

# WEEKLY REPORTS

Checklist  
1/9/15

Elizabeth Miller/Alyson Richards

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

TBD

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

Sue Allen

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

Sarah London

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

Susan Spaulding

- ☐ Boards and Commissions – Susan Spaulding (**no report this week**)
- ☒ Department of Liquor Control – Mike Hogan

**To: Governor Peter Shumlin**  
**From: Patricia Moulton, Secretary - Agency of Commerce and Community Development**  
**Date: January 9, 2015**  
**Re: Weekly Report**

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**PATRICIA MOULTON, SECRETARY**

**Smugglers Notch:** WCAX reported a fire destroyed Smugglers Notch snowmaking building. I reached out to Bill Strizler and learned the fire destroyed a water distribution building, so they have not lost their snow making compressors and pump stations. Bill indicates they should have snow making back in operation within 48 hours. He was very grateful for the call.

There was a fire at Mt. Ascutney's base lodge. I know little. They are not in operation except for the hotel.

**EB5:** We heard back from USCIS today and we only need to file a letter with them regarding our agreement with DFR so we are good to go. I will talk to Liz about press on this new relationship.

**Lieutenant Governor Phil Scott and Vision to Action Vermont presentation:** I attended the "economy pitch, priority #1 on day one" presentation Wednesday night at the Capitol Plaza. Phil, Heidi and Paul Ralson were very appreciative of us being there. Several nonprofit and business organizations presented. We did not hear much new. All the voices were speaking to the need to invest in economic development, increase tourism marketing, invest in workforce development and working families, and the need to retain and attract back our youth. Cairn Cross had a tangible pitch to eliminate the license lender statute. He indicates there are only 13 license lenders in Vermont. We only require lenders who lend between \$75,000 and \$1 million to be licensed. This includes organizations like The Sustainable Jobs Fund. We are one of only 12 states that regulate license lenders. I will reach out to Susan Donegan to research on this provision. But this may be another area where we can open up some access to capital.

**Legislation:**

At Bill Botzow's request, we will be working with David Hall at Leg Council to draft up the changes to VEGI. Lucy and I are eeting with David on Monday.

House: Government operations has asked us to come in and do an agency overview. Jen holler is in house general to do housing overview. Noelle is going into Natural Resources to do a department overview. These are all introductions to help the freshman.

**College of Fine Arts:** We are working to a resolve the historic preservation issues with the College's plans. Michael Clasen has the details. Their "cowboy" mentality is not the least bit helpful. This seems to be improving somewhat with Michael's help. We will be meeting next week to hopefully resolve outstanding issues. We still need to do a Federal Section 106 review because they have a USDA guarantee on the financing. It is very likely they will receive Act 250 approval. But the Federal review could be a different story. The feds look at whether impacts our adverse or not adverse. Typically cosmetic improvements that are not repairing or improving the structure are "adverse." That may eliminate that financing option.

**GW Plastics.** Ben Reihl indicates they are considering expansion in 2016 and determining whether to do it in Vermont or Texas. They're anxious to see what incentives the state can provide. GW plastics is a primary candidate for our VTech workforce program we're working on with VTC. I hope to meet with Ben in the next week or so.

**Enterprise fund:** I'm meeting with Janette Bombardier Friday afternoon to discuss the enterprise fund and other issues.

**Vermont Chamber:** Betsy Bishop came in to lay out their legislative priorities. As you know, Betsy is continuing to push the idea of additional funding for our agency from increases in rooms and meals tax. I know were generally opposed to dedicated funding sources. But will need to have a conversation about how we respond if Betsy is able

to get traction in the Legislature. That message was pitched by several at the Phil Scott event.

#### **LUCY LERICHE, DEPUTY SECRETARY**

- **Legislative Reports:** Lucy forwarded drafts of the Tourism Financing Report and the Wood Manufacturer's Tax Credit Reports to the Governor's staff for comment. These reports are due to the legislature on January 15<sup>th</sup>.
- **Confidential Westminster Meats:** Representatives from VDOL, Ag, ANR, and ACCD met to discuss this business which seems to be in trouble from a financial and regulatory perspective. We heard stories of the employer coercing injured employees away from filing claims, dropping (now reinstated) Worker's Comp Insurance, illegal dumping of waste, abandoning technical assistance opportunities, and the list goes on. They filed for a license renewal in December. Secretary Ross is going to see if the license has been issued and what leverage we might have to get them to clean up their act. They employ about 50 people.
- **Made in Vermont:** ACCD is working with Ag to develop a list of the ways we are working to achieve the spirit of the Made in Vermont Program in the absence of following through on implementation. The concept for Made in Vermont was for businesses to be able to use the words "Made in Vermont" with the Vermont logo on advertising and packaging in exchange for a fee. Our concern with Made in Vermont is primarily around quality control of program participants, and that we will not be able to offer added value to participants for their membership fee, beyond what is already available to them in the market place. Any business can put Made in Vermont on their label. There is no significant added value in being able to use the Vermont logo in addition to that.
- **Confidential:** Additionally, ACCD wants to recommend the legislature drop the Vermont Products Program Study from statute. If created, a Vermont Products Program would expand the Made in Vermont Program to non-food items. Since we cannot make the Made in Vermont Program work, we see no possibility of creating an expanded Vermont Products Program. This is tricky because Senator Campbell was the champion of the Vermont Products Program, which he insisted upon in the last legislative session. We welcome the your guidance and advice in navigating this issue with the Pro Tem.

#### **DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner**

- It is college week at all of the resorts and the cold is a challenge. Clearly, the silver lining is for the Vermont Brewers, as the students will be making lots of "warming stops." Thanks to Farrell Distributing, the resorts are selling an unprecedented variety of Vermont brews this winter.

#### **Steve Cook, Deputy Commissioner**

- **Windsor Cooperative Marketing:** VDTM is finalizing a cooperative media plan for a recently secured partnership with the Windsor area. Windsor has \$15,000 budgeted to promote the region outside of state. VDTM will work with members of the Windsor Development Board to match marketing dollars to promote Vermont and the area.
- **ThisisVT app:** The ThisisVT tourism mobile application is close to completion. With the beta application in the Apple and Google stores we are now finalizing the data that will populate the app. Cook met with members of the Vermont Chamber of Commerce and Route 802 to finalize the data process for a formal app launch.
- **Zipcar:** VDTM's cooperative promotion with Zipcar has gained a significant amount of positive attention and media coverage. This has been a great experience working with a North American brand that resides outside of Vermont. We hope to take a similar approach with other national brands to share the Vermont message.

#### **COMMUNICATIONS ♦ Laura Peterson, Director of Communications**

- **Media Support:** Laura worked with reporters to develop stories on gay marriage, beer tourism, 100<sup>th</sup> anniversaries, and Vermont's outdoor skating rinks.
- **Social Media:** We continued to have fun with the "controversy" over Who Taps It Best with Zipcar. Vermont was announced the winner, based on the number of Tweets voting for our state. Despite a constant stream of #WhoTapsItBest campaign-related messages, the most active posting on our Facebook page this week was one about ecotourism and the Northeast Kingdom. (4882 people reached).

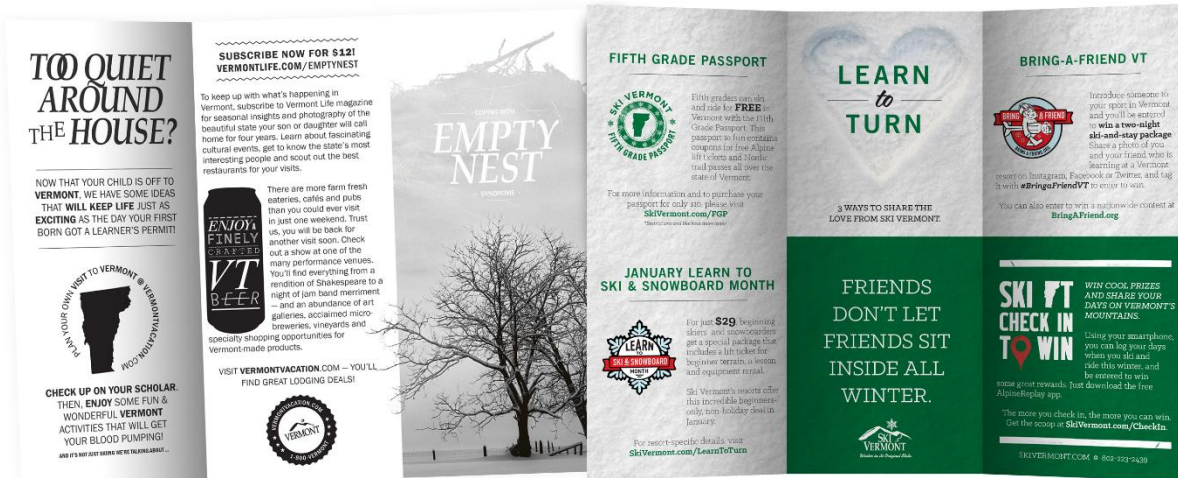
#### **CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator**

## Support for Businesses and Organizations

- **Ambassador Program:** Since launching in December, we've had 24 people register for basic training, 9 for training and certification, and 13 for training to become a certified information center. Each registrant has three months to complete the program. Employees from the following businesses have completed their training or certification: Vermont Convention Bureau, Burlington; Revitalizing Waterbury, Waterbury; Sterling Ridge Resort, Jeffersonville; and Vermont Country Deli Market, Brattleboro.

## MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **VSAC Holiday Mailer | Update and Print Production:** The Department collaborated with VSAC, Historic Sites, *Vermont Life* magazine and Ski Vermont for an annual Winter Mailing to 4,600 out-of-state parents of college students, inviting them to visit their students in Vermont. Last year's brochure has been updated, and sent to production. Vermont Life kindly made an empty-nest subscription offer.



- **Vermont Life Spring Ad / Follow the Steam | 2015 Spring Campaign:** David has been developing the 2015 Spring Campaign. This includes conceptual development, design, and coordinating efforts within the department as well as with the Vermont Maple Sugar Makers Association for the upcoming Maple Season. “Follow the Steam” will be the theme of the campaign, with a focus on Vermont Maple Open House Weekend. The ad below for the spring issue of Vermont Life is an example of the creative. Depending on VMSMA’s willingness, David hopes to develop hang tags for jugs of Maple Syrup in retail locations and door hangers for lodging establishments. Both pieces of collateral will promote Maple Open House Weekend.



## RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

### Inquiry Analysis

- Texas? Who'd have thought?:** Texas historically has ranked among the top five states requesting information packets about Vermont, but it is a surprise to find inquiries from the Lone Star state in the **number one** position for the first six months of Fiscal 2015. It is the culmination of a trend propelled by the ready availability of travel planning information online. Potential visitors from more distant markets are more likely to request printed material than those in the major drive markets nearby.

FYTD_State	FYTD_Totals	% FYTD
TX	869	7.8%
NY	848	7.6%
PA	663	5.9%
FL	651	5.8%
OH	500	4.5%
CA	491	4.4%
NJ	460	4.1%
IL	441	3.9%
MI	414	3.7%
MA	383	3.4%
NC	375	3.4%
VA	311	2.8%

For decades New York has consistently ranked first in generating packet requests, while in recent years Texas has jostled with Pennsylvania for the number two spot. The ranking above is substantially affected by the fall foliage season, which has the greatest draw for distant domestic visitors to Vermont.

- Canadian requests** follow a similar pattern, with more distant Ontario producing more than half of all inquiries.



Province	FYTD_Totals	% FYTD
ON	436	52.8%
QC	247	29.9%
NS	42	5.1%
BC	25	3.0%
NB	22	2.7%

- A **gender analysis** of the persons requesting a packet demonstrated a significant increase in the proportion of men initiating the request. Annually, on average, about 60 percent of these requests are made by women. But during the past decade, the proportion of requests by men has increased by two or three points during November. This year the proportion of requests by men was up by six points in both November and December. Pent up demand for skiing and riding?

Month	Total Records	Male	Male %	Female	Female %
Jul	3463	1371	39.59%	2058	59.43%
Aug	3269	1280	39.16%	1950	59.65%
Sep	2467	972	39.40%	1464	59.34%
Oct	1656	625	37.74%	1000	60.39%
Nov	1128	502	<b>44.50%</b>	610	54.08%
Dec	1248	558	<b>44.71%</b>	674	54.01%

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

- **General:** Mary and Sky met with Pat, Lucy, Megan, Heather and Steve to discuss Vermont Life and possible connections with the Chief Marketing Office. Vermont Life continues to be in the precarious position of being self-funded, while operating within the confines of state government and without the nimbleness of the private sector. We are looking at ways in which state government can better utilize the power of Vermont Life and the services we can provide, such as custom publishing for other areas of state government (some now contract with outside publishing houses).
- .
- **Marketing:** We had a good conversation with Vaughn Collins of the Vermont Dental Society. He uses Vermont Life to recruit dentists to Vermont. He said “You guys make it easy.” We are going to work with him to develop an ad that shows how the dental society uses VL as a marketing tool, in an effort to encourage other employers to use VL in the same way.

#### **DEPARTMENT OF ECONOMIC DEVELOPMENT: Lisa Gosselin, Commissioner**

- **Amazon:** Lisa fielded a number of questions from businesses (GirlZone, Got Clicks and others) and the business community who reacted to Amazon’s cancellation of its affiliate program. Worked with team to share data and how this could impact revenues for some small businesses by as much as 50%.
- **Efficiency Vermont/Energy Costs:** Spoke with Paul Lambert and again communicated concerns from RDCs and businesses that the EVT charge is unduly burdensome. Businesses feel that they have completed the bulk of energy efficiency measures they can and at this point are seeing the increasing charges as a fee they are being asked to pay to support EVT’s growth. Repeated suggestion to EVT that they work on a fact sheet, conduct communications outreach and work on a story with Vermont Business Magazine to help dispel the many myths around what they do, how much money they have and raise awareness of their value. Report from Franklin County RDC on the first of DPS’s “energy listening tours” was that businesses are extremely frustrated with EVT and what they perceive as its rising costs.

#### **BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist**

- **Lord Microstrain – Williston:** The company is growing rapidly with full time employment at 65. They are taking on more aerospace and defense contract work. Finding engineers is their major challenge. We referred a Vermont company for CE Mark lab certification as they were outsourcing it to NH. They are interested in lean training, and have long term needs for new space. Appropriate referrals will be made.
- **Commando - South Burlington:** This apparel manufacturer is growing with full time employment currently at 50. They use a number of local high school students for part-time employment as well. They

currently sell only in the U.S. and are exploring international sales. The ExporTech program was presented and they are considering it. Appropriate referrals will be made.

- **Competitive Computing - Colchester:** The company is busy and struggling to find new employees. Full time workforce is at 56 and growing. They have strategic training needs and a review of VTP was of interest. Lean training is also a possibility. Appropriate referrals will be made.
- **NEHP – Williston:** The company is struggling with two new large contracts in Israel and Russia. ExporTech is of keen interest. They need a procurement director, and had specific sourcing needs as well. They employ 30 at NEHP and another 130 at Fab Tech, their sister company. Appropriate referrals will be made.
- **Systems and Software – Williston:** 2014 was a very strong year, ending with a large contract in California. They are considering some major strategic initiatives. A full review of areas of assistance was well received, and appropriate referrals will be made.

#### **FINANCIAL SERVICES ♦ Dan Towle, Director**

- **Captive Insurance Year End Results:** Dan Towle, Director of Financial Services reports that fifteen captives were licensed in 2014 bringing our total to 1,029 since 1981. The quality of our companies continue to be excellent with companies like MasterCard International, Drexel University, Union Carbide and Vermont Automobile Dealers Association all forming in 2014. Fifteen is clearly less than our long-term average, but excellent considering the extended soft insurance market (traditional risk transfer is cheap and available), and the fact that we now have nearly 40 states offering a captive insurance law. On the redomestication front, we gained captives from Delaware and Bermuda, and lost captives to Texas and Missouri. Our estimated tax revenue for 2014 (to be collected in 2015) is over \$24 million, with an additional \$1.7 million in exam fees.
- **Preparation for VCIA Legislative Day:** Dan is preparing for VCIA legislative day. The event brings together captive insurance owners, and industry professionals from Vermont and throughout the country. The day-long event starts with ‘breakfast at the State House’, has a board meeting that Dan is presenting at, a luncheon with the Governor (invited), committee testimony, leadership meetings and an evening reception with legislators. Dan is preparing talking points for Governor Shumlin (invited luncheon speaker).

#### **VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director**

##### **VEGI**

- Sent media release regarding seven companies authorized for VEGI incentives in 2014. Story picked up by: Bennington Banner, Times Argus, WCAX, VPR, VT Biz Magazine.
- Met with Craig Austin, Triad Design and Gerry Ghazi regarding company expansion due to contract with United Technologies. Company deciding whether to grow in Vermont or at other locations in Texas and Georgia, or at UT facilities.
- Followed up with Charlene Lewey at ELLO regarding VEGI estimate. Company will review and consider applying in February. Company will grow; choice is Vermont or Arizona.

##### **TIF**

- Submitted TIF District rule to ICAR. On the Jan 12 agenda.

#### **VERMONT TRAINING PROGRAM ♦ Beth Demers, Director**

- **VtTA Lunch & Learn Speaking Event:** Beth Demers has been asked to speak at a Vermont Technology Alliance Lunch and Learn event on Jan. 21.
- **Bouchard Pierce:** Bouchard Pierce of Essex has submitted an application for the Vermont Training Program. The company is requesting funds to assist with a course in electrical appliances. The application will be up for the VTP Review Team before the end of the week.
- **Mansfield Heliflight:** Mansfield Heliflight of Milton has submitted an application to the Vermont Training Program. The company is launching a new fixed wing flight service. In order to do this they are seeking VTP funds to assist with the training of pilots.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay and Deputy Commissioner Hollar**  
**Commissioner MacKay**

- **Climate Cabinet:** Along with Chris, represented DHCD at the recent Climate Cabinet meeting. The discussion focused on the priorities and goals for the Cabinet. In the coming year, the group will focus on:
  - **Lead by Example:** work on how State Agencies can work on decreasing energy use, and increasing the use of renewables.
  - **Comprehensive Energy Plan:** needs to be updated and needs the efforts of the Cabinet
  - **Electric Vehicles:** working on ensuring the tasks of the electric vehicle plan are implemented

#### **Deputy Commissioner Hollar**

##### **Legislative**

- **House General, Housing and Military Affairs Committee:** Met with Chair Helen Head to discuss her priorities for the session and give her an update on the Department's housing-related work. Will provide a Department overview to the committee next Wednesday with an emphasis on the basics as all but two members are new to the committee. Proposed to both Rep. Head and Senate Economic Development, Housing and General Affairs Chairman Kevin Mullin about presenting the housing needs assessment to a joint meeting of their committees.

##### **General**

- **Renter Rebate Report:** With Shaun, Arthur and the help of Richard Amore, finalized the Renter Rebate Report which recommends improvements to the existing program rather than repurposing the associated tax expenditure to another housing program. The Department will be submitting the report on behalf of the Vermont Housing Council by the end of the week.
- **Con Plan Outreach:** Led the 4th of 7 community outreach meetings. Held in St. Johnsbury, the meeting was attended by 35-40 people representing a cross-section of business, housing, development, financial, service, citizen, planning and municipal perspectives. Most poignant were the comments offered by two young women - one nearly and the other recently homeless.
- **Vigil for the Homeless:** The stories relayed at the outreach meeting made the annual vigil on the State House steps all the more meaningful. Represented DHCD along with Shaun Gilpin.
- **Housing Foundation Inc.:** VSHA's nonprofit arm is undertaking a strategic planning process. Established in 1986, HFI owns and manages a portfolio of mobile home parks and multi-family rental properties. It is currently reevaluation its place in Vermont's affordable housing landscape. Was interviewed by the consultant assisting with the process.

#### **COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director**

##### **Partnership Report**

- **AOT + PSD, RPC Regional Energy Plans:** The Public Service Department is contracting with three Regional Planning Commissions to develop more comprehensive regional energy plans. As energy policy affects land use and transportation, Chris and agency partners met to review the draft scope, discuss project management, answer questions and assure this new work does not duplicate existing work plans with ACCD and VTrans. The proposed scope of work is focused in three areas:
  - creation of statewide policy framework that will help guide the establishment of regionally appropriate targets for specific energy conservation, generation, and fuel-switching strategies
  - development of comprehensive regional energy plans that include specific strategies for conservation, energy efficiency, and reduced use of fossil fuels
  - analysis of the most appropriate locations for new renewable energy generation projects
- **Vermont Economic Resiliency Initiative (VERI):** Noelle, Chris, and Wendy met with consultants for Bear Creek Environmental to review flood risk reduction strategies devised for the towns of Barre, Brandon, Brattleboro, Enosburg and Woodstock. The team's recommendations to minimize flood and erosion hazards for homes, businesses, and infrastructure will be presented in community forums in late March. Conceptual design projects may include: flood resilient design standards for the Brattleboro Farmer's Market, improved detour routes for dairy truck transportation, berm removals, relocation of water and sewer utilities, the creation of new floodplain, and flood proofing commercial buildings.

##### **Downtown Report**

- **Montpelier:** The City Council voted unanimously to restore \$30,800 in funding for Montpelier Alive, the local downtown organization. Gary and Richard joined 25 downtown supporters including property and business owners, board members and residents at the meeting to support Montpelier Alive. The City Council noted community support through letters, phone calls and e-mails surpassed the former record breaker – the volume level of the audible beacons that assist the blind at the cross walks.



## **HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer**

- **Transportation Alternatives Grant Review:** Laura completed the review of the 20 Transportation Alternatives Grant applications. There is approximately \$2.2 million dollars in federal funds available this round. Scoring was submitted to AOT, Office of the Secretary, on January 5. The selection meeting will be held on January 15.

### **State Archaeologist**

- **Artifacts Exhibition:** Jess had a phone conference with the EPA and environmental and archaeological consultants about the impending delivery of artifacts recovered from the Elizabeth Mine to the Vermont Archaeology Heritage Center for long-term curation. Logistics related to this delivery were discussed and the process by which certain artifacts will be flagged for future exhibition at the Heritage Center or elsewhere were also reviewed. Procedures for the disposition of the other artifacts not designated for long-term curation were also discussed with the EPA.

### **Environmental Review**

- **Vermont College of Fine Arts:** Senior Vice President Bill Kaplan of the college provided the Division with additional information requested for the review of alterations to Alumni Hall. The deliverables included structural specifications related to the removal of brick on the façade, raising of the plinths and column bases for an ADA ramp, and reuse of a round window. Jamie and Laura will review the documentation as part of the Act 250 application. Laura also reached out to Karen Lynch of USDA-Rural Development, who is charged with reviewing the proposed construction plans for a bank loan guarantee. Thus far, the USDA-RD has not received the required documentation despite many requests. Laura emailed Mr. Kaplan urging him to forward the necessary information for the Section 106 review required as part of this funding piece. The Division also filed affidavits and additional comments related to the college's response to the Act 250 Recess Order. We are continuing to work attentively with the college in order to properly review the Act 250 application and forthcoming Section 106 review.
- **Harrison Rock Quarry, Georgia:** Jim Harrison has proposed a new rock quarry north of Route 104A near the Georgia High Bridge. The proposal will result in the removal of over a million cubic yards of rock from two extraction areas within a section of a 103-acre property. The project includes the construction of a new access road from 104A and the use of a conveyer system to move material across a ravine associated with a tributary of Deer Brook to access the existing Harrison Concrete batch plant. Mr. Harrison has been working with the Division since May and completed a Phase I site identification survey of the project area. A large Native American site was documented in the southern portion of the extraction area closest to the Lamoille River. The project was modified to avoid this area and Scott provided testimony concerning the site and the avoidance measures at the Act 250 hearing for the project.
- **Gillette Pond Dam, Richmond:** The Girl Scouts of America and Dubois & King Engineers have submitted a proposal to the Army Corps of Engineers in order to breach and remove the Gillette Pond dam on Wes White Hill Rd in Richmond. The proposal is in response to finding by the State that the dam is in poor condition and could fail. The Girl Scouts are also negotiating with a Friends of Gillette Pond group for potential sale of the structure, which could result in rehabilitation of the dam and preservation of the impoundment. Scott and Jess conducted a site visit to the property to begin the review process. A small archaeologically sensitive area was identified near the dam in an area that would be used for staging and dewatering of material if the dam removal goes forward. We will also be reviewing the dam structure to determine what steps may be necessary for documentation if the dam is removed or rehabilitated.

### **State-Owned Historic Sites**

- **Mount Independence Snow Storm Damage:** The trails and grounds at Mount Independence suffered extensive tree damage from the December snow storm, with broken branches and limbs over many trails. Trail crew chief Steven Bird inspected several trails after the snow melted. He and Elsa will document the damage next week.
- **Patricia Davis:** The Patricia Davis Memorial Fund has now reached \$1700.00 – a fine tribute to this long-time seasonal employee. Letters were sent to donors and the Davis family. Bill is working with a local landscape firm to select antique apple varieties for the orchard being planned in Pat's memory.

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

- Mobile home park activity included the news that Randolph Area Community Development Corporation reached an agreement to purchase the Armstrong MHP in Randolph Center and expects to apply for funding in the very near future. Katy-Win MHP in Johnson submitted petitions signed by 100% of the

mobile home owners to use the 120-day negotiation period provided in the park sale law to pursue cooperative ownership of the park.

#### **VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director**

##### **CDBG-Disaster Work**

- **City of Barre:** VCDP staff will meet with the City and ANR staff as well as the City's consulting engineers on January 13 to discuss the City's \$1 million Implementation Grant to redevelop a 1.2 acre area near Enterprise Aly in the center of downtown by cleaning up the highly contaminated former Howe Dry Cleaners site and doing some flood remediation work. The meeting is due to what appears to be a funding shortfall of over \$1 million now that the complete Construction Drawings and the first complete cost estimate for the project has been received.

#### **ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director**

##### **ITS/ConnectVermont**

- Completed transitioning RWIS archive data and images from old RWIS SAN to new SAN.
- Shutdown old RWIS SAN and backup server.

##### **Future Goals**

- Start working with Vaisala to setup sftp service to transfer RWIS data and images from their cloud environment to new RWIS SAN.
- Start working new RWIS SAN to provide RWIS images to 511.

# Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report – Week Ending January 9, 2015

VDOL is preparing a new TAA event for the VY employees, focused on getting them signed up for their training and wage supplement benefits. We have asked NH and MA DOLs to run their sessions the same way. January 19<sup>th</sup> is the last paid date of employment for the first group of dislocated workers. Of the 165 laid off on 1/19/15: 40 will retire; 79 will transfer to other Entergy sites; which leaves 46 for VDOL to help transition to new work. Another 316 workers will stay on until early 2106 to assist with the decommissioning. Since the summer 2014, VDOL has held numerous Rapid Response events (5) and two job fairs. Morgan reported that at a recent meeting of the VY employees there was a significant amount of complaining about the grantees on the Windham Co. economic development grants; primarily that they did not see the recipients as job creators that would benefit dislocated workers. VDOL is also working with the dislocated workers from the 2 sites of the JC Penney stores closing (Rutland and St. Albans). Senator Mullin was unhappy yesterday, telling me about all the retail stores closing in Rutland. We will focus on Rutland for the upcoming weeks to pull together another job fair and solicit current openings from the other employers.

Fairbanks Scales is entering a 10 week layoff, but we are working to confirm the reasons why.

VDOL was approached by AOT Management to assist them in filling vacancies. We are working with them in each region to assist. VDOL will be working with National Hanger to help with any new hiring they may be doing as a result of their grant. I have reached out to Janet B at IBM to see how they are doing in terms of their production jobs/vacancy filling. On Monday, I attended the event for the at-home medical coding jobs for Precyse, and had the chance to meet and greet most of the people who came looking for jobs. There were 345 people who showed up, well-dressed and with resumes to listen to the presentation. I reminded them that we have other ITAR model programs moving forward, and to come to the VDOL Office to discuss their job search. We are hoping to have the info on Triad soon. I had VDOL's Burlington District Office Manager Danielle Kane, and our Apprenticeship Program Supervisor, Judy Bourbeau, with me to discuss services. VDOL will be working with some of our stakeholders on the new apprenticeship grant opportunity. Each regional office manager is working the Trade certification issues very aggressively and I hope to have a full report on the progress of each to you by next week's report.

VDOL's push-back on the USDOL's WIOA rule that jeopardizes our 12 regional offices has picked up steam from around the country. Without coming out and saying so, the USDOL Region 1 Administrator essentially told the 10 Commissioners from Region 1 yesterday that the blow back is why the rules are delayed. The other commissioners also blasted USDOL while on the phone. I finally received a response from Tom Perez to my letter, which essentially said "yes, we are looking at the matter".

We are pulling together a new work-plan for the Veterans program that will involve more aggressive outreach and marketing. We will be hosting another large Veterans' stakeholder/advocates meeting sometime in the upcoming months.

Final comment: Congratulations!



**State of Vermont**  
**Department of Financial Regulation**  
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Montpelier, VT 05620-3101

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

**CONFIDENTIAL and PRIVILEGED**

**To: The Honorable Peter Shumlin, Governor**  
**From: Susan L. Donegan, Commissioner, Department of Financial Regulation**  
**Date: January 9, 2015**  
**Re: Weekly Report**

*Susan L. Donegan*

**Securities Division:**

As reported to Liz Miller Thursday, the Agency of Commerce and Community Development received the "green light" from federal authorities to proceed with the plan to move EB-5 compliance to DFR. Secretary Pat Moulton and Commissioner Susan Donegan will be communicating with the Administration on how and when to release this information publically.

**Banking Division:**

The Commissioner has finished interviewing applicants for deputy commissioner of the Banking Division and is about to offer the position to the most qualified candidate. It is anticipated that the new deputy will begin working within the next 30 days.

Plans to merge the Bennington E/E Federal Credit Union into Vermont State Employees Credit Union have been unanimously approved by both boards of directors. It must now be approved by each membership, which will take place at the Bennington E/E Credit Union's annual meeting in February and the VSECU annual meeting in March. It then must be approved by DFR and the National Credit Union Administration (NCUA). Located in Bennington, the Bennington E/E Credit Union has one branch and 500 members. It will become VSECU's 11<sup>th</sup> branch office.

**Insurance Division:**

The U.S. Congress passed legislation Thursday to reauthorize the Terrorism Risk Insurance Act (TRIA), which provides a federal "backstop" for insurers in the event of a catastrophic terrorist attack. The program, which began in 2002, guarantees that the federal government will pick up insurers' cost for any terrorist attack that costs more than \$100 billion. This is an important safety net for captive insurance companies as well as traditional insurance companies. Senator Leahy and Congressman Welch voted in favor.



The Commissioner continues to brag about Vermont's A-plus rating (the only A-plus rating in the U.S.) from The R Street Institute for DFR's efficient and effective insurance regulation. We have again received praise in the media, this time from the online trade publication "Insurance Journal." Below are the first two paragraphs. The entire article can be found here:

<http://www.insurancejournal.com/news/national/2015/01/08/353430.htm>

The R Street Institute is a non-profit public policy research organization with headquarters in Washington, D.C.

## How States Rate on Insurance Regulation, 'A' to 'F'

January 8, 2015



Vermont gets a grade of "A+" and California and North Carolina get grades of "F" in the annual report card on state insurance regulation issued by the free market think tank, The R Street Institute.

The 2014 Insurance Regulation Report Card judges how well states do regulating the business of insurance by assigning scores in 12 different areas that include insurer solvency, pricing flexibility, competitiveness and efficiency.



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**CONFIDENTIAL AND PRIVILEGED  
MEMORANDUM**

TO: Governor Peter Shumlin  
FROM: Rebecca Holcombe, Secretary, Agency of Education  
SUBJECT: AOE Weekly Report  
DATE: January 9, 2015

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**Press Contacts:**

- Jill Remick and Vaughn Altemus spoke with Tiffany Pache, VTDigger, extensively about merger incentives, Brighton and their declining enrollment, and their decision not to explore mergers.
- Jennifer Costa, WCAX, made a public records request of the departures and retirements from the Agency in the last 5 years. She was directed to the VTHR reports. Sarah London was notified by our public records officer, Trevor Lewis.
- WCAX requested story ideas for their "30 schools in 30 days series."
- Vaughn Altemus spoke with David Delcore of the Times Argus about Barre Town Elementary School's decision to purchase school buses.
- Education Week released their 2015 Quality Counts report, ranking Vermont 4<sup>th</sup> in the nation for prekindergarten education.
- Secretary Holcombe will be on VPR next week (Wednesday, January 14).
- Elissa Nadworny of NPR asked about GED testing and was given our latest numbers and pass/fail rate, which is above the national average.
- Jill Remick spoke on camera with Alex Apple, WCAX, regarding the report on disciplining students with disabilities and minorities by Vermont Legal Aid.
- Mike Donahue, Burlington Free Press, requested and was given a brief op ed from Rebecca for their Sunday edition on the legislative session.

**Public Presentations/Meetings:**

On Wednesday, David Sharpe about his education agenda. We will be scheduling in Amy Fowler, Bill and myself to speak to house ed in the next week.



On Wednesday, East Montpelier: visited school, spoke to Supt and Board Chair. Some districts in this SU are beginning discussions there about consolidation, but still a lot of opposition. Not sure this will move.

Thursday, Joel Cook: he was concerned about a lot of things. We talked to him about our data, how we clean it, and explained why the numbers we use are different than the numbers Beth Pearce uses. I will also discuss this with Beth next week when we meet on other issues. He expressed the opinion that he has been excluded from conversations, and cited the GMI institute as an example. I did not develop the invite list for that, and I also know he was invited.

Thursday: Carissa Crawford, Deputy at CCSSO, to provide feedback and suggest revisions to their statement on ESEA and reauthorization.

Friday, VASBO: giving a state of school finance presentation at their annual meeting. I have been told to expect some tough questions on PK and on paying into the retirement system for federally funded positions.

Friday, Legislature: Giving a revised version of the State of VT education presentation in the house tomorrow (Friday).

### **Emerging Issues:**

#### **Extended Years and Extended Days.**

There was a very nice write-up in Ed Week about VT Afterschool. This is a great initiative that has done a lot to bring extended learning time to kids who really need it.

[http://blogs.edweek.org/edweek/time\\_and\\_learning/2015/01/benefits\\_more\\_than\\_double\\_vermonts\\_investment\\_in\\_after\\_school\\_and\\_summer\\_programs.html](http://blogs.edweek.org/edweek/time_and_learning/2015/01/benefits_more_than_double_vermonts_investment_in_after_school_and_summer_programs.html)

Despite the lede, all the money we give them is federal funding. In our school quality reviews, I want to include access to extended day and extended year programs as one of the opportunities we want to provide our kids, especially those who really need them. We may find a way to put this on the data dashboard we are creating.

#### **NEA**

We had an odd meeting with Joel Cook. He requested a meeting to discuss our data on teacher numbers. He is most concerned by what he called discrepancies between the number of teachers we say has been lost from the system, and the number of teachers the Treasurer is counting as lost from the system. He decided to begin by insulting the quality of our data.

We explained that these numbers are apples and oranges:

1. we count Full Time Equivalents, they count bodies in the system
2. we were counting just teachers, her numbers are for all certified educators, so includes a lot of administrators

We explained how we validated our data, and then suggested he do the same in his meeting with Beth Pearce. He was unsatisfied with this. We are meeting Beth next week as well, so can come back to this.

I had wanted to meet with him, because it is increasingly clear that something is going on in the legislature, at NEA initiation, related to licensing and teacher evaluations.

In the context of the conversation, his real concern came out, which is that he feels systematically “excluded” from the governance conversation and that we need to work more closely with him. For example, he pointed out that we didn’t invite him to the GMI summit. I pointed out that this was Lisa Ventriss’ show, not mine, and that anyway, he was invited but they chose to not attend. I also pointed out that this is a two way street: on several occasions I have met with him or Martha, had cordial conversations and then been surprised the next day, for example, by reading in the newspaper that they were lobbying to have licensing moved to the Secretary of State. I did let him know that as a result of their efforts last year, we now have a 20% reduction in licensing revenue for the next 5 years and perhaps a quarter million in changes to the online platform, so that if he was planning new changes we would really like to know upfront so we can reduce the cost to the state. I also mentioned his memo to the Gov on bargaining. He protested that that was directed at the Gov, not us. We reminded him that we work for the Gov. That seems to be sinking in now. He has a lot of influence in the legislature, and I am not sure it is always helpful to children, or teachers for that matter. I will continue to work on this relationship. Regrettably, it does seem to work a little better when he is on the defensive.

### **Teacher Retirement**

I don’t know how widespread the misunderstanding is, but there are still some, including some of our new legislators, who do not understand why we now are paying into the teacher retirements system for teachers hired on federal dollars. I have heard a few comments on this “unfunded mandate from Montpelier.” The answer back has to be that this is an unfunded liability, and we are now asking systems to bear the full cost of the hiring decisions they make.

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We are dialing back a little on public details related to school quality reviews, to save the thunder for the Gov. We will also hide the new webpages with the school data tools and merger info until his speech.

I will see if I can suggest some good lines for the Gov’s speech to help frame this weekend.

We are flat out between managing the governance conversation and managing ESEA reauthorization and managing the new teacher equity work, all of which are really intense. I may have to go to DC in late January or early February.

Thanks all.  
Rebecca

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**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Greg Smith, Executive Director, VT Lottery**  
**Date: Jan 09, 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

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**Summary of Key Agency Department Activity:**

Finished budget and submitted to Finance.

Sales have been great with some record setting sales weeks for instant tickets, and top 5 sales weeks overall without having any high level jackpots to cause them. Decembers financials are still in the works due to new staff members in that dept., but will have them done next week.

Made contact with new console agents that have low sales to advise them of need to step it up. We have some that are just not going to produce adequate sales and we are working on recruiting replacements.

**Executive Director's Commentary:**

Having learned on Monday about the proposed reassignment of some lottery profits to a different organization based on sales from our new vending machine, my head is spinning in a good way. While we are still very early in their life on the market I do believe that the sales from these machines will be the best way to improve lottery sales and profits. I do fully expect that challenges will be raised to restrict this, including resurrecting a bill from last session that disallowed 1<sup>st</sup> & 3<sup>rd</sup> class liquor licenses and lottery license in the same business. I expect that I will meet with someone in the administration to keep my approach and message in check.

OFFICE OF THE SECRETARY

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**Executive Privilege**

**TO: Governor Peter Shumlin**

**FROM: Secretary Sue Minter**

**DATE: Friday, January 9, 2015**

**SUBJECT: VTrans - Confidential Report to the Governor**

**NOTES FOR GOVERNOR**

**Legislature**

Chris and I **met with Chairs Brennan and Mazza** to discuss several elements of next Session. They seemed pleased with the discussion; no big surprises. It is worth noting that **Brennan discussed his interest in establishing a “floor” for the TIB** to address the downward spiral of that revenue source, which is declining due to gas price declines. Recall we discussed this with you as well, and have decided not to raise the issue this year, but possibly consider for next year when we anticipate the fee bill and a revenue discussion. Mazza did not participate in this discussion. We are prepping our team to have solid presentations to legislative committees about our achievements and internal changes in advance of budget presentations.

**Chittenden County Outreach**

**I met this week with Tom Torti & Frank Cioffi** (individually) to discuss the transportation needs of our Chittenden County business community. In addition to several items related to congestion mitigation around Burlington, they **both mentioned Exit 12B**. Recall this was a contentious issue that we tried to advance at the beginning of our tenure, but it was opposed by South Burlington City Council (among others). We noted that much work would need to happen at the local level and businesses would need to contribute to cost, but that we were willing to entertain this issue. We have also begun **discussing Global needs with Pat Moulton, and assessing 22A specifically**. There is no existing project in the pipeline for this, nor was it identified as a regional issue. But we will continue the discussion/assessment of needs for improvement along this corridor (relative to other competing needs). We have also brought together a team from the Cabinet to meet with the Burlington Mall developer next week.

**Driver Privilege Cards, Undocumented & DMV**

Before he left for the week (to a conference), Rob Ide brought to my attention some investigations in Bennington and Brattleboro DMV offices due to misrepresentations of

information by some applicants for Driver Privilege cards. Apparently people from out of state are coming to Vermont to obtain Vermont Driver Privilege cards and are providing false information, which is illegal, and is being investigated by DMV and, in a few instances, reported to ICE. This issue came to our attention again yesterday via an inquiry from the Brattleboro Reformer, which forwarded an email from a migrant justice organization in Massachusetts alleging Vermont DMV of immigrant “entrapment”. DMV’s Glen Button and I called the Reformer together, to both clarify that there are no efforts to identify undocumented immigrants to ICE, and also to explain that DMV is required to enforce the law and investigate false identity claims. We also revealed to the Reformer some of the problems of non-Vermonters seeking Vermont Driver Privilege cards. I am initiating multi-cultural and bias-free policing trainings for DMV counter staff to both support our teams and undocumented customers receiving our services.

#### **FairPoint Negotiations – T-Board Appeal**

As we reported previously, we are developing a new Master License Agreement with FairPoint for use of State-owned rail rights-of-way. They are not satisfied with the price structure, which follows the statutory requirement to charge fair market value and **have appealed to the T-Board. Nevertheless, Beth Fastiggi is also requesting a meeting with me to continue negotiations**, which I will do. I will see if there is a way to address any of their concerns and avoid the T-Board.

#### **NOTES FOR STAFF**

##### **Regional Transportation Leadership**

NASTO (Northeast Association of Transportation Officials) is the regional AASHTO organization with which we are aligned representing all the state transportation agencies of our region. I have been working with colleagues on issues of interest (such as TCI and climate resilience), and was asked to become the Vice President for this year. This was not allowed to be formalized until after my formal appointment. This week we learned that the current President of NASTO, Shailen Bhaat of Delaware, has taken a job to become Secretary in Colorado. This means **I may soon be asked to assume the role of President of NASTO**, which is apparently not a huge lift. It would mean hosting a large Transportation Conference in Vermont in 2016, and perhaps give me/us a bit of extra influence in the Federal Transportation Reauthorization discussion in Congress.

**Privileged and Confidential**  
**Memorandum**

**To:** Peter E. Shumlin, Governor  
**From:** Hal Cohen, Secretary of Human Services  
**Re:** AHS Weekly Report  
**Date:** January 9, 2015

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**Highlights:**

**AHSCO:**

Early Childhood Interagency Collaboration Team	pg. 2
Prevention/Recovery Strategy for Families	pg. 2
Helping Partners Explore Housing for Homeless Vermonters with Medical Needs	pg. 2
Vermont Health Connect Maintenance & Operations (VHC M&O) Contract Signed	pg. 2

**VDH:**

Annual Behavioral Risk Factor Surveillance System Survey Data Summary for 2013	pg. 2
Influenza Outbreaks in Long-term Care Facilities	pg. 3

**DMH:**

Vermont Psychiatric Care Hospital (VPCH)	pg. 3
Brattleboro Retreat Update(BR)	pg. 4

**DOC:**

Budget Reduction – Community High School Position Elimination – 25 FTE's	pg. 4
Prison inmates help turn former church into community center	pg. 4

**DCF:**

Weatherization/LIHEAP Report: due to legislature 1/15/15	pg. 5
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**DVHA:**

Pharmacy Benefit Management Update	pg. 6
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**Secretary's Message**

Although I have been meeting with AHS staff, advocates and legislators since my appointment, my first full day in the office was Wednesday. I'm very excited about the work ahead and I feel very good about the positive way that I have been received by Agency staff. This week I met with the Agency's senior leadership, executive staff, and the Agency's policy and planning leadership team. I am preparing for legislative testimony to the JFC on budget adjustment for this Monday and I'm giving an overview of the Agency of Human Services, for the House Committee on Human Services on Tuesday. I was told that I would be in a honeymoon period regarding the budget and legislative issues. My sense is that the honeymoon is already over! I'm working with really good and talented people and I'm very hopeful that we can really move things forward in many AHS areas.



## **Agency of Human Services Central Office (AHS CO)**

### **Early Childhood Interagency Collaboration Team**

AHSCO met with representatives from the Governor's Office, AOE, AHS and Building Bright Futures to continue the work to implement the Early Childhood Action Plan and support an early childhood system of care.

### **Prevention/Recovery Strategy for Families**

Rutland Field Director participated in a newly formed team to create and implement a prevention/recovery strategy for children and families dealing with addiction and substance abuse, to begin with the August 2015 school year in partnership with Project Vision.

### **Performance Management Update**

In December 2014, two performance management trainings were offered to AHS Central Office (AHS CO) staff. Thirty-one percent (31%) of the management staff in AHS CO attended. For November 2014, seventy-five percent (75%) of staff performance evaluations were completed for AHS CO. We continue to make substantial progress in this arena.

### **Helping Partners Explore Housing for Homeless Vermonters with Medical Needs**

AHS CO is providing technical assistance to UVM Medical Center and Champlain Housing Trust as they explore development of a project to house homeless individuals in Chittenden County with a history of high medical utilization, partially attributable to a lack of housing. Considering state budget pressures, we have communicated we are likely not in a position to fund operations. We remain involved through connecting partners with existing rental subsidies and case management services in the area, and to offer guidance from DAIL if this model moves in the direction of a licensed residential care facility. This project is still in a planning phase at this time.

### **St. Albans New Office Building Move update**

St. Albans move has been completed. There is a grand opening and ribbon cutting ceremony on January 12, 2015 at 10:00 A.M.

### **Vermont Health Connect Maintenance & Operations (VHC M&O) Contract Signed**

The AHS contract for VHC M&O was signed on December 31. During this period, AHS IT will monitor performance and cost baselines that will be used as a basis for a longer term contract that will start on April 1.

## **Vermont Department of Health (VDH)**

### **New Webpage on Health Effects of Marijuana**

The Health Department has recently revised the webpage that summarizes information about the health effects of marijuana; the page also has links to resources and additional information. The focus is on health effects in the youth population.

### **Annual Behavioral Risk Factor Surveillance System Survey Data Summary for 2013**

The annual comprehensive Behavioral Risk Factor Surveillance System Survey (BRFSS) data summary for 2013 has been released. It can be found on the department of health website. This report is updated annually and includes results for the majority of questions asked on the BRFSS survey. Results are presented for the state, as well as by gender, age group, education level, and annual household income level. When applicable, comparisons to the U.S. are also included.

### Influenza Outbreaks in Long-term Care Facilities

At the end of December there was an increase in influenza-like illness in Vermont, with reports of influenza outbreaks in a few long-term care facilities. As of January 5 the Health Department is providing disease prevention and control guidance to six long-term care facilities that are experiencing influenza outbreaks among residents. A small number of residents from some facilities have been admitted to hospitals but no deaths have been reported to date. Influenza testing, treatment, and prophylaxis guidelines for long-term care facilities were addressed in a December Health Advisory and public health nurses from the District Offices will proactively share them with their local facilities again this week.

### Investigating an Outbreak of Illness

DMH is investigating an outbreak of illness following a catered breakfast at the Sheraton Hotel in Burlington on January 1<sup>st</sup>. Norovirus is the suspected agent and the department is working to confirm this suspicion through laboratory testing of impacted participants. The hotel served breakfast to approximately 200 people before feeding this group, so it is possible that additional illnesses occurred but have so far been unreported.

### Vermont Prescription Monitoring System 2013 Annual Report

The Vermont Prescription Monitoring System (VPMS) 2013 Annual Report was released on January 6. The report summarizes VPMS surveillance data for all Schedule II – IV prescriptions that were dispensed from Vermont-licensed pharmacies from January 1, 2010 to December 31, 2013. The report is available on the VPMS website at:

[http://healthvermont.gov/adap/documents/vpms\\_annual\\_report\\_2013.pdf](http://healthvermont.gov/adap/documents/vpms_annual_report_2013.pdf)

### Vermont Prescription Monitoring System Data Brief Regarding Trends in Buprenorphine Dispensed by Vermont- Licensed Pharmacies

On 01/06/2015, the Vermont Prescription Monitoring Program (VPMS) released a data brief describing trends in buprenorphine dispensed from Vermont-licensed pharmacies. The brief provides the total number of unique buprenorphine recipients per year, the annual totals of buprenorphine prescriptions during 2010-2013, and emphasizes that the increase in prescriptions is not indicative of buprenorphine being prescribed to a growing number of Vermonters. The data brief is available at:

[http://healthvermont.gov/research/documents/data\\_brief\\_bup.pdf](http://healthvermont.gov/research/documents/data_brief_bup.pdf)

### **Department of Mental Health (DMH)**

#### Vermont Psychiatric Care Hospital (VPCH)

On December 17th, The Joint Commission came for an unannounced survey of Vermont Psychiatric Care Hospital. Two surveyors were present all day and reviewed the physical environment and the clinical services provided. After clarifying one issue with them, this week VPCH received the final survey write up. As with any hospital survey, there were some findings, that will require a plan of correction, however none of them were "conditional" findings, which would jeopardize the hospitals CMS certification. The findings were 12 total, and a mixture of some clinical issues and some facility issues, and the hospital has already made some changes and will file a plan of correction by the timeline given by the Joint Commission. The hospital leadership which is familiar with hospital surveys was pleased by the survey results, and the hospital will retain Joint Commission accreditation and CMS certification

### Brattleboro Retreat (BR)

The AHS Departments involved with the Retreat are in the process of updating last year's contingency plan (should the Retreat be decertified by CMS). The Retreat is on track to resolve its issues relating to maintaining their deemed status, however if they fail they will have no rights for appealing the CMS decision. A Joint Commission survey was started at the Retreat on Wednesday. This is the regular three year survey for accreditation for the Joint Commission.

### WCAX on Titles 13 & 18

WCAX attended the public forum on Titles 13 and 18 Tuesday, January 6<sup>th</sup>. WCAX's Alex Rubenstein interviewed Deputy Commissioner Frank Reed following the forum on the recent Vermont Digger article on injuries, the proposed changes being considered in both sections of the law, and general progress of the new hospital in Berlin. The interview discuss focused the event reports and assessing patient acuity daily, using emergency interventions when clinically indicated, and assessing safety for patients and staff daily in the new hospital. There was a gamut of opinions offered regarding the proposed changes to Titles 13 and 18 that reflected the ongoing divide of many stakeholders in what offered the right balance for ensuring that individuals received timely treatment while also assuring that civil rights remained equal priority. Current hospital census and acuity, new hires and training, features of the new environment, and the relatively short period of time that the hospital has been open to address the demand for inpatient beds was reviewed.

### Seven Days story on Child Psychiatrist Shortages

Nancy Ramson from Seven Days is doing a story on child psychiatrist shortages. Nancy asked, "Do you know how many child psychiatrists there are in Vermont and how many are needed?" Dr. Bill McMains, our Child Psychiatrist at the Children's and Family Unit will respond.

### Vermont Digger Article on VPCH

DMH expects many questions from the Legislature regarding the Vermont Digger article on VPCH.

### Department of Disabilities, Aging and Independent Living (DAIL)

Nothing new to report this week.

### Department of Corrections (DOC)

#### Budget Reduction – Community High School Position Elimination – 25 FTE's

DOC met with the new DHR Commissioner and Deputy Commissioner. Among items discussed, was the planned reduction of the CHSVT positions. Assuming this proposal moves through the Legislature, DHR will be prepared to work with effected staff as early as March or April. Commissioner Pallito will send out a budget message to all DOC staff shortly before the Governor's Budget Address.

### Prison inmates help turn former church into community center

A former church in the Vermont town of Lyndon is being converted to a community center, with the help of some prison inmates. Vermont Public Radio reports reconstruction work at the former First Congregational Church has been done by inmates at the Northeast Correctional Facility in St. Johnsbury. The steeple has been adjusted and the interior has been redone. A nonprofit group called the "Upright Steeple Society" tackled the project, raising \$350,000 to restore the building. The group plans to feature family and arts events at the center.

### Population

The department's incarcerated population averaged 1984 for the previous week. The male population averaged 1,825 with 326 being presentenced. The female population averaged 159 with 30 being presentenced.

### **Department for Children and Families (DCF)**

#### **Weatherization/LIHEAP Report: due to legislature 1/15/15**

This report is in accordance with H. 885 Sec E.324.3 reporting on the plan to advance coordination of fuel assistance with the weatherization program. The report addresses four legislative objectives: reduce energy consumption/financial burden for low-income households; adjust fuel benefits to reflect weatherization services; identify weatherization incentives; and to reduce fuel benefits for "energy efficient" homes. It is concluded that with an increase in quality data, obtaining participant fuel consumption histories and average energy reduction percentages, and some IT modifications these programs can achieve increased weatherization participation leading to decreased costs in seasonal fuel assistance.

#### **Voluntary Acknowledgement of Parentage: due to the legislature 1/15/15**

This report is requested through Act 183 (S.28) and in accordance with 15 V.S.A. §308(4) to address how the voluntary acknowledgement of parentage process should be amended to allow non-biological parents to assume parental rights and responsibilities for a child. The report recommends the voluntary acknowledgement of parentage process continues to establish parental rights and responsibilities to non-wed biological parents where both signatories are the biological parents. The Agency does not believe the VAP statute is the appropriate mechanism to address the realities of modern society which includes surrogacy situations, same-sex marriages, and the possibility of friends and family members establishing parentage. It is recommended that the Legislature take a thorough and deliberative approach in responding to the needs of today's families and their varying compositions.

#### **Launch of the I-Team Early Intervention Project**

The Vermont I-Team Early Intervention Project is a project of the University of Vermont's Center on Disability and Community Inclusion which is part of a nation-wide network of university centers whose mission is to collaborate with individuals with disabilities and their families to achieve full access to meaningful home and community life activities. The I-Team Early Intervention Project strives to increase the capacity of all team members to utilize evidence-based strategies and maximize infant and toddler developmental progress to provide meaningful life outcomes. The objective of this project is to provide services supported by current research and best practices for young children with complex profile needs, such as family-centered practice, inclusion for all individuals, and collaboration among members of the child's team. Given the specialized and low incidence of the target population, this project has been developed to provide specific expertise and targeted training in collaboration with local teams of families, caregivers, early intervention professionals, developmental educators, and other agencies and service providers.

### **Department of Vermont Health Access (DVHA)**

#### **Dental Electronic Submission Extension Notification**

Some dental providers, including clearinghouses and billing services, have yet to fully implement ICD-9 and/or ICD-10 diagnosis codes in their software and this is limiting the ability to comply with Vermont Medicaid's required use of ICD-9 code on the 2012 electronic and/or paper claim forms. Because of this, dental providers were notified this week that DVHA is extending the deadline for the

mandatory use of diagnosis codes to October, 2015. This extension will allow dental offices a chance to make the necessary upgrades and adjustments to their workflow procedures. DVHA will continue to monitor diagnosis usage on the 2012 claim forms (electronic and paper), and will not deny claims if diagnosis codes are absent. Tracking compliance will allow DVHA to identify those practices that need further advice and support, and our team of provider representatives will reach out to those in need.

#### Planned Parenthood of Northern New England

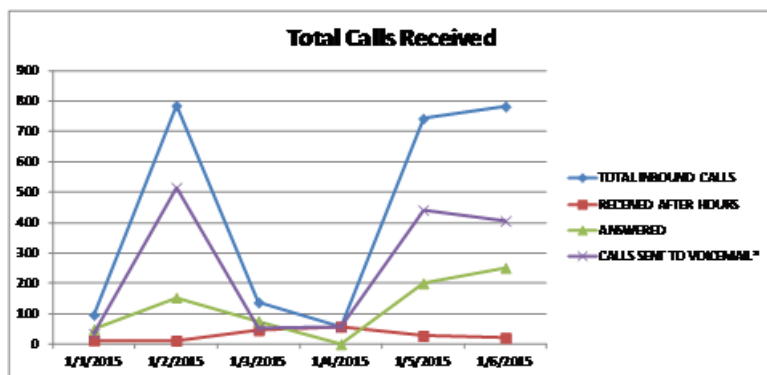
PPNNE met with Commissioner Chen recently regarding receiving additional reimbursement for Long Acting Reversible Contraception (LARC). DVHA is working on a recommendation and will present it to the Secretary Cohen.

#### Pharmacy Benefit Management Update

DVHA has had two VPharm issues identified through the new Pharmacy Benefit Management (PBM) company, GHS, which have caused some pharmacy claims to reject. One issue was that Magi Medicaid Eligible Members (Part D) are not being properly recognized in the new system and GHS is actively working on a solution. The members appear like they are DUALs but they are not. For DUAL eligible members, Medicaid does not pay for Part D drugs, so they get kicked out of system. GHS is working on allowing their Part D drugs to pay. This is not a new problem, rather they are being handled differently and not being manually overridden. A solution will take a couple of days per GHS.

The second issue is the Prior Authorization (PA) process is a bit different in that all PA's are to be faxed in, not called in, as in the past. If there is information missing, the provider is faxed a request for additional information. However, all PA's are being completed within 24 hours. Rejections are around 48% at this time, rejections occur for multiple reason, such as Drug Utilization Review rejects, drug interactions, drug not on Preferred Drug List, Third Party Liability (TPL) issues, copay is wrong, etc., Overrides are put in if appropriate. Typical rejections are around 42%, rejections are not necessarily a bad indicator, rather the system is supposed to reject some based on rules and logic. We track this in a report and rank in order of reject to monitor appropriateness of rejection. These rejects can be resubmitted and eventually approved.

Call volume remains high, GHS staffing has been increased and DVHA staff is assisting. Call volume remains elevated, but all calls being returned.



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Chuck Ross, SECRETARY

**STATE OF VERMONT  
AGENCY OF AGRICULTURE**

**Confidential and Privileged**

**TO:** Gov. Peter Shumlin  
**FROM:** Chuck Ross, Secretary of Agriculture  
**RE:** Weekly Memo  
**DATE:** January 9, 2015

**Secretary's Top Issues**

**Water Quality Enforcement with DEC**

VAAFM has worked with DEC enforcement and compliance division to issue an emergency order with the court for an overtopping manure pit that is reaching surface water. The farm contacted VAAFM requesting a manure spreading exemption (from Dec 15-Apr 1 farms are not allowed to spread manure without an exemption from VAAFM) prior to the pit overtopping. The request was denied due to the weather conditions at the time and the risk of runoff and water quality impacts. At the time of denying the spreading exemption request VAAFM informed the farm that they need to find another farm manure storage to take the manure to. Since that time the farm has not moved manure and it has been overtopping and reaching surface water.

**Dairy of Distinction Program coming to a close**

The Dairy of Distinction Program came to an official end on December 31. Over the last 19 years, the Dairy of Distinction Program has honored many Vermont dairies for maintaining a well-kept farmstead. Attractive dairies give the consumer greater confidence in the wholesomeness of milk, stimulates milk sales, and encourages the public support for the dairy industry.

**VAAFM Ag Dev Local Foods Team Wraps up \$100,000 USDA Farm to School Grant**

In 2012, VAAFM received a \$100,000 grant from the inaugural year of USDA Farm to School Grant Program funding, which was modeled after the Vermont Farm to School grant program.

- This grant leveraged approximately \$80,000 in match funding from regional and community partners, including Vermont Community Foundation's Food and Farm Initiative.
- The project work wrapped up on 9/30/14 and the final report and deliverables were submitted to USDA on 12/31/14.

**VAAFM hosts "Semi-Annual Ag Partners Meeting"**

VAAFM Leadership gather the leadership of its primary partner organizations to talk about upcoming collaboration and strategies for strong partnerships. Organizations that were represented at this meeting were VHCB, VLT, UVM, VSJF and NOFA-VT.



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Chuck Ross, SECRETARY

**STATE OF VERMONT  
AGENCY OF AGRICULTURE**

**Confidential and Privileged**

**TO:** Gov. Peter Shumlin  
**FROM:** Chuck Ross, Secretary of Agriculture  
**RE:** Weekly Memo  
**DATE:** January 9, 2015

**Status of Governor's Priorities:**

**Legislative Activities and Issues**

Secretary Ross and Deputies LaClair and Bothfeld met with the House Ag committee. This meeting was to get acquainted with new committee members and give an overview of the VAAFM.

**Press**

- Assistant State Veterinarian responded to a request from Susan Smallheer with the Rutland Herald regarding basic standards of care for animals in cold weather.

**Evolving Issues:**

- VAAFM has worked with DEC enforcement and compliance division to issue an emergency order with the court for an overtopping manure pit that is reaching surface water. The farm contacted VAAFM requesting a manure spreading exemption (from Dec 15-Apr 1 farms are not allowed to spread manure without an exemption from VAAFM) prior to the pit overtopping. The request was denied due to the weather conditions at the time and the risk of runoff and water quality impacts (this farm is in the South Lake watershed which is not meeting the TMDL targets even with the full Phase 1 plan). In the effort to understand the situation it was evident that the farmer did not make an effort to address manure management needs until the very last minute before the ban and the snow storm in early December precluded him from spreading manure at that time. At the time of denying the spreading exemption request VAAFM informed the farm that they need to find another farm manure storage to take the manure to. Since that time the farm has not moved manure and it has been overtopping and reaching surface water. The emergency order will likely be issued today or tomorrow.
- Animal Health field staff monitored the newly placed fallow deer herd at the Vermont Veteran's Home in Bennington. Herd appeared to be in good physical condition and the deer are retaining their official identification.
- Assistant State Veterinarian met with Local Foods Administrator, Legal Counsel, and Produce Safety Coordinator to discuss the general process of federal law and rule adoption.
- Assistant State Veterinarian provided technical assistance to UVM 4H coordinator regarding poultry diseases and biosecurity.
- Assistant State Veterinarian participated in a Johnes's Disease meeting hosted by UVM Extension. Added a page to the AH website providing a brief overview of Johnes's Disease and a link to the resources on the UVM website.
- Assistant State Veterinarian provided feedback on two drafts of new VAAFM website pages regarding the Food Safety Modernization Act and the Agency's work around produce safety.
- Assistant State Veterinarian traveled with the shelter manager of the Central Vermont Humane Society to the Addison County Animal Shelter to complete an inspection to qualify the shelter as a humane euthanasia registered shelter. Technical assistance was provided regarding two non-compliant issues and a subsequent inspection will be scheduled.
- Animal Health Section compiled second quarter numbers for the Performance Based Budgeting initiative.
- Animal Health staff provided volunteer time slots to Ag Dev for the upcoming Farm Show.

**Summary of Key agency Department Activity**

## **Administration:**

Deputy Secretary LaClair and members of the Ag Development team attended the Vermont Economy Priority Pitch which offered a good overview of various VT Business Association's priorities for the upcoming legislative session. Strong support for marketing Vermont – tourism and working landscape – as well as higher education, workforce training. Good mix of legislators from many committees, house and senate.

## **Current Use Advisory Board Meeting – 01-05-15:**

The Advisory Board heard from Vermont Agency of Agriculture, Food, & Markets (VAAFM) and Department of Forest Parks and Recreation's (FPR) recommendation for land use value per acre. A detailed description of the formulas were presented and the Board adopted the recommended values of \$289 for agricultural land and \$131 for forest land. New Board member, Brendan Whittaker noted there is a requirement for conformance reports from forestland owners and did not see similar activity/requirement for agricultural land. Diane Bothfeld (Sec. Ross' proxy) explained funding is not available to conduct any reviews and agricultural activity changes on an annual basis.

## **Farmland Conservation Projects – December**

During the month of December 2014 three farmland owners sold conservation easements funded by Vermont Housing and Conservation Board and USDA/Natural Resource Conservation Service. The sale of an easement compensates the landowner for non-agricultural uses and protects the soil resource in perpetuity. The following properties have been secured for agricultural purposes: Bowen II Farm in Rochester/113 acres, S&B Rainville Farm in Highgate/245 acres, and the Richardson Farm in Hartland/194 acres.

## **VT Agricultural Fairs Stipend Fund – FY2015**

Land Use Administrator announced the stipend fund application is currently available for agricultural events occurring throughout VT that qualify under the distribution formula. The FY2015 allocation of \$95,200 is a reflection of a budget rescission during summer of 2014 reducing the fund \$79,800. VAAFM values the family friendly experience and increased agricultural literacy the fairs offer however, this reduction was unavoidable.

## **Act 250 – 9(B) Criterion Review**

During the months of December and November, the Agency issued 12 review letters for proposed projects that triggered review under criterion 9(B) under Act 250. Of the review letters sent, 7 projects did not require any mitigation due to no or *de minimis* impacts to primary agricultural soils or soils do not meet the definition. It should be noted that for one of these projects, the Applicant adjusted the proposed subdivision plan to eliminate impacts to PAS based on conversations with the Agency. In addition, one of the projects involved the reclamation of existing soils that are rated as "prime" agricultural soils for the construction of athletic fields. The Applicant proposed to level the field using "statewide" soils imported from an adjacent parcel (under a separate permit). The Applicant agreed to the Agency's reclamation plan and will restore the "prime" soils for future agricultural use. The Agency found that the proposed earthwork was not considered an impact to PAS.

The review findings for 3 projects indicated that on-site mitigation is acceptable to mitigate for proposed impacts, potentially resulting in 44.8 acres of soils preserved on-site. Applicants requested the use of off-site mitigation for 2 projects, potentially resulting in payment of mitigation fees for a total of 59.34 acres. We are awaiting District Commission findings.

The Agency testified at a District 4 Commission hearing for a project to present comments and provided supplemental evidence in response to the Hearing Recess Order. In addition, the Agency executed one Mitigation Agreement for a \$43,998 for an application reviewed in a previous quarter.

## **Agricultural Development:**

### **VAAFM hires a Produce Safety Program Coordinator, Kristina Sweet**

- VAAFM's new Produce Safety Program Coordinator, Kristina Sweet, started on 12/29/14
- This position will focus on outreach to Vermont produce farmers to assess potential impacts of Food Safety Modernization Act (FSMA) implementation, providing education and technical assistance for farmers preparing for changes to the produce safety landscape, and the possible development of a statewide produce safety program.
- The twin goals of this position are helping fruit, berry and vegetable producers to access new markets and protecting public health.

- Kristina's first task is reaching out to partners and producers about their understanding of FSMA compliance and gathering a sense of the number of Vermont producers impacted by FSMA.
- Kristina comes to the Agency from the Attorney General's Office, where she conducted outreach, research, and analysis for Act 120 rulemaking around genetically engineered food labeling law.

#### **VAAFM Ag Dev Local Foods Team Wraps up \$100,000 USDA Farm to School Grant**

- In 2012, VAAFM received a \$100,000 grant from the inaugural year of USDA Farm to School Grant Program funding, which was modeled after the Vermont Farm to School grant program.
  - This grant leveraged approximately \$80,000 in match funding from regional and community partners, including Vermont Community Foundation's Food and Farm Initiative.
  - The project work wrapped up on 9/30/14 and the final report and deliverables were submitted to USDA on 12/31/14.
- The grant allowed four Vermont regional food hubs to work together to identify best practices, thus creating a more effective community food movement, which will help draw a stronger connection between food hubs and farm to school programs.
- The four community-based food organizations (that are considered food hubs) participating in this project were: Addison County Relocalization Network; Green Mountain Farm to School; Mad River Food Hub/Mad River Localvores; and Rutland Area Farm and Food Link. Additional statewide partners engaged in the project offered critical technical support.
- A culminating piece of the grant project was a guide that functions as a case study of four food hubs' efforts responding to an institutional demand for locally grown products. The guide serves as an excellent model of how food hubs can build better relationships with farm to school.
- During the timeframe of the grant, local food purchases increased over one year's time at schools engaged with their local food hub, by 58% (overall) and 62% (per capita).
- Through the work on this grant, it was confirmed that regional food hubs play a role in creating local food demand through either producer engagement or support structure to local schools.

### **Food Safety and Animal Health and Consumer Protection:**

#### **Meat Inspection:**

- Program is meeting with other state agencies to discuss multiple cross agency issues with a southern Vermont federally inspected meat and poultry slaughter and processing facility.
- Program is providing extra coverage for the federal plants under the cross-utilization program as USDA continues to struggle to fill open federal inspector positions within Vermont.
- Notice of Warning was issued to a Westford farmer for failure to record and submit documentation for the sale of live animals that were slaughtered by others to the Agency.
- During random surveillance reviews, irregularities were observed. A South Burlington firm was offering for sale and selling uninspected meat pies that were being produced and distributed by an in-home cater in Burlington.
- Program is getting more request for voluntary inspection of exotic species this instance is Buffalo from New Hampshire. New Hampshire recognizes VT's equal to program for meeting their requirements of inspection of such animals for sale in restaurants in New Hampshire. New Hampshire does not have a state program and very few Federally inspected facilities
- Visited Parmelee Farm in Randolph Center to evaluate facility for State Inspected poultry slaughter and processing. Establishment will come under inspection for the 2015 poultry season

#### **Animal Health:**

- Met with a livestock dealer in Franklin County and provided animal disease traceability supplies.
- Collected blood samples for Mycoplasma testing for a poultry producer, which is required to maintain export status of hatching eggs to Canada.
- Further follow up on delinquent transporters and dealers.
- Attended the weekly livestock auction at the Addison Commission Sale to monitor compliance with the Animal Disease Traceability rule and to complete the market report.

- Provided technical assistance to DMV Enforcement at a truck inspection detail in Fair Haven.
- Completed a spot inspection of a licensed livestock transporter and their owner/shipper documents during transport to Cambridge Valley Livestock Market.
- Animal Health field staff monitored the newly placed fallow deer herd at the Vermont Veteran's Home in Bennington. Herd appeared to be in good physical condition and the deer are retaining their official identification.
- Assistant State Veterinarian met with Local Foods Administrator, Legal Counsel, and Produce Safety Coordinator to discuss the general process of federal law and rule adoption.
- Assistant State Veterinarian provided technical assistance to UVM 4H coordinator regarding poultry diseases and biosecurity.
- Assistant State Veterinarian participated in a Johne's Disease meeting hosted by UVM Extension. Added a page to the AH website providing a brief overview of Johne's Disease and a link to the resources on the UVM website.
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- Assistant State Veterinarian traveled with the shelter manager of the Central Vermont Humane Society to the Addison County Animal Shelter to complete an inspection to qualify the shelter as a humane euthanasia registered shelter. Technical assistance was provided regarding two non-compliant issues and a subsequent inspection will be scheduled.
- Animal Health Section compiled second quarter numbers for the Performance Based Budgeting initiative.
- Animal Health staff provided volunteer time slots to Ag Dev for the upcoming Farm Show.

## **Dairy:**

### **Dairy of Distinction**

The Dairy of Distinction Program came to an official end on December 31.

Over the last 19 years, the Dairy of Distinction Program has honored many Vermont dairies for maintaining a well-kept farmstead. Attractive dairies give the consumer greater confidence in the wholesomeness of milk, stimulates milk sales, and encourages the public support for the dairy industry.

Due to regulatory and funding challenges, it is no longer possible for the VAAFM to support this program. We are asking program participants to remove their DOD signage from public view.

We will continue to develop tools and resources to enhance the public confidence in and knowledge of the dairy industry, and to support Vermont's dairy farmers.

A complaint came in that a store in southern Vermont was selling milk that had gone past its sell by date and complained the store had a warning sign for customers not to take milk from the dairy case for their coffee. Greg Lockwood, Dairy Product Program Supervisor, was sent to the store and the processing plant that provided the milk.

- The processor admitted:
  - The complaint had come in, the customer was abusive over the phone and they had not taken any further action.
  - This was a store where their driver was supposed to rotate the stock and take back any milk close to its sell by date but they had no formal training program to stress the need for that.
  - They were told to keep a complaint log moving forward as that is part of their voluntary HACCP program and a good business practice.
  - They also need to be training their drivers on the need to rotate stock in the stores where they are delivering milk directly to the display case.
- The store
  - Was not aware of the complaint as the complainant had not contacted them.
  - They did have sign in the dairy case because they had trouble with people taking milk from the dairy case to add to their coffee when there was already milk and cream out for the coffee. We did not see the sign as inappropriate.
  - The inspector checked the dairy case and found a quart of milk that was out of code so the store was instructed to check and take any out of code milk out of the dairy case and put it into the cooler to go back to the processor.
- The Dairy section sent a response to the individual that had complained explaining the steps we had taken and that we felt everyone is now more aware of the importance of rotating stock to minimize the chance of it happening again.
- The complainant responded to the information by expressing gratitude for our response and the manner we handled the complaint. He was especially complimentary of Shelly Saleem, Administrative Assistant for the Dairy Section

who took the original complaint by saying she was “highly appropriate in her choice of response: promising *seriousness* but not making all kinds of gratuitous false commitments.”

### **Agricultural Resource Management:**

#### **Small Farm Operation (SFO) Programs:**

Checked on two farms for potential AAP compliance issues, one in Highgate and one in Enosburg. Farmers in question had manure management issues and whether they were in compliance with previous actions instituted by VAAFM against them.

- Attended the monthly meeting of the USDA-FSA State Committee, of which I am chair. Received a final report on the MPP program sign up, for risk insurance related to falling milk prices, under the National Farm Bill.

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

- Staff inspected a MFO in Caledonia County for spreading during the ban based on a citizen complaint.
- Staff attended the North Lake Partners meeting. The meeting topic was tile drainage on agricultural lands. Partners in attendance included AAFM, ANR-DEC, NRCS, FSA, Association of Conservation Districts, and US Fish and Wildlife.
- Staff conducted a technical assistance visit to a MFO in Franklin County in regards to the Agency’s BMP grant program and water quality improvements the farm is installing.
- Staff conducted a drive by inspection to monitor a manure stack on a SFO in Franklin County that we have had compliance concerns with in the past and there is an enforcement action related to the issue. The drive by verified that there is currently manure stacked in the location where we have documented compliance concerns and we will be following up with the enforcement section.
- Staff are drafting inspection reports, memos and letters for complaint investigations, enforcement actions and ongoing inspections.
- Staff are preparing documents and information for enforcement discussions with the AG’s office for a LFO in Orleans County.
- Staff have been processing grants and payments from farms for winter cover cropping and manure injection through the Farm Agronomic Practices (FAP) Program and have finalized nearly all payments from the first half of FY2015.
- Staff are processing annual reports for the Capital Assistance Equipment Program (CEAP).
- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.
- Staff are continuing to work on the water quality section of the new water quality database. We have entered the user acceptance phase of testing and we are continuing to develop the water quality section of the database.

#### **Conservation Reserve Enhancement Program (CREP):**

- Visited SFO in Charlotte with NRCS planner to assess CREP potential on pasture adjacent to LaPlatte tributary.
- Prepared for upcoming field visits to farms with potential CREP projects.
- Provided Upper Valley Land Trust staff with CREP planning guidance.
- Worked through project-specific eligibility issues on two projects with FSA.
- Attended North Lake Partnership meeting

### **Secretary’s Comments:**

#### **Meetings**

- Climate Cabinet, ANR National Life: attended meeting with other members
- Land Use Weekly Meeting; Ceremonial Office: Attended with other Administration colleagues
- Carolyn Partridge; VAAFM; met with Representative Partridge to review upcoming legislative session
- Legislative Outreach; State House: met with range of legislators regarding speech and water quality issues

- Dairy Economic Impact Study; VAAFM: will review outcome of study done about the economic impact of dairying in VT, based on analysis of Ken Jones
- Agriculture Partners Meeting; Richmond: facilitate second meeting of VAAFM, VHCB, VSJF, NOFA, UVM Extension and VT Land Trust to discuss common interests and potential areas of friction, disagreement and opportunities for collaboration.

### **Press**

Ann Galloway; State House: Galloway asked if Secretary Ross supported Current Use provisions in Governor's speech. He responded affirmatively, and explained that it was reasonable to expect farmers to comply with water quality regulations if they are going to get Current Use and for those farmers who do comply it is an irrelevant issue.



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Deborah L. Markowitz  
Agency Secretary

Justin G. Johnson  
Deputy Secretary

**State of Vermont  
Agency of Natural Resources**

**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**

**From: Deborah Markowitz, Secretary, Agency of Natural Resources**

**Date: January 9, 2015**

**Subject: ANR Weekly Report**

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**Governor Level Issues:**

Thanks for the great Inaugural Address yesterday. I cannot tell you how thrilled we are at ANR that you chose to focus on water quality and on energy. We are looking forward to working with the legislature to move both of these priorities to fruition. David and I have scheduled meetings with editors to talk in more depth about the TMDL. I will keep you, Liz and Sue up to date on how those conversations go.

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**EVERYTHING ELSE:**

**Legislative Issues/Testimony:**

We had a great pre-meeting with Tony Klein and Rebecca Ellis. They have a number of new committee members who I expect will be good additions. He is also preparing to work on our water bills in addition to focusing on energy and solid waste. We are doing agency overviews in both house Fish and Wildlife and Natural Resources next week.

Trey will be ANR's primary legislative contact – and can be a go-to person when you cannot reach the commissioners directly. We hired Jon Copans, who is starting in a couple of weeks. He will be working primarily on the DEC issues – but as the ANR staff who will be in the legislature day-to-day, much like Trey last year, Jon will help ensure that you and the legislators are able to connect with the rest of us (Louis, Michael, Trey – myself) when necessary.

### **Press Issues/Releases:**

**Fish and Wildlife releases:** Buy a 2015 VT Hunting, Fishing or Trapping License Online; VTFWF to begin winter creel survey on Lake Champlain (starting Jan 1).

### **Significant Events/Meetings:**

**IBM Permitting & Transfer to Global Foundries:** DEC staff met with IBM representatives to discuss RCRA issues related to the IBM/Global Foundries (GF) sale. During the meeting, the following topics were discussed: options for addressing RCRA corrective action after IBM's current Transfer Storage Disposal Facility permit is transferred to GF, financial assurance (for both GF and IBM), IBM's presence at the Essex Junction facility after the sale, closure of two existing/permitted hazardous waste storage tanks (and one non-hazardous waste tank), and issuance of a new EPA ID number to either IBM or GF. DEC continues to work through these issues and remain on track to have the air, water pollution control and RCRA TSDF permit transferred to Global Foundries by April 2015.

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## **SUMMARY OF KEY DEPARTMENT ACTIVITY**

### **Office of Planning and Legal Affairs (OPLA)**

**TDI New England Clean Power Link:** ANR hosted a series of meetings Monday with TDI and their consultants to discuss several of the collateral environmental permits the project must obtain in addition to a CPG from the Public Service Board. TDI intends to file their collateral permit applications in February and March and the meetings were an opportunity for TDI to ask procedural questions and seek technical assistance from the permitting programs. Meetings focused on the: individual state wetlands permit, construction stormwater permit, lake encroachment permit, direct discharge permit and 401 water quality certification.

**VELCO PV-20 Transmission Line Replacement:** OPLA facilitated a meeting Tuesday with VELCO representatives and staff from several DEC programs to discuss VELCO's proposed PV-20 replacement project, which entails the removal of 7 existing, oil filled, transmission lines that run between New York State and Grand Isle along the bottom of Lake Champlain and the installation of 4 new submarine cables. Similar to the TDI project, the PV-20 project may involve construction phase water quality impacts associated with the re-suspension of sediments and pollutants, including phosphorus. VELCO may be able to apply some of the data and modelling conducted by TDI to their project to address these concerns. The removal of existing oil filled cables, first laid in the 1958, also raises concerns regarding spill prevention. The meeting was productive and VELCO will regroup with ANR once they've conducted further analysis of the project, in advance of filing a petition with the PSB

**New Applications:** OPLA received seven new Act 250 applications and one new Section 248 application the week of Jan 5.

## **Environmental Conservation**

**EPA Proposed Air Quality Standards for Lead:** EPA is proposing to retain the current primary and secondary national ambient air quality standards for lead, which were substantially lowered in 2008. Young children are especially susceptible to the neurotoxic effects of lead exposure. Dramatic historical reductions of lead in children's blood (in VT and nationally) have resulted from large reductions of lead air emissions and concentrations, as well as from active programs to reduce children's exposures to other sources like lead paint. Recent VT air lead measurements have been well below the current and proposed standards. Vermont is currently functionally in attainment for lead.

**Newport Demolition- Jay Peak Resort:** DEC received notification from Jay Peak Resort that they will be coordinating the demolition of a city block in Newport City in early 2015. They are currently conducting asbestos removal in accordance with Health Department requirements that will continue for 6 to 8 weeks. Where possible, other materials will be salvaged before the buildings are torn down, likely with excavators, and the rubble taken to the landfill in nearby Coventry. The demolition will also follow asbestos abatement Health Department requirements. A separate air permit will not be required but the activity will still need to comply with regulations requiring all reasonable measure be taken to minimize fugitive dust.

**ANR v. W. Hanfield:** An Emergency Order was issued against a Brandon farmer for manure pit overtopping and reaching state waters. On Wednesday an Environmental Enforcement Officer (EEO) visited the farm of Mr. Hanfield in Brandon after DEC received information from the Agency of Agriculture that he had a manure pit which was overtopping and possibly reaching state waters. The manure from the pit was in fact reaching an unnamed tributary of the Neshobe River in Brandon. Based on the information that we had we prepared an Emergency Order which was presented to the Environmental Division of the Superior Court on Jan 2. Based on the submittals the Court issued the Emergency Order against Mr. Hanfield and his wife requiring that the manure pit be pumped down within 72 hours.

**Unused Pharmaceutical Disposal:** Environmental Assistance staff, the Health Department's Drug Abuse Prevention Program, State Police, Board of Pharmacies, and the Federal Drug Enforcement Agency discussed options for residential disposal of prescription drugs and controlled substances. Under new federal regulation, retail and other pharmacies can collect unused drugs from households and have them incinerated or chemically destructed. There is currently no funding source for disposal, and given that the DEA will no longer sponsor twice-a-year prescription drug collection events and fund disposal, this is problematic. Health and public safety agencies are concerned about household drugs being abused; we are interested in seeing pharmaceuticals removed from the waste stream. The Health Department is likely to testify in the legislature next session on this issue and options for disposal, such as a pilot drug collection program at pharmacies.

## **Fish & Wildlife**

**Small Game:** Grouse and squirrel season closed over the last week. Hare and rabbit seasons continue and many hunters have been checked. One ticket was issued on the last day of the season to a NH hare hunter who purchased a resident license fraudulently.

**Trout Broodstock:** Fish culture section staff traveled to the Salisbury Fish Culture Station to discuss methods of decreasing brown trout broodstock stress and increasing egg survival. Egg survival has been less than optimal over the last two egg-takes. Specifically, the purpose of the trip was to discuss better degassing techniques at the facility to alleviate total dissolved gas concerns. Staff have developed an interim and long term approach to addressing dissolved gas issues at the facility. The proposed interim solution will most likely be implemented in spring/summer 2015 while the long term solution is being further developed.

## **Forest, Parks and Recreation**

**Ski Areas:** FPR has completed our review of a draft, confidential report from the State Auditor's office on Vermont's ski area lease program and are following up with the Auditor on some final questions. We expect the Auditor will release a final report on the State's ski area lease program by the end of January. We have scheduled annual winter visits to all seven ski areas that lease State land, and are working to schedule a meeting with representatives from all of these areas and Ski Vermont to discuss uphill travel policy (people who want to use skins to walk up the mountain) at these areas. The Department is encouraging ski areas to find ways to provide for this increasingly popular activity and, if possible, designate an uphill travel route at their respective areas.

**ANR Land Transactions:** FPR is closing with The Green Mountain Club on the Thomas parcel in Bolton on Jan 7. The Long Trail will be rerouted on this strategically located 123-acre forested parcel. This property will be added to Mt. Mansfield State Forest. The Duxbury Selectboard will be meeting next week to discuss the proposed disposition of the Father Logue's Camp parcel, currently under BGS ownership. One of the options on the table would be to transfer this parcel and an adjacent but isolated parcel of Camel's Hump State Park to the town for use as a municipal forest. Work continues on other priority ANR land transactions including the Dern acquisition (addition to Emerald Lake State Park), several Forest Legacy projects, sale of Lafreniere parcel, and other transactions.

**First Day Hikes:** More than 100 people participated in the nine First Day Hikes held at State Parks on New Year's Day. There was lots of media coverage, lots of pleased volunteers and most importantly more than double the number of hikers over last year.

**Timber Sales in District IV:** Dave Wilcox, State Lands Forester, spent a lot of time last week getting two timber harvests up and running; one in the Ricker Block of Mt. Mansfield State Forest and the other one at Elmore State Park. The "Horse Trail Harvest" at Mt. Mansfield SF is going well and they started trucking wood off the landing on Dec 31, and at the "Wooden Well" sale in Elmore SP they built the landing and short truck road last week and should be trucking

wood as of Jan 6. Dave also has been administering the “Centennial Harvest” at L.R. Jones State Forest, where the loggers are about to finish up the winter areas and move off until next summer.

**Business Office:**

We submitted our Federal Indirect Rate proposal for FY16. The rate is down significantly from FY15 (22.85% vs 33.42%). This is due to two main factors: DEC in FY14 allocated much more indirect costs to their Divisions, and across the Agency there was more direct salary coding than in prior years. Because of the FY14 “actuals” correcting factor in the FY16 proposal we expect that future rates after FY16 will come back up somewhat. This rate change is not expected to significantly reduce our Federal receipts over time but budgets will need to be managed due to changes in the cash flow of receipts.



**Privileged and Confidential**

**MEMORANDUM**

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

From: Christopher Recchia, Commissioner

Date: January 9, 2015

Subject: Weekly Report

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**Governor Level Issues:**

**Status of Priorities and Cases of Interest:**

**Inaugural Address:** Beautiful – I feel like that was one of your best-ever delivered speeches on energy and am really appreciative of the leadership and support for the EIP.

**VGS:** I met with landowners this afternoon – It was, I think, a good meeting. We scheduled a negotiation session for next Thursday with VGS on the amount VGS is willing to pay for legal assistance to landowners yet to reach a negotiated settlement and on an end date for the “pause” in eminent domain proceedings. We also agreed DPS will pay for an attorney to draft eminent domain proceedings guidance as long as the cost is under \$15K. All parties understand we are going to vigorously review the latest costs and determine whether project should go forward. My opinion on that is that the benefits still outweigh the costs, but we’ll see.

**FairPoint:** We are talking with FairPoint every other day and now meeting on Wednesdays. I do not believe they are meeting their commitments to prioritize medical situations since

we have many that are well over 20 days without service. We'll be straightening this out this week.

**VY:** We are developing comments on the EPZ situation in coordination with VDEMHS and DOH, but the comment period, original to end yesterday, was extended to February 9<sup>TH</sup>. We'll be using this extra time to refine our comments.

**TDI:** I need to get Liz a memo on this matter – which I will do this weekend. On Monday we are scheduled to talk with Tax department on the pros and cons of including language in the Misc., Tax Bill on in water (lake) installations.

**First Wind:** In light of our attenuation study, we are seeking a meeting with First Wind to discuss the results and to figure out how best to present these to the Board. I need to discuss this with Liz as not reporting results is not an option, though I have delayed for as long as possible. At the moment, we are prepared to report the results are inconclusive and require Board interpretation, but my preference is to meet with First wind and jointly agree to a change in the noise standard from internal building to an external outside measurement and standard. We hope to have that meeting shortly. I am still waiting to hear from them about agreement to purchase the Therrien's property, though they have now moved.

#### **Meetings this Week:**

Jan 5 – Chris at VTA Board Meeting; Climate Cabinet meeting

Jan 6 – Chris/Jim Volz monthly meeting; Darren meeting with Andrew Savage and Robert Dostis; Darren speaks at WEC Board meeting about EIP legislation

Jan 7 – Chris and team meet with FairPoint; Darren and Asa meet with REV

Jan 8 – Governor's Inaugural Ceremony

Jan 9 – Chris meets with Melanie Peyser and other landowners

#### **Meetings next Week:**

Jan 12 – Chris 5<sup>th</sup> floor meeting on transmission and tax; Chris, Darren, Jim Porter and Sue Allen meet with Speaker on Fairpoint; Governor's extended cabinet meeting

Jan 13 – PSD/ANR/TAX meetings with TDI; Darren meets with Warren Coleman and David Hallquist VEC; Chris meeting with Adam Winstanley and John Hollar

Jan 14 – Chris on Mark Johnson show; PSD meetings with GMP; PSD/FairPoint weekly meeting; Chris meeting with REV; CEDF Board Meeting

Jan 15 – Chris and Darren testify in House Natural Resources committee; Budget Address

Jan 16 – Chris, Darren and Jim Porter testify in Senate Finance committee

**Media:** Zach Desparte of Addison Independent on Vermont Gas; John Herrick of VTD on EIP; CR with Mark Johnson 1/14

## **Everything Else:**

### **PERD**

#### **Net Metering**

- Note that the below chart now includes a larger selection of Net Metered generators than previous versions. In particular, it now includes all systems over 150 kW that go through the full 248 process. It also includes systems for which *45 day notices* have been filed, in addition to those for which formal 248 applications have been filed.

<b><u>Net Metering Activity 12/20/14 – 1/2/15</u></b>			
	Registrations	Applications	CPGs Granted
<b>Count</b>	76	2	54
<b>kWAC</b>	486	175	370
<b>Ave Size kW</b>	6.395	87.5	6.846
<b>Cumulative Capacity of ALL Formal Notices Submitted**</b>			
<b>Year Total</b>		<b>Total Since 1999</b>	
<b>2013 kW</b>	<b>2014 kW</b>	<b>1999 – 2014 kW</b>	<b>% of 15% Cap</b>
16074.66	30603.75	75608.94	~ 50.4%

**\*\*Note:** These totals now include systems of all sizes, and include those systems for which 45 day notices have been filed as well as those for which formal permit applications have been filed.

#### **Comprehensive Energy Plan**

- Staff presented the draft 2015 CEP outline and project schedule to the Climate Cabinet on 1/5. The Cabinet members were also asked to weigh in on questions to help shape the project, and will be asked for detailed weighing of potentially contentious issues at the March meeting.

### ***Engineering***

#### **Vermont Yankee Spent Fuel Management & Decommissioning**

Activities to complete the defueling of the VY reactor core were initiated during the reporting period. Initial dry well entry occurred on December 31, while refueling floor preparations continued through Friday. Relevant plant walk downs (inspections) and equipment tagging, which began on December 30, continued throughout the weekend. Maintenance on plant systems required to support defueling also continued during the reporting period. The actual disassembly of the reactor upper head began on Monday (January 5) morning. The current schedule status continues to support the start of fuel removal on January 9 and the completion of defueling on January 19.

#### **Update on Strontium-90 Indications Investigation**



On December 31, the State Nuclear Engineer reviewed VY's Apparent Cause Evaluation (ACE) on Sr-90 ground water readings. The ACE makes a compelling case that the readings are erroneous, and were caused by ALS Lab using a method apparently intended for detecting higher Sr-90 levels immediately following a radiological incident (e.g. a Spent Fuel Pool fire or explosion of a 'dirty' bomb). Teledyne's method follows the widely-accepted EPA "Method 905" recommendations for detecting Sr-90 in water samples. Teledyne did not detect Sr-90 in any of the samples.

#### Status of PSDAR Public Meeting Delay Request

On January 5, the NRC Region 1 office notified Tony Leshinskie that with "90% certainty" the NRC will agree to move the PSDAR public meeting from its originally scheduled date of January 28 to the requested date of February 19. Final confirmation is expected by the end of this week. The NRC's expert on the Decommissioning / PSDAR Process, Bruce Watson, has offered to present an overview of the PSDAR process to NDCAP prior to the PSDAR public meeting. However, Bruce is not available the week of January 22 (the currently scheduled date of the next NDCAP meeting). As such, Tony is working to move the January NDCAP meeting to either January 28 or 29 to accommodate both the NRC's availability and the NDCAP Panelists' schedules.

#### State Nuclear Engineer Provides Comments on VY License Amendment Requests

Tony provided technical comments on two different VY License Amendment Requests (LARs):

The first comments were provided at the request of the NRC Projects Office regarding the modification of VY Technical Specifications governing the movement of Irradiated (spent) Fuel (Entergy Letter BVY 13-097). Tony previously reviewed this LAR in early October and only had minor comments. However, based on several NRC Requests for Additional Information (RAIs) on the LAR, Tony requested clarification of the NRC's position on evaluating high burn-up fuel that has previously experienced high peak rod average power. It is not expected that this clarification request would delay the NRC's issuance of the LAR, which is expected within the next 2 weeks.

Tony also provided technical comments for the open public comment period on Entergy's LAR requesting creation of VY's Permanently Defueled Emergency Plan (PDEP) and modification of the applicable Emergency Action Levels (EALs). This LAR (Entergy Letters BVY 14-033 and 14-070) would take effect 15.4 months after VY's final shutdown and would allow the reduction of the Emergency Planning Zone (EPZ) to the VY fence line along with the elimination of offsite Emergency Planning support. Tony's comments focused on whether sufficient analysis has been completed justifying the premise that at least 10 hours exist between emergency condition onset and a significant radiological release due to a zirconium fire. Tony's comments will be incorporated into comments created by Vermont DOH, ANR and EMHS. EMHS and PSD are coordinating the filing of these public comments, which are currently due by 11:59 PM on January 8.

#### 2014 Vermont Gas Systems Addison Transmission Pipeline Project

VGS has suspended the majority of construction activities (transmission mainline construction) related to Phase I of the Addison Natural Gas Pipeline project. Pipeline installation related to

horizontal directional drilling (HDD) may continue during the current so-called winter closure period. These installation activities are being performed by Engineers Construction of Williston VT and may require other pipeline construction tasks to be performed prior to the selection, by VGS, of a contractor to resume the mainline construction. (Historically the mainline contractor has provided support for HDD installations by performing welding, applying pipeline coatings, pipeline testing, etc.) VGS has informed the Department these processes are currently suspended while project specifications and procedures are being reviewed by the company. The Department has requested VGS to identify the construction processes/procedures which are planned during the winter closure period, the company's status to review those procedures and the entities that will be performing and inspecting each process.

#### VELCO 2015 Vermont Long-Range Transmission Plan

VELCO has released a draft of its 2015 Long-Range Transmission Plan (LRTP) to the Vermont System Planning Committee (VSPC). Engineering will review the plan and its impacts on Vermont distribution utilities. This plan is prepared every three years and submitted to the PSB for approval under Docket 7081. The Docket 7081 process provides for a VSPC review draft and a 60-day formal review period. At the end of that time, the VSPC provides written comments to VELCO that must be incorporated into the public review draft. Following a public input process, the plan must be filed with the Public Service Board by July 1, 2015. The whole process is conducted closely with ISO-NE, which has the authority for the regional planning process granted by FERC.

#### ***Regional Policy***

##### Connecticut PURA SPEED review

- On January 6, the CT Public Utilities Regulatory Authority issued an order opening a new docket, as a request for a declaratory ruling. This procedural change creates the opportunity for an appeal of the final decision.
- The schedule for the docket is as follows:
  - 1/15/15 – Distribution of Draft Decision
  - 1/23/15 – Hearing
  - 1/29/15 – Written Exceptions Due
  - 2/6/15 – Oral Arguments
  - 2/11/15 – Regular Meeting
- DPS staff will attend the hearing and oral argument and provide any comments necessary on the Draft Decision.

##### ISO-NE Air Emissions Report

- The 2013 ISO-NE Electric Generator Air Emissions Report has been finalized and shows a relatively small increase, from 2012 to 2013, of NO<sub>x</sub> (2.9%), CO<sub>2</sub> (1.5%) and SO<sub>2</sub> (14.3) emissions from electric generating units. This was due primarily to increase in energy generation from coal- and oil-fired generators compared to natural gas-fired units.
- The increase in air emissions would likely have been higher if not for two factors: (1) imports from neighboring control areas was higher in 2012 than in 2013, and most

imports were likely from HydroQuebec , and (2) the amount of renewable generation increased.

### ***Public Advocacy***

VY EPZ License Amendment Request – NRC 50-271-LA-2 – The Department and Emergency Management and Homeland Security are reviewing interagency comments from each and the Department of Health on Entergy’s proposed Emergency Planning Zone changes. Public comment period extended to February 9.

FairPoint Service Quality Investigation – Docket 8390 – The Department submitted first round discovery requests to FairPoint as part of the investigation. FairPoint responses are due January 21.

Cold River Solar – Docket 8188 – The Board held an oral argument requested by a neighbor intervenor group and the town of Rutland to address orderly development, aesthetic, and prime ag soil § 248 criteria sections of the hearing officer’s proposal for decision. The Department took no position at the argument beyond what it has briefed throughout the proceeding.

Rule 4.100 Proceeding – No Docket – In Docket No. 8010, the Board directed its staff to hold a workshop on Rule 4.100 (the rule implementing PURPA in Vermont). Board staff reached out to Department staff on scheduling, indicating that they are hoping to hold a workshop sometime this month. Board staff indicated that they are interested in discussing whether the rule continues to make sense or whether it should be repealed and/or replaced. To that end, the Department has persuaded GMP to retain an expert consultant to provide a presentation on how other states implement PURPA, should the Board staff want such a presentation. Department staff also reached out to VPPSA, which had not participated in the underlying docket, as it would be important to gain the perspective of municipal utilities in such a generic discussion.

Vermont Gas Rule 5.409 Penalty Proceeding – Docket No. 8328 – On January 6, the Department submitted discovery questions to Vermont Gas in the Board’s investigation into Vermont Gas’s reporting of increased cost estimates. Questions focused on clarifying the extent of Vermont Gas’s monitoring of industry trends in pipeline construction costs and clarifying the manner in which Vermont Gas’s awareness of actual increases in Phase I construction costs developed. Responses are due January 30.

GMP Actual O&M Cost Proceeding – Docket No. 8389 – The Department has served discovery on GMP’s actual O&M cost filing and is expecting responses on January 7. The Department is due to provide a recommendation to the Board in this proceeding on February 15.

Swanton Rate Design – Docket No. 8398 – On December 24, the Board suspended Swanton’s rate design filing and opened an investigation, establishing January 16 as a prehearing

conference date.

Addison Expansion—Docket 7970—There continues to be a lot of activity following the Company's announcement of additional increases to the capital budget. The Department is exploring its options to investigate these numbers-in particular, a second remand or a proceeding to amend the CPG. Comments on both the increase and motions filed by the Department and the Palmers are due January 12. VGS intends to file testimony and analysis of the new numbers on January 15. Addison County Regional Planning Commission and ANR have each contacted the Department to discuss strategies for going forward.

The Department continues to work with the company and affected landowners regarding easement/condemnation issues. There are no pending condemnations at this time and the landowner group is considering VGS's most recent offer for going forward. PSD is proceeding with a contract for appraisal services, to be in place when and if needed.

Addison Expansion Phase 2—Docket 8180- When it announced that it was recalculating the capital budgets for both phases, Vermont Gas requested that hearings in Phase II be indefinitely postponed. In response to the request and comments from several parties, the Board postponed the hearings and promised additional process, including the possibility of sanctions and dismissal as requested by some parties. Parties are to file comments by January 20 on the various recommendations which have been made.

Sudbury Solar – 2.0 MW Standard Offer Solar Project in Sudbury - Docket 8225 – DPS signed a partial MOU with Petitioner on this project which was filed with the Board on 12/23/14. The MOU covers all aspects of the project except the 1/3 mile line extension which involves construction by GMP of a new 3 phase power line, which has in fact already been constructed. The Petitioner has agreed to provide supplemental testimony addressing the impacts of that line extension under the 248(b) criteria. Due to the fact that the environmental impacts cannot be assessed until springtime, Petitioner has requested a ten month extension of its construction milestone under its standard offer contract, which the Department and ANR supported. The Board's Hearing Officer has recently indicated he will convene a status conference next week and we surmise that it is to discuss the milestone extension request and the Board's role in reviewing the impacts of this off site line extension.

Chelsea Solar – 2.0 MW Standard Offer Solar Project in Bennington - Docket 8302 – PSD is on track to sign a partial MOU for this project. Deadline for stipulation is January 9<sup>th</sup>. One outstanding issue still under review is a proposal to include land value in the decommissioning fund. Given the PSB policy of not allowing equipment salvage value to be included as part of a decommissioning fund, the Department is not likely to support this proposal. The MOU as drafted covers all aspects of the project except the 1 mile line extension which involves construction by GMP of a new 3 phase power line. The Petitioner has agreed to provide supplemental testimony addressing the impacts of that line extension under the 248(b) criteria. Due to the fact that the environmental impacts cannot be assessed until springtime, Petitioner has requested a ten month extension of its construction milestone under its standard offer contract, which the Department and ANR supported. Given the Board's request for a

status conference in the Sudbury Solar Docket 8225, noted above, parties are exploring whether to seek a short extension on the stipulation deadline.

WE 46 Precision Drive 500 kW net metering project CPG NMP #5538 – The Department filed comments indicating that this project would not have any significant impacts on the applicable § 248(b) criteria, but did note our concern that this project is at 500 kW statutory capacity limit for a net metering project. If approved this would make the other four projects proposed for the same site (for which 45-day notices have been filed) ineligible for CPGs under a recent PSB precedent regarding the definition of facility. The Board issued a memorandum requesting a response from the Petitioner on this issue by January 9, 2015.

EVT and BED Triennial Plans - EEU 2014-07 and CEED Fund Annual Plan - Docket 8395 – The Department filed comments on these plans on 1/5/15. The Board issued a series of questions to EVT, BED and GMP and upon receipt of the answers to those questions the Department is likely to file additional comments.

Charter Cable CPG Renewal – Docket 7820 – The parties executed a Memorandum of Understanding on December 29<sup>th</sup>, settling all issues in the docket. A technical hearing was held on January 6<sup>th</sup>. The parties will be working together to file a Joint Proposal for Decision within the next several weeks.

VEC and LED transfer of service territory in Sheffield – Docket 8377 – The parties filed a stipulated Proposal for Decision on December 29<sup>th</sup>.

Proposed Special Contract between Enosburg Water & Light Department and Franklin Foods, Inc. – no docket – The Department continues to discuss the proposed agreement with Enosburg and Franklin Foods with respect to a number of financial concerns. No filing has been made with the Board.

Nexus Petition for Designation as a Lifeline-Only Eligible Telecommunications Carrier – Docket 7747 – The Department is reviewing the terms of Nexus' proposed stipulation. A status update is due to the Board on January 12<sup>th</sup>.

Petition of Tempo Telecom, LLC for designation as a Lifeline-Only Eligible Telecommunications Carrier – Docket 8399 – A prehearing conference will be held on January 26<sup>th</sup>.

Vermont Gas-Plouffe condemnation--Docket 7819- A site visit, scheduled for January 5, was postponed due to weather conditions. It will be rescheduled.

GMP White River Junction Substation Project – Docket 8322 – The PSD participated in an uneventful technical hearing.

Woodstock Aqueduct Company – Tariff 8535 – The PSB granted the petitioner's request to extend the rate increase effective date until February 1<sup>st</sup> in order to allow additional time for

negotiations with the PSD. The PSD recommendation is due by January 16<sup>th</sup>.

Mountain Water – No Docket – PSD is in the process of reviewing recently received informal discovery. The PSD is working with the company in hopes of revising its current tariff to encompass all appropriate changes.

Champlain Valley Solar – Docket 8248 – The PSB approved the petitioner’s motion to transfer its CPG to SunE DB11, LLC with the condition that SunE DB11, LLC amend the drawing certificate and letter of credit to reflect its status as the CPG holder.

New England Clean Power Link Project – No Docket – The Mount Holly Select Board has declined the Department’s offer (required by statute) to meet with them.

Vermont Water Utilities Rate Increase – Tariff 8517 – The PSB approved the proposed rate increase. The proposed disconnect notice form is still pending before the PSB.

Washington Electric Cooperative, Inc. 2014 IRP – Docket 8181 – The PSB approved the IRP and the PSD’s MOU with the petitioner. WEC’s next IRP is due on or before March 31, 2017.

Springfield Solar Alliance I Project – Docket 8034 – The PSB consented to the petitioner’s second transfer-of-CPG request (transfer is to SunE XVI Lessor, LLC) and authorized the lease of the Project to DG Solar Lessee II, LLC.

GMP IRP – No Docket – In a letter to the PSB, the PSD stated general satisfaction with the IRP while withholding a final position pending the public hearing and the opportunity to consider any issues raised by the public or interveners. The PSB has scheduled a prehearing for January 13<sup>th</sup>. The PSD is negotiating a schedule with the petitioner.

SunE Rutland Solar DE – Docket 7957 – The PSB consented to the third transfer of the CPG.

Barton Electric Dept. Use of Bond Proceeds – no docket – Barton Electric issued a bond to finance a T&D upgrade project it undertook with Orleans. Bond proceeds were commingled with general electric department funds, and not separately tracked. Barton has notified the PSD that it is working with an accountant to determine how the money was spent and improve their procedures. Barton intends to make a filing with the PSB early next week explaining the situation and plan for addressing it.

### ***Telecommunications***

FairPoint Strike and Service Quality – FairPoint and the IBEW are meeting in Washington, DC at the urging of the federal mediator. It is generally considered a positive sign that both parties are abiding by the gag order. Service quality does not appear to be getting appreciably better.

VTel Locations – It appears that VTel may have never had a list of served and unserved

addresses in the ARRA territory – instead it is likely it had only a list of census blocks with information about the total number of locations in the census blocks and the percentage that were served and unserved. VTel recently contacted Stone Environmental to ask if the underlying location level information from 2009 was available. PSD staff identified the underlying information that was submitted to the NTIA and is analyzing it with Stone Environmental.

Connectivity Initiative – The PSD directed Stone Environmental to identify locations eligible for grants under the Connectivity Initiative –those that lack access to 4/1. The analysis identified 16,282 eligible locations spread over 2784 census blocks. On review the PSD has revised the methodology to identify “underserved” and “unserved” within this group.

VTA Projects in Process – Stone identified 2664 specific E-911 locations to be served by VTA projects in process. The draft results were provided to the VTA for review, but the VTA has not yet responded.

FairPoint Service Quality Discovery Questions – The PSD served discovery questions on FairPoint in the service quality investigation. These questions seek information relating to service quality statistics, company processes, and staffing, as well as the E-911 outage in November.

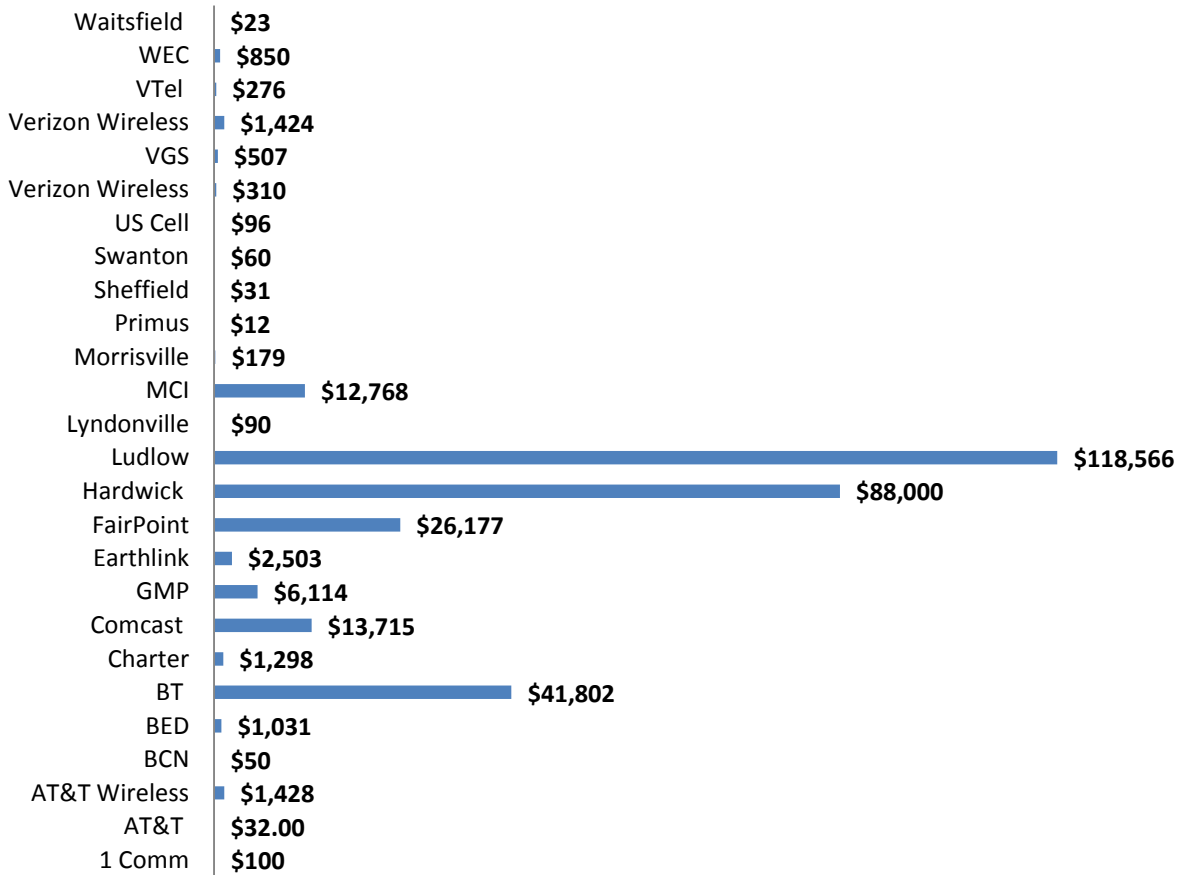
248a and 248(n) – Division staff is reviewing a series of petitions filed pursuant to 30 V.S.A § 248(n) by the Vermont Telecommunications Authority. These petitions are a part of the VTA’s Cellular Resiliency project, which is aimed at providing mobile wireless coverage during Irene type emergencies. The proposed project involves the placement of telecommunications facilities on net metered electric generation facilities. Most of the resiliency points are in town centers where people are likely to converge in an emergency (town halls, schools, etc.). The Agency of Natural Resources, however, may object to the projects because some of these points lie in designated river corridors, maps of which have been recently adopted by ANR.

Connectivity Initiative – Staff reviewed two VTA RFPs in preparation of drafting the Department’s first Connectivity Initiative RFP. The department will identify census blocks that include “unserved addresses” and seek proposals to serve the entirety of addresses in these census blocks.

## ***CAPI***

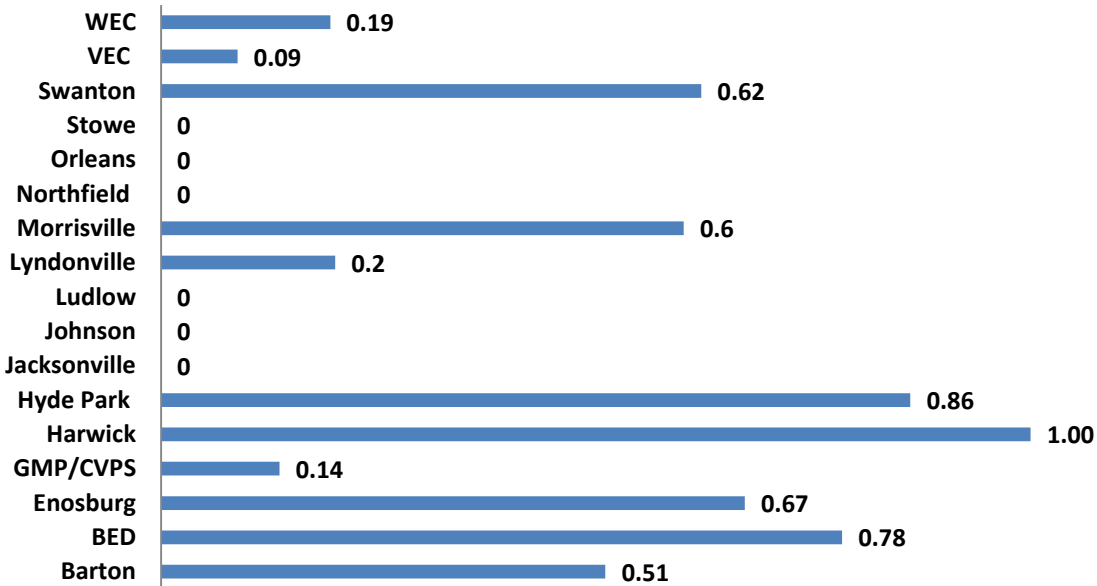
**Account of dollars saved by individual consumers after complaint investigated by CAPI/DPS during 2014:**

**Dollars Saved by Consumers, 2014**  
**Total: \$317,310**

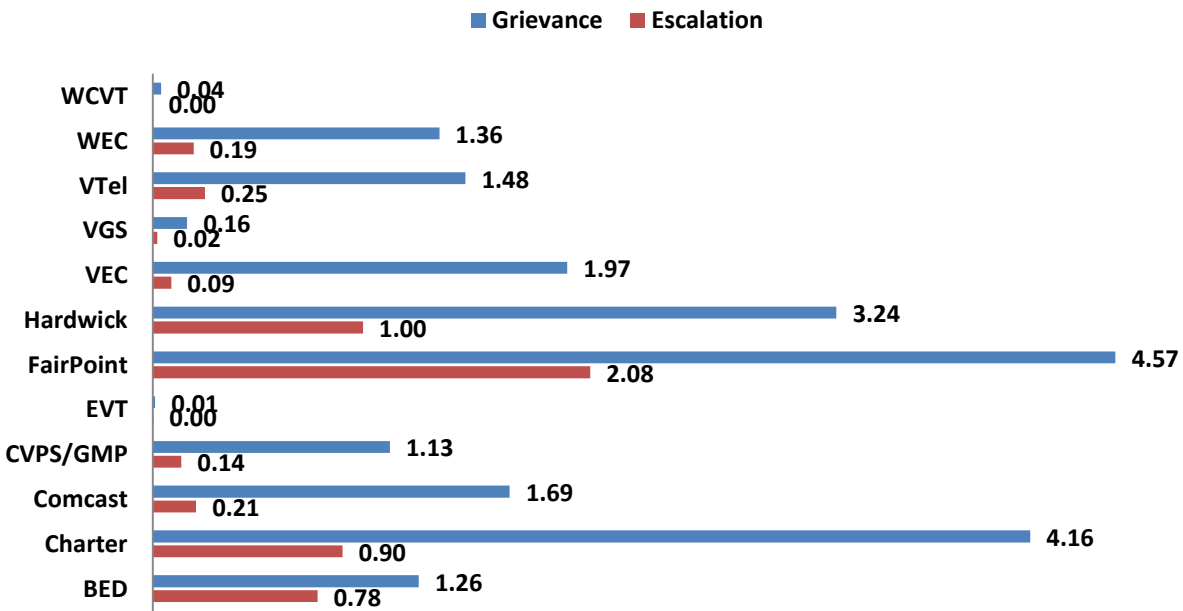




### Electric Utilities Escalated complaints, per 1000 customers 2014

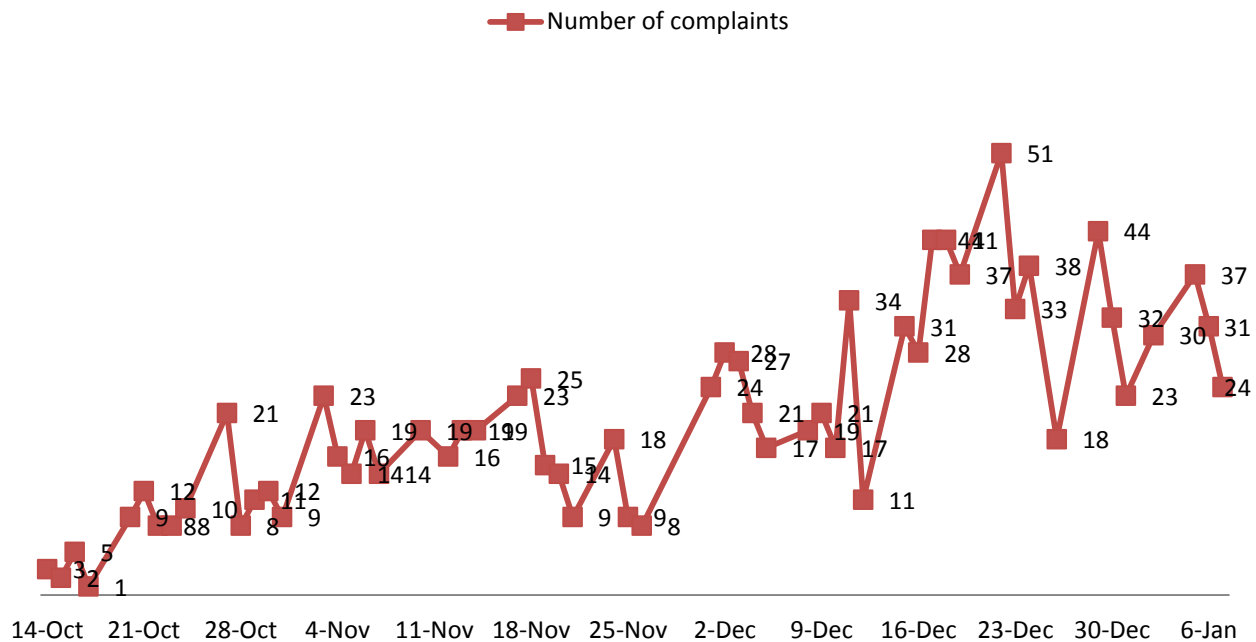


### Complaints Investigated, by Company, per 1000 Customers 2014



## FairPoint Complaints

Beginning 5 days before 10/17 strike to present



**FairPoint:** Repair and installation complaints continue to be the primary focus of the division, in addition to working with the company to ensure priority handling of sensitive cases and improvement of the company's work order completion processes. In-person meetings with the Vermont and Maine state presidents continue to occur on a weekly basis. The company assured the Department that their primary focus is on improving repair and service delays in Vermont, over the other New England states.

### CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- (133) FairPoint, primarily repair and installation delays
- (2) VTel phone and internet rate increases
- Comcast: rate increase (1), billing (1), service misquote (1)
- (1) EEC charge
- (1) GMP customer data shared with EVT
- (1) Unreliable wireless service

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**State of Vermont**  
**Department of Public Safety**  
103 South Main Street  
Waterbury, Vermont 05671-2101  
[www.dps.state.vt.us](http://www.dps.state.vt.us)

**To:** The Honorable Peter Shumlin  
**From:** Keith Flynn, Commissioner of Public Safety  
**Date:** January 9, 2015  
**Subject:** Weekly Report

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## **Department of Emergency Management/Homeland Security**

Director and Deputy Nagy met with the DTAG General Heston to discuss a joint DEMHS-National Guard effort at Rule Making to allow the use of ERAF as a source to fund appropriately deemed operational needs during events involving EOC activations. It is the intention to work with DPS Counsel and the JAG to draft language to submit in a Rule Making effort. This would allow certain operational decisions to be enacted outside of the question how are they paid for if there is no federal disaster declared.

Statewide comments on the VY Permanently Defueled Emergency Plan and Emergency Action Level Scheme were submitted this week. DEMHS, VDH and PSD all contributed to the effort.

The first in the VY HAB exercise series was conducted this week. The tabletop exercise drew over 100 from 3 states people to discuss a security-related event at Vermont Yankee. Several people participated, evaluated and facilitated the exercise.

The Governor's request to FEMA for an extension to submit a federal disaster declaration request within 30 days for the severe winter storm of 12/09/14 was granted by FEMA until 01/24/15.

Four Preliminary Damage Assessment teams were in the field viewing damages in Windsor, Orange, and Rutland Counties. DEMHS staff facilitated organizational briefings for the PDA Teams in White River Junction on 01/05 and Mendon on 01/07, and coordinated the schedule of town visits. Grand Isle, Rutland, and Windsor Counties may fall just short of reaching their county indicator thresholds (\$24K, 219K, and \$202K, respectively) for validated eligible damages.

Hazard Mitigation Planning application under DR4022 for development of local Hazard Mitigation Plans was approved by FEMA for \$1,276,500, via U.S. mail dated 12/29/14. This is good news; the issuance of sole source contracts to Regional Planning Commissions is not on the critical path of hazard mitigation plan development for dozens of Vermont communities.

Public Assistance Administrative Plan was submitted to FEMA Region 1 on 12/31/14.

The SEOC Steering Committee met to map the next 6 months. Projects include re-writing a charter, development of a new DLAN registration form and develop the training program for the first quarter 2015.

Public Information Officer (PIO) activities this week included: distribution of a press releases announcing expansion of and extension of preliminary damage assessment, which was picked up by Associated Press and printed or broadcast by most Vermont media outlets; Fox-44 interview with Deputy Director Schell about approaching poor weather (December 23 – previously unreported due to absence); press release regarding extreme cold for Vermont in consultation with Health Department and National Weather Service; monthly newsletter produced; monthly column for Brattleboro Reformer; participation in RERP tabletop exercise; web site updates for VEM, DPS, and VSP sites; and social media updates during the weekend of 01-03 and -01-04 regarding weather issues.

## **Vermont State Police**

### **A Troop**

13 Total arrests, 6 DUI arrests

Troopers responded to a fatal car crash in Cambridge. 54 year old female lost control of her car during snow conditions and crashed into the Lamoille river (witnessed). Two day SCUBA operation to recover female and vehicle.

Fatal fire in Eden, 62 year old living in a RV, not suspicious, likely started with heating source.

Assault at CCCC, inmate vs. CO, case lacked criminal intent, unfounded.

Assist on search warrant in Milton, this is in regard to MC gang President Christopher Pappano, illegal firearm located, ATF is charging federally.

### **B Troop**

18 Total arrests, 9 DUI arrests

Trooper investigated a fraud report of \$120,000 of cattle from Lyndon. The victim farmer accepted what he thought was a certified bank check for \$120,000 for 55 head of cattle. The 3 suspects loaded up the cattle on New Year's Day and transported them out of state. The following day, the farmer discovered the check and buyer's identification turned out to be fraudulent. Cattle were located at an auction house in PA 1 hour prior to being auctioned off. The 3 suspects have been identified as PA residents. Sergeant and Trooper conducted numerous interviews and photo line ups over the weekend. They wrote affidavits for Pennsylvania State Police to obtain search warrants for the suspects' business and residences. Sgt. and Trp. are heading to PA to execute the search warrants with Penn State Police. Suspects are involved in a number of similar incident and the feds are willing to take the case after VSP completes it.

Four correctional center drug cases from StJ correctional facility. 2 inmates arrested for possession.

One inmate vs inmate assault at Newport jail.

Death investigations:

68yr old male from Topsham – Natural

53 yr old male from Island pond – Natural

83 yr old female from Corinth. Accidental (on oxygen and lit up a cig)

66 yr old male from Barton – Natural

C Troop

13 Total arrests, 5 DUI arrests

Arrest of Frank King in Sudbury on 1/2/15- he had caused numerous burglaries in the area.

Dead body – Ripton. 67 yr old man suffering from COPD/Emphysema/CHF.

Dead body – Danby. 81 yr old man suffering from Hypertension/Atrial Fibrillation/CHF.

Dead body – Ferrisburgh. 95 yr old man with history of COPD/CHF/Angina.

Arrested Chris Hope for simple assault at Marble Valley Regional Correctional Center Completed and submitted arrest paperwork on heroin arrest.

D Troop

9 Total arrests, 1 DUI arrests

Stopped a vehicle for speeding in Rockingham; operator gave a false name but was later identified; Sgt. Studin arrested the operator for DUI and False Info to a P.O.

Citizen Assist - Stratton Arlington/Stratton. Subject followed their GPS and drove over Kelly Stand Road in Sunderland then took Forest Road off of Stratton/Arlington Road which is now a snowmobile trail. Stratton/Wardsboro FD assisted with locating the subjects and freeing their vehicle. GPS coordinates from their phone assisted in locating their exact location, as the operator was from out of State.

Assisted NIU with the arrest of Daniel DeThomas on Western Ave in Brattleboro. DeThomas was taken into custody for Sale of Heroin.

Mental Health Assistance - Loop Road/Newfane. Female called to report her husband was severely depressed and earlier in the day was out of control, yelling, mentioning suicide, and throwing furniture. The female stated that he had also mentioned suicide by cop if we were called. The female and children were at a safe location and a friend/neighbor had checked the welfare of male subject. The male subject's mother was contacted and put in contact with HCRS. She then picked up her son and he agreed to seek help.

In hospital death investigation stemming from possible elderly neglect in Bridgewater Non suspicious death of 77 year old man in Bridgewater.

### **Governor's Highway Safety Program**

DPS and VTrans are working on the transfer issues associated with moving the GHSP over to VTrans. A draft executive order will be forth coming to the administration. This effort has been included in the DPS budget submission.

### **Pre-Trial Services Program**

DPS is working to deliver the necessary information to this program for them to make decisions about who should be in the program. We have come up with an automated way for the pre-trial monitors to obtain arrest information and we are working on completing the necessary paperwork to grant them access to Vermont criminal history information. There are no problems identified at this point.



State of Vermont  
Agency of Administration  
Office of the Secretary  
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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL  
MEMORANDUM TO THE GOVERNOR**

**TO:** Governor Peter Shumlin  
**FROM:** Secretary Justin Johnson  
**DATE:** January 9, 2015  
**SUBJECT:** Confidential Report to the Governor

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**BUILDINGS AND GENERAL RESOURCES**

**Of Special Interest to 5<sup>th</sup> Floor from BGS Directors:**

*"Secretary Spaulding and Secretary Johnson: Best wishes and good luck with transition!" – David Schutz*

**Status of Governor's Priorities:**

Stable. FY16-FY17 Capital Bill in last stages of development and test flying. It is a balanced bill which meets the needs of Vermonters. Some of the Capital Bill initiatives announced during the Governor's inauguration.

**Property Management:**

Security at 109 State Street: Lockers have been ordered and other security provisions are being priced/planned for installation.

DPS Westminster New Facility: This project is currently out to bid with a due date of 1/21/15. We hope to start actual construction in April of 2015

Vermont Information Centers Division Safety Equipment Cameras/Servers/Panic Buttons: VICD has developed a proposal for a phased approach to replacing security equipment at 16 VICD locations. Waiting for equipment lists/estimates from security. Need to establish an expected timeline for this process. There is money identified for this equipment. We need to address the issue of pepper spray – does state policy allow it in state facilities?

### **Legislative Contacts:**

Met with Rep. Masland and Rep. Partridge (independently) regarding the upcoming legislative session.

## **FINANCE AND MANAGEMENT**

### **Issues Update:**

The department is on track to issue timely 1099-Misc tax forms.

The budget office has finalized the FY 2015 BAA and Commissioner Reardon is scheduled to testify at House Appropriations on Monday, January 12, 2015.

FY 2016 budget targets have been finalized and Budman is working to finalize the Governor's budget and all of its supporting documentation.

## **HEALTH CARE REFORM**

No report.

## **HUMAN RESOURCES**

### **Legislative Update:**

Legislative Report Act 152 - Workplace Stress: Information is being compiled -- VSEA survey has been received, we are reviewing information from EAP and we have reached out to Department heads whose employee groups are named in the legislation.

House Gov't Ops has requested a Meet and Greet with Commissioner and Deputy on January 13<sup>th</sup>.

### **Significant Events/Meetings:**

VVH Class Action Review: Staff is reviewing the costing for the VVH class action classification review to determine whether there will be in a 1% impact on the VVH budget. While not finalized, it appears they may be under 1%.

EGWP: Benefit went into effect 1/1, and is meeting expectations in terms of claims paid.

Rejections are due to failure by employees to use the new pharmacy card or the pharmacists using information on file instead of that contained on the new card. Retirement has been informed of the matter so that they can address the issue if it is brought to their attention by retirees.

ESI: ESI provided information regarding savings the State might achieve by switching the vaccination benefit to them instead of using BCBS exclusively. We have scheduled a meeting to explore further.

BCBS: Approached the State to see if they would be willing to coordinate with UVMCC for a pilot program that would change the way in which the State would pay for hip and knee replacement



procedures. VSEA has asserted that the Benefits Advisory Committee should be involved in the decision. We are scheduling a presentation for the BAC.

Employee Engagement Survey: An internal team is reviewing the survey for trends and areas toward which we will focus support and training efforts. We will respond to general questions for information about HR processes via future newsletters.

Workforce Development: The Workforce Development move from the BCBS location to the VCFA campus is on hold while Historic Preservation determines if the site is historic. We have been informed by the BGS project manager that the lease has been nullified and will remain as such until the historic designation matter is resolved.

Organizational Development Work: Met with Commissioner Mark Larson to continue leadership consultation. Will attend future leadership meetings to observe processes as agreed to by the group and will provide additional organizational development work to the senior leadership team.

Held meet and greet with DOC leadership. They are very pleased with their HR services. Discussed their intended personnel changes/possible RIF for upcoming budget cycle.

Met with Commissioner Flynn regarding plans to consolidate E911/dispatchers. Discussed RIF process and communication strategy with VSEA.

## **INFORMATION AND INNOVATION**

### **Status of Governor's Priorities:**

#### **Healthcare**

- Request for Information pertaining to Healthcare Infrastructure Hosting responses are back, and at first glance there are clearly some options. Several site visits and detailed discussions will be occurring over the next few weeks. This is going to be a fast paced exercise as we have now entered our contractual separation from CGI PDC Hosting which ends May 31st, 2015. Though transition efforts are going to be challenging we are confident at this time that the right hosting provider can reduce our current costs and effectively transitions us.
- The Vermont Health Connect development contract continues to progress though at a slow pace. Optum has clearly stated they are not going to work at further risk (with such larger monthly burn rates) without a contractual vehicle. With grant funding coming in less than projected, the business is truly focused on what is mandatory versus what is nice to have. It is clear that the SHOP functionality (what's needed for small business) and its inclusion in the current contract negotiations with Optum is hindering the state from focusing on Change of Circumstance (CoC)/renewals that are clearly defined and ready to move forward. It is also apparent that even if SHOP is delivered technically, there may not be any business capacity to run the program (it is unclear within AHS if there is knowledge of how to run a program of this sort).

### **Significant Events/Meetings:**

- Cyrus Patten called on Friday, 2 January, with some informal questions about the Accenture contract for HSE. I told him I would do some research and give him a call back. Immediately

after talking with DVHA, Joe Liscinsky, on 6 January, I called Mr. Patten back. He was not available so I left voicemail confirming the contract belonged to AHS, and I referred him to the AHS central office for more information. I also asked him to give me a call if he needed further assistance from me. The contract (#19001) was between DVHA and Accenture for \$3M and was signed in February 2011. At this point, Mr. Patten has not made a public records request. This contract did not undergo independent review. DVHA exempted themselves under challenges for change. See below from the 2010 session:

No. 146. An act relating to implementation of challenges for change. (H.792)

It is hereby enacted by the General Assembly of the State of Vermont:.....Sec. B2.

**SECRETARY OF ADMINISTRATION; CHALLENGES FOR CHANGE; INFORMATION TECHNOLOGY INVESTMENTS**

“The secretary shall not be required to obtain independent expert review pursuant to 3 V.S.A. § 2222(g) for information technology investments made in conjunction with the Challenges for Change initiatives, including investments for the purchase and implementation of components of the enterprise architecture, including Master Person Index, work flow engine, enterprise bus, and rules engine.”

- Public records request from Secretary of State Jim Condos, received January 5<sup>th</sup>: “I understand that Fairpoint has a strike on-going BUT why is the state of VT not looking at curtailing its business for our phone system which includes E-911.

They are not serving the state with any customer service except poor in my estimation. I would like to see a listing for the last Nov and Dec 2014 of ALL VT State Government requests to Fairpoint:

- By state agency
- To include date of request
- Description of request
- Request completion date
- Requests not completed”

We expect to respond today.

## **LIBRARIES**

Nothing new to report.

## **TAXES**

### **Legislative Update:**

Miscellaneous Tax Bill: We continue to work on final language for various provisions, assuming the bill will be introduced the same day as the budget. We did review the very technical provisions with our practitioner working group on Monday, and removed one provision at their behest. The group really appreciates being part of the process, even though the timing of legislation is frustrating – obviously we can’t share many details, and after this week, they disappear to actually prepare returns.

### Miscellaneous Issues:

*Municipalities:* The Commissioner has a meeting with VLCT today to go over some of the technical provisions of interest to them.

*Homestead Declaration:* We have agreement on the language to fix the Rep. Greshin snowbird change from last year – Rep. Greshin agrees as well. We went ahead and put the language in our tax return instructions, the fix would be retroactive.

*Municipal Garages:* We have incorporated ACCD language, so that the exemption would apply to parking garages that are in TIF districts or designated downtowns as long as they are open to the public at some periods. Towns want broader exemptions for all parking – problem is that there is not a clear rationale for the public to pick up the tax tab when parking operators often are extracting a profit, and can simply incorporate the tax in their parking space leases. We can let legislature decide – last year the towns overplayed their hand and got nothing.

*TIF Provisions:* VEPCI language that would clarify that user fees are not included in the TIF increment turned out to be broad – Tax suggests narrower language limited to true fees, so that municipalities cannot call taxes fees just to avoid contribution to the Ed Fund. What we are going to suggest to VLCT is that we use the Tax language as a placeholder, and let the legislature sort it out.

*Affordable Rental Housing Exemption:* Small issue, but there currently is in statute a 10 year exemption for certain rental units – Tax staff interprets the language as a sunset this year, advocates have interpreted it as a renewable ten year term. Over staff objection, the Commissioner has directed that we include a clarifying provision with the advocates' position and let the legislature decide.

### Other Miscellaneous Issues:

*Transmission Lines:* The Commissioner is meeting to discuss include clarifying language on the applicability of the non-res ed tax on the lake portion; on the lack of authority of two municipalities to tax the lake portion; and to specify a valuation method for high voltage lines.

*Vermont Yankee:* The Commissioner has a call today with Glenn Walker of the Sansoucy valuation firm in NH (also our experts in the hydro cases), an expert on nuclear facility taxes. The two options we will discuss with him is valuation under a traditional property tax, and alternatively, a dry cask storage tax. From previous conversations with Glenn, he has been down this road with a number of municipalities (most states do not have statewide property tax), and he counsels against an aggressive approach as fairly futile since you could simply end up with lengthy, complex and expensive litigation (he was involved in ME that barely got out of the gate before being slapped by a lower court). Glenn is also well versed in navigating where any taxes will come from – the decommissioning fund or federal fund. Our general counsel is meeting with the AGs next week for their opinion on taxes. We will have a recommendation next week.

*Current Use:* Still sorting through clean-up provisions for possible inclusion.

*Amazon:* We are drafting the 25 state/one year and date certain trigger. We have a call with Amazon this afternoon.

*Publicly Traded Partnerships:* Still trying to nail down language to exempt PTPs from withholding or composite filings on behalf of their shareholders – the lobbyist has been less than helpful. Our practitioner working group thought this made sense.

### Revenue Issues:

*Payroll Tax:* Devon Green provided language that Molly is reviewing for inclusion. The Commissioner met with James Harrison of FAST, and we started preliminary negotiating over an amendment to the contract to include the tax. We will use our consultant Jordan Harris to do the heavy lifting on this, but true to their reputation, James was already backing down from his quote, acknowledging that it was high to cover them if the legislature hopelessly complicates the structure of the tax (a shared concern). He

appreciates that we are going to try to keep the design work on track with the other taxes in this phase of work, which should keep down costs – again, depending on the legislative action. James saw no need to sign an amendment, even with this preliminary work, until the end of the session.

*Impervious Surface Tax:* We still have not seen any language from DEC, Matt Chapman has the lead. Time is getting short. We really had no information to discuss this with FAST, but the current plan is to collect it manually for a couple years and convert it in the final phase.

*Estate Tax:* We had a very constructive meeting with practitioners. They expressed the desire to get to the federal structure – “true” exemption with flat rate (currently we have an antiquated alternative tax that few states have retained). We had a shared interest in playing with the exemption amount, which varies among states, and not the rate – 16% flat rate is pretty standard. Current projections show that we could only get there with a slight reduction in our exemption. The Commissioner is going to discuss this concept directly with Ernie P. to vet before we go further. We also have a discussion today with JFO on estimates, pegging to the budget forecast in recent years rather than the actual receipts. Although Sara Teachout initially was amenable, Steve Klein got involved and objected. Think it may be pre-budget tensions –I pointed out to Steve that we can’t exactly design a structure that will bring in \$35M one year, \$15M over budget, and then \$13M the next as has been recent history. He agreed, but still huffed that the budget forecast isn’t right measure.

*Current Use:* We are preparing language to reduce the state payment on farm buildings to 70% (generates FY16 savings) and a freeze on new or additional acreage enrollment (FY17 savings).

Education Finance: The Commissioner spoke with Jeff Wilson several times to better understand the Speaker’s Committee recommendations.

### **Operations:**

Top 100: We have contacted every person on the list twice (once certified). We have checked the list, and checked again. The Compliance Director has personally reviewed any questionable cases, for problems on audit, for example. The vast majority are taxpayers who never filed returns, never appealed our assessment based on outside info (such as the IRS) and ignored our collection efforts – given that they never filed returns, and now with interest and penalties, their liability likely far exceeds the original tax obligation. Note that we have raised over \$700,000 with our “outreach” efforts on this. We will put out a press release when the list is put up.

Tax Season: The Commissioner will make her annual appearance on the :30 to discuss filing season operations (including that this year we will be processing refunds rather than taking calls on Mondays), filing tips (reminding people of homestead declaration, that the ACA requirements are only federal), and other updates (Top 100). The Commissioner and the Governor are also speaking to the CPA Society on Tuesday. The Commissioner will focus on our new corp and business income processing – including the ability to file electronically for the first time, a big CPA priority!

**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Michael J. Hogan, Commissioner of Liquor Control**  
**Date: January 9, 2015**  
**Re: Weekly Report**

**Status of Governor's Priorities:**

- Fine tuning budget FY16
- Looking forward to the Marijuana Report from the Rand Corp being released and how the Legislature will respond next Friday.
- December sales were up + 4.36%! Lots of Christmas cheer

**Legislative Issues/Contacts/Updates:**

- Miscellaneous clean up language for Title 7.

**Press Issues/Releases/Contacts:**

**Significant Events/Meetings:** Next Board Meeting 01/14/2015 - Enforcement Hearings.

**Evolving Issues:**

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems.
- Preliminary review of department processes for potential licensing and enforcement system. Considering using VIC as they are very familiar with our business processes to help with a statement of work.
- Working with VIC on break open ticket reporting process. Starting to get distributors and manufacturers to start entering some test data. Live data for January is being entered. Should have some numbers by the first quarter.

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**Summary of Key Department Activity:**

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.
- **Commissioner's Commentary:** Have a great weekend. You did a great job in your address yesterday. Considering the demonstrators noise level, the people of Vermont heard you. We are behind you 100%!