

WEEKLY REPORTS

Checklist
9/26/14

Elizabeth Miller/Alyson Richards

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

TBD

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

Sue Allen

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

Sarah London

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

Susan Spaulding

- Boards and Commissions – Susan Spaulding
- Department of Liquor Control – Mike Hogan

Alyson Richards

- Leg Prep

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: September 26, 2014
Re: Weekly Report

PAT MOULTON, SECRETARY

- **Fairlee House Appeal and Counter Appeal:** The property owner made renovations to an historic house converted to commercial use in Fairlee. The house is on the national register. An Act 250 jurisdiction determination was made where the District Commission asked the owners to comply with a number of conditions, including the restoration of some features that were destroyed in the renovations per recommendations from HP. The commission followed some of our recommendations but not all. The applicant appealed the requirements the District Commission imposed, so we cross-appealed to have all the requirements included. Noelle assures us she is confident the cross appeal was the right approach. Mainly I want the governor to have a heads up in case he is in that neck of the woods. This story, which gets it most right, ran Saturday:

<http://mobile.vnews.com/home/13585425-108/asked-to-restore-the-past>

- **AnC Bio EB5:** I have been going back-and-forth with Liz on the right approach with the AncBio project. We have arrived at the solution, and will be sending a letter today indicating we need all appropriate documentation by October 10 or we will cancel the MOU.

LUCY LERICHE, DEPUTY SECRETARY

- **Confidential**—Lars Hasselblad Torres, Director of the Creative Economy informed Commissioner Gosselin that he intends to step down from the position. Lars is feeling pulled back to attend to his faltering business. He is also feeling unhappy with a bureaucratic environment to which he is unaccustomed. He would like to leave in a couple of weeks, but Lisa asked that he wait until mid-late November; He seems disinclined.
- **Listening Forum on Economic Development:** Lucy attended this event at the request of Saint Johnsbury Representative Michelle Fay. Approximately 20 people were in attendance. Discussion ranged widely between property taxes, tourism and marketing, branding, creative economy, to health care. Senator Joe Benning waited until near the end of the forum to raise health care as an issue and criticized the Governor for this initiative. Lucy offered the reminder that cost containment was at the heart of health care reform, and that the Governor has repeatedly stated that he would not implement a plan unless he thought it would help to moderate the rising costs.
- **Vermont Council on Rural Development Digital Economy Project:** Lucy facilitated a session on resiliency at this well attended conference—300+ attendees. The governor received standing ovations from attendees both before and after his remarks.
- **Manufactured in Vermont Trade Show:** Pat and Lucy were honored to participate in a VIP tour of the Vermont Chamber of Commerce event along with governor Shumlin and Congressman Welsh. 90 exhibitors were present at the supply chain event. Members of the ED team were present including PTAC

and VTP. The Governor got good reports from employers about the responsiveness and helpfulness of state government. Of note is the business-to-business aspect of the show where businesses can set up meetings with each other through the Chamber's special software. Reports from attendees were positive all around.

- **Wood Manufacturers Tax Credit Study:** Pat, Lucy, Lisa, John Kessler and Ken Jones met with Jared Duval who is heading up this legislative study for ACCD. Background and direction were provided for the report due to the legislature in January.
- **Nuclear Decommissioning Citizens Advisory Panel:** The first meeting of this group was in Brattleboro on September 26th. This is the new panel created through legislation that replaces VSNAP. The meeting provided a good overview of the charge of the Board, a presentation of a study done by the Consensus Building Institute and a presentation on the status of decommissioning by Entergy VY. Citizens were given ample opportunity for questions and comments at several points throughout the evening. Overall, the Panel begins its work with a fairly positive tone.

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

- **Made in Vermont:** Representatives from ACCD and AAFM met last week to discuss the status of the Made in Vermont program. As part of our work this summer to develop a program application and structure, the Chief Marketing Office and Dept. of Tourism and Marketing had identified many red flags, chief among them:
 - (1) Made in Vermont would be an out-of-state marketing program with no resources to put into meaningful paid media efforts that would truly benefit Vermont companies;
 - (2) the "Made in Vermont" claim is already being successfully used by many VT companies; the only value the State would bring to the table, through an official program, is use of the official State of VT logo in that label. However, this brings with it many potential risks to the Vermont Brand; i.e., if participating products are of poor quality or pose a health risk (particularly dangerous for food products); and
 - (3) strong risk that the State would set itself up to repeat the failure of the Vermont Seal of Quality program, which also had no resources and no meaningful quality control behind it.

Given these concerns, the group decided the best course of action is not to proceed with the Made in Vermont program per se, but instead, to continue to explore more organic ways that the State can provide support to growing Vermont consumer-products businesses. Discussion focused on ways that the CMO's office and VDTM can provide additional support to AAFM programs that are already in the works and/or already have a successful track record, such as the Big E, Boston Public Market, Fancy Food Show and Domestic Export Program. The group was particularly interested in providing technical assistance to small VT businesses (in the way of business-planning and marketing-planning tools) that can help them be successful on their own without relying 100% on State support. These conversations will continue between ACCD and AAFM.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **EDA:** Met with Matt Suchodolski of EDA along with Deputy Secretary Lucy Leriche, Kiersten Bourgeois, Chris Saunders and Megan Sullivan to discuss Federal funding of projects highlighted in CEDS and repurposing EDA fund allocated to VEDA for high-risk lending post-Irene. Identified two grant opportunities EDA is encouraging VT to pursue: Innovation Grant funding for cluster seed capital (via

VCET), and a Technical Assistance grant for an incubator/accelerator network. EDA is open to proposals from VEDA for repurposing loan money.

- **Vermont Strong Scholars:** Met with Deputy Secretary Leriche and team on VT Strong Scholars to narrow down economic sectors (engineering/manufacturing and IT/software) and more specific fields of study to provide narrower parameters so we can get a ballpark of amount of investment needed in the program. Working with VSAC to get sense of potential size of market for the program.
- **Innovate VT Oct 28 Summit:** Secured two additional sponsors, thanks to Lars Torres, received confirmation that the world's most advanced robot, Bina48, will be attending and Hotel Vermont will offer room packages and post-event reception for the October 28 event.
- **Occupation Demand in the Workforce:** Met with VTP's Beth Demers and Jess Simon to review analysis of job growth in CEDS sectors where Jess Simon has pulled DOL data. Beth and Jess are going to work on a white paper noting where the Labor projections from the data (e.g. little growth in IT or engineering jobs) conflict with what we are hearing from employers.
- **Rail Projects & Economic Development:** Met with AOT's Chris Cole, Costa Pappis and Ryan Fisher of New England Central Railroad to discuss economic development opportunities along both private and public rail lines. NECR is looking for additional clients who would like to ship. VTrans has land available adjacent to rail that may be used free of charge for storage of rail freight. Example of great usage of this land: Kutcher Trucking Inc.'s NBRC application to build new silos to warehouse hops that is later transported via rail to clients around New England.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Newport Furniture Parts – Newport:** The department facilitated contact between the company and an Israeli furniture designer to develop a prototype of a chair. Discussions continue, and a meeting to critique a first effort was productive to work out the challenges of design, manufacturing and assembly. The company now feels this approach to develop new business – i.e. targeting designers around the world – could be a productive way to grow new clients. We will continue to assist in their efforts.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Represented ACCD at the monthly meeting of the Vermont Forest Products Association (VFPA). Concern was expressed about the loss of Rutland Plywood and what it means for VT's forest sector. Rutland Plywood was the primary white birch buyer within 300 miles. It was said that the price of white birch has decreased 90% since the fire because of the resulting decline in demand.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **New Position for Captive Insurance:** The new position for captive insurance for the Department has now officially been posted on the DHR Website.
- **South Carolina & Tennessee Captive Insurance Association:** Dan met with Association leadership of both states in an effort to grow support for our new federal legislation.
- **Physician Captive Insurance Managers:** Dan met with the owner and CEO of this Georgia based firm that specializes in Physician groups to see if there may be any opportunities for Vermont to do business with them.

- **Tennessee Captive Insurance Association:** Dan met with Kevin Doherty, President of the Tennessee Association in an effort to help support our new federal legislation. Strategies were discussed to get members of the Tennessee delegation to sign on to the legislation sponsored by Leahy and Welch.

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

- Brent followed up on correspondence with a Jay Peak Phase I investor;
- Brent corresponded with Marc Scribner of Primmer, Piper regarding various information and update of AnC Bio offering material disclosure;
- Pat Moulton, Lisa Gosselin, John Kessler and Brent Raymond held meetings and corresponded regarding various EB-5 topics including material disclosure, updated MOU and new fee structure;
- Brent had various communications with two potential EB-5 projects;
- Brent was interviewed by a Wall Street Journal Economic Development reporter who is writing an article on EB-5 and Economic Development. He also followed up with IIUSA contact information and forwarded the July, 2014 Economic Review and Revenue Forecast Update Prepared for the State of Vermont Emergency Board and Legislative Joint Fiscal Committee that highlighted EB-5 projects positively affecting Orleans County economic development.
- Becky is recruiting VT companies to attend Discover Global Markets Greater China Forum on October 7th and 8th.
- Becky and Brent have coordinated with other New England states and secured 3 exhibition spaces for Arab Health 2015, with the goal of bringing three Vermont Medical companies to experience Middle East healthcare market.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Ellison Surface Technology:** Beth Demers and Jamie Stewart met with Jennifer Mitchell, Training Coordinator, for the North Clarendon based manufacturer. The company has seen dramatic growth over the last five years and is looking for some employee training assistance. Beth will work with Jennifer on a draft VTP application.
- **Flex-A-Seal:** Beth Demers spoke to Bill Whitby, CFO, of the Essex Jct. based manufacturer. The company is considering an expansion that would add approximately 20,000 sqft and 10 new positions. Beth discussed the changes to the VTP and made a referral to Fred Kenney at VEPC.
- **General Dynamics:** Beth Demers met with Lindsay Jarvis, HR Manager, of the Essex Jct. based armament company. The company recently won a large new contract and has a need to quickly train employees in project management. Beth reviewed the VTP application process and will continue to work with the company on a draft application.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **Downtown Board Meeting:** For meeting details, see CP+R report. The meeting affirmed that the work that DHCD staff and the Downtown board have been doing over the past several years (in and out of the legislative session) to ensure only complete applications that meet statutory requirements are considered for designation was the correct course. In the past, because applications were not complete, conditions were

attached to designations that have been unclear, difficult to track and put all parties in an awkward position when conditions are not met. By ensuring only complete applications are considered, staff have ensured a fair, consistent process with clear checklists and guidance for communities. Thanks to the CP+R staff for working on this issue.

- **VERI Kick Off Meetings, Staffing & Community Forums:** Final community kick off meeting held in Enosburg this week. The project team is now busy planning the five community forums which will be held late September through October. Flyers are in development and agenda topics will include a project overview, report from the river scientists and discussion with the community on what businesses and infrastructure need protection, and project ideas for protecting these areas. Chris and Noelle identified the first round interview candidates for the VERI project manager position and those interviews are being scheduled.
- **HUD Resiliency Competition:** Getting up to speed on the NOFA for this project, meeting with Jen, reviewing the details and prepping for a meeting with reps from AOT, ANR and the Institute for Sustainable Communities to lay out a process to collect information to meet the threshold and then reaching out to stakeholders to develop a proposal for Vermont. For now, please send any ideas that you may have, or that others share with you to Jen and me.

Deputy Commissioner Hollar

- **CDBG Funding:** Congress passed and the President signed a continuing resolution funding federal programs, including CDBG and HOME, at FY14 levels through December 11, 2014. The CR was necessary because the House and Senate were unable to agree on appropriation levels for the next fiscal year which begins on October 1st. The fate of CDBG and HOME largely depends on the composition of the Senate following the November elections. A Republican majority would not bode well for our programs. Our congressional delegation and national advocates report that support for the HOME program is weak on both sides of the aisle.
- **Monument View:** In very good news, the Bennington Selectboard resisted intense pressure from project opponents and voted once again in support of this new affordable housing development. It voted 5-2 to accept our \$700,000 VCDP grant for the 24-unit project which will provide affordable apartments for households making between \$25,000 and \$36,000 per year.
- **Disaster Recovery Positions:** With Kathy T-G's guidance, began assembling the necessary forms and justifications for two new limited service positions for the CDBG Disaster Recovery program in the Grants Management Division. Thanks to Lucie M. for her help in finding a way to stretch our CDBG-DR administrative funds to cover them.
- **Renter Rebate:** Met with the Tax Department and the Joint Fiscal Office to discuss modifications to the existing program and how they would impact beneficiaries. A loose consensus is developing around how to restructure the program to make it easier for renters to access and the Department to administer. Tax and JFO will now run various scenarios to determine how those currently eligible would be impacted. How to ensure an acceptable level of compliance and estimate the cost of the program are the next two most significant questions to tackle at this point. In meantime, will begin drafting the report to the Legislature based on an excellent outline developed by Shaun.
- **Bulletin 5:** Worked with staff to assemble comments on the proposed State Bulletin 5 which establishes new requirements for awarding grants and monitoring. The proposed state policy is designed to combine state and federal requirements in one bulletin and has been developed in response to new federal guidance on grant making and audits as well as eligibility determinations and pre-award risk assessment. While a big step in the right direction, the Department will suggest revisions to the policy that we believe will reduce administrative burden without increasing risk. Many, many thanks to Dale Azaria for her analysis and drafting.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Downtown Board

- Received updates on Colchester's public-private partnership to develop a civic building in its New Town Center – a requirement of the designation. The board asked for more details on the municipal building commitment -- lease terms, capital plan, and an implementation timeline. Colchester was receptive to this feedback and will work to address these issues by early November.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

State Archaeologist

- **Vermont Archaeology Month and the Vermont Archaeology Heritage Center:** Vermont Archaeology Month (VAM) continues with exciting events across the state. Last weekend's premier event was the 19th Annual Northeast Open Atlatl Championship at the Chimney Point State Historic Site. On Monday, Jess Robinson traveled with Yvonne Benney-Basque to the Eureka Schoolhouse State Historic Site in Springfield for an evening meet-and-greet event. Jess participated in a short interview on VPR's Vermont Edition regarding his new role as State Archaeologist and on the bicentennial of the War of 1812 in the Champlain Valley. On Friday, VAM is co-hosting a day-long conference on the underwater and terrestrial archaeology War of 1812 in the Champlain Valley at the Contois Auditorium in Burlington. This will be the first time that Vermont's recent archaeological excavations and underwater studies dealing with the War of 1812 will be presented together for scholars and attendees. We encourage everyone to visit the [Vermont Archaeology Month web page](#) and check out the full calendar of events.

National Register Listings!!!!

- **U.S. Border Crossings:** Ten historic United States Inspection Stations on the Canadian border were listed in the National Register of Historic Places on 9/10/2014. The stations are located in Canaan, Beecher Falls, Norton, East Richford, Richford, West Berkshire, Alburg Springs, Beebe Plain, Derby Line, and North Troy. They all date to the 1930s and represent the largest collection of Depression-era border crossings in the nation.

Historic Preservation Grants and Barn Grants

- **Grants in the News:** Caitlin followed up on two recent news stories that aired on WCAX. The Lemax Farm in North Hartland will be applying for a Barn Preservation Grant this fall (they have not already received funding as the news story suggested). Also, the City of St. Albans plans to apply for a Historic Preservation grant for work to help restore their historic fountain on Taylor Park.

Environmental Review

- **US Postal Service Building, Rutland:** Jamie participated in an onsite meeting to evaluate the restoration work completed on the Rutland Mail Carriers Annex, the former Cootey Garage built with polychrome terra cotta in the Art Deco style. Masonry façade and steel window restoration is drawing to a close and soon the scaffolding will be taken down to facilitate installation of the ground-level, commercial storefront. A ribbon cutting ceremony is being planned for the near future.

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

- A foreclosure sale of five mobile home parks in Central Vermont that have been in receivership since 2006 was finally approved. The five parks owned by R&G Properties are: River Run, Berlin, Eastwood Manor, and RMC MHP in Berlin, and Northfield Falls MHP. (River Run MHP was one of the parks severely damaged by spring flooding in 2011.) The sale is scheduled for November 18, 2014 in Montpelier, however, there appears to be a high probability that the bank itself will be the high bidder and take ownership, and give a park sale notice through the Department at a later date.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Work

- **Buy-out Property Re-use Grants:** Two Rivers RPC has awarded 10 communities grants to pay for planning, engineering and landscape design on over 25 flood damaged properties. This effort will lead to well-designed public access and parks at the former sites of destroyed homes and business. Good common sense coordination among ANR, VHCB and ACCD has been critical to moving this project forward. Thanks to all those involved and Two Rivers!

DEPARTMENT OF TOURISM & MARKETING

Megan Smith, Commissioner

- All hands are on deck for the fall foliage season as this will be reflected throughout the report this week.
- Megan attended the opening of the "Of Land and Local" project that is being done in partnership with [Burlington City Arts](#) (BCA) and [Shelburne Farms](#). The event was held at the BCA and was very successful. She also attended the [Vermont Wine and Harvest Festival](#) in Mount Snow and spent two days at the [Big E](#). The vendors at both of these events were experiencing great success, including one winery selling out of product on the first day in Mount Snow. Sales at the Big E are tracking toward the same successful outcome as last year.
- Megan also stopped by the [Spartan Race](#) in Killington, which continues to be a huge weekend for Southern Vermont. Spartan Race founder Joe De Sena had asked for \$1000 from VDTM to bring in NBC, which was not possible within our budget. However, he was able to get them here to cover the event anyway. Although this is considered a regional event, the international success of the brand could have some intersection with our mission that we will work on with Joe during the off season. The Killington location was a hit with participants.
- Our monthly Travel and Recreation Council (TRC) meeting included an exercise with our members on beginning the preparation of a 5-year marketing plan. We used a template from Maine that was very effective for their planning. We will continue including the TRC as we move forward. We also invited the Agency of Ag and Department of Fish and Wildlife so we will be sure to include them in our plans.
- Megan and Steve are done final interviews to fill the Communications Director position. Lucy has also interviewed the top two candidates.

Steve Cook, Deputy Commissioner

- **Autumn Media:** VDTM received a number of local autumn media inquiries this week. Deputy Commissioner Cook appeared in three local news broadcasts. Two with WCAX news and one with NECN.
 - <http://www.wcax.com/story/26610870/fall-colors-have-vt-businesses-seeing-green>
 - <http://www.wcax.com/story/26499060/fall-foliage-season-critical-for-vermont-tourism>
 - <http://www.necn.com/news/new-england/Just-Breathtaking-Fall-Foliage-Transformations-Underway-276322741.html>

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **Fall Campaign:** VDTM sent out the third Foliage Report of 2014. The open rate for last week's report saw over 50% (roughly 1,941) and 27% click rate, with more than 75% of clicks on the read more button. In addition to the updated foliage content on the [landing page](#) of the fall campaign, we also updated the Cabot

container that is located toward the bottom of each page. This was a request by Cabot to push people to their “About Us” page. Each of the four package promotions on the [lodging page](#) have been updated.

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

- **Contracts:** Worked extensively on the Lane Press contract. Back and forth with BGS ... the contract presented to us by BGS had numerous errors. Thanks to John Kessler and Christine Dewyea for assisting us in this process and getting a usable contract written. We hope that in the future we can get an exemption from going through Purchasing and instead manage all contracts within ACCD.
- **Financials:** Had a day-long meeting with Brad Ferland and his team from Financial Operations to discuss the transition to VISION. We were pleased with their quick understanding of our business structure and the challenges we face. We hope that they are able to build out VISION so it meshes with our unique financial needs.
- **Circulation:** Loaded 300+ new digital subscribers on file this week. We donated these subscriptions to [Harpoon Point to Point](#) riders. We are hopeful they will renew at the end of their free year.
- **Products:** All closeout products are online at [vermontlifegifts.com](#). They are all half off. We are working on sourcing photos for many of the older products.

Memorandum

To: Governor Peter Shumlin

From: Annie Noonan, Commissioner VDOL

Weekly Report: Weeks ending 9/19 and 9/26, 2014

Unemployment Insurance and Wage Division:

For the week ending 09/20/14 we took 1,576 calls. We processed 339 initial and 224 additional claims. We paid 2,755 claimants during the week ending 09/20/14 compared to 2,776 the prior week. We conducted 2 Rapid Responses for week ending 09/20/14: VT Yankee/Entergy, Vernon, VT, approximately 110 employees; and EPS, South Burlington with 13 of the 20 affected workers attending.

UI Division won several USDOL grants: (1) Reemployment Eligibility Assessment (REA) for intensive work with UI claimants - this is a continuation of our prior REA awards, and has proven to assist Vermonters with reemployment, thus resulting in our lower-duration for UI claimant filing (2) A grant for MORE money to implement our UI Modernization computer system; (3) Program Integrity Unit's work to increase fraud detection (Vermont is already one of the top states in the nation on fraud detection); (4) Money to increase our Work Search validation for UI claimants; (5) Worker Misclassification education, training, outreach and marketing; (6) Funding for 2 FTE Limited Service staff for Program Integrity functions.

IBM: VDOL is sponsoring the job fair on October 3rd for IBM - 70 job openings, more jobs anticipated. VDOL and IBM HR have worked on the job postings (VDOL is paying for \$2,500 worth of newspaper ads, plus the venue), and we have done the PSA/press advisory. After attending the meeting at IBM and several follow up discussions, I believe that they simply want a large pool of applicants that they will train themselves if they find someone they want to hire. I think that CCV and VTC can put together whatever training programs they believe will assist, but IBM has stated they are not willing to pay for these trainings.

Vermont Yankee: VDOL staff met on 9/16 at VY to finalize Job Fair specific to VY. VDOL has 60 employers committed to attend, and it will on October 23rd from 3-7:30 at the VY Training Center in Brattleboro. Rapid Response/Unemployment Informational Sessions: Two Sessions were offered to Vermont Yankee employees on September 16th. A total of well over 100 attended, 30 were veterans. There is significant interest in the self-employment program. Many attendees asked about re-training funds. VY has agreed to hold an additional UI seminar in January before the first lay-off.

Labor Market Info Division: Mat Barewicz is helping to finalize the Vermont Strong Scholars work and ACCD is coming to VDOL today to produce data-driven recommendations; Mat is working with both CCV and VTC on their TAACCCT grant and sample data. Press or other inquiries to LMI this week: Neal Goswami regarding the UI press release; Courtney Parker of Rutland Herald on mature worker data; Carolyn Weir of Vermont Community Foundation.

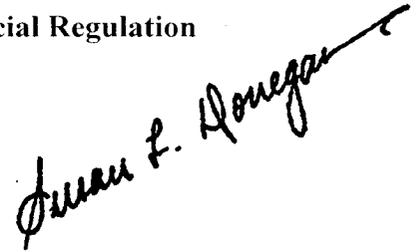
Other: VDOL sponsored Migrant Farm Worker meeting with Agency of Ag, ACCD Housing, UVM Extension, Migrant Justice 9-25; ESB Board got remanded on a UI case; VLITE meeting on 9-24; WIOA meeting with USDOL Boston on 9-24; UI Navigators issue UI with Jeb, Lawrence, Robin; WC meeting with VR Counselors and labor reps; Settlement discussions on personnel case at VLRB; Vermont's hosting of the 300 NASWA attendees was a huge success. Met with Hillary Niles on VOSHIA Fame report; Met with Vermont Adult Tech Ed Directors; Met with VDOL ABAWD staff.

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

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: September 26, 2014
Re: Weekly Report



Insurance Division:

Commissioner Susan Donegan is attending several insurance regulatory meetings this week. During the International Association of Insurance Supervisors committee meetings, she was able to spend time with her German counterparts to discuss Vermont's Legacy Insurance Management Act (LIMA). International insurers would likely be the first companies to be licensed under LIMA with approval from their home jurisdictions. The commissioner has established lines of communication with other European financial regulators in anticipation of LIMA applications.

Also this week, Commissioner Donegan issued a Certificate of General Good to Connecticut Attorney's Title Insurance Company (CATIC), allowing it to re-domesticate from Connecticut to Vermont, which means it will be regulated by DFR. CATIC has an office in Burlington but its headquarters will physically remain in Connecticut. It is the largest title insurance company in the state with about half of Vermont's title insurance market. The addition of this company raises the number of domestically-supervised insurers to 19.

Banking Division:

The Conference of State Bank Supervisors (CSBS), of which Vermont is an accredited member, released its report "Community Banking in the 21st Century" this week. This annual survey of community banks presents the status of the industry and trends. Generally, pressures on community banks remain, with substantial challenges in the areas of federal regulation, technology and increased competition from other depository institutions within the sector itself. Vermont community banks responded to the survey citing both good news and continued challenges. The positive news is that the economy is improving, demand for loans is increasing and younger customers are responding to new products and use of technology. The continued challenges include continued low net interest rate margins, federal regulatory burdens, unfair competition from credit unions and difficulty in hiring qualified personnel. On the federal side,



Congressman Peter Welch announced this week the introduction of a bipartisan bill in Congress aimed at alleviating some of the federal burdens on smaller community banks. His bill would exempt banks with assets under \$10 billion from some of the Dodd Frank Act's federal regulations that were imposed on banks after the economic crisis. Easing some of the strict regulations for loan underwriting would allow local banks to customize their portfolios and respond to local demands for mortgages.

The newly filed mortgage foreclosure numbers are returning to the levels reported in early 2007 before the economic crisis began. Based on the latest foreclosure filing reports provided by the county clerks and compiled by DFR, the number of recently filed foreclosures has been under 100 each month since January 2014.

Commissioner Donegan has begun an informal search for possible candidates to replace Deputy Commissioner Candon, who plans to retire at the end of the year. Tom's retirement will not be officially acknowledged until later in the year.



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

**CONFIDENTIAL AND PRIVILEGED
MEMORANDUM**

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: September 26, 2014

Press Contacts:

September 22, 23, and 24:

- Chris from the CBS affiliate in Albany called to check on an educator license. He was referred to our listing on the AOE Webpage.
- Wilson Ring, AP, set an appointment with Rebecca for Thursday following the NECAP Science Press Release.
- Charlotte Albright, VPR, called regarding the upcoming NECAP Science Assessment.
- Howard Weiss-Tisman of the Brattleboro Reformer called regarding the VCDHH announcement.
- Susan Keese of VPR called regarding the VCDHH announcement.
- Robin Smith of the Caledonian Record requested a "letter from the Secretary on the fiscal picture for schools". She was sent the Governor's priorities, Rebecca's AYP letter, and a PDF of Rebecca's presentation at the VSBA regional meetings.
- Josh O'Gorman at the VSBA Regional Meeting in Montpelier

NECAP Science Press Release:

- Alex Hanson of the Valley News regarding NECAP Science at White River School.
- VPR – Charlotte Albright
- AP – Lisa Rathke
- Valley News – David Corrieault
- Vermont Press Bureau - Josh O'Gorman
- WCAX – Kyle Medura
- Hardwick Gazette – Michael Boroski

Note:

A group is planning a rally on Saturday 9/27 at the Statehouse calling for Austine School to be reopened. We are getting calls and notes from activists on this topic. A key point of

information is that only FOUR of the students who were enrolled at Austine at the time of its closure were Vermont students. The other 650 deaf or hard of hearing Vermont children are being served in their local schools and community. This is important as the “ask” is that the State of Vermont maintain its own facility. We understand the symbolic loss this represents, but also note that this independent school only served 4 Vermont students. Most deaf and hard of hearing students in Vermont elect to attend their local schools and take advantage of new technologies that enable them to participate fully in this experience. This is an example of how technological innovation is transforming education. It causes a sense of loss for some, but is perceived by some others as a change that enables them to participate more fully in their local communities.

Public Presentations/Speeches:

Summit - The Future of VT's Digital Economy (Sept. 23): I participated in this event, spearheaded by Paul Costello and VCRD. I came away thinking that the single best thing about the SBAC is it is that it will challenge schools to bring in technology necessary to support 21st learning.

Orange North Supervisory Board Meeting (Sept. 23): I met with the ONSU board at their request, and gave them a personalized version of the VSBA presentation, which highlighted the fact that all three districts in the SU face economic pressures, some acute, although the reasons are different.

Meetings:

VSBA (Sept. 24): Regional School Board Meeting in Montpelier. I have attached a new version of the presentation—it is a little evolved from what I shared earlier.

VT Business Roundtable, Education Summit/Appreciative Inquiry (Sept. 26): This is another planning meeting. I am less optimistic about the effects of this, but Shap and Willem Jewett are involved, and it increasingly looks like it might be another year for school governance and finance. This is a good forum to start hearing what that conversation might look like.

Emerging issues

Burlington

Our evidence suggests that the Burlington School Board is still completely dysfunctional, but that many of the financial challenges of BSD, including the payroll tax problem, had roots in the city offices. We will continue to try to enforce separation, as I don't see any way out of their current crisis if accountability is not clear.

VCDHH:

You received the press release. Moving forward, it makes sense to have a point of contact for the deaf community. We feel we worked well with AHS in a very short window of time to come up with a good solution for the whole continuum of services, and will work with them on the point of contact as well. Moving forward, both AHS and AOE have broached the need to think about diversifying our portfolio of providers. We essentially spend about a million dollars on services through one provider. It would be in our interest to manage risk by building some capacity in other places. AHS already has some links with Fletcher Allen, and this might be a good place to start. Separately, a demonstration is scheduled for tomorrow to petition the state to take over debts and reopen the Austine School. Most of the people who are contacting us around this issue are from out of state. I need to re-emphasize that only 4 of 20 students at Austine were from Vermont. We serve 650 deaf and hard of hearing students in an inclusive way in their communities. Given our financial challenges, it would be very unwise to assume responsibility for reopening Austine. It represents a failed business model.

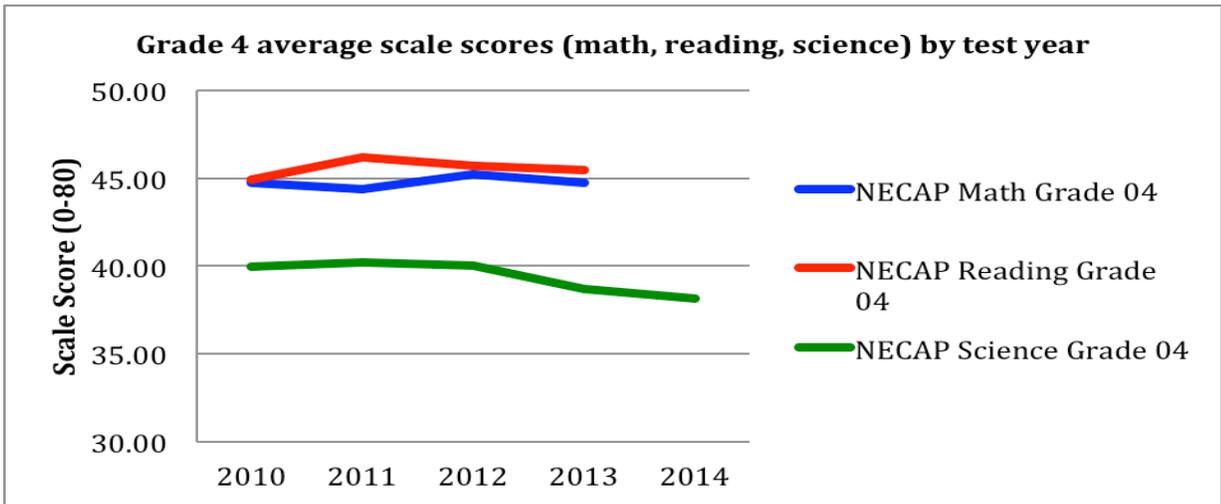
Chance for the Governor to take a strong public role to support connectivity for schools?

We have a number of schools that still do not have access to high speed internet. Sudbury, Whiting, Essex Cal schools and Holland come immediately to mind, and there are a few others with significant challenges. We can document how critically important for it is for schools to have Internet access. Would the Gov be interested in taking a strong public stand or doing some public advocacy to help get these schools better access? If so, we will put together a proposal. This would be a chance to show him being strong on this.

Release of Science NECAP scores

We announced the most recent science NECAP test scores yesterday. They were a little troubling on three counts, the last of which is related to governance.

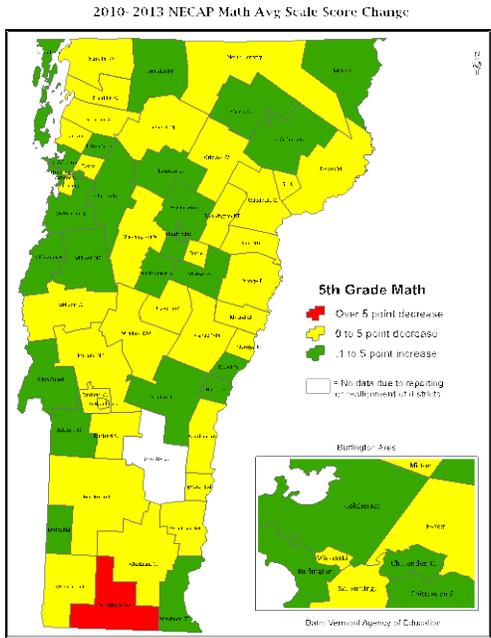
First, the scores appear to be declining, and declining the most at the elementary level. This really runs counter to our efforts to prioritize STEM learning and the emphasis we are placing on STEM pathways:



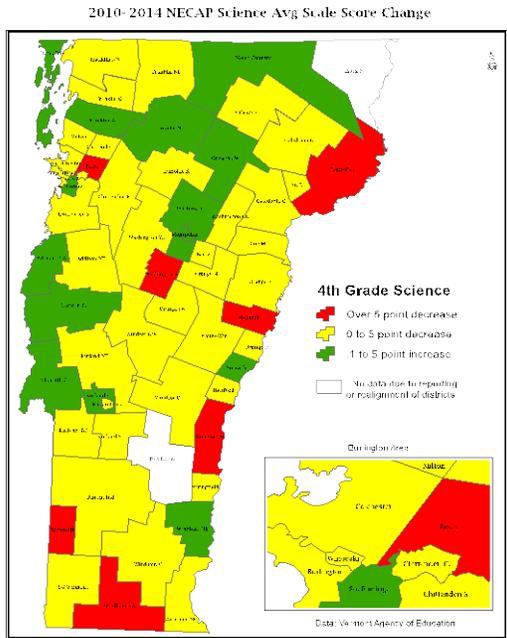
Note: We do not have statewide math and reading scores for 2014, because 28 schools in the SBAC pilot did not take the NECAP tests

Second, the test score declines in science are in contrast to patterns seen on the tests used for accountability purposes under NCLB. In the maps below, supervisory unions with declines in average scores of more than 5 points are colored green. Supervisory unions with declines of 0 to 5 points are colored yellow. The green SUs are SUs with gains of 0 to 5 points.

Math



Science



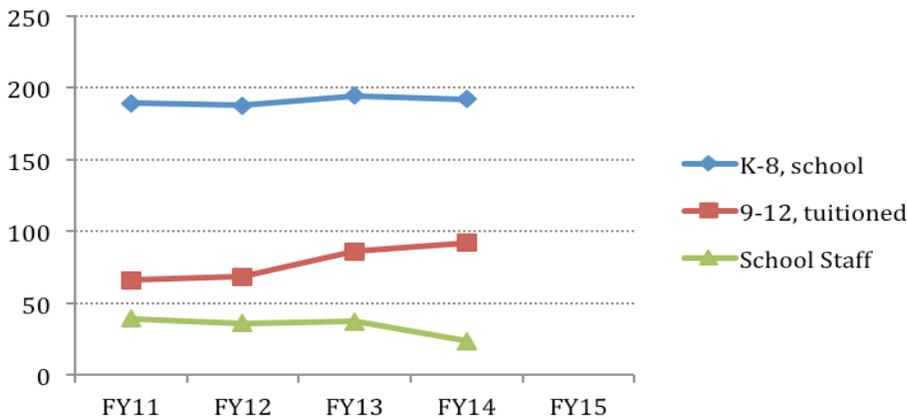
Notice that the map of science scores (on the right) is heavily yellow and red compared to the map of math scores (on the left). (Some SUs had declines of 10 score points, which is quite a feat.) This is consistent with our concerns that NCLB is incentivizing SUs to reduce efforts in subjects that don't matter for accountability under NCLB.

A final concern is that some SUs are clearly in real trouble. The Windham SWSU, for example, is declining rapidly in math and science. It is also a region that has had substantial turnover of leadership (including 4 superintendents in 5 years). Essex Caledonia is another region that stands out as struggling on several indicators.

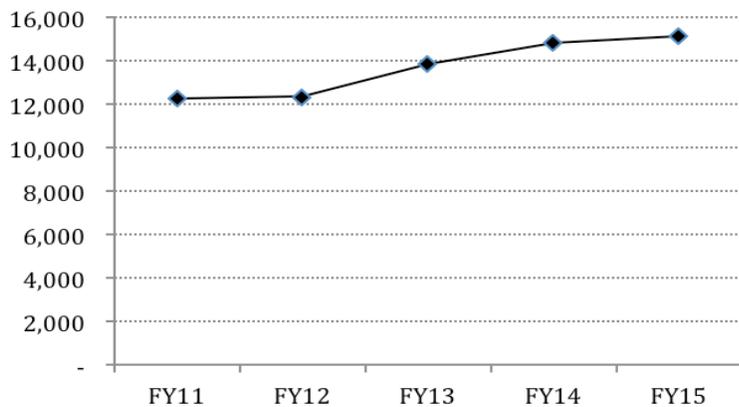
Takeaways from VSBA sessions on Districts that tuition

We have been looking more closely at districts that tuition at the secondary level, and have noticed a statewide pattern that creates a unique challenge in those towns. These towns face cost increases as more students for whom tuition must be paid move into the district. If a budget fails, only local school costs can be reduced. We evaluated this statewide and found that the ratio of students in grades 9-12 relative to students in grades 1-4 is systematically higher in tuition towns by .1, and in some towns it can be as high as 1.4 to 1. This means that in those towns, families skip out on the elementary program, and then “move in” at the secondary level to access tuition. Because cuts can only be made at the elementary level, this has the effect of gutting the elementary program, which exacerbates the trend. Here is what it looks like in one town.

Students & Staff



Ed Spend per EqPup



We can't evaluate the effectiveness of most independent schools because they are selective and because we don't have data on their performance. However, we can ball park compare public high schools and the 4 historical academies, which serve 80% of tuition students in the

state. There is no statistically significant difference in scores at the high school level between students in public high schools and the historical academies.

Average Scale Score 11 th Grade Assessments, 2014			
Test	Public High Schools	Historical Academies	Difference
NECAP Reading	46.80	45.96	0.84
NECAP Math	35.10	36.07	-0.97

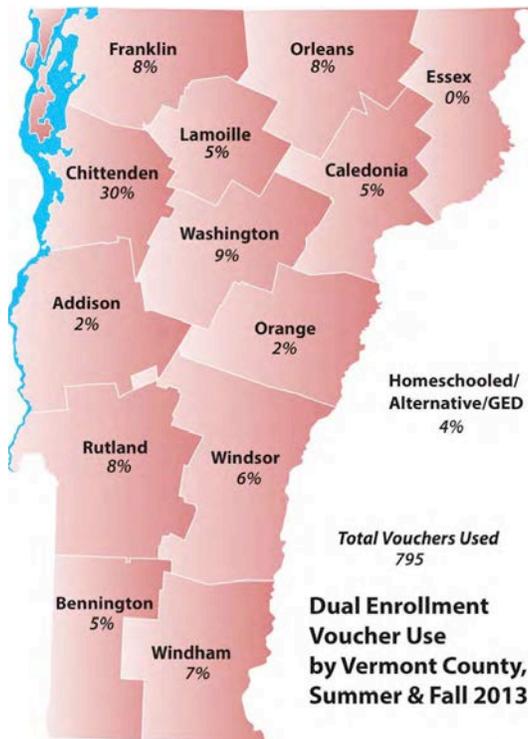
I can't help but tongue-in-cheek observe that if our independent schools were subject to NCLB, they would also be considered low performing schools. NCLB would not serve them well either.

Business Managers

I have serious concerns about the capability of some of our business managers to effectively manage the multi-million dollar, complex systems they run. Our staff will be working with VASBO to identify, based on our reviews of schools, common challenges and problems that would make good topics for professional development for business managers. We are also looking at revising and administering a survey of districts that asks for public assurances related to internal controls, policies and audits. We think this might help to signal to boards the breadth and complexity of their job and help inform boards about their fiduciary responsibilities.

Dual Enrollment

We are hearing a lot of concern from districts about the early college and dual enrollment initiatives as "unfunded mandates" that break their budgets. We also see some evidence that districts that have fewer resources or are more cash strapped may be discouraging or suppressing participation in order to limit the financial impact.



As you see in the map, uptake is biggest in Chittenden county (which we would expect) and nonexistent in Essex. There are a host of reasons, but we think we can mitigate some of this concern and increase access by amending the language in Title 16, § 944 to allow districts some revenues for dual enrollment and adjusting how districts pay for dual enrollment. This will still raise the sticker price, but boards in some areas describe dual enrollment as competing with or eroding their existing programs. We propose to amend the language in Title 16, § 944 to:

- Allow the use of education funds to pay for dual enrollment- 944(f)(2)
- Amend to allow 100% of dual enrollment costs to be funded “off the top of the education fund” as the Early College Program is funded
- Amend section 4011 (e) to remove the requirement of students to un-enroll completely from their high school and allow the high school/LEA to include early college students for a portion of ADM in order to continue some access to per pupil revenues for these students.

We will discuss this further with Aly when we meet.

Testing

As other states drop out of the SBAC consortium, the cost per pupil is rising. Similarly, the cost per pupil of our science test is rising. We expect to spend almost \$2 million on SBAC and almost \$600K on science testing this spring. We are going to have to ask for an increase from the legislature to support administration of these tests. We are working hard to develop

greater detail on the local Vermont approach, but a reality is that we don't have the funds to do it quickly or in any kind of technically robust way. Our strategy is to basically crowd source models and work samples to build the proficiency pathways and assessments of performance mandated by EQS. This will be relatively cheap and involve high levels of local input, but has some limitations from a technical point of view. For example, we will not be able to use these assessments for any meaningful purposes at the state level.

Licensing good news

After that litany of bad news about licensing, I wanted to give one example of the many examples of how the tide is turning. We are starting to receive letters in my office praising the new focus on customer service that is being developed by Amy Fowler and her new hires. Here is one:

On behalf of the National Association of School Psychologists and the Vermont Association of same, I sincerely thank you for the time and attention you've devoted to the recent licensure issues faced by a school psychologist, newly arrived in Vermont and eager to keep her job. Although the process for her has been frustrating, I'm very optimistic that it will have a successful outcome based on the guidance and direction that has been provided by the Agency.

It is a testament to our small state that I can send an email to the Education Secretary and obtain a prompt reply that put me in contact with such an effective problem solver. While I hope it is not involved specifically with licensing woes, I look forward to the next communication between Vermont school psychologists and the Agency of Education.

Best ... Louise

*Louise Vojtisek, MA NCSP, School Psychologist
Vermont NASP Delegate, FAST Training Affiliate
RTI/MTSS Consultant*

Request for Governor's Appearance

October is Dyslexia Awareness Month and AOE staff has planned an event to create awareness of the strengths and challenges for people with Dyslexia through their personal stories. In addition to raising awareness, this event will show the public that the AOE is working hand-in-hand with many organizations to help foster early identification and provide early intervention for people with Dyslexia. A dance and storytelling performance titled, *In Search of Air*, by Lida Winfield, will be the focal point for a further discussion. An expert panel will answer questions and elicit responses from the audience. An introduction by Governor Shumlin about his experiences as a person with Dyslexia would add an important component to this event.

The date for this event is October 20th, 2014 from 6:30 to 8:30 pm and the location is Harwood Union High School, Moretown, Vermont. This event is open and free to the public. Please let me know if this is something that you might be interested in participating in. Thank you.

Rebecca



VSBA Fall Meetings 2014



- What does efficient and effective use of education tax dollars look like?
- How can we better manage staffing to ensure the best outcomes for our children in the most cost effective way?
- How do we better engage and improve the learning of all students?
- How can we attract, retain and develop high quality leaders and teachers?

Assumptions:

- Shared purpose: high quality opportunities to learn for all, in the most efficient and cost effective way possible.



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- Different strategies (e.g. operating or tuitioning) of necessity, due to history and geography and external forces.



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- Shared purpose: high quality opportunities to learn for all, in the most efficient and cost effective way possible.
- Different strategies (e.g. operating or tuitioning) of necessity, due to history and geography and external forces.
- Different challenges: (reflects differences in geography, size, region, resources, and structure.)



The Finance Structure: Act 68

Brigham v. State (96-502); 166 Vt. 246; 692 A.2d 384

“..in Vermont the right to education is so integral to our constitutional form of government, and its guarantees of political and civil rights, that any statutory framework that infringes upon the equal enjoyment of that right bears a commensurate heavy burden of justification. “



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- Makes the whole state responsible for supporting each child.

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- Treats business and second home wealth as a state resource, not a local resource.

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- Makes the whole state responsible for supporting each child.
- Treats business and second home wealth as a state resource, not a local resource.
- **Supports greater equity of effort than previous funding formulas.**

Per Pupil Formulas

If your enrollment is declining, you will



cut your spending, or



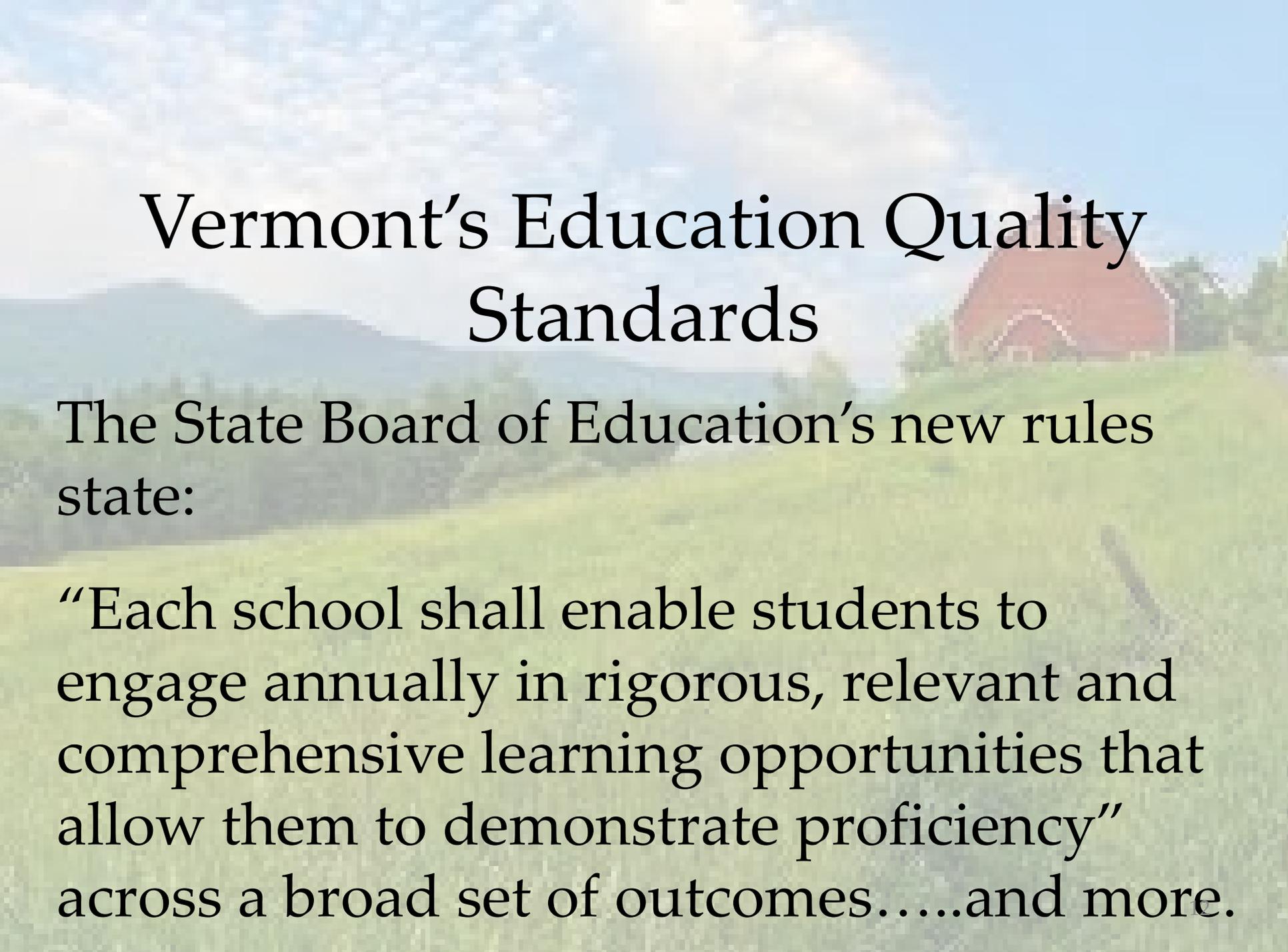
increase your tax rate to maintain the same level of overall spending

Note: The “hold harmless” provision limits a district’s decline (or increase) in pupils to 3.5% per year, which creates “phantom students” for funding purposes.



Districts are free
to make their
own decisions.....

...but we sink or
swim together as
a state.



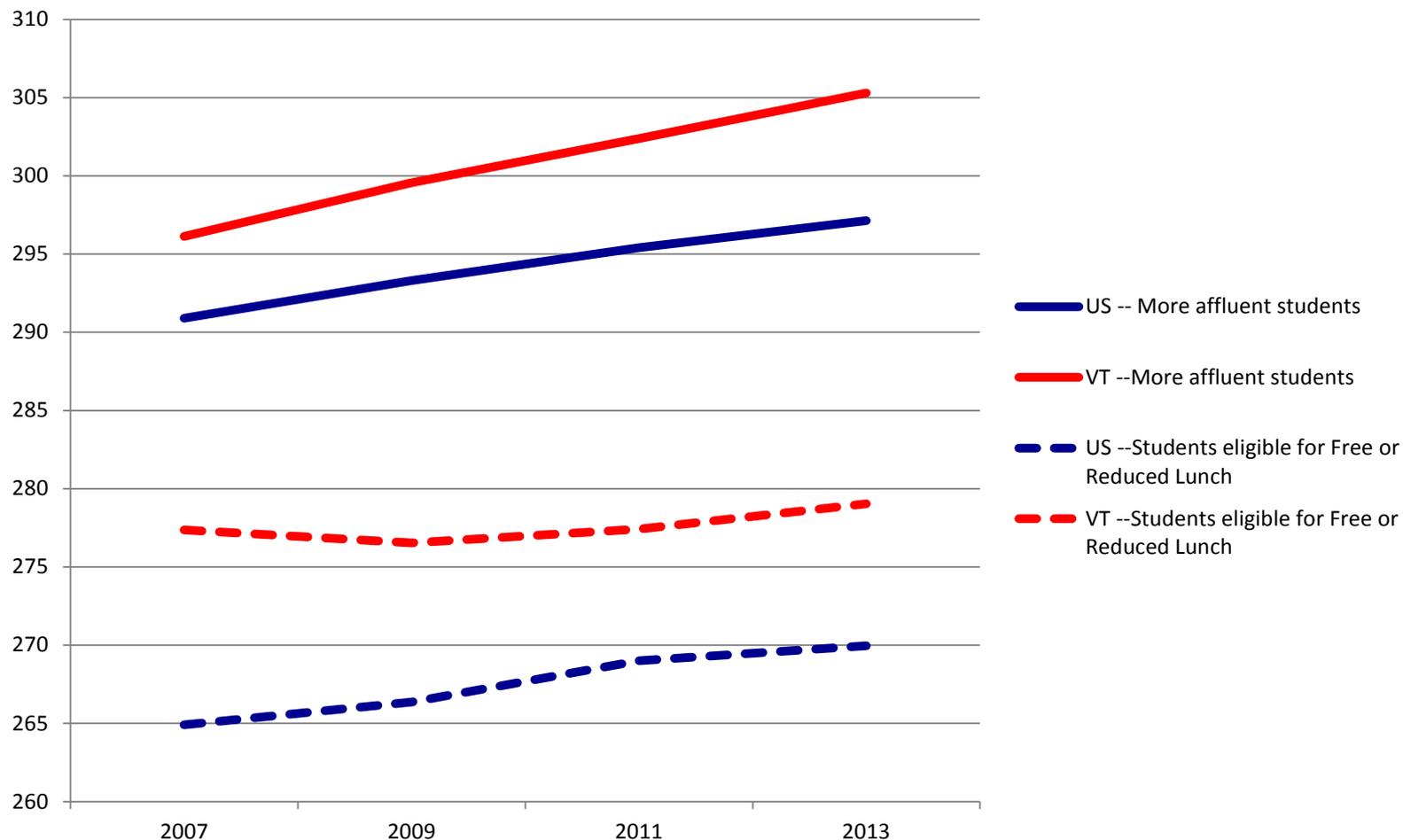
Vermont's Education Quality Standards

The State Board of Education's new rules state:

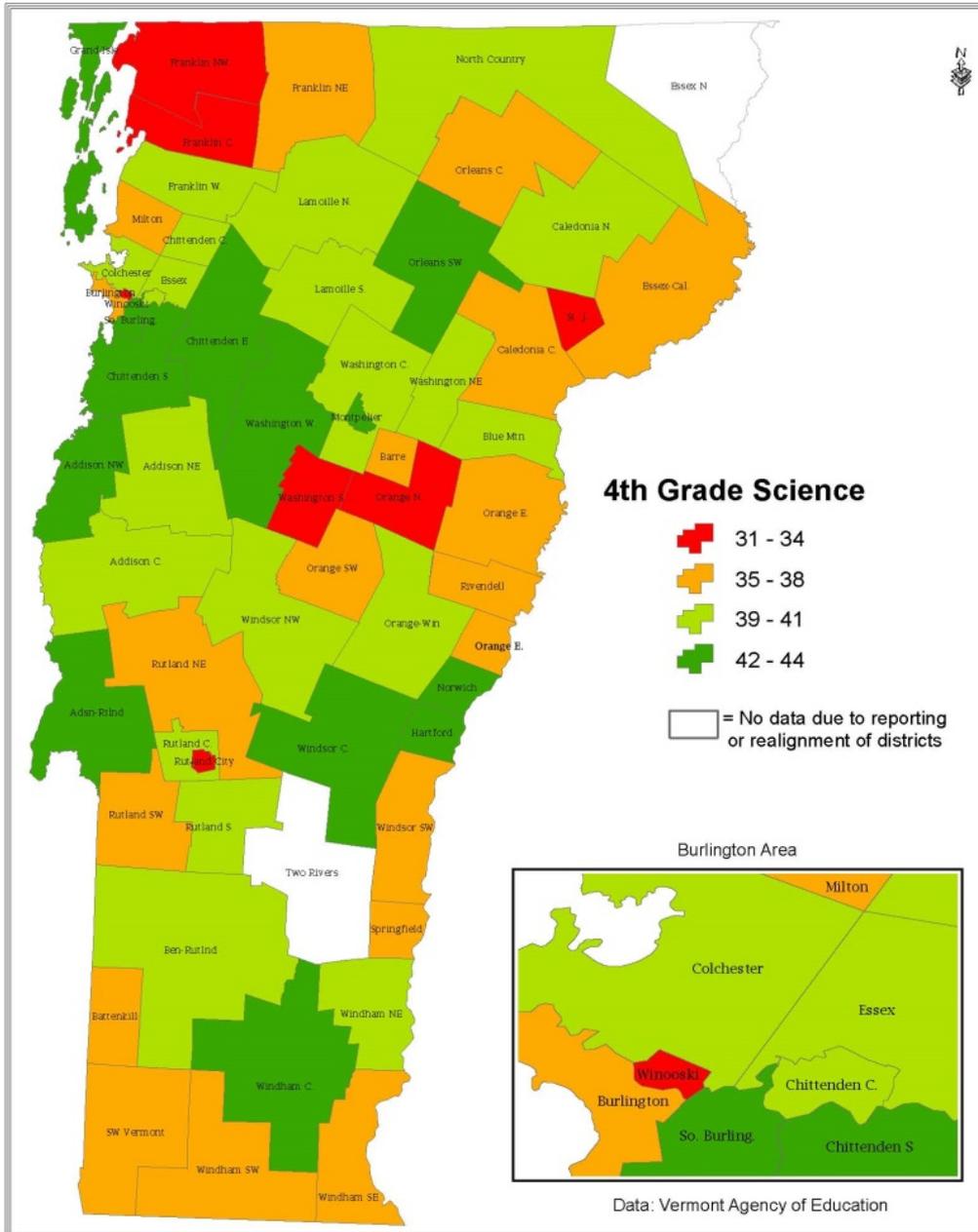
“Each school shall enable students to engage annually in rigorous, relevant and comprehensive learning opportunities that allow them to demonstrate proficiency” across a broad set of outcomes.....and more.

We have some reliable data on statewide performance

NAEP scores in 8th grade math, nationally and in Vermont, for students who are eligible and ineligible for free and reduced lunch



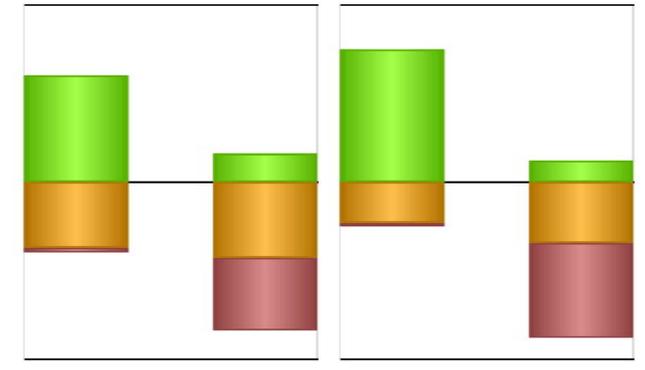
2014 NECAP Science Avg Scale Score



Average scores vary by region of the state.

We have state test results for larger schools

NECAP Assessment Report

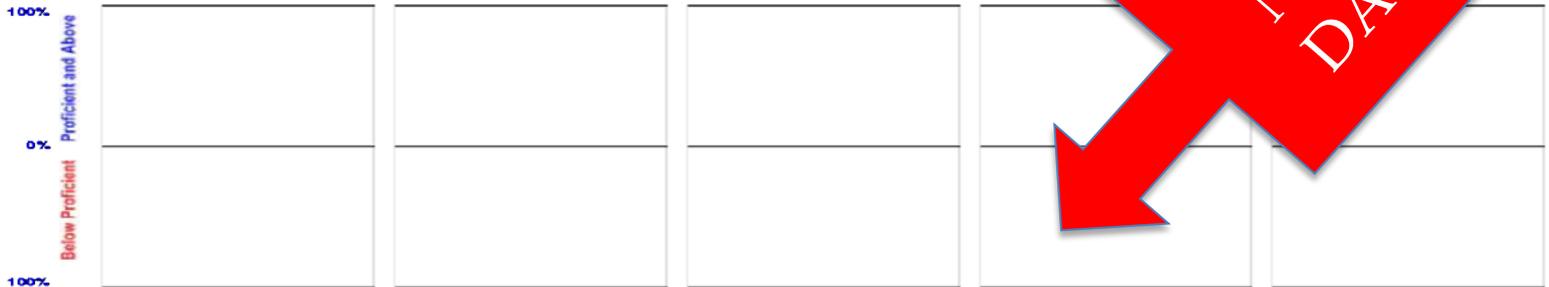


Many small schools and their SUs currently get limited (if any) school-level performance data



NECAP Assessment Report

Organization: Lowell Graded School
Teaching Year: 2012-2013
Test/Subject: NECAP Science Grade 8
Breakdown: Differences in achievement by family income?
Comparison: Over Time?



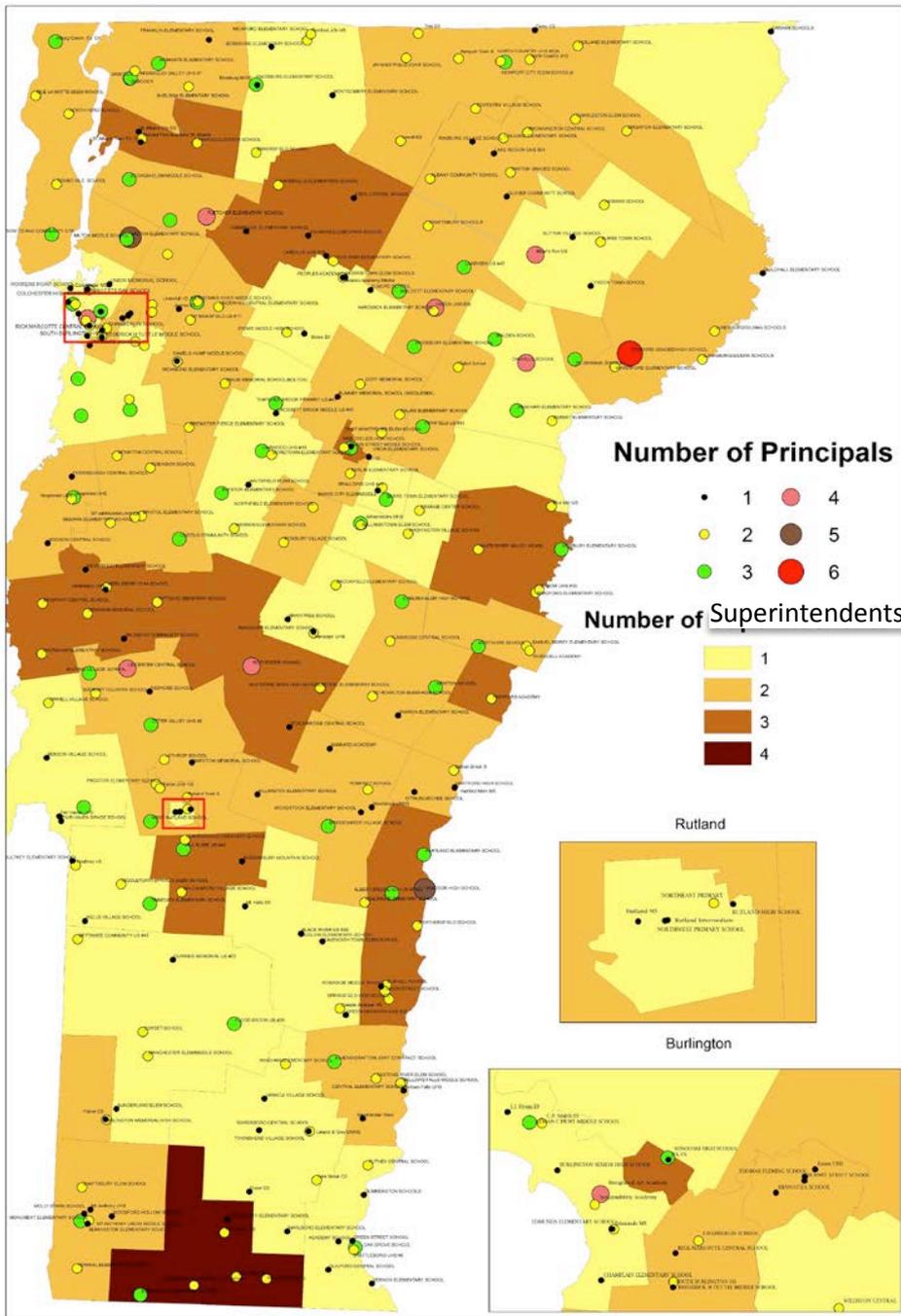
	2009		2010		2011		2012		2013	
	Not FRL	FRL								
Number of Students Tested	++	++	++	++	++	++	++	++	++	++
Proficient With Distinction	++	++	++	++	++	++	++	++	++	++
Proficient	++	++	++	++	++	++	++	++	++	++
Partially Proficient	++	++	++	++	++	++	++	++	++	++
Substantially Below Proficient	++	++	++	++	++	++	++	++	++	++
Total Proficient and Above	++	++	++	++	++	++	++	++	++	++
Total Below Proficient	++	++	++	++	++	++	++	++	++	++
Average Scaled Score	++	++	++	++	++	++	++	++	++	++

The MOAP 8th, 10th, and 12th grade tests are administered in October and ensure student achievement is at least equal to or above previous school years. For Science, the student scores may not necessarily be the same as either the 2011 or 2010 scores.

Overall, VT public high schools and historical academies have comparable performance

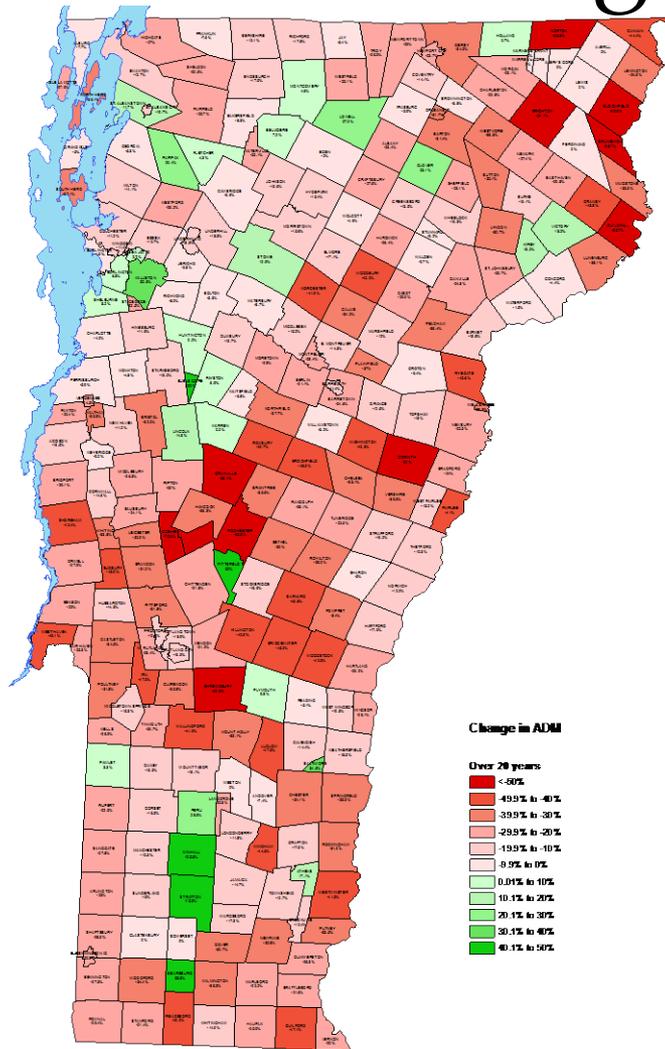
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Principals and Superintendents Since 2010

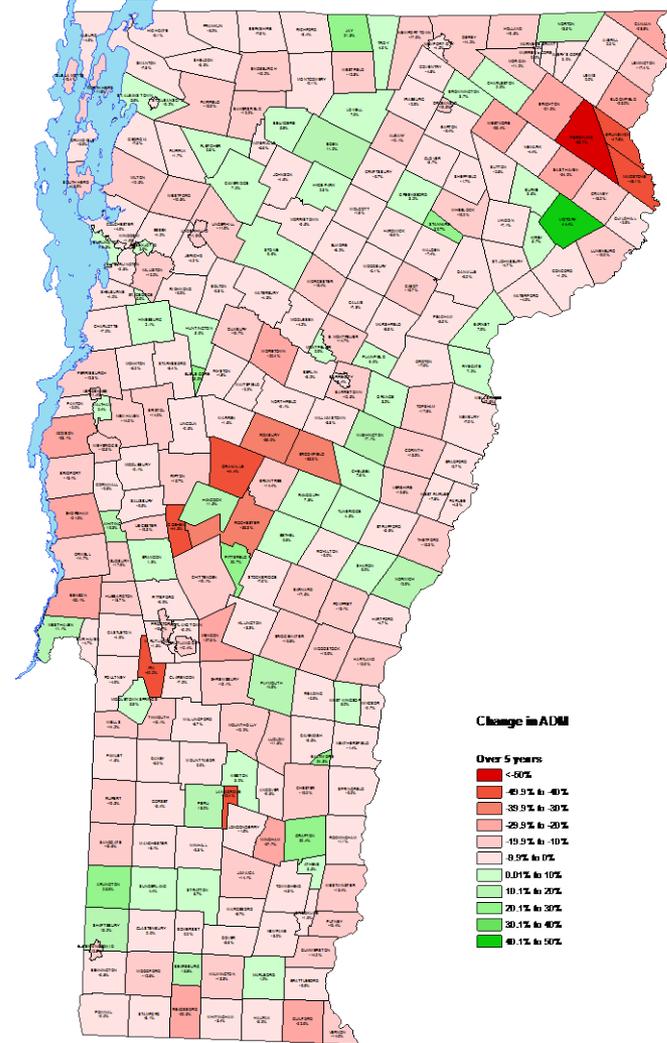


Some districts struggle with stability of superintendent and principal leadership

Changes in ADM are different in different regions of the State

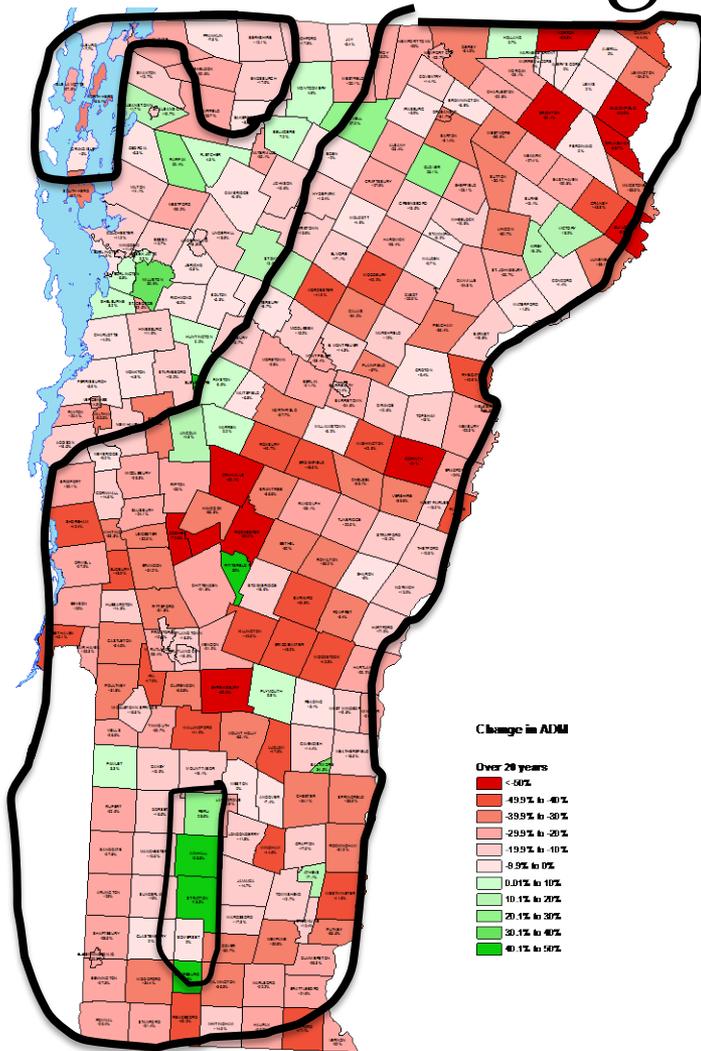


Change over 20 years

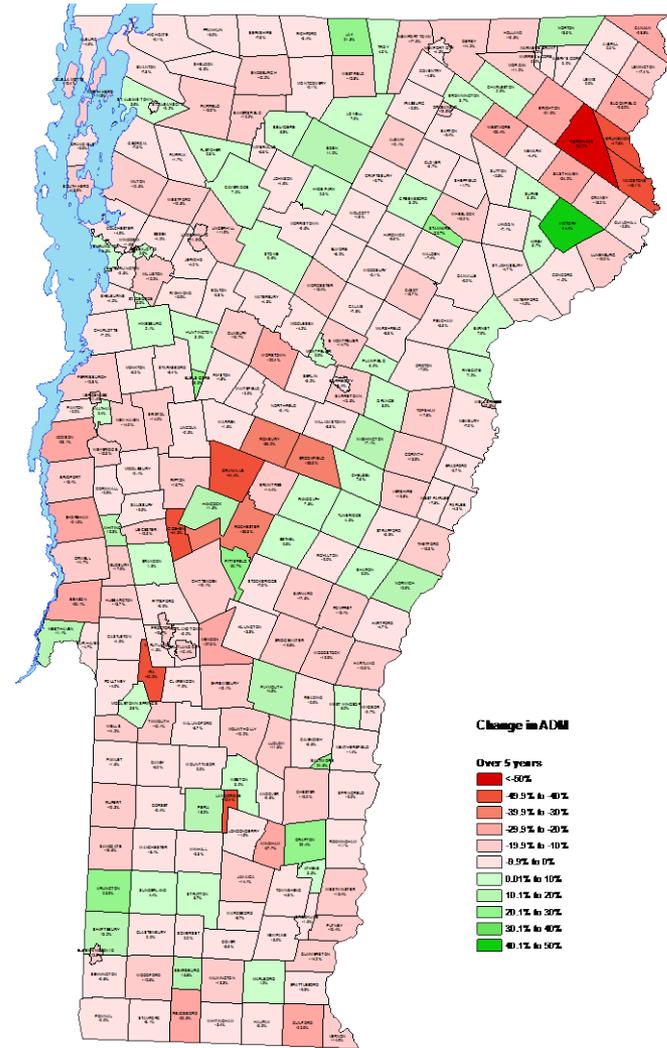


Change over 5 years

Changes in ADM are different in different regions of the state



Change over 20 years



Change over 5 years

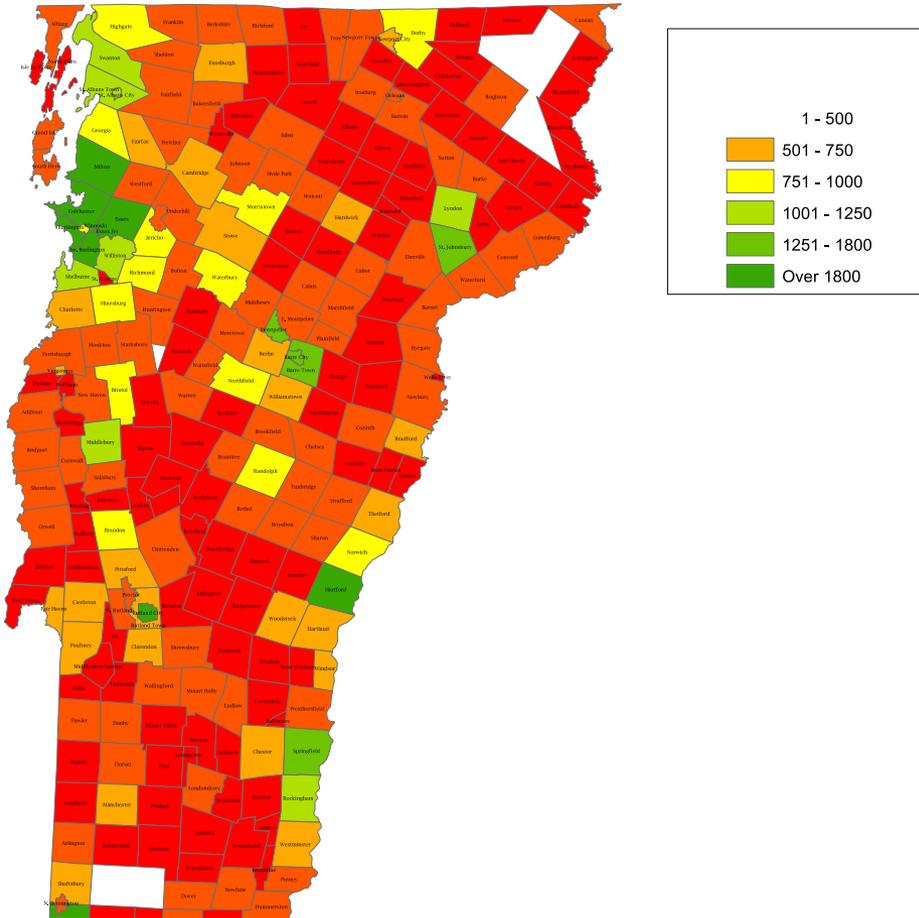
ADM changes locally

Supervisory Union/District	FY 1997	FY2014	Percent Change
	K-12 ADM	K-12 ADM	
Lamoille North S.U.	2,019.93	1,740.16	-14%
Lamoille South S.U.	1,708.39	1,491.88	-13%
Orange East S.U.	1,900.62	1,348.61	-29%
Orange Southwest S.U.	1,352.35	888.83	-34%
Orange North S.U.	908.13	777.4	-14%
Orange - Windsor S.U.	1,403.35	1,035.55	-26%
Washington Central S.U.	1,811.41	1,408.25	-22%
Washington Northeast S.U.	782.94	543.27	-31%
Washington West S.U.	2,085.25	1,762.64	-15%
Washington South S.U.	958.06	617.43	-36%
Montpelier S.D.	1,251.13	919.1	-27%
Rivendell Interstate S.D.	419.4	273.58	-35%

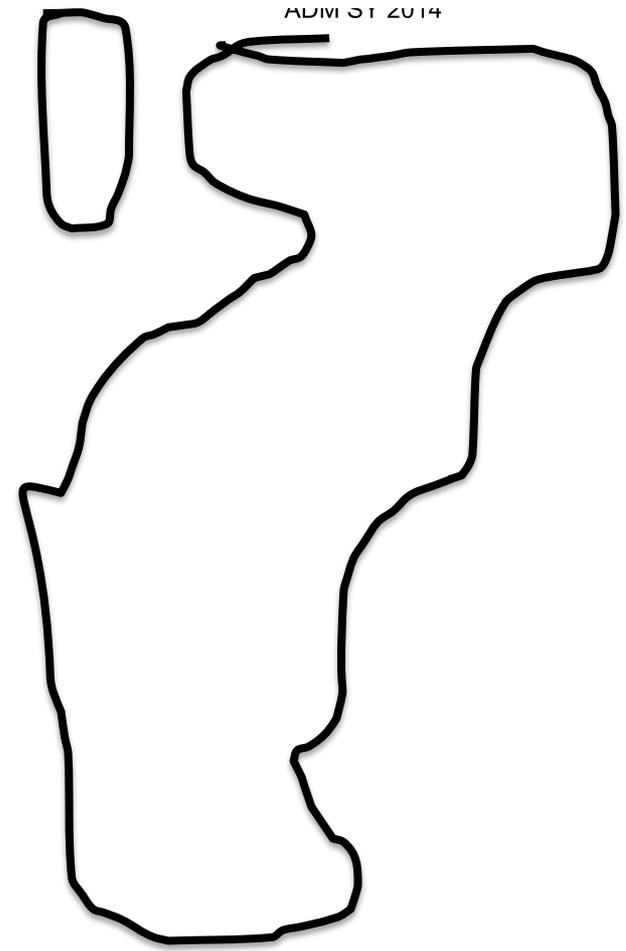
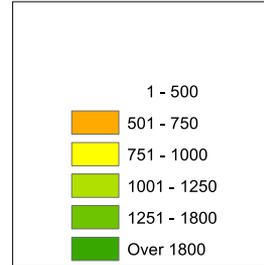
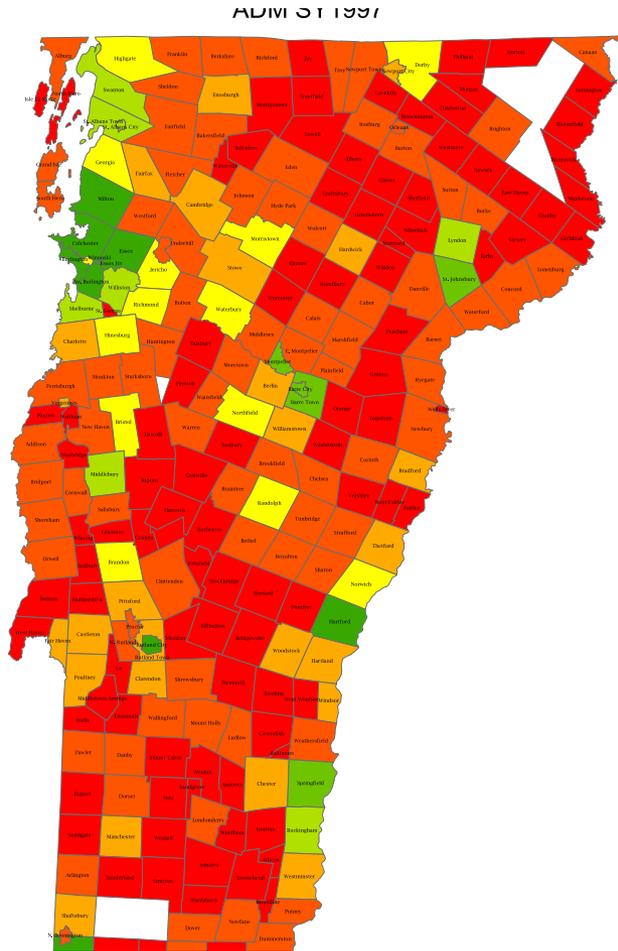
Most of our districts are now very small by most standards

ADMINIST 1997

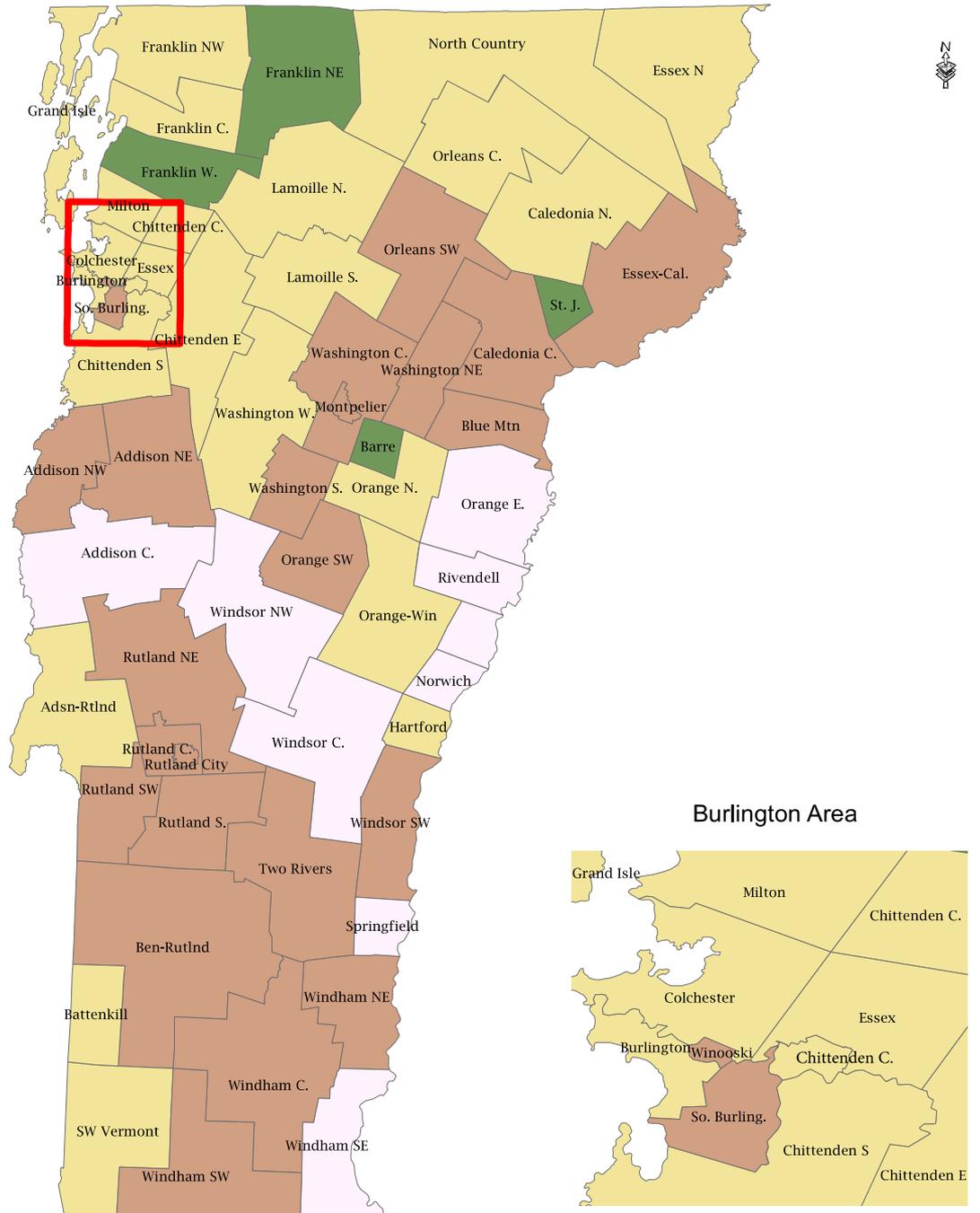
ADMINIST 2014



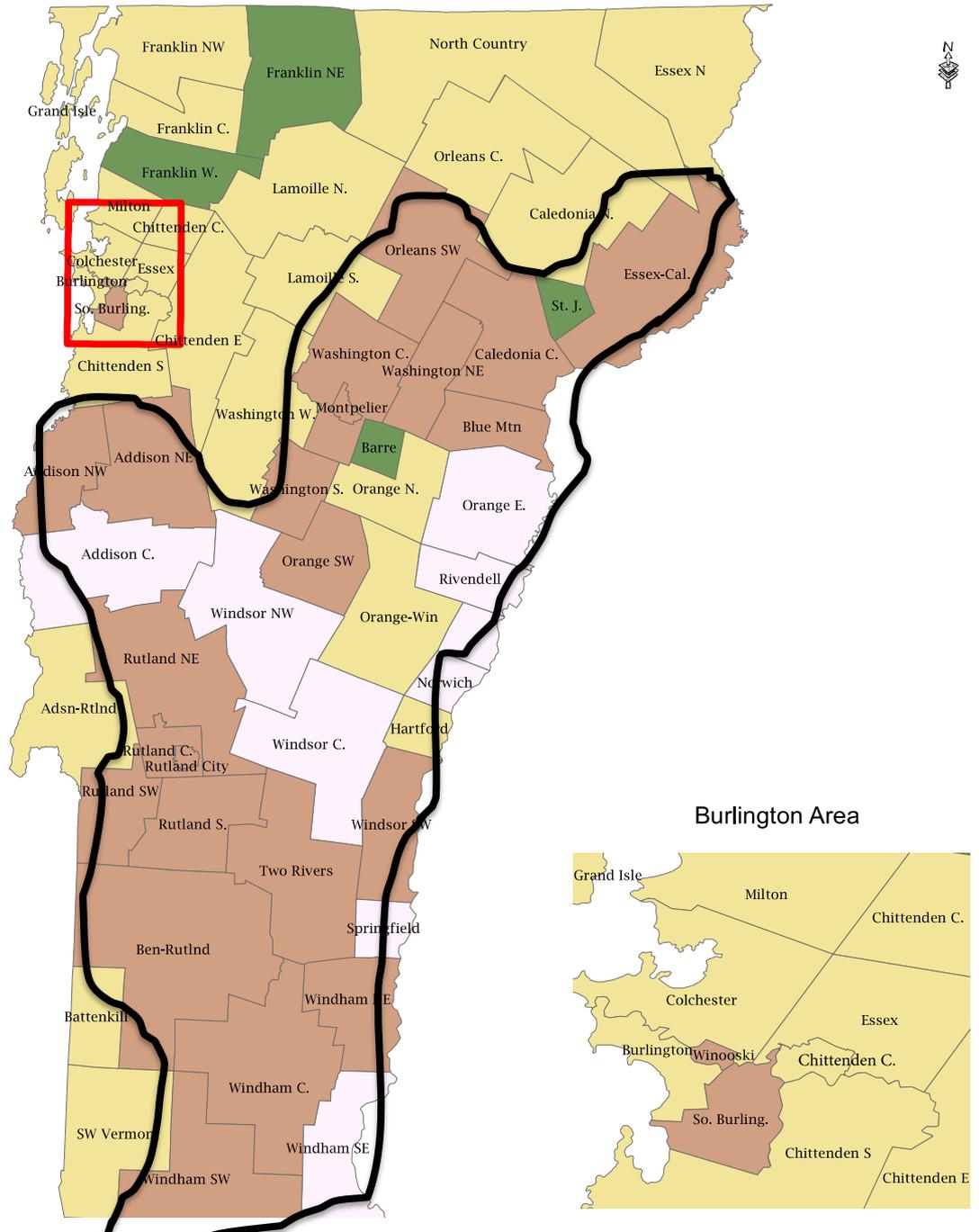
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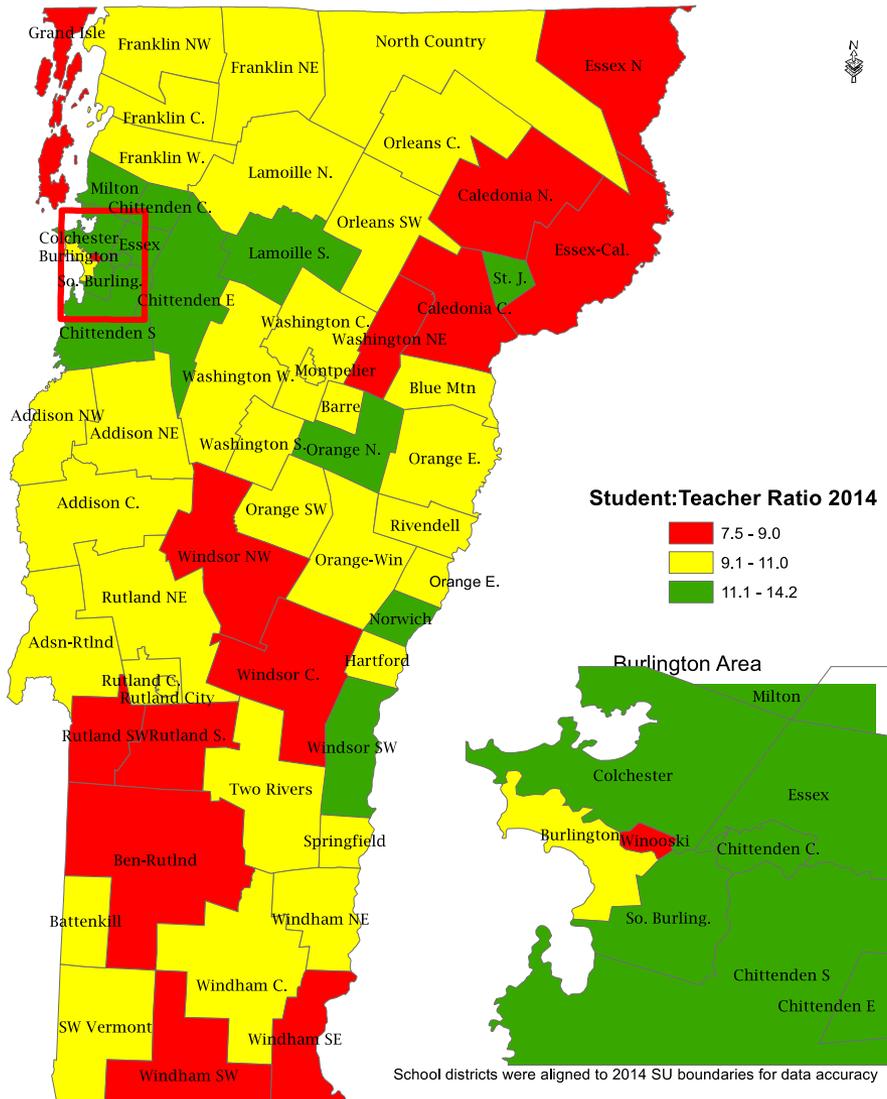
Per ADM
spending is high
in different areas
for different
reasons.



Per ADM
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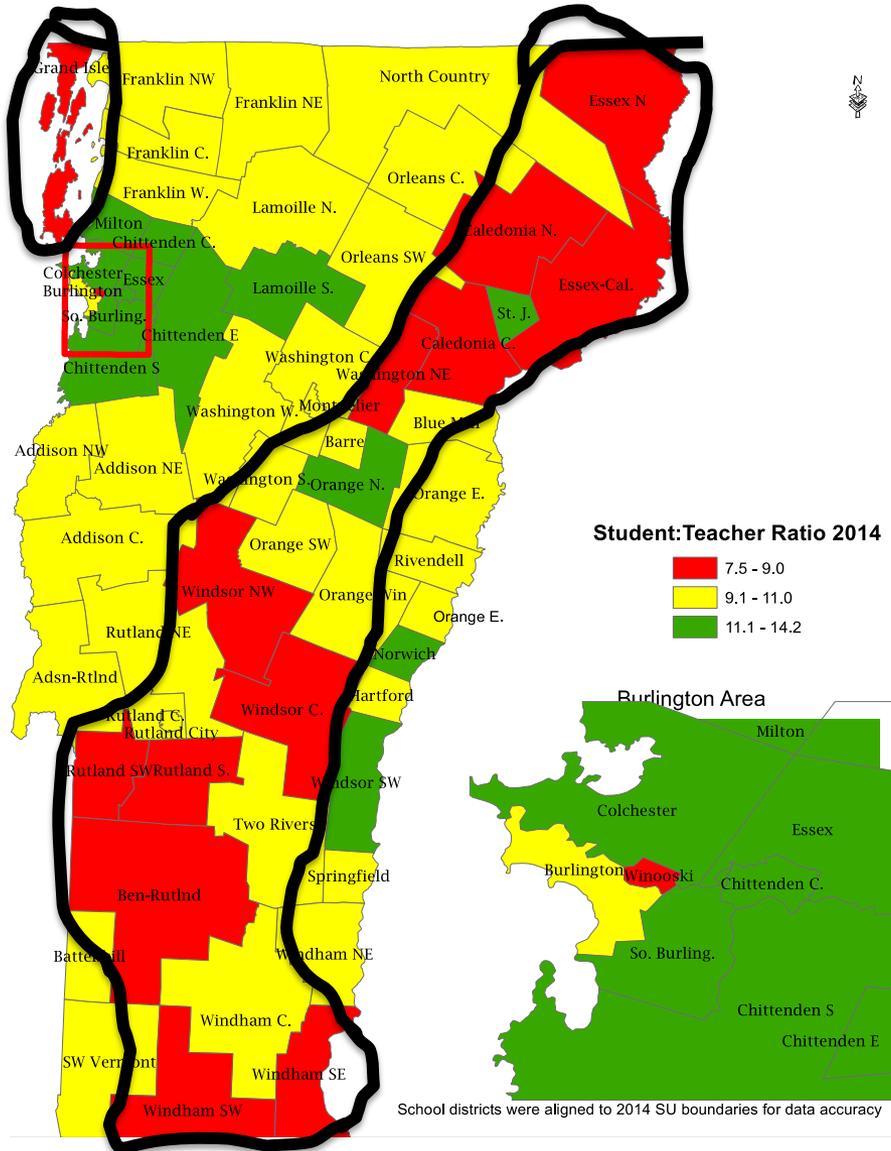


Student Teacher Ratios



Many places with the low student to teacher ratios are also places with greater ADM declines.

Student Teacher Ratios



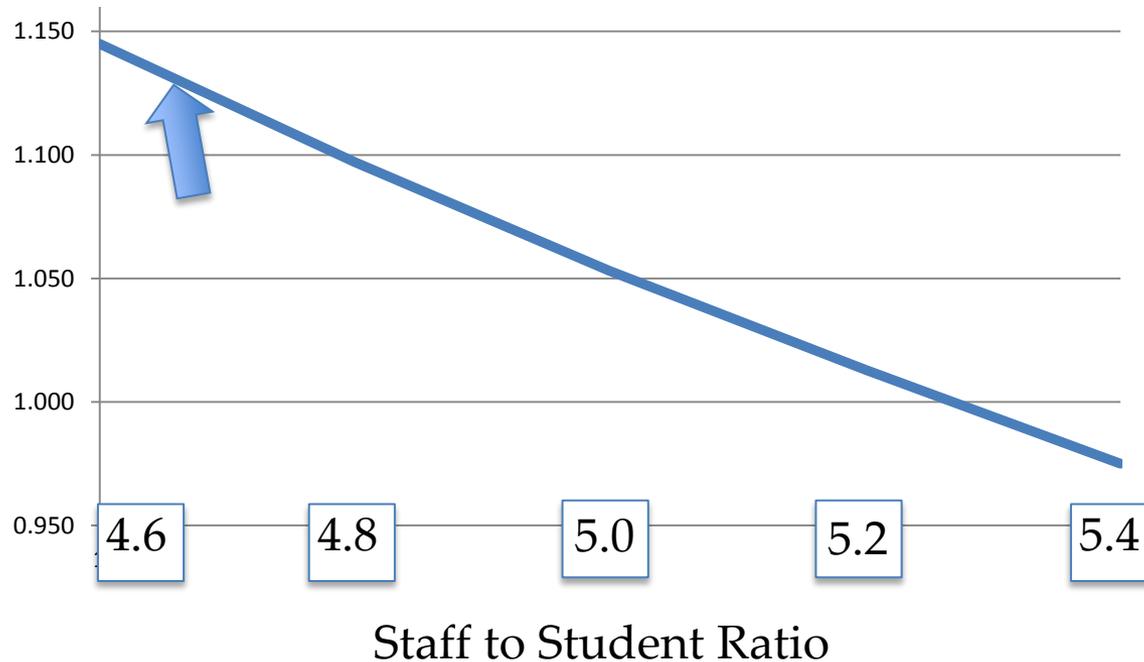
Many places with the low student to teacher ratios are also places with greater ADM declines.

Thought Exercise

(of course, real life is not this simple)

- Our student-to-staff ratio is about 4.67 to 1.
- If, through planned retirements, the statewide ratio were increased to 5 to 1, we would hypothetically save an estimated \$74 million dollars annually.

Estimated expenditures on salaries and benefits, in billions of \$



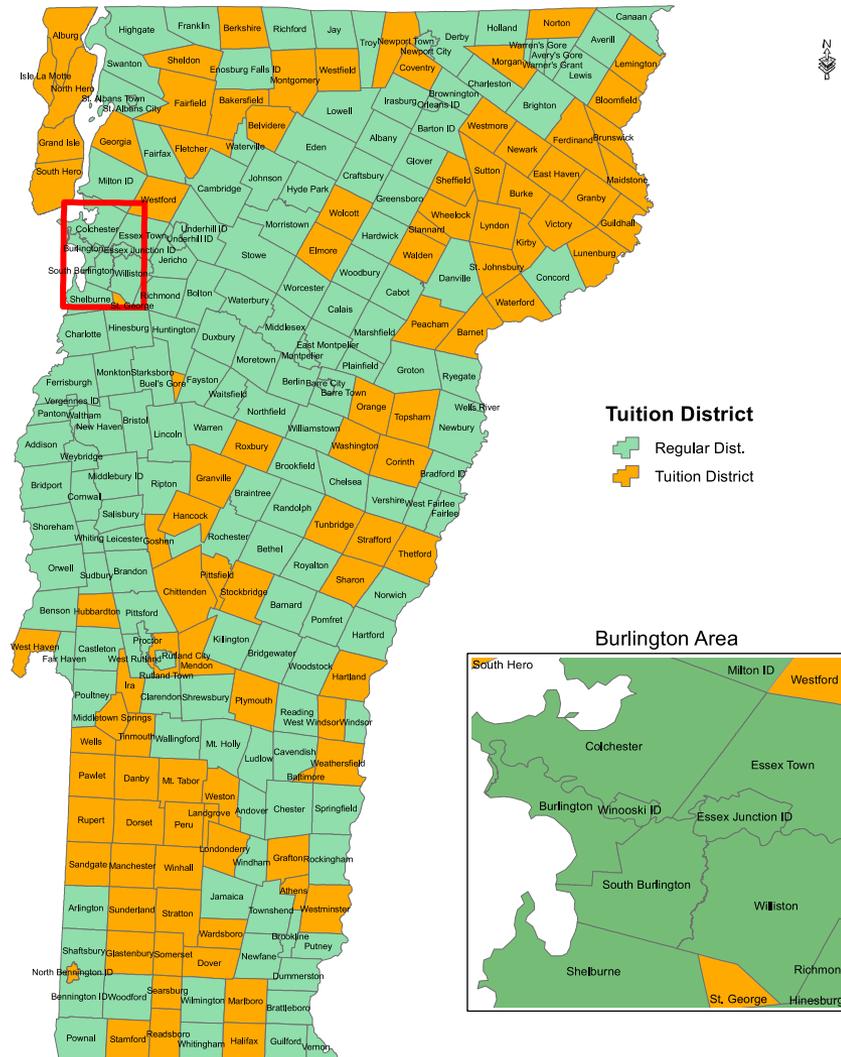
Stability Indicators

We have an aging population (second oldest in the nation). This means:

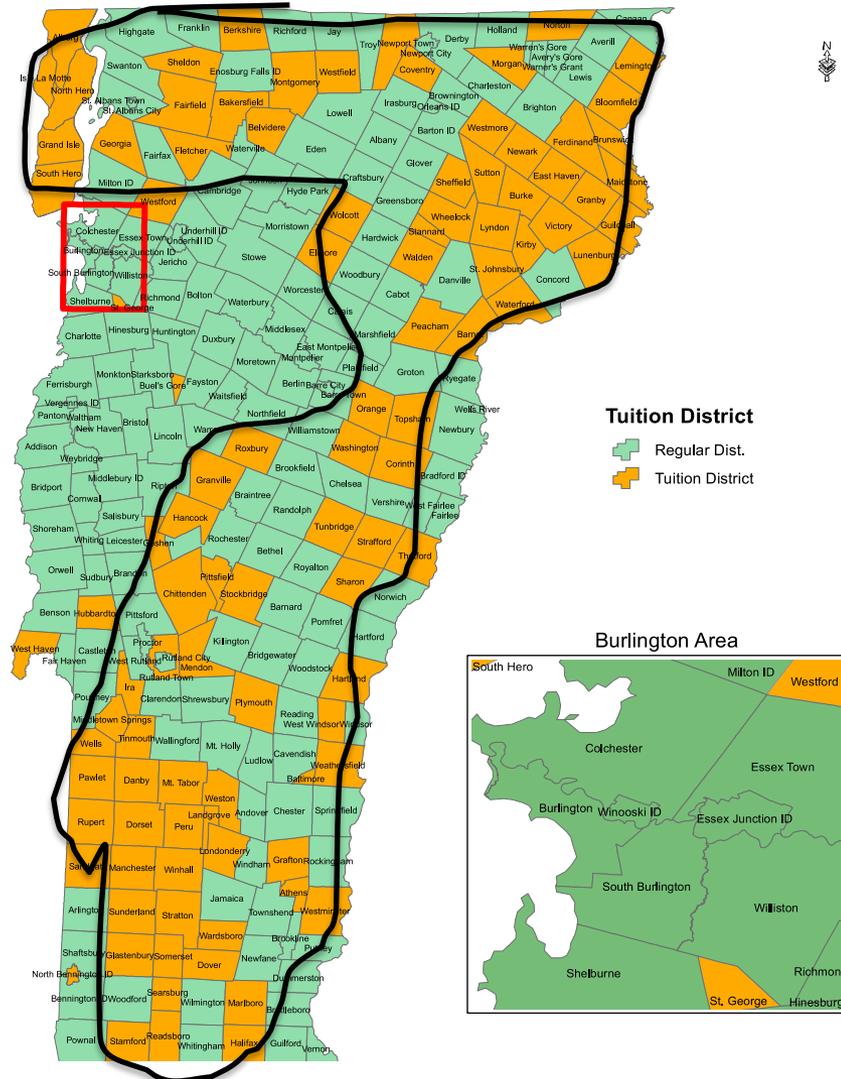
- Fewer voters with children in schools, and
- Fewer voters contributing to the working economy.



Different strategies for different regions: Tuitioning districts and operating districts



Different strategies for different regions: Tuitioning districts and operating districts



Challenges: Operating Districts



VOICE:

- Voters vote on what to spend and how to spend it.



CHOICE:

- Typically maximize student choice through broadening programs, increasing scale, transformative use of technology, forming a union (e.g. CVU or Mountain RED) or collaborating or sharing staff with neighboring districts.



RISK/FINANCIAL CERTAINTY:

- Particularly for small schools at the secondary level, cost pressures associated with declining enrollment can be acute
- Costs and cuts can be shared across all operational units

Scale affects the breadth of opportunities you can provide onsite

Course offerings in two middle schools which feed into the same high school:

School A:

School B:

Scale affects the breadth of opportunities you can provide onsite

Course offerings in two middle schools which feed into the same high school:

School A:

School B:

- Some schools have already cut arts and languages.
- Some schools are cutting or never had instructional coaches.
- Students enter high school with different levels of preparation.

Despite an equitable formula, scale plays a role. Imagine two schools:

	School A	School B
Ed Spending per EqPup	13,413.10	\$13,499.30
Actual Homestead Tax Rate	1.428	1.4181
School Size	≈300	≈90

Scale affects the breadth of opportunities you can provide onsite.

School A (about 300 students):

Onsite Mathematics course offerings:

General Math
Pre-Algebra
Algebra I
Algebra II
Geometry
Trigonometry
Pre-Calculus
Calculus
AP Calculus AB
Business Math
Probability and Statistics—
Other Mathematics Proficiency
Development

School B (about 90 students):

Onsite Mathematics course offerings:

Pre Algebra
Algebra I
Integrated Math
Junior Math
Problem Solving

(Two schools, same equalized spending per pupil)

Scale affects the breadth of opportunities you can provide onsite.

School A (about 300 students):

Onsite Mathematics course offerings:

General Math
Pre-Algebra
Algebra I
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Calculus
AP Calculus AB
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Probability and Statistics—
Other Mathematics Proficiency
Development

School B (about 90 students):

Onsite Mathematics course offerings:

Pre Algebra
Algebra I
Integrated Math
Junior Math
Problem Solving

Small schools may have only one teacher, and there is only one math “pathway” on site.

Teacher quality becomes critical.

Scale affects the breadth of opportunities you can provide onsite.

School A:

Science

Earth Science
Biology
Biology—Other
Chemistry
Physics
AP Physics B
AP Environmental Science
Technical Science
Life and Physical Sciences—Proficiency
Development
Life and Physical Sciences—
Independent Study

School B:

Science:

Biology
Physical Science
Forensics

How do you find one teacher who can teach biology, chemistry, physics and earth science?

How do you support hands-on learning in all these subjects?

Challenges:

Towns that tuition at all or some levels



VOICE:

- Voters do not vote on tuition or governance of receiving schools.



CHOICE:

- For most, parents choose where to send children.

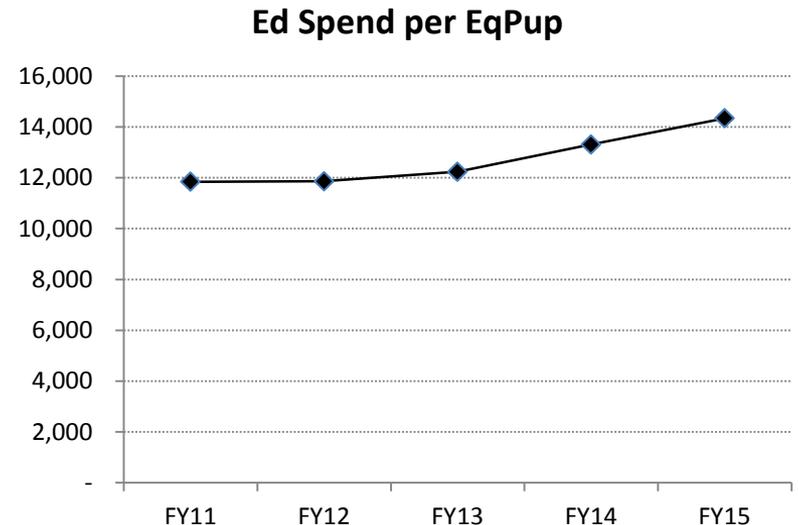
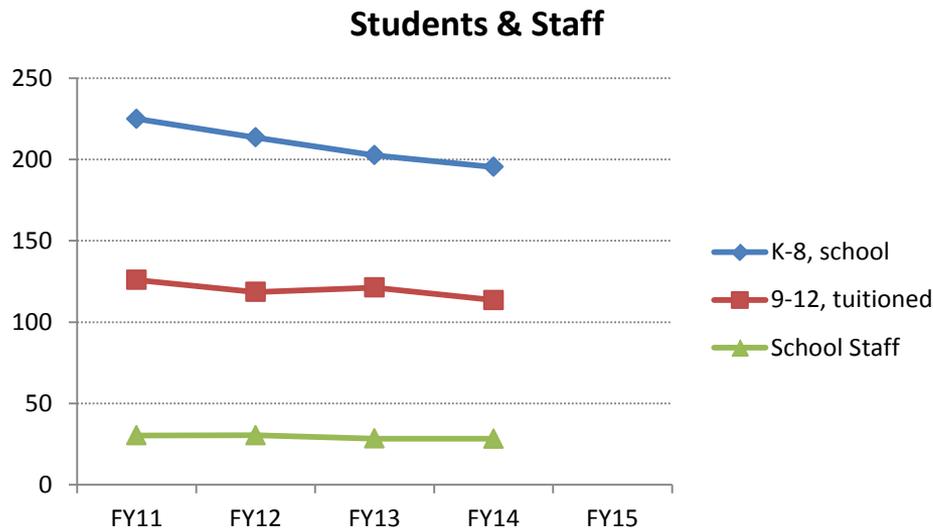


RISK/FINANCIAL CERTAINTY:

- Dependent on tuition decisions made in other towns or in independent schools.
- Changes in enrollment can have a big impact on the budget, including on elementary programs.

Challenges in tuitioning districts: Tuition rates

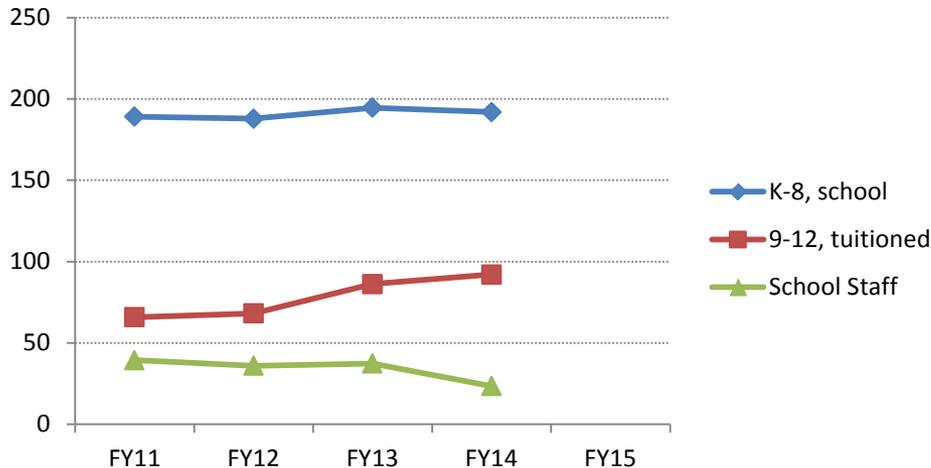
- Even though student and staff counts may decrease, spending per pupil can increase due to increased tuition rates.



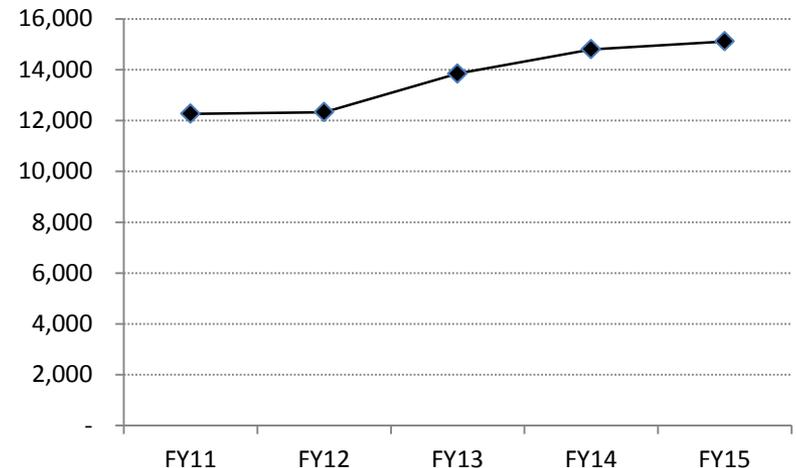
Challenges in tuitioning districts: Proportionally more secondary students than elementary students

- Costs can also rise as **more students for whom tuition must be paid move into the district**. If a budget fails, only local school costs can be reduced.

Students & Staff



Ed Spend per EqPup



Schools and teachers don't get better in isolation. They get better by getting feedback and exposure to new ideas that enable them to improve.

Schools and teachers don't get better in isolation. They get better by getting feedback and exposure to new ideas that enable them to improve.

- Peer review of budgets?
- Peer review of improvement plans?
- SU-wide professional networks?

How do you get the benefits and efficiencies of scale while protecting what you most value? (And, what do you really value? Are you getting it now?)



Critical Questions

- Has your budget failed on the first try in the last two years?
- Do you have declining enrollments?
- Have you had significant or recurring turnover in leadership?
- Are you offering your students less today than you did ten years ago?
- When you discuss your budget are you talking what programs to trim, rather than how to improve opportunities for children?

We face risk, but also great opportunity:



How can we best provide high quality, stable schools for our children?

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Sept 26, 2014
Re: Weekly Report

Status of Governor's Priorities: .

Working on budget preparation.

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

We met with our ticket printing company and our ad agency to review a market segmentation study that was performed in June-July in Vermont. It provided great insight on some key points for our marketing efforts and some good demographic info.

We are working with our problem gambling service provider to create literature and training info for the bar/restaurant staffs where we place the game consoles. We will be ready with this next month before we deliver the first machines. We are also creating promotional efforts for these locations instead of using TV or radio. We will focus on getting their customers to play the games and establish benchmarks for this test group.

Executive Director's Commentary:

I will be in Atlantic City, NJ next week for Lottery's Annual Conference.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, September 26, 2014
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

VT Translines Service Report

More than 600 people rode the new Route 7 bus service (Burlington-Albany) in August, triple the number that rode in June. Ridership on that service continues to trend upward. The Route 4 service (Rutland-White River Junction), is lagging behind but moved slowly past 100 total riders in August. We will look at ways of assisting in marketing this service, operated by Premier Coach. We don't have numbers yet for the White River – Springfield, MA service operated by Greyhound.

Update from Last Week – AnC Bio

I reported last week that we were asked for a non-jurisdictional opinion on traffic for this project on City streets in Newport and expressed to the District #8 Commission that we didn't see show-stoppers in the application. We also suggested a fair share of some future mitigation strategies for a couple of intersections, which the Commission adopted as they issued the Act 250 permit earlier this week.

In another development at the airport, we are working with *QResorts* on the plan to construct two hangars at the Newport State Airport to enable ramped up aircraft assembly by *Flight Design*. We anticipate construction on these hangars within the next two weeks.

South Hero Traffic Problem Resolved

Residents of South Hero who access Route 2 at John Stark Road and Kibbe Point Road have differing interests in making their access and egress from Route 2 easier and safer. Our design team suggested and applied new markings on Route 2 which made the 15 residents of Kibbe Point Road very happy but the four residents of John Stark Road very angry. Of course, they reached out to their favorite Senator and to me for relief.

Chris Cole and Bruce Nyquist, an engineer who specializes in these kinds of issues, met with the South Hero Selectboard and a number of residents last week and introduced a

new design which seems to have made both groups happy. The board thanked them for their work and approved the new design (although a vote wasn't required) unanimously followed by a round of applause.

Climate Resilience

Deputy Secretary Minter reports that the White House Task Force report is now out in draft form and that we are working to make comments/ improvements, which are due next Friday. This draft boils down over 500 recommendations and includes many from Vermont (including several call out boxes with Vermont stories and your quote). The expected timeline: final acceptance by Task Force on 10/17, with public roll out and presentation to President on 10/24. We will look for local media opportunities to feature your involvement and the final product.

Northeast Transportation and Wildlife Conference

Thanks for the great job in welcoming and setting the tone for the conference at the Sheraton on Monday. We had much positive feedback on your presentation and commitment to the issues of a changing climate.

NOTES FOR STAFF

Champlain Parkway Update

On Monday, September 22, 2014, Fortieth Burlington LLC made a timely appeal to the Vermont Supreme Court of the decision of the Superior Court, Environmental Division, to grant an Act 250 permit to the Champlain Parkway. Although we are very confident that the Supreme Court will affirm the lower court's decision, the whole process is likely to add another year to the project. Our analysis is that there aren't any federal issues involved so this should be the last stop in this appeal process.

The other remaining issues involving a couple of old railroad spurs are the subject of City of Burlington efforts to acquire them by "donation" under federal law. Eminent domain is not available to us in the case of the Grocery Spur and the Pine Street Lead due to preemption of federal law relating to railroads. If the City is not successful, we must decide whether to authorize the payment of holdouts and if so, how much. We are expecting the Vermont Railway will assert rights on at least one of these spurs and demand payment to relinquish them.

Stephen Whitaker Public Records Request - Update

Montpelier resident Stephen Whitaker made a public records request for a massive amount of data concerning fiber-optic build-outs in Interstates and other state highway rights-of-way. He was asked to narrow the request but refused to do that so we followed the law in assessing cost of staff time to meet the request and informed him that it would cost \$1,640.00. We had closed the request due to his unwillingness and our inability to properly define what exactly he is looking for.

He vociferously objected and filed an appeal to me stating that he had no intention of narrowing the request and suggesting that our staff didn't know what they were talking

about. He also reminded me of his arrest at an E-911 Board meeting back in the 90's over a similar access to information issue (I do remember some of that era, but not all).

Today I am denying his appeal as it asks for a very broad range of documents generated over an indefinite period of time which are maintained by multiple divisions and bureaus of the agency. I have also asked staff to reassess the costs involved and with the help of a lead employee, who was not part of the original assessment, we have updated the cost associated with the request to \$2,462.40. His next stop, if he wishes, is the Civil Decision of the Superior Court. But on our way there, I expect some fireworks. My letter to him does make the offer to process the request if the bill is paid and renews the offer to narrow the request. This matter has been carefully reviewed by two members of our legal staff in addition to four members of our IT and Utility staff.

Railway Bridge Project Dispute – Update

Last week I reported that Vermont Rail Systems was looking for liquidated damages of \$472,500 against contractor CCS Construction over a 42-hour late completion of a bridge project causing a train delay. CCS retained Attorney Vince Illuzzi to represent them.

I am happy to report that our intermodal and legal staff, under the direction of Trini Brassard, worked to facilitate a successful negotiation with the parties that resulted in a settlement of \$62,500 for the delayed opening of the Green Mountain Line in Clarendon. CCS can now proceed with two additional rail bridge jobs in New Haven and Dorset.

Climate Resilience Competition

The NOFA (Notice of Funding Availability) for the Resilience Competition was published this week and Sue is working with a cross section of state agencies and stakeholders to begin to formulate ideas and a plan for applying for this competition. The funds are from HUD / CDBG- DR which means this will be a challenging and time-consuming application and public engagement process. We have brought the Institute for Sustainable Communities (ISC) to the table to help us with the application development. We will discuss with you further as the details come together. We may need to engage in fundraising to support ISC's work, but suspect several foundations and possibly private entities will support this. More later here.

Motor Vehicle Crash Facts: 2014 Fatal/Fatality data received to-date

2014 Fatalities: 32 Total – 24 vehicle operators (7 motorcycles; 1 snowmobile), 3 passenger and 5 pedestrians.

As of **September 22 in each calendar year:**

<u>Year</u>	<u>Fatalities (people)</u>	<u>Fatal Crashes</u>
2014	32	31
2013	45	42
2012	59	53
2011	36	33

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Harry L. Chen, M.D., Acting Secretary of Human Services
Re: AHS Weekly Report
Date: September 26, 2014

Highlights:

VDH:

Funding Awarded to Public Health Preparedness to Help Reduce Elderly Falls _____ pg. 2
Federal Summit on Buprenorphine Practice _____ pg. 2

DMH:

Vermont Psychiatric Care Hospital (VPCH) _____ pg. 2
Mental Health Oversight Committee _____ pg. 3
Wait Times in the ER Remain an Issue _____ pg. 3

DAIL:

Status of Programs and Services in Wake of Closure of VCDHH _____ pg. 3
Employee of Specialized Service Agency in Middlebury Arrested for Armed Robbery _____ pg. 3

DOC:

Annie Ramniceanu Starts as Director of Pre-Trial Services _____ pg. 4
Vermont Corrections 1 of 5 states to receive \$1,000,000. Re-Entry grants from DOJ _____ pg. 4

DCF:

Rising numbers of children in DCF custody _____ pg. 4

DVHA:

Contracting and Federal Funding Cause Risk to VHC _____ pg. 5
Post Payment Review Identifies Issue for Rutland Home Health Agency _____ pg. 6

Secretary's Message

This week, I have worked closely with Lawrence Miller to implement an Incident Command System (ICS) for managing all work at Vermont Health Connect. The ICS manage emergencies and disaster responses that involve complex events with multi-agency and multi-jurisdiction responsibilities. This is the system the state used to respond to TS Irene and how VDH, VAAF, and ANR were able to manage the year-long response to the Rutland pesticide exposures. About 15 staff members from the Department of Health, experts in using ICS for responses, have been working for the last week to train all VHC staff in ICS principles and the response system. They will be imbedded at VHC for the next several weeks , mentoring VHC staff in the implementation of the system. The initial priorities have been developed for this event. In the next two days, a master timeline, detailed list of objectives and deadlines, and individual accountability will be established. Daily briefings occur at 0900 and provide a snapshot of activities and updates. Despite expected anxiety and concerns about change, the overall response has been positive. I have attached the ICS structure and the most recent Incident Action Plan (IAP).

Vermont Department of Health (VDH)

Medicine Abuse Awareness Campaign Launch

The Health Department will launch an awareness campaign on storage and disposal of prescription drugs in October in recognition of National Substance Abuse Prevention Month and National Medicine Abuse Awareness Month. This project will build on the momentum created by the promotion of DEA Prescription Drug Take Back Day on September 27.

Lead Poisoning Prevention Funds Received

The Health Department's Health Healthy Homes Lead Poisoning Prevention Program (HHLPPP) recently received a grant in the amount of \$350,000 from the CDC. The mission of the HHLPPP is to improve the health and safety of all Vermont home environments. This grant will help to fund the serious environmental health issue that is a part of the program—childhood lead poisoning.

Community Forum on Opiate Addiction

The Windham County Community Forum on Opiate Addiction was held at Marlboro College on September 16. Fifty-five people attended and participated in a turn the curve RBA exercise to identify priority actions to reduce opioid misuse.

Funding Award to Public Health Preparedness

The Health Department's Office of Public Health Preparedness was awarded \$438,000 from the federal Administration for Community Living and Administration on Aging for a two year project to reduce elderly falls. This will involve working with the Vermont Area Agencies on Aging referring clients to local EMS agencies to conduct a training program in private homes.

Promoting Healthy Weight and Nutrition Initiative

On September 17th, 140 individuals representing 33 pediatric and family practices participated in a multidisciplinary learning session: *Promoting Healthy Weight, Nutrition, and Physical Activity*, as part of an innovative collaborative between the Health Department and Vermont Child Health Improvement Program.

Federal Summit on Buprenorphine Practice

The VDH Division of Alcohol and Drug Abuse Programs (ADAP) was an invited participant to the 2014 Substance Abuse and Mental Health Services Administration (SAMHSA) and National Institute on Drug Abuse (NIDA) sponsored Buprenorphine Summit held at the SAMHSA office September 22nd and 23rd 2014. In attendance, were roughly 35 invited participants, "identified experts", to review selected topics and give input on policy initiatives related to expansion and quality of care using Buprenorphine. Participants favorably commented on Governor Shumlin's State of the State Address and many physicians/treatment providers commented on the progressive nature of Vermont compared to their own practice sites.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

Census is at 19 with 21-beds online. Staff is working on opening the last 4-bed unit soon.

Brattleboro Retreat (the Retreat)

The Brattleboro Retreat is still waiting for CMS's site visit by October 6th.

Mental Health Oversight Committee

The Department met with the Mental Health Oversight Committee (MHOC) on Tuesday, September 23, 2014. Discussions with MHOC included:

- Overview of System of Care, current status, next steps and missing elements
- Children services
- Quality of care and departmental oversight
- Emergency involuntary procedures (EIP) and LCAR's request for clarification on the legislative intent
- A report of antipsychotic drugs and children.

MHOC is planning two additional meetings; October 3rd and 17th.

Channel 3 News on Brattleboro Retreat and CMS

Channel 3 News interviewed Commissioner Dupre and Deputy Commissioner Reed on Tuesday about the Brattleboro Retreat and CMS.

EIP Rules for hospitals and legislative intent on "same rights and privileges as at the state hospital"

The rules are being discussed at MHOC and they will make some recommendations to the legislature in their January report.

Wait Times in the ER Remain an Issue

Wait times in ER's are still too long, while numbers waiting for level one care have been reduced.

Department of Disabilities, Aging and Independent Living (DAIL)

DAIL Provides Testimony to Mental Health Oversight Committee

DAIL staff, including Deputy Commissioner Stuart Schurr and Division of Licensing and Protection Director Clayton Clark testified before the Mental Health Oversight Committee on September 23 on the topic of *Quality of Care and Departmental Oversight*. Of particular interest to the Committee were the federal and state laws governing the disclosure of information to the public about adverse events at licensed facilities serving individuals with mental health issues and the sharing of information between and among the departments within the Agency of Human Services surrounding these events.

Status of Programs and Services in Wake of Closure of Vermont Center for Deaf and Hard of Hearing (VCDHH)

Senator Diane Snelling contacted DAIL to request information about the services Vermont offers to individuals who are deaf or hard of hearing. Her constituents have expressed concern that services for this population may disappear following the closing of the Austine School and the VCDHH. DAIL's response to Senator Snelling describes the former VCDHH programs and services and the status of each. A member of the former VCDHH Board reports that while the programs and services will be decentralized, they are expected to survive and remain available to those needing them.

Employee of Specialized Service Agency in Middlebury Arrested for Armed Robbery

A staff member of Specialized Community Care (SCC) in Middlebury was arrested on Wednesday evening, September 24, after an armed robbery (with a knife). Tyler Edwards was working a shift at the time for a consumer who receives 24-hour staffed supports. Edwards took the consumer's car to commit the robbery. DAIL staff is following up for more information, including whether the consumer was with Edwards during the robbery, or at the time of the arrest, and if she is requiring any additional counseling or other support as a result. SCC terminated Edwards and secured other staff to

support the consumer. The consumer was not named or otherwise identified in Thursday morning's WCAX report.

Department of Corrections (DOC)

Annie Ramniceanu Starts as Director of Pre-Trial Services

Annie Ramniceanu began her first day as Director of Pre-Trial Services on Monday September 22, 2014. On Wednesday, we held a bidders conference for the pretrial services monitors. Bids are due in the middle of October.

Forthcoming DOC Stories in the Local News

1. WCAX is going to feature a story on our Dogs for Veterans training program in October.
2. In late September, they are going to run a story on our use of VSP's K-9's in conducting contraband searches.
3. Seven Days is running a story on the incident in Arizona regarding thirteen Vermont inmates who refused to lock in. Apparently, an offender has reached out to the media regarding this issue. We suspect other media outlets will pick up this story.

NWCF Ahead of Schedule

The Northwest State Corrections Facility is fully compliant with Vermont's Universal Recycling law nearly one year ahead of schedule.

Vermont Corrections 1 of 5 states to receive \$1,000,000. Re-Entry grants from DOJ

On Tuesday afternoon DOC received the news that they are 1 of 5 states to receive the Second Chance Act Implementation Grant. Other states receiving the grant are Georgia, Illinois, Iowa, and Minnesota.

Offender Involved Shooting in Morrisville

DOC received information from the Morrisville office, an offender on probation, Christopher Burnor, is alleged to have shot and offender on furlough, Thomas Zapantis. Purportedly multiple shots were fired at the Cumberland farms. At this time, Burnor has been located and lodged. He will appear in court today. Zapantis' condition is unknown at this time. Burnor is on supervision for simple assault, domestic assault and knowingly sheltering. Zapantis is on furlough supervision for felony DWI convictions.

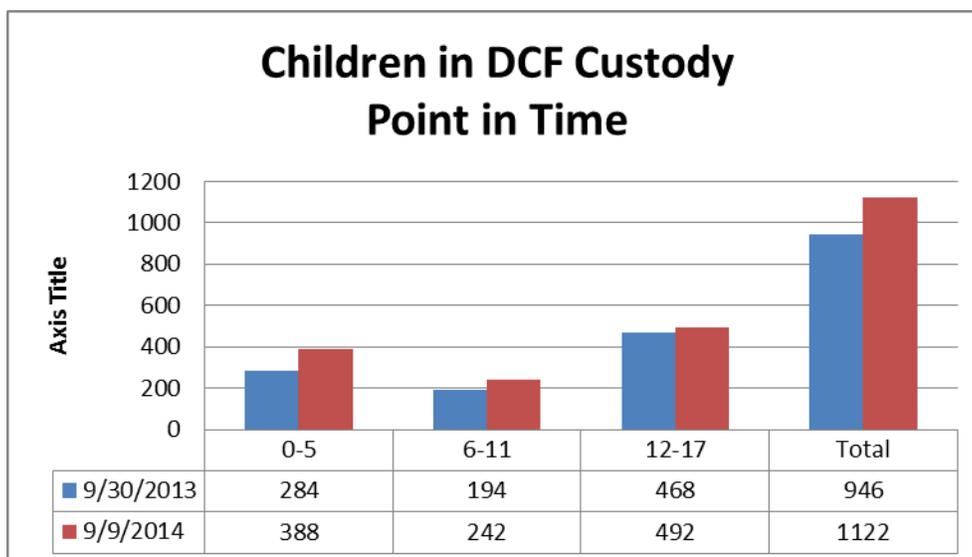
Populations:

The department's incarcerated population averaged 2081 for the previous week, the average presentenced population was 385 (19%). The incarcerated male population averaged 1927 with 349(18%) presentenced inmates. The female population averaged 154 for the previous week with 36 (23%) comprising of presentenced female inmates.

Department for Children and Families (DCF)

Rising numbers of children in DCF custody

The number of children in DCF custody has been rising. The following chart shows a comparison between Sept 2013 and Sept 2014. The largest increase is in children under the age of six, which represents a 37% increase.



This rise has many implications, including:

- Caseload;
- Budget for out of home care;
- Budget for ancillary services, such as for Family Time Coaching/Supervised Visiting.

We will be addressing these concerns in the Budget Adjustment process.

Department of Vermont Health Access (DVHA)

Contracting and Federal Funding Cause Risk to VHC

Contracting and federal funding approval and authorization continue cause risk to the success of VHC and open enrollment preparedness.

Representative Fisher Requests Information for Coverage of Non Legal Immigrants

Representative Fisher made a request for information about health coverage options available to individuals who are not legal immigrants.

Cigna/BP Community Requests Change in Health Team Payments

Cigna has requested a change in the amount that it pays toward Blueprint (BP) community health teams because of its decreased market share related to losing the state employees' health plan. These payments are based on a formula recommended by a BP oversight committee and documented in contracts with the three commercial carriers. DVHA General Counsel has reviewed and determined the current payment methodology is compliant with statute but does warrant review by the BP. This could lead to a change in methodology that could increase the payment by Blue Cross and Blue Shield of Vermont and potentially Medicaid

Dartmouth Hitchcock Audit

DVHA facilitated a meeting between Dartmouth Hitchcock Medical Center (DHMC), Centers for Medicaid Services' (CMS) regional office and IRPO (federal auditors) about concerns raised by DHMC regarding a CMS audit of coding practices for certain high risk deliveries. This meeting was based on a request made to Secretary Racine and DVHA Commissioner by DHMC.

Managed Care Entity Oversight Committee

DVHA has recently coordinated the formation of the Managed Care Entity Oversight Committee (MCE) in order to more efficiently and consistently coordinate interactions between itself and the various Departments within AHS as they relate to the Medicaid population. This process has already facilitated robust collaboration among the AHS Departments. The MCE Oversight is proving to be a timely development as it is greatly simplifying the AHS response to the recent spate of suicides and suicide attempts at the Brattleboro Retreat. The response plan to ongoing support and monitoring of the Retreat includes specific and coordinated actions by (at least): DVHA, DMH, DAIL Licensing & Protection and VDH.

Post Payment Review Identifies Issue for Rutland Home Health Agency

DVHA's contractor Medicare Advocacy Project (LAMP/MAP) is responsible for post payment review of Home Health claims for the Dual eligible (Medicaid/ Medicare) population. LAMP/MAP has identified a problematic billing practice that hinders Medicaid from recouping monies from Medicare. Thus far, 71 cases have been identified from the Rutland Home Health Agency for dates 2010-2013 with an approximate cost of \$700,000 to the Medicaid Program. LAMP/MAP has proposed a compromise to the Rutland Home Health Agency. If a settlement is not reached, the claims for the 71 identified cases will be recouped by the Medicaid program. This billing practice has been identified in other Home Health Agencies and is likely to create controversy with the affected provider group.

VHC SITUATION SUMMARY

1. Incident Name:	AHS VHC ICS		
2. Date & Time report issued:	9/25/14 16:30	3. Operational Period:	09:00 9/26/14 to 09:00 9/29/14
4. Brief summary of the current situation. Include how situation has changed from the previous operational period:			
<p>Task plans are being submitted for creation of master schedule to be discussed Monday, 9/29/14. Objectives will be refined to reflect milestones in master schedule. Organizational chart sections are being reworked by appropriate branches to reflect number of personnel, roles, and chain of command.</p> <p>Additional situational awareness items:</p> <ul style="list-style-type: none"> - Archetype scope and budget has been submitted to Finance Section for Level 2 grant that needs to be submitted by end of 9/26/14. - AHS background check requirements need to be reviewed to ensure Optum staff is in compliance. - MVP has terminated 171 people in COC, 33 have been reinstated, and MVP is willing to reinstate all users if State can guarantee \$153,000 outstanding premium. Escalated to Policy Group. - QC team needs access to FTI for pilot. Letter needed to be sent to CMS before CMS call on 10/3/14. - Contract for M&O with Optum needs to be executed. Need to extend Amendment 2 scope to include M&O until new contract is executed. <ul style="list-style-type: none"> o Amendment 2 contract will be ready for review by Monday, 9/29/14. Goal to submit contract to CMS by 10/1/14 for approval by 10/6/14. - COC Dashboard with metrics should be finalized by tomorrow afternoon. <ul style="list-style-type: none"> o Working to finalize COC definitions for progress reports. o Team meeting to take place to discuss process for expediting COC processing o Optum will have an additional 50 people available for COC processing, and as task orders decrease an additional 92 agents may be available. o Need to identify QC backlog - Need signoff on website design requirements. HMC plan for portal design completion will need to align with security updates for website go-live. - Need decision on final content of renewal notice and the delivery schedule. 			
5. If numerical data is summarized, include in a table below.			
N/A (Expect metrics from vendors tomorrow)			
6. List prioritized actions for the upcoming operational period (with milestone dates/deadlines/responsible party):			
<p>IC & Operations: Decision regarding portal requirements.</p> <p>Business Operations & IT Development: Identify Optum participants for planning meetings</p> <p>Operations: Clarify org. chart structure and identify task timelines.</p> <p>Logistics: continue efforts to identify/secure infrastructure essential to effective incident response (space, IT capabilities/capacities, parking logistics, etc.)</p> <p>Planning: Create Master Task Timeline by end of day Monday 9/29/14</p> <p>All: Categorize objectives by branch and section with assignments and deadlines as applicable.</p>			
7. List accomplishments from the previous operational period:			
SharePoint available to share documents or IAPs.			
8. Important upcoming events (include dates and locations):			
Situation Update Briefing: 9/26 from 09:00 to 09:30; VSAC-4th floor, Room 408 (Command, General staff, Branch Directors)			
Planning Meeting: 9/26 from 3:00pm to 4:00pm; VSAC-4th floor, Room 408 (Command and General staffs plus branches)			
Task Timeline: Master Scheduler is compiling task timeline – Provide tasks to be added by FIRST THING MONDAY 9/29/14			
9. Other comments:			
N/A			
10. Prepared by:	S. Gibson-Grandfield PSC	11. Date and Time:	9/25/14 4:30pm

VHC INCIDENT OBJECTIVES (ICS 202)

<p>1. Incident Name AHS VHC ICS</p>	<p>2. Operational Period From: 9/26/14 09:00 through 9/29/14 09:00</p>
<p>3. Objectives for the Incident and General activities for the Operational Period</p> <ol style="list-style-type: none"> 1. By 11/15/14, have Open Enrollment available and functional. <ol style="list-style-type: none"> a. Process QHP Annual Renewals (1st priority) <ol style="list-style-type: none"> i. By 11/14/14 complete ICP Backlog work (COC) <ol style="list-style-type: none"> 1. Identify additional resources to process backlog 2. Sign Contracts allowing vendors to perform tasks to complete backlog 3. Develop Contingency plan if not able to complete 2014 backlog 4. Expand and streamline backlog process 5. Perform gap analysis for utilizing current ICP process for open enrollment ii. By 10/9/14 finalize ICP business Process for Renewals <ol style="list-style-type: none"> 1. By 11/15/14 Implement ICP process so that it is operational for renewals 2. Include process to auto-map people to plans with no response 3. By 10/15/14 Send renewal notices for renewal process iii. Receive confirmation from Blue Cross and MVP that a renewal can be processed through ICP process <ol style="list-style-type: none"> 1. By 12/15/14 Provide Blue cross ICP spreadsheet information iv. By 12/5/14 Send out invoices <ol style="list-style-type: none"> 1. Need to notify customers who have signed up for electronic invoicing that premium needs to be paid. v. Development team to update eligibility rules (FPL rates) – NEED DEADLINE vi. Development team to update to 2015 plans – NEED DEADLINE <ol style="list-style-type: none"> 1. Carriers need to review 2015 plans b. Process Medicaid monthly renewals <ol style="list-style-type: none"> i. By 10/1/14 Receive extension request approval from CMS to extend Medicaid coverage past 1/1/15 <ol style="list-style-type: none"> 1. By 11/15/14 Medicaid process needs to be in place if NO APPROVAL; If approval, Medicaid process timeline will be dependent on extension ii. Development team to update eligibility rules (FPL rates) – timeline dependent on CMS approval NEED DEADLINES in no approval iii. Development team update to 2015 plans – timeline dependent on CMS approval NEED DEADLINES if no approval iv. Process Medicaid backlog – timeline dependent on CMS approval NEED DEADLINES if no approval v. Identify resource and information needs from HAEU <ol style="list-style-type: none"> 1. By 9/26/14 complete Resource Assessment c. By 11/15/14 begin Enrolling new customers to continue through 2/15/15 2. By 10/14/14, restore VHC website function to live environment in compliance with required security parameters. <ol style="list-style-type: none"> a. Perform IT Security updates <ol style="list-style-type: none"> i. By 10/14/14 Complete penetration testing to identify risks <ol style="list-style-type: none"> 1. Resolve 10 currently identified security defects (1 high, 5 medium, 4 low) ii. Meet security requirements set by Federal government <ol style="list-style-type: none"> 1. Meet user-provisioning standards b. Improve user experience on front end of site <ol style="list-style-type: none"> 1. Request HMC timeline for implementation of front end changes 2. Define/document HMC scope of work 3. Deliver HMC work product to Optum 3. Enhance customer service <ol style="list-style-type: none"> a. Identify the major customer service issues b. Implement improvement plan 4. By 10/15/14 Complete IRS reporting development 	
<p>(Continued)</p>	

5. Execute and maintain contracts for all VHC components
 - a. Establish contract point of contact and where they fall in ICS chart
 - i. By 9/26/14 Sign Amendment 2 contract with Optum
 - ii. Execute M & O contract with Optum
 1. Develop and Execute extension for statement of work with Optum – **NEED DEADLINE**
 - iii. Renew Jay Martin Contract for M&O IT Support – **NEED DEADLINE**
 - iv. Complete security contract and execute **NEED DEADLINE**
 - v. Utilize Archetype for reporting and data analysis
 1. Deliver Assignment letter to CGI for Archetype contract
 2. Write Archetype contract with State
 3. Execute Archetype contract
6. Secure funding for VHC work
 - a. Submit Level 1C grant request **NEED DEADLINE**
 - b. Submit Level 2C grant request **NEED DEADLINE**
7. Implement Verification plan – **NEED DEADLINE**
8. Preparation and management of audits
 - a. Comply with audits
 - b. Appoint resource to manage all audits
9. By 11/1/14 Reconciliation needs to be complete
10. Begin planning for next release by **NEED DEADLINE**

5. Incident Action Plan (the items checked below are included in this Incident Action Plan)

<input checked="" type="checkbox"/> VHC Incident Objectives – ICS 202 <input type="checkbox"/> VHC Organizational Assignment List - ICS 203 <input type="checkbox"/> VHC Assignment List - ICS 204	<input checked="" type="checkbox"/> VHC Communication Plan – ICS 205a <input type="checkbox"/> VHC Incident Status Summary – ICS 209	<input type="checkbox"/> Map / Sketch / Chart <input type="checkbox"/> VHC Situation Summary (as cover sheet) <input type="checkbox"/>
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6. Prepared by (Planning Section Chief name and Initials)
S. Gibson-Grandfield, PSC

7. Approved by (Incident Commander name and INITIALS, DATE AND TIME)

VHC ORGANIZATION ASSIGNMENT LIST (ICS 203)

1. Incident Name AHS VHC ICS		2. Operational Period From: 9/26/14 09:00 through 9/29/14 09:00	
3. Incident Commander and Staff		7. Finance / Administration Section (Con't)	
Incident Commander	Bob Skowronski	Vendors/Contractor Specialist	John Kohlmeier
Deputy IC	Chris Bell	Budget and Financial Manager	Jen Purvee
Legal	Howard Pallota	Finance Project Planning	Jeanine Presa
Public Information Officer	Sean Sheehan	Comptroller & Audit Liaison	Anne Petrow
		8. Operations Section	
Deputy PIO	Robert Stirewalt	Chief (OSC)	Denise Nagelschmidt
Technical Advisor	Kay Jarvis/DHR and Greg Needle/AHS IT	Deputy OSC	Charles Deasy
4. Policy Strategy Group		IT Maint. & Ops. Branch Director	Jay Martin
AHS Secretary	Dr. Harry Chen	Deputy IT M&O BD	Jenna Protzko
DVHA Commissioner	Mark Larson	Benaissance Contractors	
Deputy Commissioner	Bob Skowronski	DCF IT-Legacy Group	Laurie Sabens
DVHA VHC Ops.	David Martini	Optum M&O Contractors	-
Health Reform	Lawrence Miller	CGI Hosting	-
5. Planning Section		Business Operations Branch Director	David Martini
Chief (PSC)	Stacy Gibson-Grandfield	Deputy Business Ops. BD	Margaret Wilson
Deputy PSC	Mike Leyden	Deputy Branch Director	Cass Gekas
Documentation Unit Leader	Kaitlin Epstein	Optum Ops & Archetype Ops. Contractors	-
Deputy Doc. UL	Andy Chevrefils	Enrollment Group	Cindy Olson
Situation Unit Leader	Josh Kreiger	Customer Service/Call Center/Navigators Group	Tena Perelli
Deputy Sit. UL	Mallory Staskus	Maximus Contractors	-
Master Scheduler	John Purcell	Internal Business Processes Group	Nicole Weidman
Resources Unit Leader	TBD	Business Development Branch Director	Denise Nagelschmidt
6. Logistics Section		Deputy Business Dev. BD	Ray Walker
Chief (LSC)	Victoria Jarvis	Business Dev. Coordinator Group Leader	Paul Hochanadel
Deputy LSC	Kerry Winger	Training Group Leader	Jillian Torres
		Business Architecture Group Leader	Andrew Laing
		Policy Alignment Group Leader	Addie Strumolo
7. Finance / Administration Section		Optum Ops. Dev. Contractors	-
Chief (FSC)	Sonya Stern	IT Development Branch Director	Dan Smith
Deputy FSC	TBD	Deputy IT Dev. BD	Derek Coffrin
Contract Management	Emily Trantum	VHC Legacy Systems	Justin Tease
Benaissance Cont.		IT Security	Nick Waringa
8. Operations Section			

IT Vendors/Contractors	John Kohlmeyer
IT Development Planning -Group	Tony Thibault
Archetype IT Dev Contractors	

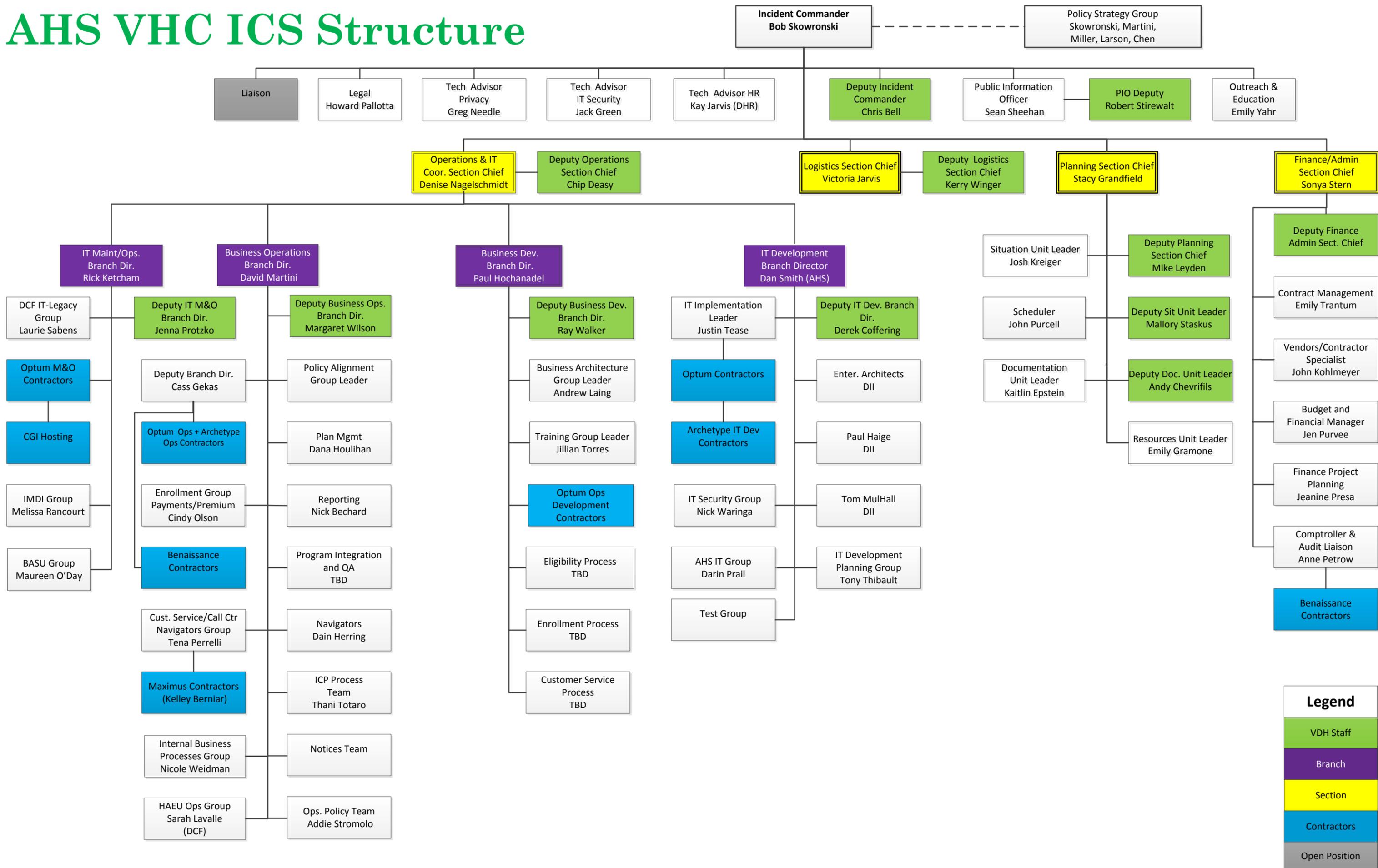
VHC COMMUNICATIONS PLAN (ICS 205a)

1. Incident Name AHS VHC ICS		2. Operational Period Date: 09/25/2014 09:00 through 09/26/14 09:00		
3. Facility List				
Incident Facility Name / Location		Phone Number	Email	Other Information / Frequencies
4. Contact List				
Position	Name	Cell Phone Number	Office Phone Number	Email
Incident Commander	Bob Skowronski	(802) 324-5604		Robert.skowronski@state.vt.us
Deputy IC	Chris Bell	(802) 316-0448	(802) 863-7233	Chris.bell@state.vt.us
Liaison				
Lead Public Information Officer	Sean Sheehan	(802) 585-6339	(802) 338-4821	Sean.sheehan@state.vt.us
PIO Deputy	Robert Stirewalt	(802) 316-2128	(802) 951-1276	Robert.stirewalt@state.vt.us
Outreach & Education	Emily Yahr		(802) 338-4819	emily.yahr@state.vt.us
Technical Advisor	Kay Jarvis	(802) 522-4183	(802) 859-5931	Kathryn.jarvis@state.vt.us
Technical Advisor	Greg Needle	(802) 578-5085	(802) 879-8203	Greg.needle@state.vt.us
Tech. Adv. IT Security	Jack Green	(802) 828-3993		Jack.Green@state.vt.us
Legal	Howard Pallotta		(802) 878-7967	Howard.pallotta@state.vt.us
Operations and IT Section Chief	Denise Nagelschmidt	(802) 585-4108	(802) 654-8990	Denise.nagleschmidt@state.vt.us
Deputy Operations Section Chief	Chip Deasy	(802) 316-2167	(802) 863-7484	Charles.deasy@state.vt.us
IT/Main/Ops Branch Dir.	Rick Ketcham			
DCF IT-Legacy Group	Laurie Sabens	(802) 760-0121	(802) 479-5071	Laurie.sabens@state.vt.us
Deputy IT M&O Branch Director	Jenna Protzko	(802) 355-9091	(802) 951-0106	Jenna.protzko@state.vt.us
Optum M&O Contractors				
CGI Hosting				
IMDI Group	Melissa Rancourt	(802) 585-6430		Melissa.Rancourt@partner.state.vt.us
BASU Group	Maureen O'Day			
Business Operations Branch Director	David Martini	(802) 505-5688	(802) 863-3838	David.martini@state.vt.us
Deputy Business Ops Branch Director	Margaret Wilson	(802) 735-3457	(802) 951-0188	Margaret.wilson@state.vt.us
Deputy Branch Director	Cass Gekas	(802) 338-4806	(802) 338-4806	Cassandra.gekas@state.vt.us
Optum Ops and Archetype Ops Contractors				
Enrollment Group (payments and premium processing)	Cindy Olson	(802) 585-4651	(802) 654-0419	Cynthia.olson@state.vt.us
Benaissance Contractors				
Customer Service/Call Ctr/Navigators Group	Tena Perrelli	(802) 585-6401	(802) 338-4810	Tena.perrelli@state.vt.us
Maximus Contractors	Kelley Berniar			
Internal Business Processes Group	Nicole Weidman	(802) 735-7747	No desk phone	Nicole.weidman@state.vt.us
HAEU Ops Group (DCF)	Sarah Lavalley			

Plan Management				
Reporting				
Compliance				
Navigators	Dan Herring			
ICP Process Team				
Notices Team				
Ops. Policy Team				
Business Development Branch Dir	Paul Hochanadel		(802) 338-4803	Paul.hochanadel@state.vt.us
Deputy Business Dev. Branch Dir	Ray Walker	(802) 863-7274	(802) 363-2558	Ray.walker@state.vt.us
Training Group Leader	Jillian Torres	(802) 585-6037	(802) 338-4813	Jillian.torres@state.vt.us
Business Architecture Group Leader	Andrew Laing	(802) 585-5188	(802) 879-5900	Andrew.laing@state.vt.us
Policy Alignment Group Leader	Addie Strumolo			Adaline.strumolo@state.vt.us
Optum Ops Development Contractors				
IT Development Branch Director (AHS)	Dan Smith			Daniel.smith@state.vt.us
Deputy IT Dev. Branch Director	Derek Coffrin	(802) 863-7205	(802) 557-7255	Derek.coffrin@state.vt.us
VHC Legacy Sys. Group Leader	Justin Tease	(802) 585-6401	(802) 879-5900	Justin.tease@state.vt.us
IT Security Group	Nick Waringa		(802) 828-3653	Nick.waringa@state.vt.us
IT Development Planning Group	Tony Thibault	(802) 585-5155		Tony.Thibault@partner.state.vt.us
AHS IT Group	Darin Prail		(802) 828-3882	Darin.prail@state.vt.us
Archetype IT Dev Contractors				
Optum Contractors				
DII	Paul Haigh		(802) 828-3661	paul.haigh@state.vt.us
DII	Tom Mulhall		(802) 828-3661	tom.mulhall@state.vt.us
DII Enter Architects				
Planning Section Chief	Stacy Grandfield	(802) 479-5036	(802) 598-1968	Stacy.gibson-grandfi@state.vt.us
Deputy Planning Section Chief	Mike Leyden	(802) 363-0320	(802) 865-7735	Mike.leyden@state.vt.us
Documentation Unit Leader	Kaitlin Epstein	(802) 585-9532		Kaitlin.epstein@state.vt.us
Deputy Documentation Unit	Andy Chevrefils	(802) 343 9970	(802) 951-0114	Andrew.chevrefils@state.vt.us
Situation Unit Leader	Josh Kreiger	(802) 598-8784		Josh.Kreiger@partner.state.vt.us
Deputy Situation Unit Leader	Mallory Staskus	(802) 557-1606	(802) 651-1614	Mallory.staskus@state.vt.us
Master Scheduler	John Purcell	(802) 373-8728		John.Purcell@partner.state.vt.us
Resources Unit Leader	Hera Bosley			
Logistics Section Chief	Victoria Jarvis	(802) 777-0136	(802) 654-8977	Victoria.jarvis@state.vt.us
Deputy Logistics Section Chief	Kerry Winger	(802) 355-5856	(802) 951-1220	Kerry.winger@state.vt.us
Finance/Admin Section Chief	Sonya Stern	(802) 585-4994	(802) 654-8974	Sonya.stern@state.vt.us
Deputy Finance Admin Section Chief				
Contract Management Branch Director	Emily Trantum			
Vendors / Contractors Specialist	John Kohlmeyer	(802) 881-5122	(802) 654-8998	John.Kohlmeyer@partner.state.vt.us
Budget and Financial Manger	Jen Purvee			
Finance Project Planning	Jeanine Presa			

Comptroller & Audit Liaison	Anne Petrow			
Additional Staff Positions	Name	Cell Phone	Office Phone	Email
Resource Pool	Julie Benedict	(802) 316-2112	(802) 863-7263	Julie.benedict@state.vt.us
	Lee Dorf	(802) 343-8301	(802) 865-7734	Lee.dorf@state.vt.us
	Deb Wilcox	(802) 338-7594	(802) 652-2051	Debra.wilcox@state.vt.us
	Jessica Freire	(802) 363-8443	(802) 863-7255	Jessica.freire@state.vt.us
	Brett LaRose	(802) 316-2108	(802) 863-7596	Brett.larose@state.vt.us
5. Prepared by: (Name) S. Gibson-Grandfield (Position / Title) PSC Date/Time 9/24/14				

AHS VHC ICS Structure



Legend

- VDH Staff
- Branch
- Section
- Contractors
- Open Position

116 STATE STREET
MONTPELIER, VERMONT 05620



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

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: September 26, 2014

Secretary's Top Issues

Discussions on how to spend the \$45M of funding that was announced a few weeks ago by Vilsack have been on-going. NRCS wants to focus on field practices like cover cropping while the Agency of Agriculture is finding more and more structural production area practices that need attention. Trying to find solutions to get both efforts accomplished and ensure all the funds are spent so that none is returned. **Returning funds due to insufficient contract obligations could occur because there is a constraint on the technical staff to get farm plans drafted and contracted, not a lack of farmers needing improvements.**

The vector management program submitted 83 batches of mosquitoes for testing this week. All samples tested negative for mosquito borne viruses except for one which needs additional testing. To date 3055 samples have been submitted for testing, exceeding our goal of 3,000 this season. The mosquito surveillance season will end around mid-October, after a couple heavy frosts that will eliminate all species of mosquitoes that are unable to winter over as adults.

The Vermont wild American ginseng season is well underway. The season opened on August 20, and plant industry has had several requests already for certification services for sale or transfer of fresh (undried) root. Trade in ginseng is regulated under CITES and Federal Endangered Species law, and any commercial movement interstate or internationally requires inspection and certification of the harvested root by the State of origin prior to legal entry of the material into commerce. This season we have also had numerous requests for information on cultivation of ginseng, due to higher prices over the last several seasons (as much as \$1,200.00/pound), and an increased presence of wild ginseng on a couple of 'reality television' programs. To date, we have certified approximately 15 pounds of fresh ('green') root; on average, Vermont typically certifies between 125 and 175 pounds of root, dry weight equivalent. The season closes on October 10, but certification requests will likely continue into March 2014.

Animal Health Section and State Veterinarians traveled to Sutton MA to meet with Veterinary Services partners and other New England State Animal Health Officials. The meeting purpose was to review new disease programs from VS (swine corona virus, cysticercosis, surveillance for swine foreign animal diseases), an upcoming equine health study, to assess progress with the implementation of the Animal Disease Traceability rule and updates from Ag laboratories in CT and NH.

Senior Agricultural Development Coordinator Alex DePillis provided BGS cost estimates for an agriculture-compatible design of the proposed three-megawatt, 30-acre solar project on prime- and statewide-rated soils at the Southeast Correctional Facility in Windsor. The first option involves no additional cost: grazing sheep, or perhaps chickens, is the only agricultural activity that can take place with a standard, ground-mounted solar array, and sheep are now grazing at two solar projects along US Route 7 between New Haven Junction and Vergennes.

The Big E is underway in West Springfield, MA and preliminary reports indicate another banner year for the Vermont Building. Pleasant weather, coupled with a strong line-up of Vermont vendors, have resulted in strong sales thus far. The Agency is currently coordinating the production of a video that highlights the Vermont Building and its vendors. The video will be used to attract new vendors, and also convey the experience of the Vermont building to stakeholders who may be unwilling or unable to drive down to West Springfield.

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: September 26, 2014

Status of Governor's Priorities:

Significant Events/Meetings:

- Assistant State Veterinarian met with the Agency internal group that is working on FSMA evaluation and implementation. The second drafts for four of the rules (Produce, Preventive Controls, Third Party Verification, and Animal Feed) were officially published in the Federal register with a 75 day comment period. The Agency has received approval by JFO to advertise for a full-time temporary position that will work on FSMA issues affecting the Agency such as obtaining regulatory authority, education and outreach, and partnerships with external stakeholders such as UVM, the Department of Health, and producer/processors. The elephant in the room is the lack of funding at both the federal and state level to prepare for and implement FSMA.
- Animal Health Section traveled to Sutton MA to meet with Veterinary Services partners and other New England State Animal Health Officials. The meeting purpose was to review new disease programs from VS (swine corona virus, cysticercosis, surveillance for swine foreign animal diseases), an upcoming equine health study, to assess progress with the implementation of the Animal Disease Traceability rule and updates from Ag laboratories in CT and NH.
- Animal Health participated in a USDA webinar on the use of the on-line Animal Identification Management System. This system allows the Section to track the distribution of official identification by manufacturers to Vermont livestock producers, which is essential for disease traceability.
- Second meeting of the Farm Labor Housing group occurred on September 25. Progress on work was shared. All farms that provide housing as a part of compensation are governed by the Vermont Rental Housing Health Code. UVM Extension used this checklist to look at three different situations on Vermont Dairy Farms. Some of the housing conditions were very poor and some were structurally sound but the housekeeping was lacking. Department of Labor is coordinating a factsheet for farmers and farm labor on wage and hour regulations. Migrant Justice shared results from their farm labor survey concerning human rights of non-documented farm labor in Vermont. Next Steps include:
 - Finalize materials
 - Rental Housing Health Code – Spanish
 - Best practices – a combination of OHSA ETA checklist and Migrant Justice concerns (Dignified Housing) – English and Spanish
 - Are materials needed in Audio
 - Should there be a basic housekeeping video?
 - Plan of work for outreach, training and distribution of materials
 - Town Health Officer Training by Dept of Health in areas of greatest concentration
 - Training for Ag related outreach people VLT, VHCB, VEDA, VACC, FSA, Co-op Field Staff etc.
 - Finalize Labor Fact Sheet – Questions on
 - Voluntary Labor
 - Barter labor
 - Continue clarification of interns
 - Financial Assistance for farmers to upgrade housing
 - Jennifer Hollar will check into Community Development Block Grants

- Diane Bothfeld will talk to Sarah Isham of VEDA/VACC on loans
- Diane Bothfeld will talk to USDA Rural Development on their farm labor housing program

Evolving Issues:

- Food Safety and Consumer Protection (FSCP) Division Director, Kristin Haas, participated in a meeting with Food Safety database project manager David Gadway regarding the status of the database project. The project is slightly behind schedule but not to the extent that there will be a negative impact on the Dairy section.
- Animal Health staff continued this week to work with other parties involved in the animal welfare case pertaining to a captive cervid facility. The goal of this ongoing discussion is to facilitate the movement of the deer from their current location to an alternative compliant cervid facility.
- State Veterinarian, Kristin Haas, provided assistance this week to a small animal veterinary practice that reported that a Canadian based dog breeder had forged the owner-veterinarian's signature on a certificate of health for a morkie (maltese/yorkie cross – who knew??). Additionally, the breeder falsified other health certifications on the document.

Summary of Key agency Department Activity

Administration:

- All employees that have State issued cell phones, if needed, will be receiving Bluetooth devices. This is due to the State wide Handheld Device Ban beginning on Oct. 1st. Everybody should be aware that beginning on Oct. 1st you can no longer use a handheld device while driving an automobile.
- The Grants Management project RFP has been posted and will remain posted for 2 weeks. After that a vendor will be chosen to implement this program for the Agency. Dairy and Water Quality have begun initial testing in the USAFoodSafety project. The main focus on testing so far has been on creating Facilities in the program. They will also begin testing inspections in the near future. We are still on track for a late Dec. or early Jan. launch. The third project, USALIMS will begin to ramp up next week when we begin looking at the process that the lab does for Water Quality and Dairy samples. Within the next month they will also begin training and testing on the USALIMS systems.
- Staff has finished the migration of USAPlants into a new, upgraded server environment. Hopefully agency staff will see some quicker speeds when using this program. By doing this upgrade it will allow us to receive the newest releases of the program and allows us to use a newer, more robust reporting tool. Thanks to everyone for being patient while the program was down last week.

The following information was provided to BGS Commissioner Obuchowski to communicate in his monthly update to House and Senate Institutions Committees for the Ag/ANR Collaborative Laboratory. Deputy Secretary Jolinda LaClair and Ag Resources Management Director Jim Leland, along with ANR Deputy Sec Justin Johnson and Special Assistant Trey Martin continue to lead the Agency of Ag and ANR charge to create operational and governance structures to support this state of the art collaborative Lab on the VTC campus in Randolph:

Summary of the current status of ANR and AAFM discussions with Vermont Technical College on the lab conceptual design process:

- Following the Joint Fiscal Committee decision two weeks ago to approve the selection of the VTC site and authorize the conceptual design process, both ANR and AAFM leadership have met separately with VTC interim president Dan Smith to outline opportunities and process for discussions over the next eight to twelve weeks.
- Initial discussion focused on framing the vision of a state – college collaboration, including campus partnerships, internship prospects, curriculum and degree program development, business partnerships, and workforce training opportunities. Connection to other institutions of higher education was also discussed – given VTC's proximity to Vermont Law School, Dartmouth, Middlebury and UVM.
- ANR, AAFM and VTC will meet together going forward, on a monthly basis to develop an articulate vision for the December 1 deadline. The next meeting is scheduled for October 9. Informal discussions will also continue in order to support those monthly meetings.
- We will report to you after the October 9 meeting, so that you are able to provide an additional update to the Institutions chairs.

In addition:

- Collaborative Lab Director Position will be posted to SoV website this week; hope to hire this critical leadership position by December 1st.

- AG and ANR leadership team will meet with respective agency IT directors to develop a strategy for improving, and merging critical technology to ensure Lab and field program software programs effectively interface, and support the build out of operational efficiencies. A strategic plan for technology in the collaborative lab will be developed in the next year, key to operational success.

Land Use:

The Land Use Administrator attended the Farm to Plate/Farmland Access & Stewardship meeting on September 24, 2014. Agenda items included updates from the Solid Waste Infrastructure Advisory Committee and farm transfer processes. Two landowners (both have either previously or soon to be conserved land) described their personal experiences with intergenerational transfers. The overall message was there are a number of different estate planning models available and to begin the process when the next generation is in their twenties.

Agricultural Development:

Energy:

Senior Agricultural Development Coordinator Alex DePillis provided BGS cost estimates for an agriculture-compatible design of the proposed three-megawatt, 30-acre solar project on prime- and statewide-rated soils at the Southeast Correctional Facility in Windsor. The first option involves no additional cost: grazing sheep, or perhaps chickens, is the only agricultural activity that can take place with a standard, ground-mounted solar array, and sheep are now grazing at two solar projects along US Route 7 between New Haven Junction and Vergennes. Several engineering options and pricing exist that would allow taller panels, and therewith the ability to produce crops, and to graze cows, cattle, or goats. The additional cost is estimated to be ten percent.

The Big E is underway in West Springfield, MA and preliminary reports indicate another banner year for the Vermont Building. Pleasant weather, coupled with a strong line-up of Vermont vendors, have resulted in strong sales thus far. The Agency is currently coordinating the production of a video that highlights the Vermont Building and its vendors. The video will be used to attract new vendors, and also convey the experience of the Vermont building to stakeholders who may be unwilling or unable to drive down to West Springfield.

The Agency is ramping up efforts on the study to assess the economic impact of the Dairy Industry in Vermont. A meeting to review the preliminary findings and discuss the roll-out will occur on 10/7. Stakeholders from the Dairy Community, as well as state partners, will be in attendance.

Food Safety and Animal health and Consumer Protection:

The FSCP Division is completing the RFR process this week for development of a career ladder for field staff in all sections within the Division.

Consumer Protection:

- Henry Marckres, Chief, Consumer Protection, participated in a blind taste testing of maple water products at the UVM Proctor Maple Research Center on Wednesday. Products made from maple sap from several states and Canada were tasted and rated.
- Henry Marckres, Chief, Consumer Protection, participated in a series of videos explaining how to grade maple syrup at the UVM Proctor Maple Research Center on Wednesday afternoon. These videos will be put on the Proctor Center website, as well as in other locations on the internet.
- Henry Marckres, Chief, Consumer Protection, spoke to the Food Systems class at UVM on Friday about his job, and the role of Consumer Protection and the Agency in the Vermont marketplace.

Meat Inspection:

- Meat Inspection met with a processor who is ready to move out of the Mad River Food Hub into his on 4500 Square foot facility to expand his business preparing meat soups and other food items.
- An Arlington meat processor looking to open retail outlet Oct. 4 along with the custom processing shop. Shortly after they will begin raw meat processing under state inspection and then move into cooked products.
- Meat Inspection is working with the USDA to start process of obtaining LINC PASS identification (background checks and fingerprinting) in order to access USDA computer programs.

Animal Health:

Animal Health field staff...

- Met with two dealers who have failed to re-license.
- Met with farm owner that had tissue residue and obtained affidavit.
- Spoke with Windsor County individual who is buying and selling livestock without a license.
- Performed avian influenza testing for a poultry producer to maintain NPIP certification for export of birds and eggs.
- Performed Mycoplasma testing for a poultry producer for export certification.
- Performed avian influenza and Pullorum testing for poultry producers at the Lamoille bird swap
- Inspected a new livestock dealer in Franklin County
- Continued two tissue residue investigations

Agricultural Resource Management:

- EPA discussion about the TMDL to share the Vermont proposal for how we intend on addressing agricultural pollution in the gap watersheds (Missisquoi, St. Albans, and south lake). They listened to our plan and we have another call schedule for Monday to discuss a little more. EPA is still challenged to figure out how they reconcile approving a TMDL where they can't model every outcome to make the numbers show that the goals can be met for reasonable assurances.
- RCPP proposal to bring in \$20M in federal funding from USDA NRCS is underway. A draft should be done by this week that will be provided to the Governor's office and the leads in DEC and VAAF. Final proposal is due on October 2nd.
- Discussions on how to spend the \$45M of funding that was announced a few weeks ago by Vilsack have been on-going. NRCS wants to focus on field practices like cover cropping while the Agency of Agriculture is finding more and more structural production area practices that need attention. Trying to find solutions to get both efforts accomplished and ensure all the funds are spent so that none is returned. Returning funds due to insufficient contract obligations could occur because there is a constraint on the technical staff to get farm plans drafted and contracted, not a lack of farmers needing improvements.
- The Franklin Initiative discussions on what to do (which staff, what is the focus of the inspections, what is the timeline, etc.) and how to collect the information and what to do with the information collected have been on going with the staff at the agency. We are working collaboratively with the staff to build this initiative so that there is buy in and a good end product. A draft plan for the near term actions was drafted and shared with leadership, and there are a series of meetings set up to get everyone up to speed on the new technology we hope to use in this effort and a training date has been set to join ANR and AAFM enforcement staff to ensure both receive the same information on farm visit protocols.

Water Quality Program Enforcement

- A small farm in Craftsbury will receive a cease and desist order for violations of the AAPs. The farm has failed to manage their manure storage structure to prevent a discharge of wastes to water. The farm operator has been lowering the level of waste in the pit by using a hose to siphon the pit contents over the side and allowing the waste to run onto nearby fields, despite the fact that the Agency issue him a corrective action letter that advised that this method a management was a violation of the AAPs.
- A large farm in Highgate will receive a Notice of Violation for violating the terms of an Assurance of Discontinuance (AOD) entered into during a pre-hearing settlement conference with the Agency. The AOD required the farm to establish vegetated swale buffers in two areas where manure ran off a field during a snow melt event this past winter (in violation of the Large Farm Operation Rules). Agency staff confirmed that only one of the two required buffers had been established. The AOD provides that if both buffers are not established, the originally proposed penalty will be impose after notice and opportunity for a hearing.
- A farm in Orleans will receive a Corrective Action Letter (CAL) for violations of the AAPs. Waste is running off from one of the farm's production areas through a series of ditches and streams to the Black River.
- Two Medium Farm Operations (one in New Haven, the other in Charleston) will receive a Notice of Violation for violations of the Medium Farm Operations General Permit. The farms failed to submit the Annual MFO Compliance report as required by the MFO General Permit. The farms will have the opportunity to submit their reports within 30 days in order to have the penalty waived.

Pesticide Program Enforcement

- A commercial pesticide application company in Athol, MA, will receive a letter of warning for violations of the Regulations for the Control of Pesticides. Company employees were applying herbicides to a campground while campers were present. The labels of the pesticides being used specifically state that only protected handlers may be in the area during application. The company has already worked with the Agency to adopt a policy for posting, spray scheduling and education that will ensure that future applications to public campgrounds will minimize any potential risk to campers.
- A commercial pesticide application company in Lyndonville will receive a Notice of Violation for violations of the Regulations for the Control of Pesticides. A company employee made an application of an herbicide to a crop for which the product is not labeled. This is considered a pesticide mis-use.

Plant Industry:

- The vector management program submitted 83 batches of mosquitoes for testing this week. All samples tested negative for mosquito borne viruses except for one which needs additional testing. To date 3055 samples have been submitted for testing, exceeding our goal of 3,000 this season. The mosquito surveillance season will end around mid-October, after a couple heavy frosts that will eliminate all species of mosquitoes that are unable to winter over as adults.
- On Tuesday, September 23, representatives from plant industry met in St. Albans with Customs and Border Protection St. Albans/Highgate/Derby Line port officials, FDA field investigative personnel, CBP agriculture operations managers, and USDA APHIS PPQ State Plant Health Director (VT) for our annual Vermont Pest Risk Committee. Agenda topics included FDA prior notification protocols for imports of food, animal feed and fodder, an update on pest interceptions in solid wood packing material at national ports of entry, a review of cooperative activities between CBP and AAFM, discussion of the 2014 summer exotic insect and wood borer survey season, hemp and hemp seed imports and policies, and updates on agency activities and general agricultural pest status around the northeast. This was the second such annual meeting, and is part of our ongoing cooperative effort to work closely with the agriculture specialists along the northern border, a serious potential agricultural pest pathway, where substantial private and commercial traffic into Vermont occurs.
- The Vermont wild American ginseng season is well underway. The season opened on August 20, and plant industry has had several requests already for certification services for sale or transfer of fresh (undried) root. Trade in ginseng is regulated under CITES and Federal Endangered Species law, and any commercial movement interstate or internationally requires inspection and certification of the harvested root by the State of origin prior to legal entry of the material into commerce. This season we have also had numerous requests for information on cultivation of ginseng, due to higher prices over the last several seasons (as much as \$1,200.00/pound), and an increased presence of wild ginseng on a couple of 'reality television' programs. To date, we have certified approximately 15 pounds of fresh ('green') root; on average, Vermont typically certifies between 125 and 175 pounds of root, dry weight equivalent. The season closes on October 10, but certification requests will likely continue into March 2014.

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

- Staff conducted two follow-up/compliance visits to MFOs in Franklin County related to water quality concerns.
- Staff attended two EPA CAFO inspections of MFOs in Franklin County.
- Staff conducted compliance inspections on two MFOs in Orleans County with ANR as a follow-up related to an ongoing case in the Attorney General's Office.
- Staff are drafting gathering information on MFOs and LFOs as part of current and potential cases for the Attorney General's Office.
- Staff are drafting inspection reports and memos for complaint investigations, enforcement actions and ongoing inspections.
- Staff are working with ARM Division engineering staff to assist with development and implementation of BMPs on several MFOs and LFOs.
- Staff have been processing grants returned from farms for winter cover cropping that will get routed to the business office for final signature.
- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.
- Staff are working on developing and testing the water quality section of the new CAI USA Food Safety water quality database. This is the second week of testing.

Conservation Reserve Enhancement Program (CREP):

- Staff visited a MFO in Enosburg to discuss CREP proposal for pasture.
- Staff visited a MFO in Franklin to direct and assist volunteer Americorps work crew in transplanting wetland plants from well-established portion of silage leachate treatment wetland to sections where plants were sparse. Staff also assisted the farmer in unplugging pipe from silage leachate storage pond to treatment area.
- Staff met with FSA staff to discuss next steps in requested termination of a CREP contract by a MFO/LFO in Swanton.
- Staff met with LFO in Waltham/New Haven/Monkton (several tracts) to plan and discuss CREP potential for farm.
- Staff met with SFO in Cornwall to plan and discuss CREP options for farm.
- Staff prepared for upcoming field visits to farms with potential CREP projects.

Secretary's Comments:

MEETINGS

EPA call with VAAFMM and DEC: discussed TMDL and plans for gap watersheds – those watersheds include Missisquoi and St. Albans Bays and portions of the south lake. Reviewed the actions steps being proposed to address these areas. EPA is going to consider the proposals and get back to us with feedback.

Legislative Agenda with Aly Richards and Sue Allen: Reviewed VAAFMM agenda, VAAFMM will do further prioritizing for further consideration. Water Quality, Lab and FSMA emerged as priorities to advance and strategies for defense on budget cuts.

Succession Planning discussed with Department of Human Resources: joint meeting with ANR and VAAFMM to learn how to plan ahead.

VLITE Board: reviewed spending thus far and heard presentations from VELCO and VLS.

Jeb Spaulding: met with Jeb to review matters in the Agency.

VT Higher Education Food System Consortium: meeting with group on Friday afternoon.

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

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

www.anr.state.vt.us



Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: September 26, 2014
Subject: ANR Weekly Report

Governor Level Issues:

Waterbury Reservoir: The Waterbury Record ran an article on the upcoming Oct 7 public meeting at which the Department will be discussing options for the issuance of a water quality certification governing operations of Green Mountain Power's hydropower facility at Waterbury Dam. The article quoted local officials as stating that the Department has decided to require lowering of the reservoir. This is not accurate. Though we are considering an option involving lowering of the reservoir, it is not the only, or even the preferred option. David has submitted a letter to the editor of the Waterbury Record and to Digger (after they reprinted the Waterbury Record article) clarifying the status of the Department's and Agency's decision-making process. He was also interviewed by WCAX about this matter and will be appearing on the Mark Johnson show next week.

EVERYTHING ELSE:

Legislative Issues/Rulemaking:

Underground Injection Control Rule Revision: This long-overdue rule update passed LCAR but not without concerns being expressed by some legislators. The rule significantly streamlines the program by narrowing the universe of covered underground injection "wells." In the past, the coverage of this rule was overbroad and, for that reason, inconsistently enforced. For instance, activities presenting a low risk of contamination to groundwater and that most people would not consider wells, such as sand and gravel quarries, or even, arguably, that dip in your

yard that collected water after a storm, were covered by the rule. This rule narrows coverage to only those activities that involve underground waste disposal that present a significant risk of groundwater contamination. We also clarified many of the requirements to make it easier to implement for both the Department and the regulated community. The program did significant public outreach and obtained stakeholder support for the rule (including both the environmental and business organizations) so were surprised by the concerns which included the following: Senator Snelling voted against the rule because she is concerned that it will leave gaps in regulation of stormwater; and Representative Krebs voted against the rule because he thinks we exceeded our legislative authority to implement the public trust in groundwater provisions currently in statute. Despite these concerns, the committee voted 4-2 to support the rule so we will move forward with adoption. We will meet with Senator Snelling and Representative Krebs to discuss their concerns in hopes of resolving them before the upcoming session.

Press Issues/Releases:

Fish and Wildlife Press Releases: Muzzleloader Antlerless Deer Permit Winners Announced; Walleye Stocking Returns to Island Pond; Hammond Cove Range Closure for Renovations; Loons Post Record Year for Nesting Success, Bald Eagle Nesting Down --VT's loon population had a record year for nesting success, producing 65 fledglings, or chicks that survived to leave the nest, on lakes and ponds throughout the state. Loons faced dramatic declines in the 20th century mostly due to shoreline development and human disturbance of loon habitat, but were removed from VT's endangered species list in 2005 following decades of recovery efforts.

Vermont Forest Economy Systems Analysis Project: The Working Lands Enterprise Board (WLEB), in collaboration with the St. Albans-based Yellow Wood Associates (YWA), announced the commencement of an in-depth analysis of the forestry and wood products industry in Vermont. With direction from the WLEB, YWA will engage stakeholders across all sectors of Vermont's forest and wood products economy to better understand the current state of the industry and identify opportunities for future strategic investment. The undertaking of the industry analysis is a collaborative effort between the Vermont Working Lands Enterprise Board; the Vermont Agency of Agriculture, Food, and Markets; the Vermont Department of Forests, Parks, and Recreation; the Agency of Commerce and Community Development; and Yellow Wood Associates, Inc.

Septic Smart Week--September 22 - 26: The topic might not be the first thing people think about, but it is important. We greatly appreciated the Governor's declaration of Sept 22 to 26 as Septic Smart Week in Vermont as a way to raise awareness of the importance of a well maintained septic system. Because approximately 55% of Vermont homes are served by septic systems, this week was promoted as a time when the public should learn more about their septic system's operation and maintenance needs in order to do their part in protecting protect water quality and public health. Press releases are directing the public to our website where there are links to learning more about septic systems.

Events: We also sent out notices for a couple events: “Municipal Day” will be held Nov 13 at National Life and; “From Loon to Lynx – A symposium honoring the 40th anniversary of the Endangered Species Act” will be held on Oct 23 at ECHO.

Significant Events/Meetings:

Water and Wastewater Violations by Francis J. Supeno, Barbara L. Supeno, and Barbara J. Ernst: We obtained an emergency order requiring the owners of a rental property to correct an illegal water connection and undersized onsite wastewater system. The owners operate a one bedroom rental house located in Addison. They have an illicit connection to the Tri-Town Public water system that is constructed in a manner that creates a risk of contamination. The owners also have an undersized onsite wastewater system for the number of bedrooms that they are renting out. The Order requires the owners to cease renting the property until the violations are corrected. I include this here because these folks are frequent complainers and you are likely to hear from them.

Fish & Wildlife Board Meeting: The FW Board held a meeting on Sept 17. The agenda for the meeting was: Approval of August 15th meeting minutes, Comprehensive Deer Management Presentation/Discussion, Commissioner’s Updates and Roundtable Discussion.

Town Forest Summit: “Forests for the People: Return of the Town Forest Summit” will be held Sept 27 to celebrate these important community assets, Vermont’s town forests. This year’s event will be held at the Barre Town Elementary and Middle School and will feature guided walks through the recently created 355-acre Barre Town Forest. Commissioner Snyder will provide the opening remarks, kicking off a day of celebration, sharing and networking. For more information and to register for this event, visit: uvm.edu/extension/town-forest-summit

Beyond Waste: We convened the Beyond Waste Advisory Committee led by a state contracted facilitator. The group is tasked with developing criteria and potential ranking system by which to evaluate difficult to manage materials that are not easily captured through the existing recycling, composting, or construction and demolition collection systems. Participants include industry lobbyists and representatives, non-profit and environmental groups, state legislators, and sister agency representatives.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

Hermitage Ski Area: OPLA staff, along with technical staff from DEC and DFW, participated in an all-day working meeting organized by Hermitage focused on the range of permits Hermitage still requires before moving forward with major components of their expansion, with a particular focus on the airport expansion. The Agency provided guidance on wetland/stream impact avoidance and minimization measures which are necessary for Hermitage to file a permit application with the Army Corp of Engineers. Hermitage recently submitted their vernal pool

and wetland report which still needs to be reviewed by Agency staff. ANR will provide Hermitage one more round of comments on their most recent plan and then they will likely submit an application to USACE.

Inter-Agency Coordination: OPLA staff attended the first of a series of meetings sponsored by VTRANS and Smart Growth America focused on updated the state's transportation plans and policies to better recognize and implement smart growth goals. OPLA will continue to represent the Agency over the next 6 months as these meetings continue on a range of transportation and land use related topics.

Net Metering: OPLA staff attended the PSD's presentation of the model which will serve as the foundation for upcoming re-evaluation of the net metering statutory and incentives framework in Vermont. The meeting was attended by utility and industry representatives and focused primarily on the inputs and assumptions for the model, which is intended to predict impacts on rates, avoided transmission and other secondary benefits of different types and scales of renewable generation.

Act 250 Criteria 9L: OPLA staff and attorney met with NRB chair and general council to discuss the NRB's implementation of the revised Act 250 criteria 9L and ANR's anticipated role related to that criteria. There are several applications in the Act 250 pipeline that may raise 9L issues. The NRB has developed an interim guidance for their commissions on how to interpret and apply the new criteria; ANR is working on similar guidance for our involvement under the new criteria, the extent of which will be determined by upcoming conversations by Agency leadership.

New Applications: Week of Sept 22 - OPLA received 11 new Act 250 applications and 2 new Section 248 applications.

Environmental Conservation

Air Quality and Climate Division Director Recruitment: Elaine O'Grady was Director of the Air Quality and Climate Program for the past year following the retirement of long-time air director Dick Valentinetti. She has taken another position with a regional organization supporting northeast state clean air program and her last day was Tues, Sept 16. The Air Program Director position is now under recruitment.

Residential Wood Heater Change Out: We are working with the Public Service Department to consider adding a wood heating change out initiative to their proposed Small Scale Renewable Energy Incentive Program through the Clean Energy Development Fund. This program will be in addition to other incentives developed through the multi-agency Residential Wood Heater Incentive Workgroup.

Environmental Service Corps: We are working with SerVermont and the Governor's office to develop a program for young environmental professionals who would be funded using

AmeriCorps grants to support state policy initiatives by working with non-profit organizations and municipalities.

Stormwater Master Planning Webinars: The first of five Stormwater Master Planning Webinars begin on Sept 19. For more info:

http://www.watershedmanagement.vt.gov/stormwater/docs/sw_gi_swmpwebinarseries.pdf

Smugglers Notch Act 250 Land Use Permit: We met with representatives from the Natural Resources Board (NRB) to discuss Smugglers Notch's appeal of its Act 250 Land Use Permit to construct and operate a new intake in the Lamoille River for its snowmaking system. Smugglers Notch is appealing the permit because District Commissions added conditions that put further restriction on the use of the two existing water withdrawals that were not included in the Program's Flow Determination, issued in December 2013. The NRB had questions for the program about the Snowmaking Rules, the Program's technical analysis of the Smuggler's proposal and the conditions added by the Commission.

Fish & Wildlife

Deer: Nighttime shots-fired complaints continue to increase as cooler weather brings people's attention to deer. Wardens documented another two illegally killed deer this week. One additional deer was killed while damaging crops. Road-killed deer are also becoming more frequent with the cooler nights and increasing activity.

Bears: Bear hunting season continues with few problems other than a few potential illegally baited areas. Bear damage to un-harvested corn fields also continues but should soon decrease as much of the corn is now being harvested. One nuisance bear was killed for damaging a corn crop. It was also an active week on the highways for bears, 3 more bears were killed by motor vehicles this week. The CT ear-tagged bear was legally harvested in the Ludlow area.

New Trap! A new fish trap began operating in Hatchery Brook at Ed Weed Fish Culture Station. The trap is designed to capture migratory landlocked salmon, steelhead rainbow trout, and brown trout returning to Hatchery Brook from Lake Champlain, while minimizing stress on the fish compared to past collections by electrofishing. The trap will be used to supply the hatchery with returning salmon for egg collection, and also to monitor the size of fall and spring salmonid runs into Hatchery Brook.

Surveillance during the increase and decrease flows: Staff prepared for a field study and the deployment of equipment in the West River to assess a whitewater paddling water release scheduled for Sept 27 - 28. Staff will use time lapse photography, water level loggers and physical channel measurements along with USGS gage data to assess what happens during the event's rapid increases and decreases in flow. The U.S. Army Corps of Engineers decided to unilaterally change the release protocol at the Ball Mountain Dam that had been previously agreed to with the US Fish and Wildlife Service and ANR

Forest, Parks and Recreation

Land Transactions: We could close as soon as the end of Sept on the 123-acre Thomas property in Bolton. The Green Mountain Club has worked to acquire this property for the state and will be re-routing a portion of the Long Trail on this property. We have completed a septic design and have submitted a waste water permit application/state subdivision permit application to DEC for the sale of the Lafreniere parcel at Camel's Hump State Park in Bolton. We will be meeting with officials from BGS this week to finalize a marketing strategy for this property, and are tentatively planning an open house for prospective buyers in mid-Oct. Other ongoing/pending land transactions include transfer of Woodchuck Mountain property to Town of Newbury, transfer of a portion of Grand Isle State Park to the Town of Grand Isle, acquisition of Molly's Falls Pond property, numerous Forest Legacy easement projects, Mendon Brook acquisition, sale of portion of Coolidge State Forest to Markowski Excavation, and other projects.

Ski Area Leases: The State Auditor's Office provided a description of their "non-audit inquiry" into the Department's ski area leases. The chief objective of the inquiry is to evaluate the return that the leases provide to the public for renting out its land assets. The analysis will include a review of the lease terms and the roles of the agency and the Legislature. We welcome this inquiry as we suspect that we are not charging enough for our leases.

Staffing: The State Lands Division has hired a second temporary Archivist (Dan Bromberg) to assist with the scanning of ANR land records and maps. Dan started work on Monday and joins Jenne Greaves at the Vermont State Records and Administration's Middlesex office building on this important Agency initiative.

Fall Camping: Fall camping in state parks has been strong this season. Lake Carmi State Park has been added to the list of fully operational campgrounds. Day use areas at Niquette Bay, Waterbury Center and now Silver Lake have remained open into the season for the first time. Demand for fall access is increasing.

Maidstone Improvements: State Parks Staff and design consultants held a coordination meeting with the Division for Historic Preservation for the redesign of Maidstone State Park. This state park contains two eras of historic structures and design from the Civilian Conservation Corps and "Mid Century Modern". Early and frequent dialog with our preservation partners is the proven method to deliver the best design for long-needed improvements such as those required for Maidstone.

LWCF Grants: An announcement is being made this week to start the next cycle of federal Land and Water Conservation Fund grants to Vermont municipalities. Preliminary applications for park development and acquisition projects will be accepted until Oct 31. There is \$704,000 available for granting on a 50/50 matching basis for which full applications will be required in Feb 2015.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: September 26, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VGS: PSB pre-hearing this week on schedule around whether VGS violated a board rule by not reporting costs earlier, and today on scope of the remand proceeding on costs. PSD was planning to keep and argue for scope being very narrow. Surprisingly, VGS seems to be acquiescing to a broader scope believing they will win on the merits. We'll be talking to them about this. Phase I issues should be resolved in the November/December timeframe. Cornwall is stating they are unavailable the month on January for the technical hearings on Phase II, we and VGS can support moving them up to December (If FERC has rendered a decision about their status), but not out until February, based on the belief this will begin to interfere with Phase II implementation on schedule acceptable to IP. If that changes, or if FERC does not rule in October/November, we may be ok with Feb proceedings. **UPDATE: Just got the FERC order – there will be no federal jurisdiction on this case!** More detail on the moving pieces in the PA section of this report.

VY: On Monday we filed to intervene and request a hearing of NRC on the Entergy petition

to reduce staffing and EPZ responsibilities. I am still hopeful a negotiated settlement will work, but we needed to preserve our options. At the writing of this, I have yet to hear back from Entergy about the counter-proposal on the EPZ issues, though I do expect to hear from them today.

We held the first meeting of the new NDCAP (Citizens' advisory panel) meeting in Brattleboro last night – it could not have gone better. Approximately 50 people were there and all members of the panel except Martin Langavin (knew he wouldn't be able to make it) and Mark MacDonald (not sure where he was) were in attendance, including the NH and MA reps who were grateful to participate. Lots of good will and good feedback, including from CAN and Entergy, for example.

Next week I will be speaking at an NRC summit on Nuclear Waste management and giving Vermont's perspective on decommissioning and the preferred approach to move waste to Dry Cask on a regular basis, particularly in Merchant facilities.

Comcast/Charter Merger: The Department successfully negotiated a settlement with Comcast whereby Comcast agrees to CAPI requests related to transition and a minimum of 225 miles – 25 in Charter territory – over the next 5 years. This is substantially more miles than would be required under the current line-extension rules and formula.

Claire Ayer and Chris Bray: After all the issues on VGS, Claire called and asked to meet with me, which we did, to discuss “all the solar” going in in her district. She (and Chris Bray) are concerned about the amount of solar going in and lack of attention to neighbors. We're getting an inventory of pending projects and will reconnect with her next week when Darren is back – she hints of giving more power to communities and neighbors to object to projects through legislation. John Campbell came in and says he is supporting her thinking this amount of penetration is ridiculous and will sign on to a bill if she proposes one. Sheeze - I think they haven't a clue what is needed to support the energy needs of their constituents let alone what residents want.

Residential and Commercial Building Energy Standards (RBES & CBES): In light of concerns raised, we are likely to postpone the effective date of the stretch code portion of the Residential Building Code update until the end of 2015 so we can address comments and so we can frankly give critics a chance to re-raise this with the legislature this session. I do not want to pull these out altogether as I think we will lose momentum and a great deal of work done thus far, and risk the ability to implement them ever. They are not that strict a change from base code requirements that we are required to adopt, and think they are appropriate for commercial projects and Act 250 processes. Still, more time will enable us to address the concerns raised and give people the opportunity to seek legislation to undo what was done last year.

Meetings this Week:

Sept 22 – Chris WNRC “The Takeaway” interview on Burlington being 100% renewable

Sept 23 – Chris attends Enel Green Power’s Sheldon Springs solar project ribbon cutting

Sept 24 – Chris meets with Sen Ayer at Statehouse to discuss solar projects in Orwell, New Haven

Sept 25 – Chris attends 5th floor meeting on VTA transition, meets with Paul Costello of VCRD, and Chairs first meeting of Nuclear Decommissioning Citizens Advisory Panel in Brattleboro in the evening

Meetings next Week:

Sept 29 – Chris monthly catch-up with Jim Volz; Darren meets with Tony Klein and Rebecca Ellis

Sept 30 – Chris travels to NC for Nuclear Decommissioning and Used Fuel Strategy Summit; Darren meets with Sen Ashe

Oct 1 – Chris delivers keynote address at Nuclear Decommissioning and Used Fuel Strategy Summit in NC and attends strategy sessions; Darren meets with Johanna Miller, Gabrielle Stebbins at PSD; Darren possibly attends Suncommon celebration instead of meetings

Oct 2 – Chris attends final day Nuclear Decommissioning and Used Fuel Strategy Summit

Oct 3 – Darren meets with Scudder Parker at VEIC

Media: Continued coverage of NDCAP meeting; Chris interviewed on WNRC re 100% renewables BED; Digger article on VGS and Board delay of Phase II;

Everything Else:

PERD

Residential and Commercial Building Energy Standards (RBES & CBES) – Code Update

- The energy code public hearing was held September 19th and public comments are due September 26th. The Division of Fire Safety has expressed concerns that the Commercial Energy Code may conflict with the Building Codes. We are meeting with them on September 26th discuss.
- The next steps in the code update process: summarize the public comments; provide responses and make decisions on whether to make any additional changes based on comments; file document as well as the revised energy code language with LCAR. If we file with LCAR by October 1st we will be on the agenda for LCAR hearing on October 16th.

Net Metering

- Scheduled model technical review meeting for 9/25 with stakeholders. This meeting will walk stakeholders through the model that has been developed for the 10/1 report to

the PSB, and provide an opportunity for feedback.

- Updated the spreadsheet model to include a new set of utility-specific information regarding avoided distribution costs that depend on the coincident timing between net metered generators and times of high utility distribution load.
- Four REC-incomplete recommendations were sent to the Board this week.

Incomplete	6.45%
Retain	77.42%
Transfer	
Util	6.45%
	100.0%

Net Metering Activity 9/13/14 – 9/19/14

	Registrations*	Applications	CPGs Granted
Count	26	5	47
kWAC	170.53	702.9	771.09
Ave Size kW	6.559	103.333	16.406

Cumulative Capacity of Registrations and Applications Submitted

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
8,586.42	15,270.00	53,8178.63	~ 35.90%

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

Engineering

PSD Files Petition to Intervene and Request for Hearing with NRC

The Department filed a Petition to Intervene and Request for Hearing with the NRC regarding Entergy’s proposed changes in the VY normal operation and Site Emergency Plan (SEP) and Emergency Response Organization staffing levels. The Petition focused on the most significant comment previously identified by the State Nuclear Engineer, namely that Entergy should delay its elimination of the Emergency Response Data System (ERDS) until all fuel is removed from the VY Spent Fuel Pool. ERDS is specifically identified in the VT State Radiological Emergency Response Plan as the means for evaluating VY conditions for emergency action recommendations during a declared Alert or Emergency situation at the plant. The intent of the filing was to ensure that NRC is aware the State considers the loss of radiological response assessment information available through ERDS to be a serious concern. The State Nuclear

Engineer continues to work with VY Emergency Planning staff to resolve this concern.

2014 Vermont Gas Systems Addison Transmission Pipeline Construction

The Department continued to utilize its contract Gas Pipeline Inspector to provide site inspections of the Addison Natural Gas Pipeline Project. Inspections were performed to ensure remediation of minimum clearance distances from a previously existing (however unknown) private water main and to witness installation activities related to a specific waterway crossing. Several items of concern were observed, including welding processes and pipeline installation in close proximity to debris contained in an abandoned land-fill dump-site. A project status meeting was held September 24th, with representatives of the company and the Department, including PSD Director of Engineering, to review recent requests to the company for information and the company actions to address items of concern from the Department.

Annual Gas Pipeline Safety Program Review

A representative from the State Programs division of the US DOT Pipeline and Hazardous Materials Safety Administration reviewed the Vermont Gas Pipeline Safety Program during this week. The State Liaison, Jim Anderson, reviewed program procedures and documents at the Department offices and observed the Gas Engineer during inspection activities in the field. An evaluation of the program is expected to be issued prior to end of calendar year 2014.

Public Advocacy

Kingdom Community Wind – Docket 7628 – Following a PSB finding of sound limit violations in 2012 and 2013, the Board directed PSD and GMP to develop a proposal for continuous noise monitoring. In an effort to avoid litigation over the details of such a program, and to minimize potential future litigation regarding the results, PSD sought to include both GMP's expert and an expert preferred by project opponents in development of a continuous monitoring methodology. GMP agreed with this approach, but in the midst of working out contractual arrangements to involve the opponents' expert, that expert – Stephen Ambrose – decided rather abruptly that he did not want to participate, mainly for personal and health reasons. PSD will report this development to the PSB and parties, and presently intends to proceed with the continuous monitoring proposal we previously filed.

Generic Sound Investigation – Docket 8167 – After holding three workshops on different topics, the PSB issued an Order asking that docket participants file information on best practices from other jurisdictions. The Board identified four areas of interest: project planning and consultation; pre-construction sound modeling; post-construction monitoring; and complaint resolution. The Health Dept. and PSD are working with our consultants on most topics, with PSD addressing complaint resolution. Submissions are due October 10.

NextSun Solar – Main Street – Docket 8195 – ANR submitted comments and suggested edits to the hearing officer's Proposal for Decision (PFD) mainly aimed at clarifying issues discussed in its MOU. In short letters to the PSB, the petitioner supported the PFD and had no objections to ANR's comments. The PSB approved the Project and issued a CPG, subject to expected

conditions. Of note in the Board discussion section, the PSB “observes that the price terms of the PPA...appear higher than the price terms associated with similarly sized solar facilities that have received standard-offer contracts. Because this proceeding is neither a rate case nor a least-cost plan review, our order....does not constitute a Board review or approval of GMP’s decision to pay the price terms contemplated under the PPA.”

Barton Solar – Docket 8148 – In a letter signed by Susan Hudson, the PSB informed the Menards that it found no basis for opening an investigation or taking any action after reviewing and considering the Menards’ complaint alleging violations of CPG conditions.

GMP Stafford Hill Solar in Rutland – Docket 8098 – The petitioner informed the PSB of minor changes to the proposed project. The letter correctly stated that the PSD reviewed the changes and did not have any concerns.

Rule 4.100 Winooski One Proceeding – Docket No. 8010 – The Department is in the midst of its rolling discovery period regarding its initial avoided cost rate filing. The time for questions has ended and the Department will finish up its responses to outstanding questions by September 29. Testimony from other parties is due on September 26. The Department believes that producers will challenge the rates, though is unable to tell at this point whether it will be a full challenge on the rates and methodology or more limited in scope. The Department anticipates some testimony from GMP, more or less supportive of the rates and cautioning about making these rates available in an open-ended manner. The schedule contemplates a technical hearing on October 30. The Board has expressed a goal of putting rates in place in compliance with Rule 4.100 by the end of the year.

VGS – 2015 Base Rates Filing – VGS’s annual base rate adjustment removed Phase I pipeline costs and resulted in a base rate decrease of 0.70 percent. The Department’s consultants did a site visit and conducted additional discovery and are recommending additional adjustments, resulting in a decrease of 1.31 percent. The Department filed this report on September 18. The Department anticipates that its recommendation will be consistent with the consultant’s report, with one potential issue still outstanding – whether Vermont Gas can recover the costs of certain safety related activity even though such costs were not supported at the appropriate time. The Department anticipates resolving the issue this week, with a recommendation due September 29.

Vermont Yankee Excess Revenues Declaratory Order – Docket 8341 – A prehearing conference will be held September 29. GMP is continuing discussions with out-of-state utilities that may have some claim to the Excess Revenues (approx. \$17.8 million) but has had no new developments.

VGS – Penalty Investigation for Violation of Rule 5.409 – Docket No. 8328 – The Board held a prehearing conference on Sept. 17, in which it asked the parties to develop a schedule for the proceeding. The Board indicated that it is expecting a full investigation, with testimony from VGS, the Department and others. AARP, CLF, and the Fuel Dealers appear likely to intervene,

but have not filed any comments by close of business on September 24 (the deadline for such comments). VGS filed a schedule that allows for briefing on scope at the outset and technical hearings by June of next year. The Department filed a letter stating that it had no objections to VGS's proposed schedule provided the Board allows for some flexibility based on the timing and substance of a scoping order. The Department indicated in its letter that it is important to establish the scope and framework of the proceeding at the outset.

Addison Expansion—Docket 7970 – A technical hearing was held this week on the Old Stage Road re-route. The hearing was uneventful and primarily showcased that the Board had pitted landowner against landowner in ordering the re-route. The Board, in fact, criticized aspects of the re-route.

With respect to the remand from the Supreme Court, parties filed testimony on September 22. The Department, VGS, the Palmers and the Fuel Dealers were the only parties to file testimony, with VPIRG and AARP seeking to intervene and file testimony. The Department and VGS have objected to these untimely interventions, and VGS has also filed a motion *in limine* to strike the Fuel Dealers' testimony as being outside the scope of their intervention. With a technical hearing scheduled for September 26, it is not apparent that these issues will be resolved in advance.

Addison Expansion Phase 2—Docket 8180- Following a status conference on September 17, the Board ordered the postponement of the technical hearings scheduled for the week of October 6. They are currently scheduled for the week of January 12. The Board based its decision on the remand of Phase I and the lack of a service area determination by FERC. Cornwall has already advised that it is unavailable that week in January. VGS has objected to moving the hearings out beyond the January date. This discussion is solely among the parties at this point in time. Cornwall and the pro se landowner group served discovery requests on the Department with respect to our rebuttal testimony. We are drafting responses, which are due on Tuesday, Sept. 30.

GMP – Rate Case and Alternative Regulation Plan – Docket Nos. 8190&8191– GMP filed a request to amend the Plan to provide a method for it to propose (and for the Department and the Board to review) non-tariff alternatives for innovative services and pilot programs. The filing stemmed from the recent rate case / alternative regulation order in which the Board expressed concern over GMP including costs and revenues from its heat pump program in rates but not providing the service under a tariff. The accord reached by the Department and GMP provides a more flexible approach for review of these innovative programs, such that GMP will be able to develop and deploy these programs more swiftly while not sacrificing regulatory oversight.

Vermont Water Utilities Petition for Proposed Rate Increase – Tariff 8517 – Based on the owner's request that the effective rate increase be delayed until November 1st, the PSB has requested the Department recommendation by October 16th.

Poles Treated with Pentachlorophenol – Docket 8310 – The PSB issued a Prehearing Conference Memorandum and Request for Comment requesting comments by September 19th. The PSD is reviewing numerous comment letters and notices of appearance.

GMP White River Junction Substation Project – Docket 8322 – The petitioner has provided the testimony and environmental reports pursuant to the scheduling order. A site visit and public meeting is scheduled for October 6th.

Charter Cable CPG Renewal – Docket 7820 - The Department continues to refine its proposed CPG conditions, based on separate discussions with Charter and VAN, and is developing a condition relating to remote origination. The Department met with VAN on September 17th for further negotiations, and has scheduled a meeting with Charter and VAN simultaneously on September 30th, with the hopes of reaching a partial settlement. Charter will file its rebuttal testimony on September 27th.

ERWR Solar – Docket 8076 – The Board issued an order on September 18th approving the petitioners’ proposed changes to its project plans. The Board noted, however, that no CPG amendment was needed because the changes did not rise to the level of a “substantial change.”

Charter Hill Solar – Docket 8212 – A technical hearing was held on September 17th. While the Department’s concerns with the project were resolved by the petitioner, the parties did not enter into a stipulation. Rather, the petitioner presented a proposal for decision (PFD) and list of CPG conditions/commitments that were circulated to the DPS and ANR prior to the technical hearing. The DPS requested modifications to the PFD and Order regarding the project’s compliance with the NESC/NEC safety requirements, and the petitioner adopted the Department’s language in its final PFD and proposed order filed with the Board on September 23rd. The parties have waived comments on a PFD issued by the Hearing Officer.

Telecommunications

FairPoint Successor IRP – The Department and FairPoint submitted a successor IRP to the Board with a settlement that exactly mirrors the existing IRP. Perhaps angry about FairPoint service quality – the Board has indicated it may be unhappy about the successor IRP – including a suggestion of hiring an independent advocate. The Department is considering options to move forward in this proceeding.

Broadband Conference – PSD staff attended a regional broadband conference in Springfield MA that was focused on Fiber to the Home issues. Most attendees and speakers were proponents of municipal fiber to the home projects and touted the potential benefits of fiber deployment on economic development.

Broadband data gathering – At a recent regional conference PSD staff met representatives from

other states that are responsible for gathering broadband availability data. Most regional states have an interest in continuing to gather the information after the federal grant funding expires at the end of this year. Several also have not yet identified funding sources for the effort, so do not know if it will be continued.

Fiber cost estimates – PSD staff directed Stone Environmental to prepare a report that lists the number of road miles and locations in each of four broadband speed tiers. This information was used to develop cost estimates to deploy fiber to the home networks throughout the areas identified in these tiers.

Telecommunications Plan and FTTH Cost Analysis – Staff began revising the telecommunications plan document with changes to the Plan the Division agreed to make. Most of the changes will clarify points of misunderstanding among readers regarding open access, infrastructure financing and deployment, net neutrality and other minor factual differences. The revised plan will also address the cost of bringing fiber to the home. Department is also finishing a related document that provides some cost analysis for bringing fiber to the home.

The FTTH Cost Analysis shows the cost of bringing fiber to the home (FTTH) statewide based on road miles and location data. The analysis will show the cost of bringing FTTH to areas currently not served at the State’s 2024. The analysis will advocate for prioritizing those locations that currently lack service of 4/1 or better.

248a Barton – The Public Service Board issued a CPG to T-Mobile to construct a wireless telecommunications facility in Barton. The application raised an issue with co-location. Another tower owner in the area moved to intervene because the owner believed T-Mobil could co-locate facilities on his existing structure. The Department believed T-Mobile had adequately addressed the co-location issue in its application and recommended the approval of the projects. The Board denied the motion to intervene on both substantive and procedural grounds and issued an order approving the project. T-Mobile’s application is promising as its physical presence in the State is much less than Verizon and AT&T.

Wireless Telecommunications Facilities (248a) Report –

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

Date	Applicant/Location/Type of Filing	Brief Synopsis and if applicable DPS recommendation to the Public Service Board
9/22/2014	AT&T and Diamond/Northfield Whetstone Drive/project of limited size and scope	New 90' monopole; recommended by town and region; DPS recommended approval.
9/22/2014	AT&T and TowerCo/Essex 4366/request to amend CPG	Amend CPG to include TowerCo as tower/compound owner; recommended approval: The partial transfer of ownership “will have no substantive impact on

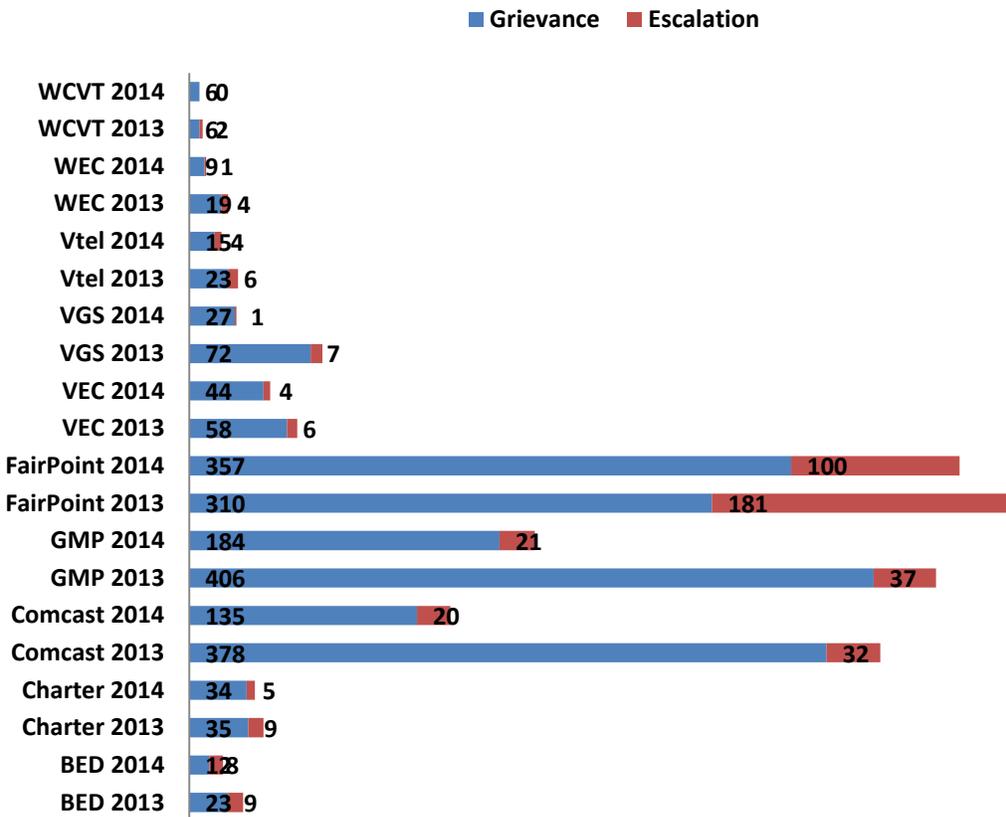
		any of the findings of the CPG issued on June 6, 2014, and does not affect the Board's conclusion with respect to [the Project's] compliance with the criteria of 30 V.S.A. § 248a.”
9/22/2014	VTel/Hartford (Quechee)/project of limited size and scope	The Town sent a letter to the Board informing of its intent to engage the services of a landscape architect to provide the specific detail that was lacking in their recommended CPG conditions; on 9/24/14 VTel filed a letter objecting to the Town being given more time when all of its comments have been already been untimely.
9/24/2014	VTel/Derby Nelson Hill, Revised App/ <i>de mimimis</i> modification	115' lattice tower co-location; VTel corrected surface area calculations and modified its project since its May app; DPS recommended approval
9/24/2014	VTel/Rutland Sheldon Place/ <i>de mimimis</i> modification	Installation at 95' on the parapet wall of ten-story building with all other equip behind the wall and on the roof; DPS recommended approval.

Radiofrequency Propagation Issue in Brookfield

The Department has identified and is in the contracting process to hire a radiofrequency (RF) expert to study the signal propagation at different heights at AT&T’s proposed telecommunications facility on West Street in Brookfield. On September 24, 2014, AT&T just mailed their actual 248a application to the Board and Department. There has been considerable activity on the proposed project since AT&T’s pre-filing notice in June. The parties and the Department participated in a public meeting in Brookfield on July 15, 2014. Following that meeting the Town of Brookfield requested that the Department hire an aesthetics expert and an RF expert. The RF expert will study the potential signal propagation at heights lower than AT&T’s proposed 100-foot tall tower. The RF expert will provide a report and cellular and LTE signal propagation maps based on his independent analysis.

CAPI

Number of Complaints Investigated, by Company YTD 2013 and 2014



Equipment Distribution Program: Update as of 9/23/14: CAPI is pursuing multiple options for replacement program operator, after closing of the Vermont Center for the Deaf and Hard of Hearing. Possible other organizations we have reached out to: DAIL (their Adaptive Technology Program), VT Center for Independent Living, and the VT Family Network. DAIL is very interested, and would be a good fit, but they are unable to take on the extra duties for approximately 6 months. Pursuing this option might mean administering the EDP in-house until DAIL can take it. This would require additional staffing of approximately a half-time position. The previous program manager at VCDHH, Jorika Stockwell, spent 26-32 hours/week on the program. She has offered to work with PSD up to about 1-day/week to support us in running it. Her expertise on the adaptive equipment and needs of the population could be invaluable. As CAPI continues to pursue options, we have begun updating an RFP for administration of the program.

Telephone Relay Service Advisory Board meeting: CAPI has convened a new TRS Advisory Board, after it stopped meeting when contract negotiations for the TRS broke down 2 years ago. We continue to work to schedule a meeting of this new Board. Securing the 3 interpreters needed has been made more challenging by the closing of the VCDHH, which ran the Interpreter Referral Service. We are hopeful that the first meeting of the newly formed VTRS Ad Board will occur in October.

Regional Policy

Northeast International Committee on Energy

- There was a New England states call to prepare for a November NICE forum in Quebec. The purpose of the forum is to discuss the regional energy trade. The general consensus is that it should be a two-day forum and should include energy and economic development state officials, as well as a few industry officials. A preliminary idea is to have someone from Energy Information Administration start with a general overview of energy production and transportation in the region. Other potential speakers would include a representative from Bloomberg New Energy Finance to provide an overview on cross-border financing activity, and a large international commercial customer such as UPS/Fed Ex to discuss how various state/provincial energy regulations impact its business.
- The New England states also discussed potential input into the near-term and 2030 targets being discussed by the New England States/Eastern Canadian Provinces environmental group. There was a suggestion that the energy officials should push for including the concept of peak load in the plan as potential mechanisms to reduce emissions (such as electric vehicles, heat pumps, and renewable generation) have the potential to drastically impact the timing of peak load, and therefore the energy resources that will be available to meet that load.

Consumer Liaison Group Meeting

- The Consumer Liaison Group (established and financed by ISO-NE but managed by an elected coordinating committee) had a meeting to discuss New England energy infrastructure needs. The keynote speaker focused on the need for new gas pipelines, and stated that “disruptive technologies” such as distributed generation and storage have the potential to make a positive impact, but cannot address the short-term reliability and cost needs that the region is facing. Also, Autumn Barnett, Director of CAPI, was elected to the CLG coordinating committee.

Coordinated Procurement

- Connecticut, Massachusetts, and Rhode Island are interested in pursuing a coordinated procurement of Class renewables/large scale hydro resources. The resulting RFP will ask for bids with and without transmission costs included. The three states have stated they will not try to commit the remaining states to paying for the cost of transmission but will likely try to argue that non-purchasing states should commit to paying some portion of the transmission costs.
- New Hampshire and Maine have stated that they will not be participating.
- It appears that Vermont utilities are not interested in participating in the coordinated procurement process.
- Given that there are only three states definitely interested in the process, there was some discussion of NESCOE’s role. A preliminary decision is that NESCOE staff would help coordinate the process but NESCOE would not commit any of its budget to

evaluation, hiring of consultants, etc. The RFP would not be issued under NESCOE's name.



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

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: September 25, 2014
Subject: Weekly Report

Vermont State Police

A Troop

We have seen an uptick in Burglaries and thefts in Underhill and Lamoille area. Troopers are working with VSP St. Albans to identify suspects as similar burglaries are happening in Franklin County.

Arrested a male for Aggravated Domestic Assault after he threatened a roommate with a gun. During a struggle for the gun, the gun was fired into the floor. The roommate was able to disarm the offender.

CUSI, 17 year old female runaway reporting a sex assault by an adult male from Connecticut she met on Church Street in Burlington.

B Troop

Troopers responded to a missing person on 9/15 (subject later returned home)

Met with School Administrators to assist them with incident preparedness.

C Troop

Search warrant on the vehicle resulted in retrieval of numerous stolen property/items from many larcenies from motor vehicles from Rutland County and surrounding areas.

Four Marijuana plants were seized after a tip led Troopers to location.

Fraud – New Case: Wanted subject from Virginia set up a checking account with the National Bank of Orwell with a fraudulent check and withdrew approximately \$1,100.

Dead Body – New Case: Untimely death of a thirty-nine year old male from Proctor. Decedent afflicted with asthma and drug issues. Subsequent information revealed a possible meth lab at his home. Search warrant completed.

D Troop

Church vandalism case in Saxton's River involving the intentional flooding of the basement by forcing a hose in a hole in the door. Juvenile offenders interviewed and confessions obtained. Juveniles confessed to 6 other burglaries over the last few months and information was received about two other vandalism cases.

Call out for alarm activation on Stage Road in Guilford. Forced entry. Mass State Police returned the perp to the residence. Investigation revealed a 1st degree domestic assault and unlawful mischief occurred on the property and was captured on the surveillance system. Subject lodged – no bail on the felony.

Arson

Fire Investigation in Morrisville on Monday. Fire occurred at a vacation home that had been unoccupied for approximately three weeks. The exact cause of the fire is unknown but the fire is not believed to be suspicious. It is believed the fire may have been caused by a transformer located under the porch. (Lamothe)

Rutland City Fire Department called about a mattress fire in an apartment building. Rutland FD advised the fire was intentionally set and that they believed the fire was set by a mentally challenged male. The fire occurred in an apartment building that houses mentally and physically challenged individuals. Rutland PD will take the lead but wanted an origin and cause investigation conducted. (Lamothe and Sutton)

The Danby Fire Department called about a fire that occurred at a trailer. When the fire chief first called he advised he thought the fire was suspicious because of the way the vehicles were parked in the front yard. The fire chief then called and advise the fire was no longer considered suspicious and the home had been completely destroyed. The fire chief advised he would like to speak with a detective on Monday. Sgt. Sutton will be following up on the case.

Fire Safety

The Division received \$7 Million in new plan review construction valuation collecting \$37,000.00 in permit fee revenue.

VSFA has to make a decision real soon about hosting the cadet program at the academy. I have been working with Major Sheets and John Gonyea at the facility to try to make this work but we still have not been able to reach agreement. The obstacle appears to be the pre-basic VSP class. Major Sheets tried to host that at Camp Johnson but the camp has a conflict in the month of July.

Emergency Management Homeland Security

Issues/Updates:

On 09-23-14, FEMA Administrator Fugate sent a denial of the Governor's 09-05-14 request for a Major Disaster Declaration for 07-28-14 flooding in Windham and Windsor Counties. The State has 30 days to appeal if it opts to do so.

Bennington's second appeal of FEMA's denial of funding for bank armoring after Irene (PW3094) was submitted to State of Vermont on 09-24-14 and will be conveyed to FEMA on 09-29-14.

Four additional residential buy-outs were approved by FEMA (3 in Grafton; and 1 in Pittsfield. This brings the total to 118 home buyouts approved thus far since Irene, of which 81 have "closed" (meaning that the homeowners have received their checks). Five (5) more are expected to close in the next week or so. FEMA is still reviewing 23 buy-out requests.

Legislative Contacts:

Ongoing conversation with staffers from the offices of Congressman Welch and Senator Leahy regarding status of specific buy-outs (e.g. Hartford), project worksheets (e.g. Moretown), and particularly their participation in an upcoming meeting with FEMA on 09-30 about the Roxbury Fish Hatchery.



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

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

Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: September 26, 2014

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Interest to 5th Floor from BGS Directors:

Property Management:

- Pending property sales need attention
 - 195 Colchester
 - 43 Randall, Waterbury – offered for sale 10/1
 - Wasson & Stanley
 - 62 Pierpoint, Rutland – scheduled for closing 10/31
 - Needleman condo
 - Hunger Mountain Day care, Waterbury (123 Main Street) closing 9/26/14

AG/ANR Lab: We are deep into the programming phase of the project with weekly meetings of the design team and users and are beginning to move into conceptual design. We also attended a couple of meetings regarding FEMA funding and what is required to keep eligibility. We will need to submit our revised site location to them around the end of October at the current schedule.

WSOC:

- **FEMA** – Good news, we have started to get reimbursements from FEMA for the project.
- **Envelope Commissioning** – The envelope commissioning continues to prove that attention to the small details is often over looked. This process is paying off.

Significant Events/Meetings:

Middlesex Land: Meeting was held with Major Sheets and Marjorie Klark to discuss the possible acquisition of a parcel in Middlesex for the development of barracks.

Solar – Windsor State Prisons: Met with Bob Griffin and Robert Dostis, along with Dan Edson and Emily Kisicki (formerly Montgomery) regarding terms sheet for proposed Green Mountain Power 5 MW solar installation. Upon receipt, will forward terms sheet to Jeb and Liz.

Secured Residential Facility Meeting: Meeting held with Andy Pallito, Frank Reed, Paul Dupre, Wanda Minoli and Mike Kuhn to discuss a plan for a facility to accommodate the needs of the DOC and DMH. The conversation is in the initial phase of fulfillment of a legislative request.

Austine School: Meeting scheduled for Friday with James Tucker, Superintendent of the Maryland School for the Deaf (Austine alumni) and Mary Essex, President, Vermont Association for the Deaf, who are in town for the Vermont Deaf Rights, Save Austine School and Services Rally scheduled for Saturday, September 27th.

Legislative Issues/Contacts:

Capitol Complex Commission: Conference call with commission members to discuss the City of Montpelier's proposed diagonal parking plan in front of the State House. A letter from the Commission was sent to Mayor Hollar and Council Members asking to be part of the discussion, even though the commission has no jurisdiction. Commission members will be meeting with AOT and City Public Works to better understand the proposal.

FINANCE AND MANAGEMENT

Commissioner Reardon met with the new director of the VA, Robert Burke on Thursday, September 25, 2014.

Deputy Commissioner Clark attended the VTax Executive Oversight Committee meeting to get an update on the project status. The project appears to be progressing on schedule and on task.

HEALTH CARE REFORM

Issue Updates:

SIM Update: CMMI convened all six round one test states in Washington on September 22nd and 23rd. CMMI introduced some additional federal technical assistance as well as some new reporting requirements. The six states were also able to talk with each other and share lessons learned and innovative ideas. The HIE/HIT Work Group and the Quality and Performance Measure Work Groups also met this week. The Core Team will meet next week to start their review of the round two sub-grant applications submitted on September 12th. Vermont also received the green light from CMMI to go forward with all-payer waiver planning.

HUMAN RESOURCES

Significant Events/Meetings:

Meetings with Shelley Martin and Steve Howard of VSEA. Both meetings were very positive. VSEA expressed an interest in participating in new employee orientation, undertaking a joint supervisor/union steward training initiative and pushing benefits for temporary employees, binding arbitration, and expanded whistleblower protections in the upcoming legislative session.

Meetings with AHS leadership and AHS Department Deputies where we discussed investigations, position management and training initiatives. AHS would support an expansion of the pilot program authorized in last legislative session (allowing AOT, DEC, DCF and BGS to create positions to budget).

Meeting with Vermont Early Educators United to discuss their process moving forward to organize childcare workers under the AFT umbrella. They anticipate that there are approximately 1300 child care workers who accept state subsidy and would be part of the collective bargaining unit. Their goal is to call an election by Thanksgiving.

Workforce Development division provided a 3 hour Succession Planning training based on the Workforce Planning toolkit for 40 managers and leaders in ANR, Agriculture and NRB.

Labor Relations chaired meeting of Grievance/Arbitration Study Committee – Tim Belcher, VSEA Staff Attorney, presented information regarding VSEA’s position in favor of binding Arbitration as an alternative to the Labor Board.

Labor Relations met with VSEA in attempt to bargain reemployment physicals, fingerprint supported background checks, Medicare fraud checks and adult/child abuse registry checks for existing state employees employed at the Vermont Psychiatric Care Hospital and the Middlesex Therapeutic Community Residence. Those talks will continue.

Evolving Issues:

- Workforce Development initiative and Summit move: Received final draft of VCFA lease for Summit. Will review and finalize in the next week. Summit equipment/furniture budget is 80% complete. Workforce Development positions should be posted in the next week.
- Classification has received the Class Action RFRs for FY15, and DHR is reaching out to the departments to begin the process of determining if the Class Action reviews will have a 1% impact on the personal services budget for the department. AOT has already analyzed the impact of reviewing the Transportation Maintenance Worker series and determined that the impact will be less than 1% of the Division budget.
- Recruitment is undertaking efforts to analyze our advertising efforts and developing metrics on referral sources to better target our resources.
- Employee engagement survey: working with staff to put finishing touches on this product and solidify roll-out schedule. DHR contacted four organizations (ACCD, Education, Tax and DAIL) providing them with an opportunity to include Agency/Department specific question as part of the survey.

- Met with Dept of Financial Regulation who had questions about whether certain provisions of the med plans are being adjudicated correctly (whether Chiro should be included in the 60 visit limit, and whether the 60 visit limit applies to Total Choice, Scope of practice issues for Chiro, and utilization review). Tom Van Cooper from DFR was going to contact us on the issue of whether DFR has authority over our plan, and then we will need to review our policies and legal requirements with Steve Collier, and perhaps others before responding to their request.
- More than 2100 employees have signed up for the flu clinics, nearly 700 have signed up for the 1,000,000 minute challenge, and next wellness incentive payout will go out on the 10/2/2014 payroll.

INFORMATION AND INNOVATION

Issue Updates:

- The work being done on VHC is still estimating a restoration of service for 10/14 or 10/15.
- IE (Integrated eligibility) is being delayed for non-planning components as we don't currently have the resources or leadership available to move the project forward.
- Worked on cell phone policy with Sue
- Will be attending NASCIO 9/27-10/1

LIBRARIES

No report.

TAXES

Legislative Update:

Education Finance: The House's ad hoc ed governance/finance committee apparently is off and running under the direction of Jeff Wilson. The committee of ten includes past and present legislators of both parties, including Rep. Sharpe, Rep. Johnson, Gaye Symington and Oliver Olsen, as well as Neal Lunderville. Apparently the idea of the moment being batted around is distributing state money on a block grant basis to regional units.

Valuation Appeal Study: We are participating in a summer study with VLCT and the listers' association regarding valuation appeals. Presently, towns defend their own grand lists, and are not reimbursed from the Ed Fund for ed taxes refunded if the taxpayer successfully appeals, unless the property at issue comprised 1% of the grand list. Obviously, the towns would like full reimbursement of tax refunds regardless of the property size, as well as reimbursement for attorney fees for defending the suits. Even in today's flat market, there are hundreds of these suits, so such reimbursements could get very expensive and provide disincentives for vigorously maintaining the grand lists. The Department is considering whether it might suggest alternatives, such as lowering the threshold to .5%, and setting up a litigation fund within the Education Fund that would disburse attorneys' fees on cases meeting the threshold on a pro rata basis.

Internally, we have been analyzing whether and how the Department might take a more active role in valuation. Currently, the system is very convoluted, starting with low paid town listers (who the Department tries to train and advise - although they can and do ignore us), appeals by the taxpayers that the towns then try to drag us into, and then our equalization study, which the towns often sue us over. In the last session, legislation directed the Department to more directly participate in the valuation of natural gas pipelines, and we have been participating in multi-town litigation over hydro dams (which Sen. Kitchel has directed appropriations to each of the past two years). For the study, we are analyzing the potential costs if the Department were to assume valuation of more multi-town property. Finally, we are preparing an RFI to solicit information on the cost for the Department to retain an outside firm to perform our annual equalization study – the RFI might also seek information on resources available if the Department were to assume statewide valuation.

Cloud: Sen. Ashe had tentatively scheduled a meeting with businesses, and then cancelled, stating that he was awaiting more of the Department's work. He then reached out to the Speaker and I for a meeting, but that has not happened yet. In the meantime, I did have another discussion with practitioners, really into the weeds of our proposed regs. They pointed out all the complexities and problem areas, but did not have any revisions that could fix them, simply the nature of the beast (they appreciated our attempt to limit the scope). We do expect a couple more practitioners to weigh in. There is no reason to move forward at this point, but I think we could tweak the regulations and start the formal process with this draft if we had to. JFO staff and our economist are attending a tax revenue forecasting event together where they are supposed to discuss forecast of cloud.

Top 100 Delinquent List: We continue to send out letters, now having worked our way farther down the delinquencies list. The telephone calls are picking up – those with less debt may be proving more sensitive to the possibility of publicity, whereas our worst offenders may have little reputation to protect. In terms of money, we have only realized a couple of small payment plan agreements.

Exempt Property: Lease to State: We had a meeting with the VT College of Fine Arts to discuss the Department's position as to whether a property maintains its tax exempt status when an exempt organization enters into a lease to another exempt entity – here, the state. The law states that property with a “commercial” lease loses its public, pious and charitable exemption. The Supreme Court has stated that affiliated organizations maintain the exemption; Judge Crawford in two cases while he was on the Superior Ct opined that the exemption was not lost even when organizations were not affiliated but shared the same mission. These facts go one further in that the missions do not align. Apparently, some staff in Montpelier is of the view that the property should be taxable, although the Mayor and some councilors do not agree. At one point, the College and City were poised to go to court. The College acknowledged that the law nationally was mixed. I represented at the meeting that although staff would have to review the documents, ideally we could issue a very narrow letter stating that we did not wish to litigate the point on these facts.

Fundraisers by 501©(3) Organizations: In another thorny area involving a charity, the issue has been raised as to whether a 501©(3) organization that exceeds the \$100,000 annual threshold in charging admission to performances, thus triggering sales tax, also needs to charge the tax on an event billed as a fundraiser. If the donation is considered an admission charge, the result is that performance groups are uniquely disadvantaged in holding such a common fundraiser (that has been the outcome in at least one state considering this question – there is a slippery slope problem). We are discussing internally a

common sense solution that would say the donation would not be considered a charge as long as at least 50% would be allowed as an income tax deduction under IRS rules.

Operations:

VTax: Tomorrow, several members of the MA FAST project will be visiting VT. The idea is to allow some of the senior staff on the project to step back and connect with colleagues from MA in the same functional areas, to discuss common challenges and best practice solutions. As we get closer to go live, we are facing more decisions on how to clean up past practices going forward.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
 Date: September 26, 2014
 RE: Boards and Commissions Update

NOTES:

VEPC – The VEPC Board met on Thursday, 9/24/14, and submitted the following names , in order of preference, for your consideration:

John Davis, CPA, Burlington

David Scherr, Attorney, Burlington

William Lucci, Rutland-Public School Admin & College Professor-came from Betsy Gentile

BC RECORD						
Last name	first name	City	Board/Commission	Initial appt	ending date	Comments
Briglin	Timothy	Thetford Center	Economic Progress Council	7/18/2013	3/31/2017	
Gentile	Betsy	Brattleboro	Economic Progress Council	4/1/2005	3/31/2017	
Keane	Michael	No Bennington	Economic Progress Council	4/18/2012	3/31/2017	
Lintermann	Mary	Stowe	Economic Progress Council	4/1/2004	3/31/2017	
Marvin	Emma	Hyde Park	Economic Progress Council	2/12/2014	3/31/2015	
Morse	Stephan	Newfane	Economic Progress Council	4/1/2008	3/31/2015	
Quatrini	Bryon	St. Johnsbury	Economic Progress Council	7/14/2011	3/31/2015	
Smith	Rachel	Saint Albans	Economic Progress Council	4/1/2008	3/31/2017	
vacancy			Economic Progress Council		3/31/2015	

Board of Libraries: Ari Wengroff moved to NYC and resigned yesterday.

BC RECORD						
Last name	first name	City	Board/Commission	Initial appt	ending date	Comments
Comstock-Gay	Lucy	New Haven	Libraries, Board of	3/9/2011	2/28/2015	
Fitzhugh	John	West Berlin (Berlin)	Libraries, Board of	8/19/2010	2/29/2016	
Gish	Jim	Middlebury	Libraries, Board of	4/26/2010	2/29/2016	
Granquist	Deborah	Weston	Libraries, Board of	5/26/2011	2/28/2018	VICE CHAIR
Lezak	Anne	Burlington	Libraries, Board of	7/1/2013	2/28/2017	
Post	Bruce	Essex Junction	Libraries, Board of	11/12/2010	2/28/2018	CHAIR
Vacancy			Libraries, Board of		2/28/2017	

Appointments Made September 24, 2014

Government Accountability Committee:

APPOINTED: Susan Zeller, Montpelier (Liaison)

Vt Medicaid Drug Utilization Review Board:

APPROVED: Michael Biddle, Colchester

Current Use Advisory Board:

REDESIGNATE CHAIR: John McClain, Randolph

Alzheimer's Disease & Related Disorders Commission:

APPOINTED: Walter Gundel, MD, Shelburne (Physician)

APPOINTED: Tara Graham, Burlington (Nursing Home)

REAPPOINTED: Patrice Thabault (Business Community)

Developmental Disabilities Council:

REAPPOINTED: Gary DeCarolis, Burlington (Parent of Adult Child with Disability)

Vermont Housing Finance Agency –

REAPPOINTED: Lamont Barnet, Bellows Falls

Governor's Emergency Preparedness Advisory Council:

APPOINTED: Lawrence Crist, Burlington (American Red Cross)

On HOLD till I confirm with Joe Flynn who returns on Monday

Commission on Native American Affairs:

APPOINTED: Mark Mitchell, Barnett

REAPPOINTED: Jeffrey Benay, Fairfax

REAPPOINTED: Walker Brook, Jeffersonville

REAPPOINTED: Patricia Johnson, Essex

REAPPOINTED: Trudy Parker, Lunenburg

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: September 26, 2014
Re: Weekly Report

Status of Governor's Priorities:

- Working on ideas for the FY16 budget and what are the expected needs of the Department as we continue to grow our business. Will request some new positions as our business is growing and we are trying to move away from temporary employees.
- I will be speaking and moderating a panel on marijuana at a national conference of multiple states in October. Some of these states have the issue coming to a ballot initiative or a potential legislative change.
- Working with Rand Corp on information regarding other state regulatory approaches to marijuana. Monitoring the process in Washington State that has recently issued marijuana retail licenses.

Legislative Issues/Contacts/Updates:

- Looking at potential issues for the upcoming session. I don't see many on the alcohol side with some technical fixes.

Press Issues/Releases/Contacts:

- Nothing Now.

Significant Events/Meetings: Next Board Meeting 10/08/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems.
- Preliminary review of department processes for potential licensing and enforcement system.
- Performance Audit Exit Meeting and Report to be discussed next week. Will send copy as soon as I receive the findings.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners.
- Working with VIC on break open ticket reporting process. Prototype has been developed. Should be beneficial to Tax and DLC to gauge the amount of tickets sold and who they are being sold to. Working with Tax and should roll out this reporting process in January 2015.

Summary of Key Department Activity:

- Working on a Pilot Program to help the Department increase its business and eliminate some of the impediments to future business growth.
- Recently visited with Sean Hill of Hill Farmstead Brewing. Trying to work with him to accommodate the expansion of his business model. We might need some legislation to let the brewers expand their reach onto other types of licensed premises. I am researching that with our legal folks. Check out Yahoo for in depth interview with Sean.

Commissioner's Commentary: Have a great weekend.