

WEEKLY REPORTS

Checklist

4/6/2012

Bill Lofy

_____ Agency of Commerce and Community Development – Lawrence Miller

_____ Agency of Agriculture – Chuck Ross

_____ Agency of Transportation – Brian Searles

_____ Department of Labor – Annie Noonan

Alex MacLean

_____ Agency of Natural Resources – Deb Markowitz

_____ Department of Public Safety – Keith Flynn

_____ Public Service Department – Liz Miller* (shared with Beth)

Susan Bartlett

_____ Agency of Human Services – Doug Racine

Sarah London

_____ BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

_____ Agency of Administration – Jeb Spaulding

Special Reports

Additional Report: Education

Additional Report: Lottery

Additional Report: Irene Recovery Office

Additional Report: Boards and Commissions

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary - Agency of Commerce and Community Development
Date: April 6, 2012
Re: Weekly Report

Vermont Organics - St. Albans: A meeting between officials of the company and Vermont Technical College was facilitated to explore areas of mutual interest. Using a patented, proprietary technology the company collects manure from some 40 farms in Franklin County paying the farmer a fee based on volume. They then separate the solids and sterilize the material into a variety of organic soil amendment products that he sells principally to larger nurseries in the mid-Atlantic region.

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Waterbury State Office Complex: 3/29: Devin and Scott met onsite with Pete Thomas/FEMA, Marcus Tate/FEMA, John Ostrum/BGS and John Crock/UVM CAP to discuss potential locations and methods for archeological assessments. John Crock is preparing a proposal for UVM CAP to do the work this spring/summer.

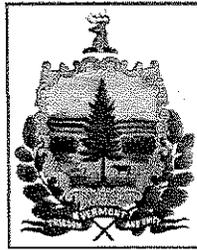
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To 116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
TEL: (802) 828-1619
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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: April 6, 2012

Secretary's Top Issues:

Proposition 65 in California – this is the issue of private attorneys suing distributors of maple syrup because they do not have cancer warning labels on containers of maple syrup (lead concern). The International Maple Syrup Institute has established a committee to review the issue. At least one maple distributor has hired a lawyer in California to assist them.

Henry Marckres spoke with Under Secretary Sandra Schubert of California on the matter. She was very interested in the suit, and asked for the private law firm involved. She also will be sending me the specific methods used to determine the allowable lead levels in Prop. 65. She did say that if the maple industry can prove that lead is naturally occurring in sap, then maple syrup probably would not need a warning label. I relayed me conversation to the industry representatives.

In re Gulick Farm, AAFM #2012002-01 DY. There is an outstanding Notice of Violation for repeated violations of dirty milking equipment and failure to abide by a previous order issued by the Secretary. A hearing is scheduled for April 11. The Agency received notice this week from the farm's owner that the farm will purportedly cease operations as of April 7. The farm is located in Fairlee and has a long history of repeated failure of inspection. The farm's owner is unhappy with the Agency, has been very vocal during the on-going administrative enforcement process, and is on the calendar to testify at Senate Agriculture on April 5.

Farmland Conservation Partnership. Agency staff, VHCB and VLT convened the annual Stewardship review meeting. VLT presented its year in review and VLT and VHCB shared some thoughts on how the current Stewardship MOU and stewardship decision-making process for the co-holders could be improved. The Agency deferred comment on the MOU pending it review by the Secretary and more internal discussion. The Agency shared its list of "right to farm" brain-storming work in progress concepts and suggested that the concepts be imbedded across all co-holder policies (e.g. sub-division, amendment, approval, project design) rather be developed as a stand-alone policy. The suggestion was well received and further cross-training and education for VLT and VHCB staff on "right to farm" concerns will be scheduled.

The Agency of Ag will lead a group of 7 Vermont specialty food businesses including maple producers, artisan cheese, croutons and jams, to the world-wide SIAL Canada Food Trade Show on May 9-11 in Montreal. A meeting w/the exhibitors and A.N. Deringer, Customs Brokers, as well as a Canadian import specialist, was held this week to educate about transport of Vermont-made products across the border. The Agency of Commerce/VT Global Trade Partnership, and the VT Specialty Foods Association, have partnered to support this trade event.

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TO: Gov. Peter Shumlin
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RE: Weekly Memo
DATE: April 6, 2012

Legislative Issues

State veterinarian has been asked by the House Agriculture committee to provide input on S.142 on April 6. This bill proposes to clarify and further define the parameters that apply to pet merchant licensing and issuance of kennel permits. The Agency oversees the State pet merchant licensing program, but kennel permits are issued at the town level. Other stakeholders that have been included in this multiple year discussion include the Vermont Veterinary Medical Association, Federation of Dog Clubs, Vermont Humane Federation and Humane Society of the United States. It has been difficult for these diverse groups to find consensus on these issues.

Tracking H.774 (formerly H.728) concerning itinerant slaughter

S.93 – On Tuesday, Henry Marcres, Section Chief for Consumer Protection testified before House Ag regarding S.93. Later in the day, the committee took testimony from people both for and against the Maple Industry initiative to change the maple syrup grading regulations.

Status of Governor's Priorities:

Jobs in Agriculture

Press Issues/Releases/Contacts:

Henry Marcres, Section Chief for Consumer Protection was interviewed by WCAX on Tuesday regarding the maple bill. On Wednesday, he was interviewed by Sally Pollack of the Burlington Free Press on egg regulations. On Thursday, I was interviewed by Matt Eagan of the Vermont Cynic on the 2012 maple season

The hot topic this week is the proposed change to the maple grading system. Despite the full support of the Vermont Sugar Makers association, some sugar makers are angry about the proposed changes, which will align Vermont's grading standards to an international system.

It is important to note that the Agency is supporting the industry on this position, but is not driving these changes. We are working on a position statement to clarify our role in this process, which we hope to issue to the local press next week.

The weekly media inquiry log is below.

Date	Media Outlet	Reporter	Topic	Request	Action Taken
4.3	Rutland Herald	Brent Curtis	Farm Disaster Relief	Interview CR or DB	Chuck will call
4.4	Vermont Cynic (UVM)	Matt Eagan	Maple	More info on Maple grading change	Henry Interviewed

4.4	WPTZ	Stuart Ledbetter	Maple	More info on Maple grading change	Henry interviewed
4.4	CNBC	Jodi Grainick	Maple	More info on Maple grading change	Henry Interviewed
4.4	Burlington Free Press	Sandy Pollack	Egg regulations	more info	Henry Interviewed
4.5	VPR	Patti Daniels (producer)	Farm recovery	Requesting interview with Chuck for Vermont Edition	Interview scheduled for week of 4/9

Significant Events/Meetings:

State veterinarian has been asked to represent the 11 northeast states by participating as a member on the Animal Disease Traceability Monitoring and Enforcement Workgroup. Workgroup members consist of state and federal animal health officials from across the country, and the purpose of the group is to develop a comprehensive guidance document that can be made available to stakeholders (producers, vets, etc) in order to help them come into compliance with the Animal Disease Traceability rule that is expected to become effective this summer. The Agency receives approximately \$32,000 annually in cooperative agreement funding to implement this program in Vermont.

Evolving Issues:

Vermont's model for the Animal Agriculture Alert Network is being highlighted this week as a gold standard for state animal health officials in other parts of the country. This initiative is implemented through a joint effort by VAAFMs animal health section and UVM Extension. The Network utilizes feed retailers in Vermont for purposes of disseminating critical Agency of Agriculture electronic emergency messages to backyard livestock owners who are not otherwise on the Agency's radar and therefore might not otherwise receive important information during an emergency. Outreach to this sector of the animal agriculture industry in Vermont will be critical in the event of a manmade or natural disaster that affects them. This program is continuing to evolve in Vermont but success will be heavily dependent on continued participation by Vermont feed retailers.

Proposition 65 in California – this is the issue of private attorneys suing distributors of maple syrup because they do not have cancer warning labels on containers of maple syrup (lead concern).

The International Maple Syrup Institute has established a committee to review the issue. At least one maple distributor has hired a lawyer in California to assist them.

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Summary of Key Agency Department Activity:

Administration

In re Gulick Farm, AAFM #2012002-01 DY. There is an outstanding Notice of Violation for repeated violations of dirty milking equipment and failure to abide by a previous order issued by the Secretary. A hearing is scheduled for April 11. The Agency received notice this week from the farm's owner that the farm will purportedly cease operations as of April 7. The farm is located in Fairlee and has a long history of repeated failure of inspection. The farm's owner is unhappy with the Agency, has been very vocal during the on-going administrative enforcement process, and is on the calendar to testify at Senate Agriculture on April 5.

In re: W.J. Burrington & Sons, AAFM#2011-11-02 DY. There is an outstanding Notice of Violation for this farm. Although the farm has taken certain corrective action in response to a recent technical assistance visit, the farm has failed to execute any settlement document. The farm, located in Pownal, has a history of ignoring the Dairy Division's compliance activities and a hearing may need to be convened on the Notice in order to get the farm's attention.

In re Charlotte Solar Farm, PSB#7844. Agency counsel attended a site visit for the proposed solar facility which is slated for installation on 15 acres of a very large farm field (hay) in Charlotte. The site visit was well attended by neighbors and members of the community and there is strong opposition. The Agency is not opposed to installation as proposed, as the soils' potential for agriculture will not be permanently impacted and there is a site reclamation plan proposed that will return the soils to full agriculture potential upon decommissioning.

Agricultural Development

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Local Food in State Government testimony to Senate Agriculture Committee

- Spoke with Senate Ag Committee members about State of VT Workplace CSA Pilot Program
 - Five April 'Meet Your Farmer' Meetings are scheduled in Barre, Montpelier, Middlebury, Springfield, and White River Junction for State of VT employees to hear about CSA farm interested in delivering weekly local produce shares to workplace drop sites
 - 20 farmers in the 3 pilot counties of Addison, Washington, and Windsor are interested in offering workplace drop offs of CSA shares
 - 34 state-owned buildings in these 3 counties have been identified as potential workplace CSA drop sites. BGS is working with VAAFM to identify approved locations.
 - BGS is reviewing Workplace CSA Program Guidelines
 - Demonstrates collaboration between VAAFM, BGS, and State of VT Employees Wellness Program
- Interest from Commissioner Obuchowski, Department of BGS, to work collaboratively with VAAFM this summer 2012 to develop policy language around local food procurement in state government.
 - Development of local food procurement policy and contract revision language is a priority of Farm to Plate Aggregation and Distribution working group. A sub-committee has been organized to address these topics over late spring-early summer.

Local Food Market Development Grant recipients

- Of the 24 project proposals focused on assisting VT agricultural producers to reach institutional market outlets, 10 were selected for funded by our Review Committee

- \$40,000 was designated for 10 projects including:
 - 5 farmers
 - 2 institutions
 - 2 food hubs
 - 1 private business
- Grant agreements to begin likely May 1, 2012

Food Safety and Animal Health and Consumer Protection

The animal health section worked collaboratively with the Department of Health veterinarians this week to create and disseminate a flyer to all retailers in Vermont who will be selling chicks and ducklings to Vermonters this spring. The flyer covers appropriate hygiene practices for store employees and customers when handling chicks in order to help lessen the incidence of human salmonellosis. Last year, several human disease outbreaks were linked to handling or purchase of chicks from retailers in Vermont.

Animal Health Staff attended DisasterLan training in Waterbury in order to be better prepared to participate in Agency emergency response efforts during the next disaster.

With the early warm weather, maple production is about over. Our section performed the first grading of the year on bulk maple syrup on Wednesday. The Franklin County Co-op has asked for grading services on April 13 & 20 at their warehouse in Fairfax.

Meat Inspection

- Program Chief consulting with a Perkinsville couple about slaughter and processing of Alpacas for meat utilizing a state inspected facility and voluntary inspection
- Spoke with Representatives of the Hannaford Career Center concerning their student poultry raising, slaughter and processing project and the allowable activities since the availability of the Mobile poultry unit is uncertain
- Reviewing HACCP plans for new plants and existing plants as they expand product categories to include Heat Treated – Not Fully Cooked – Not Shelf Stable (Bacon), Fully cooked Not shelf stable (Pates') and Not Heat treated – Shelf Stable Dry Cured (salami, coppa, hams)
- Aiding in the transition to Federal Inspection for Mad River Food Hub and Vermont Salumi as their businesses expand. Vermont will continue to provide inspection coverage under the Cross Utilization program
- Daisy Hill farm in Wolcott shooting for state inspected processing by the end of April
- Conference call with the Catamount Hospitality Group as they explore the possibilities of processing under State Inspection for Vermont meat products for use in their 3 restaurants which will be expanding to 5 in the near future
- Sent Small Plant Inspection Packages to several interested parties

Agricultural Resource Management

DEC and VAAFM met this week (regularly scheduled monthly meeting) and prioritized tasks related to TMDL, how to best use resources to address agricultural water quality, and grant developments to tie everything together. In partnership with USDA, the State is brainstorming ideas to access federal USDA funds for agriculturally related items, else the funds will be returned to headquarters. All of this communication is part of a larger on-going effort between broader agricultural partners to develop a certainty program which may include a nutrient trading option. More to come as grants applications are accepted or declined.

Site visits for the American Great Outdoors (AGO) agricultural practice edge of field monitoring project occurred last week. This is a \$1M project mostly funded by the USDA and the Great Lakes Fishery Commission. The site visits identified the exact paired watersheds that will be tested on 4 of 6 farms. Next week the remaining 2 farms will be visited and the fields surveyed. The first project advisory committee (PAC)

also occurred this week, which includes many scientist, agricultural organizations and farmers. The PAC is helping to ensure the design of the monitoring stations is as optimal as possible. The hope is that these sites will be up and running by June 15th.

In re Mack Brothers Farm, AAFM#2110-12-01 MF. An administrative hearing involving water quality regulations and this medium farm's failure to abide by a previous order issued by the Secretary was held. The hearing was continued to allow for another site visit and evaluation of whether the farm still has enough animal units to qualify as a medium farm. The farm is in Charlotte.

Secretary's Comments

Building Updates

116 State Street is continuing to make progress on its internal rehabilitation. With some luck the rehab work will be done in 1 month and the Agency staff can return to their normal but improved work space. The Agency, with help from BGS and Human Resources continue to accommodate the allergic and air quality sensitivities of a number of staff. We hope there will be no issues for these employees when they return to a much cleaner and dryer building.

Discussions relating to the future location of the Agriculture lab continue to progress. The Agency is working with DEC and the Agency of Administration to negotiate a long term temporary location for the labs in another UVM location. The feasibility and cost of such a move will become more clear next week.

Issues

The ongoing challenge of managing the AAP program for exempted agricultural uses continues to present a real challenge to the staffing levels in the Agency. There continues to be growth and innovation in the food sector which results in many requests for zoning decisions required of the Agency by the AAP. This work continues to totally stretch the enforcement resources of the Agency.

The Agency met with the Governor to listen to the challenges of Commonwealth Dairy in Brattleboro. The Agency agreed to help Commonwealth work with the Cooperatives to develop a mechanism where they can provide direct and transparent payments to dairy farms in Vermont in an effort to better assure the volume of milk they need. The Agency will commence these discussions next week with the assistance of ACCD.

Meetings

Sec Ross met with the Sustainable Ag Council. He asked them to re-freshen their purpose and assist the Agency and state in identifying emerging issues and opportunities important to Vermont's ag future

Ross also met with Chris Flinn regarding his work on grass to energy technologies and proposals. Flinn and partners are working with BGS on a proposal that would provide heat for the Windsor Prison from Windsor Prison property by raising grass and converting it to briquettes to be burned in a boiler in Windsor and Springfield facilities. Their system would not displace the existing systems so there would be a back up in both facilities but fuel security and financial savings could be created.

Ross attended the VT Agricultural Development Board meeting at VTC. He engaged in conversations between the linkage of VT ag products and marketing to the Boston to Washington metropolitan market. He also agreed to help the VADB figure out how they can be helpful on the water quality issue facing the state and thanked them for their very good work with respect to the on farm slaughter issue.

Ross also met with Dean Tom Vogelmann in their monthly discussion. The both discussed possible follow up items to the VT Environmental Consortium meeting the previous week in Middlebury. The ideas included how to advance the next generation of precision farming and how to extract and recycle the phosphorus in the farm systems so to lower input costs and reduce water quality impacts.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, April 6, 2012
SUBJECT: VTrans - Confidential Report to the Governor

Project Updates

Danville US 2 Reconstruction - Pike and VTrans held a public information meeting at the Town Hall last week and outlined the schedule and traffic plan. Work began this week and will continue until November with two-way traffic maintained wherever possible utilizing temporary widening where physical obstacles don't prevent it. When one-lane alternating traffic is required, closures will be monitored closely to assure that they are not outside of contract limits.

Waterbury US 2 Reconstruction – We are working with Green Mountain Power on a utility relocation plan that is complicated by large trees. The goal is to underground utilities between Stowe Street and Park Street, but rerouting aerially is also on the table. The trees may result in new poles between the curb and sidewalk south of Park Street which will require a larger green space than currently designed.

Morrisville Alternative Truck Route Rt. 100 – Compensation Appeal hearings continuing with last of them yet to be scheduled, but anticipated within the next few weeks. The state has prevailed in all Just Compensation cases thus far and construction is still anticipated this year. We are also looking at a Necessity Petition by seven landowners including Nichols Campground and that has been scheduled for a preliminary hearing on Monday May 21, 2012 in Superior Court in Hyde Park.

Pittsford-Brandon Rt. 7 – RICHARD G. CONWAY, *ET AL.* v. BRIAN R. SEARLES (US 7 RESURVEY): This is the pending appeal in Superior Court in Rutland filed by property owners abutting the westerly side of US 7 in Pittsford. The property owners object to VTrans' formal resurvey of the project in preparation for the Pittsford NH 019-3 (491/492) project. Assistant AG Bill Rice reports that on Wednesday, April 4 he deposed the abutters' surveyor, Raymond H. Page, L.S., of Vermont Survey Consultants, after which the abutters' lawyer deposed VTrans' consultant surveyor, Ron Gauthier of DuBois & King, Inc. It looks like this one is headed for a multi-day, contested hearing in Superior Court.

Federal Highway Administration – Emergency Relief (ER) Program – Eligibility of Work Performed by the National Guard: Good news! Assistant AG Dan Dutcher learned this week that FHWA’s Washington headquarters, as a result of VTrans’ appeal of FHWA’s denial of Vermont’s earlier reimbursement request, has reversed itself. On April 4, FHWA HQ issued a nationwide memorandum advising FHWA division offices around the country of a change in policy concerning the eligibility of National Guard services for ER reimbursement.

FHWA’s November 2009 ER Manual stated that because the National Guard does not fall within the range of agencies specifically authorized to perform “force account” work, ER funds could not be used to pay for National Guard services.

FHWA now has determined that a state transportation agency may use the workforce of another entity to supplement its own workforce so long as the supplemental workforce is under the state transportation agency’s direct control. Therefore, FHWA is allowing ER eligible emergency repair work performed by the National Guard to be reimbursed under the ER Program when such work is not otherwise funded by another federal government agency. Also, to be eligible for ER funding, all ER eligible costs must be properly segregated from other National Guard efforts that are not eligible for ER participation.

Kudos to Dan and others at VTrans who worked on this issue!

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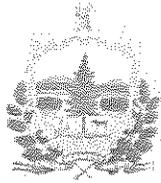
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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: April 6, 2012
Subject: ANR Weekly Report

Governor Level Issues:

- **Climate and Energy:** We are working closely with DPS to productively weigh in on the RPS bill in Senate Natural Resources. We will be suggesting minor changes today to ensure it is understood we have the authority in 248 proceedings to address efficient use of natural resources. The continued discussion of the Climate Cabinet on the VECAN issue was postponed until next week due to scheduling conflicts.
- **Lakes Bill:** We negotiated a successful resolution with VNRC of their concerns with the water panel elimination and transfer of water resources rulemaking from the panel to ANR. This bill passed the house with the understanding that we would resolve our differences with VNRC in the Senate. The balance of the bill is a study that we are proposing to address over a two-year period rather than the one year established in the House bill.
- **April 11 State House Presentation of New State Bedrock Geologic Map:** The Ceremony to present the new State Bedrock map is now set for 11:00 am at the State House on Weds, April 11, 2012. We are excited about your participation in this event.
- **Heads-Up – Killington Wastewater issues:** Due to limitations of sprayfields, we intend to not be issuing any new discharges from Killington until the leaks in the Alpine Pipeline are fixed (fall of 2013 at the earliest) reconnecting the resort to the Rutland WWTF. More detail reported below.
- **Heads-up:** It is time for our utilities who maintain power lines to get new endangered species permits since they will begin their mowing and spraying activities in a couple short months. I will

be contacting their government relations people to give them a heads up and explain how we can be of help to make identification of potential problem areas easier.

- **Plum Creek:** We will be proposing a settlement that would allow Plum Creek to keep most of their land in current use. The proposal calls for a payment of over \$600,000 (instead of the \$900,000 they would lose in tax benefits) and penalty payments for violations of AMPs and heavy cut rules. I suspect that they will ask to leave all of their property in current use and agree to the payment (which will be acceptable to us.) We will also work next session to fix the provision in current use that would require such a disproportionate consequence when a large landowner violates the current use requirements.
-

EVERYTHING ELSE:

Legislative Issues/Testimony:

H.464 - Hydrofracking: Staff testified at the Senate Natural Resources and Energy Committee on this bill that contains the 3 year moratorium on hydraulic fracturing wells for natural gas and oil production. The State Geologist testified on the nature of the shale deposits in Northwestern, VT. Geology is preparing some simplified map images to send to Senator Lyons, at her request, to show where the Utica, VT correlatives, and the Marcellus Shale in New York are located.

S.183 The potable water testing bill: The bill currently no longer requires the sampling of new potable water supplies and focuses on education/outreach to get more people to do voluntarily sampling of wells. The bill is currently with the House Fish, Wildlife and Water Resources Committee.

H. 752 - Stormwater Program: Staff testified before Senate Natural Resources on 3/21 on H.752, a bill to re-codify the permitting standard for discharges to stormwater impaired waters, and the ability of holders of expired permits in these waters to obtain title deferral. Testimony was in support of the bill. The bill is expected to pass 3rd read in the Senate today.

Press Issues/Releases:

Extreme Fire Danger: In March, the lack of snow, unseasonably hot weather, very dry air masses and windy days created an early and dangerous spring fire season. As of the end of March, current burned acreage totals are already at or above totals for entire years, including 2011, and two Red Flag Warnings have already been issued by the National Weather Service after consulting with FPR. The Burlington Free Press ran an extensive article in its Sunday edition, highlighting the current fire conditions and cautions; several FPR staff members were quoted in the article.

Hydrofracking: Following the March 28 Senate committee hearing, the State Geologist was interviewed by Vermont Digger about shale in Northwestern VT.

Permit Improvement: AP did an interview of the two sides of S.28 regarding party status and on-the-record proceedings.

Trout Season Opens April 14th: Vermont's Spring Trout Fishing Opens April 14th. Currently, Catch & Release Fishing is allowed on nine stream sections.

Vermont's Nongame Wildlife Fund Seeks Taxpayer Support: We are getting marketing help from Lake Champlain International promoting taxpayer donations via check-off on the tax forms. "After years of absence, common loons, peregrine falcons and ospreys are now nesting again in Vermont, and their numbers are increasing. In fact, they have done so well, they are no longer listed as endangered or threatened in Vermont. Their successful comeback can be credited to the Vermont Fish and Wildlife Department which is now seeking individual taxpayer help in supporting work on other species."

Project Get Ready: Following our action at the Climate Cabinet last week signing a joint MOU with Rocky Mountain Institute, workgroups will meet during the month of April to create work plans and report back to the Steering Committee in May. The goal of Project Get Ready is to support and encourage the deployment of electric vehicles in Vermont. There was good press covering the kick off of this project.

Significant Events/Meetings:

Water Quality: The International Joint Commission received letters this week from the U.S. and Canadian federal governments requesting that the IJC develop a plan of study to consider causes and mitigation solutions for flooding of Lake Champlain and the Richelieu River. The IJC is establishing a Workgroup to develop the plan of study. We have appointed a fisheries biologist to serve on the committee for ANR.

Senator Leahy Signs Earthquake Monitoring Letter: Led by Senator Collins of Maine, four other Senators (VT, Conn, and two Senators from Mass) signed a letter to Marcia McNutt, Director of the USGS, with concerns about the loss of New England Seismic Network services previously provided by Weston Observatory of Boston College. The main topics are: reporting threshold; archiving of events; and access to seismologists. USGS is requested to respond by April 15, 2012.

Ellison Surface Technologies (Clarendon): Ellison has an existing facility in Clarendon that coats turbine blades (for GE) and other parts via a thermal spray system. Ellison is now looking to perform additional spray coating operations for GE at another location. The coatings will contain hexavalent chromium and be controlled with very high efficiency cartridge collectors. This is a very specialized operation and less than 300 gallons per year are expected to be used. An application is expected within the next week.

OMYA: we have a conference call with OMYA this week to discuss their proposed switch to liquefied natural gas and possible permitting issues.

RGGI held its first auction since the beginning of the new compliance period and without the participation of the State of New Jersey. The Auction sold 62% of the allowances offered at the new floor price of \$1.93. Vermont's share of the revenue will be \$344,182.

Winstanley N. Springfield Biomass plant project: A meeting with the developer was held this week in Fayston to learn details about their proposed water use/source and wastewater disposal. An alternative air cooling technology was discussed and holds promise to resolve a bulk of the water issues.

Well Drillers Annual Meeting and Geothermal: The State Geologist spoke to well drillers on March 9, 2012 about the geothermal study that is underway funded by the U.S DOE with seed money from Central Vermont Public Service. The Vermont Geological Survey (VGS) will be looking for wells between 500 - 1000 feet in depth containing no pumps in order to readily measure water temperatures. Cooperation with the VGS is completely voluntary.

VT Woodlands Association held their annual meeting on March 31. This is a joint Tree Farm meeting as VWA is the Vermont Tree Farm organization. As VWA's membership has grown, so has the meeting, with about 100 forest landowners, foresters and other resource professionals in attendance. FPR was recognized by the group for their support to the organization, and County Forester assistance was mentioned by the Tree Farmer of the Year, Allen Yale of Derby, as contributing to his success.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Green Mountain Coffee Roasters (Essex) – a draft air permit is being issued this week for the proposed new coffee roasting facility in Essex. Each of the proposed 8 new roasters will be equipped with its own thermal oxidizer for control of emissions, including odors.

Beaver Wood Energy – No Appeal: The recent major source air permit for Beaver Wood Energy in Fair Haven has now been issued for over 30 days with no appeals to the Environmental Court (for pellet plant portion) or PSB (for power plant portion)!

Upcoming Air Permitting: Major source applications for modifications to the following facilities are expected shortly: IBM, PPL Renewable Energy (Moretown Landfill), and New England Waste Management of Vermont (Coventry Landfill), GMP for new turbines in Colchester. Minor source applications are in the works for: Plasan in Bennington, Gray Rock in Milton (portable crusher to go with the HMA and concrete plant), OMYA (compressed natural gas), FiberMark (alternative fuels), Mylan Laboratories (new line with new incinerator control device):

Adaptation Vulnerability Assessment: Contractor TetraTech held the second of the sector meetings with staff to further develop the vulnerability assessment. This one covered the forestry sector.

Retirement of Unsold Regional Greenhouse Gas Initiative (RGGI) Allowances: The Vermont Public Service Board has determined that it is appropriate to direct the RGGI Trustee to retire 788,109 carbon dioxide (CO₂) allowances, which represents Vermont's offered allowances that were not sold in the auctions under the first three years of the RGGI program.

Killington: The Indirect Discharge Program has decided at this time not to approve any new connections to the Killington WWTF system, regardless of a project's design flow. The ability to dispose of the treated effluent on the sprayfield has become limiting. The sprayfield is the only option for disposing of the treated wastewater at this time due to the fact that the connector pipeline from Killington to the Alpine Pipeline is currently not useable because of leaking problems. The program has previously approved

several projects assuming the use of the Alpine Pipeline and the City of Rutland WWTF for their ultimate disposal and now does not want to increase the risk of having sprayfield disposal problems by permitting additional connections to the WWTF until the connector pipeline is repaired and back in use (the earliest this will happen is the fall of 2013).

Grand Isle site visit: Staff from this Division and the Department of Health visited Grand Isle and North Hero to meet with Fire District representatives to discuss the possible switch to monochloramine for water supply disinfection, potential outreach to the users, and to learn more about the present system.

Frozen Records: Document ReProcessors (DRP) has completed the task of detailing the file inventory for about 15 boxes that staff needed in order to make decisions about record disposition (keep or destroy). Processing costs were verified to be about \$1000/1.2 cu.ft (e.g. bankers box).

ANR awarded recognition: It was announced this week that Vermont ANR has received official recognition from the State Electronics Challenge (SEC), a national non-profit organization whose efforts mirror the Federal Electronics Challenge program. The Agency of Natural Resources has attained a "Bronze" award for meeting SEC standards for the End of Life (EOL) management its electronics. This is the first time ANR has received recognition for attaining SEC standards since registering for the program in 2007.

F&W Demolition Project: The Solid Waste Program continues to work with the F&W Department to ensure that the demolition of the Department-owned Tralee House in an environmentally sound manner, within budget constraints. The Program coordinated contact with a slate roofing contractor who is now removing the roof for reuse. The Program also coordinated with parties to allow Renew Salvage, Brattleboro, to "soft strip" the structure, for valuable building materials before demolition. The prime contractor, TAM, Inc., is also aware of our need to minimize disposal, and will be working to salvage or recycle materials, as feasible, during the demolition phase. We visited the site on 3/28/12.

Meeting with Dept of Health, Pb and Asbestos: Brownfields Program staff met with DoH staff to discuss better coordination of lead (Pb) and asbestos abatement projects. Like brownfield projects, often the Pb and asbestos projects do not involve state regulators until late in the process with tight schedules for review. We discussed a variety of ways to exchange information sources and provide outreach to our respective programs and the consultants and contractors performing the work.

Vermont Yankee and Radiologic CATEX preparations: Dr Bill Irwin held a meeting with DOH, VEM, GIS, VT Haz Mat, Dept of Labor and DEC (Desch) to prepare for upcoming exercises for the Sampling Team and full scale operation of the SEOC for a Non Yankee event – CATEX is the descriptor for a catastrophic exercise; in this case simulating the actions required in response to a terrorist attack employing a dirty bomb. In May, 2012, there will be a full scale deployment of the radiologic sampling team and in October, 2012, Vermont is hosting a week-long conference of our New England and federal counterparts in Burlington, to exercise, drill, make presentations, etc. to prepare for such a catastrophic event.

Japanese Knotweed: Staff are working with the VT Invasive Exotic Plant Committee on a Japanese knotweed removal project to address what they believe to be a small window of opportunity to mechanically remove new infestations that resulted from T.S. Irene before they become well established. This is based on the assumption that new fragments and rhizomes might not yet be very deeply rooted by

spring and early summer 2012, so perhaps could be more easily removed than well established populations.

Lakes: The Shoreland Encroachment permit for the aeration project at Little Lake was signed this week. Rep. John Malcolm was very happy and appreciative.

Stormwater Program: The developers of the proposed St. Albans Wal-Mart are submitting an application to renew their individual construction permit which is due to expire in August. When originally issued five years ago, this permit was the subject of an appeal and settlement.

Fish and Wildlife

Fishing: The cooler weather has slowed the early season fishing pressure on Lake Champlain. Many of the interior lakes and ponds are free of ice. This is three weeks ahead of schedule in most areas. Water levels and conditions appear optimum for the first day of trout season in two weeks.

Presidential visit: Law enforcement staff were requested to assist with last week's Presidential visit. Two wardens aided in stopping traffic along the president's travel route. Although, not a glamorous detail, it was an honor to be asked and to participate.

Search & Rescue: The state police are highly sensitive to the criticism they are receiving regarding their search and rescue protocols. Wardens are being called frequently and participated in two minor searches that were quickly resolved. The protocol remains the same regarding deciding when a search is necessary, however state police must now notify a warden whenever a search *might* be necessary. This change in protocol has placed greater work on law enforcement staff, resulting in late night phone calls for no practical purpose. Staff will soon be discussing this issue with the state police in an attempt to remedy this situation.

Vermont Environmental Consortium: Staff attended the Vermont Environmental Consortium (VEC) meeting at Middlebury College to support the ongoing partnership between NRCS, Department of Fish and Wildlife, and Ducks Unlimited to implement the federal Wetland Reserve Program. This was an exciting event that was well attended and it highlights the need for a more strategic application of farm bill programs as well as, continued efforts to capitalize on other opportunities to improve water quality and habitat in and around Lake Champlain.

Lowell wind project: Final testimony was filed with the Public Service Board on Friday related to the appeal of the fragmentation easements associated with the Lowell wind project. The goal is to help guide the PSB's understanding of how the sites were selected and how the conservation easements were developed. Opponents object to the easements and the parcels.

Bemis Property: As part of the Athens Dome Wetland acquisition staff negotiated an agreement with David Bemis to quit-claim to us 30 acres of wetland property adjacent to the 180 acres we will purchase from him. The property is being conserved to protect the federally endangered Northeastern bulrush.

Town of Marlboro: Staff gave a presentation to Marlboro Planning Commission regarding a proposed overlay district for wildlife road crossings as part of an on-going partnership with VNRC, Windham

Regional Commission, and Marlboro Conservation Commission. The select board was present and on-the-record responses by the public were all favorable to the idea of road crossing protections. Town will also examine their subdivision code (currently 2.5ac min lot across all of town) given that most development in town is happening one house at a time. The planning commission will propose language and submit it to VNRC and the Department for fine-tuning.

Lewis Creek Stream Leases: Staff developed two new agricultural leases for farmers utilizing portion of the Lewis Creek Stream Bank. The leases were done to develop a formal agreement with the farmers who have used the areas prior to Department ownership, without any legal agreements.

Derby Line Wind Energy: Staff participated in a conference call to review DL's proposed bat/bird monitoring plan. The project still has not adequately addressed the unmitigated taking of little brown bats. Staff also participated in a conference call involving research related to operational adjustments that might be necessary as a result of Sheffield wind bat/bird fatality monitoring.

Bait Fish: Staff spent time planning and preparing for a Baitfish Team meeting to be held this coming week. The Fish & Wildlife Board recently voted to reopen the baitfish regulations passed in 2008. The Team will meet to discuss the most common complaints, and review the regulation to see if there are any changes that can be made without weakening the intent of the regulation in protecting the health of Vermont's fish populations.

Champion's Landholdings: The Fish and Wildlife Department closed on 3 properties in the town of Maidstone and on Maidstone Lake; the access area, dam, and Loon Island. All three properties were part of Champion's landholdings and were given to a group of Maidstone Lake camp owners, known as Maidstone Rehold, in 2003. Rehold rebuilt the dilapidated dam in 2005, and then donated the properties to the Department. The access area provides the only public boat access to the lake, which is 745 acres. The island is undeveloped and provides nesting habitat for loons.

Forest, Parks and Recreation

State Land Transactions: The Lands Division closed on three significant land acquisition projects last week: 177-acre GMC/Smith addition to Mt. Mansfield State Forest in the Town of Bolton for Long Trail relocation, 976-acre Canada View Forest Legacy easement in the Town of Jay, and a 9-acre donation/addition to Molly Stark State Park in the Town of Wilmington. Work continues on other priority land transactions including Morrisville Water and Light/Zach Woods Pond additions to Green River Reservoir State Park, sale of Lafrenniere House parcel, conveyance of Woodchuck Mountain parcel to the Town of Newbury, proposed land exchange in Alburgh, and others.

Parks Division: Field staff continue preparations for the prime operating season. Reservation call center and online reservation activity is brisk, with camping reservation activity 6.5% ahead of last year at this point. Construction activity is continuing on the water system improvement projects at Wilgus and Ricker Pond State Parks and the rental cottage at Ricker Pond, and solar water heating systems in a number of campgrounds across the system are almost finished. Also being completed are several energy efficiency projects, housing and toilet building renovations. All work should be completed by spring operating season. Flood damage work has begun at Camp Plymouth. A firm completion date is uncertain at this point.

UVA Plan updates. Forestry UVA plans must be updated every ten years, although they can be amended at any time. Statewide, over 14,000 parcels (representing 1.78 million acres of forested land) are in the program. This means that in any given April, between 1,200 and 1,400 updates are due and must be reviewed and reported to the Tax Department by County Foresters before the Grand Lists are finalized.

Town Forest Fire Warden Trainings: On March 28, District 2 training was held in Rutland with 85 fire wardens and guests in attendance; the following night, District 1 hosted its training session in Springfield with 68 attendees. There are three more training sessions to be held. This year's training theme is timely: *Awareness of Grass Fire Danger and Current Fire Weather.*

2012 Arbor Day student project judging: ANR staff in Waitsfield had the distinct honor of helping judge the Arbor Day student projects entries from all over the state competing in the annual Arbor Day Growing Works of Art Contest. This year's contest asked children to create a piece of artwork showcasing a Vermont floodplain tree and to write five facts about the tree. We received over 75 entrants. Winners will be announced on Friday April, 6, and they will receive recognition at an Arbor Day celebration at the State House on Arbor Day, May 4.

FPR Federal Funding -5%: The Forestry Division received its federal financial advice for FFY2012. These funds cover Cooperative Forestry Assistance Programs such as forest stewardship, urban and community forestry, forest health, state fire assistance, and forest legacy. Funding levels are down an average of 5%. Competitive allocations will be announced later this week.

Conservation Education: The Forestry component of the Conservation Camp curriculum is being overhauled by FPR staff and finalized this week. FPR staff will be leading a session for the Conservation Camp staff to help them teach portions of the curriculum. Training day for the Envirothon is taking place on April 4 at Marsh-Billings-Rockefeller National Historical Park in Woodstock. Seventy students from seven Vermont high schools will attend the fast-paced day.

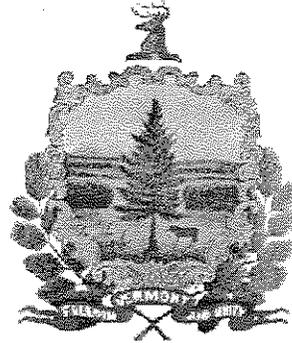
Information Technology

Recruiting for the DFW Systems Developer III position is not going well. Staff met w/ DHR, DII, AOT, and AHS for the kick-off of the Gallagher Flynn and Company lead *Information Technology Classification and Compensation Initiative.*

Flood Recovery: IT staff assembled the Irene Hazard Town Survey data from the RPCs now that a majority of the data is in. The data can be viewed at this site. Additional GIS data is still forthcoming. This data is being used by ANR, VTRANS, RPCs and towns to assess remaining possible hazards along rivers and roads due to Irene damage.

GIS – Drinking water and Railroads: We completed work identifying public drinking water wells within 200 feet of rail lines for New England Central RR, Atlantic RR, and St. Lawrence RR. This data is used to guide their herbicide spraying along rail lines.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: April 6, 2012
SUBJECT: Governor's Report

Division Reports and Updates;

State Police

A Troop – Field Force

- Large burglary case solved by Tpr. Katz. Theft of antiques from Charlotte, Huntington, Williston and Hinesburg. Thief targeted homes of recently deceased. Also arrested was the antique dealer in Shelburne who was in possession of the antiques**

- Nine thefts and seven burglaries were reported this week. Seven arrests, including two for Burglary by Trooper Johnson: On 3/20/12 three burglaries were reported in the Enosburg area, all within an hour and a half of each other. Witnesses were able to give a description of a vehicle leaving the scene of at least one of the burglaries, and Tpr Johnson was able to quickly track down the vehicle and interview the occupants, Anthony Bray & Christopher Delisle, for the burglaries. Subsequently, the two individuals were arrested for their involvement in two of the burglaries, and a third arrest is pending upon further investigation**

B Troop – Field Force

- Lodged William Wrey on numerous charges to include Domestic Assault, Burglary after Wrey's girlfriend came to the barracks to report Wrey tried to run her off the road and block her from coming to the police.**
- Trp fought with Adam Verge before being able to take Verge into custody. Verge was charged with Agg Assault on Police Officer, Resisting Arrest, Burglary, DC and more. Munson had responded to a Domestic call in Island Pond where she was taking Verge into custody when Verge took leg bail.**

B Troop – Field Force

- Melissa Jenkins homicide - Arrest of Patricia and Allen Prue. Search of vehicle location on Goss Hollow Road, Jenkins' residence, Prue residence in Waterford, body location at Comerford Dam in Barnet, Littleton NH & Moore Dam NH. 3 vehicles seized and searched.**
- Assisted St. Johnsbury PD with a missing developed mentally disabled Samantha Shatney (21). K9 Roos called out to assist. She was located at a sex offender's residence, St. Johnsbury PD following up on this.**
- Restraining order violation/burglary into residence. Subject fled prior to our arrival and was located later in the evening.**

C Troop – Field Force

- "Drive-by" shootings in Pittsford (Orchard Road, Elm Street and Plains Road), multiple arrests**
- Lost Skier/ Located at a local bar**
- SAR Search for 74 year old: Caretaker searched for several hours before contacting the State Police. Several agencies notified to include Shelburne FD, Hinesburg PD, Starksboro FD, and Williston VSP barracks. Victim was located a short time after in good health check by Starksboro FD. The Victim wanders off regularly.**
- Troopers executed a search warrant at a residence in Shaftsbury and seized a number of reported stolen items from previous burglaries.**

C Troop – BCI

- Homicide of Melissa Jenkins, St. Johnsbury D Troop – Field Force**
- Missing Schizophrenic patient Westminster: 21 year old male, recently released from mental health facility with additional medical issues. Subject who was supposed to be under mothers supervision stripped off all clothing and ran into woods at the direction of voices in his head. local troops along w/ a F&W K9 team responded. EMS, Fire and additional K9 requested. Subject was located by troops a couple hours later not far from home. Troops escorted patient, physician and family to meet w/ crisis team at Emergency Room. Subject, back at home, became agitated with electricity and electrical devices and unplugged all appliances in the home. When mother used microwave he became highly agitated and left home, this was 1900 hrs. Mother did not follow, and at some point became concerned when son did not return. Family searched until 0030 hrs, then called VSP. Tprs responded and established command. K9 search conducted w/ negative results. SGT French made notifications and began planning for AIM searches. SAR, VTNG (air assets), Fire, EMS, NE K9, Upper Valley Rescue, F&W all responded. Subject finally located late afternoon, unharmed. Subject was involuntarily committed by VSP.**

D Troop – Field Force

- Missing person - 72 yr old, F&W, 3 local FD, VT Air Guard and SAR activated. Subject found unharmed.**

D Troop – BCI

- **Accidental/natural death follow up from Weston in 2009.**
- **Grand Jury testimony for Barratt Homicide with US Attorney**

TOPS Unit

- Assist in St. Jay homicide**
- All TOPS-North assist in St. Jay. Wednesday: All TOPS-North assist in St. Jay case. Friday: All TOPS supporting POTUS traffic & motorcade. Supported and planned POTUS visit all week**

Arson Unit

- Fire Investigation in Albany – ruled an arson fire to a mobile home used as storage**
- Fire Investigation in St Johnsbury – fire to a vacant residence ruled an arson fire**

- Worked the Jenkins Homicide**
- Fire Investigation in Poultney (Green Mtn College) – Fire determined to be arson. Student administrator’s vehicle was set on fire.**
- Fire Investigation Cavendish – Fire determined to be arson.**

Division of Fire Safety

Issues / Updates:

- **Testified on Ski Inn closure in Lamoille Probate Court.**
- **Conducted ICS Train the Trainer course at Fire Academy**
- **Meeting with Department of Public Service regarding Compressed Natural Gas plan for OMYA.**
- **On-going preparation for Code update process**
- **Training of temp personnel to begin fire safety trailer deployment.**
- **Issued joint Fire Danger warning with Forrest and Parks**
- **On-going follow up on elevator inspections**
- **Continuing investigations of fires in Jericho, Springfield and East Montpelier.**

Legislative: Busy week testifying on the following, Search and Rescue, propane tanks, Swift water equipment acquisition and fire code changes.

Criminal Justice Services

Marijuana Dispensaries

The final rule filing with ICAR has occurred. We submitted the rules on 4/4/12. If there are no questions during the ICAR process we may make the June 2, 2012 deadline. There are still aspects of this program implementation that needs a full time person. Getting the authorization from DHR continues to be problematic. Paco Aumand took a call this week from a potential patient who wants to become registered but their health care provider is refusing to sign the form because they think they are prescribing marijuana. This highlights the need for an education effort with the health care provider industry. This is one of the important functions of the new marijuana program administrator.

Blood/Breath Alcohol Program

Again, getting the Department of Human Services to move on authorizing the positions for this project is a problem. The failure to fill positions is beginning to have a negative impact on the rest of the lab's functions.

Records Management System Server upgrade, VPM upgrade and storage upgrade

The CJS IT section has been working in conjunction with the staff from DII getting ready for the IT upgrades to occur April 10, 11 and 12, 2012.

Emergency Management

Issues/Updates:

- a. Final preparations on the TS Irene After Action Conference set for April 12, 2012 at the WRJ Naval Reserve Center, where the Governor will attend to open the Conference.**
- b. Reviewed Post Irene Emergency Preparedness Training Strategy with the Secretary of Administration.**
- c. Met with Deputy Secretary of Administration and Finance Commissioner to discuss migration of the FEMA Public Assistance Program (PA) away from VTrans to VEM.**
- d. The second-round review of HMGP applications occurred on March 29, 2012. Additional documentation is being collected on approved submissions.**
- e. Updating instrumentation with Dr. Irwin, Vermont Yankee and VEM office; discussing types, amounts and where to be placed.**
- f. Working on the host facility issues with the Red Cross and Windham South East Supervisory Union.**
- g. Scheduled a meeting with the Wilmington Town Manager to discuss the closing of the high school and the impact from that as it was the designated Western Reception Center.**
- h. Activated the SEOC in support of the unified command post for the Presidential visit.**
- i. A DPS/VTrans working group has been identified to determine necessary IT requirements to link VTrans' Operations Center to the SEOC.**

- j. Ray Doherty was named HQ Employee of the Month for his work in the Hazard Mitigation Grant Program.**
- k. The Agreement with New York State on VT Alert is stalled awaiting signatures in New York.**

Legislative Contacts:

- a. Testified in House Government Operations Committee on Incident Command Systems (SAR debate).**
- b. Senator Mazza**
- c. Rep. Courcelle**
- d. Rep. Olsen**
- e. Rep. Krebs**
- f. Rep. Emmons**

General Information/Other:

- a. Staging Area (RERP Program) training for the Vermont State Guard has been reinstated for the 1st 2nd and 3rd Battalions at Camp Johnson, Berlin and Rutland respectively.**
- b. Participated in multiple JFO and Recovery Office meetings and calls.**
- c. Conducted DisasterLAN training for SSFs, RPC staff & local jurisdictions.**
- d. Program staff working on EMPG 2012 application development.**
- e. Peter Coffey (lead instructor) and Rob Schell were instructors at the L449 (ICS) train the trainer course at the Fire Academy. There are now twenty-three new ICS instructors available to deliver ICS classes to first responders in VT. This is a course approved by the Emergency Management Institute in Emmitsburg, MD. Rob Schell coordinated with EMI to bring this course to VT. Two of the twenty-three students came from Texas to take the class as it the only one in the country being held in the near future.**
- f. Jason Gosselin and Kim Bresett continue to work with BGS, FEMA and AHS on donations management.**
- g. Randy Bronson and Peter Coffey presented at the Region 1 EPA conference in Portland, ME**
- h. Participated in state and Brattleboro area Med Surge/Mass Care coordination meetings.**

- i. Participated in VLCT Select Board Institute workshop on March 31, 2012.**
- j. Attended LEPC 2 meeting (mini-tabletop exercise) and LEPC 13 meeting.**
- k. Met with Public Service Department Commissioner Miller and Deputy Hofmann to discuss DisasterLAN and integration with utilities information.**

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Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: April 6, 2012

Vermont Department of Health (VDH)

Community Transformation Grants. The Department of Health is awarding a total of \$1.5 million in federal/state community transformation grants. With this funding, communities will work to prevent chronic disease – by reducing alcohol and drug abuse, promoting physical activity and nutrition, limiting retail tobacco advertising and, through the Healthy Retailers project, helping grocery and convenience stores position their merchandise to make choosing healthy food and beverages easier for their customers.

April is Alcohol Awareness Month. Three activities are underway to promote awareness about alcohol related health issues in Vermont during Alcohol Awareness Month.

- A public release of the Strategic Prevention Framework State Incentive Grant (SPF SIG) evaluation. Intervention sites collectively achieved population level outcomes in the area of binge drinking. A summary report will be posted on the Health Department website this week.
- A ParentUp booster campaign that includes radio and online advertising to promote www.ParentUpVT.org. ParentUp is designed to remind parents of their important role in the prevention of underage drinking, provide tools and connect them with community resources.
- An effort to encourage alcohol screening as one more component of a healthy lifestyle.

Environmental Public Health Tracking. The Health Department publicly launched its new Environmental Public Health Tracking portal on April 2nd with a media briefing and demo. To date, the portal contains searchable data and information about the state's air quality, asthma hospitalizations, birth defects, cancer, carbon monoxide poisoning, drinking water, heart attacks, lead poisoning and reproductive health.

Mapping the state's drinking water supply systems is one example of a future tracking project. Tracking staff will map each water system service area with E-911 addresses, and link these to water test results. Residents will ultimately be able to locate their house and view reports of drinking water quality from their water system operator.

Pertussis. On April 5th, the NBC Today Show did a story about the epidemic of pertussis that is happening in Washington State. They emphasized the dangers of not getting vaccinated and identified three states as so called hotspots - Washington, Oregon and Vermont.

Department of Mental Health (DMH)

Department of Mental Health

Hospital bed supply continues, of course, to be tight. In March, there were 16 persons identified as being "held" in an emergency room awaiting a hospital bed. This compares to 11 in February, 14 in January and 12 in December. The good news is that all were able to access a bed eventually. Some were held for a matter of hours; several were in the ER more than one day. It is very interesting how many other hospital beds were open in the system at the time these ER holds were happening. More details available if desired, but this is a bigger discussion for later. The DMH staff worked hard and creatively to move people around and find beds. It's care management under development. Nancy Remsen from the BFP has expressed interest in this data and Commissioner Flood will be speaking with her Friday afternoon.

Nancy has also visited the Morrisville site and intends to write an article about it for this weekend. To our knowledge she has not spoken to any of the neighbors.

Discussions are underway with the DA's to provide community placements for some of our most challenging clients, including the four at Springfield and some holding down beds at the Retreat. We are cautiously optimistic that we can free up some beds this way, although these "wraps" will be expensive. It is even possible we could close the Springfield operation, while we develop the secure residential option.

Dr. Batra and Commissioner Flood visited the Springfield operation on Wednesday and met with staff and patients. It really is an untenable situation for both staff and patients. We are working on a solution on two fronts: a) as above, find community placements for these individuals and b) set up a secure residential ASAP. DMH and BGS are working closely together to look at four possible sites: some locations recommended to us by the town of Waterbury (although all have complications); and three on the campus of three Correctional facilities: Windsor, St. Johnsbury and St. Albans. A Waterbury site of course is preferred. Hopefully we will know enough by the end of next week to make a decision. I am happy to provide a lot more detail if desired.

DMH had a plan to move another very challenging client to the Eagle Eye Farm. However, in light of the recent press about the Ponzio case we have put that plan on hold for now. This individual is being maintained in a very costly one person setting in Waterbury for the time being. If the Attorney General's office has no findings in the Ponzio case, we will go forward moving this individual there. Until then he will remain in Waterbury.

This impacts our staffing. We need to keep more persons on in the short term for this setting and Springfield. Some RIF's have been rescinded to maintain this staffing. It does not appear at this time that there will be additional RIF's, since once Morrisville is up and running we will need all the current staff.

Design and planning for the new state owned and operated facility are fully underway, awaiting a decision about which parcel to proceed with.

The legislation creating the secure residential facility, and the legislation authorizing a study by AHS of the adequacy of mental health services in DOC, are both moving through the Senate towards passage.

Department of Disabilities, Aging and Independent Living (DAIL)

Jobs

The National Council on Disabilities will be coming to Vermont next week to meet with Disability, Aging and Vocational Rehabilitation staff to explore Vermont's notably successful and innovative efforts with regard to the supported employment of those with disabilities. Vermont is one of only five jurisdictions throughout the nation selected for such a visit.

Ongoing Issues

Adult Protective Service. The Division of Licensing and Protection successfully kicked off use of the new Adult Protective Services software system. After two days of formal training, the team today began populating the live system with active investigations. The Harmony Information System will allow us to screen intakes, document investigations, track progress and generate timely reports based on accurate, aggregated data.

An investigation into allegations by two former employees that a third former employee had made threats to harm APS staff and the Commissioner concluded there was no imminent threat to anyone.

Adult Protective Services Litigation. Attorney for the plaintiffs, Barb Prine, requested a meeting with me to address her new allegation that APS had summarily closed 90 cases without review. I investigated this allegation and concluded it was unfounded. The Commissioner responded to concerns about these 90 cases and provided a copy of her response on the Department's website.

Legislature

Commissioner Wehry provided an update on APS to Senator Sears upon a request from him. She also answered questions from Senators Campbell and Ayer about the 90 cases referenced above.

Commissioner Wehry, AHS CFO Jim Giffin and DAIL CFO Bill Kelly had a positive meeting with the House Appropriations Committee to explore alternative ways to describe and report the Choices for Care budget. A sticking point has been how to characterize and invest the portion of the appropriation that is unexpended at the end of the fiscal year. We found common ground and are preparing a trend report for the committee.

Evolving issues (with possible media attention)

McGirr's Nursing Home has filed for injunctive relief from the CMS decision to decertify them. The U.S. Attorneys office is taking the lead on the action. DAIL is working cooperatively with the long term care ombudsman office to insure residents' rights and needs are addressed.

Department of Corrections (DOC)

Press Issues/Releases/Contacts

Times Argus. Commissioner Pallito spoke with Dan Staples, a reporter from the Times Argus regarding a story he is doing on the Corrections Citizen Advisory Group. Dan is interested in the formation of the group and its purpose. The story will run in the Times Argus this weekend.

WCAX. Jennifer Reading of WCAX is working on a story this week showcasing our culinary program at the Southern State Correctional Facility in Springfield. We anticipate that this program will run sometime this week.

VT Digger. The following appeared in VT Digger:

A spreadsheet supplied by Duffy to Seven Days lists 49 state positions with a combined payroll of \$2.2 million that have communications as part of the job description. In some cases, that's the primary function.

The departments of Public Safety and Public Service each have five such positions. The Agency of Transportation, Department of Education and Vermont Lottery Commission each have three. The departments of Labor and Corrections have two apiece.

To be clear, these positions with the DOC are positions that are employed with the Vermont Offender Work Programs. The "communications" in their titles is outdated. They take orders, manage sales, customer outreach, etc. including marketing "I am VT strong" plates on behalf of Corrections Industries.

Significant Events/Meetings

House Corrections and Institutions. On April 4th, Commissioner Pallito testified before the House Corrections and Institutions Committee. Topics were a review of DOC's Facts & Figures for FY'11, Justice Reinvestment on how the savings and investments are being implemented, Public Inebriates update, the Governor's goals for DOC's recidivism work and the Governor's Strategic Plan.

Other

National Recidivism Panel. Commissioner Pallito will be in Washington during the week of April 16th attending the National Recidivism steering committee for the Council of State

Governments. This committee will discuss the next steps in Corrections work regarding recidivism across all fifty states. This trip is funded by the Council of State Governments.

Council of State Governments. The DOC is working on a contract with the Council of State Governments to come to Vermont to study our recidivism work, and to analyze trends and data in Vermont. Their staff will be in Vermont during the week of April 23rd. During that week, CSG staff will work with members of the Corrections Oversight Committee and the Administration to celebrate our success so far, and to help identify trends and opportunities moving forward. They will also attend the weekly press conference on April 25th.

Population

The Department's incarcerated population reached a low of 2037 on April 5th! The female population remained low and is currently at 121 on the same date. The detention population still remains in the middle 300's at 351. The Department is currently supervising five individuals on home detention and 44 individuals on home confinement. Detention and the utilization of home detention was a topic of conversation this week in House Corrections and Institutions.

Department for Children and Families (DCF)

Legislative Issues/Contacts

H.762. This bill relates to workers' compensation and unemployment compensation. Among its many goals is to give the Department of Labor (DOL) authority to create a "sole contractor" status for individuals after they demonstrate they satisfy the federal and state tests as independent workers under workers' compensation and unemployment compensation regulations.

Commissioner Noonan and DOL staff worked closely with AHS to find agreeable language to reduce the potential and unintended impacts of the bill. AHS is concerned that foster parent payments could be considered wages. Exempting foster parents explicitly in the bill as neither employees nor "sole contractors" makes it clear that foster parents cannot be considered employees of AHS. This addition to the bill significantly reduces the likelihood that an injured foster parent could file a claim against AHS/DCF for workers' compensation.

Another component of the bill is asking DOL and AHS to assess all grants within AHS, to assure compliance with WC and UI regulations. The committee recognized the possible financial implications and time was needed to assess the impact. If the bill passes, AHS will work with DOL over the coming year to look at its many grants and contracts to assure AHS is in compliance with the federal and state regulations. Members of the committee made it very clear they believe all agencies in state government must lead by example and assure full compliance.

The bill is expected to make it to the House floor early next week.

Evolving Issues

Supplemental Strengthening Families Grants. Section 86 of the BAA for SFY 2012 appropriated \$200,000 to DCF to “*provide special supplemental grants to qualified strengthening families child care providers located in areas where there is limited access to high quality child care and where the commissioner has determined the grant will further the applicant’s sustained operation, or will provide an orderly transition of subsidized children to alternative service providers.*” A memo was sent to all current Strengthening Families grantees (26 child care programs) announcing an opportunity to apply for supplemental funds to address financial jeopardy. Eight programs submitted requests totaling \$296,165. DCF evaluated and prioritized the requests and was able to provide some level of funding to seven applicants within the \$200,000 allocation. All programs have been informed of the results and amendments to their Strengthening Families agreements are being processed so that the supplemental funds are dispersed in SFY12.

Sexual Abuse Investigation Involving Allen Prue. On February 19, 2009, DCF’s Family Services Division received an intake alleging that Allen Prue had sexually abused his cousin, MS (age 14 at time of report) when MS between 7 and 8 years of age. This report was accepted for investigation of sexual abuse and was jointly investigated by Family Services and the Vermont State Police. The victim was interviewed and provided information about abuse by Prue. Prue denied the allegation. The case was unsubstantiated based on a lack of corroborating evidence.

Brattleboro Arson and Vandalism. On April 1, 2012, a youth in DCF custody was arrested for multiple felonies, including 1st degree arson of two Brattleboro businesses (Koffee Kup Bakery and Barrows & Fisher Oil Company), burning vehicles, writing graffiti on the Brattleboro High School and lighting fire to an abandoned building. The damages from these events total almost \$800,000. The youth was placed in custody in February 2012 due to stealing his mother’s vehicle. The youth admitted to the delinquent act of Operating without Owner’s Consent while in court on March 29, 2012. The youth is scheduled to appear in Windham Superior Court at a future date to answer the vandalism and arson charges.

Department of Vermont Health Access (DVHA)

Legislative Issues/Contacts

Hub & Spoke Testimony. Mark Larson, Vicki Loner and Beth Tanzman testified at Senate Appropriations on Thursday on Hub & Spoke.

Press Issues/Releases/Contacts:

Peter Hirschfeld/Exchange survey. Peter contacted DVHA to inquire about the release of information obtained through the GMMB/Exchange survey being conducted by Lake Associates. Mark Larson informed Peter that the results would be available next week.

Significant Events/Meetings

AAA director meeting. Mark Larson met with the Area Agencies on Aging on Tuesday to discuss the Dual Eligible project.

Meeting with FAHC. Mark Larson, Anya Rader Wallack and Steve Kimbell met with FAHC today regarding payment reform pilot proposals.

Emerging Issues:

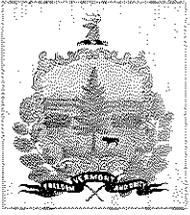
Medicaid Transportation Update. Since February, DVHA has heard several comments and concerns about one of our Medicaid transportation policies. Several women who receive Medicaid transportation for substance abuse treatment would like to bring their infant children with them because they do not have childcare for their babies. Medicaid is not able to cover the additional transportation costs for these kids because it is not medically necessary for them to accompany their mothers to these appointments. This is, essentially, a childcare issue and Medicaid does not have the ability to extend the transportation benefit for childcare.

This presents a very serious problem for some of these mothers. If they cannot bring their kids to the appointments, they cannot go to these appointments. If they stop going to their appointments, they are at risk of relapsing and the medical, social and legal repercussions are severe. In an effort to address this situation, we have done the following:

1. DVHA informed our transportation providers that they may offer free fares for the young children of parents who cannot find childcare. This solution does not violate any of DVHA's policies, and it leaves the decision in the hands of our transportation providers. To date, we have heard that our transportation providers are willing to offer free fares for the kids.
2. In February, the Director of Provider and Member Relations met with staff from DMH, ADAP and Designated Agencies for mental health to review this issue and offer a solution.
3. In May, the Director of Provider and Member Relations will meet with AHS Field Directors to review the issue, answer questions and discuss solutions.

DVHA believes this particular issue is resolved, but there may be a need for future discussions about non-Medicaid human services transportation needs in Vermont.

Payment reform director. DVHA has made an offer to a candidate for the payment reform director. We expect to hear a decision by early next week.



State of Vermont...

Department of Financial Regulation

89 Main St. Drawer 20 Montpelier, VT 05620-3101 Main Number: 802-828-3301

Divisions: Banking, Insurance, Captive Insurance, Securities, and Health Care Administration

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING Report to the Governor for Week Ending April 6, 2012

Governor's Priorities

Health Care Reform

Commissioner spoke on health care reform Tuesday at the Brattleboro Chamber of Commerce.

H.559 was reported from the Senate Health and Welfare Committee on a 4-0 vote and is under consideration in the Finance Committee. Commissioner and General Counsel testified and otherwise worked in support of the legislation.

Consumer Support

The Insurance Division released a Consumer Alert recommending use of an NAIC-designed computer application that allows home-owners to more easily catalog personal possessions. Insurers are less likely to honor claims when undocumented possessions are lost due to floods or extreme storms.

General Counsel was actively involved in civil aspects of the Mac Parker alleged securities fraud matter.

Legislation

H. 512 was signed; this department is now the Department of Financial Regulation; conforming our website and other materials has begun.

General Information

Captive Division presented at a Vermont Captive Insurance Association outreach event in Detroit. Contact was made with the Risk Manager of General Motors, who is considering moving GM's Bermuda captive onshore. Division staff also met with representatives of a large Vermont captive that is considering consolidating its Bermuda and Vermont captives. Such a move would bring over \$1 billion onshore.

General Counsel hosted a meeting of industry stakeholders to discuss workers compensation provisions in Act 48.

The Banking Division participated in events related to the launch of Champlain College's "Vermont High School Financial Literacy Pilot Program."



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: April 6, 2012
SUBJECT: Confidential Report to the Governor

CONNECT VT

Legislative:

Presented update on VTA capital appropriations commitments to House Corrections and Institutions. Generally, they were positive about the work of the VTA over the past year in soliciting and funding of projects. There was a focus on the language “appropriated, allocated, encumbered” with an emphasis on encumbered. At this time, the VTA has 3.6M to broadband in new RFP, 6.4M to cellular in existing RFP, 2.3M in cellular/tower in existing RFP, all to be finalized within the next 4 months. This will meet the encumbered standard that the committee seeks. They gave positive feedback about a “different” VTA this year, versus past, and noted the progress that has been made. We have turned the corner of perception with action.

Worrisome action here was a clawback of a 49K recapture that VTA had from a 2009 appropriation. We had asked the committee for a minor change to appropriations language that would allow these funds to be targeted to the library initiative. Instead, they chose clawback into the approps budget. This was first notice of this. We need a strategy to either 1) reinstate in another committee to VTA or 2) allocate these to DOL. **Need assist here.**

VTA/ Mobility:

VTA Board will consider a revised proposal from VTEL tomorrow (April 6) for up to the full \$6.4M allocated to cellular expansion; to pay for the network core, radio equipment add ons to accomplish mobility in target corridors. The VTEL solution would extend the networks of GSM (ATT Mobile, possibly Rogers) carriers (not CDMA- Verizon, Sprint). Vanu has submitted a revised proposal seeking

.5M, as a demonstration project of their technology. VTA will go to contract negotiation within the month, likely board finalization at May meeting.

VTA/ RFP for Target Communities:

Updated location detail is being prepared for the RFP based on unserved and underserved locations, as discussed this week with GPS. The timetable for submission of proposals will be by May 15, with funding decisions targeted for July; completion of projects by 12/31/2013.

Provider Contacts and Meetings:

ATT: Negotiating final lease language for Bethel tower; we are pushing for a more aggressive timeline to install equipment than their counsel and capital budgets want to allow for.

Inter Agency:

DII: Completed final negotiations with VELCO for installation of a tower on Okemo, with lease of state land. Richard Boes has signed off for DII, waiting final signature from ANR. Discussed VTRANS/AOT right of way I 89 and I 91 fiber project and extension of fiber network usage to state agencies.

Next up:

- Review of rate schedule for telco installations on state buildings and tower assets
- Review of telco lease negotiations in process

ACCD: Meeting with Sec Miller, VCRD and Broadband outreach regarding digital literacy and the intersection with state government and e-govt initiatives. In weekly conversations regarding digital literacy and adoption among our citizens- the state and our on line services delivery, web presentment, accessibility and transparency are common topics. We have set up a meeting with DII/ Rich as a starting point to discuss e-Govt initiatives:

- Discuss the vision for e govt, and any overall strategic plan
- Identify core agencies and services that are transitioning
- Discuss initiatives within DII, ACCD and Connect VT that can contribute to a cogent strategy if there isn't one already
- Develop a central point of coordination, if there isn't one already

Irene Recovery- with Sue Minter: With Target Communities identified for broadband and the cellular strategies, we are going to seek nexus with "most in need" towns engaged in Irene Recovery to 1) provide information to these towns on communications infrastructure development 2) work with ACCD on how telco infrastructure can enable economic recovery and 3) explore whether we can prioritize these towns in the telco build out.

Outreach:

Projects in Progress – Tourism Survey: Meeting with LCRCC to discuss implementation steps to improve on property service (WIFI spots, in room) at hospitality locations throughout the state. Identified a strategy with the input of Tom Torti to engage Convention Bureau/ resort IT leaders to develop connectivity standards for hospitality properties in three categories:

- Major resort
- Hotel up to 50 rooms
- Small inn, B &B

Actionable from there will be to provide a “Tool Kit”/ content through area chambers and convention bureau to hospitality membership to improve at resort connectivity for guests. The thinking: our lodging and resort properties are the “front porch” for visitors and commercial business people, where we want them to experience a world class connectivity experience.

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Met with Senate Agriculture regarding CSA’s in state buildings and buying locally grown produce.

Press/Media Notes:

- Talked to reporter at The Bridge regarding ANR move to National Life.

Significant Events/Meetings:

- Conversation with Dave Magida, Norwich University, regarding project and construction manager process.
- Internal meeting regarding 14/16 Baldwin; how much should be invested in the building?

Evolving Issues:

- Cash flow issues regarding Waterbury and demand for capital dollars in FY 14 and FY 15.
- We need to determine elements of Option B revised.
- Rutland parking garage: City board chair David Allaire continues talks with SOV re: the City’s potential operation of the deck. Next board meeting is 4/19.

FINANCE AND MANAGEMENT

Issues Update:

ERP Project: In preparation of the Expense Module implementation, a revised Bulletin 3.4 has been drafted. Previously, Bulletin 3.4 dealt solely with the Reimbursement of Travel-Related Expenses to employees. The draft is scheduled to be submitted to Commissioner Reardon, Commissioner Kate Duffy and Deputy Secretary Clasen for review and approval by the end of next week.

FY 2012 Financial Statement Audit and Federal Single Audit (A-133) Kick-Off: Secretary Spaulding, Commissioner Reardon and Auditor of Accounts Tom Salmon are holding an FY 2012 Audit Kick-Off meeting for agency and department senior management on Wednesday April 18th in the Pavilion Auditorium. The focus is to ensure that agency and department senior management (the target audience) understand the importance of these audits, the cost of repeat audit findings, and their own role in making certain that reporting requirements are met fully and in a timely manner by their financial and audit staff.

FY 2013 Governor's Recommend Budget: Secretary Spaulding and Commissioner Reardon delivered a letter to Senator Jane Kitchel, Chair Senate Appropriations Committee, providing the Administration's input relative to the House-passed version of the FY 2013 budget (H.781). Although the House version is generally consistent with the Governor's recommendations, there was concern expressed about a few areas.

HEALTH CARE REFORM

Nothing to report.

HUMAN RESOURCES

Status of Governor's Priorities:

Strategic Planning: DHR is working with the Secretary of Administration's office to assist Agencies and Departments in preparing second drafts of their strategic plans, focusing particularly on the performance measures associated with goals. DHR anticipates a revised draft of the statewide plan will be completed by the end of April or early May. DHR is also working with the Department of Health to prepare a demonstration and discussion of DOH's strategic plan at the next cabinet meeting, scheduled for April 9, 2012. A second round of strategic planning, which will focus on implementation efforts and performance budgeting, will begin sometime in June 2012.

Legislative Issues/Contacts:

Strategic Planning: Commissioner Duffy testified before House Institutions on the Governor's strategic plan, its relationship to Challenges for Change, and the performance measures that would provide the best information to assess the Department of Corrections' performance. Questions were also posed about the new office complex to be built for state employees and the benefits of co-location of departments and agencies with similar missions.

Pay Act: Commissioner Duffy has been working with Legislative Counsel to make appropriate technical changes to the Pay Act. The Pay Act is now before Senate Government Operations, and testimony will be taken on the bill later today and next week.

Press/Media Notes:

DHR worked with DAIL to assist it in responding to a request from the *Burlington Free Press* for information about threats allegedly made by an employee to kill Commissioner Wehry. Commissioner Duffy discussed the proposed response to the inquiry with Secretary Spaulding and the Governor's Counsel before providing guidance to DAIL. DHR also followed up with the Department of Public Safety to ensure the threats are properly investigated.

Significant Events/Meetings:

VSEA Involvement at Veterans Home: Labor Specialist John Berard attended a meeting with the Vermont Veterans' Home and the VSEA. VSEA has begun a campaign to address what it considers to be safety and other concerns at the facility. While Mr. Berard was able to identify a few minor issues

that can be addressed, overall, he is confident that the Vets Home is operating in an appropriate and safe manner. DHR will continue to monitor the VSEA's efforts at the Vets Home to ensure effective resolution of any significant concerns.

Evolving Issues:

Nepotism Policy: The VSEA has contacted DHR to complain about the state's failure to enforce its nepotism policy in connection with the employment of Deputy Commissioner Giddings and his wife. The VSEA alleges this is of particular concern because Mrs. Giddings has been promoted into a position where others had better qualifications. DHR will investigate the facts to determine whether Mrs. Giddings has been promoted and the circumstances of any promotion.

Market Factor Analysis of Technology Positions: DHR staff members attended a kick off with consultants who are doing a compensation and classification analysis for DII. The information generated by the consultants will be used by DHR to assess whether and to what extent technology positions throughout state government should have a market factor, in order to increase recruitment and retention of critical staff.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Market Factor: Gallagher Flynn and DII hosted the kick-off meeting for the IT Classification and Compensation Project on Tuesday April 3rd. A primary goal of the session was to come to common understanding and agreement of vendor deliverables. The meeting helped clarify deliverables and scope for the project.

iTOP: The initial infrastructure deployment at Department of Public Safety is completing this week. Servers, storage and management of this environment is in place and remotely managed by Enterprise Architecture Group as part of the iTOP initiative. Next week Spillmann and numerous unstable DPS environments will start being migrated to the new environment.

DMV/HP Negotiations: – Rob Ide, Howard Deal, Mike Morey and Richard Boes met with HP on Tuesday to continue the negotiations on brokering a deal that gets the State value from the \$18 million invested in the DMV system. Since only \$9 million was with HP, it is clear that some of our \$18 million investment is irrecoverable, but we are pushing HP for details to see if much of our 3rd party work can be re-used with the new system. Richard believes the overall session was constructive for both parties and they have agreed that a key next step is for HP to educate them on what they are building into the new system. We also clarified the discrepancy between HP's interpretation of "we want our money back" (HP's offered a credit) and our interpretation (we want more control so we can offset some of our other costs). HP will be going back to their leadership to see what they can do. Richard hopes we can agree somewhere in the middle with some credit and some refund.

Legislative Issues/Contacts:

Richard Boes received a call from Senator Giard who was trying to understand why we were spending so much money on office space in a technology era. He asked why more of the State's employees could

not telecommute and thereby take up less office space. He also referred to an article he read where “a guy did all his business from a cell phone and an iPad”.

Significant Events/Meetings:

- Oracle has begun to free up some technical resources on their presales side because of continued prodding. The State expends millions of dollars on Oracle products and would like to build a better partnership with this critical supplier and get some services covered because of this. The Oracle sales team has engaged technical staff for both Education and DII on separate issues as of this week. This is a positive step in continuing to build a better Oracle relationship.

LIBRARIES

Department Initiatives:

Google Equipment Donation Program: Google will donate 100 refurbished computers and monitors for use in Vermont public libraries and adult education centers. This program, initiated by Matt Dunne, has been coordinated by the Department of Libraries with assistance from Helen Laban Jordan of the e-Vt Broadband Project. The equipment donation includes a grant of \$10,000 which will be used for the purchase of software and for van rental/delivery.

70 desktop units will go to 34 libraries, and 30 desktop units will go to 8 adult education sites. The larger monitors will help adult education sites meet the new (2013?) screen size requirements for GED testing. Delivery is expected in the next few weeks at 109 State Street.

Libraries are also working with Google on a proposal to purchase videoconferencing equipment for a pilot project in public libraries. They are working with DOE on designing the project and will submit their final proposal for equipment to Google by the end of April.

Wide Area Network (WAN) for FiberConnect Libraries: This week Libraries came to an agreement for moving forward to create a Wide Area Network (WAN) for 42 public libraries that are part of the FiberConnect Broadband project (VTA/Sovernet). These 42 libraries (from the original group of 53 libraries cited in the federal grant) have made the commitment for high-speed, high-capacity fiber optic connectivity. The Department of Libraries is supporting the cost of the WAN (including a new FTE position at DII) and will purchase the required premise equipment located at DII and in each library. DII will manage the WAN. The first 12 libraries are expected to go “live” in 2012 and DII will manage these libraries this year with existing staff. The new FTE will come on board in 2013 when the remaining libraries connect.

TAXES

Legislation:

Miscellaneous Tax Bill: Senate Finance postponed walking through the bill until late Friday or next week.

Several drafts of the Yankee provisions are floating around – the House passed version; a version with a one year look back for the base; and a version that would bifurcate the Windham community

development and CEDF provisions with varying effective dates and a credit for payments under the MOUs.

Housing Vermont belatedly is lobbying to insert an exemption on non-resident withholding for Fair Market Housing Credit projects – an issue they first raised last January. The Commissioner has asked staff to meet with the advocates to understand how the deals are structured.

If the Current Use bill is not moving, the Senate needs to be lobbied to directly repeal the parking provision that caused an uproar last summer. Unfortunately, the rumor is that Sen. Westman is trying another “solution”.

Cloud: Ways & Means voted out a strike-all to H.757 by a vote of 7-3. The bill now forgives and refunds all tax between December 31, 2006 and July 1, 2012, changes the statute to say that prewritten software “however accessed” is tangible personal property, and creates a study committee on software development. Chair Ancel declared that this wipes the slate clean given confusion, but creates taxation going forward. It seems five members may share that view, however Rep. Condon was clear that his vote was to enable refunds but that he doesn’t believe cloud software should be taxed. Rep. Branagan and Johnson (joined by Greshin) stated their view that legislation was undesirable and unprecedented – the Tax Department interpretation was a mistake that the Tax Department should rectify with refunds. The bill now goes to Approps due to the funding issue on refunds. (Statewide collection of the ed tax also rests there, with no current sign of moving.)

Renewable Energy Valuation Bill: Ways and Means passed the bill resulting from the summer study on valuation of solar and small wind projects – it establishes uniform nameplate rates for property tax purposes. JFO immediately raised a technical issue about whether underlying land would be exempt, and the impact on the Ed Fund – staff is working with them.

Main Street Fairness/Marketplace Fairness: Allowing states to tax internet sales by remote vendors is gathering steam in the US House, and is rumored to be set for Senate hearing in June – although businesses are lobbying that any sales tax nexus expansion be combined with measures to trim back state authority to tax corporate income tax (the business activity tax bill) or cloud (the digital goods bill).

The Commissioner spoke with three VBSR members who have internet as well as bricks and mortar operations: Don Mayer of Small Dog, Marc Sherman of OGE, Andrew Brewer of Onion River. Andrew supported federal legislation to expand nexus saying it no longer made sense to favor internet sellers. Don felt strongly that the legislation would hurt internet businesses, and that compliance would be onerous despite software solutions. Marc agreed with the latter, and stated that he had discussed with Rep. Welch an alternative to have the feds collect a uniform internet tax to distribute to the states. (Obviously, would be dangerous to have feds dip at all into this revenue source).

Online Travel: The Commissioner described the general issue to Betsy Bishop and Tom Torti - litigation and/or legislation in about half the states to address that online travel companies remit rooms tax only on the wholesale price of rooms, and retain the additional mark-up to the retail price as a “service fee” (that is, travelers pay same price for room that they would at front desk, but state gets less tax). Neither was familiar with the issue. They were going to check in with their national tourism organizations.

Tax Expenditure Budget and Bill: Ways & Mean passed out a bill that ‘adopts’ listed expenditures related to non-profits.

State of Vermont
Vermont Department of Education
120 State Street
Montpelier, VT 05620-2501

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Commissioner
DATE: April 6, 2012

I3 Grant Proposal: Thank you for taking the time to meet with our group around the I3 grant proposal. It was a productive meeting and we were all greatly encouraged with your understanding of our challenges and your support of this work.

Springfield School District: Following a presentation for Leadership Southeast Vermont Education Day at the Howard Dean Education Center on Thursday, I met with the superintendent, principal and assistant principal of the Springfield School District. We also toured the Elm Hill School. There have been several issues of significance in this district that are having a detrimental effect on the students, staff and community. There was a parent whose perception was that the school was not supportive of or effective with his daughter around some bullying issues; our review of the district's response was appropriate, if not always effective. Our School Improvement Coordinator, Deb Price, is leading a team of DOE staff in supporting some much-needed improvements in this district. There has been inconsistent administrative leadership at the Elm Hill School for several years, and this void has really taken its toll. The administrators are receptive to our help. I will keep you apprised of this situation, as need be.

e-Vermont: Today I met with Helen Jordan, e-Vermont Community Broadband Project Director to discuss digital competencies in the K-12 school system, their connection to workforce development, and the possibility of connecting digital literacy training with the Learning Works system. e-Vermont is evaluating accomplishments and planning their next steps as they finish the work funded under their stimulus grant. Helen was meeting with me (and a variety of other groups) to share updated resources that have been developed and to hear ideas on opportunities and challenges that remain.

Vermont Family Network (VFN): Today I met with Pam McCarthy, VFN CEO/President, and several of her staff to discuss their continuing partnership work with schools, families and communities and how that impacts the achievement gaps for all students. You may be hearing from her.

Union Elementary School (UES), Montpelier: I briefly visited UES today to join an assembly where they rolled out their new program, *The Power of Three*. This is a closed loop recycling program. UES is the first school in a State Capitol to be involved in such a program. The three partners in *The Power of Three* are Casella Waste Management, Foley Distributing and SCA paper manufacturing in Glens Falls, NY. I was very impressed as the school is a model for the country with this closed loop paper recycling program – all paper products are recycled and end up back in the school in a new form.

Governor's Institute of Vermont (GIV): In Vermont and around the country, boys are quietly dropping from the ranks of the academic achievers. I am working with GIV who is partnering with a Leadership Champlain team of business volunteers to study the status of awareness and response to the "where are the boys" question in northern Vermont. I know that you are interested in this, so I wanted to give you and FYI – more will follow.

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Office of the Executive Director

MEMO TO: Vermont Lottery Commissioners

FROM: Alan R. Yandow, Executive Director

DATE: April 5, 2012

RE: Update

Since the last update:

- To follow up on last week's update, the weekly sales figures came out on Monday (enclosed), which show the benefit of the Mega Millions (MM) run. For example, while our MM sales for week 39 in FY2011 were \$53,324, the FY2013 figure was \$1,180,247. Currently our overall sales are 5.42% above last year's YTD sales, and 3.02% above our forecast.
- The House General, Housing & Military Affairs toured the Lottery Headquarters Building on Wednesday, and also met with staff in the conference room for a Q&A session. They are the committee of jurisdiction for the Lottery, and seemed impressed with the facility, the staff and how complex the lottery business is.
- Hadley and I attended a meeting of the House Appropriations Committee to discuss lottery marketing and how it fit in with the overall state marketing efforts. They also had questions on the make-up of our customers. We indicated that we are doing an update to the demographic study of 2008, which will be complete mid-April. They will be interested to view that study, and would like to know of other lotteries that had done any studies on marketing effectiveness.

Please let me know if you have any questions. Thank you.

Cc: Alison Richards, Office of the Governor



Irene Recovery Office Report

4/6/2012

IRO Status/ Future – Ongoing needs

My 90 day appointment is coming to an end. I've discussed future needs with: The interagency coordination team, Disaster Relief Fund Board (David Coats), FEMA, Brian, Jim R., Michael and Jeb. It is clear our work is far from complete; all concur we should keep the IRO going. I would like to formally announce this at the end of the month with the release of a "Status Report" to publically review the status of our recovery, ongoing needs, clarification of continuation of the IRO. This (brief) report will be complete by the end of the month for discussion at legislature and, perhaps, a public release. It will include data from several surveys (towns, RPCs, Farmers, Long Term Recovery Committees) that will pull some important information together on our current situation and future needs.

Waterbury State Office Complex – FEMA process formally begins

FEMA has assigned a Working Group to the WSOC and their work developing Project Worksheets for this project is formally beginning. We are assembling a work group to match theirs. There are 20+ specific positions/roles within their org. charts that we are trying to match with the related state employees. In order to meet our ambitious timelines, FEMA is assigning their people full time to this task and we need to essentially do the same. This will require 4 positions (that we cannot match with current state employees) that will work exclusively on this project. We are assessing whether to hire new (temp) employees or utilize consultant assistance. Critically, we are also getting advice on how to strategically approach this project in order to maximize federal dollars for this project. This is a major undertaking and we need to proceed with caution. While working in partnership with FEMA, we also understand we may need to argue/push/battle them on many critical fronts to get the best value for Vermont.

90/10 Cost Share- still waiting, progress slow

Current total obligation status: \$50mill. (IA & PA). As of yesterday 50% of the project worksheets have been obligated. We are *still* (4 weeks later) waiting for bridge 501 to get out of Washington and be officially obligated, and for the VSH temporary location costs to get entered into the system. When these 2 things occur, we will meet the threshold and send our letter of request that is now fully prepared to execute. Our Congressional partners await this moment with bated breath. While FEMA FCO was certain this would happen last month, I am learning to be patient (see the steam rising out of my head???), and not make predictions. Don't know how to make this happen faster.

Mobile Home Condemnation Authority – possible additional FEMA assistance to people in need

We are working hard to clarify whether and where we can utilize the Governor's condemnation authority (under his emergency powers still in effect) to officially condemn mobile homes thereby enabling (some of) their owners to qualify for a higher FEMA benefit. We are mobilizing to assemble the lists/homes for condemnation (including those that have already been destroyed), and FEMA is

assembling a team to contact the homeowners and hopefully qualify them for additional assistance. This could be an amazing good news story in the next few weeks!

FHWA National Guard Costs

VTrans AAG pursued this case aggressively and succeeded in turning around the Fed. Highway administration on reimbursement for guard costs on state road building. This is a huge victory, which actually changes federal policy & practice in this regard, and will bring some \$7 million in reimbursements to the state. Kuddos to Vtrans AAG Dan Dutcher! (Note we are bringing Dan into more of our battles with FEMA relative to debris removal, culvert and bridge repairs).

FEMA Public Assistance Program – transition to Vermont Emergency Management

This program, which is the bulk of the federal funds flowing through state government to towns & non profit entities for public infrastructure repairs, currently resides in VTrans. With support from Vtrans and VEM (including strong support from Joe Flynn), we have decided to transition this program to VEM. The bulk of the work – technical assistance and grants management- will remain with Vtrans. Ben Rose will become the PA Officer and be the official liaison with FEMA as well as the interface with the public (especially towns and legislators etc.). This transition is underway and I will inform you when it is final.

Media issues

Mark Johnson had me on for an hour and was amazed to learn how much is still happening and wants to continue to keep our story alive. Great event with the 25,000 plate! New housing rehab (FEMA rental repair program) housing 5 families in Barre. FHWA National Guard costs news & and the launch of Green Up To Recovery next week.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

To: The Honorable Peter Shumlin
From: Susan Spaulding, Appointments to Boards & Commissions
Date: April 6, 2012
RE: Boards and Commissions Update

Commission on Successful Aging: I spoke with Lisa Kunin and we decided M. Kunin should NOT be asked to Chair this Commission. She is very busy with other appointments and this is probably not something at the top of her list. I'll continue to work on this.

Hospital Governing Board: All terms ended 3/15/2012. THIS IS ON HOLD. Judy Rosenstreich is in the loop on this. There is a chance new language will be needed to better reflect the new mental health system.

New England Board of Higher Education: I will contact Karen Gross to see if she is interested in being reappointed.

Appointments made April 4 , 2012

Vermont Housing Finance Agency:

DESIGNATED as CHAIR: Thomas Pelletier, Montpelier

Fish & Wildlife Board:

APPOINTED: Craig Greene, Alburgh

Disability, Aging and Independent Living (DAIL) Advisory Board:

APPOINTED: William Ashe, Williamstown

Commission on Successful Aging

APPOINTED: Diane Dalmasse, Stowe

APPOINTED: Vicki Axtell, Morristown

APPOINTED: Patricia Nagy, Hinesburg

APPOINTED: Barbara Donovan, East

State Rehabilitation Council for the Division for the Blind and Visually Impaired:

REAPPOINTED: Harriet Hall, Newport City

Standing Committee for Child, Adolescent, and Family Mental Health:

REAPPOINTED: Robin Yandell, Williston

REAPPOINTED: Cindy Martell, St. Albans

REAPPOINTED: John West, Wallingford

REAPPOINTED: Sandra Bartley, Chester

REAPPOINTED: Ronald BosLun, Bellows Falls

REAPPOINTED: John Pierce, Williston

SerVermont:

REAPPOINTED: Leslie Salmon, St. Johnsbury

Alzheimer's Disease and Related Disorders:

REAPPOINTED: Peter Cobb, Barre

REAPPOINTED: Robert Karp, MD, Williston

Natural Gas & Oil Resources Board

APPOINTED: Mary Ashcroft, Rutland Town

Plumbers Examining Board:

REAPPOINTED: Brian Thomas, Shrewsbury

Barbers & Cosmetologists:

APPOINTED: Jon Somes, Newport

Rail Advisory Council:

APPOINTED: Michele Boomhower, Georgia

REAPPOINTED: Richard Moulton, Huntington

REAPPOINTED: Carl Fowler, Putney

Human Rights Commission:

REAPPOINTED: Nathan Besio, Colchester

Travel & Recreation Council:

APPOINTED: Wilfredo Docto, Duxbury

Board of Architects:

APPOINTED: Keith Robinson, Berlin

Apprenticeship Council:

REAPPOINTED: Brian Kasupski, Burlington

REAPPOINTED: Wayne Vanasse, Corinth

Communications Board:

APPOINTED: Ray Danis,

Vermont State Housing Authority:

REAPPOINTED: Jo Ann Troiano, Montpelier

Endangered Species Committee:

REAPPOINTED: Paul Wiczoreck, Hinesburg

REAPPOINTED: Jennifer Ramstetter, Brattleboro (Waiting for final confirmation from Jennifer)

Physical Fitness & Sports:

REAPPOINTED: David Brock, Winooski

REAPPOINTED: David Butsch, MD, Berlin

REAPPOINTED: Benjamin Deppman, Cornwall

REAPPOINTED: Janet Franz, Shelburne – CHAIR

REAPPOINTED: Nancy Heydinger, Vernon

REAPPOINTED: Laurie Knauer, Castleton

REAPPOINTED: James Pepper, Montpelier

REAPPOINTED: Patricia Turley, Montpelier

Valuation Appeals Board:

APPOINTED: Michael Zahner, Marshfield

APPOINTED: Jim Powers, Montpelier

Justice of the Peace, Town of Hartford

APPOINTED: Susan Foster, Hartford (As of 4/10/2012)