

WEEKLY REPORTS

Checklist
11/7/14

Elizabeth Miller/Alyson Richards

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

TBD

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

Sue Allen

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

Sarah London

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

Susan Spaulding

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

Alyson Richards

- Leg Prep

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: November 7, 2014
Re: Weekly Report

LUCY LERICHE, DEPUTY SECRETARY

- **For Gov. Report only Northern Border Regional Commission (NBRC):** Tim Smith of the Franklin County RDC was upset that neither of his industrial park projects received funding through the NBRC. He contacted the Governor's Office and our Congressional Delegation to express his frustration about the process. Lucy and Ken Horseman met with him to discuss the reasons why. Most importantly, it was because he had no match for either project, nor did he have a plan for securing one. As we talked it through, Tim seemed to understand our reasoning and Ken and Lucy promised to work with him in the next round to help make his application more competitive.
- **Vermont Strong Scholars:** The report is now with Joint Fiscal and Lucy is on the agenda for the next Joint Fiscal meeting on the 12th to discuss the program. She has also asked Lori to set up a meeting in early December to begin mapping out a marketing plan for the program. In the meantime, Marilyn Cargill at VSAC will work to more fully develop the operations plan.
- **Biomass Energy Resource Consortium (BERC):** Lucy met with Adam Sherman of BERC and VEIC to hammer out the measures for our upcoming trip to Upper Austria, and to more fully develop the longer term goals of the program. The goals and measures are being circulated in draft form to Commissioners Recchia and Snyder and will be forwarded along to Jeb shortly.
- **Budget:** Pat and Lucy met with Commissioner Reardon, Deputy Commissioner Clark, and Heather of Finance & Management to discuss our budget submission. Many thanks for the time and careful review from the team at F & M.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

CONFIDENTIAL

- **VTel:** Over the past week, there have been three instances where VTel has either publically stated that they are “walking away” from RUS-funded sites or are giving signals that they intend to do so. We are meeting with Senator Sanders’ office to discuss this new development and determine how we can coordinate next steps. Additionally, there are discrepancies between the numbers in their RUS application and some recent ones that VTel has furnished.
- **Mylan:** Meeting with Mylan corporate next week to walk through final details around closing and timeframe. All is on track for a December closing and occupancy of new state office building in mid-January.
- **Energizer:** Still slogging through environmental issues associated with the sale of the Energizer facility to an interested developer. Energizer is being very proactive in addressing their responsibilities in terms of closure. We are experiencing a bit of a disconnect with the Department of Health in terms of setting a threshold number for TCEs in an occupational setting. I am working with DEC (and frankly, Energizer) to strategize next steps.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay

- **Silo Busting**
 - **CDBG-National Disaster Resilience Challenge:** Finalized and forwarded the threshold letter to HUD seeking their determination as to whether the data provided is sufficient to address the ‘most impacted and distressed’ and ‘unmet needs’ threshold as defined in the NOFA. Great teamwork from DHCD (Jen, Chris and Josh) as well as from other agencies. HUD will respond within 15 days.
- **Mayor Hollar:** Met with Mayor Hollar to discuss CDFIs in his work with DRM as well as re-insurance companies and the data they have on risk and how the State may be able to partner with them. A presenter from the Governor’s Institute forum in DC from Swiss Re noted that since 1970’s the cost of disasters has doubled TWICE. There is increased divergence between the insured and uninsured loss and this burden is placed on the public sector. States and local governments are going to be coming under increasing pressure to finance recovery. Insurance companies are trying to find ways to pre-fund disasters. The solution is an evolution of the insurance product to meet the needs of government – parametric reinsurance. This insurance that is based on characteristics of an event – you draw a box around the event and if that is met, it pays for the impacts. It increases the speed of payments, it transparent and flexible. So a government would be covered against hurricane to offset economic costs of hurricanes and is a trigger type: disaster occurring within a defined geographic area along the coast, the trigger is based upon the wind speed of the eye as it passes through the geographic “box.” Caribbean is far ahead in the use of parametric insurance and Haiti used this after the earthquake – 50 % of their early payments for recovery came from this type of insurance. Insurance companies are working with states to provide their in-house risk models and layering that on geocoded vulnerable populations, infrastructure, businesses, etc. John is going to follow up to see if he can provide additional information on these topics. This could be helpful for the new NDRC competition or just to ensure Vermont is better prepared for events.
- **CONFIDENTIAL - Burlington Town Center Briefing:** Mayor’s office put together a meeting with legislators (Shap Smith, Helen Head, Curt McCormack, Phil Baruth), the developer, their contractors (DEW), lawyers and architects (PKSB) and the administration (Noelle) to provide an overview of the plans for the Burlington Town Center which are not yet public. They have some ideas for the site – increased parking, open glass atriums to link St. Paul and Pine, a bikeway through the mall, increased retail, another anchor retail, convention center, housing, green space, etc. However, they want an open, public dialogue. The Mayor will be going to City Council for a resolution allowing the Mayor to go forward with a transparent public process with an agreement with the developer. The City would also hire their own consultants to assist in the reviews of the plans. This site could be a max of 2.5 million square feet and it is currently about 250,000 sq. ft.). They do not plan to do that much, but there is still incredible potential on this site. They brought us together to give everyone a heads up. In the future, they may need some timing extensions with their TIF. Noelle noted that as they are in the downtown, they had an alternative Act 250 process that they could go through that eliminated fees and had tighter timelines, but urged them to meet with Agencies early. She offered to facilitate those meetings and the developers welcomed agency staff to the public process.

Deputy Commissioner Hollar

- **Housing Needs Assessment:** Review of the draft continues. Shared the major conclusions with the Governor’s office while Arthur sent the draft to AHS, VHCB and VHFA for their review. Sprinkled sections of the report throughout DHCD for staff review and input. Thanks to all who are making time to review a county analysis. Assembled a list of program and action ideas to address the needs identified in

the HNA after consultation within DHCD and with AHS. The needs are dramatic and real. As real and dramatic as the state's budget constraints.

- **Brattleboro Development Credit Corporation:** Spoke with new Executive Director Adam Grinold to congratulate him and emphasize the importance of BDCC's work on its CDBG-DR Business Assistance Program. At DHCD's urging, the organization stepped up after Irene to run the program. Grants Management Director Ann Kroll and Tamera Pariseau have been working with BDCC staff since then to ensure adequate internal controls, financial and program management systems are in place and supported. BDCC's program was the subject of a finding by HUD after its recent audit of our CDBG Disaster Recovery Program. We are working with BDCC on a response.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

- **State Treasurer's Office - Local Investment Advisory Committee:** Chris attended the third committee meeting, which focused on financing for water and wastewater infrastructure to support economic development (upcoming topics include transportation and education).

Meeting Summary: Currently, more than 200 historic villages have no public wastewater treatment facilities and many of the communities with water or wastewater infrastructure recognize that systems built in the 70s are either past, or approaching the end of their useful life (Brattleboro noted they still have wooden water pipes in places). Despite the facts, local leaders are reluctant to bond to install, repair or improve this critical infrastructure -- given many Vermonters feel their taxes are too high already.

A specific issue identified in smaller towns is the fact that local leaders are part-time volunteers without the financial knowledge or resources and capacity to plan, develop and implement long-range infrastructure plans. The potential benefits of county government were discussed, however most recognized this is unlikely to happen anytime soon. Chris highlighted the more practical recommendations in both the CEDS and the Act 59 report to create a resource team to fill this knowledge gap and help smaller communities.

While participant's comments were more about problems than solutions, the success seen in a number of smaller communities was noted. Rochester, Shoreham, Warren, Waitsfield, Gilman and Alburgh are examples of communities that recognized this investment underpins their grand list values, future economic development, jobs, and community vitality – and did the hard work to make it happen.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

State Archaeologist

- **Bones Found in Burlington:** Jess is following up on a report of bones found on private property on Pitkin St. in Burlington's Old North End; the known site of the War of 1812 cemetery. The landowner alerted the University of Vermont several weeks ago. The Division has made several attempts to contact the owner with no success yet. Adjacent owners have reported that the remains have been reburied. The type of remains, whether human or even related to the burial of soldiers from the War of 1812, has not been discerned. The offices of the mayor of Burlington and governor have been informed of the reported finding. DHP will continue to follow up on this and ensure the proper protocol is followed.

State Architectural Historian

- **Vermont Edition Program:** Devin and Tom Visser, UVM, were interviewed on VPR about the preservation of historic barns in Vermont. There has been a lot of good feedback about the program, and it was a great way to publicize our Barn Grants and Barn Census project. Listen to the program here: <http://digital.vpr.net/post/still-standing-saving-vermont-s-barns>

Environmental Review

- **Woodstock:** Jamie Duggan and Dale Azaria attended the Act 250 hearing for the proposed demolition of the William Blake Stone House in Woodstock. The subject building is a significant, historic stone house

built in 1834 that is listed in the State Register of Historic Places but in considerable deteriorated condition. The house, and other later construction on the property, served as a partial residential rental, a restaurant, laundromat, car wash and auto dealership for Gerrish Corporation, who has owned the parcel for 47 years. The property was contaminated in 1973 when 4700 gallons of gasoline were accidentally released into the ground, and Gerrish subsequently abandoned the property and moved their dealership to NH years later. After insurance claims, law-suits, and environmental cleanup activities as a Brownfields redevelopment site, Gerrish claims they did not have funds to stabilize or maintain the house and since they could not market the property, it had no value and they should not be responsible for its condition. Jamie provided comments at the hearing regarding the Divisions efforts to work with the Gerrish Corporation for the last 8+ years to avoid demolition resulting from their abandonment and neglect of this historic resource. The District 3 Commission determined the owner did not take “generally available mitigating steps to which a reasonable person would take to preserve the character of the site.” In the recent hearing recess order issued, the Commission directed the Division to engage the Applicants as well as various interested municipal and private entities in Woodstock concerned with preservation of historic sites, to explore the possibility of stabilization in order that an undue adverse impact to this historic site can be prevented.

- **Bernard Carrier Subdivision, Newport:** After the last session of negative dialogue, Mr. Carrier’s civil engineer drafted a Memorandum agreeing to the Division’s proposed conditions to protect the archaeologically sensitive areas in the project area. Based on this agreement, we have withdrawn our request for an Act 250 hearing on the matter provided the conditions are included in the Land Use Permit for the project.

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

- Arthur was contacted by a real estate broker and appraiser regarding the Farrington Mobile Home Park in Burlington. Farrington’s is the oldest MHP in the State and the only one in the City of Burlington. The owner, Sandra Farrington, passed away and the family is apparently planning to put the park up for sale. Farrington’s is also one of the largest MHPs in the state with 119 lots. Abandoned mobile homes in the park became an [issue](#) earlier this year due to a City housing replacement ordinance. The sale or conversion of the park to some other use would have a significant impact.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

- **Town of Proctor:** On November 20th, the town will present the draft “Proctor Prosperity Plan” to staff from VCDP, CP&R, DHP, and DED. Many thanks to all of the individuals throughout the Agency that are planning on attending and providing technical assistance. The “Proctor Prosperity Plan” is a Town wide economic development study which was funded through a VCDP planning grant and the RPC brownfields program. The planning is focused on how the Town will adjust to the loss of the Omya Marble Company and what to do with the vacant buildings that are being left behind by Omya’s departure. The town has been very proactive in looking for ways to address this issue, and are looking forward to receiving feedback and guidance from the State.

DEPARTMENT OF TOURISM & MARKETING ♦ Steve Cook, Deputy Commissioner

- **Winter Marketing:** VDTM has already kicked off winter advertising. Broadcast television launched last week via Bravo’s [Top Chef \(VIEW SPOT\)](#). VDTM also launched a campaign with [Adara](#). This digital network tracks consumer travel data and delivers advertising via digital marketing to those who travel most. Adara traffics media to all online travel agent purchase sites and airlines, hotels and car rental brand websites. The benefit of this media is the ability to track consumer purchases. Below is last week’s performance. This campaign still has four weeks remaining. Summary follows:

- ❖ \$5,400 in hotel revenue has been directly attributed to Vermont Tourism’s campaign;

- ❖ 88 travelers who have seen the campaign have confirmed bookings or have traveled to Vermont during the campaign period;
- ❖ Adara expects more bookings at a faster pace over the rest of the lifespan of the campaign, as this is typical of new advertisers through the network.
- **VDTM Performance Based Budget Summary (BDA):** Cook is drafting the documentation and narrative for this year's Performance Based Budget program. VDTM is focused on three areas of economic impact for this effort, which align with the Governors strategic plan. They are:
 - ❖ Increase to rooms and meals tax revenue;
 - ❖ Hospitality sector jobs increase;
 - ❖ Vermont State Parks occupancy increase.

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **Winter Campaign 2014-15 | Partner Creative for Review:** David developed two versions of partner creative to support another component of the winter campaign. The two versions below have been submitted to Cabot for review. These versions are in-line with the solo portion of the campaign and all will drive back to the same landing page.



CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Specialist

- **ANR website:** The final look and feel mockups of ANR's new website were completed this week and all materials handed off to DII for web development to begin. ANR will be migrating their website into the

current state CMS system, with the aim to go live on the same schedule as FPR, hopefully by mid-winter. F+W hopes to follow shortly thereafter, to bring three of the four ANR sites onto the same template by Spring 2015. The DEC website is still in the discovery phase, and plans are to bring that Department into the new template in about a year's time.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **Silo Busting:** Met with Pat Moulton, David Mears and DEC team on how DEC can simplify permit process. Discussed finding ways to encourage stronger applications, including check-lists and list of best practices. DEC will be working on a short description of current (LEAN) practices and proposed steps it will be taking to simplify and clarify permitting.
- **Communications:** Worked with Ken Horseman and Shelley Pembroke and team to lay out plan to revamp content on DED website and improve email lists and outbound communications. Drafted talking points for 11/5 VPR interview with Steve Zind on manufacturing. Worked with PTAC on crafting press release, discussed EB-5 and Foreign Trade press release. Also working with Alex Ibey on requirements for SOS site and Business Portal.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Westminster Cracker - Rutland:** The company cites finding people with skills and work ethic as their key challenge. Full time employment is at 46 with 20 temps, and there are 7 open positions both skilled and unskilled. Turnover on their production floor is 50% due to more stringent work rules enforcement. They have specific needs for new equipment financing and training. They reported that due to the GMO law they changed an ingredient in their product at a considerable cost to implement. The parent company has invested \$6M since 2009 in Vermont. A full review of available programs was well received.
- **Omya – Florence:** A meeting with the new General Manager revealed that business is strong with full time employment at 125 with another 10 in Proctor. They struggle to find personnel -- especially engineers -- and a discussion suggesting the company join with GE and other area companies in the Stafford Tech apprenticeship program was well received. They are also discussing a community solar project on Omya land. Their tailings are now processed to the point where they are used as a soil amendment on local farms. The company is strongly community oriented and supports a number of initiatives quietly.

VERMONT EB-5 REGIONAL CENTER ♦ Brent Raymond, Director

- Traveled to China and Taiwan with Mount Snow;
- Attended IIUSA Conference in San Francisco where:
 - Vermont EB-5 Regional Center received an award for Regional Center with most I-829 Permanent Residency approvals in federal FY 2014;
- Conducting a great deal of damage control resulting from VTDigger articles. Most especially with China agents and potentially interested investors;
- Reviewing PPM and other documents for two potential new EB-5 projects;
- Jay Peak and Seldon Technologies both continue to be on a weekly reporting schedule;
- John Kessler, Pat Moulton and Brent continue to work on AnC Bio offering concerns;
- Assisted Trapp Family Lodge because investors have been waiting 16 months for their I-526s to be reviewed and USCIS had not yet assigned anybody to review their petitions.

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

VEGI

- Continued working with Cabot Hosiery, Northfield; Flex-a-Seal, Essex; and 1366 Technologies on PreApplication (potential November Initial Applications).
- Continued working with VT Meat Packing (Black River Produce/Lorentz partnership), Blodgett, and Twincraft on Final Applications.
- Had phone con with Sue Raftery regarding AGrown project. They will withdraw VEGI application and reapply at a later date.
- Started working with Michele Pilcher at National Hanger. Considering expansion with 70 employees in Bennington. Running PreApplication and she may file an Initial VEGI application in November.

TIF

- Participated in meeting at Tax Department with municipalities and VLCT regarding taxation of municipal parking garages. The League will be putting forward a proposal for the 2015 session.
- Finalizing TIF District rule drafting and preparing to begin ICAR/LCAR process.
 - Incorporated input from South Burlington, Burlington, Milton
 - Met with Paul Giuliani and Milton
- Working with Burlington regarding Phase 1 filing for the Downtown TIF District. November filing for March ballot item.

Windham County Economic Development Program

- Preparing for VEPC Board meeting on November 13 to prioritize and develop allocation recommendation for Governor.

VERMONT GLOBAL TRADE PARTNERSHIP ♦ Becky Fu, International Trade & Foreign Investment Specialist

- Becky, Ken Horseman and Brent are working on recruiting for Arab Health.
- Becky and Jess are working on the last version of the Senator Leahy International Trade grant.
- Becky provided technical assistance to Chroma regarding their China office.
- Becky provided technical assistance to Cox Violin regarding doing business between Canada and VT.
- Becky is in conversation of obtaining a booth for AeroMart Montreal with BCI.
- Sehyung helped Way Out Wax regarding Korean website's system and language translation.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

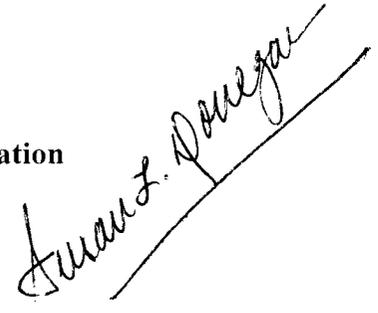
- **Vermont Smoke & Cure:** On referral from VMEC, Beth Demers met with Rebecca Kruger, Office Manager, about a VTP grant application. The company is planning a physical expansion into the other half of their building, and will add staff and equipment. VT Smoke & Cure was not eligible for VTP funds in the past due to the wage threshold. Now that the VTP uses the JFO livable wage the VTP is an option as the company looks to grow and train employees. Beth will follow up as a draft application is put together by the company. Beth will also make sure that Curt Carter from GBIC is aware of the growth.

State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: November 7, 2014
Re: Weekly Report



Securities Division:

In November 2013, Commissioner Susan Donegan signed an order that returned more than \$130,000 to five Vermonters who invested in an oil and gas exploration project in Texas. The investors received checks in the amount of \$100,000 at the time of the order and this week received the remaining \$30,000. An investigation last year by the department determined that Luther Gutknecht and Kenneth P. Smith, both sales representatives for Surety Services LLC of Delaware, were doing business in Vermont but were not registered to do so. The department received checks paying \$5,000 in administrative fees, \$10,000 in penalties (to the general fund) and a \$5,000 contribution to DFR's consumer education fund.

Insurance Division:

The Consumer Assistance Section announced quarterly statistics for complaints received from July 1 to September 30. A total of 846 complaints were handled with an average resolution time of 24 days. The division recovered \$245,321 directly to Vermonters, of which \$156,000 resulted from Continental Indemnity reducing a workers compensation/profit share billing. This total does not reflect \$90,000 the Attorney General's office recovered in a settlement with Lead Concepts, a Texas marketing firm that generates leads for businesses through direct mail and other means. The division received a number of calls from consumers asking if the company was a Vermont licensed insurance carrier. Since it was not, DFR had no jurisdiction but made a direct referral to the AG's office, which resulted in the recovery.



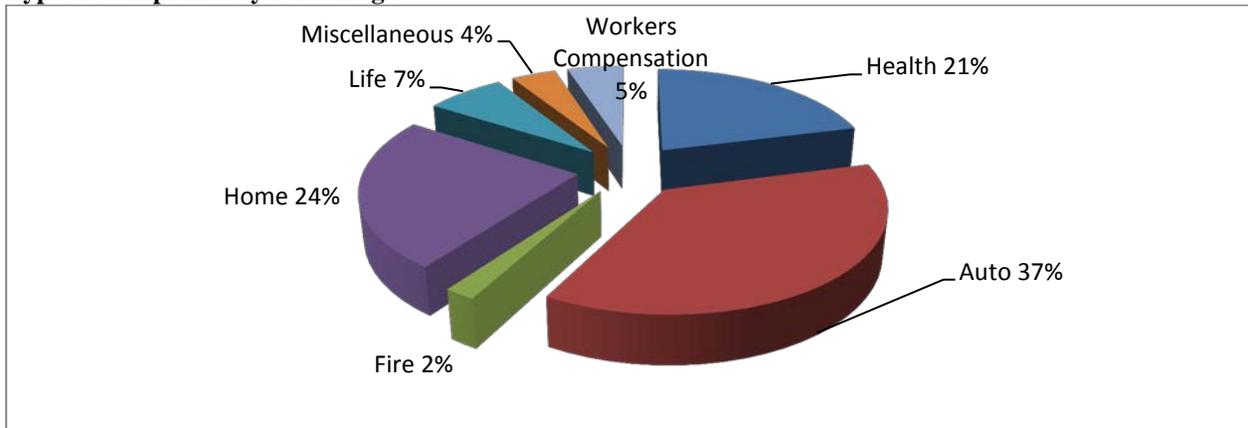
State of Vermont
Department of Financial Regulation
 89 Main Street
 Montpelier, VT 05620-3101

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

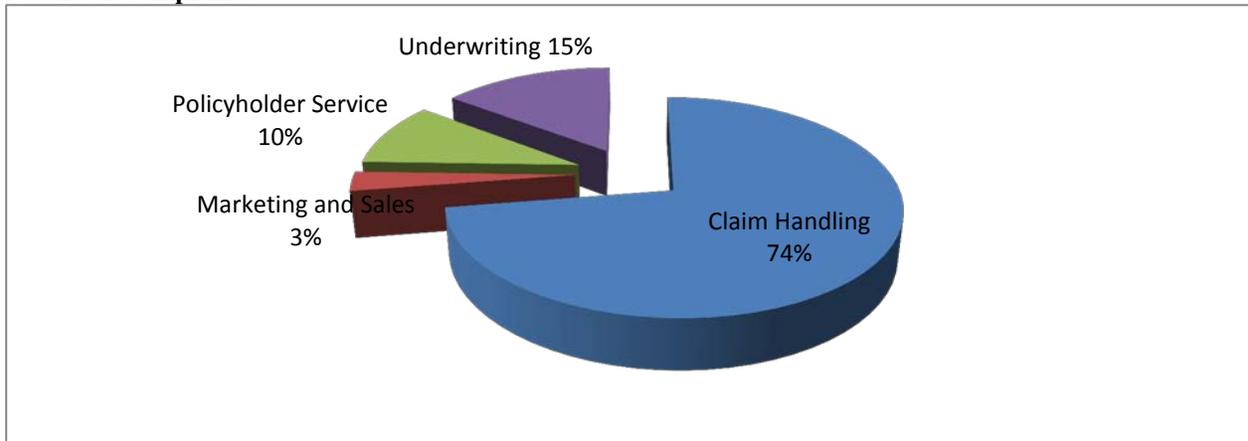
Division of Insurance
Consumer Assistance Section
Quarterly Statistics
July 1, 2014 – September 30, 2014

Summary of Written Inquiries and Complaints	Totals
Inquiries Opened	744
Complaints Opened	102
 Dollar Amount Recovered for Consumers	 \$245,321.00
 Average Days to Close Complaint	 24

Type of Complaints by Percentage



Nature of Complaints



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

CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: November 7, 2014

Press Contacts:

Howard Weiss Tisman of the Brattleboro Reformer spoke with Rebecca about EQS implementation and her regional VSBA conversations.
Michelle Monroe of the St Albans Messenger spoke with Jill Remick and Vaughn Altemus about bussing and other SU duties under Act 153.
Susan Kees of VPR spoke with John Fischer about the Vermont Center for the Deaf and Hard of Hearing.
Leslie Engle of Fox 44 spoke with Jill Remick regarding the Chittenden East SU MUUD vote Tuesday.
Alex Rose from Local 22 & 44 spoke with Jill Remick regarding the Chittenden East SU MUUD vote Tuesday.

Public Presentations/Meetings:

Tuesday: So. Burlington School District, Frederick Tuttle Middle School
Thursday: Vermont Vision for a Multicultural Future
Friday: Vermont Superintendents Association
Friday: Vermont Higher Education Collaborative

Emerging issues

Burlington Supt. Search

Below is the relevant statute. See comments for risks and opportunities.

Sub-Chapter 2: Superintendents

16 V.S.A. § 241. Appointment

§ 241. Appointment

(a) Each supervisory union or supervisory district board, with the advice of the commissioner, **may** employ a superintendent of schools.

(b) A superintendent shall be employed by written contract for a term not to exceed five years nor less than one year and shall work the number of hours required by contract, performing the duties designated in the contract or assigned by the board. A superintendent of schools may be dismissed for cause or as specified in the contract of employment.

(c) Not later than May 15 of a year in which an incumbent superintendent's contract of employment expires, the supervisory union board shall meet to renew or act otherwise upon the superintendent's contract. If a supervisory union employs a superintendent, the supervisory union board shall specify and assign the duties of a superintendent. **If the supervisory union board does not hire a superintendent, the board may assign any duties assigned to the superintendent under this title to the school principal or principals in the supervisory union or to other qualified persons designated by the board.** (Added 1969, No. 298 (Adj. Sess.), § 27; amended 1991, No. 181 (Adj. Sess.), § 1; 1995, No. 185 (Adj. Sess.), § 82, eff. Jan. 1, 1998.)

RISKS:

1. This Board has pretty consistently shown poor judgment and an inability to operate as one body. Also, the district/Supervisory office been operating understaffed for some time, and choosing someone from outside who has no superintendent experience will not address the critical need they have for educational leadership that can help them address the substantial educational needs, school fiscal processes and ed policy work they need to be doing. I would only recommend Mike Smith if he went in with an education partner who could tend the ship while he tended to the politics and integrity of process and bottom line. Burlington is a complicated district, and needs leadership with an understanding of complex educational issues. One example: students in Burlington speak 40 different languages, some of whom enter the system illiterate in their native language and having had no formal education. Some of the BSD cost increases reflect that reality.

Rebecca Holcombe 11/7/2014 6:27 PM

Comment [1]: Note that they do not HAVE to employ a superintendent, but if they do so, it is with my advice.

Rebecca Holcombe 11/7/2014 6:29 PM

Comment [2]: If BSD chooses to not hire a superintendent, they can do so without my advice. Under this arrangement, they can assign any duties to the school principal, principals in the SU or TO ANY OTHER QUALIFIED PERSONS DESIGNATED BY THE BOARD.

2. BSD would basically have to repudiate its current search, and declare it was making a decision to distribute duties among “other qualified persons designated by the board.” This is a pretty novel strategy for a board with little credibility and little demonstrated ability to work together. Mid course corrections just reinforce the perception they do not know what they are doing, especially if the decision is not unanimous. This is a substantial risk. They would have to pitch it now as a solution to the problem of an inadequate applicant pool.
3. Burlington needs an interim very soon. Mike Smith is on contract at a College that is in serious, serious trouble. He just started the position. Makes him look bad if he leaves before the job is done.
4. Politics are a big part of the problem in Burlington, and more politics may not fix the problem. I would be very careful about playing a high profile role on this one, because we actually have very little authority here and only indirect capacity to influence events. My focus has been on trying to force the board to work as a coordinated entity. At the most basic level, they need to learn how to work together as a democratic body. To give you an example, I have random board members asking for separate meetings with me, despite my saying I will meet with the Board as a group, or I will meet with them individually with the support of the Chair. They are factionalized and can't stop operating and thinking in factions behind the scenes. If the Gov parachutes into that, he runs the risk of setting himself up as the target and taking the focus off the dysfunction they need to correct. There are no saviors here, just Roberts Rules of Order and Democracy 101 and a focus on appropriate Board roles, and that is hard work that happens over time.

I, for one, don't want to publicly tie BSD to the Gov's leg, because it has the potential to be a ball and chain. If you advise encouraging BSD to appoint Mike Smith, I suggest it be done quietly behind the scenes. I am going to call Halladay again this weekend on other issues and can float that if you would like.

School Spending:

Now that the election is over, I think we got a clear message that people are angry and scared over what seem to be uncontrollable education costs. While budgets are voted on locally, some of the biggest cost drivers locally this year are not drivers over which boards feel they have control:

1. Health care costs associated with teachers' contracts. If So. Burlington can't persuade teachers to shift to a lower cost contract that doesn't involve a reduction in services, then there is basically little hope for controlling health costs in other districts.
2. PreK—I am agonizing over this one. We didn't just mandate access to preK, we mandated a specific model for delivering preK. The election has made opposition more forceful. Everyone who speaks to me supports universal access, but I am hearing increasingly strident complaints about the mandated mode of delivery. Regardless of the merits, which are being hotly debated in the field, it will be a more expensive

model for many schools/LEAs than if we had gone for a school –based model. They are angry at being told to control costs when being told to absorb a model that they feel is more costly and which in some cases erodes their current programs. In addition, some school districts that currently operate have to make small changes in their teacher contracts to bring them into line with Act 166, and they can't count on making those changes in time to budget for next year. Because there are so many uncertainties in implementation, so much variability in district and board leadership statewide, and so much variability statewide in current services and models of delivery, it is extremely hard to accurately forecast costs in any way that lets me sleep well at night.

Part of the reason this is resonating is that some of the districts that feel most vulnerable are districts that only operate at the elementary level, so when they make cuts in other places to support preK, the only place they can make cuts is at the K-6 level. This is very counterproductive, as this is a grade span at which, in the same interest of early intervention, we want to maintain support. To add to the mix, many of these districts--especially in the NEK-- also are struggling with secondary tuitions. In these towns, boards can't control tuitions because: 1) in many small rural towns, they are set by independent schools, and 2) we have a pattern in the state of folk "moving in" to tuition towns in grade 9, to take advantage of the vouchers. To adjust, many of these towns have already substantially cut their elementary programs and feel there is nowhere else to go to make cuts. Some people are mad at Act 166, because it is the last straw for their local schools—the Trojan horse, if you will, of consolidation.

At the level of the political, many of these districts have good data to make the point that this model is going to raise their tax bills more than other models might, and telling them to cut costs just makes them madder. I can tell you that I strongly suspect there will be districts that ask their legislators to advocate for a delay in implementation of preK at the beginning of the session, to give them time to sort out and model and plan more accurately. A delay will also have support from districts reliant on Title 1. One has also argued that it is also not possible to close a school well in one year.

From a policy perspective, at a time in which we already have excess capacity in schools, we have just added more seats to the system through the particular model for service delivery outlined in Act 166, which expands access to private providers statewide. This is more costly than a school based model and the research nationally on preK suggests that school-based models have better outcomes on average than private providers, once you control for family demographics. And, some of the strongest supporters of the bill are going to be disappointed, because though it suggests statewide portability in one section, it also allows LEAs to set the preK regions, and financially, many will be strongly incentivized to set those at the LEA

level. Worth noting also that LEAs don't have to provide FAPE under Special Education outside the LEA, nor can they easily, so portability will not be as great for kids with disabilities anyway. Because there was so little deliberation or opportunity to discuss the bill in the legislature, none of these issues were brought to the surface and addressed before the bill passed. Act 166 is hard to defend, because it is poorly written and was not thoroughly vetted in the last session.

One last problem/positive selling point for a delay: we currently do not have enough capacity in some regions. If folk scale up quickly to get first mover advantage in this market, quality will suffer. I keep thinking of CA's class size reduction act, under which CA spend millions to reduce class sizes in grades K-3, then saw performance drop because the supply of quality teachers was so much smaller than the demand. **A one-year delay might ensure better quality once we have full implementation.**

3. Tuition Payments: Boards do not feel they can control tuition payments, and are compelled to cut at the elementary level to support tuition payments. I think there are a few surgical ways we could make some headway on this without adversely affecting any key VT stakeholders.

The election has catalyzed public opinion, and I encourage the Governor to seize the moment by establishing our commitment to creating a system that is more efficient, effective and accountable.

This is important to signal that we understand the costs pressures, and also understand that the reasons costs are rising are complex. To be effective, solutions need careful deliberation. Simple one-size-fits all solutions are likely to be injurious in some regions, typically the ones that are struggling the most. You can cite the VSBA meetings with Boards as an example of your effort to learn more about the complexities of the challenges Boards face, and say that you hear their concerns and are making some proposals based on what you heard from Boards and the voters.

Here are some concrete suggestions for addressing the above. Some of this could be stated at the AI summit, which gives the Gov a platform and opportunity to frame the agenda.

Health Care:

I would move strongly on advocating **legislation that brings teachers into line with essential state workers in prohibiting strikes**. I would not advocate binding arbitration yet. Boards will be challenged to get more affordable health packages into contracts under binding arbitration. If Joel whines, ask him if he wants a Republican governor who will advocate for evaluating all teachers using student test scores, and tell him to get real. When I left my meeting with the NEA executive board a week before the election, Joel blinded me with his teeth and referred to "his friend Peter." The next day, the NEA came

out with his statement critical of the Governor. Some friend. Give me a good old-fashioned enemy.

PreK:

I would consider **preempting the swell from the field and calling for legislative action that would allow for a one –year delay in implementation**. You can say preK is an absolutely critical initiative: we need to have universal access to high-quality preK. However, you are motivated to call for a delay for the following reasons:

- The bill was intended to be implemented over two years, which would have allowed sufficient time to accurately model costs and work out any problems in the rules or bill, but it passed so quickly that the implementation dates were not changed. Now that your agencies have had a chance to work through the rules and talk to stakeholders, you are increasingly aware of the challenges of trying to implement on this abbreviated time frame.
- You have also now had a chance to hear from school districts, particularly in some regions, about the extreme duress the short time frame puts on the budgeting and planning process. Crisis is not good for schools, because it threatens the welfare of our children in the present. You understand that a slightly longer implementation timeline enables districts to adjust in a way that does not threaten the stability of their systems.

Tuition costs

I need to flesh this out a little more, but I recommend calling for legislation that **keeps VT public dollars in VT by limiting tuition payments out of state to schools** that are not in border towns. With respect to border towns, you could think about tuition payments to schools that are easier to access than the nearest/easiest to access VT school, or you could limit out of state tuition payments to the state average, which is a lot lower than we are currently paying to some out of state schools.

From the state perspective, this is mostly a symbolic move. From the perspective of a few small towns, including some ski communities, it could have a substantial local impact.

To keep in mind as developing context: There is a growing, localized groundswell against what are perceived as high costs and lack of accountability in independent schools, as well as the fact that some independent schools don't serve more costly, harder to educate children. Public schools resent that in a climate of scarce resources and empty seats, they have to labor under the federal label of "low performing" while their private counterparts don't, even though if privates were public, they would have to wear the same label. And, note that the Vermont Independent Schools Association just hired KSE to represent it. There will be debate about choice, privatization and public goods in the legislature this year. This is a chance to get out ahead of that and support VT schools and tax payers while limiting out-of-state public choice.

Some other “right sizing” suggestions:

1. **Tax penalties for low district-level average teacher-student ratios.** (I suspect this will be something Shap brings up.)
2. Phase out of small schools grant, with phased retention if you merge into a larger union.
3. Legislation to move all employment contracts to SU level , possibly also to put all teachers on the health care exchange
4. Legislation that for purposes of state level accountability, we are taking a systems approach and focusing on the SU as the unit of analysis (this lets us work with 59 units, not 300, and gets us a fighting chance at having enough capacity).
5. Sliding scale for PK to private providers.

For context: I am trying to figure out how to build capacity for more robust school quality reviews, consistent with EQS. We have a couple of schools that we really ought to be pressuring to close, but without a robust, fair review process, it is difficult to do that.

Possible talking points for you to use if asked questions about school funding on the road:

➤ **We are at a tipping point.**

Every district in Vermont has a cost issue, regardless of size, governance, choices made. We are facing a crisis needing immediate action. We sink or swim as a state, together.

➤ **Scale and school size matter.**

While small schools can be very good, we have far too many schools that are simply too small. These schools are small because of declining enrollment, not by design. They face an impossible choice -- cut programs or raise taxes. We know that raising taxes is not an option. Vermont already spends more per pupil than most other states. And we cannot continue to cut school programs.

➤ **In districts that are spending disproportionately on overhead, we see inequities.**

We know that the smaller schools get less for the dollars they spend than bigger schools, and that causes huge inefficiencies, and most importantly, inequality of education.

We are not providing equal opportunities for all the children in Vermont.

➤ **Unwieldy governance also erodes local control.**

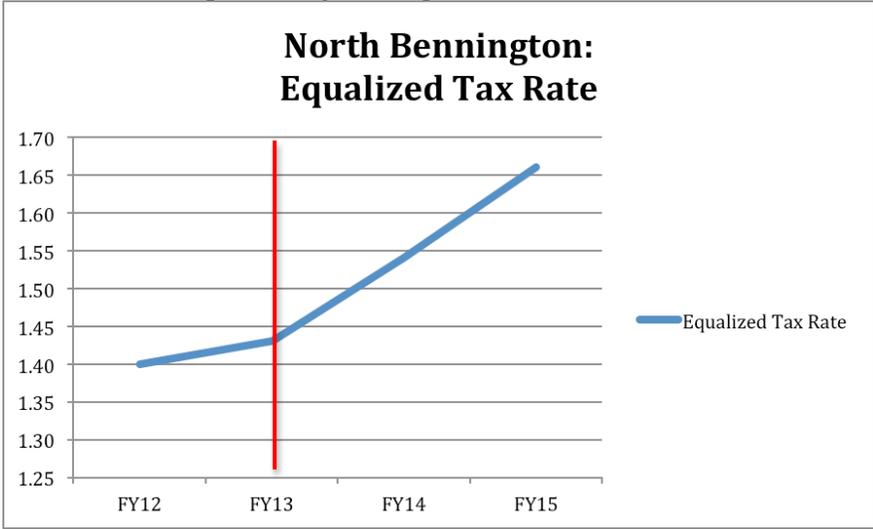
We have an unwieldy system of school governance that contributes to the inefficiencies, but even more importantly makes it difficult to assess the effectiveness of our schools and to determine who is responsible for the outcomes and costs.

Challenges to local governance:

- Can’t control tuitions
- Challenge of scale– is there a “too small”?

- Challenge of declining enrollments– micro-sized by attrition, not by choice
- Attracting and retaining good leadership (We have high turnover, and extremely high turnover in a few of our more rural areas. This increases fiscal risks and impedes instructional improvement.)
- Oversight of a multi-million dollar enterprise—how many board members have prior experience at this scale?
- Meaningful results based analyses that let us evaluate our investments of public dollars are hard to find in a state characterized by 13 different forms of governance and many “micro” units.

Trivia for the day: privatizing does not appear to lead to reduced costs. Note that FY13 was North Bennington’s last year as a public school.



Good news:

California and NH have finally joined us in pushing back on some elements of NCLB. CA took some hits for us at the most recent SBAC conference. This is a very promising development.

Rebecca

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Nov 7, 2014
Re: Weekly Report

Status of Governor's Priorities: .

Working on budget preparation.

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Still working on FOIA request. We have reached agreement on payments to winners and will deliver that next week. We are still researching how we might provide sales data, when, and at what cost. I will let you know if we end up in dispute.

We are visiting our new lottery agents to do training on the new game consoles. I have heard that one place in the NEK is so excited that there may be a story in their local paper. I will be at that location on Tues night and get a better understanding of what to expect. I am not concerned with a story, but would expect that an antagonist may churn this into something larger.

Last night I learned from my Business Mgr that she miscoded our normal first-of-the-month \$1M profit transfer. It was not clear in the explanation if the transfer did not happen because of this, or if the accounting entry had the error. We will clarify today with Finance and Treasury.

Executive Director's Commentary:

I am out on the road in VT most of next week.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Acting Secretary Chris Cole
DATE: Friday, November 7, 2014
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Morrisville Route 100 Alternative Truck Route

Shortly after the Route 100 ATR in Morrisville opened, the Secretary began receiving email requests from parents of students who attend the Bishop Marshall School and school employees, all of which followed the same theme, that the new intersection of VT 100 ATR and the driveway of the Bishop Marshall School is unsafe. The Bishop Marshall School was an active opponent of the project taking the SOV to court challenging the necessity of the project. That court challenge resulted in a stipulation agreement and one of the items that the Bishop Marshall School wasn't successful in getting into the agreement was the construction of a traffic light at the end of their driveway and Route 100 ATR. The stipulation agreement requires VTrans, within one year of the completion of the project, to review any potential traffic issues including actual traffic issues at the intersection.

Since the opening of the highway, VTrans has been monitoring the intersection especially during the peak AM and PM commuting times. This week, we've had staff observing the morning and afternoon drop-off and pick-up periods, counting turning movements and documenting observations, both vehicular and pedestrian. Next week, tube counters will be installed on new and old VT 100, as well as primary cross streets, to get a better feel for where people are driving now that the ATR is open.

We are taking the safety allegations made by the Bishop Marshall School community very seriously and appropriate monitoring by VTrans staff is occurring.

Stowe 100 Bridge

This recently completed bridge has been in the news, as it has some unusual cracking both to the pre-cast beams as well as to the cast in place deck. VTrans structures

engineers have inspected and evaluated the bridge, it is completely safe and measures, including crack repair, have been taken to preserve the structure and prevent further damage. The contract has been left open and VTrans engineers will re-evaluate the bridge in the spring to see how it fared over the winter. An evaluation of the cause of the cracking is currently being conducted with results also anticipated by the spring. Sue Minter & Rich Tetreault met this week with Town of Stowe Officials (town manager, selectboard chair) & Rep. Scheuermann & Sen. Westman to go over the plan of action and reduce local concerns. Media was also present.

VT Strong

Sales of VTStrong plates have exceeded the \$1,000,000.00 mark. Total sales = \$1,009,875.00.

NOTES FOR STAFF

Street Tree Policy

Policy and planning staff revised the policy language and circulated it to internal stakeholders on 10/31 with comments due back by 11/12. The revised policy language will then be sent to the external stakeholder group for comment. VTrans Executive staff will review by the end of December. VTrans staff presented the revised draft policy to the Bennington RPC TAC on 10/30, which generated a lot of questions. We anticipate formal comments will be forthcoming from RPC staff, the Town of Bennington and Rep. Botzow who all had concerns. We are trying to strike a balance between the desire of municipalities to plant trees within the state highway ROW and our ability to maintain the roadway in the most cost efficient manner. It should be noted that municipalities that take over the state highway within the village or downtown limits, aren't impacted by this policy as they have assumed the responsibility to maintain the highway. The policy only impacts villages that haven't taken over the portion of state highway within the village limits. This policy is proactive and doesn't impact trees in existence, we aren't cutting down trees as a result of this policy.

LiDAR

LiDAR acquisition of Rutland, Chittenden, Washington, Lamoille and Orleans Counties continues, with a contractor for the US Geological Survey mobilized in Vermont and working when the weather conditions are favorable. An update of the amount of area collected to date will be provided, once received from the contractor.

Transportation Board

The Vermont Transportation Board is conducting a series of public hearings requesting public input on designing the future of transportation in the state, to find out why young

adults drive less than other generations and to brainstorm what the state can do to provide young Vermonters with better transportation.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Harry L. Chen, M.D., Acting Secretary of Human Services
Re: AHS Weekly Report
Date: November 7, 2014

Highlights:

VDH:

Early Intervention for Substance Use Risks _____ pg. 2
Hub and Spoke Update _____ pg. 2
Ebola Monitoring for Three Vermont Residents _____ pg. 4
Addressing Asthma _____ pg. 4

DMH:

Vermont Psychiatric Care Hospital (VPCH) _____ pg. 5
Emergency Evaluations _____ pg. 5

DAIL:

Continued support for reform strongly in evidence at VHCIP retreat _____ pg. 5
Consumer death raises additional questions about Rutland CAP program _____ pg. 5

DOC:

Offender's Untimely Death _____ pg. 6
Population _____ pg. 6

DCF:

2014 Fatherhood Conference _____ pg. 6

DVHA:

Provider Tax Hearings _____ pg. 6
DVHA/DMH Brattleboro Retreat Payment Models _____ pg. 7

Secretary's Message

This week I was focused on the budget meetings with Finance and Management. The six Departments and Central Office did identify possible areas to reduce spending and in some areas, this can be accomplished with minimal impact. In order to meet the 5% reduction target, in many other areas the reductions would cut significantly into core functions, reduce prevention activities or access to services or push costs to other State and local agencies. AHS is continuing to work to firm up the budget numbers and we are looking forward to further discussions.

Vermont Department of Health (VDH)
Early Intervention for Substance Use Risks

The Vermont Screening, Brief Intervention, and Referral to Treatment (SBIRT) grant has officially screened over 10,000 people since March 2014 at seven medical sites around the state. This fall, the UVM Student Wellness Center and the Rutland Regional Medical Center Emergency Department will begin screenings. The grant has trained approximately 120 medical providers in the last quarter alone. By modeling the full implementation of SBIRT using our grant sites, training community practitioners in the model, and working with a variety of partners throughout state government (Blueprint for Health, Health Promotion, Disease Prevention Division/VDH,) and the community (Behavioral Health Network, UVM), we continue to spread SBIRT and encourage screening for substance abuse. Screening is a recommended preventive service and will be a new measure as Vermont continues to implement health care reform.

Hub and Spoke Update

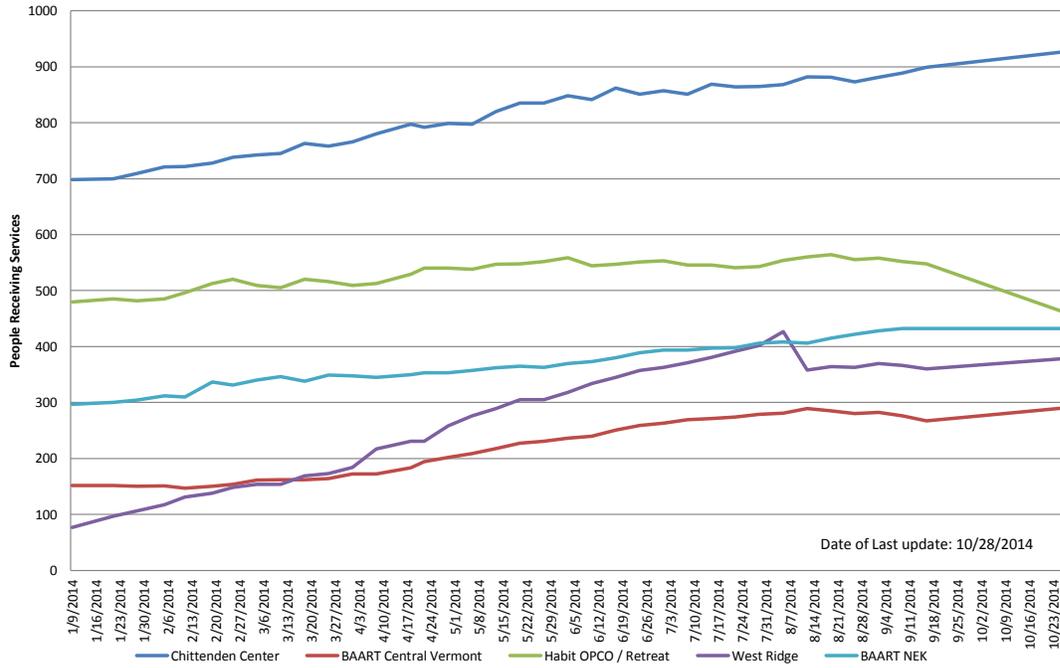
Since the Care Alliance implementation began in January of 2013, the number of people being served in the hubs has more than doubled, from 912 to 2488 in October, 2014. Even as the number of people being served in hubs has increased, the number waiting for services has remained at 500 people, 300 of whom are from the northwest corner of the state served by Chittenden Center. This hub is anticipated to reach a maximum capacity of 950 people in November 2014 due to limits in both space and staffing. The number of people served in the southwest hub decreased by 90 people between September and October due to spoke transfers. We continue to have challenges, particularly in the Northwest part of the state, with having enough Spoke physicians to accept patients who are ready to move out of the Hub level of care. Transferring stable patients allows Hubs to focus on their target group, patients with greater needs, and decrease Hub waiting lists. Habit Opco (Southeast Hub) is limiting new admissions until a new director and clinical staff are hired to assure that there are appropriate ratios of staff to patients. Hiring clinical staff has been an ongoing problem for all Hub locations, making workforce development crucial to the success of the Care Alliance.



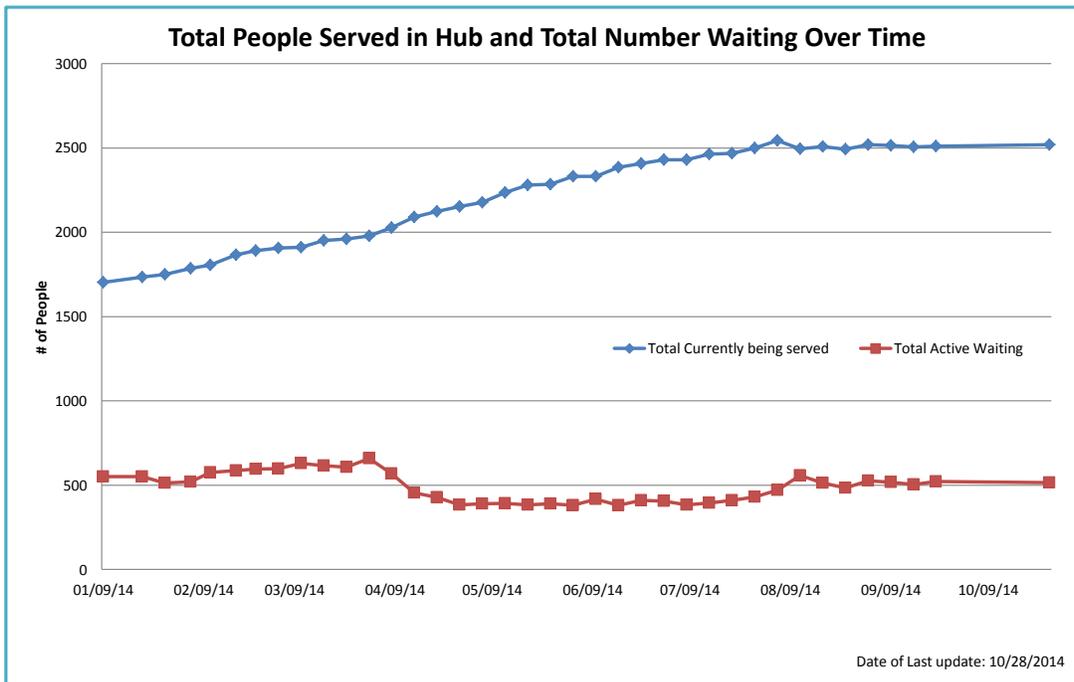
Hub Implementation: October 28, 2014

Program	Region	Start	# Clients	# Buprenorphine	# Methadone	# Waiting
Chittenden Center	Chittenden, Franklin, Grand Isle & Addison	1/13	928	281	647	281
BAART Central Vermont	Washington, Lamoille, Orange	7/13	291	136	155	86
Habit OPCO / Retreat	Windsor, Windham	7/13	458	154	304	23
West Ridge	Rutland, Bennington	11/13	379	142	237	72
BAART NEK	Essex, Orleans, Caledonia	1/14	432	114	318	57
			2488	827	1661	519

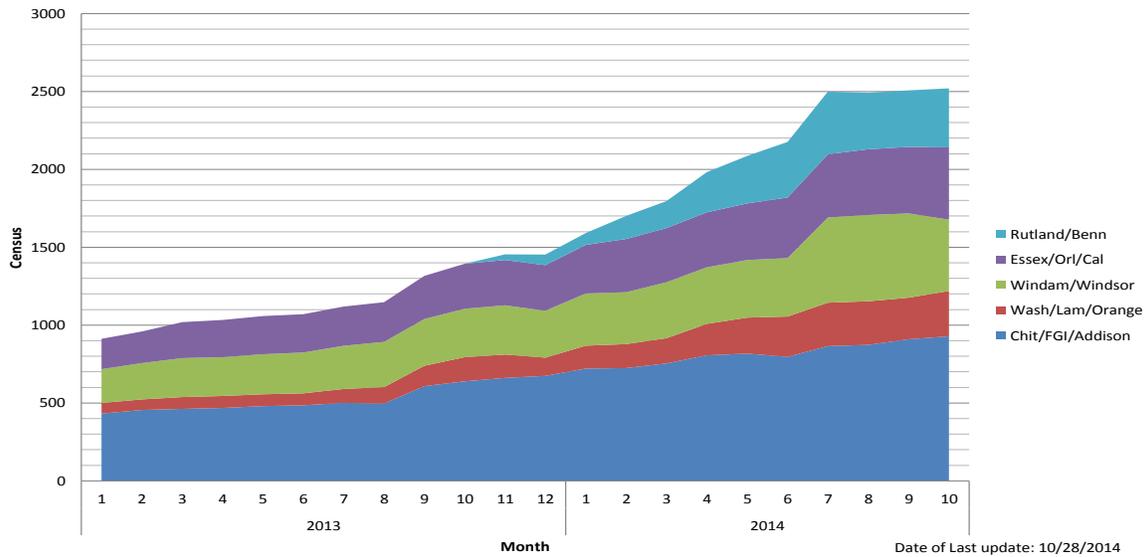
Number of People Served in Opiate Treatment Hubs Over Time By Region



Total People Served in Hub and Total Number Waiting Over Time



Hub Census Over Time by Region



Ebola Monitoring for Three Vermont Residents

Three Vermont residents are under either Direct Active or Active monitoring for Ebola symptoms following recent travel to outbreak-affected countries. It is expected that additional travelers will be identified in the coming weeks and referred to the Health Department for monitoring since CDC has requested state public health authorities assume responsibility for contacting and monitoring these individuals.

- Training for District Offices on Contact Evaluation and Monitoring was held on November 4th.
- The November 6th Epidemiology conference call will address Isolation and Quarantine.

Influenza

The Health Department continues to submit weekly surveillance reports on influenza activity to the CDC. For week of 10/19 - 10/25 Vermont reported *Sporadic* activity.

Addressing Asthma

The Health Department, in collaboration with the Department for Children and Families’ Children’s Integrated Services (CIS) program, is working to educate the CIS home visitors around asthma management and the delivery of asthma education to their clients. This represents a pivotal initiative for these two state departments in strategically addressing asthma, and its related disparities, across the state.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

As of today, there will be 21 patients at VPCH, moving to 22 hopefully by Friday. Reduction in patient acuity and the hiring of additional temporary staff will allow for more available beds. The hiring of temporary staff is an ongoing process.

So far this week, there have been 23 people waiting for hospital beds throughout the state. Of these 23, 6 were adult Emergency Examinations (EEs), 4 were minor EEs, 5 adult voluntary, 5 minor voluntary and 3 court ordered. Monday thru Wednesday, 14 have been admitted or placed at lower levels of care, leaving 9 total with 3 adult EEs, 2 court ordered adults, 1 minor EE, 2 adult voluntary and 1 minor voluntary. One of the adult EE's has been medically admitted to a community hospital but remains on EE status and is likely to come off EE status today. The 2 remaining court orders have been waiting three days each and are expected to be admitted this week and early next week. The longest wait is for one adult EE, who has been waiting for 13 days. This is due to hospitals feeling that in-patient treatment is not beneficial for this person; however the doctor at CVMC is unwilling to "walk them off papers" even though their treatment team is willing to take them back to their community placement. Several conference calls about this person have occurred, including another call on Thursday with representatives from all the designated hospitals to discuss possibility of a brief admission for this person and then to have them return to their community placement.

Mental Health Oversight Committee (MHOC)

The Department of Mental Health (DMH) filed their October Report with the Mental Health Oversight Committee.

Rutland Mental Health Services (RMHS)

A meeting with the Board of RMHS is being scheduled to discuss DMH & DAIL concerns.

Emergency Evaluations

Second certifications are being handled electronically by a psychiatrist from VPCH. The second certifications began on November 1st. This procedure for 2nd certification is used when a person is being held in an Emergency Department for more than 24-hours and a psychiatrist is not available at the facility. As of the 1st, five second certifications have been completed utilizing Telehealth.

Department of Disabilities, Aging and Independent Living (DAIL)

Continued support for reform strongly in evidence at VHCIP retreat

Key AHS leaders and Health Director Robin Lunge joined leaders from the Green Mountain Care Board and VT Health Care Initiative Project (VHCIP formerly known as SIM) workgroups to assess progress on Year One Goals. While acknowledging hurdles, setbacks and complexities, the mood in the group was mostly positive and the group recommitted to striving to achieve the triple aims of health reform.

DAIL Assistant Division Director selected for national campaign on Future of Nursing

Fran Keeler, Assistant Director of DAIL's Division of Licensing and Protection, was one of ten nurses selected nationwide to be an ambassador for the Future of Nursing Campaign for Action. This nationwide campaign, which is a joint venture of AARP and the Robert Wood Johnson Foundation, is focused on transforming the profession of nursing using guidelines established by the Institute of Medicine, especially in regards to academic training. Fran will be retiring from the State of Vermont at the end of November.

Consumer death raises additional questions about Rutland CAP program

A 32-year-old man with developmental disabilities was found dead in his bed on Sunday after having what his providers called "an off day". The medical examiner's office has asked APS not to initiate any investigation regarding the Derek Hoffman case due to likely criminal investigation as a result of

autopsy findings. DDS should not engage with any witnesses or initiate any witnesses regarding this case. This is the third serious adverse incident involving the designated agency in recent months and reinforces DAIL's concern about the adequacy of our quality oversight. This is reflected in the request for additional positions in Developmental Services.

Department of Corrections (DOC)

Sex Offender Registry Work Group Meeting:

The DOC convened a meeting of the workgroup focused on the Sex Offender Internet Registry. The workgroup is comprised of members from the DOC, DPS and Judicial Branch. This meeting was to prepare for testimony at the Corrections Oversight Committee on Monday, November 17th. The COC wants to hear from the group 1) that the workgroup is meeting and 2) any potential considerations for the upcoming Session.

Offender's Untimely Death

Thomas West, offender on Conditional Re-entry, residing in Community Justice transitional housing, was found deceased by St. Albans field Officer. Thomas West was serving a sentence of 5 months to 6 years and 12 months for Aggravated Domestic Assault, Driving under the influence #2, Retail Theft-misdemeanor, Possession of Stolen Property-misdemeanor, and Credit Card Fraud. His minimum release date was 5/17/14 and his maximum release date was 8/29/16. He was released on 10/28/14 to transitional housing operated by the Community Justice Center in St. Albans. 11/1/14, while doing a routine field check at the apartment complex he was found deceased in his room by our field officer. At this time his cause of death is known, and an autopsy is being conducted, but it is presumed to be from a drug overdose.

Population:

The department's incarcerated population averaged 2082 for the previous week. The incarcerated male population averaged 1914 with 337 presentenced inmates. The female population averaged 167 for the previous week with 41 presentenced inmates.

Department for Children and Families (DCF)

2014 Fatherhood Conference

On September 25, 2014, 112 fathers, family members, and service providers attended the 2014 Vermont Fatherhood Conference at the Statehouse in Montpelier. The conference theme was "Healthy Fathers, Healthy Families." Lieutenant Governor Phil Scott gave the Welcoming Remarks and John Badalament, the program director for the Fatherhood Project at Massachusetts General Hospital, delivered the keynote address. Workshop addressed various topics, including the Adverse Childhood Experiences Study, the Strengthening Families Framework, domestic violence, and measuring family engagement in Head Start and child care programs. The Casey Foundation, the Vermont Head Start State Collaboration Office, the Department for Children and Families Child Development Division and the Family Services Division financially supported the conference.

Department of Vermont Health Access (DVHA)

Provider Tax Hearings

In a two day hearing on October 30 and 31, 15 witnesses testified at the provider tax hearing. Ten were hospital CFO's, three were state witnesses and two were joint witnesses. The parties closed the case but will hear a rebuttal witness on November 18th at 2pm. The parties will also argue objections

to the introduction of documentary evidence at that time. After conclusion, the hearing examiner, Bob Simpson, will present recommendations to the DVHA Commissioner. Mr. Simpson will receive findings of fact and conclusions of law before making his recommendations.

Of note during the hearing were the following facts:

1. In 1990 at the time of passage of the law the legislature originally drafted the statute to tax expenditures not revenue
2. In 1990 virtually no Vermont hospitals owned physicians practices or employed physicians
3. Different hospital plaintiffs have different positions on the “physician office practice” exemption from tax; FAHC wants all physician income exempted from tax; some hospital only want certain department physician expenditures exempted, other hospitals want only non-traditional physician practice exempted (ER, anesthesiology, surgery)
4. There was testimony from former Medicaid officials that up to 2003 no-one from hospital industry asserted the “physician office practice” exemption (this is subject of rebuttal testimony)

DVHA/DMH Brattleboro Retreat Payment Models

DMH & DVHA met on Wednesday to discuss potential alternative payment models for the Brattleboro Retreat. Different models will be researched such as, bundled payments and global payments.

Additional discussion and discovery around involvement and accountability for ACO's is also a point of focus. Alternative payment models could create efficiencies with a focus on outcomes.

Provider Medicaid Rates/Policies

Proposals for Medicaid rates and policies for professional services and outpatient hospitals will be sent to Vermont Medicaid providers by mid-November for their feedback with a planned implementation of 1/1/2015.

Project ECHO Medicaid Learning Collaborative

DVHA has been accepted into a multi-state learning collaborative with Center for Health Care Strategies that will focus on replicating Project ECHO (Extension of Community Health Care Outcomes). The context of the project is around increasing access to specialty care in rural areas. The goal of ECHO is to produce lifelong Medical learning through academic medical centers, linking primary care with specialist. The project started in New Mexico with a focus on treating Hepatitis C. DVHA & the Blueprint will look at specialty areas for Chronic Pain, Hepatitis C and the ACE initiative (Adverse Childhood Events).

The VHCIP Disability and Long Term Service and Supports

This work group will host a panel at its November 21st meeting to discuss the relationships between ACOs and affiliate providers/organizations.

ACO Contract Amendments

VHCIP staff have begun content-based meetings and discussions on accountable care organization contractual amendments for the second performance year.

116 STATE STREET
MONTPELIER, VERMONT 05620



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

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: November 7, 2014

Secretary's Top Issues

Quarantine imposed due to suspect tuberculosis result

Animal Health Section issued a quarantine to a dairy farm in the Hyde Park area as a result of a suspect tuberculosis result for one cow. Assistant State veterinarian is completing the following up testing this week. The farm sells raw milk and in addition to Grade A pasteurized. The raw milk sales are not allowed during this quarantine.

Interstate-89 check-point

Animal Health Field Staff worked with DMV enforcement at a check point along I-91 to monitor livestock trailers for proper paperwork and dealer or transporters licenses if required. The I-91 corridor catches livestock traffic coming up to VT from livestock auction markets in MA.

Learning about domesticated animals and Ebola

State Veterinarian, Kristin Haas, participated in a conference call this week to receive information from the State of Texas regarding the Ebola case that they experienced. Information shared by them specific to management of the dog owned by the exposed nurse there will aid Vermont's preparedness efforts on the same.

Raw Milk listening session

State Veterinarian, Kristin Haas, along with Dairy Section Chief Dan Scruton and Deputy Secretary Bothfeld, participated in a listening session this week for Rural Vermont Board members and Tier 2 raw milk producers. The meeting was held as follow up to a decision issued by the Secretary in response to a petition issued by Rural Vermont requesting the Agency rescind a compliance policy.

116 STATE STREET
MONTPELIER, VERMONT 05620



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

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: November 7, 2014

Status of Governor's Priorities:

Press

Assistant State Veterinarian and Local Foods Coordinator work with Agency communication staff to prepare talking points for Secretary Ross for an upcoming VPR interview regarding Food Safety Modernization Act supplemental rules.

Significant Events/Meetings:

- Animal Health Section worked to compile quarterly figures for the Performance Based Budgeting Initiative – the section will report on the number of licenses/registrations overseen by the section, number of inspections, and number of enforcement actions taken. The USA Herds database is essential for the efficient compilation of these figures – inspectors will need to update USDA Herds regarding their completed inspections.
- Assistant State Veterinarian worked with the Executive Director of the Vermont Veterinary Medical Association to survey Vermont veterinarians regarding willingness to see swine and training in animal welfare investigations. Periodically, the section receives requests from external stakeholders regarding veterinarians who work with humane agents on animal welfare investigations. The list of swine veterinarians is needed for upcoming swine-focused VAAFm-initiatives in conjunction with NOFA and UVM Extension. The swine veterinarian list is separated out by activity: swine only, pot-bellied pigs only, or both.
- Assistant State Veterinarian met with UVM Extension and NOFA representatives to plan for the formation of a Vermont Swine Task Force and worked on outreach to potential members. The members ideally will consist of a mix of swine production types, one to two veterinarians, and possibly a slaughter/processing representative. The first meeting will hopefully be sometime in mid-December. The travel costs of participants will be covered by the USDA Swine cooperative agreement.
- Animal Health Field Staff worked with DMV enforcement at a check point along I-91 to monitor livestock trailers for proper paperwork and dealer or transporters licenses if required. The I-91 corridor catches livestock traffic coming up to VT from livestock auction markets in MA.
- Meat inspection is contemplating applying for an interstate shipment cooperative agreement with USDA FSIS. This would allow state plants to ship product across state lines.
- Meat Inspection correlated with the ARMs division concerning the burning of waste products from cattle slaughter and did not allow the activity due to air quality concerns
- Two Food Safety Specialists new hires are attending Federal Livestock training in Indianapolis and will be attending Poultry slaughter training in Mississippi the week of Nov.17. Inspection Methods training will be in Texas in Jan. of 2015. After completing the trainings the Specialists will be able to provide cross-utilization inspections for the federal government under the VT Cross- Utilization contract.

- Meat Inspection representatives participated in a meeting with representatives from the Attorney General's office and other representatives of the Agriculture Food Safety and Consumer Protection Division concerning legal issues and the Vermont Origin Consumer Fraud rules
- Spoke with an individual from Craftsbury interested in moving a custom poultry slaughter operation from the parents farm that is for sale to adjoining property. Individual will build a new building and transfer equipment from the old facility in order to continue offering the custom slaughter services to individuals in VT. The custom slaughter product is intended for the use of the individual, their non-paying guests and employees and is not intended for sale to the public

Evolving Issues:

- State Veterinarians worked with Vermont Emergency Management and the VT Department of Health on an Ebola response plan for dogs. State veterinarians also provided feedback to VDH on a fact sheet for Ebola and pets.
- Animal Health Section provided Secretary Ross a Final Order for a non-compliant cervid producer. A hearing will be scheduled to determine the final amount for the count on continued non-compliance. The Section is also working to schedule a pre-hearing conference a hearing for another non-compliant cervid producer.
- Assistant State Veterinarian spoke with a swine producer concerned with recent losses in his herd – three older pigs have died with minimal clinical signs in the past few weeks. It was recommended that the producer consult with his veterinarian to gather a complete history and differential diagnoses and determine necessary testing. Swine enteric coronaviruses seem unlikely due to the lack of diarrhea and age of the pigs. The producer was provided with a list of veterinarians in his area who see swine.
- Animal Health Section issued a quarantine to a dairy farm in the Hyde Park area as a result of a suspect tuberculosis result for one cow. Assistant State veterinarian is completing the following up testing this week. The farm sells raw milk and in addition to Grade A pasteurized. The raw milk sales are not allowed during this quarantine.
- Animal Health Field Staff are working with the Addison County Commission Sale and a local veterinarian to provide freemartin training to Commission Sale staff.
- State Veterinarian, Kristin Haas, participated in a conference call this week to receive information from the State of Texas regarding the Ebola case that they experienced. Information shared by them specific to management of the dog owned by the exposed nurse there will aid Vermont's preparedness efforts on the same.
- State Veterinarian, Kristin Haas, along with Dairy Section Chief Dan Scruton and Deputy Secretary Bothfeld, participated in a listening session this week for Rural Vermont Board members and Tier 2 raw milk producers. The meeting was held as follow up to a decision issued by the Secretary in response to a petition issued by Rural Vermont requesting the Agency rescind a compliance policy.
- The Food Safety and Consumer Protection management team met this week with Naomi Sheffield, AAG responsible for issues surrounding the Vermont Origin rule and for Consumer Protection work. The meeting was held to discuss areas of overlapping jurisdiction and to establish standard operating procedures for information flow between the two agencies.
- Kristin Haas, Division Director, initiated conversations this week with Catherine Gjessing, legal counsel with F&W to discuss the possibility of making statutory changes during the upcoming legislative session that would result in F&W having sole jurisdiction over domestic fur bearing animals in VT. More internal discussion is needed, as well as discussion with the 5th floor before proceeding.

Summary of Key agency Department Activity

Administration:

Land Use:

Agricultural Enterprises

The Agency hosted two meetings with key players in the last two weeks to discuss options for addressing the need for clarity, consistency and ways to support "agricultural enterprises" while addressing potential impacts. Agricultural enterprise are land uses that include agritourism (bringing people onto the farm for various types of experiences including educational experiences), on-farm events (weddings, music, theater), and processing of products not grown

on the farm in on-farm facilities. We also discussed how to enable the profitability of farms so that farmland can remain open and available for agriculture. The first subcommittee discussed regulatory issues and the other discussed the vast field of technical service providers, education opportunities, and tried to identify gaps. Some of the highlights include:

- A desire for consistency of definitions of key terms such as “farm,” “the farm,” “agritourism,” and “agricultural enterprise.”
- A tiered regulatory approach to on-farm diversified operations and how to best address impacts— Parking, lighting, traffic, scale, the intensity of the use and the location of the property while also providing certainty and consistency statewide.
- Educational tools that provide clarity around existing planning and regulatory processes, such as flow charts and decision trees to help regulators, farmers, and technical service providers.
- Identification of audiences that need training on accepted agricultural practices, and other regulatory roles.
- There was recognition of the different regional economic development entities that might have different priorities around the training and assistance to the agricultural industry, (RDC, SBDC, RPCs).

For more information about the AAFM and DHCD initiative, please visit:

http://agriculture.vermont.gov/protecting_lands_waters/land_use/agricultural_enterprises.

Ag Development:

VAAFM Ag Dev Local Foods Team helps facilitate in-depth Farm to School systems mapping project at Shelburne Farms

- Over 40 stakeholders in Farm to School (FTS) network took part in shaping the systems map. Ag Sec. Ross and Dpt. Sec. LaClair joined in efforts, showing strong support for the value of FTS.
- VAAFM was joined by Department of Health and Agency of Education in process, further strengthening their joint efforts in supporting FTS as a key way to make significant community impact in health, while opening new markets for farmers.
- 12 key levers of change were identified through the process, distilled from over 180 data points, offering a gateway to key strategies in getting Farm to School to the next level.
- 5 major strategies were developed, based on the leverage points, which incorporated statewide efforts. Ellen Kahler of F2P was in attendance, bringing FTS goals into the context of F2P.

VAAFM Ag Dev Local Foods Team Prepares for Agricultural Literacy Week

- VAAFM will provide support to NOFA-VT, in their efforts to celebrate the third annual Agricultural Literacy Week: November 17-22. Planning is underway for Ag Secretary’s activities and comments on the importance of ag literacy.
- VAAFM will work with statewide stakeholders, to support and engage in activities for the week. The Local Foods Team will attend as many events as possible that week.

VAAFM Ag Dev Local Foods Team Attends First Northeast Kingdom Farm to School Conference

- VAAFM staff joined food service directors and staff, farm to school coordinators, teachers, and other state departments and agencies (Health and ANR) at Sterling College for the first NEK Farm to School Conference, organized by Green Mountain Farm to School.
- Farm to School coordinator discussed possibilities of coordinating efforts with ANR, through Act 148 goals.
- VAAFM learned about opportunities to connect goals of ending hunger, increased nutrition, STEM learning and agriculture, especially in the NEK, where food insecurity is high.

VAAFM Ag Dev Local Foods Team Receives over \$140,000 in Farm to School Grant Requests

- VAAFM received 22 Vermont Farm to School Grant Program applications, totaling over \$140,000 in requests. VAAFM will award \$49,000 in planning and implementation grants to schools and Districts in December.
- Local Foods Team formed a team for grant review, made up of diverse FTS stakeholders. The wide impact of Farm to School requires that the review team be made up of as many aspects of FTS as possible, including school nutrition, food security, agriculture, education, community development, research, distribution and aggregation.

- 2015 FTS grant recipients will be announced at Farm to School Awareness Day at the Statehouse on January 29.

Planning FDA attendance in VT at Produce Safety Listening Session on November 16-17

- FDA officials are participating in the Food Safety Modernization Act (FSMA) listening session on November 17 at Vermont Law School (VLS).
- The event is co-sponsored by VAAFM, VLS's Center for Agriculture and Food Systems, and NEASDA. We anticipate over 200 producers, processors, and policy makers from across the Northeast to be in attendance.
- FDA officials arrive in VT on Sunday 11/16 to visit with Mateo Kehler, from Jasper Hill Farm, and other cheese makers, to discuss the implications of FDA rule interpretations on cheese production and curing in Vermont. VAAFM will lead a tour with FDA's Mike Taylor and congressional delegation staff to the VT Food Venture Center and Jasper Hill's processing facility and cheese cave.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- During a routine retail compliance and evaluation inspection sales of on farm processed poultry were being offered for resale from retail markets located in South Hero and Williston that were uninspected and misbranded. Investigation conducted.
- Dr. McNamara and Mike Mitchell met with an individual in Alburgh about the requirements and licensure of pick-up, transportation and the transfer of 4D. i.e. down, dying, disabled and diseased animals to a commercial rendering facility in Utica, New York.
- Met with an individual who was producing frozen entrées containing meat and poultry that were being offered for sale to consumers at a local school and also for pick up at the farmers market in Northfield.
- VT compliance investigator met with and assisted USDA compliance investigator about the sales of beef products that may have contained Specific Risk Materials (SRMs) that were being distributed in commerce to restaurants in New York City.

Animal Health:

- Assistant State Veterinarian and Animal Health Field staff attended the final bird swap and annual meeting of the Vermont Bird Fanciers Association. At the meeting, staff reviewed budgets constraints that will limit the time that field staff will be at swaps for the next swap season. Staff and the VBFA worked together to formulate a plan that will still allow the required testing to occur while reduces the number of hours for Agency staff. The swaps occur on the weekend, requiring overtime or time-and-a-half.

Animal Health Field Staff

- Met with a cervid producer in the Irasburg area to discuss the current count of elk and plans to ID and inventory moving forward. Farm may consider depopulating.
- Completed an inspection of a pet merchant in Chittenden County and arranged to inspect a newly registered pet rescue organization.
- Following up with a livestock transporter moving calves to Swanton to ensure compliance with the Animal Disease Traceability rule.
- Initiated a tissue residue investigation in Orleans County.
- Received an animal welfare concern report for an animal shelter in Rutland Country and is scheduling an inspection. The shelter was last inspected in early 2013 with no issues.

Food Safety:

- Assistant State Veterinarian participated in interviews for the new Produce Safety Position that will be housed in the Agricultural Development Division. The position will help VAAFM prepare for implementation of the Food Safety Modernization Act and serve as an Agency liaison with external food safety stakeholders. The team interviewed 6 great candidates and will be extending second round interview offers this week.
- Assistant State Veterinarian met with Local Foods Coordinator to plan for the November 17th FSMA listening session and to organize a tour of select Vermont food businesses the day before the session.

Agricultural Resource Management:

Small Farm Operations

ARMs staff attended a water quality communications meeting at the Conant Farm in Richmond. Other attendees included UVM Extension, representatives of the conservation districts, the Champlain Valley Farmer Coalition, The Farmers Watershed Alliance, The Friends of Northern Lake Champlain, The Franklin Watershed Group, among others. This was a media education event.

John Roberts completed more farm surveys on small farms in the Fairfax region of Franklin County.

Water Quality Enforcement

- A small backyard livestock operation in Waterbury Center will receive a corrective action letter (CAL) for violations of the AAPs. A heavy use area is sloped towards a stream and is not being managed to prevent the runoff of wastes to surface water. There are also piles of manure on-site that are not meeting the 100 foot setback to property lines and surface water.
- A small dairy farm in Bridport will receive a corrective action letter (CAL) for violations of the AAPs. Manure flowed downhill from an unvegetated heavy use area to a road side ditch. The manure was relatively dry and appeared to be remaining stationary in the ditch but was likely to be transported further down the ditch and to a nearby stream during a rain event.

Pesticide Enforcement

The ARM Division will hold a pre-hearing settlement conference with a Custom Agricultural Pesticide Application Company in an attempt to reach resolution on a Notice of Violation issued to the Company for violations of the Pesticide Regulations. The Company made an application of herbicide to a crop which was not listed on the pesticide product label.

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

- Staff responded to a manure spill in Addison County that occurred by a custom manure applicator. The operator was injecting manure for a MFO and during the shutdown of the dragline system there was a malfunction and a booster pump cap broke resulting in manure being spilled onto the ground. The operator estimated approximately 20,000 gallons of manure was spilled. The manure ran across the field, into a swale, and eventually reached surface water. The operator quickly responded by incorporating the manure in the field to stop runoff into the swale and surface water as best he could. The spill occurred after dark and the applicator called in to the Agency to report the event at approximately 6:30am the next morning. VAAFFM consulted ANR to discuss a potential joint site visit as well as potential clean-up efforts.
- Staff conducted an investigation sent in from ANR based on a complaint they received about earth moving along a small stream in Addison County. The landowner was attempting to reclaim land (i.e. convert it back into meadow/pasture) that was overgrown with small trees, shrubs and other vegetation. It appears that the earth work occurred in a flood plain as well as potentially in a wetland. A summary memo is being prepared and will be forwarded to ANR so that further discussions can occur.
- Staff are continuing to work with the Attorney General's Office in relation to a case involving two MFOs in Orleans County.
- Staff attended a water quality meeting where several farmer groups met to discuss water quality in relation to agriculture in the Lake Champlain Basin.
- Staff attended a cover cropping workshop held at a MFO in Chittenden County.
- Staff are continuing to draft a responsiveness summary related to a public information meeting held for a LFO in Addison County that has requested a permit amendment which would allow the farm to construct additional animal housing and increase their herd size.
- Staff are drafting inspection reports and memos for complaint investigations, enforcement actions and ongoing inspections.
- Staff are working with ARM Division engineering staff to assist with development and implementation of BMPs on several MFOs and LFOs.
- Staff have been processing grants and payments from farms for winter cover cropping and manure injection through the Farm Agronomic Practices (FAP) Program.

- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation. Secretary Ross recently signed a LFO permit for a MFO that is increasing herd size which required the farm to apply for a LFO permit.
- Staff are continuing to work on the water quality section of the new water quality database.
- Staff participated in reviewing and ranking responses to the RFP for a grants management database. Two finalists were selected as an outcome of the ranking and review process.

Conservation Reserve Enhancement Program (CREP):

- Staff meet with NRCS and USFWS Partner's Staff to strategize outreach to landowners with CREP contracts where an invasive plant was mistakenly planted. Hand delivery of letters from the USDA explaining their CREP contract is "not in compliance" will be accompanied by an explanation that they are not at fault, nor liable for the costs to eradicate the plant/re-plant if necessary. They will need to grant permission to proceed, however.
- Staff attended a UVM cover crop field day at MFO in Chittenden County.
- Staff met with a MFO in Franklin County to inspect damage to CREP buffers as a result of tile installation. They discussed work needed in spring to re-establish the buffer and sampled some tile effluent with a NRCS Phosphate Kit. They also discussed/gauged interest in signing up for NRCS's new practice to reduce phosphorus levels in tile effluent.

Secretary's Comments:

Meetings:

- Presented the VAAFV FY16 Budget to the Agency of Administration
- Attended a water quality event at Conant Farm in Richmond, VT. This event was sponsored by Watersheds United of Vermont and the Champlain Valley Farmer Coalition.
- Attended the St. Albans Cooperative Dairy's board meeting to meet with board members and share concerns about water quality issues.
- Attended the Vermont Sustainable Job Fund's board meeting
- Gave welcome remarks and participated in the New England Dairy Promotion Board meeting in Jay, VT.
- Participated in an interview/discussion with the Coalition for Green Capital to examine the role of agriculture in reaching the ambitious statewide goal of using 90% renewable energy by 2050.
- Met with representatives of the Sierra Club to discuss opportunities for collaboration and partnership around Vermont's water quality challenges.

Upcoming Issues and Events: Preparing for a November 13th interview on Vermont Public Radio's "VT Edition". The interview will focus on new FSMA rules and the implications for Vermont food system community.

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

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

www.anr.state.vt.us



Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: November 7, 2014
Subject: ANR Weekly Report

Governor Level Issues:

Thanks: The whole ANR leadership team thanks you for your hard work on the campaign. We are proud to be a part of your team and look forward to continuing to move forward on our environmental mission over the next term.

Vermont Parks Forever: Thanks for joining us for the launching event for VPF at the Flynn on Saturday night. You set a perfect tone for the evening. 877 people attended and we raised over a hundred thousand dollars. It was a great opportunity to announce the new state park at Muckross. We will be working with the Kunin family to get the paperwork completed for the transfer to the state, with the hopes that it occur before the New Year.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Gillett Pond: Staff met with Representatives Anne O'Brien and Rebecca Ellis, along with a group called Friends of Gillett Pond, about a permit application recently filed by the Girl Scouts of America to remove the deteriorating dam on Gillett Pond. The group is opposed to removal of the dam and instead wants to purchase or lease the dam from the Girl Scouts and repair it. They would also like to turn the dam and the pond over to the state to manage once the repairs are complete. We explained the permitting process to them and encouraged the group to work with the Girl Scouts to find an amicable solution. We discouraged them from assuming that the state had the resources to take over and manage the pond and dam.

Press Issues/Releases:

Underground Injection Control Regulations: We issued a press release announcing that updated regulations for activities requiring an Underground Injection Control permit are now in effect. These regulations reflect a significant improvement over the previous version of the rules which had not been updated for over 30 years. The updates clarify the rules, create tiers of regulation tied to levels of risk, and meet the state's obligation to protect groundwater as a public trust resource.

Announcement of Draft 401 for Waterbury Dam: On Wednesday we issued the draft 401 for public comment for the Waterbury Dam. We took into account the comments we received at the public meeting we held in Waterbury last week and believe that the permit meets the local interest for recreation and concerns about flood control. GMP has already indicated that it does not intend to challenge the permit.

F&W Releases: Popular WMA Sees Broad Expansion: A central VT WMA popular with birders and waterfowl hunters has nearly doubled in size, thanks to a donation of land by VELCO. The Pomainville WMA in Pittsford, VT, has added two sections of land that will increase the total area from 360 acres to 572 acres. **CWD Discovered in Ohio Deer:** Hunters reminded of VT rules on importing deer and elk/ The Ohio Department of Agriculture and the Ohio Department of Natural Resources confirmed on October 23 the first positive case of Chronic Wasting Disease (CWD) in the state in a captive deer herd in Holmes County. **Alive and Well:** Recently, two of Vermont's most endangered plants were rediscovered. An extensive colony of the state threatened flowering dogwood (*Cornus florida*) was found this summer in a remote area of state land. Last observed in Vermont in 2004, all wild flowering dogwoods were thought to have succumbed to a deadly fungus. The great news is that these newly discovered dogwoods are flowering and reproducing, and they appear to be isolated enough to have avoided exposure to the fungus. **VT's Rifle Deer Season Starts Nov. 15; VT Moose Hunters Had a Successful Season**

Significant Events/Meetings:

Meeting with USDA Rural Development: David Mears met with Ted Brady of Rural Development and EPA Region One officials to discuss strategies for obtaining a greater share of funding from USDA for sewage treatment system upgrades in rural communities in the Lake Champlain basin. We learned that Vermont has not fully utilized available funding in the past. We developed several potential ideas for correcting this issue and will be following up with Rural Development over the coming weeks and will also bring Senator Leahy's office into this conversation.

UVM Study on Vermonters' Willingness to Pay for Clean Water in Lake Champlain: David Mears met with UVM Professor Chris Koliba who is planning to release the results of a recent study about Vermonters' willingness to pay for addressing pollution into Lake Champlain.

The results are interesting. The executive summary version is that the study shows that a significant majority of Vermonters believe that restoring Lake Champlain is important. A smaller number of people surveyed, but well over 50%, are willing to pay some amount to achieve that goal. Professor Koliba is willing to brief state cabinet-level officials and the Governor's staff so we will arrange for that opportunity in the coming weeks.

Entergy Vermont Yankee Negotiations: David joined with Chris Recchia in a conference call with Entergy executives to explore possible resolution of several outstanding issues regarding payments related to decommissioning the Vermont Yankee facility. Those issues include the question of whether Entergy can draw upon the Nuclear Decommissioning Trust Fund for spent fuel removal and storage costs, Entergy's obligation to pay for continuing emergency response, and a mechanism for Entergy's payment of the state's environmental and public health regulatory oversight costs. Entergy agreed to provide a draft written agreement during the week of Nov 3.

Joint DEC, AAFM, and Attorney General's Office Training re. Agricultural Water Pollution Enforcement: Following up on a commitment the two agencies made to Attorney General Sorrell, DEC investigation and stormwater regulation staff met with staff from AAFM and attorneys from the AG's office to do a joint training regarding water quality enforcement strategies and methods on farms. Staff were trained on how to investigate and document agricultural violations. Also discussed was how best to coordinate our response to alleged agricultural complaints. This training will address some issues that have arisen among the three agencies over the past several years regarding the correct response to farm pollution. We will conduct these staff trainings twice yearly going forward.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

PSD Net Metering Workshop: OPLA represented the Agency at the PSB's first workshop on the redesign of the state's net metering program Wed. OPLA will provide written comments as a follow up to the meeting and continue to engage in the process as it unfolds over the next year.

Interagency Coordination: OPLA represented the Agency at the monthly meeting of staff from ANR, PSD, VAAF, BGS and ACCD focused on projects and policies at the intersection of energy, agriculture or public lands. The group continued discussions of net metered and utility scale solar deployment at state correctional facilities, farm methane digester grant and research opportunities, solar siting guidelines and the calculation of avoided costs associated with farm methane generation as considered under the standard offer.

NRB Annual Meeting: OPLA staff and land use attorney with represent the Agency and the NRB's annual meeting Fri. The meeting brings together board members, district commissioners

and coordinators to discuss procedural and policy issues. OPLA will co-present a panel on the recently amended Act 250 crit. 9L and will present a separate panel on emerging ANR issues.

Vince Illuzzi Solar Project: Encore Redevelopment, representing Vince Illuzzi, requested from the PSB a 6 month extension to construct a 150kw group net metered solar generation facility on land owned by Illuzzi in Berlin. The PSB granted the project a CPG in October 2013 with the requirement the facility be constructed within one year. At the time the CPG was granted Encore had not applied for nor obtained a state wetlands permit, so the CPG was also conditioned on the project obtaining a state wetlands permit. The proposed site is largely a class II wetland and DEC wetlands program staff worked through many iterations of site plans with Encore until a final layout and mitigation proposal was agreed to in Aug 2014, at which time Encore filed their state wetlands permit. The wetlands permit is close to going out for final notice, but it is unlikely Encore will make the 2014 construction season, hence the extension request.

SunCommon Wetlands Meeting: OPLA will join DEC wetland staff and attorney at a meeting with SunCommon staff and council Friday. The purpose of the meeting is the discuss wetlands permitting – specifically the impact avoidance and minimization measures required by the state wetland rules - and general siting considerations for solar generation.

New Applications: Week of Nov 3, OPLA received 5 new Act 250 applications and 2 new Section 248 applications.

Environmental Conservation

Meeting with VDH regarding future approach to harmful algal blooms: Drinking Water & Groundwater Protection Division staff met to discuss potential revisions to the current department practice regarding actions public water systems are to take in response to observed algal blooms. We will make two important changes: voluntary routine weekly monitoring from June through August (currently monitoring is only triggered when a threatening algal bloom is observed); and a lower (more stringent) threshold for triggering an advisory to the users of an affected public water system. Public notice aspects of the practice will be streamlined to provide a more immediate notification based on the monitoring results.

Loan Awards to Bellows Falls Village Corporation: Two loans were awarded to Bellows Falls Village Corporation. A Clean Water State Revolving Fund loan for \$14,500 to fund preliminary engineering services for the wastewater treatment facility upgrade and a Drinking Water State Revolving Fund loan for \$3,872,857 to fund improvements to its municipal water supply facilities.

Draft Emergency Debris Management Plan: Waste Management and Prevention staff have been working with DEMHS for several years to develop a plan for the management of debris generated by emergencies, such as floods. This plan, once adopted, would be an annex to the State Emergency Operations Plan. The draft plan is now ready for internal state review and has been sent to other involved agencies for their comment.

Addison Manure Spill: A substantial accidental manure spill occurred in the town of Addison on Oct 30 due to a burst drag line hose. Approximately 5,000 to 6,000 gallons of liquid manure discharged into a ravine and wetland area. The manure spreading contractor immediately contacted AAFM. We are working together with AAFM to respond and determine next steps.

Fish & Wildlife

Threatened and Endangered: A proposed amended threatened and endangered species rule was filed with ICAR on Oct 31. The rule lists several plants and 3 species of bumblebees, and was drafted in coordination with VTrans, AAFM and VDH. The public process associated with this rule will begin in November or December depending on the ICAR schedule.

Support for Long-Eared Bat as Endangered: Staff provided a list of bulleted arguments in support of the USFWS's proposal to list the northern long-eared bat as Endangered based on the best available science. This is being opposed by Midwestern states who have written a letter to downgrade the listing to Threatened with a 4(d) rule to exempt all normal forest management practices and other land management activities.

The Economics of Conservation: The workshop was held on Thurs, Oct 30. This was a cooperative effort between the FWD, the UVM Gund Institute, and the Agency and was designed primarily as a workshop for Agency staff. The goal was to develop key messages based on the most current literature and science around the economic benefits of conservation actions. The plenary was video-taped and a report from the Gund Institute is forthcoming. Both will be available to those who are interested in learning more.

Forest, Parks and Recreation

State Parks Seasonal Transitions: Parks field managers have now closed out all operations for the season except the Seyon Lodge and the Stone Hut. Maintenance staff are busy working on a variety of small fall construction projects with progress being made on larger efforts at Bomoseen, Alburgh Dunes, and Ascutney.

Winter Lodging Lottery: The annual lottery for reservations at the Stone Hut on Mount Mansfield will be completed this week.

Backcountry Forum: FPR will be taking an active role in the Vermont Backcountry Alliance Forum this week. The new organization is an offshoot of the Catamount Trail Association, with a purpose of enhancing opportunities for backcountry skiing and riding across the state on public and private lands.

LWCF Requests: Over \$2 million of preliminary requests from municipalities has been received for the current round of Land and Water Conservation Fund grant consideration.

Although there is only \$700,000 available, this attests to the significant demand and interest in outdoor recreation across Vermont.

Camel's Hump Road Work: The FEMA-funded repairs to the Honey Hollow South Road, in the Town of Bolton on Camel's Hump State Park, have been completed. Project scope included replacing 13 metal culverts (damaged in the July 2013 storm event) with larger diameter plastic culverts. The repairs also included reinforcing culvert inlets and outlets with Class II angular stone. Walker Construction from Stowe was the contractor. Bill Baron, Forestry District Manager, took the lead along with Jay Nerenberg, Stewardship Forester.

Wildfire Response: The 2 FPR Fire Response vehicles are completed. FPR received a grant through the Department of Public Safety, Division of Homeland Security and Emergency Management to obtain 2 Fire Response/Command trucks that are equipped for response to requests for assistance on wildland fires and other "All Hazards" type incidents that would involve State Forestry, such as a large wind event, invasive insect outbreak, or other natural disaster. The trucks are fully equipped with wildland fire equipment, GIS mapping and communications equipment.

Glade Training: Ed O'Leary, Forestry District Manager, and Dan Singleton, Washington County Forester, attended a site visit coordinated by Jessica Savage, Recreation Coordinator, to the Bolton Nordic Ski Center to learn how it has been managing its glades. This has been an ongoing issue in all Districts as we face growing interest in backcountry skiing. Nate McKeen, Forestry District Manager, serves on an advisory group for the Forestry Division.

Boat Beams: Ray Toolan, Lamoille County Forester, has been facilitating the acquisition of some large spruce trees to be used for beams to repair the Schooner Lois McClure, the replica of a Lake Champlain sailing canal boat.

Flood Resiliency: Stewardship Forester Tim Morton worked with DEC Stream Alteration Engineer Todd Menees and F&W Fisheries Biologist Rich Kern to refine project plans for replacement of a troublesome in-stream culvert with a tentative \$200,000 estimate.. Tim will meet with the consulting engineer to discuss a less costly design.



Privileged and Confidential

MEMORANDUM

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

From: Darren Springer, Deputy Commissioner on behalf of Chris Recchia, Commissioner

Date: November 7, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

Burlington Telecom (Docket 7044): The Board issued its final order approving the sale of BT to BlueWater/Trey Pecor, and “resolving” the outstanding CPG violations related to the unauthorized use of \$16.9 million in taxpayer funds toward BT operations. The Board declined to approve (or disapprove) the assurance of discontinuance filed jointly by BT and the Department. It did side with the Department in requiring Blue Water to seek § 107 approval for acquiring a controlling interest in BT. The order also modified Condition 17 to drop the requirement that the BT system be built out to the entire city.

PSD/Don Rendall meeting: Chris, Darren, Louise Porter, TJ Poor, and Tim Duggan met with incoming Vermont Gas CEO Don Rendall for a frank discussion of challenges relating to pipeline project, and opportunities to work toward better results. Discussion included a focus on clearer communications from the company, opportunities to enhance value through additional customer services, landowner issues, and the Department’s proposal on biogas.

Meetings this Week:

Nov 3 –Darren, Asa discuss legislative initiatives at ANR senior staff meeting; Darren and Asa meet with David Hallquist and Liz Gamache, VEC
Nov 4 – PSD/GMP meeting to discuss net metering tariff; Chris, Darren and Asa meet with Paul Burns, Ben Walsh/VPIRG and George Twigg/EVT
Nov 5 – Chris/Ed McNamara conf call with Northeast Utilities; Darren meeting with Chad Farrell, Encore Redevelopment; Darren meeting with Andrea Cohen and Dan Barlow, VBSR
Nov 6 – Chris/Ed McNamara in Boston at NEPOOL/NECPUC/ISO-NE meetings; Darren meeting with Tony Klein and Tim Ashe together
Nov 7 - Darren and Asa meet with Neale Lunderville, Tom Buckley, Ken Nolan at BED

Meetings next Week:

Nov 10 – Chris meets with AG and Amy Shollenberger, attends Cabinet Meeting; Darren guest lecture at VLS; Darren participates in REV legislative policy committee meeting; Darren and Asa meet with Ellen Burt, Stowe Electric
Nov 12 – Chris and Darren meet with Enel; Chris and Ed McNamara meet with VELCO; Darren and Asa meet with Bill Driscoll, AIV
Nov 13 – Chris attends Governor’s meeting with Melanie Peyser et al re: ANGP; Chris BTM meeting with Tim Ashe; Chris meeting with Mary Powell at GMP; Chris (by phone) and Darren 5th floor meeting on NE Clean Power Link;
Nov 14 – Chris biomass/state colleges meeting

Media: Chris speaks with Kevin Kelley of 7DVT for story on solar energy

Everything Else:

PERD

Total Energy Study

- Staff have nearly completed a revised draft of the TES final report. Plan is to circulate that draft within PSD by November 10, then to Climate Cabinet and staff (plus 5th floor) by the 20th, and target an early-December release.
- Staff met with representatives of VNRC, VPIRG, and VCV to discuss the TES, result framing, and timelines.

Net Metering

Net Metering Activity 10/18/14 – 10/24/14

	Registrations*	Applications	CPGs Granted
Count	39	1	24

kWAC	242.380	150.00	432.807
Ave Size kW	6.2149	150.00	18.034

Cumulative Capacity of Registrations and Applications Submitted

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
10940.95	17851.77	56382.59	~ 37.59%

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

Engineering

Vermont Yankee Operation

VY continues to operate on a planned power coast down for the remainder of its last power generation cycle. The plant has generated power continuously throughout the reporting period, operating at 88.8% power at the start of the period and 87.2% power at the end of the period. Excluding the gradual power drop associated with the coast down, there were no additional planned or unplanned power reductions during the reporting period. VY has conducted planned maintenance and surveillance activities during this period. A test of all off-site sirens within the VY Emergency Planning Zone was conducted on Saturday. Additionally, VY has completed the Spent Fuel Pool fuel assembly moves (i.e. assembly rearrangements) required for SAFSTOR during the reporting period. In all, roughly 1000 fuel moves have been carried out in 2014 in preparation for VY's permanent defuel in January 2015. VY has operated continuously for 579 days.

Entergy Requests Status Hearing in CPG Proceedings for Second VY ISFSI Pad

On October 29, a prehearing conference was held as part of the Certificate of Public Good (CPG) proceedings regarding the construction of a second Independent Spent Fuel Storage Installation (ISFSI) pad at the VY site. While the prehearing was expected to set the schedule for the proceeding, Entergy requested that no schedule be set at this time. Instead, Entergy requested that a "late winter or early spring" 2015 Status Conference be scheduled at a later date. Entergy made this request because ongoing engineering studies (related to additional soil sampling at the proposed ISFSI pad site) have the potential to alter the design described in the ISFSI pad proposal. No party objected, and the Public Service Board adopted Entergy's request.

Second NDCAP Meeting Held

The second meeting of the Vermont Nuclear Decommissioning Citizens Advisory Panel (NDCAP) was held Thursday evening, October 30 at Vernon Elementary School in Vernon, VT. The major discussion topics for the meeting focused on the Panel establishing a detailed charter (for conducting its business, garnering public opinion and reaching consensus at meetings) and an

Entergy presentation on the recently-published VY Site Assessment Survey. The latter topic included initial Panel and Public questions on the Survey and the establishment of the Panel's schedule for providing comments on the draft Post-Shutdown Decommissioning Activities Report (PSDAR) draft included in the Site Assessment Survey. (Under the VY License Renewal Settlement Agreement, the State, including the Panel, has 60 days following the issuance Survey to comment on the PSDAR draft. Comments from this period will be included in Entergy's submittal of the PDSAR to the NRC.) The Panel agreed to discuss and provide comments on the PSDAR at its November 20 meeting. Approximately 40 members of the public attended the meeting. Brattleboro Community Television recorded the meeting for public record. The presentations made at the meeting are available on the PSD website, as are links to the BCTV recording and the VY Site Assessment Survey. Draft minutes of the meeting will be available on the PSD website later this week.

PSD Files Reply to NRC Staff & Entergy Answers on Petition to Intervene Request

On October 31, PSD filed a formal reply to the (October 20 filed) Answers received from Entergy and the NRC Staff in response to PSD's Petition to Intervene / NRC Hearing Request regarding the proposed discontinuation of VY's Emergency Response Data System (ERDS) link subsequent to the plant's permanent shutdown. NRC subsequently notified PSD that one of the attachments to PSD's October 31 Reply, Entergy's current Emergency Plan, is not a public document because it contains Sensitive Unclassified Non-Safeguards Information (SUNSI), which is typically not included in documents that the NRC makes available to the general public. The NRC Staff wants to redact the document, send it back to the PSD for review, and have PSD refile the October 31 Reply with the redacted document. This resolution is acceptable to PSD provided that the redactions do not interfere with the PSD filing (NRC Staff has indicated that they should not). The redactions would only pertain to the public document that will be posted to the NRC website. PSD has notified the NRC and Entergy that the document is already subject to Vermont public records disclosure. Entergy's cover letter transmitting the Emergency Plan to the NRC and PSD (Entergy Letter BVY 13-104) makes no indication that SUNSI data is included in the transmittal. Furthermore, the CD included in the transmittal (which contains the Emergency Plan) and a subsequent copy provided to Tony are both labelled as "uncontrolled" CDs. Entergy has always regarded VY E-plans to be publically available information.

Vermont Gas Systems Welding Program

On 11/31/14, the Department Gas Engineer and Gas Pipeline Inspector met with VGS representatives of company management, engineering, quality control and safety code-compliance to review the current status and expectations related to the company's welding program. The Department presented multiple areas of deficiency in the company's welding program and its management of welding production for the Addison project, along with examples of each. All the meeting attendees, including company VP Jim Sinclair, agreed each example illustrated program areas which require prompt remediation. Mr. Sinclair committed to the company development and submission of a corrective action plan, for the Department's review in two weeks, with action(s) immediately following. A meeting for the presentation of this plan and schedule is expected to occur on 11/13/14.

Regional Planning

Elective Transmission Upgrades

- NESCOE and states had a call to discuss ISO-NE's proposed changes to the Elective Transmission Upgrade (merchant generation) interconnection process. Merchant transmission projects would have to choose to be studied either as a capacity interconnection (which would have a contract with delivery requirements and would receive a Capacity Supply Obligation) or energy only interconnection (which would not be backed by a contract and power flows would depend on energy prices in the New England market).
- ISO-NE is proposing to treat ETUs connecting to other control areas as having no tie benefits (which assumes that there is transfer capability from one region into New England during emergencies) in calculating the Installed Capacity Requirement. This proposal is inconsistent with ISO-NE's existing approach in which ISO-NE assumes that during peak periods, some resources will be available from neighboring control areas and can be delivered over the external interface, thereby reducing the Installed Capacity Requirement.

Installed Capacity Requirement

- On a November 5 call, states agreed in concept to a proposal that would reduce the load forecast by the amount of distributed generation forecasted. NESCOE staff will be preparing draft market rule changes to implement the proposal, with the expectation of making a presentation at the NEPOOL Reliability Committee in November, for a full NEPOOL Participant's Committee vote in January.
- On November 4, ISO-NE filed its proposed Installed Capacity Requirement values with FERC. Comments on the filing are due in 30 days. DPS will submit a filing that recommends FERC direct ISO-NE to incorporate the distributed generation forecast into the ICR calculation.
- Also on November 4, ISO-NE made an information filing with FERC of the resources that are qualified for the February Forward Capacity Auction. Comments are due in 14 days. DPS will submit a filing regarding ISO-NE's disqualification of some of VEIC's new energy efficiency resources.

Public Advocacy

Kingdom Community Wind – Docket 7628 – Pursuant to the PSB's Order of 10/16/14, the Department is preparing a contract with its acoustic consultant (Acentech) for continuous monitoring at the Lowell wind project. The PSB ruled that the cost of this monitoring will be borne by GMP's shareholder. While the base estimate cited by the PSB is \$109,000, this figure omits certain items that will be needed or very desirable, and includes no contingency. For purposes of a contract maximum PSD staff and our consultant believe that \$130,000 is appropriate; payments are made and billed back on a time and materials basis and it is unlikely that the full \$130,000 would be spent. PSD staff will discuss this with GMP's counsel before finalizing the contract.

VY License Amendment Request – NRC 50-271-LA – The Department filed a reply to NRC Staff and Entergy opposition to its petition seeking intervention in the NRC VY license amendment request proceeding. The Department later refiled the reply after NRC staff raised concerns about sensitive information present in a Department attachment. A prehearing conference will be held on November 6, and oral argument on the question of whether the Department is entitled to a hearing on its contention contained in the petition will be scheduled likely for mid-December.

Rule 4.100 Annual Rate Setting Investigation – Docket No. 8010 – A technical hearing was held on October 30, with a number of parties participating. While there was a fair amount of discussion on different components and assumptions of the Department’s avoided cost rate filing, none of the parties advanced a fundamentally different methodology. Some of the questioning, however, could indicate that a challenge to the Department’s market-based methodology may be made in briefing. There was a significant amount of discussion on whether the Department should have proposed a “time of delivery” rate formula, as “time of delivery” rates are required under PURPA. The Department believes that such a proposal is beyond the scope of the proceeding and will address the matter in briefing. Initial briefs are due on November 17; reply briefs on November 24.

GMP Innovative Services Plan Amendment – Docket No. 8358 – In response to the Board’s final order in Docket Nos. 8190 & 8191, GMP filed a petition to amend its Plan to permit the offering of innovative services similar to the Heat Pump Program on an un-tariffed basis but with Board approval. The proposed amendment was agreed to by the Department. On October 17, 2014, the Board opened this investigation to consider GMP’s request. The Board requested comments on GMP’s proposal and specifically requested that any commenter also state whether a hearing is required in this matter, and if so, what issues would be presented at the hearing. The Department filed comments indicating that it continues to agree to the proposed amendment and that the matter can be resolved on the papers. VEIC and CLF have moved to intervene in the proceeding and their comments indicate that they may want to use this proceeding to initiate a broad discussion about the role of an electric utility, rather than focusing on the narrow plan amendment at issue.

VGS Alternative Regulation Plan – No Docket – The Department filed its assessment of Vermont Gas’s alternative regulation plan on October 31. As a general matter, the Department is inclined to agree to the two-year renewal with some modifications. After the Department’s assessment, the parties have an additional month to make a joint filing proposing next steps. Discussions have already begun to discuss potential plan amendments.

GMP Excess Revenues Proceeding – Docket No. 8341 – GMP and VYNPC filed for an extension of the schedule for one month to allow for mediation between GMP/VYNPC and the non-Vermont utilities regarding the approx. \$8 million in dispute. The Department and NU supported the extension. The Department is not participating directly in the negotiations/mediation, but is in regular contact with GMP regarding the matter.

Comcast/Charter Merger – Docket 8309 – The Board issued a final order approving the proposed Comcast/Charter merger, and the terms of the memorandum of understanding between the Department and Comcast/Charter. The MOU includes a commitment for Comcast/Charter to build out at least 225 miles of line extensions in the state (including at least 20 miles in former Charter territory) through 2020.

SED Rate Case – Docket 8074 – The Department and SED are working toward establishing a timeline for implementation of trackable action items recommended in business process review final report submitted by Lummus Consultants. The parties are required to forward the report with comments for implementation of the recommendations by November 6.

Vermont Nuclear Decommissioning Citizens Advisory Panel – (No Docket) – The panel convened in Vernon on October 30. The agenda included a review of Entergy’s site assessment issued earlier in October, as well as a report on a number the pending VY license amendment requests pending at the NRC. Entergy indicated that it was exploring the possibility of using an anticipated \$150 million corporate credit line to finance a significant portion of the spent nuclear fuel activities, as an alternative to seeking an NRC waiver to use VY decommissioning trust funds alone to cover SNF activities.

VGS Addison Expansion—Docket 7970—Reply briefs were due on October 31 on the Old Stage Road re-route; this is post-CPG process regarding alignment. Vermont Gas filed a reply, but neither of the landowners did. The Department submitted comments clarifying what its aesthetics consultant had recommended in response to a filing by Ms. Lyons that was incorrect. Vermont Gas is considering whether to ask for a bifurcated schedule - necessity, followed by compensation - in the condemnation dockets. They would also ask to be granted equitable possession following a necessity finding, but before damages are assessed. They have prepared a Memorandum of Law, which the Department is reviewing and discussing with them. We are inclined not to support this strategy unless the Company can quantify the damage that will be sustained due to construction delays which will be encountered due to the condemnation process.

VGS Addison Expansion Phase 2—Docket 8180 - The Board denied the motion of the Town of Cornwall to move the technical hearings to February. The hearings are scheduled for the week of January 12. Vermont Gas and the Department supported leaving the hearings as currently scheduled. The Board also granted Solar Haven Farm’s motion to file surrebuttal testimony in response to the Department’s rebuttal testimony.

VGS/Plouffe condemnation (pre-existing utility line)-Docket 7819—Vermont Gas drafted a schedule for this second phase of the docket on necessity. The Department provided comments; the Plouffes did not. The proposed schedule has been submitted to the Hearing Officer for his consideration. It calls for Vermont Gas to file a memorandum on the scope of the proceeding by November 21 and responses from non-petitioners on December 12. Given that the Department does not customarily opine on damages in condemnation matters, the

Department will have a very limited role in this phase of the proceeding.

Community Energy and Efficiency Development (CEED) Fund - Docket 7988- PSD filed a request for revisions of the CEED Fund evaluation plan, due in February 2015. The proposal is to focus the evaluation exclusively on cold climate heat pumps and to use all evaluation funds to do an in-depth impact and process evaluation on that technology. This would be very timely and useful in a number of contexts, including ongoing utility and EEU programs as well as Docket 8311 (*Investigation into the use of electric energy efficiency charge funds to reduce the use of fossil fuels for space heating by supporting electric technologies that may increase electric consumption*). The revision request also contemplates extending the deadline for filing the evaluation until June 30, 2015.

Charter Cable CPG Renewal – Docket 7820 - The Department, Charter and VAN continue to engage in settlement discussions, which are progressing positively towards a MOU.

Nexus Designation as an Eligible Telecommunications Carrier – Docket 7747 – The Board issued an order reactivating the docket and requests a status update from the Petitioner by December 15th.

WEC Section 108 Petition – Docket 8362 – The Board issued an Order on October 30th approving WEC’s petition requesting financing to support its 2014-2017 Construction Work Plan. The Department understands from WEC’s counsel that the company will be filing a motion requesting a correction to the Board’s order, a draft of which will be shared with the Department before being filed with the Board.

Vermont Transco LLC Section 108 Petition – no docket – The Department filed its recommendation on November 3rd recommending approval of the company’s proposal to issue up to \$30 million in units of equity and to enter into a three-year, short-term credit facility.

GMP White River Junction Substation Project – Docket 8322 – The petitioner responded to both the PSD and ANR discovery questions. The PSD is reviewing these responses. Additionally, the petitioner revised its substation equipment exhibit to include a depiction of the lightning rod. The second round of discovery questions is due to GMP by November 17th.

Chelsea Solar 2.0 MW Standard Offer Project in Bennington - Docket 8302 – PSD filed discovery on aesthetic issues, comprising visual, noise and wind impacts. Responses are due 11/15. It remains to be seen how cooperative petitioner will be on providing additional visual simulation and noise and wind monitoring. PSD has a second opportunity to conduct discovery in December.

Residential and Commercial Building Energy Standards PSD Rules (RBES and CBES) – PSD appeared before LCAR on 10/30. There were no concerns expressed about the rules themselves, and the committee was cordial and supportive. As anticipated the committee was concerned about the inclusion of a copyright notice in the rules. Following the meeting, counsel

to the committee sent a letter to the Department for each rule (RBES and CBES) indicating the objection to the copyright. PSD replied on 11/5, explaining our position on why the copyright was needed. This will be taken up at the next LCAR meeting on 11/13, at which PA will appear. It is a foregone conclusion that the objection will be formally lodged and approved by the committee for each rule, but that this will not prevent the rules from going into effect.

Willoughby Water – No Docket – The PSD has received a signed copy of a letter from the owner to the PSB requesting a PSB-approved rate. The PSD has already recommended the PSB approve the rate based on prior consultations with the customers.

Woodstock Aqueduct Company – Tariff 8535 – The petitioner is requesting a 20.3% rate increase and additions to its rules and regulations. The PSD is reviewing the filing and is engaged in informal discovery requests.

Telecommunications

FairPoint Strike – Call centers continue to experience longer than average times to assist customers. As to repairs, it appears that FairPoint continues to have its backlog grow. FairPoint cannot commit at this time as to when it believes that operations will be back to normal.

VTel Projected Coverage – VTel recently provided information about projected wireless coverage to the RUS which was shared with the PSD. This document indicated that VTel committed to serve 64,192 households, including 17,376 in the VTel telephone territory, 44,121 in other parts of VT, and 2,695 in NY. PSD analysis indicates that there are 70,017 business and residential E-911 locations in the VTel ARRA territory, 15,771 of which are in the VTel telephone exchanges, and 54,246 are not. This indicates that there are 10,125 more locations in the VTel territory than VTel has “committed” to serving. This is particularly problematic considering that there are 9042 locations that are currently unserved by fixed wireless providers but projected to be served by projects in process: 8069 of these are in the VTel ARRA service territory.

FairPoint Service Quality Results – In response to an August PSD request, FairPoint provided service quality data for June, July, and August. This data relates specific details on each service outage request, including the location (by exchange), the time to repair, and the root cause. PSD staff reviewed the data for June and determined that the percentage cleared in 24 hours is consistent across exchange types (42% in rural, 47% in suburban, 42% in urban, 44% average). The data do show that there were more service events in rural exchanges: 17 events per 1000 lines in rural exchanges, 10 events per 1000 lines in suburban exchanges, and 5 events per 1000 lines in urban exchanges.

Maps for PSD Website – PSD staff has recommended that the PSD join ANR, VTrans, and Public Safety in adopting an interactive mapping software platform called Geocortex. This will cost approximately \$10k upfront. A decision is needed to proceed with this or seek another solution before the interactive maps can be designed, a process that must be completed before January when the NTIA funding supporting the current broadband mapping site expires.

FairPoint Broadband Data – Stone had previously identified approximately 10,000 locations that have been marked served by FairPoint but that are not on the current FairPoint list of served locations. Approximately 700 of these locations are not served by any other fixed provider. This week VCGI identified when these locations were marked served, and now the PSD will send this data back to FairPoint for review.

CPG Revocations – This month, the Department has received an unprecedented number of CPG revocation requests from telecommunications companies. The likely cause of this exodus of providers from Vermont may have to do with the Finance Division’s efforts to compel gross receipts tax payments. Many of these companies do not have business in Vermont and thus have little interest in maintaining a presence here. Therefore, the gross receipts tax, which is at a minimum of \$500, is an unnecessary expense. Staff believes the revocations will not have a long term impact on gross receipts revenue because many of these companies have not been paying anyway. This week alone, staff received three requests. Staff processed three requests last month.

Northern Enterprises -- Northern Enterprises’ attorney approached the Department about having its CPG revoked. NE is winding down. Unfortunately, NE has never paid gross receipts tax, and has never filed an annual report.

FCC Implementation of Section 6409(A) – as discussed in previous weekly reports, the FCC has released an Order defining elements of a provision of the Middle Class Tax Relief Act (amending the Spectrum Act) which directs municipalities to approve requests to modify an existing facility that does not substantially change the physical dimensions of such tower or base station. The law states:

“Notwithstanding [47 U.S.C. § 332 (c)(7)] or any other provision of law, a state or local government may not deny, and shall approve, any eligible facilities request for modification of an existing wireless tower or base station that does not substantially change the physical dimensions of such tower or base station.”

The FCC chose to define much of the language in this section. Most importantly, the FCC defined “substantial change” For towers outside the public ROW, a substantial change would be any change increasing the height of a tower by more than 10%, or by the height of one additional antenna array that exceeds 20 feet. The FCC also added a limitation on protrusions from the tower structure (not to exceed 20 feet, as well as limitations on the number of cabinets (an industry standard number of cabinets not to exceed 4). The FCC made similar decisions regarding collocation of facilities on buildings and other structures.

The definition of non-substantial change is analogous to Vermont’s 248a “de minimis” definitions, but much less stringent. The language requiring States to approve eligible facilities request calls into question the Board’s authority to deny a de minimis or limited size and scope petition on any of the grounds expressed in section 248a and will certainly impact local zoning decision making.

Wireless Telecommunications Facilities (248a) Report –

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

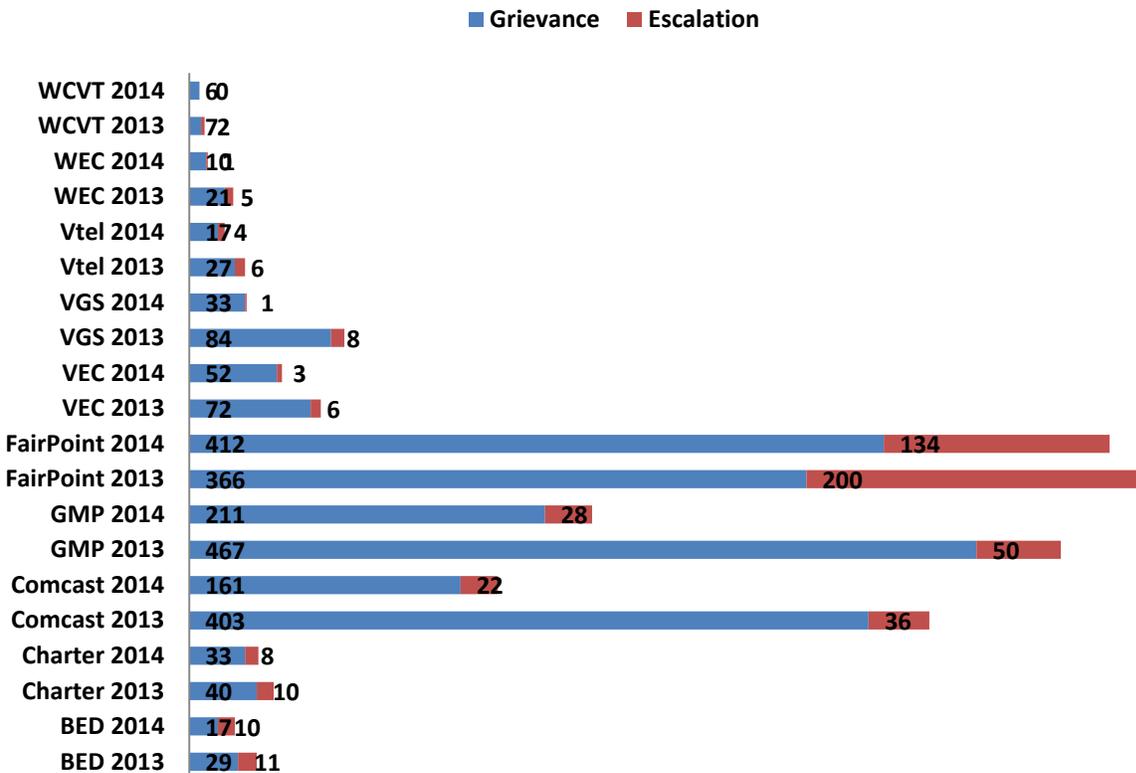
Date	Applicant/Location/Type of Filing	Brief Synopsis and if applicable DPS recommendation to the Public Service Board
11/3/2014	AT&T/Burlington Lakeside Ave/project of limited size and scope	140' smokestack co-location on a large commercial building in a 12-acre paved commercial complex. DPS recommended approval. On 11/3 day DPS received notice of appearance and participation from City of Burlington, but we do not have an indication whether or how the City opposes the project.
11/4/2014	AT&T and Diamond/Morristown Needles Eye Rd/project of limited size and scope	120' monopole. In response to town concerns about the hydrogeological effects of the tower, applicants commissioned a study. The town and applicants agreed to an MOU, and the town supports the project. DPS recommended approval.

VTel's Proposed Tower in Castleton

In July VTel applied to construct a telecommunications facility in Castleton. In their application VTel had responded to the Town's pre-filing aesthetic and setback concerns by shifting the location of the facility. As originally proposed, the tower did not present issues from the perspective of 248a review, BUT, the Town had concerns about the location being between two historic districts. The Town requested that VTel look into co-location on the Town's new, yet to be built, fire tower at the new, yet to be built, fire station. VTel looked into the possibility. VTel performed a flash test with a lift truck to determine how tall the fire tower would need to be. VTel determined that the tower, which would have to be 150 feet tall, would be too expensive, compared with their originally proposed 90-foot tower. The Town continues to look for some way that the fire tower co-location would work. VTel is moving forward with the original application.

CAPI

Number of Complaints Investigated, by Company YTD 2013 and 2014



CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- FairPoint, of note:
 - (20) Long wait times on phone
 - (13) Repair or service install delay
- (2) Broadband availability
- (1) VGS low income assistance program fee
- (1) VTel contractors
- Question about GMP's credit card autopay process
- Question from VEC regarding oral notice requirements under winter disconnect rules
- Question about returning equipment from the Equipment Distribution Program

FairPoint Complaints: Repeated complaints about long wait times in the phone system (30 minutes to 4 hours) and long delays in repairing service (many over a week). Other concerns have included incorrect information given by customer service representatives, closing of trouble tickets when attempted fix did not resolve issue, behavior of technician, not being transferred to a supervisor on request, etc.



State of Vermont
Department of Public Safety
103 South Main Street
Waterbury, Vermont 05671-2101
www.dps.state.vt.us

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: November 7, 2014
Subject: Weekly Report

Marijuana program – Deputy Commissioner Aumand has received a request from Annie Galloway for the Department of Public Safety to provide a letter authorizing her to possess Charlotte’s Web Hemp Oil. This oil is needed to treat her daughter who has intractable epilepsy. The hemp oil is currently being made in Colorado and was being shipped to Vermont. Apparently, the makers of this oil require a document that says it is legal to possess this oil in Vermont. After much internal discussion we have decided that it is not appropriate for the Department of Public Safety to be offering legal advice. Therefore, we will be notifying her that we will not provide her with the authorization that she wants. *It is very possible that Annie will reach out to the Governor for help in this matter as she has contacted Governor Shumlin before.*

Vermont State Police

A Troop

Troopers arrested (7) subjects with 3 total charges.

The St. Albans Barracks had a total of three arrests/three charges for the week

Armed robbery at LBJ's Store in Worcester that BCI is assisting Uniform to follow up on any leads.

Untimely in Williamstown, 66 year old male found deceased on bathroom floor, appears to have had a heart attack, autopsy pending.

Untimely in Georgia, 50 year old male found dead in bed, victim had little to no medical history or on any medications, death not suspicious, autopsy pending.

Untimely in Charlotte, 63 year old female found deceased on the floor of her home, she had medical issues, natural.

Drug case at CCCC, suspected bupe mailed in
B Troop

3 reported residential burglaries – 2 in Lyndon and 1 in Sutton

Troops arrested an individual in Craftsbury who has been wanted since 1981 after escaping from prison in Maine. He is also has a federal warrant for his arrest.

Bradford 5 DUI arrests

C Troop

3 arrests (possession of crack cocaine, false info, and Parole Violation out of NY State

Investigating a threatening complaint from West Pawlet involving a long gun, and a person dragged by a truck.

6 DUI's were apprehended this week.

Responded to a heroin overdose, EMS administered Narcan and the subject regained consciousness, subject active arrest warrant.

3 motor vehicle arrests and 2 DUI's.

Deposition on aggravated sexual assault.

D Troop

Troopers responded to the report of the death of an elderly couple in Peru; BCI is following up on this as both subjects were located (deceased) in a pond on a property near their residence. Uniform assisted with body removal and scene security. New theft case Westminster West.

Theft of cash from a farm stand, 4 times over the weekend, all suspects interviewed and confessions obtained about the thefts.

Arrest for Intent to Distribute Hashish; Incident in Royalton involving shots fired and SW for Marijuana. Troopers investigated incident where a resident found a male in their house, there was some type of confrontation and the resident fired shots in the direction of the vehicle. The vehicle was hit and BCI came out and took over that aspect of the investigation. Charged the shooter with Aggravated Assault. While doing a protective sweep of the residence Troopers located mj. Tpr. obtained a Search Warrant and a large amount hash and evidence that it is being shipped out west.

Suspicious case, 24 year old female reported she was possibly given a date rape drug, possible L&L occurred.

Moore cold case; lab results rule out David Morrison (Hunter cold case) as DNA contributor

DEMHS

The transition of the VT-ARC into a regional concept managed by the NH-ARC was also discussed. Quite frankly I am concerned about services, previously provided to VT and DEMHS (SSF6) possibly not being available in the future. DEMHS has a meeting with VT and NH Red Cross officials next week in NH, more to follow.

DEMHS took part in a 3-day process mapping workshop in order to better understand and formalize the tasks and decisions made throughout SEOC operation. This training will allow SEOC personnel to understand those processes with better fidelity and make changes in order to increase efficiency and effectiveness. This was attended by SSF's and Multi-Agency (MAC Group) representation.

DEMHS team of Christopher Herrick (DFS) and Stephanie Magnan (AOT) returned from Skopje, Macedonia. At the behest of Army European Command (EUCOM) and the Vermont National Guard State Partnership Program (SPP), DEMHS was asked to provide specific expertise to assess readiness capabilities, identify gaps and make recommendations regarding the nation's emergency response posture. They were inserted as members of a 12-person team from various domains.

Dept. of Fish and Wildlife submitted Second Appeal of PW2738, Roxbury Fish Hatchery. DEMHS has 60 days to submit to FEMA.

ACCD submitted a five-page letter to HUD, proposing "unmet needs" in Washington, Windham, and Windsor Counties for potential inclusion in a full Phase I National Disaster Resilience Competition application due in March. Major unmet needs were identified through interagency collaboration, including funding for the Roxbury Fish Hatchery and mitigation of flooding hazard upstream of the hatchery on Flint Brook.

Fire Safety

The Division received \$3.5 Million in new plan review construction valuation collecting \$30,300.00 in permit fee revenue.

VSFA has to make a decision real soon about hosting the cadet program at the academy. I have been approached recently by Richard King, President of the VSFA and he is real frustrated with this issue.

Criminal Justice Services

Pre Trial Services Program - We held a meeting this week with representatives from our justice information sharing program, DOC, and the Crime Research Group to talk about the information exchanges that are needed by the program to effectively track offenders who qualify for this program. We discussed the business requirements and determined that the pre-trial services program needs to capture all persons who are arrested and match them against information contained in the police records management systems and also conduct a review of the offender's criminal history record. We will be working to make this electronic exchange of information happen.



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

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

Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: November 7, 2014

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Interest to 5th Floor from BGS Directors:

WSOC: Mike Stevens reports that WCAX spent 4.5 hours touring the construction site and asking many questions. Jesse Beck joined the group for the first couple of hours but had to leave for another appointment. Most of it went well and the most challenging question was something along the line of “What do you say to the Vermonter that feels that we should not be spending our money on something so extravagant especially when we are experiencing significant financial struggles as citizens.” Segment is to air some night next week.

Property Management:

- Fairpoint strike is going to have an impact on business soon as we are not getting data and telephone services as needed to accommodate moves. DMV’s return to the 1st floor will be the first impacted in late November, but St Albans and HR moves in Montpelier will also be impacted.
- Gas-line protest data presented to 5th floor and we have worked up 27 short and long-term action items. We are working to implement and plan fixes to the existing system to tighten down the access points. Meeting held with elevator vendor and security to determine what is possible and how far we can go. Met with Gov’s security detail and will work all changes thru them. Expecting a proposal by next week and will have a better handle on cost and schedule at that time.

- 195 Colchester visit with Fletcher Allen on temporary use during construction at their location. Meeting later this week to determine next steps.
- 20 Houghton Street to Federal Street building will be ready by December 5th. Will need to firm up, tentative 1/3/2015 start moving looks good.

Berlin Vermont Psychiatric Care Hospital New Construction: Safety concerns being priced by the contractor. Security issues hopefully will be resolved by the end of the day on Wednesday, November 5th with the contractor and our security group working to resolve all issues.

Montpelier 122 State Street Heat Plant: The apparent problem with the ID fan on the Johnson boiler has been resolved. The boiler has been brought on line to be used as a backup boiler in the event there is an issue with the woodchip boilers. The oil burner has been setup and tested on both woodchip boilers. During the operation of the oil burner, we found that the rated horsepower is less than expected, approximately half. This was not expected and there was no detail in the purchase order. The contractor is looking for the correct size.

Significant Events/Meetings:

Austine School: Jacob Humbert, AAG, has been representing SOV in bankruptcy proceedings for the Austine School. Met with Jacob and Emily Kisicki on Monday to discuss status. Agreed to stipulation regarding use of Privacy Ombudsman with minor edits. Appears total estimate of administrative costs will be ~\$200-250,000 (including ~\$50K for the ombudsman). SOV not responsible for costs, but may reduce the amount, if any, that will be recovered.

FINANCE AND MANAGEMENT

Commissioner Reardon, Deputy Commissioner Clark and the budget analysts continue the FY 2016 departmental budget meetings. This week the budget office met with the Agency of Human Services, Agriculture, Commerce and Community Development and the Vermont State Colleges.

Commissioner Reardon and Deputy Commissioner Clark met with the Joint Fiscal Office to establish a consensus budget gap figure for the FY 2016 budget.

HEALTH CARE REFORM

SIM Update:

Vermont's SIM Team submitted our year two non-competing continuation request to CMMI on November 3rd. This request includes a revised year two project budget and an update to our operational plan. The Operational Plan is our roadmap for the next year and focuses more on the all-payer waiver we are pursuing as well as the potential for new types of reimbursement under GMC. The bulk of the project's work in year two will be to plan for 2016 and beyond specifically working to make sure that the reimbursement methods take into account all new waivers.

The SIM Team also hosted a project retreat that included project leaders from the private and public sector. We reviewed year one activities and what major streams of work would occur in 2015. The retreat successfully demonstrated the various project activities and their inter-related nature. It also

served to unify the broader leadership team, which is key for the challenges ahead in 2015. One key area of focus is alignment between care management/care models and we will tackle this head-on in 2015. Specifically, the AHS and Blueprint activities, payer activities and provider activities all need to align better, which will mean some shifts in who does what.

The SIM Medicaid Team is still receiving questions from CMS about the State Plan Amendment for the Shared Savings Program, but we hope to receive CMS approval soon.

Upcoming Event: SIM is hosting a Workforce Symposium on 11/10 at the Sheraton in Burlington. Sen. Kevin Mullin is providing our opening remarks and then we will hear from 8 speakers about various workforce concepts.

HUMAN RESOURCES

Significant Events/Meetings:

Meetings with ANR, DAIL and E-911 regarding HR services. All meetings very positive. Organizations were happy with the changes being made to the structure of our investigations unit. All are interested in position management and recruitment reform. ANR was very interested in performance management/performance evaluation reform.

Meeting with VSEA benefits advisory personnel to discuss ways to enhance our partnership moving forward re: management of the health benefits plan. There is much consternation re: the 17.9% increase and a strong preference on VSEA's part to avoid premium holidays in the future. VSEA wants to explore the possibility of increasing the amount of reserves in the plan.

Meeting with VSEA to discuss Administration's upcoming report to the Legislature regarding funding of the Vermont Veteran's home. VSEA was not supportive of reducing the number of bed licensure as it will likely result in a reduction in staff. They were supportive of the idea of a fee on break open tickets with revenues specifically targeted to the Veteran's Home.

Meeting with The Adjutant General and Deputy Adjutant General at National Guard headquarters at Camp Johnson. Was given a tour of the facilities and a briefing on functions, budget and staffing/utilization of State employees within their organization. It is important to note that the National Guard has projected military construction projects totaling \$106.2 million – that is work/jobs/development taking place in Vermont, benefitting the Vermont economy.

Emerging Issues:

Working on draft of the Position Pilot report due to JFC on November 12. Scheduled to speak before the JFC. The report is focused on employee impacts of the pilot such as RIFs. There have been no RIFs associated with the Pilot and DCF and DEC report positive impacts in terms of utilizing the Pilot to convert temps to permanent positions and on employee morale.

Working through questions surrounding stand-by-pay for Health employees assisting with the Ebola quarantine of the man who returned recently from Africa.

DHR is working closely with AHS in coordinating the volunteers for Vermont Health Connect.

Executed an MOU with AHS regarding establishing a classification committee to look at classification of nurses/undertaking a market factor analysis. This will be a lengthy process as there are currently over 60 separate nurse classifications.

INFORMATION AND INNOVATION

Healthcare:

- From last week: Optum has delivered a large and unsustainable quote to the state for ongoing security services of the health services enterprise platform. The State security team is working to review vendors and develop a cost competitive model.
 - **Update:** ~~70%~~ 90% of costs of this model have been identified with an ETA of next week for the remainder.
 - Further work needs to occur to appropriately identify funding sources with AHS.
- Last week's announcement by CGI's that they want us off their hosting environment by the end of March has caused serious concerns. While they did leave the door open for hosting until June, it is not yet clear what that means. Normally, it would take 12 months to find and move to another hosting provider. That work has shifted into high gear since we will likely only have 8 months to make the selection and move.

Press/Media Notes:

While there were no media contacts with respect to articles, Richard did speak with Anne Galloway regarding issues VTDigger was having with some users' access to their website. The problem was on their side, but we helped them with information that allowed them to address it quickly.

Evolving Issues:

Building Security and HVAC: We are working closely with BGS to ensure building security projects and operations are well planned and executed from a technical infrastructure perspective. Building security and HVAC are becoming very dependent on a resilient data network, and we have found that some of the BGS roles in this area are redundant and should be provided by DII. This partnership between BGS and DII should serve as a resource multiplier and increase the quality of service delivery.

LIBRARIES

No report.

TAXES

Legislative Update:

Education Finance: The Commissioner has received a preliminary Ed Fund Outlook, incorporating the best thinking of Tax, F&M, AOE, the economists and JFO on forecasts to date. The forecasts are still shifting, particularly since Mark Perrault has been out of commission. But right now, it would take a 4 ½ to 5 cent increase to maintain the reserves. The Commissioner has started drafting the Dec. 1st letter.

It appears the Speaker is still contemplating giving the new Education Committee jurisdiction over Ed Finance.

Operations:

VTax: The Commissioner will be submitting the Department's annual report to the Joint Fiscal Committee on its modernization fund and projects to date tomorrow.

The last major milestone before conversion starts on the December 3rd (GoLive on December 8th) is one last round of end to end testing, with special attention to be paid to the interfaces with TD Bank's software (which has been undergoing its own upgrade) and Vision. James Harrison, one of the FAST principals, was in town earlier this week, and we had a productive discussion of what to expect on GoLive. The project team will station members throughout our operating divisions to provide hands on support for the first few weeks, with the most issues anticipated to arise as volume picks up after about the second week of GoLive. January provides a bit of a breather for the project team, with continuing support on Phase 1 (corporate, business and property transfer tax) and background work on Phase 2 (a bigger undertaking involving withholding, sales & use, meals & room tax).

In January, FAST's compliance expert will start designing audit programs around our enhanced corporate and business data. He has proposed an approach that relies heavily on providing targeted businesses with an opportunity to self-correct problems that our programs spot, and pay back taxes without penalty, prior to audit. We also have announced a re-organization of our Compliance Division to staff, with Val Rickert assuming the title of Assistant Deputy in charge of business process change in that area. The goal is to align our business practices with the capabilities of the new system, and to implement our draft standard operating procedure and other measures that also will address some of the persistent concerns about audits.

Immediately upon GoLive, a new simplified business registration form will be available online. Corporate and business returns will be able to be filed online for the first time, utilizing vendor software and the IRS Modernized eFile platform. Also, a new online portal, MyVTax will be available. We anticipate that initially this will be utilized primarily to pay bills (which can be done without registration). Eventually we will encourage registration, which will give the taxpayer access to filings, bills, correspondence and payment history. Taxpayers will also be able to grant access to their accounts to their tax professionals.

FAST works with an outside vendor to test the usability of the online portal, and that company conducted tests this week with 7 outside tax professionals and business users. Based on the results, we anticipate some minor redesign before GoLive, and we will utilize feedback after launch to continue improving the site. But overall, the portal got very good reviews.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: November 7, 2014
Re: Weekly Report

Status of Governor's Priorities:

- Fine tuning budget numbers for FY16.
- I moderated a panel on marijuana at a national conference of multiple states recently. Great response! Highest attended seminar in the whole conference. Shared what was happening in Vermont with the study.
- Working with Rand Corp on information regarding other state regulatory approaches to marijuana.
- Oregon, Alaska, Washington D.C. passed marijuana measures. Oregon will implement their system similar to the way we sell alcohol in Vermont.
- Sales were up +6.56% for October. Good foliage year helped.

Legislative Issues/Contacts/Updates:

- Miscellaneous clean up language for Title 7.
- Met with Leg Council Damien Leonard to discuss any legislation for the upcoming session.

Press Issues/Releases/Contacts:

- Nothing

Significant Events/Meetings: Next Board Meeting 11/12/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems. Testing new registers next week.
- Preliminary review of department processes for potential licensing and enforcement system. Considering using VIC as they are very familiar with our business processes to help with a statement of work.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners.
- Working with VIC on break open ticket reporting process. Prototype has been developed. Should be beneficial to Tax and DLC to gauge the amount of tickets sold and who they are being sold to. Working with Tax and should roll out this reporting process in January 2015.

Summary of Key Department Activity:

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.
- **Commissioner's Commentary:** Have a great weekend. Congrats on the election!!!

Legislative Prep Worksheet – VTrans

1. Pro-active



T-Bill



DMV Miscellaneous

- **Sign Law**
 - All based on billboard law (which we all love) but leaves confusion and enforcement is on VTrans. Have been meeting with Mazza and Brennan about this.
 - Puts VTrans in bad position, they chose not to enforce some
 - Need clarity on downtown banners and electronic signs
 - Would like to change offense from misdemeanor to traffic violation
- **Permission to go from 9 Construction and Ops Districts to 4**
 - VTrans already moving in this direction, saving money, already co-located in 4 areas, better communication, matches up with construction and management organization
- **ROW Issues for utility relocation** for VTrans projects – need process to address what VTrans can do when utility company cannot address ROW in timely fashion (mostly Fairpoint)



Potentially increase incentives for Towns to convert state highway to Town Class 1 – to

increase participation in projects, speed up local road resurfacing, and would cost some money upfront but would save money over time – this would force VTrans to create a new tree policy, as towns like to keep their trees even when it does not make sense for VTrans projects.

- **Exempt Transportation Projects from Act 250?** Controversial – Vtrans is interested because there is a lot of redundant review – projects must be reviewed first by feds, then Act 250, very duplicative process. Can they skip Act 250 if they've already done work for fed review? If not, get exemption for process for abutting landowner? Often VTrans process opens Act 250 back up for property abutting their projects.

2. Defensive

- None

3. House-Keeping/Neutral

- Electrical Installations
- Director of Highway Division – needs to be registered engineer
- Timber Bridge Load – currently at 16,000 pounds, VTrans believes they are restricting for no reason, better change to load-rated to capacity of bridge rather than blanket 16,000 pounds – already have data on load capacity for each bridge so this is very doable
- Add Risk Management and Performance Management to Asset Management section of the statute
- Technical changes to Act 190, which states all paving projects must install conduits for telecom along the way, can't comply as written currently and adds a lot of cost. Outstanding questions such as – which telecom companies get to have conduits added?

Can you sell the line? How much should be charge? VTrans putting together memo on the issue

- Town Candidate List for VTrans Projects – list is unwieldy and defunct – can add projects but not delete them, grows ever year, sets unrealistic expectation, worked out a model with RPCs so their own candidate project lists get refreshed every year with local and state priorities. If this happened with full state list, they would actual use it as their real list. Can start by look at every town bridge on the list, and make case for why it's on, rank it based on RPC priority and state priority.

4. Interagency

- Zero Emissions Vehicle (ZEV) potential funding: DMV fee (not this year), Gas tax, ANR fee (this year), purchase and use tax holiday? Holiday would not take capacity away from Vtrans permanently, which is helpful.
- Timber Bridge Load – ACCD/VTrans – Historic Preservation Issue
- Tree Policy – ACCD and VTrans disagree – ACCD supporting towns who like to keep trees at all cost
- Act 250 exemption – vetting currently with ACCD/CLF/VNRC/Ron Shems

5. Questions

- How should VTrans play uncertainty of federal situation? Write a separate ghost budget for different possible outcomes of Congress?
- Big picture – decision made that they do not need to currently move forward with fee bill this year as scheduled (they will now be two years overdue for this). However, will need to before end of biennium, so start planning for 2016 as VTrans fee bill year. Some projects may have to wait due to this delay, including rail. Also, fee bill could help fund: TMDL (especially municipalities), ZEV, AoT Budget.

Legislative Prep Worksheet – AOE

1. Pro-active

- Moratorium on any new bill that adds spending to education fund
- **Dual enrollment** – Amend Title 16 944 to allow for the 50% cost share to come off the top of the education fund rather than local budgets to increase equity. There is enough money appropriated annually under “Flexible Pathways” in the ed fund without creating a new cost for this. Budget Bill.
- **Construction Aid** – for districts undergoing consolidation (and perhaps districts with extreme poverty). Potentially also aid with conversion of old buildings no longer in use to other purposes. Budget bill.
- Accelerate attrition of **phantom students/remove small school grants** with some exceptions were needed (complete lack of alternative due to geography etc) Budget bill?
- **Set teacher compensation at the SU level?**
- **Fee bill** – 1) licensing fees for educators changed to a viable level with ascending structure – discount early, standard on-time, penalty for late. 2) Teacher Prep fees, including charging to review higher ed teacher prep programs, charge for endorsement area reviews.
- **Driver’s Education** – is an entitlement in schools but many have lottery to limit access or charge parents. Clarifying statute may help.
- **Student Data Privacy** – language drafting, sharing with AG and Jim Steyer group that is working with states across country on this issue
- **Expand Special Education efficiency block grant pilot** for schools with more than 250 kids or districts with more than 1500 kids.
- **Prohibit tax dollars for tuitioning students out of state??**

2. Defensive

- Any bill that adds new cost to the education fund
- Deaf and Hard of Hearing Bill likely (in response to closure of Austine School)
- Mandatory financial literacy (good idea, not supportive because it adds cost)
- Public funds to private schools – boiling pot, continues to come up - families moving to tuition towns for high school, screwing local elementary schools, all local budget is to pay for tuition, but no say in budget-setting, big problem in Southern VT – can take out the four VT historic academies when addressing this problem which may be compromise to move something on this
- Moratorium on schools privatizing, again
- Community High School of VT (could also be proactive depending) \$4 million from Ed Fund to pay for this, does not follow at standards, performance measures, rules of other schools or entities that receive ed fund dollars.

3. House-Keeping/Neutral

- Divided Vote Provision Divided vote – repeals law no longer in effect, language ready. (Budget bill)
- Move section 4011 (e) Early College to 946 (new) under Subchapter 2 – Flexible Pathways to secondary school completion
- Education Quality Standards changes to Title 16 (Misc ed bill)
- Remove outdated language on sight and hearing testing (Misc ed bill)
- CTE technical corrections language (Misc ed bill)
- MTSS technical corrections (Misc ed bill)
- Sunset Annual School Choice Report Requirement/Act 153 Jeffords report (Misc ed bill)
- Clarify Title 16 to reflect PBIS and school climate as critical factors – but NO AOE support available to substantive work on this.
- Independent school data collection – add spring census requirement to independent schools data reporting requirement

Legislative Prep Worksheet – Agency of Ag

1. Pro-active

- 💰 Water quality/TMDL – need Ag positions.
- 💰 Lab – need money from Capital Bill.
 - Food Safety Modernization Act (may need state fund, may get funds from FDA, still unclear).
 - Rural Enterprises – address changing nature of agriculture (value added) and address any regulatory or other gaps – interagency work, will be worked on with group attending Land Use meetings. Report was due Nov 1 – need to check status. Complex issue, probably better to avoid this year.
- 💰 Working Lands – will there be funding? Board continues to ask for big \$\$.
- 💰 Position for dairy processor facilities, only have 3 positions and facilities are growing exponentially – 20 new this year.
 - Solar on primary ag soils? Also Land Use meeting issue.

2. Defensive

- Agency of Ag budget so small, they now need to cut programs that legislature will likely be unhappy about.
- Ag Housekeeping bill – would prefer not to have one, Will Stevens always brings it up – now that he is no longer in State House, may avoid this year.
- Neonicotinoid insecticide – will likely see a bill to ban this. Controversial and nuanced – not viable to ban, but then we will be in position to defend it and seen as killing bees. All corn seed in VT is treated with this out-of-state before we buy it, huge \$\$ in having to regulate this. Report due Jan 15.
- Rural VT – Expand sales and/or distribution of raw milk sales in VT and raw milk uses including processed products.
- Farm Labor Housing possibly – good interagency collaboration happening now.
- Agricultural Sales tax exemptions – pushback from farmers, may come up.
- Agency staff to support beekeepers in state, likely to come up.

3. House-Keeping/Neutral

- Ban on PCP-treated poles – definitely will arise again due to concerns with pipeline in Monkton. Agency of Ag doesn't have authority over this, would be problematic.
- Get rid of Ag/Forest Products Development Board (Lucy and Mike Snyder are partners from ACCD/ANR on this). Does nothing, agencies have no capacity to staff it. Merge with Working Lands Enterprise Board.
- Amendments to large farm law for clarity.
- Updated livestock import regulations.
- Animal health statutes updated.

- Antibiotic residue avoidance through completion of training program for producers.
- Language to allow Ag to enforce Food Code collaborative with Dept. of Health.
- Reword Section 2744a on drug violations in plain English.

4. Interagency

- TMDL – ANR, VTrans, ACCD etc
- Lab – ANR
- Rural enterprises and value-added ag – ACCD, Mary Peterson, Ron Shems, Mike Snyder
- Solar on prime ag soil – ANR/Tax/ACCD et al

5. Questions/other?

- Ag Budget Woes: Some programs cut so much already, best to just cancel whole program. On the other hand, even small programs with small dollars keep Ag relevant and at the table for important initiatives.