

WEEKLY REPORTS

Checklist
8/29/14

Elizabeth Miller/Alyson Richards

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

TBD

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

Sue Allen

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

Sarah London/Carolyn Wesley

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

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: August 29, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

IBM: We had a great follow up meeting with IBM, VTC, CCV, Labor, Commerce re: short and long term training for IBM. VTC/CCV put together a great proposal on what they can and will do, with costs. I forwarded that to Liz and Jeb. We will be talking about funding for the various elements. Many of the “medium term” elements of the proposal apply to many manufacturers and are strategies to fill the talent pipeline. I will be talking about using the Enterprise Fund for some of these activities. Some of those activities can also be included in a workforce training package the Gov can roll out. Labor is also going to do an IBM specific job fair.

Annie and I had a good meeting with Janette earlier in the week to discuss Rutland Plywood employees and other short term strategies for IBM. We learned Rutland Plywood employed a number of ex-offenders. That limits the opportunity for IBM. Labor is doing a Rutland Plywood job fair next Friday.

Rutland Plywood: Still no word on their rebuild plans. They are saying they need to get a number from the insurance company before they can plan much. That may take a few weeks. We are hearing they may have been a bit sketchy with profitability before the fire, that is not confirmed. Perhaps the fire will result in a newer, more efficient building which could be their savings if it is true.

Mack Molding: Lisa Gosselin meets with Mack tomorrow (Friday) to probe workforce issues. Jeff Somple is saying if we can come up with \$2million in savings/incentives, we would commit to Vermont. We are struggling to find that. They are not VEGI eligible due to background growth. Mack wants out of the Efficiency Vermont charge so we are pursuing DPS’s “Energy Savings Account Program” which allows them to “bank” their EV charge and spend it in accordance with an approved efficiency plan. We will be looking to the Enterprise Fund as this has the potential to create 60-100 jobs which fits them in the “regionally significant” category. We can put Vt. Training Program dollars in to the mix. But this highlights for us, fast growing, more “traditional” manufacturers in limited in a small NAICS category in Vermont fall through many of our incentive cracks. If we can find an answer to the back ground growth problem with VEGI, that would help. That is not easy given the politics of VEGI.

Windham County Economic Development Program: We had a great meeting with VEDA today to finalize details on the loan portion of the WCEDP fund. During the discussion we talked about operating costs. VEDA is “eating” their normal costs of underwriting fees, application fees, etc. But they highlighted legal fees as something they cannot absorb in the event of a work out or need to sue. We agreed that can come out of the revolving loan fund (RLF) when it has resources. But what about the year or two it will take to have loans repaid? Further, we realized if we have an applicant that receives funding and commits fraud, we will want to pursue them legally. But ACCD does not have the resources to “eat” legal costs either. Therefore, we believe we will need to hold back up to \$100,000 from this first round of funding to cover any of those costs in the off chance we have legal expenses. Once the RLF has resources, VEDA will tap that. But we have no opportunity. While we have said we are not charging admin fees, legal is another story. So we may need to hold on to that until we have another solution for legal costs. Any concern there?

Historic sites: As Noelle has reported, we continue to uncover deferred maintenance and other “surprises” with our historic sites. Noelle is working well with Obie on the capital bill planning. But we continue to find small issues that need to be addressed immediately. Noelle is compiling a list of smaller items, \$5,000 or so, of immediate needs. We may need some help with funding depending on the costs.

We have a long term employee (presently out on medical leave) that has not updated his practices in a long time so we have limited to no inventory of property we own at some of these sites. Noelle is addressing this well. But we are learning about old book and coin collections that are suffering in the elements or may have value that we are inventorying and seeking values for. There could be some opportunities in addition to expenses in some of this property.

EB5: We are moving forward with implementing our “reboot” of the EB5 program. Brent is traveling for two weeks in Dubai with Mt. Snow but Johns Kessler is working on the new MOU. We are discussing fees but not solution yet.

Personal: I am out for a long scheduled long weekend next weekend. I will be out Friday through Tuesday. Lucy will do the weekly next week.

Note: We are mixing up the order of the departmental reports moving the formerly last report to the “top” after the Secretary and Deputy Secretary’s report. This is to assure those reports further down get read by the rest of the Agency (we distribute the non-governor report throughout the agency).

LUCY LERICHE, DEPUTY SECRETARY

- **Vermont Council on Rural Development:** The Board has approved a proposal to hold a Summit on Economic Opportunity through combatting Climate Change in December or January. Lucy is on the organizing committee that will develop the structure and content of the event.
- **Entergy VY Inter-Agency Group:** The group will meet with the Governor’s staff next week to discuss additional state resources that will be needed through the decommissioning of the plant.
- **Legislative Meeting:** Pat and Lucy had a very productive meeting with Laura Gray and Aly Richards from the Governor’s Office to discuss ACCD’s Legislative agenda for the upcoming session. Pat and Lucy will continue discussions and work on the agenda with the Governor’s Office and the ACCD Senior Leadership team. Stay tuned!

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

- **Made in VT:** We await further guidance from leadership on priorities/focuses of the program (out-of-state marketing vs consumer database vs need to dovetail with all SOV regulatory and product-safety programs). We have put website development on a temporary hold while we await this clarification – since that guidance could determine many of the requirements for the site (for example, whether the online application needs to collect detailed data from applicants on current licensing/inspection status). However, in the meantime, we are continuing to finalize requirements for the very basic parts of the online application (company data and product lines).
- **Great Jobs in VT:** Heather and Nancy participated in a meeting this week with Liz Miller, Aly Richards, Pat Moulton, Steve Cook, Lisa Gosselin and the Vermont Recruiters Association for final review of creative materials and their deployment -- through the VDTM Fall Campaign website and a MailChimp e-newsletter, to be distributed monthly to college alumni contacts, business associations and recruiters. The monthly e-newsletter, which will include display ads as well as editorial content snippets, will keep the campaign “top of mind” with these groups, and will hopefully encourage them to incorporate our materials into their marketing efforts.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **EB-5:** Worked with Administration and ACCD leadership to propose new structure for program and new MOU language. Drafted Op Ed and worked with Shanghai Business Review on upcoming story on Vermont and EB-5.
- **BUSINESS SUPPORT:** Working closely with *Mack Molding* and with *Cabot Hosiery* on potential expansions. Spoke with *IS* (desalinators) which is hosting a delegation of government and private customers from the Republic of Indonesia about arranging for other companies to meet with this group. Group is looking at purchasing the technology such as desalinators necessary to make islands sustainable. Meeting with *Yonder* to connect them with media partners. On hold to meet with *Rutland Plywood* about rebuilding opportunities and relocation of workforce.
- **CEDS:** Met with Debra Beavin of EDA who has approved our CEDS and provided guidance as to which projects are prime for funding. Ms. Beavin was very happy with our CEDS and enthusiastic about a number of projects. Also met with Secretary Moulton, Deputy Secretary Leriche and Ken Jones on roll-out schedule. Proposed release dates are Sept. 29 or 30 with a full roll-out at Economic Development Summit

on October 28. Working with designer on short-form, consumer-friendly summary. In process of arranging meetings with agencies who's CEDS projects have potential for funding and helping to establish next steps and solicit new projects.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Eastman Benz - Winooski:** The company is at a crossroads and is seeking assistance going forward. Four employees are working primarily on a single contract, and they badly need to diversify their customer base. They are a niche firm specializing in short-run quick turnaround circuit board and electronic components. We will work to introduce them to Vermont firms that are likely future customers. A review of programs and services was also made.
- **Israeli Consul Visit:** Brent Raymond and Ken Horseman briefed Secretary Moulton on discussions to date regarding the potential for a trade mission to Israel prior to a pending visit this week with the Israeli Consul General. A number of areas of synergy are being explored including healthcare, medical research, advanced manufacturing, defense, and food systems.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Jared has been continuing to conduct interviews with wood manufacturing businesses as part of the **Forest Economy Sector Analysis** being done by WLEB with Yellow Wood. Latest interview was with **Dave LaForce of Newport Furniture Parts**, Aug. 27.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Vermont Captive Insurance Association (VCIA) Conference:** Dan Towle, Director of Financial Services confirms that the VCIA Conference was a huge success. Follow-up from the conference continues with prospects and referral sources. Positive press continues to be published from the conference. Dan is prepping the post VCIA Conference newsletter.
- **Risk & Insurance Magazine Editorial Contributor:** Dan was selected by Risk & Insurance Magazine to be an Editorial Contributor as part of their 'Risk Insider Program' earlier this year. Dan is currently writing an editorial on 831(b) Captives. This program is described by Risk & Insurance Magazine as: "Risk Insiders are an unrivaled group of leading executives focused on the topic of Risk. They share their insights and opinions..." R&I Magazine is the leading monthly trade publication for the insurance industry.

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

VGTP

- Becky is training the new intern, Sehyung Lee.
- Ken Horseman and Brent continue to recruit for MEDICA. Three companies are confirmed. We have the opportunity to bring up to two more.

EB-5

- Brent and Becky replied to multiple interested EB-5 investors and developers/entrepreneurs interested in VT EB-5 approval process.

VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦ Robin Miller, Director

Companies PTAC is currently working with:

- All Around Power Equipment - St. Johnsbury
- Chroma Technology Corp - Rockingham
- D/B/A Thistle Stone Works - Brattleboro
- Evergreen Alterations - Bennington
- Geotech Environmental Equipment, Inc. - Winooski
- Goodway Document Services - Morrisville
- Jason Patenaude Excavating, Inc. - Derby
- Kalow Technologies, Inc. - North Clarendon
- Mike's Electric Inc. - North Troy
- Omega Optical, Inc. - Brattleboro
- PCM - Image - TEK - Springfield
- Piematrix.Com - Burlington
- Sb Signs Inc. Dba Edgeworks Display - Williston
- Squeegee Printers, Inc. - Canaan
- Technical Connection Inc. - Burlington
- Thomas Mott Bed & Breakfast - Alburgh
- Total Security - Irasburg
- Vermont Heritage Distributors - Newport

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **MBF Bioscience:** MBF is a Williston based company that designs quantitative imaging software for the healthcare field (brain mapping, neuron reconstruction). The company is looking at moving into two new markets and developing software for these applications. Beth discussed the VTP and how it may assist with training employees. Beth will continue to work with the company as they develop their application.
- **Inntopia:** Beth Demers and Jess Simon met with Craig DeLuca, COO, of Inntopia. The company has a new majority stakeholder, NorthStar Travel Media, and is in a strong growth phase. Beth discussed how the VTP may be able to assist with training employees. Beth will continue to work with Craig and his staff as they develop their application.
- **Seventh Generation:** Beth Demers met with Stephanie Lowe, HR, to discuss the changes to the VTP and how it may assist the Burlington based company in the future. Seventh Generation has recently acquired Babble (<http://www.waterbobble.com/>) and is looking to acquire additional companies that fit within the “Baby, Beauty, and Home” sector who also have similar missions. Stephanie does not envision moving any acquired companies to Vermont but the acquisitions will add to the professional staff in Burlington. Beth and Stephanie will continue to be in contact.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

DHCD Special Irene Anniversary Info: Looking Back After Irene, But Making Changes Now: Today is the three year anniversary of Tropical Storm Irene and much of it was focused on providing information to administration officials, congressional staff on the CDBG Disaster Recovery Program. While there is still work left to do, below is some of the initiatives that came from the event. Thanks to all for pulling together and continuing to ensure that our communities, businesses and home owners build back stronger and safer: (for a full review of the work at DHCD’s go here: [Plan Today for Tomorrow’s Flood](#))

- **EPA Technical Assistance Program:** Has been completed with a National Report released by EPA using the Mad River Valley as a test case. The report and community checklist can be found on line and two weeks ago EPA reported over 1200 downloads of the check list and 500 of the report. That project also produced recommendations for state policy and procedure improvements.
- **Vermont Downtown Action Team (V-DAT):** With funding from CDBG-DR, the CP+R team developed a program to build action-oriented plans to strengthen the identity and economic vitality of eight downtowns and village’s impacted by Irene. The consultant’s reports are final and Richard is working to help communities implement the recommendations.
- **Vermont Economic Resiliency Initiative (VERI):** Funded by EDA, this project is on target to be completed in June 2014. This is a cross-agency initiative involving AOT, ANR, and the RPC’s. We have started work in five pilot communities, hosting team kick off meetings in four of the five; planning community meetings for late September/early October and the consultant field work has begun. Debra Beavin, the EDA program coordinator came for a site visit to learn more about the program. She was impressed that other states were interested in our work, that we were integrating projects and maximizing funding sources and LOVED Lucie’s grant organizational binder!
- **BACH-DA:** Thanks to an incredible IT team led by project manager Melissa, the State now has a way to input damage to businesses, agriculture and cultural and historic resources. Another training is planned during Emergency Preparedness Month (can you tell me which month? First one gets a creemee coin!)
- **CDBG-DR:** Administration of the program remains a major focus for Deputy Commissioner Hollar and the VCDP and Grants Management teams. Tremendous progress has been made with much work still underway. \$32.5 of the \$39.5 million the Department received has been awarded and applications are still rolling in and considered at monthly board meetings. Five applications from municipalities requesting nearly \$3 million are currently under review. Highlights of projects and programs funded to date include:
 - Business Assistance Grants for up to 160 businesses impacted by flooding
 - The re-opening of a grocery store closed by flooding in Johnson
 - Relocation and rebuilding of three severely damaged municipal office buildings
 - Installation of municipal sewer for a community that lost septic capacity in the village center due to flooding
 - Assisted in major drainage improvements, flood mitigation and brownfields clean-up in one community
 - Flood proofing a municipal wastewater pump station

- Replacement and improvements of culverts, roads and bridges not covered by FEMA funding
 - Reopening of a child care center damaged and displaced by floodwaters
 - Helping fund the “buy-out” of 139 homes & businesses destroyed by flooding (110 of which have now been approved by FEMA)
 - Establishing 17 recreation areas & parks on former flood destroyed properties
 - Rehabilitation of up to 75 homes damaged by flooding
 - Replacing 55 units of damaged senior housing out of the floodplain
 - Developed 27 new affordable housing replacement units
 - Stabilized two homes and a municipal fire station from hillside erosion
 - Economic Revitalization planning funds for eight communities (Vermont Downtown Action Team)
- A map of funded projects developed by Wendy Tudor and Melissa Prindiville can be accessed below:
http://accd.vermont.gov/strong_communities/opportunities/funding/cdbgdr

Deputy Commissioner Hollar

- **Waterbury Disaster Recovery Projects:** Gave staff from Senator Leahy’s DC and Montpelier offices a tour of CDBG-DR funded projects in Waterbury which illustrated the kind of projects underway across the state. The impact of CDBG-DR funding will become more and more apparent in the coming year as projects are completed.
- **Renter Rebate Study Committee:** Led a meeting of the study committee at which members shared and discussed their research on alternative ways of assisting low-income renters with the resources currently dedicated to the renter rebate program. Possibilities ranged from increasing state rental subsidy programs to more funding for the preservation of affordable housing. Discussion and committee preference still leans heavily towards the modification and improvement of the existing program. JFO and Tax Department assistance remains extremely helpful.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Vermont Planners Association (VPA)

- 2014 is VPA’s 25th anniversary and John attended the Executive Committee meeting discussion on the future of the organization. Thanks in part to funding from the Vermont Community Foundation, a strategic planning session is planned for November and will include Madeleine Kunin and Chris Graff. Plans are set to share the proposed Planning Manual framework with the Executive Committee in October. Lastly, Sharon Murray announced that this is her last year as VPA’s legislative liaison.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- Vermont’s success with federal tax credit projects is being highlighted on the national stage! The successful rehabilitation of the Landry Block in St. Johnsbury following a fire is used as an example on the National Council for State Historic Preservation Offices homepage and their tax credit page. Take a look at <http://www.ncshpo.org/>
- Laura met with Kate Ash and Lauren Brackett from Senator Patrick Leahy’s Vermont and Washington, D.C., offices. The need to increase Historic Preservation Funding and protect the federal tax credit program were primary elements of the conversation. Because Senator Leahy is a formidable friend of Historic Preservation, the discussion turned to improved partnering for our common cause and regular updating of federally funded activities. Laura provided a plethora of brochures so the Senator, known for taking his congressional colleagues on dirt-road and covered bridge tours of Vermont, can enhance his expeditions with trips to our State Historic Sites.
- The Environmental Review Team has an on-time completion rate of **93.24%** so far in 2014. More than 540 new projects have been submitted since January 1st. Well done team!!!
- As painting to spruce up the new and historic buildings at the Calvin Coolidge Historic Sites is taking place, minor (normal) deterioration of weatherboard and sills is also being addressed. Unfortunately, this evaluation identified major issues with all of the exterior wood of the Museum and Education Center, which was constructed in 2010. Mushrooms are growing from within the deteriorated columns and sills and the wood is actually rotting. A cursory evaluation indicated the wood used to construct these elements was inferior from the start, pre-primed lumber that was intended for interior work and NOT the harsh exterior winters of Plymouth Notch, Vermont. Studies of the wood and conditions are ongoing to determine the

extent of the deterioration, need for replacement, and failure of materials within just four years of construction.

State Archaeologist

- **Vermont Archaeology Month Update:** The Vermont Archaeology Month informational rack cards have been sent out, the calendar has been finalized and posted, and the press has been invited. We wish to thank Heather Pelham and Nancy Brooks of the Chief Marketing Office for being so helpful and insightful throughout the preparation for VAM. We are already receiving positive feedback on the exhibition at the Montpelier Visitor's Center. In fact, they have requested that the display case become a permanent exhibition space for Vermont archaeology, and we have agreed. We encourage everyone to visit the [Vermont Archaeology Month web page](#) and check out the full calendar of events, which begin this weekend.

State Architectural Historian

- **Craftsbury Inn, Craftsbury:** Devin and Caitlin conducted a site visit to the Craftsbury Inn and met with one of the owners to discuss their plans to rehabilitate the historic building for use as a community center and inn. It will be run as a non-profit, with an emphasis on providing space for community events as well as access to hiking and ski trails and the Black River. Several funding sources were discussed, including state tax credits for façade and code improvements; state historic preservation grants for rehabilitation; and USDA-RD funding for equipment purchases and construction. They also need a new bridge to cross the Black River to connect to the hiking and ski trails, and there is a chance that VTrans has a surplus historic bridge in storage that could be installed on the site. Consultation with the owners, VTrans, and DHP will continue.

Environmental Review

- **Verizon:** Jamie participated in a second meeting with representatives from Verizon, their engineers, and historic preservation consultants to discuss the site selections and designs for a number of emerging new telecommunication facilities and antenna collocation projects. DHP is working with the carrier to help select suitable historic sites and design reasonable levels of radio-frequency-friendly replacement materials in historic buildings. The team found a number of appropriate solutions for recently proposed projects, as well as creating a mutual understanding of process and suitable expectations for all parties. Consultation will be ongoing as all indicators point to continued growth in this sector.

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

- Leaseholders petitioned for mediation of the Twin Pines Housing Trust's increase for Riverbend MHP in South Royalton. The proposed increase is \$35 or 19%. Effective October 1st, water usage will be included in the lot rent instead of billed separately, so this cost was added to the rent, and Twin Pines also installed a community dumpster to provide trash removal. Arthur sent the Roster of Mediators to Twin Pines and the Leaseholder Representative and asked them to choose a mediator by September 5th.
- With input from Dale Azaria and Jen, Shaun has begun to draft a contract with the Champlain Valley Office of Economic Opportunity and the Vermont Apartment Owners Association to create educational materials and workshop modules for mom-and-pop landlords to become better educated on Vermont's landlord tenant laws, habitability requirements, and anti-discrimination practices. The goal is for these materials to be used in an ongoing effort to increase the understanding of these requirements by both tenants and landlords to improve rental situations across the state.

DEPARTMENT OF TOURISM & MARKETING

Megan Smith, Commissioner

- **ESTO:** Megan, Deputy Commissioner Steve Cook and Communications Director Jen Butson are all in Louisville attending the U.S. Travel Association's Educational Seminar for Tourism Organizations (**ESTO**), our national marketing conference. A full report will be filed next week.
- **Japanese Tour Groups:** Shoko Hirao, our representative in the Japanese market, took four sales representatives from [Trapps](#), [Stowe](#), [Killington](#) and [Jay Peak](#) to Toronto this week to meet with Japanese tour operators in Toronto, along with the [Porter Air](#) group sales manager. The meetings went very well and we are hopeful that they will all sign contracts for both air and ground group travel this fall and winter.

These four operators also work with individuals who travel but the majority of that market travel in small groups.

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

- **Advertising:** Today's ad sales total is \$60K. We have \$45K more to go with two weeks left. We have sold \$6,850 into the holiday gift guide. Most of the gift guide sales are coming from in-house pitches. Contract ad sales reps have been slow to sell into this section. We had a difficult meeting where one salesperson suggested two editorial feature ideas, which had in fact been in the Autumn issue. This is further proof it is necessary to have an on-staff salesperson. Paul has been cranking out insertion orders as quickly as we get ad reservations.
- **Products/Calendars:** The catalogs are at Lane Press.
- **Promotion:** We're at crunch time for the Hotel Vermont party. Mary and Judy have begun bringing framed prints to Hotel Vermont so they can get them hung in time for the event. Attendance looks very, very high.
- **Circulation:** We have great results on our summer direct mail campaign. According to Shain + Oringer, for March, we budgeted 2,600 orders or 3.25% and so far have pulled in 2,844 orders or 3.56%. The increase in response and change in printer and lettershop (to bring costs down) are working together to make this a far more efficient campaign than budgeted. We budgeted that the campaign, in total, could lose about -\$20k but we've been able to cut that by more than half. To-date, the net loss is less than \$10k or about \$3.50/order. This is a great result - more orders - less cost and more business being funneled onto the file and into revenue earning renewals.

Memorandum

To: Governor Peter Shumlin
From: Annie Noonan, Commissioner VDOL
Weekly Report - weeks ending August 22 and 29, 2014

UI and Wage & Hour

For the week ending 08/23/14 we took 1791 calls, including 258 initial and 207 additional claims. This is an increase of 35 initial claims and a decrease of 61 Add claims from the prior week. We paid 4,046 claimants during the week ending 08/23/14 compared to 3,731 for the prior week.

On Friday, August 22, the UI division in conjunction with Workforce Development went to Rutland to perform a Rapid Response for Rutland Plywood. Approximately 150 employees were present, and UI took 70 UI claims at that response. Those claims were entered into the UI system and the applicants were then called to further explain their UI requirements and how to file their weekly claim. We are continuing to work with Workforce Development and the Employer to efficiently process those claims and obtain wage information.

From Labor Market Info Division: LMI is working on a pending prevailing wage question - 'seeking info from other states as well as Vermont Building Trades union; working on a data request for Doug Hoffer; and Completed a data request for Sara Teachout of JFO; two data requests from Michael Costa; all related to JFO data request; awaiting signing of MOU with Health Care and JFO. LMI helping with IBM data for current job openings and with Rutland Plywood for jobs analysis. LMI put together a few talking points about the Vermont economy:

Since the second quarter of 2009 the Vermont economy has grown by 12%, more than any other state in New England. During that same period, the US economy grew by 10% VT has greatest economic growth in New England

Per Capita Personal Income in Vermont increased from \$40,148 in 2008 to \$45,783 in 2013. During that period, Vermont has gone from below the national average to above it, and increased from the 23rd highest per capita personal income to 19th Per Capita Personal Income, VT and US

Employment in Construction has grown 5.8% over the past year (July 2013 – July 2014), an increase of 900 jobs in an industry with annual wages more than \$3,000 higher than the VT average (based on preliminary 2013QCEW data) QCEW employment and wages

From Workers Comp and Safety: WCAX did a story on the Rutland Plywood fire and tried to tie in VOSHA citations issued and resolved several months before the fire. The case was settled, the penalty paid, and the violations were corrected by April of 2014. It isn't clear why WCAX thinks there is a tie-in – two citations were related to electrical violations, but those were corrected. Yesterday, we interviewed two folks for the open WC investigator (misclassification) positions. Interviews continuing for 3 more applicants next Wednesday. VOSHA 3rd quarter meeting with the feds went very well, and that the feds

indicate that we are continuing to make good progress. WC staff met with Phyllis to review the latest draft of the Worker Comp rules – they are just about ready for Commissioner's review and then out for public comment. We will start the VR Rules after that.

From workforce development: VY job fair to be held October 23 in conjunction with windham regional economic and BDCC. VDOL will host a 2nd job fair at Vernon elementary just for VY staff later this fall. Yesterday there was another tristate meeting of the DOLs with VY. IBM job recruitment efforts underway. Lots of VDOL staff working on this. Rutland plywood job fair is this coming Friday September 5. And VDOL has DOC coming to staff meeting today to discuss how to best help transition the doc folks to new jobs. VTC grant on apprenticeship signed for this year. Neg grant on long term unemployed moving forward. UVM and VTC meeting with VDOL staff on their taaccct grants - direct from USDOL - which they are struggling with and which USDOL is asking for VDOL to help kick start them.

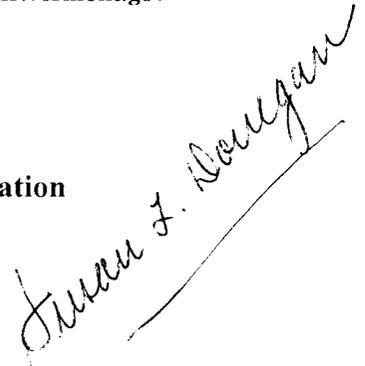
Anne M. Noonan
Commissioner, Vermont Department of Labor
Please excuse typographical errors - Sent from my iPad

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CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: August 29, 2014
Re: Weekly Report



Securities Division:

Two peer-to-peer lenders, Lending Club and Prosper were approved this week by the Securities Division to become fully operational in Vermont. Peer-to-peer lending is the practice of lending money to individuals without going through a traditional financial intermediary such as a bank or other financial institution. Instead, a peer-to-peer intermediary matches willing borrowers with willing investors through their websites. The technology used to operate these credit marketplaces is done so at a lower cost than traditional bank loan programs, passing the savings on to borrowers in the form of lower rates and to investors in the form of solid returns. Lending Club and Prosper have funded more than \$4 billion dollars in loans since they were founded in 2009.

Also this week, two solar developers reached out to the Securities Division for guidance on Vermont's securities regulations as they relate to solar development projects. The Securities Division walked the developers through the S.U.N. Exemption, which they found easy to understand and navigate. Both developers are planning to utilize the S.U.N. Exemption in connection with their upcoming solar development projects.

Banking Division:

Northfield Savings Bank will welcome a new president and chief executive officer before the end of the year. Board Chair Nancy Pope announced this week the selection of Thomas S. Leavitt to succeed Thomas N. Pelletier, who has been at the helm of the \$750 million institution for more than 16 years. Leavitt has served two years as president and CEO of MountainOne Financial in North Adams, Mass., and has led the advancement of MountainOne Bank along with its insurance and investment divisions. Prior to MountainOne, Leavitt was on the senior management team of Merchants Bank for 16 years. He also has extensive non-banking experience, having performed in national leadership roles in the industrial distribution field.



Leavitt earned a bachelor's degree from the University of New Hampshire and a master's degree in business administration from the Wharton School of the University of Pennsylvania. He is a native of Burlington.



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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: August 29, 2014

Press Contacts:

Jill Remick spoke with:

- Staci DaSilva, Fox 44, on back to school.
- Julie Kelley, WCAX, via email, on back to school data.
- Christine Hinkel, WCAX, regarding tools, such as PowerSchool, that parents use to communicate with schools, and vice versa.
- Ken Picard, Seven Days, called seeking the salary of Milton Superintendent John Barone. He is doing a story on "degree mills", and says that Barone has one such degree.
- The Bridge called wondering how Rebecca's AYP letter to parents was distributed to parents.
- Joseph Gresser, Barton Chronicle, regarding AYP and NCLB.
- Bryanna Allen, Rutland Herald, spoke with Jill about enrollment trends and dress codes in schools.
- Emily Kaminsky, The Bridge, regarding school-based health centers.

Other staff:

- VT Digger spoke with Toni Marra regarding Dual Enrollment.
- Boston Globe reporter Jessica Meyers spoke with Peter Drescher regarding e-rate.
- Kathryn Flagg, Seven Days, spoke to Deb Quackenbush regarding homestudy.
- Emily Kaminsky, The Bridge, spoke with Deb Quackenbush regarding homestudy.

Public Presentations/Speeches:

I presented to staff and teachers at the Windsor Northwest Supervisory Union on their opening in-service day. This is the Supervisory Union that is in the process of dissolving. Rochester and Bethel are still looking for ways out of the inevitable, but most folk now realize this SU is finished, and towns need to be reassigned. My sense at this point is that a decision just needs to be made, so that people can begin to reconcile to a new future and make plans. My goal was to lift morale a bit and focus teachers back on decisions that are best for kids.

Meetings:

Office of Special Education Programs

On September 8, Kate Rogers will be presenting at the Early Childhood Outcomes Conference on our Early MTSS Inclusion Project. Ruth Ryder, OSEP Deputy Director, will be joining us for the day. This, coupled with last week's visit from Melody Musgrove, OSEP Director, means that in one month's time both Melody and Ruth will have learned more about Vermont's Early MTSS and our work on inclusion. This is great exposure of our good work, and OSEP has been very quick to praise us as being light years ahead of other states with respect to inclusion, even though we feel we have lost ground. This is useful: we are trying to provide some gentle pressure on OSEP to reach across some silos at US ED to bring together some of the compliance tasks we are required to do into one plan, so that the AOE and in turn, schools, are not trying to simultaneously work on several different continuous improvement plans. This is part of a consistent effort by AOE to bring a little more integration and coherence into our work with schools.

Miro Weinberger

I called Miro Weinberger regarding the Burlington City Council's continued talk about putting BSD's budgeting processes under council oversight. The mayor is, in our opinion, the bright spot in a sea of political chaos and opportunism up there, and we feel it is in the interest of the BSD to work with him as much as possible to keep things moving in the right direction. There are several problems with the council's proposal, the two practical ones being that comingling of city business and school business seems to be the source of many of the current problems, and comingling violates the Act 60 firewall. Though the mayor and council would protest otherwise, we can make a strong case, using paper documentation, that the two biggest problems the council cites (deficits and payroll tax problems) as a rationale are actually problems rooted in the lack of BSD autonomy as a fiscal unit.

Politically, we also feel independence is important. The BSD school board is still a micromanaging disaster that appears to struggle with execution of really basic tasks, has no sense of the necessary boundaries between itself and lower level staff in the district, and persistent political angling by individual board members that completely erodes their ability to operate as a body. If the city gets oversight, it will own this dysfunction even as it lacks the ability to address it. Keeping the district autonomous keeps the dysfunction quarantined, so voters can see where it really lies.

Good news on the financial front: the one business person in BSD, who is actually quite good if hopelessly overworked due to vacancies and board interference, confirms that for the first time she actually has a grasp on the district's financial position, **because** of the separation of accounts.

We told the mayor we would have to come out very strongly against city oversight of BSD budgeting, and by extension, state funds. We asked him if he wants us to weigh in now, and with what kind of language. Our making a statement now would effectively give him political cover if he needs to exercise a veto. Alternatively, we will have to pull out all stops if a proposal for a charter change reaches the legislature. He is going to get back to us today with some thoughts on how AOE could be of most help in this ongoing process.

The mayor is admirably worried about tax rates and the quality of the schools, and wondered what he could do to shape events possibly, if he had no oversight. We actually think he has tremendous moral

authority, and he can use this authority in the public arena to advise and comment in ways that will move the process. He also has the ear of the School Board chair, Patrick Halladay, and can use his influence to help the Chair understand the situation they are in and the need to get the BSD board in line.

Emerging issues

Norwich University Teaching Preparation Program Facing Revocation of Approval

Last May, Norwich University was required to submit two documents detailing plans to improve their program or lose state approval. The University did not produce those documents and was given an extension to August 29, 2014. The Director of the Education Program and the Vice President of the University were present, have acknowledged the requirement and agreed to submit all documents. We have made multiple attempts to verify their intention to submit the document tomorrow, however we have been unable to obtain assurance it will arrive. They are aware of the deadline (today). If they do not submit documentation today, we will have to revoke their program approval on Tuesday, September 2.

Possible Impact:

- Norwich University will likely appeal the decision and may approach the Governor for support.
- Norwich University will lose the ability to “recommend a license” for teachers and administrators - as a result, fewer students will attend, the programs will experience attrition and close. This reduces the pool of approved programs in the state and may create geographic hurdles for prospective educators in and near Northfield.
- Current students at Norwich may continue with coursework and submit their applications through Transcript Review to obtain a license; this will require somewhat more effort but will not preclude them from their goal of becoming an educator.

Statewide Medicaid Plan

Thank you for helping to latch down the lid on the statewide Medicaid plan. We still have to respond to the federal requests for explanations and information that we received immediately after DVHA’s initial query to the feds, but are glad that Mark Larson understands that reopening the plan will cost us \$23 million.

VSBA

I have been working on a presentation for the VSBA fall meetings. This presentation will also be a resource for the VT Business Roundtable presentation in November, and for a session we may propose for the legislature. I hope to have a draft of slides to share for feedback next week, so you can see the direction.

FYI-Community High School of Vermont (CHSVT)

We are going to need to loop back to this prior to the next legislative session. There are substantial problems at CHSVT, including some which potentially jeopardize Title funding across the state. We have reached out to Harry Chen to set up a meeting about collaboration generally, and will raise CHSVT specifically.

FYI—Feedback on Testing Stance

We have gotten a lot of state and national attention for our response to federal policy. See below as an example. We have also gotten positive feedback from parents, educators and legislators.



1201 16th St., N.W. | Washington, DC 20036 | Phone: (202) 833-4000

Dennis Van Roekel
President

Lily Eskelsen Garcia
Vice President

Rebecca S. Pringle
Secretary-Treasurer

John Stocks
Executive Director



August 14, 2014

Rebecca Holcombe, Secretary of Education
Vermont Agency of Education
219 North Main Street, Suite 402
Barre, VT 05641

Dear Secretary Holcombe:

Thank you for the powerful letter to parents of your state on No Child Left Behind. The National Education Association has raised alarms that public education has become more and more dominated by standardized testing. That testing is taking over the time students spend in the classroom, as well as being used as a weapon against their teachers. And it's all a distraction from real problem of inequality.

NCLB makes it impossible for teachers to teach creatively and provide students with a well-rounded education. We have encouraged other stakeholders to speak out – and your letter demonstrates that there are administrators and education leaders who share our concerns and commitment to fix this broken system for our students.

Sincerely,

Lily Eskelsen Garcia
NEA President-Elect

cc: Martha Allen, President, Vermont-NEA
John Stocks, Executive Director

Rebecca

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: August 29, 2014
Re: Weekly Report

Status of Governor's Priorities: .

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

We have a new ad on TV for a Walking Dead instant ticket that will likely spark some complaints. We have received a few already, just like we did when we had the Family Guy ticket out in January. We expect the volume to be low and to subside, only responding as we feel necessary. Family Guy was our best selling ticket for the year so far and this one should also do well.

We are working on an approach with Finance on handling the Problem Gambling Grant for this year, trying not to make extra work for anyone but still get better admin of this than was being provided (none). Rep Ancel voiced concerns at JFComm meeting about conflict of interest for Lottery being grant admin but we are the only ones putting any effort forward. Not sure how to combat this without commenting negatively on DOH effort.

Executive Director's Commentary:

We learn today how many and who responded to our website RFP. I am quite hopeful for some good ideas.

I am attending DLC comm mtg on Wed Sept 3 to present our plan for new vending machines, and let them ask questions.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, August 29, 2014
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Political Sign Issue in Franklin County

Secretary of State Jim Condos asked us to look into the placement of 4 x 8 signs by Sen. Norm McAllister and two other candidates on property bordering Rt. 104 in St. Albans. The first set of signs is near the intersection of 104 and the I-89 Exit 20 ramps and the 2nd at the 104/105 intersection on the John Gallagher farm. The questions are related to size, highway right-of-way, and readability from the interstate.

District staff looked into it and I went up there myself when it became clear that this would be a difficult discussion. My opinion is that the signs are below the prohibited size (150 sq. ft.), not in the state ROW and that they are not “primarily readable” from the interstate so are not in violation of the sign law.

Not sure if this judgment will result in any further complaints but Sen. McAllister’s lack of civility in processing this with us was discouraging to our staff.

Naming of the Bennington 279 Welcome Center

Press reports indicate that the Bennington Selectboard would like to have the new Welcome Center named for the late Sen. James Jeffords. Although we have not been officially notified, the report stated that this naming would be requested of VTrans but we now know that this naming responsibility resides with the legislature.

There has been a question raised about the FHWA role in this, as the primary funders of this Jeffords earmark, and we have learned that the only issue for FHWA is that the Memorial Marker be in compliance with the Manual of Uniform Traffic Control Devices (MUTCD) which states that the memorial be “inconspicuously located relative to vehicle operations along the highway”. Given the building and parking lot are well off the highway, compliance should not be a problem.

Act 250 Permit for Champlain Parkway

The District #4 Environmental Commission issued the permit amendment on August 25 allowing construction of this long-awaited project. There are still property issues with Vermont Rail Systems concerning the so-called “Pine Street Lead”, an unused section of track for which David Wulfson wants consideration and the also unused “Grocery Spur” for which he wants some new track in the rail yard. Some amount of money will likely take care of these issues and we are entering a 30-day appeal period in Environmental Court.

A recent meeting of the City of Burlington Walk/Bike Council, as published in today’s Free Press, questions the design of the project. We have sent a signal to the City that this is not productive and is the kind of activity that has held this project up for at least 20 of the last 50 years.

Decision on Newport Runway Grant Due Soon

Senator Leahy had a “good chat” with FAA Administrator Michael Huerta yesterday concerning the delayed decision on the money for the Newport State Airport runway extension. Leahy staff report the feedback from the Administrator was very positive and that the decision should come in September. This decision is not about project approval, as that has already occurred, but rather availability of funds due to sequestration.

We are also told that the decision on the latest round of TIGER grants will be published in September and we are hoping for approval of our application for \$10 million for additional rail improvements on the Western Corridor.

NOTES FOR STAFF

Circumferential Highway Disposition Update

We brought the Administration’s position on the project status path to FHWA and learned that they had erred in their interpretation of the timeline and that because we had completed an EIS in 2010, a new 20-year clock was started. This means that we won’t face the decision any time soon.

However, there are other things to consider between now and 2030 when the FHWA would officially remove the project from the books. First, there may be opportunities for the Congressional delegation to eliminate any payback requirements in 2030 through legislation and second, there will be increasing pressure to lease or otherwise use the ROW for other purposes. These purposes could be transportation or development related. The Vermont Gas plans, for instance, would not affect our need to preserve the corridor for future transportation purposes but a planned subdivision at Severance Corners in Colchester would.

The immediate pressure to enter into substantive discussions about the future use of the ROW has been removed but a formal conclusion of the project status will likely be forced before 2030. The more time goes by the more informed our decisions will be about the transportation needs, if any, for this corridor.

Trackage Rights on the NECR

I will be sending a letter to the federal Surface Transportation Board (STB) concerning the current dispute between the New England Central Railroad (NECR) through their parent company, the Genesee and Wyoming Railroad (G&W) and the Pan Am Southern Railroad (PAS). A trackage rights agreement from 1990 limited the speeds on the NECR between White River Junction and Brattleboro for PAS trains. However, a significant public investment through the ARRA program of more than \$50 million has resulted in no need for the lower speeds. The NECR is now operating at a higher speed but they will not negotiate a change in the agreement that limits the PAS to 25 miles per hour.

Our interest is that it is hurting Vermont Rail Systems (VRS) and Vermont shippers who depend on VRS to work in conjunction with PAS to move freight that originates on the Washington County and Green Mountain Railroads. The unnecessary speed restrictions render PAS less competitive with NECR in southern New England. The STB is currently considering this matter.

Project Updates

One of the larger early phase Circ Alternative Projects is the Diverging Double Diamond Interchange Improvements on Routes 2 and 7 at Exit 16 of I-89. This has been the subject of an Act 250 appeal by gas station owners in the area on environmental grounds even though their real fears include the addition of Costco gas pumps once traffic improvements are made.

District 4 Environmental Coordinator Peter Keibel has announced a series of meetings to review the various technical documents, appeals and rebuttals that will be highlighted by hearings on September 29 (traffic, growth impacts, aesthetics, effect on public investments and town and regional plans) and November 6 (water, waste disposal, streams, wetlands and erosion control).

A major bridge replacement project (\$23 million) on I-89 in Milton is moving along with the pouring of a pier pedestal on the 22nd. There have been issues with safety practices of the crane mobilization crew which have resulted in the issuance of written orders to suspend steel erection activities until corrected. In addition to that, the movement of a large crane was stopped when the DMV Enforcement Unit inspected the load and found it to be 6,000 lbs. over its permitted weight and the driver to be intoxicated.

The driver and the company will be subject to court action and the problems were resolved so that the crane could be put in place. I observed steel beams being put in place yesterday.

Snooper Truck Arrives

The rail/highway bridge inspection vehicle, known as the Snooper, which was the subject of interesting negotiation in the last two legislatures has arrived. Although not proposed by the Governor, the House felt strongly that we should have this capability given the new and more stringent bridge inspection requirements from the feds and the Senate

pushed back. In the end the House prevailed and an activity that was previously contracted became a state function.

VTrans will be doing training on this vehicle next week.

Milton Intersection Project

The Town of Milton and the CCRPC have requested a project to redesign and construct the intersection of Route 7 and the Middle Road in Milton. Our engineers have recommended a less costly design for the project which eliminates a curb cut on Route 7. The Town was not pleased with our different recommendation and requested, through Rep. Don Turner, a meeting with me to discuss.

Chris Cole and I met with Rep. Turner, the town manager Brian Palaia, MPO Director Michele Boomhower and others last Friday and are working on a compromise that would meet the traffic safety and economic development goals of the project and limit further expenditure of state or federal funds.

In short, it would involve asking Ernie Pomerleau to buy some property (he already owns adjacent property) and donate a piece of it to the project for the additional curb cut and then have the town take responsibility for the extra project dimensions and manage them as a separate project in return for waiving the Town share of the first project. Not all the pieces are in place but it is moving along and the town is pleased with the potential of the new plan. By the way, Rep. Turner was very helpful during this process.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: August 29, 2014

Vermont Department of Health (VDH)

Hub:

Overall, we are seeing a leveling of the wait list and the number of people served for the past month. West Ridge and Chittenden are approaching their physical limits in their current space; this will be a service pressure in the coming year. See chart below.



Hub Implementation: August 19, 2014

Program	Region	Start	# Clients	# Buprenorphine	# Methadone	# Waiting
Chittenden Center	Chittenden, Franklin, Grand Isle & Addison	1/13	881	299	582	284
BAART Central Vermont	Washington, Lamoille, Orange	7/13	285	133	152	26
Habit OPCO / Retreat	Windsor, Windham	7/13	564	150	414	26
West Ridge	Rutland, Bennington	11/13	364	143	221	107
BAART NEK	Essex, Orleans, Caledonia	1/14	415	113	302	69
			2509	838	1671	512

Vermont Recovery Network Retreat/Planning for Coming Year:

On August 22nd, approximately 75 board members and staff from the Turning Point Recovery Centers gathered to review their governance structure and operational procedures. Since the first center began in the early 2000's, the network has grown to 11 centers sited in nearly every district today. The organizational demands on the Board have grown along with their funding and visibility. This meeting was an important step for this group to take stock and prepare for the future. The network and the 11 centers are primarily dependent on state funding of \$835,000 total, which is divided relatively equally. A new group is forming in Newport and has requested funding in 2015 from the Secretary's Office. No formal request has been received by the VDH as of yet.

Vermont Yankee:

The VDH is working with its partners at Environmental Conservation, Public Safety and Agency of Commerce and Community Development to fund state agency activities related to the decommissioning of Vermont Yankee. Aside from any funding for radiological emergency

response, and similar to what other states have requested, the VDH seeks approximately \$500,000.00 per year to sustain its current work. No new positions or resources are sought. The VDH's current work includes collecting samples from the environment, radiochemically analyzing those samples in its laboratory, and reporting the results. This provides evidence about the potential for public health impacts, verifies compliance with the department's Radiological Health Rule and provides independent verification of Vermont Yankee's environmental surveillance program. The Nuclear Regulatory Commission (NRC) requires Entergy to conduct environmental surveillance until it terminates its NRC license and releases the site for unrestricted use. The funding would also support VDH's independent assessment of decommissioning activities for public health impacts. This assessment uses inspection of activities and review and comments on documents unique to decommissioning.

Mosquito Update:

Two more mosquito pools tested positive for Eastern Equine Encephalitis (EEE) virus on August 22nd. Both pools were collected from Whiting on August 19th. They contained *Culiseta melanura* and *Culiseta morsitans* mosquitoes which are predominantly bird biting species.

Infection Prevention Program at the Vermont Psychiatric Care Hospital (VPCH):

The VDH's Healthcare-associated Infections (HAI) Coordinator has been providing infection prevention guidance to the new VPCH. Contributions include, recommending a procedure to document terminal cleaning of both patient and seclusion rooms so staff know that a room is clean and prepared for occupancy, and suggesting they include a food service representative on the Environment of Care Committee. The HAI Coordinator will continue to serve as a resource for the new facility as its Infection Prevention Program is developed.

Blue green algae:

The VDH will be expanding routine cyanobacteria (blue green algae) monitoring activities previously scheduled to end on September 3rd. At least four additional weeks will be added to the monitoring season. This expansion will allow us to better inform our public drinking water suppliers, recreational partners and the public on the status of blooms in proximity to water intakes and beaches on Lake Champlain and in turn protect the health of Vermonters.

To date, the program has received over 1,100 visual reports of conditions on Lake Champlain and four inland lakes. 64 of the visual reports indicated low or high alert. Three hundred samples have been collected and analyzed for the presence of cyanotoxins. Less than 10% of samples analyzed contained cyanotoxins higher than the detection limit.

Visual monitoring reports are provided to the public via the Cyanobacteria Tracker on VDH's website. Since June 15th, there have been 4,300 visits to the tracker by approximately 2,000 unique users.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH):

The VPCH presently has 16-beds available. The next step is to begin opening the beds within the 3rd unit.

Brattleboro Retreat (the Retreat):

The Centers for Medicare and Medicaid Services (CMS) has until October 6th to do a site review at Brattleboro Retreat with regard to their Plan of Correction.

Elizabeth Teague:

Press articles relating to Elizabeth Teague's court proceedings and the request by the Department of Mental Health to relocate her to the Middlesex Secure Residential Facility appear to be a balanced mix.

Commissioner Dupre left a message for Sue Allen to update her on the court proceedings. Briefings from attorneys need to be to the judge by September 12th. The judge will then make a decision regarding the Department's request to move her to the Middlesex Secure Facility.

Push back is expected from the local community if the judge allows this move.

Rutland Mental Health Services (RMHS):

DAIL and DMH have been Investigating RMHS's use and oversight of a home care provider contracted by RMHS. DMH General Counsel and Ken Schatz (General Counsel for the AHS Secretary's Office) have been reviewing which legal issues need to be addressed. Commissioner Dupre and Deputy Commissioner Reed will have a more complete report of the facts once they become clearer.

Lengthy Stays:

The numbers in Corrections and the ERs have been reduced. It is too early to know if this is an effect of VPCH opening along with other organizational changes or just a blip on the screen.

Department of Disabilities, Aging and Independent Living (DAIL)

Rep. Alison Clarkson Interceded on Behalf of a Constituent Unhappy with the Eligibility Process:

Rep. Clarkson forwarded complaints about the complexity and duration of the financial eligibility process for one of her constituents. The person's mother has been found clinically eligible and is already in a nursing home but her daughter does not like continuing to receive inquiries about her assets. There is no evidence yet that anything is amiss in system.

Several Outlets Looking at Brattleboro Retreat, Wyndham Center

Additionally, Anne Donahue, writing for Counterpoint, has inquired about Division of Licensing and Protection's ongoing involvement in complaint investigations and surveys. We have provided all information permissible for release. There is nothing to add to current news stories.

DCF Lawsuit Coverage Identifies Adult Abuse as Well:

Coverage of the lawsuit also reports the couple, Richard and Krista Hudson, kept disabled adults, against their will, to collect Social Security and other benefits. Ludlow police began investigating allegations of abuse of vulnerable adults in March 2012. Both Richard and Krista were also investigated by APS and are on the adult abuse registry.

Exit conference with the State Auditor's Office tamer than expected:

State Auditor Linda Lambert confirmed [there will be] "No eyebrow raising findings" related to their audit of developmental services at the designated agencies (DAs). Doug Hoffer's team was receptive to the handful of clarifications we requested. DAIL concurs with the primary finding that the Department needs to develop a mechanism to determine the extent to which clients are receiving services, including the number, types, and frequency, for which DAIL is paying an inclusive rate to the DAs. Final report expected late next week

Department of Corrections (DOC)

Out of State Disturbance:

On August 22nd, VT DOC was notified by Corrections Corporation of America staff at the Arizona facility, approximately fifteen VT inmates had begun damaging property in the unit and were covering their faces with towels and shirts. Frequently in a disturbance, inmates will cover their faces to avoid recognition, as well as to reduce the effects of chemical agents.

CCA AZ staff did use chemical agents and were able to gain control of the unit. The entire event lasted approximately 3 hours.

VT staff are reviewing recent grievances, as well as having daily phone contact with CCA staff. A small team will go to AZ in the next few weeks.

DOC spending:

Attached, is a spreadsheet which shows the DOC funding for the past 25 or so years. The DOC historically had many years when the budget increased, over the prior year, by double digit percent. Since 2010, the DOC has averaged an increase of less than three percent. This has been accomplished while starting several new initiatives such as, an expansion of transitional housing, new risk assessment implementation and the new pretrial services program.

Population:

The department's incarcerated population averaged 2,063 for the previous week. The male population averaged 1,909 with 338 being presentenced. The female population averaged 154 for the previous week with 30 being presentenced female inmates.

Department for Children and Families (DCF)

Increase in Child Custody Caseload:

Our caseload count of children coming into custody has increased by 6 percent over last year and is trending higher. Given the tragedies over the last several months, this should not be a surprise.

Historically, after a child tragedy, caseloads spike as staff and courts become more conservative. The average length of time a child stays in custody is just short of 1.5 years; the average cost is \$38,000 annually. We will closely monitor this as it will likely have budget adjustment implications.

Department of Vermont Health Access (DVHA)

Vermont Health Connect (VHC):

Major Issues and Risks:

- VHC needs to implement contracting with Optum for operations and Systems Integration services going forward. The short-term solution is an amendment to the Optum contract which needs to happen quickly to support open enrollment; SOV has funding but still needs CMS approval. The longer-term solution (through the end of this year and into 2015) is dependent on a completed grant request to CMS as well as their approval of the contract.
- Development and implementation of a renewals plan for the open enrollment period is still in development. This plan will require some IT work which will need to be designed and validated. Operational planning is ongoing with support from Optum. Operational planning will require coordination between DVHA and DCF staff.

CGI to Optum Transition:

- CGI continues to answer DVHA requests for license transfer and subcontract transfers.
- CGI continues to work on plan of action milestones related to security issues on the exchange.
- SOV is working on a second amendment to the Optum contract to allow Optum to perform development tasks

Awaiting DFR Certification of Health Plans To Be Offered on the Exchange For 2015:

- Should receive certification sometime shortly after September 5th.

Fletcher Allen Health Care Vs. Department Of Vermont Health Access:

- 3rd settlement meeting next Tuesday.
- Working on settlement involving altering tax on net revenue to gross revenue.
- Working on hearing strategy for September 29th remand hearing.
- Filed answer to public records request claiming litigation exception to production.

Press Roundtable:

Commissioner Larson and Lawrence Miller will be hosting a roundtable for reporters on Friday morning regarding the Optum IT assessment.

Addison County Buprenorphine Providers:

In an attempt to address the lack of prescribers for Buprenorphine in Addison County, DVHA worked with Porter Hospital and the Counseling Services of Addison County (CSAC) to develop a stand-alone clinic rather than prescribing in primary care offices. The pro forma for the clinic

showed a funding gap between operational costs and current revenue streams (fee-for-service and new funding for “Spoke” program). Porter sought additional funding from DVHA to close that gap. DVHA had difficulty responding timely to this request for differential funding and the press picked up on this in early July. DVHA committed to working with Porter to resolve the funding gap but Porter made a decision to abandon the stand-alone clinic approach and instead expand buprenorphine prescribing in a primary care practice, Bristol Internal Medicine. Last week Porter approached DVHA about additional financing for prescribing at Bristol Internal Medicine. DVHA requested a new proforma to identify the funding gap, if any, for the new model. The Porter team (Jean Cotner & Ron Holman) expressed frustration at being asked to detail this information. An additional concern is that the Bristol Internal Medicine approach has limited capacity (no more than 100 patients) and estimates of need are closer to 200.

Medical Practice Board Allegations against Former DUR Board Chair:

The former chairman of Drug Utilization Review Board is facing allegations by the Medical Practice Board that he improperly dispensed narcotic and other medications to 14 patients.

- Dr. Scovner began serving on the DUR in December 2002, and stepped down as its chairman in August 2012.
- DVHA’s Program Integrity Unit has an active case open investigating Dr. Scovner’s prescribing practices and has shared information with the Medical Practice Board.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: August 29, 2014

Secretary's Top Issues

USDA to invest \$45 million to improve Lake Champlain water quality

VAAFM Secretary Chuck Ross attended the announcement with United States Secretary of Agriculture Tom Vilsack in Burlington Vermont. Secretary Vilsack said that his federal agency is "dedicated to protecting and improving this beautiful and unique natural resource". This funding will be targeted at conservation activities focused on the agricultural region of the Missisquoi Bay, St. Albans Bay and South Lake Watersheds.

Preparing for fall red meat slaughter

Supervisory personnel are continuing to cover establishments as inspection needs continue to increase. We are at the beginning of fall red meat slaughter rush in which the plants will be increasing the numbers of animals slaughtered from now through February as well as the fall poultry season gearing up for Thanksgiving

Insect Updates

- Plant Industry received a report that a live insect had been detected and captured in a shipment of recently imported dried bamboo products from China. Plant industry staff picked up the live specimen at the business the same afternoon. The specimen was brought to the entomology lab in Berlin and identified to family level (Darkling Beetles). Analysis determined the beetle was not a threat to domestic plant or other agricultural resources.
- Eastern Equine Encephalitis (EEE) was detected in two mosquito pools from the Whiting survey site. The mosquito samples were both *Culiseta* species, and the detections are from the area where EEE has been detected in 2013 and 2012. The risk for EEE is moderate in the two areas where positive samples have been collected this year and historically (Western Franklin County, southern Addison/northern Rutland Counties), and is considered low in Grand Isle and northern Chittenden counties, and the risk for WNV is considered low statewide.

NASDA Preparation

Members of VAAFM and NASDA staff in DC are making final plans for the annual NASDA conference to be held in Burlington this September. This is forecasted to be one of the most heavily attended and engaging NASDA conferences in recent history and should be a great opportunity to showcase Vermont Agriculture.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: August 29, 2014

Status of Governor's Priorities:

Marketing and Media

Final preparations are underway for the National Association of State Departments of Agriculture (NASDA) annual meeting 9/10-13 at the Burlington Hilton. In addition to the perennial NASDA agenda items, guest will participate in special events, including a reception about the Spirit of Ethan Allen, at Shelburne Farms, and Splash at the Boathouse.

On the afternoon of 9/13, we will take guest on tours to experience a variety of Vermont Agriculture. There are 3 tour options offered. They are as follows...

"VT's Ag Heritage: Milk & Maple"

Summary: This tour will explore Vermont's signature agricultural products, and will highlight the ways in which new technologies are redefining these industries

- Brannon Maple
- Rowell's Green Mountain Dairy

"Community-Based Agriculture & Farm to Institution Systems"

Summary: This tour will explore the connections and opportunities created by farm-to-institution thinking and demonstrate Vermont's system of "community-based agriculture" in action.

- Fletcher Allen Health Care
- The Intervale

"Exploring Challenges of the 21st Century"

Summary: This tour will explore the challenges of farming in the 21st century – from climate change, to farm transitions, to food safety, to diversification of the agricultural workforce.

- Sam Mazza's Farm
- Goat Collaborative in the Intervale

Finally, the Secretary has drafted a welcome message to frame the event and highlight the "Ag Literacy" theme, which has been his key message throughout his year as NASDA President. It is included below, and provides a sense of the atmosphere we hope to create among this diverse group of agricultural stakeholders from across the country.

Colleagues & Friends,

As an eighth generation Vermonter, it is truly a pleasure to welcome you to the Green Mountain State for the 2014 NASDA annual conference!

We are in the midst of a pivotal period for American Agriculture. Culturally, Americans are growing ever more interested in food and fiber. And yet, less than 2% of the population makes a living farming or ranching.

Given this divide, the opportunity for misunderstanding is immense. As agricultural leaders, it is our role to bridge this gap, to set aside differences, and to seek out common ground. We must work together to create a culture of what I like to refer to as “Ag Literacy,” an appreciation and understanding of where food and fiber comes from, and how farming and ranching work.

Over the next several days, I look forward to sharing some of our efforts to promote “Ag Literacy” here in Vermont. I am excited to share Vermont’s community-based agriculture, from our proud tradition of “milk and maple” to our innovative and progressive “farm to institution” initiatives. But most of all, I look forward to convening some of the brightest minds in the industry together for four days of discussion, exploration, and learning.

As my term nears conclusion, I’d like to express my gratitude for the opportunity to serve as the president of this important organization over the past year. The collective insight and experience of our NASDA membership is tremendous. Working together, we have the power to lead the industry towards new, collaborative, solutions.

We also have the opportunity to help reconnect Americans to their agricultural roots. I am very confident this NASDA team will rise to these challenges.

Press

Assistant State Veterinarian was contacted by the Valley News regarding the Agency’s interaction with a cervid producer in the Royalton area and to explain Vermont rules regarding captive cervids. The producers are currently out of compliance and drawing near the end of their compliance timeline, which was extended once. The producers began their captive deer operation without following proper procedure, consulting with the Agency, or ensuring their ability to comply with Vermont’s rules. The Animal Health Section has provided technical assistance numerous times to assist the producer.

Significant Events/Meetings:

- Assistant State Veterinarian attended a day-long meeting of the NH/VT Feral Swine Damage Management Task Force. The task force consists of members from USDA Veterinary Services and Wildlife Services as well as staff from Agencies of Agriculture and Natural Resources. The meeting reviewed activities since the last meeting and planned activities for the rest of the year. Also discussed were recent feral pig sightings in NH and the likely sources. Hot topics were the importation of feral swine from Canada and finding a definition of feral swine that can be used by multiple agencies/public. The task force will be utilizing various media sources in September to remind people about feral swine damage, how to report sightings, and for hunters to keep an eye open. The news releases will correspond to the start of turkey and deer hunting seasons in both states.
- Assistant State Veterinarian met with UVM Extension and NOFA (Northeast Organic Farming Association) to devise education and outreach strategies for the swine industry in Vermont utilizing funds that both VAAF and UVM have been granted. Next steps will be to advertise and recruit a small number of members with a varied swine background to form the Vermont Swine Task Force whose purpose will be to determine industry needs around swine health, nutrition, biosecurity, marketing, and environmental management.

Evolving Issues:

Animal Health Section inspected animal identification and import paperwork and found multiple non-compliance issues at three fairs. The Section worked in conjunction with USDA Veterinary Services regarding issues of interstate movement and animal identification non-compliance.

Summary of Key agency Department Activity

Administration:

Land Use

Land Use Administrator Stephanie Smith met with directors of the Guilford and Bondville Fairs to discuss their upcoming events and review capital improvements over the last five years via state funding through the VT Fairs and Field Days Capital Grant program. Guilford Fair will be occurring on August 31st and September 1st. Bondville Fair enjoyed beautiful weather for two of the three days assisting with increased attendance. The Capital Grant program has provided funding to

improve public safety and accessibility of all buildings, grounds, and restrooms at fourteen fairs/field days throughout the state.

Agricultural Development:

Energy:

- 1.) The US DOE has begun scoping for an EIS for the high-voltage, direct-current (HVDC) power line. The deadline for comments on the scope of the EIS is October 10th, and there are public meetings in Burlington 9/16 and in Rutland 9/17, as described here: <http://necplink.com/docs/NECPL-Notice-of-Intent-79-Fed-Reg-50901.pdf>. The entire route will be underground and under Lake Champlain. Approximately 60 miles will be underground, including entry into the US, and entry and exit drilling sites at Lake Champlain. The full proposal, including maps of the overland portion, are here: http://www.necplink.com/docs/Application_for_a_Presidential_Permit.pdf ; as proposed, the overland portion is entirely within rights of way. However, the proposal also mentions staging areas and alternative overland routes. The anticipated electric capacity of the line is 1,000 megawatts (MW), slightly less than Vermont's peak electric demand.
- 2.) Senior Agricultural Development Coordinator Alex DePillis is assembling data in preparation for a response in the PSB docket to set rates for farm methane projects via the standard offer (SPEED). The Agency of Agriculture has reached out to partners to provide realistic costs of equipment and maintenance, as input to the Board's pricing models. However, the Agency's involvement will be somewhat limited unless it files a notice of appearance.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- One candidate has been offered the food safety trainee position and has accepted and will start on 9/15. One candidate decline accepting the position so interviews are continuing for the second open position
- Supervisory personnel are continuing to cover establishments as inspection needs continue to increase. We are at the beginning of fall red meat slaughter rush in which the plants will be increasing the numbers of animals slaughtered from now through February as well as the fall poultry season gearing up for Thanksgiving
- VT. Salumi has requested to re-instate state inspection. They initially started under state inspection then transitioned to federal inspection. They are getting more and more request to process product that has been slaughtered under state inspection. Even though USDA spends hundreds of thousands of dollars every year reviewing State programs for "at Least equal to" standards they still will not recognize State inspected product to be able to bear a federal mark of inspection if further processed in a federal plant forcing federally inspected plants to seek separate days for State Inspection.
- The addition of VT Salumi brings the total of plants that are in process of obtaining State Inspection to 8. These are in addition to the 16 plants currently utilizing State Inspection!
- Federal Civil Rights Division is asking for clarification on several issues as part of the "at Least Equal To" compliance review and it is clear that the state, while having a good program for employees does not have an easily identifiable program for the public seeking state services. The Civil Rights rules require a comprehensive civil rights program for any state program receiving federal funds.

Animal Health:

- AH field staff provided Pullorum and Avian Influenza testing for poultry producers at the Caledonia Fair and the CVE. Staff is also organizing testing for the upcoming Tunbridge World's Fair.
- AH is compiling testing and flock numbers for the annual National Poultry Improvement Plan report.
- AH completed the RFRs for its career ladder and submitted them to Bill Rose.

Agricultural Resource Management:

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

- Staff conducted two technical assistance visits on LFOs in Addison County. The farms recently received their LFO permits and the follow-up visits were conducted to deliver the signed permits and discuss additional program information.
- Staff conducted inspections of two MFOs in Essex County due to a complaint about poor water quality in the Connecticut River. Three facilities were evaluated and no concerns were noted in relation complaint.
- Staff are drafting inspection reports and memos for complaint investigations, enforcement actions and ongoing inspections.
- Staff are gathering and updating inspection, compliance and BMP information for MFOs and LFOs in Franklin County.
- Staff are working with ARM Division engineering staff to assist with development and implementation of BMPs on several MFOs and LFOs.
- Staff attended a Central Lake Water Quality Partner meeting. Partners present were UVM Extension, NRCS, Otter Creek Natural Resource Conservation District and VAAFM.
- Staff are working with NRCS to develop a strategy to potentially fund NRCS winter crop applicants that do not have contracts with NRCS this fall. The Farm Agronomic Practices (FAP) Program may be able to assist farms that applied for NRCS funding and have yet to receive a contract. There are currently 56 farms that requested but have not received funding for winter cover cropping this fall.
- Staff are processing and developing grant agreements for the FAP Program for the current fiscal. Grant agreements have been sent to farms for field practices and there was also a grant developed for an education/outreach event put on by a watershed group in Franklin County to tours farms in the Lake Carmi Watershed to evaluate and educate about BMPs the farms have installed.
- 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 working on developing the water quality section of the new CAI USA Food Safety water quality database. The release of a testing environment should be occurring in the near future.

Conservation Reserve Enhancement Program (CREP):

- Staff prepared for upcoming field visits to farms with potential CREP projects.
- Staff remarked a CREP buffer on a MFO in Franklin County to rectify the farm's compliance concern related to their CREP contract.
- Staff conducted a site inspections on two SFOs in Franklin County to determine whether or not the farms were in compliance with their CREP requirements.
- Staff visited a SFO in Chittenden County to discuss CREP.
- Staff assisted and worked with a watershed group and DEC to develop sampling protocol to evaluate the effectiveness of an alternative milkhouse waste system.

Plant Industry

- Plant Industry received a report from a Vermont business on Friday August 22nd that a live insect had been detected and captured in a shipment of recently imported dried bamboo products from China. Plant industry staff picked up the live specimen at the business the same afternoon. This business has a noteworthy and commendable history of reaching out to us when they find live insects in shipments arriving from overseas, and are providing a vital cooperative service to the Agency in our mission to protect agricultural resources.
 - The specimen was brought to the entomology lab in Berlin on Monday, August 25th and was tentatively identified to family level (Darkling Beetles). Subsequent analysis by USDA APHIS PPQ identifiers

determined the beetle was not a threat to domestic plant or other agricultural resources, providing another example of AAFM's healthy relationship with our in-state businesses, without whose quick and thoughtful efforts we might not have intercepted a potentially devastating agricultural pest.

- On Friday, August 22, Eastern Equine Encephalitis (EEE) was detected in two mosquito pools from the Whiting survey site. The mosquito samples were both *Culiseta* species, and the detections are from the area where EEE has been detected in 2013 and 2012.
 - This has been a relatively quiet summer for arboviruses. Prior to August 22, there had been a single positive EEE sample in Grand Isle (June), and a single West Nile Virus detection in St. Albans in late July. The risk for EEE is moderate in the two areas where positive samples have been collected this year and historically (Western Franklin County, southern Addison/northern Rutland Counties), and is considered low in Grand Isle and northern Chittenden counties, and the risk for WNV is considered low statewide.

Maps and additional details are available at the VT DOH webpage:
<http://healthvermont.gov/prevent/arbovirus/surveillance/index.aspx>.

Water Quality Program

A small farm in St. Albans and a small farm in Williamstown will both received corrective action letters for violations of the Accepted Agricultural Practices Regulations (AAPs). Both farms spread manure within the 50 foot setback to private wells.

Pesticide Program

A large Farm in Irasburg will receive a letter of warning for a violation of the VT Regulations for the Control of Pesticides. A farm employee, certified as a private pesticide applicator, failed to wear the required personal protective equipment (PPE) specified on the pesticide label when making an herbicide application to corn fields.

Vector Management in Plant Industry section:

To date 2378 batches of mosquitoes have been submitted for testing. Six more samples have tested positive for West Nile virus (WNV), bringing a seasonal total of 6 samples. Most recently we found WNV in three samples from the same site in Rockingham and one each from Putney, Brattleboro and Newbury. The mosquitoes from the first 5 positives were from traps collected on Thursday, 8/21. Newbury mosquitoes were collected on 8/18. The first WNV finding of the season was in St Albans on 7/29. This season the vector management program has identified three batches of mosquitoes which have tested positive for Eastern Equine Encephalitis virus (EEE). One was from Grand Isle on 6/17 and the other two were from Whiting on 8/19. EEE activity appears to be lower in Vermont this year, compared with the previous two years. We have had 2 EEE and 6 WNV findings show up during the week of August 17 to 23 (CDC week 34).

In general we are now finding fewer mosquitoes in our mosquito traps and the nights are cooler. Mosquitoes do not fly below a temperature threshold of 50 degrees F. The rainfall patterns have been more conducive for the mosquito species carrying WNV. These species breed in artificial containers which retain rain water.

- The Agency of Ag ARM division is working on creating a program that specifically targets grassed waterways and other critical settings. The goal is to revise the Vermont Agricultural Buffer Program (VABP) to accommodate these additional practices. Currently the VABP has not be utilized by farmers and we believe these additional practices are much more desired and pertinent for achieving water quality goals. These changes will require a statutory revision and a policy and procedure update.
- The Agency is preparing information for the Attorney General specific to franklin county water quality compliance. Sorrell wants to understand the nature of water quality compliance in this critical geographic area.
- Last Thursday VAAFM employees toured around the upper Connecticut River watershed to investigate recent complaints that were either sent to DEC, VAAFM or Representative Deen. Deen went out himself to try to track down the pollution issues and did not come up with any obvious answers. We had the same outcome. We

relayed that message back to Deen and offered to stay tuned if other issues arise to see if we can identify the source of the complaints.

- VAAFM met with ANR to discuss our plan for addressing agricultural water quality concerns in the "gap watersheds" as defined by EPA. ANR agreed the plan was reasonable and we will proceed with discussing it with EPA to see if it can help them approve the currently draft TMDL for Lake Champlain. Meeting will likely happen in October.

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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: August 29, 2014

Subject: ANR Weekly Report

Governor Level Issues:

Spiny Water Flea Discovered in Lake Champlain: We have been expecting to see the Spiny Water Flea in Lake Champlain since it was discovered in the Lake Champlain Canal and Lake George in 2012. It is a zooplankton that has no natural predators so that it out-competes other phytoplankton in the lake, impacting the food web. And they become a nuisance to anglers as they tend to cluster on fishing lines and equipment. Working with the Lake Champlain Basin Program and other partners, we have initiated a rapid response to limit its spread (this involves cleaning, draining and drying all boats and equipment before moving them to other water bodies or other sections of a water body).

Lake Champlain Clean Up: Due to the significant and extensive blue-green algae blooms in Missisquoi Bay and St. Albans Bay, the media has continued to cover issues associated with potential threats to drinking water and concerns about the contributions of water pollution to the blooms. Chuck, David and I announced on Thursday a new initiative to strategically focus our compliance, technical assistance and enforcement efforts on Franklin County in the coming months. In addition, the announcement from Leahy and Vilsack of 45 million in the next 5 years for water conservation programs, and immediate funds for cover cropping was welcome news and enabled us to show positive movement in our effort to get the Feds to come to the table to help us fund our compliance with the new TMDL. FYI - A couple reporters asked why it was taking so long to hear back from the EPA, wondering whether there was some problem we were anticipating. Off the record I assured them it was due to staffing problems at EPA (one of their key folks had been out on an extended absence for medical reasons).

Berlin Pond: We continue to get citizen letters about Berlin pond from the opponents of access. David sent in an op ed providing the legal and technical basis for the agency decision to allow non-motorized recreation on Berlin Pond. I expect that there will be an appeal and also that Warren Kitzmiller will look for a legislative solution. It is worth reading David's op ed, if you haven't yet, as it is an articulate explanation of how and why the determination was made to allow access.

Vermont Gas Phase II: It recently became clear to the PSB that Vermont Gas Systems will not be able to obtain a waiver from FERC for VGS's Phase II project before the PSB holds technical hearings on the project in October. (FERC has jurisdiction because Phase II crosses state boundaries.) We had expected VGS to petition FERC for a waiver (aka *7(f) exemption*), which would delegate FERC jurisdiction the Public Service Board Section 248(a) process. Unfortunately, because VGS has not yet filed permit applications in New York State, their waiver application was not considered complete. This means they will not have a waiver in hand for the technical hearing, raising issues of whether the PSB has jurisdiction (when FERC takes jurisdiction the PSB can hold an advisory proceeding to come up with recommendations to FERC about the project - but this is quite different in form and substance than the hearing scheduled for October.) We are expecting the PSB to decide whether they are able to continue the Section 248(a) proceeding absent the FERC waiver or whether the hearings will instead inform the more advisory Section 248(h) process.

Plug in Electric Vehicle: Paul and I just got a plug in electric Nissan Leaf (replacing our 11 year old SAAB). I am happy to take you out for a spin (if your State Police driver will permit it).

EVERYTHING ELSE:

Press Issues/Releases:

Eagle Point WMA Public Meeting: The Vermont Fish & Wildlife Department (VTFW) and the U.S. Fish & Wildlife Service (USFWS) is holding a public meeting to invite public comment on a draft Environmental Assessment for hunting at the Eagle Point Wildlife Management Area. The 457-acre property in Derby is a unit of the Missisquoi National Wildlife Refuge, managed by VTFW as a state Wildlife Management Area under a cooperative agreement with USFWS. The public meeting on Aug 27 will be held at the North Country Union High School Auditorium from 7:00 to 9:00 p.m. to present the proposed Hunting Plan assessment and get public input. A copy of the draft plan can be found at: www.fws.gov/refuge/missisquoi/

Vermont Moose Hunt Auction Nets over \$32,000 for Wildlife Education: Vermont's annual auction of five moose hunting permits closed on Aug14, with \$32,494.50 taken in from the five winning bids. The auction helps fund Fish & Wildlife Department educational programs, such as the Green Mountain Conservation Camps for youths.

Significant Events/Meetings:

Conservation Law Foundation Stormwater Petition: We met with CLF to discuss their petition asking the Department to adopt more stringent stormwater pollution control requirements. The discussion was constructive and so we agreed to extend the deadline for the Department's response to allow for continued dialogue and to allow the Department to determine how our implementation of the Lake Champlain TMDL implementation plan may address the request in the petition.

Vermont Yankee NPDES Discharge Permit Public Meeting: A public comment meeting for VT Yankee's draft discharge permit was held in Vernon on the evening of Aug 20. Only one member of the public (David Deen as river steward of the Connecticut River Watershed Council) attended.

Franklin Watershed Committee: At this group's annual meeting, Department staff were the subject of a significant level of frustration and anger towards ANR and AAFM. Issues cited included concerns about continued poor water quality in Lake Carmi and a perception of inadequate level of attention from the state, poor enforcement of pollution laws against farms, and inadequate financial support from the state.

Aerial Survey: The statewide aerial survey of forest health is underway, with flying completed over most of northern Vermont. Protection Forester Dan Dillner reports that there is less tree defoliation or damage to map than most years. Most common problems are beech bark disease and storm damage.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs

TDI NE Clean Power Link: OPLA continues to coordinate ANR engagement with TDI and received several updates this week: TDI is planning a "Lake Symposium" on Oct 9 from 9-11:30am at the ECHO Center in Burlington where TDI's consultants will provide an overview of the Lake Champlain portion of the project, provide preliminary results of their water quality modelling and take questions. TDI framed the meeting as an invite-only event, but with a broad invitation list, intended to bring advocates, users of the lake, community members, academics, etc. together to learn about the project and presumably discuss TDI's proposed Lake Champlain water quality fund.

ANR is also coordinating with VTRANS regarding the terrestrial portion of the TDI project. TDI announced last week that they're exploring a slight re-route off of Rt. 103 to an existing rail corridor that would avoid bringing the line through Cuttingsville Village. ANR and VTRANS are also working with TDI to catalog all stream and major culvert crossings to in order

to facilitate regulatory review and ensure that the project adequately accounts for culverts sized for flood resilience and aquatic organism passage.

Swanton Wind: OPLA convened a meeting of technical staff from DEC and DFW on Sept 25 to review the conceptual site plan for a 6-turbine wind farm proposed by Swanton Wind. OPLA will compile comments and provide a written summary to the developer early next week, which will likely be followed up by a face to face meeting to discuss the natural resource features and constraints of the site, studies that must be completed prior to filing a petition with the PSB, and the permitting process in general. Based on the limited information ANR has received, staff identified the likely high volume and diversity of migratory and breeding birds as a possible constraint of the site.

Star Wind/Small Scale Wind SPEED allocation: OPLA communicated to Star Wind on Sept 25 ANR's acceptance of Star Wind's proposed operational adjustments intended to eliminate impacts from turbines to federally endangered bats at Star Wind's planned Dorset manufacturing and demonstration site. The facility is proposed at a location in close proximity to the largest, most significant bat hibernaculum in the region. As such, the likelihood of turbine/bat impacts are unusually high at this location. Star Wind has agreed to not operate the two small-scale demonstration turbines planned for the site from dusk to dawn during the summer months (the time when bats are typically present) to eliminate the potential for impact.

On a related matter, Star Wind has petitioned the PSB to create a minimum technology allocation for 'small scale wind power' for standard offer projects solicited through the 2014 SPEED RFP. The PSB has agreed to add that topic to the scope of their previously scheduled Sept 9 workshop on standard offer pricing. Star Wind seeks the allocation because the majority of standard offer awards to date have gone to solar, which is generally more price competitive than small scale wind at this point in that technology's roll-out in Vermont. An allocation would likely result in an increase in petitions to construct small scale wind projects in Vermont.

Solar Development – shift to pole-mounted, mineral oil transformers in GMP territory: For the past several years solar developers have designed utility scale and group net metered solar projects with pad-mounted transformers equipped with a bio-based coolant. These transformer pads also included some form of secondary spill containment when transformers were located in close proximity to sensitive receptors such as wetlands, streams or rivers. OPLA has begun to see a number of requests to amend CPG's as well as new petitions for solar projects that shift away from the bio-based, secondary containment approach to pole-mounted, mineral-oil (petroleum based) coolant. This trend appears to be limited to projects in Green Mountain Power territory at the moment. Apparently the solar developer pays for the transformers, but GMP installs, owns and maintains them. Examples where applicants have requested amendments to existing CPG to make this shift include Hardscrabble Solar in Bristol and the South East Correctional Facility in Windsor – both 500kw net metered projects.

This shift represent a step backwards in natural resource protection as the petroleum-based/mineral oil transformers likely have a higher GHG footprint than the bio-based alternative and would more adversely impact sensitive natural resource features in the case of a spill, a

concern compounded by the fact that the pole-mounted transformers are not designed with secondary spill containment. It is OPLA's understanding that a bio-based alternative does exist for these pole mounted transformers and we plan to discuss those alternatives with GMP in the future.

New Applications: Week of August 25, OPLA received 3 new Sec. 248 application and 3 new Act 250 applications.

Environmental Conservation

Agriculture and Water Pollution: We are closely tracking a lawsuit filed by the Attorney General against the Nelsons for violations of water pollution control laws. A court status update was held in Newport. Depositions are expected in Sept with a trial date in Dec. On a related note, we continue to hold joint meetings with AAFM, and the Attorney General's Office to coordinate on various agricultural water pollution enforcement cases.

Water System Flood Vulnerability Assessment Initiative Update: Facilities Engineering staff are developing a risk analysis program we will be using to assess the risk for each water system asset found vulnerable to flooding. The program will then be put on a mobile device. Next week, we anticipate that the hardware and software will be ready for testing and we hope to compile the pre-field visit information for at least one water supply system. If all goes well next week, we should be in position to perform a test analysis using system mapping for one town.

Planning - Results Based Accountability Training: Over 20 supervisors and managers attended our internal Results Based Accountability (RBA) Training. The Department plans to move our performance measures in support of our performance based budget for FY16 and future strategic planning efforts into this framework. We were fortunate to have our "in-state" experts on RBA Sue Zeller from the Agency of Administration and Dru Roessle from the Agency of Human Services to assist us with the training. We have another training scheduled for Aug 28 and anticipate another 30-40 staff to attend.

Waterbury Complex Project: While excavating a flood control berm at the rear of the Waterbury State Office Complex, the contractor, SD Ireland, discovered historic solid waste (thousands of bricks, pieces of concrete, a few tires, some incidental metal and wood) within the soil. BGS contacted the Solid Waste Program for guidance. After meeting with the consultant, Ross Environmental, several hundred cubic yards of the berm have been removed and stockpiled on a nearby parking lot. Soil samples are being collected to determine any levels of contamination. If uncontaminated, the mixed brick and soil will be disposed of at the Beaudoin Categorical Facility in Milton. If contaminated, the waste will be considered hazardous, and treated accordingly.

Coventry Landfill: The Landfill is approaching completion of the 2014 construction season. Construction for the year included the installation of a final cap on 1.2 acres (11.5 acres total are permanently capped), the installation of a low emission cap on 5.2 acres of recent

inactive areas, and the construction of a new eight-acre cell in the southern portion of the contiguous landfill. The landfill accepts 1,800 tons per day or 55 tractor trailer loads, and has 10+ years of capacity at its current fill rate. The implementation of the Universal Recycling law is expected to decrease the daily waste tonnage, and elongate the life of the landfill, while reducing its projected leachate and methane emissions.

Water Quality Standards Amendments: The public comment period for the proposed water quality standards amendments ended on Aug 15. Watershed Management received comments from five entities. The most significant comment was from VNRC indicating concerns about our proposed nutrient criteria. We met with VNRC to explain the revised criteria and they are now satisfied so we anticipate moving forward to finalize the standards.

Vermont Railway: Air Quality & Climate Division staff completed another diesel emissions reduction project. The project involved providing technical assistance and funding to Vermont Railway for the installation of auxiliary power units (APUs) on three locomotives. These diesel powered locomotives emit high levels of particulate matter, nitrogen oxides and greenhouse gases, and normally idle whenever the locomotive is stationary and the temperature is below 40 degrees. These APUs provide charging for batteries, and heat and circulate engine oil and coolant, thereby eliminating the need for engine idling. In addition to providing significant emissions reductions, these APUs provide fuel savings of nearly 5 gallons/hour for each locomotive. We provided funding through the Diesel Emissions Reduction Act grant from EPA.

Rolling Coal: Air Quality & Climate received our first complaint involving a practice known as “rolling coal” in which diesel truck owners will alter or remove fuel sensors allowing for an influx of fuel and a lack of complete combustion, thereby creating a large plumes of smoke from their exhaust. This phenomenon has apparently grown popular with some as a way of protesting environmental regulations. While this practice is becoming more prevalent across the United States, this is the first complaint in Vermont. We are working to identify enforcement tools for the practice and to implement a strategy going forward if the practice becomes more common in Vermont. The practice violates both Federal and State regulations on vehicle emissions controls.

Fletcher Allen Health Care: We issued a Notice of Alleged Violation to the hospital for a failure to maintain their air pollution control equipment for ethylene oxide, a byproduct of their sterilization process. As a result, the hospital has ordered new filtering media and will be taking the necessary steps to prevent this problem in the future.

Town of Randolph Wastewater Treatment Plant Violations: Compliance & Enforcement Division reached agreement and entered a settlement in the environmental court to settle charges that the town violated its pollution discharge permit. The case stemmed from an anonymous complaint of floatable material and solids being discharged from the Town’s wastewater treatment facility to the Third Branch of the White River. We investigated and observed toilet paper, human waste, and grease discharging from the facility’s outflow pipe. Follow up investigation revealed that both of the facility’s aerators had been inoperable for over a week. This condition had not been reported to the Agency as required by the discharge permit. The investigation also revealed operation and maintenance violations due to operator error, effluent

limit violations, the failure to notify of non-compliance, and late submission of monthly reports. The Town's Chief Operator resigned and left the State during the course of the investigation. The Town hired an interim operator and later a new permanent operator and addressed the maintenance and operational deficiencies during the investigation. To resolve the violations the Town agreed to pay a \$28,175.00 penalty and contribute an equal amount to a Supplemental Environmental Project. The Town also agreed to retain an independent consultant to evaluate the current operations of the facility, including anticipated staffing levels during construction of a new treatment facility; prepare a procedure to address any inadequacies; and submit the evaluation and procedure to the Agency for review and approval.

Alburg Fire District 1: The Alburg Fire District 1 public drinking water system is located on Missisquoi Bay. The water system operator reported a potential category 2 blue-green algae bloom by their plant. As a result, they took samples (raw and finished) for toxin analysis that same day which came back negative.

Town of Fair Haven Water Department: The Town of Fair Haven Water Department issued a precautionary boil water advisory to their drinking water users this week when routine monitoring of the water quality detected the presence of E Coli bacteria. The Public was notified by radio and television to boil their drinking water until further notice. An investigation was conducted by Town Personnel and the department which determined that a faulty sampling tap and possible non-representative sample could have resulted in the contaminated sample result. Follow-up confirmation sampling has indicated that the community's drinking water system is not contaminated with coliform bacteria. Consequently, the Town was advised that they may rescind the boil water advisory.

Fish & Wildlife

Bears: Bear damage complaints remain commonplace. One bear was killed on the roadways and another was killed doing damage to bee hives in Braintree. A Connecticut ear-tagged bear was reported inside a home. Fortunately for the bear, the homeowner didn't panic was able to frighten it from the home. A horse in the Groton area was injured by a bear when its curiosity got the best of it when attempting to sniff a bear. The bear felt threatened and swatted the horse in the nose causing some minor scratches and bleeding.

Search warrant in Killington: A search warrant was executed as a result of further investigation into the dead bear that was found in someone's backyard. A rifle was recovered as a result as well as written admissions from two separate people who admitted to shooting at bears getting into their garbage. Neither incident was reported to us nor had the homeowners taken any steps to prevent the bears from accessing the garbage. Two people have been charged with illegal shooting these bears.

Search & Rescue in Colchester Mallet Bay: Wardens responded to assist in located a missing boater. An elder resident was reported overdue from the previous day and was staying on his

sailboat. The sailboat was located and was unoccupied and the dingy to the boat was missing. The man's body was recovered on Wednesday.

Slowing down for Wildlife: VTRANS was contacted by Lamoille Regional Planning Commission on behalf of Town of Stowe regarding Stowe's request to VTRANS to lower speed limit at Shutesville Hill on Rte. 100 on Waterbury/Stowe town line. This has long been a priority wildlife road crossing for the Dept. (scored "Irreplaceable" in Critical Paths 2). Staff are working with VTRANS Environmental Section to get an audience with the traffic review committee to address this request and discuss concept of lowering speed limits for wildlife/vehicle safety. VTRANS sets speed limits based on actual average speed of traffic (first and foremost) then other factors are taken into account.

Forest, Parks and Recreation

In Re Appeal of Plum Creek Maine Timberlands, LLC (CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED ATTORNEY WORK PRODUCT): FPR staff are working with the AG's office to prepare the State's reply brief which is due Sept 17. The State will not file a response to the Motion for leave to file Amicus brief by VFPA and VFF. The State is filing its request for oral argument in this appeal and is requesting the full 30 minutes.

State v. Riendeau (CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED ATTORNEY WORK PRODUCT): The State and Mr. Reginald Riendeau will be engaging in mediation on Aug 29 in an attempt to settle this litigation regarding violations of the heavy cut law, the AMPs and 10 VSA §1259 for multiple discharges into state waters without a permit and violations of the Vermont wetlands law and regulations.

Land Transactions: We are working closely with BGS in developing a sales brochure for the proposed Lafreniere sale parcel at Camel's Hump State Park in Bolton, and expect to begin marketing this property in the near future. We are also in the process of finalizing an on-site waste water system for this parcel and securing necessary state and local permits. Work continues on a number of ongoing and pending ANR land transactions including the possible transfer of BGS' "Father Logue's Camp" property in Duxbury to the Department or Town of Duxbury, sale of a portion of Coolidge State Forest in Plymouth to Markowski Excavation, transfer of the Woodchuck Mountain property to the Town of Newbury, transfer of a portion of Grand Isle State Park to the Town of Grand Isle, Hayward acquisition at Victory State Forest, several new Land and Water Conservation Fund acquisition projects (Dern acquisition at Emerald Lake State Park, Mendon Brook acquisition in Shrewsbury and Mendon, and Bean Pond acquisition at Willoughby State Forest), and a number of pending and proposed Forest Legacy projects in the Northern Green Mountains, Groton Forest, Windham County, and Duxbury.

Green River Encroachment: Department staff will be meeting with VHCB and TNC this week to decide next steps to take regarding Howard Manosh's power line encroachment at Green

River State Park. Manosh recently sent a letter to the Department in response to our letter to him outlining our concerns with the unauthorized construction of this power line.

Park Activity: Visitation at state parks remains strong heading into Labor Day weekend. Most campgrounds will be filled to capacity and the weather forecast appears favorable for day visits as well. After the weekend, day use areas will scale back on operations but 25 of the 38 campgrounds will remain fully operational through Columbus Day in Oct. There is increasing demand to have more parks operating later in the season. This week a petition with almost 200 signatures requesting Waterbury Center remain operational through Sept was received. The request is being considered.

LWCF Grants: Plans are being finalized to roll out a cycle for municipal Land and Water Conservation Fund outdoor recreation grants totaling \$720,000. Municipalities will be notified of the funding opportunity in Sept.

Camel's Hump Road Work: Work to repair roads damaged in a severe storm in July 2013 has begun in Camel's Hump State Park. District III also saw the arrival of two brand-new truck bridges paid for by the US Fish and Wildlife Service and the Winooski Conservation District. Last week the Town of Hinesburg had some ditching, waterbar creation and restoration done on about a half mile of the main access road which passes through the Hinesburg Town Forest.



Privileged and Confidential

MEMORANDUM

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

From: Chris Recchia, Commissioner

Date: August 29, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

GMP Rate Case/Alternative Regulation: (Docket Nos. 8190/8191) The PSB issued an Order on 8/25 approving the two MOUs. The MOUs and Order provide for a 1.46% (\$8.827 million) rate decrease, as well as an additional 1% decrease resulting from Vermont Yankee Revenue Sharing funds. The Order also approved a return on equity of 9.6%, and the three-year rate freeze for IBM agreed to by the parties. The revised Alt Reg Plan approved by the Board establishes documentation standards for supporting rate base additions, and revises the Earnings Sharing Adjustor, Exogenous Change Adjustments, and Power Efficiency Band. The new Plan also consolidates all rate adjustments into one annual rate change. Finally, the Board ordered GMP to file within 30 days either a tariff or an amendment to the Plan regarding its Heat Pump Program.

VGS Addison Expansion Phase 2: (Docket 8180) In light of the fact that no FERC determination has been issued, the Board requested comments from parties on possible postponement as the dates for technical hearings are fast approaching. The Department recommended that the

schedule be maintained for the same reasons we embarked on it, even in light of the FERC uncertainty. Discovery responses are due from VGS on its rebuttal testimony on August 29, with non-Petitioner rebuttal testimony due on September 12. Staff is preparing drafts. The Department has met with CLF to discuss how to incorporate requested conditions for the CPG in our rebuttal testimony and hopefully gain the support of CLF for these conditions.

Investigation into VGS's Alleged Violation of Board Rule 5.409: (Docket 8328) The Board has opened an investigation into whether or not VGS violated Rule 5.409 (which requires reporting of capital cost increases exceeding 20% in § 248 projects). The Department had previously recommended (and VGS agreed to) a fine in the amount of \$35,000 and a requirement for quarterly reporting based upon the company's failure to report on a timelier basis; PSD did not recommend an investigation. A prehearing conference has been scheduled for September 17.

VGS – 2015 Base Rates Filing: In its preliminary assessment of its 2015 rate need, VGS included a large portion of the Phase I pipeline costs, as well as deductions from the System Expansion Fund. After discussions with the Department, VGS has agreed to remove Phase I capital costs from the base rate filing, thereby taking the issue of System Expansion Fund use off the table. VGS will be making its official base rate filing on August 28. While the preliminary assessment showed a base rate increase of approx. 1.5 percent, current projections show a decrease of approx. 1.8 percent. The Department's consultant's will visit VGS next week to review the supporting documentation for this rate filing, so it is still subject to change. The consultants will file their report in two weeks and the Department's recommendation will follow two weeks after that.

Status of Priorities and Cases of Interest: These are going to be real quick and abbreviated, due to time constraints, but cover the necessary highlights. If more needed, please let me know. Thanks....

FairPoint: Company implemented modified "last best offer" contract on Thursday. Union filed NLRB complaint. Strike likely, but not likely imminent (although striking on the labor day weekend would have an interesting twist to it). Health care benefits not changing until January, Change in pension plans will take at least a month. My interpretation is that it is to union's benefit to stay at work until the significant changes come into play. Told Beth Fastiggi how mad/concerned I was she didn't call or tell me about that implementation – especially since I'd spent the morning with her. I'm using Mike Penn as info source – Beth is out of the loop. Customer complaints up – and significant. We are preparing a filing with the Board requesting a (non-punitive) investigation about wtf is going on.

VGS: Don Gilbert "thanks us for the good letter" and is "taking the issues to heart." Got good coverage in ACI and VT Digger. Met with CLF this week – they are supportive of our position with VGS and are optimistic they can support our proposed conditions on VGS and agree that were those conditions met, they would support issuance of CPG. Gas Engineering reporting we have trouble in the field – not with work itself, but with

documentation of procedures and following them – which is, by itself, a code violation. Meeting with Gilbert this afternoon to discuss all this (minus the CLF discussion).

VY: Working with VDEMHS on counter-proposal to Entergy's counterproposal to our EPZ settlement proposal. We are making progress, and now have MA and NH numbers to make it more complete. We will be asking for about \$1.5M/yr for 4 years beginning in 2016 (as opposed to current \$4.5M/yr). The various agencies are meeting with Liz next week to discuss perceived needs for "decommissioning" going forward – which would be eligible for recovery from the DTF. I am concerned that DOH, in particular, is trying to retain its full capacity indefinitely and ANR is adding a bunch of staff to help with Decommissioning planning even before anything is done. You'll be the judge – we are just keeping our Nuclear Engineer and reallocating his time to more decommissioning coordinator role as time goes on. I feel the DOH request in particular is not realistic.

Star Wind: Very interesting project underway. Small wind turbine manufacturer – 10kW to 50 kW – with building under construction ongoing in SW Vermont – start with 20-50 jobs, 200 turbines/year. Very exciting. No ACCD contact to date, but seem to be going forward. I will bring to Pat Moulton's attention.

Telecom Plan: The draft plan is going through public hearings this week. It did not go well at the meeting I attended yesterday – the joint committee legislative hearing. It is being trashed by EC Fiber and the trashing is gaining traction by putting legislators in awkward position. Fiber to the home is the ultimate goal, but our plan is not written to that as that appears to be a \$1.3Billion effort. EC Fiber and others say ANY money spent on anything other than Fiber is a waste of money. Still – we have people who aren't even at acceptable speeds yet. We will re-write the plan to have two parts – an aspirational part that addresses their concerns and gives legislators more comfort, but a sub-plan or benchmarks that are more realistic and achievable based on expected resources.

GMP/NRG: No CPG needed for this project. Others that connect to grid would likely require CPG, but we can work on streamlined process much like small solar – registration or certification processes.

First Wind/Therrien's: Spoke to FW (Claude Cody) multiple times. Therrien's pro-bono attorney seems to have fallen off the effort. Therrien's have started a facebook page petition asking the Governor to buy their property for \$150,000 because the project was "improperly sited." Will continue to try to get this off the weekly report....

Meetings this Week:

Aug 25 – Chris has monthly catch-up with Jim Volz; Darren participates in Q&A at all-staff meeting for SunCommon

Aug 26 – Chris interview on WCVR; Jim with WDEV; Chris, Darren and team meet with

Sandy Levine of CLF on VGS; Chris attends monthly VY meeting

Aug 27 –Chris, Darren and Geoff meet with John Zimmerman of Northeast Wind to discuss proposed Waterbury project; Chris meets with Janet Doyle and Jay Dietrich

Aug 28 – Chris meets with Brian Shupe and Johanna Miller of VNRC; Chris attends stretch codes meeting at ACCD and meets with Pat Moulton after; Darren attends 5th Floor meeting on state renewable initiative

Aug 29 – Chris and Darren meet with Laura Gray and Aly Richards on legislative issues; Chris, Darren, Asa and TJ meet with Gerry Tarrant and Jason Day of Starwind; Chris, Darren, Asa and Geoff meet with Nate Adams, Kristin Carlson and Charlotte Ancel of GMP for an update on projects (NRG); Chris meets with Don Gilbert, VGS to discuss week’s events

Meetings next Week:

Sept 2 – NRG/GMP announcement; Chris attends Entergy briefing at 5th Floor

Sept 3 – Chris, Darren, Asa, and Andy Perchlik attend DOE stakeholder workshop in Burlington; Chris, Darren, and Asa attend meeting with Governor to discuss legislative proposal

Sept 4 – Darren attends Solar Summer event in St. J and tour of NSA Industries with Governor; Chris attends regional initiative meeting in New Hampshire

Sept 5 – Chris, Darren, and Ed McNamara attend transmission corridors meeting at 5th floor; Darren and Asa meet with Bill Driscoll, AIV, to discuss PSD legislative studies (net metering study and manufacturing rate design study)

Media: Addison County independent and VTDigger on Governor’s letter to Ayer, Bray and Jewitt; WPTZ coverage of telecom plan legislative hearing;

Everything Else:

PERD

Residential and Commercial Building Energy Standards (RBES & CBES)

- Code Update:
 - The revised versions of the energy standards (both clean and annotated text copies) were posted on the PSD website. Per ICC requirements read only versions were posted, but if requested we can send hard copies to stakeholders.
 - The energy standards webpage was also updated with the public hearing date/time, public comments deadline (September 26) and PSD responses to stakeholder questions.

- An email was sent to all stakeholders notifying them of the public hearing date/time/location as well as the additional documents that have been posted on the PSD website.

Thermal Energy Finance Pilot Program

- Completed final drafts of grant agreements for two credit unions with attention to design details evolving through interaction with program participants.
- Met with Matt Cota from Vt. Fuel Dealers Association to discuss involvement of fuel dealers in the TEF pilot. Matt offered constructive feedback to help with development of the on-bill repayment component being pilot tested through this program. PSD needs to continue working with EVT and the fuel dealers to establish the process for bringing home performance contractors into the Energy Excellence Network, in particular those that may have existing relationships with one or both of the credit unions.
- Staff will meet with the two credit unions and EVT this Friday to discuss marketing and launching the program.

Total Energy Study

- Summary Results of REMI simulations presented and discussed with group. Report will have to take care in explaining the sensitivity of results to assumptions on three points: ability of CT offsets to reduce production costs; how much TREES revenues can reduce RE prices; how much spending on biofuel goes to local retailers. Methodology section is largely complete. Results section writing remains to be done.

Net Metering

- To ensure net metering applicants complete the Renewable Attribute Election portion of the registration/application forms the Department instituted the policy to consider any application/registration omitting the information as incomplete and send a letter to the PSB recommending it find as such. Ten such recommendations were sent to the Board this week.

Incomplete	27.5%
Retain	72.4%
Transfer	
Util	0%
	100.0%

Net Metering Activity 8/15/14 – 8/22/14

	Registrations*	Applications	CPGs Granted
Count	26	3	36
kwAC	192.882	420.000	215.105

Ave Size kW	7.4185	140.000	5.9751
Cumulative Capacity of Registrations and Applications Submitted			
Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
7413.95	12494.68	51033.14	~ 34.00%

*Note: As of April 1st projects up to 15kW are now eligible for the registration process. Prior to this change, systems larger than 10kW were required to file an application.

Engineering

VY Completes Unplanned Repair of Reactor Water Clean Up Pump Seal

Over the weekend, VY was required to replace a leaking seal on the "B" train Reactor Water Clean Up (RWCU) system pump. (While the RWCU is not a safety system, it is connected to the Reactor Coolant System and does maintain reactor water chemistry within licensed limits for the plant.) VY had been monitoring a small leak (via remote camera) from this seal since October 2013. Until this past weekend, evaluations of the leakage had been deemed acceptable. On Saturday, the leak rate increased significantly (from roughly 0.0016 to 2 gallons per minute), which prompted the decision to replace the seal. The seal replacement was completed without requiring a plant power reduction and without incident.

State Nuclear Engineer Provides Public Comments on Proposed VY Emergency Plan Changes

In response to a request from the NRC for public comment, the State Nuclear Engineer reviewed and submitted formal comments regarding Entergy’s proposed changes in the VY normal operation and Site Emergency Plan (SEP) and Emergency Response Organization staffing level changes documented in letter BVY 14-018. These changes would take effect upon Entergy certifying that VY has been permanently defueled, but do not include the proposed set of changes that would reduce the Emergency Planning Zone from its current 10 mile radius around the plant to the VY Site Boundary. (Those changes are part of a subsequent license amendment request that is still under NRC review.) The State Nuclear Engineer also submitted comments received from the Department of Emergency Management and Homeland Security regarding the BVY 14-018 changes. The most significant comment from these two sets is a request for Entergy to delay its shutdown of the Emergency Response Data System (ERDS) until such time that all VY fuel is removed from the Spent Fuel Pool. (ERDS is currently the tool specifically identified in the VT State Radiological Emergency Response Plan as the means for evaluating VY conditions for emergency action recommendations during a declared Alert or Emergency situation at the plant). The State Nuclear Engineer is working with VY Emergency Planning staff to resolve this comment.

2014 Vermont Gas Systems Addison Transmission Pipeline Construction

The Gas Engineer was on annual leave during this report period, but inspections of the Vermont Gas Systems Addison Natural Gas Project (ANGP) were performed by PSD’s contract inspector from Precision Pipeline Solutions (PPS). Several construction and installation processes of the ANGP were inspected during this report period. Inspections included a partial review of the company’s welding specifications and welding operations during pipeline installation. Other on-site observations included installation of provisions to mitigate possible AC current interference of pipeline-corrosion-protection from nearby VELCO facilities. On August 21, the Director of Engineering observed inspections by PPS. Approximately 4,200 feet of pipeline has been installed as of August 26.

Vermont Communications Table-top Exercise

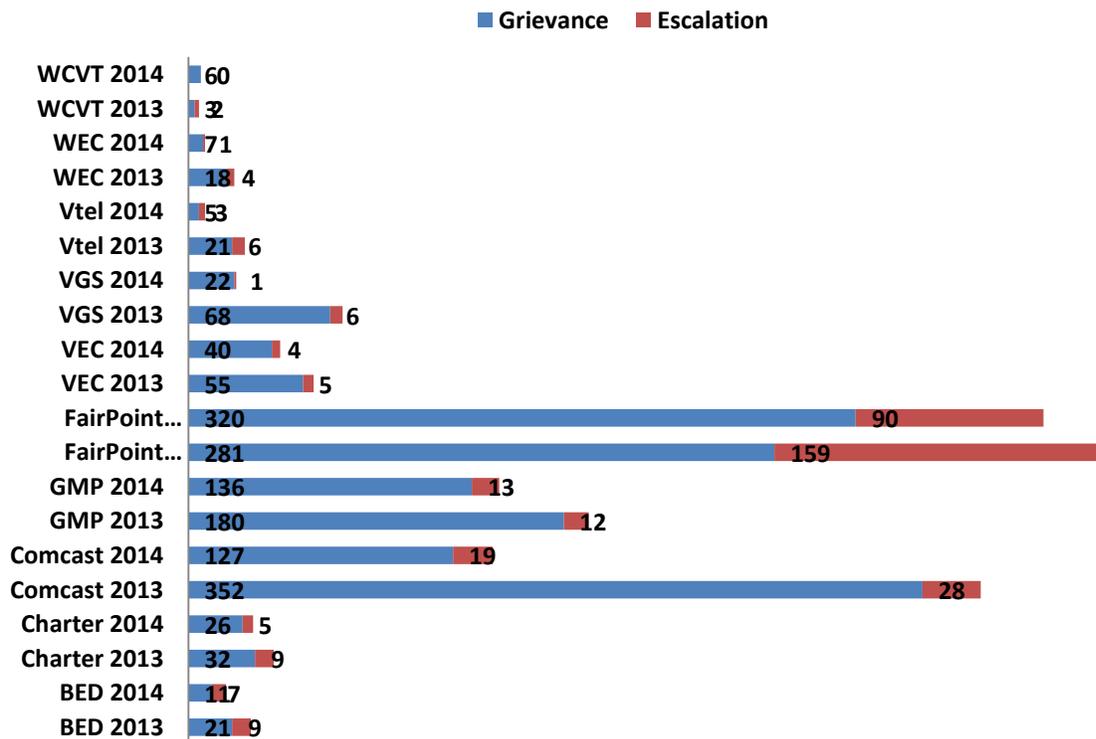
Engineering participated in the Final Planning Meeting for the Vermont Communications Table-top Exercise, which is an effort by Vermont Electric Cooperative to exercise setting up alternate communications systems (due to communication outages) in order to communicate to restore electrical outages during a severe storm. This exercise will be held on Thursday, September 11, and will be facilitated by the U.S. Department of Homeland Security.

CAPI

Please note that this report covers activity from Sunday to Saturday, August 17 – 23, 2014.

CALL DATA

**Number of Complaints Investigated, by Company
YTD 2013 and 2014**



CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- FairPoint:
 - (9) Delay in phone service restoration
 - (1) Disconnection
 - (1) In-home fee-for-service without consumer permission
 - (1) Incorrect billing
 - (1) On-going, long-term weather-related service interruptions
 - (4) Broadband service restoration
 - (1) Email send/receive delay
- (1) Health effects associated with statewide cell service deployment and the future health care costs to the state
- (1) Broadband availability
- (2) Comcast quality of service, in response to annual notice

POST CPG WIND COMPLAINTS

- (1) First Wind, for noise
- (1) Kingdom Community Wind, for noise

OTHER DIVISION ACTIVITY

Lifeline: CAPI received a complaint from a consumer who is waiting for a Lifeline benefit through QLink Wireless. According to the consumer she has been waiting two months for verification of her application from Economic Services. There has been a delay at DCF while they determined how to securely send customer information electronically to the carrier. We received word that this has been resolved as of this week so ESD should be able to process QLink customers shortly.

New PSD website: CAPI has asked members of the PSD management team for information regarding desired functionality and content of the new website. We have engaged with our possible contractor to discuss process. The contractor suggests it would work best to pay him hourly to develop the scope of work for a contract. This time would include an in-person meeting with the management team and other consultation to help us determine what we want.

Equipment Distribution Program Contract amendment: This program provides communications equipment (computers, smart phones, etc.) to Vermonters who are deaf or hard of hearing. CAPI is currently awaiting the approval by the Agency of Administration of a amendment to extend, for another two years, the contract with the Vermont Center for the Deaf and Hard of Hearing.

CAPI Summit with electric utilities: CAPI is preparing for its annual meeting with utilities. We

have secured space in Barre on October 10 and will be emailing a save the date notice to utilities shortly. Topics and guest presenters are being developed.

Public Advocacy

Rutland Renewable Energy, LLC – City Solar Garden Project – Docket 8182 – The PSB found the project would promote the general good of the state and issued it a CPG with usual and expected conditions. In so doing, the PSB accepted the Hearing Officer’s PFD inasmuch as it states that the cost-effectiveness of the PPA should not be part of the section 248 review, but should be reviewed in a rate proceeding. Additionally, findings on § 248(b)(4) (economic benefit) are thin.

Vermont Water Utilities Proposed Rate Increase – Tariff 8517 – The PSD issued additional informal discovery requests on the petitioner, who responded promptly. The PSD turned around more informal discovery questions just as promptly. Additionally, the petitioner submitted a disconnection notice, as well as rules and regulations revised to reflect PSD feedback.

Use of Poles Treated with Pentachlorophenol – Docket 8310 – In a letter to the PSB, the agencies (ANR, AAFM, VDH and PSD) proposed a process for the investigation. The proposal includes the PSB creating a working group to be comprised of 4 public members (to be appointed by the PSB), 4 state agency members, and 4 utility members. At the prehearing conference, the Board requested comments on the agencies’ proposal, as well as intervention requests, by September 3rd.

Willoughby Water – No Docket – The PSB Clerk contacted the PSD curious about the PSD recommendation letter, which suggested the PSB support the temporary rate requested by the owner. The Clerk stated that the PSB never actually received a temporary rate request from the owner. PSD contacted the owner for clarification. While we have a June 4th email from the owner that states he submitted the request to Susan Hudson, he now says that he did not. On my additional urging, supposedly he filed it yesterday. Meanwhile the PSD has attempted to assist this owner in working on a rate request filing without much success. The owner intermittently decides to pay a little bit of attention to the idea of requesting a rate increase and will email us a question or a document or a piece of information that the PSD has already seen and acted on either by editing or requesting supporting documents - that the owner doesn’t supply. He recently emailed yet another draft disconnection notice that seems to disregard the PSD suggested edits (and apparently disregards the templates we send him); says he doesn’t have rules and regulations (despite the fact that the PSD has given him a template); and still hasn’t provided the back-up receipts we have requested for months. In an email to the owner, the PSD has attempted to summarize the PSD’s understanding of the next steps and documentation requirements, once again providing templates and edited versions of disconnection notices, tariffs, rules and regulations.

Barton Solar – Docket 8148 – The PSB issued an order approving petitioner’s request to

approve a substantial change and amend its CPG. The PSB dismissed the Menards' request to suspend construction until there is clarity about the changes, determining there is sufficient evidence in the record.

VELCO/GMP Bennington Substation Project – Docket 7763 – In accordance with Condition Nos. 23 & 24 to the CPG, the petitioner performed environmental testing in connection with the decommissioning activities for the project; provided its environmental sampling and testing work plan, and informed the PSB that no remedial work plan was required by DEC since arsenic levels were the only soil contaminant that exceeded state and federal levels (DEC does not require groundwater sampling since arsenic levels commonly exceed the soil screen values due to weathering into the soil from local bedrock).

Rule 4.100 Winooski One Proceeding – Docket No. 8010 – After a year's delay in issuing a Proposal for Decision, the Board has now issued an order setting an aggressive schedule for this proceeding. The Department is still reviewing the order to determine whether it should request amendments to certain holdings. Simultaneously, the Department is preparing high level testimony to file on August 29 (the deadline set by the Board). Our intention is to describe the avoided cost rates generally and to respond to informal questions from VIPPA in this testimony. Separately, the Department and VIPPA are beginning discussions about a protective agreement to enable the sharing of proprietary information.

Hardwick Electric & Hill Farmstead Dispute – No Docket – Hardwick and Hill Farmstead Brewery have had an ongoing dispute about upgrades to the system that are needed to accommodate Hill Farmstead Brewery operations. A meeting was held on August 21 between Hardwick, Hill and the Department to attempt to resolve this matter. Progress was made and information is flowing between the parties on certain engineering questions. A follow-up meeting is scheduled for Sept 3. The Department emphasized to Hardwick the importance of expanding Vermont's brewing capacity.

VGS Addison Expansion—Docket 7970 – The Board has approved the schedule submitted by the parties for the post-CPG process with respect to the Old Stage Road rerouting in Monkton. Non-petitioner rebuttal testimony was filed on August 27. Ms. Lyons offered testimony, as did the Department's aesthetics consultant. The technical hearing will be held on September 23. The Board lifted the construction stay on the corridor within the VELCO ROW on August 26. It approved the Soil Management Plan VGS has presented over the objections of several intervenors. Vermont Gas is currently conducting verification testing to support the efficacy of the SMP and the Board ordered that those test results be filed.

Appointment of Natural Gas Energy Efficiency Utility – Docket 7676 – VGS and VEIC each filed a proposed version of an Order of Appointment document with the Board. Comments are due on 9/2 with Reply Comments due on 9/9. The main differences between the two filings are that VGS seeks to use existing business processes and regulatory structure to collect and expend energy efficiency monies, a position that the PSD supports, while VEIC proposes that VGS be required to use the Fiscal Agent Process applicable to existing EEU's. A variety of associated

issues are also in dispute. Eventually it is likely that the Board will hold a workshop on this matter and ultimately they will determine which structure to use.

Sudbury Solar 2.0 MW Solar (Std Offer) - Docket 8225 – PSD is in discussion with Petitioner about the impacts of a new .5 mile of three phase line needed to take power from the project. Petitioner currently asserts that this line is not part of the project, but PSD is evaluating this.

Chelsea Solar 2.0 MW Solar (Bennington) (Std Offer) - Docket 8302 – A prehearing conference on this new petition was held on 8/25. Petitioner did not have a proposed schedule. Neighbors filed a motion to intervene which was denied without prejudice for failure to state adequate grounds under the PSB rule on intervention. Neighbors and Petitioner are in negotiations about location of access road, which neighbors assert is on land subject to deed restrictions. Petitioner asked for 30 days to continue negotiations with neighbors. Site visit and public hearing tentatively set for 10/16, with the remainder of the schedule to be determined at a later date.

Investigation into Utilities' Provision of AMI Data to Efficiency Vermont – Docket 8316- The Board held a prehearing conference in this matter on 8/25. VEIC agreed to make a supplemental filing by 9/12. All parties are entitled to file a position statement on 9/19 on four issues: The nature and extent of the obligation to provide information, whether that information must conform to a standardized format, who pays for the set up cost to transfer this information from a DU to VEIC and who pays for the recurring cost of transferring this information to VEIC. Reply comments will be due on 10/10 and the Board will conduct a phone status conference to set a further schedule on 10/16.

Demand Resource Plan Proceeding EEU 2013-01 – Comments from Stakeholders on the Joint (PSD, VEIC, BED) filing on Quantitative Performance Indicators are due 8/29 and the Board will hold a workshop on 9/2.

Charter Cable CPG Renewal – Docket 7820 - The Department received extensive discovery from Charter on August 25th. We will be meeting with Charter on September 3rd to continue settlement discussions.

Stowe Electric Petition for Approval to Finance Acquisition of Vermont Transco LLC Membership Shares – Docket 8325 – The Board approved Stowe Electric Department's Petition by Order dated August 22nd.

Comcast Charter Merger – Docket 8309 – The Department issued a second round of discovery requests to the petitioners, focused largely on Comcast's recent line extension work. Petitioners will respond by September 2. The Department generally supports the proposed transfer, but will explore crafting CPG conditions aimed at protecting Charter customers from potential harm as a result of the merger. Petitioner and the Department hope to reach agreement on an MOU by September 10, otherwise a very quick litigation schedule will be filed

to accommodate the federal requirement that the Board issue a decision on the petition by October 15, 2014.

Cold River Solar – Docket 8188 – The Board wrapped up three-and-a-half days of technical hearings in the docket. The Department did not execute an MOU in this proceeding and will likely brief issues surrounding aesthetics, orderly development of the region, sufficiency of the decommissioning fund, and public health and safety (fencing). The Department supports the project generally but will ask for certain CPG conditions consistent with its briefing positions. Initial briefs are due on September 22.

Energtek-North Country Declaratory Ruling re: PSB jurisdiction Over CNG Facility - Docket 8303 - Engineering staff continues to review the draft MOU and has asked informally for additional documents. If they find the project acceptable, the Department will support the requested ruling much like we did in the NG Advantage matter.

Vermont Gas Plouffe Condemnation—Docket 7819—Oral argument as requested by the landowners was held on July 9 in this case of first impression involving a preexisting utility line. The landowners objected to the Hearing Officer’s Proposal for Decision, which found that the condemnation was necessary. The P for D was supported by the Department and Vermont Gas. The Board issued a Final Order upholding the P for D with only minor revisions, none substantive, and clarifying a few other issues. The Board ordered a second phase of the proceeding to consider the issue of compensation.

Finance and Economics

Electric

GMP –Tariff Filing 8521: Power Adjustor Q3 2014. For the quarter, GMP collected \$3.6 million more in rates than its actual power costs and with this filing has proposed to use \$2.2 million to off-set the remaining balance of the 2013 Storm Surcharge and retain the balance of \$1.4 million to off-set probable storm costs for the balance of this fiscal year. Staff has started its review and is questioning GMP’s handling of the Wind O&M issues that arose last quarter. We have sent informal discovery questions to GMP. Staff is also performing a spot audit and requested supporting documentation for selected items on the Power Adjustor. PSD recommendation is due September 14, 2014

Gas

VGS 2014/2015 Base Rate Filing – The Company filed its ‘preliminary’ cost of service on June 30, 2014 for the 2014/2015 rate year requesting a 2.34% or \$2,007,874 rate increase. This week we continue to review an updated 8/22 draft. Preliminary figures indicate there may be a 1.8% or \$804k decrease in firm rates after removal of Phase I capital costs and the use of rate payer provided funds. The decrease may become larger when we complete our onsite review next week. Its final cost of service is scheduled to be filed on August 28. Our recommendation on the August 28 filing is due on September 26, 2104.

Vermont Gas Systems – Began review of the Vermont Gas Special Contract to provide

interruptible gas service to Agri-Mark. Under the SC VGS will sell CNG to Agri-Mark which will be transported and delivered by NG Advantage. The SC is scheduled to terminate upon completion of GS's phase I expansion to Middlebury. Our recommendation is due September 8.

Telecommunications

Broadband Data Request – PSD staff has been following up with providers on the request for broadband data as of 6/30/14. This request specifically asks for information about availability at various speeds, including 768/200, 4/1, and 100/100. Most providers have difficulty identifying areas where all locations have access to these speeds. FairPoint in particular cannot identify locations that have speeds greater than 768/200, so in all likelihood will simply be excluded entirely from any maps showing areas with access to 4/1.

Charter CPG Renewal – A condition in the current Charter CPG indicates that the route map it is required to submit by statute shall be submitted confidentially subject to a Board protective order. PSD staff suggested in testimony that the confidentiality provision be removed in the new CPG. Charter has submitted discovery questions to the Department inquiring about requirements imposed on other companies to submit maps.

248a Process Guide – Staff completed a first draft of the 248a Process guide, which is mandated by Act 190. The process guide provides information to the public on the 248a process for siting telecommunications facilities and opportunities for the public to participate. The report is due to be posted on our website by September 1, 2014.

Telecommunications Plan Hearings – The Department is holding public hearings this week on the Telecommunications Plan comments draft. Two of the hearings are complete and were successful. Turnout has been higher than in previous years, but there were still many empty seats. The remaining meetings are in Barre, Rutland, and St. Johnsbury. Once the Department completes the hearings it will take comments received at the hearings and analyze them for possible changes to the Telecommunications Plan draft.

Wireless Telecommunications Facilities (248a) Report –

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

Date	Applicant/Location/Type of Filing	Brief Synopsis and if applicable DPS recommendation to the Public Service Board
8/18-21/2014	VTel/Bennington/ project of limited size and scope	Construction of a new 90' matte gray monopole on land owned by Southern Vermont College in an area with existing access and utilities; Bennington Planning Commission and Bennington County Regional Commission support the project; project did not raise any significant issues, but DPS reserved recommendation until after the Board rules on intervenor request from abutting landowners, and

		on or about 8/21 DPS received intervenor request from CTI towers saying facility should be co-located on one of their nearby towers.
8/21-27/2014	VTel/Hartford (Quechee)/phone and email contact	The Town, abutters, neighbors, and a state legislator have contacted DPS with concerns about a proposed 90' monopole. The Town has proposed conditions on the Project to ameliorate aesthetic effects. The regional planning commission supports the project.
8/27/2014	Verizon and AT&T/Stratton/project of limited size and scope	Construction just off of a ski trail at Stratton Sun Bowl ski resort of a 90' monopine on which both Verizon and AT&T will locate antennas; DPS recommended approval.



State of Vermont
Department of Public Safety
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To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: August 29, 2014
Subject: Weekly Report

Division of Emergency Management/Homeland Security

Issues/Updates:

The VY Interagency Group met this week. Topics of discussion were the ongoing work on the memo to the administration regarding needs for ANR and VDH. DEMHS does not have needs related to site restoration and decommissioning issues. DEMHS needs are focused on emergency response capability in the EPZ. We are working with MA and NH to provide final budget numbers to Commissioner Recchia.

Based on final numbers provided by FEMA the \$1M statewide threshold and Windsor County threshold have been met in joint PDA's for the storm of 7/28/14. The Director submitted a request for an extension beyond 30 days to submit a declaration request, and it was sent to FEMA by the Lieutenant Governor this week.

DEMHS received a FOIA request from Seven Days regarding "Annual spreadsheets since 2004 that identify each grant (Homeland Security grant funds) award, including agency, amount, and items to be purchased."

Two HMGP buy-outs in Hartford City were approved by FEMA on 08-22-14. This brings the total to 110 buy-outs approved (out of 139 submitted to FEMA since Irene). FEMA also approved the flood proofing of the Barre City Historical Society, an application that has been worked on for two and a half years.

Further coverage based on release of the Flood Ready website and our follow-up ERAF press release: <http://www.burlingtonfreepress.com/story/home/2014/08/21/vermont-enticing-disaster-preparedness-money/14420907/>

VPR is working on a story for the third anniversary of Tropical Storm Irene, focused on Bennington's ongoing eligibility challenge and the overall recovery of Vermont's road system. Recovery and Mitigation Section Chief provided additional background data to reporters Susan Keese and Nina Keck.

Legislative Contacts:

Provided congressional staff with background information regarding status of Roxbury Fish Hatchery, Codes and Standards follow-up correspondence with Region 1, and HMGP progress, including a status report on the "Outstanding issues" list from May 2013, and a new list of five potential problem projects.

Vermont State Police

A Troop

17 total arrests, 9 DUI

Troopers continue to respond to TT units stuck in the on 108 "the notch". Working with AOT to mitigate.

Troopers were dispatched to a person in crisis check welfare in Duxbury. Upon first troopers arrival subject shot through bedroom door at trooper. After hours of a tense standoff and negotiations the subject took his own life.

Troopers were involved with lost hikers on the long trail and assisted with teams locating hikers.

Assault on CO at CCCC, accused cited.

B Troop

11 total arrests, 4 DUI

Increase in residential burglaries, with no clear MO or target area.

Bradford has begun receiving a rash of burglaries specific to the north end of the Patrol. Directed Patrols will be coordinated. Vacations and special teams, limited shift coverage.

Follow up on crime stoppers tip reporting that the brake lines of a Motorcycle had been cut and had caused a 2011 motorcycle fatality in Irasburg. Fatality was a lone motorcycle failed to negotiate a curve and collided with an object on side of road and operator was deceased. Tipster is advising that a subject had cut the brake lines as retaliation towards the operator for allegedly committing a sex assault on a female several years prior.

C Troop

20 total arrests, 7 DUI

Large patrol detail for the grand opening of Vermont Cider new factory, several DUI arrests, no major issues.

New Case: – Drugs mailed to inmate at Marble Valley Regional Correctional Facility.

D Troop

17 total arrests, 2 DUI

Troopers responded to an alarm at the Rockingham Shell; found to be an active burglary; video shows 2 males entered the store & took items; investigation

MV Complaint – I-91NB. BOL aired for erratic operation NB on I91. Tpr. Waitekus caught up with the vehicle and stopped it at mm18. The operator, Louis Tobin was arrested for a small amount of heroin, DUI-Drugs, Violation of Conditions, and Violation of Probation. DRE utilized.

Tpr. stopped a vehicle on Route 30 and as a result conducted a consent search. The operator, Killian Lynes 18, was arrested for felony possession and trafficking of Heroin.

Troopers responded to a domestic dispute in Townshend; before arrival, the male shot the female, and then turned the gun on himself; BCI is following up with the investigation.

MV stop and arrest of female travelling SB on I91 Guilford at 112mph-0099 done as she had Marijuana in her purse at time of arrest.

MV stop I89 NB based on CI info of a heroin trip Barre to Nashua-male and female arrested after female admitted to body packing-34.9 grams of raw/bulk heroin recovered from her. Both male and female charged with felony possession, trafficking, and importation of heroin.

Arson

On Tuesday the fire unit was requested to conduct another fire investigation in Barre City. Fire occurred at a garage used primarily for storage. There was power to the garage but a neighbor reported hearing two vehicles speeding away from the scene just prior to two "explosions". Fire investigation determined the fire was an intentional act. The fire unit has reviewed all the fires that have occurred in Barre and have been reported to VSP for 2014. The fires have occurred during night hours and at buildings used for storage. The Barre City FD is trying to state that 6 fires are connected but the fire unit believes on 3 are connected (8/3, 8/9, 8/19). The fire unit has spoke to Chief Bombardier and he is in agreement with the fire unit that only the last 3 fires are connected. (Lamothe and Smith)

On Thursday the Barre City PD discovered a vacant city building had been broken into. A pile of pallets were discovered in the center of the basement with paper placed in the center. The FD removed the pallets and the PD set up cameras hoping to catch anyone entering the building. No suspects have been identified.

The entire fire unit responded to a large fire at a plywood factory in Rutland Town. The first fire occurred around 1700 hours on Wednesday. The fire was believed to be the

result of a mechanical malfunction in an out building. The fire did extensive damage to the out buildings but it was extinguished. The company advised it is not unusual to have fires occurs in the area of the first fire. The employees established a "fire watch" and early Thursday morning a second fire was discovered approximately 100 feet away from the first fire in the "chipper" room. It is believed embers from the first fire fell onto the chipper roof. The roof is metal but there was approximately 8-10 inches of saw dust, white birch bark and small pieces of wood piled onto the roof. When ever the chipper was in use debris would fall onto the roof. The company would clean the roof off but employees advised they had not done so for a few weeks and the metal roof was covered with dry wood debris.

Fire Safety

Issues / Updates:

The Division received \$15.5 million in new plan review construction valuation collecting \$86,500.00 in permit fee revenue.

Criminal Justice Services

A contract for analytical services has been signed with the Crime Research Group which is the follow up organization to the Vermont Center for Justice Research. The Crime Research Group (CRG) has developed a work plan and is starting work.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: August 29, 2014
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Interest to 5th Floor from BGS Directors:

Waterbury State Office Complex:

- Media: There has been a lot of media attention this week. Interviews and stories have or are being run by the Burlington Free Press, VT Digger, Associated Press and Waterbury Record. The topic is the same for each media source; a project status three years after the storm. More media requests are likely this week.
- LEED: 8-13-14 - LEED update was provided and the project appears to be positioned to achieve the Gold accreditation. Final determination is not received until well after project completion.

Barre City Place:

- Roof leak(s) persist and owner is aware and addressing. Also learned of leaks on a lower floor last week and getting that addressed also. Patience is running thin with tenants on resolution of this problem that has persisted since occupancy.

Barre – District Court:

- Boiler Replacement: EF Wall subcontractors are installing the new boilers and associated items. BGS is working on arranging a pellet delivery to fill the new silo. Project completion is anticipated before the end of September.

Significant Events/Meetings:

GMP/State Agency Meeting: Three MW solar installation to be pursued by GMP on Windsor Correctional Facility land. Fish and Wildlife, stewards of remaining land, in support.

White River Junction Meeting with Don Wells, D.E.W Corporation: Scheduled for Friday, August 28th at Noon. Issue is cost overrun on White River Junction SOB and who is going to pay or what arrangements are going to be made.

Hunger Mountain Day Care: Sale to WSOC to Hunger Mountain Day Care deal to close today.

Legislative Issues/Contacts:

AG/ANR Lab Presentation to House Committee on Corrections and Institutions: Met on Wednesday to present VTC as the State's choice. VTC garnered a 9-0-2 vote in HCIC and a 5-0 vote by SIC. Next Friday is the presentation to the Joint Fiscal Committee.

FINANCE AND MANAGEMENT

Issue Updates:

Six RFPs were received in response to the requirements gathering project for the VISION upgrade. The selection team of eight staff (employees from FinOps, DII, BGS and VTrans) are meeting to be the selection process. Michael Clasen is the project sponsor from the Agency of Administration.

Deputy Commissioner Clark is leading the interview process for a new budget analyst.

As of the morning of August 29, 2014, the food fight fund has received \$248,221.64 in donations from 1,172 individuals/organizations. This includes a \$78,000 donation from SumofUs.org.

HEALTH CARE REFORM

Issue Updates:

Green Mountain Care Planning: We continue to make steady progress on benefits design and financing. The data collection for the consultants is on track. We received minor pushback from Delta Dental about cooperating, but that has been resolved.

Anya and Robin have been working on outlining the decisions/issues related to budgeting, revenue cycles, and the GMCB process. The goal is to determine how to change the dynamics with the legislature around revenue/budgets, and to determine how the GMCB will approach the GMC expenditures. Michael Costa has been researching how to create a revenue stream that will have an automatic inflation factor applied by the Tax Department to ensure sustainability. In addition, Robin has pulled in Emily Byrne to help them think through how GMC would interact (or not) with the existing revenue forecasting process and our state budget process. Once we have recommendations, Robin will also check in with Sarah London about the separation of powers & delegation of legislative powers issues, to ensure that we have identified the legal risks (this is not a well settled area of law, so it will be

a matter of determining level of risk for any particular process). We will schedule a time the week of the 9/8 (including Jeb, Lawrence, and Liz) to talk this through. By the week of 9/8, we will have a deck of issues to talk through on the staff level to see if we can get to a recommendation for the Governor for late September or early October.

Health Care Advocate: Devon has been working with the HCA on a new grant they would like us to apply for on their behalf from the federal government. DFR would need to be the applicant, because the feds are requiring that the entity which last held this grant be the applicant. Robin does not expect DFR to be thrilled about this prospect, since they already would prefer to defund the HCA. Devon has engaged with Fin & Man about whether this would be additional funds or whether there would be an expectation that HCA carry over money. Emily Byrne is talking with Sarah and Jim about this. HCA, of course, would prefer the money to be additional. This is just a heads up that this is in process.

DC meetings: Robin is working on the briefing memo for the Governor for the Burwell meeting. We have 4 primary asks for the Secretary: 1) please authorize CMMI to engage with us on the all payer waiver we would like to pursue; 2) please authorize a high level single point of contact for the Section 1332 ACA waiver, which spans several parts of HHS plus Treasury; 3) please work with us on the Section 1332 process, because there are no substantive rules. We would like to create a Memorandum of Understanding with HHS on how to approach the waiver's substantive terms; 4) please continue the status quo in Medicaid & Medicare while we work with them on the waivers and creating our new system. For example, the Medicare demo which contributes funding to the Blueprint for Health medical home and community health team payments is set to expire at the end of the year. We'd like to continue our program until we move to the new payment system.

Shana is working on setting up a meeting with Secretary Lew of Treasury.

HUMAN RESOURCES

No report.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare:

- Efforts continue on healthcare initiatives with respect to integrated eligibility. Estimated operations and maintenance costs are being established for all solutions to clearly highlight total cost of ownership once development work is completed. It is critical to keep maintenance and operations effort at a sustainable level.
- Our Chief Information Security Officer (CISO) has submitted security needs as part of a supplemental grant that will be presented to CMS. This represents a significant step toward remediation of security items for the exchange if CMS approves funding.
- A letter is prepared and will be sent to CMS by week end explaining the current disposition of Plan of Action and Milestones (POAM) items. This is a fact based letter on the current situation.

ITOP/SOV Private Cloud:

- We have completed the migration of Judiciary technical infrastructure to the State “private cloud” managed by DII.
- Treasury has requested to escalate their migration to SOV private cloud. Loss of key staff is putting pressure on them, and we have committed to move them as fast as possible to reduce their risk.

Evolving Issues:

- We have completed the first wave of voice circuit line consolidation. Efforts reduced land lines across the State by 905 circuits, and we will initiate second round of validation next week. We hope to complete the validation process NLT 30 Sep and proceed with disconnects during the month of Oct.
- It was discovered this week that certain forms on the info.healthconnect.vermont.gov Website were being used to share Personally Identifiable Information (PII) in a non-secure manner. Sean Sheehan, the site owner was contacted and the data was removed from the Website. He is meeting with his staff and users to educate them about sharing data online and updating the affected forms to include instructions about not entering such data. The issue resulted from users of the forms entering their own or other people’s Social Security Number in the comments field.
- Vermont Information Consortium (VIC) is assisting with the update to the VTShares Website for this year’s charitable contribution campaign.
- Work has begun on a contract to extend the Open Data Pilot Project into a full blown Open Data Portal. The current contract expires mid-September and the plan is to have a new contract in place before then.
- A meeting is scheduled for 8/29 with the Health Department, CMO’s Office and DII to help them determine the best path forward for redesigning their Website.

LIBRARIES

No report.

TAXES

Legislative Update:

Ed Finance: Discussed general ideas around ed finance with the Speaker. He does lump governance and finance together, with no particular “solution” in mind, although he has some thoughts about the process to debunk myths, define the problems, and come to short term savings on spending and long term structural changes. Also spoke to Rep. Condon, who separately is continuing to pursue his income tax approach, supplemented by much lower statewide property tax for residents. Although the idea has kicked around for a while, still does not seem that well baked. We did debate whether property tax is really the problem – he asserts we “over rely” on property tax, which led to an interesting discussion of our revenue structure (and the current underperformance of income tax).

Cloud: Had a very lively meeting with some of the state’s biggest online vendors, together with the Software Alliance and Lake Champlain Chamber (and some practitioners as well – although I am

following up with them separately). I am sure Economic Development will report as well, so I will speak to the tax perspective. Our regulation tries to draw some lines around what is not taxable – information services, data processing, storage, security and the like. The businesses represented appeared to take this effort seriously, but were eloquent in stating how the lines were meaningless to them – the lines do not represent any logical distinction in the marketplace today. Essentially that is because they are engaged in selling a bundled mix of complete “solutions” either for a market niche (car dealers, grocers, hotels, realtors) or a generic market problem (IT functions, automated updating of Oracle databases). The mix is varied and constantly changing to fit a customer’s needs, but often priced as one flat monthly fee. They also pointed out the obvious, that most of their online competitors do not have nexus, and thus do not collect the cloud tax at the point of sale. Therefore, it is Vermont businesses that have to make these impossible determinations about what might be deemed software and face expensive use tax audits. Since many sales tax jurisdictions do not impose this tax (only 4 of the streamlined states), it becomes an extra cost of doing business in Vermont in this sector. Needless to say, they emphasized the mobile nature of their product and workforce.

We may want to engage the legislature again on this issue, and I have discussed it a bit with the Speaker. Some game changers for him potentially are that no more states have fallen into the cloud tax racket since this first came up in 2011 and real headwinds in other cloud tax states too – proposals for repeal, adverse court opinion in MI, lack of guidance documents. We can rerun the revenue estimate, but it has been going up (how the revenue estimate intersects with the lack of legal clarity as to what is taxable, particularly in a changing marketplace, is an interesting conversation to be had).

Operations:

Security: As the first phase of complying with IRS security audit findings of 2012, we engaged Berry, Dunn to write security policies – they have delivered drafts of the first twelve, and have been onsite to discuss and revise. This has been a monumental task, and one high priority focus of the policies is defining roles. Our IT division will now have a more clearly stated security mission and functions to be performed in conjunction with DII’s security division. Training and implementation for these policies will be another major task, once completed.

VTax Project: Planning is now focused on end to end testing, and go live. Important dates include that corporate returns will no longer be processed in ETM as of October 1 – money will be deposited, but the returns will be held until VTax is live (not expected to have a great impact, since processing in ETM is itself delayed). On the afternoon of Weds, December 3rd the Department will “go dark”, with no deposits of money for any tax types until the following Monday, when VTax goes live. More details will be sent to the Treasurer and Finance & Management as this plan is finalized. This plan is considered necessary to reduce risk as we shut off the processing functions of ETM (and maintain just its functionality for collections for the next 3 years).