

# WEEKLY REPORTS

Checklist  
7/18/14

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 – Doug Racine

Sue Allen

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

Sarah London/Carolyn Wesley

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

Susan Spaulding

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

**To: Governor Peter Shumlin**  
**From: Patricia Moulton, Secretary - Agency of Commerce and Community Development**  
**Date: July 18, 2014**  
**Re: Weekly Report**

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**PATRICIA MOULTON, SECRETARY:**

**Mobile Medical International:** I received word that Mobile Medical in St. Johnsbury is on its last legs. They have been experiencing financial issues for several years. VEDA has recently approved loan with conditions such as proof that other funding is in place, and these conditions cannot be met. The company apparently has a large contract however it is with a startup that is apparently not well capitalized. The short and long term prognosis is not good. There approximately 42 employees. We will follow up but doubtful there is much we can do without an equity partner.

**Windham County Economic Development Program (WCEDP):** We are almost ready to launch application materials. We have had one problem with DII. There is an extension of the Adobe suite that will enable us to use a fillable PDF that can also populate databases. This will enable us to get all materials into a single document and save us manpower with data entry. This extension would work for multiple programs here at ACCD. For several weeks we've been this seeking approval from DII to use this extension to no avail. I sent an email to Richard Boes and Darwin Thompson yesterday, Richard is out of the office. The only feedback we've heard his concern for storing materials in the cloud, but it is my understanding other agencies are doing this with other applications. Without this, we will have to email us documents which could run into file size issues. *Darwin has been very responsive this morning and given us approval to proceed.* It may not help us on this first round of applications due to the delay in response. But will be best for future rounds and other programs here at ACCD.

**Community Development Block Grant for Bennington:** I have approved grant to an affordable housing project in downtown Bennington. There has been very vocal local opposition lead in part by Mary Morrissey. I have sent a letter to the leaders of the opposition explaining my reasons for approving the application. The project is supported by the select board, is being done by the nonprofit, represents infill, 24 units of mixed income housing, meets all of our housing priorities. There could be blowback.

**Scott Milne:** Scott Milne indicated in a recent interview with VtDigger he felt advice from the Agency of Commerce to regional planning commission is why his project failed. He is appealing the denial of this Act 250 permit to the Environmental Court. Noelle did a good job with Digger in explaining how regional planning commission's work, their role in Act 250, how regional plans are approved and that policy is set in statute by the Legislature. Pete VanOot has talked to me about his concerns with the regional plan, and the Executive Director of the Two Rivers regional planning commission. I am looking into all sides of the story.

**Mexico:** On behalf of Governor, I met today with Daniel Hernandez Joseph, Consul General for Vermont and New England from Mexico. He is based in Boston and was joined by Ioana Navarrete Pellicer, Consul for Innovation from Mexico. He wants to be sure the Governor knows that 1) Mexico is establishing a Trade Office in Mexico. They will have a full time trade officer working with New England states to bolster trade. We will meet with the trade officer when she is prepared, she is just setting up the office. 2) They are considering establishing an Honorary Mexican Consulate in Vermont. They are talking with a Middlebury College professor to be Honorary Consul from Mexico. They would establish a physical presence which could be the professor's house (I did not get a name as she has not agreed yet) or an office perhaps on the Middlebury campus. The location is in part due to the presence of Mexican workers on Addison county towns. The Consul makes two trips per year to Vermont in part to meet with Mexican workers. He is meeting tomorrow in Plainfield with Mexicans.

IT IS WORTH NOTING that Consul Hernandez Joseph has extensive experience in immigration issues having worked in that arena for 30+ years. Further, he heralded Senator Leahy as being the only member of Congress to introduce legislation to assure that the US Government can compel states to comply with International court rulings. This stems from an Intl. court battle with Texas over Mexicans on death row in Texas. Mexico won a case in the Intl. Court in the Hague arguing that their Consuls must have access to accused prisoners to provide legal and other services. Texas said no, they would not provide access which lead to the discovery there was no law compelling US states to comply with Intl. court rulings (my summary which may not be 100% accurate). Senator Leahy has introduced a bill correcting that. So the Consul is very appreciative.

**Vermont Castings:** The Governor did a great job at Vt. Castings on Tuesday. Certain press reports concern wages at the company. In a meeting with the leadership of the company prior to the Governor's visit, Ricardo Leon CEO indicated they are doing a wage review as we speak. It is my understanding the start folks up between \$9 and \$10 an hour and can get up to \$15 an hour within three years. This is not livable wage, and it is our hope in the process of working with the company on a possible expansion, but they will raise wages. We are in competition with manufacturing capacity they have in Kentucky. However they are very aware of the Vermont brand and how that positions and sells their product. They're doing it from preliminary application for VEGI. That will certainly expose wage issues. We will closely monitor. More below.

**Vt. Law School:** Met w/ Marc Mihaly this week. The Law school is losing money and is not sustainable. They have deposits for a good entering class this fall but enrollments are down at all law schools nationwide. They would love to merge with UVM and either relocate there (best savings scenario) or be a branch in So. Royalton. UVM Trustees said "not now" at a meeting earlier this year. But the door is not closed. Vt. Law is doing an analysis of whether or not they are losing students because they are in S. Royalton as well as looking at other options for cost savings and enrollment enhancement. They have a fairly robust on line learning program which they could expand. Marc made it clear he "expected we will need state help to not be the second state in the US without a law school." I was not encouraging about that possibility. We agreed to meet when their study was completed. See also Lisa's report below.

### **LUCY LERICHE, DEPUTY SECRETARY**

- **Vermont Center for Geographic Information:** Lucy met with VCGI Executive Director David Brotzman to discuss the general timeline and milestones of the VCGI integration into ACCD. Over the summer and early fall, ACCD will conduct a survey of stakeholders in order to determine how best to use resources to meet state goals and legislative intent of VCGI's creation. From this information ACCD will create and incorporate a proposal into our budget submission. ACCD will work with VCGI to transfer the legal and financial obligations through the winter with a completion deadline of March 30<sup>th</sup> for the full integration. Lucy will share this information at a meeting with representatives of state government who have an interest in VCGI services and operations the last week of July.
- **Legislative Brainstorm:** Pat led an ACCD leadership team brainstorming session for next session. Our wish list is long though we recognize the budget limitations that we need to work within and will prioritize accordingly. However, ACCD's one overarching request is for support from the administration to help stave off proposals and initiatives within state government that will appear insulting or unfriendly to business. This request stems from feedback ACCD leadership has gotten from business regarding the perceived anti-business theme of this year's session: paid sick days, toxics, R & D tax credit, Cloud, etc., all within the context of general dis-ease around what health care reform will mean for business in Vermont. There is general fatigue from business feeling like they are always playing "defense" with the legislature. It would go a long way to have an affirmative business theme from throughout state government in the coming year.
- **Vermont Yankee:** The inter agency VY group met to discuss resource needs within state government as they relate to decommissioning and will be presenting a proposal to the Governor's staff in the coming weeks.

### **DEPARTMENT OF ECONOMIC DEVELOPMENT**

#### **Lisa Gosselin, Commissioner**

- The Governor's Institutes held its first Entrepreneurship week and Lisa Gosselin attended and spoke to 27 of Vermont's future billionaires. It was an extremely well-run and inspiring event and the 9th and 10th graders were as excited as I've ever seen any kids about a program. Most of the class were boys who said over and over that "entrepreneurship" and the ability to build a company on their own was a big draw over a simple "business" curriculum. Discussed program with Middlebury Midd Core Dean Liz Robinson who would like to share best practices among similar programs.
- Vermont Castings' 200 employees turned out for a visit from Governor Shumlin, who toured the Randolph foundry which is now making 100 percent of the parts that go into their grills. VC has repatriated operations from China and Mexico to its Vermont and Kentucky facilities and is exploring expansion opportunities. Lisa Gosselin and Secretary Moulton met with management team to discuss how the state

might help. Joan Goldstein will be working with their Vermont team to explore incentives, reducing electric costs and increasing efficiency. Fred Kenney will work with them on a VEGI application and Lisa Gosselin is working with David Mears, Mike Snyder and Megan Sullivan of Congressman Welch's office to explore a cash-for-clunkers program that would help remove old polluting wood stoves and replace them with newer models.

- Vermont Law School is in the midst of strategic planning to consider how it can expand enrollment. Lisa Gosselin and Pat Moulton met with President Marc Mihaly on the beautiful South Royalton campus to discuss options and explore partnership possibilities.

#### **BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist**

- **NBRC:** The agency is charged with selecting five projects from fourteen applications received for grant funding of up to \$250,000 each. Applicants are from municipalities, RDC's, the State of Vermont and non-profit organizations in a six county region in northern Vermont. Most of the projects are related to new or existing infrastructure which is the highest priority for the Northern Border Region Commission. Recommendations will be made soon to the Governor with final announcement to be made in early September.
- **Israel Trade Mission:** Following a meeting of Brent Raymond and Ken Horseman with the New England Consul of Israel planning continues for a future trade mission. There are tremendous synergies between Israeli and Vermont industry sectors and companies. A representative of two Rhode Island missions reported on the success of their trips. It is hoped that funding can be found and plans can be firmed up soon.
- **National Manufacturing Month:** The Governor has prepared a proclamation to declare October, 2014 "National Manufacturing Month" in Vermont in conjunction with national and local events to promote manufacturing and its importance to the Vermont economy. The department is collaborating with VMEC and the RDC's on the project.

#### **FINANCIAL SERVICES ♦ Dan Towle, Director**

- **Prospective Captive Insurance Company Meeting:** Dan Towle, Director of Financial Services met with a Blue Cross Blue Shield Risk Manager of a large state who is considering forming a Captive. They are considering multiple domiciles and Dan gave many reasons why Vermont is the best choice. However, the company has political pressure to domicile in their home state even though it is a brand new captive domicile. This is an on-going challenge as many large employers have strong political connections in the states they are headquartered. And unfortunately these connections may be too strong to overcome to have this captive domicile in Vermont.
- **Willis Healthcare Practice Forum in Chicago:** Dan participated in this 2 day, invitation only event held in Chicago. Willis is the third largest broker in the world and this event puts Dan in contact with many of Willis' key insurance brokers and Willis' largest healthcare clients. This is the second year in a row that Dan has been invited to this invitation only client event. No other domicile representatives of any jurisdiction were invited.

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

- Brent is in China with Mt. Snow.
- Becky connected with FBI Burlington office regarding potential of inviting them to educate Vermont exporting companies on how to protect their business secrets.

#### **OFFICE OF THE CREATIVE ECONOMY ♦ Lars Torres, Director**

- **OCE Roundup:** Latest email newsletter went out, includes 16 great summer and fall events related to Vermont's creative economy – grab it:  
<http://us4.campaign-archive2.com/home/?u=6dff23ffa4be8acd6c21568c3&id=25df8b9c63>
- **Champlain College, China MOU:** The three parties – Champlain College, North American High Tech Center and Jiuyou Fund – proceeded with a nice MOU signing agreement at Shelburne Farms. Focus of agreement is to expand collaboration between the parties in the emergent media space.
- **The Foundry:** Met with co-founders of St. Johnsbury makerspace to hear business pitch and provide feedback and connections across the emerging maker movement in Vermont. Their goal is to open in a

7,000sq. ft. building on October 3 with 20 initial members. Donated equipment includes various CNC machines, saws, and drills. They are looking for \$5k in last-in grant funding to hit budget.

## **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

### **Commissioner MacKay and Deputy Commissioner Hollar**

#### **Commissioner MacKay**

- **NeighborWorks Forum Panel Prep:** Joined Deputy Commissioner Hollar and Gus Seelig, VHCB's Executive Director, for a panel discussion at the Regional NeighborWorks Forum in Burlington. Our panel discussed Vermont's smart growth initiatives including state policies and how the nonprofit housing networks that work in communities play a role in program implementation. Affordable housing providers from the East Coast and Puerto Rico participated so my past New Jersey experience came in handy.
- **Colchester New Town Center Meeting:** Met with Colchester's Town Manager, Dawn Francis, Planner Sara Hadd and Economic Development Director, Kathi Walker O'Reilly along with Chris, Faith and Dale to discuss the concerns raised at the April Downtown Development Board meeting re: the New Town Center renewal. The key issue is a designation requirement that NTC's have public buildings which Colchester has not fulfilled. We discussed several options and the town staff will consider and discuss with the developer and come back to DHCD staff with options to take to the Board. This is an "emerging issue" if Colchester cannot comply with this public building/space requirement as all other New Town Centers have.

#### **Deputy Commissioner Hollar**

- **Housing Council:** Led bi-monthly meeting and invited council members to recommend legislative or budget priorities. Other than the need for more financing and capital resources for housing development and supportive services, the top concern continues to be with the new building standard – stretch code – under development by the Public Service Department for Act 250 projects. This a significant issue for public and private housing developers. The Division of Fire Safety also registered significant concerns about the stretch code and adoption of energy codes by municipalities. Bob Patterson of DFS also announced his retirement.
- **Clean Energy Development Board:** With the other board members, adopted the FY15 Annual Budget and Plan including \$5.3 million in funding releases to the CEDF as a result of the settlement agreement with Entergy VY.

### **COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director**

- **New Downtown Coordinator:** We are pleased to announce that Gary Holloway accepted the position. Gary has a strong downtown economic and community development background, co-founding and managing the Bellingham Public Market in Washington State and serving as the board president for the Downtown Bellingham Partnership. He comes to Vermont from Vineland, NJ where he developed and managed the Landis MarketPlace and served as a volunteer and Executive Director of the local downtown organization. Gary's depth of experience and dedication to the development of local merchants will be a tremendous asset to our communities -- and the state of Vermont. His first day is August 25<sup>th</sup>. Reminder, we interviewed Representative Tom Stevens for this position and he was not selected.
- **Community Center Mapping:** Regional Planning Commissions submitted mapped boundaries of all the community centers in their regions. Overall, the areas occupy slightly more than 1% of Vermont's total land area and contain about 30% of buildings in the state. These base maps, along with other state and local data, will be used to assess the effectiveness of the state designation programs as well as the progress on the states land use goals.

### **HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer**

- **Historic Sites and Major Maintenance:** Laura and Judith met with BGS to discuss the Major Maintenance issues and budget for the Historic Sites. Several key maintenance issues were examined, prioritizing them for this fiscal year's funding. All agreed the best plan going forward is to have a facilities conditions assessment for all State-owned Historic Sites under the care of DHP. This plan will identify immediate and long-term needs and enable funds to be strategically set aside for emergencies. The last study was prepared in 1997, with about 90% of the maintenance issues identified now completed.

## **Environmental Review**

- **Verizon:** Jamie and Judith met with representatives from Verizon Wireless to discuss a few recently submitted telecommunications antenna collocation projects the Division has concerns with. The group came up with a number of mutually agreeable solutions for these projects that Verizon will use to revise their submittals.
- **State Southeastern Correctional Facility, Windsor:** Laura, Jamie and Judith staff met with representatives from BGS to discuss the former Cow Barn at this facility, which is located on a former 19<sup>th</sup>-century dairy farm. The barn has suffered from deferred maintenance and currently is unusable for any of Correction's programs so BGS and Corrections would like the building to be removed. DHP requested a cultural resources report be conducted, identifying all historic resources on the campus, so that everyone understands the historic significance of the barn in relation to the greater campus, prior to determining the most appropriate strategy for moving forward.

## **State-Owned Historic Sites**

- **Old Constitution House:** The site is featured in the July/August issue of *Yankee Magazine*.
- **Chester Arthur:** Last Friday Yvonne, Caitlin and Catie spent the morning at President Chester Arthur Historic Site. Yvonne monitored excavations for the installation of new phone lines while Caitlin and Catie took photos and reviewed the site exhibits. Commemorative coins, collectibles, and books about President Arthur are now for sale at the Calvin Coolidge Sites.
- **Justin Morrill:** Judith met with Merle Miller from BGS and a contractor to discuss repairs to the cladding on a corner of the house's library, which has suffered from some water damage. Work to this discreet area of the building is to begin on July 28, finishing the repairs that began last fall.

## **VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director**

### **Regular CDBG**

#### **Applications**

- **City of Bennington:** The board recommended \$750,000 in VCDP funding for the Bennington Monument View housing project. This project has seen a significant amount of opposition from residents on the local level, however the town select board has voted twice to fund the project. The town will loan funds to Shires Housing, who will form a limited partnership and construct 24 affordable units. The location of the proposed project is a previously permitted lot of land in a predominately residential neighborhood about 3 blocks from Downtown Bennington.

## **DEPARTMENT OF TOURISM & MARKETING**

### **Megan Smith, Commissioner**

- **Discover New England:** The board of Discover New England has announced the hiring of our new Executive Director, Lori Harnois, the current State Tourism Director from New Hampshire. Lori will begin her duties on August 1<sup>st</sup>. In preparation of her starting in the position, we have been working hard on budgets and new initiatives for the organization.
- **Travel Promotion Act:** Megan has been planning a press conference with Congressman Welch's office to announce the passing of the bill to reauthorize the Travel Promotion Act. It will take place Friday on the [Spirit of Ethan Allen](#).

## **COMMUNICATIONS ♦ Jen Butson, Director of Communications**

### **Media Projects**

- From IPW and Becky Fu's outreach with their Commercial Specialist, I delivered three articles for consideration in the September issue of Discover America, a publication of the Guangzhou U.S. Consulate.
- Every other month for the last seven+ years, I have supplied Amtrak with Vermont content for Arrive Magazine. Here's an example, delivered for the Nov/Dec issue:

#### **Winter's Playground**

Vermont knows how to make winter wonderful! It comes complete with festive villages dressed up for the season, mountains of snow, sleigh rides, ice skating, apres ski by the fire, local foods, arts, crafts, and all the skiing, riding, snowshoeing, snowmobiling, hiking, ice climbing, and sledding you can handle.

As Vermont's ski and ride season begins and families gather for Thanksgiving, the early winter season offers up community "chicken pie" suppers, holiday craft bazaars and cultural events in Vermont's historic downtowns. These and more can be found at [VermontVaction.com](http://VermontVaction.com).

## **CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator**

### **Cultural Heritage Projects**

- **Civil War Sesquicentennial:** Catherine has updated the [website](#) with event rotators and new text on the homepage, along with summer and fall events. Vermont was war-weary 150 years ago, but energy isn't flagging yet for the Sesquicentennial – 16 summer events and exhibits and 17 for the fall, including Historic Preservation's Laura Trieschmann presenting a lecture at the [Calvin Coolidge State Historic Site](#) on September 20<sup>th</sup>.



Catherine also attended the recent quarterly [Civil War Commission](#) meeting in St. Albans, where the commission discussed the great plans for the [St. Albans Raid](#) Commemorative events, and a [fall conference](#) (sponsored by the [Vermont Humanities Council](#)) bringing noted national speakers to examine how central issues of the Civil War lingered long past it's end in 1865.

- **Abenaki Resources:** Catherine invited members of the Commission on Native American Affairs to review the website postings ([www.vermontvacation.com/abenaki](http://www.vermontvacation.com/abenaki)), and received favorable comments. She also organized two Abenaki guests to fill out a panel for Channel 17's [Positively Vermont](#) show. The show is posted at <http://www.cctv.org/watch-tv/programs/vermont-abenaki-heritage>.

## **RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief**

### **Research**

- **BTV Passenger Arrivals Gaining:** Despite declines due to weather cancellations during the first two months of the calendar year, Burlington International Airport (BTV) has reported an increased number of deplanements for each of the past four months (March – June). June arrivals were up 7.4 percent over last year, bringing the year-to-date increase to 3.29 percent.
- **April Kind to Tourism Industry:** Rivaling only November as a contender for Vermont's quietest month, April 2014 delivered a 14.55 percent increase in Room sales over 2013 and came close to matching the strongest November on record when the taxable receipts for Rooms reached \$18,682,636 when the winter season got an early start for 2013.

<b>April Taxable Receipts: % Change 2014/2013/2012</b>					
	<b>Meals</b>	<b>Rooms</b>	<b>Alcohol</b>	<b>MRA Total</b>	<b>Est. Revenue</b>
<b>2014*</b>	<b>65,346,658</b>	<b>18,558,256</b>	<b>11,378,064</b>	<b>95,282,978</b>	<b>\$ 8,689,248.66</b>
<b>2013</b>	61,767,007	16,201,109	10,466,792	88,434,908	\$ 8,063,809.64
<b>2012</b>	60,200,865	15,259,733	9,489,947	84,950,545	\$ 7,740,448.52
<b>2014/2013</b>	<b>5.80%</b>	<b>14.55%</b>	<b>8.71%</b>	<b>7.74%</b>	<b>7.76%</b>
<b>2014/2012</b>	8.55%	21.62%	19.90%	12.16%	12.26%
<b>*Preliminary</b>					

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

- **Editorial:** With the Autumn 2014 issue meeting its deadline (we are waiting on proofs from Lane), the focus turned to lining up the now-in-production Winter 14-15 issue as well as future assignments for Spring 15 and Summer 15. An overall push is being made by editorial staff to move deadlines forward and establish a more advanced regimen of deadlines in general, so conversations are being held one-by-one with key freelance writers to advise them of the plan and get their feedback about the transition. Judy (now officially our managing editor of Vermont Life Media!) is working on the Winter 2014 production schedule and preparing writer and photographer contracts. She is also uploading images for the Winter issue.

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

- **Made in VT:** Heather, Nancy and Mike Osborne are still meeting weekly and making good progress on development of the Made in VT program application and website requirements. In addition, Nancy has received some additional input from some Ag groups that have stricter state/federal consumer protection standards (stricter than our own AG's office) with respect to claims of product origin. The team will be meeting with these folks in a couple of weeks to hash out the criteria and, hopefully, find a way for all labeling to be consistent for the consumer. The MIV team also has a good list of technical requirements for the program website, and had an initial discussion with DII to "vet" that list and see if any further questions arose or if there were any red flags. All requirements seemed very straightforward, so the next step will be to see what combination of ACCD IT talent/VIC talent is the best fit to build and host the site and the database functions needed for the program. We have meetings set up with those groups in the next few weeks.
- **DHR "Summit" Rebranding:** Nancy and Heather met with Christine Hetzel and Rosie Gowdey from DHR to offer recommendations and support on a rebranding effort that will be launched soon for the Summit training center. The Administration wants to place a strong focus on management training for state employees, and wants to make several changes to make the training center more visible – one of which is a shift in visual branding and messaging that will make their mission clearer to all state agencies. The CMO team advised DHR to get further clarity first on the goals and priorities of the Administration for the new brand, then consider doing a focus group or brainstorming exercise with employees and managers from across state government, all to inform what that new brand will say and look like. The CMO team asked to be present for those discussions to take notes and absorb all input, so we can continue to support the project.
- **Design Projects:** Heather has been working this week with the Green Stormwater Initiative on some new fact sheets for case studies. She's also advised the DEC Revolving Loan Program on next steps for refining their loan application materials. We were asked to make adjustments to the state letterhead to accommodate mail-merge barcodes being used by BGS for large mailings, and that's created a good opportunity to make some minor adjustments to the state branding manual – so that work is in process. Finally, all of the new Historic Sites brochures are at the printer, so Heather has been reviewing final proofs and tracking shipments to various welcome centers, the sites themselves and the Maxham Warehouse.

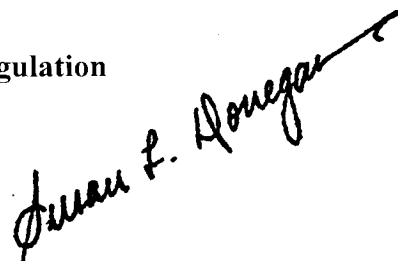


**State of Vermont**  
**Department of Financial Regulation**  
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For consumer assistance:  
[All Insurance] 800-964-1784  
[Securities] 877-550-3907  
[Banking] 888-568-4547  
[www.dfr.vermont.gov](http://www.dfr.vermont.gov)

**CONFIDENTIAL and PRIVILEGED**

**To: The Honorable Peter Shumlin, Governor**  
**From: Susan L. Donegan, Commissioner, Department of Financial Regulation**  
**Date: July 18, 2014**  
**Re: Weekly Report**



**Insurance Division:**

On Wednesday, Commissioner Susan Donegan was a featured speaker at The Association of Insurance and Reinsurance Run-Off Companies' (AIRROC) Summer Membership Meeting in New York City. AIRROC's members are companies that have legacy insurance business in their portfolios. The Commissioner addressed the group about Vermont's new Legacy Insurance Management Act (LIMA). By the number of questions the Commissioner fielded, there was a great deal of interest in the new framework so "getting the word out" will hopefully spur potential applications. This was the first public presentation by DFR about LIMA. The Commissioner wanted to make sure that DFR's Team LIMA was in place and ready for potential applicants before she put out the "open for business" sign. Team LIMA consists of DFR financial folks (CPAs, actuarial, legal, examiners, captive and traditional insurance staff) and outside consultants who specialize in legacy business.

On Thursday, also in New York City, the Commissioner participated on a panel about captive insurance and Vermont's special purpose financial insurers at the National Organization of Life and Health Insurance Guaranty Associations' Annual Legal Seminar.

**Securities Division:**

Michael Pieciak, Deputy Commissioner of the Securities Division, met this week with the following people to discuss the recent changes to the Vermont Small Business Offering Exemption (VSBOE): Janice St. Onge, president of VSJF Flexible Capital Fund; Bob Barton of Catalyst Financial; Andi Colnes of Energy Action Network, and folks from Downs Rachlin Martin's Business Law Group.

The Securities Division fielded two additional inquiries from Vermont businesses interested in conducting a VSBOE offering.





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## CONFIDENTIAL AND PRIVILEGED MEMORANDUM

TO: Governor Peter Shumlin  
FROM: Rebecca Holcombe, Secretary, Agency of Education  
SUBJECT: AOE Weekly Report  
DATE: July 18, 2014

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Secretary Holcombe is on annual leave this week; she will return to the office on Monday, July 21, 2014.

### Significant Events/Meetings:

#### *School Safety*

**Rob Evans** is making headway on school safety issues. He is midway through collecting responses to a statewide school safety survey. In addition, the Agency is supporting his work on the 2nd annual School Safety Conference. The date is confirmed for November 19, 2014 at the Sheraton in Burlington. Please let us know if the Governor would like to be involved in any way.

#### *Professional Learning Network (PLN)*

*"If you want to go fast go alone, if you want to go far, go together."*

This African proverb exemplifies the foundational work of the Professional Learning Network's (PLN) first year of a two year contract with the Agency of Education with a concentration on CCSS and Instructional Leadership.

More than 1,800 educators across the state participated in professional learning and/or accessed resources available online through the PLN.

In the second year there will be a focus on increasing state-wide access to high quality professional learning with an emphasis on:

- Curriculum Directors Professional Learning Community;
- Leadership Implementation Team Series on authentic tasks associated with bringing the CCSS to routine classroom use;
- Online courses to address Instructional Shifts;
- And development of additional online learning modules.

Visit the PLN website to explore the opportunities available to “go far” with your Vermont colleagues! [www.vermontpln.org/](http://www.vermontpln.org/)

### *Communications*

Our Legislative Liaison and Policy Project Manager Jill Remick has been asked to take on the duties of Communications Director with the departure of Angela Ross. She is at your service regarding any media, policy or legislative affairs. She can be reached at [jill.remick@state.vt.us](mailto:jill.remick@state.vt.us), (802) 479-1177 or via cell at (802) 793-1319.

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Rebecca

**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Greg Smith, Executive Director, VT Lottery**  
**Date: July 18, 2014**  
**Re: Weekly Report**

**Status of Governor's Priorities:**

none

**Legislative Issues/Contacts:**

none

**Press Issues/Releases/Contacts:**

none

**Significant Events/Meetings:**

none

**Evolving Issues:**

Lottery & Dept of Health submitted a report to JFComm describing plans for providing Problem Gambling services for FY15 following the retirement of long serving Exec. Dir for VCPG. In the report we request approval of our plan and transition of grant administration from DOH to Lottery. If approved, we expect a language correction in grant funding (not sending money to DOH) to be part of budget adjustment. We are not sure if we need to wait until that occurs in February or if another interim approach exists. New service provider, VAMHAR, has started spending their own funds to provide helpline coverage and other general monthly expenses, and we hope to provide partial grant funding to them prior to Feb, 2015. DOH, Finance and Admin have been provided copy of report to JFC. Total grant is \$150,000.

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**Summary of Key Agency Department Activity:**

During VLC meeting this week the contract amendments/extensions for Intralot and NL Partners (ad agency) were approved. Approval was also provided for a contract with Alchemy3 for use of their licensed properties and Collect-N-Win promotional program. The AA-14's for Intralot and NL are currently in circulation, and one for Alchemy3 will be submitted on Monday, 7/21.

We have begun the project of placing the new vending machines in the market. This includes recruiting and sign-up of new agents, site surveys in these new businesses for communication and electrical connections, training for machine operation and problem gambling, and marketing and promotion for launch in Nov.

We have submitted our final RFP to BGS/DII for our new website. During the drafting of this document we received very helpful assistance from CMO office and BGS & DII.

**Executive Director's Commentary:**

Next week two of my staff and I will be attending a lottery seminar in South Carolina. They will be there for 4 days learning technology and gaming system enhancements as well as current efforts in digital and social media marketing. I will be there for two days attending legal courses for current activity in the industry.

I have requested information from Commissioner Peterson relating to break-open tickets activity in the state, and the request was also forwarded to Comm. Hogan. I am trying to get a better understanding of the overall volume, and recall that there is sensitivity to this topic.

OFFICE OF THE SECRETARY

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**Executive Privilege**

**TO: Governor Peter Shumlin**

**FROM: Secretary Brian R. Searles**

**DATE: Friday, July 18, 2014**

**SUBJECT: VTrans - Confidential Report to the Governor**

**NOTES FOR GOVERNOR**

**Highway Trust Fund Update**

A possible short-term fix for the HTF passed the House on Wednesday and will be considered by the Senate next week. It provides \$11B of GF transfer produced mostly from “pension smoothing” by corporations which result in higher profits and taxes, the latter to be used to fund the HTF. The House proposal extends the MAP-21 authorization and funds the system through May, 2015.

The Senate could approve this plan or consider amendments that make changes to funding sources and/or limits the extension of MAP-21 to December 19 in order to force debate on the longer-term funding and authorization issues. The Senate is also likely to see at least three other amendments including one on devolution of responsibility for transportation to the states. Next week should be very interesting but at least Congress is talking about “how” rather than “if” they should extend funding.

**New England-Wide Pavement Controversy**

This update is provided on the chance that it may come up at the meeting with other New England Governor’s next week. We have implemented a ban on the use of re-refined engine oil, a.k.a. waste engine oil, into liquid asphalt supplies for highway pavements. This has come as a result of consultation with all other states in New England and our collective caution that premature failures of pavements may be resulting from the use of this product. The six states have concluded that there has not been sufficient research in the effects of these materials to make an informed decision on their suitability as an ingredient for asphalt binder. Names of some companies that make this product include *Bitumar* and *Safety-Kleen*.

**Accelerated Bridge Successes**

Bridge 15 on Route 73 near Bingo Road in Rochester was the first to be completely replaced in one weekend as part of an Accelerated Bridge Program contract for four

bridges in Rochester. In fact, Route 73 was reopened 14 hours earlier than scheduled. The second ABP project, Bridge 16, will be done next weekend with a scheduled closure of Route 73 from 6 PM Friday the 25<sup>th</sup> until 6 AM on Monday the 28<sup>th</sup>. The published detour for these projects is Route 125.

Bridge 19, at the intersection of Routes 73 and 100 is under construction utilizing a temporary bridge installed in the wake of Tropical Storm Irene. The 4<sup>th</sup> structure is a large culvert which will be completed as the last project in the contract. Credit goes to the VTrans Team, led by Project Manager Jennifer Fitch and Schultz Construction of Ballston Spa, NY for their efforts in coordinating this four-structure contract using construction methods that will save up to 30% on these projects.

In another ABP accomplishment, a community celebration will be held in East Middlebury this Wednesday evening on the recent replacement of the Sand Hill Bridge on Route 125.

#### **Climate Task Force (from Deputy Secretary Minter)**

It was an honor (and a lot of fun!) to be present with you for the Task Force meeting at the White House. Thank you so much for participating, and also for speaking up for some of Vermont's specific interests. There is still more work to do as a Sub Committee Co-Chair to further refine the draft recommendations (due in August). In addition, we intend to follow up on the FEMA mapping issue you raised at the meeting (as some have not been updated for two decades), and to get to the front of the line for the LiDar 3-D mapping project the President announced. I also intend to convene for a second time a cross-sector team (including state agency and external partners) to strategize on a competitive application to the Resilient Recovery Competition that the President announced (and Shaun Donovan described). We will also brainstorm on ways we can continue to message the climate change challenge and to engage willing Vermonters in efforts to reduce their own carbon footprint. More to come on this.

#### **NOTES FOR STAFF**

##### **Waterbury Project Briefing**

Our staff is looking to provide a briefing to 5<sup>th</sup> floor staff and perhaps the Cabinet on what's coming up over the next few years in Waterbury. Three major road projects and three interstate bridges are being coordinated with the state building project but traffic disruption is inevitable and a higher level of understanding of this situation will be good for all of us.

We are ready to present at any time and perhaps a Cabinet meeting would be the best forum. Let Sue or me know what you think.

##### **Automobile Damage Claims on Reclaim Projects**

An increase in "Reclaim" projects, those where pavement and some road base are completely removed have resulted in an increase in property damage claims by motorists driving through work zones. This has been particularly true on Route 2 between Bolton

and Waterbury. Other projects this season where similar conditions exist include Route 107, Bethel-Stockbridge; Route 12, Elmore-Morristown; and Route 100, Wardsboro-Jamaica.

In discussions with the insurance carrier for Whitcomb Construction on the Route 2 project we have agreed to the following steps to mitigate claims:

- Moving from advisory (orange signs) speed limits to enforceable (white signs) speed limits through work areas;
- More speed enforcement through work areas;
- Installation of electronic speed monitoring signs;
- More public outreach about the location of “reclaim” projects and the need for reduced speed, including “On The Road” and web-based mapping tools such as were used following T. S. Irene; and
- Means and methods adjustments, such as more frequent concrete injections, shortening dense graded segments and achieving tighter compactions and requiring smaller materials.

#### **DMV Enforcement – Full Service Policing**

I am reminded regularly when reading Commissioner Ide’s reports about the wide variety of problems faced by DMV enforcement officers while they go about their normal day-to-day work. I thought it important to give you the short version of highlights of one recent week for this unit.

In the week ending July 11 this unit discovered drugs and \$17,000 cash in one vehicle; confronted a beer-swilling shirtless male swinging a machete in an Addison parking lot; assisted DCF with the removal of a child from a home where several people, including the mother, were very combative; processed a DUI after a road rage incident in Rutland; and assisted with a large fight in a trailer park in Bristol.

I’m not sure the general public is aware how stretched our rural policing is in this state and how important it is for every officer to have the same training and level of certification so that cooperation like this can happen to the benefit of Vermonters.

#### **Climate Resilience (from Deputy Secretary Sue Minter)**

The President made several key announcements at the Climate Task Force meeting this week – many of which emerged directly from the recommendations our team has been advancing. Among these is a LiDar mapping project that, if we succeed in attracting for Vermont, would have significant opportunity for vulnerability assessments and resilient infrastructure investments. I intend to re-convene a group of state agency interests and external partners (including RPCs, ISC and Red Cross) to develop a state-wide approach to the \$ 1B “Resilient Recovery Competition,” announced by the President. My thinking is that our focus areas would include: resilient infrastructure (including, targeted state and town culvert upsizing); home and business buy outs for vulnerable populations (including, potential Mobile Home parks), and community-level emergency preparedness training and resilience planning. I believe we should be well positioned for this

competition, which could, among other things, be part of our TMDL funding strategy. More to come in weeks ahead on this. I also had several pointed conversations regarding FEMA Region 1's recent decision denying our Stream Alteration Permit as a "Code and Standard" for FEMA Public Assistance funding (see today's Digger article on this topic). As you know this problem significantly disadvantaged hundreds of town projects post Irene, and sets us up for a continuation of frustration and appeals. I am focused on using our relationships with high level, forward-looking federal officials to try to get this FEMA Region 1 decision changed. Will keep you posted!



**Privileged and Confidential**  
**Memorandum**

**To:** Peter E. Shumlin, Governor  
**From:** Douglas A. Racine, Secretary of Human Services  
**Re:** AHS Weekly Report  
**Date:** July 18, 2014

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I will be on vacation next week. Dixie will be covering. If for any reason Dixie is unavailable, and official action is needed, Dave Yacovone has been designated as Acting Secretary in her absence.

**Vermont Department of Health (VDH)**

**50 State Summit on Prescription Drug Abuse:**

Deputy Commissioner Barbara Cimaglio and Medical Board Director David Herlihy are representing Vermont in a 50 state summit on prescription drug abuse and overdose sponsored by the United States Department of Health and Human Services.

**Sharps Disposal Flyer:**

In light of reports of syringes being found in Burlington city buildings and parks around the state, the VDH updated its sharps disposal flyer to include information about how to safely handle needles people find outside or in unexpected places. The flyer was sent to VDH divisions to share with their contacts and partners including the Alcohol and Drug Abuse prevention consultants, HIV/AIDS program, and Environmental Health. It was also sent to the Town Health Officers to share with local government agencies. We have heard the Burlington Police Department and Board of Health are interested in circulating the information.

**Rutland Insecticide Misuse Update:**

The US Environmental Protection Agency (EPA) has completed the remediation of homes contaminated with chlorpyrifos, a banned insecticide, misused by AAA Accredited Pest Control. The EPA assisted Vermont cleanup of contaminated properties which included reimbursement of contaminated items. A total of 14 homes in Rutland County were cleaned by EPA. Additionally, they assisted with sampling, laboratory analysis, community outreach, and data management. The EPA demobilized and left Vermont on Wednesday.

**Eastern Equine Encephalitis (EEE) Update:**

The Agency of Agriculture and the VDH began collecting and testing mosquitoes for EEE and West Nile Virus (WNV) in June. To date we have tested approximately 600 "pools" from multiple sites in 39 different towns. A sample from a mosquito pool in Grand Isle that was taken on June 17<sup>th</sup> tested positive for EEE. Subsequent testing from that site has been negative.

## **Department of Mental Health (DMH)**

### **Vermont Psychiatric Care Hospital (VPCH):**

The hospital has completed its first full week of operations. There is a continuing punch list of building issues. New staff training is proceeding on schedules. It is expected that VPCH will start bringing a few more beds online by the middle of next week.

### **Legislative Issues/Contacts:**

DMH will report to the Joint Fiscal Oversight Committee next Thursday. They will report on outcomes (Results Based Accountability - RBA) for VPCH. Also, DMH will present a tool for evaluating staffing needs for VPCH.

## **Department of Disabilities, Aging and Independent Living (DAIL)**

### **Voc Rehab does it again: JOBS programs statewide exceed employment goals:**

With closeout came the good news that all JOBS programs statewide exceeded their employment goals and will receive bonus funds from Vocational Rehabilitation! The JOBS Program provides employment services to youth ages 16 – 21 with severe emotional disturbance, who are out of school or seriously at risk of dropping out, and who are at high risk for involvement with Corrections, substance abuse, homelessness, physical abuse or abusive behaviors, or other concerning behaviors. Starting in July of 2011, the JOBS Program used positive (bonus funds from Voc Rehab) and negative (withholds) incentives to increase the number of youth who have work experiences and achieve competitive employment. These youth are now adding to the Vermont economy, along with improving their lives.

### **DAIL Commissioner to testify this week before Health Care Oversight on Adult Protective Services (APS):**

Commissioner Wehry will be presenting the 4<sup>th</sup> quarter APS report as required by last year's APS bill. No surprises. The program remains strong.

### **Sex registry audit reveals 11% error rate:**

According to the VTDigger story, the Auditor's Office found errors in 11 percent of records in the registry, or 253 of 2,340 records. DAIL is looking closely at the report to determine if any of our Act 248 or other public safety participants have been appropriately put on or taken off the registry.

### **Vermont Center for Independent Living employee under investigation for fraud:**

Both the Medicaid fraud unit and DAIL adult protective services unit are looking into allegations that R.N. (name has not been released to the press) misappropriated funds from the home modification program by collecting payment for work never completed. Executive Director Sarah Launderville is credited with initiating the investigation. A person with a disability, R.N. has served on a number of gubernatorial commissions over the years.

### **Civil action filed against current ACT 248 ward:**

In April 2013, James Therrien was arraigned on charges that he sexually assaulted a 3-year-old child in December of 2012, while Mr. Therrien was residing in a shared living situation (with Joseph Audet, in Washington county) supervised by Upper Valley Services. On April 30, 2014 James Therrien was found to be incompetent to stand trial, and ordered into the custody of the Commissioner of DAIL. In July of 2014, representatives of the 3-year-old victim filed suit in the Civil division of the Washington Superior Court against defendants Therrien, Upper Valley Services, and Joseph Audet. The State is not a named party, and should not be since the events took place long before DAIL's involvement. It does not appear that the State has any legal exposure from the lawsuit. Plaintiff's attorney served process on the Commissioner of DAIL on the theory that James Therrien is in our custody. DAIL Legal is looking into the validity of that service.

### **Department of Corrections (DOC)**

#### **Suspect in 1986 murder returns to Vermont:**

David Allan Morrison returned to Vermont and is expected to be charged with the murder of Sarah Hunter in Bennington criminal court.

Morrison, 54, was brought to the Rutland jail Sunday. He is scheduled to be arraigned Monday on a charge of first-degree aggravated murder. Hunter, who was a popular golf pro, was reported missing on September 19, 1986. Her body was found in the woods near a rural cornfield more than two months later on November 27<sup>th</sup>. Police said Hunter had been sexually assaulted and strangled. Morrison has been serving a sentence of 20 years to life in a California prison since 1988 when he pleaded guilty to kidnapping, sexually assaulting and trying to murder a Chula Vista, Calif., woman. Because Morrison is still serving a jail sentence in California, he will not be given a chance to be released on bail. In March 2010, police re-examined a car that Morrison had used and left behind in Vermont after he went to California. A hair found inside was sent to the FBI laboratory in Quantico, VA, where it was determined that the possibility that the hair came from Hunter was greater than 99 percent. If Morrison is convicted of murder in Vermont, he's expected to be returned to California. Morrison would have to finish serving his sentence in California before being returned to Vermont again to serve the newer sentence.

#### **Vermont Retired Teachers Association (VRTA):**

Members of the DOC met with the VRTA this week to hear issues of interest regarding the Community High School of Vermont. Overall, the VRTA was very complimentary of the CHSVT. They were very outspoken, however, in support of the CHSVT allowing non-DOC students to attend CHSVT street sites.

#### **Population:**

The department's incarcerated population averaged 2,039 for the previous week. The department's male population averaged 1,894 with 323 being presentenced inmates. The female population averaged 144 for the previous week with 32 being presentenced.

## **Department for Children and Families (DCF)**

### **Burlington Warming Shelter Preparations:**

DCF staff met with Burlington community members to discuss plans for a winter warming shelter to help us manage homelessness and control motel expenditures in the GA program. Chief of Police Schirling was strongly opposed to any efforts establishing a low barrier warming shelter because people roam the streets during the day (low barrier means that people do not have to be sober to get in).

He finally agreed to support community efforts establishing another shelter as long as there were 24/7 supports, it operated as a pilot for one year to assess its success, and that the capacity was limited to 25. The initial plan was to serve 40 people.

The provision of staffing and supports 24/7 increases our cost of operation – it will still be much less than a motel stay but will cost more than we budgeted. DCF has \$400,000 budgeted to bring to the table. Community Partners will need to come up with the additional funds needed. We are working with the community partners now to refine a budget and develop a detailed operating plan.

We have located a vacant building currently owned by Champlain Housing Trust on South Winooski Avenue. The Safe Harbor Community Clinic has agreed to run the shelter, which is great. Safe Harbor is affiliated with the FQHC in Burlington and has a good reputation. There is much to be done before Thanksgiving, which is our targeted start date, but we are guardedly optimistic.

I have asked that ADAP be involved so that programming is available to clients. My concern is that the availability of 25 beds for people who are not sober and therefore not eligible for other shelters will make it easier to avoid sobering up as a way of getting shelter. At the same time, we do not want people, regardless of sobriety to freeze.

## **Department of Vermont Health Access (DVHA)**

### **Vermont Health Connect (VHC):**

*ISSUE - Manual Verifications:* VHC is still not performing any verifications for Medicaid applicants or for those qualified health plan applicants whose information is inconsistent with the Federal Hub Services Data. ESD has put together a plan and is working to complete and begin to implement. We are pushing to institute very quickly. The current OIG audit has learned that this is currently not happening.

*RISK - Renewals Contingency:* The VHC team has been developing contingency planning for all our outstanding needs, and renewals are the most critical and complex. We continue to work on development of the plans; however, we do not have a complete, viable contingency for renewals with our current development status. The decision to upgrade and the timing for that successful upgrade is critical. If we don't make a decision that brings us an upgraded version soon, we are

at risk of neither having a solid development nor a contingency plan – as staff are spending time on both currently.

Medicaid Eligibility Reinstatement and Medicaid Renewals:

Prior to the launch of VHC, individuals who were scheduled for Medicaid renewal would receive a notice in the mail, accompanied by a paper application, with instructions to return it with appropriate information prior to their closure date. This year, individuals who are scheduled for Medicaid Adult and Child (MCA) renewal receive a notice instructing them to apply for coverage through VHC. Individuals who are enrolled in Medicaid for the Aged, Blind and Disabled do not have to apply through VHC at this time.

Over the past week, new information has come to light. Specifically, an unusually high number of calls have been received from providers and enrollees who only realize that their coverage has been closed when they attempt to use medical services.

As of July 15<sup>th</sup>, the State has received permission from CMS to reinstate Medicaid eligibility for the approximately 14,000 individuals who lost Medicaid eligibility due to failure to renew through VHC for the months of April through June of 2014. The State is will be manually reinstating these individuals between now and 7/30 and notices will be sent to communicate that eligibility has been reinstated. Individuals with premiums will not be expected to pay them retroactively. Communications are being prepared for member services, provider services and staff who work with clients.

Moving forward, Vermont has also received permission from CMS to postpone current and future Medicaid renewals. The date for restarting Medicaid renewals will be determined based on completion of a mitigation plan which will lay out strategies for improved renewals rates moving forward. Vermont is meeting regularly with CMS to complete this plan.

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**Chuck Ross, SECRETARY**

**STATE OF VERMONT  
AGENCY OF AGRICULTURE**

**Confidential and Privileged**

**TO:** Gov. Peter Shumlin  
**FROM:** Chuck Ross, Secretary of Agriculture  
**RE:** Weekly Memo  
**DATE:** July 18, 2014

**Secretary's Top Issues**

**CLF Hearing in Saint Albans**

Secretary Chuck Ross presided over CLF Petition Hearing in St. Albans regarding agricultural practices in the Missisquoi Watershed and its impacts on water quality. This hearing was very heavily attended and there was a strong showing of Agency of Agriculture staff, including water experts and farm inspectors.

**Dairy Conference in Kansas City, MO**

Dairy Sector Chief Dan Scruton represented the Vermont Agency of Agriculture, Food and Markets this week at the National Association of Dairy Regulatory Officials met in Kansas City, MO. Much of the conference was focused on new rules that will be enacted by the Food Safety and Modernization Act and the impacts on the dairy industry. Another major topic of discussion was the use of wooden shelving in curing artisanal cheese. At this conference there was consensus that there is no evidence for concern, however there is evidence of the superiority of wood shelving over wood and plastic. It was also recognized that Vermont is ahead of most states not only in the quality of its many artisanal cheeseries, but also the assistance that is given to them.

**Concerns in Poultry Industry**

The Agency's Animal Health has been working with different parts of the Vermont poultry industry in response to several different concerns regarding flock death, and suspect meat. As part of assistance Agency staff have emphasized the need for cleaning and disinfection of all equipment and facilities before expanding the flocks.

**Preparation for NASDA**

Agency staff have continued to prepare for the National Association of State Departments of Agriculture (NASDA) conference which will be hosted in Burlington, Vermont this September. This several-day conference will showcase many aspects of Vermont agriculture including farm-to-institution, local foods, renewable energy, and themes working lands and working people.

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Chuck Ross, SECRETARY

STATE OF VERMONT  
AGENCY OF AGRICULTURE

**Confidential and Privileged**

TO: Gov. Peter Shumlin  
FROM: Chuck Ross, Secretary of Agriculture  
RE: Weekly Memo  
DATE: July 18, 2014

**Status of Governor's Priorities:**

**Significant Events/Meetings:**

- Assistant State Veterinarian is working on the Animal Health Section career ladders and RFRs and completed an annual review of a section employee.

**Evolving Issues:**

- Numerous reports of unlicensed activity:
  - 1) Received information of an unlicensed livestock dealer from Maine doing business in Vermont. Animal Health staff made contact and is providing the individual with licensing and bond information.
  - 2) Received report regarding an unlicensed dealer in the Williamstown area – currently following up.
  - 3) Report from DMV Enforcement contacts regarding an unlicensed dealer they stopped at a check point in Windsor. Will be following up with the individual.
- Animal Health Section received calls from two separate duck producers regarding increase duckling mortality (less than one month of age). The history does not fit with diseases of high economic concern however the situation is being monitored. Both producers were provided contact information for veterinarians that see poultry and one producers plans to submit a whole carcass to either the Cornell or Tufts diagnostic laboratory for necropsy. The Agency lab is not resourced or equipped to provide this service. Possible rule outs include duck hepatitis, salmonella, parasites, or environmental conditions. Please pass any other reports on to the Animal Health Section.
- Animal Health received a call from a meat bird producer who lost a 1/3 of the flock in the three weeks prior to slaughter. A few birds were found to have what sounds like air sacculitis upon processing, however the processing was done custom so no experienced Meat Inspector who could provide insight or possible diagnoses was present, a downside to custom slaughter when you are having flock issues. The producer also reported that the meat seemed mottled and brown after cooking, which could be the result of septicemia from a disease process. Recommended that the owner perform a thorough cleaning and disinfection process prior to importing new birds. Also offered to take a look at a cooked or uncooked carcass and consult with Meat Inspection.
- Animal Health received push back from a non-compliant cervid producer who does not feel that the cervid rules apply to them. The producer is on a non-compliance timeline, which ends at the end of August. Suspect that the issue will continue with an administrative penalty. Consulting with legal counsel.

**Summary of Key agency Department Activity**

**Food Safety and Animal Health and Consumer Protection:**

**Meat Inspection:**

- Working to finish up the on-site review
- We are corresponding with USDA FSIS concerning our budget allocations. We were initially allocated less than we requested. Now that we are near the end of the FFY, we require \$50,000 more to finish up the federal fiscal

year. We are entering in a formal request to USDA FSIS, and will not know if they can provide us with the needed budget allocation.

- Working to create career ladders for inspector positions
- Working on this quarter's Notices and Directives responses to USDA FSIS
- Working to get all of the federal computers transitioned from windows XP to Windows 7 before the end of the month
- New poultry slaughter establishment opening up by the end of the month
- two new inspector positions have closed
- Compliance review performed in regard to an issued Cease and Desist Order in Brookfield.
- Responded to questions from a State Representative and constituent about meat labeling requirements for products labeled, "Vermont", and also organic meat labeling requirements.
- Surveillance reviews performed at two new firms, licenses issued.

#### **Animal Health:**

- Animal Health Field staff:
  - Are working with supervisor to coordinate inspection of a dealer suspected of non-compliance with regard to record keeping and animal movement documentation.
  - Are working with a poultry producer to coordinate a training course for drawing blood in poultry
  - Will be inspecting animal movement paperwork and animal identification at the Connecticut Valley Fair this week and weekend
  - Inspected a newly registered equine rescue group in Enosburg

#### **Dairy:**

This week the National Association of Dairy Regulatory Officials met in Kansas City, MO. Dan Scruton represented the Agency and participated in the discussions.

- There were productive discussion on the Food Safety and Modernization Act FSMA and the current rules that are out for comment.
  - The Agency has been following these dockets closely and commenting as needed.
  - FDA was represented but had little to add to the discussion.
  - The main issue for dairy is the direction that FDA appears to be going that will leave dairy with two regulatory systems that we would need to oversee. If the current direction continues Grade "A" dairy products (Mainly fluid pasteurized milk, yogurt, cottage cheese and some powdered milk) will remain under the National Conference on Interstate Milk Shipments and the Grade "A" Pasteurized Milk Ordinance leaving cheese, ice cream and other dairy products under whatever come out of FSMA.

Another major topic was on the use of wooden shelving in cheese curing.

- FDA and a former UVM cheese research (currently at the University of Connecticut) presented the current state of research on the subject.
  - Conclusions were vague except they agreed that more research on specific areas in needed to fill in the missing pieces
  - Also obvious was there is no evidence that it is a problem given the centuries it has been done and any illnesses have been from contamination that could happen regardless of the surface.
  - There is evidence that wood may be superior to stainless steel or other impervious surfaces due to the characteristic that it has of drawing surface contamination into the wood and thereby keeping it from having prolonged contact with the product.
  - Also obvious was that Vermont is ahead of most states in its assistance to the artisan cheese movement.

The meeting is an excellent chance to talk to other regulators and there were lots of discussions about how different states deal with dairy issues. One thing that is clear Vermont is not the only state that is stressed from understaffing due to the explosion of local food movements resulting in a resurgence of small operations that require significant amount of time to help them start-up in manner that both helps them be successful and protects public health.

#### **Agricultural Resource Management:**

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

- Staff conducted technical assistance visits on multiple facilities owned by one LFO in Addison County. The day was spent at digging test pits for waste storage certification as part of the BMP and LFO permitting programs.



- Staff conducted two follow-up inspections on MFOs in Addison County to evaluate NMP implementation and compliance.
- Staff conducted two compliance follow-up inspections on MFOs in Orleans County to evaluate previously documented water quality concerns on the farms.
- Staff are continuing to process applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program. Several draft permits and permit amendments have been submitted to our Directors for review and are being revised as needed. We are also working with farms to set up public meetings if the farms are proposing to build animal housing. Adding animal housing requires a discretionary public information meeting as well as a permit amendment for existing LFOs.
- Staff are working on developing the water quality section of the new CAI USA Food Safety water quality database.

#### **Conservation Reserve Enhancement Program (CREP):**

- Participated and spoke on joint MRBA, Franklin Watershed Committee, and FNLC farm tour of several Franklin County farms.
- Processed CREP field data, worked on planning potential CREP projects, consulted with partners in VLT and DEC about potential River Corridor Easements for farms and how CREP could enhance/dovetail to benefit farm and natural resource protection.
- Met with excavator contractor at SFO in Cambridge to discuss laneway approach that is part of a EQIP project that will mesh with CREP. Began flagging fence line on same farm. Flagged draft CREP buffer on SFO in Johnson and walked with farmer to confirm interest.
- Attended first of 5 regional FSA/NRCS/VACD/PFW CREP meetings to discuss how ongoing collaboration is going, the multiple challenges the program is facing in terms of reduced soil rental rates and reduced NRCS ability to assist with planning, and how we are hoping to meet these challenges to increase program participation.

#### **Secretary's Comments:**

##### **Meetings:**

- Met with ANR and BGS leadership to continue lab site review
- Attended Extended Cabinet Meeting with both Deputy Secretaries
- Participated in Cow Power 2.0 meeting in Rutland which focused on farm energy and methane digesters
- Attended Commonwealth Dairy grant announcement in Georgia with Governor Shumlin. This event was coordinated by VHCB.
- Presided over CLF Petition Hearing in St. Albans regarding agricultural practices in the Missisquoi Watershed and its impacts on water quality.

##### **Upcoming Issues and Events:**

- Next week flying to Leavenworth to attend Western States Association of State Departments of Agriculture regional conference in capacity as President of the National Association of State Departments of Agriculture.
- Spending two days in DC at the invitation of the White House to attend Rural Opportunity Investment Conference. Focal points of conference will be Community Infrastructure, Education and Entrepreneurship, and Regional Food Systems.

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Deborah L. Markowitz  
Agency Secretary

Justin G. Johnson  
Deputy Secretary

**State of Vermont**  
**Agency of Natural Resources**

**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**

**From: Deborah Markowitz, Secretary, Agency of Natural Resources**

**Date: July 18, 2014**

**Subject: ANR Weekly Report**

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**Governor Level Issues:**

**Vermont Parks Forever:** The Board of Vermont Parks Forever, the newly established nonprofit partner for State Parks, met this week in Springfield to discuss a variety of projects. The meeting included a tour of the Edgar May property (Muckcross) which is being offered as a new State Park. The Edgar May estate (and Kunin family) is willing to make a significant financial contribution as well, to help us stabilize the historic structures on the property, fix an old dam and bridge, and the local community center already has plans to run a day camp there next year. This is a great gift from the Kunin family and will help us better serve the Springfield area. I am happy to provide you with more details. My next step is to meet with the town to ensure that they are on board with the project. We are also working on a project with the ECHO center to update our nature centers.

We will be starting our major fundraising effort – focused first on businesses and foundations. It will center around a storytelling event (with Tom Bodett and Roy Blount Jr headlining) that is to be held at the Flynn Theater on Nov 1. This will publicly launch the new non-profit and we will announce the new Muckcross State Park effort. I would love to grab a few minutes with you to get your thoughts on folks who you think might be interested donors/sponsors and thoughts for additional board members (we could use three more.)

We also just hired Sarah Alberghini (niece of Theresa) as executive director.

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## **EVERYTHING ELSE:**

### **Press Issues/Releases:**

**Black Bear Complaints on the Rise:** F&W has received a large number of calls recently from members of the public complaining about bears. People often inadvertently encourage bears to come out of the forest by providing food without realizing it. Some of the most common sources of food that attract bears are pet food, bird feeders, barbecue grills, household trash containers or dumpsters, and campsites with accessible food or food waste. There was also great publicity on the first criminal action against a person who was intentionally feeding the bears, resulting in danger to himself and his neighbors, and the necessity of killing the bear.

**You Can Quote Me:** Commissioner Michael Snyder was interviewed this week on “You Can Quote Me”.

### **Significant Events/Meetings:**

**Partnership with the Rubenstein School:** ANR has been meeting with UVM to develop a joint position to manage an internship program that will bring natural resource and environmental science students to ANR. This summer we have a half dozen (or more). I am excited about the new dean of the Rubenstein School, Nancy Mathews, whose focus at University of Wisconsin was service learning.

**Shorelands:** The new permit program is up and running. The webpage is well populated with information and phone calls are coming in at a rate of over 25 calls a day. People are mostly seeking information and handouts, asking if they will need a permit or not. This week’s public meetings included: workshops at Lake Bomoseen and Lake St Catherine State Parks, presentations in Leicester to the Planning and Zoning Board and residents, and to the Addison County RPC Board and interested residents. In general people are cooperative and we have not received very many complaints about the new Act. We contacted town government contacts providing information, links and a small poster for them to post in the office regarding Shoreland and Encroachment permit info and contacts. Also, we posted information on the Assoc. of VT Conservation Commissions and Zoning Administrator list serves. Finally, we are completing the draft delegation agreement with the town of Colchester, including the findings of functional equivalency.

**Results Based Accountability and Performance Measures:** We have formed an internal team to train DEC staff and program managers on Results Based Accountability including population based indicators included in recent legislation S.293. We will also roll out a plan to begin moving our existing performance measures into the RBA framework in support of our FY16 Performance Based Budget. Staff trainings will be scheduled during the last two weeks of August. There will be two 3-hour training sessions and once shorter “brown bag” type training.

**Agriculture and Water Quality:** We submitted the pre-proposal for funding under the Farm Bill Regional Conservation Partnership Program to the national USDA/NRCS office. The State of Vermont (ANR DEC, FPR and AAFM) is requesting \$20M over five years for agricultural best management practices, conservation easements, and forestry practices to improve water quality in the Lake Champlain Basin, with an emphasis on the gap watersheds, and critical source areas. Agencies and partners are providing \$31,800,000 in match. We will be notified by July 26 if we are asked to submit a full proposal, which would be due September 26, with notification of funding in October.

**Business Assistance:** Environmental Assistance staff are working with Shaw's Supermarkets to enlist their stores in the Vermont Business Environmental Partnership's green grocer sector program, also known as Northeast Sustainable Grocery Environmental Leader program. This is a program jointly developed by Vermont and other New England states specifically for the grocer sector to promote sustainable environmental practices. Hunger Mountain Co-op is very close to becoming the first designated Environmental Leader in New England.

**Vermont Gas Systems Phase I Pipeline:** The 30 day appeal period for various water quality permits for the project has passed and no one has appealed.

**Bear:** Bear damage complaints continue rising daily, wardens are receiving dozens of calls every day regarding bear sighting in back yards and around bird feeders/chicken coops/bee hives etc. One bear was killed by a homeowner in St. Johnsbury protecting their property. The bear was killed while in the act of killing a pig. Another bear in Rochester has also been killing young cattle, to date it has killed three calves but has yet to be killed by the farmer.

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## **SUMMARY OF KEY DEPARTMENT ACTIVITY**

### **Environmental Conservation**

**WhistlePig, LLC:** We are working with whiskey distiller WhistlePig, LLC of Shoreham to bring them into compliance with the Ethanol Loss Audit Plan specifically designed for the facility and part of their Air Pollution Control Permit.

**Residential Wood Heater Standards:** Staff participated in a conversation with the Northeast State for Coordinated Air Use Management and representatives from the Hearth, Patio and Barbecue Association. We are working to find common ground and reconcile differences between the two groups that emerged during the comments period for the Clean Air Act New Source Performance Standards for residential wood heating devices recently proposed by the EPA.

**Alpine Haven Water System:** The Alpine Haven Water System shut down last week and was hauling drinking water due to a distribution system leak. They found two leaks and should not

have to haul water any longer once these are repaired. Water was being hauled from the St. Albans and the Montgomery Community water systems.

**Duck Pond Dam Order Appeal:** A Notice of Appeal was filed with Superior Court on June 27 challenging a Dam Order which denied an application to repair the Duck Pond Dam and instead requires its removal. The dam impounds an unnamed tributary of the Black River in Plymouth and was built sometime before 1964 with no record of a permit or State approval being obtained for the original construction. In April 2011, a breach occurred in a section of the dam which had apparently breached more than 40 years ago and had been dammed by beavers. Approximately 60 feet of the dam was constructed by the applicant without authorization in June 2011 after the breach. In August 2011, Tropical Storm Irene overflowed the banks of the nearby Black River and a portion of the flood waters flowed into Duck Pond. The original and new construction was overtopped. Erosional scour of the recently reconstructed section was severe enough that the owner installed a second culvert about 18 inches below the top of the riser to lower the pond. The original section of the dam sustained minor erosional damage and a heavy deposition of woody material and debris from the flood flows. There was also a significant delta of sediments deposited into the pond as a result of the flood.

**Northeast Kingdom Solid Waste District:** Solid Waste staff met with the executive director of the Northeast Solid Waste Management District to discuss siting and certification of a proposed new location for the District facility. The District envisions an “Eco Park” type of facility which will help meet the requirements of the new materials management plan and the Universal Recycling law.

**Sugar Works Discharges:** We were recently approached by the Vermont Organic Farmers Association (VOFA) with questions regarding the disposal of reverse osmosis (RO) permeate from sugar works. VOFA’s accreditation standards require that sugar operations do “no environmental harm” and that all needed permits are in place, and they have been denying accreditation over RO permeate disposal practices. Some just pipe it onto the ground behind the sugar house, some put it into a septic system, and some are likely straight piping it to a wetland, stream or pond. Nobody, to the best of the Program’s knowledge, has any type of permit for disposing of the permeate. Several organic sugaring operators that have been denied accreditation are unhappy about being penalized for doing what “everybody is doing”. We are discussing within Watershed Management Division how to develop a comprehensive strategy to permit these discharges.

**Jay Peak Remediation Plan:** We conducted a site visit at Jay Peak to review the locations of a broad suite of sediment reduction projects identified as part of the draft Water Quality Remediation Plan submitted in response to the Division’s most recent order. In a general sense, the site visit revealed a suite of actions that, with some strengthening that was discussed at the meeting, should result in attainment in surface water remediation.

## **Fish & Wildlife**

**Resumed Rattlesnake Monitoring:** Thus far, each of the suspect Snake Fungal Disease (SFD) tissue samples we have submitted to the Wisconsin lab have tested positive for *Ophidiomyces*. The significance of these findings are two-fold: a) we have confirmed the presence of the disease in our second, discrete rattlesnake population and b) it appears we are becoming reasonably good at recognizing suspect SFD afflicted animals in the field. We have also field-examined numerous ratsnakes and garter snakes when opportunistically encountered and have not yet seen evidence of SFD.

**State Endangered Prairie Redroot:** F&W staff and the New England Wildflower Society staff, visited the only population of state endangered Prairie Redroot (*Ceanothus herbaceus*) which was taken last year by Burlington Electric. We found 6 remaining plants & took cuttings from them to grow plants for an introduction to a new site next year. Staff also visited a few potential transplant sites and settled on Camp Johnson with an agreement to be worked out.

**Monitoring Fledgling Eagles:** Staff helped coordinate monitoring efforts and respond to public concerns regarding two fledgling eagles in the town of Windsor that were on ground and unable to fly yet. Unfortunately, their nest is literally hanging over Route 5 so many motorists as well as homeowners are seeing the struggling birds that are sometimes in the roadway. Staff made one visit to confirm that the young birds were not injured and simply learning to fly.

**Road Maintenance Agreement on Kingdom Heritage Lands:** Staff met with Plum Creek Timber, Doug Morin and Lou Bushey to negotiate the final terms of a new road maintenance agreement on the public access roads on plum creek lands. A new agreement is close to being final and will be shared with both FPR and F&W Commissioners in the next couple of weeks.

**Invasive Species Scare:** Staff responded to a report from DEC that a suspected aquarium release had occurred in Combination Pond, an urban impounded pond on Moon Brook in the City of Rutland. DEC had observed unusual looking fish species swimming around riprap in the pond, but they were unable to capture any for identification. F&W staff collected these fish with a backpack electro-fisher and identified them as male fathead minnows. Fathead minnows are native to waters in the Champlain drainage. During the spawning period, male fathead minnows look considerably different than at other times of the year, as they develop enlarged black heads, and their bodies take on a pattern of alternating black and orange vertical bars.

**Dam Removal in Groton:** Staff visited the in-progress removal of the old Franconia Paper Company dam located on the Wells River in Groton. This removal was funded in part by a watershed grant. The Connecticut River Watershed Council spearheaded the project. Removal will restore the ability of trout to move freely up and downstream to find spawning habitat or cooler waters in summer, as well as eliminate a swimming and boating hazard and increased flood risk for nearby Route 302. Staff wrote text and provided photos for a Facebook post on the project.

**Fishing Access Area Misuse:** The warm weather has led to a spike in issues involving misuse of fishing access areas. These complaints commonly involve people swimming at the access area preventing boaters from leaving or entering the boat ramps. Especially in the Lake Champlain islands- cyclists common park and leave their vehicles in the fishing access areas while on their bike trips. All the added activity in addition to the spike in boating activity causes lack of parking for boaters and anglers, the primary established users.

**New Warden Patrol Truck Radios:** 100 new warden radios have arrived and are being installed into all current patrol trucks. The previously radios had become obsolete and a grant was made available to fund the radio replacements.

### **Forest, Parks and Recreation**

**Forest Legacy:** Representatives of the U.S.D.A Forest Service spent most of last week in Vermont conducting a required “Program Review” of Vermont’s Forest Legacy program. Overall, the review team was extremely impressed with Vermont’s Forest Legacy projects and the competency of Department staff in administering this important conservation program. They were particularly impressed with the high quality of Vermont’s Forest Legacy projects; the level of interest, involvement, and coordination on Legacy-related matters between FPR management and staff; the strong and effective partnerships the Department has forged with NGO’s (non-governmental organizations) and landowners; and the emphasis the Department has placed on scanning and archiving Legacy and other ANR property records.

The Department learned last week that the U.S. Forest Service had approved nearly \$5 million in additional Forest Legacy funding for the Groton and Windham Region Forest Legacy projects. Combined, these two projects involve 18 separate parcels totaling close to 12,000 acres. The Groton Forest Legacy project includes the purchase of conservation easements on several forestland parcels within and adjacent to Groton State Forest as well as the previously approved purchase of the Molly’s Falls Pond property. The Windham Region Working Forest Legacy project includes the purchase of conservation easements on numerous forestland tracts in Windham County.

Lands Administration and Forestry Division staff met last week with representatives of Sweet Tree to discuss a large, industrial-scale sugaring operation that will be located partially on land conserved with a Forest Legacy easement. The sugaring proposal includes the development of an R/O (reverse osmosis) facility on the easement property. Sugaring is an allowed use under the easement along with associated temporary structures. In order to be considered a temporary structure under the easement, all parties agreed that the R/O facility must be removed from the site after it is no longer being used for forest management purposes. We will be working with Sweet Tree to develop an agreement that formalizes this understanding.

**Survey:** Survey staff continue to look into an encroachment on a portion of Coolidge State Forest in Plymouth by Plymouth Notch Ski Area (formerly known as Round Top Ski Area). The ski area has cleared approximately 1 acre of State land in developing its snowmaking pond.

Work continues on other priority survey and boundary projects at Roy Marsh WMA, Tiny Pond WMA, Grand Isle State Park, Crystal Lake State Park, and other sites.

**Visitor Attendance at State Parks:** 2014 State Park visitation remains more than 20% ahead of last year. Favorable weekend weather combined with considerable media attention have combined to make this a very successful season so far. There have been very few significant incidents or accidents other than some minor storm-related damage.

**Art in the Parks:** Discussions began this week with Burlington City Arts to consider State Parks as a venue for producing and exhibiting landscape-inspired artwork for next year's edition of *Of Land and Local*.

**Brew Project:** The limited batch of Fort Dummer Summer Ale brewed by the Whetstone brewery in Brattleboro will be available for sale at their restaurant this week. A second State Park-inspired brew, Molly Stark Dark, will be available later in the season. The project supports and promotes State Parks and contributes to local charities.

**Trail Running:** A team of avid trail runners have been visiting State Parks this summer and documenting their trips with photos, videos and narrative. Their stories will begin being published on the State Parks website this week. Trail running is one of the fastest growing recreational pursuits in the country and State Parks offer lots of good opportunities.

**Poultney Area Wind Storm:** Rutland County Forester Chris Stone responded to a number of requests for assistance from landowners in the Poultney area who suffered significant damage from the wind storm two weeks ago. Chris is advising consulting foresters on salvage operations. Some riparian clean-up will be taking place. He is also working with the town manager to identify funding assistance.

**LWCF Municipal Grants:** All municipal entities in Vermont will be able to apply for the new round of Land and Water Conservation Fund grants beginning later this summer. Vermont is eligible to distribute \$720,000 to towns, cities and school districts for qualifying park land acquisition and development projects.

**June Forest Health Update:** This edition has some good information on the needle browning we are seeing on our pines this summer, as well as other observations from around the state. Windham County Forester Bill Guenther has fielded lots of calls about the white pine needle blight/needle cast outbreak, and he has encouraged folks not to panic. US Forest Service pathologist Isabel Munck from the Durham, NH lab is researching the three pathogens causing this affliction. <http://www.vtfpr.org/protection/documents/2014foresthealthjuneobservations.pdf>

**U&CF News:** The Urban & Community Forestry program is working with UVM interns to inventory street trees in Swanton and Northfield. This is a great project that will help towns assess and plan for their community forests. One hundred and thirty-eight Vermont towns will soon be receiving a brief survey to assess their needs for community forestry support.



## **Business Office**

**Year-end Close:** All Departments and the ANR Central Office closed the books for FY14 without any financial problems or surprises. There are still additional year-end close requirements, as usual, that are due between now and September.

**Paperless Payables:** We have started the new fiscal year using the new Sharepoint-based paperless payables process (P3) that our Agency-wide team developed under Peter Telep's leadership. We are in our 3rd week and have been going through a learning curve tweaking the system and getting used to Sharepoint. This is a really big change for our business offices!

Thanks to DEC, Steve Chadwick has been able to be included in their latest Lean Coordinator Training scheduled for late this month.

**Annex:** We have signed a 10 year lease for the Annex building—190 Junction Road, Berlin (about 1 mile from NL). The Annex is a 20,000 sf storage facility with a large fenced in parking lot and multiple overhead doors and indoor and outdoor parking. The landlord, Patrick Malone, will be completing renovations for the facility, which will include a classroom and storage cages, new bathrooms, an outdoor boat sanitizing station, security Lighting and BGS Card Access (Your State Badge—Not NL CASI card) and a variety of other upgrades to the property. The renovations should be complete and we will be able to move in around September 1, 2014.

This facility will be replacing other storage facilities we currently have at Jockey Hollow, Berlin Storage Building and the South Barre Tobacco Shop property. We have a great deal of work to do to dispose of waste before we move all the things at these three facilities (especially Berlin Storage) to the Annex.



**Privileged and Confidential**

**MEMORANDUM**

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

From: Christopher Recchia, Commissioner

Date: July 18, 2014

Subject: Weekly Report

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**Governor Level Issues:**

**Solar Summit:** The Department organized with ANR and Reps Klein and Ellis a solar summit at State House on 7/16. The half day event included participation from members of Senate Finance, House Commerce, and House Natural Resources, as well as utilities, developers, regulators (including PSB staff), and finance experts. Some good recommendations were made including the potential for expediting solar projects that meet certain conditions in the 151kW to 500kW range. Currently the PSB provides a more streamlined process for under 150kW. In addition some discussion on changing net metering definition to allow more projects to co-locate and group net meter on same property in exchange for a lower credit value, recognizing the economies of scale. PSD will review recommendations, continue participating in informal developer workgroup with ANR, and consider whether any recommendations merit legislative action next session. Relatedly, Chris will be meeting with Michael Clasen today to discuss limited service staffing for both PSD and ANR to support the increased volume of solar projects expected for the next three years. PSD will support the ANR position financially. I ask for your support for these two Limited Service Positions; the one in PSD will be an attorney, that will also free up legal resources for Nuclear work as the AG's office has stated they can no longer help as lead on that, due to the need to reassign staff to GMO work.

**Connecticut REC Proceeding:** Connecticut PURA is holding a proceeding to review double-counting issues with Vermont's SPEED program, following on the NextEra letter raising such concerns. Ed McNamara will participate for PSD. We have been working with utilities to present a common position that SPEED presents no double-counting issues until 2017 when its compliance goal comes into effect and when a separate total renewable target in statute of 55% comes into effect. Ed is also concerned that CT may have issues with representations made by Vermont utilities that could be problematic in this context. We continue to explore all options in responding to the proceeding.

**VT100:** We are very excited about the VT100 initiative but want to emphasize this can only be "100% for electricity by 2035" (my preference) or "100% renewable ready" as was discussed at the meeting as anything more would in all practicality eliminate the option for natural gas expansion and not be achievable based on our analysis of total energy attempts to get to 90% renewable by 2050.

**VGS:** We are meeting with VGS next week to discuss their proposal for Phase II solar hot water and biogas initiatives to include in the project. We will also be discussing the cost estimation problems and how the Department proposes to proceed. We are trying to keep board process going without delay, which would only increase costs, but we need to address this problem.

**Regional Initiative:** I am asking for an additional extension from CLF due to technical difficulties in reviewing the documents – our CD disc does not have the categories identified as we had previously saved them. From other states, regional documents about cost allocation are not yet released, but MA thinks they may need to be released in the upcoming weeks. RI is also looking for more detail about Vermont commitments on a call today – and we are telling them we cannot provide further information about Vermont. Tariff language to NEPOOL is very general at the moment, but we will need to make a decision about whether we are actually on board with sharing costs (assuming benefits substantial outweigh costs) for gas, transmission or both, or not within the next two weeks. I am preparing a briefing for you and Liz on the gas issue specifically as I think there has not been adequate communication on this and it was clear from the NEG/ECP meeting that some of the key issues are in need of further discussion. We have authorized NESCOE to hire outside Vermont counsel to defend against an anticipated CLF lawsuit.

**Vermont Yankee ISFSI – Docket 8300** – The Board has docketed VY's petition to construct a second independent spent fuel storage installation ("ISFSI"). Of particular note, the petition indicates that Entergy will seek a waiver from the Nuclear Regulatory Commission to allow for the use of decommissioning funds to be applied to the costs associated with spent fuel management. The Board has scheduled a prehearing date of July 30, 2014. We will need to discuss strategy.

**Telecom Plan** – The telecommunications Plan is in the final stages of completion. Staff is wrapping up the last chapter of the plan. Staff members have also begun editing completed

sections. The telecommunications survey is also in the final stage. Castleton Polling Institute has made the required number of calls and collected sufficient data. CPI is planning to begin analysis of the data this week and should have raw data to the Department by Friday. Department staff is still waiting for input from the Department of Information and Innovation concerning the state telecommunications plan.

### **Meetings this Week:**

July 14 – Chris, Darren and Ed McNamara attend NEG/ECP meeting at Bretton Woods  
July 15 – Chris participates at decommissioning briefing at NRC; Darren meets with Jeb Spaulding re EVT/USDA application financing  
July 16 – PSD/ANR solar summit at Statehouse; Chris attends monthly VY meeting at SEOC; Darren participates in call with DOE on upcoming workshop in Vermont  
July 17 – PSD meeting with Neal Lunderville BED; Special CEDF Board Meeting; Darren and Kelly Launder meet with Gaye Symington to discuss thermal issues  
July 18 – Chris and Ed McNamara meet with Paul Peterson of Synapse to discuss NEPOOL participation; Chris and Ed participate on weekly NESCOE/GIG conference call; Darren participates on weekly RUS call

### **Meetings next Week:**

July 21 – Chris has conference call with AGO re CAN; Chris and Darren attend State Solar Initiative meeting at BGS  
July 22 – Chris meets with Amy Shollenberger and CAN; Chris and Darren attend State Buildings Renewable Energy meeting at 5<sup>th</sup> floor; Chris attends Residential Wood Heating meeting at ANR  
July 23 – PSD meets with VGS; Chris attends BERK stakeholder meeting at VEIC; Darren attends legislative planning meeting at Pavilion  
July 24 – Chris attends NESCOE/GIG meeting; Darren attends Clean Energy meeting at 5<sup>th</sup> floor; Jim Porter attends meeting re VTA at Pavilion  
July 25 – EVT/PSD meeting on EEN financing

**Media:** Significant press on 3 topics: CLF appeal; IBM (rate freeze); Pipeline Planning/NEG. Also, Susan Smallheer – Times Argus re: Chris NRC briefing; Josh O’Gorman – Rutland Herald re: “Clean Energy”

### **Everything Else:**

#### ***PERD***

#### **Energy Efficiency Utility Activities**

- Demand Resource Plan (DRP) –
  - Staff reviewed the 7/9 Board order in the DRP. The Board adopted the Departments recommendation with one exception related to VEIC

compensation. The DPS recommended compensation be 4.1% (mark-up rate) and VEIC recommended 5% (margin rate), the Board determined that compensation for VEIC be 4.5% calculated as mark-up rate. Total compensation for VEIC is \$7.4M over three years with 40% set aside as the no-risk Operations Fee and 60% set aside available to be earned as a Performance Award.

- Staff will meet with EVT in person to continue QPI discussions. Staff reviewed proposals, drafted comments for internal review and discussed with VEIC various topics.

### Net-metering

#### **Net Metering Activity 7/5/14 – 7/11/14**

	Registrations*	Applications	CPGs Granted
<b>Count</b>	39	2	50
<b>kWAC</b>	204.613	170	338.573
<b>Ave Size kW</b>	5.246	85.0	6.771

#### **Cumulative Capacity of Registrations and Applications Submitted**

<b>Year To Date</b>		<b>Total Since 1999</b>	
<b>2013 kW</b>	<b>2014 kW</b>	<b>1999 – 2014 kW</b>	<b>% of 15% CAP</b>
5113.04	7470.79	45983.85	~ 30.7%

\*Note: As of April 1<sup>st</sup> 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.

\*\* Note: That table does not include systems larger than 150kW that go through the full 248 process. Those projects (pending or approved) total approximately 12 MW to date.

### Total Energy Study

- After much correspondence with DEC, we now have FACETS data properly organized into REMI-appropriate categories for both Carbon Tax and TREES scenarios: Spending on equipment, O&M, Fuel, Carbon Tax and TREES allowances. It was learned through this process that DEC did not model the TREES policy as originally envisioned by DPS (as an economy-wide RPS), though this should not necessitate an overhaul of the FACETS model runs. For the REMI simulation, it remains to be decided how we will treat the recycling of CT and TREES Allowance revenues. Next step is to get as thorough a peer review of REMI inputs as possible from the TES team.

### ***Engineering***

#### NRC Requests Information on the State Nuclear Decommissioning Citizens Advisory Panel (NDCAP)

Officials from the Region I NRC Office, Nancy McNamara and Doug Tift, recently contacted the State Nuclear Engineer (Tony Leshinskie) to request information on Vermont's recently created NDCAP. Specifically, the NRC asked whether a charter for the NDCAP currently existed, whether the panel members had been selected and whether any panel meetings had either occurred or been scheduled. In response, Tony provided information on the NDCAP that is currently available at <http://publicservice.vermont.gov/topics/electric/nuclear> and in Section E.233 of the FY2015 Big Bill as the NDCAP charter. This information also described, by position, 19 members to be appointed to the panel. Tony also noted that, to date, not all panel appointments had been made and that an initial NDCAP meeting was anticipated in August (depending upon whether all appointments are filled in time). The NRC was satisfied with this summary, but noted that they will want the names of all panel members and the panel's meeting schedule once these are known.

#### Kewaunee Power Station Expects Complete Spent Fuel Pool Offload by the End of 2016

The Nuclear Energy Institute (NEI) SmartBriefs and Platts nuclear-power related publications indicate that the Kewaunee Power Station, a single-unit Pressurized Water Reactor in Wisconsin currently undergoing decommissioning, has submitted a plan to the NRC that would allow Kewaunee to transfer all spent fuel assemblies from the Spent Fuel Pool (SFP) to an on-site Independent Spent Fuel Storage Installation (ISFSI, a.k.a. a dry cask storage system) by the end of 2016.

#### PSD Participates in NRC Public Briefing on Nuclear Power Plant Decommissioning

At the invitation of the Commissioners of the US Nuclear Regulatory Commission (NRC), VT Public Service Commissioner Christopher Recchia participated in a public briefing on the status of Nuclear Power Plant Decommissioning in the United States. Commissioner Recchia was one of six "External Panel" participants invited to present the nuclear power industry's perspective on NRC regulation regarding the decommissioning process currently on-going or soon to begin at five different nuclear power stations (Kewaunee, San Onofre, Chrystal River, Zion and Vermont Yankee). Additionally, in response to questions from the NRC Commissioners, Chris discussed the formation of Vermont's Nuclear Decommissioning Citizens Advisory Panel, Vermont's desire to expedite the transfer of spent nuclear fuel from Spent Fuel Pool to Dry Cask (Independent Spent Fuel Storage Installation) storage, the concerns in funding the decommissioning of a merchant nuclear power plant, the EPZ issues, and the need for improving the NRC's regulatory process for plants undergoing decommissioning.

The other 5 External Panel participants were: 1) Kathleen Fox, Deputy Assistant Administrator for National Preparedness at the Federal Emergency Management Agency; 2) Ralph Andersen, Senior Director for Radiation Safety and Environmental Protection at the Nuclear Energy Institute; 3) Daniel Stoddard, Senior Vice-President for Nuclear Operations at Dominion Power (owners of Kewaunee); 4) Wayne Norton, President / CEO of Yankee Rowe and Connecticut Yankee, Chief Nuclear Officer of Maine Yankee, & Chair of the Decommissioning Plant Coalition;

and 5) David Victor, Chairman of the San Onofre Community Engagement Panel.

#### Vermont Gas Systems Addison Transmission Pipeline Construction

VGS and several contracting companies performed activities directly related to construction of the Addison Natural Gas Pipeline during this report period. However, no actual pipeline construction nor installation have occurred. Activities included surveying, clearing and chipping, access road installation, preparing a site for a gate station and receiving pipe. The Department has retained supplemental inspection services for the duration of the project construction, and expects to utilize a pipeline inspector, in addition to the Department's gas engineer, beginning early in August.

#### SDPP Grant Project Report and Water Sector Damage Prevention Forum

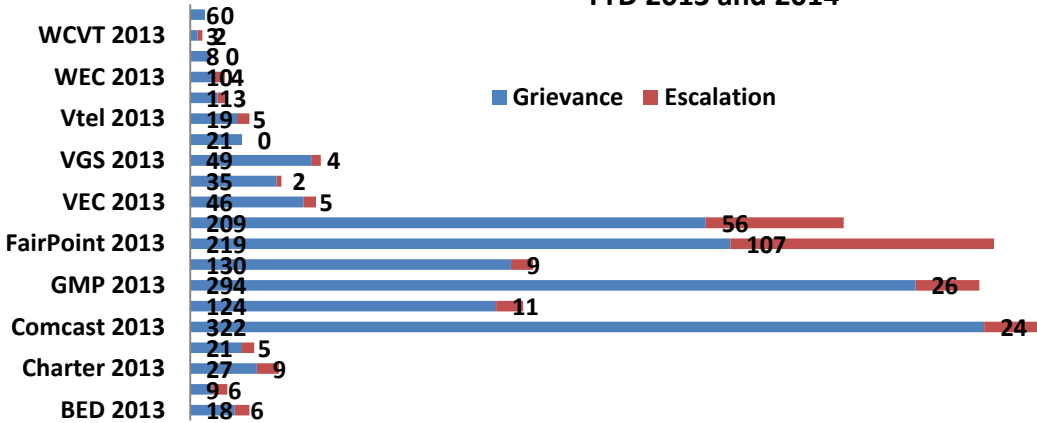
The Department and Norwich University held an event, on 7/10/14, which presented the results of a recently-completed State Damage Prevention Program grant research project and conducted a forum which reviewed and discussed the cost/benefits for water sector operators (supply and waste water) to be One-Call members (membership with the underground facility One-Call center, i.e.: the Dig Safe Systems Inc. call center). Approximately 30 representatives from all facets of underground facility protection in Vermont attended.

#### Kingdom Community Wind (KCW)

Two of the wind turbines at the KCW project were discovered to have lightning damage believed to have occurred during the severe storms of the past two weeks. The damage was limited to that which could be repaired because the units have built-in lightning protection that minimizes the damage. Without the protection, the blades would likely have been destroyed. The damage occurred on turbines 19 and 20 and after the manufacturer investigated they determined that the blades could be repaired onsite but would need to be lowered to the ground. As of today unit 20 is complete and work set to begin on unit 19.

***CAPI***

### Number of Complaints Investigated, by Company YTD 2013 and 2014



#### **CONSUMER COMPLAINTS**

Complaint topics included, but were not limited to:

- (13) requests that the emergency planning zone at Vermont Yankee be kept active
- (1) VTel battery backup
- (1) Broadband speed, (1) repair, (1) availability, (1) service
- (1) VGS distribution charge
- (5) FairPoint restoration of service after storm
- (1) Policy on restoration of power after outage
- (1) Winter storm damage still awaiting repair
- (1) Responsibility for broken underground lines
- Question from VT Legal Aid regarding payment arrangement rules
- Questions regarding a state-sponsored Do Not Call registry

#### ***Public Advocacy***

GMP Rate Case and Alternative Regulation – Docket Nos. 8190 & 8191 – Technical hearings were held on June 19. GMP filed an unopposed PFD on July 9. On July 11, GMP filed a brief (supported by the Department) arguing that its heat pump program could be carried out without a tariff under its alternative regulation plan. GMP committed to filing a proposed amendment to the Alternative Regulation Plan by October 10.

WEC Rate Case – Tariff No. 8510 – The Department has reviewed and supports WEC’s proposal to increase rates by 3.78 percent, and is filing a letter with the Board on July 16 expressing as much. In the Department’s letter, it is also recommending that the Board require WEC to compile and file a general “terms and conditions” tariff. Currently, WEC’s “terms and



conditions” are contained in its bylaws and various “policy bulletins,” rather than in a single tariff.

Winooski One Rule 4.100 Proceeding – Docket No. 8010 – This proceeding remains in a state of regulatory limbo, with the parties all requesting that the Board take some action in response to briefing on the scope of the proceeding that was completed in the summer of 2013. In the interim, solar developers seeking to enter into a PURPA contract under Rule 4.100 are being rebuffed by VEPP Inc., which has taken the position that the absence of currently effective Rule 4.100 rates render it unable to enter into an avoided cost contract under Rule 4.100. On July 2, VEPP Inc. provided such a response to a request by Field Days Solar Farm (a proposed 3 MW solar facility). VEPP Inc. noted that it is waiting for the Board to provide clarity on how it should proceed in the context of Docket 8010. On July 16, a representative of Green Peak Solar relayed its intention to file a petition with the Board within a matter of days, seeking an avoided cost rate. Continued inaction by the Board is becoming an increasing concern. The Department’s finance team is developing an avoided cost methodology so as to be able to move the process along more swiftly.

GMP Stafford Hill Solar in Rutland – Docket 8098 – The PSB approved the petition and issued a CPG with expected conditions.

Barton Solar – Docket 8148 – The petitioner submitted the fully executed decommissioning letter of credit and informed the PSB that it has fulfilled all conditions and intends to commence construction.

NextSun Solar – Park Street – Docket 8194 – The Department participated in the technical hearing, which was challenging on a number of fronts including the fact that the petitioner had made fairly significant changes to the site plan without informing the PSB, ANR or the PSD. The petitioner is due to provide the revised site plan and PSD and ANR will have two weeks to comment. Financial issues were only touched upon to the extent that the hearing officer questioned the actual monetary amount of the ratepayer benefit since the figure was the same for the petitioner’s two different-sized projects. The petitioner is due to provide an update on the ratepayer benefit amount and the PSD has two business days to comment.

NextSun Solar – Main Street – Docket 8195 – The Department participated in the technical hearing. Financial issues were only touched upon to the extent that the hearing officer questioned the actual monetary amount of the ratepayer benefit since the figure was the same for the petitioner’s different-sized projects. In a post-hearing filing to the PSB, the petitioner corrected the expected ratepayer benefit and amended the project to include an “option” not to enclose the inverters. Since this would affect the noise from the facility, the petitioner proposes to conduct a noise study. In a letter to the PSB, the PSD had no comment on the corrected ratepayer benefit, but objected to the post-MOU, post-hearing changes to the project (removing the enclosure) pending additional information and the possibility for further process if the noise impacts exceed appropriate levels. In both NextSun dockets (8194 & 8195) the petitioner arguably breached its MOU by making changes to the project without notice until

the technical hearing or after.

Stowe Business Process Review – Docket 8074 – The Department is reviewing the proposed contract language from the selected auditor, Lummis. The contract needs to be in place by the end of this month.

Washington Electric Cooperative, Inc. 2014 IRP – Docket 8181 – WEC provided an affidavit clarifying the process used to prepare the Construction Work Plan, including the use of societal costs and a framework under which WEC's infrastructure plans address the impact of new technologies.

Willoughby Water – No Docket – In reaching out to customers regarding the owner's request for a temporary rate, the PSD has encountered a flurry of questions that seem to indicate the remaining customers are once again considering the purchase of the system. We have not heard back from all customers; but the PSD is considering recommending the PSB approve a temporary rate.

Charter Hill Solar Project – Docket 8212 – The parties are still discussing MOU terms, and expect to complete a settlement by next week.

Appointment of a Natural Gas Energy Efficiency Utility - Docket 7676 – The PSB issued a procedural order on 7/14/14 setting deadlines for comments and reply comments on the Proposed Natural Gas Process and Administration document and implementing a similar process for review of a Proposed Order of Appointment document.

Sudbury Solar 2.0 MW Solar (Std. Offer) - Docket 8225 – The PSB issued a procedural order on 7/10/14 adjusting the deadline for filing a stipulation to July 21, 2014 and setting a technical hearing for August 26, 2014.

Bridport Solar 2.0 MW Solar (Std. Offer) - Docket 8234 – Based on the submission of an MOU between Petitioner, ANR and PSD, PSB issued a procedural order on 7/14/14 setting a technical hearing for July 28, 2014.

Demand Resource Plan Proceeding - EEU 2013-01 – The PSB issued a Budget Order on 7/9/14. In essence the PSB adopted the PSD recommendation on budgets with one significant change. While the PSD recommended no change in the 4.1% compensation amount (figured as a percentage of the entire budget) to be paid to VEIC (divided between operations fee and performance award), the PSB ordered that the amount be increased to 4.5%. PSD is submitting a revised schedule for the remainder of the proceeding which in large part consists of recommendations for performance targets (Quantitative Performance Indicators or QPIs) and the amount of compensation to be associated with each of those targets.

Vermont AllSun Solar 500kw Solar Net metering Project– Windsor - CPG # NMP – 3668 – The PSB issued a CPG for this project on 7/14/14. In response to PSD concerns that the Petitioner

had not submitted full engineering detail to explain how the project satisfied the 248(b)(3) system stability criteria, the PSB required the submission of any necessary electrical system modifications or upgrades prior to construction, with an opportunity to comment. PSD's concern was not that the project did not satisfy the criteria, but rather that the record contained insufficient detail. The condition in the order does not directly address the concern of the PSD.

Charter Cable CPG Renewal – Docket 7820 - The Department is preparing its direct testimony, due on August 8<sup>th</sup>. The Department is awaiting Charter's response to the list of proposed conditions it shared with the company on July 8<sup>th</sup>. The Department filed its Community Needs Assessment on July 11<sup>th</sup>, and plans to meet with representatives of the Vermont Access Network (an intervenor in the proceeding) on July 24<sup>th</sup> to discuss possible settlement terms.

GMP 16Y3 Distribution Line Upgrade – Docket 8264 –The Department will be attending a site visit and public hearing on July 21<sup>st</sup>.

## ***Finance and Economics***

### Electric

WEC: PSB Tariff 8510: The Company has filed a petition for approval to increase rates 3.78% effective August 7<sup>th</sup> that will raise \$502k of additional revenue. The primary cost drivers are increases in purchase power costs and transmission expenses and the request to increase its net income to meet its indenture requirements on interest coverage. (Times Interest Earned Ratio [TIER] increase from 1.3 to 1.80). Staff has completed a review of the filing and prepared a recommendation that the rate increase should be approved as filed. Additionally, in conjunction with the Department request that WEC reformat its Terms and Conditions tariff, staff has begun work to develop a standardized tariff format for rates and terms and conditions.

### Gas

VGS - Tariff 8506 Quarterly Rate Adjustment for the Under or Over Collection of Purchase Gas Costs. VGS filed its quarterly Purchase Gas Adjustment (PGA) on May 28, 2014 to be effective with bills rendered August 7, 2014. The PGA reflects a 4.08 percent increase in overall firm rates based on an 8.98% increase in gas rates. The increase reflects an under collection of revenues of \$542K for the prior quarter. Staff is reviewing the filing and will complete our recommendation that is due July 22, 2104.

VGS 2014 Base Rate Filing – The Company filed its preliminary cost of service on June 30, 2014 (was due on June 27) for the October 1, through September 30, 2015 rate year. The filing is requesting an overall rate increase for its firm customers of 2.34% or \$2,007,874. The Department has begun a review of the filing. Our recommendation is due on September 26, 2104.

### Water

Vermont Water Utilities has submitted a petition for a 46% rate increase effective September 1, 2014. Staff has begun a review of the filing. Our recommendation is due by August 15, 2014.

### ***Telecommunications***

Charter CPG renewal – PSD staff met with representatives of the Access Management Organizations involved in the Charter renewal. The parties discussed issues that the AMOs intend to bring forth in the docket. The parties agreed to circulate draft conditions to each other for further discussion.

Broadband and Wireless maps and statistics – VTA staff posted to the broadbandvt.org website broadband and wireless maps and statistics prepared by Stone Environmental for the PSD. This includes broadband maps and statistics for 12/31/12 and 6/30/13. It also includes the mobile wireless maps and statistics based on the Pericle analysis from the fall of 2013.

FairPoint Tariff – Over the past month, FairPoint has tried to correct a mistake it made with regard to notice to customers of a rate increase. In April, FairPoint notified the Board that it was raising its basic local exchange service (BLES) rates pursuant to the Incentive Regulation Plan (IRP). The IRP allows FairPoint to raise its BLES rate by up to 11% in year four of the plan. In this case, FairPoint is recommending an increase of \$1.54 from \$14.00 to \$15.54. FairPoint properly noticed the Board in accordance with the tariffing statute, but failed to properly notice its customers as is required by Board rule 7.600. FairPoint discovered the problem in June. In response to customer complaints about the increase, FairPoint submitted a new tariff revision lowering BLES to its previous rate. The Company, however, did not reduce its charge to customers and charged customers \$15.54 when the tariff in effect listed a rate of \$14.00. The Company is expected to issue refunds to customers with interest. CAPI is working with the Telecom Division to resolve the issue.

Brookfield Planning Commission and Selectboard Joint Meeting with AT&T – On July 15<sup>th</sup> telecom staff attended a public meeting regarding a proposed telecommunications facility. Pursuant to the new telecom law (Act 190), the Brookfield Planning Commission requested a meeting with an applicant proposing a new wireless telecommunications facility and requested that the Department of Public Service (DPS) attend. This is the first, such meeting pursuant to the new law.

#### 248a Report –

A summary of DPS comments and recommendations on 248a applications filed in the past week:

<b>Comments filed</b>	<b>Applicant/Location/Type of App</b>	<b>Brief Synopsis and DPS recommendation to the Public Service Board</b>
7/11/2014	AT&T/Hartford, Gifford Rd (WRJ) / <i>de minimis</i>	98-foot tall monopine; approve once measurement and calculation inconsistencies fixed
7/11/2014	AT&T/Windsor, Mt. Ascutney State Park Rd/ full	380-foot tall guyed lattice tower; application is incomplete, missing coverage maps and MPE study

7/11/2014	AT&T/Queechee/ <i>de minimis</i>	78-foot tall monopole; approve
7/11/2014	AT&T/Burke Mountain/ <i>de minimis</i>	Follow-up DPS recommendation to approve once applicant fixes remaining inconsistencies; the inconsistencies are part of the ongoing issue, first reported in the June 4, 2014 weekly report, about calculating the newly added facial surface area
7/14/2014	Verizon/Burlington NE, Winooski Ave	update Board on status of discussions between VZW and City of B'ton: meeting scheduled for week ending July 26, 2014
7/14/2014	US Cellular/Okemo Mtn Ski Area/ <i>de minimis</i>	30' monopole collocation; recommended approval once applicant submits revised drawings
7/14/2014	VTel/Shafsbury/ limited size and scope	90' monopole; recommended approval
7/16/2014	AT&T/Duxbury/ full	90' monopole collocation; recommended approval

Update on the facial surface area calculation issue first reported in the June 4, 2014 weekly report: one wireless service provider contacted the DPS expressing discontent and seeking predictability as to what to include in the calculations.

Update on the applicant not providing coverage maps issue first reported in the July 9, 2014 weekly report: telecom staff held a telephone conference with the applicant but was not persuaded that omitting maps that show signal propagation is in the public good.

### ***Regional Policy***

#### Governors' Infrastructure Initiative

- NESCOE is anticipating that CLF will bring a legal challenge in Vermont superior court to NESCOE's position that it is not subject to public records laws.
- Staff will be providing an update on the infrastructure initiative to the Vermont System Planning Committee on July 23. The update will focus primarily on procedural steps that have been taken, as there are still a significant number of unanswered questions regarding substantive decisions.



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**State of Vermont**  
**Department of Public Safety**  
103 South Main Street  
Waterbury, Vermont 05671-2101  
[www.dps.state.vt.us](http://www.dps.state.vt.us)

To: The Honorable Peter Shumlin  
From: Keith Flynn, Commissioner of Public Safety  
Date: July 17, 2014  
Subject: Weekly Report

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### **Firearms Storage Program Implementation**

Notice asking for law enforcement agencies and federal firearms dealers to become approved storage locations have been distributed to all. We have received one acceptance from a law enforcement agency. The Winhall Police and Rescue Department has agreed to be a location for the entire state. WE have specifically heard from Burlington PD, Randolph PD and Milton PD saying they do not want to be involved.

We have received five (5) responses from federal firearms dealers saying they are interested in being a storage location. These five locations have completed the compliance forms.

### **Annie Galloway Email to the Governor**

Annie Galloway sent an email to the Governor asking for his help in getting her and her daughter back to Vermont from Colorado. Annie's daughter has severe epileptic seizure's and moved to Colorado to receive treatment using the charlotte's web strain of marijuana. This type of marijuana is delivered in tincture format and has such a low THC content that it is by Vermont definition considered hemp.

Annie Galloway is asking the Governor to get passed a compassionate marijuana bill that would allow her to receive treatment using charlotte's web. Deputy Commissioner Aumand spoke with her by phone and explained our current law and told her that the Governor has already been involved by offering his support to the recent medical marijuana laws that allow for the development of different strains of marijuana/hemp. DC Aumand told her that we are supportive to getting her and her daughter back to Vermont. She was referred to the Champlain Valley Dispensary to discuss with them the progress they are making in developing a low THC high CBD strain of marijuana. DC Aumand will also check with the Transportation Security Administration to see what if any regulations they have relative to transporting hemp via air travel. Annie said she

was reluctant to make to calls to federal agencies for fear of creating an undo interest in her and her daughters marijuana needs. DC Aumand will continue to follow up with her.

## **Emergency Management/Homeland Security**

### **Issues/Updates:**

With AOT, Director met with Thom Lauzon to discuss what a combined SEOC, TOC and VIC needs would look like if programming a new facility. AOT is lead in this search for new space and has invited DEMHS due to the desire to collocate these three critical initiatives.

Director received the bi-weekly threat briefing from the DHS Intelligence Officer. This was the last briefing with IO Chris Palmadesso as he is moving to NJ to assume the IO role there. Region will brief VT until a replacement is chosen.

37 applicants submitted Requests for Public Assistance for DR4178 (April '14). Kick-off meetings are underway. To date, PA Team members have attended applicant kick-off meetings in Averill, Duxbury, Eden, Enosburg, Johnson, Kirby, Richford, Stowe, Washington, and Roxbury.

VT Police Academy ICS duties associated with the vacant position have been temporarily absorbed by DEMHS. Transition and training coordination is continuing; DEMHS awaits word from DHR Legal on the transfer of the position # from VCJTC to DEMHS

VY Interagency Group met this week to continue working on the proposal for Entergy regarding future years.

General Cray advised of his plan for Commissioner and Director to join he and General Lovejoy in Macedonia for state affairs and follow-up meetings in late September.

Senegalese President Macky Sall will be hosted at DEMHS / SEOC on August 8th. DEMHS met with VSP and SAR Coordinator Neil VanDyke (SSF 9) to confirm roles in the SEOC during activations that require SAR. SSF 9 is independent of SSF 13 (VSP) and will self-determine its actions.

After submitting more than \$3.6 million in HMGP applications to FEMA for the June 30th deadline, activities this week included submitting a revised BGS Waterbury State Office Complex demolition application to FEMA R1; finalizing four contracts for technical services related to HMGP Advance Assistance projects from DR 4022; submitting an updated HMGP Administrative Plan to FEMA for all disasters since Irene; and completing reviews of 6 local mitigation plans.

### **Legislative Contact:**

Provided update to Director regarding an inquiry from Senator Sanders' staff about status of FEMA funding for repair of the Upper Cold River Road in Shrewsbury. PA Staff attended Shrewsbury Select Board meeting regarding this site.

## **Vermont State Police**

### **A Troop**

19 arrests, 7 DUI

Williston Troopers arrested (6) subjects with 8 total charges, (4) DUI arrests one arrest after blood came back for drugs, and handled 117 complaints.

A tractor rolling onto its owner claimed his life in Marshfield-BCI to follow up on death investigation.

NUSI, investigation of 7 month old child at ER with fractured skull, no extensive injury. Interviews with family and follow up on medical end revealed child is advanced for his age and may have caused the injury by falling on his own.

Three more assaults at the CCCC, two were officer related

Assist to Calhoun County Sheriff's Department in Alabama on a cold case homicide they have there. Male/female suspects moved to VT afterward, male died of drug overdose in 2003 which was investigated by Ret. Det. Lt. Whitney.

### **B Troop**

This week there was continued follow up investigation done with the Newport City homicide investigation. Search warrants /subpoenas were completed for cell phone and facebook accounts. There has been no information gathered thus far that states anything different than what was originally told. (Annis)

There was a death investigation that Det. Petersen was called out for Friday evening. The investigation was initiated after a 65 yr old male from Ryegate died at Dartmouth hospital and Grafton County NH prosecutors office had reached out to advise. Investigation revealed the victim fell on July 5th and was taken to Dartmouth hospital where he was put on life support and died on July 11th when family decided to take him off life support. It was ruled accidental. (Petersen)

49 yr old male in Waterford died of respiratory complications-natural

### **C Troop**

22 arrests, 4 DUI



Injured hiker in Chittenden, Chittenden Fire Dept. got the person to safety, coordinated by Tpr. Blake Cushing

DUI/Wrong-Way Driver on US 7, arrest made.

Arrested an illegal immigrant for 1st Degree Agg. Assault. The immigrant was lodged and turned over to federal law enforcement.

Tpr. stopped a vehicle that had almost collided head-on with another vehicle. A consent search was conducted resulting in a seizure of heroin, vehicle was seized and Tpr. is in the process of writing a search warrant based on the suspicion of drugs in the vehicle.

D Troop  
17 arrests, 4 DUI

Tpr. stopped a vehicle for speeding on I91 in Rockingham; one arrested for possession of cocaine and prescription pills.

Royalton had 2 arrests for violation of stalking orders

New sex assault intake, Jamaica VT. 13 year old female reporting being sexually touched by 20 yr old male.

New child abuse intake. Reported 2 year old being shaken by bio dad, Putney, VT  
New Sex Assault intake, 13 year old female reporting being raped by 3 unknown males while she was 7. Saxton's river, VT



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*Jeb Spaulding, Secretary*

**PRIVILEGED AND CONFIDENTIAL  
MEMORANDUM TO THE GOVERNOR**

**TO: Governor Peter Shumlin**  
**FROM: Secretary Jeb Spaulding**  
**DATE: July 18, 2014**  
**SUBJECT: Confidential Report to the Governor**

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**BUILDINGS AND GENERAL RESOURCES**

**Of Interest to 5<sup>th</sup> Floor from BGS Directors:**

Westminster – Public Safety New Construction: The Westminster DRB has issued a second Recess Order pertaining to the tower fall zone only. Emily is working with Green Mountain Power to work out a deal that we can all agree with. This agreement needs to be sent to the Town by August 1st, for an August 5th hearing. The DRB has granted a waiver for the reduction of the required parking spaces. Bid documents are being prepared in anticipation of receiving the permits in August.

**Significant Events/Meetings:**

AG/ANR Lab: Meetings with Secretary Spaulding, AG/ANR and BGS this week for site selection review. Review prime site options with the Governor on Thursday, July 24<sup>th</sup> at 4:00pm (attendees will include BGS staff, Secretary Spaulding, Secretary Ross and Deputy Secretary Johnson).

Had a conference call with UVM to discuss the University's proposed AG/ANG lab site modeled after the new VT Department of Health Lab arrangement.

Capital Complex Security Working Group: Organizational meeting held and interviews conducted by the consultants. More interview planning and preliminary report due in early September.

Veteran's Cemetery: Meeting scheduled with Interim President, Dan Smith, to discuss the acquisition of property from VTC for the siting of the cemetery's welcome center. VTC wants \$300,000 for the parcel.

Heat Plant: The rate for the thermal energy charged to the City will be released 7/21/2014.

## **FINANCE AND MANAGEMENT**

### **Issues Update:**

FY 2014 officially closed on Wednesday, July 16<sup>th</sup>. The general, transportation and education fund operating statements have been reconciled.

Commissioner Reardon and Deputy Commissioner Clark are preparing for a potential FY 2015 general fund rescission following the updated consensus forecast to be delivered next week. The budget office is prepared to act quickly in the event of a revenue downgrade.

The budget office is preparing for the Joint Fiscal Committee and Emergency Board meetings next week.

As of the afternoon of July 16, 2014, the food fight fund has received \$104,594.64 in donations from 1,048 individuals/organizations.

## **HEALTH CARE REFORM**

### **Green Mountain Care:**

GMC Retreat: We had a kick-off retreat with approximately 45 staff members to level-set understanding and expectations for Green Mountain Care. This will enable Tom Boyd's work on operational planning and hopefully move staff to a higher level of understanding. Many participants expressed excitement and were pleased with the day. The morning consisted of an overview presentation by the AOA team; the afternoon was break-out groups to explore issues on particular topics and do a deeper dive. We are finalizing the notes from the day.

Waiver Planning: We continue to meet with the CCIIO staff members on how to move forward with GMC waiver planning. We received feedback on the GMC white paper from CCIIO and will incorporate their feedback to finalize in the next week or so.

GMC Financing: We have selected a contractor for economic modeling – Jonathan Gruber – and are doing an all contractor kick-off on Monday in Boston (which was actually cheaper than paying UMass, Wakely, and Gruber to come to Vermont). We are including the AOA team, Kara Suter (DVHA), Anya Rader Wallack, Emily Byrne (Fin & Man), Mary Peterson & staff (Tax), and Tom Boyd (DVHA).

### **SIM Update:**

The SIM Team convened the Payment Models Work Group, the Population Health Work Group, the HIE/HIT Work Group, the Care Models Work Group, the Workforce Work Group, the Steering Committee and the Core Team over the past two weeks. The work groups are engaged in planning for policy recommendations that would be implemented in year two of the project. The Core Team approved several key funding initiatives to support the state's three ACOs. The funding initiatives provide funding for analytics, quality improvement and ACO infrastructure to enable critical changes in the delivery system. In the next few weeks, the Quality and Performance Work Group will finalize

recommendation for the quality measures that would be applied to Year Two of the Medicaid and Commercial Shared Savings Programs. This work is incredibly challenging as various constituencies feel quite strongly about adding or not adding measures. This work will consume significant resources throughout July and August as we work towards consensus decision-making and recognition of the balance between administrative burden and the need for appropriate measures.

### **Legislative Issues/Contacts:**

Robin is meeting monthly with Representatives Fisher & Copeland Hanzas at their request to provide updates on our work. Nothing of note.

### **Significant Events/Meetings:**

Brattleboro Memorial Hospital: Lawrence and Robin began their around Vermont hospital board tour with Brattleboro Memorial. The purpose of the tour is to introduce Lawrence (and to some, Robin, too) and to engage directly with hospital board members on the vision and goals of health care reform and to provide an update on current planning efforts for GMC. This will enable us to better anticipate hospital board concerns and ensure that we have reached out directly at that level to receive input. This board meeting went well. The majority of the concerns centered on ACO development and smaller hospital participation and reimbursement. There were questions about GMC, but nothing out of the ordinary.

DHMC re: Medicaid: We have a follow up meeting scheduled with DHMC on their Medicaid reimbursement and will provide an update in August on the progress.

VITL Board Meeting: Robin and Lawrence participated in VITL's annual board retreat to set strategic goals for the organization, including whether it should position itself as a public entity with an expectation of continued public support for on-going operations or a private business entity trying to innovate in IT. The board was closely aligned around VITL being a public utility-type entity and affirmed that there needed to be additional discussion on what the "core" functions were that should be publically funded (as opposed to tools or other applications that might be subscribed to on a fee basis). There was also recognition that there needed to be work on a better understanding of how VITL's functions fit into other IT projects that were underway by other entities (such as the ACO analytics contractors, etc.). Robin and Al will work on the latter as part of the state's health information technology plan. The other ongoing issue is John Evan's expectation of preferential treatment and difficulties communicating on contract issues with DVHA. This issue is contributed to by both parties, but has improved quite a bit over the past few months. (On John's side, he wants free rein with the money & is frustrated by federal & state financial oversight. On DVHA's side, they are frustrated by John's CFO's inability to provide adequate financial reporting to ensure clean state & federal audits.) Georgia is working hard on this with the DVHA team.

## **HUMAN RESOURCES**

### **Press Contacts:**

DHR is working on providing response to public records requests for salary data from Jack Hoffman, and Hilary Niles.

### **Significant Events/Meetings:**

Heather Shouldice has requested information on the flu bid process and award of the flu contract. She represents community pharmacies and has been complaining that her clients were not awarded the bid. In reality, while the community pharmacies bid, they offered a very different program than the one sought in the bid. Information will be provided in accordance with the public records law.

DHR will meet with AHS to discuss AHS's concerns around pay equity. AHS believes there are too many positions graded at pay grade 30 or above. They have also raised concerns that jobs in DCF are not graded similarly to those in DVHA. Given that DCF has not requested the review of these positions in over 15 years and that the positions in DVHA were recently created, it is quite possible the DCF positions could need to be upgraded.

## **INFORMATION AND INNOVATION**

### **Status of Governor's Priorities:**

#### **Healthcare:**

CGI continues to suggest they are on track to meet security deliverables for High and Medium POAM items. However, they refuse to provide detailed tracking on execution items and the general consensus is that POAM items will not be completed by the September 8<sup>th</sup> time frame.

Contingency plan execution for augmented security resources is occurring currently. DII in collaboration with DVHA is working to identify outside help that can be brought in to assist CGI's efforts to deliver on the High and Medium POAM findings that are required by CMS.

Contracting in this tight timeframe poses a challenge on many levels.

#### **Evolving Issues**

**Web:** The Budget Data for the Open Data Portal is now available and live on [data.vermont.gov](http://data.vermont.gov).

**Network:** Currently the State has over 100 individual business contracts with Comcast, providing network connectivity for smaller government work locations. Expenditures for these services exceed \$100K per year. DII has recently established a relationship with Comcast at the corporate level, assisting in establishing centralized billing to one monthly transaction for the State. Additionally, this information sharing has helped DII identify State locations who are unnecessarily utilizing Comcast when a pre-existing Internet Service Provider (ISP) is available to support connectivity. This will allow DII to further decrease expenditures through the reduction of unnecessary ISP end points. Furthermore, we plan to pursue a network data contract with Comcast enabling a more consistent usage charge across the State. This will also give the State an additional partner to leverage with for more economical network data plans.

## **LIBRARIES**

No Report.

## **TAXES**

### **Legislative Update:**

Tax Reform: The Commissioner and the Department's two fiscal analysts will be in Boston for the kick-off meeting with the health care economic analysis contractors. Key questions for our team is how the Department can support data needs on the project, and how tax reform fits into the economic analysis. While in Boston, the Commissioner will also be meeting with the MA DOR Commissioner, and the consultant who we both have engaged on our FAST IT projects.

Cloud: We tentatively have a meeting scheduled with industry folks in late August. Interestingly, an article on the regs in State Tax Notes led to a call to the Commissioner from a leading national practitioner who wants to participate in the focus sessions.

### **Operations:**

VTax, Compliance and Communications: We have a major initiative underway to establish a streamlined audit and appeal standard operating procedure, which is encountering headwinds from our Compliance and Legal Divisions. As part of the fallout, we have decided that this fall we will deploy Val Rickert essentially as an Asst. Deputy to oversee operations in the Compliance Division, since the management in that division needs support to implement the major change that is plainly necessary. As a corollary, the VTax project is providing an opportunity to rewrite all of our correspondence, under the leadership of our lead outreach specialist who has been designated our "Communications Coordinator". First up we are revamping our business and corporate letters, our smallest portfolio of correspondence. The resistance that she is encountering in rewriting letters in plain language that clearly informs taxpayers of the nature of the Department's actions and the taxpayers' recourse suggests that this too is a huge transformational exercise.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin  
From: Michael J. Hogan, Commissioner of Liquor Control  
Date: July 18, 2014  
Re: Weekly Report

Status of Governor's Priorities: See Below

Legislative Issues/Contacts/Updates:

- S299: Great job at the Bill signing yesterday. Perfect spot to speak on the growth of craft products in Vermont. Thanks for the invitation.

Press Issues/Releases/Contacts: Nothing now.

Significant Events/Meetings: Next Board Meeting 09/03/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress!
  - Preliminary review of department processes for potential licensing and enforcement system.
  - Performance Audit underway. Report hopefully in August.
  - 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.
- 

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.
- Trying to foster some partnerships with big out of state distillers so that they can find ways to work with our instate distillers in a market that is bursting at the seams!

Commissioner's Commentary: Have a great weekend. Thank you for the note on the \$70 million in business for FY 14. The employees and staff really appreciated it.

**Legislative Prep Form**

**1) Issues/policy proposals that will most likely arise next year, either as unfinished issues from this year or new issues that are likely to be discussed**

- **Recreational Marijuana:** Sen. White sent out a note after the session stating that it will be brought to the table for discussion in Jan 2015. I have been following Washington and Colorado and have plenty of information and contacts. I would be glad to assist the administration in any way on their study that the legislature recently mandated.
- ***Washington State Liquor Control Board is opening its first retail stores July 8 and will be issuing 20 licenses for sale of recreational marijuana.***

- OLYMPIA, Wash. — As Washington state prepares to issue the first licenses for marijuana retail stores, Gov. Jay Inslee and other state leaders on Tuesday announced a coordinated campaign to make sure pot stays out of the hands of minors once products start hitting store shelves next month.
- “Those who have led the effort to legalize this product understand that we’ve got to make sure those parents’ roles are respected and emphasized and that the health of our children is of our paramount concern,” Inslee said. Different state agencies are working together “to make sure the public has the information they need to make healthy decisions and the tools that they need to keep our kids safe,” he said.
- The Liquor Control Board will issue about 20 retail licenses on July 7, and the stores that are ready can open the next day. More stores will get licensed in the following days.
- **Agency of Controlled Substances:** Rep. Stevens has interest in an agency that oversees liquor, lottery, gambling, etc. Not enough information as to the goals. We don’t share that approach.
- **Moving DLC Enforcement to Public Safety:** Don’t think it’s a good idea. Not much gain by doing it as alcohol enforcement will be diminished with the needs of the overall agency competing for resources.
- **New Warehouse for DLC:** Department’s business is growing and the current warehouse is not large enough to handle that growth. Could be a build/lease situation. We will have a cost benefits analysis done as a foundation to going forward. Could be a recommendation out of the Auditor’s Performance Report.

## 2) **Issues/Ideas that your agency/department would like to consider affirmatively putting forward:**

- **More flexibility in hiring and growing our business:** As a \$70+ million dollar business, we have very little flexibility as a governmental entity. I would like our department to be a pilot of what other states have done to grow their enterprise funds. My goal is to grow this business on all fronts and produce more revenue for the state. I will get you more details soon.
- New Warehouse location mentioned above.

## 3) **Issues that will likely be discussed that may need a defensive strategy:**

- **Break Open Tickets:** We are in the process of automating the reporting of tickets from manufacturers and wholesalers. This was a change to our regulations suggested by the 2013 Legislative Session. This will give us a true accounting of what the “playing field” is. I still believe there is money to be made by regulating an industry that has no control at the present. If the non- profit organizations had more faith in the oversight of this process, I think more folks would come to the table and be involved. Tax has to move over the licensing and



enforcement to DLC which was part of the initial legislation in Jan 2013. I will keep Jeb in the loop as to the reporting of these tickets.