

WEEKLY REPORTS

Checklist
4/10/15

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- 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 – Sue Minter
- Agency of Human Services – Hal Cohen

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 – Justin Johnson

Susan Spaulding

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

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: April 10, 2015
Re: Weekly Report

LEGISLATIVE ACTIVITY

- **Priority Housing Projects:** Joined ACCD's Secretary Moulton and Dale Azaria at another meeting with ANR's Trey Martin and Billy Coster; Ag's Stephanie Smith and NRB's Jon Groveman and Melanie Kehne regarding how to deal with priority housing projects on a property that has an existing Act 250 permit. We should have draft language to review and discuss with other stakeholders later this week. We hope to add this to S.138 when it is in the house, touching base with the Senate committees.
- **H.123 Mobile Home Park Bill:** The bill is moving through the final stages of passage and will soon be on its way to the Governor's desk. Jen testified in the House General, Housing and Military Affairs Committee early in the week in support of H.123 and the changes made by the Senate. The full House then voted to concur with the Senate version. The bill creates more practical tools for enforcing habitability standards including making sure emergency vehicles can access parks. It also ensures abandoned homes can be dealt with fairly and expeditiously. Specifically it:
 - Eliminates criminal penalties for failure to comply with the requirements of Chapter 153, the mobile home park statutes;
 - Gives DHCD the authority to impose administrative penalties for violations of any section of Chapter 153, including the warranty of habitability;
 - Codifies case law which provides that the failure to meet the requirements of Chapter 153 is violation of the Consumer Protection Act;
 - Allows park residents to withhold rent if park roads are so poorly maintained that emergency vehicles cannot get in or out;
 - Clarifies the process and timing for the removal of mobile homes after an eviction.H.123 carefully balances the interests of park owners and residents and has the support of all interested parties.
- **H.256 Disposal of Tenant Property and Fair Housing Bill:** Also testified in support of Senate changes to this technical corrections bill. The House is expected to concur with the Senate version by week's end and will also soon be sent to the Governor for his signature. The bill eliminates a potentially problematic gap in the law governing evictions that was noted in a recent Vermont Supreme Court decision. It also restores language inadvertently deleted last year that prohibits retaliation against someone exercising their fair housing rights. Many thanks to Shaun, Dale and Arthur for their work on both bills.
- **S.138:** Lots of moving parts on this bill. Most of the actual economic development stuff has been stripped out as of this writing. We are working on a strategy to get the Senate to approve. We met today with Steve Klein and Tom Kavet today. Kavet admitted he made a big mistake with this \$10-\$15million dollar per year expenditure. He assumed the overall VEGI cap of \$10m. per year was going away and it is NOT! He will "take a look at that." Klein offered some alternatives to the wage threshold of 140% of min wage in 7 counties. He also suggested we go to the E-Board for eliminating the cap on the high unemployment rate/low wage regions. And that if we grant an extension of the grace period, we re-run the cost/benefit model. All of these are very doable. Therefore, to get this over the finish line with the Senate, we are suggesting we ask the Senate to hold on the floor vote until next Tuesday. In the meantime we would work with Mullin to bring these changes to the floor. Have him work with Ashe. That way we have a win in the Senate, we hope. We would propose:
 - **Wage threshold:** 140% of minimum wage in all counties except Chittenden County.
 - **Eliminating the extra incentive cap on the high unemployment/low wage areas:** We seek E-Board approval for that.
 - **Extending the grace period:** when we do that, we will re-run the cost/benefit model. It will have some minor adjustment in the incentive but takes in to account the present value of money.
 - **Keep the training incentive as is.**

- **Keep the value added VEGI (green VEGI) as is.** Kavet and Klein were not aware of this but will oppose. Klein suggests a summer study. We will agree to that.

PATRICIA MOULTON, SECRETARY:

- **GS Precision:** I am desperately trying to get Norm Schneeberger to agree to let us talk to him about what we can do in Brattleboro before he makes a final decision on Chesterfield, NH. I spoke to him this week and he is “fed up with Vermont, I’ve had enough of getting my pockets picked, getting the death by a thousand cuts, I’m done.” When I told him we could make a hell of a deal, he said he would “rather forego the deal and be where the business climate is stable and predictable.” We are working on John Hangely, GS CFO to see if he can get us in to a meeting. I have sent Norm an email and called him to ask *again* if he would at least agree to a meeting.
- **Windham County Economic Development Proposal:** BDCC and Windham Regional Commission are not at all happy about the lack of a coordinator position. I had a good meeting with Adam Grinold of BDCC last week and better understand what they are trying to do. I will have an alternate proposal on that piece soon.

I have talked to Kate O’Connor, we are good to announce the changes to the process next Wednesday in Brattleboro with the Governor. There was some concern this was a fund raiser for the Chamber. It is not, just the usual sponsors she has for these events. So we are green light. I hope to meet with GS that same day.

LUCY LERICHE, DEPUTY SECRETARY

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

Telecommunications

- **VTA Transition:** The transition to the Department of Public Service is going well. Jim P. will be assuming the role of interim Executive Director and his staff will be onsite daily. The largest project that needs to be completed is the EDA Cellular project that involves CoverageCo. We have all been fully briefed on this several times and know what needs to be done to implement. There are a few small fiber projects that we will need to see through as well, but the bulk of the work is already underway (and once the weather improves, construction will move swiftly).

Recruitment (CONFIDENTIAL)

- **BHS Composites (Sherbrooke – Potential for 50 Jobs):** Conversations have resumed with them on three fronts: directly with the company, via their site consultant and from their potential JV partner. I sent the company another site possibility (Kennametal) which generated a response and questions about financing a building purchase. The consultant asked for updated incentive information and they invited me to meet with them in Montreal tomorrow (sans BHS). This will provide a good opportunity to talk about Vermont as a good fit for BHS, but also for any other prospect they have. I will also share with them our newly-formed partnership with the FCCQ. And finally, Tim Nolan called me to let me know that he is still in touch with BHS, although less frequently. BHS’ decision has been delayed due to their CFO’s illness and also a lag in Bombardier’s contracting (per Tim Nolan), which is a customer of BHS’.
- **Resolute Forest Products:** Will reach out to Jacques once more to confirm that they will resume their site search in June/July. Yves has some intel about a visa issue that they may have stumbled over during their last search and we are talking in more detail about that today. This time around, we need to focus on sites north of Burlington if we are going to compete with NY. I have already reached out to Dom Cloud re the former FLB building in downtown St. A.
- **GE Supplier Recruitment:** Under the heading of “RANDOM”, Susan Murray of the US Dept. of Commerce met one of the suppliers considering VT at the AeroMart show in Montreal last week. She passed on my contact information to the company, MicroTek. They are located in OH and according to their website, have about 50 people and is a woman-owned business. That may help them w/ other contracts as well (the ownership piece, not size).

Other

- **Department of Defense Office of Economic Adjustment Grant:** I have been meeting with various stakeholders in preparation of submitting this grant. Specifically, it is aimed at funding opportunities for Vermont companies seeking to diversify their customers/markets beyond the defense industry. It is a non-competitive grant and we can request up to \$4million. There is a 10% match requirement. Specifically,

and this could change, we are asking for funding to support further export opportunities for defense-reliant companies (aimed at QC, but obviously other regions can be included); workforce development opps, enhancements to the bid board and other activities around developing new sectors. I am talking to Leahy's office later this week or early next. Actually, CT has a project funded by OEA that involves a NE-wide defense supply chain map. I called CT and we are now engaged in that effort as well, so will be able to access very good data re defense reliance, etc.

- **Energizer:** Energizer is installing SSDI equipment in the St. A facility prior to sale. We are inching closer to sealing this deal. Finally.
- **SelectUSA:** Have been doing a good deal of follow up with contacts made during the event, specifically with some of the FTZ experts. We are pursuing advice that might be able to help us extend the Brattleboro FTZ to Vermed.
- **DairyVision:** We are working to identify four new farms to take part in this round. Jackie F. is conducting a good deal of outreach to find farms that are ready. We also met with Dean Vogelmann to talk through the project and also learned more about what Tom V. and his team are working on at UVM. We all agreed that better communication with the biz community is key.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **Burlington College Housing Development:** Eric Farrell has purchased property from Burlington College to develop for housing. He is looking at over 500 units with Champlain Housing Trust and Cathedral Square building about 150 or so. They plan on doing community outreach and public meetings in the coming months. Because this is a complicated project, Noelle offered to bring state agencies together to highlight any permitting issues early in the process, before the public meetings. Eric jumped on the offer and he and his associate Owiso Makuku met with Laura and Jamie from DHP, Jon and Melanie from NRB and Billy Coster from ANR to go over the plans and provide next steps and identify any red flags. Good meeting and there are several follow ups, but no huge issues at this point.

Deputy Commissioner Hollar

- **Clean Energy Development Fund Board:** The most notable agenda item for this week's meeting of the board was an update on H.40, the renewable energy bill. For the RESET program to meet its goals and potential, Board members identified a strong need for the state to address siting policy questions and prepare for the large number of new solar projects envisioned under H.40.
- **Vermont Affordable Housing Coalition:** Attended the Coalition's monthly meeting and provided an update on housing-related legislation and the administration's positions. By far, the group's greatest concern is the fate of VHCB's funding as the Senate deliberates on the capital and budget bills. As approved the House, the budget bill would cut VHCB by \$750,000 from the Governor's proposal of level funding and provide \$4.8 million of the total from the capital bill. Despite precedent set in previous difficult budget years, several members of the Senate Institutions Committee have expressed strong reservations about using capital funds in this way.
- **VCDP Board Meeting:** With the VCDP team, presented three disaster recovery and three regular VCDP projects to the Board. Also received and reluctantly accepted the resignation of Skip Allen, a longtime and much respected and appreciated board member. Skip brought good business and common sense to board discussions. Now retired, he spends much of the year out of state and has decided to step down. Recommendations for a new board member that could bring that perspective along with a commitment to development that benefits low and moderate income Vermonters are welcome.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

State-Owned Historic Sites

- **New Hubbardton Battle Book:** The History Press has just released a new book, *The Battle of Hubbardton: The Rear Guard Action that Saved America*, by historian Bruce Venter, a Lake George summer resident and frequent visitor to the site. This 142 page book is "Dedicated to Carl Fuller, Faithful Steward of the Hubbardton Battlefield Site." Our site interpreter Carl is also thanked in the acknowledgements.
- **Coolidge Site:** Excellent news from the Donchian Foundation - they are funding the Grace Coolidge fashion exhibit, as well as the Grace Coolidge Musicales. We greatly appreciate Donchian's continuing support!

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

- We received a Notice of Intent to Sell for the 6-unit Eldredge MHP in Waterbury. Arthur contacted the appropriate nonprofit and CVOEO and may schedule a meeting later in the month.
- One item that was mentioned at the Community Visit Day in St. Johnsbury that is of particular interest to DHCD was regarding a recent Bylaw change to remove a discriminatory provision. In the fall of 2014 it came to the attention of the Department that St. Johnsbury had approved a bylaw that restricted the amount of “affordable housing” in a new housing development to no more than 40% of the units. This provision violated Vermont’s protections for the housing choices of people who receive public assistance. While the Town’s website contains a set of Bylaws that were last updated in February of 2014, discussion at the Focus Forum indicated that the offending bylaw has, in fact, been removed (most likely in December 2014). As a point of interest, community members who were familiar with the enactment of the bylaw and consequent discussions with state officials described the goals of the provision in a different light than it was actually written. It was described as a mechanism by which to avoid segregation of low-income residents and ensure that market rate (unsubsidized) units were constructed whenever there were quantities of subsidized units in development; not unlike Inclusionary Zoning bylaws that require ‘affordable’ units when market rate units are constructed. The difference between the intent of the bylaw and how it was structured may be a worthwhile conversation with Selectboard members.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **VTIC:** The Vermont Travel Industry Conference was a huge success and the entire staff returned with ideas to share and new contacts to partner with. The group at the conference that grows every year and continues to do excellent work is the Byways group. The \$50,000 that we receive from VTrans to support this program is so appreciated. Catherine Brooks and Heather Pelham have so streamlined the work that everyone has come together and enhanced the program statewide. Now we are intersecting with Agritourism with our Palate to Palette program in southern Vermont that will just bring more people to the table. (No pun intended)
- **Agritourism Conference:** This week VDTM, Agency of Ag, Rutland Planning Commission, UVM Extension and Rutland Area Farm and Food Link all worked together to put on an Agritourism conference in Rutland. The first day included tours of several farms all over southern Vermont and ended with a dinner at the Rutland Food Center with a wonderful turnout. We had guests from as far as New Mexico and Georgia, as well as Jennie Nelson and Chuck Ross to speak to the group. The second day was packed full of speakers and workshops educating farmers from all over the state.

Steve Cook, Deputy Commissioner

- **VDTM Winter Campaign Wrap Up:** Below are results from this winter’s advertising campaign. Vermont had strong results from this year’s marketing plan, particularly in the area of online booking systems.

ORBITZ:

State	Booked Year	Booked Month	ORB						
			Gross Nbr of Rooms	Gross Room Nights	Gross ADR USD	Gross AP Days	Gross Booking Amt. USD	Gross LOS Days	Gross Nbr of Bookings
2015	January		582	1,007	\$149.89	21.75	\$150,940.27	1.73	571
	February		595	1,060	\$142.94	20.77	\$151,518.46	1.78	585
	March		570	1,009	\$127.89	23.14	\$129,042.67	1.77	559
	January		543	997	\$136.00	25.62	\$135,590.16	1.84	532
	February		575	941	\$129.33	22.72	\$121,697.40	1.64	554
	March		524	850	\$116.96	25.28	\$99,416.79	1.62	509
	April		512	847	\$121.53	27.59	\$102,932.92	1.65	504
	May		559	921	\$132.28	21.59	\$121,832.16	1.65	542
	June		584	970	\$137.09	21.75	\$132,978.94	1.66	571
2014	July		803	1,256	\$141.74	17.26	\$178,023.33	1.56	771
	August		761	1,261	\$156.83	19.39	\$197,768.26	1.66	747
	September		672	1,035	\$155.00	18.51	\$160,426.17	1.54	655
	October		624	1,042	\$144.97	16.71	\$151,055.46	1.67	600

	ROOMS	RM NTS	Gross Booking \$	Bookings
total 2013	6,185	10,548	\$ 1,371,924.10	6,000
Total 2014	7,252	12,126	\$ 1,691,238.05	7,052
change	17%	15%	23%	18%

Ad placement Performance- Winter campaign

Total conversions	Exposed Revenues (\$)	Spend	ROI	Hotel sales during period	Percentage of coverage
850	\$ 386,139.56	\$35,100.00	11.00 to 1	\$600,998.09	55.6%

GOOGLE DISPLAY NETWORK:

Placement: Placement- & contextually-targeted display banners in select BOS & NYC zips
Flight Dates: 12/1/14 – 2/15/15

Total Impressions: 1,856,286
Total Clicks: 8,020
Average CTR: 0.43% (Benchmark CTR is 0.10%)
Top Sites: Weather.com
AccuWeather.com
NBA.com
Independent.ie
NYTimes.com

PANDORA:

Placement: Audio & display banners targeted to select BOS & NYC DMA zips
Flight Dates: 12/1/14 – 2/15/15
Total Impressions: 4,201,473
Total Clicks: 14,464
Average CTR: 1.04% (Benchmark CTR is 0.75%)

DIGITAL NYTimes.com:

Placement: Display targeted to select BOS & NYC DMA communities and behaviorally-targeted to winter sports enthusiasts
Flight Dates: 12/1/14 – 2/15/15
Total Impressions: 1,072,110
Total Clicks: 3,229
Average CTR: 0.30% (Benchmark CTR is 0.10%)

DIGITAL SnowCountry:

Placement: Display targeted to select BOS & NYC DMA communities
Flight Dates: 12/1/14 – 2/15/15
Total Impressions: 303,476
Total Clicks: 634
Average CTR: 0.21% (Benchmark CTR is 0.10%)

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **Maple Promotion | Digital Out-of-Home:** David developed the below billboards to support the maple campaign. In addition to these billboards, David developed a series of digital display banners, and [a video](#). In one month, the video received 518 views, organically – pushing to the site. We have gained 32 subscribers in one month (putting us up to 926) – which is great considering this number had been stagnant for some time. (web cams don't have the best resolution but here are images of the billboards)



CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager

- **DCF Application for Benefits:** The Department for Children and Families has asked the CMO to help redesign of the central application form they use when Vermonters request public assistance (3SquaresVT [food], ReachUp [work], Fuel Assistance, and Essential Live-in care). Heather designed sample pages for a new template that will be easier to read (cleaner design, larger fonts), easier to navigate (new program

icons, visual instruction cues, color-coding for non-English speakers) and hopefully easier to use all around.

- **Strategic Communications Plan:** Supporting the work of Lisa Gosselin, Heather reviewed and made recommendations on the initial draft of a new strategic document that aims to guide future marketing activities for economic development, by identifying specific target audiences, possible strategies, and potential tactics to influence desired actions. The work completed to date will serve as an excellent foundation going forward.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Northern Border Regional Commission Grants:** Round 6 for the Northern Border Regional Commission grant program has been announced to fund infrastructure and job creating projects in the six northern counties of Vermont. Grants of up to \$250,000 are available to municipalities and non-profits. There has already been keen interest expressed by a number of potential applicants with applications due by June 19th. The Governor will certify projects after review by ACCD for funding this Fall. For more information contact Ken Horseman.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Conducted business support visits in Windham County with Adam Grinold of BDCC. Visited Cooperman Fife and Drum in Westminster and Sawyer Bentwood in Whitingham.
 - Cooperman Fife and Drum began in 1961, making fifes and wooden drums for re-enactments in NY and CT. Located in Vermont since 1986 (“everyone just loved Vermont, so we chose here over Connecticut”), Cooperman is a family business run by siblings Patrick and Patsy Cooperman, and now employs 16 people. They craft manufacture fifes and drums, toys and games, drum sticks, and world percussion instruments (tambourines and more). The wood for their bentwood components is all harvested and milled within a 30 mile radius, allowing for a compelling “Vermont forest to drum” story. Currently working with PTAC. Cited increasing cost of shipping as a particular challenge. Will make other appropriate referrals, including for trade show assistance; VADP; VWMA; WLEB; VMEC; and VTP.
 - Sawyer Bentwood employs approximately 25 and has both traditional sawmill and custom manufacturing capacity for bentwood parts. Interested in expanding production with some new technology – will make appropriate referrals.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Willis Annual Healthcare Forum:** Dan Towle, Director of Financial Services will be attending this invitation only event held annually next week in California. Willis is the world’s third largest insurance broker. This event brings together prospects, top risk management professionals and strategic partners from throughout the country. This is the first time someone from the state of Vermont has been invited and Dan will be the only captive domicile represented. This should be a good opportunity for Vermont to continue inroads into this client base that has been identified as a strategic sector for Vermont.
- **Risk & Insurance Management Society (RIMS) Conference:** Dan is in full preparation mode for this upcoming conference April 26-29. Dan is coordinating marketing efforts for the team from Vermont and the nearly 15 Vermont service providers that will be joining the State in working the booth for this conference that draws nearly 10,000 people. The event will be held in New Orleans, LA and starts Sunday morning and runs through Wednesday night. Dan is actively scheduling meetings for the Vermont team. This conference is the largest conference that Vermont exhibits at and provides an excellent opportunity for Vermont to meet with its existing clientele and have prospective meetings.
- **Congressional Meetings Being Scheduled with the VCIA:** Meetings are being scheduled in early May for Dan and Rich Smith, President of the VCIA to meet with Vermont’s Congressional Delegation. The purpose is to update the delegation on Vermont’s Captive Insurance Federal concerns and to encourage them to reintroduce legislation to solve the confusion concerning the unintended consequences to the captive insurance industry with the Non-Admitted Reinsurance Reform Act (part of the Dodd-Frank Financial Reform Act).

Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report – Weeks Ending April 3 and 10, 2015

Legislative

- Testified in House General on H.187/Paid Sick Leave – demographics of the Vermont employer community; worked with Leg Council today on language changes suggested by VDOL.
- Testified in House Commerce on several issues relating to economic development bill (H.124/S.138), including 15-18 year old work experience (VDOL's newly-issued report); statutory changes to the internship program; and proposed changes to WETF language.
- Testified in House Commerce on H.312 – “rapid response” to disaster situations from out of state companies; issues raised were WC (policy coverage or not) and UI (over-charging of Vermont employers in the base period for Vermonters who may get hired by these firms). This is scheduled again on 4/17.
- No movement on Prevailing Wage this week, but Sen. Flory has scheduled testimony for 4/15.
- VDOL's UI bill (H.306) was heard in Senate Finance without any concerns raised by committee members.
- Misclassification issues/bills are still out there, but Chairman Botzow and Senator Sirotkin say that unless business & labor lobbyist agree on something, no bill will be pursued. Check out home-builders flyers.

Legal

- VSP's report on UI security breach says ‘no evidence that she utilized the data for criminal activity’. The report was sent to the AG and SA for review. VSP did not request FairPoint to delete her access to those emails, so she can still print them out; I have called Keith to discuss. In FairPoint papers, we have identified 60 more people with name/SSN breached and we have sent them the “your PII has been breached” letter. We also discovered that the employee sent herself VDOL's banking info (account numbers and routing numbers) at least 2 years ago. It impossible to believe that she did not have ill-motive, even if there is no evidence that she acted on this data theft. The federal OIG is investigating.
- VDOL responded to a request from Mike Donoghue request for documents provided to VOSHHA by VSP relating to the state police radio coverage. As part of the settlement, DPS updated their radio protocols and FTO programs. DPS and Sarah London are aware of the request and the documents produced.
- The FairPoint UI Appeal decision will be issued next week.

Unemployment: For the week ending 03/28/15 we took 2,312 calls. This is an increase of 165 calls from the prior week. We processed 383 initial and 379 additional claims. We paid 6,310 claimants during the week ending 03/28/15 compared to 6,588 for the prior week.

Workforce Meetings:

St Johnsbury Community Forum
Annual Youth Day at Lyndon State College
Career Week at MAUHS
Bennington Career and Job Expo
Addison County Job Fair
Franklin County WIB
Pre-K-16 Council
AOE Program of Study (POS) meeting
Agriculture health and Safety Taskforce meeting

Upcoming Hiring Events:

April 10, 2015 Comcast
April 15, 2015 Lake Monsters Hiring Event
Summer Employment at ballpark
April 16, 2015 University of Vermont Business Presentation
April 17, 2015 Janitech
Labor Ready
Comcast

Business Closings: Brueggers Bagel: 9 employees on 3/31/15; Allscripts, 9 layoffs; Emdeon, 14 layoffs on 5/1/15; Creative Habitat/Ben Franklin's closing in June or July, 15 employees, 6 laid off already.

IBM Hiring Event: We worked with Scott Gibbs today to set details, final date will be determined on Monday. They are hiring over 100 production workers.

Note: I am off next Friday and Monday, will be in Dallas at the wedding of my best friend's son.

State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101
www.dfr.vermont.gov

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: April 10, 2015
Re: Weekly Report

Susan L. Donegan

Captive Insurance Division:

The GAH Insurance Company was licensed this week as captive insurance license number 1034. GAH is owned by the Gene B. Glick Company, which builds and manages apartment complexes in the Midwest. The company is committed to providing quality housing for people of all income levels. In 2012, it was recognized in the "Affordable Housing Finance Magazine" as one of the largest affordable housing owners in 2011 and ranked number 18 on their list of the Nation's 50 leading property management companies. The Glick Family Foundation was founded in 1982 to channel the family's philanthropic giving, which focuses on education, arts and creative expression, need programs and alleviating human suffering, and self-sufficiency and job training. Mr. Glick, who recently died, served with General Patch's 7th Army, 45th Infantry Division, when it captured Nuremburg and Munich and liberated the Dachau concentration camp.

Banking Division:

DFR continues to work with the Covered Bridge Credit Union's board of directors in devising a plan for oversight after the manager leaves her post on May 1. At a meeting this week, several options were discussed including hiring a consultant, conducting a job search, and management assistance from Members Advantage Community Credit Union (MACCU) and/or a merger with MACCU. DFR and Sean Gammon, CEO of MACCU, will meet with the board of Covered Bridge next week to further discuss these options and determine next steps. MACCU serves more than 12,000 members in offices in Barre, South Burlington and White River Junction. Covered Bridge Credit Union in Windsor has just under 3,000 members.





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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: April 10, 2015

Media Contacts:

- Alex Keefe, VPR, sought and was provided with information regarding recent mergers and consolidations such as Two Rivers SU.
- Taylor Reed, Caledonian Record, sought comment from Jill Remick on her participation in the Vermont Council on Rural Development Community Forum in St. Johnsbury.
- Amy Nixon, VTDigger, sought information on the JFO Paraeducator Study; the number of school districts; and commentary from Rebecca on those “schools in acute distress.”
- Michael Rothfeld, Wall Street Journal, followed up on a continued FOIA request regarding Common Core.
- The Agency invited several lawmakers, members of the media and others to take a sample SBAC test on Monday. Steph Macado of Local 22 and 44 has agreed to participate.
- Stewart Ledbetter, WPTZ, interviewed Rebecca Monday on H.361.
- Josh O’Gorman, Vermont Press Bureau, sought enrollment information in preparation for VPR’s Vermont Edition.

Public Presentations/Speeches/Meetings:

Tuesday:

Meeting (and lunch) with Mary Schwartz, Charlie Toulmin and Lisa Ventriss regarding the Nellie Mae Foundations interests as they relate to VT

Martha Allen of the NEA

Wednesday:

Vermont Funders Network meeting - Presented to 40 or so funders from various groups. This went well. I think this set the table if we want to ask for support for governance related work.

Spoke at a reception for the VT National Board Certified Teachers. This was a fire up the troops event.

Thursday:

Concord School, School Visit and meeting with the Supt. I had a very honest conversation about how if he did not speak up for the best interests of the kids, nobody would. I think the K_8 is actually strong, but the High School is characterized by low expectations and limited options. They are preparing kids to feel comfortable in Concord High School, not to thrive in life.

Friday:

Senator Sanders regarding ESEA. We will be writing him a thank you letter. He has been an absolute pit bull in pursuit of VT's best interests on this matter.

Evolving Issues:

Governance

I had good conversations with Sharpe and Cummings, and worked with Donna on draft language, at Cummings' request. Bill had to present with Donna, as I had to run to meet with Sen. Sanders. I was not able to meet with Baruth before, but had hoped he would be ok with it, since in private conversations with AOE he had stressed that Cummings was the key and the goal was to get to conference. He said he felt blindsided it wasn't mandatory, and said that if we needed more capacity and hammers to enforce compliance we should just say so. Sharpe stood up for us. We will work this week to smooth this over.

Licensing

Tuesday Deputy Secretary Amy Fowler gave testimony to the House Education Committee regarding the progress that the VSBPE and AOE has made on the Legislature's request that the licensing renewal process be revisited to address concerns. In the course of that meeting, Chair Sharpe suggested the elimination of licensing altogether. This has been presented previously and would have adverse consequences for Vermont in terms of federal funding and public quality assurance. Deputy Secretary Fowler has provided this update to the Governor's Office.

Reminder

I am on vacation. I can be available to the Legislature by phone. I will of course keep in touch by email. Bill is running the ship in my absence.

Rebecca

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: April 10, 2015
Re: Weekly Report

Status of Governor's Priorities: .

Working on instant ticket printing plans to reduce cost by planning tickets further in advance.

Legislative Issues/Contacts:

Spoke with 5-6 senators to inform of lottery content in H. 489

Press Issues/Releases/Contacts:

Seven Days article posted about lottery targeting poor and gambling addicts. Not a positive one for us and I grow to expect the same each time. I don't mind them but can limit my responses if anyone prefers that. A few other stories involving arrests of employees of convenience store for stealing lottery tickets. We are developing plans for outreach to agents so they can notice theft earlier or use controls to keep it from occurring.

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Attending Tri-State Lotto meeting in NH today – normal bimonthly meeting. Planning initiatives for next year along with marketing plan and product selection for VT lottery.

Executive Director's Commentary:

Commissioner Virginia Barry of Barre is retiring from the VLC at our meeting on Wed April 15th after approx 15 years of service. She has provided steady guidance during my time here.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Sue Minter
DATE: Friday, April 10, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

I returned this week from my trip to Ecuador to visit my globetrotting daughter where I was amazed, among other things, by how transportation and mobility is transforming that developing world nation (!). The government has invested significantly in roads and public transportation (you can take a bus anywhere for \$1-3 and all members of society travel throughout the country) and I can see what a difference it can make in economic and social development. Foreign travel is always a grand lesson – which I am sure you know well! Deputy Secretary Cole and the team have managed very well in my absence. His legislative report follows:

Transportation Bill

The Transportation Bill was unanimously voted out of Senate Transportation Friday morning and heads to Appropriations and Finance before heading to the floor potentially next Thursday. The bill goes to Finance because the bill still contains a TIB floor, originally established by the house but the Senate reduced the trigger even further to a price point of \$2.47 a gallon. The House set a floor of \$2.56 and the Senate reduced it further to be able to say with certainty that as of the passage of this bill, the floor is revenue neutral. This floor would generate an equivalent per gallon tax of \$0.0396 once the per gallon price drops below \$2.47 for a three month average, excluding all taxes.

TBill details:

- Increases labor savings requirement on the Agency (relative to House version) by \$500,000 for a total of \$1.5 million that must be reduced from the Agency's budget either in vacancy savings or consultant savings. The Agency believes it can attain these reductions by aggressively managing vacancy savings and other discretionary costs.
- Increases the TFund reduction in projects by \$1 million for a total of \$3 million which we hope can be achieved by natural project delays; we don't anticipate any purposeful delays of any projects.

- Restores the \$1.5 million reduction to the leveling program the House bill contained by making the changes in the two aforementioned bullets.
- Maintains the reduction to the Maintenance program of \$700,000.
- Maintains the reduction to the Central Garage Fund of \$1 million.
- Includes a section on contingent spending authority for \$3 million in state funds in case revenues exceed forecast for either the close-out of FY15 or adjusted forecasts for FY16. This isn't a likely scenario from our view.
- Includes all of the studies the House requested but eliminates any legislative committees and dramatically scales down the language although the intent is still there.
- Notwithstanding a requirement for a Transportation Board review of the Middlebury Tunnel project if the Agency decides on a design that varies from state standards in order to reduce costs.
- Includes a \$1.1 million set aside for municipalities for water quality projects from the Transportation Alternatives program.
- Includes a new project, Missisquoi Bay Causeway Scoping Study for \$125K. The Agency of Transportation will manage this study and the state match is provided through special funds, either the Clean Water Fund or from ANR's budget.
- Maintained two House provisions: one naming the Bennington Welcome Center, the Senator James M. Jeffords Welcome Center (slight change from the House which used Jim instead of James); and the Newport Airport would become the Northeast Kingdom International Airport.
- Transportation Board will now be authorized as the entity that approves the naming of transportation facilities and infrastructure; it also assumed the duties of the Byway Commission which is being disbanded although marketing funding for the program is still intact.
- The Agency is also required to evaluate whether an Adopt a Park and Ride program to reduce litter associated with these state facilities would have merit.

TDI

VTrans reached agreement in principle with TDI for use of the state highway ROW for an annual payment of \$4 million. We have already submitted a Letter of Intent to the Public Service Board as part of the Act 248 proceedings and we will begin working on a lease agreement that won't become effective until when and if TDI receives an Act 248 permit. We have the potential to sculpt our payments but we will be looking for guidance from the Governor's Office on that issue. That may be attractive to VTrans if we see a significant reduction in federal funds from Congressional action on reauthorization.

NOTES FOR STAFF

Williston & Stormwater Invoices/ Policy Challenges

The Agency has received an invoice from the Town of Williston for stormwater fees associated with our state highway impervious surface, citing statutory authority under Title 24 §3615. VTrans AGs have argued that per VT statute, municipalities have no authority to charge the State a fee under this section without providing a service. VTrans has written two letters to the Town indicating we have no statutory obligation to pay their fee. VTrans faced a similar issue with the City of South Burlington a couple of years ago and reached an agreement with the City whereby VTrans would pay a fee for services rendered which consisted of maintaining our state stormwater infrastructure in their jurisdiction. This is a complicated policy area that could use further examination and study and we have been in discussions with Commissioner Mears to discuss the inclusion of study language in the Clean Water Bill that looks at the stormwater infrastructure improvements that entities make to their impervious surface runoff and how to credit that activity against the impervious surface fees that municipal stormwater utilities want to charge all impervious surface owners.

Driver Privilege Cards & Leahy Staff Inquiry

In response to a request from the Leahy staff, on 4/9/15 DMV staff (R. Ide, G. Button, M. Smith, and D. Bloom) along with C. Cole and AAG T. McCormick, participated in a conference call with representatives of Senator Leahy (Derby, Sussman, Washington-based Agriculture Committee staff and Washington-based Judiciary Committee staff). DMV explained the history of the creation of the Driver Privilege Card, the implementation in conjunction with the start of our Real ID program, the reporting of suspected fraud, the investigation of those referrals, the educational outreach to the targeted recipient group of migrant workers on Vermont dairy farms, the appearance of abuses by people not living in Vermont, and our interrelationship with ICE (Immigration and Customs Enforcement).

Leahy staff questions centered on the sequence of events that would lead our counter staff to refer to DMV Investigations, circumstances that would lead to a contact to ICE, and the allegation that DMV had cooperated with ICE to entrap individuals as they appeared for a DMV exam. DMV expressed their belief that the program (after a couple of admitted missteps) is working smoothly for the intended undocumented Vermont residents, but confirmed that the issues of fraud are more closely centered on the unintended group of individuals who are not living in Vermont and who may have ties to countries other than those located in the western hemisphere.

Note: I was not available to participate in this conference call and am following up directly with S. Sussman.

LEAN Event with ANR

As another element to our cross – agency work, VTrans participated in the ANR LEAN activity to improve our joint business processes regarding environmental permitting for transportation projects. Both Deb and I observed the “report out” which demonstrated

both the potential for increased administrative efficiency and the importance of relationship-building among staff and between Agencies.

Brattleboro IM 091-1(65)

The Traffic Congestion Strategy (closing Exit 3 on-ramps) was implemented over Easter weekend with no traffic delays documented (although traffic volumes were 10% less than the previous weekend). The closure of Exit 3 on-ramps on Sunday afternoon will be suspended until further directive relating to interstate traffic management. The “Routine/Fracture Critical Inspection” of I-91 Bridge 9S inspection is scheduled for Tuesday, April 21, 2015. All interstate traffic will be diverted onto Route 5 with the Sherriff department’s assistance. This full closure will expedite the bridge inspection and allow repairs to the bridge deck. The contractor made progress on the Critical Path of the Bridge by finishing Lift 7 of 8 on Pier Table 1.

I-89 Bridges Project – Waterbury

Traffic impacts on I-89 near Waterbury will begin this week. Staff has done extraordinary work to inform the public of these changes. There will be periodic lane closures as crews stripe the interstate preparing for the opening of the southbound crossover next Monday. On Tuesday afternoon the southbound on-ramp traffic was diverted to one southbound access point (the on-ramp from Stowe via the existing traffic signal). On Wednesday afternoon, I-89 northbound was divided into two lanes, one for northbound through traffic and one for the northbound on ramp. Both of these traffic pattern changes have gone smoothly with minimal input from travelers that were confused by the changes.

On Monday, both southbound on-ramps will be closed during peak afternoon commuter travel from 3 – 6 p.m. Traffic will be detoured on Route 2 East, through the Village of Waterbury to access I-89 southbound in Middlesex. Traffic counters and spotters are being deployed to monitor key intersections as traffic is diverted onto Route 2 East.

Extensive coordination is occurring with the Town of Waterbury as they complete the roundabout project, which is in close proximity to the I-89 bridge work. In addition, VTrans held a meeting in Stowe with town officials, business owners, event planners and the Stowe Area Association to present the work anticipated in Waterbury over the next several years as well as the outreach and marketing efforts associated with the projects.

House Transportation Road Trip to St Albans

The House Transportation Committee will be visiting the City of St. Albans on April 15th, along with the Secretary and staff of VTrans, to review the implementation of transportation improvements as part of the Downtown redevelopment efforts, including transportation stormwater improvements.

Aviation issues

Staff have been fielding questions from citizens adjacent to the Middlebury Airport regarding the planned reconstruction of the taxiway and runway, including a 700' runway extension and acquisition of aviation easements to improve safety at the airport. A public briefing meeting is planned for May 19th at the Airport. Staff is working closely with the Town of Middlebury to assure that detailed information regarding the project is available on a page dedicated to the Airport on the [Town Website](#).

Aviation Director Guy Rouelle met with Altius, a charter aviation operation that would like to provide seasonal flights from Rutland to White Plains, NY, November through May. Their application to operate as a scheduled operator is with DOT. These flights, if approved by DOT, will provide approximately 500 more annual enplanements for Rutland. Guy also met with Aircraft Owners and Pilots Association (AOPA) Regional Manager at the Governor's request to discuss the Aviation Tax law. The Governor met this individual in Puerto Rico and a follow-up meeting with Guy was scheduled. After discussion with AOPA, they understood that Vermont is in compliance with the law. They did however recommend some other changes to current Vermont legislation

Route 7 Legal Battle

US 7 – PITTSFORD-BRANDON RESURVEY APPEALS: A two-day trial in Rutland concluded late on Thursday, April 9 with a favorable jury verdict upholding VTrans' formal resurvey of late 18th century surveys which laid out four-rod (66-foot) and six-rod (99-foot) rights-of-way along what is now US 7 through Pittsford and Brandon. The formal resurvey had been contested by a group of about 25 abutting landowners, who were represented by Middlebury lawyer Peter Langrock. While there is still the possibility that the Langrock law firm could file post-verdict motions with the Superior Court or appeal to the Vermont Supreme Court, the favorable jury verdict is a big step forward in moving these US 7 reconstruction projects out of "legal limbo." With the width of the existing US 7 right-of-way now established, VTrans can move forward with identifying and acquiring additional lands and rights needed for the Segment 3 and 4 reconstruction projects.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: April 10, 2015

Highlights:

AHS Central Office:

Integration of Family Connection framework with existing and planned AHS systems pg. 2

Substance Abuse Treatment Coordination pg. 3

VDH:

Bennington “Hublet” Project Status pg. 3

Substance Abuse and Mental Health Services Administration Medication Assisted Therapy Expansion

Grant pg. 3

Third Graders Advise Health Department on Public Health Actions pg. 4

DMH:

Vermont Psychiatric Care Hospital (VPCH) pg. 5

Patients Stuck in Level 1 Beds as well as other Psychiatric Beds pg. 5

DOC:

Changes in Vermont Correctional Industries: Plate Shop move; Service Centers Opening pg. 6

Population pg. 7

DCF:

Housing & Opportunity Grant Program pg. 7

DVHA:

Vermont Health Connect pg. 8

Secretary’s Message

I met with my staff and Aly Richards from your office to discuss the opportunity to build a working coalition with representatives from our non-profit partners to address the issues facing human services. In addition to mutual work on our contracting and granting procedures, this type of coalition could work to identify the baseline in our responsibility as state government to Vermonters and the role that community partners can and should play in meeting those needs. I expect that the conversations could lead us to rethink structure both within state government and within our community non-profit organizations.

Integrated Family Services, (IFS) seems to be moving forward at rocket speed. We have had several brief conversations with the Blueprint about how to form a closer working relationship. As the Blueprint is turning its’ attention towards more social indicators of health, we believe that IFS is their perfect partner. The performance measure/outcomes work that we are doing at IFS is an excellent

connection to the more traditional outcomes we associate with health care measures. While we are still developing these outcomes, our workgroups are now formed and will be making significant progress on this issue in the next months. We understand that to be a part of health care reform, we need data driven measures.

A project we are developing that ties into all of the above is our life line of services (one of my tasks is to figure out a good name for this). This is a line that goes from pregnancy/birth through age 22. On it will be the various points when people face challenges and require support. These are obvious intervention points for human services and the community. The other points are noted as excellent prevention points. When this is completed, we will have a service delivery line that we can ask regions that are interested in becoming IFS regions, to use to assess what they have for strengths and where they see weak points. To be eligible to participate in payment reform, a region would need to have responses to these points. IFS would not require specific programs to address these various points, but a region would have to use programs that are accepted as good practice. A region could also develop a plan of action to address areas that are missing, or weak.

I think that this service line would also be of value for the Agency to establish priorities and how we want to spend our resources. It would give us a very clear way to see what services we believe are important and have similar services available to Vermonters, no matter where they live. It would have us become very clear in what we want to “buy” from our community partners. At the end of this month at a joint meeting of our Senior Leadership Team and our Implementation Team, we will begin “filling out” this service line. The Key to all of this is payment reform.

Agency of Human Services Central Office (AHS CO)

Early Childhood Integration Coordination Team

The AHS Secretary’s Office facilitated a meeting of AHS, the Governor’s Office, Building Bright Futures and the Agency of Education in order to continue our work to more closely align our efforts around early childhood.

The Vermont Accountability Group

The AHS Secretary’s Office met with other public and private stakeholders as part of our statewide efforts to expand and support performance accountability and Results Based Accountability.

Burlington and Integrating Family Services

Carol Maloney and Cheryl Bilodeau, two members of the Integrating Family Services Management Team, met with 24 members of the Burlington District ACCESS Team to provide an overview of the Integrating Family Services Project to date and to provide a forum to bring them up to speed on some of the many initiatives in the Burlington district since the inception of the ACCESS team – many of which line up well with IFS Guiding Principles. It was agreed the group wishes to work more closely together to move the initiative forward. The Field Director is scheduling a meeting with a smaller group from ACCESS to draft ideas for next steps to be brought back to the full team in May.

Integration of Family Connection framework with existing and planned AHS systems

The AHS Secretary's office is coordinating Vermont's new family homelessness initiative with our Agency's other cross-departmental work and priorities to ensure county level implementation leverages existing capacity, avoids duplication and simplifies local systems for our clients. This week our housing director met with key staff in ADAP, Integrated Family Services, Health Reform, and performance management. Later this week, we will be coordinating with the Agency of Education and DCF staff managing a future employment and training initiative funded through Vermont's USDA SNAP pilot.

Middlebury Using RBA for Housing Solutions Reporting

The Field Director met with staff from HOPE in Addison to revise our report to United Way for use of funds for Housing Solutions to an RBA format, describing How Much we did, How Well we did it, and If Anyone is Better Off. We will continue to work with the Housing Solutions team to embed this way of thinking and to encourage a more preventative focus in our work.

Substance Abuse Treatment Coordination

The SATC Committee has taken another step in our process toward fully implementing the AHS policy on substance abuse screening with the launching of an on-line introductory training on the topic. The course is an awareness level training which targets those staff who will not provide screenings as part of their work and is important progress toward building an organization equipped to respond to this issue.

Vermont Department of Health (VDH)

Bennington "Hublet" Project Status

VDH continues to work with the Bennington partners led by Ralph Provenza, CEO of United Counseling Services, as they develop a new program that will serve patients who require medication-assisted treatment for opiate use disorders. They have not yet settled on a model and a budget that would allow us to provide startup funds in FY15. A concern is whether there will be enough patients to make their model cost-effective, and whether there will still be significant need for methadone if they only develop a program that dispenses buprenorphine. Local physician Nels Kloster is currently operating a Spoke practice that continues to expand and he is planning to hire one or more additional physicians; they would be able to serve up to 200 more patients if he hires two physicians. That is a worry to Ralph, as this plan may undercut his ability to mount a new program. Ralph is talking with BAART, operator of the Hubs in the NEK and Berlin, to see if they could bring in methadone services to create a more sustainable program.

Substance Abuse and Mental Health Services Administration Medication Assisted Therapy Expansion Grant

VDH, in partnership with the Medication Assisted Therapy (MAT) community providers in Chittenden, Franklin, Grand Isle, Addison, Rutland and Bennington is applying for a 3 year, 3 million dollar SAMHSA MAT expansion grant. Application is due May 8.

April is Alcohol Awareness Month

- In early April, the Department of Health issued a press release focusing on the health consequences of risky drinking, standard drink equivalency information, alcohol screening tools, and follow-up resources.
- In late April, the Health Department press release will feature the launch of the updated ParentUpVT.org website as a resource for Vermont parents. This resource provides tools and guidance on the prevention of substance abuse and the promotion of healthy youth development. Online advertising promoting ParentUpVT.org is scheduled for the end of April through mid-June.

Grand Rounds Presentations on Prescribing Opioids

VDH will sponsor a series of grand rounds presentations at several Vermont hospitals during 2015. The first event will take place at Springfield Hospital on April 16, 2015 at 7:30 a.m. The Vermont State Police Diversion Unit will join Health Department representatives in presenting information about dealing with behaviors that suggest diversion or misuse and best practices to promote safe prescribing.

Department of Health Stands with the LGBTQ Community



Inspired by VDH’s collaboration with the Pride Center to promote tobacco cessation services, the Department’s marketing team developed an altered version of the Vermont logo to sub brand initiatives designed to reach the LGBTQ community. With

Commissioner Harry Chen’s strong endorsement, coupled with the support of leadership across state government, the Health Department is excited to begin using the new mark on a number of health promotion efforts in the coming months.

Third Graders Advise Health Department on Public Health Actions



In celebration of Public Health Week (April 6-12) and to underscore this year’s theme, “Healthiest Nation by 2030,” VDH is running a digital campaign to share elementary school students’ advice on creating healthier communities. The images used to develop the campaign were taken during an event at the Sustainability Academy, where Commissioner Chen met with third graders to discuss the role of the Health Department in promoting health across the state, as well as the responsibility of individuals to make healthy choices.

Vermont Retailers Share Thoughts on Tobacco Advertising that Targets Youth

Production crews are currently in central Vermont filming new video assets for CounterBalance, which feature tobacco retailers from across the state. Retailers are coming together to offer their perspectives on the tobacco industry’s advertising tactics in stores. The videos will be shown on the air and online this fall in efforts to raise awareness about tobacco’s targeting of youth.

Community Roundtable Highlights Interventions for Cancer and Obesity

VDH is working with the Champlain Valley Area Health Education Center, the George Washington Cancer Institute and Vermonters Taking Action Against Cancer, to organize a roundtable on cancer and obesity. The forum will take place in Colchester on May 12, providing an opportunity for community, state and regional partners to collaborate on increasing integration of cancer and chronic disease programs in Franklin, Grand Isle, Chittenden and Addison Counties.

Maternal and Child Health (MCH)

On Tuesday 4/7, public health staff from across the state came together to discuss and work towards solutions around a number of key maternal and child health issues. These MCH Coordinators at the district office level carryout essential work to promote the health and well-being of pregnant women and parenting families, including everything from early childhood systems, safe sleep, substance abuse in pregnancy, perinatal mood and anxiety disorders, and much more.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

The hospital had multiple discharges and admissions this week and census continues to be full. We continue to work with all community providers and DMH care management on working on discharge planning. Next week we have a national expert in reducing seclusion and restraint on site for 1 1/2 days and are looking forward to that consultation. The hospital is making a renewed effort to fill temporary employees which are needed to consistently run at full census without using too much overtime. In March, the hospital needed to use overtime more than any previous month, and needed to mandate staff on multiple occasions. The hospital administration is paying close attention to this issue.

Brattleboro Retreat

The Brattleboro Retreat has been working closely with KB Behavioral Healthcare Consultants and the Centers for Medicare and Medicaid (CMS) to ensure that the Retreat achieves full compliance with all CMS Conditions of Participation, and to fully implement all of the requirements of the Systems Improvement Agreement (SIA).

A second stakeholders meeting, is scheduled to take place on Tuesday, April 14th from 8:30 a.m. – 9:30 a.m. in Montpelier, at the Capital Plaza Hotel, Second Floor Board Room. The purpose of the meeting is to discuss the progress made by Brattleboro Retreat toward achieving compliance with the SIA, to hear your valuable perspective on the overall mental health system of care in Vermont, and to continue momentum as partners in assuring the critical needs of this population are met with the utmost safety and quality.

Soteria House has opened.

Who will be served? Soteria will be an option for individuals seeking a non-prescriptive approach that allows them to determine what is and isn't important about their experience. People who are going through an episode of distressing psychosis and are looking for the time, space and support to transform these experiences into something that does not have an impairing negative impact. Both psychiatric and naturopathic services are available at Soteria. Residents are free to choose medications should they wish that as a treatment option.

Patients Stuck in Level 1 Beds as well as other Psychiatric Beds.

1. The length of time a psychiatric patient remains in a hospital bed after being assessed as needing long term nursing care is a problem. DMH is working with DAIL to address this issue.

2. Criminal cases: The length of time to have a court hearing on a case when the patient has been found competent, can take months. Even patients who are ready for discharge, who are from the court system, can take a long period of time before the court gives its consent. Some of this will have to be addressed by changes in Title 13. DMH is working with Judge Grearson on this. The other is how to set court dates in a timelier manner.

Department of Disabilities, Aging and Independent Living (DAIL)

Testimony Provided On Three Bills This Week

- Enabling legislation for the establishment of ABLE savings accounts for person with disabilities is likely to pass with language provided by Secretary Pearce, with whom DAIL is working closely. This is a very favorable outcome as it delays specifics of implementation until the IRS develops regulations and at the same time, gives the Treasury Secretary authority to move forward once regulations are in place.
- Chair Bill Butzow expressed dissatisfaction with the lack of forward movement on H.333 which would essentially protect working persons with disabilities (MWPD) from losing Medicaid benefits as earnings increase. DAIL and DVHA are working together to develop a work plan to address the federal and state regulatory issues involved. Cost unknown.
- H. 11 will expand the Alzheimer's Disease Commission from 17 to 20 and create staggered terms and term limits which established the Commission. We support. No cost.

Governing Magazine Story on Integrated Employment

Chris Kardish from Washington-based *Governing* magazine has contacted several staff in the Developmental Disabilities Division for information on Vermont's transition away from sheltered workshops and for comment on the budget and system of care plan. He referenced a 2012 letter by Karen Schwarz from the Developmental Disabilities Council that alleges budget cuts threaten the system. DAIL DS Director Camille George will respond.

State Surveyors Visited Brattleboro Retreat This Week

There were no new findings. A stakeholders' meeting is scheduled for next week. We have been advised the consultant has been asked to discuss Vermont specific issues that may make the Retreat's work harder. She will bring up long delays in providing involuntary medication and confusion on what is/is not reportable to Division of Licensing and Protection. We can provide trainings if needed.

Department of Corrections (DOC)

Death of Inmate Due to Natural Causes and On-Going Medical Issues

Willard Andrews (DOB:8/23/63) is serving a 3 year to 6 year, 6 month sentence for 2 counts of Aggravated Assault with a Weapon. Mr. Andrews has a minimum release date of 08/6/16 and a maximum release date of 02/20/2020. Mr. Andrews was hospitalized to treat multiple, on-going medical conditions and passed away on April 5, 2015. It is believed his passing was related to his medical conditions.

Changes in Vermont Correctional Industries: Plate Shop move; Service Centers opening

VCI is implementing several changes that will integrate shops and programs. Planning for these changes began six years with the development of a VCI business plan. In April/May, the plate shop will move to the Northwest Correctional Facility. This move will cohabitate the shop with other industries at the site and allow for more efficient operation of the program. The Plate Shop and a new Small Engine Repair shop will share the same, newly purchased oven and trucking system. The

integration of the shops will be cost saving for raw materials, staffing and operating. The Southeast Correctional Facility will focus on developing Service Industries that are more in line with the transitional population that is slated to be housed at that facility. Services Industries include mowing, painting, construction and community assistance. These industries will also be developed at the Caledonia Work Camp and Chittenden Regional Correctional Facility.

High Risk Sex Offender Release Update on Richard Laws

Mr. Laws maximum release on 4/9/15, continues to garner much publicity. Commissioner Pallito and Deputy Commissioner Menard attended a press conference in Barre regarding the release. The mayor and other officials were very complimentary of DOC's handling of the case. We have been told by DPS officials that Mr. Laws must narrow down his "homeless" area in order to be compliant with H.16. DOC staff continues to encourage Mr. Laws to provide information about his living situation and have been in touch with DPS and the Orleans County State Attorney's office with updates. We anticipate numerous media calls tomorrow and have assigned a single point of contact for those calls.

Population

The department's incarcerated population averaged 1,932 for the previous week. The male population averaged 1,777 with 328 being presentenced inmates. The female population averaged 155 with 35 presentenced inmates.

Department for Children and Families (DCF)

Child Care Transportation Services

The Child Development Division (CDD) budgets approximately \$1 million annually to provide transportation for children eligible for Specialized Child Care – children in Protective Service, Family Support and Children with Special Health Needs - to get to and from their child care setting. Transportation provided through CDD ensures that children at high risk, in custody or that have a developmental delay have the ability to access child care and receive the necessary services to improve their well-being.

Transportation services are currently provided by 26 different providers through formal and informal agreements. Quality and accessibility of services varies widely across the state; effectively monitoring so many providers is difficult.

CDD will be issuing an RFP to solicit bids to enter a contract with one transportation provider to provide these services for children throughout the state. CDD may be willing to consider entering into more than one contract if necessary to ensure statewide access to transportation services. Current providers were informed of the intent to issue an RFP last week; a conference call with providers was held on April 6. On the call, providers expressed concerns about the impact losing their current transportation funding would have on their business, the feasibility of one provider providing quality services, potential loss of local control, and concerns about how a change might impact the families being served.

CDD plans to issue the RFP by the end of April, with a contract start date of September 1, 2015.

Housing & Opportunity Grant Program

DCF's Office of Economic Opportunity will be administering the new Housing Opportunity Program that will provide approximately \$4.7 million to local organizations in the homeless Continuum of Care to support Emergency Shelters, Transitional Housing, Rapid Re-Housing, Homelessness Prevention,

Coordinated Entry & Assessment, and Innovation Funds. We're merging four state and federal funding sources into a single streamlined program that will support coordinated services for people experiencing homelessness.

The Housing & Opportunity Grant Program operates within the [Opening Doors, Federal Strategic Plan to Prevent and End Homelessness](#) and the [Vermont Plan to End Homelessness](#). The program's primary goals are to:

- 1) Decrease the number of individuals and families experiencing homelessness;
- 2) Shorten the length of time people experience homelessness;
- 3) Reduce the number of individuals and families returning to homelessness; and
- 4) Prevent people from becoming homeless.

A guiding principle of the Housing & Opportunity Grant Program is to tie homelessness assistance activities to permanent housing through systems, practices, and initiatives that are proven approaches and data-informed. While the program will continue to address the needs of homeless people in emergency or transitional shelters, the focus is to assist people to quickly regain stability in permanent housing after experiencing a housing crisis or homelessness.

Department of Vermont Health Access (DVHA)

Blueprint

H.481 Update: In addition to Blueprint-ACO Integration work and clinical data warehouse migration planning, the Blueprint is continuing to watch the legislature's decision making around H.481 as it will have significant impact on the program moving forward. DVHA is having regular meetings with Accountable Care Organization/Provider Network partners to advance Unified Community Collaborative planning including identification of quality measures for use in the payment model.

Vermont Health Connect

VHC Project Update

VHC is working towards the delivery of functionality to support Changes of Circumstance (COC), Changes of Information (COI) and Reconciliation between VHC, Benaissance and the Carriers as part of Release 1. VHC is also planning for work to be completed related to Release 2 which includes Medicaid and QHP Renewals, Notices functionality, Additional Financial Reconciliation and Billing enhancements, and CMS Integration. Additional project updates can be found below:

Project Schedule

Renewal functionality must be completed by 10/1/15 to be functional for 2016 open enrollment. This project constraint currently represents a low probability risk. If the Amendment 7 contract is executed within the next couple of months, that delivery timeline is considered feasible. An initial draft of Amendment 7 was sent to CMS and SOV for review on Tuesday. The Final draft must go out to CMS for approval on 4/15/15 in order to execute the contract with Optum starting 7/1/15.

The Release 1 (Change of Circumstance) implementation timeline is dependent on carrier development and testing execution.

MVP has provided feedback stating that they could comply with the VHC schedule even though their development schedule does not line up with the proposed plan which puts the testing schedule and milestones at risk.

VHC held one-on-one meetings between the Carriers and SOV leadership on 4/7 to clarify schedule discrepancies and obtain clarity directly from each carrier for any open risks or concerns. During these meetings VHC received confirmation that MVP and BCBSVT development activities will be completed per their plans in time to proceed with end-to-end testing as long as no significant defects are identified during the Carrier or Optum development process. The VHC team is meeting with the team from Delta Dental on Monday, April 13 to confirm the same.

The Release 1 (Change of Circumstance) implementation timeline is dependent on VHC's operational readiness to accept the implementation of the auto-CoC code. Optum delivered further analysis Friday (4/3) providing the SoV options and a recommendation concerning backlog and reconciliation activity needed prior to Release 1. The SoV team is reviewing the analysis and is determining the next steps and operational adjustments that will need to be made. Analysis from the SoV team is expected by the 4/10/15. If the current manual processes are not supported once a system upgrade is deployed, then there is need to determine how to process related backlogs or delay the release. The activities that need to be inspected are the following: 2015 Renewals, 2014 CoC (Magic Zip Code) process, 2015 CoCs, Date flips, and In-progress Lion's Den work that may not be fully processed by the carriers. The SoV BA team is also reviewing all current non-COC processes in 3.3.2.10 to determine if they need to be readjusted.

Project Highlights

Release 1:

- Final approval of all Release 1 Solution Summary Documents
- End to End testing plan approval from all 3 carriers
- Scope document sign-off

- Release 1 implementation timeline is dependent on carrier development and testing execution. Optum, the State and the three carriers must agree to the proposed implementation schedule. Currently the SoV is focused on North East Delta Dental and their agreement on the implementation plan.

- Release 1 implementation timeline is also dependent on the completion of all backlog 2015 renewal applications and reconciliation between VHC, their premium processor (Benaissance), the three carriers (BCBS, MVP & Delta Dental), and Medicaid. VHC Operations is currently sizing the effort and will need to reprioritize their work to accomplish this dependency. VHC cannot implement the automated CoC solution until the work is complete.

- Lack of a contract with Optum for the completion of work required for Release 2 puts the timeline for Renewals functionality at risk. CMS has stated they need 60 days to review and approve any contracts submitted by the State of Vermont. An initial draft of Amendment 7 was sent to CMS and SoV for review on 4/7/15. The Final draft must go out to CMS for approval on 4/15/15 in order to execute the contract with Optum starting 7/1/15.

- VHC continues to be plagued by resource constraints. Resources are overallocated working on supporting operations, project related activities including attending requirements sessions, design sessions and participating in testing activities and supporting other projects in the Health Services Enterprise portfolio. These resource constraints pose risks to the project and our ability to complete all of the work necessary for a successful completion of Release 1 and 2. **As**

of Wednesday, a decision was made that HSE will be transferring resources to VHC that will assist with the project.

- Timing of the upcoming data center migration as part of the transition from CGI to Optum for Hosting poses a risk to the VHC Development timelines for CoC and Renewals. Consideration should be given to the timing of the data center migration of VHC application hardware and how it may impact other implementation delivery dates (i.e., delivery of CoC). The VHC project team and the Hosting team need to remain closely aligned on schedule and upcoming activities to avoid any negative impacts. The Project Manager assigned to the Hosting contract by the Health Services Enterprise (HSE) Project Management Office is being included in VHC project planning activities to ensure this alignment occurs.
- Timeline for small business (SHOP): The State needs to decide if it plans to implement a SHOP program for 2016 open enrollment. CMS has indicated support for direct enrollment to continue for 2016.

These open items if not resolved put the overall VHC project schedule at a significant risk.

VHC Operations Update

General Renewals Progress

VHC is 75% of the way complete with renewals. There are fewer than 150 no change renewals for the State to complete, and approximately 2000 full change renewals for Optum to complete. Current models suggest that this work will be finished by May 15th, given other projects (like terminations and completion of 2014 changes being pushed into the Lion's Den). VHC is working aggressively to try to shorten this timeline.

Lion's Den Expansion

The Lion's Den began working at full capacity with 28 staff located at IBM on Tuesday 3/31. They are clearing between 50 and 350 cases per day depending on how well the technology is working. AHS IT has been involved in trying to solve some of the Google Doc stability and general connectivity issues. Our success in meeting a May timeline is highly dependent on solving these issues. In the presentation Cass delivered to leadership earlier this week, it also suggested asking State workers to work overtime and to ask Optum not to travel during the week. This will keep productivity up.

BCBS Review & Recon

Review and recon on the 2900, 2014 BCBS cases is completed. The final processing on these cases will be complete in the next week. BCBS plans to run a receivables report during the final week of March to assess the impact of 2300 retroactive terminations on their 2014 receivables. This has reduced outstanding receivables by approximately \$0.5 million so far. There are still over 1,000 cases that need to be cleaned up in the Lion's Den through the termination process (faster than that CoC process). This should continue to reduce receivables in the coming weeks for 2014. However, the State has still not been able to identify the causes of the large discrepancies in receivables for 2015. Operations continue to feel like we need assistance from someone in the business office who is focused on reconciliation at the transactional level to support traditional premium processing given the complexity of the challenge.

Maximus

Maximus' work on Access to Care Cases and Premium Processing questions have led to a sharp drop in call volume and wait times at HAEU. A decision has been made to reduce the number of people on the phone next week so that more people can work on processing and testing.

MVP Dunning and Terms

Initial reports are that the MVP colocation pilot this week went very well. A summary is being written and will share with leadership. This includes decisions and processes that MVP has agreed to. It will be critical that we track this list and hold them to the decisions that were made together.

834 Error Potential

As we approach the deployment of auto-CoC. We have to make a decision this week re: restricting the CoCs that will enter the pipeline ahead of deployment. In addition, we need to prepare an 834 error team that is able to handle the potential uptick in errors that will result from incomplete 2015 reconciliation. We are working on this from the Ops side, but will need to be sure that business processes are in place as well as training to ensure that we can hit the ground running the day after deployment.

Premium Processing & Reconciliation

The State has made progress on reconciliation goals and deliverables. There is an additional team meeting on 4/1 to develop an action plan that will involve (1) getting started on data analysis regarding discrepancies, (2) decisions around whether reconciliation should focus on 2014 and 2015 plan years, and (3) progress on business processes related to 834 error resolution, as the error rate is likely to spike after the delivery of auto-CoC.

HAEU Vacancies

The State has posted HAEU vacancies and will begin interviewing in the coming weeks. We are also finalizing an org chart for operations that can be brought to leadership for approval by Friday 4/12.

VHC Outreach and Education Update

Spreading the Word on Tax Filing Deadline and Implications

With the April 15 tax filing deadline just a week away, the Outreach and Education team is continuing to use Assistants, social media, tax professionals, and other stakeholders to continue to remind Vermonters about 1) the Special Enrollment Period for individuals who didn't have coverage in 2014 and are now learning about the federal Shared Responsibility Provision fee, 2) the IRS's suggested options for tax filers awaiting corrected 1095-A forms, and 3) the importance of paying any late 2014 bills by April 15 in order to take advantage of federal tax credits. An additional reminder letter is being mailed to customers who have an overdue 2014 balance.

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Chuck Ross, SECRETARY

**STATE OF VERMONT
AGENCY OF AGRICULTURE**

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: April 10, 2015

Secretary's Top Issues

Important Animal Health Developments

- Both of the USDA APHIS Veterinary Services employees stationed in Vermont have been deployed to MN to assist with the outbreak of avian influenza. Animal Health field staff may be called upon to complete disease testing sample collection, such as sheep/goat brain for CWD or rabies testing – this collection is normally carried out by the USDA VT field staff.
- Animal Health is coordinated with the NY Department of Ag and Markets to investigate the actions of a NY dealer involved in illegal importation of livestock from NY into various premises in Vermont. The office will follow up with either letters of warning or notices of violation. Field staff will also meet with the NY dealer to arrange proper licensing in VT.
- Animal Health is investigating the actions of an unlicensed livestock transporter. Originally it was thought the activities only involved Vermont origin livestock. There is now an indication that the individual is moving NH animals into VT without meeting VT import requirements.
- Field staff met with a new business farmer who plans to import swine from PA to raise and slaughter in Vermont for various meat distributors.

Sustainable Ag Council Meeting

The Agency of Agriculture hosted the Sustainable Ag Council this past week. The Council exists in statute to be a leader in agricultural research and education for all types of farms in VT. The UVM Center for Sustainable Ag through an MOU has provided leadership to the council for the Agency of Agriculture. The council has put together a series of white papers on Ag issues in the state and will be presented to the legislature in the near future. Representative Carolyn Partridge joined the group for lunch and the white papers were discussed. UVM would like to revisit the MOU with the Agency of Ag due to the lack of funding for research and a greater determination of the role of the Council with fewer research dollars.

Prominent Ag Development Meetings

Numerous Agency of Agriculture staff, including Secretary Ross, participated in noteworthy conferences/summits throughout New England. They include:

- Farm to Institution New England summit in Amherst, AM
- Food Connects conference in Brattleboro, VT
- Agritourism conference in Rutland, VT

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TO: Gov. Peter Shumlin
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Status of Governor's Priorities:

Legislative Activities and Issues

- Assistant State Veterinarian testified before the House Ag committee regarding H.164, a bill that proposes to amend the sheltering requirements in 13 V.S.A. section 365 for dogs housed outside. Sheltering requirements for dogs can be found in both 13 V.S.A. and 20 V.S.A. The Agency has no position on this bill as we do not enforce these standards or participate in animal welfare investigations relating to companion animals such as dogs or cats. The Committee wanted to make sure that these amendments did not interfere with any requirements for livestock, which they do not. The Committee also received testimony from Dr. Karen Bradley, representing the VT Veterinary Medical Association, and Joanne Bourbeau, representing the Humane Society of the United States. Both parties support the bill with certain recommended changes. One of the amendments will conflict with the sheltering requirements for dogs house outside that are listed in the Animal Welfare Regulations promulgated from 20 V.S.A chapter 194.

April 7, 2015

H.426 Raw milk House Agriculture committee discussion

Rep. Zagar: We're discussing this today because of the recent policy change. We need to revert to the pre-2014 standards We need to eliminate the need for a farm visit. We need to explore lab-approved containers to help farmers get product to the lab more efficiently We need to revisit the sign and label language p.5 line 4, section e strike "miscarriage...to newborn" language from requirements

Rep. Bartholomew: yes, the language on the sign could change, but let's not get wrapped around the axle about that

Rep. Zagar: we need to strike the "miscarriage & fetal death" language Regarding TB testing, we should test once for new animals, then every three years

Rep. Bartholomew: we should just test at the same rate conventional dairies are tested. What do they do?

Ms. Stander (Rural VT): Bovine TB is different from human TB.

Rep. Bartholomew: whatever they do on conventional dairies for TB, it should be the same for raw milk dairies

Need to clarify: how often do conventional dairies test for TB? Is bovine TB different from human TB?

Rep. Connor: yes, test the same way you test conventional farms

Rep. Zagar: we should be looking for ways to raise the caps and create economic opportunity for farmers. They should be able to have customers walk up to their booth at the farmers market and buy raw milk.

Rep. Partridge: Is there a need for education?

Rep. Zagar: there's a label and a sign. Is that education? We can say "farmer shall inform customer verbally of risks and invite customer to visit farm." I'd also like to see a discussion of retail sales

Rep. Partridge: we need to get the (food) coop in to talk about that (note to Leehman)

Rep. Ryerson: I can't get to my farmer's farm because the roads are muddy. I can't pick up my milk. It needs to be at farmers' markets. There should be pick-up locations in town.

Rep. Bartholomew: I don't think people read labels. I don't always read labels.

Rep. Ryerson: we can't rely on winter farmers' markets. Most close in winter. Then what?

Rep. Graham: When you buy cigarettes, no one is standing there, telling you they are dangerous. Are we saying raw milk is worse than cigarettes?

Rep. Purvis: Visits to farms cause biosecurity hazards. We shouldn't be sending people to farms. What if they were at a petting zoo earlier that day? It could cause an outbreak.

Ms. Stander (Rural VT): If cheese is the "dividing line" can we talk about other value-added products and opportunities? It would be valuable for farmers to be able to use the excess milk they don't sell for other value-added products. If cheese is off limits.

Mr. Bivins (Cheese Council): Other producers need a milk-handlers license

Rep. Partridge: what are the requirements for milk-handlers? What do you have to do if you want to sell yogurt or ice cream or butter?

Request for Agency to provide this info...do you have to pasteurize? What are the requirements for value-added dairy?

Rep. Bartholomew: Is there a safe, clean handling space? There's no oversight here. How would we know it was being done safely? This is different than just taking milk out of the bulk tank and putting it into a bottle and selling it

Rep. Partridge: handling milk more, so more risk

Rep. Graham: we don't put these limitations on sugar makers. They can make candy, they can make sugar...they can do it in a shack with a dirt floor. You have to have some faith people will just do the right thing. [assorted comments about food safety... "leafy greens #1 source of food borne illness"...how do we keep food safe? FSMA, etc.]

Rep. Bartholomew: milk is different. Not analogous to syrup. Syrup does not carry a high risk.

Rep. Zagar: what is stopping tier 2 producers from getting handlers license?

Ms. Stander (Rural VT): Very few companies will insure these producers. The ones that do require you to transfer your entire account over to them. They also have testing requirements. It's not that our farmers don't want to be insured, it's that many can't get insurance.

Rep. Partridge: have you looked at Captive Insurance? A self-funded plan?

Ms. Stander: This is very expensive. Like \$1.5 million.

Rep. Partridge: The Senate is focused on the policy changes. They are not going to be as focused on this value-added piece.

Rep. Smith: What type of insurance do farmers market sellers have? People who sell food usually have to have insurance.

Request for clarification re: farmers' market insurance requirements. Leehman will contact VFMA.

Rep. Connor: I need insurance to participate in the VT Cheese Fest.

April 8, 2015

H.426 Raw milk House Agriculture

Dr. Stegman, a North Dakota veterinarian testified on the usefulness of testing milk, providing comments on TB, brucellosis, bacterial and somatic cell counts. He has interest in food safety and undergraduate degree in microbiology, and is an accredited USDA veterinarian. He conducts brucellosis and TB testing in his practice, and does consult with raw milk producers, and supports the Vermont legislation. Based on the data he has on Vermont, he believes that initial testing of animals is important -before they enter the herd. The requirement for more frequent testing with these high sensitive tests results in a high rate of false positives that require additional testing and is a drain on small business resources for little gain to protecting the public health. He commented that Vermont generally does not have a reservoir of brucellosis or TB in the area, until this occurs rigorous testing is not necessary. TB can be caught by humans, so the risk is real. Making measure to ensure bio security of farms around the state is a greater protection. Testing should be based on risk in the region. The state has been free of the disease for a long time.

A high rate of testing results in false positives and unneeded costs for producers.

Q &A with Dr. Stegman

High somatic cell count what does this mean? Somatic cells line udder and are shed in milk. Easy to monitor, simple test. Certain breeds have higher counts. Go up if there is an inflamed udder. Early warning sign that something is brewing, mastitis. It is not a valuable to establishing if a problem exists that could effect human health. Culture is better to determine fecal contamination, which can establish poor management practices, hygiene in parlor. Good producers will watch somatic cell counts regardless if required by state.

How about other counts that could lead to health risk in humans. It is necessary to watch is coliform counts, and total bacteria counts with respect to holding temperatures of milk.

Brucellosis ring test and risk of false positives- it is an easy to perform should we do anyway? Only benefit is that it is easy. What does one do with results once you get them. Not in favor of frequent testing, because no benefit. For small farms there is the inability to sell milk when counts are high.

Is there a benefit if

More beneficial to vaccinate calves, to protect public health.

Even though we don't have disease Vermont should be diligent . Better tests and mechanisms- then milk ring test. There should be a change in testing protocol.

Is there a relationship between a high somatic cell count quality of milk, and shelf life? Yes. Organic material breaks down milk will be of less quality, but not an issue with public health. Somatic cell could affect flavor it would be more salty. Is this something that can mandate by state law?

Randy Robar , a registered raw milk tier two producer.

Raw milk producers have a difficult time justify expense of testing, with the location of labs and the protocol that exists today.

High counts results in notifying all customers. This is a standard that results in individual not purchasing your milk and it is hard to recover from this in a producer's regional market. Somatic cell count, not indicative of quality, and one cow in a small operation with a high count can require notification to customers. This scale issue is unfair to small producers.

The inability to sell at farmers' markets is an impediment to business and business development. . Consenting adults want to purchase raw milk products, it shouldn't be that difficult.

The ability to sell cream and skim raw milk should allowed. The separation of cream and selling that product is due to the natural separation process, there is no really processing of this product.

If a producer can make it through the regulatory hoops and meet legal requirements, the product should be deemed safe to sell without caps and locational sales standards.

Nick Zigalbaum Lab director with Bob White Systems retail/dairy technology. They are FDA certified lab.

He spoke about the ability to send in smaller samples, the volume of milk needed for samples (2 oz.) How a two ounce sample can be shipped to them and how it can stay cold 24 hours if packet appropriately. The Lab has no need for ½ gallon containers- a lot of milk would be wasted and could affect their ability to store that volume of milk.

The testing process they use does not differentiate between a problem with milk or container. Can Somatic cell counts are a management tool, and don't tell you if there is a problem with milk, specifically. They don't tell people that the milk is bad and whether there is potential for pathogen growth. Also, there could be human/lab error and hanging that on farmer is unfair. The lab tests and protocols are within FDA standards.

Erin Buckwalter, NOFA, insurance at farmers markets NOFA recommends that markets have general liability and actual producers have product liability. About half of markets require producers have insurance, and other half strongly encourage insurance . She offered to provide a list of insurance companies that work with markets best practiced sand management. The survey NOFA conducted was a self-reporting type of survey. Some markets are very loosely organized and may not have participated

Cost range? No idea. Co-op Insurance may be able to provide data.

April 9, 2015

S. 49 Senate Agriculture Committee changes (Draft No. 1.8; 4/3/2015)

These went to Senate Natural Resources

Jim Leland, Agency of Agricultural provided the following comments in committee.

1) Line 7; Page 3: A farmer may petition the Secretary to reduce the size of a perennial buffer or change the perennial buffer type based on site specific conditions.

Comment: At this time the requirement for buffers is based on AAP rules and MFO and LFO permit requirements. The permit requirements are consistent with NRCS 590 nutrient management standard requirements. Reduced buffers may not be consistent with this standard. Perennial vegetation is required in the buffer though there is no requirement for specific plant types or species. The Agency believes that in all cases the minimum buffer distance should be 25 feet. This will be proposed as a change to existing AAP rules (current standard 10 feet from surface water and 25 feet from surface water at points of field runoff).

2) Line19; Page 3: If a perennial buffer of trees or other woody vegetation is required as a BMP, the Secretary shall pay the farmer for a first priority easement on the land on which the buffer is located.

Comment: The Agency does not require, nor has the authority to require trees or other woody vegetation in a buffer. This provision would, therefore, seem moot.

3) Line 1; Page 7: In no case shall manure stacking sites, fertilizer storage, or other nutrient storage be located within 200 feet of a private well or within 200 feet of a water of the state. And; In no case shall manure be field stacked within 200 feet of a surface water.

Comment: The Agency believes the current 100 foot standard is appropriate.

4) Line 5 Page 8: The Secretary shall establish standards for site-specific vegetative buffers that adequately address water quality needs.

Comment: Any considerations for site specific buffers should not allow buffers less than 25 feet in width.

5) Line 11; Page 15: When the Secretary of Agriculture, Food and Markets receives a complaint and determines that a farmer is in violation of the requirements of this chapter, rules adopted under this chapter, or a permit or certification issued under this chapter, the Secretary shall notify the farmer within three business days of the nature of the complaint, including the action complained of.

Comment: The Agency is concerned that this may be used as a defense in the enforcement process that would negate enforcement actions. In order to avoid that outcome, the Agency would be required to establish another tracking system to ensure notice had been attempted. This adds a layer to the investigation and enforcement process. The Agency suggests language that would require notification to the farmer without the reference to a specific number of days. Perhaps; “as soon as is practicable during the initial investigational response”.

Significant Events/Meetings:

- Both of the USDA APHIS Veterinary Services employees stationed in Vermont have been deployed to MN to assist with the outbreak of avian influenza. All USDA Veterinary Services related inquiries will be routed to the regional office in Sutton, MA. Animal Health field staff may be called upon to complete disease testing sample collection, such as sheep/goat brain for CWD or rabies testing – this collection is normally carried out by the USDA VT field staff.
- Animal Health staff participated in the national call hosted by USDA VS on Animal Disease Traceability. One big issue is proper tools for the official identification of swine.

Evolving Issues:

- Animal Health is coordinated with the NY Department of Ag and Markets to investigate the actions of a NY dealer involved in illegal importation of livestock from NY into various premises in Vermont. The animals were imported without required forms of official identification and paperwork. The office will follow up with either letters of warning or notices of violation. Field staff will also meet with the NY dealer to arrange proper licensing in VT.
- Animal Health is investigation the actions of an unlicensed livestock transporter. Originally it was thought the activities only involved Vermont origin livestock. There is now an indication that the individual is moving NH animals into VT without meeting VT import requirements.
- Field staff met with a new business farmer who plans to import swine from PA to raise and slaughter in Vermont for various meat distributors.

Summary of Key agency Department Activity

Administration:

The Agency of Agriculture hosted the Sustainable Ag Council this past week. The Council exists in statute to be a leader in agricultural research and education for all types of farms in VT. The UVM Center for Sustainable Ag through an MOU has provided leadership to the council for the Agency of Agriculture. The council has put together a series of white papers on Ag issues in the state and will presented to the legislature in the near future. Representative Carolyn Partridge joined the group for lunch and the white papers were discussed. UVM would like to revisit the MOU with the Agency of Ag due to the lack of funding for research and a greater determination of the role of the Council with fewer research dollars.

Louise Waterman, Senior Ag Development Coordinator held a series of Mock OSHA inspections for dairy farms. These workshops were very successful with lots of good discussion and the workshops included a PowerPoint and a farm walk around. A total of 52 people were trained representing 25 farms, 1 milk coop, 3 insurance agencies, one feed company, Miner Institute staff and students and Agri-Placement Services. Trainers included: Lee Hipp with Agri-Services, Agency of Ag, UVMEXT and DOL/Project WorkSafe for a total of 6 participating trainers.

The Northeast Dairy Sustainability group (Cabot, Ben & Jerry's, Dairy Co-ops and Sustainable Food Lab) met in Montpelier this week. This group was written into the RCCP grant and since the grant has been received, the group discussed their role with Assistant Director of ARMS division Laura DiPietro. The group agreed to allow their sustainable dairy programs to provide measurable indicators for the certainty program for water quality. Details to be worked out in the future but a very positive step forward.

The Agency of Agriculture will provide comments to USDA Agricultural Marketing Service on the value of the Federal Milk Marketing Order System to Vermont dairy farmers. This system provides basic protections to VT farmers such as specific payment dates for milk, calculation and documentation of a minimum price, audit function for payment to farmers based on milk volume and milk components and incentives to transport milk from rural areas to areas of population density. Comments are due on Monday and joint comments from the Northeastern states are expected as well.

Land Use

The Chief Policy Enforcement Officer participated in the Agritourism Conference in Rutland on April 8, making a presentation to farmers and service providers on the intersection between municipal land use regulation and AAFM regulation through the accepted agricultural practice. This intersection is important because the AAFM has regulatory jurisdiction much of the farm operation but there are many uses now occurring on a farm that are not regulated by the Agency and could require municipal permits. The Agency has an interest in educating farm operators about these land use regulatory distinctions, so that farms can be prepared and profitable in all their endeavors. (Additional Agritourism conference notes below).

Agricultural Development:

Senior Agricultural Development Associate Alex DePillis represented the Agency, as a member of the visiting team at VCRD's Community Visit Day. The 7.5-hour visit engaged St. Johnsbury residents and thought leaders in discussions on nine topic areas, and begins a three-month process "...designed to help St. Johnsbury residents define, prioritize and confront the challenges before them." Visiting team members were assigned to relevant topic areas, and were required to actively listen. Each moderated session ended with visiting team members giving a one-minute, non-advisory reflection of main issues and themes revealed in each session. DePillis covered Transportation and Tourism; Energy, Food and land-use; and Youth and Creative Economic Opportunity.

Farmland Conservation Projects – January thru March 2015

Land Use Administrator Sylvia Jensen reports during the first quarter of 2015 five farmland owners sold conservation easements rights totaling \$1,123,500 (964.9 acres) funded by Vermont Housing and Conservation Board, USDA/Natural Resource Conservation Service, and Upper CT River Mitigation Enhancement Fund. The sale of an easement compensates the landowner for non-agricultural uses and protects the soil resources in perpetuity. The following properties have been secured for agricultural purposes: Dutton Farm in Randolph/110.9 acres, Barabe I & II Farms in Berkshire/335 acres, Fay Farm in Guildhall/61 acres, and Spencer Farm in Addison/458 acres.

The Agritourism conference, *Welcoming Customers on Your Farm Using Agritourism, Education, and Direct Sales to Increase Farm Profits*, was held on April 7th & 8th in Rutland, VT. On Tuesday April 7th 50 conference attendees attended 5 farms in the Rutland region that actively participate in Agritourism and education. These farms included Hathaway Farm in Rutland, Green Mountain College in Poultney, Wellsmere and Larson Farms in Wells, and Someday Farm in Dorset. After the tour, attendees were treated to a locally sourced dinner catered by Vermont Roots at the Vermont Farmers Food Center. Secretary Ross addressed the attendees after dinner, highlighting the important role that authentic Agritourism enterprises play in strengthening the Vermont brand. He also spoke enthusiastically about how these farms bridge the divide in ag literacy and help educate our state and country about the importance of agriculture and food. The second day of the conference was held at the Paramount Theater and Community College of Vermont in downtown Rutland. Over 100 conference attendees from 10 different states participated in 20 workshops that focused on identifying opportunities, crafting experiences, liability and safety, land use, business planning and many other areas of Agritourism. VAAFMs Chief Policy Enforcement Officer Stephanie Smith presented a workshop on Land Use and Agritourism to help guide farmers.

VAAFMs assisted planning the conference in partnership with the Rutland Regional Planning Commission, Rutland Area Farm and Food Link (RAFFL), University of Vermont Extension, Shelburne Farms, Farm-Based Education Network, Vermont Farms! Association, the Vermont Department of Tourism and Marketing, and the Community College of Vermont. Funding for this conference was made possible in part with a Rural Business Enterprise Grant from USDA Rural Development.

VAAFMs Senior Agriculture Development Coordinator and Farm to School Coordinator, Ali Zipparo, attends Food Connects 6th Annual Farm to School Conference in Brattleboro on April 2

- Food Connects is an organization that specializes in farm to school, with a mission to cultivate healthy food and farm connections in classrooms, cafeterias and communities in and around Windham County, Vermont. Food Connects provides technical assistance to Bennington School, a 2015 Farm to School Grant Program Planning Grantee. Food

Connects was also part of a group of four food hubs that took part in a USDA Farm to School community of practice that resulted in a newly published guide, *Using Food Hubs to Create Sustainable Farm to School Programs*.

- The conference drew nearly 100 farm to school coordinators, educators, administrators and other related professionals from Windham, Windsor, and Bennington Counties together to learn, collaborate and celebrate successes in farm to school.
- VAAFM Farm to School Program made significant connections to new stakeholders in the southern section of the state including teachers, solid waste district professionals, and food service directors. Attendees of the meeting were extremely pleased to have VAAFM's presence at the meeting.
- After several questions arose about feeding food scraps to swine, the Farm to School Coordinator shared the quick guide, *Feeding Garbage to Swine*, available on the ANR website, and created in partnership with VAAFM.

VAAFM's Deputy Secretary LaClair, Local Foods Administrator Willard and Senior Agriculture Development Coordinator Zipparo meet with Agency of Administration Deputy Secretary Clasen and Risk Management Manager Duchac to discuss alternatives to SOV Workplace CSA Program

- The State of Vermont (SOV) Workplace Community Supported Agriculture (CSA) Program began as a pilot in 2012 to expose farmers to SOV employees as a new market to sell product, increase SOV employees' access to local food, improve workplace wellness, engage state employees in learning about Vermont's food system, and facilitate awareness opportunities. The program is coordinated by the Agency of Agriculture, Food and Markets (VAAFM) with support from the State Employees Wellness Program.
- We estimate approximately 100 SOV employees have participated in the program but since it has proven difficult to track what employees are involved, there may be overlap from season to season. Based on surveys done in 2012 and 2013, nearly 100 farms expressed interest in accessing the SOV workplace as a market to sell their product.
- Given the relatively low number of employees who participated, as compared to the resources that went into coordinating the program, it was decided to discontinue the program.
- VAAFM is committed to exposing farmers to SOV employees as a new market to sell product, increasing SOV employees' access to local food, improving workplace wellness, and engaging state employees in learning about Vermont's food system and facilitate awareness opportunities. Although the SOV Workplace CSA Program has not reached the level of success hoped for, there are alternative strategies that the State of Vermont can consider, in order to reach these goals.

VAAFM Local Foods Administrator Willard and Farm to School Coordinator Zipparo present at Farm to Institution New England (FINE) Summit in Amherst, MA

- FINE is a collaboration between organizations (including VAAFM) throughout New England, with the goal of strengthen our food system by increasing the amount of New England-grown and processed food served in our region's schools, hospitals, colleges and other institutions.
- The incredibly successful three-day summit was organized by FINE, along with partners in farm to institution, including those in healthcare, higher education, state government and k-12. Over the course of three days, over 600 people attended the first-of-its kind gathering. The first day's focus was on farm to school, and was planned by members of the National Farm to School Network Northeast Regional Steering Committee. VAAFM's Farm to School Coordinator serves as the Vermont state lead for that committee.
- Secretary Ross opened the summit with remarks on the educational, health, economic, and environmental value of farm to school to an audience of 280 people from 10 states.
- Willard and Zipparo joined Sarah Waring of Center for Agricultural Economy and Annie Harlow of Addison County Relocalization Network, in a presentation about the newly published *Using Food Hubs to Create Sustainable Food Hubs* to a group of 30 stakeholders from 6 states. Most states do not have strong food organization networks, and are eager to learn from Vermont's model.
- The summit provided VAAFM and the State of Vermont an opportunity to further build relationships with regional partners, in an effort to enhance New England's food system with a goal of producing more food in our states, to feed the 14.6 million people in New England.

2015 Vermont Produce Safety Survey & Interactive FSMA Resource Launched

Produce Safety Coordinator Kristina Sweet launched the **2015 Vermont Produce Safety Survey & Interactive FSMA Resource**, available at <https://www.surveymonkey.com/s/vtproduce>. All Vermont farmers who grow, harvest, pack, or hold fresh produce—even if primarily engaged in another type of farming—are encouraged to take this survey.

- The survey is designed to help farmers determine how they may be impacted by FDA's Produce Safety Rule, a proposed rule under the Food Safety Modernization Act (FSMA).

- Information collected through this survey will help VAAFMM understand how Vermont farms will be impacted by the Produce Safety Rule and assist farmers to prepare for FSMA implementation.
- The survey may be completed online at the link above or over the phone by contacting Kristina Sweet at (802) 522-7811.

Vermont Specialty Crop Block Grant Program Considers High-Quality Proposals

The Vermont Specialty Crop Block Grant Program (SCBGP) received 13 high-quality proposals for projects to enhance the competitiveness of Vermont specialty crops.

- Proposed projects would benefit fruit, herbs, honey, hops, maple, mushroom, and vegetable industries.
- Proposals will be reviewed by a committee of Vermont specialty crop stakeholders (including farmers), and applicants with the strongest proposals will be invited to submit full applications for funding.
- More information on the Vermont SCBGP is available at <http://bit.ly/VTSCBGP>.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Working on sending a Letter of Warning to a federal plant who has not notified the Agency of two humane handling violations this month. The establishments have 5 days for notification.
- Another federal plant did send notice of a humane handling non-compliance it received and responded to.
- The Guild, a state/federal processing establishment is set to close at the end of this month.
- Meat Program rep will be visiting Hannaford Career Center in Middlebury to evaluate the existing kitchen to see if it will meet inspection system requirements to add further processing under state inspection to their curriculum
- Meat Program rep consulted with producer of Mangalitsa pigs from Michigan as they consider relocating to Shoreham VT and to raise the heritage breed and work on value added pork charcuterie
- Three Notices of Warning sent for sale and offer for sale of meat products produced without the benefit of State or Federal Meat Inspection

Animal Health:

- Animal Health Field Staff
 - Initiated a tissue residue investigation of a dairy farm in Lamoille County – the farm had a bob veal calf test positive for the antibiotic ceftiofur.
 - Working with a farm supply store in Bradford to be licensed as a pet shop – they are planning to start selling fish.
 - Worked with the licensing department to update the renewal letter and license applications for livestock dealers/transporters/packers.
 - Reviewed the health status of dairy cattle at a farm that has been shut off from shipping milk.
 - Completed a quarterly inspection of an equine facility.
 - Attended the yearly dairy sale at Addison Co Comm Sales where a large number of springing and open heifers were sold. Also met with the veterinarian who was contracted with the sale to be on site to complete Certificates of Veterinary Inspection for those animals sold and subsequently shipped out of state.

Agricultural Resource Management:

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

- Staff conducted both an inspection of a manure pile and outreach related to manure spreading on a LFO in Washington County. The Agency received a complaint regarding a manure pile on a field managed by the LFO. Additionally, the LFO requested assistance to evaluate manure spreading possibilities. Given the late spring, we encouraged the farm to delay land application of manure until conditions improved.
- Staff received a complaint about manure piles related to a MFO in Washington County. The complaint was very general and staff conducted a preliminary investigation to see what potential next steps might be.
- Staff conducted a facility inspection of a MFO in Orange County to verify compliance with the MFO General Permit. Permit compliance concerns were noted and we will begin to develop next steps after reports are finalized.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff attended and presented information related to BMPs at a Water Quality Partner Training meeting in Rutland. The meeting was set up by VHCB to discuss water quality regulations, outreach strategies and other related components related to the complexities of assisting farms in achieving compliance. Attendees included: NRCS, FSA, UVM Farm Viability, VHCB, ANR-DEC, AAFM, AgriMark, DFA, VLT and VEDA.
- Staff are processing and reviewing LFO annual reports for compliance.

- Staff are continuing to review LFO nutrient management plans (NMPs) and will be meeting with NRCS on April 13 to discuss the quality of NMPs we have received as part of LFO annual reporting. NRCS certifies the technical service providers (TSPs) that are able to provide NMP services to farms in VT and has the ability to work with TSPs to improve their planning services.
- 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 sent out applications and processed grants for several grants for the Farm Agronomic Practices (FAP) Program.
- Staff are processing annual reports for the Capital Equipment Assistance Program (CEAP) which is a program that offered financial assistance to farms to purchase equipment to help the farms improve their management and improve water quality. Equipment included no-till seeders and corn planters and manure injection equipment.
- Staff are processing USAHerds livestock data, preparing farm surveys and making maps in preparation for the Franklin County Initiative.
- Staff are working on preparing farm data as part of the water quality (WQ) section's efforts in the development of the new WQ database. The vendor is hoping to release an updated version of the WQ database into their staging environment next week so that we can initiate database testing again.

Conservation Reserve Enhancement Program (CREP):

- Staff assisted the VLT and DEC to fill out Ecosystem Restoration Program (ERP) grant applications for river corridor easements.
- Staff conducted CREP pre-planting visits on 3 SFOs in Franklin County to discuss the projects with the planting contractors.
- Staff coordinated with VHCB and VLT to develop case studies to be discussed at the Water Quality Partner Trainings set up by VHCB. There are three all-day trainings scheduled between April 7-14 in Rutland, St Albans and White River Junction.
- Staff are preparing for field season, creating GIS maps, working with partners (eg VACD, NRCS, US Fish and Wildlife), and are working on CREP related contract items for current and future projects.

Secretary's Comments:

- Met with Darren Springer, incoming Chief of Staff to Governor Shumlin
- Participated in a keynote panel at the Farm to Institution New England Summit in Amherst, MA (previously mentioned)
- Delivered a dinner speech at the aforementioned agritourism conference in Rutland. This speech focused on tourism, agricultural literacy, and health of community and body.
- Met with Chris Kilian of the Conservation Law Fund, members of the Attorney General's Office, Commissioner David Mears of the Department of Environmental Conservation and members of the Governor's staff to discuss the Conservation Law Fund case.
- Testified in front of Senate Natural Resources on S.49
- Met with Will Raap of Gardner's Supply and two representatives of Burlington College to have a preliminary discussion about opportunities for engagement with Cuba about agriculture, food and energy.
- Met with Bill Bright of the Boys and Girls Club of America to talk about Farm to Institution opportunities.

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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: April 10, 2015
Subject: ANR Weekly Report

Governor Level Issues:

Lean Success Story: We recently passed the one year anniversary of the Lean event that examined and resulted in dramatic changes to our auditing practices for closing out drinking water and pollution control projects. Prior to the Lean event, the program faced a backlog of roughly 1,100 open accounts with no end in sight to eliminate the backlog. After applying the Lean process, the auditing process was overhauled, and the program projected elimination of the backlog by March, 2016. As of March, 2015 (the halfway point), we have closed 62% of those open accounts, leaving just over 400 to complete between now and March 2016. We are on track to reach that goal. As a consequence of this effort, \$1.3 million has been returned to the revolving loan fund.

Alchemist Brewing: An indirect discharge permit was issued to the Alchemist Brewing Company for the disposal of the high strength wastewater generated from their beer brewing facility in Waterbury. The permit allows the Alchemist to send up to 5,000 gallons of process wastewater per week to Vermont Technical College's anaerobic digester in Randolph. The high strength wastewater consists of spent hops and yeast, waste beer and rinse water.

ANR v. Ken Bacon and Ken Bacon, Jr. – April 20 Contempt Hearing: The Bacons committed a series of logging AMP violations which resulted in discharges to state waters. A trial was held before the Environmental Division of the Superior Court and the Bacons were found to have committed the violations alleged by the Agency. The Court ordered that they pay a penalty of \$40,000. The Bacons have failed to comply with the Court order requiring payment of the penalty, as well a requirement to notify the Department of Forests, Parks and Recreation of upcoming logging operations. The Agency has been working on a number of fronts to try to collect the unpaid penalty. A contempt petition was filed on March 23, 2015, and the

Environmental Division has scheduled the contempt hearing for April 20, 2015. The Bacons have a history of criminal violations including acts of violence and intimidation. ANR leadership and enforcement officers are working with the Court to ensure adequate security for the upcoming proceeding.

ANR v. Agri-Mark, Inc. d/b/a Cabot Creamery – Assurance of Discontinuance entered as a Court Order on March 31, 2015: Cabot Creamery is subject to an Indirect Discharge Permit which authorizes the indirect discharge of dairy processing wastewater by land application to various fields identified in the permit. As a result of routine oversight, the Agency determined that the company exceeded daily disposal limits on nine different disposal fields in 2013 and two fields in 2014, and exceeded the annual disposal limit on two fields in 2013 and two fields in 2014. In response to the violations, the company adjusted its disposal practices for fields approaching their disposal limit, added an additional data entry review step, and added an additional check on its daily disposal schedules to ensure that any daily limits are met and fields with less than a full truck load of capacity are not utilized. To resolve the matter the company agreed to pay a penalty of \$11,250.00.

EVERYTHING ELSE:

Legislative Issues/Testimony:

H.35/S.49 Clean Water Initiative: On a vote of 133 to 11, H.35 passed third reading in the Vermont House last week. On third reading there were attempts at amendments on the policy, revenue and spending provisions. For example, an amendment was introduced by Representative Lynn Dickinson that would eliminate all revenue provisions of H.35 and replace them with a re-allotment of property transfer tax revenues. The amendment failed, gaining ~40 votes. The Senate Natural Resources and Agriculture Committees both continue their work on S.49. Commissioners Mears, DEC staff and Commissioner Snyder continue to provide support and testimony to both committees on the bill. Bray indicates that he will be voting the bill out of his committee by next Wednesday.

ANR Fees: ANR provided initial testimony to the Senate Committee on Finance this week, providing an overview of changes to Department of Fish & Wildlife and Department of Environmental Conservation Fees, as well an increase in Act 250 fees and new Section 248 fees that would support ANR planning and legal services. We were well received by the committee and no significant questions were raised.

248 Fee: OPLA presented a revised Section 248 fee proposal to Senate Finance on Thursday 4/9. Since the executive fee bill was passed by the House, OPLA has been working closely with stakeholder impacted by the proposed Sec. 248 application fee, including REV, VELCO, GMP, Verizon and others. The new ANR proposal maintains the revenue level generated by the fee, but includes changes in response to stakeholder comments. ANR and REV still have a slight

difference in how we would like to see the fee applied to small scale group net metered projects: ANR's proposes a fee only for distributed generation projects 500kW and larger, where REV wants to include community-scale solar projects at 150kW in order to apply a slightly lower fee across the entire distributed generation portfolio. ANR and REV will continue to negotiate that point, but it should not be a deal killer either way.

St. Albans Town Rte. 207 Extension: Representative Lynne Dickenson requested a meeting with ANR regarding the St. Albans Town Route 207 extension, concerned it was not moving forward. The Town has worked closely with DEC to scope their permit application, if they choose to apply. ANR leadership will meet with Rep. Dickinson to walk her through the wetlands rules and options for the Town. No application has been filed at this time.

H.272: Commissioners Snyder and Porter provided initial testimony before the Senate Finance Committee on the Current Use bill this week. The entire focus was on the proposed posting positions. In a straw poll it looked like there was possible support for the provision.

H.492: Commissioner Michael Snyder and his team provided testimony before the Senate Committee on Institutions this week regarding the Capital Bill.

H.355: Commissioner Snyder provided initial testimony before the House Committee on Government Operations this week regarding the proposed Forester Licensing bill.

Press Issues/Releases:

Vermont State Parks 2015 Venture Vermont Outdoor Challenge: The Vermont State Parks are gearing up for their 2015 Venture Vermont Outdoor Challenge, which will run from April 1 to October 15. The program involves an outdoor scavenger hunt for children and adults alike, and includes activities such as identifying amphibians, mapping GPS coordinates, and making cooking utensils out of found materials.

VTFWD Press Releases: Proposed Shooting Range Rules Only for F&W Ranges; VT Moose Hunting Applications Are Available; and VT Trout Season Opens April 11, 2015.

Significant Events/Meetings:

The **VT F&W Board** held its monthly meeting on Wed, April 1. The agenda for the meeting included: Final Vote on Moose Permit Numbers; 2nd Vote on Fish and Crow Rules; Stocking and Hatchery Presentation by Adam Miller; Acknowledgement of a Petition to extend ruffed grouse hunting season/Pheasant hunting and; Reflection on recent Deer Hearings. The minutes from this meeting can be found on the Department's website.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

Burlington College Property – Regulatory Scoping Meeting: OPLA joined ACCD and NRB on April 7 at a meeting with Developer Eric Farrell to discuss his conceptual build-out of the former Burlington College property on North Street. Mr. Farrell will launch a community engagement/visioning process for the land in the coming months, so the purpose of the meeting was to introduce state regulators to his conceptual plans and to begin ANR's preliminary site assessment process to identify any potential natural resource constraints present on the site that should be considered during the community process and in the eventual project design.

Vermont Electric Coop – S. Hero Solar: VEC has proposed to construct and operate a 1.5MW solar facility in a forested area on South Hero. VEC has filed a notice to the PSB seeking to proceed under the Sec. 248(j) permitting track – the (j) track is an expedited process reserved for projects of limited size and scope that do not raise issues under the substantive Sec. 248 criteria; this process is typically reserved for substation and minor transmission upgrades, but has been used occasionally for large solar facilities sited in areas with limited natural resource values. The VEC site raises a number of questions for ANR, including concerns from DFW regarding impacts to vernal pools and wetlands concerns from DEC. OPLA is coordinating with PSD, who also may have concerns sufficient to bump the project out of the (j) track. As such, VEC's attorney has filed a request to the PSB to extend to April 27 the period for parties to comment on whether the (j) track is appropriate. The extension will give parties additional time to resolve outstanding concerns and issues.

New Applications for the Week of March 30: OPLA received 11 new Act 250 applications and 2 new Section 248 applications.

Environmental Conservation (DEC)

Moretown Landfill Groundwater Corrective Action Plan: Due in part to elevations of metals at compliance points that exceed Vermont Primary Groundwater Enforcement Standards, the Cell 3 recertification application for Moretown Landfill Inc. (MLI) was denied by the Agency in 2013. As part of the Consent Order that resulted from the denial and subsequent appeal, MLI was required to create a groundwater corrective action plan whereby groundwater would be returned to below the standards or to background levels. The final proposed groundwater corrective action plan MLI was submitted by MLI on April 2 and is currently under review by the Waste Management & Prevention Division.

Costco: The Stormwater Program met with representatives of Costco to discuss an alternative discharge location for the permitted stormwater basin. The alternative location is intended to avoid potential wetland impacts. The Program is waiting on Costco regarding their final decision.

City of Montpelier: The City once again used effluent from the wastewater treatment plant to melt ice in the Winooski River at the point downstream of the downtown area that has historically been the site of ice jams that have flooded the downtown area. Fully treated effluent was piped upstream from the normal discharge point at the confluence of the Winooski and Dog Rivers. The warmer effluent melts a channel to assist in clearing ice breakup from the location. The discharge has now reverted to its normal location.

Vermont Idle-Free Fleets: Using a DEC grant, the American Lung Association partnered with the University of Vermont Certification for Sustainable Transportation to launch Vermont Idle Free Fleets, a free online training and certification for heavy duty vehicle operators and fleet managers about the benefits of idling reduction. Recently, the Student Transportation of America drivers completed the online training - the first business to do so as a group.

EPA Part 98 Mandatory Greenhouse Gas Reporting: One of our commitments to the EPA is to assist in implementing the mandatory greenhouse gas reporting rule. Vermont currently has eleven facilities reporting. We have completed review of the current and past submittals. We have notified facilities where appropriate of missing or inaccurate data and confirmed that all facilities we believe need to report are indeed reporting.

Dry Cleaner Enforcement: Air Quality staff are increasing our field presence at dry cleaning facilities in Vermont. Recent inspections of some facilities have noted substantial non-compliance and VDH data shows public health impacts. We will be pursuing enforcement actions.

Air Quality Awareness Week (4 April 27 – May 1): Staff are working with our partner the American Lung Association on a campaign to increase VT subscribers to EnviroFlash, the EPA's air quality alert system. The focus area is Rutland City and county, which periodically experiences elevated levels of air pollution due in part to their valley location. Leading up to the actual week we are engaging the Rutland Regional Medical Center Community Health Improvement Program and the VT Department of Health Rutland Regional Office, among others, to assist in the effort to recruit subscribers. Our target demographic is individuals sensitive to air pollutants such as young children, seniors and those with respiratory ailments.

Business Transformation Initiative (Lean): DEC saw the successful completion of three Lean events (VTrans/ANR Title 19-stream alteration, Ecosystem Restoration Program/Monitoring Assessment & Planning Program "Find and Fund", and Drinking Water & Clean Water Construction Procurement). The events were successful and all three of these projects are now moving into their implementation phase.

Universal Recycling Outreach to AOT: Solid Waste Program staff presented on Universal Recycling and worked through litter collection logistics with nearly 40 AOT District workers in Dummerston during their spring quarterly safety meeting, in preparation for this year's litter picking efforts. The presentation is becoming an annual event. Last year we presented the same presentation to roughly 50 AOT District Managers.

Fish & Wildlife (FWD)

Fishing: Signage is being erected for special-regulations waters around the state. Many folks are still out chasing the heavy pan-fish runs, especially considering that there are still 30 inches of ice reported on some sections of Lake Champlain. Violations are still occurring in the form of license, methods and baitfish. Shanties are still being dealt with.

Assist in Drug Busts: Drug (cocaine and money) activity was uncovered by FWD staff while on Lake Dunmore. Later in the week Warden Watkin assisted Wilmington PD with a warrant on a marijuana grow that yielded over 100 plants and related paraphernalia.

Tick numbers may be down: Staff hiked into two areas where moose were wintering to look at browse conditions and to check for "bloody beds" that would be indicative of heavy infestations with winter ticks. We were pleased to find no sign of ticks in the moose beds.

Rattlesnake Recovery Plan / Endangered Species Law: Staff reviewed the final draft of the Timber Rattlesnake Recovery Plan and passed it on to Commissioner. The next step may be to provide the draft to the Endangered Species Committee for their consideration and advice. Staff also reviewed and commented on proposed Endangered Species Law changes.

Bike path along the river: Staff participated in a site visit with representatives from the City of Montpelier, OPLA, and DEC to discuss a proposed bike path adjacent to over 4,000ft of the Winooski River. Some of the path will be constructed along an already established town road (Old Country Club Rd), but the remaining stretch will require significant tree and vegetation clearing within 100ft of the river. FWD will work with OPLA and DEC to ensure that concerns about resource impacts are addressed as the project goes forward.

Forest, Parks and Recreation (FPR)

Muckross Donation: ANR has retained the services of outside counsel to conduct the title review and obtained three quotes for completing the survey of the property. A draft donation agreement is almost complete. ANR is waiting for a response from the Kunin family regarding details of the conveyance and whether they want another entity (e.g. Vermont Land Trust) to hold a conservation easement on the property to ensure its use for outdoor recreation in perpetuity.

Licenses: FPR is working to develop a draft telecommunications license agreement between the State and VTel for their proposed facility at Killington Peak and expect to have a draft license ready for review by mid-April. We will be offering training to district staff on use of the new license database next week.

Parks Prescription: State Parks is collaborating with the Governor's Council on Physical Fitness and Sports to launch a new Parks Prescription program. Physicians across the state will be asked to issue prescriptions for fitness and outdoor activity which can be redeemed as free passes to state park day use areas.

Envirothon: A training day was held on Tuesday, April 1 for over eighty high school students studying all the aspects of the Envirothon competition (Forestry, Soils, Aquatic Ecology, Wildlife and the Current Issue). Conservation Education staff presented the forestry portion - focusing mostly on tree physiology and forest measurements. Other Forestry division staff presented on the current issue, which is Urban and Community Forestry this year. Two new high schools are participating in 2015: Poultney High School and Concord High School. Concord HS will field two teams on competition day! Other schools participating in training day were Bellows Falls High School, People's Academy, Missisquoi High School, Websterville Baptist School, Burlington High School, Stafford Tech and Rutland High School. The Envirothon competition is scheduled for May 19 at Hulbert Outdoor Center in Fairlee.

Natural Resources Board (NRB)

9L: The District 1 Act 250 Commission approved the proposed BJ Wholesale Club under criterion 9L. The Commission limited its review to just the changes to the permitted but un-built strip mall at the site. The Commission found that the proposed changes to the wholesale club would lessen the impacts of the permitted strip mall under criterion 9L. The NRB is currently reviewing the decision in coordination with ANR. The Commission's ruling that it would only review the changes to the permitted project was already appealed to the Environmental Court by the adjoining Diamond Run Mall. It is anticipated that the Diamond Run Mall will appeal the Commission's decision to approve the project under 9L as well.

Mountainside Condos at Sugarbush: The District 5 Commission issued a denial for a proposal to re-build a condominium development that burned down at Sugarbush resort under criteria 1(E) and 1(D). It is not clear if the decision will be appealed.

Vermont College of Fine Arts (VCFA): The NRB is investigating and pursuing alleged violations of Act 250 by the VCFA, including erecting a sign at the college without a permit. Meanwhile, the District 5 Commission is working on the VCFA permit application for improvements of the buildings at the VCFA campus.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: April 10, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VGS: Met with Don Rendell, his staff and my staff on Wednesday about current cost/benefit analyses the PSD is conducting based on the increased costs of Phase I. The project is very close – and we discussed a variety of ways VGS could increase the overall benefits of the project for ratepayers. They are working on these and others they had thought of, and we'll meet again soon to continue to refine proposals. They recognize the goal and challenge and we're working well together to make the project happen.

VY: Through discussions with the AGO, VDEMHS, ANR, DOH and Tax, we crafted a proposal to settle outstanding issues to circulate to Entergy. This effort follows on the meeting you had with Bill Mohl and my subsequent conversations with Mike Twomey. The proposal is in review with Sarah and Liz and I hope to send it to Entergy by the end of the day, or as soon as possible thereafter.

TDI: I understand TDI reached a handshake agreement with VTrans, and we have now

received a first draft of a proposed MOU and will begin review of that soon. The target for having an MOU with TDI remains no earlier than June.

Broadband/VTA: VTA transition is going well and is effectively almost complete. We are working with Finance and Management to transfer contracts and grants to the vision system so we are ready to go with those by July 1, when the official transfer occurs. Meanwhile, Jim Porter was appointed by the VTA Board on Monday to be interim executive director beginning Tuesday of this week, following Chris Campbell's departure on Monday. So, we are effectively in charge of all VTA items now. I met with the VTA staff to discuss the transition on Monday, and are likely to accommodate some of the better staff either under contract or on staff with us in the new Division of Telecommunications and Connectivity. We are finalizing review of RFP responses received from vendors to increase broadband speeds to underserved addresses. We should have awards ready to announce late next week.

Legislative:

- **H.40** – Darren and Asa are testifying on the bill in Senate Finance committee Tuesday afternoon April 14

Meetings this Week:

Apr 6 – Chris VTA board meeting
Apr 7 – Chris/Jim Porter retransmission meeting at 5th floor
Apr 8 – PSD/VGS cost/benefit meeting; Chris at VCRD NEK community visit; Darren on Comcast newsmakers
Apr 9 – Chris VY settlement conference call w/SOV interested parties
Apr 10 – Darren/Anne Margolis lunch meeting with Rebecca Ellis to discuss siting

Meetings next Week:

Apr 14 – PSD/VGS cost/benefit conference call; Darren/Asa testify on H.40 in Senate Finance

Media: None to report this week.

Everything Else:

PERD

Legislative Updates

- Attended various HNRE siting testimony and sent notes to Commissioner's/Governor's offices. Met with Rep. Ellis and Aaron Adler to discuss energy siting ideas and compiled follow-up information on solar projects sited in, or proposed for, New Haven.

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

- PSD completed final review/edits on the RBES handbook. The contractor has reported that they hope to have it finalized and ready for the printer this week. An electronic copy will be posted as soon as it's ready.
- Staff distributed a memo to municipal zoning administrators (through a list serve) and to VLCT to inform them about the recent code updates and availability of code materials. (They were directed to the adopted code language posted on the PSD website until the final codebooks are published as these include all of the requirements.) VLCT has posted this information on their website and sent out through their blog.
- The RBES and CBES webpages have been updated to reflect that the code is now in effect.

Energy Efficiency Utility Activities

- Staff attended the pre-hearing conference in Docket 8455 on April 1, related to VEIC's Overall Performance Assessment (OPA). Some minor modifications to the VEIC proposed schedule were discussed and the Board will next issue a memo finalizing the schedule. In parallel with the OPA, and conditional on VEIC's receipt of an Order of Appointment renewal, the terms of the RUS program, and use of the EEC as collateral, will likely need to be considered in a separate Board process.
- Staff met internally to continue discussing potential improvements to the DRP process.
- Staff met with VEIC to discuss the semi-annual cash flow for the EEC and a VEIC proposal to increase the thermal MMBtu savings QPI due to an increase in FCM and RGGI funds.
- TEPF Statewide Clearinghouse (EEU-2013-10) - RFP in development for services necessary to develop Clearinghouse website and promotional materials. Will send final draft to Board for review before issuing final RFP week of 4/6. Proposals will be due on 5/30 and the Department will recommend a contractor and budget to the Board by 6/30/15. The Board will select a contractor and determine the budget. No date is set for this decision.

Public Service Board Dockets

- D 7676 – Staff developed the draft schedule for the VGS Transition Period Plan which is due 10 days after the Board makes its decision on the PFD. Staff met with VGS to discuss the draft schedule prior to sharing it with other parties.

Thermal Energy Finance Pilot (Heat Saver Loan)

- Drafted and sent Memorandum to the Office of the Treasurer to regarding the Opportunities Credit Union Loan Loss Reserve and Interest Rate Buy-Down fund accounts; requested approval for the two accounts and guidance on how to create the required reserves. OCU is anxious to set up these accounts as they have IRBs to bill the program.
- Continued discussions with OCU and contractor re: marketing efforts on behalf of the entire HSL program. Contractor is setting up a meeting for PSD to review samples of

marketing materials prepared by OCU and contractor that may be used for overall HSL marketing. Meeting is set for 11:00 am on April 8th at PSD.

- Reviewed and provided feedback on short articles on the HSL, which will be distributed through the VFDA newsletter.

PERD/SEP Funded Projects

- HELIX – submitted new SEP Competitive Grant proposal “Home Energy Labeling Information Exchange” (HELIX) in partnership with NEEP. The requested \$800,000 would be used to support the market valuation of energy efficiency in homes by making the U.S. DOE Home Energy Score data accessible to local Multiple Listing Services (MLSs) and other market interests (e.g., assessors, appraisers, energy efficiency programs and service providers, lenders, energy code officials) and developing a publicly accessible database – HELIX. PSD is serving as the prime recipient with most of the funds passing through to NEEP. PSD administrative costs would be fully covered through the grant.
- SEP Competitive Interconnection Grant –
 - GMP will host a two-day project scoping and design workshop 4/14-15 with their selected contractor for grid analysis.
 - ISO-NE presented regarding interconnection processes at the Working Group meeting on 4/7. Next meeting 4/21 will focus on utility and developer “visibility” issue (utilities gathering data on project outputs in real-time; developers using utility data to better site projects). PSD will establish a web page for the project, linked from the Act 99 page on the Board’s site.

Clean Energy Development Fund

- Windham Solar Finance Program
 - Completed preparations of the final grant award with Vt. State Employees Credit Union for a \$300,000 Interest Rate Buy-Down program and submitted to grantee for signature
 - Returned copy to Commissioner for signature; grantee is ready to initiate activities with PSD’s assistance on designing the application and installer lists as soon as an executed grant agreement is in place
 - Grantee anticipates that the program should be comparatively quick to set up since they have systems in place for the Heat Saver Loans, which also makes use of an Interest Rate Buy-Down
 - Program is expected to yield more than 100 loans for new solar thermal and solar PV installations at residential properties or community projects in Windham County

Renewable Energy Items

- Received final model solar contract for schools and towns, along with VLCT’s cover memo. Posting both to the PSD and CEDF websites.
- Communicated with GMP, WEC, and VEC about obtaining and using their three-phase maps in the RPC energy planning project. Also reached out to several sister state

agencies to make sure their constraint areas will be appropriately incorporated into the resource maps.

- Received letter from the Village of Swanton (via Commissioner, also sent to Secretaries of ACCD and ANR) asking for assistance under the auspices of our interagency hydro MOU in pursuing development of the lower Swanton dam. Meeting with ANR and SHPO (ACCD) next week to discuss response to this, Anders Holm’s recent resurrection of the Middlebury hydro project, and draft reply comments to screening criteria.
- Staff attended the VEIC SunShot “Solar Pathways” stakeholder meeting in Rutland. Discussion focused on net metering, incentives, modeling increased solar penetration, grid integration/storage, and relations to low-income housing and to EVs.

Comprehensive Energy Plan

- Attended Climate Cabinet meeting, in which the Department presented its straw proposal of achievable milestones goals along path to 90% Renewable by 2050 goal. CC is interested in understanding more concretely the range of implications of the Department’s proposal, e.g. how many residences converted to HPs or biofuels; how many electric heavy and light duty vehicles, etc. The Department intends to provide this type of information in an upcoming CEP-related RFI and public process launch document. It was also expressed that the CC, true to its namesake, considers the GHG goals primary.
- We expect to publicly launch the CEP process by the end of April.
- Staff had a conversation with NREL’s energy systems analysis and modeling team about how their grid analysis expertise and tools might be used for the Electric Plan portion of the CEP. We expect to work with them to craft a request to DOE for technical assistance, which would then provide funds for NREL to assist us in understanding what analysis should be completed during or after the CEP.
- Staff presented the general state of the CEP in the context of economic opportunity around climate change mitigation to the VCRD “Climate Change Economy Council.”

Net Metering

- Developed and provided presentation for PSB Rate Design Working Group on bi-directional rates (including Value of Solar) and time of use rates. These rates, depending on their structure and the associated values, could meet all Act 99 goals.
- Met internally to prepare for Act 99 general processes working group.
 - In the general process group, the discussion centered around whether or not the various 248 review criteria should be either waived or improved for over 15kW systems, not all of which were able to be addressed in the allotted time. ANR gave overview of what it looks for in application and plans to elaborate in future session.

Net Metering Activity 3/28/15 –4/3/15

	Registrations	Applications	45 Day Notice	CPGs Granted
Count	18	2	0	10

kWAC	124.50	71.00	0	138.34
Ave Size kW	6.9.167	35.365	0	13.834

Cumulative Capacity of ALL Formal Notices Submitted**

Year Total to Date		Total Since 1999	
2014 kW	2015 kW	1999 – 2015 kW	% of 15% Cap
3,636.79	12,526.97	88,812.28	~ 59.2

****NOTE: This table includes all systems over 150 kW that go through the full 248 process. It also includes systems for which 45 day notices have been filed, in addition to those for which formal 248 applications have been filed.**

Docket 7873/7874 Standard Offer

- Board issued order setting prices to be offered to Farm Methane projects in 2015. Prices will be differentiated by nameplate capacity of generator:
 - Above 150kW projects will receive 14.5 cents per kWh, fixed for 20 years. This is consistent with the working group’s proposal.
 - Below 150kW projects will receive 19.9 cents per kWh, fixed for 20 years. This was arrived at by dismissing an outlier 65kW project from the sample used to calculate average costs per kW installed. The working group proposal was 21.6 cents per kWh.
 - Board did not accept working group’s proposal to also differentiate prices based on an option given to developer to either retain or transfer RECs to Utilities. No statutory justification was found for offering a Farm Methane price that does not assume a revenue stream from the sale of RECs.

Vermont Gas Systems

- Continued re-analysis of economic benefits of Phase I in light of updated project costs and other factual changes related to economic criterion. The project’s economic benefits are less favorable if one assumes that it displaces Compressed Natural Gas for industrial customers. This result creates the need for a policy decision with regard to how the State envisions natural gas infrastructure in the future – piped infrastructure or only trucked.
- Staff met to discuss latest results of Department’s cost-benefit re-analysis of Phase I of the project. Several scenarios have been developed, each assuming a different price trajectory for Natural Gas and the fuels it may displace. The recovery of construction costs is being found to pose a significant limit on customer fuel bill savings. Each of these scenarios will also be simulated in REMI.

Engineering

Vermont Yankee Spent Fuel Management & Decommissioning

Systems maintenance and testing to support Spent Fuel Pool integrity continued during the reporting period (most notably, monthly testing of the "B" train Emergency Diesel Generator). No notifications were received during this reporting period regarding any issue that would adversely impact Spent Fuel Pool integrity. Demolition of now non-essential structures at the VY site continues; debris clean-up from the former on-site diesel fueling facility was completed on Friday. Removal of equipment and stored items from the North Warehouse has begun in anticipation of its demolition (required for construction of the second on-site dry cask spent fuel storage pad). The scheduled demolition of the "Clean Pipe" Building in the southeast corner of the Protected Area has been suspended. The building will instead be dismantled for potential use at another Entergy facility.

Entergy Issues Annual Decommissioning Trust Fund Status Report

Entergy's Regional Headquarters (White Plains, NY) has issued its required, annual Decommissioning Trust Fund (DTF) Status Report letter for its fleet of operating and decommissioning nuclear power plants within the northeast United States (operating units: Indian Point 2 & 3, Palisades, Fitzpatrick and Pilgrim; decommissioning facilities: Big Rock Point, Indian Point 1, and Vermont Yankee). The report is being formally sent to the PSD and has also been sent to the Public Service Board (via a cover letter from Downs, Rachlin, Martin PLLC) for potential Board review. The State Nuclear Engineer has also received copies of Entergy letters pertaining to: 1) Financial Test for Decommissioning Funding Parent Guarantees, 2) Status of Funding for Managing Irradiated Fuel, and 3) Nuclear Property Damage Insurance Coverage, all of which will be formally sent to PSD in the near future.

Oral Arguments on the Admissibility of the Petition to Intervene on the VY Emergency Plan & Emergency Action Level Scheme

Oral Arguments (via teleconference) before the NRC's Atomic Safety Licensing Board (ASLB) began 4/8 regarding the State's Request for Hearing / Petition to Intervene on VY's Licensing Amendment Request (LAR) for implementing a Permanently Defueled Emergency Plan (PDEP) and revising the current Emergency Action Level (EAL) scheme. The intent of the Oral Arguments is for the ALSB to hear and question arguments from legal staff representing PSD, NRC staff and Entergy on whether there are sufficient grounds for the actual ASLB hearing on the Petition (filed by PSD staff on February 9) to proceed. The filed Petition opposes the PDEP and EAL scheme changes, primarily over concerns that the Spent Fuel Assembly - Zirconium Fire risk reduction analysis associated with this LAR does not sufficiently consider the impact of potential hostile actions. The ASLB is expected to rule on the admissibility of a Petition within 45 days following the Oral Arguments (i.e. by May 23).

Underground Facility Damage Prevention Seminar

The Department Gas Engineer participated in a seminar presentation in South Burlington on 4/7. The seminar was sponsored and administrated by MUST (Managing Underground Safety Training), a Vermont consortium of stakeholders promoting underground facility protection. The Gas Engineer and representatives from VOSHA, Dig Safe System Inc., VGS, Burlington Electric Dept., Comcast, Propane Gas Association of New England and others made

presentations to inform the attendees of the “Dig Safe” law and best practices. Approximately 110 individuals from Vermont municipalities, energy and communication facility operating companies and excavation companies attended the seminar. Additional MUST seminars are scheduled for 4/8 and 4/9.

2015 Vermont Gas Systems Addison Transmission Pipeline Project construction

Construction activity at the site of the pipeline crossing under I-89 in Williston was suspended this report period to allow VGS and Engineers Construction Inc. to analyze pipe exhibiting damage caused during installation. VGS representatives have committed to regularly inform the Department Gas Engineer of details of a root-cause analysis and action plan(s) to address the topic, as they are developed. These findings and plans will also be applied to remaining 14 segments of ANGP pipeline to be installed by a horizontal directional drilling (HDD) procedure.

State DOE Distributed Generation Grant

The working group implementing the State DOE Distributed Generation Grant is still awaiting legislative approvals for the grant project before much more work can be started. Engineering did participate in a conference call update where we briefly discussed an article sent to the group by DOE on ways that developers of roof-top solar and utilities can shorten the time to obtain permits for these installations. DOE announced that they have contracted for a consultant to advise the group on issues as they arise. The group is also fine-tuning a time-line for our deliberations.

Act 99 Interconnection Working Group

Engineering participated in the Act 99 Interconnection Working Group’s meeting on 4/7, where ISO-NE presented on FERC Order 792 (Small Generator Interconnection Agreements and Procedures) which is implemented by ISO-NE tariff Schedule 23. The group felt that many of the ideas presented could ultimately enhance our current process and possibly save both time and money for all parties involved. The presentation on PV Interconnection highlighted several key issues which ISO-NE believe need to be addressed in the short term, including voltage and frequency ride-through, voltage support, ramp rates, and soft-start capabilities of solar PV projects.

PSB Docket 8385: VELCO/VEC Newport Substation

The Department, including Engineering, met with VELCO to discuss this project. The Department has requested additional information from VELCO regarding: 1) justification for upgrading this substation to Bulk Power System standards, when this substation is not part of the Bulk Power System, and 2) a cost estimate for replacing the existing equipment, but not upgrading to the redundancy specified in the Bulk Power System standards. 100% of this VELCO project would be paid by Vermont ratepayers. Engineering will work with VELCO to obtain the requested information.

CyBORG Meeting

Engineering attended the CyBORG (a cyber security working group) meeting on 4/2. Also in attendance were representatives from DII, Vermont State Police, DEMHS, Champlain College,

AOT, VT National Guard, and the Albany office of the FBI. Agenda items included: threat briefing, discussion of the NGA Cyber Security Summit in San Jose, introductions with the Albany FBI cyber team and a discussion of their capabilities, discussion of the upcoming October cyber table-top exercise (to include electric utilities), and a tour of the Champlain College cyber crime investigation facilities.

PSB Dockets

Engineering provided comments to PA on the following dockets during this reporting period:

* Electric: 8385 (VELCO/VEC Newport Substation), NM-5948 (Eureka Satellite solar), NM-5789 (VASS IV Southern VT Correctional Center solar), and NM-5538 (WE 46 Precision Drive solar)

Regional Policy

Order 1000

- On April 3, Vermont, New Hampshire, and Rhode Island staff had a call to discuss whether to seek rehearing regarding FERC's decision to approve a default cost allocation for transmission necessitated by public policy where the entire region pays 70% of the costs, with the remaining 30% borne solely by states driving the policy needs. New Hampshire and Rhode Island have decided not to seek rehearing. Given that the parties with Section 205 filing rights proposed the default allocation, and it was supported by those states representing 80% of load, it is extremely unlikely that FERC would reverse its decision. There is virtually no chance of Vermont prevailing if it is the only state contesting that portion of the decision.
- NESCOE circulated a draft outline for a potential appeal of the final Order 1000 New England Compliance Order to the D.C. Circuit Court of Appeals. The primary argument is that FERC has overreached by requiring not just that there be consideration and evaluation of possible transmission solutions to public policy goals, but actual project selection.

Generators in New England

- There are 11,000 MW of generation in the generator interconnection queue as of March 2015, compared to 6,000 MW in March 2014. Higher capacity prices are leading to the increase. Of the 11,000 MW in the queue in March 2015, 36% are wind resources, and 63% are natural gas-fired resources.
- On the February 15, 2015 peak, natural gas accounted for only 17% of the generation fuel, compared to 30% for oil and 12% for coal.
- According to ISO-NE, EPA's cooling water intake 316(b) rule may impose operational constraints, or contribute to retirement, for a significant amount of generation in New England (976 MW of coal, 3670 MW of oil, 4021 MW of nuclear, and 1191 MW of gas). The same presentation also states that the recent retirements in New England are not related to air emissions requirements, but rather low wholesale energy prices. Further, the remaining coal and oil-fired units already comply with, or are exempt from, air toxics and other finalized emissions limits; although a proposed ozone standard due in late 2015 may impact these units.

- On April 2, 2015, the U.S. Fish and Wildlife Service listed the Long-Eared Bat as a threatened species under the Endangered Species Act. This species is found throughout New England and may impact new development of wind turbines.

Finance and Economics

Electric

GMP: This week GMP presented a high level review of possible technology driven changes it is considering to improve service and efficiency. The changes are primarily focused on providing automated options for customers to interface electronically with GMP as opposed to working through customer service and customer operations staff that are related to web enabled electronic billing and payment options [as opposed to hard copy billing], automated disconnect/reconnects without rolling a truck, and offering incentives to move toward a more web based interaction. GMP would also like to revise its customer service SQRP metrics that would exclude major storm outage call-ins and related response times.

PSB: Rule 4.100 Annual Avoided Cost Rate Setting Proceeding – The Board established April 6, 2015, as the date for initial comments, in which parties were asked to identify issues with the existing rule as well as proposed solutions. Staff reviewed and provided supporting work for the Department’s comments and is currently reviewing the comments and proposals submitted by other parties’. Issues appear to be primarily between the utilities and the producers. The producers are arguing there should be no transmission charges applied for hauling their production, they would prefer to use the ‘Day-Ahead’ rather than the ‘Real-Time’ adjusted market prices which are higher and also want long-term fixed price contract options with the value of REC’s included.

Stowe Electric Department (SED): The Board has opened an investigation into the Tariff 8553-Rate Design Filing. This rate redesign is the first in Vermont to use load data generated by AMI (Smart Meters). The investigation will facilitate more public review and input on the new design. Stowe’s last rate design was 30 years ago. To date no concerns or issues have been identified but the investigation may stimulate a discussion on the use of the new AMI information and how it was used in setting rates. Additionally, there may be some discussion of a phase-in that may be needed for the 10±% rate increase the rate design will have on its commercial customers. This week staff is preparing information requests.

Swanton: PSB Docket 8398-Rate Design Filing –Swanton filed for approval of its rate class cost of service-rate design. The Department has recommended that an investigation be opened that will facilitate more public review and input on the new design. A prehearing conference has been held; the Hearing Officer has asked the parties to address several questions that we have responded to; staff has prepared information requests; and, this week staff is continuing to review the supporting detail and the responses to the discovery. To date no finance and econ related concerns or issues have been identified. Staff this week completed a comparison of the Stowe and Swanton rate designs which, as it turns out, are relatively similar. Stowe appears to have a much higher ‘customer charge’ than Swanton that staff is looking into.

VEC 90 Day Notice – Rule 5.202: VEC has advised the Board of its intention to execute a PPA with Coronal Municipal Energy Services (CMES) for 2.5 MW of solar capacity, energy and renewable attributes for a term of 28 years. VEC had applied for a CPG to develop the projects, but will assign those CPG's to CMES who will construct, own, and maintain the project after commissioning. VEC will offer shares of the solar output to a community net metering program and VEC's renewable power supply portfolio. Pro forma estimate indicate the 'all-in' solar PPA cost will approximate \$.12/kWh. Since VEC has yet to develop the terms and conditions for the Community Net Metering Program we suggest withholding endorsement of the PPA pending a review of the Program terms and conditions that could cause the final cost of the project to be uneconomical with kWh costs that are not just and reasonable. We plan to file an acknowledgment of the filing including any concerns and issues within the next 30 days.

Natural Gas

VGS – Tariff 8558 – Purchase Gas Adjustment (PGA) Filing: VGS filed its second quarter Purchase Gas Adjustment (PGA) for a 1.4 percent decrease to the natural gas charge which results in an overall .7 percent decrease in firm rates to be effective with bills rendered on and after May 6, 2015. The tariff adjusts for an over collection of gas revenues of \$852,568. The rate decrease was largely the net result of higher TCPL tolls which were offset by lower wholesale gas costs. We are continuing our review of the filing and plan to forward our recommendation to Legal by no later than April 13, 2015.

VGS—System Expansion Reliability Fund (SERF) - Department staff is working with VGS on the efficient use of rate payer provided expansion funding. The parties are working jointly to build a 'model' that will delineate the least cost rate payer impact of various options. Initial and preliminary results indicate that using the SERF funds to reduce rate base results in a 'least cost' scenario for rate payers. We are continuing to work with VGS to develop various options for dealing with various rate impact scenarios.

Water Companies:

Woodstock Aqueduct Company— Docket 8462--Rate Case and Rate Design Case Combined. Last week the Board suspended the rate changes and opened an investigation into the 20±% rate increase request to permit the public an opportunity to participate in the proceeding. Several business customers have complained about the size of the increase. Next steps-the Board will set a schedule for the case.

Telecom and Cable

VTA Transition to PSD: Staff continues its review of VTA's financial condition/status; existing obligations/contracts; and, other related documents in preparation for transitioning VTA operations to the department. To date we have found no material discrepancies related to the financial records but have observed there may be substantial operational issues.

Duncan Cable: Filed a petition this week requesting (a) an extension of its existing expired CPG, (b) renewal of extension CPG, and (c) a new CPG to provide service to Marlboro, Stratton and

Wardsboro. Staff will begin a review of the financial aspects of the filing. This week the Board granted a CPG for Duncan to provide service to the new towns.

Energy Efficiency Utilities

VEIC: Submitted its Semi-Annual Cash Flow Analysis for the period January – July 2015 to the Board and the Department. The analysis is required as part of the Board ordered creation of a \$1.6 million working fund that could be used to support any borrowing and cash flow needs of efficiency utilities. (September 12, 2012 Board Second Order Re: Fiscal Agent Guidance and Approval of Temporary Borrowing.) The analysis shows an available EVT cash balance of more than \$2.3 million through June 2015, suggesting there is now more than sufficient working funds available that may warrant an EEC rate reduction for 2016.

Public Advocacy

VY ERDS Proceeding – NRC 50-271-LA –The State (Department) continues to draft an additional contention supplementing its original petition based on deficiencies contained in a new Entergy LAR safety analysis. The State’s appeal of the ASLB denial of its contentions is still pending before the NRC Commissioners.

VY EPZ Proceeding – NRC 50-271-LA-2 – The ASLB held oral argument on the admissibility of the State’s two contentions related to the EPZ license amendment request. The argument focused mainly on the question of whether the contentions are admissible assuming the NRC Commissioners continue to approve of Entergy’s related exemption request. The Commissioners’ response to the State’s petition for reconsideration of its approval of the related exemption request is pending.

FairPoint Service Quality Investigation – Docket 8390 – The Department issued responses to FairPoint’s first round of discovery requests. The Department also continues to seek information requested from but not provided by FairPoint during the initial two rounds of discovery. FairPoint’s initial testimony is due April 15.

VGS Addison Expansion—Docket 7970—PSD continues to discuss the Department’s economic benefit analysis, both internally and with VGS. Discovery requests were served on Vermont Gas this week, the responses to which will further inform our analysis. Non-petitioner testimony is due May 6.

VGS filed notice of non-substantial changes to the project design on April 3. These changes had been reviewed in advance with the Department, ANR and AOT. Vermont Gas has requested a Board ruling by June 1.

Work continues with the landowner group and VGS concerning right of way issues. The Model Forms have now been revised to include the several acceptable provisions from the landowners’ draft and to reflect several revisions agreed to in the conference call held last week with the landowner group. Department staff is reviewing and then we plan to post the forms, together with the Eminent Domain Fact Sheet, on the DPS website.

Two condemnation petitions were filed on Monday, April 6. These particular

landowners have refused to enter into any communications with Vermont Gas despite numerous attempts. The resolution of issues regarding the reimbursement of fees to affected landowners continues, as well. This process has resulted in a significant commitment of Department time and resources.

Vermont Gas is due to provide an Action Plan in response to the Department's verbal request following the trouble-plagued HDD under I-89.

TDI New England Clean Power Link Project – Docket 8400 – The petitioner filed responses to the Town of Fair Haven's discovery questions. On April 14th, the PSD's aesthetic witness is scheduled to conduct a site visit of the project's overland portion from Benson to Ludlow, accompanied by the petitioner's aesthetic witness. Prior to this site visit, the PSD is attempting to identify potential fiber ramp locations since they would be, if included as part of the project, an element of the project's aesthetic impact. In furtherance of our 30 V.S.A § 218c(7) obligations, the PSD made a presentation regarding the 248 process and fielded questions at a well-attended joint meeting of the Benson Selectboard and the Fair Haven Selectboard on 4/6. The Castleton Town Clerk has informed the PSD that its select board will make a decision as soon as possible regarding whether to meet with the PSD. The second round of discovery is due to the petitioner on April 30th, unfortunately the System Impact Study will not be available prior to that date.

VEC-VELCO Substation in Newport, VT Docket 8385 – The Department and VELCO had a productive meeting on 4/7 during which VELCO explained the specific details of the upgrade plan and why the project was needed in their opinion. They provided PSD with several additional materials about the project, including a new report that a consultant had prepared for them in response to PSD questions. VELCO also agreed to provide more detailed cost breakdown information on different components of the project. Next deadline is somewhat up in the air since VELCO filed one litigation schedule and PSD filed a different one. VELCO indicated they would be filing a response to our scheduling proposal. Both parties agree that the next step is a new MOU deadline.

GMP Upgrade to Woodstock Substation Project – Docket 8030 – GMP filed its sound monitoring report pursuant to a CPG condition. The PSD is reviewing this report.

Woodstock Aqueduct Company – Docket 8462 – The Company is requesting a 20% rate increase and changes to its terms and conditions. PSD requested an investigation, mainly due to the size of the increase. The PSB has scheduled a prehearing conference for April 14th.

VEC Substation Expansion and Rebuild in East Berkshire – Docket 8450 – The PSD is compiling discovery requests regarding the project's aesthetics and engineering. While a final schedule has not been issued, the proposed schedule anticipated discovery being due to the petitioner next week.

NGRID Transmission Line Construction/Removal Waterford and Barnet– Docket 8444 –The PSD will be participating in a site visit and public hearing in Waterford on April 9th. Responses to the

PSD's first round of discovery on the petitioner are due April 13th.

Overall Performance Assessment of Efficiency Vermont - Docket 8455 – VEIC and PSD agreed on language to appear on the PSB website, as well as those of VEIC and PSD soliciting feedback on VEIC's performance over the past 6 years and informing interested persons of the 5/1/15 intervention deadline set by the PSB.

GMP/AARP Low income assistance program-Docket 7535- Department staff conferred with GMP staff this week on the need to schedule a meeting among the Department, GMP and AARP to begin discussing a proposal regarding the EAP Fund, its over-collections and the monthly fees. A proposal (or proposals, if no consensus) is due to the Board by April 30.

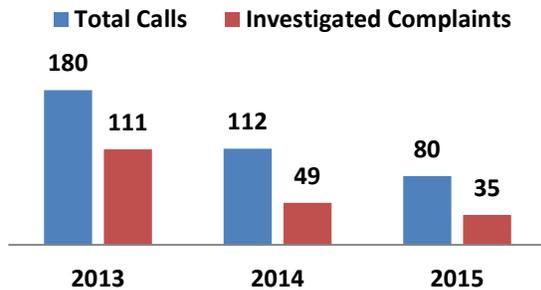
Rule 4.100 Rule Revision – No Docket – On April 6, the Department filed recommendations on how Rule 4.100 should be revised, consistent with a schedule established by the Board for doing so. The Department made the general point that any proposed revisions to Rule 4.100 should be structured to complement, rather than undermine or circumvent, the state policy objectives embodied in other programs such as net metering and standard offer (e.g., the development of renewable resources at certain desired paces). The Department then made specific recommendations intended to simplify the current structure of Rule 4.100 (through the elimination of the statewide composite structure), establish clear market-based benchmarks for setting avoided costs, and mitigate the undue risk to ratepayers currently embedded in Rule 4.100 by virtue of contract lengths as long as 30 years (reducing the maximum term to 10 years). Other parties (utilities and producers) filed comments as well. The Department urged the Board to schedule a subsequent workshop for parties to discuss each other's comments. Actual revised rule language is due in late May.

VTC Digester Odor Complaint – Docket No. 8447 – On April 2, a prehearing conference was held to address a neighbor's complaint that VTC's methane digester is creating undue odors. The conference was mildly contentious at times. Ultimately, the Board adopted recommendations by the Department to require VTC to file a formal response to the complaint and then to allow the parties time to try to work out a resolution to the issue outside of formal Board processes. An issue in this proceeding is what part of the apparatus is causing the odor and whether or not the Board has jurisdiction over that part of the apparatus per section 248(q), which divests the Board of jurisdiction over the agricultural side of the operation. While this would be an important issue in a litigated proceeding, the Department's goal is to work with the parties to resolve the odor issue before going down a litigated path. Both the complainant and VTC are receptive to this approach and a settlement conference is scheduled for 4/13.

Telecommunications

CAP

Calls to CAPI Same 7 days each year



Qlink & Lifeline: Staff participated in a conference call with QLink Wireless to discuss how to move forward towards the company offering the Lifeline discount in Vermont. Staff continue to attempt to facilitate planning and resolution between Qlink and the Department for Children and Families. The two entities have yet to agree on a process for approving Lifeline applicants.

Duncan Cable CPG renewal, docket 8438: Staff continue to work with the Telecom division to plan the Community Needs Assessment for this docket. Staff are planning a focus group to be held immediately prior to the Public Service Board public hearing in Dover on 4/28. Staff are compiling a list of community leaders to invite to the focus group gathering. Outreach to community members will begin by the end of the week. Staff have contacted the UVM Center for Rural Studies regarding the possibility of a scientifically valid survey with this small number of customers.

Comcast CPG renewal, no docket: Staff met with the Telecom division to discuss this upcoming docket. Staff have begun developing an RFP for the completion of a scientific study of customers in the Comcast service territory, as part of the required Community Needs Assessment (CNA). We hope to have the RFP issued by 5/1.

Addendum

Telecommunications

VTA Transition – Department staff is working with VTA staff to facilitate the wind down and transition of the VTA. Staff met with VTA staff on Monday and Tuesday to review invoicing for dark fiber leases, and project and grant review. VTA staff also oriented Department staff to the general workings of the VTA, such as the VTA's electronic databases, calendar system, and mail.

VTA Dark Fiber Leases – Department staff learned how the VTA invoices lessee's for dark fiber. Most of the dark fiber agreements are swaps for other fiber and are, therefore, not generating revenue. Currently the VTA leases fiber to three tenants: FairPoint, ECF and VEC. These tenants

are billed quarterly. As fiber becomes available, the VTA will need to issue notices of availability to the tenants scheduled to hold rights to that fiber. The Division for Connectivity will also have the opportunity to license additional users on the fiber. Staff discussed the mechanics of invoicing with the VTA's business person. Invoicing for quarter 1 of 2015 was handled. Department staff will be responsible for quarter two invoices.

VTA Broadband Grants – During the course of the VTA's existence, it has issued at least 24 grants to serve last mile locations. All but three grants are closed. The VTA awarded (and paid) Great Auk Wireless \$18,000 to provide wireless broadband coverage. GAW is in breach of the agreement. The AG's office is handling the matter. The other two grants were issued to ECFiber for \$8,000 and \$38,000. ECFiber has not performed the work and the VTA has not released the funds. Both agreements expired on September 1, 2014 but were subsequently extended to June 15, 2015. The Department staff should remember these two contracts as it enters into new grant agreements with ECFiber under the Connectivity Initiative.

EDA Resiliency and NBRC Grants – The VTA was the recipient of several federal grants. Two of these grants are set to be closed out by June 30th. The EDA grant for 10 resiliency points must be finished by the time the VTA ends its mission. There is some concern that it won't be finished in time. VTA staff submitted paper work on Friday to draw down nearly 90% of the grant. Staff will be working with VTA staff to ensure that the VTA is up-to-date with all compliance filings, as some issues regarding Davis Bacon Certified Payroll Reports have been brought to the Department's attention.

Connectivity RFP – All bidders have responded to the Department's requests for additional information. The Department should have all it needs to make a decision regarding Connectivity awards. Staff sent bidders a notice stating that awards would be issued on Friday, April 11.

Maps on PSD Website - PSD staff is preparing web viewable maps for the PSD website, including telephone, cable and electric franchise areas. Separate pages will also depict the estimate cellular coverage areas based on the 2013 analysis performed by Pericle, as well as the VTel ARRA service territory. Broadband availability information could also be presented, but confidentiality issues need to be addressed first.

Charter Cable Route Map - Charter contested several census blocks that were provisionally identified as eligible for funding to FairPoint through the CAF Phase II program. PSD staff compared the contested census blocks to the Charter route map and found that in over half of the cases Charter did not have service in the contested areas. PSD staff will raise the issue with Charter.

Stowe Cable CPG Petition — DPS and the petitioners are negotiating a proposed MOU and CPG for submission to the Board. The petitioners have indicated that they are willing to agree to all CPG conditions requested by the Department. The parties intend to file an MOU, proposed CPG, and joint findings of fact for the Board by April 17. The technical hearing is scheduled for April 23.

Duncan Cable CPG Renewal — In response to a request from the Board, the Department filed comments on whether Duncan Cable should be required to expand its CPG petition to include the Town of Wilmington, where Duncan has been operating since 1972 under a grandfathered CPG that does not require renewal. DPS commented that there is merit to requiring Duncan to renew the CPG for Wilmington based on Duncan's history of not adhering to several regulatory obligations. However, DPS recommended that the Board open a separate proceeding and provide Duncan an opportunity for hearing prior to requiring Duncan to obtain a CPG for service in Wilmington. DPS, as an alternative, recommended that the Board withhold opening a separate proceeding for two years after the renewal of the CPG for Dover to allow for Duncan to demonstrate improved compliance with its regulatory obligations.

Wireless Telecommunications Facilities (248a) Petitions — DPS filed recommendation letters with the Board for the following projects:

- VTel application for construction of a 90 foot tower in Burke.

The Board also requested that DPS respond to comments filed by ANR in response to three separate limited size and scope applications from VTel. ANR recommended that the Board include CPG conditions requiring that VTel or the landowner to obtain a Waste Water and Potable Water Supply permit prior to commencing construction of the facility. ANR also requested that the Board include conditions relating to wetland permitting for a VTel site in Londonderry. DPS's comments to the Board stated that DPS defers to ANR's expertise with regard to technical environmental permit regulations, but that the Board lacks jurisdiction to require an applicant to obtain a WW Permit due to the limited scope of review for applications for limited size and scope projects. DPS deferred to ANR's recommendations regarding wetland permits and protection.

Division staff will attend a public meeting in the Town of Cabot on April 8, 2015. The meeting was scheduled by the Cabot Selectboard to discuss a VTel proposal to construct a 90 foot tower. The 45 day notice for the project was filed by VTel on February 12, 2015.

Division staff were informed by an attorney representing VTel that a member of the public tampered with equipment used by a VTel aesthetics consultant during the completion of a balloon test simulation in Calais on April 7, 2015. Division staff were also informed that VTel's consultant was followed and verbally harassed by several people during the completion of the balloon test. VTel submitted a 45 day notice for construction of a 140 foot tower in Calais on February 26, 2015, and VTel is attempting to schedule a public meeting with the Calais Selectboard on April 15.

DPS received the following new petitions and notices:

- Verizon 45 day notice for a limited size and scope modification to an existing 90 foot tower in Hartford;
- VTel application for de minimis modification and co-location of equipment on two existing towers near the summit of Burke Mountain in Burke;
- VTel limited size and scope application to construct a 100 foot tower in Pownal;

- AT&T application for de minimis modification to an existing 60 foot tower in Bennington;
- AT&T application for de minimis modification to an existing equipment installed on the rooftop of the City Center building in Montpelier;
- VTel application to construct a 100 foot tower in Rochester;



State of Vermont
Agency of Administration
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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: April 10, 2015

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors:

Property Management:

- Uncertainty on Lamoille Court project continues - ready to move into alternate space in late April.
- DEW White River – lease amendment in review, waiting on tenant acknowledgement.
 - occupancy date still a little fluid - looking like early June
 - Employee and pedestrian traffic needs to be addressed at the construction site for phase 2 build. (DEW action needed)
- State’s Attorney space search in Brattleboro, may get cancelled – the memo on reducing cost is finally getting out.
- Hebard strategy slow moving – CAM est, owner meeting, future

Berlin Vermont Psychiatric Care Hospital (VPCH) Future Projects: Need to begin work on tree removal, garage, and additional parking. Discussed additional parking at the facility, and we may have an option that eliminates the need to acquire more land.

Randolph Ag/ANR Lab New Construction: First public meeting was held at the Langevin House in Randolph on 3/31/15. It was well attended (more than 30 residents) and many questions/concerns were raised. Most will be addressed during the environmental and traffic analyses of NEPA and Act 250 review. We have completed the cost analysis for other site options and will score against eight criteria on 4/14/15. A public meeting to focus on the site selection is scheduled for 4/21/15 from 6:00 to 7:30 p.m. to discuss our findings.

St. Johnsbury Caledonia Courthouse Building Stabilization: Received bid set. CM is bidding for subs. Pre-bid meeting scheduled for 4/20/15 at 2:00 p.m. Move scheduled for weekend of May 16-17. HP Cummings contract is being expedited.

Westminster Public Safety Facility New Construction: The DFS permit should be in hand by Friday the 10th of April. A contract with Naylor & Breen is on hold pending permit resolution. We hope to be able to begin construction in early May.

Bennington VVH Mold: Completion of the project continues to drag on. Mechanical subs and control subs are not coordinating well. However, quality is good and there are no particular scheduling deadlines. Startup, balancing and commissioning has started sporadically, and should be done by next week. Mechanical sub still has demo, duct & pipe insulating etc. We are looking into addressing some more mold/dampness in A Wing basement with some of the Mold Phase 2 funds. This area is the next high-priority space because it has not been addressed in any other project, except for asbestos abatement. The old mechanical systems are failing/leaking and access is limited and difficult but required for maintenance. Full access will be required for the next Kitchen project, so we hope to get a head start in that area.

Significant Meetings:

Met with Mayor Louras of Rutland, along with Jeff Lively, Julie O'Tool Gutgsell and Alan Palmer to discuss the Rutland parking garage, sale of 62 Pierpoint, Asa Bloomer building and other issues.

Legislative Testimony:

4/9 House Corrections & Institutions: Wanda Minoli testified along with Michael Snyder regarding a Proposed Joint Resolution for State Land. Executive Order being drafted by Forests, Parks & Rec for review and approval.

4/9 Senate Gov Ops: Testified along with Terry Lamos and Ed VonTurkovich to discuss cost savings ideas for print and postal, as well as bottled water for state employees.

FINANCE AND MANAGEMENT

Issue Updates:

Budget and Management is finalizing its comments to Senate Appropriations regarding the House Changes to the Big Bill. We plan to send a letter early next week with remarks on behalf of the Administration.

HEALTH CARE REFORM

Issue Updates:

All Payer Model: The Vermont team (Lawrence, Al Gobeille, Robin, Michael, and GMCB staff) held further discussions with the federal government. Our federal partners stressed three points. First, they are most interested in a model that includes all Vermonters or as close to that as feasible. Stated another way, they want a program that includes everyone even though we are discussing a Medicare waiver. Second, they are interested in how to structure a deal with the State of Vermont, but they are not

interested in getting into the details of regulating/managing a relationship with the ACO or providers. Instead, they would expect Vermont to properly regulate the payers and providers. Third, they think preliminarily that per capita growth in Gross State Product should be the benchmark for future health care growth.

Much work needs to be done on the growth rate/trend issue; however, it is important to keep in mind the fundamental tension. A high trend may make the model more attractive for providers to participate but may lead to increased tax revenue needed for Medicaid over time. A low trend may make the model less attractive for providers but require less tax revenue over time.

The GMCB approved a contract with HMA/Optumus to assist with the all payer model work. The vendor will be in Vermont Monday to kick off the work. The contract is worth up to \$600,000, paid for by the SIM grant. It is possible that folks could start to focus on this project and its related costs, arguing “here we go again.”

VHCIP/SIM: The VHCIP is planning two events later in the spring: 1. Sub-Grantee Convening on May 27th; and 2. VHCIP Project Status Convening. Additionally, our CMMI program officer let us know that they are expecting to do a site visit in late April/early May.

The contract negotiations for the Medicaid Shared Savings Program Year Two are beginning in the next couple of weeks. The State Plan Amendment for this program is still pending with the feds, and has been escalated by Robin to Sec. Burwell.

The federal evaluators are in town this week doing lots of interviews around the state. This is a key piece of their understanding how the project works and what is working, and what is not.

Our various work groups are in planning efforts. Specifically:

- The Care Models WG is planning an expansion of the successful Learning Collaboratives to date.
- The Payment Models WG is developing an RFP for Episode of Care analytics.
- The HIE/HIT WG is designing two new projects for potential funding that relate to supporting care transitions and connecting non-meaningful use providers, respectively.

The federal evaluation team came to Vermont this week to do in-person interviews with key project personnel. Representatives from two of CMMI’s contractors, NASHP and RTI, conducted these interviews as part of the overall evaluation, which includes qualitative and quantitative analyses. The interviews are intended to enable the evaluators to understand the project in an in-depth manner.

Legislature:

- H.481 was in House Appropriations committee Tuesday and Wednesday, no vote; not currently on the agenda. Unclear if the bill will die in HAC or if it will go to the floor next week.
- H.487 was in House Appropriations Tuesday and Wednesday, no vote; not currently on the agenda. This is the “consensus” bill that included VHC direct enrollment language & our proposal to extend current medical malpractice language.

- S.139 is on the Senate Calendar for Thursday. All \$\$ items have been removed by Senate Appropriations. Home Health/VNAs have reached out, because they would like to get more specific language in one of the bills. Robin is working on consensus language, although there may be a couple of issues which we will not be able to agree on. Home health wants an automatic inflationary increase in rates, which does not make sense to do for such a small part of the Medicaid system as a one-off, plus we need to be mindful that we are about to enter into negotiations with CMS on trend in the all payer waiver and do not want to tie our hands. The other issues are smaller, but they want language which is too prescriptive.
- Senate Finance is working on a health care bill that will include direct enrollment language for VHC, language directing the pursuit of an all payer model, authority to GMCB to review VITL's budget (our language), study of public employee health care and the Cadillac Tax, provisions directing GMCB to work on price transparency. Robin circulated a complete summary of what we expect is in it or might be in it.
- Large group market- Al has put the concept of looking at this issue next year and pushing back implementation of the voluntary purchase by large groups until 2018 on the legislative leadership agenda for this Friday & will work on getting this moving.
- VEHI/state employees and Cadillac Tax – Michael testified in House Education on the issue of VEHI and the Cadillac Tax. We continue to push for a public employee study over a teacher or state employee specific study. Also, Michael and Robin finished a draft statement of work for Cadillac Tax analysis. The SOW is under review by DHR and the Treasurer's Office, and the next step is to ask our existing actuaries for state benefit and retiree work for a cost estimate.

HUMAN RESOURCES

Legislative Update:

Grievance Arbitration: We are working with VSEA and Leg Council to address two concerns raised by Tim Noonan. VSEA does not seem to be pushing this hard anymore as they seem preoccupied with bigger issues. Scheduled to testify in House General next Wednesday.

Ban the Box: An Executive Order may be signed as early as next week and be subject of press conference.

Labor Savings Proposals: The Administration responded to the VSEA's latest proposals in person today. Plan to follow with a memo. Some progress but not enough.

Cadillac Tax: Conversations of how to deal with this on the State level have begun. Several options are on the table, but much work is left to be done to vet each idea. VSEA testified in Senate that essentially they are hoping Congress will change their mind.

Paid Sick Leave: There is growing momentum in the House on this bill. We are currently developing suggested bill edits and work with Leg. Counsel and bill sponsor. Scheduled to testify on Tuesday before House General.

Media:

Requests for more timesheets/OT records on Bill Goggins from M. Donoghue. He is looking to do a story this week. We should have data to him soon and will coordinate with 5th floor before release.

Requests for historical RIF data from E. Hewitt, focused on Douglas administration time-period. Particularly interested in how many RIF'd positions have been refilled. This is a complicated calculation and request is being processed.

Request from Andrew Stein (now working for Doug Hoffer) for salary and benefits information for Secretaries, Commissioners and "CFOs" within State government. Has to be a healthcare angle here. Compiling data.

Significant Events/Meetings:

- DHR staff met with KPMG regarding the audit planning process for the FY 15 audit. Valuable information shared.
- Distributed first draft of PSAP "Pre-RIF" process agreement reached with VSEA and DPS for review. Goal was to come to agreement on a smooth process for geographic move process for those PSAP employees who wished to relocate.
- Labor Relations attended training with VSEA's Non-Management Unit Bargaining Team on effective bargaining skills presented by the Federal Mediation and Conciliation Service.
- Labor Relations presented misconduct/performance management training to AOE and DMH leadership. They have been involved in a significant amount of training by request of Agencies/Departments, which is a good sign.
- Staff involved in a significant amount of data work in support of legislative/budget proposals, staffing issues, and public records requests.
- Build-out of our new space at 120 State Street is progressing nicely, with move date set for first weekend in May. Staff should be in new space by May 4th. This is same timeframe that our workforce development staff will be moving from BCBS in Berlin to VT College of Fine Arts, assuming the Act 250 permit has been issued and appeal timeline has expired; we should know definitively tomorrow if we can move in as planned. We have lined up alternate space for staff and training classes should that not be the case.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: Efforts to re-host the Health Services Enterprise Platform continue at a fast pace. We have come to agreement with Optum on The majority of the scope for transition ongoing infrastructure hosting services. Discussions should conclude this week with Service Level and payment terms. We plan to be done with the transition by August 1st, 2015 at which time the state will have no further relationship with CGI with regards to healthcare. This effort will save DHVA approx. \$1.5M annually compared to their current CGI costs.

Legislative Issues/Contacts:

- Commissioner Boes attended testimony on the IT Strategic plan in Senate Education where Bill Talbot provided the subset of projects listed in our plan to the committee. The only question that came out of the committee was not addressed to Bill but was addressed to the chair and that was “why are we looking at this”? The answer from the chair was that John Campbell told us to. No other questions were asked.
- Boes testified to Senate Health & Welfare on the IT strategic plan and provided a high level synopsis of our IT goals and our IT strategic principles along with the laundry list of AHS project and ongoing activities. It was an excellent opportunity to educate the committee on the role of DII and what has been accomplished over the last few years. There were also a few questions regarding VHC and IE, but nothing controversial. He used the opportunity to highlight the old systems in AHS (mentioned DMV as well), that don’t meet the current need and that we must replace.

Evolving Issues:

Web: A meeting is scheduled for 4/16 to begin planning on an enterprise eLearning platform. This will encompass the current eLearning services used by Liquor Control and the e911 Board. New participants will include Tourism and Marketing and Agriculture.

Projects:

- **ITS Tax:** Phase 1 (Corporate & Business Income) has been live for ~4 months (including release of modernized e-filing for both of those tax types). Things are going well and they are seeing processing efficiencies already and are clearing up previous back logs of suspended returns. Phase 2 (Trust Taxes) is in progress (development to begin next week). They are in scope, on time and in budget.
- **VoIP:** Meeting with team this week to discuss BAFOs received last week, and identify preferred vendor.
 - Independent Review vendor selected: Northeast Computer Systems Inc, for \$16,750.
 - IR Kick off will be next week.
 - One vendor who was disqualified requested to come in and review their bid. They were granted that request and Deb Damore sat with the representative while he looked through it on Monday, 4/6. He identified that they were clearly missing something. Deb called on 4/7 and indicated that same vendor had submitted a request to be allowed to submit the missing information and be considered for further review. Deb’s recommendation is not to allow that; it would set a precedent that the State simply cannot do. She will be emailing her recommendation to Justin.
- **ANR Collaboration:** Initial discussions with Agency of Natural Resources (specifically DEC) are going well with respect to DII helping to align projects and help define their future ANR(DEC) business vision.
- **AOT VTrans Smart Work Zone:** Deb Damore began routing the AA14 Tuesday and has requested expedited processing. There are no significant concerns with the contract from my standpoint. A Limited Notice to Proceed for the vendor was issued by AOT on March 11.

LIBRARIES

Significant Meetings/Events:

FY15 Maintenance of Effort (MOE) Reached for Federal LSTA Funding: Good news! A careful review of our FY15 expenditures to date shows that we will meet the required state MOE for our federal funds. Libraries had expected that they would need to file for a waiver this year, but we are relieved of that obligation. We were able to do this by including expenditures that in past years had not considered. Marty Reid confirmed with a couple of other state librarians that the items are allowable, so we are good to go. Next year may require the waiver application, but at least it gives us a year of breathing room.

Strategic Planning with Consultant Bill Wilson: Bill Wilson (Himmel & Wilson Library Consultants, WI) will be here Monday-Wednesday next week to start the process to help us restructure our Department and develop a new strategic plan. He will meet individually with all staff members, with Archivist Tanya Marshall, with two groups of stakeholders, with a group of public, school and academic librarians and with our Management Team.

FY16 Budget:

Law Library: The New England Law Librarians Association sent a letter to the Judiciary, Senate Approps. etc. in an effort to save the Law Library. The Vermont Library Association reached out to them and VLA continues to do advocacy on behalf of saving the law library and preserving our full federal funding. I have referred emails and calls from folks who want to advocate on our behalf to the VLA.

Marty Reid forwarded the proposal that came from the Law School to Sec of Admin for review and has these comments:

- Our Law Library has offered research services to the public and the VT law community with just one legal database (Westlaw) available on public workstations. By choosing just one service, they could save money, but they will have to be prepared to answer questions that are not satisfied with just the one database. This could be an area for negotiation.
- I am told that at least some of their law librarians are also attorneys and this may put limits on the amount of assistance they can give to the general public. My concern is that the level of reference service needed by average citizens (and which we now provide) may not be met.
- Most of the reference/research assistance that we give to citizens who contact us directly or who access our services via local libraries is done by phone or email. This means that Law School on-site databases and public workstations won't be helpful for many (most?) of their public questions, and the actual research will be done by the law librarians. Will current staffing levels be adequate to handle this added workload? They will have to decide what to do re inmate questions. Once the budget is passed (and assuming our funding is cut) Paul Donovan will contact the inmates he is currently helping to let them know his services will soon come to an end.

Vacating Book Stacks: We are making plans to vacate two levels of book stacks at the State Library and Paul Donovan is making decisions about the books that we will discard. The actual shifting of most of these materials will happen after July 1.

We are looking now at the possibility of vacating the top floor (5th level) and the 3rd level (which adjoins the large upper reading room) and using the 4th tier of stacks for our remaining collection. This would allow for the greatest use of those two floors at the least cost for renovation. We will access our needs

and ease of access to that 4th floor before making a final decision, but if it is possible, this means we would vacate the upper reading room entirely and leave a law collection on that level which could be used by Judiciary. I think they could use that area for office space with access to their own law collection for not too much (?) money. Not sure if this balances their current leasing costs, but they can explore that. We have more assessment to do, but once I know if this is practical for us, I will contact Judiciary.

Closing the State Library: Losing our Law Librarian position reduces our professional reference staff by 50% and severely restricts our ability to staff the State Library and also be flexible for staff illness, vacations, etc. Marty is doing some assessment but first predictions are that they will have to close the State Library as much as 3 days a week – or have access to the collection by appointment only. We are discussing the possibility of letting folks use the library with no staff present but, apart from security risks and the need for security staff to search all bags as people leave the building, it is also lousy service and a very poor standard. We may change the hours of operation in June as a transition period for people – we will need to do plenty of advance PR.

Other:

Dorothy Canfield Fisher Book Award: Vermont students in grades 4-8 are busy reading books that are on the list of 30 nominees for this year's award. Deadline for voting for the winning book is April 17. Sharon Colvin, Youth Services Consultant, has been busy planning the May conference.
http://libraries.vermont.gov/services/children_and_teens/book_awards/DCF

Green Mountain Book Award (for grades 9-12): The GMBA Committee recently announced the book nominees for this year. Voting ends May 31.
http://libraries.vermont.gov/services/children_and_teens/book_awards/green_mountain

VTLIB Partners with "Let's Grow Kids": We are partnering to distribute over 11,000 bookmarks from Let's Grow Kids to libraries statewide in celebration of the Week of the Young Child (April 12-18).

Sharon Colvin, our new Youth Services Consultant, is a dynamo and she has quickly established contacts with Building Bright Futures, AOE, VT After School, Inc, the Vt Humanities Council, and VT book award committees and has been around the state visiting libraries. She has replaced a long-time program standard (Children's Materials Review sessions) with snazzy short webinars where she talks about the best books for young readers. She will be in RI next week to attend the annual meeting of the national Summer Reading Program Collaborative, Most or all state library agencies are now members and we use the materials that they create in public libraries across the state each summer.

VTLIB and Social Media: Brittney Wilson, Mara Siegel and Sharon Colvin have done a great job with our Twitter and Face Book accounts. <https://www.facebook.com/VermontLib?rf=234740206577750>

TAXES

Legislative Update:

"Non-Revenue/Current Use Bill" and "Revenue Bill/Current Use Bill": Finance committee took up the Current Use section of the bills, in the context of discussing the posted land proposal from the Administration. Tax did not testify on this issue this week.

The Department testified on including the W2 reporting requirement in the Senate version of H.272. This was language originally included in our miscellaneous tax bill, but was accidentally removed by the House when payroll tax was removed. The Chair said this will be added to the bill, but will invite businesses in to testify if the committee was interested.

The Finance committee has introduced their option for raising revenue. Their proposal for income tax reform raises \$28.3M by:

- Eliminating SLINCE (as proposed by Administration)
- Mortgage interest deduction capped at \$12,000
- Eliminates charitable deduction and replaces with credit for instate donations
 - o Credit would be worth 5% of charitable contributions over \$5,000 to a “qualified donee” located in state and provides a charitable benefit to folks in the state. Tax Department would publish a list each December of those who qualify.
- Applies 3% minimum tax for taxpayers with AGI greater than \$150,000

The Finance committee has also been looking at sales tax reform. Their proposal would expand the sales tax to services (exempting healthcare, education, and business to business transactions). It also expands the sales tax to soft drinks and bottled water. This would allow the rate to be lowered to 4.5%. The JFO is still finalizing their latest run at which services are included and how far the rate can be lowered.

We have connected with Marissa at Hunger Free VT to make sure we understand the mechanics of purchasing food with an EBT card that might be subject to sales tax. We are finalizing what that process would look like and how to inform grocers.

Administrative Judgments: Sen. Ashe has indicated a strong desire to give the Department administrative judgments for wage garnishments and attachments. This would remove the step of having to go to superior court for wage garnishment. Many other states have this tool. We are in continued discussions with JFO on what the best estimate is for FY16 and beyond. Finance has heard from Vermont Legal Aid and Tax continues to work on the language to ensure we strike the correct balance between taxpayer protections and administrative efficiencies. Tax also met with Chris D’Elia of the Bankers Association to hear their concerns about this additional requirement and will continue to work with their organization to make sure all are comfortable.

Water Quality: As the House bill, relying on the property transfer tax, passed Senate Ag continues to explore a per parcel fee, and does not take seriously the concerns that the Tax Dept has raised about imposing collection of this fee on the towns three months hence. To do this precipitously without working out all of the details, and providing for education of town officials and taxpayers, simply interferes with the main mission of property tax billing – which is to fund over \$1B in education spending plus municipal budgets. NEMRC has informed committees that if they have the directive by May 1, they can build it into their system for this year, but that does not take into account the towns that do not use NEMRC, nor does it account for time to train towns and answer questions. There have been a few indications from representatives in Fish and Wildlife that they need to talk to municipalities as Sen. Starr seems to indicate they are okay to collect this new fee.

Health Care Bill: Continues to sit in House Appropriations – vote is likely to be Friday or Tuesday.

Estate Tax: Ways and Means took initial testimony from JFO on S.55, as passed the Senate. Tax will need to testify, as well as practitioners, about why we think this change is necessary.

Cloud: S. 97 still sitting in W&M. Tax testified Friday in House Commerce. The Chair indicated that they will add a slightly different version of language to their economic development bill (H.124). Tax supports this language. S.97 language is also being offered as an amendment to S.138, on the bill's third reading (scheduled for Friday).

Education Finance: After all the work on the House side, from the sidelines it sure looks like Senate Education is floundering – seeming to back off from the bill with the Administration, but not happy with the House approach either. In committee this week, the Chair indicated that she very well might not ask for the bill out of Rules since she thinks it should be a two-year process. Senate Finance has also started taking testimony on the rates and the yield portions of the bill.

Operations:

Tax Season: We sent our first batch of checks to TD Bank in Williston on Monday. It was a good test, in that we did find a discrepancy and resolved it. This deposit method will be a workable alternative if we are unable to process the volume of checks internally. There is a bit of a delay in resolving discrepancies, which may become an issue at month end. The timeline is: we send checks to TD on Monday; Tuesday the checks are deposited; Wednesday we get report and find discrepancies; Thursday the discrepancies are resolved. Our plan would be to internally process all checks as we near month end. 2 of our 4 internal scanners are working. We still continue to struggle with the equipment.

Our revenues continue to gyrate – corporate up (we are pretty sure this is some short money, should not be baked into future corporate), withholding continuing weak, captive down but other insurance up, etc. The next couple weeks obviously will be key for personal income.

As of Monday we have received 232,801 returns (87% electronic).

VTax Project: We are nearing the end of the design phase for Phase 2 – Trust Taxes. Many of our design documents (i.e., data conversion plan, business requirements) are in the acceptance phase and the project team will start focusing on development starting Monday (right on schedule). We are now measuring FAST benefits and will begin making benefit payments to the vendor. Our first quarter report showed a lift of \$376,000 – ahead of projections, but really just the start as we expect that number to shoot upward as trust taxes are moved. Significant outreach expected this summer with the Trust Taxes and we expect the visibility to ramp up in summer/fall.

Compliance: Just as another negative story about field audits appears in the Free Press, we are putting in place the final pieces of our overhaul of the Compliance Section. Val Rickert is taking over, essentially as Director. She has a plan to re-tool processes in both the collections and audit units, capitalizing on the new data and management functions available through VTax. She has been charged with implementing new standard operating procedures that include the use of a notice of intent to assess before a case is formally opened, the use of mediation techniques, and time guidelines that are designed to get most cases from audit to appeal in 18 months. Another feature of the plan is to integrate our policy analysts into the work of the auditors, so issues at the margins are thoroughly vetted through the organization before assessments.

We were asked to the House Agriculture committee this week to hear the testimony of individuals who have been audited by the Department. We have been asked back next week (Monday) to hear proposals

from the committee. One of our policy analysts and the Deputy will be there to both hear solutions to the problem from the committee, and explain what we have been doing/plan to do moving forward. Specifically implementing the procedures noted above – but that will only be spoken about very generally.

General PILOT Inventory (PVR): Each year, PVR prepares an inventory of the State-owned buildings in preparation for computing the General Pilot Payments to the municipalities that host the buildings. On May 1, the statute specifies that the Secretary of Administration shall provide the inventory of State Buildings to each municipality who is entitled to a grant under the program. We will be sending the cover memo to be approved/signed by the Secretary of Administration early next week. This year, we have added language that strongly encourages the recipients to advise PVR as to which buildings are located in the special tax districts established by some municipalities.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: April 10, 2015
RE: Boards and Commissions Update

Appointments Made April 9, 2015

Justice of the Peace, Town of Peacham

APPOINTED: Joseph Barbieri, Peacham

Justice of the Peace, Town of Barre:

APPOINTED: Philip Kolling

Vermont Economic Progress Council:

DESIGNATED: Stephan Morse **CHAIR.**

Texas Low-level Radioactive Waste Disposal Compact Commission:

REAPPOINTED: Jane Sanders, Burlington (Alternate)

REAPPOINTED: Peter Bradford, Peru

REAPPOINTED: Richard Saudek, East Montpelier

Transportation Board:

APPOINTED: Richard Bailey, Hyde Park

APPOINTED: David Coen, Shelburne

Children and Family Council for Prevention Programs:

APPOINTED: Michelle Kaczynski, Winooski

APPOINTED: Kathryn Searles Brayton, Essex Junction

Citizen's Advisory Council on Lake Champlain's Future:

REAPPOINTED: Mark Naud, South Hero

Racing Commission:

REAPPOINTED: Joseph O'Rourke, Rutland

Clinical Utilization Review Board:

REAPPOINTED: Michel Benoit, Shelburne

REAPPOINTED: Norman Ward, Burlington

Board of Health:

REAPPOINTED: Barrett Peterson, Williston (Dentist)

Building Bright Futures:

APPOINTED: Kristin Mason, Morgan

APPOINTED: Stephanie Winters, Williamstown

REAPPOINTED: Edward Gale, Johnson

District #2 Environmental Commission:

APPOINTED: Tim Weed, Westminster (ALTERNATE)

Natural Resources Board:

APPOINTED: Elizabeth Courtney, Montpelier (ALTERNATE)

APPOINTED: Dominic Cloud, (MEMBER)

Vermont Council on Homelessness:

APPOINTED: Margaret Bozik, Alburgh (Housing Provider)

APPOINTED: David DeAngelis, Brookline (Entities engaged in prevention)

APPOINTED: Jan Demers, Burlington (Entities engaged in prevention)

REAPPOINTED: Elizabeth Ready, Lincoln (Entities engaged in prevention)

REAPPOINTED: Richard McInerney, Springfield (Entities engaged in prevention)

REAPPOINTED: Linda Ryan, St. Albans (at-large fighting homelessness)

REAPPOINTED: Calvin Smith, Montpelier (Prevention)

Human Services Board:

REAPPOINTED: Mary Jean Waski, Pittsford

Governor's Workforce Equity and Diversity Council:

APPOINTED: Amila Merdzanovic, So. Burlington

Liquor Control Board:

DESIGNATED: Stephanie O'Brien **CHAIR**

NEW BOARD APPOINTMENT ON HOLD

Appointments confirmed by the Senate:

last name	first name	Board/Commission	Comments
Chen	Harry	Department of Health	Commissioner
Dupre	Paul	Department of Mental Health	Commissioner
Holcombe	Rebecca	Secretary of Education	Secretary
Ide	Rob	Department of Motor Vehicles	Commissioner
MacKay	Noelle	Dept of Economic, Housing and Community Dev	Commissioner
Minter	Sue	Agency of Transportation	Secretary
Moulton	Patricia	Agency of Commerce & Community Development	Secretary
Noonan	Annie	Department of Labor	Commissioner
Obuchowski	Michael	Department of Buildings and General Services	Commissioner
Pallito	Andrew	Department of Corrections	Commissioner
Reardon	James	Department of Finance and Management	Commissioner
Schatz	Kenneth	Department for Children and Families	Commissioner
Spellman	Maribeth	Department of Human Resources	Commissioner
Wehry	Susan	Dept of Disabilities, Aging and Independent Living	Commissioner

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: April 10, 2015
Re: Weekly Report

Status of Governor's Priorities:

- Staying in touch with my counterparts in Washington and Oregon on the implementation of legalized marijuana. Oregon has contracted with a company NIC USA, Inc. who has connections to VIC (Vermont Information Consortium) to build an application for on line licensing for recreational marijuana. This is a great organization with lots of IT expertise.
- Attending Senate Gov. Ops on Fridays listening to the Marijuana discussion. I think they are trying to come up with a suggested model approach after hearing from many folks and looking at the Rand Report.
- April sales looking good.

Legislative Issues/Contacts/Updates:

- S.138:- Economic Development Bill has a provision that allows for fortified wines to be sold by second class license holders who hold a permit. There are limitations on the numbers of permits and a study to evaluate the implementation and the growth of the products.

Press Issues/Releases/Contacts: None

Significant Events/Meetings: Next Board Meeting 05/06/2015 - Enforcement Hearings.

- Made in Vermont Event at the Essex Jct. Fairgrounds will showcase many of Vermont's distillers showcasing their products and conducting tastings Friday-Sunday.

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. Testing is going very well.
- Preliminary review of department processes for potential licensing and enforcement system.
- Break open ticket reporting process is working. Live data is being entered. Should have some numbers by the end of the first quarter.
- Speaking to potential vendors about warehouse study and pricing analysis as recommended by the Auditor's report.

Summary of Key Department Activity:

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.

- **Commissioner's Commentary:** Have a great weekend.