

Any

WEEKLY REPORTS

Checklist
3/25/2011

Bill Lofy

- Agency of Commerce and Community Development – Lawrence Miller
- Agency of Agriculture – Chuck Ross
- Agency of Transportation – Brian Searles
- Department of Labor – Annie Noonan

Alex MacLean

- Agency of Natural Resources – Deb Markowitz
- Department of Public Safety – Keith Flynn
- Public Service Department – Liz Miller* (shared with Beth)

Susan Bartlett

- Agency of Human Services – Doug Racine

Beth Robinson

- BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

- Agency of Administration – Jeb Spaulding

Special Reports

- Additional Report: Education
- Additional Report: GIRO
- Additional Report: VT Veterans' Home

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development
Date: March 25, 2011
Re: ACCD Weekly Report

Status of Governor's Priorities:

Legislation:

Evolving Issues:

Commissioner Mackay and Deputy Commissioner Hollar

- As the **Jobs Bill (H.287)** is taken up in the Senate, Noelle continued to help cover committee hearings, this week in Senate Economic Development.
- **The Homebuilders and Remodelers Association highlighted the lack of construction credit, conflicting building codes, enforcement and potential elimination of 30-year mortgages and interest deductions at the federal level** as concerns at a roundtable discussion in which Noelle and Jen participated. Historic preservation, potable water and life safety requirements such as sprinkler requirements were also cited as impediments to housing development and renovation.
- The proposed move of the **Vermont Film Commission** to a new Creative Economy Office at ACCD is still generating a lot of "interest." Noelle participated in meetings with Secretary Miller and key members of the commission. She also met with Executive Director Joe Bookchin.
- A **Statewide Energy Plan** is being led by the Department of Public Service. Noelle met with DPS staff to discuss her presentation of energy and land use for the public meeting for the land use portion. They have broken the meetings into four – energy efficiency, land use, transportation and renewables. Noelle also met with Deputy Secretary Chris Recchia of ANR and Deputy Secretary Sue Minter and Gina Campoli to discuss the transportation portion of this plan to coordinate and re-enforce each other's presentations.
- **Emily Wadhams**, formerly with the National Trust for Historic Preservation and former VT SHPO met with Noelle to discuss historic preservation. She shared her experience as SHPO as well as provided a national perspective on key issues in the field.
- **Kate Becker and Susan Elliot of Congressman Welch's office visited the Department** this week, met with Jen and were introduced to Noelle and members of the Department's staff. Kate is a legislative assistant to Welch in his DC office and recently assumed responsibility for housing issues. Maintaining federal funding for CDBG and HOME was the main topic. The need for more program flexibility in times of decreased funding and housing preservation were discussed as well.
- In support of **Secretary Miller's meeting with HUD Assistant Secretary Mercedes Marquez**, Jen worked with staff and stakeholders to assemble background information and key issues. Follow up the meeting will include drafting a letter to HUD thanking them for their work and support on NSP3 and exploring greater use of Section 108 loan guarantees.

- **A Roadmap for Housing Energy Affordability** was released at a conference attended by Noelle and Jen as well as Agency staff Nancy Boone and Lisa Ryan. Based on extensive research and data, the roadmap identifies the energy efficiency measures required for the sustainability of Vermont's existing affordable housing portfolio and new development. The goal of the roadmap is to prepare portfolio for the uncertainty and potentially inflationary reality of energy markets in the future. A closely related goal is to reduce the portfolios carbon footprint. An extensive body of work, the Roadmap raises many policy questions including the impact on development costs and historic preservation. In general, the roadmap recommends much deeper energy work than is currently allowed by the PSB's screening tool.
- Staff review of **applications for the VCDP Board meeting** next week continue and included meetings with Jen to discuss the major issues. Requests far exceed available funds.
- People packed a room to hear more about the future of the **Lamoille Valley Rail Trail**. Noelle and Commissioner Smith attended the meeting hosted by **VAST** along with Sec. Searles of AOT and Susan Bartlett from the Governor's office. The Administration encouraged VAST to move forward with the project and seek Act 250 permits and assured the members that this is a project we support.
- Jen met with staff **Gus Seelig and VHCB staff** on a range of issues including the Roadmap and DPS, preservation bill, pending projects, non-profit capacity, and Secretary Miller's visit to HUD. Noelle, Chris Cochran and Nancy Boone met with VHCB as well to plan the upcoming visit by the **National Park Service** to Vermont. ACCD's goal is to focus on issues education and work toward restoring balance between multiple objectives – affordable housing, historic preservation and energy efficiency.
- Noelle, Catherine West, Gio, John and Elsa met with **Buildings and General Services** to review protocol for **contracts** to ensure a smooth process and clear understanding of roles and responsibilities.

Business Support

- **Tempur Tech, Bennington:** Peter Odierna and Ken Horseman met with company officials to learn about two new products the company is seeking to manufacture in Vermont. One is a radiant heat flooring carpet and a derivative product that prevents roof ice dams. The company is in startup mode and is seeking areas of technical assistance. Appropriate referrals will be made.
- **Bennington Iron Works:** Company announced it is closing due to competitive issues within the next few months. DOL has made contact, and BCIC will continue to work with the company as it transitions out of business. Appropriate referrals will be made.
- **Snake Mountain Rattler:** Senator Giard, Sarah Kearns of SBDC and Ken Horseman met with the owner who requested assistance with several inventions that the owner is seeking to market. Many of them have potential synergy with Vermont companies that may be willing to partner with the company. The department will begin work to assist in that regard.

Community Planning and Revitalization

- **Downtown Tax Credits:** Chris is working with a UVM graduate student to survey recently funded tax credit projects, in order to quantify the impact of those credits - # construction jobs, private investment leveraged, new businesses, etc. The survey has been emailed to applicants and we anticipate a high response rate (over 80%) over the next week. We expect the results will mirror other state studies, showing that Vermont's program stimulates local investment, creates jobs, and generates tax revenue as well. The survey also seeks feedback on the program design, quality of service, and recommendations to improve the program. We hope this information will assist policymakers making difficult decisions on how best to invest limited economic development dollars.

- **Interstate rest areas/interstate exchange development:** Joss met with representatives of BGS and VTrans to consider a response to a developer's proposal to construct a new rest area off of exit 4 in Randolph through a public/private partnership. The proposed rest area site is part of an 18 lot commercial subdivision immediately below that interstate exchange, and the developer is seeking state participation to help that development through transportation improvements. There are some obvious benefits, and challenges, to the proposal, but the most basic issue is that the state has no rest area policy on which to base any decision. Mike Obuchowski will organize a meeting for the developer to outline his ideas, but it is anticipated that any further discussion will wait until a rest area policy has been developed. VTrans will develop that policy through a committee that includes T&M, and DEHCD.

Historic Preservation

- **VCNAA:** A Public Hearing has been scheduled for Commission review of the Missisquoi application and Scholar Panel Report for state recognition on March 29, 2011. Diane has received many requests from individuals for public records concerning tribal applications for recognition. Diane is working directly with Julie Kelliher, ACCD Counsel, to make sure all public records are readily available upon request.
- **Certified Local Government:** Diane and Nancy finalized the scope of work for the National Register nomination of the Mad River Glen Cooperative Ski Area that will be completed through a CLG Grant awarded to the Mad River Valley Planning District in the town of Fayston. This will be the first time that a ski area in Vermont will be nominated for listing on the National Register of Historic Places. Diane has been in contact with Hardwick, Newport, and Poultney about their certification process.
- **Chimney Point & Lake Champlain Bridge Project:** The AOT historic preservation monitor is working hard at telling Flatiron the construction fencing is not a sacrificial boundary but a real boundary. Three of our fence posts have been broken. They were working on repairing the fencing on Wednesday. That morning Elsa noticed they were removing fill just to the west of Pier 7 (the Vermont land pier) on DHP property, going down to the original ground, and there was no monitor on site. Elsa called the AOT archeology officer and historic preservation officer, the AO called Flatiron and told them they had to inform her if this kind of work was going on so she could OK it and to arrange for a monitor to be present, and both the AO and HPO sent their monitors to check it out.
- **Western Sites Gift Shop Inventory Check:** Kathy Thayer, John Dumville, Celine Edson and Elsa traveled to the western sites on Wednesday for the gift shop inventory check. There were a few very minor errors at one site and Elsa will make the corrections. Luckily a lot of snow had melted so the snow banks at Mount Independence and Hubbardton weren't hard to navigate.
- **Legislative Testimony:** Judith, with participation by Commissioner Mackay and Giovanna, testified at Senate Institutions on the Barn and Historic Preservation Grants. Very well received. At House Institutions, Nancy testified on a subset of the Barn Grants requesting ok to use \$20,000 as match for the Barn Census program (= 2 grants). It was a good educational opportunity. Giovanna and Commissioner Mackay provided supplementary testimony on the Archeo Heritage Center move to VHS in Barre.
- **Telecom Update:** Devin, Scott, and Giovanna reviewed the draft Programmatic Agreement submitted by the US Department of Commerce (DOC) under federal Section 106 for the proposed NTIA telecom project. The federal funds go to VTA and Sovernet. The PA outlines the review process among the federal agency, SHPO, and the providers, including types of activities that are exempt from review. Gio drafted and submitted comments to the DOC. Gio provided an overview of the State MOU on telecom and the overall telecom initiatives to the VT Advisory Council on Historic Preservation at this week's AC meeting. State agencies are responsible for consulting with the AC on projects that may affect State Register-listed historic properties on state lands.

S.T.

- **ANR Hosts Section 106 Overview with EPA cultural resources specialist:** Giovanna volunteered to accompany Julie to ANR to participate in EPA's federal Section 106 "overview" (billed as a "training," but it was not that). Several dozen ANR staff attended and they seemed to get some benefit from the morning. ANR staff expressed interest in DHP doing more training on archeological and historic resources and state and federal review processes. It's been a number of years since we've done any training with ANR and we'll see if we can accommodate this good idea.
- **Contracts Meeting with BGS will hopefully improve communication among DHP, ACCD contract staff, and BGS:** Commissioner Mackay, Giovanna, Celine, John Dumville, Katherine, and Elsa all met with an equally sizable team from BGS. BGS is currently responsible for statewide contracts that accommodate various agencies, including ours, but they also do contracts exclusively for the state-owned historic sites (their contract, our money). Discussion included: improving accountability and ensuring appropriate monitoring, respective roles in contracts development and monitoring, whether we should change existing process, how do we help each other better, and making sure we strengthen our communications throughout different points in the process.
- **VELCO launches new archeology publication:** Giovanna was invited to speak at VELCO's unveiling of their new archeology booklet, "Powerful History," resulting from the archeological studies conducted as part of the Northwest Reliability Project. The booklet is excellent and will be used by educators, students, and all Vermonters interested in Vermont history and Native Americans. DHP will also use it as an "Archeology 101" tutorial for developers, legislators, and others. The publication is also on the web at: <http://www.velco.com/Archeology/Documents/powerfulhistory.pdf>
- **National Register of Historic Places:** Nancy did a complex post-designation mailing to owners and local officials in the **Church Street Historic District** in Burlington and highlighted the eligibility of historic buildings in the District for federal and state tax credits for rehabilitation projects. The Marketplace Commission plans to celebrate the designation during their 30th anniversary celebration in September.
- **Mad River Glen Cooperative Ski Area:** Nancy prepared a scope of work for this nomination. The project was started by graduate students in historic preservation at UVM, and will be finished through a CLG grant to the Mad River Valley Planning District. It will be the first ski area in Vermont nominated to the National Register.
- **Three new nominations were recently submitted to the Division:** the **Monkton Town Hall** (a controversial request to move a previously listed building); the **Hinesburg Town Forest** (the first Vermont nomination of this type of property); and the **A.J. White Duplex** in Newport (recently approved by the National Park Service in a contentious review for certification for the historic tax credit program.)
- Nancy did an extensive review of proposed revisions to the **Darling Estate Historic District** in Burke and Lyndon, and met with the consultant to go over them. The consultant will revise and complete the nomination shortly.
- **Advisory Council on Historic Preservation:** The Division forwarded three names to the Governor's office for consideration for a vacant seat on the Vermont Advisory Council on Historic Preservation: Cindy Cook of Calais, Wendy Hansen of St. Johnsbury, and Caroline Steele of Tunbridge. The Division also recommended Barbara George of Brattleboro for reappointment.

- The Council met on March 22 and discussed preservation issues with Commissioner MacKay, reviewed the Vermont Telecom Authority MOU, reviewed the Capital Bill proposal for a dedicated fund for state-owned historic buildings, reviewed and designated the Skyline Inn on the top of Mt. Equinox in Manchester on the State Register of Historic Places, and reelected George Turner as Chair, and Glenn Andres as Vice Chair.
- **UVM Grad Students visit DHP:** Ten graduate students in Historic Preservation at UVM visited the Division for an orientation to the materials in the Resource Room, and a presentation by Nancy on the latest guidance on the National Register of Historic Places. Chris Cochran joined to discuss the Tax Credit program, and Giovanna introduced herself and distributed a booklet on archeology.
- **Historic District Zoning in Burlington:** Nancy convened a telephone conference call with stakeholders in the ongoing discussion about local historic district zoning in Burlington. The Division continues to be concerned with Burlington's unique ordinance that ties State and National Register eligibility and/or designation to local design review without any intervening local action. Burlington is considering zoning changes that would limit automatic design review to sites listed on the State Register or National Register, thereby setting up a real disincentive for new listings. The stakeholders – city planners, a city councilor, Preservation Burlington, and the Preservation Trust of Vermont – recommended that Nancy talk with the Burlington Planning Commission about decoupling design review from State and National Register designation.
- **Vermont Telecommunication Authority/SOVERNET Fiber Optic Project-** Scott met with Larry Lackey and Brandon Peyton of SOVERNET to discuss the archeological review for this project. The primary archeological concern will be with the limited (2.57 miles) portion of the 773 mile alignment that will be buried. An Archeological Resource Assessment for these areas has been completed and will be refined as project plans are development. Discussion focused on strategies to limit archeological review of pole replacement activities that will be a part of the project. The Division has provided comments on a draft Programmatic Agreement (PA) and will provide additional comments based on the recent meeting. A revised PA will be submitted for review and signing by early next week.
- **Otter Creek Hydroelectric Project-** Scott is completing work on a comment letter to the Federal Energy Regulatory Commission concerning the Phase I archeological survey and proposed Historic Properties Management Plan (HPMP) for the Otter Creek Hydroelectric Project, currently operated by the Vermont Power Division of Omya, Inc. Twelve new archeological sites and six additional possible sites were identified during the Phase I site identification studies completed to date, up to ten previously documented archeological sites are also present in the project area. None of these sites have been evaluated for eligibility to the National Register of Historic Places, and based on the high frequency of site identification, additional Phase I survey will be necessary. The Division is recommending that Programmatic Agreement be developed stipulating the scope of the remaining archeological work and a schedule for preparing a revised HPMP that addresses specific mitigation plans to address adverse effects to significant historic properties.

Housing

- **Mobile Home Park Sale Notices** – We received two new park sale notices this week. Post MHP in St. Albans is for sale and includes 7 lots and a 3-unit apartment building. Barber's Pond MHP in Pownal is also for sale and includes 8 lots and a house. Arthur contacted the appropriate nonprofit housing agencies and may schedule informational meetings next month if the residents are interested.

- **Red Maple MHP, Springfield** – Arthur with Sarah Woodward from the CVOEO Mobile Home Project met with a few residents of the Red Maple MHP at the Springfield Regional Development Corp. office to help them understand the sale notice they received from Rockingham Area Community Land Trust. The residents decided to try to extend their rights to look at nonprofit or cooperative ownership so they can use the additional 90 day time period to further explore their options but not to lock into any specific plan at this point.
- **Technical Assistance**
 - Arthur replied to an email from park owner Jack Dunphy about the requirements for giving a park closure notice.
 - Vermont's capital gains tax credit for sale of a mobile home park to a nonprofit was mentioned in an article in the New York Times. The reporter had contacted Arthur a few weeks ago for information on when the law was enacted. The nonprofit Cooperative Development Institute which is the group working with Bunker Hill MHP residents on forming a cooperative was featured in the article.
 - Arthur provided technical assistance to David Wiley for the Williston Woods MHP Cooperative on giving a lot rent increase with a capital improvements surcharges.
 - Arthur wrote to park owner Raymond Duff to alert him to a potential problem with an amendment to the Village View Heights MHP lease which he had sent to Arthur, concerning water and sewer charges and the lot rent.
- **HUD Consolidated Plan Public Hearing** – The public hearing on the draft 2011 Action Plan was held Friday, March 25 followed by a meeting of the Advisory Group.

Recruitment

- A Quebec based manufacturing company has made an initial request for information. Company is looking at Vermont to establish an initial U.S. based facility with proximity to their Richmond QC headquarters. Prospect is seeking information on the Newport and St. Johnsbury areas, specifically local workforce, site locations, and potential incentive programs. Initial projections are for 20 workers with potential growth up to 60. Request for assistance from VT DOL and NVDA has been made regarding local workforce and potential facilities. Follow up will continue.
- Follow up work continues with a Montreal based manufacturer who had expressed initial interested in locating a facility in VT. Site selection to identify a facility that would meet their unique requirements has been difficult. Currently one existing building has been identified and a build to suit option is being pursued. Follow up will continue.

Vermont Training Program

- **Dealer.Com:** Phil met with Susan Stasny, Human Resources Manager, to sign the Training Contract. VTP will serve 150 New Hires with OJT funds in all areas of employment from Account Managers to Web Developers (50 job areas). This is part of the State promise to Dealer.Com for expanding here in Vermont. Three hundred new jobs will be created over the next three years. VTP share of the training will be \$300,000.00, contract duration 1 November 2010 to 31 December 2012.
- **ASIC North:** Phil met with Judy Stroh, Director of Operations, to sign the Training Contract. VTP will serve 17 New Hires in the areas of Circuit Design Engineers, Senior Physical Designer, Characterization Engineer and Lead Layout Engineer. Additionally, we will serve 10 employees in Upgrade Classroom training for 30 hours of Principles of Very Large Scale Integration. VTP share of the training will be \$52,100.00, contract duration 1 January 2011 to 31 March 2012.

- **Hayward Tyler:** Phil met with Scott Riley, Manufacturing Manager, to sign the Training Contract. VTP will serve 30 employees in Upgrade Classroom Training in the area of Lean Manufacturing (three sessions of 5S Workplace Organization and one session of Set-Up Reduction). VTP share of the training will be \$5,000.00, contract duration 1 March 2011 to 31 December 2011.
- **Logic Supply:** Beth Demers met with Mark Heyman, Human Resources Director, to sign a Vermont Training Program (VTP) contract. Logic Supply will provide On-the-Job training to eight (8) New Hires, On-the-Job Cross Training for ten (10) existing employees and Upgrade Classroom Training for thirty-five (35) employees. New hire job titles include: Technical Sales Associate, Assembly Technician, Field Application Engineer, Fulfillment/Shipping Clerk, and Customer Support Tech. Areas of cross training and classroom training include: assembly, fulfillment, procurement, project management, lean manufacturing, and sales. VTP's portion of the training cost will be a maximum of \$33,944.00. The contract will run from March 1, 2011 through December 31, 2011.
- **EIV:** Beth Demers met with Jacquie Dagesse, Operations Manager, of EIV Technical Services to sign a Vermont Training Program (VTP) contract. EIV will provide on-the-job training for seven (7) new hires, on-the-job cross training for twelve (12) employees, and upgrade classroom training for ten (10) employees. New hire job titles include: Ecologist, Quality Engineer, and Office Engineer. Areas of cross training will include: Environmental Assessment, Project Management, and Accounting. Areas of upgrade classroom training will include: ACI Training, NETTCP Concrete Certification, Nuclear Gauge Testing, Collaborative Management, and Sustainable Business. VTP's portion of the training cost will be a maximum of \$21,609.00. The contract will run from February 1, 2011 through August 31, 2011.
- **Swan Valley Cheese of Vermont, LLC:** Beth Demers and Connie Burns, FCIDC, met with Scott Pelkey, Plant Manager, at Swan Valley Cheese in Swanton. Production is set to start the second week in April. Currently there are six employees working at the plant installing equipment and rehabbing the space. Thirteen new hires will be added around the first week in April. Beth will work with Scott to pull together information for a VTP proposal.

Tourism & Marketing and Vermont Life

- **VTrans/Vermont Tourism:** Deputy Commissioner Cook joined Deputy Secretary Minter in a discussion regarding summer highway safety advertising. Collectively the state is interested in developing a concise message that can be carried through multiple advertising mediums and promote safety on our highways. Whether the message is texting while driving, drinking while driving, work zone speeding or hydro planing, the message should be uniformed.
- **Travel & Recreation Council:** VDTM convened the Vermont Travel & Recreation Council on Tuesday March 22nd. Topics included summer marketing and media, upcoming events and strategies to educate Vermonters on the importance of the tourism industry.
- **Vermont Life Magazine Sales Contract:** Vermont Life magazine is close to completion of our team's evaluation of sales bids. The submissions were great and we feel very optimistic in regards to future advertising sales.
- **Vermont Tourism Agency of Record Contract:** VDTM has issued an RFP for our agency of record. There has been great interest in this opportunity from around the country. We will be assembling an evaluation team comprised of members from VDTM, ACCD, CMO, and the TRC to assist in the final decision process.

- **www.VermontPartners.com:** This week's focus has been on updating VermontPartners.com, our state industry travel website, and VermontPressRoom.com, our media-relations website. We plan to launch the new look and feel of the combined websites before the annual Vermont Travel Industry Conference in mid-April.

Old



New



Mar 16, 2011 - Mar 22, 2011

Comparing to: Mar 9, 2011 - Mar 15, 2011

VERMONTVACATION.COM

Site Usage	
 <p>7,923 Visits Previous: 6,932 (+14.30%)</p>	 <p>41.95% Bounce Rate Previous: 43.77% (-4.15%)</p>
 <p>24,368 Pageviews Previous: 21,679 (+12.40%)</p>	 <p>00:02:44 Avg. Time on Site Previous: 00:02:53 (-5.31%)</p>
 <p>3.08 Pages/Visit Previous: 3.13 (-1.66%)</p>	 <p>76.74% % New Visits Previous: 75.20% (+2.04%)</p>

VERMONTTRAVELPLANNER.ORG

[Appears part of VermontVacation.com to consumers but is a different site]

Site Usage

3,209 Visits

Previous: 3,127 (+2.62%)

29.39% Bounce Rate

Previous: 28.24% (+4.07%)

20,346 Pageviews

Previous: 22,204 (-8.37%)

00:05:26 Avg. Time on Site

Previous: 00:06:18 (-13.80%)

6.34 Pages/Visit

Previous: 7.10 (-10.71%)

84.42% % New Visits

Previous: 84.81% (-0.46%)

VV.com and VTP.org combined:

VISITS: 11,132

PAGEVIEWS: 44,714

VERMONTLIFE.COM

Site Usage

1,146 Visits

Previous: 1,634 (-29.87%)

61.61% Bounce Rate

Previous: 58.94% (+4.53%)

2,246 Pageviews

Previous: 3,440 (-34.71%)

00:01:52 Avg. Time on Site

Previous: 00:02:08 (-11.97%)

1.96 Pages/Visit

Previous: 2.11 (-6.91%)

66.58% % New Visits

Previous: 68.79% (-3.21%)

FACEBOOK.COM/VERMONTTOURISM

Users [See Details](#)

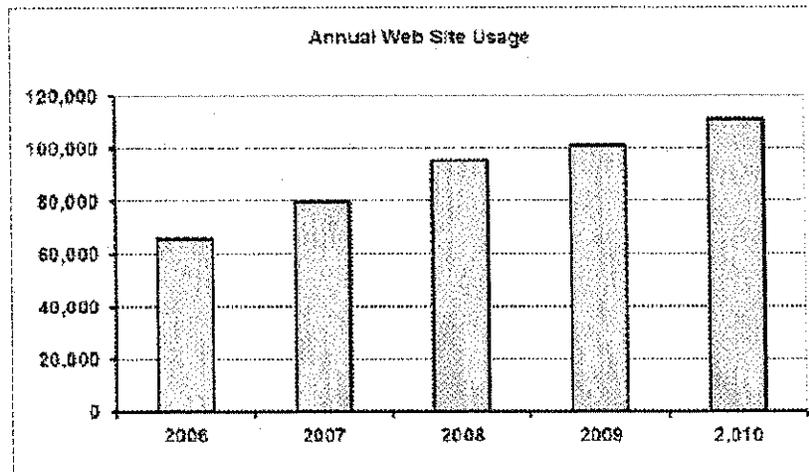
New Likes[?] Lifetime Likes[?] Weekly Active Users[?]
67 ↑ 12% **19,660** **3,365** ↑ 14%

Interactions [See Details](#)

Post Views[?] Post Feedback[?]
23,572 ↑ 103% **172** ↑ 102%

- **Lake Champlain Bikeways (LCB) Update:** After a year's operation in a minimalist mode, the LCB, an all volunteer organization, plans to continue that strategy for 2011. Since no reprints of route maps are required this year, an operating budget of \$4,275.00 was approved. Lou Bresee, treasurer and longtime coordinator of LCB activities and promotions, reported that LCB website activity has continued steady growth.

Lake Champlain Bikeways Website Analysis



- Notably, the greatest number of page views and other measures come from California; nearly double that of second place New York. Technical approaches for updating the now more than six-year-old site were discussed, with some tech-savvy board members volunteering to make several immediate improvements – including updating the link to the VermontVacation.com request form.
- Plans were discussed for promoting a large group ride to celebrate the re-opening of the Champlain Bridge, anticipated in early to mid-October. Other discussion included establishing a Facebook page for LCB; submitting the LCB routes for inclusion in the National Bikeways program; and consideration of new and additional board members who can effectively support the organization mission.
- As department liaison to the LCB Board of Directors, Greg Gerdel attended the quarterly meeting held at the Lake Champlain Basin headquarters on Tuesday March 22.

Communications and Outreach

- **Summary:** Bon Appétit magazine s showcases Vermont cheeses in its April issue, ACCD CLG Historic Preservation grants receive coverage in the Valley News, and VDTM sends a package of maple syrup and other VT products to “Harry Potter” actor Daniel Radcliffe. Also, VDTM will be continuing its fuel promotion into June.

Travel-Related Media

- **Bon Appétit:** The April issue features Vermont cheeses. The Agency of Agriculture worked on this story, and Erica Houskeeper provided some assistance.
http://www.bonappetit.com/magazine/2011/04/a_slice_of_vermont

Local Media

- **Valley News:** Story in Sunday edition about Certified Local Government/Historic Preservation Grants awarded by DEHCD, based on press release written and distributed by Erica Houskeeper. A copy is in Erica’s office.
- **WPTZ:** Burlington ranked the happiest small city in the U.S.
<http://www.wptz.com/news/27234597/detail.html>

Other

- VDTM worked with the Governor’s Office, The Vermont Convention Bureau and the Agency of Agriculture on putting together a package of Vermont maple syrup and Vermont products actor Daniel Radcliffe (“Harry Potter”).
- Mr. Radcliffe was recently interviewed in the New York Times and mentioned how much he loves maple syrup. The package included a signed letter from the Governor, maple syrup from Morse Farm, maple candies, a Vermont Teddy Bear, Lake Champlain Chocolates, Vermont Life Magazine and other products.
- Here is the NY Times story: http://www.nytimes.com/2011/03/06/theater/06radcliffe.html?_r=1
- **Vermont Fuels Your Vacation:** VDTM will be extending its Vermont Fuels Your Vacation promotion into summer. The promotion, which was launched in February, offers a \$100 in free gas card giveaway each week. While the program was originally scheduled to end in mid-April, VDTM staff agreed that the promotion should continue. The promotion has received positive coverage in news outlets in Vermont and Quebec, and the cost of gas continues to be a concern for the public. To date, the promotion has received a total of 1,606 entries. VDTM will announce the promotion’s extension in April.

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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: March 25, 2011

Status of Governor's Priorities: Jobs for Vermonters – Commonwealth Yogurt opening this week – will employ 35 people in Brattleboro area and require up to 100 million pounds of milk. A win-win for VT. S.T.

Jobs in Agriculture

- McDermotts – milk truck drivers – Enosburg, VT
- Assistant Dairy Herd Manager Putney, VT
- Experienced Parlor Milk in Monkton, VT

Advertising for Employees as required for H2A program – all for field work

- Pete's Greens, Greensboro – 6 temporary employees
- Lewis Creek, Starksboro – 4 temporary employees
- Norris Berry Farm – 1 temporary employee

Legislative Issues/Contacts:

Deputy Secretary for Dairy Policy Bothfeld testified to Senate Agriculture Committees on Dairy Housekeeping bill. Bill contains updates and clarification with Title 6 chapters 151, 152, 153, 155 and 157. Most changes are small language changes which include raw milk – personal consumption and workshops and bonding definitions.

Jim Leland, Director ARMS division, provided testimony in Sen. Nat'l Res. regarding H. 26; the fertilizer bill that would prohibit phosphorous in turf fertilizers. Enforcement of the requirements of the bill continues to be a key issue. Testimony was provided that the Agency has no resources with which to enforce. In addition, the bill is completely under Title 10 authority making it difficult for the Agency to enforce on a legal basis. Anticipate further testimony on the bill and believe something will go to the senate floor eventually.

A resolution to the composting / local zoning issue is still being worked on within Senate Ag. It is believed that new language will be proposed providing municipalities limited review of commercial composting facilities on farms relative to traffic, setbacks, hours of operation and noise.

Food Safety and Consumer Protection Division received a request for information on money that was to be slated for humane handling training from Senate Agriculture committee. Also offered information on the creation of training modules for humane handling training that is currently being developed.

Jobs Bill: Deputy Secretary LaClair testified in Senate Economic Development on Thursday regarding the Ag portion of the Jobs Bill. House-passed bill and Senate Ag Committee versions differ on a handful of sections, mostly budgetary. LaClair used a side by side comparison to highlight differences as well as outline importance

of Local Foods Coordinator position in the Agency of Ag, matching grant program for GAP (Good Ag Practices) infrastructure development for farmers/producers to expand into new markets, as well as Large Animal Vet loan repayment program.

S.93 Maple Labeling Bill. Senate Judiciary was ready to kill the bill based on its own reading and the concerns raised by both Legislative Council and the Agency in testimony to that committee last week. The Agency told both Judiciary last week and Agriculture this week that its preference was to wait for further work on the Vermont branding initiative with Commerce and the US Senate Judiciary Committee because of federal preemption issues. Senate Agriculture now is scheduled to have a private conversation with Legislative Council. No further action will take place this week.

Press Issues/Releases/Contacts:

Media Inquiries:

Maple updates have been the primary inquiry this week – WCAX, WPTZ, NECN. Inquiries from AP regarding raw milk and inquiries from BFP re the dairy industry. The BFP reporter is out of Boston and this article has the potential to be picked up nationally.

Top Notch Holstein Farm, owned and operated by Aaron and Chantale Nadeau in Derby, VT were highlighted in the March 2011 edition of “Successful Farming” in an article called “Pay it Forward”. Chantale does the book-keeping and attributes her success with using the financial record-keeping tool, QuickBooks, thanks to a joint program between the Vermont Agency of Agriculture and UVM Extension that provides a consultant to assist with tailoring the computer software program to the farm. Chantale saves five hours a week by using QuickBooks. The Nadeau’s also received a 2009 Governor’s Workplace Safety runner-up award. The Nadeau’s were nominated for the award due to their participation in the VT Farm Safety program, spear-headed by the Vermont Agency of Agriculture and UVM Extension.

Significant Events/Meetings:

NEASDA

Vermont will host the annual NEASDA meeting in June. We are currently investigating alternative options to compare costs and logistics. Two options are Jay Peak Resort and The Essex.

Last Thursday the Agency held a conference call with the USDA Under Secretary, US EPA Agricultural Counselor, EPA Region 1 Administrator, NRCS Eastern Region Conservationist, and several Vermont staff from DEC, USDA and Agriculture. The discussion was on the current projects and staff resources recently dedicated to Lake Champlain. The positions include the 3 agronomists recently hired by UVM Extension and Conservation Districts through Great Lake Fishery Commission (GLFC) funding, the upcoming 8 positions from USDA funds commonly referred to as the SWAT team, and additional positions to work on wetlands and conservation buffers through GLFC funds. The projects mentioned were the Rock River and Lewis Creek special initiatives to target state and federal resources into local watersheds. The Rock River project is 100% agriculturally based and will focus on a subwatershed within the river system (approx. 16 farms). The goal is to obtain measurable water quality results in response to new farm practices installed and/or land management changes. The Lewis Creek watershed includes agriculture, urban and forestry resources, hence there are a lot more partners involved in this 15 year project to continually work toward non-point source reductions. The goal is to arrange a future conference call to keep the dialogue open and our hope is to spotlight Vermont as a model for how to achieve NPS reductions.

Secretary Ross is organizing a meeting to convene key representatives of the VT agriculture leadership groups (including VT Agency of Agriculture, VT Agency of Commerce, VT Agriculture Development Board, VT Sustainable Agriculture Council, VT Agriculture Innovation Center, and the VT Sustainable Jobs Fund) to be held on Thursday, March 31, 9:30 a.m. – 12:00 noon at the Agency of Agriculture. The purpose of the meeting is to align leadership efforts around the strategic initiatives and implementation of Farm to Plate.

New England Food Summit – Vermont well represented at the New England Food Summit in Portsmouth, NH. Deputy Secretary for Dairy Policy Bothfeld and Koi Boynton from Agency attended. Work to find a manner to have a regional food system for all of New England. Vermont's work on food systems and making local food more accessible is being highlighted. Summit on Thursday and Friday and outcomes will be reported next week.

Evolving Issues:

On Friday the Agency of Agriculture in conjunction with the Agency of Natural Resources will be meeting with stakeholders in the TMDL process for Lake Champlain. The goal is to update the public on the recent TMDL developments and to discuss the best approach to ensuring positive public participation in the process.

The federal on-site review scheduled for the meat inspection program April 18-29th, has been postponed until next year. Vermont was one of 11 state programs that were scheduled for this year, but due to budget constraints at the USDA, the chief of the auditing branch decided to postpone 2 states. The reason given for Vermont being chosen as one of the programs that they felt comfortable with postponing was the good quality of our program. So kudos to Vermont's meat inspection program. The civil rights review is still scheduled for September 27, 2011.

Received a request from Champlain Valley Meats for an extension to the deadline of submission of the information that was requested as part of their licensing process.

Summary of Key Agency Department Activity:

Ag Development

STEP follow up – met with Agency of Commerce representative and discussed the cost benefit analysis of the STEP grants. The agency has solicited companies who might benefit and received response from four organizations. We are currently evaluating the best use of resources. This is a three year program and we may have better leverage by applying next year to most effectively utilize the available funds.

Keep Local Farms program completed promotion and contribution activity at Hannaford's Supermarket in February. Register contributions and sponsorship resulted in \$46,000 for the program. Expect distribution of all funds raised to New England Dairy farmers in 2011.

In re Sun Gen I - Sharon, PSB#7700. The Agency finalized its evaluation of the proposed project, the site, and potential impacts to primary agricultural soils. The Agency will not oppose the project or seek any specific conditions in the Certificate of Public Good. The size and location of the primary agricultural soils, 5.3 acres within an existing industrial park on "the other side of the tracks," have limitations that impact direct marketing opportunities and access by mechanized equipment so that the soils' potential is impacted.

Dairy

Commonwealth Yogurt grand opening this week. Will begin with a demand for 30 to 50 million pounds of milk per year with expectation to grow to 100 million per week. State of Vermont produces 2.5 billion pounds of milk per year. Volume of milk can come from VT but sellers of milk would need to leave current buyers to move volume of milk to Commonwealth. Diversity of processing will have a positive impact on premiums. Commonwealth may need to provide extra premiums to attract additional milk. If wish to increase production to meet Commonwealth demand – would require approximately 5,000 additional cows on Farms in VT – either new or existing farms. Need to recognize water quality concerns and implications of adding cows. Industry information shows yogurt category continues to grow but Greek yogurt beginning to level off on demand. Demand still growing in yogurt category in general – cheese is only other category still growing in dairy category.

Food Safety and Animal Health

In re: Baum Farm, AAFM#2011-03-05 AH. The Agency's Hearing Officer issued a decision late last week affirming the state veterinarian's issuance of a quarantine order on this farm in connection with a cow that tested suspect. The result of follow up testing, which cannot occur for six weeks, will dictate next steps in this disease surveillance case.

Animal Health Field personnel

- Performed weekly inspection of a rabbit farm that is under Agency quarantine. Observed sanitary conditions and animal health at the farm. Recorded inventory of rabbits per Assistant State Vet's request
- Conducted 2 animal welfare field investigations
- Inspected 20 Pet Merchants; collected licensing fees

Assistant State Veterinarian- Dr. Joel Russo

- Reviewed and updated the Animal Health requirements for the 2011 Fair season
- Discussed the Antibiotic Tissue Residue problem with an FDA Investigator
- Consulted with the Cornell Veterinary Diagnostic Lab on a Vermont poultry producer who is experiencing a high mortality rate in her laying hens
- Met with a local large animal veterinarian and an FDA Investigator in regards to the veterinarian dispensing medications without proper labels. Informed the veterinarian that the Agency does track violations of the Pasteurized Milk Ordinance (PMO) and the Food, Drug and Cosmetic Act. Provided the veterinarian with information on proper drug labeling
- Denied a request from a Town Clerk for a variance to allow a dog to be licensed without proper rabies vaccination
- Referred 2 Animal Welfare calls to local jurisdictions
- Attended a meeting with VEM and discussed ways to improve communications with the Agency of Agriculture. Specific topics of discussion included Large Animal Technical Rescue (LATR) and barn collapses
- Met with the Vermont Veterinary Medical Association (VVMA) and the Vermont Veterinary Technicians Association (VVTA) in regards to the Vermont Emergency Response Volunteers (VERV) program. Discussed the capabilities of each group and how we can coordinate efforts during disasters that involve animals
- Spoke with the General Manager of the Champlain Valley Exposition. Discussed Animal Health and Animal Welfare issues
- Removed a State Issued Quarantine on a herd that had a suspect TB calf. Follow-up testing revealed the calf was negative for TB

Meat Inspection Points of Interest

- The deadline for licensed red meat slaughter facilities to complete written Humane Handling plans to address all facets of the establishments handling activities resubmission was March 15. Have received 3 out of 6. One has an extension, have made contact with the other 2 and the plans will be here by Friday.
- We currently have 4 out of 6 poultry humane handling plans submitted. These will be due by April 1st.
- Chief attended the second slaughterhouse infrastructure meeting held at the statehouse.
- Met with a constituent concerning mobile red meat processing and slaughter unit.
- Continue to work with Mad River Food Hub in the creation of a processing establishment.

Meat Inspection Compliance and Enforcement

- Woodstock, VT; Review facility for acceptance for retail licensure.
- Westminster Meats. Contacted in regard to state humane handling plan revisions were not received by March 15, 2011 deadline.
- Individual in St. Albans, complaint about possible illegal meat processing.

- Investigation into individual in St. Albans, VT for possible illegal meat processing. Acquired a full signed statement in regard to cutting meat and on farm slaughter. Also, possible video was taken of individual slaughtering a pig at farm in Westford.
- Continued investigation of individual in St. Albans -Bayside Bait and Tackle, 135 Chubb ST., St. Albans Bay, VT. I met with owner and questioned him in regard to his son's on farm slaughter activities.
- Bob's Meat Market, St. Albans, VT. Discussion of meat processing activities that may be occurring locally.

Agriculture Resource Management

Agency staff participated in a dealer training meeting last week regarding lake friendly lawn care. Issues relative to the aforementioned bill and water quality in general were addressed. The meeting was lightly attended.

Manure Spreading Ban Exemptions

- MFO Farm in West Rupert – due to excessive precipitation this winter, manure pit reached capacity. Approved dates for spreading 3/21 to 3/25.
- MFO Farm in Swanton – While farm had some capacity in his pit, he was reaching the point that if any additional manure entered his pit, it would back up into the barn. Approved dates for spreading – 3/23 – 3/29.
- MFO Farm in Franklin – Farmer requested an exemption to spread, but upon the MFO Coordinator's visit to farm, we determined that he did have capacity in another pit on his farm. He has been instructed to transfer as much manure to this other pit as possible and to call us back if he still does not have enough storage to get through to April 1.
- MFO Farm Richmond – Farm has transferred as much manure as possible to a neighboring farm's pit and still needs to remove some more to restore storage capacity. An Ag Resource Specialist is meeting with farmer this afternoon. He will need to start spreading by tomorrow morning.

Once the ban is over, ARM staff will review those Medium Farms that have been granted exemptions. If it is determined that the farm needed an exemption because they do not have the 180 days of storage required by the MFO General Permit (as opposed to outstanding weather issues that compromised capacity) they will be issued Assurances of Discontinuance outlining the steps required to establish the storage required by the permit.

Enforcement Actions:

Dennis Rainville, Highgate Center – Dennis had been issued a spreading exemption earlier this winter, but did not remove the required/approved amount of manure to restore his storage capacity. On Wednesday, Agency staff observed manure being released from his pit and entering a nearby stream. Dennis began spreading operations while staff was still on site, and the overtopping was brought under control. He was instructed to continue spreading to remove the amount he was originally approved to remove. Rainville will be issued a corrective action letter detailing the work that needs to be done to establish sufficient manure storage capacity for his operation, and a date by which it must be completed.

Secretary's Commentary:

Secretary Ross undertook the following activities:

- Sec. Ross met with Liz Miller and staff to discuss the possibility of socializing the cost of extending three phase power to farms with biodigesters to enhance the economic viability of projects and capture the many non monetized benefits. Ross also discussed on farm energy opportunities generally.
- Ross participated in national phone call on dairy pricing reform with about 15 other Commissioners and Secretaries from across the country. The momentum for a single unified solution is dissipating in Congress and consequently odds of national legislation are diminishing.

- Ross pursued conversations with staff about how to expand slaughter and processing capacity. He and his Deputies visited Westminster Meats as part of their education and outreach efforts on this issue. Ross also attended a tour of the Vermont Food Venture Center in Hardwick with may have a meat processing tenant in the future.
- ANR organized a meeting with a Boston EPA official and invited Ag Agency staff to join conversations. Ross and others will participate in meetings. State officials are working well together on water quality issues thus far.
- Ross and staff are working to host the NEASDA meeting in Vermont. Likely host facility is Jay Peak but no final decisions have been made thus far. Congressional members from Vermont and those on the Agricultural Committees from New England will be invited and asked to participate in a farm bill discussion. Invites will be forthcoming and coordinated with Governor's office if interested. Governor Shumlin has been invited and it's on his calendar.
- Sec. Ross met with the Director of the Bloom movie for over 1.5 hours. The discussion was good and he worked to help the Director develop the next three movies to be positive and about how to build solutions within the community of players in Vermont. The Director seemed interested and committed to this agenda as compared to flashy and inflammatory. The Director seemed to understand how he may have been overly inflammatory in the first movie but it may have served a purpose to garner attention for subsequent work on solutions.
- Ross will call FDA to inquire about their inspection Jacque Couture's facility and other maple facilities as part of their "Food Safety" mandate.
- Agency of Agriculture staff and Secretaries visited the Common Wealth Dairy opening. They discussed how they could be helpful to the next phase of development which will include an expansion of the plant and the need for at least another 50 million pounds of milk.
- Ross also met with Rich Stammer and Roberta MacDonald at Cabot about branding and milk sales in Vermont. They have some alternative thinking about both that would be interesting to share. In a nut shell they are not convinced we need more markets for Vermont milk, especially independent of the Coops and they are not convinced a "Vermont" brand is needed as compared to Vermont companies' brand development.
- Ross also met with the Attorney General to explain his interest in working with Sec. Miller on addressing issues relating to branding and Vermont companies running afoul of Vermont origin and other regulations that are a disincentive to advancing their Vermont roots.
- Ross also explained to the Attorney General the needs for legal help for the Agency have vastly outstripped the one lawyer's ability to manage. He explained this is an issue that must be addressed in order to avoid the real and increasing risk that one of a number of issues could explode at the expense of everyone from the Agency to the AG to the Governor.

Week Themes:

- Energy – on farm opportunities
- Meat Production – capacity constraints and private public responses
- Dairy Markets – opportunity discussions with Common Wealth and Cabot and NASDA on national policy movement
- Water Quality – collaboration with ANR, EPA and Agency of Agriculture on TMDL
- NEASDA – developing plan for hosting meeting in Vermont

Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, March 25, 2011

SUBJECT: VTrans - Confidential Report to the Governor

VAST Board Meeting

Susan Bartlett, Megan Smith, Noelle Mackay, Rob Ide and I along with several members of the legislature went to the meeting on Wednesday night to wave the flag for Administration support of the Lamoille Valley Rail Trail. VAST has pulled back from their support of the project due to the prospect of having to go through Act 250. Our message to them was that VAST has made significant progress thus far and should be congratulated for that, the Act 250 process will not be inordinately long and costly and, as is the case with 99+% of applications, they will get a permit with conditions. I think the message was well-received and that Board members would have changed their stance if a vote had been scheduled following the conversation at the meeting. Inexplicably, they will not vote until April 25th and many things can go wrong between now and then. We'll stay on the case.

CCMPO/CCRPC Merger

The merger of these two organizations is going well and draft by-laws and merger resolution documents will be considered by individual municipalities over the next six weeks with a formal CCRPC/CCMPO merger vote by the Joint Board scheduled for May, 2011. This is a major step toward streamlining and cost saving with a better planning result for transportation and land use in Chittenden County.

Western Corridor Presentation

As you know, Karen Rae, Deputy Administrator of the Federal Rail Administration will be in Rutland for an event on Monday, March 28, at 3:00 pm that will highlight the \$80+ million dollar Western Corridor improvements for which VTrans will apply for the third time in hopes of getting some of the Florida money. We are doing a regional effort about which you will be asked to sign a letter next week on behalf of CONEG and the New England/New York partners in this effort. This is all part of the regional vision for High Speed and Inter-City Rail development in the seven state region and Quebec that will result in efficient rail links between Montreal, New York and Boston.

The meeting, arranged by Congressman Welch, is likely to be well-attended as business groups along the line from Rutland to Burlington have sent out notices to a couple of hundred people.

Danville US 2 Reconstruction

Bids were opened Friday for this long overdue project which was first programmed in 1986 and developed by a committee consisting of VTrans, local communities, the Vermont Arts Council and other interests. Spurred by a Leahy earmark, the project is now ready to be built and the apparent low bid was just over \$6.6 million, which is 84% of the engineer's estimate. A ground-breaking will be scheduled as soon as the apparent low bid is fully vetted and confirmed.

Route 103 Closing and Vermont County Store

Jeb Spaulding, Megan Smith and Sue Minter met with Bill Shouldice of Vermont Country Store and his retail manager, Bill Ackerman, to discuss what the state can do to mitigate impacts of bridge replacement projects along Route 103 in Rockingham / Chester that will result in a temporary closure of the road beyond the Country Store retail operations. They are extremely concerned about the impact to their business, which they assess to be \$500,000. I am directing staff to do what it takes to put up temporary signs (variable message board signs) on the interstate clarifying to the travelling public that local businesses are open and, at the end of the exit ramp, place a temporary sign directing them to the specific businesses, by name. This would be a significant diversion from our current practice which we believe is necessary given the extraordinary circumstance of a road closure. We will also work with the Tourism Dept. to educate the travelling public about open businesses and tourist info via our 511 system and VermontVacation.com.

Wind Turbine Components

The final two over-sized loads of wind turbine components left the Waterford Rest Area this morning and are expected to leave Vermont heading for Whitehall, NY by the end of the day. DMV is thrilled to have this experience in their rear view mirrors.

CONFIDENTIAL AND PRIVILEGED

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan, Vermont Dept of Labor

Re: Weekly Report, Week Ending March 25, 2011

DOL's Budget Issues

We have no news on the budget front. The federal continuing resolution to April 8th is really the final date by VDOL must decide what we do with the Summer Youth Program. VDOL staff went ahead with the grant planning meetings with our stakeholders, but if we have no confirmation about the Summer Youth money by 4/8/11, VDOL staff feels that will have to advise the grantees that there will be no grants awarded this year; and that any money we do subsequently receive will fund the existing Youth staff services in VDOL regional offices. We will have our staff on a conference call on Monday with other states and cities talking about how to engage the business community in helping fill the void of summer work opportunities. We had already started that conversation with our own Workforce Development Council. Jim Pratt from Cabot Creamery may help out as a spokesperson for the WDC on this initiative. I started a conversation with Senator Illuzzi and SED on changes to language that the legislature added in the budget adjustment 2005-06, Act No. 6, Sec. 50 (a), which requires specific VDOL offices to remain open and has minimum staffing numbers. The provision stated that modifications could be made by the Secretary of Administration, upon recommendation of the Commissioner, and approval of JFC. In my comments to SED explaining our current budget crisis, I told them I would need flexibility in managing the regional offices, but assured them that I was committed to maintaining the regional offices, but likely under a reduced schedule and staffing. The committee seemed willing to allow me this latitude. I've reprinted the language from 2005-06 for your review, with the note that this may or may not be workable as we deal with budget cuts. The provision said that the department must *"continue to maintain an office in Brattleboro, Newport and St. Albans state office buildings to provide a resource room which is staffed by at least one department employee; at Brattleboro is shall be staffed up to 32 hours per week and at least four days per week; at Newport and St. Albans, they shall be staffed by at least two employees, who shall work at least 32 hours per week and at least four days per week at those locations";* and *"continue to maintain an office in Middlebury, Morrisville, and White River Junction in state-owned or leased space, but perhaps at different rental locations and at reduced cost, to provide at least a resource room which is staffed by at least one department employee at the Middlebury d White River Junction locations; and at the Morrisville location, which shall be staffed by at least two employees who each shall work at least 32 hours per week and at least four days per week at that location;"* This language came about because the department (at that time DET) was threatening to close regional offices and the legislature was very unhappy about that proposal.

LMI -Unemployment Press Release (today's):

VDOL announced today the seasonally adjusted statewide unemployment rate for February 2011 was 5.6%, the second straight month of a decrease of one-tenth of a percentage point to the statewide rate (i.e. the January unemployment rate was 5.7%) and a decrease of one and one-tenth of a percentage point from a year ago, February 2010. Last year at this time, the statewide unemployment rate was 7.3%. I have been

advised, however, that we may see a slight increase to the unemployment rate in March due to the seasonal adjustments. So, we are calling the numbers "encouraging", but are being cautious about over-stating the situation. For example, we reported: February unemployment rates for Vermont's 17 labor market areas ranged from 3.8 percent in Warren-Waitsfield to 9.7 percent in Newport. Local labor market area unemployment rates are not seasonally adjusted.

Legislative: VDOL continues to be involved in the UI and WC "technical corrections" bills, the Jobs bill, and various employment related bills pending.

UI Division

Trust Fund Borrowing: As of 03/23/11, Vermont has borrowed \$12,680,867 during the month of March. Total amount borrowed as of March 23rd is: \$67,461,240.15.

We are advising Houle Inc. of Barre, Vermont that they are no longer eligible for Short-Term Compensation Plans program benefits.

Wage & Hour: Mack and McAllister Farm cases (violations) are getting settled. We still have cases pending for Howrigan Farm & Samosa Man as a review of findings, and penalty phase.

Workers Comp and Safety Division

The W.C. "technical" corrections bill may see some 'add ons', but we are watching this. The Stop Work Order against Eric Starr d/b/a E. Starr Trucking was rescinded when evidence of coverage was provided. Starr Trucking still only has WC coverage for one of its two companies, although they have claimed they have moved all their employees over to the company with coverage. We will still be in the position of having to issue and adjudicate the penalties. Our VOSHA staff members have called my attention to a dispute with AOT that appears to have boiled over between staff through emails and other venues. I am going to call Brian Searles to meet with him and try to review and settle this matter in a collaborative way.

Interesting notes from the staff reports:

Bromley Brook School in Manchester will be closing, laying off 45 employees. Many will be laid off as of March 23rd, others will be laid off over the next 2 months as they wind down and transition the girls to other schools also owned by (CRC Health Group), the closest being in Massachusetts. BBS is a private school for girls aged 13-17 who have issues such as acting out, depression, lack of social skills, underachieving, and self-image. Rapid response will be provided for these employees.

Rapid Response will also be employed for Bennington Iron Works' employees on March 23rd. Second Time Around at 227 River Street in Bennington will be closing after 12 years in business. The newly constructed Wal-Mart is scheduled to open in Hinsdale, New Hampshire by the middle of next month, according to company sources. The grand opening is scheduled for April 13th, one day after shutting down the current. All employees will be retained and the company claims it will hire an additional 120 workers to bring the total up to 320 at the Hinsdale site. Former Magic Hat head brewer, Matt Cohen, is leasing space on Shelburne Road to start up his own brewing company to be called Fiddlehead Brewing. He hopes to begin brewing by this summer.

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
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: March 25, 2011
Subject: ANR Weekly Report

Status of Governor's Priorities:

- **Vermont Yankee** – We are moving ahead with looking at the proposed renewal of VY's thermal discharge permit. This has received some press interest, particularly in the south eastern corner of the state.
- **Energy and Climate** – We met this week with Commissioner Miller of DPS to begin the work on updating a comprehensive state energy plan, and began to coordinate planning on a Climate Action Plan to be developed concurrently. ANR will take the lead on the Climate Plan and DPS on the Energy Plan.

Legislative Issues

S .77 Testing of Private Water Supply – ANR has proposed a revision to this bill. The revision would require potable water supplies to be tested at construction, revises the parameters to be tested for, requires seller of property to provide educational materials regarding water supply testing to the buyer, requires all potable water test results to be sent to Dept of Health and requires DOH to update its educational materials.

H. 258 – Enforcement - returned to House Judiciary. They will be hearing testimony next Tuesday. Some of the Republican committee members have expressed concern that it is too broad because it covers all of our programs and Act 250.

S.34 - The Mercury Bill was on the floor for passage and was pulled back into committee because of questions raised. We are testifying on this today to try to help them with their questions.

S 78 – The Telecommunications Bill - Came back for discussion in Sentate Natural Resources. We testified that 60 days was sufficient for our stormwater permits.

H. 91 Passed out of the house (public trust of wildlife)

We are working with Rep. Hooper on a proposal (no bill number yet) on renewable energy and efficiency in state buildings.

Next week Vince will be looking at financing of biomass and heat facilities using RGGI funds

Press Issues/Releases/Contacts:

- **Bottled water in state buildings.** We did a press conference on World Water Day announcing the governor's decision to adopt a policy to limit the use of bottled water in state buildings. This got attention both in and outside of Vermont and – at least so far – a very positive response from state workers.
- **Vermont Yankee** – There was press coverage in a variety of news outlets on the agency decision to begin the thermal discharge permit renewal process.
- **ATVs on State Land** – VPR and AP did stories on the upcoming public hearing on revoking the rule on ATVs on state land.
- **Fish and Wildlife Meetings on the deer herd.** There was press coverage leading up to and after the meetings Fish and Wildlife are holding to discuss the deer herd.
- **Wardens.** Channel 3 interviewed Col. LeCours and local Warden Chad Barrett about the warden job responsibilities.
- **Seven Days Wildlife Interview:** Ken Picard of Seven Days interviewed staff about eagles returning to Vermont and discussed to possible reasons for the species' lag in Vermont and how much the population has grown in the last five years.
- **Spruce Grouse Article for Northern Woodlands:** Staff completed an article about Vermont's spruce grouse recovery efforts for the Northern Woodlands magazine. The article will likely appear in their newspaper format first and may end up in their glossy print magazine sometime soon.
- **Press Releases:** Numerous press releases were issued this past week, ranging from all-day spring hunting of turkeys to publicizing deer meetings.

Significant Events/Meetings:

- **Fish & Wildlife Board:** The Board held a meeting on March 23 and discussed the Vermont Outdoor Guide Association's request for non-motorized commercial use of the Department's access areas and discussed the merits of an all-day turkey season. Board member Cindy Jones resigned due to a change in the location of her residence to outside of Orange County (the county she represented).
- **Meeting with PSD.** The ANR leadership team met with the PSD leadership to coordinate and discuss issues of overlapping jurisdiction.

- **Wind Development Projects:** ANR staff began discussing the development of a new Vermont Natural Resource Assessment map that uses existing GIS natural resource data to identify areas in Vermont that could be a concern for wind energy development. This would complement Vermont's Wildlife Action Plan. We are hoping to have the project finished in 18 months.
- **SSF11 Orientation; Vermont Emergency Management:** Deputy Secretary Recchia and agency staff participated in an orientation for the State Support Function 11 (Agency of Agriculture, ANR and Archivist). The orientation was led by Vermont Emergency Management and provided a basic overview of the national and state frameworks for emergency response.
- **Meeting with EPA's Steve Sinclair.** Steve Sinclair visited from the Boston office of the EPA to meet with staff and stakeholders about the TMDL process.
- **Annual Sea Lamprey Communication/Coordination Meeting:** The annual Vermont sea lamprey communication and coordination meeting is scheduled for March 28, 2010. This meeting is held annually to bring together agencies involved in the aquatic nuisance control permit process for Lake Champlain lampricide treatments to discuss the previous year's permitted treatment(s), upcoming treatments and other developments in sea lamprey control.

*Note that next week Deb, Chris and Justin will all be attending the ECOS (Environmental Commissioners) meeting in Alexandria Virginia from Monday through Wednesday. We will all be available and monitoring the legislature, emails, etc . . .

SUMMARY OF KEY DEPARTMENT ACTIVITY

The first edition of "Climate Connection", the ANR Climate Change Newsletter was posted on the web site, emailed to subscribers and to the Vermont Climate Collaborative distribution list. The next edition of the web site is planned for June 2011

The Climate Neutral Working Group (CNWG) convened a meeting (3/18) in Montpelier to discuss the content of and potential revisions to the draft *Fourth Biennial Report*, and to formulate a workplan for 2011. The final version will be sent to the Governor's Office and General Assembly.

Waterbury Dam: The turbine is back on line and the winter drawdown continues. The current weather has been favorable for slow snow melt which along with the continuing drawdown has meant that flood operations at Waterbury Dam have not been necessary to date. Dam Safety continues to monitor the situation.

Continuing Issue: So Burlington Airport Parkway Wastewater Treatment Facility Upgrade: The city has been advised by an EPA Office of the Inspector General Special Prosecutor that their K Turbo blowers will be seized because of American Recovery and Reinvestment Act (ARRA) fraud by K Turbo. The blowers will become property of the US government. The contractor and city engineer are exploring the acquisition of other high-efficiency turbo blowers and are evaluating availability, their ease of installation, and cost. A Neuro Blowers manufacturing facility is located in Plattsburgh, NY is being visited this week. They have blowers that they claim are ready to ship.

Montpelier Gun Club: A joint letter from the Tami Wuestenberg (DEC-WMPD) and Chris Saunders (DFW) was sent to both commend the Montpelier Gun Club (MGC) for creating an Environmental Stewardship Plan (ESP) prior to the departments creating a template, and to request some modifications. The letter requests that a site map be provided, showing the property boundary, the Winooski River and the location of the proposed shot curtain, and that the implementation schedule be updated for installation of the shot curtain and initiation of lead recycling program. In any event, the agency expectation is that the shot curtain be installed prior to the commencement of the shooting season.

Municipal Compliance Assistance Program: John Daly attended a Pike Industries training with 120+ people to discuss some basic environmental issues they have at their operations. We covered several different program areas with a focus on hazardous waste and storm water.

Mercury Program: We have received 187 Dental Best Management Practices Certification forms out of a total of 196 dental practices required to file with us every other year. We are working with the Vermont State Dental Society to follow up with non-filers. All of these practices have installed amalgam separators to remove dental amalgam waste prior to discharge. There are 17 dental practices on septic systems.

UST and AST Rules: ICAR approved ANR's proposed Underground- and Aboveground Storage Tank Rules. Public hearings on the proposed rules will be held in late April and early May.

Water Supply Issue in Proctor. The Town of Proctor is in court attempting to disconnect about 80 users in the Town of Pittsford that they have served for over a hundred years. Proctor is no longer able to serve them with safe drinking water at an affordable cost. Even though we have offered to meet with Pittsford on several occasions to help solve this problem, but Pittsford has declined our assistance and taken no action to ensure that these people will have a solution if the court allows the disconnect. Vermont courts have allowed disconnections in the past. We have just found out that the Pittsford selectboard has voted \$20,000 to hire an engineer to study alternatives to provide water to the potentially disconnected users.

Fish and Wildlife

Deer: Deer are beginning to break out of their wintering areas as indicated by the numerous road-killed animals handled by wardens this week. Coyotes and domestic dogs are also killing their share. Warden reports on deer health conditions suggest the winter has been fairly hard on the deer; their bone marrow indicating low fat reserves. How quickly the weather breaks in the next couple of weeks may determine the fate of some of these animals.

Jay Peak Ski Resort: Department staff met with DEC and Agency staff regarding a proposed expansion of the Jay Peak Ski Resort. This project will present significant impacts to black bear habitat, wetlands, streams, high elevation nesting bird habitat (Bicknell's thrush), and overall forested habitat fragmentation.

LeBlanc Acquisition: A verbal offer of \$20,000 was made to the representative of the two landowners. This offer was based on an appraisal of the remaining value of the 110-acre parcel after a wetland reserve easement is placed on it. If the landowners accept the offer, a purchase and sale agreement will be prepared and will be contingent upon obtaining necessary town and Governor approvals.

Anderson Acquisition: The surveyors provided a preliminary plat in time to meet the deadline for the Town of Addison subdivision meeting on March 28. A Letter of Agreement with the landowner's attorney is making its way

through the Waterbury staff routing process. The Governor's approval letter went out on March 11, and the Department is hoping to close on this project in May.

Ducks Unlimited (DU) Grant Agreement for the South River Wetland Conservation Project: The fifth and final invoice from DU for the five-year South River Wetland Conservation Project in Quebec was received. Over the past five years, the Department has contributed \$70,716 of Duck Stamp Funds toward this project which lies just north of the Vermont border. Annual contributions represented 20% of the interest generated in the previous fiscal year. DU would like to initiate another grant agreement and may be sending a proposal in the future.

USGS Stream Gauging Stations: Staff have learned that USGS stream gauging stations on many Lake Champlain tributaries, most of which receive periodic lampricide treatments, are at risk of being shut down due to reductions in funding. USGS is asking other agencies and organizations that benefit from the internet-accessible real-time flow data collected at these stations to consider contributing funds to keep them up and running. Access to real time flow data is extremely important for lampricide treatment scheduling and other fisheries management activities, and it is also a helpful resource for anglers and others who recreate on these rivers.

Forest, Parks and Recreation

Parks Division Newsletter. The Vermont State Parks spring e-newsletter was sent to over 27,000 recipients. The typical spike in website hits and reservation interest is expected. Revenue to date for this fiscal year is being taken in at a rate of 7.5% ahead of last year.

Forestry recognition: We have been notified that Jon Bouton, Windsor County Forester has been named as the Northeast Region's "Service Forester of the Year," by the Cooperative Forest Managers group of the Northeast Association of State Foresters. This award covers a 20-state region stretching from the Canadian border west to Iowa and south to West Virginia. The award is given to a private lands forester in a state organization for exemplary service. The award will be presented in May in Newport, Rhode Island.

Telecommunications: The backup generator at the Ascutney North Peak telecommunications site broke down during a recent power outage at this site and it has been determined that it is probably not feasible to repair the generator. This is a strategic site with more than 20 different users including the Department of Public Safety and other local first responders and commercial users including National Grid and CVPS. Reliable back up power at this site is essential. Purchasing and installing a new replacement generator is estimated to cost about \$80k. WNNE-TV is the anchor tenant at this telecom site but their lease with the State is scheduled to terminate at the end of this year and has transferred the operational responsibilities associated with this site to the Electronic Communications Association (ECA). ECA is actively working with their members (the commercial users at this site) and the public safety organizations at this site and other stakeholders in identifying both short term and long term solutions and is exploring funding opportunities through VTA, VCOMM, Homeland Security and other sources.

Ski Area Leases: We are meeting with our ski area partners throughout this winter to discuss ski lease issues and other matters of mutual concern. A number of ski areas will be seeking Act 250 approval this spring for major development projects to begin as early as this summer including a new ski lift and net metered wind turbine at Burke Mt., a new summit restaurant/skier services building at Killington, and ski area expansion and associated residential development on lands directly adjacent to the Okemo ski area lease. We will be meeting with the State Auditor's Office in the near future to discuss a possible audit of the Department's ski leases.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: 03/25/11
SUBJECT: Governor's Report

Status of the Governor's Priorities

Marijuana Dispensaries-

S-17. Senator Sears and I were interviewed on V.P.R. on Thursday regarding the bill. I spoke in support of the legislation and the importance of getting the rule making right. I indicated that the Department would look to other States where the rules are not working and seek to remedy those situations and also look to States where the rules are working and incorporate those rules into the DPS model.

I also proffered that the Governor's priority was to utilize the State's resources in attacking the most prevalent problems such as heroin use and prescription drug abuse. As an example I cited that in 2008 in Vermont nearly 2% of all babies born in the state were born with a drug dependency.

Additionally, we have submitted to the Senate Finance Committee a proposed fee schedule based on the assumption that the dispensaries would be self sufficient and thus utilizing special funds.

On Wednesday I met with the Board of Pharmacy to talk with them regarding the Departments position on Dispensaries.

Senate Appropriations-

On Thursday the Division Directors and the Commissioner met with Senator Sears to discuss our budget. The presentation went well. We used the opportunity to explain the recruiting difficulties we are having due, in part, to our salary structure both at entry level and the 3 to 10 years experience level. Senator Sears requested information that could be included with the budget information that would suggest a Department report to the Senate Judiciary next year with proposals. This is extremely im-

portant to the Department's ability to actively meet its staffing needs for the years to come.

Evolving Issues

We continued to meet with the Director's and their staff regarding our centralized grant management reorganization. This process is going well and is intended to re-define how grants are managed in DPS to better ensure that all grant funds are managed in compliance with DPS, State and Federal regulations. The centralization of our grant management will ensure at least the following:

- There is complete transparency of all aspects of grant management;
- Appropriate internal controls are in place to control risk and improve audit outcomes;
- The value of the available grant funding is maximized to produce best outcomes with available resources;

Division Activities

Emergency Management

Issues / Updates

The State Hazard Mitigation Officer (Ray Doherty) conducted a mitigation briefing for incoming Deputy Secretary of Administration, and a meeting of the State Hazard Mitigation Committee; organized mitigation planning workshop for local/regional mitigation partners; attended FEMA national mitigation summit in San Diego, CA; Worked with FEMA, ANR and Moretown to resolve outstanding permitting issue for completed mitigation project and worked with ANR and town of Waitsfield on upcoming HMGP project application; completed quarterly reports for PDM, FMA and HMGP projects

Scheduled trip to Vermont Yankee next Tuesday with Commissioner Flynn for plant tour.

Significant Radiological preparedness activities in the next few months are:

- Functional exercise – April 5 & 6, 2011
- Evaluated exercise – May 3 & 4, 2011
- Maintenance and Inventory of Radiological equipment in EPZ towns

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: March 25, 2011

Vermont Department of Health (VDH)

Status of Governor's Priorities

Air Monitoring for Radioactivity. The Health Department is using its existing nine air monitoring stations around Vermont Yankee, plus one additional station installed in Burlington, to track any increase (above background) in radioactivity from the damaged nuclear reactors in Japan. The Burlington station was assembled by Radiological Health Chief Bill Irwin from parts on hand. We have also increased air sampling at these stations from monthly to weekly. No harmful levels of radioactivity are expected to reach the U.S. and we do not expect to detect an increase in Vermont. This additional monitoring will serve to document our assessment. Vermont, like other states in the region, is working to keep the public informed about what events in Japan may mean for people here.

Vermont Yankee Continuing Investigation. VDH continues to follow the groundwater contamination investigation at Vermont Yankee. VDH wants to know why Vermont Yankee has not safely sampled the construction office building well as requested for many months. The commissioners of Health, Public Service and Environmental Conservation sent a letter to the site vice president asking for a full explanation and sampling plan by March 28th.

Office of Local Health. As an anxious public monitors the news of the stricken nuclear reactors in Japan, the Brattleboro district office has received an increase in the number of citizens seeking Potassium Iodide (KI). For years, KI has been distributed by the district office to people who live, attend school, and work in the 10 mile radius surrounding the Vermont Yankee Nuclear Power Plant. To date more than 18,000 tablets and 87 bottles of KI have been distributed to private homes, schools, hospitals and businesses. In the past two weeks as people receive their dose of KI they are instructed about the low risk to Vermonters of exposure to radiation from Japan and that KI should only be taken upon the recommendation of public health officials when there has been a release of radioactive iodine.

Emergency Medical Services. The Commissioner's consulting group as called for in Act 142 met for the second time on March 21st to discuss EMS training requirements and system capabilities. Discussion and feedback from the group followed a presentation on current course offerings, training requirements and levels of providers, and potential system improvements.

Northeast Regional Marijuana Webinar Series. The Health Department has collaborated with the Substance Abuse and Mental Health Services Administration to offer a regional webinar series

for community providers and partners at no cost. The three-part series will be presented through the Center for Health and Learning on the following dates:

- March 28, 2011: Health Consequences of Marijuana Use
- March 30, 2011: Risk and Protective Factors Associated with Marijuana Use
- March 31, 2011: Strategies and Interventions for Reducing Marijuana Use

Northeast Kingdom Community Summit: Diverted Prescription Drugs. Approximately 85 people attended the Northeast Kingdom Community Summit sponsored by the Northeastern Area Health Education Centers on March 15th in Derby, VT. The summit was for primary care providers, pharmacists, alcohol and drug counselors, behavioral health specialists, probation and parole and law enforcement to discuss issues related to prescription drugs that concern the community.

Press Issues/Releases/Contacts:

Japan Nuclear Safety Standards. Bill Irwin, radiological health chief, answered questions from Susan Smallheer, Rutland Herald about Japanese nuclear safety standards and how they compare to the U.S. Irwin said he had detailed knowledge of U.S. standards, but not Japanese. Answer: “What I have read in Japanese Nuclear and Industrial Safety Agency and International Atomic Energy Agency reports, however seems to indicate our two standards, U.S. and Japanese, are reasonably comparable. Perhaps in some cases, ours or theirs are more stringent. There are different limits for both nations used under emergency and non-emergency conditions. There are “normal” limits used for occupational and public dose; emergency limits for emergency workers that are significantly higher; and limits for intake of food products following radioactive contamination of the environment following an accident.”

Smallheer also asked if the Health Department has detected any increase in environmental radioactivity since the Fukushima releases started about 10 days ago. Answer: “No, and we also do not expect to. Rather than ask Vermonters to rely only on opinions, we will provide them actual measurements of environmental radioactivity.”

Evolving Issues

Legionellosis Investigation. The Department of Health is investigating a case of Legionellosis at a long term care facility in Windsor. Water samples taken at Cedar Hill Continuing Care Nursing Home on March 9th detected the presence of legionella bacteria in six of 14 samples. Health Department staff is advising the facility to superheat and flush the water system and to disinfect fixtures. They are also providing guidance for alternative bathing and patient protection. The Health Department is working in coordination with DEC Water Supply Division, DPS Plumbing, and DAIL Licensing and Protection.

Vaccine Purchasing Pool Pilot Program. After 18 months of planning, insurers received their first quarterly bill for vaccine last week. Annual vaccine costs were estimated based on previous year purchases. Insurer assessments, which were based on market share, were sent to the 50 largest insurers -- those who provide health coverage to at least 200 Vermonters. These payments from insurers will reimburse the Health Department for the cost of vaccines provided

to all their members. The Immunization Program is working with BISHCA to fully address inquiries from insurers. All insurers have received draft and finalized copies of the Pilot Implementation Procedures. The Health Department website has been updated to include FAQs from insurers and detailed information on the Vermont Vaccine Purchasing Pool Pilot.

Department of Mental Health (DMH)

Legislative Contact

Commissioner Oliver met with Representative Tom Stevens to update him on Vermont State Hospital issues. She advised him of the all staff meeting this week where a proposal for a “stand-by pool” was discussed to address the problem with mandatory overtime. The meeting was well received by even the most vocal of VSH employees. Representative Stevens had also heard that VSH leadership appeared to be trying to make improvements in communication.

Significant Meetings

Commissioner Oliver met with Judge Davenport about Treatment Courts, the Tri-Branch Task Force and her thoughts about how the involuntary medication hearings are going. Judge Davenport believes it is very important for the judge to prescribe the medication for involuntary treatment within their order. DMH believes this to be the practice of medicine and is an issue that we will need to consider as we (if we) address involuntary treatment overall. Again, Commissioner Oliver is hopeful the Administration is agreeable to addressing these issues next year.

Other – Good News

VSH’s Dr. David Mooney was awarded the Leonard Tow Humanism in Medicine award. This award is for physicians demonstrating exceptional compassion, attention to emotional needs and excellent clinical care. There are 1500 physicians who have academic responsibilities and are eligible for this award. It is a wonderful acknowledgement of Dr. Mooney’s practice and his way of interacting with people. His work and the award reflect positively on VSH and the care patients receive there.

Department of Disabilities, Aging and Independent Living (DAIL)

Legislative Issues/Contacts

As reported last week, Senator White and Representative Stuart forwarded a constituent’s (LG) concerns about her services from Vocational Rehabilitation. The constituent is well-known to the VR team which nonetheless agreed to re-visit her concerns. They held a team meeting with her this week and have developed a new plan which we all hope will help her be more successful.

Rep. Heath inquired about ways to mitigate potentially negative impacts on vulnerable adults due to cuts in Choices for Care, especially respite hours and assistance with activities such as housecleaning, shopping, meal preparation (known as IADLs). Commissioner Wehry discussed

ways we might streamline our practices to be more responsive to those who were truly at risk for nursing home placement.

Commissioner Wehry testified on DAIL's budget before Senate Appropriations. Three senators expressed concern about the possibility of exploitation of vulnerable adults by advocates in their efforts to make the case that cuts in human services would have dire consequences.

Commissioner Wehry reiterated her assessment that the proposed cuts could negatively impact quality of life for some recipients but she did not believe they would put individuals at risk for nursing home placement as is claimed and would not result in loss of critical services for individuals with developmental disabilities.

Significant events/Meetings

The 2011 Gerontology Symposium sponsored by the Center on Aging at UVM took place on March 23rd. The theme: *Quality of Life: Make it Better, Not just Longer* was reflected in the plenary on Quality of Life strategic imperatives that will lead to excellence in service delivery: quality, transitions, talent, finance and technology. DAIL Deputy Commissioner Camille George, representing the Agency, addressed attendees over lunch, summarizing innovative initiatives underway in Vermont: the Money Follows the Person grant that will help people transition out of nursing homes; use of videoconferencing to deliver an evidence-based intervention to support to caregivers of people with dementia; and, SASH (Support and Services at Home).

DAIL Deputy Commissioner George also attended Disability Awareness Day which also took place on March 23rd. Hundreds of people with disabilities, family members and providers attended this day long event which included a press conference, presentations by legislators and advocates, a tour of the Statehouse and workshops. In the evening, participants viewed the film *Wretches & Jabbers*, which tells the tale of two Vermont men with autism who embarked on a global quest to change attitudes about disability and intelligence using augmented communication (communicating by typing on computers with the support of an assistant).

The Director of our Adult Services Unit, Adele Edelman, will be a featured speaker on a Center for Medicare and Medicaid Services (CMS) national webinar on March 29th, *Improving Care and Rebalancing: Reform of Long-Term Services and Supports in Two States*.

Evolving issues

Barbara Prine, an attorney with Vermont Legal Aid, communicated with Commissioner Wehry's office earlier this month in response to a corrective plan of action we had initiated to address long-standing issues at Adult Protective Services (in our Division of Licensing and Protection). She suggested this plan was insufficient and proposed we consider a more comprehensive approach modeled after a similar undertaking at the Department of Children and Families (DCF) in the past. Commissioner Wehry advised Ms. Prine that she agreed with the substance of her proposal and had asked the Director of Licensing and Protection and DAIL's legal counsel to take a look at the particulars.

A response has not been seen as timely enough and yesterday we received a demand letter for immediate action by April 1st to avoid legal proceedings. Commissioner Wehry has asked Ms. Fran Keeler, Division Director of Licensing and Protection, to expedite her response to the plan and has asked legal counsel to draft a response to the demand letter.

With respect to the corrective plan already in place, the following gains have been made:

- 1) Implementation of a more reliable triage system to insure high priority situations are seen immediately
- 2) Hiring and deployment of 3 new staff
- 3) Doubling of investigations underway to reduce the backlog of cases from 272 on Feb. 7th to 178 on March 18th

Department of Corrections (DOC)

Legislative Issues/Contacts

On March 23rd, Commissioner Pallito and Deputy Commissioner Menard testified before the Senate Committee on Judiciary regarding Justice Reinvestment and before the House Corrections and Institutions Committee regarding the reorganization of the two facilities (Chittenden and Northwest).

On March 24th DOC was before the House Corrections and Institutions Committee regarding the reorganization.

Press Issues/Releases/Contacts

Furloughee Berard, Robert. On March 22nd Mr. Berard was involved in a standoff with Richmond PD and VSP. The VSP tactical team made entry in to the property. Mr. Berard was located deceased of an apparent self-inflicted gunshot wound. Mr. Berard was being supervised by the Burlington P&P Office, he was placed on escape status from furlough on March 18th, he was serving a sentence of 2yrs 12 mos to 15 yrs 48 mos for Grand Larceny, Domestic Assault, Unlawful Restraint, False Info to a Police Officer and DUI.

Other

Visitor at Northern State Correctional Facility Cited for Possession of Regulated Drugs. Visitor Rise Berard (mother of inmate David Berard) was cited by VSP into court for Possession of Regulated Drugs. On Saturday, March 19th while visiting inmate David Berard at Northern State Correctional Facility she was observed by a Correctional Officer handing inmate Berard drugs. She had several pills (oxycontin, burprenorphine a slug of marijuana, a hypodermic needle.

Vermont Supreme Court. The Vermont Supreme Court affirmed on March 4th by entry order decisions authored by Chief Justice Reiber and Justices Dooley and Skoglund two lower court decisions concerning DOC actions. In Byrd v. Pallito, Arkely, Bruce and the Dep't of Corrections, where AAG David McLean represented DOC, the Court affirmed the grant of DOC's summary judgment motion relative to the plaintiff inmate's Rule 75 action. In its review

of the inmate's disciplinary violation on the record developed before Judge Crawford, the Court rejected all of the inmate's constitutional and evidentiary claims. Because the disciplinary report depended on more than confidential informant statements, the DOC process satisfied legal requirements and evidentiary standards. The Court opined that the evidence was more than sufficient to satisfy the "extremely tolerant" standard required to uphold prison disciplinary violations.

In Sylvester v. Pallito, Commissioner, Dept. of Corrections, the Court affirmed the lower court's dismissal of complaints challenging rehabilitative programming decisions. While judicial review of programming decisions may be available, in the matters at hand there was no allegation that DOC had either completely failed to fulfill a statutory duty in regard to the programming decisions or had abused its discretion in a manner that amounted to a failure to act. The Court repeated that it is "ill-suited to micromanage prison programming." AAG David McLean represented DOC on appeal.

Melvin Neisner Jr., a former judge and attorney was sentenced on March 22nd for the offenses of Vehicle Operations-Reckless or Gross Negligence#1, leaving scene of a Crash/Property Damage both misdemeanors and Impeding Public Officer a felony. He received a probationary sentence except for 99 days to serve in Jail. He is scheduled to report to the Southern State Correctional Facility in Springfield on April 4th at 10am. Plans are being made to house Mr. Neisner in the safest manner possible; discussions are also underway to house Mr. Neisner in our contracted facility in Massachusetts.

Population. The Department's incarcerated population is continuing to hover at the 2100 mark. The population at the Windsor facility is increasing with the expansion outlined by the Commissioner of Corrections. The population of inmates in the St. Johnsbury and Rutland facilities is reducing, providing much needed relief to these two over crowded facilities.

Department for Children and Families (DCF)

Legislative Issues/Contacts

Reach-Up / Senator Sears. Senator Sears has indicated he may want to make the sanctions on Reach-Up participants more severe to assure they comply with the program requirements. We do not know the specifics of his request but want to counter with a proposal that we require those participants who have an extended history of non-compliance for no fault of their own with vendor payments, not just for their housing costs but also for their utility expense. In this way, the participants lose flexibility but the children are still protected.

Press Issues/Releases/Contacts

Tragic Accident with Death Resulting. Two youths were killed in an accident in North Clarendon early Friday morning, one of whom was supported by DCF Family Services on an over 18 agreement because he hadn't completed high school yet. He was scheduled to graduate from high school in June and attend Job Corps.

The Rutland District Family Services Office has been in contact with the deceased's mother and grandmother to offer words of encouragement and support. DCF provided a gas voucher to the mother as well. Rutland staff attended the funeral and will continue to support the family in any way they can. We have reminded our staff that the Employee Assistance Program is available to help them process this loss as well.

Significant Events/Meetings

Office of Child Support Recognized at Vermont Council for Quality Recognition and Awards Ceremony. Jeff Cohen, Director of the Vermont Office of Child Support, will be accepting a Commitment Level Award from the Vermont Council for Quality's 13th Annual Awards and Recognition Ceremony, on behalf of the Office on April 14th in South Burlington. VQC's mission is to promote and recognize high performance in employer organizations in order to enhance the quality of life throughout Vermont. He will also do a presentation on integrating the Baldrige criteria and strategic planning.

News from Disability Determination Services. This week the Boston Regional Social Security Office sent the Vermont Disability Determination Services (DDS) a special note of appreciation for their recent accomplishment in reducing the number of disability cases waiting for a decision more than 180 days, a key measure of DDS public service. The DDS has reduced the number of over-180 day initial cases pending, down to 1.6% of total initial pending, well below the regional percentage of 3.9%, and the lowest level for Vermont since last October. This accomplishment reflects DDS employees' hard work over the past few months to move all cases to completion faster, during which time they have also maintained 99-100% decision accuracy.

Department of Vermont Health Access (DVHA)

Legislative Issues/Contacts:

- Richard Slusky testified in Senate Health & Welfare on Thursday, March 24th on Accountable Care Organizations (ACO's).

Catamount Haircut proposal. DVHA has two major concerns regarding last minute additions to the Catamount Haircut plan as passed by the House. First, the House increased the deductible in the commercial Catamount plans to \$1,200 but included up to a \$700 rebate for individuals under 300% FPL who have deductible costs between \$500 and \$1,200 (thereby keeping their deductible where it is now).

First Major Concern

1) We do not know how the financial calculations were computed (and evidently they were done quickly at the last minute). This is a very complicated analysis, as MVP does deductibles on individuals' anniversary dates and BCBS uses calendar year. In addition, claims level data would need to be analyzed to really understand how many people might go into their \$500 - \$1,200 range and by how much.

2) BCBS and MVP would pay people's claims between this range, but keep track of it and then bill DVHA for these costs (since we would have savings in our premium assistance program from the lower commercial premium). We do not know if the plans can do this level of tracking, as there is a lot of churn in the premium assistance program which adds significant complexity, and the state would have to make programmatic changes to both the eligibility and claims processing systems. We certainly do not think this can be accomplished by July 1st, which is what the JFO financial analysis assumes. We are working with JFO to better understand this before it gets to the Senate.

Second Major Concern:

Very informal and last-minute discussions occurred last week among JFO and Administration staff about whether moving the pharmacy benefit out of the commercial Catamount plans to DVHA would save costs for the state. In theory, doing this would lower the Catamount premiums even more (thereby saving money in the Premium Assistance program) and by DVHA managing the pharmacy benefit, we could take advantage of the Medicaid rebates to lower the pharmacy costs as compare to the costs for the commercial plans. The idea was that even if the new pharmacy coverage costs were included in the DVHA budget, it would still result in more savings than if the pharmacy benefit remains in the commercial plans. Section E.301.7 contains a provision that would allow DVHA to provide the Catamount prescription drug coverage with the same co-pays as in the Catamount Plans now (\$10 for generics, \$35 for preferred drugs, and \$55 for non-preferred). As soon as we saw this provision on Monday morning, DVHA staff met to explore it further and discovered major flaws in the idea:

1) It is unclear whether the prescription drug coverage would be voluntary, and if so, this would create very costly adverse selection in the pharmacy costs and increased medical claims costs for those without the drug coverage; 2) Even if it is not voluntary, we cannot analyze whether we would save money because we do not know the plans' pharmacy reimbursement rates, their rebate %s or have access to their pharmacy claims; however, based on anecdotal information about their reimbursement rates, we believe it might be a break even proposal at best; and 3) the different pharmacy co-pay based on type of drug (as compared to our current co-pay structure for the rest of Medicaid programs based on cost of drug) would be extremely administratively burdensome which would most likely negate any potential savings. Fortunately, no savings were booked regarding this idea, and we are meeting with JFO early next week to explain our concerns.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin
From: Elizabeth H. Miller, Commissioner
Subject: Weekly Report
Date: March 25, 2011

Status of Governor Priorities:

- Energy Plan: Significant department resources have been directed at reinitiating the Comprehensive Energy Plan – we held first stakeholder meetings this week, with another set coming up on April 7.
- VY: The department has continued to collaborate with state and federal agencies on Vermont Yankee issues and concerns, given the events that have transpired in Japan. Recent orders and activity from the NRC continue to be a primary focus for the department. Our staff are also focused on helping the Attorney General's Office to prepare for potential litigation on VY. We met with VY this week concerning decommissioning issues – VY presented us with a set of disagreements with recent Fairewinds reporting, and also set forth its timeline for the next decommissioning study due January 2012. A meeting with VY is upcoming.
- Broadband: Progress has been made with FairPoint – we filed a new Alt Reg plan and a penalty plan directing significant money to last mile broadband buildout.

Legislative Issues/Contacts:

- The department has worked with committees of jurisdiction on the energy and telecommunications-related bills, particularly S.78. We also supported billback cleanup bills covering the Texas Compact and Reliability Oversight Committee.

Press Issues/Releases/Contacts

- Vermont Yankee continues to be a significant source of media work, ranging from local media to business and trade publications tracking the status of the plant's approval in the state process. Fox 44 requested an on camera interview after license issuance earlier this week.

Significant Meetings/Events:

- The department hosted the kick off meeting for the Comprehensive Energy Plan, with very positive and encouraging results. Attendance was solid, and the information promises to enhance the planning process.
- We met with ISO New England and discussed transmission reliability issues related to post-VY – ISO has significant concerns regarding post-VY solutions and cost allocation that we should discuss with you.

- I met with Secretary Ross regarding energy projects for our working farms.

Horizon Issues:

- I expect significant movement on VY issues in the next two weeks.
- We are supporting the PSB decision regulating Comcast's VoIP service in a Supreme Court appeal docketing statement due soon.
- We have discussed Efficiency Vermont cost recovery requests (they are asking for approximately 50% more than in the last budget cycle); the Department staff is not in favor of increased cost recovery to EV and we have to work through the issues.
- I remain in favor of seeking greater penalties for utilities/operators continuing operation past the expiration of Certificates of Public Good; the current penalties are not at all adequate to stop companies that derive significant revenues from power generation. It is my hope that the legislature may add an amendment to a current bill to address this issue.

Summary of Key Department Activity, By Division

Public Advocacy and Consumer Affairs Division:

Summary of new matters: NRC issued the license extension on VY this week for an additional 20 years. At the same time NRC submitted a new supplemental Safety Evaluation Report (SER). This new SER looked primarily at underground piping and submerged cables and found no issue. In the telecommunications world, FairPoint and the DPS finally completed the settlement on a new Alternative Regulation Plan.

Tritium investigation at VY – Docket 7600 – Entergy continues to file bi-weekly progress reports. CLF has asked for additional detail in those reports. The Board has given other parties a chance to comment on the CLF request. DPS plans to weigh-in supporting the CLF request for more detail.

New CPG for VY – Docket 7440 – This docket continues to be dormant. However, the DPS is working with the AG's office to prepare for any potential preemption challenges brought against either the Legislature or the Board. DPS set up a number of calls with experts this week that might be able to assist us in refuting any preliminary injunction requests made by Entergy. Because there is no bill-back authority yet in place, the DPS and AG's office are working out how the experts will be paid for in the short-run.

FERC Complaint re ROE for Transmission Companies – No case number – DPS continues to work with the Massachusetts AG's office on a potential petition challenging the ROE that transmission companies receive. At this time, counsel for DPS and Massachusetts as well as DPS staff have asked other NE states if they would join such a petition. Responses are not yet finalized by other states, but the preliminary feedback on the potential lawsuit is positive. If such a suit were successful, NE ratepayers would save millions of dollars each year.

Kingdom Community Wind – Docket 7628 – Post-hearing brief filed 3/21. Intervenors filed voluminous briefs totaling over 300 pages. Main points of contention are noise, aesthetics, environmental impacts and setbacks. Green Mountain Club is sharply critical of MOU with ANR, arguing that mitigation and decommissioning are inadequate. DPS supported the project. It appears that the main focus of DPS's reply should be on setbacks. Reply brief is due on 4/4.

Georgia Mountain Wind – Docket 7508 - Briefing on setback issues is due on 4/6. Position will be consistent with that in Docket 7628.

Burlington Telecom – Docket 7044 – As reported earlier, at the end of February BT filed its third bi-monthly status report. In this progress report BT requested an enlargement of time to file a specific statement of the relief requested on Conditions 17 (build-out) and 60 (financial restrictions). BT proposes to make that filing June 30, 2011, allowing it time to complete its negotiations and prepare a proposal to cure the violations of its Certificate of Public Good (CPG). DPS has communicated with BT, and BT has agreed to provide more frequent, confidential, oral briefings that will allow DPS to monitor its negotiations more closely. DPS did not oppose the requested extension. Comcast did oppose the extension of time on competitive grounds.

VGS System Expansion Fund - Docket 7712 - The Board held a workshop on the proposed System Expansion Fund on 3/22. VGS filed written responses in advance to all the Board's pre workshop questions. The VGS presentation gave a solid explanation for why there was precedent for this type of funding and why, from a public policy perspective, this needed to happen this way. Pat Moulton Powden expressed the Governor's support for the fund based on economic development and job growth, but deferred technical and financial questions to VGS and the DPS.

In terms of process going forward, the Board asked VGS to notify customers in a more direct way about the fund. [The recent notice to customers revealed there was no increase in cost but directed parties to the VGS website for an explanation. So only the curious customer would understand that a rate decrease had been diverted to a system expansion fund.] VGS explained it would also be having customer meetings during the month of April at which this and other matters would be discussed. The parties and Board agreed that a public hearing on this matter should be held after customers got notice of what the fund was about.

CVPS acquisition of VMPD—Docket 7660— The parties submitted testimony in support of the MOU on Friday, March 11. Technical Hearings were scheduled for March 22, however that date was pushed back so that the hearing officer could review the filings. The Department is having difficulty receiving approval from the Secretary of Administration for its key witness, David Lamont. Without Mr. Lamont's testimony in favor of the MOU and the Value Sharing agreement, the strength of the Department's position, and the likelihood that the Board would accept the terms of the MOU, would be diminished.

CVPS acquisition of Readsboro Electric—Docket 7688— The parties are working to respond to questions from the hearing officer regarding the MOU. If the answers are satisfactory, the hearing officer may forego a live technical hearing.

CVPS Smart Power- Docket 7612 - DPS is in negotiation with CVPS about whether and how to incorporate the elements of the ‘desired technical capabilities’ about the new meters’ ability to store and communicate interval usage and price data in the major milestone financial commitment support letter for the AMI meter purchase. DPS is meeting with CVPS on 3/25 for the second time in two weeks to obtain additional information and detailed explanations relating to the CVPS business case update that was sent to the DPS on 3/3/11. CVPS is under a Board deadline to file the update (which reflects changes in the business case due to the choice of the “VTel solution” for intermediate backhaul as well as numerous other changes for a myriad of other reason. While CVPS asked to invoke the “change control process” contained in the Smart Power Plan, the existence of a Board deadline within three weeks of the submission of the update to the DPS prevented this process to operate as originally envisioned by DPS. In addition, the initial meeting with CVPS revealed the complexity and need for additional detail regarding the update.

Sheffield Wind Project—Docket 7156—The Board has not yet issued an order ruling on the Ridge Protectors’(RP) motion challenging the sufficiency of the Petitioner’s blasting plan and compliance with the plan. In the meantime, RP wrote a second letter criticizing the Department’s position that RP hadn’t provided enough facts to warrant concern with the Petitioner’s compliance. The second letter did provide more factual detail, and the Department anticipates that the Board will order the Petitioner to respond first, and for other parties to comment on the response about 10 days later.

Docket 7466 – EEU Structure Docket - The Board this week issued a Proposal for Decision to enter a specific order of appointment for Burlington Electric Department to serve as EEU in their service territory, which the DPS supports. Parties have until 4/4/11 to comment on a few specific issues relating to the treatment of heating and process fuels

AMI Permitting Issues – No Docket - DPS staff reviewed a legal analysis from CVPS and GMP on what permitting obligations would be presented by the installation of telecommunications equipment associated with Smart Meters. DPS agreed that an exemption under 248(n) would not require permitting under that statute. DPS did not take a position on the legal analysis of whether Act 250 applied and suggested the DU’s consult with the NRB attorney. DPS offered to meet with DU’s to discuss expedited applications under Section 248a if the utilities determined they needed a permit for any of their AMI telecommunications equipment or facilities.

VEC Renewable Energy Pricing Plan –Docket 7717 - Staff has some concerns about this proposed voluntary renewable pricing plan, primarily that pricing structure is based on typical use by ratepayers, not actual use by participating ratepayers. Discovery requests by DPS due 4/1. We will work with VEC to see if we can agree on an acceptable plan.

Planning and Energy Resources:

Comprehensive Energy Plan:

- Met with the Deputy Secretary of the Agency of Natural Resources, Chris Recchia to discuss their participation in the CEP Stakeholder meetings. We will also be coordinating with ANR on the CEP update going forward.
- DPS hosted the first two of four kick off meetings on the revitalization of the CEP on March 22nd.
 - Over 60 stakeholders and members of the public attended the first meeting on energy supply and renewable energy, and over 50 attended the afternoon session on energy efficiency.
 - DPS Commissioner Miller opened the meetings. Staff made presentations on the current energy supply portfolio and provided overviews of renewable energy and energy efficiency in Vermont.
 - Small and large group facilitated discussions yielded numerous comments and recommendations for the CEP and the revision process.
 - The second set of stakeholder meetings focused on Transportation and Land Use are scheduled for April 7, 2011.
- Meet with Agency of Transportation staff to discuss Transportation and Land Use Stakeholder meeting. Deputy Secretary Sue Minter will be presenting at the April 7th meetings.
- DPS staff requested and received a \$250,000 allocation from the CEDF Board for performing economic modeling for the comprehensive energy plan, which will include costs and benefits for various renewable energy technologies..
- Staff are in the process of interpreting stakeholder meeting notes and recommendations/comments from attendees. These will be posted on the DPS website when complete.

Fuel Survey:

- Completed this week's fuel survey and transmitted data to EIA. This is the final submission required by EIA for the 2010 – 2011 heating season.
- Continued unrest in the Middle East continues to support prices above \$100 per barrel escalating unrest in the mid-east continues to drive prices upward. Spot oil this morning was \$106.28
- Vermont transportation distillate prices show signs of stabilizing with only modest variance over the past week. Heating fuels show declines in price due to rising temperatures reducing demand. The table below presents the Vermont prices data for past four weeks. Propane prices have fallen 2.98% on decreased demand due to warmer temperature in the region.

Fuel Price Change from Previous Week

	1-Mar	7-Mar	12-Mar	22-Mar
Fuel Oil #2	6.23%	3.60%	0.07%	-11.52%
Kerosene	6.78%	2.99%	0.07%	-2.63%
Gasoline	5.39%	4.84%	0.72%	-0.73%

Diesel	5.01%	4.13%	1.06%	-0.11%
Propane			-2.98%	-11.01%

Energy Efficiency and Conservation Grant Program (EECBG):

- We paid \$13,046 to the Northeast VT Regional Planning Commission grantee for planning and energy efficiency work.
- Staff created a custom reporting list for the local government grants, which segregates each project according to percent completed.

State Energy Program (SEP):

- Processed invoice for VT Environmental Research Associates (\$1,719) for the continuation of the Vermont Small Wind Energy Production Monitoring Program.
- Paid \$50,000 to the Visiting Nurse Association in Colchester for their completed project, which included installing 10 high efficiency heat pumps and associated controls.

Clean Energy Development Fund:

- CEDF Report: Completed data support for the economic impact report that Kavet, Rockler & Associates completed for Joint Fiscal on the last 5yrs of CEDF incentives for advancing clean energy.
 - The report shows the positive impact the CEDF has had. Mr. Kavet said it well in his memo to the Joint Fiscal Office: *“Clean Energy Development Fund expenditures have clearly generated a substantial and positive economic impact in the State over the past five years.” - Kavet, Rockler & Associates, LLC*
 - *“Total CEDF project-related nameplate electrical output should exceed 14MW when completed, in addition to projects that also provide thermal heating output in tandem with or instead of electric power. The funding of these projects also helps stimulate local expertise and manufacturing demand in the growing area of ‘green energy’ development. This could lead to future export-based growth in this important emerging economic sector and concomitant job-growth in the State.”*

Load Forecast:

- Initiated project to update and redefine the DPS electric load forecast. Reviewed and critiqued recent forecasts by ISO-NE and VELCO. Updated forecast will, in part, be used for the revised Comprehensive Energy Plan

Energy Efficiency Utility Demand Resources Plan (DRP) Proceeding:

- Electric EE Resource Track –
 - The PSB granted an extension for filing of resource plans and recommended scenarios until April 8. In addition, the PSB approved the request to bifurcate the recommendation of exact performance indicators.
- Staff began revising 2012-2014 Evaluation Plan based on comments received at last week’s workshop.

EEU Evaluation:

- The Residential Sector Market Assessment kick-off meeting was held. The DPS invited EEUs to participate to provide feedback on the work plan, and facilitate the flow of information necessary to carry out the project.
- Staff continued to work with EEUs to discuss the proper entity to conduct FCM evaluation.
- Staff conducted oversight of contractors metering efficiency saving equipment in the context of the FCM evaluation, and conducted customer interviews as part of this process.
- Staff began review of EVTs 2010 measure database for verification of savings claims relative to performance targets.
- Staff reviewed Northeast Energy Efficiency Partnership's recommendation for regional adoption of Statewide Energy Efficiency Reporting Guidelines.

Beaver Wood Biomass – Reviewed forecast provided by project supporters. Also, prepared and modeled electric rate impacts using the REMI economic model.

Finance and Management Division:

Rate Cases and Tariff Filings - Washington Electric Coop rate case-- Bion Ostrander, outside consultant, has begun reviewing discovery responses received Friday (25th)—no significant findings to date.

Catamount/Bolton—the Division has recommended the 269% rate increase be investigated. Our due diligence has begun. This increase appears to be driven by new drilling and infrastructure development.

Financings, Mergers, Acquisitions, Change of Control - We received a petition for review requesting a change in control of VGS and GMP related to Gaz Metro restructuring. Our review will begin next week.

Texas Compact - Staff met with the Sec of Admin last week to discuss the Texas Compact; review the bill back of expenses related to the Compact and to get signatures needed to bill the Compact. The invoice went out this week with a total amount due of about \$125,500.

Engineering Division:

NRC Issues Information Notice to Nuclear Power Stations:

On March 18, 2011, NRC issued Information Notice 2011-05 (IN) to licensees of nuclear power stations describing what information is known at this time about the troubled Fukushima reactors in Japan that suffered an earthquake followed by a tsunami.

The IN notes that the nuclear industry has instructed all stations to undertake certain actions in response to the failures that complicated the recovery of the Fukushima reactors. The activities are:

1. verification of the capability to mitigate conditions that result from severe adverse events, including the loss of significant operational and safety systems due to natural events, fires, aircraft impact and explosions
2. verification of the capability to mitigate a total loss of electric power to a nuclear power plant
3. verification of the capability to mitigate flooding and the impact of floods on systems inside and outside the plant
4. identification of the potential for loss of equipment functions during seismic events appropriate for the site and the development of mitigating strategies to address potential vulnerabilities

NRC is continuing to assess the implications of the beyond design-basis phenomena that occurred in Japan. The NRC staff is currently developing inspection guidance for staff to perform independent assessments of nuclear power plant readiness to address beyond design-basis natural phenomena under the Reactor Oversight Process. The NRC is considering additional generic communications and additional action including requesting operating plants to provide specific information relating to their facilities to enable the NRC staff to complete a regulatory assessment of beyond design basis phenomena.

VELCO / IBM Line Outage:

VELCO's 115 kV (K21) line from Essex to Georgia failed open due to a pole fire. Sequentially, the 115 kV (K24) line from Essex to Middlesex tripped due to a VELCO relay misoperation. The result was a total loss of power to IBM Essex plant, which depended on these feeds for redundancy.

The impact on IBM was significant. VELCO will be doing a Root Cause Investigation (RCI) of the incident, and has also ordered a "stand-down" on commissioning new projects until the RCI is complete. Any remedial actions identified will be incorporated into ongoing VELCO designs and procedures. Given the latent wiring error discovered at Middlesex, VELCO has also committed to a thorough review all transmission projects energized since 2005 as part of the RCI. The DPS will participate in the review as an ombudsman.

Telecommunications Division:

FairPoint AFOR – FairPoint and the Department filed a stipulated petition for a new alternative regulation plan with the PSB. The plan will provide substantial price flexibility for the company going forward. Specifically the plan allows the company to set its own prices for services other than basic local exchange service (dial tone) and local measured service. Prices for these services, while capped, may be raised 20% over the next 4 years, and must be fixed statewide. In addition, the plan also offers the company the ability to deviate from its fixed prices for individual customers without PSB approval (something the company has long sought), although these prices must be published and may not be lower than the company's wholesale prices.

FairPoint penalty funds – FairPoint and the Department entered an MOE which allows Fairpoint to invest penalty funds to provide broadband to unserved areas instead of directing the funds to the Vermont universal service fund.

Broadband Availability Analysis – In early 2011, the Vermont Broadband Mapping Initiative (Collaborative of the DPS, VTA & VCGI) prepared maps showing broadband availability by census block statewide as of 6/30/2010. While the BMI plans to release statistics on this information, it has yet to do so. Staff analyzed the data and determined that at 768/200, approximately 95% of buildings in the state have access to broadband, with about 15,000 unserved. The table below shows the breakdown of these unserved:

BB Availability	Percent of 251 towns	Percent of Buildings	Buildings
<90%	30%	14%	40,000
90%-95%	12%	9%	27,500
95%-99%	33%	34%	99000
100%	25%	43%	128000

Staff is working on an analysis of the census blocks that will be served by known FairPoint and VTEL projects.

Broadbandvt.org – Content additions continue with several press releases. Also re-configured the static map page to allow for June, 2010 maps and to prepare for the December, 2010 maps when ready at end of April.

FCC Monitoring – The FCC will re-charter the communications security, reliability and interoperability council that recommends on 911 issues including broadband expansion and best practices. The FCC is seeking nominations for the Council by April 22.

The FCC has released new data that they gleaned from the 477 data as of June 30, 2010. In broadband, they discovered that 60% of the connections are slower than 4mbps stipulated in the National Broadband Plan. They also included a section on Local Competition. The summary is taken directly from their press release as it has some important numbers:

Highlights from the *Local Telephone Competition* report including the following:

- Interconnected VoIP grew by 21% between June 2009 and June 2010.
- Conventional switched access lines (*i.e.*, traditional wireline telephone lines) decreased by 8% between June 2009 and June 2010.
- 28% of all residential wireline connections were interconnected VoIP as of June 2010.
- An estimated 77% of interconnected VoIP subscribers received service through a cable provider.
- The number of subscriptions to wireless phone service grew by 5% in the year.



State of Vermont...

Department of Banking, Insurance, Securities & Health Care Administration (BISHCA)

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Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING Report to the Governor for Week Ending 03/25/2011

Governor's Priorities

Health Care Initiative

H. 202 was passed by the House Health Care on a vote of 92-49.

Working with the Attorney General's office, the Department determined that no Certificate of Need is required for the proposed affiliation of Fletcher Allen and Central Vermont Medical Center under a common non-profit parent.

HCA consultant Onpoint has provided per member per month cost data for self-insureds, which is being reviewed now.

HCA is evaluating software proposals that will provide increased analysis, reporting, data management, and forecasting for health care expenditures and hospital budgets. This will help both regulatory and reform efforts.

HCA is reviewing a draft chapter prepared by Bailit (the health insurance exchange consultants) on the health insurance market.

Evolving Issues

Securities America – A wholly owned subsidiary of Ameriprise Financial, is currently the subject of numerous arbitration claims, a class action lawsuit, and two regulatory actions all based upon the same alleged misconduct. There are serious concerns about the firm's ability to continue operations. They have one office in Vermont (Gallagher Flynn Associates) and a total of 106 agents registered in Vermont as securities agents. The Division is monitoring this matter.

City of Burlington v. Morgan Stanley – According to the Free Press, this arbitration matter has settled.

Outreach

Bill Carrigan of the Securities Division will present 3 investor education seminars this week to state employees and/or retirees. One will be through the Treasurer's Office and two through joint efforts with the VSEA and Vermont Public Television.

The Commissioner and the Deputy for Banking and Securities addressed the Vermont Mortgage Bankers Association at its Legislative Luncheon.

Legislative

(General) H.438 Housekeeping bill -- The Department's housekeeping bill will be taken up by House Ways & Means on Friday, April 1.

(Banking) – S. 98 – Owner financed property sales – The bill has been recommitted to the Committee on Finance.

H. 155 – PACE Assessments – This legislation permits a community to setup a clean energy assessment district, make energy improvement loans to qualified residents, and collects the loan through an assessment sent with tax bills. BISHCA will provide the loan underwriting guidelines and the reserve formula. An amendment to be offered by a member of the House Commerce Committee will require the Department of Public Service to oversee the activity with the assistance of BISHCA. The bill has been through the House Natural Resources Committee and heard by the Commerce Committee. Ways and Means held a hearing this morning.

(Insurance) – S.36 Surplus Lines -- The bill supported by the Department has moved out of Senate Finance and has had its second reading.

General Information

A new captive license was issued this week for US Fire & Indemnity Company, a subsidiary of Weingarten Realty, which owns shopping centers throughout the Southeast & Southwest.

Two proposed health care rules have been filed with ICAR. The first amends an existing rule relating to licensing of mental health utilization review agents. The second amends a current rule relating to independent external review of health insurer decisions denying coverage. The amendments are needed because of federal and state regulatory changes.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: March 24, 2011
SUBJECT: Confidential Report to the Governor

CONNECT VT

Legislative Issues/Contacts:

Working in four committees this week with S 78, Telco bill:

Senate Finance: Senator Cummings reviewing the bill and we have introduced the VTA restructuring language here. There appears to be overall acceptance with concept of a focused VTA that takes direction from the strategic plan developed by the Administration. SF will vote out the bill within the next two days.

Senate Natural Resources: Senator Lyons- presented our amendments to their amendments. The most challenging have been 1) a scaling back of earth disturbance at a telecommunications installation from one acre (recommended in ours) to 10,000 SF. This is however, a major improvement over current language that states 100 SF and 2) language that requires reporting of routes for projects. While the outcome is favorable, the language as written was likely to face huge opposition from industry; we have offered and have positive feedback on different language. SNR to present revised amendments for inclusion to SF today.

House Commerce: Rep. Botzsow- this is a very thoughtful committee, considering language to support the VTA capital appropriation. Chris Campbell had drafted original, revised favorably by Leg Counsel. They are supportive of VTA direction and focus, with Administration/ Connect VT strategic plan.

House Institutions: Rep. Emmons- a very difficult committee, they are intent on reducing the ask from 13M to 8M with the apparent justification being to penalize the VTA and demonstrate their lack of trust in the organization. The reorganization plan is not hitting home with this

committee, with the exception of Jason Lorber and Joan Lenes who have been able to distinguish between the desired outcomes of serving more Vermonters faster versus penalizing the VTA. We may need to pursue the capital ask/ reinstatement in the Senate.

Overall, we have hit a better pace and are in proactive mode versus reactive mode regarding the VTA and its relative position to the Administration's efforts. We are presenting the refocus and delineation of roles in every committee, with acceptance. I have created several presentation pieces and have been working with Beth, Jim Porter and Chris Campbell to assure that our legislative language is in synch with the reorganization. Karen has covered bases with Sen. Campbell and Illuzzi, keeping both informed of our efforts and language proposals.

Significant Events/Meetings:

VELCO: Karen met with Chris Dutton and his team for an update on their fiber build project. They are fast forward and beginning build and working on agreements with Telco's (both Vtel and Sovernet) re: shared segments.

SOVERNET: Karen met with Rich Kendall, CEO; Larry Lackey and Brandon Peyton re: their concerns on sharing of route information. They are in design/ engineering phase and have submitted applications for 20 pole segments to begin build.

FairPoint: Mike Smith re: circling back on VTA restructuring proposal. Presented plan to refocus the VTA efforts to investment in fiber and wireless support. While he was accepting, he continually looks for the next break for FairPoint. Also this week, PSD completed negotiations on their Alternative Regulation which: 1) reduced penalty from 10 to 1.6M 2) relaxed some service standards 3) returned 7M penalties to them for reinvestment in their network 4) set their rate for dial tone customers- there is no regulation of their broadband rates. Karen remains concerned by their standard response which is essentially, "our company can't afford to operate and we want the playing field leveled". At some point we have to challenge them to simply run their company profitably and competitively on its own merits.

Pole Attachment Project Planning Group: Had a very good meeting, agreed on project plan model, communication, work flow. This is essentially a "kick off" to processing and getting fiber attached to poles.

Congressional Delegation: Karen has been working with Sanders, Welch and Leahy's teams to plan an update meeting with all ARRA funded projects/ providers to take place in mid April.

DEPARTMENT OF BUILDINGS AND GENERAL SERVICES

Status of Governor's Priorities:

Emphasis on the capital bill this week with House Corrections and Institutions (HCI) poised to vote bill out Friday with House Appropriations review next Tuesday. HCI meetings going until 8-9 pm, biggest challenge is funding of VTA.

The Rutland parking garage and Bloomer Building sale is attracting the attention of the Rutland delegation who desire conditions on the sale which would certainly prevent the sale. Rutland benefits immensely from the garage but refuses to contribute anything to its smooth operation. HCI adopted a two year format and is developing a list of policy areas for consideration next year in time freed up by two year bill.

Legislative Issues/Contacts:

- Conducted weekly meetings with Speaker, Rep. Emmons and Sen. Hartwell.
- Hosted meeting with Rep. Lorber regarding bicycle racks and restroom signage.
- BGS continues to work with Rep. Hooper on energy efficiency language.
- Auditor Salmon doing situation report on VCET purchase for lab and Building 617.
- Testified to Senate Ag Committee on Vermont food commodities purchases and to Senate Institutions Committee on the Montpelier district heating project.

Significant Events/Meetings:

- Met with Department of Health on health lab project coordination. Shook loose development draft agreement from UVM. Downsizing exercise proceeding.
- Met with Historic Preservation regarding service contracts and communication.

DEPARTMENT OF FINANCE AND MANAGEMENT

Issues Update:

FY 2010 CAFR Audit: Management responses to the Internal Control Findings in the FY 2010 Vermont Financial Audit are due to KPMG by next Tuesday. The responses will be included in KPMG's publication of the final State of Vermont audit report which must be submitted to the Federal Audit Clearing House by March 31, 2011. Findings are directed by KPMG to the relevant department or agency for response; three statewide findings were directed to Finance & Management for response. Subsequently, of the three assigned to Finance & Management, Finding 2010-02 has been withdrawn by KPMG as being too "spongy" (KPMG partner's term) to enable the crafting of a response, after Deputy Zeller and KPMG staff questioned the meaning and intent of this finding. The response for finding 2010-01 – Review and Analysis of Financial Data is ready for review by Commissioner Reardon; Acting DII Commissioner Ruthann Sullivan is working with Deputy Zeller on finalizing the response to 2010-03 – Information Technology Internal Controls.

Legislative Contacts:

H.370 – Engineering & Architectural Design Contracts: House Government Operations will be taking testimony next week on H.370, a bill concerning special exemptions from Bulletin 3.5 Contracting Policy & Procedure specifically requested by the VT engineering and architecture industry. Deputy Sue Zeller and Chief Assistant Attorney General Bill Griffin have been asked to testify on this dispute that has gone on for four years.

Summary of concerns:

1. The defense liability is excepted specifically for engineers and architects and moved back on the State;
2. The codification of this specific exception for one class of contractors (engineers and architects) will likely lead all other "contractors" to demand the same terms;
3. By directing specific changes to internal Administration Policies (Administrative Bulletin 3.5) we believe that this interferes with the authority of the Executive Branch to make and modify its own rules, which we try to apply as universally as possible (Beth Robinson has been notified).

H.441 – FY 2012 Big Bill: Finance & Management has drafted the bill review (based at the moment on the version of H.441 Big Bill passed from HAC to the House floor). Once the House passed version is available, the review will be updated and submitted to the normal Bill Review process.

H.370 – Transparency & Public Records: As updated in an email from Deputy Zeller earlier today and summarized in Special Counsel Beth Robinson's email (attached at the end of this memo) to the House Government Operations Chair and Committee Members, concerns continue to exist with the expansion of public records rules contained in this Bill; particularly those that would make private and non-profit contractors and grantees of the State paid in excess of \$250k subject to the public records statutes. Robinson will be coordinating the Administration's response and actions going forward.

Update: Friday 3/25/2011 – Michael O-Grady, the Leg Council drafter of this bill sent the text of an amendment this morning, which Beth Robinson interprets as broadening who would be subject to the proposed expanded public records laws; this is not the direction we were looking for. Beth continues to take the lead on this and will continue to keep F&M in the loop.

DEPARTMENT OF HUMAN RESOURCES

Status of Governor's Priorities:

Reduction in Labor Costs/Meeting with VSEA

Commissioner Duffy and Labor Relations Director Tom Ball met with representatives from the VSEA to formulate a draft policy that would permit voluntary reduced work schedules, in an effort to reduce labor costs. The meeting was cordial, and DHR anticipates we will have a policy that can be implemented as a side letter to the collective bargaining agreement. Based upon prior efforts to reduce work schedules voluntarily, DHR believes this effort will generate a relatively small amount of savings, in the range of \$150K.

Significant Events/Meetings:

Bargaining with VTA

Collective bargaining with the VTA began on March 21, 2011. The State proposed to continue the current contract for another year—*i.e.*, continued elimination of holiday, fitness and spit-shine pay (the equivalent of a 3% reduction in salaries) and a step freeze for another year. The State also asked for a decrease in overtime compensation and an agreement to ratify changes recommended by the labor-management committee to the health care plans. VTA President Mike O'Neil stated the Governor advised him both before and after the election that VTA would be made whole in 2012 and was dismissive of the State's proposals.

O'Neil demanded a two-year contract with the following provisions: (1) a return of all holiday, fitness and spit-shine pay (amounting to 3% increase in salaries); (2) a salary increase of 1.5% in the first year of the contract to compensate for increased funding of retirement obligations; (3) a wage increase of 5% in the second year of the contract; (4) an unfreezing of steps; (5) a reduction in the amount of time spent on step; (6) a change in work schedule to require four days on and two days off (a four-two schedule) rather than five days on and two days off (a five-two schedule); and (6) the return of Columbus Day as a floating holiday. Mr. O'Neil refused to return to the bargaining table the following day, as scheduled, to discuss further proposals and told the State's team that it would resume discussions on April 5th, at which time he expected the State to accept most of his demands.

DHR is assessing the full cost of VTA's proposal. Even with no change in status, the State will have to appropriate over \$1 million dollars for the State's share of FICA, workers' compensation, retirement and insurance. DHR's initial assessment indicates that the wage increases and unfreezing of steps proposed by VTA will cost another \$3.2 million. The cost of other proposals, particularly the reduction of time on step and the change in work schedule, are more difficult to calculate and will take further analysis before we can estimate the total cost of the VTA's proposal.

DHR is formulating a recommendation for the Governor to respond to VTA and will provide a recommendation in the near future.

Meetings on SELRA

Secretary Spaulding and Commissioner Duffy met with Speaker Smith to discuss possible revisions to the State Employee Labor Relations Act (SELRA). The Democratic leadership is in favor of changing the language in SERLA to eliminate the Legislature's role in resolving collective bargaining disputes. Secretary Spaulding, Deputy Secretary Clasen, Finance Commissioner Reardon and Commissioner Duffy will meet with the VSEA this week to discuss this proposal.

DEPARTMENT OF INFORMATION AND INNOVATION

Significant Events/Meetings:

Mobile Device Policy: Kris Rowley, IT Security Director for DII is currently working on drafting a mobile device policy. This policy would provide requirements for the appropriate use and configuration of portable computing devices to protect the State of Vermont's network and/or information from unauthorized access or disclosure. The overriding goal of this policy is to protect the integrity of client and business data that resides within the State of Vermont's technology infrastructure. This policy intends to prevent this data from being deliberately or inadvertently stored insecurely on a mobile device or carried over an insecure network where it can potentially be accessed by unsanctioned resources.

Web Portal Board Meeting is Friday March 25th: The agenda includes discussion regarding a request from Agriculture (AAFM) to manage retail weights and measures license renewals online. The new online service will be developed in a multiple-phase approach, with Retail Licensing and Weights and Measures as the first phase in 2011. The service will be built to be expandable to include all license types handled statutorily by the Agency, and each type will require independent requirements gathering, system deliverables, and potentially fees, and will be handled on a case-by-case basis. ACH Debit as a payment method may be added to this service as well, to allow users to pay from their own bank accounts. AAFM does not expect there would be an additional fee passed on to the end user for ACH use.

The Agency will drive the new process forward by shifting some of their responsibility to the licensees themselves, who will be grateful for the quicker, more convenient, secure, service. The end goal benefit for AAFM will be to provide better service to its customers and a better experience for internal staff, while simultaneously creating substantial cost savings in postage, time, and resources.

Attorney General Case Management Project: In 2010 the Legislature allocated "\$400,000 for a case management system in the department of the attorney general."^[1] with the following provision "It is the intent of the general assembly to the extent possible to create a unified multi-department case management system built on the same system platform. The commissioner of the department of information and innovation with the approval of the secretary of administration is authorized to ensure that all appropriations and investments in new case management software by the executive branch be done in a manner that shall promote a unified case management system."^[2]

^[1] Sec. C.102 (b) (2) (C) of Act No.156 (H.789) of the Vermont State Legislature

^[2] Sec D.106 (C) (2) (D) of Act No.156 (H.789) of the Vermont State Legislature

Following an extensive review process that yielded 3 finalists, the AGO entered into contract negotiations in June 2010 with the vendor deemed to have the best solution for the AGO and also to serve as an enterprise platform consistent with the funding mandate from the Legislature. They subsequently ended negotiations with their first choice vendor in September 2010 and began discussions with an implementation partner and their second choice software solution. That apparently did not yield the desired results (and AGO was made aware of a competing solution provider who did not bid on their first RFP) and the AGO subsequently closed their RFP within the last few weeks. DII provided them with copies of the current RFP template and also the PSD/PSB RFP posted on February 18, 2011. They've put together a first draft which Tom Jenny, our Project Manager, reviewed and commented upon. They expect to be submitting their new RFP for DII review within the next week.

Evolving Issues:

Status on the SOV-Enterprise Exchange Migration of the Agency of Human Service and Public Safety Department e-mail from stand alone systems to DII platform is that the effort is in GREEN.

Planned accomplishments for next period

- Continued discussions with AHS, DPS, and HR on non-disclosure and security requirements and next steps (i.e. HIPPA, IRS, and potential background, fingerprint, and credit checking).
- Review and discuss initial FitGap Draft with both Technical Team and Business/Change Management Team.
- Continue Technical Team discussions to analyze gaps and alternative options available.
- Continue Communications Planning with Change Mgmt Team, and possible sending out of initial user communication memo to all AHS and DPS users.
- Begin initial draft of Service Level Agreement (SLA).

DEPARTMENT OF LIBRARIES

Significant Events/Meetings:

Institute of Museum and Library Services (IMLS) Grants to States Conference: Christine Frieze, Asst. State Librarian, and Marty Reid attended this conference last week in Baltimore. The conference focused on the evaluation and writing of 5-Year Plans for federal Library Services & Technology Act (LSTA) funds. The current plan expires in 2012. No word yet on our FFY11 award; they hope for level funding, but won't be surprised if they see cuts. The grants require state GF Maintenance of Effort (MOE) as well as Match funds. In FFY12 they could see cuts up to 9% (or more?) in their federal funding.

Other:

New Task Force Will Look at Interlibrary Loan Courier Service: The Department of Libraries manages the Vermont Automated Library System, an electronic network that connects libraries with each other and with a statewide union catalog used to borrow and lend books and other materials between libraries. Books and other items are sent via the U.S. mail and citizen demand for this service is on the rise, particularly in public libraries. As local budgets are being reduced, libraries are struggling to keep up with demands on staff time and postage budgets. Many states have statewide interlibrary loan courier service, something that Vermont librarians have wanted for years.

Next week Marty Reid will announce the formation of an Interlibrary Loan Delivery Task Force formed to research models used in other states, conduct a needs and cost analysis, and submit a report and recommendations to her before the end of the year.

The State of Vermont does not provide any funding to public libraries, other than services provided by the Department of Libraries, and Reid believes that as they introduce new statewide library services that benefit all Vermonters, the legislature will need to consider funding programs such as a statewide courier service. This Task Force will provide them with the data they need to assess feasibility of such a service in Vermont.

DEPARTMENT OF TAXES

Status of Governor's Priorities:

Misc Tax: Ways & Means voted out the bill late last Friday, March 18th, and the bill passed on the floor after numerous proposed amendments (including income tax surcharges, stripping the bill of taxes, water extraction charges, even higher cigarette taxes). There was extended floor debate and roll calls on every measure. It is notable that some of the Democratic votes on amendments were deflected with assurances that Ways & Means would consider the proposal to move to AGI (not untypical exchange: Dem vote explanation that not a matter of whether to raise tax but when, countered by Rep vote explanation quoting Governor on not raising taxes). The debate may have heightened the tendency to confuse tax reform with revenue raising. It also may have increased pressure on Ways & Means to get a bill on AGI, as well as Household Income, out of committee, no easy tax.

During the debate, Kurt Wright rebuked the Tax Dept for its refusal to support his amendment to provide a hardship extension to filing homestead declaration. The Commissioner will work to dispel any lingering bad perceptions.

The Tax Dept. has consulted with DPS, Econ Dev, BISCHA and VHCB to prepare draft comments to Senate Finance on added provisions, including the health claims assessment in substitution of the MCO assessment (our proposal), a joint DOT/DPS study of appraisal of renewable energy property (acceptable), elimination of the sunset on the Wood Products (our proposal, although the Commissioner is consulting with the Secretary of ACCD over whether we want to tighten the definition), dedication of new property transfer tax revenue to Property Valuation and Review electronic administration of current use (proposed by a current use coalition, acceptable although the Commissioner is working through concerns with VHCB), increase in the threshold to broaden the sales tax exemption for non-profit entertainment (acceptable prospectively). The draft comments express concern over special treatment for the Colchester TIF as well as substitution of the cigarette tax for the dental assessment.

AGI Provision: Ways & Means is gearing up to take up the AGI proposals again. The Dept. is prepared to offer advice regarding the impacts on classes and individual taxpayers, as well as possible constitutional issues with the residential credit as presently drafted. As discussed above, rhetoric on the Miscellaneous Tax Bill directed towards a tax surcharge is expected to focus now on this bill. It should be noted that nationally, both Republican and Democratic Governors (notably NY and CA) for now are resisting calls to reinstate surcharges which recently expired. There also is continued rhetoric in VT around importing the federal Alternative Minimum Tax, which actually has drawn quite a bit of criticism on the federal level. Originally designed to tax a handful of wealthy taxpayers who could engage in tax planning around deductions, it now can be triggered for middle class taxpayers by virtue of circumstances including marriage, children, high state and local taxes, and medical expenses.

Household Income: The Tax Dept. continues analysis on possible provisions to simplify property tax adjustments by tying it more closely to AGI with fewer adjustments. Compliance efforts around Household Income consume a disproportionate amount of Dept. resources. Taxpayers struggle with the complex calculation, or in other cases, take advantage of the difficulties in verification and enforcement.

TIF: At the invitation of Senator Illuzzi, Susan Mesner of the Dept worked with Fred Kenney of VEPCI to address VLCT proposals to loosen TIF rules. The Dept and VEPCI conceded some ground, but largely stood together in favor of keeping a close rein on these districts, which divert statewide property taxes to local municipal projects. A refreshing spirit of cooperation has marked the work of the two departments in this new Administration.

“Mission ETM”: The Dept. has launched a cross divisional project planning exercise around improvements, upgrades and continued integrations to our computer platform, to capitalize on anticipated appropriations and optimize operations. In the meantime, tax processing continues at a fast clip, although still running somewhat behind previous year (perhaps due to the IRS extension). The last of our temps have been hired, and although the new computer platform is causing challenges, hard work by staff has avoided any serious disruption to date. Mission ETM will address any vulnerabilities in that respect. Mission ETM also includes aggressive negotiations to complete a service contract with Oracle and a data warehouse contract with RSI. It should be noted that DII is now working to partner on the data warehouse project to provide infrastructure, which introduces both opportunities for cost savings but challenges for project management. The Dept. is working out the terms.

Amazon Bill: The Commissioner held telephone conferences with colleagues in New York and Illinois to discuss the legal, policy and political impacts of their statutes targeted at collection of sales tax from remote vendors. The Dept. has scheduled a policy meeting on the subject, and a Federation of Tax Administrators roundtable discussion is set for next week as well. The Dept. will keep abreast of this nuanced issue, with a shifting political landscape, to develop a definitive position on the bill currently in the Senate and possible alternatives.

Media Interviews: The Commissioner was interviewed last week by a WCAX reporter related to an audit and tax lien on a farm supply business – it has not aired to date. This week the Commissioner gave a general interview on her new position to Channel 17.

Richards, Alyson

From: Gaidys, Maureen
Sent: Friday, March 25, 2011 1:42 PM
To: Richards, Alyson
Cc: 'sbe@list.education.state.vt.us'
Subject: Commissioner Vilaseca's Weekly Report

To: Governor Peter Shumlin
Cc: State Board of Education
From: Armando Vilaseca, Commissioner
Re: Commissioner's Weekly Report
Date: March 25, 2011

SFSF Assurances: In order to receive Phase II State Fiscal Stabilization Funds, Governor Douglas signed off on assurances that require state longitudinal data systems to include a list of specific indicators by September 30, 2011. The DOE applied for but was denied SLDS grant funding from the US Education Department in the amount of \$15.7M to pay for the implementation of a comprehensive data system that would meet these requirements. Absent this funding, the DOE is now working to develop alternate methods of collecting the missing data from local school districts by the aforementioned deadline. The largest gaps relate to a teacher-student data link and e-transcripts, both of which will require districts to map to a common course classification. With no funding available to implement a comprehensive system this will undoubtedly create a considerable increase in systems development and data management work for the DOE and a considerable data reporting burden for local school districts, all within a very tight timeline.

H. 170 and S. 44: There are currently two pending bills (H. 170 and S. 44) requiring independent schools to comply with requirements relating to school quality standards, special education services and other issues imposed on public schools. I do not support these bills as written and I am proposing a much more comprehensive discussion/debate about total 9-12 school choice for all students to public/academy schools in Vermont. The issue of independent schools needs to be part of this debate and if a school choice bill is introduced, this issue needs to be worked through. My main concern is with independent schools receiving public dollars but having entrance requirements and not providing the services public schools provide. I want to be clear that I am a strong proponent of high school choice for all 9-12 students to attend public schools and the four academies.

Teacher Licensure: We recently introduced a change in the law in the Senate Education Committee (Title 16 §1704 (b)) relating to revoking teacher licensure. We would like to change the language from requiring proof by clear and convincing evidence in the case of revocation or suspension of more than one year to a preponderance of the evidence. Preponderance is the standard of proof for all disciplinary actions brought by the Secretary of State's office for the 45 professional licenses under its jurisdiction. Our goal is to have the same standard of proof for educators as held by other professionals who work with children.

Accountability Determinations for Schools: As required by the Federal No Child left Behind Act (NCLBA), the Vermont Department of Education will release Adequate Yearly Progress (AYP) Determinations for Vermont public schools on the morning of Thursday, March 31, 2011.

Legislative Testimony: The Department continues to follow and testify on several pieces of legislation. This week Commissioner Vilaseca and staff testified on the topics of ADM and High School Choice, Education Funding and Standard of Proof.

Commissioner Vilaseca: I have returned to work on about an 80% basis. I would appreciate the opportunity to meet with the Governor at anytime, to discuss any education-related issues.

Weekly Field Memo: In case you did not see it, here is the link and list of subjects covered in this week's Weekly Field Memo. http://education.vermont.gov/new/html/dept/field_memo.html#first.

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PLEASE READ CAREFULLY: Due to the nature of the Commissioner's duties to the State of Vermont and its citizens, there are occasions when the Commissioner needs to cancel and/or postpone meetings or events in order to attend to pressing state matters. Please keep this in mind when planning for events.

MEMORANDUM TO GOV. PETER SHUMLIN

To: Gov. Peter Shumlin
From: GIRO Staff
Date: March 25, 2011
RE: Weekly Constituent Update

Current Trends:

Vermont Judicial Bureau

- Since taking office, we have received a steady stream of complaints about the rigors associated with payment of Vermont speeding tickets.
- Many people pay tickets on time online, but the payment takes several days for the judicial bureau to process and send to the DMV, and many peoples' licenses are suspended despite the fact that payments were made on time.
- The DMV is unable to help constituents expedite payment, and calls are never answered and rarely returned at the judicial bureau.
- People would like to streamline the payment process.

Student Assistance Program

- Received several calls from Student Assistance Program providers who believe that by cutting Student Assistance Programs, the state will be doing a real disservice to drug and alcohol prevention.
- There appears to be some organization among teachers and school administrators to save these programs.
- Received one call specifically in favor of cuts to SAP.

Health Care

- Continuing to hear from constituents opposed to the healthcare legislation—largely concerned about the cost and funding mechanism
- Received many emails this week entitled “H.202: Too Many Unanswered Questions” that closely resemble John McClaughry’s “Ten Hard Questions About Single Payer Health Care.”

Vermont Yankee

- Tapering off, but continuing to receive calls from Vermonters urging the shutdown of the VY plant in the wake of the disaster in Japan
- Received dozens of form letters from the Putney/Brattleboro/Greenfield, MA/ Keene, NH area requesting the immediate shutdown of VY.

Veterans Property Tax Credit

- Spoke with a single veteran who advocates on behalf of 50% disabled veterans.
- Currently, towns can offer up to a \$40,000 property tax valuation exemption for 50% disabled veterans- as of town meeting day, 199 Vermont towns offer a \$40,000

exemption- however, because there is no credit for veterans with income sensitivity, this exemption only effects veterans with an income of over \$90,000.

- There is action in the legislature to correct this problem.

Governor's Appointments to Boards & Commissions

Last name	first name	City	Board/Commission
Corey	Jennifer	Fairfield	Accountancy, Board of Public
Sirotkin	Michael	So. Burlington	ACT 124
Mable	Ted	South Burlington	Allied Mental Health Practitioners, Board of
Wasserman	Richard	Charlotte	Clinical Utilization and Review Board
Mathis	William	Brandon	Education, State Board of
Morse	Stephan	Newfane	Education, State Board of
Oller	Sean-Marie Navin	Bennington	Education, State Board of
Dycus	Elizabeth	Strafford	Health, Board of
Peterson	Barrett	Williston	Health, Board of
Russo-DeMara	Ellamarie	Sharon	Health, Board of
Hart	Christine	Brattleboro	Housing & Conservation Board, Vermont
Pelletier	Thomas	Montpelier	Housing Finance Agency, Vermont
Mack	Mercedes	Burlington	Human Rights Commission
Vickers	Donald	Georgia	Human Rights Commission
Flood	Patrick	East Calais	Joint Committee on Tax Credits
Pellett	Kathleen	Chester	Judicial Nominating Board
Watson	Joseph	Leicester	Judicial Nominating Board
Comstock-Gay	Lucy	New Haven	Libraries, Board of
Cassarino	John	Rutland	Liquor Control Board
O'Connor	Martha	Brattleboro	Lottery Commission, Vermont
Boardman	Kathryn	Shelburne	Municipal Bond Bank, Vermont
Coates	David	Colchester	Municipal Bond Bank, Vermont
Grant	Mary	Groton	Northeast Kingdom Comm. Action Board of Directors
Matteau	Jim	Westminster	Nuclear Advisory Panel
Canney	John	North Clarendon	Racing Commission, Vermont
Sargeant	George	Rutland	Real Estate Appraisers, Board of
Raphael	David	Essex	Real Estate Commission, Vermont
Oakes	Miriam	South Burlington	Snowmobile Advisory Council, Governor's
Bankowski	Elizabeth	Brattleboro	Texas Low-Level Radioactive Waste Disposal Compact Commission
Bradford	Peter	Peru	Texas Low-Level Radioactive Waste Disposal Compact Commission
Saudek	Richard	East Montpelier	Texas Low-Level Radioactive Waste Disposal Compact Commission
Lisman	Carl	Burlington (Charlotte)	Uniform Laws Commission
Willbanks	Stephanie	Strafford	Uniform Laws Commission
Cioffi	Frank	Saint Albans	University of Vermont Board of Trustees
Hannum	Kraig	Dorset	Vermont State Colleges Board of Trustees
Luneau	Karen Handy	Saint Albans	Vermont State Colleges Board of Trustees
O'Connor	Martha	Brattleboro	Vermont State Colleges Board of Trustees



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**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Melissa Jackson
DATE: March 24, 2011
SUBJECT: Confidential Report to the Governor

Status of Governor's Priorities:

Legislative Issues/Contacts:

Senator Bernard Sanders visited on 3/23/11. He attended TBI in-service, toured sections of the home, and was updated on the Homes current operations.

Press/Media Notes:

Rutland Herald was here to cover Senator Sander and to do a brief interview with me. My interview was about my previous experiences and why I wanted to work at the Vets Home.

Significant Events/Meetings:

Evolving Issues:

Currently in a 45-day impact bargaining period with VSEA to establish set schedules within the nursing department with the ultimate goal of reducing overtime costs. Phase III of our Geo-Thermal installation is under way and is set to be completed in late summer/early fall.



