

# WEEKLY REPORTS

Checklist  
9/19/14

Elizabeth Miller/Alyson Richards

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

TBD

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

Sue Allen

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

Sarah London

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

Susan Spaulding

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

Alyson Richards

- Leg Prep

**To:** Governor Peter Shumlin  
**From:** Patricia Moulton, Secretary - Agency of Commerce and Community Development  
**Date:** September 19, 2014  
**Re:** Weekly Report

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**PATRICIA MOULTON, SECRETARY:**

**AncBio/Q-Burke:** The situation is not improving regarding Stenger and Quiros's ability to satisfy our request to assure their offering documents are updated and fully compliant with SEC disclosure requirements. Liz has the details I will not repeat here.

**IBM:** Work continues on filling the pipeline for IBM's hiring needs. Labor, CCV and VTC are doing great short and long term work to connect potential employees with IBM. Janette is ready to host groups on the IBM campus to familiarize teachers, students, tech center directors and adult ed directors with their processes. We do not see much movement by IBM to alter their practices for hiring and retaining production workers which could open up more candidates. We are not suggesting any compromise on their standards for hires, but rather their policies.

**Southern Vermont newspapers:** I saw this article in Vermont Business Magazine [Bennington Banner Parent article](#) regarding Digital First Media announced Friday that it will "evaluate and consider strategic alternatives" that could lead to the sale of some or all of the company. Interestingly, Bob Audet, Editor of the Brattleboro Reformer contacted me this week about being a reference as he is applying for a communications job at Vt. Gas Systems. Could be unrelated but a bit coincidental.

**Kitchen Cabinet meetings** are getting scheduled. I will let you know when in case you can join. These are listening sessions.

**Budget and legislative prep:** We are working on the budget plans and see below re: our meeting with Tax. I received a great briefing from Michael Costa and Mary Peterson this week. I will talk with Lawrence about businesses we may be able to confidently confidentially approach to "test" the numbers and gauge reaction as Michael requested.

**Enterprise Fund:** We have a basic outline of uses for the EF but no numbers. We are putting emphasis on assistance for 1366 specifically for infrastructure. More to come on that.

**LUCY LERICHE, DEPUTY SECRETARY**

- **Legislative Agenda Meeting with Tax:** Pat Moulton, Lucy Leriche, Lisa Gosselin, and Jen Hollar met with Mary Peterson of Tax to share information and discuss ACCD legislative initiatives affecting the Tax Department for the upcoming session. Topics included Cloud Tax, Tax Credit Auctions, and more.
- **Business Visit - Jerry Tarrant, MyWebGrocer:** Pat and Lucy met with Jerry Tarrant, co-founder and COO of MyWebGrocer just to check in. He was impressed by our outreach, and overall was very positive about doing business in Vermont citing excellent accessibility to the Governor and others in government. He also really appreciates the patent troll legislation that was passed in the last legislative session. His workforce is high skill, and he is meeting his workforce needs through recruitment from out of state, though he did mention the high cost of housing and property tax as challenges. He shared some nuggets:
  - How do we go after lost revenue from internet sales tax? Only 10% check the box. Michigan sent out reminders. He thinks we could get more aggressive here.
  - What does Vermont want to be? Tech Haven? Agriculture? Let's figure it out and put our resources there. Can't be everything to everyone. Need better, unified marketing.
  - Server co-location facilities—they have one in New Hampshire. At the time, the technology infrastructure was better in NH, but Vermont has caught up since then. They have \$6 million in servers over there. It saved them \$600,000 in sales tax. He suggested we consider tax breaks on holding big servers—unique investments/infrastructure-type stuff.
  - Health Care: Doesn't think it will work in Vermont only—need feds. Concerned about losing specialists and the whole system implodes.
  - Offered to be a resource to the Legislature on business issues.

- **VCGI Quarterly Board Meeting:** Lucy attended this meeting where one of the Agenda items was to consider raises and bonuses for staff. Lucy advised the Board to forego any increased spending this year given the complexity we are facing in the budget and transition. The Board and Executive Director did understand, and went along with Lucy's recommendation. VCGI represents a major upward pressure on the FY16 budget.
- **Slow Money Launch:** Pat, Lucy and Lisa attended this event that launched a Vermont Chapter of this organization. Now, Vermonters will be able to invest directly in Vermont land-based businesses. Up until now, Vermonters could invest in a portfolio of Vermont businesses through the Vermont Community Loan Fund. Slow Money provides a whole new layer of investment opportunities for Vermonters and Vermont businesses. The event was sponsored by the Vermont Sustainable Jobs Fund.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **Lisa Gosselin, Commissioner**

- **Manufacturing Jobs in Vermont:** Pitched VPR's Annie Russell on doing a segment on the manufacturers who are hiring around Vermont and highlighting the companies that don't often get mentioned in the news. Connecting her with IBM, Mack, GW, Cabot Hosiery and others. Reviewed list of 50 Innovations Made in Vermont compiled by Ken Horseman and Lars Torres and will share with VPR and media to promote Manufacturing Month. At work on Op Ed on "Where the Jobs Are" to highlight Vermont's growing businesses and their needs.
- **ISI & Indonesian Delegation:** At the request of ISI, met with a delegation from Indonesia's public works department on 9/11 that was visiting to consider purchasing ISI desalinators for Indonesia's many islands. Discussed other opportunities highlighting our solar and other businesses that focus on sustainability.
- **Incubators & VCET:** With Secretary Moulton, visited VCET's very creative and stylish new incubator space in Burlington's FairPoint Building on 9/1. VCET's David Bradbury offered to host post-Summit event there. Discussed ways to follow up on CEDS proposal to create a network of similar incubator spaces. VCET has its hands full at the moment but OCE's Lars Torres is working on a grant proposal. Also spoke with Mark Puryear and Ben Haubin about setting up an incubator in Manchester.
- **Film Incentives:** John Springer-Miller and Rep. Heidi Scheuermann requested a meeting with Lars Torres and Lisa Gosselin to explore possibility for a film incentive for Springer-Miller's proposed film, based on Chris Bohjalian's novel *Before You Know Kindness*. Emphasized that until there is a strong analysis of positive ROI incentives were not likely. Lars Torres is looking into how production funds – which could benefit a suite of creative services beyond just films – could be set up.

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

- **Radiantec - St. Johnsbury** reports that business is steady to primarily residential customers outside Vermont on the northern tier of the U.S. Employment is at 13 full time in their 12,000 square foot facility. They are interested in expanding international sales. There was interest in connecting with Sunward and SunCommon to explore mutual areas of interest. A full review of areas of assistance was made.
- **Maple Grove - St. Johnsbury:** The parent company is making major investments in Vermont with a new production line scheduled for next year. They received an order from Sam's Club for 200,000 pounds of organic Vermont syrup which they purchased from Butternut Farms in Morrisville. The company has been very pleased with the work of VMEC in lean process, and Efficiency Vermont rebates for energy projects. They are a model company for waste reduction -- way ahead of the Act 148 schedule. They plan more energy enhancements, and we suggested several programs and resources to assist them going forward. Full time employment is steady at 80.
- **Vermont Aerospace - St. Johnsbury:** Business is primarily as a sub-contractor for prime contractors on defense contracts. 25% of their business is with GE Aircraft, and other customers include General Dynamics, Lockheed Martin, and L 3. Full time employment is at 115 with an average employee tenure of about 15 years. A review of areas of assistance was well received and appropriate referrals will be made.

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

- **Congressional Visit on Captive Insurance:** Dan Towle, Director of Financial Services and Rich Smith, President of the Vermont Captive Insurance Association met with key members of Senator Leahy and Congressman Welch's office to talk strategy in supporting the legislation proposed to solve our issue with

the Non-Admitted Reinsurance Reform Act. Through our efforts new legislation has been introduced by Senators Leahy and Lindsay Graham of South Carolina in the Senate and Congressman Welch in the House. The meetings went very well and Dan will be working closely with various other competing states and their association to help garner additional sponsors and support of this legislation. Additional follow-up meetings with the congressional delegation is expected. Meetings did not occur with Senator Sanders Office as none of our emails to Michaelleen Earle Crowell, Sanders' Chief of Staff were even answered. This is our second time in Washington where our meeting requests were unanswered from Sanders' staff.

- **South Carolina Captive Insurance Association Annual Conference:** Dan is attending this annual conference by South Carolina who is arguable Vermont's largest domestic competitor. South Carolina is especially a tough competitor with southern based companies. Dan made headway with several of South Carolina's largest Risk Retention Groups in meeting them last year at the conference and has a meeting planned with one of them. Dan is also planning to reach out to the South Carolina and Tennessee Associations while there to get them to hopefully step up their assistance in supporting the Federal Legislation to address the issues the captive industry has with the Non-Admitted Reinsurance Reform Act.

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

- Travel to Dubai, Abu Dhabi and Kuwait City with Mount Snow for investor seminars.
- Legal doc review of Quechee Lakes offering and business documents (3rd iteration of docs).
- Con calls with John Kessler and attorneys from Primmer Piper regarding AnC and Q-Burke.
- Attendance as ACCD representative board member to International Trade & State Sovereignty Joint Legislative Commission.
- Presentation to Commission on Intl. Trade and State Sovereignty board members regarding EB-5 and China which focused on the effects of China EB-5 visa retrogression.

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

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

##### **Deputy Commissioner Hollar**

- **Energy Codes:** Continued to hear from nonprofit and private housing developers and other state agencies about the proposed new residential building energy standards (RBES) and stretch codes. Concerns include the impact on the cost of housing, difficulty in accessing the proposed rule for review, lack of enforcement capacity at state and local level, conflicts with other building codes, tight timeframe for comment and lack of cost-benefit analysis. Relayed informally to the Department of Public Service and encouraged those with concerns to participate in the public hearing on September 19.
- **Office of the Inspector General Audit:** An exit conference with the OIG went very well this week. They presented us with their draft report on the Department's administration of the CDBG Disaster Recovery programs. With Dale Azaria, Josh Hanford and Ann Kroll, responded in general agreement with their finding that we need additional capacity to meet our monitoring and oversight responsibilities under the program. Both HUD and the OIG agreed that the finding was relatively minor in nature. The Department will submit formal comments with corrections and suggestions for changes in the wording of the finding, which is overstated and, in some cases, inaccurate. OIG expects to issue its final report by the end of the month at which point HUD will be responsible for ensuring we take corrective action – add capacity and request a waiver of the 2-year time limit on CDBG-DR II.

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

- **2015 Downtown Conference:** This year's meeting is planned for early May in Burlington (tentative dates are May 1, 8 or 9 – please let us know if there are conflicting meetings planned). Gary will soon convene a conference working group with reps from the Division for Historic Preservation, the Preservation Trust of Vermont, the Church Street Market Place, and downtown managers to gather initial ideas and suggestions. This year we plan to include more cross-cutting issue/policy sessions to attract and mix new groups -- from agency partners (Health, Transportation, Natural Resources, Public Service Department, etc.) -- to planning, historic preservation, community and economic development folks -- to housing and energy policy advocates. We hope this will raise awareness of all of our roles supporting and growing vital

downtowns -- and perhaps fostering new relationships and partnerships. We will also plan to increase our efforts recognizing and showcasing all the terrific things happening in Vermont's downtowns and villages.

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

### **State Archaeologist**

- **Vermont Archaeology Month and the Vermont Archaeology Heritage Center:** Vermont Archaeology Month (VAM) continues with exciting events across the state. Last weekend, the “In Celebration of Granite” event that VAM co-hosted with the Vermont Historical Society and the Vermont Granite Museum drew 60 people to the Vermont Historical Society’s Heritage Galleries and the Vermont Archaeology Heritage Center. Vermont Archaeology Month and the Heritage Center also received additional exposure on WCAX’s “the:30” as part of a longer piece on Jess Robinson’s new position as State Archaeologist. Thursday night, VAM is co-sponsoring with UVM’s Fleming Museum and the Center for Research on Vermont the Second Annual James B. Petersen Lecture by professor Parker VanValkenburgh, entitled “Drones and Bones: Digital Approaches to Archaeology in Northern Peru.” This weekend, we have another full and exciting array of events scheduled, including the 19th Annual Northeastern Open Atlatl Championship at Chimney Point. We encourage everyone to visit the [Vermont Archaeology Month web page](#) and check out the full calendar of events.

### **Certified Local Government Program**

- **CLG Evaluations:** The National Park Service requires each Certified Local Government (CLG) community to be evaluated at least once every four years. Devin met with the Town of Williston CLG Coordinator and Planning Director last week to discuss their CLG program, which has been inactive for several years. It was a productive meeting, and Williston plans to apply for a 2015 CLG grant to update their local survey of historic resources. CLG programs in Stowe, Waterville, and Brandon will be evaluated in the next two weeks.

### **Environmental Review**

- **Telecommunications Tower, Duxbury:** Yvonne met with a representative from EBI Consulting concerning a proposed new telecommunications tower in Duxbury. There is a high sensitivity for archaeological sites in the area as well as several known sites. The discussion centered on how much of the area would be affected by the proposed installation.

### **Historic Preservation Grants and Barn Grants**

- **Historic Preservation in Bellows Falls and Saxtons River:** Caitlin and Devin visited multiple projects in Bellows Falls and Saxtons River this week. The current owners of the former Methodist Church in Bellows Falls (the YMCA) plan to vacate the building and Caitlin and Devin met with representatives who have a plan to convert the building into a venue for public shows and events, including art and antique shows. They discussed funding opportunities and the need for a building assessment to prioritize repair and code-related upgrades. J&H Hardware in Bellows Falls and Main Street Arts in Saxtons River are two ongoing tax credit projects. The project in Bellows Falls was just completed with the project in Saxtons River well underway and expecting completion by the end of the year. Finally, Devin is working with Dutch Walsh, the CLG Coordinator in Rockingham, to complete a National Register District nomination for the campus of Vermont Academy in Saxtons River.

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

- We received a Notice of Intent to Sell for Evergreen MHP in Pownal, unfortunately, no nonprofit is interested in purchasing at this time. Arthur will schedule an informational meeting later this month with CVOEO Mobile Home Program. The Armstrong MHP sale notice expired on September 12 with no sale, meaning a new Notice of Intent giving the mobile home owners renewed rights to consider buying the park will be required. RACDC is still interested in purchasing the park, but the private buyer is also still interested.
- The Renter Rebate study committee met again. Jen and Shaun guided the group in a further discussion about changes to the existing Renter Rebate Program that increase the administrative efficiency of the program and lower barriers for filing for the rebate. The group is looking closely at the equivalent program run in Maine and Jen and Shaun intend to meet with the Department of Tax and Joint Fiscal Office to discuss the feasibility and results of several different possible scenarios.

- The Vermont Housing Council had their bimonthly meeting. There is significant concern amongst the represented organizations about the effect of the proposed changes to the residential building energy standards and there is a clear need to voice these concerns at an upcoming public hearing. The Council also heard from Cathedral Square about several recent reports regarding the importance of targeting health services for the elderly to public housing projects and the successes of the Support and Services at Home (SASH) program that is now operating throughout VT and showing considerable savings on Medicare spending.

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

### **CDBG-Disaster Work**

- **Town of Cabot:** The CD Board at its September 11, 2014 meeting recommended funding the \$1 million request at \$700,000 and Secretary Moulton agreed. The Town is “thrilled” with its Implementation Grant award even though it was less than requested. The Town has a local RLF it can tap if it does not want to scale back or phase the project. The town will demolish the existing Town Garage and construct a new 7000 square foot garage facility with an additional 1200 square foot storage area and a separate 2400 square foot salt shed.
- **Town of Royalton:** The CD Board recommended to Secretary Moulton, and Secretary Moulton agreed that a maximum of \$305,000 be awarded to the Town if they are unable to confirm that the majority of the population to be served by the relocation of the Gilman Road is low to moderate income. If the Town is able to obtain confirmation that 51% of the population is considered to be LMI then the project will be fully funded at \$445,151.
- **Village of Woodstock:** The CD Board recommended to Secretary Moulton that the Villages request for \$187,520 in DR II funding be reduced to \$175,000. This recommendation was approved and will be used by the Village to construct a new stormwater retention pond to address sediment and contamination from snowmelt from snow removed from the village streets and sidewalks. The village hopes that by relocating the current “snow dump” positive economic development will follow.
- **Town of Readsboro:** The CD Board recommended and Secretary Moulton agreed to fully funding the Town’s \$348,720 DR II request to complete a slope stabilization project designed to protect three low income households from being lost to erosion being caused by flooding of the West Branch of the Deerfield River.
- **Town of Windsor:** The CD Board recommended to Secretary Moulton that the Town’s \$995,000 DR II funding request be fully funded. Secretary Moulton approved this funding, which will leverage an additional \$1.2 million in Town funding to complete necessary repairs and improvements to the Mill Pond Dam. These repairs will allow the dam to be more resilient to future flooding and result in 95 households being protected from future flooding.

### **Regular CDBG**

- **VT Machine Tool:** The company continues to seek forgiveness of the current \$522,000 VCDP Loan through the Town of Springfield. Nathan and Josh are coordinating logistics with the Town and VEDA on this request. The company is seeking a total of \$750,000 loan forgiveness from, the town, VEDA & Mascoma Bank. We will consent to forgiving approx.. \$300,000 of this loan contingent upon VEDA/Mascoma making a similar forgiveness.

## **DEPARTMENT OF TOURISM & MARKETING, Megan Smith, Commissioner**

- The [Northern Decadence](#) event (an LGBT event that was part of Burlington Pride) on Sunday was a success. Megan represented VDTM in the tent and was strategically placed between [Heady Topper](#) and the restaurants of Waterbury. Many other inns and vendors were present and visitors had nothing but complements for the exhibits. A new vendor was “[Vermont Chocolates for Change](#)” who make artisan chocolates and offer creative opportunities to young adults in transition. The Barre-based operation works closely with [Washington County Mental Health](#). Megan was able to track down [Jack Thurston](#), who will be doing a story about them for NECN and Fox.
- The travel writers from the UK had a wonderful experience in Vermont. We truly wore them out. Megan met them during their final evening at [Basin Harbor](#), after their golf and seaplane ride. They were to be visiting Church Street in Burlington before heading home through Montreal.

- The report from the Japanese sales mission to Toronto has been received from Shoko Hirao. Four resorts and Porter Airlines called on three tour operators who knew very little about our ski industry and have been sending people to [Blue Mountain](#), [Tremblant](#) and [Boyne Resort](#). All were very interested in both ski and golf and represent both Toronto and Detroit populations as there are many corporate transplants in Detroit working in the auto industry. All the resorts expect to get signed contracts from the operators and Porter will be working on special group and FIT rates.

### **Steve Cook, Deputy Commissioner**

- **Vermont Tourism Travel Planner:** Deputy Commissioner Cook and Vermont Chamber Vice President of Marketing Tori Ossola received a demonstration of the new calendar and booking features for the upcoming *Vermont Travel Planner* website. The tool is a vast improvement to our current system and offers a much friendlier and more interactive interface for both users and subscribing businesses. We are currently organizing data to fill the system so it will be ready for a soft launch in the coming weeks.

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

- **VDTM Media & Consumer Projects Highlights:** The consumer newsletter is out! This week, in media relations, I assisted London's [InSight Travel Guides](#), [AAA](#), [Expedia](#), a few freelancers and local weeklies. I met with Brooks International PR while on their Vermont photo shoot that I helped organize. I delivered "what's new" roundups to [Discover New England](#) for upcoming PR and trade shows. Tune into 800-Vermont for the weekly updated oral foliage report. Read the good news at [VermontVacation.com/Fall](#) (also as sent to consumers and media) and tune into [Boston Herald Radio](#) for week two of our foliage season interviews at 9:50am on Wednesdays. Lastly, the October Events Calendar is published; see this and more good news at [www.VermontVacation.com/pressroom](#).

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

#### **Support for Businesses and Organizations**

#### **Cultural Heritage Projects**

- **American Craft Week:** the Vermont page is now live ([www.americancraftweek.com/vermont](#)) and we'll be pushing traffic via a main [vermontvacation.com](#) rotator scheduled to go live next week, as well as social media. VDTM has received a number of words of thanks and appreciation from galleries, artists and businesses participating in this promotion. Greg Worden of [Artisan's Gallery](#) has worked with the Governor's office for a proclamation that will be the centerpiece of a press event in Brattleboro in October; and Lynne Barrett of Primetime Concepts - publisher of the [Southern Vermont Arts & Living](#) quarterly magazine - has been contracted by [American Craft Week](#) to promote Vermont's participation. Catherine continues to work with her, supplying information and images.
- **Vermont Open Studio Fall Weekend:** I've posted the Open Studio Fall Weekend badge on the Byways website for cross-marketing.



### **MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator**

- **Ambassador Program:** In addition to completing videos for this program, VDTM has also been applying the program template to each PowerPoint slide to keep a consistent message throughout the program for the new ambassadors. These PowerPoint presentations will serve as a secondary content source for the videos.
- **Fall Campaign:** VDTM sent out the second Foliage Report of 2014. Much like the first, the email provided a brief overview of the foliage status with a "Read More" link that brings them to the fall campaign website. Additional content is provided once they arrive on the website with a "Continue Reading..." link to the full report via printable pdf.

### **MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator**

- **Boston Herald Ad Insertions | Fall 2014:** David continues to develop ads to support media buys for the fall campaign. Below are examples of insertions for the [Boston Herald](#), both print and digital. This advertising opportunity consists of editorial, print and digital ads as well as an email marketing campaign.



- Apples to iPods | Digital Display & Poster Design:** David designed, animated and uploaded digital display ads to VDTM's Google Adwords account. The rich media ads offer user engagement; upon roll over, the apples switch to either the opposite color or an iPod. The strategy is that the animation will boost click through rates. Banners link through to [www.ApplestoIPods.com](http://www.ApplestoIPods.com), where consumers may view participating orchards. In addition to the digital display, VDTM has provided the [Tree Fruit Growers Association](#) with a printable 8.5x11 poster to distribute and display.



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

### **Operations**

- **Foliage Season Ramp Up:** With the Foliage Report up and running, 800-Vermont has been updated to the Fall Script. The Foliage Report is now the first prompt selection. We also have begun sending all requests for fall packets via UPS Mail Innovations, which assures delivery within five to seven days, rather than the two to three weeks that is typical for Presort Standard A mailing through the United States Postal Service. We will continue sending the fall packet via Mail Innovations through October 9. Requests for other seasons continue to be sent through the USPS Presort Standard A system.
- **Canadian Postal Issues:** Our Canadian mail contractor, the [New England Tourism Center](#) (NETC), has been having problems with Canada Poste delivery because Canadian residents occasionally enter both a PO Box number and a street address on different lines of the address form, causing the packet to be returned. Manny Witt at NETC has exercised considerable attention to resolving these problems and has been able to find a correct address for most of the requests.  
The 800-Vermont Call Center has been directed to take care when entering Canadian requests, especially from French-speaking callers.

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

- **Circulation:** The August Direct Mail Campaign looks great! With just three weeks of response, we already have 2,025 orders. Based on that flow, we estimate that we will pull in about 3,500 orders - beating the budget of 3,250! It's still early in the life of the campaign and the projection will be modified if the order flow changes. But so far, it looks great! Statement of ownership is done and ready to run in the Winter issue.

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

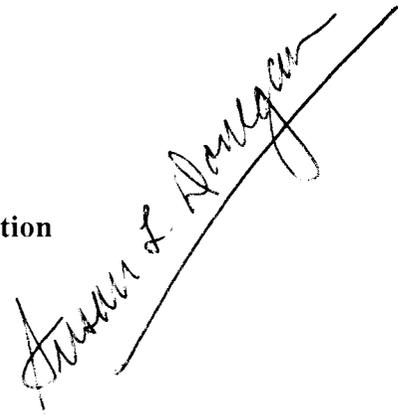
- **Health Care Reform website:** Heather and Nancy met with Marissa Melamed from the Office of Health Care Reform this week to continue discussion about improvements to their website. The office faces many challenges: chief among them, the fact that the State has a number of websites (<http://healthcare.vermont.gov>, <http://hcr.vermont.gov>, <http://www.greenmountaincare.org>, <http://dvha.vermont.gov>, <http://www.vermonthealthconnect.gov>) that all speak in some way to the priority, policies and programs of health care reform, but are not coordinated or put in overall context for visitors. Also, the Office of Health Care Reform wants to clean up their website before the Legislature convenes, but unfortunately can't do so within the larger context of an overall, long-term communications plan, since that plan has not yet been finalized. While there are many constraints, the CMO team offered Marissa some suggestions for how to re-organize their existing content in the short term, and she followed up with us this week and seems to be moving forward.

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

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

**CONFIDENTIAL and PRIVILEGED**

**To: The Honorable Peter Shumlin, Governor**  
**From: Susan L. Donegan, Commissioner, Department of Financial Regulation**  
**Date: September 19, 2014**  
**Re: Weekly Report**



**Insurance Division:**

Commissioner Susan Donegan has been appointed vice chair of the Governance and Compliance Sub-Committee at the International Association of Insurance Supervisors representing the National Association of Insurance Commissioners (NAIC – 50 states, DC and the territories). This committee is responsible for setting international standards for corporate governance for insurance companies operating globally and includes representatives from the Netherlands, Canada, Switzerland, Singapore, Malaysia, Germany, Spain, South Africa, England, Brazil, Australia and Japan. For the past two years, Commissioner Donegan has been the chair of the Corporate Governance Working Group at the NAIC and successfully shepherded the adoption of a domestic model law and rule requiring insurers to annually disclose enhanced information relating to corporate governance.

**Securities Division:**

Commissioner Donegan and Deputy Commissioner Michael Pieciak attended the NASAA annual meeting this week. Of particular relevance to Vermont was a presentation about raising capital locally and regulating crowdfunding. It looks like our VSBOE regulation has gained the attention of other states and the industry for its innovation and flexibility of terms of the exemption.





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**CONFIDENTIAL AND PRIVILEGED  
MEMORANDUM**

**TO:** Governor Peter Shumlin  
**FROM:** Rebecca Holcombe, Secretary, Agency of Education  
**SUBJECT:** **AOE Weekly Report**  
**DATE:** September 19, 2014

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**Press Contacts:**

- Rebecca spoke with Mike Donoghue at the Burlington Free Press regarding licensure information. He was also provided licensing investigation summaries per his public records request.
- Brad James spoke with the Stowe Reporter regarding education property tax rates (Stowe is the biggest net contributor).
- Kristin Kelly of WCAX interviewed Rebecca on enrollment trends statewide.
- Jill was interviewed by Arise Media, Fox Business News, Associated Press, News Channel 5, and had calls with the editor of the Boston Globe and [boston.com](http://boston.com), regarding the inaccurate reporting on the Smart Snacks in Schools Program as being a “ban on brownies”.
- Jill spoke with Motoko Rich of the New York Times regarding all our schools essentially being identified as XXX under NCLB.
- Jill spoke with Andrew McEever of the Manchester Journal regarding Rebecca’s presentation at the VSBA Regional Meetings.
- Other issues we are following or have been asked to weigh in on: Banned dance in Bennington; The closure of the Austine School and subsequently the Vermont Center for the Deaf and Hard of Hearing; special education and the use of paraprofessionals.

**Public Presentations/Speeches:**

**Monday:** VSBA session in Manchester

**Tuesday:** presentation of data including VSBA content, plus some slides related to tuitions and tuitioning towns (as requested by Sean-Marie Oller) at the State Board of Education (PK rules approved with one addition related to evaluation).

**Wednesday:** VSBA session in Springfield

**Friday:** Elementary Presidential Awards Luncheon for State finalists in science and mathematics, Montpelier

## Meetings:

The Vermont Business Roundtable Appreciative Inquiry steering committee, which is working to put together a two day session on Governance.

## Emerging issues

*Five year NECAP test trends are not great, but present a great opportunity to discuss why NCLB is not good for VT*

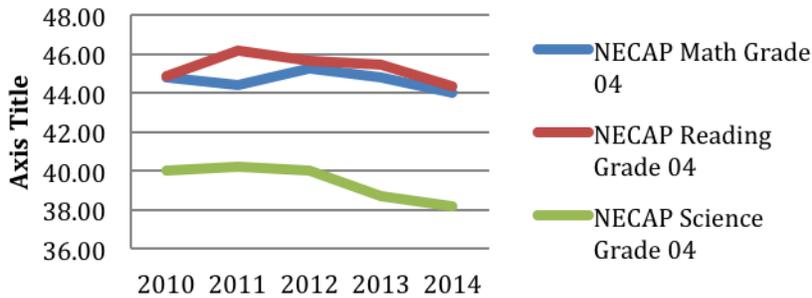
We are coming up on the release of the Science NECAP scores, and this seemed like a chance for a little introspection.

Here is the story (embargoed until Thursday):

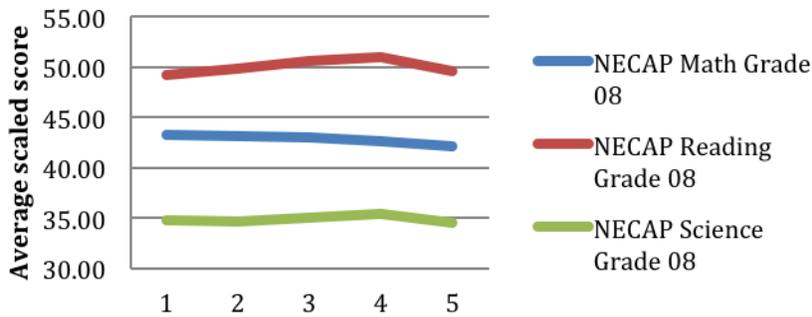
Science scores have declined over the last few years (see figures below). We think this another example of why NCLB does not serve our state well: we have focused on math and English language arts scores, which have been high and stable, and schools have to prioritize these or face sanctions, but this is coming at the expense of science. We want to call out the priority the Governor is placing on STEM, and say this is an example of why we are working on a new VT accountability model that values learning across all critical subjects, including science. We have schools in the state that that have defied that trend, and we believe we know what they are doing that is making the difference. For example, AOE has been investing in supporting inquiry-informed instructional approaches that develop students' ability to reason from evidence, pose questions and design investigations. We will host the press conference at a school that is engaged in this work

For specifics on scores, see below. We have seen pretty consistent slow declines on NECAPs in grade 4, mostly in grade 8 and mixed at 11. It is interesting to contrast this with our NAEP scores, which have been very slowly increasing. I am still trying to figure out what this tells us, beyond that NCLB is not working. I have asked our team to map supervisory unions by their score changes, to see if there is a regional effect. That might speak to capacity issues if there is a pattern.

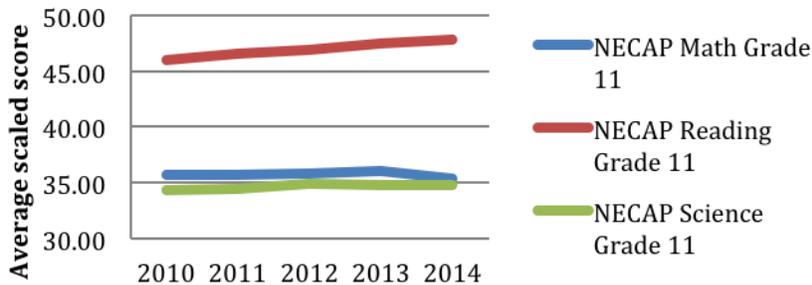
### Grade 4 Average Scaled Score (math, reading, science) by Test Year



### Grade 8 Average Scaled Score (math, reading, science) by Test Year



### Grade 11 Average Scaled Score (math, reading, science) by Test Year



#### *A VT Alternative to NCLB*

We are struggling to reconcile our governance structure with our need for results-based accountability and public assurance. Based on that challenge, we have been exploring a new approach that brings federal accountability to the Superintendent level, and focuses on

quality improvement at the district level, but monitored by the SU. We would value your thoughts on the political landmines involved.

International research on high performing educational systems suggests that the highest performance exists when goals and accountability for reaching those goals are clear, but when local actors have autonomy in developing the best means to achieve those goals (OECD, 2014). Vermont proposes to embrace this model by creating a system of accountability that supports continuous improvement at the school level with responsibility for monitoring and supporting such improvement at the Supervisory Union or District level.

By moving from accountability at the school level to the Supervisory Union level, Vermont would be able to meet the intended goals of No Child Left Behind while simultaneously honoring the small, rural communities that are typical of our state. Under No Child Left Behind, we hoped that annual testing of students in key areas would lead to identification of underperforming schools and leveraging of resources for support. However, research has consistently demonstrated that in small schools, test scores are unreliable because they can fluctuate dramatically year to year based on small changes in the demographics of classes, and data gleaned from these assessments frequently misrepresent or do not adequately capture the actual quality of schools. By moving the analysis of test data to the Supervisory Level, Vermont will have reliable data by which to enact improvement strategies to support student learning.

We realize SU level accountability alone will not deliver quality. In Vermont, our system of accountability will rest on core values that reflect our historical commitment to educational equity and quality with a strong tradition of local engagement in supporting improved outcomes for our children. As such, we propose to collect relevant data regarding student and school level performance for each of the criteria specified in our state Education Quality Standards. Our critical outcomes include the full breadth of academic achievement, supportive school cultures, and high quality education staff that go far beyond the narrow scope currently envisioned by federal accountability structures. Within SUs, this data will be analyzed at the school level to support local improvement efforts.

The Agency of Education would like to hold Supervisory Unions accountable for student learning outcomes through effective monitoring of continuous improvement plans. Using Design Thinking processes, schools will utilize data gleaned from state and local assessments including student achievement data, survey data and the results of Agency site reviews and audits to identify their performance related to key outcomes and indicators specified in the Education Quality Standards. Because improvement goals will be set at the local level, they will have greater relevance and meaning to those seeking to achieve them. And, goal setting will be informed by local knowledge of both student performance, and the context and opportunities to learn that shape that performance. Simultaneously, the goals will all link to core initiatives within the state to achieve the EQS vision.

We realize that doing this would be like poking a tiger: boards already feel they are losing authority. However, our system of supports (including special education) and our direction of curriculum have already moved to the SU level. And, many local schools are too small to have accountability all by themselves.

### *VSBA Sessions*

All in all, these seem to be going well. We have trimmed the slides and tuned the message, and it seems to be getting through to a couple of folks, though there are definite regional differences. The most vocal participant in Manchester was a commodities broker who moved to VT but commutes to Manhattan still. When he got here, he ran for school board, with the intent of closing the local public school and opening a unique school that will meet the needs of gifted children like his own. The problem, of course is that he is trying to optimize individually in the short run, but public goods are built through collaboration over the long run. We are not going to win people like him over. In Manchester, I got the sense many don't yet believe this is their problem, and was fairly stunned by the degree to which the boards say they have no power. Two legislative tweaks some suggested were 1) reinstating construction aid for consolidations (Bennington wants to close an elementary building, but needs construction aid to do so), and 2) tightening up residency requirements, because many tuition towns are experiencing families that opt out of their elementary programs, then "move in" at the high school level to take advantage of tuitioning options. We do have statewide empirical data that confirms that the proportion of secondary to elementary students is higher in tuition towns. What the Manchester/Bennington area wanted was a new economic development agenda, not a school spending agenda.

In Springfield, there was some initial complaining that the Governor was trying to "balance the state budget on the backs of local property tax payers." I was able to mention that they should be careful what they wish for, but that they were welcome to join the AOE on the general fund, and that we have lost 30% of our positions and are looking at successive years of cuts. If that is the future they want, they are welcome to join us. By the end, I was surprised at how many people were taking seriously the need to right-size staffing. I was tougher in Springfield than in Bennington, and probably should have been the other way around.

### *Isle La Motte*

This is a very serious and sad situation.

Isle La Motte had a number of high school tuition students move in, and their tax rates shot up over two years in a perfect storm that was compounded because they exceeded the excess spending threshold. There is now a very angry group in town calling for closure of the school. The district already cut transportation to the local elementary school to save money. Students can apparently walk to the elementary school. Obviously, however, this is a

potential equity issue.

In contrast, the district board is arguing that adding the cost of transportation to the cost of tuition if they close results in a higher cost than continuing to operate the school. We have not seen these numbers and don't know whether they were developed by the board or the business manager. There is growing momentum in town to cut transportation altogether.

If Isle La Motte were able to get an agreement to designate a single school, it's possible that they could get an agreement that the receiving district would send a bus at its own expense. South Burlington sends a bus to the islands at its expense for HS students. But there are no guarantees.

The worst case seems legally possible. A district could decline to provide transportation resulting in a genuine hardship for some of its students.

We have some other situations that suggest that tuitioning students to another town would save Isle la Motte money. Their preference would be to partner, so they could have some voice in the operations of any program they joined. However, from what we can tell, all overtures to neighboring boards have been spurned.

I'd like to find resources to make a group of towns there an offer they could not refuse. I don't see any way Isle La Motte can hold on to its school under the present circumstances.

### *Vermont Center for the Deaf and Hard of Hearing (VCDHH)*

By close of business today, we expect to have a solution to ensure continuity of services for students affected by the closure of the Vermont Center for the Deaf and Hard of Hearing (VCDHH). It is worth celebrating that in only 10 days, AHS and AOE worked out a solution to ensure continuity and quality of services for 650 school-age kids, as well for infant and early childhood screening.

### *Media Drama of the week (for laughs)*

Earlier in the week, Laurie Colgan was called by VT Watchdog, a partisan website, about the emphasis on nutrition in our food programs. This somehow morphed into a fantastical and incorrect "story" claiming VT was "banning brownies in schools" and forcing kids to live on kale.

This fabrication was then picked up and republished as "news" by Boston.com, an affiliate of the Boston Globe. From there, the story went viral nationally, ending up in the Drudge Report, the Washington Post and a laundry list of other media outlets. Fortunately, the local press bothered to do its own reporting, so the story did not get traction locally. We even got

a mention by Jon Stewart of the Daily Show:



Amazingly, none of the national press called to verify that we are truly banning brownies (We are not.) The ironic part is we got more coverage for things we DON'T do than we have ever gotten for things we actually do.

Have a great weekend.

Rebecca

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Lottery  
Greg Smith

No legislative or media contact this week. Gathering info and ideas for fy16 budget.

Had commission mtg this week with no key items. Only a handful of negative comments on our walking dead media.

Picked three finalists from website proposals. Sadly neither of the vt companies made the cut.

Greg

**Executive Privilege**

**TO: Governor Peter Shumlin**  
**FROM: Secretary Brian R. Searles**  
**DATE: Friday, September 19, 2014**  
**SUBJECT: VTrans - Confidential Report to the Governor**

**NOTES FOR GOVERNOR**

**AnC Bio Act 250 Permit – Traffic**

The Agency does not have jurisdiction in this matter but our Traffic Research Unit has provided comments on the application at the request of the District #8 Commission. We put this on the fast track to help with the developer's wish to break ground before this winter. In a memo that will go out today we comment that there are not significant traffic issues that can't be mitigated by optimized peak period signal timing in the short-term and that we agree with the findings of the applicant's traffic consultant.

We also inform the Commission that the newly enacted Transportation Impact Fees do not apply in this case because there is no associated project in the VTrans Capital Program or the municipal budget of the City of Newport. However, we do suggest a suggestion of how this plan might be applied as mitigation if the Commission so desires.

**Cell Phone Ban Media Blitz Continues**

Public Outreach Manager Erik Filkorn reports that there are a number of stories that have been done or are in the works concerning the October 1 ban. Further, posters and signage have been deployed and paid media is also in play. It appears to me that there are still many people on hand held devices on the roads and it is likely that this will be the case when enforcement takes over on October 1. Hopefully, that enforcement will be administered with a healthy dose of discretion.

In the meantime, we have reminded our staff that notwithstanding state law, it has been and still is state policy not to talk on cell phones while driving state vehicles.

**Brattleboro I-91 Construction Accident**

A subcontractor on the I-91 bridge project, hired by the prime contractor PCL, was tying rebar together and transporting employees strategically with a crane and basket when the

cable on the basket slipped. There were minor injuries to three workers and a broken leg to another.

WCAX has inquired as to the safety record of PCL and we have responded that their safety record is very good as is their safety program. We explained that we will not take any specific action until we see the results of an investigation by VOSHA and will address deficiencies if and when they are part of VOSHA's conclusions. Further, PCL is doing a separate look at the practices of their subcontractor.

### **Northeast Transportation and Wildlife Conference**

You will be making welcoming remarks at this conference at the Sheraton Burlington on Monday morning and I will be introducing you. If there is anything that you need (I understand that you have been provided talking points) beyond what you have been provided, please let me know.

### **NOTES FOR STAFF**

#### **Domestic Violence Leads to Security Concerns in Districts**

A domestic dispute that has had several chapters and was previously discussed in an earlier report has caused us to review the security needs of two of our employees. A male employee in Cambridge and a female employee in Eden have been threatened by the wife of the male, one Tina Matten, a DCF employee from Newport. In earlier episodes of this story, Tina Matten rammed the state truck operated by her husband, fired a gun in his direction and later attacked him with a tire iron.

She was arrested again last weekend after threatening a murder-suicide with several possible victims and she is currently incarcerated without bail. It is possible that her release will come on October 8, when she is arraigned on the most recent charges, and we are working with DHR on some extra measures to enhance the safety of the state garages and the specific employees involved in this ongoing event.

#### **Railway Bridge Project Delay in Dispute**

VTrans contractor CCS Constructors, Inc. was 42 hours late in completing work that resulted in a closure of the Green Mountain Line in Clarendon in violation of an agreement between the state, Vermont Rail Systems and CCS that results in liquidated damages. In fact, the damages calculated are \$472,500 on a \$682,805 job according to VRS. As you might expect, CCS calculates the damage differently, resulting in an assessment of \$21,500. CCS has hired Vince Illuzzi to represent them and he first insisted that I intervene directly on behalf of CCS, but I declined to do so and referred him to our legal staff.

This matter is complicated by the fact that CCS is under contract to do two additional rail projects this year and Dave Wulfson, President of VRS, is threatening to throw them off the job site for what he perceives as their "cavalier attitude toward interruptions to the railroad's business".

### **International Bridge Project Can Now Move Forward**

The negotiations between Vermont and Quebec over the rehabilitation of the East Richford-Glen Sutton International Bridge on VT 105A go back to my first term as Secretary. In April of 2014 the two governments finally executed English and French versions of an agreement to restore the bridge which crosses both the Mississquoi River and the international border.

Vermont and Quebec originally constructed the bridge in 1929 and restored it in 1978. The bridge now requires substantial repairs or full replacement. The talks have been much more difficult this time around than in the past due to the need to reconcile Vermont, American, Quebec and Canadian contracting requirements relating to labor, purchasing and security, among other things; and apportioning responsibilities, including costs, right-of-way acquisition, and permitting between the parties. On September 10 the Government of Quebec sent Vermont notification that Quebec had undertaken all procedures necessary for the agreement to come into effect. The two governments now have an official agreement and can begin work on preliminary design and permitting under state, provincial, American, Canadian and international laws relating to environmental protection, domestic security, and international relations.

### **Interim Agreement with Fairpoint on Rail Crossing License**

As previously reported, we have been working with Fairpoint to encourage faster service on utility work in our rights-of-way and to come to a new agreement on costs of their lines crossing railroads. They are trying desperately to reduce costs due to declining business but we are still far apart on those costs and a couple of projects that they want to proceed are held up due to the Vermont Rail System issuing a moratorium on permits to cross the rails until there is a new master agreement.

This week, after talks that included both Beth Fastiggi, Vermont President of Fairpoint and me, we decided to move forward with a new master license agreement with the caveat that up to 90 days will be provided to reach an agreement on pricing structure for Fairpoint before they would need to file an appeal with the T-Board. This extends the current requirement for filing with that Board beyond the normal 30 days.

### **Champlain Parkway Update**

Fortieth Burlington LLC has until Monday, September 22, to appeal the Environmental Court's decision to allow the project to proceed to the Vermont Supreme Court. In the meantime, the City of Burlington has been working on studying the feasibility of a four-way intersection, which represents a design change but is actually preferred by all parties. The City is now suggesting that a second four-way intersection be added on Pine St. at Howard St. to allow Burlington Electric and Department of Public Works traffic to avoid Lakeside Avenue altogether. It is likely that the City would offer this as a part of settlement, should Fortieth Burlington actually file an appeal.

In a related development, FHWA Acting Deputy Administrator Martin Knopp was in Vermont this week and toured the site of the Parkway and the Railroad Enterprise Project

with VTrans and City officials, including Mayor Weinberger. He seemed pleased with what we are trying to accomplish there.

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

**To:** Peter E. Shumlin, Governor  
**From:** Harry L. Chen, M.D., Acting Secretary of Human Services  
**Re:** AHS Weekly Report  
**Date:** September 19, 2014

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Highlights:

VDH:

Incident Command Structure at VHC pg. 2  
Governor's Community Forum on Opiate Addiction Progress pg. 2

DMH:

Vermont Psychiatric Care Hospital (VPCH) pg. 3  
Brattleboro Retreat (the Retreat) pg. 3  
Rutland Mental Health Services (RMHS) pg. 3

DAIL:

Mental Health Oversight Committee Requests Testimony pg. 3

DOC:

Bring Vermont Inmates back to Vermont pg. 4

DCF:

Incident at White River area motel pg. 4

DVHA:

Health Care Oversight Committee pg. 4  
Provider Tax Hearing pg. 4  
Cigna/Blueprint CHT payments pg. 5

## **Vermont Department of Health (VDH)**

### **Incident Command Structure at VHC**

Chris Bell, Director of Public Health Preparedness is finalizing planning for the ICS at VHC. He will begin training next week and will use a team from Health to facilitate its adoption in the upcoming weeks. We are hoping that the Governor can join one of the early briefing meetings to support the changes and boost morale. The Secretary is planning on doing the same.

### **Governor's Community Forum on Opiate Addiction Progress**

Since the Governor's June 16 statewide forum, 12 regional community teams have been working to develop action plans to address opiate addiction with strategies from prevention, intervention, recovery & law enforcement. Teams are learning about resources already available in their communities that may be leveraged to address this public health issue, and identifying gaps. For example, the Springfield team decided to create a "roadshow"/mini forum to take to each community. They are also exploring law enforcement/community agency collaboration similar to Rutland's project VISION; doing a needs assessment with addicts and people in recovery; and starting a Wit's End parent support group. Regional plans will be posted on the Health Department website in October.

### **Health Impact Assessment Training**

This week, the Health Department is hosting a two-day training on the use and development of Health Impact Assessments. Examples of cases being worked on during the training, and in the upcoming year, include wind turbine facility siting, paid sick leave and electric vehicle promotion.

### **Vermont drinking water action levels**

The Departments of Health and Environmental Conservation are updating a Memorandum of Agreement that creates Vermont Action Levels for 10 chemicals in drinking water. The Vermont Action Levels are more restrictive and more health protective than the federal Maximum Contaminant Levels.

### **Polychlorinated Biphenyls and Schools**

Over the past year, the Departments of Health and Environmental Conservation collaborated with the Agency of Education on a project to sample indoor air for the presence of polychlorinated biphenyls (PCBs) at four Vermont schools. There were detections of PCBs in two of the schools above the Health Department's level of concern. None of the schools had levels above the EPA's level of concern. Both schools were given recommendations to examine the lighting fixtures in the areas where PCBs were detected, replace any older units or visibly leaking units, and wet-wash walls and other hard surfaces. No further action was needed.

### **2012 Vermont Hospitals Report**

*The 2012 Vermont Hospitals Report* is now available on the Vermont Department of Health website. The report presents information about patient health issues and hospital services provided by fourteen Vermont acute care hospitals within inpatient, outpatient and emergency department settings. Findings include both Vermont residents and non-residents. Data on Vermont residents using hospitals in New Hampshire beyond 2009 are not yet available.

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

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

Vermont Psychiatric Care Hospital has opened their 5-bed unit. Census should be 19 by the end of this week as projected.

#### Brattleboro Retreat (the Retreat)

The Department is still waiting on a visit from the Centers for Medicare and Medicaid Services (CMS) before the October 6<sup>th</sup> deadline. DMH was notified early this week by the Retreat that CMS would be providing public notification in the Brattleboro Reformer of the impending termination timeframe. This is a standard communication provision.

#### Rutland Mental Health Services (RMHS)

Meetings regarding Rutland Mental services have been taking place with appropriate AHS agencies to strategize about RMHS issues. We expect to have a plan in place soon.

#### VPS

DMH received a copy of the independent accounting review report requested by DMH following questionable financial practices by the former VPS Director and Accounts Manager being identified by the VPS Board of Directors. The Board is addressing shortcomings through leadership and financial staff changes, bringing in an interim part-time director from outside the organization with more organizational experience, while recruiting a new Director, increased Board involvement, and development of policies and procedures to address areas of risk.

#### Specialized Patient Care Needs

Deputy Commissioner Reed, representatives from DAIL, and General Counsel for both departments, met to review a number of patients remaining in acute medical and psychiatric care beds due to refusals of nursing homes to admit patients with mental health issues.

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

#### Mental Health Oversight Committee Requests Testimony

DAIL has been invited to provide testimony to the Mental Health Oversight Committee on September 23. The Committee has expressed interest in the following two issues: (1) Adverse events and reporting to the Legislature; and (2) Communication and collaboration between DAIL and the Department of Mental Health. More details will be available following next Tuesday's testimony.

#### Operation of Interpreter Referral Service to be determined in Wake of Closure of Vermont Center for Deaf and Hard of Hearing

DAIL had a grant with the Vermont Center for Deaf and Hard of Hearing to provide interpreter referral services. Options are now being explored to find a new home for these services. The Vermont Center for Independent Living is considering its ability to carry out this work.

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

#### Annie Ramniceanu Chosen to be Director of Pre-Trial Services

Annie Ramniceanu was chosen to be the Director of Pre-Trial Services. She will begin her new position on Monday, September 22, 2014. Her main office will be here at DOC-Central Office on

Industrial Ave., Williston. The Request for Proposals has been posted. This RFP is for the pretrial contracts to deliver services around the state.

#### Bring Vermont Inmates back to Vermont

The Vermont Coalition is meeting to discuss ways to eliminate sending offenders out of state. The Vermont Coalition (Suzi Wizowaty's group) convened a meeting on Wednesday at 1:00 P.M. in Montpelier to discuss ways to stem the population in Corrections to eliminate the need for an out of state program. Commissioner Pallito will be attending to represent the DOC and to hear the group's discussion.

#### Population:

The department's incarcerated population averaged 2090 for the previous week; the average presentenced population was 393 or 19%. The department's incarcerated male population averaged 1928 for the previous week with 357 or 19% of the overall incarcerated male population being presentenced inmates. The female population averaged 162 for the previous week with 36 or 22% comprising of presentenced female inmates.

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

#### Incident at White River area motel

On September 5<sup>th</sup>, a single woman was granted temporary housing in Hartford under the vulnerable population criteria. She was housed at the Super 8 Motel. When she returned for a subsequent housing authorization, the Super 8 was fully booked, so she was placed at the Shady Lawn Motel in White River Junction for the nights of 9/8 – 9/14. When she returned to the Hartford district office on 9/15 to reapply, she reported she had been sexually and physically attacked by another patron of the motel. The incident was reported to the police and the motel owner; she was connected with WISE, the domestic violence partner in that area. ESD offered to move her to another motel, but because she had a support person in another woman staying there, she wanted to remain at the Shady Lawn. The attacker was no longer there. The motel moved her to a room next to the person she sees as her support person. She will now be housed under catastrophic (DV) for the remainder of 84 days.

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

#### Health Care Oversight Committee

Lawrence Miller testified on Thursday to the Health Care Oversight Committee on Vermont Health Connect.

#### Provider Tax Hearing

A provider tax prehearing conference was held on Wednesday with the state and hospital's attorneys. The official hearing will be held the end of October.

#### Catamaran Contract Update

DVHA is still in negotiations with Catamaran on the Amendment for transitional services that will result in transfer of the State's data for use in testing of the new PBM system. DVHA anticipates having the amendment finalized and signed on Thursday with the data transferred immediately after.

### ACO Contract Update

Vermont Health Care Innovation Project (VHCIP) staff has begun the drafting of amendments to the two Vermont Medicaid Shared Savings Program (VMSSP) Accountable Care Organization (ACO) contracts. These amendments for the second performance year of the ACO contracts were anticipated at the time those contracts were drafted, and will reflect best practices and lessons learned from the first nine months that the ACOs have been in operation.

### Care Management/Coordination Learning Collaborative

As approved by the VCHIP core team, DVHA posted an RFP for quality improvement facilitators to assist in the development and implementation of care management/coordination learning collaborative, loosely modeled off of national best practices including “medical neighborhoods” and “integrated communities”. It is envisioned that facilitators will be chosen by mid-November, and the one year learning collaborative will launch in three pilot communities (Burlington, St. Johnsbury, and Rutland) in December/January.

### Workforce Symposium

The VHCIP Workforce Work Group has announced they will hold a symposium on Vermont’s healthcare workforce on November 10<sup>th</sup>, 2014 at the Sheraton in Burlington, from 8:00am to 1:00 pm. The symposium will address the impacts of moving toward universal health care coverage on Vermont’s healthcare workforce and on its projected workforce needs.

### Cigna/Blueprint CHT payments

Cigna has appealed its current payments for community health teams arguing, given the reduction in its market share, CHT payments should be reduced accordingly. DVHA is reviewing the statutory provisions about the CHT payments and the contract with the commercial plans to determine if the payment is consistent with statute. Cigna is currently withholding payments from local CHT. If the payment methodology is changed and community health team expenditures are maintained, Medicaid and BCBS would need to pay a higher percentage of CHT costs.

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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:** September 19, 2014

**Secretary's Top Issues**

**State of the Dairy Industry**

Dairy Sector Chief Dan Scruton spoke at the Vermont Dairy Industry meeting giving an update on the dairy industry. In August there were 902 dairy farms. In 2004 we had 1,293 yet Vermont is producing about the same amount of milk through the increases in productivity and the ingenuity of the Vermont dairy farmers. Milk quality is continuing to improve with the statewide somatic cell count average at around 200,000 per mL one of the lowest state averages in the country. Processing plants are flourishing with 116 processors.

**Mosquito Update**

To date the vector surveillance program in Plant Industry has submitted 2972 mosquito batches for mosquito borne virus testing. This week 181 samples were submitted and all tested negative for arbovirus activity.

**Disaster Response Training**

A quarterly meeting of the Vermont Disaster Animal Response Team (VDART) Board of Directors was held this week. State Veterinarian, Haas, holds an ex-officio position on the Board. Under the leadership of the relatively new Chair, VDART has acquired multiple grants, has established a Facebook page and a website, and has held multiple sold-out trainings for first responders on animal sheltering during disasters. VDART serves as a primary support organization to SSF11/VAAFV during emergencies that impact animals.

**Non-Compliant Cervid Producers**

Animal Health is working with legal counsel to amend an NOV issued to a non-compliant cervid producer. The producer was served the NOV by the county sheriff and did not request a hearing or pre-hearing date. The amended NOV will incorporate a count for continued non-compliance.

**Animal Welfare Investigation Training**

State Veterinarians met with Sue Isham of DMI to plan for the upcoming Level 4 Animal Welfare Investigation course on livestock handling to be held at Shelburne Farms. This will be the third year of the course and the focus of the meeting was to increase the hands on portion and body condition scoring of the course. Agency of Agriculture Staff lead the training of town and humane society animal control officers.

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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:** September 19, 2014

**Status of Governor's Priorities:**

**Press**

Henry Marckres, Chief, Consumer Protection, was interviewed by Fox 44 news on Wednesday about buying firewood.

Henry Marckres also spoke with Nora Doyle-Burr of the Valley News pertaining to the maple color grading kits that Vermont Maple Sugar Makers Association sells. We mix the colors for the kits.

**Significant Events/Meetings:**

- This week the Vermont Dairy Industry Association and the Vermont Feed Dealers Association met in Stowe. Dairy Sector Chief Dan Scruton spoke at the Vermont Dairy Industry meeting giving an update on the dairy industry. In August there were 902 dairy farms. In 2004 we had 1293 yet Vermont is producing about the same amount of milk through the increases in productivity and the ingenuity of the Vermont dairy farmers. Milk quality is continuing to improve with the statewide somatic cell count average at around 200,000 per mL one of the lowest state averages in the country. Processing plants are flourishing with 116 processors. The Keith Tupper Award (given in memory of a state dairy inspector that had done a significant amount of work on milk quality before his untimely death) was given to Dan DeLaBeuere, a field representative for National Farmers Organization, for his outstanding work helping dairy farms with milk quality issues.
- The Meat Inspection sector received notification that VT has earned its "equal to" status for the previous self-assessment and on-site review. Still waiting for the determination from the Civil Rights Division.
- Animal Health Section was awarding approximately \$5500 additional federal funds for the National Disease Surveillance Cooperative Agreement with USDA.
- State Veterinarians met with Sue Isham of DMI to plan for the upcoming Level 4 Animal Welfare Investigation course on livestock handling to be held at Shelburne Farms. This will be the third year of the course and the focus of the meeting was to increase the hands on portion and body condition scoring of the course.
- A meeting of the Vermont Livestock Care Standards Advisory Council was held this week. Topics covered included the equine dentistry bill that was passed during the 2014 legislative session and that may inadvertently impact dental procedures performed on alpacas, the calf/cattle transport industry outreach initiative, and the fact that there are two Governor-appointed vacancies on the Council due to resignations of long standing members at the ends of their terms. Nominations for replacements will be made by the Council to the Governor's office within the next several weeks.
- A quarterly meeting of the Vermont Disaster Animal Response Team (VDART) Board of Directors was held this week. State Veterinarian, Haas, holds an ex-officio position on the Board. Under the leadership of the relatively new Chair, VDART has acquired multiple grants, has established a Facebook page and a website, and has held multiple sold-out trainings for first responders on animal sheltering during disasters. VDART serves as a primary support organization to SSF11/VAAFAM during emergencies that impact animals.

- The New England Veterinary Medical Association annual Leadership meeting was held this week in Portland, Maine and attended by animal health officials in New England and New York. State Veterinarian, Kristin Haas, represented VAAFM at the meeting, which provided a forum for discussion of Animal Disease Traceability, Porcine Epidemic Diarrhea and the upswing in human Salmonella infections related to contact with backyard poultry, all topics that impact Vermont agriculture.

### **Evolving Issues:**

- State Veterinarians Haas and Mehlenbacher have continued to engage in ongoing discussion with colleagues in the Department of Fish and Wildlife and law enforcement officials in the Windham County sheriff's department regarding alleged animal welfare violations at a captive cervid facility. VAAFM permits movement of captive deer within and out of Vermont, and the outcome of this case may necessitate a permit to move the deer involved.
- Animal Health is working with legal counsel to issue an NOV for a non-compliant cervid producer who started a cervid facility without prior Agency inspection and approval, moved deer into the facility without obtaining the required movement permit, had not officially identified the deer, and has not presented an annual herd inventory to the Agency.
- Animal Health is working with legal counsel to amend an NOV issued to a non-compliant cervid producer. The producer was served the NOV by the county sheriff and did not request a hearing or pre-hearing date. The amended NOV will incorporate a count for continued non-compliance.
- Animal Health is investigating a complaint regarding an unlicensed dealer who primarily purchases sheep and goats. The Section is working with USDA traceability staff to review livestock auction sales records.
- Animal Health Program Coordinator submitted the AA-1 form Request for Grant Acceptance to the business office to be forward to Joint Fiscal for approval.
- Animal Health Field Inspectors are currently investigating 5 tissue antibiotic/drug residue violations. The violations are for:
  - Addison County – neomycin in a bob veal calf
  - Addison County – ceftiofur in a cull cow
  - Rutland County – ceftiofur in a cull cow
  - Franklin County – neomycin in a bob veal calf
  - Chittenden County – neomycin in a bob veal calf

### **Summary of Key agency Department Activity**

#### **Administration:**

Deputy Secretary Bothfeld attended the first meeting of the VTC Farm Advisory Committee meeting. The assembled group discussed current programs at the college, potential uses for the farm, orchard, produce gardens and maple sugarbush. The college is implementing many innovative programs surrounding value added agriculture through the federal department of labor grant. Financial issues with the college make agricultural operations suspect from a financial aspect but the college is committed to maintain its large hands on "laboratory" (farm) for its students. Group will meet monthly to discuss infrastructure changes at the farm, curriculum suggestions, continuing education opportunities from VTC and the value to the state of this on-farm laboratory.

#### **Agricultural Development:**

- Following significant input from across the agency, a VAAFM Grants Management System RFP was released by BGS on Friday, September 19, 2014. Once fully implemented, the new system will help streamline, consolidate and make more efficient processes for grant applications, reviews, pre- and post-awarding, financial tracking and other grants management activities.

### **Energy and Renewables:**

Deputy Secretary Diane Bothfeld submitted a memo to the Public Service Board (PSB) regarding issues that could use clarification in the standard offer docket (SPEED program). (As this is not a contested case, a formal notice of appearance was not necessary.) At the subsequent PSB workshop on 9/9, Senior Agricultural Development Coordinator Alex DePillis agreed to coordinate, with PSD staff, a working group to determine cost models for anaerobic digester projects. After the workshop, on 9/17, the PSB gave 10/31/2014 as the deadline for "... joint proposal on avoided cost caps or individual proposals and recommendations for a schedule for the remainder of the proceeding."

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

#### **Consumer Protection:**

Dwight Brunnette, Consumer Protection Specialist, conducted a survey of retail stores at the University Mall in Burlington, to assess compliance with the Agencies licensing requirements. The Agency is following up on several unlicensed businesses that were found.

#### **Meat Inspection:**

The Food Safety, Animal Health and Consumer Protection division hired a new Meat Inspector, Britton Laslow, this week.

#### **Animal Health:**

Animal Health Field Staff:

- Performed compliance activity at the Tunbridge World's Fair and monitored Certificates of Veterinary Inspection for out of state animals and placement of official identification.
- Provided Avian Influenza and Pullorum testing for poultry exhibitors at the Tunbridge Fair. Animal Health Inspectors will be present at the fair for compliance activity.
- Participated in a swine education workshop in Norwich as part of the collaboration between the Agency, UVM Extension, and NOFA which has resulted from the USDA Swine Corona Enteric Disease Program Cooperative Agreement.
- Attended weekly auction at Adison County Commission Sale checked for Animal Disease Traceability compliance.
- Assisted with NASDA field tours.
- Provided traceability supplies to a livestock dealer in Franklin County.
- Completed an annual inspection of a livestock dealer in Franklin County.
- Coordinated post-import Brucellosis testing of imported reindeer with Orleans Veterinary Services. Reindeer on the facility are quarantined until the testing is completed. Official identification will also be confirmed during the testing procedure.
- Provided support over the weekend for NASDA tours to key Vermont food facilities.
- The USDA FSIS has posted several positions at the cross utilization plants that we have been covering. We are still waiting to hear if they received applicants for the positions.
- Assistant State Veterinarian inspected the Central Vermont Humane Society (CVHS) to ensure compliance with the Humane Euthanasia Rule. The CVHS is a Certified Euthanasia Shelter registered with the Agency and is inspected for compliance with *the Rules* on a yearly basis.
- Assistant State Veterinarian met with the Consumer Protection Section Chief, who is the Vermont representative for the NASDA Technical Working Group on the implementation of the Food Safety Modernization Act, to review the latest chapter - Legal Foundation. This chapter will help states formulate the legal basis in their state to implement and enforce FSMA rules.
- Animal Health received a call from a private individual interested importing fallow deer from NH to begin a captive cervid operation in Vermont. Assistant State Veterinarian reviewed both the import rules and the captive cervid rules and discussed next steps for the producer and the Agency.

- Animal Health participated in a conference call with business partners that are building a captive cervid facility in Franklin County. They are purchasing deer and equipment from a current Vermont cervid producer and will be building the facility and transfer deer in the next few months. A timeline and concrete to dos were decided upon and the Agency and producers will remain in close contact.
- Animal Health received a report of an individual that may be acting as an unlicensed livestock dealer and has initiated an investigation. The complaint came from an individual who sold a cow to the possible dealer as a pet and then subsequently heard that said cow was seen at a livestock auction being sold for beef.
- The Animal Health Section will be issuing a Final Order to a non-compliant cervid producer and Notices of Violation to two other non-compliant cervid producers.
- Animal Health is working with a Vermont dairy farmer who is importing cattle from NY into Vermont regarding the placement of official ID. Field inspectors will be present at the Vermont premises to monitor compliance with interstate movement recommendations.
- Animal Health field staff are completing tissue residues investigations in Addison and Franklin Counties. Violations were due to the detection of neomycin in bob veal calves presented for slaughter.
- Animal Health Administrative Assistant provided staff support at the NASDA meeting in Burlington on Tuesday and Thursday.

### **Agricultural Resource Management:**

- To date the vector surveillance program in Plant Industry has submitted 2972 mosquito batches for mosquito borne virus testing. This week 181 samples were submitted and all tested negative for arbovirus activity.

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

- Staff conducted one technical assistance visit on a MFO in Franklin County. The visit was to evaluate the placement and design of proposed construction on new feed bunks.
- Staff conducted technical assistance visits in Grand Isle County on a MFO to assist with BMPs and on a LFO to drop off their recently signed LFO permit.
- Staff conducted a compliance inspection follow-up on a MFO in Grand Isle County to evaluate a previously identified silage leachate runoff concern.
- Staff are drafting inspection reports and memos for complaint investigations, enforcement actions and ongoing inspections.
- Staff are drafting gathering information on MFOs and LFOs as part of current and potential cases for the Attorney General's Office.
- Staff are developing educational materials to be disseminated in Franklin County as part of an education and outreach strategy to inform livestock owners of rules (Accepted Agricultural Practices) that apply to anyone that raises, feeds and manages livestock.
- Staff are working with the Agency's IT GIS specialist to test and use the recently created web-based Agency map. This is new for the Agency and will be a very valuable tool for field staff and internal users.
- Staff are working with ARM Division engineering staff to assist with development and implementation of BMPs on several MFOs and LFOs.
- Staff sent grants to 34 farms for winter cover cropping through the Agency's Farm Agronomic Practices (FAP) Program that did not receive funding from NRCS for cover cropping this fall. The grants totaled \$110,220.00 and will provide financial assistance for cover cropping on approximately 3,674 acres of annual crop land this fall.
- Staff are processing, developing and requesting payments for additional grant agreements for the FAP Program for the current fiscal year. In addition to the grants mentioned above, grants for other practices in the FAP program have been sent to 12 other farms and cover approximately 2,269 acres totaling \$52,115.
- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.

- Staff are working on developing and testing the water quality section of the new CAI USA Food Safety water quality database.

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

- Staff had a meeting at a SFO in Cambridge with a contractor to troubleshoot a water pipeline and to plan CREP field work.
- Staff conducted a CREP planning visit at a SFO in Georgia along with NRCS staff.
- Staff met with a contractor at a SFO in Williston to discuss stream crossing locations in order to get an estimate for a potential grant.
- Staff prepared for upcoming field visits to farms with potential CREP projects.
- Staff processed field data gathered for planning CREP projects in ArcMap.

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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: September 19, 2014**

**Subject: ANR Weekly Report**

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**Legislative Issues/Testimony:**

**Shoreland Update:** Efforts continue to provide outreach through scheduled events at least once every week, including presentations made for regional realtor organizations, and additional site visits, which will continue into the fall. To date the Program has received approximately 14 registration applications and 8 permit applications, many of which have already been authorized.

**UIC Rules:** LCAR just approved our new rules for underground injection of stormwater. Since UIC's inception decades ago, other programs have been created to regulate activities originally covered by the injection controls. Low risk sites that are so small they do not fall under the jurisdiction of the clean water act are, for the first time, expressly excluded by these rules. (For example, under our previous rule if water ran off of your driveway into a rut or ditch where it percolated into the ground that would have, in theory, required a permit. This is one reason the program was not fully implemented.) We worked closely with industry groups who will experience greater oversight (the granite industry and mining) as well as the environmental groups. Diane Snelling and Bob Krebs voted against approving the rule (for different reasons). We will be meeting with them to more fully understand their concerns and to, hopefully, assuage them.

**Press Issues/Releases:**

**Forest Health in the News:** Within the past two weeks we've had a chance to confirm reports of two non-native forest pests not previously documented as established in Vermont. The first, Sirex Woodwasp, has been trapped in several counties near wood processing facilities over the past few years but had never been seen in trees. Along with staff from the USDA's Animal and Plant Health Inspection Service (APHIS), we visited an infested red and Scots pine plantation in

Jericho. This insect is quite destructive in southern hemisphere locations where it has been introduced, but has been less damaging in the northeastern US where it mostly attacks suppressed trees. North Carolina has a quarantine on pine from infested areas. The second pest, Elongate Hemlock Scale, has moved into southeastern Windham County. Two in-town Brattleboro sites were brought to our attention by a local arborist who is also a volunteer Forest Pest First Detector. We visited another site in Guilford with a consulting forester who had reported hemlock woolly adelgid-related decline. It turned out that elongate hemlock scale was also present at that location. Elongate hemlock scale has a reputation of teaming up with hemlock woolly adelgid to cause more severe damage to hemlocks. It also does very well on fir, and is of concern for that reason as well. It is not a regulated pest anywhere in the region.

**Fish and Wildlife releases:** Migratory Game Bird Hunters Must Register; Spiny Water Flea Not Expected to Have Major Impact on Lake Champlain Fishing; VT Offers Several Deer Hunting Opportunities: Hunters can choose between archery, youth weekend, rifle and muzzleloader seasons. Sportsmen and women should be optimistic about the upcoming deer hunting seasons, according to the FWD. “Our overall herd health is good, and people are seeing a lot of deer right now,” said FWD Commissioner Porter. “Hunters who scout early should do well as favorite fall foods for deer -- apples and nuts -- appear spotty. Hunters should key in on these fall food areas, because deer will concentrate in them.”

**WCAX Firewood Story:** Paul Frederick, Wood Utilization Forester, was interviewed for a news story about firewood on Channel 3. A link to the story can be found here: <http://www.wcax.com/story/26500759/vt-firewood-dealers-struggle-with-short-supply>

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

**Roxbury FEMA Update:** As of Fri, Sept 12, VT received a denial of the State’s first appeal for codes and standards funding of the Roxbury Fish Hatchery project from FEMA Region 1. As such, the State plans to move to a second appeal which will elevate the appeal from FEMA Region 1 Headquarters in Boston to FEMA National Headquarters in Washington D.C. The State is still confident of the project’s eligibility and that the appeal adequately explains the Roxbury Hatchery’s eligibility. VT plans on submitting the State’s second appeal as soon as possible to ensure a quick turnaround for the Roxbury Fish Hatchery rebuild. Still, the State remains 100% committed to rebuilding the Roxbury Fish Hatchery regardless of the eventual outcome with FEMA.

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## **SUMMARY OF KEY DEPARTMENT ACTIVITY**

### **Office of Planning and Legal Affairs (OPLA)**

**PSB Net Metering rule 5.100:** OPLA and attorneys at the Public Service Department, including the PSD Public Advocate, are in discussions regarding suggested changes to the PSB’s recently adopted rule 5.100, that established an expedited permitting process for net metered solar projects from 151 – 500kw. The board rule reduced the comment period for new petitions

to 20 days and conditionally waived a number of existing Sec. 248 criteria, including impacts on health and safety. PSD and OPLA agree that the implementation and plain language of the rule is flawed and has led to inefficient proceedings that are often more complicated and contested than the issues warrant, given the lack of opportunity to resolve minor issues or incomplete applications during the course of the proceeding. PSD and OPLA plan to forward suggested process and rule revisions onto PSB general council for consideration and further discussion.

**TDI NE Clean Power Link:** On Sept 16 OPLA staff attended the Department of Energy's first Scoping meeting for the TDI NE Environmental Impact Statement. The meeting was scarcely attended, save representatives from TDI, DOE and the Army Corp. Several members of the public attended, but did not offer comments. DOE is accepting comments on the scope of the TDI EIS through October 10<sup>th</sup>; these comments are intended to highlight significant issues associated with the project and assist the DOE in establishing an appropriate scope of work for the study. DOE officials stated that they intend to use as their starting point the EIS recently completed for TDI's New York State projects. ANR will likely submit written comments that point out, among other things, the need to review phosphorous impacts associated with the project – a consideration not included in the New York State EIS.

**Vermont Gas Phase II:** ANR provided rebuttal testimony last week of two of its witnesses on the Project impacts on wetland and significant natural resources. These witnesses will be deposed by Vermont Gas on Sept 18. On Sept 17 the PSB held a conference to hear further argument on whether the Board should proceed with technical hearings scheduled for scheduled for the week of Oct 6 or wait for the FERC service area determination. At the hearing several parties testified that the FERC determination would dictate whether they participate in the technical hearings.

Note that Vermont Gas has indicated that it will be filing its DEC wetland permit application sometime in October. To date, VG does not have access to and cannot field delineate approximately 17% of the project, including areas that likely include significant wetland resources. We are working with the wetlands program to see whether they can accept an application with such a high percentage of unquantified wetland impact.

**Deerfield Wind:** Deerfield has identified a potential bear habitat mitigation site on Glebe Mountain. ANR/Fish and Wildlife has evaluated and considers it a strong mitigation opportunity. ANR and Deerfield are currently negotiating possible terms for Easement Language which it will be reviewing with the land owner. If the landowner agrees to the conditions regarding restricted and permitted uses ANR and Deerfield will work to negotiate and finalize the easement documents.

**Charter Hill:** 1.0MW solar project in Rutland (Green Lantern/Luke Shullenberger project). The Board held a technical hearing on Wednesday. ANR requested a number of conditions to which the developer has agreed related to the wetland and rare plant on site.

**New Applications:** Week of Sept 15: OPLA received 8 new Act 250 applications.

## **Environmental Conservation**

**Emergency Order Obtained Against Daniel Mandich & Westminster Meats:** This action involves a slaughterhouse and meat processing facility in Westminster. The facility's wastewater system failed in Oct 2013. We have been working with the owner to address the failure but those attempts were unsuccessful and so the owner has applied for a permit to replace the system. The emergency order was needed because an Agency of Agriculture inspector, during a routine inspection, observed that the facility was draining a wastewater holding tank through a garden hose into a culvert that discharged to a nearby stream. The emergency order requires the company to immediately cease the discharge and put in place a system to ensure it does not happen again.

**Aeolus Mountain Spa Permit (Manchester):** On Aug 27, the indirect discharge permit that had been issued to Aeolus Mountain Spa was formally appealed by Richard Smith of Manchester Center. The indirect permit was issued to The Spa on Aug 6. During the public comment period, we had received many comments against the project so this appeal was not unexpected. Those opposed to the project are concerned about the impacts to the nearby Battenkill River, and recommend that the Spa connect to the Manchester Wastewater Treatment Facility instead of constructing leach fields. DEC staff found that the Spa will not significantly alter the aquatic biota of the receiving waters or pose more than a negligible risk to public health, is consistent with existing and potential beneficial uses of the waters, and will not cause a violation of Water Quality Standards. The program does not have the authority to require a project to connect to a municipal collection system if a viable treatment system has been proposed.

**Universal Recycling- BGS Coordination:** Per the Universal Recycling law, parallel recycling and organics collection will be phased-in at all state buildings by 2020. This week, DEC Solid Waste Program staff met with Dan Edson of BGS' Energy and Environment office to discuss increasing recycling and organics diversion in state buildings, DOC's implementation success to date, and how the state can lead by example in this area. Staff will continue to engage with BGS to support Universal Recycling implementation.

**Universal Recycling- UVM's Center for Sustainable Agriculture survey:** Staff connected with a representative from UVM's Center for Sustainable Agriculture to request that questions be added to a survey for pig farmers that would assess how many farmers adopt practices in line with the law's Food Recovery Hierarchy by feeding food scraps to livestock. This survey would be the first statewide source of this data and knowing this information will allow us to estimate how much additional infrastructure may be needed to manage food scraps, as the organics/food scrap landfill ban takes effect.

**Underground Storage Tank Newsletter:** Over the years, DEC has received periodic kudos for our Underground Storage Tank newsletter. Here's a recent one from Cumberland Farms (edited): *"I just wanted to send you a quick note regarding the UST Talk newsletter which we have found extremely helpful and have discussed internally...It is exactly the type of incident outlined in the article ... that we can utilize these real world events as teachable moments from which our operators can ...learn... I will also be bringing with me when I complete our self-certification*

*inspections and use them as a tool to reinforce ...in ensuring that proper delivery procedures are adhered to.”*

**Vermont Auto Recyclers Association (VARA) Meeting:** Staff met with VARA Chairman Matt Brown and VARA member Mark Brown on Sept 10 to discuss the draft salvage yard rules. VARA represents ~15 of the 60 registered yards in Vermont. In general, they feel the rules are well-done and workable. Their big concerns are with financial assurance and how/when that applies. They offered some alternatives and insights that we will consider as we move forward with the rule-making process. The VARA representatives will report out to their members in the next few days on our meeting and compile some written comments for our review. All felt it was a very productive meeting.

**Transmission Line Replacement:** DEC representative Kevin Burke met with representatives of VT Transco, New York Power Authority, Army Corps, NY DEC, VHB, CHA in Plattsburg, NY at the site of the proposed transmission line replacement (and old line removal) to cross Lake Champlain in the vicinity of the Grand Isle/Plattsburg ferry route. Discussions were preliminary, but spoke to necessary state permits, including but not limited to encroachment, 401 WQC, and CPG.

## **Fish & Wildlife**

**Good Dam or Bad?** Staff sampled trout in Sugar Hollow Brook to determine if the removal of a dam on the brook this summer was allowing trout to move through the old dam site. Marked fish which had been released downstream of the dam location were recaptured upstream of the old dam site proving that fish can now move freely throughout the stream.

**High Water Poses Harm to Aquatic Life:** After years of working together to minimize the negative environmental impacts of the operation of their flood control dams in VT, the U.S. Army Corps of Engineers decided to unilaterally change the protocol at the Ball Mountain dam on the West River for whitewater paddling releases. These changes included increasing the rapidity and magnitude of flow changes and adding additional releases. ANR believes that these changes will have harmful effects on the aquatic life. Staff planned for a field study and the deployment of equipment in the river prior to the release that will provide data and a photographic record of an upcoming release event.

**Fish and Solar Energy:** On Sept 12 staff had a conference call with All-Earth Renewables to discuss the potential implementation of wide-spread solar panel installations at the VT Fish Culture Stations. Currently, the only fish culture station to have on-site solar power generation is Bald Hill Fish Culture Station. However, it is the goal of the section to move all fish culture stations to renewable energy resources where applicable. A follow-up meeting has been scheduled for Sept 25 to further discuss the feasibility of this initiative with All-Earth Renewables.

Cows, Love and Moose? Moose related issues are picking up. The breeding season is about to begin and a few love-sick moose are showing up in farmers field amongst the cattle forcing wardens to drive them out of the pastures.

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

**Our Famous Commissioner:** As the season and the leaves on the trees begin to change and travelers plan their trips to Vermont, Commissioner Snyder has begun to receive requests from far and wide for foliage information. He will be working with FPR's County Foresters to provide a weekly foliage report for the Vermont Dept. of Tourism and Marketing's "VermontVacation.com" web page.

**Green River State Park:** ANR Lands Administration Director met last week with Morrisville Water and Light and Howard Manosh to discuss the unauthorized construction of a buried power line at Green River State Park. While no resolution was reached at the meeting, we are developing a written proposal which we will send to both parties in hopes of resolving this situation.

**Backcountry Skiing:** Several members of the newly formed Vermont Backcountry Alliance met with staff from FPR and The Catamount Trail Association this week to further the development of a backcountry skiing and riding code of ethics and standards for forest management to accommodate the activity.



**Privileged and Confidential**

**MEMORANDUM**

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

From: Christopher Recchia, Commissioner

Date: September 19, 2014

Subject: Weekly Report

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**Governor Level Issues:**

**Status of Priorities and Cases of Interest:**

**VGS:** The Supreme Court did remand Phase I case to the Board for purposes of considering cost overruns. At the Pre-hearing conference on Wednesday, the Board sought to initiate a full investigation of that, and has delayed Phase II technical hearings until January as of today. On the remand case, Testimony is due from all parties on September 22, with a technical hearing scheduled for September 26. We are drafting a response to the letter to the Governor from Peyser, et al. regarding legal assistance, and completing a response to the letter from Ashe and Lyons to me regarding the cost overruns.

**GMP federal FTC case:** I coordinated with GMP on press related to the case VLS filed with the FTC claiming GMP makes “false and misleading” statements as it markets its power to consumers about the actual renewability of that power. This is particularly bad timing on VLS’s part with the CT PURA docket pending on the RECs double counting issue, and BED’s announcement that they are now 100% renewable with the purchase of Winooski I. I also spoke with Neale Lunderville about the need to be careful about claims and how that is

occurring, and made clear to press that they are doing this for their customers by purchasing hydro RECs, but that Vermont's programs have been successful and desirable as a means to advance renewable development, technology and sector job creation – it is not to address nor does it rely on RECs or a particular treatment of them. Their sale helps finance these projects and is perfectly consistent with Vermont's goals.

**BT:** Burlington today filed a motion for reconsideration of the Board's decision to reject the confidentiality request of BT with regard to the Pecor contract.

**VY – VY** started its coast-down eriod this week (see below for more detail). We are waiting to hear back from Entergy regarding VT's counter proposal for EPZ funding at \$1.1M/year for 4 years. We will need to file a petition on Monday to intervene and request hearing on NRC pending decision to accept Entergy's plan to revise SEP once VY is de-fueled to ek that ball in the air - working with AGO and Tony Roisman on that, as well as possible appeal of NRC Waste Confidence Rule decision. The first NDCAP meeting is set for next Thursday, September 25<sup>th</sup>; all Panel appointments have now been made, including NH and MA representatives, and a Vernon representative.

### **Meetings this Week:**

Sept 15 – PSD/enviro groups discussion re carbon fuel standard; Asa presents at UVM

Sept 16 – Chris attends Entergy VY meeting at SEOC

Sept 17 – Andy attends Solar Work Group meeting at ANR

Sept 18 – Chris attends VEDA Board Planning meeting at Jay Peak

Sept 19 – Chris attends VEDA Board meeting at Jay Peak

### **Meetings Next Week:**

Sept 22 – Filing with NRC regarding Entergy on-site EPZ staffing issues.

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

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

**Media:** NDCAP meeting, VGS issues including remand and letter to the Governor regarding legal assistance, GMP federal case, VY preparing to shut down; Chris on 100% renewable utilities in Vermont with AP and WNYC (Monday).

### **Everything Else:**

**PERD**

Total Energy Study

- Added Energy Intensity Plot (GDP/TBTU) to report, showing long-term historical trend with different scenario trajectories.
- Economic Impact Section has been sent out to Carr and Kavet for review and feedback.

Net Metering

- Met with REV and members to provide update on progress on NM report and have a general discussion of the future of net metering.
- Reached out to Vote Solar, who will be providing an information package on best practices to the Department for possible inclusion in the NM report.
- To ensure net metering applicants complete the Renewable Attribute Election portion of the registration/application forms the Department instituted the policy to consider any application/registration omitting the information as incomplete and send a letter to the PSB recommending it find as such. Four such recommendations were sent to the Board this week.

Incomplete	4.76%
Retain	90.4%
Transfer	
Util	4.76%
	100.0%

**Net Metering Activity 9/6/14 0 – 9/12/14**

	Registrations*	Applications	CPGs Granted
<b>Count</b>	17	6	23
<b>kWAC</b>	115.293	620	737.893
<b>Ave Size kW</b>	6.781	103.333	32.082

**Cumulative Capacity of Registrations and Applications Submitted**

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
13592.59	13873.79	52421.41	~ 34.90%

\*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.

Utility Resource Survey

- Separated out excess NM from survey responses and aggregated new totals without

them. Will need to sort out some apparent disconnects with trends evident in previous Utility Facts though possibly a non-issue. Next step thereafter is to publish online using Tableau software.

### Standard Offer

- Filed brief comments supporting VPPSA motion for reconsideration from the PSB's Order denying its 2.2MW project bid for the standard offer provider block. The Board initially rejected the project based on ownership structure (PPA that will be owned by VPPSA at end of standard offer) and size relative to solicited capacity. The Department agreed with VPPSA's assertion that both the ownership structure and size were allowable under the current program design.
- Avoided cost caps and technology allocations: Filed comments with the Board proposing avoided cost caps (and soliciting feedback from stakeholders) for solar and small wind by updating pro forma models previously created by the Board's consultant. Participated in PSB workshop discussing avoided cost caps and technology allocations:
  - Comments on technology allocations, which the PSB staff indicated it was likely to adopt for this year, due 9/26.
- Two working groups will be formed to come up with proposals on how to allocate allotted capacity to different technologies. One for digester technologies and one for solar and small wind technologies. The board is seeking guidance on the appropriate balance between cost and diversity.
  - Staff agreed to lead a working group to provide more resolution on avoided cost caps.

### GMP IRP

- Phone conference to discuss possible renewable policy changes that GMP will consider in its scenario analyses.

### Vermont Gas Systems

- Developed and filed testimony suggesting conditions that be imposed on a CPG for Phase II in Docket 8180, including 20% renewable natural gas by 2035, with alternative commitment options (to be developed) that will reduce costs. In addition, we recommend a commitment for VGS to support solar hot water in its territory.
- Ran REMI simulation of Department's proposal: A Renewable Natural Gas supply obligation ramping to 20% by 2042. Results were moderately positive, less than a percent average annual increase in GDP and Employment.

### Other

- Staff met with AIV to discuss the approach to the studies required by S. 220 (the economic development bill) on rate design, retail choice, and energy efficiency programs for manufacturing companies.
- DPS Website Updates

- Staff posted recent evaluation reports completed by the Department, including: Administrative Efficiency Evaluation of Vermont's Energy Efficiency Utilities Key Business Processes; and Benchmarking Evaluation of Vermont's Electric Efficiency Program Performance here [http://publicservice.vermont.gov/topics/energy\\_efficiency/eeu\\_evaluation](http://publicservice.vermont.gov/topics/energy_efficiency/eeu_evaluation)
- Updates were made to the energy code update page

## ***Engineering***

### **Vermont Yankee Operation**

VY operated at 100% power from the start of the current reporting period through Tuesday, September 16. Late Tuesday afternoon, the plant began a planned power coast down for the remaining duration of its last power generation cycle. The plant is currently operating at slightly above 99% power (with ~0.3% fluctuation). At this time, the reactor's Uranium-235 fuel is sufficiently depleted such that VY can no longer operate at its rated (100% power) capacity; i.e. there aren't enough U-235 atoms left in the core to maintain full power. As the fuel depletion continues, VY's power output will gradually reduce (on a daily basis) until its final shutdown in December.

VY has conducted planned, routine maintenance and surveillance activities during this period, most notably annual maintenance of the Station Black Out (SBO) Diesel Generator was completed on Monday, September 15. Additionally, a series of quarterly High Pressure Coolant Injection valve tests were conducted this morning. The plant has operated continuously for 530 days.

### **VY Announces Departure of General Manager of Plant Operations**

On Monday, Entergy announced that Vin Fallacara, VY's General Manager of Plant Operations (GMPO), has been promoted to the position of Site Vice President of Entergy's Grand Gulf Power Station located in Port Gibson, Mississippi. Grand Gulf is one of the largest capacity Boiling Water Reactors operating within the United States and is Entergy's largest single nuclear power plant in terms of capacity at 4408 MWt (vs. VY's 1912 MWt rating). Vin's last day at VY will be September 25. He will be succeeded by Steve Vercelli, Entergy's current Director of Fleet Production, Operations Support, Outage and Work Management.

### **2014 Vermont Gas Systems Addison Transmission Pipeline Construction**

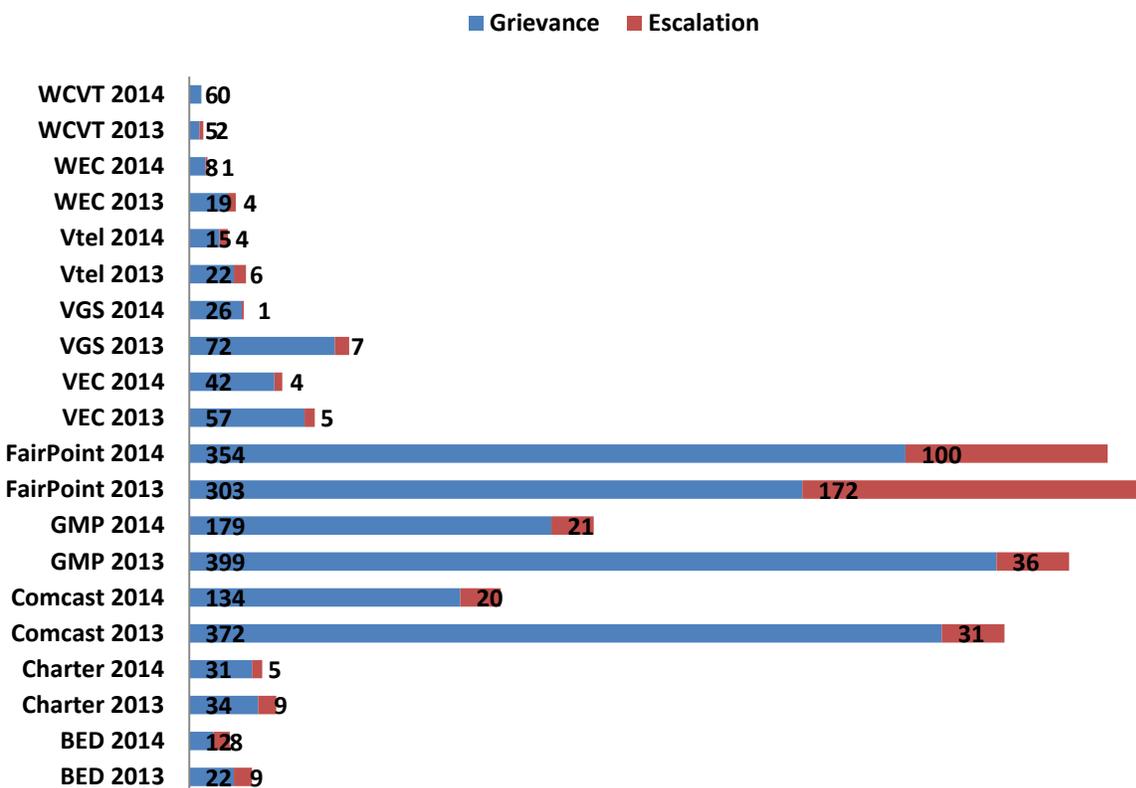
The Department Gas Engineer informed representatives of Vermont Gas Systems Inc. that the company's records (which are currently available) may indicate some processes have not been completed or performed adequately during recent construction of the Addison Natural Gas Pipeline (ANGP) Project. The company addressed several of these items during this report period, including daily confirmations to assure electrical safety of personnel at construction job sites. The company also provided its Inspector Manual and informed the Department it is developing written procedures related to pipeline defect assessment and documentation. The Department Gas Pipeline Construction Inspector also continued inspections of the ANGP Project including pipeline welding, road crossing pipe installation and preparations for pipe segment pressure testing. The project has completed 8,465 feet of pipeline installation to date.

### Northeast Regional Preparation for Winter 2014-2015

The Department participated in the latest conference call on September 15 where Cater Communications proposed the “Topline message” of: “Prepare now for winter heating season. The choices you make now can help you save energy, keep your bills under control, and stay comfortable all winter long”. There was discussion as to whether to mention money (“bills”), and the group decided to not talk about prices or risks, but to keep a more general theme of energy conservation. Cater offered a list of actions such as replace heating systems with more efficient ones, insulate, weatherize, conserve, plan ahead with energy providers to assure adequate energy supplies. The group also added that the messages should involve what a renter can do as well as homeowners or commercial establishments. What is now expected to be a final draft of a template for consistent messages among the states will be reviewed on September 29.

### **CAPI**

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



### CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- FairPoint:
  - (2) Dial tone interrupted

- (4) Broadband service interrupted
- (3) Establishing new service
- (3) Billing, payment arrangement
- (1) Line extension
- (4) Charter digital conversion
- (1) Charter rates and programming
- (3) Medical notes
- (1) VTel equipment install without owner consent
- Question about cell phone towers

### **OTHER DIVISION ACTIVITY**

Equipment Distribution Program: CAPI has continued efforts to find a replacement administrator for the EDP, which was left vacant by the recent closing of the Vermont Center for the Deaf and Hard of Hearing. CAPI is also working to retain customer records, documents and information from the VCDHH.

Telephone Relay Service Contract: After operating for over two years without a contract in place, the State completed negotiations with Sprint, and a contract is being signed by the parties now. As of today, 9/17/14, DII is the only remaining signature needed.

Charter Digital Conversion Complaints: CAPI was contacted by staff at an AMO in Charter's territory with concerns community members have raised about Charter's digital conversion. Concerns included some customers unable to access PEG channels, Charter charging customers a \$49.99 "change of service fee" and customers in senior living facilities who were part of bulk accounts before the conversion being told by Charter that they needed to open individual accounts. Charter's response was that customers should not be charged the "change of service" fee if they picked up a converter box at a service center or if Charter mailed the box to them. If the customer's installation involved sending a technician, the fee would apply. Customers on a bulk account are able to keep that status after the conversion provided that the management of the facility agrees to be responsible for the additional equipment. Charter offered to reach out to the effected senior housing organizations to discuss the matter with management. Another issue that was brought up was Charter customer service representatives telling consumers that Charter does not offer a discount to senior citizens. Charter has confirmed that the information on the senior discount is included in the software used by agents. Charter has taken information about time of calls and names of agents to follow up.

### ***Public Advocacy***

Investigation into the use of electric energy efficiency charge funds to reduce the use of fossil fuels – Docket 8311 –PSB issued a scheduling order which determined that the matter will proceed as a contested matter. After an initial workshop on 9/30/14, parties will have until October 9, 2014 to file further scheduling recommendations electing between additional information sharing workshops and a classic litigation schedule. It is clear that the Board wants

this matter to proceed with testimony, discovery, a technical hearing and briefing.

Green Mountain Power – New Substation in Duxbury Docket 8308 – The Board will hold a site visit and public hearing about the construction of a new substation in Duxbury on 9/17/14. The project is necessary because the current Waterbury substation which serves the area is in the floodplain and was disabled during Tropical Storm Irene.

Charter Cable CPG Renewal – Docket 7820 - The Department filed its responses to Charter's discovery questions on September 12<sup>th</sup>. The Department continues to refine its proposed CPG conditions, based on separate discussions with Charter and VAN. The Department met with VAN on September 17<sup>th</sup> for further negotiations, and anticipates meeting with Charter and VAN simultaneously during the week of September 29<sup>th</sup>, with the hopes of reaching a partial settlement. Charter will file its rebuttal testimony on September 27<sup>th</sup>.

Investigation into Comcast Disconnection and Billing Practices – Docket 8224 – In response to the Board's request for comments, the Department filed a letter on September 10<sup>th</sup> recommending that the Board decline to place strict limitations on Comcast's ability to conduct physical disconnections, as Comcast reports that it chooses to physically disconnect a customer's service in very narrow circumstances aligned with the Board's concerns, and placing a strict limit on the choice of disconnection raises the potential to interfere with cable system operation and would potential interfere with the company's ability to serve its customers.

GMP Section 248 Winooski Reconductoring – Docket 8264 - A technical hearing was held on September 15<sup>th</sup>. There are no outstanding issues.

Charter Hill Solar – Docket 8212 – A technical hearing will be held in the late afternoon on September 17<sup>th</sup>.

Addison Expansion—Docket 7970 – The Department filed discovery responses to requests on our Old Stage Road aesthetics testimony. The landowner(s) did not pose any questions, only VGS for purposes of clarifying the record. The technical hearing on this matter is scheduled for next week.

The Department filed a response with the Board on September 15 regarding continuing complaints from one resident of Maple Tree Place, a low income housing development adjacent to the Williston staging area. After speaking with the manager of the complex and reviewing materials provided by VGS regarding the complaints, the Department advised the Board that this appears to be an isolated complaint and no further investigation is necessary.

Addison Expansion Phase 2—Docket 8180- A status conference was held on September 17 to discuss the issue of postponing the technical hearings scheduled for the week of October 6. Parties had previously filed comments on the issue and the Board did not want argument on those. Not surprisingly, all of the intervenors want a delay which is opposed by the company. The Department has maintained its legal position-articulated at the beginning of the case in

February-that the Board can and should proceed and that the benefit to the State of the capital contribution of IP is not something to risk. The remand of Phase I is the only factor which could potentially be a game changer-no one can dispute that there will be no Phase II if Phase I is discontinued by the Board. Today, the Board did postpone technical hearings until January.

The Department filed rebuttal testimony on September 12. Our testimony did not contain a recommendation with respect to approval, but it did offer conditions which would enhance the value of the project.

CLF Petition for a Declaratory Ruling that an Amended CPG for Docket 7970 is required by Board Rule—Docket 8330—The Board opened this docket in response to CLF’s petition and in the order opening the docket, it also requested comments on whether or not proceedings should be stayed pending resolution of the remand in 7970. It did not prescribe a due date for the comments.

### ***Finance and Economics***

#### Electric

GMP –Tariff Filing 8521: Power Adjustor Q3 2014. For the quarter, GMP collected \$3.6 million more in rates than its actual power costs and with this filing has proposed to use \$2.2 million to off-set the remaining balance of the 2013 Storm Surcharge and retain the balance of \$1.4 million to off-set probable storm costs for the balance of this fiscal year. Staff has reviewed second round response to questions on the Wind O&M and spot audit documentation. Staff has submitted a recommendation to approve the filing. Follow up is expected on some information concerning the accounting process behind Net Metering.

#### Natural Gas

Vermont Gas Systems 2014 Base Rate Filing – The Company filed its preliminary cost of service on June 30, 2014 (due on June 27) for the October 1, through September 30, 2015 rate year, forwarded revised COS on August 18 and August 22, and a final COS on August 28, 2104. The August 28th filing requested a .60% increase gas costs, a 1.87% decrease in non-gas rates for an overall rate decrease for firm customers of .70%, or \$-597,008. Finance & Economics along with the Department’s consultant, reviewed the August 28<sup>th</sup> filing and conducted an on-site discovery visit on September 3-4. The consultant’s Report filed September 18, 2014 recommended 1) a firm non-gas revenue decrease of 3.03%, or \$1,360,656, 2) a firm gas revenue increase of .60%, or \$242,061, and 3) an overall firm revenue decrease of 1.31%, or \$1,118,595. The Department recommendation is due by September 29, 2014.

Vermont Gas Systems – Interruptible Tariff Changes: Vermont Gas Systems filed proposed revised interruptible tariffs to update the Low Income Assistance Program fee (LTAP) and the Self-Managed Energy Efficiency Program (SMEEP) credit. The revision is pursuant to Docket No 7888, which states that VGS will recalculate the AP Fee each year as part of its base-rate filing under its Alternative Regulation Plan to reflect current levels of participation and usage. A Department recommendation is due on or about November 15, 2014.

## Water

Vermont Water Utilities: Tariff 8517, Petition for a 46% increase, filed July 15, 2014. On August 6, VWU submitted a revised cost of service to reflect the requirements in outlined in a recent Sanitary Survey, among other changes, that raised the proposed rate increase to 63%. On August 12, VWU requested the PSB delay the rate increase from September 1 to October 1, 2014 to allow more time for other revisions. On August 28, VWU sent a second revised cost of service. Staff requested supporting documentation, but received only partially substantiating information. Staff held a conference call which resulted in VWU amending its petition again to extend the effective rate change from Oct 1 to Nov 1 to allow more time to submit acceptable documentation to meet known and measurable standards. VWU was informed that the rate increase cannot exceed the original 46%, and if it does, they will need to withdraw the petition and refile. On September 8, VWU revised and sent a new spreadsheet updated to reflect info as discussed in last week's conference; awaiting documentation.

Woodstock Aqueduct– Rate Increase Filing: Staff is reviewing the financials and working on adjusting its spreadsheet format to assist in preparing the utility for a rate increase petition. Staff received an updated version of the spreadsheet from Woodstock for review. Woodstock plans on filing in the coming week.

## ***Telecommunications***

Comcast/Charter Merger – Under federal law the Board has 120 days in which to make a decision or the petition is deemed approved. The Department had hoped that an MOU would be reached with Comcast but this is not the case. At issue is that the Department requested that over the next 5 years Comcast be required to build 100 additional miles of cable plant – in addition to the 44.5 miles per year Comcast has been averaging over the past 4 years. Charter has built approximately 1 mile per year each of the past 4 years. A litigation schedule is being submitted to the Board whereby the Department will file testimony on September 24 and technical hearings will have to be scheduled for October 6-7.

Stowe Cable – Stowe Cable is for sale. Telecom staff has a meeting on Monday with representatives from the Town of Stowe as it appears the town is interested in purchasing the cable system. I believe Stowe has a private investor who would front the money for the purchase.

## Wireless Telecommunications Facilities (248a) Report –

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

<b>Date</b>	<b>Applicant/Location/Type of Filing</b>	<b>Brief Synopsis and if applicable DPS recommendation to the Public Service Board</b>
9/12/2014	AT&T/Windsor Mt. Ascutney	Received Board memo saying could not process as limited size and scope: DPS filed letter indicating project is full, not limited size and scope.

9/12/2014	VTel/Plainfield/project of limited size and scope	In response to VTel assertion that the Board can determine issues without a hearing and the Town's response that a hearing is warranted, DPS reiterated its recommendation for Board to hold hearing on co-location and deference to town plan issues. On 9/17/14 the Board contacted parties and the Department to schedule a prehearing conference in the next two weeks.
9/12/2014	VTel/Bennington/project of limited size and scope	DPS rec'd allowing CTI Towers Assets I LLC permissive intervenor status on issue of co-location; they own a facility on land adjacent to and less than a mile from the proposed project.
9/16/2014	Verizon/Burlington, Lakeside Ave./project of limited size and scope	Replace 3 of 12 antennas atop a building and increase screen camouflaging antennas from 5' to 8'; DPS rec'd approval.

Aesthetics Issue in Brookfield

Telecom staff hired an aesthetics expert to study the aesthetic effects of AT&T's proposed 100-foot tall monopole telecommunications facility on West Street in Brookfield. The project is still in the pre-filing stage, which means that AT&T has not filed a formal 248a application. Last spring's telecom bill encouraged participation between the towns and applicants during this pre-filing stage. In this case the parties and the Department participated in a public meeting in Brookfield on July 15, 2014. Following that meeting the Town of Brookfield requested that the Department hire an aesthetics expert to study the aesthetic effects of the proposed tower and a radio frequency propagation expert to study the potential signal propagation at lower heights. The aesthetics expert will independently consider the potential aesthetic effects from the same photo points AT&T used and from its own photo points. The expert will also consider the aesthetic effects of a lower tower.

**Regional Policy**

Distributed Generation Forecast Working Group

- ISO-NE presented its proposed Installed Capacity Requirement for 2018 (the ICR represents the number of MWs of resources to be obtained in the Forward Capacity Market). The proposed ICR does not incorporate the solar PV forecast that was prepared earlier by ISO-NE and consequently New England ratepayers will be over-procuring resources and spending potentially hundreds of millions of dollars for unneeded capacity.
- ISO-NE has expressed several shifting rationales for why the solar forecast was not included in the ICR, including: concerns with how these resources are interconnected with the distribution system; too many other recent changes to the Forward Capacity Market; and the Market Rules prohibit including the solar forecast into the ICR calculations.

- ISO-NE will be filing the proposed ICR with FERC sometime in October. Staff will file a protest of the filing; however, the best that can be hoped for is that FERC will order ISO-NE to include the solar forecast in the next ICR calculation.

#### Vermont 2023 Transmission Solutions Study

- ISO-NE gave a presentation to the NEPOOL Planning Advisory Committee summarizing the results of the study on Vermont transmission needs for 2023. ISO-NE identified thermal and voltage violations on the Ascutney – Coolidge 115 kV line and associated buses, as well as local reliability needs on the 46 kV system in the area. The study determined that increased distributed generation in Vermont will not address the problem as the violations are occurring during transfers from west to east (in other words, distributed generation and energy efficiency would have to be implemented in New Hampshire to resolve the problem).
- ISO-NE identified two potential solutions: the first involves the addition of a second 115 kV line from Coolidge to Ascutney; the second involves rebuilding the existing 115 kV line. The rebuild option is approximately \$60 million less expense than the addition of a new line.
- VELCO represents that it has to replace a large number of pole structures on the Coolidge – Ascutney 115 kV line due to physical decay and would like to move forward with the rebuild project in the near term to avoid replacing some structures in 2016-2017 and then replace the conductors and remaining structures in 2021. ISO-NE agrees that this would be the most efficient and cost-effective solution.

#### New England Governors' Infrastructure Initiative

- Northeast Utilities and Spectra announced that intends on building the Access Northeast natural gas pipeline. The proposed pipeline would replace and expand the proposed Atlantic Bridge project. The pipeline would be constructed within existing pipeline right-of-way for most of the corridor and would run from southwestern Connecticut to Boston and then north to Maine. The only greenfield portion of the project would be a spur connecting to the Worcester, MA area. The capacity would be 1 bcf/day, with 40% paid by natural gas local distribution companies and 60% paid by electric distribution companies with gas reserved for electric generators, with a total cost of approximately \$3 billion. Northeast Utilities and Spectra indicated to states and NESCOE that, absent a cost recovery mechanism as contemplated through the Governors' Initiative, the pipeline would only be sized to accommodate natural gas LDC demand.

#### Forward Capacity Auction 8

- On February 28, 2014, ISO-NE filed with FERC under Section 205 of the Federal Power Act the results of the eighth annual Forward Capacity Auction. FERC staff requested further information on the filing on July 17 in response to concerns that the results of the auction were unjust and unreasonable due to market manipulation.

- Currently FERC has only four commissioners. The Commissioners were deadlocked 2-2 on whether the results of the FCA should be approved and all four commissioners issued statements. Two commissioners believed that there were sufficient concerns with the FCA results to warrant an investigation. One commissioner believed that FERC can only review the market rules that need to be followed, not the auction result itself. The fourth commissioner stated that it is appropriate for FERC to look at auction results; however, while prices were high for FCA 8, this was a result of tight supply. Under the Federal Power Act, Section 205 filings become effective absent any action by FERC.

#### Petition for Investigation and Enforcement at the Federal Trade Commission

- Four Vermonters (Bruce Post, Curt McCormack, Charles Johnson, and Kevin Jones) filed a petition with the Federal Trade Commission requesting that the FTC “initiate an investigation and take appropriate enforcement action in relation to certain deceptive trade practices by Green mountain Power.” The petitioners claim that GMP is making false claims with respect to the renewable characteristics of its resource portfolio and lists thirteen statements made by GMP that petitioners allege is false and/or misleading.
- The FTC has discretion as to whether it will open an investigation and the formality of any investigation if one is opened. If the FTC has reason to believe that GMP is engaging in unfair or deceptive practices, it may issue a complaint. GMP could then enter into a consent agreement or contest the charges, at which point an Administrative Law Judge would conduct proceedings and issue an initial decisions. An FTC “complaint counsel” would act as prosecutor for the proceeding. Any decision can then be appealed to the FTC, Appellate Court and Supreme Court.



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**State of Vermont**  
**Department of Public Safety**  
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[www.dps.state.vt.us](http://www.dps.state.vt.us)

**To:** The Honorable Peter Shumlin  
**From:** Keith Flynn, Commissioner of Public Safety  
**cc:**  
**Date:** September 19, 2014  
**Subject:** Weekly Report

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### **Emergency Management/Homeland Security**

After months of meeting and input the Director has selected an internal staff member as replacement for Deputy Director Ross Nagy upon his retirement. We will work with HR to construct a double-fill capability by the end of this year. Ross is anticipating leaving around 3/1/15.

Continuing the restructuring of DEMHS with the Deputy announcement, Director is creating a Chief of Staff position which will report to the Deputy. An internal staff member has also been selected for this key role. Both of these moves will lay a foundation for growth, continuity, historical knowledge of state government and the DEMHS program, and provide opportunity and advancement for others within the division moving forward.

Will work with Commissioner Flynn on announcing a. and b. above. The plan is to announce in early October with functional implementation in early November.

DEMHS Staff is hosting and attending the Emergency Preparedness Conference this week. The Planning Chief is giving a presentation on Vermont Yankee Decommissioning and assisting with a presentation on the grant process.

Director and Deputy met with the VY Interagency group. Agenda topics included the next steps in resolving resources needs for the other SOV agencies (x-DPS) and the upcoming first meeting of the NDCAP. Negotiations are continuing with Entergy (4th round) regarding ENVY continuing to fund emergency planning in the EPZ towns through 2020.

Director joins the Commissioner, TAG, General Lovejoy, Lt. Colonel Gates, Command Sergeant Major Quick and Captain Allen from the VT National Guard heading to Macedonia in support of the Defense Support of Civilian Authorities program and the Vermont – Macedonia Partnership Program.

We await word regarding the request for Federal Disaster Declaration submitted on September 5th for the July 28th storms in Chester and Andover.

Legislative Contacts:

Responded to inquiries from Congressman Welch's office seeking an update on outstanding issues from Tropical Storm Irene (i.e. Roxbury Fish Hatchery, Bennington second appeal, HMGP grant application approval delays, "codes and standards".) and the status of the declaration request for the July 28 flooding in Chester.

## **Vermont State Police**

### **A Troop**

Troopers responded to a fatal crash on I 89 in Milton during a large rain storm. 79 year old male driver deceased.

Untimely death in Richford, 29 year old female found dead in her parents' home. The victim suffered for many years from an eating disorder and weighed about 90 pounds. She also had a history of drug abuse, there were no signs of an overdose or foul play. She was transported to the OCME for autopsy.

Cultivation of 5 marijuana plants outdoor – Michael Albright 35 1523 Shover Road Eden, arrest pending

Cultivation of 73 marijuana plants outdoor – Eric Erickson 32 351 Valley View Road Eden, arrest pending

Cultivation of 16 marijuana plants outdoor – Tai Conklin 39 514 Valley View Road Eden, arrest pending

Cultivation of 11 marijuana plants outdoor – Kyle Tatro 25 559 Valley View Road Eden, arrest pending

CCCC, drugs received in the mail, facility had supporting recorded information on phone calls Assault complaint at CCCC between two female inmates, victim indicated she wanted to move forward with charges.

Suicide in Westford, 53 year old male with depression shot himself in the head

### **B Troop**

The investigation continues and additional charges are expected for Brent Sarazin (28), Savanna Sarazin (25) & Joshua Call (22) for a string of burglaries which occurred in the towns of Burke, Sheffield, Wheelock and Lyndon. The trio was trading guns for drugs. NIU and ATF involved. There were 2 reported burglaries involving stolen gun this week.

### **C Troop**

Logging death, Clarendon

Consent Search on West Street, Rutland City leads to three arrests for heroin. Worked with the FBI and NIU on the information.

Troopers investigated a case where an individual randomly shot his AK-47 in the woods. The result of this was the neighbor's house was riddled by bullets. No injuries and the suspect was caught and confessed to the shooting.

D Troop

Stopped a vehicle on I91 in Springfield for speed, passenger found to be in possession of 30.2 grams of crystal meth; subject was arrested & lodged for the charge.

## **Fire Safety**

The Division received \$31 Million in new plan review construction valuation collecting \$173,000.00 in permit fee revenue. We received the plans from ANC Bio in Newport (28-Million).

Birshire Advisors, Inc. has been awarded the BGS Contract \$50,000 to study the management of the Pittsford Training Facility.

Rulemaking on Energy Efficiency Rules will commence on Friday September 19, 2014 at the State House

Fire Safety Calendar Ceremony to be held on November 7, 2014 from 12:00-2:00 at our central office in Berlin. The Commissioner has been scheduled to attend and the Director Deroscher also requested an invitation be sent to the Governor.

## **Criminal Justice Services**

**Vermont Justice Information Sharing System (VJISS)** – A meeting was held this week to plan the implementation of the Vermont Research Analytical Data Store (VRADS). This meeting was held with members from SEARCH Group Inc. and the Crime Research Group. SEARCH as staff for the open justice broker consortium (OJBC) which Vermont is a members are working on developing the electronic capabilities for collecting relevant criminal justice information and providing an analytical tool to perform evaluations on this data. Vermont has been selected as the pilot site for this project. We believe that the proof of concept will be implemented by March 2015. This is an exciting project as it will fit into the Department's vision of promoting evidence based practices and will also fit nicely with our work regarding results based accountability. The VRADS will have a dashboard component to it so that identified performance measured may be visually depicted. Drug crime and activity will play a large role in the role out of this application. VRADS will be part of information sharing program. The VJISS broker will be used to push information from a variety of data sources into VRADS. Currently we are planning on using court dis[position data and crime incident data from the police records management systems to populate VRADS.



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*Jeb Spaulding, Secretary*

**PRIVILEGED AND CONFIDENTIAL  
MEMORANDUM TO THE GOVERNOR**

**TO: Governor Peter Shumlin**

**FROM: Secretary Jeb Spaulding**

**DATE: September 19, 2014**

**SUBJECT: Confidential Report to the Governor**

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**BUILDINGS AND GENERAL RESOURCES**

**Significant Events/Meetings:**

VSECU: Meeting held to determine course of action. Decided the best approach forward is to market both 144 and 146 State Street and Waterbury State Office Complex Stanley & Wasson to VSECU. Expect to meet within the next two weeks.

**Governor Ground Breaking/Ribbon Cutting Events:**

Colchester Lab: Governor established a date of October 22<sup>nd</sup> for ribbon cutting ceremony.

To be scheduled: Westminster Public Safety Barracks (ground breaking), Prospect Street WRJ-SOB (ground breaking), Building Community Grants Awards ceremony, Waterbury SOC press tour idea and the Christmas tree lighting ceremony.

**Legislative Issues/Contacts:**

JFO: Working with Steve Klein on how to roll out “less than fair market value leases,” such as CUSI, to the General Assembly.

## **FINANCE AND MANAGEMENT**

### **Issue Updates:**

Designation Dispute: Staff met this week with representatives from the Department of Human Resources and the Attorney General's Office to discuss the upcoming VLRB hearing in January. The dispute filed with the VLRB by the VSEA is in response to a re-designation of 11 Finance and Management employees from a non-confidential status to a confidential status. The VSEA claims the re-designation is not valid per state statute and the employees should be correctly designated as non-confidential. At part of the dispute filing and the discovery process, the VSEA has requested 6 separate items of information relative to this action. Brad Ferland and Tori Pesek are working on putting the information together by the end of this week. The 11 Finance and Management employees involved will be deposed by the VSEA no later than December 10th. Marie Salem of the AG's Office is currently developing a summary informational document of what our employees can expect over the next 3 months and what this all means to them. She will make this information and herself available to them through the hearing which is scheduled for Jan 15th and 22nd.

VT Life transition to VISION: Staff is having an extended session on Friday to map VT Life's process and accounting transactions associated with producing, printing, selling, and distributing a magazine. We remain confident that we will be able to transition VT Life from Peachtree to VISION. The biggest challenge will be the change impact to the accounting staff at VT Life.

Tax Department has begun their testing of the VTax system that is being rolled out in December for corporate and business tax. F&M will be involved with this testing on several fronts. VISION related changes include adding three interfaces, changing the diversion process to accommodate VTax, new payment and deposit bank accounts, and new revenue accounts.

FY 2016 budget instructions were sent to Agencies and Departments on Friday, September 12<sup>th</sup>.

Staff had a phone conference call with the Veteran's Home about the funding study required by Act 179 and making VVH self-sustaining.

## **HEALTH CARE REFORM**

No report.

## **HUMAN RESOURCES**

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

Meetings with Tim Noonan (VLRB) and Karen Richards (HRC) to discuss DHR services and service delivery. Tim Noonan suggested we engage in discussion with federal mediation services to resolve workplace disputes at the lowest level; this may be helpful to include in any arbitration pilot program. Also, that we co-develop a training curriculum with union leaders. Karen Richards offered to review DHR's EEO-related policies and requested DHR review the training she is developing for DOC. Plan to explore making this training available to state employees via the Workforce Development training initiative.

Nurses market factor analysis (MFA) kick-off meeting. DHR presented past and future-state information to the group; all in attendance enthusiastically agreed to serve on a to-be-formed classification committee and assist with the MFA research. Currently there exist 60 different job titles in the nursing class and some (but not all) have MFAs attached. Prospectively, the system will be rebuilt to provide fairer compensation to current and new employees and consistency of structure across agencies.

Established connection with Organization Development and Talent Acquisition Director at Fletcher Allen (Rosa Laboy). She will be a great asset to discuss leadership development programming as well as PeopleSoft e-Recruit (they run on the same version as DHR) and their existing approach to recruitment of nurses.

### **Evolving Issues:**

- Summit move: Summit rebranding brainstorm meeting, facilitated by Nancy Brooks (and staff), State CMO. Meeting was attended by Field staff members, Workforce Development team member and VTTC team member. Initial results are being compiled by CMO with a follow up meeting to be scheduled within the next two weeks. Significant work on furniture and equipment needs for new Summit location. Draft budget should be finalized early next week.
- Employee engagement survey: working with staff to put finishing touches on this product and solidify roll-out schedule.
- Flu shot sign ups went on-line 9/10/2014 and 1,600 folks are already signed up. DHR discussed with VSEA whether VSEA was opposed to flu shots for non plan participants being paid for out of the medical plan. VSEA stated they would take it under consideration but at this juncture VSEA has not agreed to providing Flu shots to employees through the use of the current clinic model. The Non-Management Unit still has reservations and is unlikely to be able to decide one way or the other prior to September 26. We are collecting additional data so that we can discuss various options if VSEA declines to agree to provide the shots to anyone under the plan.
- Wellness Million Minute Challenge activity has begun, 600 participants so far. Stress workshop challenge will begin in October. (completion of one of three stress reduction workshops via the portal)
- Strength-based Development Pilots: Pilot of Strength-based team development was a success, with four teams from different parts of state government, each led by a current participant of the Vermont Certified Public Manager Program. Feedback was good, and good ideas were generated for improvement. A second pilot focusing on individuals with an eye to developing them into coaches will be on Thursday with the Supervisory Training Collaboration group.

## **INFORMATION AND INNOVATION**

### **Issue Updates:**

While DII continues a lot of work outside of Healthcare, they don't have anything significant to report. From a healthcare standpoint, Commissioner Boes thinks they are progressing on VHC well and from their perspective estimate they can be back in operations about October 15, but that may not address

other operational issues that others are working on. He has also recommended, and Lawrence has concurred, that they need to slow down the IE (Integrated Eligibility) efforts as they share many of the same resource needs with VHC. Additional discussions are pending on the IE side.

## **LIBRARIES**

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

#### **VT FiberConnect Project (VTA/Sovernet)**

- **The Manchester Library will be the final (43<sup>rd</sup>) library to receive a Sovernet fiber connection when they move into their new building this month.** Once we know that they have the connection and have joined the State Wide Area Network for public libraries, Marty Reid will work with Chris Campbell to schedule a press conference and will contact the Governor's office for scheduling.
- **The Bill & Melinda Gates Foundation** has approved my proposal for the use of the approximately \$36,000 remaining from the Broadband Opportunities grant which provided our matching funds to the VT FiberConnect project for fiber broadband connections in the 43 libraries. We will use the funds to hire Caro Thompson (whose federal grant-funded position at VTA will expire at the end of January) to conduct a statewide needs assessment of digital literacy (computer training) of citizens.

As a possible follow-up to this assessment: The Department will work with a group of Windham County libraries to apply for funding to conduct a pilot digital literacy program in libraries using data from the assessment. This funding proposal will be submitted in Round 2 of the Entergy grant program.

#### **Vermont Digital Economy federal grant project (VCRD and other partners)**

- [My recent article](#) on the Internet Intern program
- ["Vermont Connected"](#) Summit scheduled for Sept 23 at State House. Marty will facilitate a panel presentation on "Digital Literacy for a Thriving Economy."

#### **Vermont Early Literacy Initiative (VELI)**

- **Contracted with Sally Anderson (Vermont Center for the Book)** as liaison from our Department to other VT early literacy groups/initiatives, including Let's Grow Kids and Race to the Top. She has already had a number of meetings and is ensuring that libraries and VELI are part of these broader discussions.
- Marty Reid is working with Wendy Martin (Vermont Center for the Book) on a **National Library Leadership Grant proposal that we will submit next month to the federal Institute of Museum and Library Services.** This is a highly competitive program; our proposal is to expand VELI to focus on STEM learning for preschool children and families via 25 public libraries, a program that would include hands-on science discovery centers in libraries and which could be a model for other states.

### **Staffing Changes:**

- **Christine Friese, Assistant State Librarian, left the State at the end of August** to take a new position at the Portsmouth (NH) Public Library. Marty is reviewing the job description with DHR before they begin recruitment.

### **Miscellaneous:**

- **Scott Murphy (state library) and Marty Reid were on hand at the Vermont booth at the National Book Festival (Labor Day weekend, Washington D.C.)** Sponsored annually by the Library of Congress, the festival includes a “Pavilion of the States” and each year we have an exhibit and pass out VT maps, bookmarks and VT booklists to thousands of visitors. Photo of their exhibit is in our September newsletter – we had the best-looking booth of all the states.

### **VTVLIB Sponsorships of Upcoming Programs.**

- **EDGE Initiative and IMPACT Survey**  
9/22 Workshop (Berlin) featuring speaker from University of Washington on two national initiatives to help libraries assess, improve and promote public access technology. We are pushing for 100% participation of public libraries in the IMPACT survey which will aggregate information from citizens who use public library technology. We are also working with 17 pilot libraries this fall to complete the national EDGE assessment and develop action plans to better meet the tech needs of local communities. We plan to roll this out statewide next year.

## **TAXES**

### **Issue Updates:**

Presentations: Fall is the time when the tax community meets, so we have been on the road a great deal meeting with groups, and with our Advisory Boards. Relatively quiet – perhaps because we throw so much information at them regarding initiatives that are rolling out.

Top 100 Delinquent List: Our first wave of publicity and letters have not generated much taxpayer response as of yet.

Press Report: Neil Goswami talked to the Commissioner about a story he is working on concerning audits of ag equipment sales. Same narrative arc as usual (not to minimize in any way): Tax Dept is coming after stores for mistakes, the sales were to farmers so of course they thought they were exempt, they have racked up thousands in unpaid tax. I gave the usual response: confidential information, we did NOT run an initiative regarding this sector. We have a voluntary tax system and routine audit is how we keep a level playing field, since some stores definitely do get it right. The stores can appeal, we don't put businesses out of business, we work with all parties if the business is undergoing a sale. An audit assessment generally reflects the sales volume/mix and level of compliance. We put out a fact sheet this summer to try to provide a roadmap for stores about ag exemptions, and we are working with the Ag Agency and legislative committees to review whether our rules still make sense in today's economy. Finally, Neal raised the “list” issue, why don't we provide a list of what is and is not taxable. I explained, as usual, that it would be entirely impractical with ever-changing product lines involving thousands of items– instead we try to provide guidelines. Businesses who really want a list can purchase

vendor point of sale software that will do the tax calculations for them – we realize that is a challenge for VT businesses to incorporate into their sales price.

**Operations:**

VTax: One of the owners of FAST stopped by this week. He highlighted the need after conversion in the first phase to decide how the Department will clean up old accounts that we can finally access from the legacy system that might show a balance due, although not billed recently – and had some suggestions. We are getting some pushback from RSI, our original data warehouse vendor, that they might lose some anticipated revenue from the conversion during the final two years of their contract. We plan to pull in Jaye Johnson from the AG's office, who helped us negotiate both contracts.

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**CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN**

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From: Susan Spaulding  
 Date: September 19, 2014  
 RE: Boards and Commissions Update

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Public Service Board Update:

<b>First Name</b>	<b>Last Name</b>	<b>Town</b>	<b>REJECTED</b>	<b>First Name</b>	<b>Last Name</b>	<b>Town</b>
James Riley	Allen	Montpelier		Daniel P.	Alcorn	Rutland
Tristan	Cohen	Washington, D.C.		Janet E.	Arnold	No Clarendon
Geoffrey A.	Commons	Northfield		Robert H.	Booher	Charlotte
Jay M.	Dietrich	Essex		Martha A.	Campbell	White River Jct
Rebecca	Ellis	Waterbury Ctr.		Susan M.	Ceglowski	Rupert
Christopher A.	Granda	Richmond		Mohammad Aslam	Choudhary	Williston
Bruce Michael	Hatrak	So. Burlington		Clifford R.	Collins, Jr.	Burlington
Sarah	Hofmann	East Montpelier		John Joseph	Demeter	Middlesex
Ken	Jones	Montpelier		Judith Lillian	Dillon	Plainfield
Christopher C.	Louras	Rutland		Herb	Downing	Colchester
Louise	McCarren	Charlotte		Thomas E.	Fegley	Brookline, VT
Edward	McNamara	Montpelier		Kathleen M.	Fleury	Montpelier
June E.	Tierney	Randolph Ctr		Thomas G.	Franks	Brattleboro
				Sonja S.	Fuller	Burlington
				Dorothy L.	Helling	Montpelier
				Elizabeth	Hendrix	Randolph Ctr
				Katharine	Hikel	Hinesburg
				Kenneth	Hoepfner	Jeffersonville
				Larry	Lewack	Burlington
				David A.	Lewis	Burlington
				Elizabeth S.	McLoughlin	Brattleboro
				John R.	Neal	Ludlow
				H. Dexter	Oliver	Bridport
				Joseph	Payne	Georgia
				Katherine	Purcell	Burlington
				Joy	Rogers	So. Burlington
				Randolph	Rowland	Shelburne
				Susan M.	Sanders	Lyndon
				Paul	Stabler	So. Burlington
				John H.	Taylor	Williamstown
				Jeff	Wilson	Manchester
				Ellen	Wood	White River Jct
				George	Young	Richmond
				John	Zenie	Colchester

**Appointed September 7<sup>th</sup>**

**Commissioner, Department for Children and Families:**

APPOINTED: Kenneth Schatz, So. Burlington

**Appointed September 9<sup>th</sup>**

**Commission on Women:**

APPOINTED: Kerry Secrest, Brattleboro

**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Michael J. Hogan, Commissioner of Liquor Control**  
**Date: September 19, 2014**  
**Re: Weekly Report**

**Status of Governor's Priorities:**

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

**Legislative Issues/Contacts/Updates:**

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

**Press Issues/Releases/Contacts:**

- A few days ago DLC got a complaint from the Rutland Police Department in regards to possible synthetic marijuana / spice being sold at the Emporium Tobacco Shop in Rutland City. We found suspect packages hidden under the sales counter near the cash register. Further checking we ended up seizing 442 packs of suspected outlawed spice. We also seized 4 sandwich bags with about 20 dime bags made up of homemade spice. We estimated the seizure amount would have a retail value of \$12,000. The evidence is being held at the Rutland City PD. Criminal and administrative charges are pending the results of the lab tests. The City was happy we took care of this quickly.

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

**Evolving Issues:**

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

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**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.
- Recently visited with Sean Hill of Hill Farmstead Brewing. Trying to work with him to accommodate the expansion of his business model. We might need some legislation to let the brewers expand their reach onto other types of licensed premises. I am researching that with our legal folks.

**Commissioner's Commentary:**

Have a great weekend.

## Legislative Prep Worksheet – ANR

### 1. Pro-active

- **\$ TMDL – Water Quality**
  - i. Moving through separate interagency vetting process with 5<sup>th</sup> floor
  - ii. Two elements – how do you structure it? How do you pay for it?
  - iii. Two legislative pieces – funding and statutory tweaks
- **( \$ ) Fee Bill (ANR fee bill every three years)**
  - i. Have fees that are currently collected that need to be tweaked and potential new fees to propose
  - ii. Staff Positions through fee bill – Water quality, ZEV, Section 248 (if EIP goes through, these positions would move through that process instead)
- **DEC Permit Process Efficiency**
  - i. Change standard/scope of ONLY DEC permits (not Act 250, Section 248 etc)
  - ii. Standalone bill
  - iii. Could be win with developers AND enviros if framed correctly, everyone is unified in hating current DEC Permit Process
  - iv. DEC needs to keep doing stakeholder prep work on this
- **Section 248** (will NOT be proactive for ANR if it gets absorbed through EIP with PSD lead)
- **Zero Emissions Vehicles (ZEV)**
  - i. Fee structure needs to be figured out with VTrans
  - ii. Incentives for ZEV? Rebate? Tax credit?
  - iii. Increase fee for ZEV by \$1 – hasn't been changed since 1981
- **Personnel transfer for AG/ANR Lab – easy lift, going in budget**
- **Forest Fragmentation Study**
  - i. We will see draft soon with range of options available, can plan recommendations from there
- **Solid waste reports**
  - i. Two reports due, one ANR owns, the other ANR staffs, run by infrastructure board on universal recycling. After reports finished, figure out if we go out with any proactive recommendations
- **Hunting on Posted Land**
  - i. If Current Use moves, will deal with this issue through that avenue
  - ii. In the meantime, Mike Snyder and Louis Porter trying to come to workable proposal, will keep in touch with us
- **Threatened/Endangered Species Reclassifications**
  - i. Thorny issue - current penalties are out of line with requirements
- **Potentially undo the felt-soled wader ban (will check back in on this)**

## 2. Defensive

- ATV use on state lands – may not be legislative, but ANR will release criteria on Nov 5, could blow up
- Berlin Pond – Warren Kitzmiller plans
- ANR PILOT (payment in lieu of taxes to towns) – Tax currently working on process, could come up with some wacky ideas, need to potentially have pro-active legislative proposal for ANR PILOT, so other PILOT work does not cost/hurt ANR
- Report on forester licensing – waiting to see report, for now, official position is not taking a position, interested in review process that is currently underway

## 3. House-Keeping/Neutral

- LEAN bill – showcase LEAN work/could be vehicle for other ANR initiatives
- VT Rec Trail tweaks, raise cap
- VT Parks Forever – increase allowable donation amount
- Fire Wardens statute – clarify responsibility to reimburse towns for forest fires etc
- Tweak timber theft/trespass to better protect landowners
- Moose Lottery eligibility requirements – tweak to include veterans from all conflicts, but not increase amount of permits given. F&W okay with proposal from veterans that will come out on this
- Definition of disabled hunters (not only disabled in military)
- Definition of crossbow (if we move to a crossbow season)
- Looking at lifetime hunting/fishing license provision (would be through Fee bill)

## 4. Interagency

- ZEV – PSD/VTrans/ANR/Tax
- TMDL – ANR/AG/PSD/VTrans/ACCD/Tax
- Fee Bill – affected by Vtrans (ZEV) and PSD (Section 248)
- PILOT – Tax working on process now
- Workforce training/worker's comp – Mike Synder involved re: foresting industry
- Looking at Act 250 fees to potentially pay for F&W programs, since F&W spends so much of their time on this
- Capital Bill – ANR/AG Lab
- Land Use meetings – continue, have a few before the session, include Natural Resources Board and Tax

## 5. Overarching Themes

- Water Quality
- LEAN – efficiency, timeliness, business friendly – foundation for getting all of ANR work done, using biz processes for enviro results

## 6. Questions/Follow-up

- Follow-up with VTrans on pro/con sheet for their fee bill
  - i. IF yes to fee bill, figure out ZEV priorities/structure within ANR/VTrans fee bills
- Ask PSD to reach out to ANR on EIP
- Get Mike Snyder involved with workforce training/workman's compensation conversations
- Joint Fiscal Presentation on LEAN coming up, ANR will issue press release same day with clear, easy to understand indicators showing their success in improving their efficiency/process. Also discuss LEAN through RBA lens when addressing legislature (not business community).

## Legislative Prep Worksheet - Lottery

### 1. Pro-active

- Problem Gambling
  - i. In Budget Bill, need to change language so \$150,000 grant for problem gambling goes straight to Lottery to contract out/provide oversight
  - ii. Currently, it goes to Dept. of Health, they don't have capacity, don't want it, want Lottery to have it (Barbara Cimaglio is contact)
  - iii. This year, they have piloted Lottery owning this, Dept. of Health passed the money through to them to oversee from their budget, going well
  - iv. Lottery has developed RBA process to show their success managing this grant/program, will present to legislature in January
- 1 New Position
  - i. Missing skill set for tech/gaming, would need state gov't position created, but of course, funded through enterprise fund

### 2. Defensive

- Protect touch-screen console machines that are currently being piloted in 25 bars/restaurants
- Problem gambling training at all venues with break opens – would be cost prohibitive – Lottery already offering this training with all 25 sites for the new touch-screen consoles

### 3. Interagency

- Break open tickets – nothing happening on this right now, but Lottery has requested data on break opens from Dept. of Liquor Control and Tax Dept, for review and potential recommended action.
- Problem Gambling - Dept. of Health

### 4. Questions/Follow-up

- FYI, Lottery will be analyzing the impact/profit of the 25 touch-screen consoles in bars/restaurants pilot starting in a few months. Will recommendation further action (potentially expansion) after analysis.
- FYI, Tom Kavet continues to be interested in new revenue options through lottery, including MA mode of bigger payouts for instant tickets (would cost VT some money upfront, and take 2 years to realize profits if VT moves to this model).