

From: Miller, Elizabeth

Sent: Sunday, June 30, 2013 3:50 PM

To: GPS

CC: Allen, Susan; London, Sarah; Porter, Louis; Richards, Alyson

Subject: Weekly Reports - Executive Privilege 06-28-2013

Attachments: Weekly Reports - Executive Privilege 06-28-2013.pdf; ATT00001.txt

highlights in case helpful to you - welcome back.

WEEKLY REPORTS

Checklist
6/28/2013

Elizabeth Miller/Aly Richards

- Agency of Commerce and Community Development – Lawrence Miller
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Armando Vilaseca
- VT Commission on Lottery – Greg Smith

Louis Porter/Drusilla Roessle

- Agency of Transportation – Brian Searles
- Agency of Human Services – Doug Racine

Sue Allen/Leigh Appleby

- 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
- Department of Liquor Control

Other

- Irene Recovery Office

CONFIDENTIAL and PRIVILEGED—No Sharing

To: Governor Peter Shumlin

From: Lawrence Miller, Secretary - Agency of Commerce and Community Development

Date: June 28, 2013

Re: Weekly Report

Good contacts and ideas at the AILA meeting including some alternate uses of EB5 based on new clear guidance from USCIS and some other projects. Will fold this into our alternative capital discussions.

- **National Manufacturing Day:** Ken Horseman met with Robyn Alpert of VMEC to discuss Vermont activities for the October 4th National Manufacturing Day. The plan is to arrange plant tours around the state in partnership with the RDC's, tech centers, guidance counselors and high schools. We will also pursue a governor's proclamation and potential press event in conjunction with this NIST-sponsored day across the U.S.
- **HMGP Planning Proposals:** Continued conversations with Vermont Emergency Management and ANR on an umbrella proposal to FEMA for Hazard Mitigation Grant Program planning grants. One element of the proposal would allow towns participating in DHCD's Vermont Economic Resilience Initiative to go beyond examining the hydrology of flooding to study how the movement of sediment and debris heightens the risk of damaging floods. ANR will take the lead.
- **HUD Monitoring Visit:** Devoted much of the week, along with the VCDP and GMS staff to a visit by HUD Environmental Review Officers who were on site to assess our compliance with the National Environmental Policy Act. After operating under an acting director for some time, HUD's environmental review function is under new and more energetic leadership. They have added oversight staff. This and the disaster recovery funding have brought them to our doorstep after, as they put it, "neglecting us for many years." DHCD will need to both make our process more robust and modify it to align with new guidance from HUD. The monitoring visit will result in official findings and concerns. Some items will be easy to address. More significant will be requiring applicants to complete environmental reviews prior to applying to us for funding. Modifications to the online application system are underway. Internal discussions have begun on the best way to expand internal expertise and build outside capacity to assist applicants. This applies to VHCB and the HOME program as well.
- Since 1999, statute requires BGS to give designated downtowns priority consideration when siting or leasing space. To see how we're doing, BGS and CP+R are working together on a map that overlays the

location of new state buildings and leases with our downtown districts. We plan to share this baseline information at the next meeting of the Climate Cabinet for their feedback and collect their thoughts on other ways to better invest state capital funds to support other modes of transportation and encourage the types of growth and development that reduce emissions.

- **Vermont Access Board:** The Board continues to discuss changes to the 2012 Vermont Access Rules to clarify requirements for vertical access in new and existing buildings. Improvements include provisions that:
 - allow lifts in lieu of elevators without a variance when upper floor access is the only component of a renovation project, and
 - exempt smaller, multi-family dwellings (three stories or less) from upper floor access requirements.

Bob Patterson, Deputy Director of the Division of Fire Safety, and staff to the Access Board are meeting with the Housing Council in July to collect their feedback. Caitlin is also working to assure thoughts of other stakeholders are heard and incorporated into the rule update.

- **Town of Morristown:** This grant of \$600,000 to rehabilitate the former Arthur's Department Store into 18 units of rental housing and commercial space on the street level continues to move towards a grant agreement offer. The project has been revised as the Billings building will be demolished and the housing units that were to be in the building will be on street level in the other two buildings. The redesign reduces the commercial space to approximately 3500 square feet which is a more realistic marketable space. A pre-closing conference was held and the status of the Award Conditions was communicated to the Town and Housing Vermont. Carl has asked for a project description update to make it easier to work with Dale to draft the grant agreement.

press?

Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report - Weeks Ending June 21 and June 28, 2013

Most Current: IBM: VDOL has now provided Rapid Response to over 300 IBM employees. We saw 200 at the first session at the Sheraton 2 weeks ago, 50 more on Saturday the 22nd, and 50 more this week on the IBM campus. At the IBM campus sessions, we did both RR and workshops. During the week of July 8th, we will be doing more RR/workshops, and then on Monday, July 15th, at the Sheraton, we will be holding a very large Resource/Training Provider/Employer Job Fair. I met with Janet Bombardier this week to discuss comparable employers, etc. The clock is ticking on the notification to VDOL. We have also heard the number 450 as the final count, but nothing confirmed. In addition, we've also been told another round of layoffs may be coming at year's end.

NEK Project: Dr. Lee of AnC Bio and I are meeting this month to discuss his workforce planning. VMEC is involved with assisting some of the projects. VDOL has directed CCV to incorporate in their upcoming grant proposal about 40+% of their funding requests for the Governor Career Readiness Certificate to the NEK project.

Unemployment Comp & Wage: Effective June 27, 2013 Vermont has implemented the 15% fraud penalty as outlined by Federal and State requirements. This penalty will be imposed on claimants who have been determined to have a fraud overpayment. This penalty will only apply to those weeks deemed fraudulent. The calculation on the fraud penalty will be on the total fraud balance and not the overpayment as a whole.

Claims Center Stats: For the week ending 06/22/13 we took 2,761 calls. This is a increase of 245 calls from the week ending 06/15/13. We processed 608 initial and 742 additional claims. This is an increase of 151 initial claims and a increase of 243 additional claims from the week ending 06/15/13. 4 claimants exhausted all tiers of benefits with the week ending 06/22/13 compared to 5 claimants who exhausted all tiers of benefits during the week ending 06/15/13. We paid 5,269 claimants during the week ending 6/22/13 compared to 5,504 for the week ending 06/15/13. 234 mass Claims were processed for week ending 06/22/13, primarily for the school district contractors.

Workforce Development VDOL has hired 4 interns (paid through our LMI division) to work in our district offices, and one in the LMI division on the Green Grant. The district Career Resource Office interns have reached out to numerous youth-oriented organizations and programs. They have also begun developing an outreach and education campaign designed to encourage young people to avail themselves of the various career resources VDOL maintains.

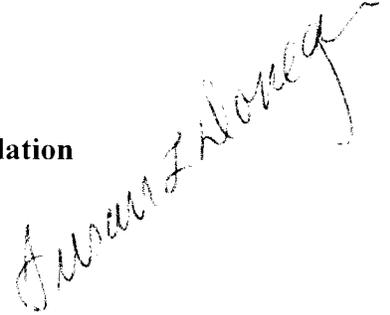
Legal: We are working to settle a VOSHA contested case, one serious citation to Lakes Region Drywall of Poultney for overloading an electrical circuit. Lt. Governor Scott has contacted us about a long-pending case against Vermont Concrete. It was dismissed from court without prejudice, but it appears that the FLSA analysis on the overtime complaint may have incorrectly included one of the main plaintiffs. VDOL Legal staff attended the Human Trafficking Task Force meeting in Burlington, and VDOL has offered money for printing posters in conjunction with the Center for Crime Victim Services.

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[Securities] 877-550-3907
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www.dfr.vermont.gov

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To: Governor Peter Shumlin
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: June 28, 2013
Re: Weekly Report



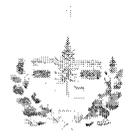
Captives Division:

Deputy Commissioner of the Captives Division David Provost announced that Greystone Insurance Company has been issued captive license number 993. It is a subsidiary of Friedkin Companies Inc., a Toyota distributor in Houston, Texas.

Notes:

The department's news will be minimal this week and next due to people on vacation and the July Fourth holiday.

One thing of note this week is that Commissioner Donegan will not be out of the country on vacation as reported last week.





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**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Secretary
SUBJECT: Agency of Education (AOE)
DATE: June 28, 2013

ESEA Waiver: I know that we will be meeting to discuss this next week; I would like to reiterate that in our prior negotiations, it was clear to us that the US ED is interested in simply replacing one punitive, prescriptive model of accountability with another. They are still insistent on are using single tests to determine accountability, and using that test to represent a significant portion of a teacher's evaluation. We feel that this is too heavy-handed; we want to move forward towards a system that is better for our schools, our educators, and most importantly, our students. We do not believe that a waiver will support this. We remain committed to continuous improvement, support of teachers and leaders, use of proficiency-based education and accountability systems, based on multiple measures of school effectiveness, and a competency/proficiency based system with a wide variety of assessments including formative and performance assessments, unconstrained by time. We reviewed New Hampshire's waiver application and nothing in it precludes us from doing the same thing – but it still depends on a single measure of accountability and still uses the firing of principals as the ultimate intervention in identified schools.

Annual Leave: I will be in Cuba on annual leave beginning on July 10, 2013 and I will return to the office on July 23, 2013. During this time I am assigning responsibility for all programmatic decisions to Deputy Commissioner John Fischer and all IT/Finance matters to Deputy Commissioner Bill Talbott. Any responsibilities and/or decisions that fall outside of these two areas will be decided jointly by these two deputies. If the need arises for another step in the order of succession, Stephan Morse would be that designee.

Next Generation Science Standards (NGSS): This week the SBE voted to adopt the NGSS. Vermont joins four other states (RI, KS, KY, and MD) in adopting these standards. NGSS are designed to make science learning from grade to grade more cohesive, and emphasize both hands-on learning and critical examination of scientific evidence. NGSS are also aligned with, and make connections to, the Common Core State Standards (CCSS) for Math and English/Language arts that will be implemented in the 2014-15 school year. Along with the adoption of the CCSS, NGSS is another valuable tool for our schools and will utilize multiple ways in which we can prepare our kids for life beyond high school and improve and increase opportunities for students, especially in STEM-related fields. I will be discussing the NGSS next Wednesday on WCAX's "The :30".

Education Quality Standards (EQS): The unanimous vote by the State Board this week marks the official start to the administrative rulemaking process for EQS. These standards include a requirement of three years of math (Algebra I, Geometry, and Algebra II) as part of high school graduation requirements.

press.

Building Effective Support for Teaching Students with Behavioral Challenges (BEST): On Monday I spoke to over 400 attendees at the 2013 BEST Institute. The title for this year's four-day conference was "Every Student, Every Day: Creating Systems and Practices for Meeting Students Where They Are". Participants included school teams of educators, family members, community and human services providers. Registration for the institute was above capacity this year. More information on BEST can be found here: <http://www.uvm.edu/~cdci/best/>

Nellie Mae Education Foundation (NMEF): Thank you for taking the time to meet with Deputy Fischer and I and representatives from the NMEF.

State Board of Education (SBE): The SBE met on Tuesday and Wednesday in Stowe for its regular monthly meeting and its annual planning meeting. In addition to the above mentioned approval of initiating rulemaking for proposed revisions to the School Quality Standards (Rule 2000) and the adoption of the NGSS, the SBE also approved initiation of rulemaking with respect to proposed changes to the rules governing Driver Education (Rule 2350). In other action, the Board approved, against my recommendation, a waiver request from the Chittenden South Supervisory Union which will permit the SU board to add one additional member from the CVUHS Board. The Board also tabled action on whether or not to regroup the Battenkill Valley SU until the Agency has completed an impact study. Lastly, the Board engaged in discussions on future policy considerations and strategic planning, in accordance with statutes. A few of our newly-appointed SBE members are often confused between their role as policymakers vs. the AOE's responsibilities in implementation and administration. Also, Act 98 requires that the Secretary "annually, prior to September 1, present the governor's education policy priorities to the state board." I will be in touch with your office to set a time to discuss this with you.

Governor's Institute of Vermont (GIV): Today I'm traveling to UVM to visit the GIV's Engineering Institute and the Japanese festival and dance class at GIV's Asian Cultures Institute.



Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, June 28, 2013
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GPS

DC Delegation Visit

Sue and I were in DC on Monday for a meeting with the legislative staff of all three members of the delegation to discuss the Appropriations process under the current Transportation authorization, the reauthorization of the existing bill (MAP-21) which expires in 2014 and the latest TIGER grant application for western corridor rail improvements. (More info in Staff section)

I-89 Southbound Issues

The ledge project at the south end of Richmond Flats is finally complete. The rain added several weeks to the schedule. The jersey barriers, sign packages and lights, etc., have been moved to French Hill in Williston for a serious slope failure and pavement washout which could take a month to repair. We will be down to one lane the entire time of this work.

The permanent fixes on the bridge in Winooski are scheduled to begin Monday, July 8. We will limit work to between 10:00 AM to 2:00 PM each day to avoid excessive traffic problems. However, due to the level of traffic at that location there will still be problems and complaints. We anticipate the permanent repairs to take most of the week.

Storm Update

It is Friday morning and the worst case was not realized from the low pressure system, which ended up being a bigger problem for northern New York. We have no new significant problems at this writing but will be dealing with the chance of T-Storms for the next several days and are acutely aware that a lot of New York's rain ends up in Lake Champlain, just like ours.

Highway Safety Alliance

We will launch the new collaborative effort among several state and local departments and agencies with a presser on Monday at noon. I will MC and the Chair, Kevin Marshia of VTrans, along with Keith Flynn and Rob Ide, will make remarks.

GIS Pilot for Asset Management

Our Rail Section is currently piloting a GIS-based system that is giving us real time reports and photographs of the rail system and it has been particularly valuable during this rain event. Rail staff with IPads are sending information back to headquarters about potential problems and contractors and the railroads can be immediately alerted to mobilize. This system has great potential for the road system, as well. (More in Staff section)

NOTES FOR STAFF

DC Delegation Visit

The current authorization does not provide the level of protection to small states that will serve Vermont well in the long run. We are still protected by recent appropriations bills that have continued funding at 2011 levels and would be well served by more Continuing Resolutions. Our delegation is committed to making sure that minimums are protected and that the Highway Trust Fund is propped up by non-transportation revenue, as it has most recently, as these funds are not subject to MAP-21.

If the letter of the law were followed in the appropriations process under MAP-21, Vermont could lose 30% of its federal funding.

Sue Minter stayed in DC an extra day to speak about T.S. Irene and the impact of severe storms to the American Geophysical Union. Pretty heady stuff.

GIS Innovation in Rail Section

The Rail Section is testing the new GIS “Dashboard” data collection program to see the storm damage in real time so that the ICS staff can respond more quickly and effectively. The system will show all the damage reports, sketches of the damage, preliminary written reports and photographs and place them on a map at headquarters in real time so that we can respond. Further, the NWS radar is overlaid on the map so we can provide real time information on weather threats to field staff.

Field staff are using iPhones and IPads along with a satellite-compatible tablet to help where cell service is poor or nonexistent. Many of these rail lines are through remote places, such as on the Green Mountain Railroad from Rutland to Bellows Falls and cell service is sketchy. All of this information is coded and compatible with FEMA reporting requirements as they are the funding agency for emergencies on the rail system. Staff are able to use this equipment on high-rail vehicles and on actual trains, which is what is happening today.

So far this morning staff has discovered a minor washout of ballast at Mile Post 69.75 on the VTR north of Rutland. No other problems have been reported.

We have high hopes for this system proving effective for use on highways, as well.

Legal Update

The goal of Fair Share Traffic Mitigation in transportation planning suffered an apparent setback this week with the announcement by the US Supreme Court of a decision in the case of *Koontz v. St. Johns River Water District*. This Florida case came down in the favor of a developer who was being asked to finance mitigation efforts. We are analyzing the actual effects on our current world of Act 250 and the future world of Fair Share.

In the case of *Richard G. Conway, et. al. v. Brian R. Searles* (US 7, Pittsford Resurvey Appeal), which was scheduled for trial starting on June 24, there has been a settlement and these are the key points of the agreement:

US7/VT3 Triangle: The Conways (filling station owners at the intersection) will convey to the State fee title to a triangular parcel at the US7/VT3 intersection. Although the Conways have long argued that the triangular area belongs to them, it is – at least partially – under the traveled portion of the highway.

US 7 Westerly Boundary: The parties have stipulated to a staggered boundary between US 7 and the Conway's property that, along the Conway's frontage, will vary the westerly boundary of the US 7 right of way to between one and one-half rods (24.75 feet) and three rods (49.5 feet) out from the centerline.

The State will pay the Conways \$60,000. This is an important settlement in the advancement of Pittsford US 7 improvements that have been long-planned as part of the Pittsford/Brandon project. The Brandon part of the project was completed several years ago.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: June 28, 2013

Vermont Department of Health (VDH)

Pesticide Investigation Update:

The VDH and the Agency of Agriculture is sampling residences where pesticides may have been misused. Depending on the sampling results, the VDH may follow up with questions to assess symptoms of exposure. For the Whitney house, the VDH is determining a screening value for chlorpyrifos to guide the clean-up efforts. Sampling results are expected by the end of the week.

Eastern Equine Encephalitis (EEE) Update:

- Mosquito trapping began this week
- EEE testing equipment has arrived at the public health laboratory
- The Arbovirus Surveillance and Response plan has been posted on the VDH website
- A public meeting is planned for early July in Brandon

Department of Mental Health (DMH)

Press Coverage:

WCAX and the Brattleboro Informer have focused this week on the arrival of Division of Licensing and Protection (DLP) personnel at the Retreat, who are following up on patient complaints at the facility. News coverage should clarify that DLP staff, who have completed their survey on June 26th, are not there in their capacity as follow-up Centers for Medicare and Medicaid Services (CMS) reviewers for the Plan of Correction that was submitted last month. That survey is still pending and will occur sometime before August 15th. The Retreat's press release from the preliminary exit interview indicated *"Today, surveyors from the Centers for Medicare and Medicaid Services (CMS) completed a three day review of 17 complaints and determined no findings on these complaints. They had one preliminary finding on a separate issue which they will assess further. We are pleased with the results of this week's review and the work of our employees. This review was separate from the follow-up survey that CMS will conduct prior to August 15 and which is related to the recently submitted Plan of Correction that was accepted by CMS."*

Legislative:

A summer workgroup, as follow-up to S.128 (bill to address changes in Title 18 mental health involuntary treatment laws) that was not passed this legislative session, will hold its first meeting on July 17th. The issues involved have been highly polarizing for advocates, rights groups, and inpatient hospitals that have ongoing disagreement about the legal process of involuntary care, medication assisted treatment, and emergency involuntary interventions.

Middlesex Secure Residential:

The Middlesex Secure Residential facility opened on June 19th. There are two individuals in residence. Operations have run smoothly with the current residents.

Designated Hospitals:

Services contacts at Brattleboro Retreat and Rutland Regional Medical Center (RRMC) are being extended for a three month period given the transition of Commissioners and the current uncertainty of CMS certification of the Brattleboro Retreat.

Department of Disabilities, Aging and Independent Living (DAIL)

Vermont Veterans Home (VVH) continues working to come into compliance:

VVH Administrator Melissa Jackson and her staff met for an informal dispute resolution at the Division of Licensing and Protection (DLP) this week. Progress is evident and all indications are that there will be a follow-up survey and an opportunity to avert decertification. There will be an investigation of a resident-to-resident incident prior to the full survey.

Statewide Independent Living Council (SILC) Chairman Sam Liss unhappy and vocal about the AHS travel policy:

Gubernatorial appointee, Sam Liss, Chair of the SILC has taken offense over DAIL's inability to *advance* travel funds for an upcoming reimbursable trip to Washington, D.C. Despite our efforts to find a solution, he has elected not to attend. I anticipate some ripples in the disability and independent living community. I am looking at this policy, which seems unreasonable. Not sure if it is AHS or state policy.

Bennington Banner investigates allegation of abuse:

Neal Goswami from the Bennington Banner called inquiring about an allegation that a member of the Bennington Rural Fire Department was under DAIL investigation for abusing someone with a developmental disability. Suzanne Leavitt, Director of Licensing and Protection, informed him that we could not confirm or deny that such an investigation was underway and provided him with information about the statute and our process. Neal commented it was "not as much information as [he] hoped for, but helpful nonetheless".

Department of Corrections (DOC)

Judge: Huffing OK for Former Teacher

- NEWPORT CITY - A former Irasburg teacher did not violate his probation conditions by huffing an aerosol computer cleaner, Judge Howard VanBenthuyzen ruled Tuesday in Orleans Superior Court-Criminal Division.

An offender, who was under supervision for a drug charge, was residing at the Judd house. The offender was emergency arrested and his Probation Officer (PO) filed a violation of parole because the offender was "huffing." The judge found that huffing was not a violation of probation, and added a no huffing condition to the offender's probation order. Four hours after the court hearing the offender was found "huffing" again. The Judd house is fed up with this offender's behavior and he will be going before the judge again.

Population:

The Department is averaging 477 inmates out of state, the pre-sentenced population is averaging 19% overall, the female population is comprised of 30% pre-sentenced individuals; the male population is comprised of 18% pre-sentenced inmates.

Department for Children and Families (DCF)

Child Development Division Named Supporter of the Year by Local Center:

The Child Development Division within DCF has been named Supporter of the Year by the Lamoille Family Center (LFC), a Parent-Child Center in Morrisville, Vermont. Supporter of the Year is an annual award from the LFC in appreciation of an individual or organization that has provided outstanding support to help them advance their goals for children and families in Lamoille County. This is the first time that the award has been given to a government agency. The award was presented to DCF Deputy Commissioner for Child Development, Reeva Murphy, at the LFC Annual Meeting on Wednesday.

Department of Vermont Health Access (DVHA)

Broker Fee Update:

On Tuesday the broker fee schedule was announced for brokers assisting employers and individuals on Vermont Health Connect. This fee was set at \$20 per employee/per month and will be reassessed mid-year to determine the 2015 fee levels.

Carrier Contract Negotiations:

The Carrier Contract has been drafted and is being reviewed by the Vermont Health Connect operations and policy teams. A final version is expected to be published next week and negotiations will begin with the carriers the following week. Negotiations will be heading the State's negotiation team, with support from staff at DVH and the Department of Financial Regulation (DFR).

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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: June 28, 2013

Secretary's Top Issues:

Food Safety Consumer Protection Division staff finalized outreach materials to stakeholders related to the passage of the Ag Housekeeping bill and Act 30, the legislation pertaining to pet merchant licensing.

Animal Health Specialist, Jim Cameron completed poultry disease testing at Dresser Hill farm for international shipping of hatching eggs to Canada, a very important export market for this farm.

The Agency of Agriculture in coordination with the Department of Health has contacted and begun sampling additional homes that have been treated for bedbugs by AAA Accredited Pest Control. The additional homes have been targeted to determine if a public health threat exists with regard to the misuse of this canceled pesticide, and to determine the extent of that misuse.

Mosquito District Pesticide Application -Multiple complaints spurred by the recent press regarding the Fish Kill on Fern Lake have come into the Agency.

Reports of three commercial vegetable operations impacted by compost purchased from Champlain Valley Compost have come into the Agency.

Marc Paquette, Weights and Measures Specialist and Metrologist, has been chosen by the National Conference on Weights and Measures to serve as a subject matter expert for two areas of their new Professional Certification Program, Package Checking and Small Capacity Scales.

Deputy Secretary Bothfeld met with Sam Sammis and engineer John Berman to discuss the proposed project at Exit 4. Engineer had redrawn the maps of the project and the amount of ag soils impacted by the project stayed relatively the same on the south side and decreased on the north side of route 66.

Deputy Secretary Bothfeld and Sr. Ag Development Coordinator Alex DePillis met with Commissioner Mary Peterson and representatives from Current Use tax group to discuss solar arrays on agricultural land.

Secretary Ross, Deputy Secretary Bothfeld, Sr. Ag Development Coordinator DePillis and Land Use Planner Jensen all attended a Conservation Easement working group session to provide input into a proposed policy on renewable energy on conserved farmland.

Plant Industry continues to receive information from USDA-APHIS-PPQ regarding plant shipments originating from nurseries out West that have tested positive for Sudden Oak Death.

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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: June 28, 2013

Status of Governor's Priorities:

Jobs in Agriculture

Legislative Update

FSCP Division staff finalized outreach materials to stakeholders related to the passage of the Ag Housekeeping bill and Act 30, the legislation pertaining to pet merchant licensing. Correspondence will be sent out next week to town clerks and others informing them of the impact these statutory changes may have on their municipalities and businesses. Resource information was also added to the website to assist with inquiries.

Agency staff discussed implementation of H.405 – altering the jurisdiction of Public Service Board in methane digesters on farms. Manure and substrates entering the digester will continue to be the purview of Ag and ANR and design of manure handling and storage of substrate infrastructure will be Ag jurisdiction. An guidance document will be prepared for publication on implementation of this law for farmers and lawyers who have represented farmers in front of the public service board.

Press

Storm Preparedness

The Agency issued a press release alerting farmers to take specific precaution to mitigate flood damage to crops, livestock, and infrastructure. The detailed release was shared broadly among partners organizations and producers, and was detailed on VPR.

Significant Events/Meetings:

The FSCP Division held a quarterly Division meeting on June 25th to review the VAAFAM strategic plan in anticipation of providing input on goals and measures to internal Administration by July 31st. The website was also reviewed for the purpose of familiarizing staff from each section with the website content from other sections in order to increase its overall usefulness during interactions with the public.

Dr. Mehlenbacher worked with Abbey Willard this week to provide feedback to FDA regarding potential sites within New England to hold listening sessions on the two latest FSMA rules – Produce and Preventive Controls. The listening session resulted from a Congressional letter to FDA, spearheaded by NH, faulting FDA for not originally holding listening sessions in NE earlier in the year or when the draft rules were being written. The document containing VAAFAM comments on both rules has been provided to the internal FSMA group for their review and feedback by July 10th.

State veterinarians (Haas, Mehlenbacher, and McNamara) completed issue three of the Animal Health Newsletter for Vermont (and some NH) veterinarians. A copy was provided to Alison to keep her in the loop on communication coming from the Section and if she wants to use any article for Agriview.

Animal Health (AH) staff attended the monthly (or so) in person meeting this week along with the quarterly food safety and consumer protection division meetings. AH spent some time discussing the legislative outcomes from the past session that affect the section, such as the increase in livestock dealer/packer/transport fees and the change in the pet merchant licensing program (as a result of Act 30). We have created outreach materials to educate affected stakeholders (hobby breeders, agricultural supply stores, pet stores, livestock dealer/packer/transporters, and town clerks). That material explaining the changes will go out next week. AH has also added that information to the VAAFAM website.

Animal Health Specialist Zachary Bartlett provided the AH Section and update on the National Poultry Improvement Plan conference that he attended last week. It was a very good network opportunity for Vermont with other poultry states along with a learning opportunity regarding updates in the NPIP program. As an NPIP state, the Vermont representative also votes on various initiatives and provides a state update on our poultry activities. Zach was able to obtain information on ways to increase NPIP participation amongst backyard flocks.

UVM Food Summit

The Agency participated in the UVM Food Summit public conference and breakout sessions on Thursday and Friday. Secretary Ross was the first speaker during the Thursday afternoon TED-style talks. His message was one of cooperation and collaboration across the agricultural community. It was well received by conference participants. Speaker videos can be found online at <http://learn.uvm.edu/sustainability/food-summit/food-systems-conference>

Evolving Issues:

The Agency of Agriculture in coordination with the Department of Health has contacted and begun sampling additional homes that have been treated for bedbugs by AAA Accredited Pest Control. The additional homes have been targeted to determine if a public health threat exists with regard to the misuse of this canceled pesticide, and to determine the extent of that misuse. The Agency conducted a hearing on Wednesday to decide if the summary suspension of AAA Accredited Pest Control, and the applicator Cary Buck shall be maintained. Consultation with US EPA is still in process with regard to human exposures and the levels at which it would be appropriate for residents of the home to move back in.

Multiple complaints spurred by the recent press regarding the Fish Kill on Fern Lake have come into the Agency. One organic farmer has complained that the applicator did not observe the buffer around her farm and her certification is now in question. She feels like this Agency should have more oversight of the districts operations around aducliding activities. The other complaint involves distance to water buffer violations and the fact that the agency did not take surface water samples when the initial fish kill was reported.

Reports of three commercial vegetable operations impacted by compost purchased from Champlain Valley Compost have come into the Agency. The Agency still has to analyze compost samples taken as part of the bio-assay program coordinated by DEC this spring. The Compost industry is once again calling on the Agency to have a plan to mitigate the herbicide issue. The compost that is causing the plant damage this year was produced last year and is not a good indicator of whether or not the actions the Agency has taken are working.

FSCP Division employees, along with other Agency staff, participated in a VY Exercise hotwash this week to review lessons learned from the recent VY graded exercise.

Plant Industry continues to receive information from USDA-APHIS-PPQ regarding plant shipments originating from nurseries out West that have tested positive for Sudden Oak Death. Plant Industry staff have followed up and located a number of people who ordered plants from SOD positive nurseries and are conducting site visits to determine if any of the plants imported into Vermont are exhibiting any symptoms of Sudden Oak Death.

Summary of Key Agency Department Activity:

Administration

Deputy Secretary Bothfeld met with Sam Sammis and engineer John Bensen to discuss the proposed project at Exit 4. Engineer had redrawn the maps of the project and the amount of ag soils impacted by the project stayed relatively the same on the south side and decreased on the north side of route 66. Sammis is requesting a written preliminary designation by the Agency. Verbal discussions have made it clear that due to the projects design that there are inadequate acres on site to mitigate the impacts of the development on primary ag soils. Mr. Sammis has been informed that he can seek appropriate circumstances from the district commission to be able to mitigate the impacts off site. The exact maps of the site, the exact acreage impacts and a site visit to review rocky outcroppings and slopes are needed for the agency to formalize the preliminary designation.

Secretary Ross, Deputy Secretary Bothfeld, Sr. Ag Development Coordinator DePillis and Land Use Planner Jensen all attended a Conservation Easement working group session to provide input into a proposed policy on renewable energy on conserved farmland. Policy is in progress but Agency of ag is advocating for a broad framework for the policy that is not prescriptive since renewable energy opportunities for farms are changing rapidly. Jensen and DePillis will continue the work on this policy.

Agricultural Development

On Monday, the Agency held the annual summer meeting for the exhibitors in the Vermont Building at the Eastern States Exposition (The Big E). The meeting was well-attended by vendors, who reiterated the importance of Big E to their business plans. Many rely on the Big E as a primary revenue driver.

Past Deputy Secretary Louise Calderwood and two representatives from Stonyfield Yogurt, visited the Agency of Agriculture to discuss organic milk supply in the region with Deputy Secretary Bothfeld. Discussion centered around how to encourage current organic dairies to continue and possibly grow milk production as well as encouraging conventional dairy farms to transition to organic. Organic milk production has not been a specific topic of discussion for the agency outside of the whole dairy discussion. Stonyfield has concerns on not having an oversupply of milk which might reduce the organic pay price. Discussed other ways to assist farms such as installation of renewable energy (solar, small wind, methane digesters), technical assistance with cow side management (feeding breeding etc.) and potential of repeating a special loan from VEDA/VACC for transitioning dairy farms as was done in 2005 – 2007.

Deputy Secretary Bothfeld and Sr. Ag Development Coordinator Alex DePillis met with Commissioner Mary Peterson and representatives from Current Use tax group to discuss solar arrays on agricultural land. Many calls are coming into the Current Use tax group as well as the agency of ag asking questions of the ag land under solar arrays and its status in the current use program. All agreed that solar arrays that sell power only to the grid and have no connection to the operation of the farm – the land under the arrays should not be eligible for current use. Some questions have included livestock grazing under the arrays but no one has come back with a detailed plan of how this would occur and with a map detailing the loss of ag land from the footprint of the array itself. All agreed that a farm using solar arrays to power agricultural operations (electric and hot water) were part of the farm operation and could be considered exempt from tax as other farm buildings. There are many case by case designations where solar is used to power the farm as well as sell to the grid that will need to be reviewed on a case by case basis. There is precedence in mixed use ag buildings – ag use is exempt from tax while non-ag use is taxable. Solar arrays on a barn roof – barn structure is tax exempt but solar panels are taxable.

Food Safety and Animal Health and Consumer Protection

The Animal Health Section is providing educational material to producers on the proper application of ear tags in cattle. Producer can receive education through visits from our field staff and explanatory illustrations. Proper ear tag application is important so the tag stays on the animal.

AH inspected sheep at the Addison County Fairgrounds for the annual 4H sheep show and completed dairy biosecurity surveys in Westfield, Lowell, and Tinmouth.

AH is currently working on two tissue residue investigations at two different dairies.

AHS Jim Cameron completed poultry disease testing at Dresser Hill for international shipping of hatching eggs to Canada, a very important export market for this farm.

AH staff met, and will continue to meet, to adapt to the change in seating on the third floor that resulted in the absorption of the IT Department. The proposed floor/furniture plans for the AH office will need to be modified as they create 4 work stations but don't take into account the file cabinets, lab refrigerator, and other assorted needed equipment that already exist in the office.

Steve Parise, Agricultural Resource Specialist and USDA Good Agricultural Practices (GAP) Auditor, reports that Long Wind Farm in East Thetford, is the first Vermont location to be audited for the new harmonized GAP, and they have met the criteria.

Marc Paquette, Weights and Measures Specialist and Metrologist, has been chosen by the National Conference on Weights and Measures to serve as a subject matter expert for two areas of their new Professional Certification Program, Package Checking and Small Capacity Scales. This is a reflection of Marc's knowledge and expertise, not only in Vermont, but throughout the country.

Meat Inspection

- Meat Inspection is drafting an inquiry to USDA FSIS regarding the baseline for sanitary conditions related to on farm slaughter exemption recently passed by the VT Legislature.

Agricultural Resource Management

MFO and LFO Programs:

- Staff conducted 6 technical assistance visits to assist Medium Farm Operations with BMP solutions to address water quality, transfer of ownership, Nutrient Management Plans (NMP) and Farm Agronomic Practices (FAP) Program.
- Two staff members conducted follow up inspections of two MFOs to reevaluate previous compliance concerns.
- Staff conducted 1 regulatory/enforcement compliance follow-up visit on a SFO.
- Staff met with NRCS District Conservationist to discuss NRCS EQIP ranking and processes.
- Staff conducted 4 regulatory/enforcement follow-up visits on MFOs to check up on compliance schedules and offer additional technical assistance.
- Coordinators are continuing to process 60-70 NMPs that were recently submitted by farms and planners as part of the NMP grant program and are also processing payments for the Capital Equipment Assistance Program and FAP grant programs.
- Staff met with a Technical Service Provider (TSP) to discuss NMPs.
- Working on a grant agreement with UVM Extension for the FAP Program in the Champlain Valley. The goal is that UVM Extension would administer a significant portion of the FAP Program which would free up staff time to focus on regulatory program requirements.

Water Quality/Zoning

The Agency has coordinated with VT DEC Floodplain Management Section to review two project proposals to construct farm structures in the floodplain of the Winooski River. This joint Agency review ensures that structures will be constructed according to National Flood Insurance Program (NFIP) standards. The Intervale will be installing a number of hoop houses and storage structures, and two manure storage structures will be constructed at a medium farm in Richmond.

Zoning

- An Agency farm structure opinion was issued to a farmer in Lyndonville proposing to build a barn to house four horses.
- An Agency farm structure opinion was issued to a landowner in Swanton proposing to construct a structure to house a sap tank on his sugarbush.

CREP Program:

- Staff helped Addison county district staff with CREP planning visit to farm in Monkton.
- Staff met with Stream Alteration Engineer at farm in Newport to gather info needed for engineer to perform a Hydrology and Hydraulics study required by FEMA for HMGP application.
- Staff delineated fill placed on farm in Bakersfield that has CREP/WRP and fill may/may not be an issue for food security act compliance with USDA. Info passed on for FSA/NRCS to follow up on.
- Staff worked on CREP contracting paperwork for Franklin projects.

Emilie Inoue and Rhonda Mace joined staff from Forest, Parks and Recreation, UVM Extension and many first detectors, down to the EAB infestation area in Voorheesville, NY on June 25. The trip was incredibly eye opening. Mark Whitmore, Cornell extension, gave several presentations and the field trip involved scraping the bark off of known infested trees. The visit occurred during the peak emergence period of EAB and we were able to actually hand collect adults on the trees! The damage this beetle causes is devastating. People interested in taking a look at the photos that were taken on the trip can find them on the Shared Drive---AGR---AGR Shared—2013 photos from NY EAB infestation.

Secretary's Comments

Secretary Ross spent time in Washington, DC determining next steps for the Farm Bill as well as working with representatives from the National Association of State Departments of Agriculture in preparation for his chairmanship in 2014.

Secretary Ross discussed Federal Labor Audit issues with the congressional delegation staff. Many Vermont farmers and value added producers have been audited by the Federal Department of Labor and many are facing steep fines and required changes in practices that may not be possible and detrimental to the business.

Secretary Ross met with owners at Mountain Meadows in Orwell for a video production to highlight a recent award that the farm will claim in the near future.

Secretary Ross spoke at the 2nd Annual Food Systems Conference at UVM.

Secretary Ross attended the VT Sustainable Jobs Fund Board Retreat.

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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: June 28, 2013
Subject: ANR Weekly Report

Governor Level Issues:

Blue-Green Algae Bloom on Lake Champlain: Watershed Management scientists received the first bloom report of the season from Missisquoi Bay. A University of Vermont field team reported that a thick bloom of Anabaena and Microcystis was present on the eastern side of the bay. The cooler weather this spring has been a help to put off blooms, but as it gets warmer out we can anticipate additional blooms.

Electric Vehicle Deployment: We are moving forward on a plan to accept EV's from Mitsubishi and plug in hybrids from Toyota. Toyota has offered the state 2 plug-in Prius vehicles for \$1/year and we have 6 agencies/departments interested in a Mitsubishi all electric MiEV for \$110/year. In addition, we have municipalities and utilities interested in another 10 Mitsubishis. The leases from both of these manufacturers are currently being reviewed by BGS. We are hoping to wrap these deals up quickly as there has been significant competition for these vehicles from governments around the country.

Also, you might be interested in seeing that Governor Chafee just launched an ambitious plan to install a network of 50 charging stations and transition the state fleet to electric vehicles:

<http://www.ri.gov/press/view/19599>

North Springfield Biomass Facility: This week we finalized an MOU with North Springfield Biomass. I believe that the applicant has filed he MOU and settlement with the PSB earlier this week. They agreed to all of our harvesting guideline requirements and as a consequence we settled our objections to the project (with respect to this issue.)

Specifically, the scope of the stipulation is limited to wood harvesting issues only. These issues include wood harvesting standards (intended to protect forest health and sustainability); procurement requirements; and funding for FPR review and oversight of harvest planning, implementation and monitoring.

Note that, in our testimony, and during the hearings, we established that the project would emit a significant amount of GHG and that those emissions would undercut State goals of reducing emissions in the near term because it would take decades for the carbon emitted to be sequestered through regeneration of forests. We testified that the harvesting standards proposed by NSSEP would not promote regeneration and therefore result in a greater delay in sequestration. However, NSSEP has now agreed to our standards, which will help promote regeneration. We raised the GHG issue in our brief and it is still out there for the Board to decide.

There are some collateral permits related to this project: we already issued them an air permit, but there are additional water permits (stormwater and wastewater) that are pending and are independent of the PSB process.

Long Island Sound Water Quality Plan: We are in the process of finalizing the Long Island Sound Permit Implementation Plan in coordination with EPA. Upon resolution of several points and final EPA approval of the Plan, the Program will begin reissuing Clean Water Act permits for all municipal wastewater treatment facilities that discharge into the Connecticut River watershed. The permits will include interim caps for total nitrogen load in the discharge, mandate studies for maximizing nitrogen removal efficiency, and include a reopener clause so that the interim caps can be adjusted at such time as a formal Waste Load Allocation can be implemented for the facilities. This plan is likely to raise concerns from the municipalities and we are planning on doing outreach to them in advance of announcing the plan publicly.

Confined Animal Feedlot Operation Permit: This permit has now been issued. Watershed Management had rolled this out in close cooperation with AAFM and the farming community. This permit has been controversial in other states and we are prepared to respond to any public concerns or media inquiries that are raised.

Fern Lake: There was a fish kill on Fern Lake in the days following the spraying of pesticides to control mosquitos. Although our fisheries biologist indicated that he thought the cause of the kill was unrelated to the spraying, the press contacted a DEC employee who indicated that he believed it was possibly related to the mosquito control. There is an ongoing investigation being coordinated with AAFM to determine the cause of the incident. We are working to better coordinate our public messages with AAFM and within ANR in the future on this incident and more generally.

EVERYTHING ELSE:

Press Issues/Releases:

Governor's Awards for Environmental Excellence: This month's Vermont Business Magazine has a two page spread on the Governor's Awards for Environmental Excellence ceremony that was held on May 14, recognizing seven award recipients and four honorable mentions. The application solicitation for the 2014 Awards will go out in September.

WCAX Summer State Parks Series: This Channel 3 series began last week at Mt. Philo. Each week, Sharon Meyer will feature another park interspersed with video footage focusing on tips for new campers. Frank Spaulding and Sarah Clark, stars of the state parks "Camping Tips and Tricks" video series on the state parks website, are featured.

Record Lake Trout: Staff received a report of a large lake trout being caught in Lake St. Catherine. The angler indicated his intention to enter the fish into the Vermont Record Fish Program, although an application hasn't been received yet. The fish reportedly measured 32 inches in length, 30 inches girth, and weighed 29 pounds. Lake trout used to be stocked by the Department into this lake but this was stopped over 10 years ago due to low returns to the fishery and low gill netting catch rates. Some of these fish apparently still inhabit the lake, which is not surprising since they are a very long-lived fish. Interestingly, if the weight and lengths check out, it will take 10th place overall in the list of Record lake trout and it will be the first lake trout outside of the Northeast Kingdom to crack the Top 75 in the list.

Phosphorus in Lake Champlain: One of our staff scientists was on Vermont Edition talking about nutrient pollution in Lake Champlain.

Significant Events/Meetings:

Cross ANR Monitoring Evaluation Project: The three ANR Departments met as part of an effort entitled Examining Vermont's Environment to discuss monitoring programs at funding risk. The group will decide on ranking criteria and comparisons against funding risk. A matrix to assist the choice of programs at highest risk is a work in progress and will be discussed. The goal of the project is to prioritize our funding needs to ensure we continue to collect our highest priority scientific data.

CONEG Environmental Commissioners' Meeting: David Mears and Alyssa Schuren attended a meeting of the Northeast environmental commissioners in Providence. Topics focused on areas where we have or want to develop a coordinated regional strategy including the following: interstate air pollution transport; zero emission vehicles; materials and waste management; nutrient pollution; and improving operational efficiency using Lean manufacturing methods and enhanced use of information technology.

North Springfield Biomass Facility: DEC staff from several divisions met with the ANR Office of Policy and Litigation Assistance to discuss the applicant's proposed methods of disposing of boiler blowdown water and stormwater—two different percolation ponds—and how best to permit them.

The **Fish and Wildlife Board** held their monthly meeting on June 19. The agenda for the meeting was as follows: 1.) Approval of May 15, 2013 Board Minutes 2.) Public Comment Update from Catherine Gjessing 3.) Second Vote on proposed Lynx and Furbearer Regulation 4.) Second Vote on the 2013 Antlerless Permitting and Youth Season Recommendation 5.) Third Vote on the 2013 Vermont Moose Hunting season and permit Number Proposal 6.) Commissioner Report/Legislative Updates.

Zack Woods Event: FPR's Lands Division and State Parks staff participated in a ceremony this past weekend at Zack Woods Pond to celebrate the Department's recent acquisition of the Zack Woods Pond addition to Green River Reservoir State Park. This parcel includes several undeveloped ponds including beautiful Zack Woods Pond and provides outstanding recreational opportunities, wildlife habitat, and important natural communities. Funding for the several parcels comprising Zack Woods Pond state park addition came from a variety of sources including federal Forest Legacy funding, federal Land and Water Conservation Funds, Vermont Housing and Conservation Board, and other state and private funding sources.

Business Transformation: Members of our business transformation lead team attended a 2 day Lean leader training courtesy of New Hampshire DES. The remaining members of the team (including myself and Lawrence Miller) attended a helpful presentation on the Lean efforts at IBM. The lead team has also formed a Lean book group and has offered to support other employees who want to learn more about this process of continuous improvement.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Wastewater Treatment Sludge Public Forum: In responses to public requests, the Residuals Management Section has committed to hold a public forum sometime later this summer in order to discuss the pros and cons of the current strategies for managing wastewater treatment sludge.

Swanton Dam: Staff participated in the Joint Agency Meeting and site visit for the proposed Swanton Dam Hydroelectric Project. The meeting was organized by the Village of Swanton as the first step in the process of receiving FERC authorization to build the project. The visit gave staff the opportunity to observe firsthand how this project will affect habitat and stream flow in the bypass reach. This dam continues to be a prime candidate for removal as it affects a large stretch of habitat impacting a number of important species including Sturgeon and Walley.

Check.

Small Hydroelectric Project Reviews: We are meeting with Public Service Department staff to discuss the proposed MOU between ANR, PSD and ACCD for coordination of small hydroelectric project reviews. The MOU, which is getting close to its final form, calls for coordination of site visits and development of informational materials and designation of points of contact.

New Division Director in Air Quality: We have selected Elaine O'Grady as the new air and climate division director. She has been the legal counsel for this program for the past eight years and has a depth of knowledge and experience in the program. She also completed the state's leadership program. Elaine brings the respect of her colleagues, in the department and nationally, to this role and we expect the department's air and climate programs to retain our reputation as leaders in this area under her leadership. Elaine replaces Dick Valentinetti who is the longest-serving air director in the country (probably in history) and is responsible for our current reputation.

is he retiring? Note?

Water/Wastewater compliance tracking progress: DW&GWPD is developing an electronic method to track reporting requirements in our onsite wastewater permits. We plan to keep the development of the IT application in-house so we have the ability to modify the program in the future.

DEC Strategic Plan: The final pieces of the Strategic Plan are in place and this document will be available next week for both staff and external consumption. Most division managers have submitted work plans for the Strategic Plan Goals they are responsible for. These are being pulled together into a master spreadsheet to make reporting and tracking progress easier.

City of Barre: A drinking water state revolving loan was awarded to the City of Barre in the amount of \$525,000 to construction of a new pressure reducing valve vault and parallel in-line hydroelectric turbine to produce power.

cool - process?

Salvage Yard Rules: The Waste Management division has begun working on the Salvage Yard Rules. A work group has been formed and will meet every few weeks to develop the first draft for internal DEC Review. We plan to get early input from the salvage yard industry, and will discuss highlights with salvage yard operators during training slated for late this year. Our goal is to have the rules in place early in 2014.

Organics diversion: Staff met with the new executive director of the Highfields Institute, James Davis, to discuss organics diversion tactics and facility infrastructure. Mr. Davis has a focus on job creation related to the requirements of Act 148. Highfields is working hard on the Close the Loop "brand" and is hoping to develop it into an easily replicated standard that can be used in different regions of the state and beyond.

UST Newsletter: The Underground Storage Tank Program has completed the summer newsletter; it will go out next week. You can see it at: Y:\WM_Tech\UST\Program Mgmt\Newsletters and Postcards\UST Talk\2013\summer 2013\UST Talk Newsletter Summer 6.21.13.pub

Fish and Wildlife

Sick Wild Animal Complaints Remain Low: People are continuing to pick up baby animals, mishandling them and then requiring the warden to submit them for rabies testing due to their mishandling. Fortunately, none of the animals have tested positive although it is still an unpleasant task for the warden to need to euthanize baby animals for rabies testing.

Shooting Range Mitigation: Hunter Education staff met with a neighbor of the LaBerges' shooting range to begin work on a noise mitigation plan for the range with the expectation the LaBerge family not pay for the plan nor fund any improvements. Both the Franklin County Sportsman's Club and Northeast Kingdom Skeet club tentatively accepted shooting range development grant awards. Both clubs are in the process of providing more information so staff can submit their grants to the USFWS.

Protecting Stonecats: Staff conducted a site visit to the Dorset Street bridge in Charlotte with town officials and Stantec. Repairs are planned this year for this bridge which crosses a section of the LaPlatte River that supports a stonecat population. There will need to be a preconstruction effort to remove stonecats from the impacted area, as well as habitat re-establishment following completion.

Concern about Wedge Mussels: Staff let USFWS know of concerns about the tessellated darter study proposed by TransCanada for the Connecticut River dams relicensing. This study proposes using an electrified benthic trawl (modified from Missouri trawl) to sample darters on the bottom. The concern is this will disturb, collect, and possibly damage federally listed dwarf wedgemussels. USFWS discussed this with TransCanada's contractor, Normandeau, which will be revising the methodology.

Temporal Distribution Study: Staff conducted a training session at the Vernon fishway in order to show Normandeau Associates how VTFWD has conducted the annual fishway monitoring including the video set up and Salmon Soft program. As part of the FERC relicensing, Normandeau will be conducting a one-year study beginning in March 2014 to assess the temporal distribution of fishes utilizing the fishways at Vernon, Bellows Falls, and Wilder.

State Record Drum: Staff also inspected and certified a new State Record Freshwater Drum. The fish was caught by an angler fishing lower Otter Creek. It weighed 21 lbs, 11 oz, and beat the previous record set in 2001 by 1 lb 4 oz. A new potential State Record Carp, taken by bow fishing, was also inspected by Springfield District fisheries staff. It was caught in the Connecticut River, and reportedly weighed over 42 pounds, although the application form with the certified weight has not been received yet.

Forest, Parks and Recreation

US Forest Service Funding: The Forestry Division received its 'Financial Advice' for federal FY'13 from the USFS State and Private Forestry. Overall, there was a seven percent reduction in

core funding although some program areas, particularly forest stewardship and state fire assistance, saw greater decreases. This reflects the impacts from the federal sequester and subsequent reduction in Forest Service funding to states. Vermont did very well in competitive funding, hitting the cap for funding to any individual state: \$525,000. The sequester had an even greater impact, as we could have potentially received closer to \$750,000. The Forestry Division had the first, third, and tenth highest ranked projects within the northeast area. We are currently finishing the federal narratives for submission, which need to be approved to ‘obligate’ the funds as high costs during fire season can cause the Forest Service to ‘sweep’ unallocated funds.

Roofing Contract Dispute: On January 20, 2013, FPR executed a contract with Jim Billado Roofing, LLC to replace the roof on building #11 at the Essex District Office Complex. The contracted work must be completed by June 30, 2013 under the contract. The FPR project manager was concerned about the quality of the work, including but not limited to the fact that the roof was leaking at a skylight. Attempts to discuss the issues with the contractor were not productive. FPR decided to enter into a second contract with Russ Colvin of EIV Technical Services to inspect the roof replacement work and to document and identify issues, if any, with the quality of the work. Mr. Billado admitted that he had not completed the job yet – that he had a few things to finish up, but claimed that his work was good and demanded to be paid. FPR is withholding payment until the contract issues are resolved and the work is completed according to the contract specifications.

Leases, Licenses, and Special Use Permits: The Lands Division is working to amend or develop new license agreements with the federal agencies at the Killington Peak electronic communication site, including the U.S. Customs and Border Protection and the Federal Bureau of Investigation, to provide for VCOMM’s tower consolidation project at this site. Efforts are ongoing to develop new license agreements with Vermont Public Television for their communication facilities at Mt. Ascutney, Burke Mountain and Killington Peak. We are close to finalizing a new “Master License” agreement with Green Mountain Power for their utility lines on department lands, and are working closely with GMP and other pole users on a major upgrade of GMP’s power line up Mount Ascutney.

ANR Land Transactions: The Division is working with staff from BGS to market the Lafreniere sale parcel in Bolton and will soon begin priority barn stabilization work at this site. We expect to close on the Stone donation in Rupert and Dorset in the near future. Work continues on the acquisition of the Fitzpatrick parcel at Coolidge State Forest in Killington, Benson in-holding in Okemo State Forest in Andover, Alburgh Dunes land exchange, and other priority land transactions.

Park Attendance: This season park attendance still lags far behind last year due to uncooperative weekend weather. Now that schools are all out, attendance should rebound well as the weather pattern changes. Day use is much more weather sensitive than camping. Campgrounds were full to capacity last weekend.

Elongate Scale Insect: Forest Health staff are investigating a report of elongate scale insect that was found in the Charlotte area. This exotic pest affects softwood trees, especially hemlocks. If

combined with hemlock woolly adelgid, it can hasten the death of infested trees. The insect has previously been found in surrounding states.

Business Office: We are working hard on close out. While everything is a bit tighter than usual, we do not anticipate any problems. (YAY!)



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: June 28, 2013

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

FERC – Otter Creek Proceedings – challenge to state Standard Offer and SPEED Programs: We won! Thursday, FERC accepted our position and declined to initiate enforcement against these programs as being inconsistent with PURPA as requested by Otter Creek. The Commission went a little farther than we anticipated and basically said as long as Qualified Facilities (QFs) have the option of going through rule 4.100 (which we do), QFs were free to agree to other programs the state might offer. They made no negative findings about the SPEED program. Otter Creek can appeal to court, but their case is significantly weakened by this decision.

Winooski One Partnership Avoided Cost Rate – Docket 8010: Winooski One filed a letter with the Board this week lodging the PSD, PSB, and NARUC comments filed in the FERC Otter Creek proceeding (EL13-60-000) in this docket. Winooski One argues that in light of PSD's comments about the availability of Rule 4.100 in the FERC proceeding, PSD should be estopped from challenging the applicability of Rule 4.100 in the instant case. PSD staff is preparing a response. We are helped a bit by the FERC decision noted above.

Vermont Gas – Rate Design Case: GMP Base Rates Filing – No Docket – The pre-filing process is proceeding smoothly. Bill Schultz has a second visit to GMP scheduled the week of July 8, and PSD staff has a second visit re: SmartPower savings scheduled for July 10.

Vermont Gas - Addison Expansion: I met with Don Gilbert and Pierre Despars (VP Gaz Metro) on Tuesday to discuss the expansion. Don was pleased with the Department's position and my interview with VPR in response to the protest on Monday. We had a good discussion and things seem on track. VGS is completing a better life-cycle carbon analysis for gas and oil, and is preparing to present that to the Board today. I offered for DPS and ANR to review a draft to help ensure there are no major holes in it, and we received that on Thursday, and will review and comment early Friday to VGS. My preliminary review is that it seems credible and balanced.

ask Chris to call Dave

Sheffield Wind: The Department submitted its supplemental noise monitoring report to the Board as an informational filing. While the report contained several deficiencies, the Department's expert concluded that he could not detect a violation of the CPG noise limits. The Department has declined to assign any real weight to the report given its problems. Vermonters for a Clean Environment almost immediately requested all documents associated with the report, and the Department has complied with the information request. It is unclear what, if anything, VCE or the Board plans to do with the report. VCE, although not a party, has requested that the PSB hold a hearing regarding the report and to take testimony from the Therriens (also non-parties).

VY CPG: Rebuttal hearings are going well, with a Saturday hearing still possible to finish up. Entergy persists in trying to introduce additional witnesses to rebut PSD rebuttal, and the Board has allowed two such witnesses to testify in the area of decommissioning costs. Town of Vernon witness Patty O'Donnell testified last Friday and was full of folksy chatter but overall ineffective and almost rude. This week has been largely on thermal discharge and fish. Entergy has gotten black eyes over its conduct with respect to production of information to other parties. Thursday's witnesses included Louise McCarren, with Asa Hopkins and Peter Bradford ending the week. I will call Liz to report on Louise's cross.

North Springfield Sustainable Energy Project: We received a final MOU between NSSEP and ANR regarding wood harvesting. Counsel was unsure when the agreement would be filed or made public. Briefing is complete in this docket. GMP is evaluating potential PPA options as discussed last week.

USF: The Rate for next year's USF continues to be a problem for David Tucker, who has raised it with Jim Reardon. We asked the Board to hold off until we can talk to Jim, which we will do early next week. The Board must decide a rate by the 15th of July. At present, the proposed rate is very similar to this year's.

Significant Meetings/Events:

- **June 24:** Rising Tide protested the VGS project and our position at and around our building on Monday. I was thankfully talking to Sue Allen at the time they arrived. Darren took care of the situation very well. Press was fine I thought. We got some pastries from the protesters.
- **June 25:** Attended GBIC Annual Meeting. Met with Don Gilbert as described above.
- **June 26:** ANR/PSD meeting on wrapping up Hydro MOU. (More detail below)
- **June 27:** I met with Building Performance Professionals Association members today (home energy contractors) to discuss thermal efficiency. We can talk about this some at our meeting on Monday. They want to be helpful and constructive – were very disappointed in legislative session results.
- **June 28:** Meeting with Mike Smith of FairPoint today. We'll be discussing a variety of issues. This is being written before the meeting, so no update here. Also meeting with Warren Coleman and Verizon in the afternoon.

Next week significant events/meetings:

- **July 1:** We have our meeting on Monday, which I'm looking forward to.
- **July 2:** We are calling a group of DUs and others together to discuss the Net Metering issues associated with the 4% cap and will be working with this group throughout the summer to try to reach consensus on a legislative proposal that lifts or at least raises the cap while enabling DUs to recover some system costs from net metering customers.
- **July 3:**

Media:

- VPR and Channel 22 coverage of protest on Monday. Talked to Andrew Stein of VT Digger as well.
- WCAX on VY on Wednesday – has not aired yet
- VT Digger on Sheffield Noise Study on Monday and Thursday. Follow-up article expected on Friday.

Evolving Issues:

- **Net Metering Cap:** Solving the Net Metering issue through the meetings described above will be critical. We have to address this in the next legislative session
- **Energy and Wind:** We will be issuing an RFQ for wind noise experts in the next couple of weeks to assist the Department on this issue. This is a first step which will help us with the S.30 committee process, should we pursue an uncontested docket with the Board, or should a new application be received or the Board choose to act on the requests it

has to hold hearings on Lowell noise violations (possible) or the Sheffield informational report (doubtful).

Weatherization: I met with Ludy Biddle last week, meeting with EVT on Friday (again, post filing of this report) and then we'll be scheduling a meeting with all players to align messaging and effort going forward. I am hopeful of success, but not holding out a lot of hope we can get everyone on the same page.

Everything Else:

PERD

Residential and Commercial Building Energy Standards (RBES & CBES): We expect to receive FAQ's from VLCT for PSD response and posting on our website as was discussed in our meeting last Friday with VLCT. PSD staff has requested that EVT begin mailing a quantity of both Residential Handbooks and Commercial Energy Code books to RPC's this week to prepare for requests from municipalities to provide copies when individuals/builders are applying for building permits. They will also inform the RPC's of the links to the electronic versions so those can be sent by municipalities in lieu of hard copies. This requirement goes into effect July 1st.

Act 250: Reviewed Act 250 'Rule 70' amendment; discussed proposed amendment with utilities. The amendment seeks to "maintain the integrity of the permit" by requiring utilities to amend underlying permits. As written, it appears the rule will impose significant administrative burden on utilities in the process of line extensions. Working with utilities to see if there are modifications to the rule that would alleviate much of the burden while maintaining the NRB's intent. NRB meeting 7/9; because potential revised impact of changes will not be known by this time, I recommend delaying implementation of this amendment (they will revise the rules again in approximately 9 months).

Energy Efficiency Utility Activities: Demand Resource Plan (DRP) – Staff met internally and with VEIC/BED to develop a final proposed DRP Timeline to be filed for Board decision on or before June 28. The Timeline identifies major milestones anticipated in the proceeding including Board requests for information, stakeholder filings, subsequent Board process/ Orders as well as identification of on-ramps for stakeholder participation. Staff continue developing plans for locking down modeling assumptions and change plans for the DRP. This week staff continued to develop the Residential/ C&I sector spending split requirement, geographically targets area change plan, TAG goal adjustment process, and low-income sector minimum spending requirement. Finally, staff continued developing proposed edits and explanatory margin comments in the EEU Process and Administration (P&A) document in anticipation of filing proposed recommended edits with the Board on July 3. It is anticipated that most edits will be mutually agreed to prior to filing. However, VEIC does not agree with the Department's proposal to "cap" how much VEIC can change for services bid out to DU's for distributed utility planning. We will meet again on this on July 1. A Board workshop to discuss proposed changes is set for July 16.

Evaluation

- Benchmarking Electric EE –
 - Staff reviewed proposals with Marty Kushler (Consultant). Staff then sent follow-up questions to 4 of the 7 bidders. The response deadline is Friday 6/28 (which is also the target date set in the RFP to select a contractor). Staff does not plan to select a contractor on the target date, but instead will make a selection shortly thereafter the target date in order to complete the follow-up question and review process.
- Administrative Efficiency –
 - Navigant to supply a budget proposal 6/26
- Forward Capacity Market Evaluation:
 - Work has begun on finalizing the report for the FCM for submission to the PSB and ISO-NE.
 - BED overall realization rate of 95.6% has been applied to BED's overall portfolio.
 - Planning has begun for summer metering activates for FCM 12 is ongoing.
- Savings Verification –
 - All issues have been resolved, awaiting application of the realization rates to EVT's database to confirm overall progress toward the quantitative performance indicators for 2012 savings verification.
- Thermal Evaluation –
 - Staff posted the Thermal Energy Efficiency evaluation reports on the Department's web site. Reports posted include EVT's Home Performance with Energy Star impact evaluation, VGS's Residential Retrofit impact evaluation and the combined EVT/ VGS process evaluation of the programs.

SEP Base and ARRA-SEP & EECEBG

- Approved the 2nd disbursement request of \$185,059.98 to the City of Montpelier, as part of their \$750K loan, for expenses realized for their district heating project. Received and started to process a 3rd request for \$264,982.44.
- Provided clarifications/information to DOE on our SEP Base grant application. DOE plans to finalize our award for signature this week.
- VSJF Energy Atlas grant:
 - Held internal PSD discussion and concluded that next steps involve setting a meeting to discuss how to ensure data is consistently used across all planning functions – PSD, RPC, towns, etc..

Commercial Energy Efficiency Finance Program

- Resumed efforts with VEIC to implement the Vermont Energy Efficiency Loan Guarantee Program created via Act 87 (H. 395) as part of the Sustainable Energy Loan Fund. PSD will meet with representatives from VEIC, VEDA and the finance community on June 27th to establish an implementation plan, including determination of steps needed to

transfer loan loss reserve funds under this DOE grant to VEDA. The program is currently slated to end by September 30, 2013; however, PSD has previously submitted a request for a 12-month, no-cost extension which is currently being processed by DOE.

Clean Energy Finance Summit

- Summit staff and senior leadership met on June 21 to begin consolidating the results from the summit. Summit session leaders identified key actions for each of their respective breakout sessions focusing on small-scale renewable energy and energy efficiency finance, community energy, public institutions, and public/private finance opportunities. A draft report will be circulated for review, then upon approval shared with participants and the public sometime in mid-Summer.
- Initiated and listened to a CEFS follow up conversation between Sarah Bauer of Merchants Bank and Ed McNamara of PSD. She is interested in curtailment issues for projecting renewable investment cash flows. She will read Ed's report to the legislature on curtailment. Ed suggested that she become more familiar with interconnection agreements and the process to execute these agreements.

Clean Energy Development Fund

- Approved/processed ANR's final invoice for the Bio-finder grant. Final invoice was for \$16,254.89. Work of \$100K grant is complete. \$32 was unspent.

Renewable Energy Items

- Finalized preparations for 6/27 storage meeting with DOE and Sandia. There will be 29 non-Dynapower attendees, including representatives from GMP, WEC, VEC, BED, VPPSA, VEIC, Stowe Electric, and the offices of Senators Sanders and Leahy and of Congressman Welch.
- Finished Act 50 Siting Commission report indexing and highlighting and sent to Commissioner for review. Working on draft cover letter. Assignment is due to House and Senate Natural Resources and Energy Committees this coming Monday, July 1.
- Met with ANR Deputy Secretary and staff about hydro MOU, which both agencies are prepared to sign pending a conversation with Rep. Deen, which has now occurred. He is ok with the approach we've suggested.
- Discussed potential conserved land solar provisions under consideration by VLT/VHCB etc. with both Ag and ANR. The conservation entities are considering potentially allowing (or at least allowing for consideration of) projects that would interconnect at the distribution level, but not the transmission level. However, that line may have been drawn in an attempt to exclude larger projects that do not serve to primarily offset on-site load. There is a first cut of a draft and there was an initial meeting on 6/26 to which PSD was not invited, but we plan to participate in the conversation going forward.
- Spoke with Skip Flanders of Waterbury about their need for review of the terms of a 500 kW PV leasing proposal. This combined with outcomes from the community energy track of the finance summit and conversations with REV about a model RFP for towns have led the RE team here at PSD to consider convening a group of towns who are

considering and who have implemented larger solar projects sometime in July to share information and lessons learned.

- Met with Peter Gregory and Jim Sullivan about RPCs and mapping, which feeds into PERD’s thinking about the VSJF RE Atlas. We decided a meeting in July with reps from various RPCs and state agencies/partners involved in mapping to discuss baseline assumptions and dataset consistency would be a good idea.
- Attended a meeting with Tax Dept. and Agency of Ag. staff to discuss current use and farm structure tax issues related to PV systems. AAFM and Tax seemed to be in agreement on issues related to current use (if solar is installed the land should come out of current use), and on the far ends of the spectrum re: when a solar structure may also be a farm structure, but there was a gray area that will be dealt with as needed. Also discussed the solar/PV tax and the need for changes next legislation. PSD and Tax should work together on a proposal for the next legislative session.

Total Energy Study

- Began review of responses to Phase II RFP, including development of score sheet
- Met with Regulatory Assistance Project to discuss Energy Efficiency Obligations.
- Prepared follow up e-mails to TES stakeholders. Updated contact list with alternates for stakeholders who can’t attend, RSVPs, and scheduling availability. Updated PSD staff calendars with TES focus group meeting times. So far, RSVPs have been quite good, with over 80 yeses, more than 50 of whom have already answered the Doodle poll. We asked for responses by next Tuesday, 7/2.
- Presented the TES process and introduced the material for Phase 1 outreach at a meeting of the EAN Regulatory Reform work group.

Net Metering

- Continued to field calls from developers and customers on issues – about 2 or 3/week.
- The Board rejected two Green Lantern applications (Randolph, Vergennes projects) have been resubmitted with listed outputs of 149.995 (0.95 times DC rating) v. 150kW (AC inverter rating) on the original submission. The Board had suggested submitting under \$248.

Net Metering Activity 6/17/13 – 6/26/13

| | Registrations | Applications | CPGs Granted |
|--------------------|---------------|--------------|--------------|
| Count | 15 | 7 | 26 |
| kWAC | 70.602 | 799.238 | 129.151 |
| Ave Size kW | 4.7068 | 114.177 | 4.967 |

Heating Fuel

- Crude oil was trading at \$95.46 v. \$98.56 a week ago.
- The natural gas market this AM is \$3.739 v. \$3.976 a week ago.

Engineering

Vermont Yankee Operation

Since the last report, Vermont Yankee has generally operated at 100% with no notable issues. During the summer months, the station chlorinates the condenser to control the buildup of fungi. This typically occurs twice a week for about 6 to 7 hours (usually at night), and the power level is reduced as required. For example, VY performed a chlorination last night and lowered power to 93% for about 6 hours. The plant has operated continuously for 82 days since the last refueling outage.

NRC Issues Draft Study on Spent Fuel Pool Risks

Due to the Fukushima accident, in which spent fuel pools were damaged, the NRC conducted a study evaluating the impact of a seismic event on US spent fuel pools which typically are packed denser than those at Fukushima. The draft study evaluated how pool leakage from a potential earthquake might cause the spent fuel to overheat and release radioactive material to the environment. The draft study concluded that there is approximately a one-in-10-million-years chance of a severe earthquake causing a radioactive release from a spent fuel pool. The study examined both a “full” spent fuel pool and one with less fuel and more spacing between individual fuel assemblies, as well as emergency procedures for adding water to the pool in the unlikely event that the earthquake causes the pool to lose water. Also, the study found that spent fuel is only susceptible to a radiological release within a few months after the fuel is moved from the reactor into the spent fuel pool. After that time, the spent fuel is able to be cooled by air. We may provide comment. This is not helpful to ongoing discussions about spent fuel.

Stratton Mountain Propane Pipeline

The Department Gas Engineer plans to meet with the primary representative of the Stratton Mountain Resort Propane Pipeline ownership later this week. This system is Vermont’s largest propane pipeline system, is owned by Intrawest and is operated by a contractor. The Gas Engineer will review the owner/operator responsibilities for gas pipeline operation required by the Code of Federal Regulations, state statutes, and Public Service Board Rules. Future meetings and inspections will focus on specific areas of safety code compliance, with a planned cycle to complete coverage of all requirements in approximately three to four years.

Shoreham Town Pipeline Working Group

The Shoreham Selectboard chair invited the Gas Engineer to attend a working group/residents meeting to be held during the evening of 7/2/13. The Gas Engineer (accompanied by the Public Advocate) plans to be available to respond to technical questions about gas transmission pipelines and state that the Department has no position yet regarding a § 248 application, anticipated later this year, for a project to construct a “direct sales lateral” from the Vermont Gas Systems transmission pipeline to International Paper in Ticonderoga NY.

VELCO Update Meeting: Engineering held a periodic meeting with VELCO for an update on various issues. VELCO is making progress on assessing the condition of all its facilities from poles to substations. The assessment has led to setting of priorities for pole replacement and substation upgrades. One of the upgrades will be the Essex Substation STATCOM which is aging and needs new controls. This project will also be looked at in light of possibly a new substation at the so-called Champlain site (same site proposed by Anbaric). Discussion was also had on the preliminary updated VT/NH ISO-NE study, which may recommend further postponement of projects as load growth has nearly gone flat.

CAPI

Director position: We now have a position number and will be advertising this position next week.

Consumer Complaints:

CAPI fielded 107 consumer contacts this week, and opened 60 consumer cases.

A sample of cases opened this week:

Green Mountain Power- CAPI worked with a consumer who was facing disconnection for a \$2,700.00 GMP bill. The arrears were a combination of the consumer's usage over the past five months and charges from an account from 2011. The consumer is disabled and lives alone. CAPI was able to negotiate a 24 month payment arrangement to keep the consumer from being disconnected.

Vermont Gas- Consumer called on a disconnection notice for \$150. VTG has said she needed to pay \$76.03 by the following day. Consumer is disabled and has no vehicle, but she is trying to raise some money through local resources. Consumer said she could pay \$80 at the end of the week. She could pay the other half of the disconnection notice on 7/3. CAPI contacted VTG and was able to successfully negotiate and establish this arrangement. The consumer avoided disconnection of service and will make her payment at the end of the week.

FairPoint- CAPI received a call from a FairPoint customer stating that during a storm three years ago there was damage to the line that provides FairPoint service to his home. Consumer stated that he has been trying to work with FairPoint since that time to have the line repaired. Consumer stated that any time it rains he either has severe static on his line or loses his phone and internet service. FairPoint has been contacted and CAPI is waiting for a response to this long term, ongoing issue the consumer has been dealing with.

Comcast- A consumer contacted CAPI because she had been marketed to switch to Comcast from DirecTV, which she did, in late October 2012. At the time, the consumer was told that she would get a \$300 "win-back" credit. However, although she had been promised this by the sales rep who marketed her for the service, and later by a customer service rep at Comcast, she still

had not received it by the time she contacted CAPI. Additionally, the consumer said that she had not received any bills and that Comcast had turned her service off for non-payment in early January 2013. (She later paid the account in full and service was restored.) CAPI contacted Comcast, which said that they had been sending bills to the service address (rather than the mailing address the consumer said she had given Comcast initially) and that she was not eligible for the \$300 credit because 1) service had been turned off, 2) she hadn't provided a copy of her DirecTV bill "within 14 days of installation, and 3) "the amount of time that has passed." Comcast confirmed they had received the bills back as "undeliverable" but instead of trying to confirm the correct address, Comcast had continued to bill to the wrong address and then shredded the bills that were returned. CAPI pointed out to Comcast that the Service Order Form that Comcast had provided to CAPI had the consumer's correct mailing address and phone number on it, so that should have been an indication that Comcast had her correct mailing address on file. Comcast agreed to issue the \$300 credit to the consumer who was very pleased.

Post-CPG wind: CAPI was informed by Georgia Mountain Community Wind that they have conducted sound monitoring at the home of a consumer who had previously contacted CAPI about excessive sound from the turbines. This is separate from their spring quarterly monitoring, currently underway as required under their Board-approved Sound Monitoring Protocol. GMP provided to CAPI copies of letters GMP was sending to several consumers who live within 1 ½ miles of the project, who had complained about excessive noise from Lowell Wind's turbines.

Public Advocacy

Springfield Solar Alliance I Project – Docket 8034 – The Department participated in the site visit and public hearing. The public attendees' concerns focused on the fence, especially with respect to preventing vandalism to the facility and injury to inquisitive individuals. The Department is engaged in formal and informal discovery in an effort to narrow issues. Additionally in a letter to the Board, the petitioner provided a status updating reporting the petitioner's belief that the schedule does not need to be revised and stating that if the sedge found at the site is a rare, threatened or endangered species the petitioner will identify mitigation measures to prevent undue adverse impact on the resource. Motions to Intervene are due by July 5th.

Barnet Water System, Inc. Rate Increase – Docket 8052 – The Board approved the Company's request for a one-week extension of the deadline for the petitioner to submit its prefiled testimony. With the extension, the petitioner is due to file prefiled testimony and responses to the Department's information requests this week.

Middle Road Ventures Middlebury Solar – Docket 8060 – The petitioner filed supplemental testimony responding to the Hearing Officer's information requests. The Department participated in the Board's pre-hearing conference during which a procedural schedule was set.

A site visit and public hearing are scheduled for the week of July 15th.

VELCO/GMP Bennington Substation Project – Docket 7763 – In an Order, the Board concluded that GMP has satisfied Condition 6 (information regarding equipment modifications and decommissioning) and Condition 19 (other details of decommissioning). Additionally, the Board approved the decommissioning plan for the GMP Woodford Road Substation as it specifically applies to this docket, and not the additional modifications of this substation that are pending in Docket 8020. GMP also made an informational filing in both dockets in order to keep everyone apprised of the most recent site plan.

Pines Development Water System Abandonment – Docket 8026 – The petitioner filed a notice withdrawing its petition to abandon the water system. PSD believes that the heir to the deceased owner (or one of them) will keep this 9-connection system and hire a professional operator to run it.

Claire Solar Farm Section 248 Proceeding – Docket No. 8003 – Parties agreed to a revised schedule for the remainder of the docket. On June 21, Petitioner filed revisions to its project, with supplemental testimony and exhibits. PSD is currently reviewing the filing to determine whether it has additional discovery questions. The deadline for a stipulation, if any, has been pushed back to July 12.

Swanton Rate Increase – Docket No. 8024 – The Department received responses to its second round of discovery questions from Swanton Electric Department on June 24. PSD is currently reviewing these responses to determine whether to enter settlement negotiations with Swanton. A stipulation, if any, is due by July 9. Due to some scheduling issues, PSD is considering requesting an extension of at least a week to reach an agreement.

Chester Solar Farm Section 248 CPG Proceeding – Docket No. 7989 – A PFD in this matter was issued on June 11, with comments due on or before June 21. PSD and Petitioner both responded to the request, providing no substantive comment. Parties are awaiting a final order.

GMP Base Rates Filing – No Docket – The pre-filing process is proceeding smoothly. Bill Schultz has a second visit to GMP scheduled the week of July 8, and PSD staff has a second visit re: SmartPower savings scheduled for July 10.

WEC Petition to Issue Long Term Debt to prepay pension obligations – no docket – The Department filed comments on WEC's petition on June 17th, recommending approval of the company's petition. After filing its letter, the Department learned of an error in its calculation of the company's expected TIER with the new financing. On June 24th, the Department filed a letter correcting its previous calculation.

VTel Wireless Petition for Unconditional ETC Designation – Docket 7966 – VTel responded to the Department edits to its proposed joint Proposal for Decision on June 21st. While the

Department does not object to most of the edits, it does not agree with VTel's omission of a direct quote from the company's prefiled testimony stating that VTel Wireless holds a CPG to provide commercial mobile radio service ("CMRS") and as such is regulated as a common carrier. The Department is discussing this issue with VTel.

Telrite Corporation d/b/a Life Wireless for Designation as an ETC to Offer Wireless Lifeline Services – Docket 8031 – The Department is reviewing Telrite's responses to discovery. Telrite has also provided a MOU for the Department's review. A status report is due to the Board on June 28th.

FairPoint BLES Tariff and Customer Service Agreement – No Docket – FairPoint and the Department remain hung up the issue of whether the parties are seeking approval of the BLES Tariff/Service Agreement MOU. FairPoint argues that the MOU addresses issues outside the Board's jurisdiction. FairPoint is mistaken on this front. It remains unclear how to resolve this impasse, though requesting an investigation before the Board remains an option.

Telecommunications

High Cost Phase II report – A draft version of a report on cost of providing telephone service has been circulated to the Vermont ILECs for their review to determine whether it contains any information the companies claim to be confidential.

Wire Center Boundary submission to the FCC – PSD staff has prepared information relating the boundaries of the wire centers served by the ILECs in the state for submission to the FCC. PSD staff initially circulated the metadata that the FCC requested accompany the submission to the ILECs for review. After compiling this metadata into the format requested by the FCC, PSD staff has circulated to the ILECs the exact file to be submitted to the FCC later this week for final comments.

Comcast discovery about VoIP – The PSD has retained expert witnesses to assist in the inquiry about whether Comcast voice service is an information service or telecommunications service under federal law, in a docket before the PSD. The experts prepared and submitted a lengthy set of discovery questions about the service Comcast provides to aid in the proceeding.

VTel Data Networks CPG Application – The PSB granted an extra week for the PSD to consider the VTel Data Networks ("VDN") CPG application, with comments now due July 2, 2013. VDN will function as a CLEC operating over the VTel fiber and wireless networks. VDN's proposed service offerings include VoIP on a retail basis, but it is unclear whether VDN plans to offer VoIP over the VTel fiber and wireless networks, in addition to – or rather than – having those underlying carriers provide voice services. Also, the application describes VTel Wireless as a "provider of wireless broadband services," rather than a voice provider, which may be relevant for the purposes of Docket No. 7966, in which VTel wireless is seeking limited Eligible Telecommunications Carrier status to provide mobile broadband and voice.

Stowe Electric and Trapp Family Lodge: We are working once more to resolve the long-standing submetering issues at the Trapp's. The Commissioner contacted Rep. Heidi Schuermann today to discuss, but has not received a call back. This may end up before the Board, which would be unfortunate and may open other similar issues around the state.

Finance and Economics

Electric

VEC – Met with K. Perry to discuss a revised Use Specific Rate Schedule to replace expiring (snowmaking) special contracts in effect for Jay Peak and Smugglers Notch. Portland Pipeline presents additional issues concerning the estimate and billing of fixed transmission charges, would be included in the proposed rate schedule. VEC plans to file revised tariffs by July 2013, will have differentiated levels addressing Smugglers Notch, Jay Peak, and Portland Pipeline.

Stowe Electric Department – Pursuant to Docket 7848 (regarding AMI) and subsequent PSB order, Stowe developed a Time of Use rate for residential and commercial customers upon completion of the installation of AMI meters. The initial rate design is intended as a bridge until the utility conducts a cost of service study in 2014 based on actual costs using the AMI meters. Although Stowe intended to file the TOU tariff by 28 June, Finance & Economics staff raised numerous issues and incomplete documents will likely necessitate a delay in the TOU filing.

BED – Staff reviewed the Burlington Electric Department Energy Efficiency Utility Program for May 2013. No discrepancies or anomalies were apparent in their report.

Also, received and reviewed minutes from Board of Electric Commissioners meeting held 8 May 2013.

WEC – Staff amended the Section 108 Petition to finance existing WEC pension obligations. The Petition as amended has been found to benefit ratepayers.

Gas: VGS---Alt Reg---the utility plans to file its preliminary cost of service for our review by the end of June with a final COS no later than August 28. The RFP to solicit expert witness services received 4 responses by the 24 June deadline. Staff is currently analyzing and scoring the submissions and will draft a recommendation .

Water: D8052 Barnet Water Systems - Staff prepared and submitted to Legal discovery questions on need for 520% rate increase. Barnet filed testimony and responded to discovery on 25 June. Staff notes that Barnet owner, R. Dufresne continues with negotiations to sell the water system to the Barnet Fire District No. 2.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: June 28, 2013
SUBJECT: Governor's Report

Emergency Management

Most of our time this week has been devoted to the weather issues of which you've all be kept informed of. Starting tonight through the weekend we'll have staff in the EOC day and night to monitor the storm. We have moved the Hartford Swift Water Team to Berlin starting tonight to cover Central Vermont. In the north we've stood up the Colchester Team. As things progress we'll continue to keep all informed. Will be scaling back the EOC at 14:00 today but will continue monitor situations throughout the State.

Legislative contacts:

Ted Brady from Senator Leahy's Office regarding any possible SBA role to individuals in the wake of the declaration for the May 22nd to May 26th storm event.

Multiple Vermont State Legislators who participated on a conference briefing on the 26th in preparation for an impending weather event.

CJS

Marijuana Dispensaries

The following is an update on the progress of the dispensaries.

Vermont Patient's Alliance (Montpelier) – Issued certificate and opened last week, reporting good patient traffic and generally positive interactions. Of note, one patient complained about the prices and has spoken with the media about this issue but we have not been asked for comment as of yet. The dispensary seems pleased with initial patient feedback and while they have the same start-up issues as any small organization/business will have they seem to be progressing positively.

Champlain Valley Dispensary (Burlington) – Issued certificate last week and had soft opening (5 to 6 patients) on Friday, ramping up to general open today. Do not yet have any significant feedback but will pass along as soon as received.

Rutland County Organics (Brandon) – Certificate pending, will be awarded before 7/1/13. Currently plan to open sometime in August.

Patients registered with Dispensaries:

- Vermont Patient’s Alliance – 116
- Champlain Valley Dispensary – 109
- Rutland County Organics – 33
- Total all dispensaries – 258
- As a percentage of all patients on registry – 32%

| Date | Caregivers | Patients |
|-------------|-------------------|-----------------|
| 7/1/2006 | 5 | 30 |
| 11/1/2009 | 41 | 219 |
| 7/1/2010 | 59 | 344 |
| 8/26/2011 | 67 | 385 |
| 3/1/2012 | 92 | 491 |
| 11/5/2012 | 85 | 557 |
| 1/24/2013 | 86 | 593 |
| 3/25/2013 | 88 | 623 |
| 5/15/2013 | 102 | 742 |
| 5/28/2013 | 109 | 755 |
| 6/24/2013 | 114 | 804 |
| | | |



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: June 28, 2013

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

- First stages of construction of the city-state heat plant are now underway.

Significant Events/Meetings:

- Met with Rutland City council chair and attorney concerning the lease agreement with the city for the operation of the parking deck. We are close to an agreement.
- The development agreement for the St. Albans 20 Houghton ST project is being circulated.
- Internal meeting to discuss capital priorities related staffing and BGS organizational structure.
- Meeting held regarding grand opening of both the Hartford and Bennington rest areas.
- Bennington SOB weekly meeting revealed commissioning starting today, the project seems to be finally coming to an end.
- Meeting with VSEA Howard and Warner about agenda for 7/9 AOE/VSEA Barre City Place program.
- Attended by phone DOL meeting on Governor's Task Force on EE Misclassification. (Since Workers Compensation has been moved to AOA, should the secretary's office represent the Administration?)
- Met with Rep. Stevens regarding the Waterbury bond vote.

FINANCE AND MANAGEMENT

Issue Updates:

ERP Project:

Expense Go-Live: We continue to work with employee and approver set up issues. We are temporarily reassigning one person from Payroll to the VISION Customer Support Desk to focus exclusively on the large number of calls being received from employees who have never used VISION before. Between Expenses and year-end closing the Support Desk has been swamped.

Another issue we are dealing with is the large number of expense reports entered but not approved. If they are not approved by tomorrow, they will need to be removed from the system and reentered after the year-end close this weekend. The access issues plus the delays in approvals by supervisors pushed us up against, and in some cases, over the 60-day IRS taxability rule. Commissioner Reardon will be issuing a memo to Agency and Department heads, Business Managers and Expense Coordinators detailing his decision to waive 60 day penalties for employees with outstanding expenses from April 1 – May 31, 2013. Beginning with expenses incurred from June 1, 2013 and beyond, the 60 day taxability rule will apply.

Payroll: Payroll is awaiting additional information related to the federal tax changes for gay couples resulting from yesterday's Supreme Court decision on Defense of Marriage Act (DOMA). Since Vermont already allows equal benefits for gay couples, it is only the federal tax side which we will need to change. The Department of Human Resources and Payroll will work closely to test and then implement whatever changes are necessary as soon as is practical after the changes are official from the Internal Revenue Service.

FY 2015 Budget Pilot: The budget office met this week with the Joint Fiscal Office and tentatively agreed to a "pilot program" structure for rollout of performance-based programmatic budgeting to begin implementation in the FY 2015 Governor's Recommended budget. Under the pilot program, 17 programs across six departments, will present performance measures and program costs in a consistent, unified format to the appropriations committees this year. Performance measures will be drawn from federal performance requirements where applicable, as well as the Governor's Strategic Plan. Activating and configuring the Vantage Budget Development System's Performance Measure Module – and creating the necessary reporting capability to pull together programmatic data and budget data into one report – will be a substantial project challenge for the budget office this summer and fall.

HEALTH CARE REFORM

Status of Governor's Priorities:

Financing: Michael Costa completed a decision-making framework to help leaders address the legislative desire to work on tax reform, which is a companion issue to health care finance. Michael circulated materials to Robin, Louis, Mary, Lawrence, Jeb, and Liz. Positive feedback thus far. We seem ready to discuss with GPS in July.

Michael held meetings with Steve Kappel and members of the Green Mountain Care Board to gain their perspective on health care reform finance and the finance related triggers assigned by Act 48 to the

Green Mountain Care Board. One key medium term project is to develop a consensus driven process to pull the Green Mountain Care triggers, as the board has not thought much about this topic.

Michael made progress on a developing a rudimentary tool for the Business Advisory Council, which would illuminate the finance model decision points, cost, and potential finance sources.

VHC: Robin testified to the legislative Health Care Oversight Committee this week, which included an update on the Vermont Health Connect operational readiness. HCOC had asked for a summary of DII's involvement, so Robin invited Commissioner Boes to jointly testify on this issue. The committee was satisfied with the information & involvement of DII and with the preparation underway. There was press on this, which did not do justice to the context of the discussion & solely highlighted potential doom and gloom.

Robin will plan for a press briefing re: the Exchange to coincide with the DII independent review, which will act as a vehicle for releasing this report.

VHC is doing a joint event with Congressman Welch's office July 8th. Robin is going. Lake Champlain Chamber is promoting. There will be several more over the course of the summer. We will keep Liz & Shana in the loop, so the Governor can attend if he'd like.

We are finalizing the draft contract that insurers who are offering plans through VHC will be parties too. The draft has been vetted by the AGs in advance, as well as the internal team. We expect to send the draft to carriers this Friday for their review & begin negotiations the week after the 4th of July holiday.

Single Payer Operational Planning: Commissioner Larson & Robin are working on communication to internal staff to sensitize them to the way others are viewing their approach. We also have a follow up with Don George/BCBS in mid-July to discuss possible approaches.

Michael & Robin will be reviewing our work plans with Jeb & Liz the week of the 8th.

Coop: We are concerned that the co-ops public statements conflict with the RFP requirements, so Mark will reach out to Christine.

Press/Media Notes:

Andrew Stein & Pete Hirschfield re: IT contingency planning – see above

Significant Events/Meetings:

June 20:

NGA Health Care Task Force: The task force is reviewing draft recommendations, which Robin is contributing too. She worked with Welch's office to also get feedback from Waxman's office in order to generate good will with him and his staff. Waxman's office will be key on the ERISA waiver issue, so Robin met with his staff in May to talk about our issues. They brought up the NGA task force and had some concerns about how the recommendations would come out.

June 24: Winooski

Countdown to October 1: We held a “100 days” event for the broad VHC team, including ESD staff, DFR staff, and CGI/vendor staff. This was part pep rally, part team building as we move into the final stretch of work.

SIM Core Team: The SIM core team met to discuss the work group structure and involvement of external parties. Anya & Robin feel strongly that private entities must be fully engaged and take ownership and leadership over this process and argued for including these entities as chairs of workgroups. Doug is of a different mind (his opinion is representative of other AHS departments & his finance staff). They are fully represented on the Steering Committee.

In choosing chairs, consideration must be had for contracting or vendor relationships as well. For example, VITL is receiving a lot of SIM grant money & there would be at minimum an appearance of a conflict (if not an actual conflict) should they chair the HIT workgroup. So, we will need to make sure that we are choosing people who will not be perceived as directing the SIM funds to themselves or otherwise have some sort of conflict.

Innovation book group: As a leadership building exercise, several of us read a book focused on how to build an innovation team for a new venture and discussed in relationship to how to build our single payer operations team. This generated lots of ideas, which Robin will use in a proposal for this team.

June 26:

Tuck Executive Education kick-off Workshop: In the Level II Exchange grant from the feds, Robin included a request (which was approved) to sponsor executive leadership education/training for top officials involved in HCR. The purpose is to ensure that our leaders and managers are improving their knowledge and skill sets. This type of professional education will ensure the success of VHC as well as our other HCR activities are successful.

June 27:

Act 48 Working Group with Governor
Business Roundtable

Evolving Issues:

Exchange readiness
ERISA planning
Single Payer operational planning
Financing planning

HUMAN RESOURCES

Meeting Section:

Secretary Spaulding and Commissioner Duffy met with representatives of Fletcher Allen Health Care to discuss integration of the Vermont State Hospital and Central Vermont Hospital. FAHC indicated it will only consider full integration with the State Hospital if it can manage the facility. The parties discussed the issues, potential concerns around labor issues, and the need to proceed quickly, given the anticipated time for opening of the hospital.

Commissioner Duffy has participated in several conference call meetings hosted by Vermont Emergency Management regarding weather conditions this week and into next week. DHR is preparing to address issues regarding the impact that the weather may have on employees' working conditions.

Evolving Section:

Secretary Spaulding sent a memo to appointing authorities and other officials providing information regarding cost of living increases for exempt employees. Secretary Spaulding advised exempt employees will receive a 2.1 % increase. Some exempt employees will have .2% take back from this amount to pay for their long term disability benefits and other exempt employees will have a day of annual leave taken as payment for this benefit.

Secretary Spaulding has tasked Commissioners Duffy, Reardon, and Wehry with preparing a contingency plan should the Vermont Veterans' Home lose certification and funding.

DHR continues to work on stabilizing the new VTHR system. The transition is going reasonably well, with Time and Labor very close to stabilized. Recruitment is still experiencing some challenges, but the issues are being addressed quickly.

DHR has created most of the positions authorized by the Legislature and transferred positions in accordance with newly created statutes. DHR is still awaiting some information from departments, but will be able to create the positions quickly once the information is provided.

VSEA has expressed concerns about the expenses upgrade to Vision, particularly whether employees will be required to pay tax on reimbursements that take more than 60 days. DHR worked with Finance to prepare a memo to go to all employees providing assurances, and DHR has provided key information to VSEA to alleviate concerns.

Press Section:

Commissioner Duffy spoke with Alicia Freese at VT Digger regarding the employee engagement survey being conducted by DHR. Commissioner Duffy assured Ms. Freese the results of the survey would be shared when completed, which will be in late July or early August.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

PeopleSoft/VISION/ERP: Performance testing ended on Tuesday and was a success. We did make some adjustments to obtain optimal performance. The testing also identified the way Cherry Road had created the HR Advice was causing the system to fail at a certain user threshold.

Recruitment is still having issues. Approximately 50% of the candidates are not getting through. This is due to the user leaving the application before it is completed or system glitches. This is a high priority for the developers at this point and it is being attended to.

Healthcare: CGI continues to add resources and are adjusting project activity to accommodate the October 1st launch of HBE.

Legislative Issues/Contacts:

Richard testified in front of the Health Care Oversight Committee on Tuesday.

Press/Media Notes:

Immediately following Richard's testimony to HCOC, Peter Hirschfield and Andrew Stein asked Richard what was the largest risk to the HBE, and he responded that we track all risks and issues by likelihood and impact, and we have a team working on them daily, and that all risks were important to address. He reiterated his confidence that we would be launch the HBE in October, and we would meet our federal obligations, but that refinements to the system would come in later releases. They asked for detail and Richard referred them to Robin. He told them these risks were tracked by the PMO which reports to Tom Jenny and that in this interim position he reports to Robin. He suggested they contact Robin if they wanted more info.

Evolving Issues:

We have narrowed the Chief Information Security Officer (CISO) search from over 100 applicants to 2 excellent candidates. We hope to make an offer by the end of July.

LIBRARIES

Significant Meetings/Events/Project Updates:

"Bridging the eHealth Divide," is a new initiative under the leadership of OCLC (a worldwide library membership consortium) and ZeroDivide, to assist the U.S. Department of Health and Human Services, in getting information about the Affordable Care Act (ACA) out to citizens. The project will develop communication and outreach strategies and materials to state libraries and public libraries regarding the rollout of the ACA. I have been tapped as the COSLA representative on this project and will learn more about it during a phone call later today.

Christine Friese has been working with Sean Sheehan at VT Health Connect on a plan to have VT public libraries disseminate information about the VT health exchange program, and we will incorporate the national e-health materials in our outreach efforts.

7/1/3: Meeting set with DII project manager Barbara Cormier to begin planning for the replacement of the Vermont Automated Library System (VALS), referred to in my weekly report last week.

Other:

6/25: Board Meeting, COSLA (Chief Officers of State Library Agencies), Chicago: In addition to the regular Board meeting, we met with representatives from FSG Consulting (<http://www.fsg.org/>) to begin an organizational planning process which will result in a new strategic plan for COSLA.

6/27-7/2 - American Library Association Annual Conference, Chicago: Two VTLIB employees, Christine Friese and Grace Greene, are attending all or part of the conference. Grace Greene will attend the Laura Ingalls Wilder Award ceremony this weekend as one of two Vermont representatives

accompanying award winner Katherine Paterson, children's author from Barre. This award, given for the body of work by an author of children's literature, is a prestigious award and we are all very proud of Katherine. <http://www.ala.org/alsc/awardsgrants/bookmedia/wildermedal>

6/13 (2:30-4:30): The Trustees of the Deborah Rawson Memorial Library (Underhill) will hold a celebration to honor the 100th birthday of Dr. Burnett Rawson of Essex. Dr. Rawson, who will turn 100 on 7/1, will be in attendance and Grace Greene and Marty Reid will also attend.

The Deborah Rawson library, opened in 1998, was built with funds donated by Dr. Rawson and his (late) wife to honor their daughter who died in 1992.

TAXES

Legislative Update:

Sept 1 Late Deadline for Homestead Declarations: We sent out a note to all towns about our acceptance of declarations until October 15, mostly quieted down.

Solar: In the same email, we sent our new technical bulletin on the solar tax. Again, mostly quiet – that might change when the notices go to taxpayer late this week.

Senior Staff Retreat: We had a very constructive 3rd Annual Retreat facilitated by Stephanie Lehar. The morning included supervisors and centered on small group cross-divisional brainstorming on issues identified by each Director. The report out included a headline, and can't help but share our Compliance Director's dream headline "The Governor Applauds the Tax Department's Success in Closing the Tax Gap." The afternoon was a very frank discussion among all the Directors, in which we tackled some big elephants in the room (and admittedly beat some dead horses). On the eve of making our decision on a new ITS, Stephanie skillfully steered a talk about what to do with our IT division. Our IT Director pointedly asked the Commissioner if she was willing to "advocate" for the Department to keep its own IT resources; Stephanie rephrased the question as whether there was any realistic possibility in the short term that the Administration would reverse course on DII's strategy to consolidate IT and outsource development. When that answer was an obvious no, we instead discussed how and why we got here, but more importantly, how we deal with the immutable reality. We talked about what roles the Department would have in the future for IT types (need for Business Analysts and Project Managers), and how we can more actively manage our relationship with DII to insure that we receive acceptable service at a reasonable price.

Sharing Tax Data with JFO: We had a second meeting with JFO, focused on security and confidentiality. For security, Commissioner Boes (who could not attend) suggested that JFO be restricted to access on the Department's network through CITRIX. JFO plans to meet with him directly next week. For confidentiality, we agreed that the Commissioner would circulate a draft RFI that we could submit to vendors to solicit information on blurring data such that taxpayer identity could not be derived. On both points, JFO claimed to have some shared interest in mitigating risk, but then wanted to cut some corners (for example, they didn't want to rely on DII rather than legislative IT, and they wanted to be convinced that Tax couldn't be responsible for blurring on its own). We did agree that the Department at most would provide personal income data for the first year.

Operations:

RFP for Integrated Tax System: The Deputy Commissioner has chunked up aspects of the proposals for the project members from business units to weigh in on, and we have an important meeting tomorrow morning to see if the project team consensus is to narrow the field, at which point DII wants to provide input. The narrowing would involve ruling out the bid from an implementer to continue with the current ETM project – the bid has patent flaws. In just one example, the vendor suggests it will partner with various other companies in unspecified ways and has proposed a project team does not meet our specifications (the lead has a sales background, no member has been with the company more than two years and aside from work in Vermont, none has experience implementing an ITS.) Of the two remaining vendors, there is an issue of product maturity with one and a question of whether the other will engage in a truly benefits based payment structure. We intend to submit questions to the vendors. We still are on track to have demos with the finalist(s) the week of the 8th or 15th.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: June 27, 2013
RE: Boards and Commissions Update

Working Lands Enterprise Board: Amanda Thurber does not want to be reappointed. Louis is working on getting a Dairy Farmer to replace her.

Commission on Women: I spoke with Ari and she is all set.

VEDA: The legislature added one more Governor Appointee. Jo Bradley would like an ag person if possible.

Beth Pearce says THANK YOU for appointing Lisa Ventriss to Private Activity Bond Advisory Committee.

Search & Rescue Council: Appointed by the Governor:
Public Member with search and rescue experience
National Ski Patrol or Green Mtn Club with extensive experience
Professional or Volunteer search and rescue organization –
Drew Hazleton with Rescue Inc. called. Is he someone you would like appointed?
Volunteer Firefighter with “SARTECH3” or equivalent
Career Firefighter with “SARTECH3” or equivalent

Appointments made June 26, 2013

Endangered Species Committee:
APPOINTED: James Shallow, Richmond – (Fauna)
APPOINTED: Dorothy Allard, Bakersfield – (Flora)

State Police Advisory Commission:
REAPPOINTED: Patti Pallito, Richmond
REAPPOINTED: Shirley Jefferson, Sharon

Special Education Advisory Council: .
REAPPOINTED: Eileen Guyette, Pittsford (Special Educator)

Tobacco Evaluation & Review Board:
APPOINTED: Alexandra Potter, Starksboro

Vermont Housing Finance Agency:
APPOINTED: Jeanne Morrissey, Richmond

Apprenticeship Council:
REAPPOINTED: Ann Ross, Huntington (Employee Rep)

Downtown Development Board:

APPOINTED: Elizabeth Finlayson, Barnard (Assoc of Chamber Execs)

Board of Health:

REAPPOINTED: Ellamarie Russo-Demara, Sharon (Osteopathic Physician)

SerVermont:

APPOINTED: Lisa Schold, Shelburne (Youth)

Working Lands Enterprise Board:

REAPPOINT: Kathleen Wanner, Chittenden (Forestland Owner Organization)

Passenger Tramway Board:

APPOINTED: Michael Tarricone, So. Burlington (Public Member)

REAPPOINTED: Scott Reeves, Stowe (industry rep)

State Program Standing Committee for Developmental Services:

APPOINTED: Linda Berger, Montpelier

REAPPOINTED: Bethany Drum, Randolph

REAPPOINTED: Emily Anderson, Hinesburg

REAPPOINTED: Maxwell Barrows, Worcester

REAPPOINTED: Kyle Moriarty, Montpelier

REAPPOINTED: Connie Woodberry

Travel & Recreation Council:

REAPPOINTED: Brian Cain, Montpelier (Restaurant/Capital Plaza)

REAPPOINTED: Wilfredo Docto, Duxbury – (Innkeeper and Event Planner)

Interagency Coordinating Council for Families, Infants & Toddlers:

REAPPOINTED: Hope Charkins, Norwich (service provider)

REAPPOINTED: Kate Rogers, Barre Town (Agency for Preschool)

REAPPOINTED: Barbara Thompson-Snow, Lincoln (State Childcare Agency)

REAPPOINTED: Pam McCarthy, Swanton (Provider)

REAPPOINTED: Karen Garbarino, Johnson (DCF Child Dev.)

Commission on Women:

APPOINTED: Ariel Wengroff, Burlington (1989-D)

Justice of the Peace, Town of Sheldon- her husband passed away and she will finish his term.

APPOINTED: Marie Brouillette, Sheldon

Vermont Economic Progress Council:

REAPPOINTED: Fred Kenney, Jericho – EXEC DIRECTOR

Private Activity Bond Advisory Committee:

APPOINTED: Lisa Ventriss, So. Burlington

**Irene Recovery Situation Report
06/28/2013**

IRENE RECOVERY OFFICE

PA

- PA Applicant Briefings for DR4120 took place on Thursday, June 27 in Essex, and Friday, June 28 in Averill for Essex County applicants.
- FEMA has approved the revision of Wardsboro's PW2987 (Boardman Loop culverts) to cover the town's recommended engineering solution; a positive development that represents an additional \$100K for Wardsboro.
- The State Hazard Mitigation Office is currently reviewing State Mitigation Plan update proposals with FEMA R1 for possible HMGP funding (up to 7% of total HM funding can be allocated to plan-related proposals).

ACCD

- DHCD conducted a public hearing in White River Junction as part of public outreach for development of CDBG-DR II Action Plan, due to HUD by September 3rd. Grants Management Staff are working on financial management certifications that must be provided to Secretary Donovan by July 3rd.

HMGP

- Current status of buyout properties:

| | |
|-------------------------------------|-----|
| HMGP Purchased (75% HMGP, 25% CDBG) | 11 |
| HMGP Approved | 81 |
| HMGP Pending | 7 |
| Appealing/RFI HMGP Determination | 11 |
| Round 4 | 4 |
| Round 5 | 7 |
| CDBG-DR Only | 13 |
| Grand Total | 134 |

Link to Map: <http://www.trorc.org/buyouts.html>

VTrans

Operations Division

| All District Irene Related FHWA ER Sites | This Week |
|---|------------------|
| Total sites | 689 |
| Total sites complete | 450 |
| Total sites under construction | 11 |
| Total sites awarded not completed | 85 |
| Total sites ready for bid | 57 |
| Total sites scoping/design complete | 68 |
| Total sites no activity | 20 |
| Total sites given to PDD | 64 |
| Total sites on hold ROW/ENV | 28 |

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