

WEEKLY REPORTS

Checklist
1/14/2011

Bill Lofy

ps BL JS CM
✓✓✓✓

Agency of Commerce and Community Development – Lawrence Miller

Agency of Agriculture – Chuck Ross

Agency of Transportation – Brian Searles

ps BL JS CM
✓✓✓✓

Department of Labor – Annie Noonan

Alex MacLean

ps BL JS CM
✓✓✓✓

Agency of Natural Resources – Deb Markowitz

Department of Public Safety – Keith Flynn

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

Susan Bartlett

Agency of Human Services – Doug Racine

Beth Robinson

BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

JS PS BL CM
✓✓✓✓

Agency of Administration – Jeb Spaulding

Special Reports

Additional Report: _____

Additional Report: _____

Additional Report: _____

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development
Date: January 14, 2011
Re: ACCD Weekly Report

Status of Governor's Priorities: Too early.

Legislative Issues/Contacts:

The entire executive staff did an introductory meeting with House Commerce this week.

Noelle Mackay and Jen Hollar are in House General next week on recent housing studies. Alex has a memo coming.

Jen Hollar is in Sen. Economic Development, Vince's request. Re: per unit housing costs on Community Development (CD) funded affordable housing projects. Alex has a memo coming.

Senator Sanders secured a \$194,800 EDI grant for Vermont for historic preservation projects in 13 communities. Awaiting JFC approval must happen within 30 but the committee has not been appointed yet. Sign-off by the Secretary of Administration and the Governor are also required for every grant received by the state.

Press Issues/Releases/Contacts:

The Hilton had a bedbug issue in a single room. The visitor used his phone to film the crawlies and sent to WCAX. We were asked to provide a statement and said that given that the bedbug problem is widespread elsewhere and rare in Vermont we do not expect a tourism impact. We also praised Hilton's responsiveness. WE are in touch with the Department of health to understand their bedbug program and standards and ensure that they are communicated to the hospitality industry, particularly the small operators.

Significant Events/Meetings:

Vermont Captive Insurance Association Legislative Day is next Wednesday, 1/19 in the statehouse.

- Members of the Captive Insurance Industry will be there.
- Governor Shumlin will address the group over lunch at Cap Plaza.
- Dan Towle, our Captive Director, is preparing message points for the Governor.
- Dan will be present for testimony in Senate Finance and in House Commerce.
- Dan will also be presenting to the VCIA Board of Directors on year end results and marketing initiatives.
- The Legislative day will end with a reception with all legislators invited.

Evolving Issues:

JFO has finalized a report on the Vermont Training Program per legislation last year. Recommendations are a concern and could jeopardize this critical incentive program. Sen. Economic Development started discussions Thursday but we were not informed and are working to find out what happened.

Summary of Key Agency Department Activity:

Business Support

- **Green Mountain Risk Management, Inc.:** There is a possibility this holding company could bring some manufacturing here. Early stages. More to come.
- Liquid Measuring Systems (Georgia), Seldon Technologies (Windsor), Sonnax (Rockingham) are all talking about training assistance with the Vermont Training Program for a combination of new hires and upgrade training for existing employees.

Financial Services

Captive Insurance Year End Press Release is out with Sue Allen's help.

- Vermont finished the year with 33 newly licensed captives.
- These are very strong numbers despite a weak economy and a 'soft' (poor) insurance market.
- Dan Towle, Captive Director for us, spoke with editorial staff and was interviewed by Business Insurance, Risk & Insurance, Captive.Com, and National Underwriter.
- The release has been picked up by quite a few media outlets. The release was also sent out via electronic media and was widely picked up by on line publications.

Recruitment (not for sharing)

- A Canadian based wood flooring manufacturer is again considering North Troy as a location for their initial U.S facility. 13 employees initially, 25 within 3 years. VEDA and training critical. Not likely to qualify for VEGI given wages and timing.
- Out of state entrepreneur interested in developing a silicon wafer manufacturing operation geared towards fuel cell technology. Vermont of interest given possible synergies with IBM, GMP, and VT's renewable energy initiatives.

Housing

HUD Consolidated Plan – is in the process of update. Action plan updates are required annually. Public participations process. This governs our Community Development Block Grant program.

Tourism Marketing

The Vermont Department of Tourism and Marketing (VDTM) continues to work on the ongoing winter 10/11 advertising campaign with Cabot and VSAA.

- Direct mail to Boston and New York, offering online VT lift ticket discounts, product giveaways, and a grand prize VT getaway.
- Regional online ad's directing to the discount/sweepstakes website.
- VDTM's partners contributing \$350,000 for a grand total of \$600,000 worth of media.
- **Orbitz Worldwide:** VDTM's partners with Orbitz Worldwide with Orbitz running a winter sales program delivering Vermont winter vacation deals to Orbitz users. Expecting a preliminary report at the end of January detailing the results of this promotion.

Secretary's Commentary:

I will place potentially sensitive personal commentary here.

Lawrence

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: January 7, 2011

Agricultural Development

Ag-Related Jobs

- In the last two weeks, 5 job postings for ag related industries were sent to the Agency of Agriculture to be forward through e-mail to farmers as well as those associated with Agriculture and 1 was advertised in the Burlington Free Press. The postings represented 9 jobs in the state of Vermont. The jobs include the following: Food Venture center in Hardwick -2 positions; VT Butter and Cheese in Websterville, Consider Bardwell Farm in Pawlet, Commonwealth Yogurt in Brattleboro – 4 positions, 1 position at Franklin Foods and a job at the Agency of Agriculture in the Consumer Protection division.
- The Agency of Agriculture position in Consumer Protection is filling a position filled due to the retirement of an individual. The hiring process began in December and the posting end date was January 3, 2011. The position will include Good Agricultural Practices Audits (fee for audit), Country of Origin Labeling audits (USDA reimbursed) and general duties for Consumer Protection Division (funded by General Funds and Special Funds). GAP (Good Agricultural Practices) is a program that is increasing rapidly in farm audit requests, due to the major grocery chains requiring a third party audit on fruits and vegetables. We need at least one more person trained and licensed to perform these on farm audits. The first year audits were performed, 5 farms were audited. In calendar year 2010 25 farms were audited. The number is expected to grow to 40 in 2011. COOL (Country of Origin Labeling) is a program of inspecting retail grocery stores for proper country of origin labeling and record keeping. In 2011, we are expecting a 65% increase in the number of stores assigned to us. Extra help will be needed. If there are further questions about this position, please contact Diane Bothfeld, Acting Deputy Secretary.

Media Inquiries

- This week, the focus of inquiries from the media has been the return of the Norman Rockwell mural to the agency. The press release and photos distributed garnered national press coverage. We plan a reception in early February for legislatures and the general public. We have also fielded inquiries regarding the maple syrup labeling regulations in association with Log Cabin Syrup and McDonald's restaurants.

Events

- Ag Development is gearing up for numerous events in January including the Farm to School reception and the Farm Show. For details on these events please contact Kelly Loftus at kelly.loftus@state.vt.us.

Food Export USA - Northeast

- Kelly Loftus is the state representative for Food Export USA. Food Export USA is integral to assisting small to medium companies expand their markets and revenue through national and international export.

The program is funded through USDA MAP. The program provides funding for internships and this week we brought on board a student from UVM who is majoring in International Studies. He will do outreach to Vermont companies looking to expand their markets and provide information about resources available through Food Export USA. The president of Food Export USA, Tim Hamilton, will visit Vermont at the end of this month.

Slaughter House Infrastructure Discussion

- Ag Development Coordinator Chelsea Lewis will convene a meeting of interested parties to discuss Slaughter House infrastructure in Vermont on January 19th. The goal of this meeting is to discuss the actual and perceived needs for slaughter house infrastructure in Vermont and what steps the assembled group can take to assist slaughter houses in Vermont. Once a list of possible services is compiled then the slaughter industry will be asked to rate the offerings and or add additional activities that would assist their infrastructure needs and other business opportunities.

Northeast Organic Farmers Association – Direct Marketing Conference

- Multiple employees from the Ag Development Division will attend this conference on January 9, 2011. Ag Development Coordinator Koi Boynton will make a presentation of the work of the Ag and Culinary Tourism Council including and update the website that will link visitors with farms, restaurants and attractions that will provide an ag related experience in Vermont.

Current Use

- Land Use Planner Sylvia Jensen is working with the Secretary and Deputy Secretary to determine the rate per acre for the ag land in current use for 2011. In the 2010 legislative session, there was a directive to save \$1.6 million from the current use program. The Agency is waiting to hear from the administration their position on Current Use for the 2011 session.

Human Resource Workshops for Dairy Farmers

- Senior Ag Development Coordinator Louise Waterman will be implementing 3 Human Resource training courses for dairy farm managers in Middlebury, St. Albans and Newport the week of January 10th. Registration is strong and the workshops are funded through grant funds and farmer registration.

Taste of Place and Seal of Quality

- On Monday January 10th there will be a meeting with farmers and value added producers to discuss preliminary research results for the Taste of Place working groups, Taste Place Marketing Study and the Seal of Quality. This will provide producers the opportunity to hear the preliminary results and voice their opinions and what possible direction a marketing campaign for Vermont ag products into the future.

Dairy

- See attached update on status of the industry. Milk prices ended the year on a low note. Estimated price for December is between \$15.60 to \$16.35. The price for January may decline further to \$14.85 to \$15.60/cwt. January through March is a typically slow time for dairy sales and milk prices reflect this decline in sales. Issues with weather in Australia and Europe (winter weather) are affecting dairy product supplies in the world market and may present a continued opportunity to market US dairy products internationally. This may moderate the first quarter typical decline in milk prices. Margins will be tight in the first quarter of 2011 due to increased input cost of feed, fuel and fertilizer. Feed due to demand for grains on the world market due to weather issues and increased demand for corn to ethanol due to and increase in percentage of ethanol in gas from 10 to 15%. Vermont Farmers will experience tight margins for the first 6 months of 2011 and farm lending organizations will be evaluating equity levels and ability to repay loans prior to lending further money to VT dairy Farmers.

- In conjunction with NY and PA, working on a series of requests to Secretary Vilsack that could possibly be implemented administratively through USDA to assist dairy farmers in the first 6 months of 2011. Suggestions include using funds to purchase dairy products for federal feeding program such as military, prison and low income assistance. Other recommendations include connecting with Department of Defense to include dairy products in Nation Building Effort with Afghanistan and working with USDA Farm Service Agency to allocate more funds to direct and operating loans for the first half of 2011 to assist farmers during times of tight margins. These requests will be submitted to secretary Vilsack at USDA and also the federal delegation from PA, NY and VT.

Ag Resource Management Update

- Meeting this afternoon with Ms. Robinson of E. Barre and her attorney regarding the ongoing saga of chickens, manure and their impact on the neighborhood. This is in an effort to resolve a notice of violation for not adhering to the requirements of an Assurance of Discontinuance issued last year. Ms. Robinson manages 100 laying hens on a 1/4 acre lot in East Barre. Neighbors and the town have complained about this operation for two or three years now. The Agency has been involved as the 'farm' is regulated by the AAPs and not local zoning authority.
- S.8 has been introduced by Sen. Kittell. The bill would require the Agency to amend the AAPs to include commercial composting as an AAP thus exempting commercial composting operations on farms from local zoning review. The Bill would also exempt these operations from DEC regulations and require us to engage with the Vermont League of Cities and Towns and the Vermont Planners Assoc. to sort out the details regarding this exemption and report back to the legislature in one year. The AAPs would be required to be amended by June 2012. The result of the bill, as written, would be to not only exempt on farm commercial composting from local zoning but to also place the regulation of these operations under our authority.
- Assistant Director DiPietro attended several meetings this week, Partners Meeting (led by Natural Resource Conservation Council and Vermont Association of Conservation Districts), Lake Champlain Basin Program Executive Committee, and a meeting with Natural Resource Conservation Service to discuss the structural cost-share programs for water quality.
- The Partner's meeting was aimed at setting statewide priorities for the NRCC, a requirement of a grant agreement we have with them. They were seeking assistance from partner organizations to help provide more financial resources. Of course there are no resources and currently there is no proposed budget from the Agency (typically we've provided \$124,441 annually) for this organization including conservation districts for FY 2012. This budget information has not been shared with the NRCC or districts as the budget has not been finalized by the new administration. If this cut remains in the budget, there will be a firestorm from these organizations. The frustration will come from the fact that they have always received this support from the Agency and as far as the districts go, they are a major partner for us and this will seriously impact their ability to keep the doors open if the \$112,000 of this funding is not provided to them. The remaining \$12,441 is provided to the NRCC and to date has not shown measurable results in the past for the funds spent.
- LCBP Executive Committee was focused on setting budget priorities for the FY 2011 expenditures. One project that the Agency helped to develop and is currently in the funding line up is establishing enough information to set indicators for water quality in a measurable sense. For instance, we know how many buffers we install on an annual basis, however we have no idea what the remaining need is. This project will aim at quantifying the remaining need and phosphorus reductions from past implementation projects. There is a Steering Committee on January 20th and 21st in Quebec where a final determination of what will be funded will be made. Currently there is no representation from the Agency attending this meeting, and it looks like NRCS will only be represented for the second day.
- NRCS meeting to discuss their Environmental Quality Incentives Program (EQIP) and the Agency of Agriculture's Best Management Practices Program. These two programs jointly spend about \$3.5 million annually on production area structural water quality improvements. This meeting was focused on engineering needs and how to collaborate more cohesively to complete projects in a timely manner. The outcomes were that they would donate their staff time to help survey some of our projects, we could

utilize a position that we jointly share to work on the majority of our projects, and that they will look into allowing our professional engineer to become certified to oversee their projects when they may not have the staff resources to be on all construction jobs at the same time. These are all new ideas that have never been done before. In the past NRCS only worked on NRCS projects so we are really grateful for the partnership that we have developed especially at a time when we have more work to do than staff resources available.

- **Manure Spreading Exemptions** - The overwhelming reason for exemption requests is due to the weather we had in October and November. Farmers began removing manure early in the fall, then they received significant amounts of rain and the fields remained too wet to be able to drive equipment on. For a few farmers, the situation was further compounded by the need to wait for their custom hauler to become available after the weather-related back-up. Exemptions include significant restrictions on how the manure may be applied: the target application rate is 3,000 gallons to the acre whenever possible (unless there is insufficient or undesirable land base), and enhanced setbacks to surface water and ditches (150 feet) and wells, roads and property lines (100 feet) are imposed. One request, Claflin in Ferrisburg, was the result of the manure transfer pipe becoming plugged, with manure backing up into barn. The pipe needed to be accessed from the pit side, so enough manure had to be removed in order to allow repairs.
- **Manure spreading exemptions issued to date:**

Town	Volume	Approved Dates to Spread
Barton	350,000 gallons / 69.5 acres	12/17 - 12/22
Hinesburg	100,000 gallons / 33.89 acres	12/16 - 12/22
Bridport	100,000 gallons / 64.4 acres	12/17-12/22
Fairfield	100,000 gallons / 49 acres	1/1 - 1/6/11
Cambridge	232,000 gallons / 54.5 ac	1/7 - 1/12
Essex Junction	350,000 gallons / 110 acres	Dates - 12/21-12/28 Verbal extension - 1/10 - 1/12
Braintree	580,000 gallons / 145 acres	Dates 1/5/11 - 1/11/11
Ferrisburg	Final approx 210,000 gallons / 137 acres available	Verbal approval given 12/21/10; completed same day
Alburg	180,000 gallons / 45.5 acres	Dates - 12/28-12/31
Farifax	355,000 gallons / 105 acres	Dates - 1/4/11 - 1/11/11
Pending		
Sheldon (2)		
Highgate Center		
Fairfield		
Denied		
Swanton		Pit has sufficient capacity to make it through ban; alternative storage structure available to accommodate waste if capacity of home pit is exceeded.

Food Safety and Consumer Protection

- The Agency has been following up this week, in conjunction with dairy co-op personnel, on an email it received alleging that a Vermont producer is injecting his cattle with bST (bovine somatotropin) in spite

of having an affidavit on file with the co-op attesting that the milk he produces is bST-free. At this time, the Agency is working to acquire more information from the complainant regarding this issue in order to determine next steps.

- The Agency has submitted written humane handling plans it has received from licensed red meat slaughter establishments to a third party contractor who will be reviewing the plans and working with the plants to refine them if necessary. This same contractor will be developing a train the trainer program for VT slaughterhouse employees as mandated in S.295 from the 2010 legislative session. The contractor visited Vermont last year to evaluate the state's slaughter establishments and one livestock market on a voluntary basis. All establishments "passed" the evaluation, and some received very high marks and were highlighted as model facilities.
- Agency Consumer Protection personnel met with management and legal representatives of a grocery retail chain this week to discuss recent violations detected by VAAFM inspectors in multiple stores in Vermont. During this meeting, grocery personnel outlined steps they have taken since the violations were found to remedy the situation/protect consumers. The total in administrative penalties issued against the chain in the recent past has totaled in excess of \$20,000.
- The Director of the Food Safety/Consumer Protection division is planning to continue efforts to cross train employees within the Division. This transition has already been underway, but the next phase will involve the animal health and dairy regulatory personnel. This is a natural fit, and ensuring that field staff can effectively perform a multitude of tasks across section lines will help to increase efficiency, streamline costs and provide a better service to Vermont producers and industry stakeholders.
- State veterinarians will be working over the next several months to redefine the way in which VAAFM animal health specialists follow up on complaints focused on alleged livestock animal welfare violations. This process will involve not only internal discussions with field staff, but also discussion with local law enforcement and town officials to make the best use of personnel and equipment resources and the local and state levels. Ultimately, the well being of livestock species in Vermont will be better protected.
- The Agency, in conjunction with the Attorney General's office, continues to work with the owner of a cervid captive hunt facility in Irasburg to bring that facility into regulatory compliance. Compliance has been achieved in some areas, but others still require ongoing attention.
- The State Veterinarian is taking steps to ramp up the Agency's surveillance for Chronic Wasting Disease (CWD) in elk and white-tails. This will involve submission of additional tissue samples to the diagnostic lab for histopathologic evaluation. This change in protocol will do a better job of ensuring that Vermont's cervid population is free of CWD.
- The Agency's Consumer Protection personnel will soon be using the WinWam software system for all field inspections within that section. This system will allow for electronic documentation of inspections and automated uploading of those reports into the parent database. This advancement will increase productivity within the section and provide a better more efficient service to Vermont small business owners/retailers.

Animal Health

- Investigated a complaint from a local veterinary practitioner in regards to shelters bringing dogs into Vermont without a Certificate of Veterinary Inspection (CVI). According to 20 V.S.A. 3915, "a dog...imported into the state shall be accompanied by an official health certificate...issued by a veterinarian." Assistant State Vet Russo contacted all of the parties involved and informed them of the requirements for import.

- Assistant State Vet Dr. Russo completed the online Johnes recertification course.
- Received a call from a concerned citizen about a horse having difficulty breathing. The complainant was not the owner of the horse. Complainant requested assistance from the state vet's office. Assistant State Vet Russo encouraged her to contact the local humane society and the owner of the horse.
- Followed up on a complaint from a local town clerk in regards to a veterinarian improperly administering rabies vaccine. The town clerk's office is responsible for registering dogs that have been vaccinated for rabies. Assistant State Vet Russo spoke with the veterinarian and they concurred that the rabies vaccine was administered properly.
- Animal Health Field personnel conducted animal welfare investigations, collected blood from chickens at Dresser Hill, collected elk tissues for CWD and supervised activities at Addison Commission Sales.

Meat Inspection Update

Inspection:

- We received inquiry into the steps the owners of Champlain Meats need to take to get licensed. They will be submitting a formal license application probably next week.
- Erica Voogd's services have been contracted, and she is now reviewing the livestock humane handling plans. All licensed red meat slaughter est. submitted plans.
- Assisting with the creation of a Farmer's Market guide to selling meat at Farmer's Markets that will be disseminated on Sunday, Jan. 9 (Mike Mitchell, compliance officer, and Chelsea Lewis will be attending the Farmer's market vendor and manager's information meeting.)
- Inspectors have been able to get out recently and do more compliance and enforcement visits at retail establishments, and have been finding violations of illegal product being offered for sale, sanitary violations, unrenewed licenses, etc.
- Working on producing guidance for poultry plants to write their humane handling plans.
- Working on revising the AIC grant to change the scope of it to humane animal handling training for producers, truckers, and those who handle live animals prior to entry into a slaughter establishment.

Compliance and enforcement:

- Healthy Living was issued a Final Order of Default, with a fine of \$1000, because of non response from the firm. We received an email today from the owner questioning the final order, and saying he never received the initial violation and fine. He will be sent a copy of the violation and a copy of the certified mail green card, and be directed to the appeal rights at the end of the formal order.
- The state police contacted meat inspection about several consumer complaints they were getting regarding meat sales door to door. They want to issue a press release on this topic, and are coordinating with our compliance officer.

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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: January 14, 2011

Status of Governor's Priorities: Too early.

Legislative Issues/Contacts:

Secretary Ross and Acting Deputy Secretary Bothfeld presented Agency overview and information to House and Senate Ag Committees.

Legislation introduced

- A change in the amenability of quail back to non-amenable status for slaughter purposes
- On-farm slaughter without following federal requirements

Press Issues/Releases/Contacts:

Continued Interest in Maple issue with McDonalds. Agency of Ag representative from Attorney General's office still working on issue to come to final agreement with McDonalds.

- McDonald's and Maple - WCAX, WPTZ, Fox, Boston Globe, Toronto Star, and others.
 - This has implications for Vermont especially with maple season just around the corner
- Farm Show – various (Maple/Dairy/FFA/general)
- Seal of Quality update - AP
- Bed bugs – various
 - This has implications for tourism in Vermont
 - Jon Turmel is the expert on this issue

Significant Events/Meetings:

Met with Vermont Farmstead Cheese is a new company that is utilizing the past Woodstock Waterbuffalo Facility in Woodstock, Vermont. The principal, Vince Gallucci, visited the Agency of Agriculture on January 13 to discuss the current status of the business and what future plans. Vermont Farmstead Cheese has repopulated the dairy farm with Holstein Cattle and prepared the cheese making facility to produce 7 types of cheese. The cheese will be distributed nationally and the farm and cheese making facility will be set up to have classes and visitors to see the cheese made. Mr. Gallucci also discussed the potential of building a second facility in Windsor near the Harpoon Brewery.

Evolving Issues:

- Healthy Living was issued a Final Order of Default, with a fine of \$1000, because of non response from the firm. The owner has requested the Sec. of Agriculture to reconsider the order.
- We have been told by USDA FSIS that their compliance and enforcement (OPEER) will be investigating the emu product that came to a federal plant in Vermont from a federal plant in NH unlabeled and wrapped

in saran wrap, as possible instance of uninspected product crossing state lines and being processed as inspected product. The first meeting was on 1/13/11

Summary of Key Agency Department Activity:

Ag Development

In the last week, 3 job postings for ag related industries were observed in Vermont. The postings represented 3 jobs in the state of Vermont. The jobs include the following: Cabot in town of Middlebury – 1 position, Ben & Jerry's in town of St. Albans and Vermont Farmstead Cheese of Woodstock – 1 position.

Dairy

- See attached update on status of the industry. Milk prices ended the year on a low note at \$16.06. This is the lowest prices since April at \$14.26. The price for January may decline further to \$14.75 to \$15.50/cwt. January through March is a typically slow time for dairy sales and milk prices usually reflect this decline in sales. At this point, export demand is strong and butter prices are over \$2.00. This unusual for this time of year. Issues with weather in Australia and Europe (winter weather) are affecting dairy product supplies in the world market and may present a continued opportunity to market US dairy products internationally. This has moderated the first quarter typical decline in milk prices. Margins will be tight in the first quarter of 2011 due to increased input cost of feed, fuel and fertilizer but better prices may alleviate this issue somewhat if predictions hold. Feed due to demand for grains on the world market due to weather issues and increased demand for corn to ethanol due to and increase in percentage of ethanol in gas from 10 to 15%. Vermont Farmers will experience tight margins for the first 6 months of 2011 and farm lending organizations will be evaluating equity levels and ability to repay loans prior to lending further money to VT dairy Farmers.
- Agencies and Departments across the nation contacted FDA in regards to an antibiotic testing program that would adversely affect the dairy industry nationally and here in Vermont. FDA had proposed testing dairy farms that had marketed beef that tested positive for antibiotic residues. Everyone is concerned about antibiotic residues but the protocols for this testing regime did not take into consideration the marketing issues for the dairy industry. Many farmers send milk to market daily. Within this testing protocol by FDA, the results may not be available until 3 to 4 days after the initial test is taken. For many farms, more milk would have been marketed before a result is known. IF the result were to be positive then the milk sold between the initial test and the result may need to be recalled resulting in major issues for the dairy industry. The state's are challenging FDA to adjust their protocol to take into account the issues this testing will cause the dairy industry and to work more closely with the states.

Regulatory Food Safety and Animal Health

- State veterinarian met with the current VSNIP grantee for a 2nd quarter performance review based on the grant agreement under which the administrator is operating. These meetings are held quarterly in order to achieve compliance with the performance-based contract/grant requirements.
- Assistant state veterinarian is participating this week in Agricultural Emergency Response training in Anniston, Alabama that is funded by the Department of Homeland Security. This training will help to ensure that Agency staff members who complete it are adequately prepared to respond to all-hazards emergencies involving livestock and other agricultural commodities.
- State veterinarian is in the process of developing scope of work and budget documents as part of the Agency's justification for receipt of funding from the Department of Labor's workforce training program and the Agricultural Innovation Center. This funding will be used to hire a contractor to implement livestock humane handling training for producers, livestock dealers and auction house employees in Vermont. If this is successfully completed, it will help to ensure that livestock handlers

are implementing best management practices when it comes to handling livestock ultimately intended for slaughter, thereby raising the bar across the value added chain.

- Agency employees provided representation in the SEOC and the FRMAC as part of the two day Vermont Yankee exercise that was held this week in preparation for the graded exercise in May 2011.
- Agency animal health employees are in the process of performing compliance checks at the special purpose cervid herd facility that is under the Agency's purview. These checks are performed as part of the Agency's continuing effort to bring the facility into substantial regulatory compliance.

Meat Inspection Points of interest week ending 1-14-11

Inspection:

- We received inquiry into the steps the owners of Champlain Meats need to take to get licensed. They will be submitting a formal license application probably next week.
- Erica Voogd's services have been contracted, and she is now reviewing the livestock humane handling plans. All licensed red meat slaughter est. submitted plans.
- Retail database is in the final stages of readiness, and the renewals will be going out ASAP. This will be the first set of renewals for the new retail fees that took effect from the Challenges for Change.
- Working on producing guidance for poultry plants to write their humane handling plans.
- Working on revising the AIC grant to change the scope of it to humane animal handling training for producers, truckers, and those who handle live animals prior to entry into a slaughter establishment.
- We were asked to provide relief inspection to the Westminster plant for the USDA FSIS Maine/NH circuit. After the day of duty, our inspector had some concerns about the operation of the plant that he felt should be looked into further and addressed if needed. I passed these concerns onto the frontline supervisor and the Public Health Vet that is in charge of the plant.

Regulatory Agriculture Resource Management

- Manure Spreading Exemptions - The overwhelming reason for exemption requests is due to the weather we had in October and November. Farmers began removing manure early in the fall, then they received significant amounts of rain and the fields remained too wet to be able to drive equipment on. For a few farmers, the situation was further compounded by the need to wait for their custom hauler to become available after the weather-related back-up. Exemptions include significant restrictions on how the manure may be applied: the target application rate is 3,000 gallons to the acre whenever possible (unless there is insufficient or undesirable land base), and enhanced setbacks to surface water and ditches (150 feet) and wells, roads and property lines (100 feet) are imposed. One request, in Ferrisburg, was the result of the manure transfer pipe becoming plugged, with manure backing up into barn. The pipe needed to be accessed from the pit side, so enough manure had to be removed in order to allow repairs.
- Manure spreading exemptions issued to date:

Town	Volume	Approved Dates to Spread
Sheldon	100,000 gallons / 24.7 acres	Conditions still a concern will discuss further
Highgate Center	115,000 gallons / 40 acres	Conditions still a concern will discuss further
Fairfield	225,000 gallons / 112.77 acres	1/21 thru 1/28
Sheldon	Emergency removal	Issue with pit – removal to access repair area

Secretary's Commentary:

EB5

- Met with Sec of Commerce, Bill Stenger and AoA personnel discussed biodigesters
- Agreed to run biodigester cluster project thru REMI to test for job creation or retention

Dean Tom Vogelmann -

- Discussed need to develop model for conversion of conventional dairies to grass based where net income can go up.
- Also discussed R and D possibilities for developing more efficient bugs for biodigesters so economical on smaller farms
 - explored possible r/d to develop milk with high anti oxidant content to make milk a super health drink and other health enhancing efforts for milk
 - will discuss food system spire opportunities

JOB Bill ideas

- Socialize cost of electric line up grades to biodigester and other renewable on farm generation
- Farmer market, seasonal or permanent, in Boston, New York or other top markets highlight VT products and host actual farmers and producers
- Offer a CSA membership to every state employee as part of their health care package

Legislature

- Met with House ag and Commerce and Senate Ag natural resources - general introductions, explored new opportunities in ag, like energy, composting and fish farming, that may challenge the current system of laws, regulations, and economic infrastructure we have in place for ag

External groups

- Met with NOFA and Rural Vermont for introduction purposes - raw milk, on farm slaughter, GMO/GE and direct consumer sales will be issues
- Met with Leon Graves DFA/DMS and Leon Berthiaume of St. Albans Co-op/DMS on bonding
- Spoke with Ralph McNall regarding Dean Food suit

To: Governor Peter Shumlin
From: Commissioner Annie Noonan
Re: Weekly Report: Vermont Department of Labor

Labor Market Information Division: (*ALSO SEE additional ATTACHED DOCUMENT)

Vermont unemployment rises to 5.8% in December 2010 from 5.7% in November. The increase is attributable to an increase of 1,200 to labor force but only an increase of 1,000 to total employment meaning total unemployment increased by 200. A slight increase like this has been discussed and is in some ways anticipated: as economic opportunities increase after a recession, more people return the labor market in advance of having a job which can increase the unemployment rate. As long as the near term unemployment rate stays flat or resumes the downward trend, this increase is not something to be concerned about.

Preliminary December Current Employment Statistics (CES) estimates: Not Seasonally Adjusted up 3,050 jobs over the month. Seasonally Adjusted down 1,100 jobs over the month; additional information is forthcoming including the breakdown by industries. Mat Barewicz is our LMI division chief.

Unemployment and Wage & Hour Division:

As of yesterday we've borrowed \$6,450,543 during January, leaving an available balance for the rest of the month of \$8,549,457. Total borrowed as of yesterday is \$44,925,735. Tracy Phillips is our UI division chief.

Workforce Development Division:

- DOL regional managers met to discuss strategic plan and regional office needs.
- DOL staff and other job development and placement groups are working to prioritize assistance to returning Guard members. They will register all returning Guard members in Job Link and then assist in tracking employment outcomes for our veterans. One issue of note: When many of the Guard members left for active duty, they did not have a job at the time, so there was no job waiting for them upon return. Beth Kuhn also prepared "talking points" on DOL services to veterans.
- January 26th meeting with Lawrence Miller, Pat Moulton Powden, Chuck Ross, Doug Racine, Annie Noonan, to discuss a Jobs Bill.
- January 28th, DOL initiated a meeting between Commerce, AHS, Agriculture, Education, DOL, to review all of the various funds and grants that each agency and department administers, amounts, customers, outcomes, etc., to ensure that there is a basic understanding of what exists and how it is utilized, populations served, and to avoid duplication and better leverage the monies.
- January 14th: DOL staff attended Vermont Economic Outlook Conference.
- Reviewed and approved WETF grants
- Worked with Massachusetts and USDOL on the LMI Improvement Grant
- Worked on performance expectations for DOL's female offender grant
- Reach-Up Program: finalized Reach Up Grant with VR/CWS retroactive to July 1, 2010 through June 30, 2011.
- Apprenticeship Program

Bennington meeting for potential apprenticeship sponsors in the composites industry, and included Workforce Development Council (Chip Evans), economic development partners and related instruction providers.

Regional Offices: Burlington: Veterans Staff and VDOL Burlington Office supported the workshops for Veterans held on Tuesday at the Sheraton, organized by the Vermont National Guard Soldier and Family support group. Veterans' job fairs are scheduled throughout the upcoming months. The Burlington Career Readiness Certificate program at CCV is confirmed with 18 attendees; in the process of planning a 5-week CRC for incumbent workers, and one session for veterans only. Burlington Office has launched a new 3 hour Basic Computer training program to assist people filing online, REA referrals, and Resource Center users. Rutland, Bennington: VDOL hosted a meeting Tuesday for the "composites cluster" of employers (Plasan North America, Plasan USA, and Vermont Composites), and the organizations working to supply them with a trained workforce. Rutland's General Electric Aircraft Division hosted a similar meeting with Pat Moulton Powden, Lucia Boatman (from our Rutland office), Jaime Stewart from Rutland Economic Development Corp., Phil Fagan from the Vermont Training Program, and Dick Morris from the Vermont Manufacturing Extension

Center (VMEC). GE is also poised for new growth and faces issues with trained workforce. The Vermont Training Program can fund some of the Related Instruction for apprenticeship, and WET Fund grants could possibly be used for others. St. Johnsbury, Newport: Discussing the Lyndon State College/NEK Manufacturing WETF Proposal. Beth Kuhn is our WD division director.

Workforce Development Council:

We have received a WETF application for the manufacturing training proposal in St Johnsbury, only issue is low starting wage, but WDC Director was assured that they would have many applicants for the resulting jobs. VTP has turned the proposal down because VTP has a higher wage requirement.

Another interesting development is the Composite sector in Bennington that has a need for dozens and possibly hundreds of skilled manufacturing workers. VTP and WETF are both possibilities. Both of these projects are multi-employer partnerships, which is a positive development. The local DOL managers are involved on both projects. Chip Evans is our Workforce Development Council director.



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Agency of Natural Resources

MEMORANDUM

CONFIDENTIAL

To: Governor Peter Shumlin
From: Secretary Deb Markowitz
Date: January 14, 2011
Subject: ANR Weekly Report

AGENCY OVERALL

Coordination: The Leadership Team of department heads has met and begun new coordination efforts within the Agency. We have identified priorities and roles and begun to plan our work together. Key issues requiring immediate action were discussed and Secretary Markowitz met with the Governor to discuss these and receive policy guidance on them. An Open House welcoming staff to meet leadership is scheduled for Friday afternoon.

Legislative: Led by Secretary Markowitz, the Secretary, Commissioners and deputies met with the three lead committees affecting our work (House and Senate Natural Resources and House Fish, Wildlife and Water Resources) and introduced ourselves and our initial vision for the Agency.

Budget: We received budget guidance and completed most all entries to the BGS system, as well as identified how to meet the Governor's general fund targets through vacant positions within the Agency.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Climate Change: ANR is working with BGS to produce a draft of the Fourth Biennial Report of the Climate Neutral Working Group (CNWG). In accordance with Executive Order #14-03, this report is intended to provide the Governor and General Assembly with an update regarding CO2 emissions from state government buildings and operations, along with outlining ongoing activities and recommendations for next steps to meet the greenhouse gas emissions reduction goals outlined in the executive order. It is hoped that a "final draft" of the report will be completed and ready for review by the CNWG co-chairs (i.e., DEC Commissioner, Public Service Commissioner, and BGS Commissioner) by early February 2011.





The previous (2005, 2007, 2009) Biennial Reports of the CNWG can be accessed on the new Climate Change Team website at <http://www.anr.state.vt.us/anr/climatechange/Library.html>

Compliance & Enforcement

Ticketing: Public hearings have been held on proposed rules. Numerous comments have already been received. ANR has responded to comments and, thus far, those with whom we have been in communication have indicated that they are now comfortable with the rule and the concept of expanded ticketing.

Salvage Yard Rule: These are being drafted.

Waste Management

E-Waste Update: We are developing the schedule for getting out the standard plan, RFP for contract services and standards. We are looking at what other states have done. The e-waste website was updated with new program information, including a map of proposed collection locations..

OMYA: Phase 1, Cell 1A is complete enough to begin operations, and a few loads of tailings were placed the previous day. All internal work has been done, only some external leachate piping connections and electrical hook-ups remain unfinished. What "leachate" (actually stormwater) in the cell's sump is frozen will be manually pumped if it thaws before the pump station is operational. All construction should be completed within two weeks. Sanborn-Head submitted the requisite certification and "as-built" plans on 12/31/10. The Moretown Landfill is approved to use tailings as cover material, and Omya has begun transporting 50 tons per day. They estimate that the cost of constructing and operating the landfill is roughly equal to shipping the waste, but will refine the numbers with experience.

Underground Storage Tank Self-Certification: As of 1/4/11, approximately 80% of the UST facilities met the 12/31/10 deadline for completing their self-certification. Another 4% are in progress, with 16% pending.

Pollution Prevention/Recognition Programs

We prepared the 2010 Annual Progress Report for Pollution Prevention (about 80 facilities) to be mailed next week. Governor's Awards applications were due for awards this year. A record number of applications were received – 45 in total, which includes three from IBM. The Governor's Awards ceremony is generally held in late May.

VT Yankee – Radiological Emergency Response Planning (RERP): Prepared for and participated in an emergency exercise this week. We are asking to have GIS capability in the SEOC for the NRC graded exercise in May.

Wastewater Management

An AOD signed by Stratton Mtn/Winhall FD was filed with the court to settle an enforcement case that was initiated in 2004 by our Indirect Discharge program. The AOD included an \$80,000 fine.



A 1272 order signed to allow Magic Hat to empty the broken digester via increased discharge to South Burlington Bartlett's Bay WWTF and a new discharge to Burlington North WWTF. WWMD staff is planning to visit Magic Hat next week while the increased discharge is in progress.

Water Quality

We held a public hearing in Montpelier on 1/5 for the rule to adopt alternative standards for wind energy projects; no public attended. The public comment period ends 1/12.

FISH AND WILDLIFE

Hydropower/General: Staff completed and forwarded for review, comments and editing DEC's draft Hydropower Development Guidance document to assure that would-be developers receive adequate, accurate and understandable information about the regulatory framework and fish resource implications pertaining to hydropower projects being contemplated.

Kingdom Community Wind: Department staff are preparing surrebuttal testimony for the Kingdom Community Wind project in Lowell with assistance from Department and ANR legal staff. Testimony is related to the impact on bear habitat, habitat fragmentation, and remote qualities of the Wild Branch WMA associated with the construction and maintenance of a 20+ wind turbine string within one mile of the WMA. Discussions also occurred with Department staff, ANR staff, and the Lowell wind developers concerning mitigation for impacts to natural communities, bear habitat, wetlands, and overall fragmentation concerns. No agreement was reached. There is some question as to whether the Department and ANR should consider easements that are limited to the life of the project versus perpetual.

Midwinter Waterfowl Survey: Staff flew the annual federal midwinter waterfowl survey for Lake Champlain (NY and VT sides) on Monday, January 3. A total of ~11,000 ducks and 22 eagles were spotted. The numbers of waterfowl were similar to past years, although down in Vermont from last year. The number of eagles was an increase both from 2010 and long-term.

Bats: Wildlife Division staff conducted data analysis and prepared documents regarding the status of cave bats in Vermont. A press release was sent out seeking public assistance in alerting FWD to any bats found by the general public that might be affected by white nose syndrome over the winter.

Raven Ridge: Staff followed up with the landowners and TNC to discuss the new deadline for the development of the management plan, and set a schedule for the next five weeks in order to ensure the final performance report is sent to the US Fish & Wildlife Service by February 15.

Jay Peak Resort Expansion: Wildlife Division staff met with staff from ANR and FPR regarding an expansion proposal from Jay Peak Resort. This proposal is large in scale and includes residential and ski terrain development in areas that are not currently developed. This very large project will have significant effects on montane spruce-fir forests, bear-scarred beech, and Bicknell's Thrush habitat.



FOREST, PARKS AND RECREATION

Plum Creek Maine Timberlands, LLC Use Value Appraisal Adverse Inspection Report and Discontinuance

A hearing on Plum Creek's appeal to the Division of Property Review and Valuation, Department of Taxation is being held today. This appeal was filed as a companion appeal to the Department of Forests, Parks and Recreation on the adverse inspection report issued on April 26, 2010 for cutting contrary to the UVA forest management plan. PVR issued a notice of discontinuance from the UVA program pursuant to statute. FPR Commissioner upheld the adverse inspection report and Plum Creek filed a Notice of Appeal to Orleans and Essex Superior Courts. If PVR upholds the discontinuance, it is expected that Plum Creek will appeal that decision to Superior Court and the matters will be consolidated. The AG's office has been involved and will represent the state in court.

Other

We will be working closely with utilities and other FPR licensees and permittees to incorporate these new fees into new license and SUP agreements. We are working closely with the Vermont Telecommunication Authority, the Attorney General's Office, and other state agencies on a broad telecommunication facilities MOU as well as a site-specific agreement with Verizon Wireless at the Ed Weed Fish Hatchery in Grand Isle. We have reached agreement with WNNE-TV, the Electronic Communication Association (ECA), and VTA regarding an interim transition plan for the Ascutney North Peak electronic communication site. The interim plan involves an amendment to ECA's sublease with WNNE which will shift day to day oversight and site management responsibilities from WNNE to ECA during the coming year, while WNNE will still be ultimately responsible under the terms of their master lease with the Department. We will be working with VTA and ECA over the coming year to develop a sustainable long term approach for managing this electronic communication site.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: January 14, 2011
SUBJECT: Confidential Report to the Governor

STATUS OF GOVERNOR'S PRIORITIES:

- **Blue Ribbon Report:** The report has been released and the Tax department is ready to testify when Committees take it up.
- **Miscellaneous Tax:** The Tax department draft bill is being finalized, with placeholders for provisions on entertainment tax (contact made with David Coates), VSAC credit (contact made with Don Vickers), and Cap Gains (contact made with Dawn Francis)
- **Hiring Freeze:** The Department of Human Resources is working with the Agency of Administration to implement the hiring freeze announced by the Governor last week. DHR worked to draft a communication for Secretary Spaulding to send to Agency Secretaries, Commissioners and Business Managers describing the goals and parameters of the hiring freeze and the process required before an agency or department may fill a position. DHR is also working with Deputy Secretary Clasen to develop a process to assess requests made to fill positions. To date we only have requests to fill four positions
- **Capital Bill:** FY-2012/2013 Capital Bill is in final stages of creation. Obie met with the Governor and Jeb Spaulding and discussed energy initiatives and space planning.

EVOLVING ISSUES:

- **Education Tax Rate:** Tax Commissioner Peterson discussed this with Rep. Ancel and Speaker Smith. Bill Talbot from Education has an idea to move off of rates back to a “yield” – change in presentation to more accurately reflect that rates going up/house values going down. The department is working on as well to see if it is feasible and/or practical, then can consider policy. On timing of bill, general agreement to work in concert.
- **Current Use:** Tax Commissioner Peterson spoke with Otto Trautz and is not clear an assessment on enrollees could work within fee bill structure. She has staff looking at alternative reduction in benefit with a cap.
- **Transition/Input of New Employee Information into HCM System:** DHR has obtained information from the transition office and agency and department leaders regarding the individuals who will fill exempt positions in the new Administration and the salaries they will be paid. This information has been entered into the Human Capital Management system for processing by the Payroll Department. DHR will continue to gather information from agencies and departments as positions are filled and update the HCM system.
- **Meeting with VSEA Representatives:** DHR Commissioner Duffy and General Counsel Steve Collier met with representatives of the VSEA and the VTA to discuss outstanding cases before the Labor Relations Board and general topics of concern. The meeting was productive and is likely to result in the settlement of three cases. The parties also discussed expediting efforts to convene a Labor Management Committee to address potential changes to the state employee health care plan to achieve general fund savings.
- **Federal Surplus Property Program:** There is interest in the House Appropriations Committee over the inability of the Federal Surplus Property Program to break even. They have questioned whether the program should be continued.
- **Lawsuit:** FLSA lawsuit regarding overtime compensation could become a liability insurance issue in addition to payment of back wages.

ISSUES UPDATES:

- **FY12 Governors Budget Recommendations:** Commissioner Reardon and the Budget and Management team are actively working on the FY 2012 Governor’s Budget Recommendations. Departments are finalizing their submission in the Budget Development System (BDS). The Commissioner and the Budget Analysts will then review and verify the submission for accuracy and compliance with the funding targets set by Commissioner Reardon.
- **Budget Book:** Deputy Commissioner Sue Zeller met with Susan Allen, Special Assistant to the Governor to discuss the letter and narrative needed from the Governor’s Office for the FY 2012 Executive Budget Recommendations book (a.k.a. the Little Budget Book). The book contains many graphs, charts, and tables summarizing the Governor’s Recommendations for the FY 2011 Budget Adjustment and the FY 2012 Budget. There is a very tight deadline for finalizing the

book and submitting it to the BGS Print Shop to have copies available for the Governor's Budget Address before the General Assembly on Tuesday, January 25, 2011.

- **Act 78:** Obie and BGS personnel met with Vermont business groups regarding Act 78 which promotes local purchasing.

AGENCY/DEPARTMENT REQUESTS:

- **DII Updates:**
 - DII continues to collaborate with AHS on their Service Oriented Architecture (SOA) project and have worked diligently with the software vendor "Oracle" to ensure that certain components can be leveraged at the State of Vermont level versus just the AHS level. As an example, an Identity Management solution is a component of this project that can allow them to better manage citizen, state and other identities as they interact with state of Vermont systems. This effort is laying the ground work for a much more robust integration point between legacy systems and any and all new systems being installed in the future.
 - Mgmt team met with Jim Baker and John Gonyea to develop transition plan of IT support services for the Criminal Justice Council to DII. The team is currently working on defining the scope and proposed timeline.
 - DII's Tom Jenny, Project Mgmt and Ruthann Sullivan received the Phase 1 - ACCD Intranet Integration with SharePoint Closeout Report. This is significant to DII as this was the first Enterprise Sharepoint partner.
 - The old PeopleSoft equipment at 133 State has been decommissioned. Let the power saving begin. This has been a tremendous amount of effort from everyone both technical and business so hats off to DHR and the ERP Team.
 - Finance has begun the migration process and DII will continue to push this effort. The ERP development and administration team have taken the first pass at verification and they await the user testing to begin. DII is still on target to cut over to the new environment at National Life by no later than July. This lines up with the I-TOP project and removes all PeopleSoft environments from 133 state data center.

LEGISLATIVE CONTACTS:

- **Tax Testimony:**
 - Tax Commissioner Peterson had a meeting with Rep. Ancel on Miscellaneous Tax. Hosted a tour of the Tax department for Ways & Means, which was very well received. General intro testimony to Ways & Means and Senate Finance. Testimony to House Appropriations on budget adjustment (reduction) to line item dealing with covering the municipal portion of the homeowner rebate (incomes did not drop as much as forecast, fewer qualified).

- **Finance Testimony:**

- Commissioner Reardon, Budget Director Matt Riven and Otto Trautz presented the Governor's FY 2011 Budget Adjustment Recommendations (BAA) to both the House and Senate Appropriations Committees this week. It is understood by the Committees that the BAA would be based on the July 2010 Consensus Revenue Forecast rather than waiting for the January 14, 2011 Emergency Board revisions to the Consensus Revenue Forecast in order to expedite the BAA for early action by the Legislature.
- Director Riven testified before the House Appropriations Committee on Wednesday morning concerning the proposed BDS replacement system.
- Director Riven also testified before the House Human Service Committee concerning the Agency of Human Services FY 2011 Budget Adjustment submission. Riven was most recently the Agency of Human Services Deputy Chief Financial Officer and is still providing support to the Agency as his replacement is still relatively new.
- Commissioner Reardon and Deputy Zeller will be testifying before the Government Accountability Committee this evening (Thursday January 13, 2011) concerning the January 3, 2011 Challenges for Change (C4C) quarterly update. Other C4C Leads, such as Patrick Flood, Deputy Secretary of Human Services will also be in attendance.

- **BGS Testimony:**

- In Budget Adjustment testimony Obie has requested that the date for completion of the Canteen renovations in Waterbury be moved to "March 1st or earlier". February 1st had been suggested.
- Obie has testified before both House and Senate Institutions Committees regarding the proposal to demolish the VCET building and build the new Health Lab in entirely new space. Other topics included the Secure Residential at Waterbury and land use planning in Windsor.
- Obie appeared before House Appropriations regarding the budget adjustment. All items with the exception of Federal Surplus Property (mentioned above) seemed to meet with approval.

- **DHR Testimony:** Commissioner Duffy testified before the House and Senate Appropriation Committees regarding DHR's request for a budget adjustment. Senator Illuzzi raised general questions about the structure of DHR, particularly the Investigations Unit, which investigates complex personnel matters. He and Senator Sears also raised questions regarding the blocking and monitoring of internet usage by state employees. Commissioner Duffy advised the Committee that DHR was not involved in the initial decision to block and monitor internet usage and that she was unaware of any effort to assess the policy implications raised by blocking and monitoring prior to its implementation. Commissioner Duffy noted, however, that the Secretary of Administration is now reviewing and assessing the policy.

IDEAS:

GENERAL INFORMATION/OTHER:

- **DHR Annual Report:** DHR will provide its annual report and the State Workforce Report to the Legislature on January 15, 2011.

- **Media Request:** DHR responded to a request from WCAX for a list of currently vacant positions. DHR also assisted the Secretary's Office with a request for information from Peter Hirschfield on exempt positions.
- **Legislators Visit BGS:** Obie invited members of House Institutions to his office at 2 Governor Aiken and met with them on Jan 12. He has extended this offer to other committees of interest. He also will be meeting with Senator Illuzzi on January 13 and with Jes Kraus of VSEA on January 14.
- **Tax Interview:** Tax Commissioner Peterson gave an interview to Buffalo News – Alison Clarkson tipped them on story on Buffalo natives in Vermont government.