisal and indemnity team lead to participate in regional training on the protocol for appraising poultry in order to indemnify Vermont producers
- Development of an employee training program between now and next March to continue to enhance our preparedness for foreign animal diseases that will culminate with a tabletop exercise in March of 2016.
-

Summary of Key Agency Department Activity

Administration:

Land Use:

On Farm Rural Enterprises

November 15, VAAFM met with other agencies and departments to discuss policy changes to Title 24, Chapter 117, Vermont's Planning and Development law, to provide consistent approach to regulation of on farm agricultural enterprises. The proposed changes in Chapter 117 are meant to set a ceiling for regulatory jurisdiction of small scale on farm businesses consistently across municipal boundaries, but does afford a municipality some discretion to apply regulations in place over these businesses when it regulates other similarly situated businesses.

The Agency refined a proposal and presented it to other agency and department's leaders and received generally positive statements about its proposed direction. The group identified some potential concerns that could be raised by various constituents including

- Those with on farm enterprises or who might want to start one, may believe that any regulation is an impediment to those that want to develop on farm businesses (why should there be any limitations on or regulation of rural enterprises on farms)
- Neighbors may not think the proposal provides enough regulation of on farm enterprises and their private property rights are suitably protected from neighboring enterprises.
- Towns may feel ill equipped to administer a self-executing law, adding on pressure few existing resources
- Other towns may have already address rural enterprises and the proposed statutory change doesn't mirror local regulation, and create confusion.

The VAAFM has tried to address these potential concerns with an elegant and balanced approach, that includes some flexibility for the Agency in providing guidance and for the municipality that is responsible for regulating land uses locally.

Another issue recognized by the group is that even with minor relief from some aspects of municipal zoning, there is apparently no relief from Act 250 jurisdiction for small scale enterprises. The Agency will work with NRB to see what changes may be necessary to structure Act 250 in a similar way, and provide regulatory relief for on farm enterprises at a scale where there are few if any improvements to a property.

Lean and the Vermont Housing and Conservation Board

Vermont Housing and Conservation Board is beginning a LEAN process “to maximize **customer value** while minimizing waste” as it applies to the farmland conservation funding and project closing process. VHCB asked the Agency to participate in this process as a key player in the conservation closing process in different capacities. A preliminary meeting was held on December 17, to explain the process and how it has served the Vermont Department of Environmental Conservation, to explore the “charter” which will guide the VHCB’s process, to identify other key players as subject matter experts and outside organizations that influence the farmland conservation process, among other things. This group and others invitees will convene again in February to continue this exploration and find ways to improve what is a very complicated process, eliminate unnecessary steps, to better serve its “customers.” The Agency looks forward to its involvement.

Agricultural Development:

- In a letter to Secretary Ross, Edward Robinson, a farmer who is leasing his land to Solar City (initially Green Peak Solar?), who feels he was treated unfairly, that the project as configured will prevent him from farming effectively, and no longer wants the project on his land. Prior to the Public Service Board’s pre-hearing conference, Senior Agricultural Development Coordinator Alex DePillis spoke with Mr. Robinson and attempted to clarify the process and the options that Mr. Robinson might have (mainly getting a lawyer to represent him). At the pre-hearing conference, Mr. Robinson read from a similar letter that he wrote to the Board. Solar City is represented by Kimberly Hayden of Downs Rachlin Martin.
- A video interview featuring Senior Agricultural Development Coordinator Alex DePillis talking about Vermont’s pilot projects to incorporate processed food scraps in digesters is now complete and [posted](#). This interview dates to October, from the conference at which Vermont’s efforts were highlighted and at which Mary Powell of Green Mountain Power provided the keynote address.
- With regard to the digester GMP is proposing to build to serve three farms in St. Albans Town, staff have begun review of the technical documents underlying GMP’s claim that “This will go almost a third of the way toward what the EPA is asking us to reduce here in the bay.” (Josh Castonguay, [VPR story](#)). The documents (pre-filed testimony in the petition for a CPG) do not show how or where the phosphorus goes, only that much of it could be extracted at the tail end of the digester. The testimony is here: <https://anrweb.vt.gov/ANR/vtANR/Dockets.aspx>, click on “[PSB GMP St. Albans eFarm Project](#)” – the relevant testimony is in “Nelson,” specifically the Stone and VHB memos.

Community Accreditation for Produce Safety (CAPS) Review

- Produce Safety Coordinator Kristina Sweet reviewed applications for the Vermont Vegetable & Berry Growers Association CAPS program, a voluntary produce safety program in its initial pilot phase.
- Sweet provided feedback on the completeness and accuracy of farmer applications, which included manure and compost records, produce safety plans, standard operating procedures for on-farm practices, and a farm map addressing food safety hazards.
- Feedback provided will shape further development of the program in the coming year.

Food Safety Modernization Act (FSMA) Meeting with FDA

- The Vermont Agency of Agriculture hosted FDA Deputy Commissioner of Foods & Veterinary Medicine Mike Taylor and FDA subject matter experts for a public meeting on final FSMA rules.

- Produce Safety Team—Kristina Sweet, Abbey Willard & Shelley Mehlenbacher—met separately with FDA and Vern Grubinger, UVM Extension, to discuss Vermont’s plans for Produce Safety Program Development.
- Over 100 people from 8 northeastern states attended the meeting to learn about the Preventive Controls for Human Food Rule; Produce Safety Rule; and Preventive Controls for Animal Foods Rule.
- Audio recordings of the presentations and question-and-answer sessions will be posted to the Agency’s website.

Produce Safety Coordinator Attends New England Fruit & Vegetable Conference

- The annual New England Fruit & Vegetable Conference is the largest meeting of fruit & vegetable growers, service providers, and state department/agency staff in the Northeast.
- Farmers, extension staff, and state department of agriculture staff presented research and resources for the fruit & vegetable industry.
- Session topics included food safety; soil fertility; and conducting on-farm research trials.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Working on budget submission for FFY16.
- Asst. Director FSCP participating in the planning for Vigilant Guard 2016 exercise
- Compliance responded to consumer complaint concerning drain backup in a meat processing area in a Morrisville supermarket
- Working with a producer in Brattleboro wishing to expand current direct to consumer sales to Wholesale distribution which will include facility upgrades and operations under State Inspection for Ready to Eat healthy meals made with VT ingredients
- Working with producer in Royalton wishing to expand production into meat pies, 1st at the direct to consumer retail level and then expanding into wholesale distribution
- Compliance is working on violations of exemptions for two producers in the Westminster area
- Program is working on ways to notify and implement federal requirements for recordkeeping for all establishments producing raw ground meats. Changes take effect in 180 days
- One custom operator has had operations suspended due to water sample failure

Animal Health:

- Animal Health Field Staff
 - Attended the weekly livestock auction at the Addison County Commission Sales to monitor Animal Disease Traceability compliance and complete the livestock market report.
 - Completed a partial annual inspection and inventory reconciliation of the red and fallow deer owned by a producer in Pownal, VT. Deer are trained to come up to fence line, allowing confirmation of official ear tags but not replacement of missing tags. Five deer were missing RFID’s and the plan is to capture and restrain those deer in February and apply official ID at that time.
 - Worked with DMV Enforcement at a check station in Ferrisburg to monitor livestock trailers and import paperwork.
 - Completed livestock dealer inspections in Franklin County and one dealer in Waitsfield and provided animal traceability supplies.

Agricultural Resource Management

North Lake Farm Survey Initiative:

- Staff are conducting water quality surveys of farms in Franklin and Orleans Counties as part of the North Lake Farm Survey Initiative. Approximately 400 farms have been identified in the survey area and surveys are being conducted by several ARM Division staff members. To date, over 258 farms have been fully surveyed and data summary is ongoing with summary materials continually being developed and revised. The following number of farms were surveyed within the last two weeks as part of the survey initiative:
 - 2 MFOs (attempted, but farmer denied access)
 - 6 SFOs

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

- Staff conducted an inspection on a LFO in Washington County related to a complaint about manure spreading within a vegetated buffer as well as too close to a well.
- Staff conducted technical assistance visits to three MFOs in Addison County to evaluate BMPs installed to address water quality concerns.
- Staff conducted a visit to a MFO in Addison County to discuss LFO permitting which includes potential animal housing construction and merging multiple MFOs into a single LFO.
- Staff compiled emails related to a Freedom of Information Act (FOIA) request.
- Staff are working with LFOs regarding permit amendments for authorization to construct additional animal housing, waste storage, increase animal numbers and importation of wastes for digesters.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are continuing to work on and test the FoodSafety Water Quality database. We are currently working on enforcement actions, permit fees and payments, data tracking and data migration.

Conservation Reserve Enhancement Program (CREP):

- Staff visited a SFO in Chittenden County three times within the last week to continue to work on BMPs and CREP project implementation and finalize items within the project.
- Staff met with a SFO in Lamoille County with AAFCM Engineer and NRCS to discuss implications of moving their pasture and planning for related heavy use area needs as well as addressing existing roof runoff on current barnyard and the need for a new farm access road.
- Staff visited a SFO in Chittenden County to conduct CREP field work with FSA staff.

Entomology:

- Alan Graham and Patti Casey attended the 61st Annual Northeastern Mosquito Control Association meeting in Newport, RI on December 7 – 9. At the meeting Patti Casey presented a paper entitled “Vermont Arbovirus Surveillance in 2015”
- During the 2015 spring and fall season, 710 blacklegged ticks were collected and identified. Each of these samples will be tested at the Agency lab in Burlington for tick-borne diseases.

Secretary's Comments:

- Participated in a two-day long water quality conference called “Voices Of The Lake” at Echo at the Leahy Center for Lake Champlain.
- Participated in RAP meeting at the State House in Montpelier.
- Gave Vermont Edition interview with Laura DiPietro. Subjects included water quality, ACT 64, the new RAPs, and more.
- Took part in a discussion at Ben and Jerry's about excess milk volumes.

- Played a role in the day-long FSMA events in Brattleboro with Deputy Commissioner of the USDA, Mike Taylor.
- Gave a video interview as part of a project for the Working Lands Enterprise Board.
- Convened with members of VAAFM and ANR for a regular Lake Champlain TMDL update.
- Participated in the Climate Cabinet.
- Officiated the All-Agency staff meeting.

1 National Life Drive
Davis 2
Montpelier, VT 05620-3901

Tel: (802) 828-1294
Fax: (802) 828-1250

www.anr.vermont.gov



Deborah L. Markowitz
Agency Secretary

Trey Martin
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: December 18, 2015

Subject: ANR Weekly Report

Governor Level Issues:

Burlington's Dirt Pile: As you may recall we have been going back and forth with Burlington on what is required to dispose of the dirt pile at Leddy Park because it contains small amounts of PCBs. Although EPA decided not to take jurisdiction, they have informed us that they will take back jurisdiction if we fail to treat the dirt pile in accordance with our solid waste laws (requiring it to be disposed of accordingly – rather than used on the site as fill for the bike path project.) Unfortunately had the consultant tested the soils before they were moved from their original location (as is best practice) the soils could have been capped and remained on site, saving the city the cost of removal and disposal. The City is moving ahead and has already submitted an approvable work plan and begun mobilizing to move the soils from the park.

TSCA: The Senate passed a bill modernizing the Toxic Substance Control Act. We worked closely with Senator Sanders' staff and the Environmental Council of the States to ensure that that the final bill fixed earlier versions that would have largely preempted state action on toxic chemicals. We are pleased with the final version and will continue to stay closely in touch as the House and Senate work to resolve differences between their two bills. I am happy to provide you with more detailed information if you would find it helpful.

RGGI Auction #30: The auction was held December 2. All 15,374,274 allowances offered for sale were sold at a record clearing price of \$7.50 per allowance; a 25% increase from Auction 29 in September. Media reports noted that this was also 44% above the price one year ago, and 257% higher than the price two years ago (December 2013). Vermont sold 117,989 allowances; proceeds were \$884,467.50.

Casella Meeting – Recycling and Bottle Bill: Waste Management staff attended a meeting at the Rutland Materials Recovery Facility (MRF), operated by Casella Waste Management, also attended by several local officials and VT legislators. John Casella spoke about several topics including “recycling is not free”, the downturn of the recycling markets, and his desire to implement a billing fee to address the cost of recycling markets. Mr. Casella stated he will be seeking three things this legislative session: Approval to use an Sustainable Recycling Assessment (SRA) in billing residential customers; Changes to Act 148 organics collection requirements, possibly repealing the requirements for organics collection by haulers and the diversion by smaller generators and residents; and Change/eliminate the Bottle Bill to divert valuable materials to the MRFs.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Budget Adjustment: House appropriations were very receptive to the approach we are taking with the Clean Water Fund. They had a number of questions about how we prioritized spending and were very happy with the level of transparency and accountability in our approach – and particularly appreciated how we identified the priorities set in statute and referenced what priorities each of the proposed expenditures sought to address.

Bill to Alter JO Process: Jon submitted to Tony Klein this week a draft bill that eliminates the requirement that an applicant request reconsideration of a Jurisdictional Opinion (JO) from the NRB in order to appeal the JO to Environmental Court. The reason for eliminating this requirement is that it creates an inefficient process that requires significant legal review by Board staff attorneys. The NRB lost an attorney position last year and we no longer have the resources to dedicate to these reconsideration requests.

Press Issues/Releases:

F&W Releases: VT’s Free Ice Fishing Day is January 30. 2016 Hunting, Fishing and Trapping Licenses will be available on the FWD’s website on December 14. **VTFWD 2016 Calendar and Other Gifts Available: Annual Christmas Bird Count:** This holiday season marks the 116th annual Christmas Bird Count, a favorite tradition among VT’s birding community. Birders in VT are encouraged to participate in the count, which begins on December 14 and runs through January 5.

Significant Events/Meetings:

Morrisville Water and Light Dams: We met with the Administrator and Board Chair for Morrisville Water and Light about the water quality permit that is required to be issued as part of their relicensing with FERC. As I mentioned previously, this is not good news for them since the clean water laws require a run-of-river operational protocol and limits the drawdowns that they rely on to maximize their energy generation. The required changes may result in a 4% increase in rates (which is not so far out of line for rate increases for the smaller power companies.) We are continuing to look for ways to allow them to phase in the changes. We expect to issue the draft permit later this month and there will be public hearings that will generate some public response.

VLCT Water Quality Advisory Committee: DEC staff met with the VLCT Water Quality Advisory Committee on December 8. The mayors of both Rutland and Burlington attended the meeting. Rutland Commissioner of Public Works, Jeff Wennberg was pleased to learn that DEC will issue its draft combined sewer overflow (CSO) policy as a rule, which he had previously requested. Mayor Weinberger raised the issue of integrated permitting, which would allow Burlington to sequence its water quality permits. Burlington is one of four cities in the U.S. that have received EPA grants to develop integrated permits, an initiative supported by DEC. Commissioner Schuren briefed the group on the Clean Water Fund, and the proposed allocation from the Clean Water Fund Board. VLCT's Karen Horn distributed a December 3 letter that she sent to Secretary Johnson requesting more money for municipalities, in particular for road maintenance. DEC has been actively reaching out to municipalities, both through existing programs and the Municipal Task Force, to promote asset management and the co-benefits of good water quality practices.

Meeting with CVCC: Last Friday Chair Groveman met with the Central Vermont Chamber of Commerce (CVCC) to hear from local developers about what their main concerns with the Act 250 process are. The main concern expressed was the length of the appeals process. The group supported efforts I am implementing to improve legal advice being provided to Commissions, provide more training to Commission members (especially Chairs), and work more closely with ANR on their participation in the process.

GS Precision Wetland Permit: The individual wetlands permit went off notice on December 10. No public comments were received. The permit was signed and distributed – expediting the approval in less than five days of staff time to help insure maintaining a significant number of jobs in the region.

Business Transformation Initiative: It was Lean week and teams did an amazing job and the facilitators did an outstanding job of keeping teams on task and progressing through all the necessary phases of the event. The three events included **Land Acquisition, Act 250 permit process and Financial Monitoring and Compliance.**

Land Acquisition – The team has made some great progress analyzing current conditions and mapping the current state for both the DFPR and DFW process. For the most part the two processes follow similar tracks, aside from Forest Legacy. They've identified some significant improvement opportunities moving forward and are vetting

some of those with stakeholders. These opportunities include sharing legal resources, streamlining review, and enhancing coordination with partners. There is also an opportunity to consolidate the 13 databases currently in use to reduce redundancy and data entry.

Act 250 permit process – The team has been working hard to document the steps of their process in light of significant variation amongst the nine districts. The team is recognizing the need for some standardization of processes and well as the need to improve some of the initial application and review procedures. They also see a need to consolidate databases in light of future developments on the nForms front. Stakeholders are in today sharing their thoughts and providing feedback from their perspective. Based on the conversation so far, there may be some follow-up conversations needed after the event to talk through the role of the permit specialists in ANR.

Financial Monitoring and Compliance – Using a matrix developed specifically for this event, the team has completed the process of matching federal and state requirements with funding programs and the divisions responsible for tracking and reporting those requirements. The team also completed a current state map of the current state of the State Revolving Fund construction loan process to help visualize the flow of steps necessary to ensure all the requirements are being met. Stakeholders from various state agencies, including the Agency of Administration are meeting with the team to review and comment on the work done to date.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Policy (OPP)

GMP Net Metering Cap: The PSB still has yet to take action on GMP's November 18 and PSD/ANR's December 9 filings that recommend an immediate, temporary tolling of comment periods for the many applications we have received for net metered solar projects that appear to exceed GMP's net metering cap. GMP hit their cap on November 13. Because comment letters are coming due on a daily basis and because we do not want to initiate new review of projects that may never go forward, all our comment letters are now requesting that the PSB grant ANR and PSD an extension of the comment period until after the Board issues an order that resolves the status of the GMP cap and clarifies the disposition of the now dozens of pending projects that appear to exceed it.

Solar Investment Tax Credit (ITC): It appears the Congress will extend the solar investment tax credit that was due to expire at the end of 2016. The ITC has been the driving force in the financing of solar projects in Vermont over the past two years, and the industry has been racing to permit new projects this fall/winter with the goal of constructing in the summer of '16 in order to commission new facilities by the end of the calendar year. A vote on Capitol Hill is anticipated for this Friday and, if as is anticipated, the ITC is extended to 2019, the pressure to permit and build in 2016 will hopefully subside and take some of the pressure off the regulatory

process for at least the time being. Expansion of the tax credit came as part of a compromise to lift the 40 year old ban on the exportation of domestically produced oil, which was established to stabilize gas prices during the oil embargo of the mid-1970's.

Anbaric Green Line – fisheries meeting: OPP facilitated this week a meeting between Anbaric and DFW fisheries biologist Chet Mackenzie. ANR has had a number of substantive meetings with Anbaric to discuss their electric transmission 'Green Line' proposal, that is planned to run from just north of Plattsburgh, NY, down Lake Champlain to Ferrisburgh, where it would run along road rights of way to a converter station in New Haven, VT. Scheduling conflicts made it difficult for fisheries staff to attend earlier meetings, so this was a good opportunity for both parties to meet, discuss the project in detail and share comments and feedback regarding in-lake seasonal restrictions and other fisheries-focused considerations. The meeting was positive and there appears to be a path forward for any initial issues that have been raised to date.

Colchester Sewer Line - OPP/FED meeting: The Town of Colchester and the Colchester Fire District are moving forward with a proposal to obtain FED funding for a sewer line expansion to serve the Mallets Bay area. The funding rules require an analysis of the scattered growth impacts associated with the expansion of municipal sewer capacity outside of state designated growth centers. OPP will support FED in the review of this growth criteria and plans to contact the Colchester Town Planner to discuss what measures Colchester plans to take through zoning and their sewer interconnect requirements to limit scattered growth.

New Applications for the Week of December 7: OPP received 1 new Act 250 application and 2 new Section 248 petitions.

Environmental Conservation (DEC)

Spill of Diluted Propylene Glycol: On Wed, December 9 there was a spill of approximately 100 gallons of a water solution containing propylene glycol in the boiler room at the Charlotte Central School. Due to the fact that the school has on-site wastewater disposal, Waste Management and Prevention Division contacted the Indirect Discharge program. The school has a sewage system whose discharge is currently authorized under an Indirect Discharge Permit. Because there was a possibility that the spill might be discharged to the septic system, (due to a sump pump discharge plumbed into the septic system), the school's consulting engineer, Hamlin Engineering, was contacted to ascertain from the school's head custodian, whether the sump pump connection had been discontinued. The consulting engineer recommended that the septic tanks be pumped as a precaution which would eliminate any possibility of a discharge to the leachfield and groundwater.

Pollution Control Project Closeout (Pownal): FED has processed the final grant amendment and payment to the Town of Pownal for the Town's \$26 million wastewater project. Project planning goes back to the late 1990s when FED provided funding for preliminary engineering for elimination of a longstanding untreated direct discharge to the Hoosic River in North Pownal. As the project developed, the pollution problem in Pownal was found to be more widespread than initially thought, eventually encompassing Pownal Center and Pownal Village. Construction

commenced in early 2003. The project consisted of a new wastewater treatment plant in North Pownal, located on town property containing a superfund site (former tannery), sewage collection systems serving each of the three town population centers, and transmission to North Pownal. Though the project was completed in 2008, the final state share was not appropriated until this past spring. Final project funding, which included a mix of 7 different federal and state funding sources, totaled \$26.66 million, with the State's share consisting of a pollution abatement grant established at just under \$9.5 million.

Clean Water Implementation Plan – Agriculture: Staff are working with AAFM on consolidated comments from Watershed Management on the draft RAPs proposed by AAFM. This is not a formal comment period but WSMD programs have met several times to provide input and clarifications. There is still some work to do for us to be completely comfortable with where AAFM has landed with some of these rules.

Fish & Wildlife (FWD)

Recreational Boating and Fishing Workshop: Staff attended a workshop hosted by the Recreational Boating and Fishing Foundation in Dallas, TX. Outreach, Marketing, Communications and biological fisheries staff from all 50 state fish and wildlife agencies and well as NGO's and industry leaders were in attendance to listen to keynote presentations and participate in breakout workgroups dealing with the importance of customer engagement and the "Three R's", which are Recruitment, Retention, and Reactivation. Participants worked together to share ideas and develop strategies to increase fishing license sales and boat registrations, focusing on the Three R categories. Discussions took place dealing with how to get new people into fishing (recruitment), how to develop better customer service and experiences that keep people fishing (retention), and how to get people back into fishing that may have lapsed (Reactivation). The workshop presentations focused on the importance of creating a positive customer experience, marketing and communicating with customers, and shared the latest consumer research and trends. Jay Baer, a well-respected and renowned marketing consultant and best-selling author on the subject gave the keynote presentation called "Youtility – Why Smart Marketing is About Help Not Hype".

Illegally Taken Bear: Wardens responded to an illegal bear case in the Southern District that resulted in two arrests so far. The bear was killed under revocation and in a closed season. The investigation led wardens across the border to MA where they were assisted by MA EPOs in making arrests. The bear was not the only game that was taken illegally, as the other game violation included a 6 pointer shot with a rifle during muzzle season.

Forests, Parks and Recreation (FPR)

Muckross Acquisition: The Department received the Phase II Report last week and there are exceedences of various chemicals in the identified waste dump area, which is approximately 127 feet long and 53 feet wide. FPR staff will be meeting with DEC waste management staff to discuss clean-up requirements and funding opportunities. Peter Kunin supports these actions and

although they would still like to close as soon as possible, closing by the end of this calendar year is not critical.

The survey of the right-of-way across a neighboring property is complete and the deed to clarify the existing ROW will be finalized so the Foundation can complete that transaction with the neighbor.

Davis v. ANR: This appeal by Davis to the Supreme Court is scheduled for a 10-minute oral argument on January 6, 2016. The case involves discharges into state waters on a logging job and the failure to implement the AMPs. Mr. Davis appealed the Environmental Court's ruling finding violations and assessing penalties. Davis asserts that Tropical Storm Irene and unusually early spring thaws were the cause of discharges and should relieve Mr. Davis from liability.

Shoreland Protection in State Parks: DEC Shoreland Protection staff gave a presentation at last week's parks management team meeting and provided guidance and support on how to implement the Shoreland Protection Act regulations in the parks.

Parks Construction Projects: The unseasonably warm weather has allowed rapid progress on several key Vermont State Park construction projects representing well over \$1 million in work:

- Burton Island State Park underwater powerline replacement is well on track for spring energizing
- Jamaica State Park replacement wastewater disposal system is undergoing final checks
- Little River State Park water system replacement has passed major milestones with the installation of the new reservoir and new distribution piping
- Bomoseen State Park bath house is substantially complete leaving minor touch-up before the spring reopening

Natural Resources Board (NRB)

— Milne Project

Exit 1 Appeal: The NRB and Two Rivers Ottauquechee Regional Planning Commission (RPC) have appealed the Environmental Court's reversal of the District 3 Commission's denial of an application filed by B&M Realty for a large mixed use development off Exit 1 in Hartford. The Commission denied the project because it did not conform with provisions of the Regional Plan related to building principle retail establishments and siting large projects. The RPC advocated before the District Commission that the project did not conform to the Regional Plan. The NRB is concerned that the Environmental Court's ruling makes it unduly restrictive for a regional plan to apply in Act 250.

LEANing Act 250: Last week, DEC generously allowed Act 250 to participate in a LEAN event. A combination of District Coordinators, Admin and Central Office staff participated in the event. The event was a big success. The group identified several measures to improve the application process including: ways to ensure how to assist applicants fill out the Act 250 application; improving the number of complete applications, which will improve application processing time; and ways to improve the Commission deliberation process when a hearing is required.



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: Joe Flynn, Deputy Commissioner of Public Safety
Date: December 17, 2015
Subject: Weekly Report

Priorities:

Processing applications and gaining rulings at FEMA continues to be a very time consuming wait. FEMA Region 1 sent a Request for Information regarding 19 pending applications, many of which have been in their own queue for a year or more. We asked the status of the other 43 HMGP applications which are also pending, many of which we believe to be ready (overdue?) for award. Deputy Secretary Clasen recently suggested that a meeting with the Congressionals take place early-on in 2016 to provide them the wide view regarding FEMA and where we are at and likely to be when Vermont transitions to it's next Administration. This would be a good idea.

Irene related Public Assistance (PA) projects are now down to 134 open large projects (-4 since last week!). There are 21 post-Irene open large projects, of which 5 have already had close-out packages submitted to FEMA for review. Irene (and subsequent PA declarations) continue to drive a significant work focus, as forecasted when Recovery and Mitigation was established. SFY '17 marks the 4 budget with GF appropriations for the R and M effort at DPS. The SFY '14 budget only provided 5-year funding. The impending window of the SFY '18 budget must address some degree of sustainable funding to continue this work.

Deputy Commissioner and VCIC Director joined Rep. Jewett and Mr. Dylan Giambatista of the Speaker's Office for a tour of the Montpelier Medical Marijuana Dispensary.

Commissioner and his team attended a security planning meeting for the State of State and Budget Address upcoming.

We will be requesting BGS submit their estimate for renovations to the Lab in the SFY '17 Capital Bill. This will allow the physical footprint to accommodate drug testing separate from alcohol. Equipment to outfit this space is expected to funded by a future grant through GHSP.

DEMHS

The Director participated as a panelist for a discussion of preparedness for large oil spills into Lake Champlain sponsored by Vermont Citizens Advisory Committee on the Future of Lake Champlain.

Director, Dep. Director and Chief of Staff participated in a conference call with Congressional staffers and ANR, PSD, AG, and VDH to discuss support for the State of Vermont comment to the NRC ANPR. The comment is due February 17th.

DEMHS staff along with AHS met with the Red Cross regarding current status and short and long term transition issues given the retirement of Larry Crist. Red Cross functions as they pertain to the critical

support they provide to first responders, Vermonters and to the DEMHS Watch Officer/EOC effort seem to be affected due to the merge/acquisition with NH which occurred over a year ago.

VT ALERT continues to be a success and very useful tool. The stats to date are:

66 Organizations (Towns, State Government, and Organizations) set up in VTAlert

206 Notification Groups established in VTAlert

8,699 VTAlert Public Users

VTAlert Notifier Trainings provided to Williston Police Chief, the Town of Stowe, the Lamoille County Sheriff's Department and the Town of Hartford.

Administration

Justin

FY16 Pay Act projections have increased by \$1.7M over originally projected in our Preliminary proposal, mostly due to the Healthcare and Retirement rate increases which were unknown to us in October. We also discovered that we had over-budgeted the DUI fund in 2016 (over-projected revenue), which will have to be corrected in FY17. This will put additional pressure on our GF. The grid below is what we provided.

We were also asked for a projection of the additional GF pressure that would result if we did not receive the fee increases we've proposed. We project that without the fee increases we would need an additional \$1.9M...detail shown in grid below. Particularly problematic would be the Fire Safety Fund 21901. We were counting on the new fee generating \$1.5M in revenue. We had proposed to use \$500k of that to offset our overall DPS GF pressures (applying the appropriate indirect rate to the Fund to cover internal service fee increases), and also need an additional \$687k to cover Fire Safety cost increases in FY17. Fund 21901 is not generating enough revenue at the current fee rate to fund regular Fire Safety operations, so any overage would have to be covered with GF if the Administration/Legislature does not support the fee increase.

Additional General Fund Pressures if fee increases are not approved for FY17			
DPS Division	Amount of Projected Revenue Increase or Cost Savings To Offset Anticipated Pressures	Fund	Comments
Fire Safety	\$ 1,187,165	21901 - Licensing and Inspection	500k of indirects drawn from this fund to offset overall DPS GF pressure
Fire Safety	\$ 250,000	21120 - Fire Academy Special Fund	687k to cover anticipated revenue short fall in Fire Safety Division in FY17
Fire Safety	\$ 114,965	21125 - Haz Chem & Subst Emerg	Pressure
CJS	\$ 300,000	21130 - Criminal History Record C	115k of indirects drawn from this fund to offset overall DPS GF Pressure in FY17
CJS	\$ 100,000	TBD	revenue to cover program costs to reduce pressure on GF
Additional GF need if fee increases are not approved	\$ 1,952,130		New fee proposed to offset to 100k of GF pressure

We have a total of five findings in our first draft from KPMG regarding the Homeland Security Fund Audit. They are: 1) Unallowable cost reimbursed (paid for equipment installation when not allowed in subgrant agreement 2) Lack of asset inventory controls 3) Several different reporting and accounting errors 4) Lack of Programmatic monitoring 5) Did not obligate HSU funds within the required 45 days.

CJS

The currently vacant Deputy Director and Criminal Record Specialist positions vacated by recent retirements have now been posted through VTHR and applications are being accepted. Due to an error in Human Resources (Montpelier) there is a delay in receiving the approved candidate list for the vacant Record Check position but this should be remedied this week.

Year-end activities continue for crime statistics collection and review, including the number of full-time criminal justice employees across the state.

Currently the contract relating to upgrading the Tri-State (VT, NH, ME) Automated Fingerprint Identification System (AFIS) has been returned by the Attorney General's Office and is being reviewed internally at this

time. Additionally, meetings have been held with the DII selected contractor as part of the required independent review. At this time no significant hurdles are expected due to the Independent Review but fact-finding continues. Both Maine and New Hampshire along with the vendor (MorphoTrak) are very eager to complete this process so development may begin.

e-Ticket has seen unusual progress over the past two days on the procurement components of the e-Ticket project. The issue of procurement delays was elevated to the commissioner/deputy commissioner level and it seems as though this has had an impact on progress.

A demo of the current web design and layout will be scheduled with the commissioner and deputy commissioner for the first week of 2016.

Vermont State Police

A Troop

FF

8 Total Arrests, 4 DUI

Several media requests about recent burglaries at the Williston Rest Areas.

Troopers & BCI assisted Northfield PD with bomb incident on 12/09/15.

SCUBA recovered a car out of the Waterbury Reservoir.

Troopers executed a search warrant for heroin at a residence on Danville Hill in Cabot on 12/12/15.

B Troop

FF

12 Total Arrests, 5 DUI

Responded to a reported intoxicated underage male at a residence in St. Johnsbury, VT, who was 'very drunk' and 'out of control'. Tpr. grabbed the individual to place him into protective custody due to his level of intoxication. In the process of getting the individual into control, Tpr. fell to the ground and injured his left elbow on the concrete.

C Troop

FF

7 Total Arrests, 3 DUI

Fatal Crash, VT 30, Wells- single vehicle, single occupant.

Responded to a serious injury two vehicle head on collision on Rt. 7, serious injuries to several people, CRT assisted with scene, warrants done on black boxes, charges pending.

Assisted DCF with a threat made to workers over a child custody case, conducted patrols at the workers residences, BCI investigating the case, arrest warrant issued for offender who is still out of state.

D Troop

FF

9 Total Arrests, 1 DUI

Stopped a vehicle for speeding in Rockingham; civil amount of marijuana located; arrested one for Possession of Cocaine (2 grams) (found in shoe upon pat down); search warrant was sought and

granted; from search warrant, 190 bags of heroin were seized; subject will be charged with the additional charges of Possession, Trafficking & Importation of Heroin.

Single vehicle crash with injury. Female sustained a severe laceration on her face and received approximately 80-100 stitches.

NE and NW DTF detail in Waterbury/Montpelier for federally wanted subject getting off the train, subject taken into custody.

Assist SE DTF & FBI with transport of two subjects on Federal Warrant from Springfield to Chittenden Correctional Center.

Fire Safety

The Division received \$1.5 Million in new plan review construction valuation collecting \$9,000.00 in permit fee revenue.

The vacant building in Morrisville located on Portland Street has a new foundation and other structural elements are being upgraded. The owner has been very cooperative with us and all the work has been approved by a structural engineer and inspected by our building engineer.



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

[phone] 802-828-3322
[fax] 802-828-3320

Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Justin Johnson
DATE: December 18, 2015
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors.

Happy holidays and a healthy, happy New Year!!

Issue Updates:

Motor Vehicle license reinstatement 12/11: Event went off very well and 250+ clients were processed.
Decommissioning of VIT Sites: Process is moving very well and the first site will be torn down next week. Storage for high value and low value assets have been arranged and a contractor is in place to do the disconnects and packaging of equipment. Cost/expense capture process is in place. More to come as we get into the actual decommissioning.

Windsor Land Transfer: EO is prepared for signature and should go to the Governor next week. Final review is currently going on. Maps dated and labeled for clarity (in the future).

Barre Courthouse – DCF Move: Two pre-bids were held. The first was as scheduled in the RFP. The second was due to the posting of the project on the Works in Progress website. The floor plans were finalized; however, after a meeting with DII, DII wants 100 square feet of space for a data closet. BGS is already losing storage space, AHS is downsizing by 1,100 square feet and the State's Attorney does not have excess space to give up either. Still working on this one and am not sure how or if it will affect the project schedule and space needs

Randolph – Ag/Env Lab: One qualified bid was received for the environmental consultant contract, and it was below our projected cost. Kick-off is Monday, December 21st, with the draft environmental assessment due March 1st.

Security Pending Projects:

Correctional Facility Camera Project – Southern State Correctional Facility (SSCF) and Northwest State Correctional Facility (NWSCF)
VSP Camera Recording Project
VSP Intrusion System Installation
AHS Security Assessments
DMV Camera / Card Access Project
Hartford State Office Building Camera, Card Access Intrusion System
Waterbury State Office Complex
VICD Statewide Camera Project
DMV Camera Card Access Project – The following are all complete – Dummerston, Middlebury, South Burlington, St. Albans, Rutland, Bennington, Springfield, St. Johnsbury
Montpelier – In Progress
All Links to complete cabling in Newport & Montpelier
UPDATE – Met with DMV on December 15th and December 16th for staff training and demonstration on software and use.

Significant Meetings/Events:

Correctional Facility Condition Assessment: Julie O'Tool testified before the Joint Legislative Justice Oversight Committee and updated the Committee on the 5, 10, and 20-year maintenance needs and projected costs.

Vermont State Colleges: Met with Chancellor Jeb Spaulding and his team to discuss VSC proposed capital budget adjustment.

Human Services Grant Advisory Committee and Recreational Grant Committee Members: Met with the members to determine who would be awarded grants. We are waiting for any adjustments to and approval of our grants management plan before the list of award winners can be announced.

FINANCE AND MANAGEMENT

Issue Updates:

- **CAFR Update:**
We had our weekly CAFR status meeting on Thursday and for the first time this year the words VT Health Connect, Tax Department and Labor were not spoken. All audit issues in these areas have been resolved. The CAFR is in final review with KPMG senior partners and we expect it to be completed prior to December 31, our statutory deadline. Andy and Justin will need to be available on the 28th or 29th to sign the management letter.
- **Budget Targets:**
Final budget targets for all non AHS departments will be issued on Friday, December 18th. AHS targets will come together later next week.

HEALTH CARE REFORM

Nothing to report.

HUMAN RESOURCES

Legislative/Policy Update:

Met with Legislative Council regarding the process and timing of the Pay Act. They will provide DHR with a template for the Pay Act which includes blank spaces for us to fill in the numbers.

Communications:

The new DHR website is complete. DII is prepping it to go live next week.

Press Requests:

Erin Mansfield at VTDigger asked for details of the incentives offered for nurse hiring at the Vermont Psychiatric Care Hospital. We deferred to the VPCH.

Keith Whitcomb of the Bennington Banner inquired about the current employment status of a Bennington County Deputy States Attorney. We declined to comment as the person in question is not a state employee and referred him to the States Attorney.

Significant Meetings/Events:

Moving forward on overhaul of New Employee Orientation. Coordinating with VSEA regarding the provision of VSEA brochures as part of orientation.

Met with the AG to address process for stipulated agreements.

Began work on consolidated state-wide ethics policy.

- Sarah

Prepping W-2 and ACA 1095C forms for dissemination in late January.

VSEA has requested DHR/VTHR administer a new life insurance plan for union members. We are working with them on that.

As part of the nurse classification study, changes to Licensed Nurse Assistants at the Veterans' Home will trigger the department budget impact threshold of 1% which needs to be reported to the legislature. We are coordinating with Vets' home.

Came to agreement with ESI on a 3-year contract renewal. The State is projected to save approximately \$8 million over the contract period.

INFORMATION AND INNOVATION

Evolving Issues:

Anywhere/Anytime computing (Office 365) – Exchange/Office: We have migrated approximately 3700 users. We are now finished with migrations until 1/12/2015. This will give us the opportunity to catch up with operational work, and work on new processes for O365.

Web Updates:

- Training for the Healthcare Reform Website is scheduled for 12/17.
- Training for the President Pro Tem. Website is scheduled for 12/18.
- Harry will meet with Healthcare Reform staff 12/17 to determine next steps in migrating their site to the new template.

Project Updates:

- **AOT Learning Management System (LMS):** AOT has selected vendor & is undergoing final contract communications. Project may drop off oversight list as total lifecycle cost estimated at \$184K.
- **AHS LMS:** CIO disapproved this project. The oversight Project Manager (OPM) let AHS know, and they have scheduled a meeting with AOT LMS folks for the week of 12/14/2015 to look at taking advantage of AOT's LMS.
- **New Phone System Voice over IP (VoIP):** Waterbury moves start on 12/19. Fax over IP services are not functional yet; escalated to vendor leadership.

LIBRARIES

Nothing to report.

TAXES

Operations Update:

VTax Conversion and Go Live: We will be giving JFO staff a demo after our annual holiday breakfast.

Computer Modernization: The Commissioner reported to the JFC that we had reached an agreement with RSI, our data warehouse vendor, to pay a lump sum for the last year of the contract (rather than a continuing percentage of the lift from enhanced revenue). We were also able to report that we have stayed on track with payments to FAST, the vendor on the VTax project, paying nearly half the cost of the project at a discount. Steve Klein was especially pleased with how this funding stream is working – he was very excited to learn that at the end of November when we turn off the RSI warehouse, the enhanced revenue from that project would be built into the base of forecasted revenue (he may be somewhat overly optimistic on this score going into the FY17 budget).

Legislative Update:

AirBnB: The Commissioner spoke with AirBnB officials on Monday, who outlined the company's quest to collect taxes on behalf of their hosts. Their main ask is that they not be forced to disclose the name of their hosts. Seems likely that their concern in this respect is not to bring their hosts to the attention of local zoning and health regulators, since they report income paid to hosts to the IRS on 1099K. The AirBnB remittance model does present some compliance and audit risk, particularly for hosts who list on multiple platforms. But states continue to sign up on theory that half a loaf is better than nothing – Illinois came to terms last week. We estimate the possible revenue as just shy of \$1M.

Burlington Issues: The Commissioner has a meeting with Bob Rusten and Eileen Blackwood to discuss a variety of issues that have come up – AirBnB, Online Travel Companies, possible legislation to allow sharing of sales tax info for purposes of their enforcement of gross receipts tax (Burlington and Rutland

have local option taxes by charter that do not piggyback on the state), university issues surrounding food and land exemptions.

Likely Misc. Tax Bill Provisions: We will be presenting our draft bill for your review early next week.

Tax Season: We meet today with low income advocates to brainstorm delay in refunds. We are analyzing data to pinpoint the impact. The Commissioner mentioned the possible delay to House Appropriations when discussing the BAA, and they appeared sympathetic to the problem and the solution – particularly when they considered the long term impact to victims of identity theft. The Commissioner has been invited on to Fox News 44 next week to discuss end of year contributions and tax season in general.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: James Giffin, Interim Commissioner
Date: December 17, 2015
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates: The Legislative Modernization Study met on Monday. There were no surprises. They will recommend a Statute change that the Governor will appoint the DLC Commissioner from 3 names presented to the Governor from the Liquor Board. The suggested term of the Commissioner will be for 4 years. There will be many recommendations to the committees of jurisdiction on looking at practices of the Department. This should be fine, because almost all are things we are already working on. I expect discussions regarding how to proceed on the replacement of the warehouse will be a contentious issue in the Statehouse. Those that do not want us in the liquor business will oppose any investment in the future needs of DLC.

Press Issues/Releases/Contacts: None

Significant Events/Meetings: LCAR met Thursday and unanimously approved the regulations pertaining to fortified wine.

Liquor Board Meeting

The Liquor Control Board continued its aggressive schedule for finding a new Commissioner. We have three very capable and viable candidates. Two from out of State and one in-State. We will be flying in the two out of state candidates for a final round of interviews on the 29th, and hope to have time on your schedule later in the day to meet them.

Summary of Key Department Activity:

Agency Issues: We have had a series of consumer fraud issues with several stores. We have warned them to be especially alert through the busy holiday season. Liquor sales in December are twice the amount of any other month.

Staffing: We have cleared a backlog of three positions that were in various stages of long term leave from when I started in June. Now we just have filled and vacant positions!

IT POS system: I have spoken with the owners of STG, the POS Contractor, who canceled their contract with us. They requested more time to get back to me if they think a contract is possible. I will do my best to get us back on track with a solution, but the relationship will never be the same.

Warehouse: Nothing noteworthy.

Enforcement: None

Commissioner's Commentary: None

+CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Dec 18, 2015
Re: Weekly Report

Status of Governor's Priorities:

none

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Lottery's YTD results through Nov 2015:

	Actual	Difference to Budget		Difference to LY	
Sales	\$46,100,000	-1,700,000	-3.6%	2,500,000	+5.8%
Profits	\$9,000,000	-249,000	-2.7%	548,000	+6.5%

While we are down to our budget, our projection is to beat LY by \$5M in sales and we are on track to reach that goal.

I attended the first problem gambling training session held by our new provider, CARTER, yesterday at the Chittenden Clinic in S. Burlington. What a pleasant difference this was compared to the sessions held in prior years. A frank discussion about defining and treating gambling addiction, with many attendees speaking and getting answers. I look forward to more like this.

Executive Director's Commentary:

During our VLC meeting on Wednesday I received approval to negotiate a contract extension and a new contract with two vendors – ticket printing and web based games for extended play. I will have the AA-14's and supporting documents submitted next week.

Holiday sales are going very well. Two weeks into Dec, and we are up another \$4M over LY (almost another 1%)

Sent from my iPad