

WEEKLY REPORTS

Checklist
6/19/15

Darren Springer/Alyson Richards

- ☒ Agency of Commerce and Community Development – Patricia Moulton
- ☐ Department of Labor – Annie Noonan
- ☐ Department of Financial Regulation – Susan Donegan (**no report this week**)
- ☒ 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 (**no report this week**)
- ☒ Department of Liquor Control – Jim Giffin

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: June 19, 2015
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

- **Tourism web site:** The new Vermontvacation.com has been an "in house" project completed with a \$100,000 budget. Overall website has been very well received. The problems have been within our "Travel Planner" which includes our Calendar of Events. This piece of our previous website had many problems and we needed a better solution. The problems with the Travel Planner are complicated by an agreement we have with the Vermont Chamber and Route 802 to produce a "Vt app" for mobile devices.

The Vermont Chamber approached us to develop a digital app that could also live on our website as our new travel planner. We formalized our long standing marketing partnership with the Chamber which includes them producing our biannual guidebook, the official map and the B&B guide. This agreement was in the form of an MOU (no state funds were involved, all Chamber \$) that included all of the above and the creation of the APP/travel planner. The Chamber also agreed to forward their website, visitvt.com, to our website, vermontvacation.com.

We completed an RFP process that chose Route 802 as our vendor to do the scope of work. You may recall some "issues" with Roger Albee who bid on the app project but did not fully respond to the RFP. He was developing a Vermont App (Viewboost) which took far longer and a lot more money than anticipated. Roger's app is up and running now.

The project with Route 802 got off to a promising start as the first piece was a comprehensive Calendar of Events that we discovered was subcontracted by Route 802 company by the name of Everwonder. After missing several deadlines, the rest of the App/Travel Planner was delivered to the Chamber and it was not at all the product we had asked for in the RFP. While the Chamber deals with the legal problems with Route 802 the team at VDTM is working with Everwonder to develop the travel planner in the same format as the Calendar of Events. We have been very happy with their response and, although there are still bugs in the planner, we are very hopeful that these problems will be fixed by mid-July sooner we hope. There are over 1200 businesses populated in the planner and, with the exception of the lodging section, are sorting by search correctly. The lodging section search function is a top priority for both Everwonder and VDTM. It is most likely that the Chamber will not move forward with the App but will continue to sell the Travel Planner as part of the marketing package for members and nonmembers. We do not feel that an App is necessary as our new website is very mobile friendly.

- **EB5:** While things are relatively quiet with Vt.Digger for the moment, the ramifications of the stories are being felt around the world. I talked with Laurie Newton of Mt. Snow who just returned from a marketing trip to China, Vietnam and South Korea. She is having to do damage control with investors and investor reps around the world. They associate Peak Resorts, Mt. Snow's owner, with Jay Peak. Some representatives also thought our Regional Center was closed. Mt. Snow is evaluating if their relationship with us can continue as they are feeling the ill effects of the Jay Peak press. Other projects have expressed some concern as well. Brent was on this trip as well as at the AILA conference with the Vermont projects in DC the end of this week. He is able to assure folks all is being done, but it takes a lot of extra time and work. We **MUST** do some marketing to assure folks we are alive and well. Meanwhile, Jay Peak continues to violate marketing protocols by promoting projects where there is not MOU enabling them to market. Brent and I will be sitting down Monday. Laurie feels we need a PR crisis firm to help us with this press and that "a few press releases is not enough" and I agree. The issue is how to pay for it in the short term. We will find some money because there is too much at stake not to get this done right.
- **Office 365:** I am doing additional research but I have *DEEP* concerns about the transition to Office 365. First, DII did not do any outreach to agencies to gather requirements before they determined 365 was the way to go. Further, information we were given at the Extended Cabinet meeting is different than the information DII is

putting out in FAQ's. Lastly, a quick calculation indicates we will have to spend at least an additional \$24,000 per year in license fees on top of current expenses to maintain current functionality. The only way to avoid this additional expense and keep costs at the current level, no savings, is to have less efficiency and capability for staff. This will lead to more time being spent by all employees particularly the IT staff. This seems counter to the goal of seeking greater efficiency. I expect other agencies are having these same issues.

- **Auditor Hoffer** continues to request information on his "personal project" of investigating the Vermont Training Program. Thankfully he is asking for more information and we are providing it as requested. It is clear he feels the VTP should have a "but for" and that we should audit all programs. We do not have the staff for such audits. And the goal here is training Vermonters for better jobs. Why should there be a "but for"? Unless it is "but for this training, I would not have a job or would not earn more money."
- **Year-end** budgeting and new FY granting is taking up some time. That and summer studies.

LUCY LERICHE, DEPUTY SECRETARY

- **Working Lands Enterprise Board Forestry Summit:** This was the final meeting to gather input from stakeholders on the final Forest Sector System Analysis report that is expected soon from Yellow Wood Consulting. ACCD promised the legislature that we would use the report to inform our recommendations about this sector vis a vis the Wood Products Manufacturer's credit/incentive.
- **Vermont Council on Rural Development Board Retreat** was held at the Fairbanks Museum in Saint Johnsbury. Mayors and community leaders came to discuss their experiences with the Community Visit process. They all spoke of the momentum and motivation this offered in implementing their respective visions. In the afternoon we discussed the organization's work plan for the upcoming year. While we ultimately decided against it for 2016, the idea of VCRD leading some sort of process around education quality and funding is still alive.

KEN JONES, ECONOMIC RESEARCH ANALYST

- Ken Jones met with Bill Church of the Vermont Biosciences Alliance and Greg Dewey, President of the Albany College of Pharmacy and Health Sciences to discuss the next steps towards the development of a Masters in Biotechnology degree program. This initiative is included in the state's Comprehensive Economic Development Strategy.
The current path for developing this degree program is to establish relations with the region's (New England and New York) biotech companies as partners to provide teaching experts and internship possibilities for prospective students. The first efforts will be for individual certificate programs on topics such as intellectual property and federal regulations. Over time, a collection of biotechnology related certificates will add to a full degree. The delivery of the education will be a blend of on-site, traditional classes and on-line course participation. This approach of starting with certificates and including on-line options will reduce the initial funding requirement. Both Bill and Greg will be exploring funding opportunities. The University of Vermont has been involved in earlier parts of this discussion and are included in some of the next step discussions as well. However, UVM is more comfortable with traditional, resident, comprehensive degree program development.
- Ken Jones provided an interview to Bess O'Brien who is taking on a feature length documentary regarding the Gross National Happiness movement. Ken's interview discussed the role of the Genuine Progress Indicator in the state's Comprehensive Economic Development Strategy. A trailer for this movie will be available this fall with the complete movie release scheduled for early in 2017.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- [Exciting news:](#) Addison County Economic Development Corporation has become the first Kiva Zip trustee in Vermont, providing a new source of no-interest business loans for early stage working lands businesses in Vermont. Jared worked with Deputy Commissioner Pieciak at DFR, Reg Godin at Agency of Ag, and Robin Scheu at ACEDC to make this happen.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Vermont Captive Insurance Association Grant Agreement:** Dan Towle, Director of Financial Services reports that the grant agreement between ACCD and the VCIA has been finalized. This grant is the continuation of work already done to help come up with a federal legislative fix to eliminate the confusion about the Non-Admitted Reinsurance Reform Act and captive insurance. This confusion has hurt Vermont in domiciling new captives to Vermont and some Vermont captives writing certain lines of coverage due to this confusion.

- **Federal Captive Insurance Legislation has been Introduced:** Dan is pleased to share that Senator Patrick Leahy and Senator Lindsey Graham of South Carolina have co-sponsored legislation to solve the confusion surrounding captive insurance and the Non-Admitted Reinsurance Reform Act. Dan has been working closely with Senator Leahy's staff on this issue. He also continues to get excellent support and cooperation from Congressman Welch's office.
- **Vermont Captive Insurance Association Board Meeting:** Dan presented before the Board of Directors and invited guests on activities that the State of Vermont has been working on. Dan gave a federal legislative update and shared that the grant between the State of Vermont and VCIA has been finalized. *He also shared that to date, 10 new captives have been licensed. This is a great start to the year.* Three of them are in the healthcare sector which has been a large focus area for Vermont. Dan also shared that 4 of the 10 new captives are 'redomestications', which is when a captive relocates from one domicile to another. Vermont saw redomestications from Bermuda, Cayman Islands, Nevada & Arizona.

VERMONT EB-5 REGIONAL CENTER ♦ Brent Raymond, Director

- Brent has been meeting with agents and investors in various cities in China, South Korea and Vietnam in support of South Face Village at Okemo and Mount Snow since departing on May 27th.
- Brent arrived in Washington, D.C. late yesterday afternoon to attend and man the VT EB-5 RC booth at the national AILA conference. Approximately 3,000 immigration attorneys from throughout the United States will be attending the conference. Every successful and active Regional Center attends this event. VT Projects attending the AILA conference are Stowe Aviation, Trapp Family Lodge, AnC Bio, QBurke and Mt. Snow.
- New and important agent connections were established in China and S. Korea. A minimum of \$4 million in new investors were signed already as a result of meetings and seminars that will be directly injected into VT's economy.

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

VEGI

- Fred attended a 2 day workshop hosted by the Center for Regional Competitiveness and PEW Charitable Trusts regarding business incentives.
- Fred continued work with GS Precision on potential June VEGI application.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Vermed:** Beth Demers spoke by phone to John Shields, Senior Vice President, of Graphic Controls which recently acquired the Bellows Falls based Vermed. John spoke about the employee training needs the company faces as it looks at the possibility of moving production of several products from Idaho to Vermont. Beth gave an overview of the Vermont Training Program (VTP). John and the President of Graphic Controls will be in Vermont in July and a meeting is tentatively scheduled to further discuss the details of employee training and the VTP.
- **Connor Homes:** Beth Demers spoke with Gina Tindall, VP & CFO, of the Middlebury based custom mill-build reproduction home company. The company has grown from 35 to 92 over the last two years. However, the work is coming in waves. In order to even out the waves and avoid laying off employees, the company is planning to apply to the Vermont Training Program for assistance in cross training of employees and training for a new glass product line. Gina will work on drafting an application and get back to Beth with a first round before the end of June.
- **H. Hirschmann:** Beth Demers spoke with Dan Shea, Operations Manager, at the Rutland based window and door manufacturer. The company, which has less than 20 employees, has three recent hires and anticipates hiring another three in the coming months. This growth is due to a large contract with an East coast Ivy League school along with growth from existing clients. In addition, the company has brought on new software that will integrate drawings and job specifications. Beth and Dan spoke about a potential application for this new employee training and cross training.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar: Commissioner MacKay

- **Vermont Economic Resiliency Initiative (VERI)**
 - **Funding Project Recommendations:** The five community reports provide recommendations for specific projects (flood proofing businesses, protecting floodplains, upgrading culverts and bridges, relocating vulnerable water and sewer lines, the property buyouts, etc.) and the communities are interested in

implementing various recommendations. To aid in implementation, Noelle and Chris have been meeting with state agencies and other philanthropic organizations to discuss funding options. So far, meetings have been held with the Community Foundation and the Department of Emergency Management and Homeland Security. Future meetings include ANR, VTrans and Ag as well as reaching out to federal partners.

Deputy Commissioner Hollar

- **Vermont Community Development Program:** Secretary Moulton concurred with the VCDP Board's recommendation to fund ten of twelve projects. Governor Shumlin will announce the awards in Brattleboro on June 23. Preparations for the event and press release are underway with help from Josh Hanford and Nate Cleveland and in coordination with the congressional delegation. The new requirement that minutes of the board meeting be posted within five days has required us to adapt and accelerate our process for notifying grantees. Quick action on the part of the Governor's office to schedule an awards announcement was greatly appreciated as it can be difficult for communities and developers to hold the news.
- **Mobile Home Park Closures:** We have received one formal and one informal notice from owners of mobile home parks in Berlin and Pownal that they plan to close their parks. It has been many years since a Vermont park has closed. Reached out to state and local partners to encourage them to consider purchasing and assembling information for residents should they be displaced. Under state law, owners cannot close the park until 18 months after official notice is provided to residents and DHCD.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Downtown and Village Report

- **DC Fast Chargers:** Bennington, Brattleboro, Rutland, St. Albans and St. Johnsbury (5 of the 6 geographically targeted) downtowns have confirmed their willingness to install this new equipment that charges electric vehicles substantially faster than the existing chargers installed in downtowns.
- This new program is supported by Green Mountain Power's Community Energy & Efficiency Development Fund ([CEED Fund](#)), in partnership with the Vermont Energy Investment Corporation and DHCD. The group plans to make a formal announcement once all the charging sites are identified.
- **Lyndonville:** Caitlin and Richard gave two public presentations in Lyndonville to discuss the benefits of Village Center Designation – an afternoon Rotary meeting and an evening public presentation with Dave Corliss from Efficiency Vermont (Senator Benning attended the Rotary meeting and will likely apply for tax credits to upgrade his building). They also met with the town's zoning administrator to tour the village and discuss potential projects that could benefit from Downtown and Village Center Tax Credits.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Environmental Review (ER)

- Staff met with a potential sub-recipient for another Economic Development expansion project for Revision in Newport. The categorically excluded ER appears to be straightforward and timing does not seem to be an issue. This project would potentially provide 58 new full-time, permanent jobs.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- Danforth ornaments and charms have arrived! Ornaments of the State House, Morrill House, and Coolidge Boyhood Home, and the charms depicting the Bennington Battle Monument and the top hat of President Coolidge are now on sale at our State Historic Sites shops and the gift shop of the Friends of the State House. Thank you Danforth for this fabulous partnership.
- Threads and Threshold is now open at the Kent Museum. The museum building, dating from 1837, is the home this coming week to the production of the talented Hannah Dennison and her fellow artists. The 90-minute performance is a dance/theatre project designed specifically for the Kent Museum. Each room has been altered to create a special sensory-rich environment derived from personal memory, the history of the building, and the surrounding natural environs. Laura, Jenni, and Matt attended the dress rehearsal on Friday. WCAX the :30 did a presentation on this exhibit as well as at the Coolidge Homestead <http://www.hannahdennison.org/threads/photos/>

State Archaeologist

- Last Thursday, Jess Robinson and Brennan Gauthier (VTrans archaeologist) travelled to Harwood High School in Moretown, to assist several teachers there with preparations for an archaeology module they are planning for the fall. It will be a combination of some non-destructive mapping of historic archaeological remains in the Harwood High school area combined with background research about the site and the general area during the period when the site was occupied.
- On Tuesday morning, Jess went to the Barre Granite Museum to meet with the director, Scott McLaughlin. We made plans to coordinate on a boy scout weekend outing at the museum in August where the troops will earn archaeology merit badges based upon research and mapping of the industrial archaeological landscape

surrounding the museum. Jess also went through the process of becoming certified as an expert for the purposes of awarding a merit badge in preparation for the event.

- On Wednesday, Jess traveled to a remarkable Late Paleoindian (approximately 9,500 year old) site just north of Sherbrooke, Quebec, being excavated by Claude Chapdelaine and colleagues from the University of Montreal. Jess was invited there to be filmed for several 45 second clips that will be integrated into a traveling exhibition on the Paleoindians of the Northeast. Although the exhibit is sponsored by the Canadian government, Jess talked with the organizers about the possibility of having the exhibit temporarily hosted somewhere in Vermont. These discussions will continue.

Project Review

- **Wilmington:** Jamie conducted a site visit to inspect the Old High School building in Wilmington with Gretchen Havreluk, Economic Development Specialist for the town. Breadloaf Corp. is currently working on a feasibility study to consider if the building, originally constructed in 1899, can be rehabilitated and utilized as part of a new community center. One of the tenants proposed is a community health center, who have expressed a desire to demolish the 3-story structure and rebuild a new, 1-floor facility in its place. The feasibility study is being funded through CDBG funding and will require Act 250 review. VDHP will review the report, once completed, and respond to the Town on what the next steps will be.
- **TDI-NE:** Scott and Jamie, with Dale and Jenni's assistance, submitted pre-filed testimony on behalf of VDHP to the Public Service Board in response to TDI's application for a Certificate of Public Good for the New England Clean Energy Link Project which proposes to install and operate a high voltage direct current underwater and underground electric transmission line with a capacity of 1000 MW, a convertor station, and other associated facilities, to be located in Lake Champlain and in the Counties of Grand Isle, Chittenden, Addison and Windsor, Vermont. Further consultation between TDI and VDHP will work towards developing stipulations to be included in a Master Memorandum of Agreement between TDI and other State Agencies involved in reviewing this project.

State-Owned Historic Sites

- **Bennington Battle Monument:** Vermonter Days were quite busy at the Monument, we had over 500 free visitors, most of whom were not aware of free admission but were quite happy to find out; several groups of visitors came from the new Bennington Welcome Center. The Monument had a visit from Betsy Ross on Sunday June 14th, Flag Day. Our first-person interpreter gave many visitors a talk and demonstration of our flag and the reason for Flag Day. The people who engaged with her were impressed and enjoyed the presentation. The week was also busy with the last of visiting school groups, 300 students came through from 5 different schools. The rain may have slowed our numbers but the lawn is turning back to green.
- **Vermont Days Weekend at Western Sites:** Many visitors knew about Vermont Days through the promotions and free today signs. Total attendance at Mount Independence was 156, 117 at Hubbardton, and 93 at Chimney Point (71 of which came Sunday afternoon). People appreciated the opportunity and had a grand time, playing lawn games at Chimney Point, enjoying the scrapbooking and Flag Day programs at Hubbardton, and hiking at the Mount.
- **Hubbardton Astronomy Program:** The first astronomy program, a new moon night, was at the Battlefield on Tuesday. Four members of the Green Mountain Alliance of Amateur Astronomers were there. The clouds did break finally, but only 8 people came because of the iffy weather. They saw the space station, an iridium flare, Venus, Jupiter, and Saturn.
- **Naval War College Thanks:** Jerry Duffy, Associate Professor at the Maritime Advance Warfighting School at the Naval War College in Rhode Island, sent this thanks: "Just wanted to let you know that our visit to the site at Hubbardton went well. We even managed to avoid the rain. Tell Carl I am most grateful for his opening the museum - the students really appreciated it. Hubbardton is important to our understanding the entire British Northern Campaign of 1777 and I can't imagine doing the staff ride without it. Again my sincere appreciation".
- **Coolidge Site:** The Division hosted the Okemo Regional Chamber's after-hours mixer on June 10. Forty-five people attended – an excellent turnout for such affairs. Food and beverages were all donated: Coolidge Foundation (veggie platter), Cheese Factory (Plymouth Cheese, of course), Wilder House (bean spread and lemonade), and several of Bill's friends (a large assortment of snacks and beverages). Everyone was excited to see the new fashion exhibit.
 - 248 visited during Vermont Days weekend, June 13 & 14.
 - Bill attend the Okemo Chamber's board meeting on the 15th. An event listing was sent to area papers for the "Your Son, Calvin Coolidge" program which will be on the 21st. The press release for the July 5th Grace Coolidge Musicale was sent to Montpelier for review.

- Gina Bullard, anchor and reporter for WCAX-TV, came to the site on June 17. More about that visit in next week's report!
- **Constitution House:** The new exhibit, "Pumps, Percolators, and Glazier Points: The Hubbard's of Windsor," opened on the 13th. The display features objects from our collection and the American Precision Museum (APM). John Alexander, APM's collections technician, introduced the exhibit with a lecture about the Hubbard family's revolutionary patents and manufacturing innovations. John was gracious to give the program twice, when some visitors arrived too late for the first presentation. 60 visited during Vermont Days.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Existing Grants

- **Town of Hinesburg** (Green Street Village Apartments): DEC has issued the water system construction permit to Snyder Homes for the project which should allow the Act 250 permitting process to continue. The project still needs written approval from the town in order to connect to the water system. This 23 unit project is a turn-key project to be constructed by Snyder homes and purchased by Housing Vermont when completed.

VT CENTER FOR GEOGRAPHIC INFORMATION (VCGI) ♦ Steve Sharp, Interim Director

- **Outreach and Professional Development Program:** 18 people are registered for the *Intro to GIS/GPS* trainings taking place in July, in partnership with VTC. Leslie helped the VT Society of Land Surveyors find a presenter for their Spring 2016 seminar (Stephen Smith from the VTrans Rail Division).
- **Projects and Technical Service Contracts**
 - **Statewide Parcel Data:** The Statewide Parcel Workgroup met this week and discussed aspects of potential statewide parcel program structures. Issues include how to estimate costs for different program ideas.
 - VTrans will ask their consultant to do a bit more analysis so we can compare different scenarios.
 - VTrans is also trying to schedule a meeting with their senior management to provide an overview of where the project is at.
 - Leslie will work with Melissa Prindiville to identify stakeholders and put the whole project in a more formal project framework.
 - Leslie will contact workgroup representatives to re-engage them and ask those who are state agency reps to talk with their senior management.
 - **NBRC Parcel Data Project:** Leslie has received a reimbursement request and several reports from towns participating in the project (Sheldon, Berkshire, and Lemington is on its way).

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **Press and Positive Attention:** The Tourism Industry is getting a great deal of press and positive attention with the announcements from Vermont Ski Area Association last week. As we gear up for the summer season everyone is hoping for cooperation from the weather.
- **Governor's Visit to Porter Air:** Megan has continued to work on the Governor's visit to Porter Air next month as well as the Burlington Airport (BTV) Customs issue and marketing plan for next winter.
- **Burlington Airport Direct Flights:** We are also working with BTV on a marketing plan for the new Charlotte – BTV flight beginning in August.

Steve Cook, Deputy Commissioner

- **NYC Adventure Show:** In partnership with Ski Vermont and Smugglers Notch, VDTM will participate as sponsors in this weekend's New York City Adventure Show. This event is ideal for communicating Vermont's outdoor recreation to NY Metro consumers. Steve will attend this event.
- **Expanding Markets into North Carolina:** This week representatives from BTV and VDTM will meet with Titan Media to discuss options for advertising in the Charlotte, North Carolina market.
- **Yonder:** The Yonder Long Trail promotion is moving right along. Yonder has developed a unique Long Trail tool for placement on VermontVacation.com. This campaign is a great example of Vermont organizations in different marketing sectors collaborating on a marketing effort. Partners include the Green Mountain Club, Yonder, Long Trail Brewing and VDTM.
- **VEIC Drive Vermont:** Steve will participate in the upcoming Vermont Energy Investment Corporations "Drive Vermont" discussion. The focus is on events and sponsorships throughout Vermont and Quebec that would focus on sharing the Vermont and Electric Vehicle (EV) message. We are particularly interested in Quebec in hopes of luring more EV drivers to Vermont.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Social Media:** New likes on the Vermont Tourism Facebook page were up 300% from the previous week. Weekly total reach was 45,862. Most popular post this week was “10 Unspoiled American Beach Towns That You Can Actually Afford” (Number 10: Lake Willoughby). It reached 8452 people, with many likes and shares.

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **Montpelier Alive Campaign | Digital Creative:** Steve has solidified a partnership with Montpelier Alive to run a digital campaign – and giveaway. Creative was developed to meet the new brand standards of the capitol city’s branding efforts.



ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director

Activities and Accomplishments

ITS

- Attended Region 19 700/800MHz Meeting via conference call.
- Met with DPS to review TDI Power Connect plans to discuss vault locations along the route.

MATS

- none

Future Plans/Activities

- Attend FirstNet State Consultation meeting.
- Attend STIC meeting and present ITS future goals.

Obstacles and Opportunities

- Requested copy of TDI power line installation plans from DPS to get a better idea of route to identify potential vault locations.



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**CONFIDENTIAL AND PRIVILEGED
MEMORANDUM**

TO: Governor Peter Shumlin 
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: June 19, 2015

Media Contacts:

- Amy Nixon, VTDigger, sought comment on the national announcement of SARA reciprocity.
- Amy Nixon, VTDigger, sought comment on the *"Kicked Out"* report by Jay Diaz of Vermont Legal Aid.
- Amy Nixon, VTDigger, sought comment on the Blue Ribbon early childhood commission. She was directed to Aly Richards.
- Michelle Monroe, St. Albans Messenger, interviewed Rebecca on implementation of Act 46.
- Josh O'Gorman, Vermont Press Bureau, interviewed Rebecca on implementation of Act 46.
- Charlotte Albright, VPR, sought comment on the national announcement of SARA reciprocity.
- Erin Lucey, VPR, scheduled a Vermont Edition interview for July 2, with Lindsay Simpson, our Physical Education Program Coordinator, on the new national physical education and health standards.

Public Presentations/Speeches/Meetings:

This week I met individually with board members and superintendents from the following SUs:

- Franklin Central
- Franklin Northeast
- Lamoille South
- Caledonia Central
- Windsor Southeast

- Washington Central
- Washington Northeast
- Rutland Northeast
- Orleans Central
- Washington West
- Addison Northwest
- Rutland Central
- Chittenden South
- Bennington-Rutland
- Orleans Southwest
- Orange East
- Barre

There are only sixteen more to go.

Tuesday

I spoke at the Naturalization Ceremony in St. Albans.

I also spoke on a panel along with 13 Legislators about Act 46 (yikes). The best moment of the night: someone from the floor told Scott Beck that St. Johnsbury School District should merge with Lyndon.

Friday

I am speaking (and soliciting support for Act 46 “community conversations”) at a Board Retreat for the Nellie Mae Education Foundation at Castleton State College.

This morning I spoke with GAO regarding ESEA flexibility, or to be more accurate, “inflexibility.”

Emerging issues

Support for Innovation

The AOE has enrolled in the CCSSO Innovative Learning Network association. This membership allows Vermont to participate in multiple support networks and to obtain resources related to proficiency-based education, personalization, flexible pathways, performance assessment and alternative methods for determining school accountability through multiple measures and field reviews. The Vermont AOE has been participating in monthly webinars on field reviews. Membership brings with it sponsored travel and a \$30,000 payment to the Agency to support implementation of this work.

Licensing Division

The VSBPE held their last meeting of the year. To date, over 3,000 licensing renewals have come in during the past month and over 600 have been processed. Fourteen educator endorsements have been revised through public comment and participation in focus groups.

Meetings with SUs to support Act 46 Implementation

I have met separately with 18 SUs, our team is meeting with 6 more today, and I will meet with another 12 or so groups within the next 4 weeks. These meetings have been incredibly helpful in terms of:

1. Isolating who realistically might be able to do an accelerated merger
2. Understanding how boards are approaching the law, and where possible, encouraging them to think opportunistically about how to use the law to further the goals of quality, equity and sustainability
3. Understanding legitimate challenges, often due to geography and the composition of the SU, that make it difficult for a handful of regions to move forward productively under Act 46
4. Understanding what kinds of technical support and advice we need to focus on, to enable SUs to move forward
5. Identifying challenges posed by poor wording and contradictions in language, and moving forward on guidance on interpretation
6. Identifying less admirable reasons to refuse to consider district mergers, including an unwillingness to partner with less wealthy towns or relinquish “local control,” which manifests in terms of concerns about who runs the lawn mowers and giving up a bus contract with a friend.

Some of the SUs that could merge most easily, like Washington Central, are still maintaining that they are just fine the way they are, thank you very much, and very efficient too. This is in spite of the fact that they are sitting on consolidation studies that suggest they could be much more efficient and deliver better services. We are telling these groups that they should keep in mind that in a few years, the SBE is likely to look at them and merge them anyway. Moving now gives them an opportunity to have a voice in how that is done.

I am speaking today to the Nellie Mae Education Foundation to see if they might be willing to front cash for regional conversations about possible solutions. VSBIT is funding work around technical assistance and legal support. I am still pursuing management consulting from the VBR. My hope is that all these resources can move through 2 Prospect, since having it move through us requires Legislative approval and would take too long and add too much work because of the requirements that attach to our receipt of money.

Now that we have actually seen all these SUs, my estimate of how many will move forward under accelerated mergers is more along the lines of 4 or 5 “likelies” and three “possibles.”

Some of the folks who previously indicated they wanted to merge quickly can’t because their proposals fall outside the very specific requirements of the law. Basically, they want the tax incentives, but they did not understand the requirements and so are not eligible. Meeting with us has forced some realism into the conversation. We will be able to be much more specific after the final round of meetings.

The requirements for the accelerated mergers are very stringent by design, and the pool that can do it easily, is small. Reviewing so far and looking ahead, these are the SUs I think **might** be able to do an accelerated merger. There is only one slam dunk, and some are less likely than others:

- St. Albans—maybe? Fairfield is the wild card.
- Franklin Northeast—maybe if can operate and tuition. This hinges on legal decision.
- Orange Southwest—my guess is this is in the bag.
- Chittenden South
- Addison Northwest

Less likely:

- Windsor Southeast (hinges on legal decision, may get blown by Hartland)
- Washington West (I give them 50-50 at best)

So to be conservative, this gets us to about seven. Brad James is away for two weeks, and he is the guy who does our modeling. Our original forecasting was based on 5 SUs organized around a unified high school. Cost estimates are more accurate if based on the actual SUs we expect to merge, because they are sensitive to the size of the units. If you threatened me with a longer Legislative session in order to force an answer, given what we are seeing I would guesstimate the increase in tax rate associated with accelerated mergers would be 3 cents at most, worst case. We will model more carefully when Brad is back.

Act 46 website

We are building a website to support implementation. Here are some links to documents on Act 46 implementation:

<http://education.vermont.gov/dashboard>

<http://education.vermont.gov/laws/2015/act-46>

<http://education.vermont.gov/laws/2010/act-153>

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: June 19, 2015
Re: Weekly Report

Status of Governor's Priorities:

none

Legislative Issues/Contacts:

none.

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

Tri-State Lottery meeting held in Killington, VT to discuss marketing, financial matters and long term strategy and vendor contracts.

Evolving Issues:

none

Summary of Key Agency Department Activity:

The lottery is participating in the Lake Monster's game tonight with our cash machine – same as last year. Continuing discussions with VT Sports Properties regarding UVM sports and VT Lottery – slow moving with no specific outcome anticipated on our part but wanting to see if co-branding is beneficial to us.

We did not hold a commission meeting this month due to absences of commissioners and no pressing matters.

Executive Director's Commentary:

We have set sales records this fiscal year, expecting to reach \$111 M. As mentioned, we will not see much growth in profits due to sales increase on higher cost products, impact of inventory change, and cost of agent incentive program. Most of these factors will dissipate next year.

I have continued meetings with the lottery staff to discuss factors related to the employee opinion survey from last October – we were rated quite low in many categories. Seems like we have addressed many areas of concern and have started working with an HR staff member to help on topics where we are uncomfortable talking among ourselves.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Sue Minter
DATE: Friday, June 19, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Federal Funding: Head's UP

We have been in close communication with David Weinstein from Sander's office this week, who is in DC, working on the mark up of the Reauthorization bill which is emerging out of Senate Environment and Public Works Committee next week. There are some very problematic elements that we are working to have removed, including decreasing federal match for investments that are not a part of the National Highway System (NHS). This is a big deal, which could mean that we would need to raise an additional \$15-20 million in state funds to match projects we are doing off the NHS (!). Stay tuned, and we may need to activate other states on this provision if David/Bernie cannot get it out in Committee.

Highway Safety/ Bike Fatality:

There was another cyclist fatality this week, in Charlotte – the 3rd in as many months. All have been in Chittenden County, and we are hearing from many upset cyclists. All of these incidents have resulted from driver behaviors – 2 were DUIs and the other excessive speed (involving a teen). I issued an op-ed that is helping a bit, but many blame us for not having adequate shoulders, safe roads for cycling. I intend to call a meeting of our Highway Safety Alliance to have a meeting focused on bike safety. The advocates need to have their voices heard, and we need to bring them into our efforts to address the real issues of driver behaviors, etc. More next week on this.

Rutland's Dorr Drive: On another bicycle issue, there is media attention around Rutland City's decision to not implementing Complete Streets and include a bike facility into their road improvement. The law compels state and municipalities to "consider", and allows for certain exemptions (including benefit/costs). VTrans does not have enforcement authority, although advocates are calling for the state not to subsidize the project with Class 2 paving grant.

Brattleboro Bridge :

I will be in a meeting at the Brattleboro Town offices to present information on the bridge project to the wider audience. This is really for the contractor to describe the project, and we will be discussing traffic mitigation to reduce congestion on I-91 for July 4th weekend. We learned this week from our traffic analysts that the Exit 3 on-ramp closure significantly improved travel speeds on the Interstate relative to last year's counts for Memorial Day weekend. (last year – 10mph & significant back-ups; this year with on-ramp closure – 40mph and not significant backups). We will meet with Town Officials to discuss doing again on July 5th, knowing that this may make the downtown a bit more congested. We will support the town with additional blue lights and traffic signal adjustments. I will also see you at the Windham Regional Commission celebration (Fortuitously, SIT is where my daughter is teaching a Governor's Institute program on Youth Activism).

Outreach:

This week I gave a presentation to the CCRPC Annual Meeting which was well-received. Michele Boomhower was also there, and she is recovering well from her surgery and expected to return to work by the end of the month (!). I will be travelling to Brattleboro and Bennington next week for my "listening tour", to hear from local officials, legislators, and RPCs about issues of concern and their goals for the future. The following weeks I will be in St. Johnsbury, Newport, Middlebury and Vergennes.

NOTES FOR STAFF

Construction Highlights

We have 48 active work zones; 25 bridge, 5 reclaim, 7 paving, 8 safety, 2 park n ride, 1 rail. We anticipate a total of 105 projects in 2015. 46% of the program has an active work zone.

Waterbury – I-89 Bridges at Exit 10 The southbound bridge deck was poured successfully last week; additional concrete pours are scheduled this week for the curbing. Increased truck traffic will occur in the area, but should be manageable. Equipment for radar detection speed signs has arrived and will likely be installed, along with replacement tubular markers, within the next two weeks or so. This is part of the plan to discourage speeding through the work zone. Over the weekend there was a three-vehicle crash caused by a drunk driver who approached the work zone at a high speed and rear-ended a vehicle doing the speed limit. Fortunately, no injuries occurred and because the vehicles were pushed off the roadway, no traffic back-up occurred. One of the vehicles struck was a truck owned by the contractor. On Friday afternoon during the 3 – 6 p.m. southbound on ramp closure, traffic did back up on Main Street in Waterbury, but did clear up after several minutes without incident.

Accelerated Bridge Projects: The Burke bridge closure on Rte 114 completed its initial project timeline and opened the bridge to traffic 3 days ahead of schedule. The Bridport accelerated bridge project has VT 125 closed this week; a five day closure. The contract opening was intended for Saturday June 20, 2015. Due to heavy rains earlier in the week, the contractor is running about a day behind.

Northern Border Grant – Support Newport

VTrans applied for a \$250,000 Northern Border Regional Commission grant to develop the rail infrastructure needed for a new propane distribution center in Barton. VTrans also assisted NVDA in developing an application for a \$250,000 NBRC grant to replace an outdated septic system with a new system capable of handling the growth anticipated at the Newport State Airport. This project will save the State \$250,000 in state funds.

The Governor, along with the federal co-chair, is responsible for selecting NBRC projects and we encourage the Newport State Airport project.

VTrans' Government Efficiency Efforts:

VTrans has recently created an Office of Performance, Innovation and Excellence (PIE) to manage and support process improvement and innovation efforts at the Agency. The process improvement activities comprise both Lean, the same work that ANR/DEC are having a lot of success with and Business Process Management which utilizes an integrating software to create a more efficient project development process. We have promoted a talented VTrans employee into this position to lead these process improvement efforts as well as provide support for a variety of innovation activities the Agency has embraced as part of FHWA's Every Day Counts program which is intended to accelerate project delivery utilizing innovative methods. VTrans accelerated bridge program is an example of one of these innovations.

Statewide Transportation Innovation Council (STIC)

VTrans recently hosted the annual meeting of the STIC which is comprised of transportation sector members including FHWA, VTrans, contractors, municipalities, RPC's, engineering firms, VLCT, ACEC, AGC, UVM TRC, other State Agencies and others. The FHWA under their Every Day Counts initiative which is aimed at promoting innovation to accelerate project delivery has recommended that each State create a STIC and if you do they provide \$100,000 annually to fund innovation efforts. The purpose of the meeting was to review the innovation that is occurring at the Agency and discuss challenges and opportunities for further innovation. Some of the innovation occurring at VTrans includes accelerated bridge construction, this year's highlighted project is the lateral slide on I91 in Hartford, e-construction which reduces paperwork and accelerates the project approval process, road diets, smart work zones, ultra-high performance concrete, centerline rumble stripes and Intelligent Transportation Systems including adaptive signal technology. This is an excellent federal program that ensures VTrans stays up to date on the latest innovative techniques in our industry.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: June 19, 2015

Highlights:

AHS CO:

Optum Maintenance and Operations Fixed-Price Contract Draft Complete pg. 3

VDH:

Radon School Testing pg. 3

Emergency Preparedness pg. 3

Public Health Statistics pg. 4

RiseVT pg. 4

DMH:

Vermont Psychiatric Care Hospital (VPCH) pg. 5

Emergency Departments pg. 5

DAIL:

Vermonters Arrested on Charges of Sexual Assault at New Hampshire Neurorhab unit pg. 5

DOC:

Update on Death of Annette Douglas pg. 6

Population pg. 7

DCF:

Emergency Housing Initiative pg. 7

DVHA:

Vermont Health Connect pg. 8

Changes of Circumstances (CoC) Processed pg. 8

Escalated Cases pg. 8

2015-2106 Navigator Organization Contracts pg. 9

Secretary's Message

As I previously reported, Rutland Mental Health Services (RMHS) has been found to be deficient in many areas of its services. Since last fall, we've been putting a great deal of pressure on them to make leadership changes to get them on the right track and to address compliancy issues. We were preparing a letter to put RMHS on provisional status when we were informed of the resignation of the Executive Director, Dan Quinn. We view the resignation and change in leadership as a positive step toward turning RMHS around.

There's been quite a bit of news coverage around this issue, in particular from Morgan True at VTDigger, who has kept RMHS frequently in the press. Just yesterday, I had another extensive interview with him. My primary message has been that AHS will work closely with RMHS to address their deficiencies. I've heard from Representative Ann Pugh, who is unhappy she learned about the issues at RMHS through the newspaper. I spoke with Ann and articulated this has been a long process, and we were unsure where it would lead. In the fall, Commissioner Chen and Commission Dupre reached out to Rutland legislatures to alert them of our concerns. We were surprised, though pleased, by the resignation of Dan Quinn. Going forward, I will do a better job of communicating to legislative leadership, especially when we are out of the session.

RMHS is in the four year re-designation process. Two standing committees, one from DAIL and one from DMH, will make recommendations to the Commissioners whether to re-designate RMHS, put them on provisional status, or to put the RMHS on provisional status to de-designate. The DAIL standing committee made its recommendation to put them on provisional status with intent to de-designate. The standing committee vote was eleven in favor of provisional status to de-designate, one in favor of immediate de-designation and one in favor for provisional status. This is of course a very serious situation. Even though this recommendation is to de-designate, RMHS is required to submit a corrective action plan within 30 days and implement the plan within 180 days. If they do this successfully, we could then re-designate them. On the other hand, we can also choose to move some of their programs to other providers if it becomes a de-designation. The recommendation from the DMH standing committee should come out in approximately a week. I imagine they will also recommend provisional status with intention to de-designate. My stance, with the recent resignation of their Executive Director, is that it may be better for the community to give RMHS a chance to improve their services and come into compliance. De-designating RMHS would create a disturbance in the essential and needed services provided to the community.

In follow up to my meeting with Chris Snyder from Snyder Homes, we have put together a meeting with Commissioner Mike Obuchowski at BGS, Sue Minter at Transportation, Jen Hollar from ACCD, Darren Springer and Justin Johnson to look at the potential for using State land for partnering with private developers to build low-income and affordable housing.

I met with Secretary Pat Moulton this week and we are looking at ways we can better partner together in the areas of low-income housing and workforce development. We are bringing our leadership teams together to brainstorm some ideas. I believe working across Agencies is in the best interest of our mission and promotes better collaboration of efforts.

Agency of Human Services Central Office (AHSCO)

Department of Information and Innovation FY16 SLA and MOU

The AHS CFO and CIO have been working with the HSE Finance Committee and DII staff on the upcoming fiscal year DII Service Level Agreement to include provision of both Healthcare and non-healthcare related IT work in a manner that most effectively leverages Federal funding.

Medicaid Management Information Systems Care Management System Project Kick Off 6/17

The AHS HSE Project Management Office along with eQHealth Solutions, the recently contracted MMIS Care Management vendor, held the official project kick-off Thursday this week to introduce the project teams, scope, timeline, processes, and high-level management approach.

Optum Maintenance and Operations Fixed-Price Contract Draft Complete

After months of baselining efforts through vendor management, the new Maintenance and Operations contract for continued support of Optum VHC IT work is now a fixed-price contract. The final draft is complete and needs a final check by Optum legal and State AGs.

DVHA Covisint DocSite Contract Expiration and Migration Planning

The Covisint DocSite (Blueprint Disease Management and Clinical Tracking System) contract is expiring at the end of June and a contract extension is not an option with Covisint, as their core business no longer supports healthcare software and services. The proposal is to purchase the source code from Covisint, and to migrate the DocSite solution to a hosting environment at VITL with Capitol Health Associates (CHA) providing technical project management for the migration (subcontracting with MDM Technologies for ongoing source code and database servicing and maintenance as well as onboarding of new interfaces/data feeds into the Blueprint clinical registry). AHS IT and DII are evaluating the plans being proposed to ensure risks are mitigated, due diligence is performed, and the State ends up with a fully functioning product that holds the proposed vendors accountable for success as the quality and future maintainability of the source code being purchased is unclear.

Vermont Department of Health (VDH)

ADAP Presentation for Medicaid Innovation Accelerator Program

On May 20th ADAP Division Director, Cindy Thomas, was a presenter on a national webinar for the Medicaid Innovation Accelerator Program (IAP). The IAP is designed to support states' ongoing efforts in Medicaid innovation with the goal of improving health and healthcare through new payment and service delivery reforms. Vermont's presentation focused on the ADAP/DVHA Initiation and Engagement in Substance Abuse Treatment Performance Improvement Project. The project's goal is to increase access and improve outcomes through payment reform through utilizing the mental health and substance abuse professionals in private practice. This works supports the goals of the recently passed H.20, allowing Licensed Alcohol and Drug Abuse Counselors (LADCs) to directly bill Medicaid for services.

Radon School Testing

VDH has funding from the EPA to assist one school per year with radon remediation efforts even though as many as three schools per year are found to have elevated levels. VDH staff helped convene a group of certified radon mitigators resulting in a new professional organization, the Association of Vermont Radon Industry Professionals (AVRIP). The group is committed to providing their services *pro bono* to schools with elevated radon concentrations.

Blue green algae testing

Shoreline sampling starts June 22nd for cyanobacteria.

Expanded 802Quits Provider Resources

802Quits is currently developing a series of videos for providers to underscore the importance of tobacco cessation as a part of holistic patient care. A number of Vermont physicians, including Health Commissioner Chen, will discuss tips and insights specifically tailored to Vermont providers.

Emergency Preparedness

- On June 15, VDH hosted visitors from the Vermont National Guard and the Senegalese Army. As part of the guard's support of capacity building in the government of Senegal, they observed

an exercise in the Health Operations Center and discussed opportunities for VDH to assist in emergency health planning.

- On June 17, VDH conducted an emergency functional exercise with all of the Vermont hospitals to practice emergency plans for mass casualty events.
- Revised Statewide Emergency Medical Services (EMS) Protocols have been completed and will be rolled out in the coming weeks to the 3,000 EMS licensees in Vermont.

Public Health Statistics

On June 12, VDH released a Pregnancy Risk Assessment Monitoring System (PRAMS) data brief about alcohol use before and during pregnancy for Vermont births in the years 2009-2011. The brief included trend data on alcohol use since 2011, and comparisons to other PRAMS states. For 2011 births, Vermont was second-highest among the 24 PRAMS sites on drinking during the three months before pregnancy, and was the highest overall on drinking during pregnancy.

Help Me Grow

This week the United Way of Vermont hosted the launch of the new Help Me Grow Vermont/2-1-1 Call Center, in partnership with VDH. Help Me Grow is a statewide system that helps identify at-risk children and link those children and their families to existing community-based services and supports.

RiseVT

On June 15, Saint Albans City School celebrated the hard work they have put in to be the first RiseVT Gold Certified School. RiseVT supports the development of a community-wide, multi-stakeholder campaign to improve the health of Franklin and Grand Isle counties. The program engages people of all ages and encourages participation in healthy habits. RISE VT was one of seven healthcare innovations receiving part of nearly \$2.7 million in funds to advance three core strategies adopted by VHCIP. Northwestern Medical Center has also committed \$200,000 in its fiscal year 2015 budget to support RiseVT. Commissioner Chen, and Allan Ramsay, Green Mountain Care Board member attended the event (and joined students for the photo below).



Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCCH)

VPCCH maintained an average census of 22 this week, and as of this report, there are no individuals waiting for involuntary psychiatric inpatient beds. The hospital CEO, VPCCH Medical Director, Interim Commissioner, and AAG met with the new Washington County State Attorney Scott Williams for a focused discussion on the different types of patients admitted to VPCCH. Included in the discussion, was the differentiation of behaviors attributable to mental illness and those that are criminal acts that might result in potential charges and prosecution. The discussion appeared productive and the States' Attorney seemed both appreciative of the distinctions and receptive to early notification of the latter events that might be brought to his attention.

Recruitment efforts continue as the hospital has ongoing nursing vacancies that are currently being managed by traveling nurses, as well as temporary staff and attrition of permanent direct care and ancillary staff openings. As the hospital nears the one year anniversary of its opening in the next two weeks, many discussions are happening with staff with regard to its overall accomplishments and priorities for its second year of operation. In general, hospital staff report that overall morale is improving at VPCCH despite ongoing staffing recruitment issues.

Emergency Departments

During the week of June 11 through midnight June 17 there were a total of 21 people moving through the system to in-patient psychiatric care. 13 involuntary adults, 6 voluntary adults, and 2 minors moved to inpatient care during this time. Only one involuntary adult waited longer than 72 hours for placement. Currently, no court ordered individuals are waiting in DOC for inpatient treatment.

VT Digger: Morgan True on RMHS

DMH Interim Commissioner was interviewed by Mr. Morgan True regarding the designation process and oversight of the Designated Agencies. Specific questions regarding RMHS designation issues were directed to AHS for coordinated response.

Department of Disabilities, Aging and Independent Living (DAIL)

Vermonter Arrested on Charges of Sexual Assault at New Hampshire Neurorehab unit

As mentioned previously, New Hampshire's Lakeview NeuroRehabilitation facility is closing. Two Vermonters currently receive services at the facility and we have been working to identify places. One of them, 28 year old JC, has now been arrested and is in jail on charges of rape of another resident at Lakeview. JC is in jail and will be arraigned Thursday. His mother, who is also his legal guardian, is advocating for his return to a psychiatric facility in Vermont in the short term and to Eagle Eye in the long term. He has previously been hospitalized at the Brattleboro Retreat and VSH for a competency hearing in connection with a 2013 sexual assault. His last VT provider was through Pride. He went to Lakeview after he tried to burn down his Pride provider's home. DAIL is collaborating with Eagle Eye; the situation is challenging because of the prior arson attempt.

Vermont Digger requesting details on Rutland Mental Health (RMHS)

The AHS Secretary and Commissioners at DAIL and DMH have all been contacted by Morgan True for background on the quality concerns at Rutland. Our general message has been that we will work with them to help them achieve their quality improvement goals. We anticipate there may be press interest in the designation hearing at the DS State Program Standing Committee tomorrow in Berlin. We have also responded to numerous FOIA requests.

Changes in DAIL's Legal Unit

Effective June 30, with limited exceptions, the Attorney General's office will no longer be staffing DAIL's legal unit. Once that arrangement was finalized, DAIL began actively recruiting to expand the department's legal team. To maintain continuity, Deputy Commissioner Stuart Schurr requested to be reassigned to the legal unit and he will become the General Counsel for DAIL. The current GC will become a staff attorney for DAIL and the third attorney position should be filled shortly. The incoming new Commissioner, Monica Hutt, supported this rebalancing which created an opportunity for her to select Camille George to serve as her Deputy.

Department of Corrections (DOC)

Media Request on Current Escapees

Wilson Ring from the associated press contacted DOC. Every Associated Press in the US is being asked to contact their Department of Corrections, and they are looking for numbers of current escapees from a locked facility. They did not want furlough or work crew "walk aways". They are looking for number of inmates actually breaking out of prison. They are trying to gather the number of escapees in the U.S. – this is of course sparked by NY. Our answer was "0".

Commissioner Pallito to Appear on WCAX's "On the 30" Regarding NY Inmate Escapes

DOC Commissioner Andy Pallito has been invited by WCAX for "On the 30" on Tuesday, June 23. The topic of this conversation is to be the recent escape in Dannemora and the issues with supervising the DOC staff. This is in reaction to the assistance that the escapees received from a state employee.

Reward & Recognition Event

On Wednesday, June 17th, the DOC hosted its annual R&R event at the Montpelier Elks Club. The DOC recognized individuals with Medals of Honor, Medals of Valor and Certificates of Years of Service.

Update on Death of Annette Douglas:

We received a final report from the Defender General's Office on the death of Annette Douglas. The report came with a few recommendations which we will implement but it started with the following opener:

"While the nurse reviewer and our investigator, Anne Vachon, think that, perhaps, some things could have been done better with Ms. Douglas, it is also quite apparent that Ms. Douglas knowingly refused treatment for her various maladies, including refusing to take insulin treatment, and as such knowingly caused her own death.

While some might argue that DOC had an obligation to prevent this, a patient clearly has the right to refuse treatment. I think that Ms. Douglas decided that she no longer wanted to receive treatment, with the full knowledge that refusing treatment would result in her death, and she did just that.

Please take a look at the various recommendations, none of which, in my view, would have made much difference in this case, but may be useful to consider in the future.

A truly tragic and unfortunate case."

Corrections Oversight Committee Meeting:

The COC, now known as the Juvenile Justice and Criminal Justice Oversight Committee, is having its first meeting on Thursday, June 25th. The agenda includes DOC testimony on the new contract for inmates out-of-state, transports and CHSVT.

Population

The Department's incarcerated population averaged 1881 for the previous week. The Department's incarcerated male population averaged 1735 for the previous week. The out of state population is currently at 299. The female population averaged 146 for the previous week.

Department for Children and Families (DCF)

Presentation to New Hampshire's Residential Energy Performance Association (REPA)

Vermont's low-income Weatherization program is highly regarded both nationally and regionally. Josh Larose, the Office of Economic Opportunity's Energy Services Program Officer, was recently the featured speaker at REPA. Josh highlighted a sampling of challenges, opportunities and successes in Vermont's Weatherization program that may be of value to similar energy efficiency programs in New Hampshire.

Emergency Housing Initiative

The DCF Housing Team (comprised of members of the Commissioner's Office, the Office of Economic Opportunity and the Economic Services Division) has continued its outreach to housing stakeholders. For FY16, local Continua of Care (COC) are being encouraged to pursue pilots that meet emergency housing needs in their community while maintaining the rules governing general assistance. The DCF Housing Team has attended local COC meetings in Brattleboro, Barre, Lamoille, Bennington, Chittenden, and are schedule to meet with Rutland and Addison this week. Of these, Barre, Brattleboro and Chittenden are interested and/or poised to develop an emergency housing pilot in their district.

On June 17th, the team facilitated a meeting with the Office of Economic Opportunity Advisory Committee and representatives from the medical, mental health, disability, and domestic/sexual violence fields to solicit their input on a statewide standard for community-based emergency housing. The group has begun mapping out a vision for a state-wide standard and will meet again in August.

DCF Strategic Planning

On June 16th, the DCF Leadership Team held a strategic planning retreat. The day-long exercise resulted in the team recognizing gaps in the vision of how DCF would ideally function. This recognition led to the team creating three strong strategic goals that will resonate not only with leadership, but with the Department as a whole. The Team also identified strategies to accomplish these goals. These will be solidified and DCF will seek staff and stakeholder feedback on these goals, strategies, and in the creation of its action plan.

Department of Vermont Health Access (DVHA)

Blueprint

The Blueprint presented a modified payment option for using the funds allocated by the Legislature, based on feedback from the June 3 meeting of The Blueprint Executive Committee and consultation with DVHA Commissioner Steven Costantino. The Blueprint Executive Committee recommended

moving forward to this new option in a morning meeting June 18, and this recommendation will be presented to the Green Mountain Care Board in the afternoon June 18.

Vermont Health Connect

Maximus

Call volumes & transfer rates are up at the Health Access Eligibility Unit (HAEU) this week. Calls focus on both premium processing issues and date flip requests. The date flip business process is currently being validated by carrier partners. The transfer percentage is on an upward trend, from 6.4% the week of 6/1 to 7.7% last week. Monday was 7.4%, which was the highest of the past three Mondays since deployment. VHC also noticed that the transfer percentage increases throughout the week.



Changes of Circumstances (CoC) Processed

VHC launched a new team and workflow process this week, which allows staff to work on both the backlog and new CoC requests coming in; to date, the staff have worked on 1789 cases.

Vermont Medical Society

Vermont Medical Society sent a letter to their members this week re: retroactive termination activity and claims recoupment at VHC. VHC has been working with BCBS on this issue since March and has taken several steps to remediate the impact on providers. Sean Sheehan, Cass Gekas, and Tom Boyd are drafting a letter to providers that provides additional context and details the State’s approach. It will be presented to leadership for approval by Thursday. Tom and Cass are meeting with one particularly frustrated provider on Thursday to discuss this retroactivity. It is likely that there will be more requests for meetings like this. Cass will work with Tom to lead these conversations and continue engagement of the Medical Society.

Escalated Cases

The system downtime and first few days of training left Operations with a small backlog of less than 100 escalated cases. These include Governor’s Cases, Access to Care issues, financial hardship, and Vermont Legal Aid Cases. Operations has deployed a dedicated task force of staff to reduce this backlog and has revamped its approach to escalated cases to incorporate them in to daily workflow. We are hopeful that this will improve turnaround times going forward. We are staying in regular communication with Vermont Legal Aid to keep them apprised of case activity.

VHC Outreach and Education Update

2016 Plan Decision Tool

Consumers' CHECKBOOK offers an interactive web tool to help potential customers estimate and compare total costs (premium and out-of-pocket) of various exchange plans based on age and health status. The Outreach and Education team assembled colleagues from the VHC policy team and DFR and determined that this anonymous browse tool would be a valuable addition to the VHC Help Center website's decision tools. HMC, VHC's marketing firm, plans to retain Consumers' CHECKBOOK's services as a sub-contractor to develop and integrate the calculator into VHC's suite of decision tools. The work will be funded by Level 2 grant marketing dollars and help VHC meet goals for a robust set of decision tools available to anonymous potential customers. Consumers' CHECKBOOK will then use national claims data and Vermont SERFF filings, when available in August, to prepare the tool in advance of Open Enrollment.

2015-2106 Navigator Organization Contracts

Successful bidders for 2015-2016 Navigator grants were contacted late last week. Due to expiration of federal grants, the funding for the Navigator grant program is more limited than in previous years. As a result, several strong organizations could not be offered funding and others could only be offered partial funding. Nevertheless, the review team feels confident that the selected organizations will be in the best position to offer in-person assistance coverage throughout the state. They were also pleased that all but one of the organizations (Capstone) agreed to the terms of the grant and contract. Later this week, the team will determine the most effective way to allocate the funding that had been offered to Capstone, and will then issue a public announcement of the coming year's slate of Navigators.

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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: June 19, 2015

Secretary's Top Issues

Conversation with UVM Extension

Secretary Ross and Deputy Secretary Bothfeld met with Dan Learner and Linda Berlin from UVM Extension to discuss the Sustainable Agriculture Council. The Sustainable Ag Council exists in Statute from 1989 and is having trouble determining its existence after the formation of Farm to Plate. The Sustainable Ag Council assisted in the formation of the Farm to Plate Network and may have done such a good job that the Council has less of a role. The original role was to propose and prioritize research that would further sustainable agriculture and markets in the state. The research aspect is not being addressed by Farm to Plate but their other functions are being addressed. The Council can serve as a networking and future outlook group for the Secretary of Agriculture. A meeting will be held in September to address the changes to the Water Quality law and then a full discussion of the future of this Council. That meeting will determine if the Council will continue to meet its statutory requirements for the Agency of Agriculture will request that the statute be repealed.

Herbicide Permit for VT Railway in Montpelier

Approximately two weeks ago, based upon the unanimous recommendation of the VT Pesticide Advisory Council (VPAC), Sec Ross signed a permit to allow VT Railway to spray the herbicide glyphosate on the approximately 2.5 miles of track passing through Montpelier along the Winooski River which serves granite industry. The permit was issued using glyphosate as the herbicide of choice with significant restrictions as to quantity, timing and location. Glyphosate was chosen in lieu of the normal herbicides as it is considered safe by the health department when applied under the conditions of the permit.

Sec Ross has since learned that the City of Montpelier was not officially represented in critical meetings which may have contributed to the inability to develop an agreed upon approach to spraying. Secretary Ross has arranged to speak with Mayor Hollar to have the City of Montpelier reach out to VT Railway to discuss this situation and explore whether or not there were some other conditions or different manner in which the railway could maintain the track in a way that would allow VT Railway to meet the federal requirements for track maintenance. VAAFM will have staff in attendance to monitor and if necessary participate in the discussion to help facilitate better understanding and any possible new or different approaches.

Highly Pathogenic Avian Influenza

The Highly Pathogenic Avian Influenza outbreak continues to evolve. The latest outbreak update received on 6/18 from USDA indicates that 21 states that have had positive highly pathogenic avian influenza cases in commercial premises, backyard flocks, captive wild birds or wild birds.

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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: June 19, 2015

Status of Governor's Priorities:

Media & Communications

State Veterinarian, Kristin Haas, spoke briefly with a reporter from VT Digger this week regarding his questions about an ongoing administrative compliance case pertaining to a swine producer who is facing multiple import violations. A hearing date for that case has not been set.

The meat inspection program was contacted by VT Digger relating to the inspection system and how Hazard Analysis Critical Control point plan inspection is supposed to work and the associated Non-Compliance records, how to determine severity, establishments actions concerning corrective actions and establishing preventive measures to ensure that the non-compliances do not repeat

The Times Argus interviewed Sec. Ross about the permit issued to the railroad to spray glyphosate on the train tracks. A group of concerned citizens is speaking out in opposition. The story ran here...

<http://www.timesargus.com/article/20150616/NEWS01/706169955>

Eilis O'Neill is a freelance reporter who is working on a story for NPR's "Latino USA" program. <http://latinousa.org/>

She is coming to Vermont Thursday, June 25th. She will be meeting with Migrant Justice while she's here, and also visiting a Ben & Jerry's scoop shop in NYC.

She would like to interview Diane Bothfeld when she is here. Specifically, she would to address the following issues...

What are working conditions like for migrant dairy workers in VT?

- Who monitors these conditions?
- Are the claims made by Migrant Justice regarding the injustices suffered by dairy farm workers exaggerated?
- Are there other sides to this story?

Significant Events/Meetings:

Kristin Haas, State Veterinarian, presented information on Highly Pathogenic Avian Influenza (HPAI) to members of the Governor's Emergency Preparedness Advisory Council this week. The purpose of the presentation was to inform members of the Council, representatives of state and local government, about what Vermont can expect when the state is at greatest risk for experiencing HPAI this fall. The presentation identified potential challenges in a Vermont response and resources that will need to be mobilized, including state-level personnel resources who generally are not expected to participate in an agricultural or animal disease response. The fact that four impacted states in the Midwest are currently responding under a gubernatorial Declaration of Emergency was also highlighted as this has provided a mechanism to mobilize additional response resources in those states.

State Veterinarian, Kristin Haas, has become certified as a Foreign Animal Disease Diagnostician (FADD) following completion of a two week course at Plum Island. This certification will enable Dr. Haas to assist the two other regulatory veterinarians in VT who are certified as FADDs with investigations of suspected exotic and emerging diseases.

State Veterinarian, Kristin Haas, attended a New England regional High Path Avian Influenza (HPAI) meeting at Tufts University this week. The meeting was coordinated by experts in Minnesota and hosted a myriad of speakers, including those from the Midwest who have been on the front lines of the HPAI response to date. Meeting attendance was significantly higher than similar meetings that have been hosted in other parts of the country and consisted of state and federal animal health officials, industry members, producers, emergency response representatives, and laboratory diagnosticians. The purpose of the meeting was to share lessons learned from the Midwest HPAI response in order to help New England better prepare for a HPAI outbreak this fall.

Evolving Issues:

Kristin Haas, State Veterinarian, worked with the Vermont Veterinary Medical Association to review and approve three Vermont veterinarians for receipt of educational loan repayment funding appropriated by the legislature in exchange for providing one year of food animal veterinary service in Vermont. The funding awards range from \$18,000 to \$24,000. This annual round of awards marks the third since the program's inception. The program helps to ensure a stable supply of food animal veterinarians in the state, which helps protect food safety, public health and animal health.

The Highly Pathogenic Avian Influenza outbreak continues to evolve. The latest outbreak update received on 6/18 from USDA is the following:

- States that have had positive highly pathogenic avian influenza cases in commercial premises, backyard flocks, captive wild birds or wild birds: 21 (AR, CA, IA, ID, IN, KS, KY, MI, MN, MO, MT, NE, ND, NM, NV, OR, SD, UT, WA, WI, WY)
- Premises confirmed for H5 avian influenza number 232 —211 commercial, 21 backyard
 - 211 commercial premises = MN-108, IA-72, SD-10, WI-9, NE-5, CA-2, MO-2, ND-2, and AR-1
- Commercial poultry depopulated or pending depopulation:
 - Turkeys: approximately 7.5 million (0 % pending depopulation)
 - Layer chickens and pullets: approximately 42.1 million (4 % pending depopulation – 3 premises in NE, 1 in IA)
- As of 6/15, the above losses represent
 - 3.16% of U.S. annual turkey production, or 7.46% of average U.S. turkey inventory
 - 9.72% of U.S. average layer inventory
 - 6.33% of U.S. average pullet inventory
 - Broiler infection has been quite limited and represents less than 0.01% of U.S. broiler inventory.

No new cases have been reported. NVSL confirmed H5N2 HPAI in the most recent case yesterday.

Federal emergency funding in the amount of \$393,445,000 has been made available to respond to HPAI:

71.6% (\$281,641,853) has been paid out for response activities, indemnity, and contractors;
\$184,840,534 has been committed for indemnity for appraised flocks; of this,
\$64,285,807 in total indemnity has been paid to date.

Summary of Key agency Department Activity

Administration:

Deputy Secretary Bothfeld attended the press conference with VTC to announce the donation of Norwich Farms to VT Technical College to expand and revamp their dairy program. The farm will support 40 head and is in the process of working with the Upper Valley Land Trust to conserve forest and farm land. The farm is being managed by a recent graduate of VTC and will house students for a semester intensive starting in Fall 2016. Students will live, manage and work on the farm as a team supervised by the manager and college professors. This is a good opportunity for VTC and they will need to work on their marketing to attract students to this opportunity.

Agricultural Development:

This past Tuesday, June 16th, over 100 forest, forestry, and forest/wood products professionals gathered at Sugarbush Resort to identify opportunities for the future of this important sector. The event was hosted by the Working Lands Enterprise Board, the State of Vermont's Agency of Agriculture, Agency of Commerce and Community Development,

and Forests Parks and Recreation and facilitated by Yellow Woods Associates. The day began with an opening from Commissioner Michael Snyder who set the stage for the hard work that would come over the course of the day. The Commissioner talked about the important role that the forest plays in our economy; how the health of our forests affect not only Vermonters, but visitors as well; and the importance of this sector working together to grow and adapt. Following the Commissioner, Joe Nelson a local Consulting Forester, facilitated a panel of three business owners who discussed potential opportunities that they saw for the future of their businesses as well as the entire sector. Participants were then split into breakout groups to discuss opportunities for three subsectors: Furniture and Wood Products, Wood Energy, and Construction. After lunch groups were encouraged to continue their morning discussions or join another breakout to discuss how public awareness for this sector could be improved. The day closed with a short panel, moderated by Paul Costello, where Dave Redmond Consultant for the Northern Forest Center, Jasen Stock of New Hampshire Timberland Owners Association, and Mike Rainville of Maple Landmark, shared their thoughts on how this sector could join together to be more cohesive. Overall, the day was a huge success, and while participants felt that they engaged in challenging work there was an overall feeling of positivity throughout the crowd.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Two Letters of Warning were issued to two federal plants for failing to notify the Agency of non-compliances related to humane handling violations.
- Several water sample results indicating contaminated water triggered the stop processing orders from the program.
- Program following up on consumer complaints, providing technical information to several producers wishing to produce under State inspection as well as general licensing requirements for the categories of retail, wholesale and commercial operations

Agricultural Resource Management:

North Lake Farm Survey Initiative:

- Staff are conducting water quality surveys of farms in Franklin and Orleans Counties as part of the North Lake Farm Survey Initiative. There are approximately 350 farms in the survey area and surveys are being conducted by 8 ARM Division staff members. The following number of farm facilities were surveyed within the last week as part of this initiative:
 - 13 SFOs
 - 5 MFOs

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

- Staff conducted a complaint investigation of cropland related to a MFO in Addison County. The complainant has requested that the Agency determines whether or not the farm is managing the land in accordance with their permit. The field is currently in corn and there has been excessive erosion this year and in years past due to heavy rains. A visit with the farm has been set up to evaluate their nutrient management plan (NMP).
- Staff conducted a technical assistance visit on a MFO in Addison to evaluate whether or not barn construction proposed by the farm was in compliance with the Accepted Agricultural Practices (AAPs). Staff determined that the proposed building does meet AAP requirements.
- Staff conducted technical assistance visits on three MFOs and one LFO in Addison County to discuss annual reporting, NMPs and permitting.
- During travel as part of the North Lake Farm Survey, staff successfully worked with another concerned citizen to safely escort a snapping turtle off the road. Initial attempts with persuasive conversation and a snow shovel proved unsuccessful. Fortunately the citizen had a towel to which the turtle latched onto with its chompers and was dragged to safety. No official survey was conducted in relation to the turtle.
- Staff are working with LFOs regarding permit amendments for authorization to construct additional animal housing. Permit amendments have been drafted and discretionary public information meetings have been set-up.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are continuing to test the FoodSafety WQ database and we have sent comments to the database designer.

Conservation Reserve Enhancement Program (CREP):

- Staff met with NRCS staff to discuss CREP and BMPs on a SFO in Franklin County.
- Staff conducted a visit to a SFO in Franklin County to inventory a CREP site for planting of an invasive alder tree. Multiple CREP projects unintentionally used an invasive alder as part of the plantings and this site was missed in earlier evaluation efforts.
- Staff met with a concrete contractor and farm owner on a SFO in Fairfield to develop an estimate for a BMP project funded the Agency.
- Staff conducted CREP related field work at a SFO in Chittenden County and also did follow up work at the NRCS Williston office.
- Staff are assisting other ARM Division colleagues with tile drainage and well sampling at a MFO in Franklin County.

Water Quality

- Public Records Request – the Vermont Law School has submitted a records request for all records (from 2010 to 2015) regarding LFO, MFO, CAFO and AFO permitting, citizen complaints, inspection reports and enforcement documents, along with any and all information relating to farm field tile drainage. Legal counsel is continuing to work with VLS to clarify their request regarding communications (i.e. emails, etc.)
- Waterford Egg Farm – Jim Leland and Alan Graham visited an egg farm in Waterford, near the Comerford Reservoir, in response to a complaint about flies and alleged runoff of manure from stack sites to the CT River.

Secretary's Comments:

Press:

Times Argus: Spoke to Time Argus reporter about a permit for spraying of a herbicide on the VT Railway line which passes through Montpelier to serve the granite sheds in Montpelier and Barre.

Meetings:

- *Sustainable Agriculture Council:* Participated in meeting with UVM Extension on the future direction of the Sustainable Ag Council. Concluded the group should focus on research and new and evolving opportunities and challenges facing agriculture and food systems and communities in VT and beyond when relevant to VT.
- *Cross Agency Water Quality Meeting:* Participated and help lead the first bi-monthly cross agency meeting on communicating, tracking and managing the implementation of the water quality agenda to include H-35 and the TMDL. This meeting will serve as the main communication and organizing gathering in an effort to concentrate and thereby stream line the need to communicate and meet across all the Agencies engaged in water quality implementation.
- *MOU Partnership on Water Quality Meeting:* This is a group of state and federal government entities engaged in implementing agricultural conservation practice across the state. This works to implement conservation practices across the state, help farmers utilize the resources available to them from state and federal sources and requires sharing of data between the groups about farms and farmers. Access to this data is restricted by federal law which necessitated a signing of an MOU to articulate who can access data and how to share and construct a shared data base to facilitate and more efficiently implement conservation practices in VT. Vicky Drew, the State Conservationist for NRCS in Vermont, led this effort from 2012 until this week. Sec Ross assumed the leadership of this effort. The goal going forward is to integrate the work of H-35 into the work plan and communication between the members which include VAAFM, FSA, NRCS, LCBP, UVM Extension, US Fish and Wildlife, VACD (VT Assoc of Conservation Districts), ANR, and the Poultney Mettowee Natural Resource Conservation District.

Events:

Water Bill Signing: Attended both ceremonies with Governor and others.

Other:

Herbicide Permit for VT Railway in Montpelier: Approximately two weeks ago, based upon the unanimous recommendation of the VT Pesticide Advisory Council (VPAC), Sec Ross signed a permit to allow VT Railway to spray the herbicide glyphosate on the approximately 2.5 miles of track passing through Montpelier along the Winooski River which serves granite industry. This line has been maintained with herbicide applications for years. Last year, at the urging of VPAC, the rail line was not sprayed in order to allow a conversation to occur between VT Railway and Montpelier over the ensuing year. The conversation did not lead to an agreed upon approach so the permit was issued

using glyphosate as the herbicide of choice with significant restrictions as to quantity, timing and location. Glyphosate was chosen in lieu of the normal herbicides as it is considered safe by the health department when applied under the conditions of the permit.

Subsequent to the signing of the permit and as a result of Representative Hooper's inquiry to Sec Ross, it was learned that the City of Montpelier was not officially represented in these meetings which may have contributed to the inability to develop an agreed upon approach to spraying. When this was learned Sec Ross asked Mayor Hollar to have the City of Montpelier reach out to VT Railway to discuss this situation and explore whether or not there were some other conditions or different manner in which the railway could maintain the track in a way that would allow VT Railway to meet the federal requirements for track maintenance. This effort is now underway and will include a meeting at Montpelier City Hall at 4 pm on June 24th of this next week. VAAFM will have staff in attendance to monitor and if necessary participate in the discussion to help facilitate better understanding and any possible new or different approaches.

It's important to note that Sec Ross has the ability to amend or vacate the permit he has issued and the Health Department does not see any health issues or risks associated with the permit as it is currently written. Nonetheless, because of the interest in this issue and the absence of an official Montpelier government representative's participation in the meetings with VT Railway, Sec Ross urged further conversation on this matter prior to any spraying of the rail currently tentatively scheduled for early July.

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**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: June 19, 2015
Subject: ANR Weekly Report

Governor Level Issues:

Getting Ready for Universal Recycling: A significant milestone in our universal recycling program will go into place July 1 so you may get some questions about this.

As of July 1, Statewide unit based pricing takes effect, requiring residential trash charges be based on volume or weight; Recyclables are banned from the landfill; Transfer stations/Drop-off Facilities must accept leaf and yard debris; Haulers must offer residential recycling collection at no separate charge; Public buildings must provide recycling containers alongside all trash containers in public spaces (exception for restrooms); Food scrap generators of 52 tons/year (1 ton/week) must divert material to any certified facility within 20 miles. We are rolling out a public information campaign and have been working with the districts, towns, haulers, etc to ensure a reasonably smooth transition.

THERE WILL BE BUMPS! It is not surprising because for some areas of the state these requirements mean a different way of doing business. We are focused on technical assistance – not enforcement. Most Vermonters won't see a change since in our most populous areas they already have had parallel collection in place (Chittenden, Addison, Washington, etc.) I am happy to provide you with a briefing if that would be helpful.

We have great staff working hard to get this right and we will be offering maximum flexibility during the transition. Also, there are some areas of the state – notably, the NE Kingdom – that have been given more time to come into compliance. As a sparsely populated area they face some unique challenges that we are helping them to work through. There are two towns in the NE Kingdom who are holding out and refusing to comply – but other than that folks seem on board.

Remember that this is an important policy. Our landfills are filling up. In a time of constrained resources we can no longer throw away materials that have value (tin, plastic, glass, paper). Our recycling rates stagnated at around 35%. This law will make a big difference to get us where we need to be. Also, while VT is ahead of the game on this – particularly when it comes to organics – there are similar efforts across the region to eliminate recyclables from the landfill.

Note also that there was a drop in the market for some recyclables (because of China – and their purchasing practices.) We are working within state govt to develop additional markets. For example we are working with VTrans to develop markets for recycled glass and shingles for use in their road maintenance.

Transitioning On Site Program to Professional Certification: As part of our budget reduction, and in order to meet DEC’s budget reduction target of \$722K, DEC is accelerating its plan to transition the on site program from a system where our staff do site visits and reviews of every system before permitting it, to one in which we accept a site tech’s professional certification. The plan is to shift program staffs’ work to focus on the most complex wastewater systems, leaving the least complex systems to consultants to ensure environmental and public health protections are met. This is our highest volume permitting program. We should expect permit delays as we experience this loss and transition to a new way of doing business.

Also, to meet the budget reduction goal we are eliminating ten positions from this program. Because we are adding positions for clean water, we are avoiding RIFs by offering staff an option to transfer into new positions (and/or some vacant existing positions.) For most staff this would mean moving their workstation from the regional office to Montpelier, so in some cases staff may take a “geographic RIF” instead of the new job offered. DEC is also closing Barre and moving the impacted staff to Montpelier. Though all impacted parties will continue to have jobs somewhere in the Department, it is not surprising that this loss of positions to a single program is impacting morale. Kudos to Alyssa for working so hard to match employees with appropriate new positions.

Burlington Bike Path Soils: You may recall that one of the Mayor’s top priorities is to rehab and expand the bike path. To do this, the city has had to find a way to address soil contamination issues. Unfortunately, PCBs, a toxic chemical, were detected in the soil stockpiles that were generated from the construction/rehab of the bike path. This means that the soil no longer qualifies as “lightly contaminated” and cannot benefit from our new law. EPA confirmed the soils are regulated under the federal Toxic Substances Control Act rules that apply to the PCBs found and need to be disposed of as hazardous waste, which is costly. EPA is also requiring additional sampling at Waterfront Park and disposal of the soil piles on an accelerated schedule. This is not great news for Burlington, but affirms the opinion of our technical staff.

RGGI Auction 28: The RGGI auction took place on Wed, June 3. 15,507,571 allowances were offered and sold at a clearing price of \$5.50, up \$0.09 (1.7%) from the March auction and up \$0.48 (9.6%) from one year ago. Vermont proceeds from this quarterly auction were

\$648,609.50. The Department also received a quarterly RGGI disbursement of \$14,629.95 for expenses incurred for participating in RGGI activities.

EVERYTHING ELSE:

Press Issues/Releases:

Solar array sought for ex-mine site: Rutland Herald story about the efforts of Wolfe Energy to build a 4.9MW solar array on the site of the Elizabeth Mine in Strafford. The story references both EPA and VT DEC's involvement with the project.

<http://www.rutlandherald.com/article/20150609/NEWS03/706099961>

Some towns would rather toss “pay as you throw”: Story about the town of Ludlow's consideration of new requirements to institute variable rate pricing, also known as “pay as you throw” for their municipal waste services. <http://vtdigger.org/2015/06/07/some-towns-would-rather-toss-pay-as-you-throw/>

From kitchen scraps to garden gold: An in-depth story in The Commons newspaper about Windham Solid Waste District's composting facility and the implementation of Act. 148, the Universal Recycling Law. Provides an overview of Act. 148 and describes Brattleboro's move to pay-as-you-throw.

<http://www.commonnews.org/site/site05/story.php?artcleno=12313&page=1#.VXibEU3bKig>

Hartford weighs trash payments: Hartford considers adopting a pay-as-you-throw ordinance to comply with Act. 148. <http://www.vnews.com/news/17253637-95/hartford-weighs-trash-payments>

If we build it – Times Argus Editorial on Combined Sewer Overflows: Times Argus editorial that argues for greater infrastructure investment to help avoid future combined sewer overflows.

<http://www.timesargus.com/article/20150611/OPINION01/706119961/1020/OPINION>

VT's Warden of the Year: Dale Whitlock of Middlebury is VT's State Game Warden of the Year. A state game warden since 1996, Whitlock received the award from Governor Peter Shumlin in recognition of his excellent service on June 6 in Montpelier.

Bass Fishing Season Opens June 13: VT's bass fishing season kicks off on Sat, June 13 and anglers throughout the state are eager to hit their favorite body of water in search of fun and exciting fishing adventures for largemouth and smallmouth bass.

Bird-Watchers Revel in Return of VT's Migratory Songbirds: Local birders have good reason to be atwitter. Migratory songbirds are back in the VT's forests and fields having

completed their annual migration north. Some birds began arriving from points south as early as March and April, but May and June is when the forests truly come symphonic with songbirds.

Significant Events/Meetings:

Amazon Stop Sale Notice: Amazon failed to pay electronics manufacturer fees (for Kindle devices) under Vermont electronic waste collection program. After multiple attempts to engage Amazon to resolve this issue and no response to an NOAV, DEC issued a stop sale notice for Kindles in Vermont. Within one week of mailing the notice, Amazon's lawyer called and the delinquent fees were paid.

Forestry Summit: This Tuesday the Working Lands Enterprise Board held an event at Sugarbush, bringing together professionals representing all areas of the Vermont forest and wood products industry. The Forestry Summit provided an opportunity for these professionals to work together to create a unified voice for this increasingly integral piece of Vermont's economy, build and strengthen professional relationships, explore new ideas and opportunities, meet and engage investors, shape public awareness and messaging, and commit to implementing change. Commissioner Snyder delivered the welcome to start off the day, and he also was a guest on WDEV's "Common Sense Radio" show which was broadcast live from the event.

Storm Damage: On June 9, a severe storm settled over Richmond, Bolton and surrounding towns, causing severe damage to town highways and forest access roads alike. Preliminary assessments by District Forestry III staff have turned up serious damage in the Honey Hollow Block of Camel's Hump State Park and the Bolton Nordic Parcel of Mt. Mansfield State Forest. Repair estimates range over \$250,000.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

Elizabeth Mine Solar: OPLA participated in a meeting Tues, June 16, with staff from DEC Waste Mgmt. Division, Commissioner Recchia, Green Mountain Power and the developers of potential 7MW solar facility at the Elizabeth Mine Superfund site (Dori Wolf and Brightfields Development). The developer is currently negotiating a power purchase agreement (PPA) with GMP and the price they are offering, \$0.1499/kWh is substantially higher than that offered by other large scale solar facilities in the state (~\$0.11/kWh). GMP is only willing to accept the agreement if they have confidence that PSD will support the rate before the PSB, who will need to approve it as part of the project. The developers argue that there is added value to the state for developing solar at this site by reducing the state's maintenance costs of the protective cap, through tax revenue, and by putting into use a site that would otherwise be serving little purpose. While all parties agree, it is difficult to quantify what that value is and whether it warrants such a high rate. The developer would like ANR to file testimony in the proceeding extolling the value of the project; it is unlikely we will do that, but have agreed to provide PSD an estimate of O&M savings over the life of the project and a qualitative summary of the value of adaptive reuse of

the site for PSD's consideration. Beyond the rate question, the developer just provided DEC technical and engineering information about how they will construct and operate atop the capped Superfund site; we have been asking for this information for almost a year. Additionally, the project will require 2 miles of new above-ground electric distribution line and several miles of upgraded line, the location of which and associated natural resource impact have yet to be provided. OPLA indicated general support for the project and a sincere interest in developing renewable generation at this location, but stressed that the long awaited technical and outstanding natural resource information will be critical to whether we can support the project in the regulatory context.

Taftsville Solar: A DEC District Ecologist visited a potential solar site in Woodstock this week. There is a Class II wetland on site, which the developer will avoid. Discussions ensued around impacts within the wetland buffer, which is currently hayed. The neighbor does not want to see the development, so has asked that the panels not extend towards the road which would displace the panels within the buffer. This issue is of interest to Senator Campbell who does not support panels at this site.

Hermitage: This week OPLA and DFW received a letter from Jay Kenlan, attorney for Hermitage, setting forth a proposed settlement agreement intended to address all outstanding issues ANR has with the natural resource impacts associated with the project. The proposal is not acceptable to DFW and OPLA will continue to work with the Department on drafting a response. I am happy to provide you with more details if that would be helpful.

VGS Phase VII Looping Project: Vermont Gas Systems had proposed an upgrade project in St. Albans as part of their Addison-Rutland Phase II petition, which was withdrawn earlier this year. They have since pulled out the St. Albans section and re-filed it as their Phase VII looping project. Since the project was substantively reviewed as part of the withdrawn docket, OPLA has agreed to VGS's request that we move immediately to MOU negotiations and not propound discovery or enter testimony in the proceeding. OPLA is facilitating review of a proposed stipulation by technical staff and expects to resolve all outstanding issues by the end of next week.

Fountain Gravel Pit Solar: OPLA facilitated a meeting Mon, June 15, with representatives from Aegis Renewable Energy, DFW and NRB. Aegis is proposing a 500kw net metered solar facility in an exhausted sand pit on the Fontaine Property in Williston. The pit is subject to existing Act 250 jurisdiction and has a contentious legal history. Much of the parcel was high value deer wintering area prior to sand extraction, so the Act 250 Land Use Permit requires that the Fountain's cease extraction activating by 2016 and then restore the site by replanting softwood cover in the hopes of essentially re-establishing the deer wintering area cover that had originally existed. The Aegis project would forestall the restoration of the site indefinitely, arguably in violation of the LUP condition. While the solar project does not require an Act 250 permit or a permit amendment, the NRB believes it must still comply with existing permit conditions that run with the land. DFW would be willing to allow the solar project to go forward if the Fountain's agree to conserve the remaining DWA on the parcel in exchange for restoring the extraction area. While Aegis appeared interested in this option, it is unclear whether the

landowner, the Fountains, will agree. If they are not willing to modify the conditions related to restoration, the solar project will set up an enforcement situation for the NRB once it becomes clear the site will not be restored as the existing permit requires. OPLA will work with DFW to continue negotiating a potential agreement around the DWA conservation proposal, but is seeking assurances from the NRB that they will in fact enforce the permit condition if no resolution is reached; OPLA is not comfortable using the threat of enforcement as leverage if the NRB has no intent in following through.

Act 250 Application for Imerys Talc Processing Plant Expansion (Ludlow): OPLA met with staff and director of the DEC Waste Management Division this week to discuss Imerys Talc's Act 250 application for plant expansion. The project involves excavation of potentially contaminated soils. The Sites Management group has consistently recommended that Imerys follow standard industry practices by performing a Phase I Assessment. Imerys has completed only minimal exploration of soils to identify potential problems, and heretofore has refused to complete a Phase I. The results of Imerys petroleum soil test identified two areas of contamination and they are redesigning to minimize the excavation of those soils. Sites Management will issue a memo to OPLA restating their recommendations to conduct a Phase I assessment wherever there is earth disturbance or dewatering, and OPLA will forward recommend a permit condition requiring a Phase I in the Act 250 permit. Contingent on the Phase I results, Sites Management may request completion of Phase II testing.

New Applications for the Week of June 7: OPLA received 6 new Act 250 applications and 2 new Section 248 petitions.

New Applications for the Week of June 14: OPLA received 4 new Act 250 applications and 1 new Section 248 petitions.

Environmental Conservation (DEC)

Cow Power Emissions and Registration Fee Issues: We began assessing annual registration emission fees this year for Cow Power projects. These facilities had been required to register and pay emission fees for their actual traditional air pollution emissions and were notified of that when they were permitted. A review of our registrations last year showed that none of these projects had been registering as required. We did outreach before charging these entities, but the Agency of Agriculture still received some complaints.

Fish & Wildlife (FWD)

Globally Rare Wright's Spikerush: Staff met with Dan Cahill and Derek Proulx of Burlington Parks & Recreation at North Beach to discuss future steps for protecting the globally rare Wright's spikerush (*Eleocharis diandra* G2 S1) along with other co-occurring rare species at 5 city-owned Burlington beaches. The first steps will probably involve an educational pamphlet and/or slideshow during annual staff trainings, and also a discussion with managers about beach combing - which can kill many plants when improperly timed. Burlington Parks & Recreation may soon have a Field Naturalist position, which would serve as an excellent liaison for

education issues such as these.

Happy Ending for Orphan Bears: Staff worked two days with NH FGD bear biologist to capture the five yearling bears that had come originally from VT as orphans. The five were given ear tags and released on Arthur Davis WMA and on National Forest land near Wallingford Pond. Staff also helped NHFGD staff capture additional bears (there were 18 more!) for release in remote areas of NH.

Islands Tour: Staff gave a tour of a few islands on Lake Champlain to New England Cable News. On the tour staff discussed cormorant problems on a private island and discussed the history and habitat restoration efforts on the state-owned Young Island. Staff also completed egg-oiling of the ring-billed gull colony on Young Island, and planted additional trees and shrubs on Young and Sloop Islands.

Newest Access Area: The construction of the FWD's newest access area (John Guilmette Access Area) in South Hero on Lake Champlain is nearly completed, but the parking lot is not yet able to accommodate vehicles, therefore, the access is not yet ready to be open full-time. However, the FWD will be opening the ramp for the LCI derby beginning Friday morning (June 19) and will remain open until Monday evening (June 22). The FWD worked with organizers of the LCI fishing derby and a neighboring landowner to create some parking nearby so that boaters and anglers will be able to access the water for the busiest boating weekend of the year. The FWD expects the ramp to be open full-time by mid-summer.

Fishing Festival: On Sat, June 13 the Grand Isle Family Fishing Festival took place at the Ed Weed Fish Culture Station. Numerous agency staff along with volunteers taught kids and parents how to fish through a number of educational stations. Some of these stations included topics such as knot tying, casting, fish identification, fish biology, setting the hook, F&W regulations, fish cleaning/filleting, and fish cooking. Attendance to the event was outstanding with an all-time record of 733 people participating. What's even more exciting is that of the families in attendance, over 58% of them were first time anglers.

Forests, Parks and Recreation (FPR)

Ski Areas: We recently received Smugglers' Notch Resort's annual ski lease payment in the amount of \$288,621. This is up more than \$5,000 from last year's ski lease payment from the ski area. FPR staff met with staff from Killington Ski Area to review proposed new mountain bike trails within the ski lease area. A similar meeting is planned with Stowe Mountain Resort later this week to discuss proposed mountain bike trails at Mount Mansfield.

State Parks Attendance Numbers: As of last weekend, total state park attendance is 11% behind last year to date. Despite the gloomy statistic it is still early in the season, the weather has not cooperated and this does not include Vermont Days weekend (when the weather was ideal). Camping is actually up slightly from last year so the decline is entirely from day use activity. On the bright side, attendance is 16% ahead of 2013 to date.

Fee Increases: The proposed rules to increase park service fees is scheduled for LCAR consideration next week.

Plans for Nature Center Improvements: Park staff and staff from ECHO will begin visiting state park nature interpretive centers this week to begin to formulate a plan for improvements. The new partnership between state parks, ECHO and Vermont Parks Forever has potential to upgrade all 14 centers statewide over the next several years.

Forest Health Monitoring: Sandy Wilmot, Forest Health and Climate Change Specialist reports that assessing the health of Vermont forests involves many new and seasoned foresters and begins each year with trainings to standardize how we evaluate forest health. This year's trainings were held in Essex and Northfield on June 9 and 11, and involved 25 foresters from the State, University of Vermont and University of New Hampshire. Sugar maple health plots have been in place since 1988, and health is assessed at 36 locations in sugarbush and non-sugarbush forests. Additional tree species and locations are measured as part of the Vermont Monitoring Cooperative at 40 locations in a collaboration between the Department of Forests, Parks and Recreation and the University of Vermont.

Forestry on AOT Lands: David Paganelli, Orange County Forester recently completed a draft proposal for management of the forests and trees owned by the Agency of Transportation south of White River Junction on Interstate 91. When David presented the draft to AOT staff for comments they seemed particularly interested in assistance for identifying hazard trees along the interstate.

Business Office

FY15 year-end close is going pretty well and we don't anticipate any financial issues as we wrap up final transactions (last payroll, invoice payments, and transfers) during the last two weeks of the year. Last purchase order payments have been made and our activity reports have been submitted for rolling any remaining open PO's into FY16.

For FY16 DII had given us a cost of \$107,545 for our **i-Top Service Level Agreement (SLA)** and we budgeted that amount. We just received a draft invoice for FY16 that is now \$138,926, a 29% increase, and they are also asking for addition money related to Sharepoint accounts. I have contacted DII to try to get some answers and we have a meeting with them next week. This is not in our budget so will pose some challenges.

Paperless Payables: We are just completing our first year using the Sharepoint-based paperless payables system. A new environment will need to be set up and tested for FY16.

Office 365: We continue to be somewhat baffled about how to determine whether employees (including temps) need to be in G3 (\$313) or G1 (\$110) as we move to Office 365. Financial implications are unclear. DII has not been able to give us much guidance.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: June 19, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY – We’re submitting to Entergy today a counter proposal to try to settle the issues related to expenditures for Decommissioning Trust Fund, Spent Fuel Management, and Emergency Planning Zone response (including WTSA radio). To simplify discussion, we’ve removed ANR and TAX, with their consent, from this counter proposal.

Meetings this Week:

Jun 15 – Meeting with Hugo Liepmann re new broadband census block in Randolph
Jun 16 – Meeting with Dori Wolf, Brightfields, GMP and ANR re Elizabeth Mine Solar project
Jun 17 – VCRD Board Retreat in St. Johnsbury

Meetings next Week:

Jun 23 – NEPOOL meeting Stowe; VY Monthly Interagency meeting
Jun 24 – NEPOOL meeting; Council on Energy & Environment meeting; GBIC annual meeting
Jun 25 – NDCAP meeting Brattleboro

Jun 26 – VEDA board meeting

Media: Released statement in response to CLF/TDI agreement. Spoke with VPR, VTDigger.

Everything Else:

PERD

2015 Comprehensive Energy Plan

- Confirmed dates and locations for regional public forums with VECAN. Each will have a soft start at 5:30 and the program will start at 6. There will be a presentation, followed by ability to provide input on various topics around the room (“sticky note session”).
- Dates and locations for the regional forums include:
 - July 9 – Woodstock (Billings Farm and Museum)
 - July 16 – Middlebury (Town Hall Theater)
 - July 20 – Manchester (Manchester Community Library)
 - July 23 – St Albans (Bellows Free Academy)
- More than 50 outside stakeholders have RSVPed for each of the half-day subject matter stakeholder meetings (6/24 and 6/30). Agendas and structures for these events are being settled.
- Continued coordination with DOH; outreach to Forest Parks and Recreation staff regarding who will be the point person for biomass; no decisions returned
- Public engagement planning
 - VCFA venue plans have been submitted to the college’s coordinator and light refreshments have been ordered from NECI.
 - Capital Plaza plans must be detailed by the end of next week. Room counts of 50 in the morning and afternoon each (total = 100) were provided; beverage and food counts are in place, and will be finalized the day after the event. Extra rooms for break-outs are reserved, and will be available as needed.

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

- Requested PNNL provide quote for providing a stretch version of REScheck.
- Requested PNNL provide a quote to incorporate the Vermont RBES certificate into the printout generated by REScheck.
- Working with PNNL on REScheck for statewide use.

Public Service Board Dockets

- Docket 7988 – Community Energy Efficiency and Development Fund - The Department met with GMP and VEIC to discuss the Department’s evaluation and verification of the EverGreen Loan Fund, Electric Vehicle Charging Station Program, and Farm Biomass Greenhouse Program, including review and verification of CEED only vs. EEU incremental electric savings (EverGreen) and NSB claims for all programs. GMP indicated they expected by the end of 2015 to attain (or come close to attaining) the required

portfolio wide NSB (\$25 million over the life of the fund i.e. 2013-2017). Further they said “electric efficiencies are becoming harder and harder to gain” and suggested they would likely be looking (to invest) more in innovative technologies over the remaining two years of the portfolio (2016-2017). CEED Heat pump program shall be evaluated as part of the larger statewide thermal/heat pump evaluation. GMP will be hosting stakeholder workshops beginning in July to help determine how ~\$3.2M of CEED Funds will be invested during calendar year 2016. The workshop and project proposal schedule is below:

Wednesday, July 8, 2015	Tuesday, July 14, 2015	Tuesday, July 21, 2015	Friday, August 21, 2015
Introductory Workshop #1	Introductory Workshop #2	NSB Workshop (if desired by Stakeholders)	Stakeholders Submit Program Proposals
<i>Days Between Milestones</i>	6	7	31

Tuesday, September 8, 2015	Friday, September 25, 2015	Wednesday, October 7, 2015	Friday, October 30, 2015
Project Review Meeting	Stakeholder Comments Due	GMP Finalizes Program Selection	File 2015 Annual Plan with PSB
18	17	12	23

- EEU 2015-01: Staff participated in the pre-hearing conference related to potentially modifying the rules for reallocating an EEU’s NRA budgets within a given performance period. Participants anticipate being able to jointly file recommendations for making future adjustments NRA budget category amounts within three year performance periods.
- Docket 8486: Staff continued to work with the DPS Finance and Legal Divisions to develop comments on VEIC’s petition for the Board to approve up to \$100M of the EEC be used as the collateral and security for the RUS Energy Efficiency and Conservation Loan Program. V.S.A. 108 approval, not 209(d) as proposed by VEIC, may be the most appropriate and expeditious way for the Board to consider this initiative. This alternate path will be part of DPS comments. The proceeding is still on schedule but the alternate 108 path creates a potential wrinkle. Staff plan to request the Board approve an extension on the comment deadline from June 15 to June 17.
- Docket 8544: VEIC Overall Performance Assessment – Staff continued strategic planning for the development of Direct Testimony due on June 26, 2015.

PERD/SEP Funded Projects

- SEP Building Energy Disclosure/Labeling Competitive Award – Participated in biweekly conference call with DOE and project partners. DOE has requested that we send them the label to be used in Vermont for building energy disclosure to distribute to other states currently in the process of developing labels as it’s desired to have as much

consistency throughout the states as possible and we have received positive comments on the design and simplicity of our label. Staff has requested that VEIC and the NH Energy Office send any requests for changes to the draft grant agreements by next week so they can be signed by the Commissioner/executed by July 1st.

- SEP Interconnection Award – GMP has established the scope of work for their contract with CYME to develop tools they will use for load modeling and calibration, for the DG Solar Map.

PERD Clean Energy Finance

- Thermal Energy Finance Pilot – Heat Saver Loan
 - Continued steps to include Vt. Gas Systems customers in the program. PSD staff are working with VGS and EVT to align with their respective incentives and operating procedures for how VGS customers participate in the Home Performance with ENERGY STAR[®] Program.
 - VSECU reported three HSL loans for May with \$5,113.08 of interest rate buy-down.
 - The OCU contractor met with fuel dealers in the Efficiency Excellence Network (EEN) to advise them on the program, engage regarding the on-bill payment component, and gain feedback regarding their marketing methods. The input will help advance both elements.
 - Staff convened a conference call with VSECU and OCU to revise the marketing plans for the program. Participants came to consensus on a sample marketing concept that can be used for print and web-based media. The contractor will work with a subcontractor to delineate options and costs given where we are in the project and the limited funds available.
- VEDA Energy Efficiency Loan Guarantee Program (EELGP)
 - Staff received input from EVT identifying challenges to participation in the program as expressed by banks that have signed the Master Guarantee Agreement (MGA). Some vague language in the MGA coupled with PSD grant reporting requirements raise concerns about the amount of effort required to report on an on-going basis. In response, staff have engaged EVT and VEDA to identify points of concern and streamline reporting requirements that will encourage participation while retaining the department's ability to monitor the grant funds placed at VEDA for the EELGP Loan Loss Reserve.

Clean Energy Development Fund

- Approved another larger than normal group of incentive payments for the SSREIP: 31 PV systems (199.6 kW) for \$53,193 of incentives, including a 6 kW array on this low-income Vermod net zero modular home for the Twin Pines Housing Trust: The SSREIP also had a pellet heating system installation consisting of two pellet boilers (\$5,500 incentive) installed at a Central Vermont Community Land Trust housing project in Waterbury that was destroyed by hurricane Irene.
- Held the quarterly meeting of the Clean Energy Development (CED) Board. The meeting this quarter included substantial public comments and discussion regarding

- the proposed changes to the SSREIP pellet heating incentive.
- Prepared and presented a draft FY'16 budget and program plan for the CEDF to the CED Board at their meeting.
- Met with Dept. of Environmental Conservation leadership regarding DEC and CEDF possibly working together on a wood stove change-out program that would provide a CEDF incentive for a pellet stove or boiler if a non-EPA compliant wood stove is taken out of service and destroyed.
- Windham County Solar Finance Program
 - The new solar loan program launched this week at VSECU: (<https://www.vsecu.com/energy-savings/loans/specialized-loans/windham-county-solar-loan-program>)
- Community Solar Finance Program
 - VSECU reviewed the draft grant agreement and stated that they are ready to sign the agreement. Staff will prepare and submit the grant agreement for execution next week.
- Vt. Clean Energy Industry Report 2015 - New target deadline: July 2

Renewable Energy Items

- Met with legal staff and Standard Offer applicant Brattleboro Organic Energy (BOE) and the Board order denying a SO contract to BOE. Reviewed draft comments to the Board's questions on this issue.
- Attended State Operations Working Group meeting and agreed to organize PSD/ANR/BGS/(VTRANS) meeting on lead-by-example w/r/t siting of projects in state net metering
- Sent VT community solar highlights to DOE for inclusion in set of White House announcements on that topic, including an announcement of a new partnership with states to promote community solar.
- Sent info on potential funding opportunities for a municipal fire station project to Sylvia Bartell, on behalf of Rep. Teo Zagar.
- Prepared draft templates reflecting PSD's take on energy awareness and public outreach ahead of EAN communications strategy workshop.

Net Metering

- Worked with internal team to finalize Act 99 net metering comments for submission to the Board.
- Reviewed Board revisions to net metering forms and sent comments to PA for consideration.

Net Metering Activity 6/6/15 - 6/12/15

	Registrations	Applications	45 Day Notice	CPGs Granted
Count	33	4	0	26
kWAC	230	644	0	161

Ave Size kW	6.968	75.750	0	5.746
Cumulative Capacity of ALL Formal Notices Submitted**				
Year Total to Date		Total Since 1999		
2014 kW	2015 kW	1999 – 2015 kW	% of 15% NM Cap	
12,858.94	17,828.06	94,583.13	~ 63.1%	

****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.

Engineering

Vermont Yankee Spent Fuel Management & Decommissioning

Systems maintenance and testing to support Spent Fuel Pool integrity continued during the reporting period. During this time, no issues occurred that would adversely impact Spent Fuel Pool integrity. Additionally, on June 10 VY staff conducted an emergency drill using a decommissioning plant / Hostile Action scenario. (There was no State participation in this drill.). On June 11, VY staff conducted a fire drill featuring full Fire Brigade and First Aid (First Responder) mobilization for a simulated diesel fuel storage area fire within VY's Protected Area.

State Nuclear Engineer Completes VY Site Access Training

On June 10, the State Nuclear Engineer completed a series of training courses and follow-up exams to renew his unrestricted access to the VY Protected Area. Completion of this training allows the State Nuclear Engineer to execute work at the VY site without an assigned Escort or additional security procedures normally required for VY site visitors through the end of June 2016 (subject to nuclear industry Fitness for Duty standards).

NRC Inspects VY Security Procedures and Safeguards

Four inspectors from the NRC's Nuclear Security & Incident Response branch were onsite to audit VY's Reactor Safeguards & Security Plan. The inspection focused on changes recently implemented on-site, as well as several proposed changes that, if approved, would be implemented within the next two months. Since the inspection involves details of VY's Security Plan, the State Nuclear Engineer will NOT have access to the information being audited, nor will he be allowed to attend the audit's kick-off or exit meetings. Nonetheless, the State Nuclear Engineer will briefly meet with the Inspectors late in the afternoon on June 17 to discuss State concerns that the reduction of VY's Emergency Planning Zone in May 2016 may have on overall site security.

NRC Responds to State's June 4 & 5 Letters Regarding VY Decommissioning Trust Fund-Related Issues

The NRC issued a formal response to the VT PSD and the AGO's June 4 and June 5 letters

related to the VY Decommissioning Trust Fund (DTF). In the June 4 letter, PSD and AGO requested that NRC's Staffs granting Entergy's request to cancel two lines of credit and a parental guarantee related to the VY be rescinded on grounds identified in several previous State filings regarding the DTF. In the June 5 letter, PSD and AGO formally requested that representatives from the Vermont Yankee Nuclear Power Corporation and its current owner Green Mountain Power be included in future discussions regarding uses of the DTF. The NRC response summarily denies these requests. For the June 4 request, the NRC states that Entergy has met all of the NRC's requirements for assuring that DTF funding is adequate. Therefore the requests can be granted. For the June 5 request, the NRC concludes that since the letter request involves a decision regarding a reactor licensing exemption request rather than a reactor licensing amendment request, there is no grounds for State or public (i.e. GMP or VYNPC) participation (i.e. a hearing or petition) in granting the request. The NRC's response also notes that it is continuing to review the regulatory requirements related to the DTF that were discussed in the May 29 State / NRC teleconference (which discussed questions first raised in the State's January 26 letter to the NRC).

Vermont Gas Systems ANGP project

VGS representatives informed the Department Gas Engineer that final contract negotiations with a company to install the remaining six pipeline portions of the most-northerly 11 miles of the ANGP project (in Colchester, Essex and Williston VT) are under way. VGS is also engaged in contract negotiations with a separate company to perform inspection activities during this construction. VGS plans to provide training for the contractor, related to the project design specifications, in mid-July and expects construction activity to complete the segment (now referred to as Segment One of ANGP Phase I) to occur August through October 2015. VGS has revised its Inspection Manual for the project and provided a draft to the Gas Engineer during this report period.

VGS Phase VII looping project (PSB Docket 8472)

The Department received VGS's response the first set of information requests related to the company's petition for a CPG to install three miles of 16" transmission pipeline in Georgia prior to the heating season of 2016-2017. The Engineering Division and the Finance & Economics Division have begun to review the response. The Gas Engineer will attend a site visit for this project on 6/18.

Operator Qualification requirements for propane pipeline technicians

The Gas Engineer continued to assess Operator Qualification programs required for propane companies operating pipeline systems in Vermont subject to jurisdiction by PSB Rules and federal gas pipeline safety regulations. Written program plans and records, maintained by Blue Flame Gas, were reviewed with representatives of the company. No immediate safety concerns were observed.

PSB Interconnection Rule Revision and Act 99 Generation Interconnection Working Groups

Engineering and Planning have been meeting to work on revising the rules for generation interconnection as required by Act 99. This group has completed a first draft of a combined rule

that includes PSB Rule 5.500 and the Appendix of PSB Rule 5.100. In the process Engineering has had input from GMP and compared the Department document with national model rules of National Association of Regulatory Utility Commissioners (NARUC), Interstate Renewable Energy Council, Inc. (IREC) as well as the FERC rules as adopted by ISO-NE. Engineering has drafted a “straw proposal” for review, and PERD issued it to the Act 99 working group members for discussion on Wednesday June 17th.

Utility Damage Prevention Plans

Engineering has been asking utilities to write plans to comply with 30 VSA § 7001 and PSB Rule 3.800 and this week Washington Electric Coop submitted a final version of their plan.

Engineering now has two other good plans and will be working toward getting all utilities to file plans.

Vermont Cyber Security Workshop

DEMHS hosted a cyber security workshop on 6/16. In attendance were representatives from DEMHS, VSP, DHS, FBI (Albany office), DII, PSD, Stowe Electric, VELCO, GMP, and VEC. A significant portion of the meeting was devoted to discussion how threat information is shared among and between the various sectors (private sector, Universities, state government, federal government). A number of entities are available to “connect the dots” of potential attacks. A threshold for “threat to public safety” needs to be defined, as this will influence what information can be shared. Another significant discussion centered around the lack of cyber security regulatory requirements for electric utilities in Vermont (one utility mentioned that such requirements would provide certainty regarding recovering costs for cyber security). The group decided to review and potentially revise the Cyber Security Principles that are still pending at the Public Service Board in Docket 7307. The group will also try to organize a cyber briefing for State agencies, including the Public Service Board. Further details to be discussed at the next Directors’ meeting.

Regional Policy

ISO-NE Budget

- On June 7, ISO-NE presented its proposed 2016 budget and its projected 2017 budget. ISO-NE is proposing a 4% increase to its 2016 budget and also projecting a 4% increase in its 2017 budget. These increases translate to \$5,880,200 and \$6,090,000 in 2016 and 2017, respectively. The majority of the increase is related to merit and promotion compensation increases, increased costs for medical benefits, additional staff for cybersecurity and market monitoring, and increased NERC and NPCC fees.
- ISO-NE will have a meeting with states on August 27 for an in-depth discussion of the budget, and a similar discussion with the NEPOOL Participants Committee on September 11. NEPOOL will vote on the budget on October 2 (advisory only), and the ISO-NE Board of Directors will vote on the budget in early October, with a filing to FERC in mid-October.

ISO-NE 2014 Markets Report

- On June 9, ISO-NE's Internal Market Monitor presented the results of the annual review of the energy, capacity, and ancillary services markets.
- The average cost of a MWh in the 2014 energy market was \$66.25/MWh, a 14% increase compared to 2013. The cost increase was largely driven by higher natural gas prices during the first quarter of 2014. There was also a 37% increase in Net Commitment Period Compensation (uplift) from 2013 to 2014, largely due to the need to run oil-fired units during cold periods – because oil-fired units have much longer minimum run times than gas-fired units, these units tend to operate out of economic dispatch.
- The average cost of capacity increased only 2% from 2013 to 2014, from \$8.20/MWh to \$8.36/MWh (the MWh cost was derived by dividing the total cost of the capacity market by the real-time load obligation). Note that the significant cost increases in recent Forward Capacity Auctions are not yet being felt by consumers as the costs for the three-year forward markets has yet to be paid by load.
- The average cost of ancillary services increased by 52% to \$3.23/MWh, due largely to an increase the operating reserve requirement.
- Overall load decreased by 2% in 2014, compared to 2013. When adjusted for weather, load decreased by 1%.
- The Internal Market Monitor also tested for competitiveness and stated that there is not currently a concern regarding market power in the energy market. The IMM did express concern that there is insufficient supply being offered into the real-time reserve market, even though there is sufficient supply available.

Order 1000

- As part of the Order 1000 process, NESCOE receives input on state policies that may drive the need for transmission and then sends the list of state policies to ISO-NE. On June 10, NESCOE circulated a document illustrating the potential process for collecting the list of relevant state policies. One of the initial considerations is whether each state will use a public process to identify whether the state has any policies that drive the need for transmission. DPS staff will talk with the PSB about this issue in the near future.

Cybersecurity

- At a June 10 NECPUC meeting, there was a discussion of appropriate state efforts on cybersecurity. The Department of Energy and intelligence agencies are worried about the fact that vulnerabilities in the distribution system can translate into vulnerabilities in the transmission system. Although the federal agencies can require action by transmission owners, states have to take their own measures for distribution companies.
- FERC has offered to do a one-day classified briefing for commissioners and senior staff. NECPUC's executive director is currently working with FERC to schedule that event.
- A Connecticut commissioner with classified clearance from a prior job recommended that each state commission have one person with the appropriate security clearance to

be briefed on federal cybersecurity issues. It was also noted that cybersecurity costs are likely to start showing up in rate cases.

Finance and Economics

Electric

GMP: Tariff 8566--2016 Base Rate Filing: GMP submitted its initial FY 2016 Base Rate filing and corresponding spreadsheets. Their filing is proposing a 1.26% or \$7 million rate increase. GMP has provided a summary of key items driving the rate increase that include:

- Growth in rate base resulting in a 1.1% rate increase.
- Higher non-base O&M costs resulting in a .6% increase.
- \$12.5 million in operational merger savings representing a .7% rate decrease.
- Lower residential sales due to net metering and increased use of LED light bulbs representing a .7% rate increase.
- Lower energy prices and higher REC sales resulting in a 1.0% rate decrease.
- Amortization of deferred blending of 2014 and 2015 transmission expense was completed resulting in a .7% rate decrease.
- A potential reduction in the ROE from 9.6% to 9.36% (tentative-final rates are yet available).
- Downward adjustment in base O&M costs of about \$400k or .4% reflecting the NE-CPI index cap.
- \$8.7 million in capital spending for innovative products and services with \$872K of associated revenue (the sufficiency of the revenues to cover expenses has not been determined).

GMP: A 45 day Notice of Intent was filed on June 11, 2015 by GMP to enter into a Power Purchase and Sale Agreement with Lamoille River Solar, LLC for the purchase of power from a 4.9 MW AC Solar Photovoltaic Electric Generating System in Milton, VT. Staff will complete its review of the filing and will provide comments on July 13.

GMP: PSB Tariff Filing: #8567- GMP has filed for approval of tariffs offering (a) a generator lease program and (b) a generator transfer switch equipment lease program. The filing also requests the cancellation of two GMP experimental residential service rates-one for Critical Peak Pricing and one for Peak Time Rebates. Staff completed a recommendation to support the cancellation of the experimental tariffs and is recommending the lease programs not be approved or suspended and an investigation opened to facilitate more public input and discussion.

GMP: Petition for Approval to Issue First Mortgage Bonds in an Amount of up to \$60,000,000 pursuant to 30 V.S.A. § 108.

Hardwick: Filed a Section 108 petition for approval of financing to buy a bucket truck for \$215K at 2% for 5 years. Staff is reviewing the petition and will prepare a recommendation that is due

by July 3.

PSB Board Rule 4.100 PURPA Avoided Cost Rates: Following the workshop, staff has begun to draft a revised Rule and also prepare a bullet list of provisions that would be desirable to see in the Rule. Drafts of a new Proposed Rule are due by June 26. An internal meeting was held to consider combining two Rule changes that are closely related---the net metering-Rule 5.100 and the PURPA-Rule 4.100. The Department has requested these two rules be considered together and to extend the due date for providing drafts to June 26. All parties have agreed to the request. Staff has completed a draft of Fin and Econ proposed changes that will be socialized on June 19.

PSB Board Rule 5.100 Net Metering: Internal meetings have been held to discuss the compatibility of the Net Metering Rule with the PURPA Avoided Cost Rates Rule. The issue being should fixed rates or some form of fixed rates be established for net metering and or should the net metering rates be the same or different than the PURPA Avoided Cost Rates. Finance and Econ has suggested wholesale market rates be adopted for PURPA while net metering rates (500 kW and lower) would be at retail adjusted with incentives/adders as needed to achieve targets. Department comments recommending fixed rates for 20 years including REC's be established which is different than what Fin and Econ would propose for PURPA.

Stowe Electric Department (SED): Tariff 8553-Rate Design- Stowe filed for approval of its updated/new rate designs using usage information from its smart meters. The rate design includes new optional Time of Use and Critical Peak Pricing rates. The Department filed a recommendation to open an investigation and the PSB held a public hearing on May 12, 2015 which was sparsely attended. The Department prepared and forwarded an initial round of discovery on June 3, 2015. Parties are scheduled to file a stipulation or a litigation schedule no later than July 1, 2015.

VEC 90 Day Notice – Rule 5.202(C): On February 10, 2015 VEC advised the Board of its intent 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. The output will be used for community net metering and for additions to its supply portfolio. On June 15, 2015 VEC notified the Board of substantive changes in the terms of the agreement. The Project is now a 2 year, 2 phase project with 1MW of solar added in 2015 and 4 MW added in 2016. The developer will now guarantee 80% of expected output, up from 50% in the original filing. There was a \$3.15 million prepayment in the original filing that has now been eliminated. The average all-in power cost is now estimated at 12.3¢ which is slightly below the original 13¢ estimate. VEC plans to seek PSB approval to transfer the CPG to CMES following approval of the VEC Board of Directors on June 30, 2015. Finance & Economics previously recommended withholding endorsement of the PPA pending a Department determination that Program terms and conditions are just and reasonable. With these revisions Fin and Econ recommends that no further action on the 90 day notice is necessary.

WEC-Tariff 8573 was filed June 1 for a new Whole House Surge Protector Service offering in response to a PSB April 8 order. Staff is reviewing the filing and will prepare a recommendation that is due to PA on June 22 and to the PSB by June 29.

Natural Gas

VGS – Docket 8471 Petition for a one year renewal if it's Successor Alternative Regulation Plan. A prehearing conference was held on May 5, 2015, where the Board provided VGS and the Department questions about the renewal. A Department response to PSB questions was completed covering cost recovery for certain capital investments, accounting for DSM, and tariff revisions for TransCanada pipeline tolls among others. Next steps are unknown at this point pending Board action on the petition.

VGS - Docket 8472 Petition for \$248 approval to construct (Phase VII Looping) and install approximately 3.0 miles of 16" transmission line extending through Georgia, Vermont at a cost of \$10.8 million that will address expected customer growth through 2019. Phase VII is a continuation of the expansion plans that began in 1995 to increase capacity and improve reliability. The Department forwarded discovery questions on June 2, 2015 concerning customer forecasts, demand growth and the role of DSM in deferring the project. Responses were received this week and it looks like this is a 'reliability' project that would not require any economic benefit. The Department is scheduled to file a PFD on July 10, 2015.

VGS-Tariff 8571 – Vermont Gas Systems Interruptible Tariff Revisions

On May 15, 2015, VGS filed proposed revisions to its interruptible tariffs reflecting changes to confidentiality provisions as well as the Lock Price Program. Revisions are to indicate that nothing is considered confidential unless specifically requested by the customer and approved by the Board. Additionally VGS added language to clarify the terms and conditions of the Lock Price Program. The tariffs are to take effect with bills rendered on and after July 1, 2015. We completed our review of the tariff changes and forwarded our recommendation to PA. On June 16, 2015 the Department forwarded its recommendation that the Board approve the revised tariffs as filed.

VGS – Tariff 8572-Quarterly purchased gas rate adjustment: the Company filed its quarterly tariffs reflecting an overall firm rate decrease of .26 percent. The rate decrease is attributed to a .57 percent decline in the wholesale cost of gas. The updated tariffs are effective with bills rendered on and after August 5, 2015. The filing is under review and a Department recommendation is due July 20, 2015.

Public Advocacy

VY – No Docket – The NRC approved a request by Entergy to be exempted from NRC regulations to allow for the use of nuclear decommissioning trust funds for spent fuel management expenses. The Department is reviewing the NRC approval.

Entergy filed a 30-day pre-notice of disbursement from the decommissioning trust for up to \$6.5 million for "decommissioning costs." No further detail was provided.

NRC Staff responded to the State's June 5 letter raising concerns over the Staff's conclusion (in two April evaluations of Entergy's request to cancel two VY lines of credit and a parental guarantee totaling \$110 million) that the VY nuclear decommissioning trust fund was adequate to cover all remaining decommissioning costs. NRC Staff reiterated its position that it relies on well-established review processes in making determinations regarding the sufficiency of the VY NDT.

NRC Staff also responded to a joint Department/ AGO/ GMP/ VYNPC letter formally requesting an opportunity for public participation with regard to Entergy's January request for exemption from NRC regulations to allow for the use of NDT funds on spent fuel management costs, and elimination of the 30-day notice requirement for NDT withdrawals. Staff stated that there is no participation or hearing right attached to review of exemption requests.

VY EPZ LAR – NRC 50-271-LA-2 – The Department filed an appeal to the NRC of the Atomic Safety and Licensing Board's order denying the State a hearing on Entergy's license amendment request to shrink the emergency planning zone. The State argued that the ASLB erred in finding that one State contention was moot and the other presented no genuine dispute on an issue of fact or law. The State also argued that the ASLB erred in failing to recognize the State's right to a hearing on a related exemption request.

Entergy Second ISFSI – Docket 8300 – The Department executed a protective agreement with Entergy in advance of receipt of first round discovery responses on June 17. Second round requests to Entergy are due on July 6. The Town of Vernon filed a motion to intervene, but did not identify the issues it seeks to address in the proceeding. The Department does not oppose the town's intervention but will recommend that the Board order Vernon to identify the issues it wishes to address.

GMP Alternative Regulation – No Docket – On June 1, GMP filed its 2016 base rates filing, which reflects a change in the base rates, exogenous (storm) charge, and power adjustor. All in, the filing asks for a roughly 2 percent rate increase. The Department received a partial response to its first round of discovery, and is preparing the next round. The Department is also putting together recommendations for power cost accounting. A meeting on AMI-related costs and savings is scheduled for June 19.

TDI New England Clean Power Link Project – Docket 8400– The following parties prefiled testimony: PSD, ANR, VTrans, GMP, VELCO, ACRPC, BED, and DHP. The PSD is reviewing these submissions. Additionally, CLF and TDI filed an extensive agreement resolving their issues. The PSD completed a review of TDI's stipulation, in which we identified and marked negotiation issues. PSD's marked version was shared with TDI and ANR. TDI is scheduled to provide feedback shortly. Meanwhile, ANR and PSD met and decided to work more closely on these negotiation issues. PSD also continues efforts to work toward an MOU with AOT.

VEIC use of Energy Efficiency Fund monies as collateral for RUS Loan Program – Docket 8486– The Department filed comments in response to the supplemental filing from VEIC on this matter. There are several unresolved issues in this proceeding, including: whether the Board

actually has the legal authority to encumber Energy Efficiency Fund monies; whether authorization from some other state agency or officer is required; what specific collateral and security funds the Rural Utilities Service Loan Programs actually requires in order to make a loan to VEIC; whether there actually is a deadline of October 1, 2015 to obtain access to these RUS funds; and whether it would be acceptable to both VEIC and RUS to encumber only VEIC EVT revenues, as opposed to monies in the EEF (which do not belong to EVT). VEIC has an opportunity to reply to the Department's comments on June 24th and the Board is expected to hold a technical hearing or workshop during the week of June 29th.

Act 99 Net Metering Workshop – The Department, along with over a dozen other stakeholders, filed comments on 6/12/15 concerning issues relevant to the drafting of a new Net Metering Rule, to replace the existing net metering statute. The Board will hold a workshop to review those comments on 6/18/15. Reply comments are due on 6/26/15.

Vermont Gas Interruptible Tariffs – On June 15, the Department recommended approval of Vermont Gas's proposed revisions to its interruptible tariffs reflecting changes to confidentiality provisions as well as the Lock Price Program. The revisions were made at the urging of the Department and will result in greater transparency of interruptible service agreements and greater clarity of Vermont Gas's lock price program.

SPEED Wheeling Charges – Docket No. 8492 – On June 11, VEPPI filed a list of additional wheeling-related issues to deal with in the context of this docket. The Department has learned that the DUs have made progress on settlement talks. They will provide a draft settlement to the Department on the 19th and Department staff has scheduled a meeting with the DUs on the 26th to discuss the settlement terms.

Rulemakings – Rule 4.100 and Rule 5.100 – No Docket – The Department filed comments on proposed revisions to Rule 5.100 (Net Metering) on June 12. The Department is crafting revisions to Rule 4.100 (PURPA Implementation) that take into consideration the revisions to the net metering rule. Those proposed revisions are due June 26, the date of reply comments on the Net Metering revisions.

Sheffield Wind – Docket 7156 – The Department received a public records request from VCE for all billing invoices and reports from its sound expert, Acentech, related to the Paul Brouha noise complaint.

Farm at South Village Investigation - Docket 8406 -The Board's investigation concerns the Farm at South Village's (FSV) failure to implement aesthetic screening at its solar facility. The Department contacted all parties to encourage the parties to meet and negotiate a stipulated agreement with respect to a new planting plan and planting schedule. However, the Complainant neighbors (the Cummings) indicated that the planting plan proposed by FSV was inadequate and that they did not believe a further meeting would be productive. The Cummings filed testimony on Monday June 15. The Department expects the investigation to proceed to a technical hearing.

Lajeunesse Interiors, Inc. Investigation Re: compliance with CPG - Docket 8446 - By letter dated June 9, 2015, the Complainant neighbors, the Korshaks, disputed the Hearing Officer's statement in the Order dated May 20, 2015 that the Korshaks are not parties to the proceeding because they did not file a timely motion to intervene. The Korshaks assert that the Board has considered the Korshaks a party to the proceeding from the outset and requested the Hearing Officer to correct the record accordingly. The Department supports the Korshaks' request, as reflected in the Department's comments to the Board dated June 5, 2015.

Pittsford GLC Solar LLC Motion for Non-Substantial Change or CPG Amendment - NMP 4299 - On May 26, 2015 Pittsford GLC Solar filed with the Board a request for a Non-Substantial Change Determination or a CPG Amendment. In its original petition for a CPG, Pittsford represented that the project would be constructed in a manner that avoided certain archeologically sensitive areas. However, Pittsford has since determined that the project will not be economically viable if it is built to avoid the archeologically sensitive areas and the project has been redesigned to include ballasted racking over the archeologically sensitive area. On June 12, 2015 the Department filed comments with the Board. The Department believes that the proposed changes constitute a material deviation from the plans and representations made in the original filing, but that changes are unlikely to have an undue adverse impact on the Section 248 criteria that the Department typically comments on. The Department therefore recommended that CPG #NMP 4299 be amended to reflect the re-design and to expressly include the three conditions recommended by the Division of Historic Preservation to ensure that the new design will not have an undue adverse impact on identified archeologically sensitive areas.

Malone Pitman Road Properties, LLC 500 kW group net-metered solar facility in Barre – NMP #CPG 7058 - By letters dated June 9, 2015, the Town of Barre Select Board and Town of Barre Planning Commission each filed comments raising concerns with the proposed project to be situated in the Wilson Industrial Park in Barre. The Town of Barre Select Board requested that the Petitioner provide "attractive landscaping" in the setback area along Pitman Road on the Project site. By letter dated June 16, 2015, the Petitioner has agreed to plant approximately six American arborvitae or similar trees/shrubs within the setback area. The Town of Barre Planning Commission raised concerns regarding aesthetics and orderly development. In particular, the Planning Commission expressed concern that the visual impacts could be considered a negative to potential future tenants in the Wilson Industrial Park, that the Wilson Industrial Park would be better utilized for industry that creates jobs and expands the tax base, and that the Petitioner failed to consider the project site as three separate lots and failed to comply with each lot's covenant requiring specific setbacks. The Petitioner responded that the issues raised by the Planning Commission are either speculative or should be dismissed as outside of the Board's jurisdiction on the basis that they are zoning laws and/or real estate issues.

Tunbridge Solar Royalton LLC 500 kW Group Net-Metered Solar Facility in Royalton - NMP 6081 - By Memorandum dated May 21, 2015, the Board requested the Petitioner to respond to the

Department's comments of May 18, 2015 in which the Department recommended (1) that the Petitioner file a vegetative screening plan to help mitigate the visual impacts of the Project affecting Gee Hill Road and neighboring residences, or file further information explaining why screening is not possible; and (2) that the Petitioner file further information addressing whether the proposed Project and the 500 kW Novus Royalton Solar, LLC project directly opposite the proposed Project site constitute a single facility under 30 V.S.A. § 219a(a)(4).

The Petitioner responded with a letter that adds to a growing PSD concern that the Board is shifting the burden of proof from the applicant to other parties during the comment period. In response to PSD's comments that the Petitioner had failed to meet its burden with respect to showing why aesthetic mitigation is not necessary in this particular case, the Petitioner responded, "the Department raises questions about the potential for additional screening, but has not engaged an aesthetic expert to review the Project, and its comments are not supported by any independent analysis. In fact, it does not appear that the Department conducted any type of field investigation or site visit prior to filing its comments, and therefore an inquiry is not informed by first-hand, on-the-ground information, but rather is simply speculative." The Department strongly believes that state agencies should not bear the burden of affirmatively proving that a project violates section 248 criteria during the comment period, particularly where the concern raised is that the Petitioner has failed to meet its burden of proof. If the Board sees fit to indulge Petitioners in this regard, the Department will have no choice but to engage experts in all net-metering applications (perhaps upon receipt of 45-day notice letters) and to utilize the bill-back provisions at Petitioners' expense.

VGS Addison Expansion—Docket 7970—Preparation continues for the remand hearings to be held on June 22-23. With input from all the parties, VGS has prepared and submitted to the Board a matrix to organize witness availability and cross examination time estimates. Based on the estimates, it will be two full days of hearings. Rising Tide/Just Power is organizing an overnight vigil here on June 22 and promising to "pack the hearing room" on June 23.

On June 12, the Board issued the Non-Substantial Change Determination with respect to five parcels which was requested by VGS on April 3. They simultaneously denied the Palmers motion for an investigation into the changes.

On June 15, the Board denied Nathan Palmer's motion to compel additional discovery responses from VGS.

Addison County Regional Planning Commission has, upon the petition of certain members, scheduled a special meeting on July 1 to reconsider its support of the Project. ACRPC requested position summaries from VGS, PSD, Palmers, Lyons, Vermont Fuel Dealers and AARP for presentation and consideration at the meeting. The Department has complied with this request.

VGS Looping Phase VII-Docket 8472-Discovery responses were received from VGS on June 12 and staff is reviewing. The rescheduled site visit and public hearing will take place on June 18 and the Department will cover both events.

Chelsea Solar LLC 2.0 MW Standard-Offer facility in Bennington - Docket 8302 – DPS entered into a second MOU with the petitioner in this case, upon the petitioner satisfactorily addressing

impacts from the proposed 1 mile long 3 phase power line extension necessary to serve the project. Still under negotiation are whether VTrans will allow aesthetic landscape mitigation to be planted in state highway Route 7 ROW to screen the project from the Welcome Center, and whether GMP will allow certain interconnection equipment to be ground mounted as opposed to being placed on 40 foot tall utility poles. Technical hearing is June 19th.

Transition Period Plan Proceeding for Vermont Gas as the Natural Gas EEU - 2015-02 – The Board conducted a workshop to review the results of a natural gas potential study conducted by the Department’s consultant Optimal Energy. The data developed in the study will inform the Board and parties on how much natural gas energy efficiency is available in Vermont, and at what cost, in order to assist them in crafting a budget and goals for the EEU for the next two years.

GMP-Investigation into proposed changes to Electric Assistance Program—Docket 8500-The second program year concluded December 2014 and GMP presented an accounting to the Board earlier in 2015. Like Program Year 1, there was an over-collection in the Fund, in fact a much larger one. Together with AARP and the Department, GMP proposed a workshop in the original docket (7535) to discuss various possibilities, including return of fees to customers through bill credits, reduction in the EAP fee, etc. Rather than schedule the workshop, the Board has chosen to open an investigation in a new docket to consider how best to go forward. A prehearing conference is scheduled for July 1.

Lincoln Renewable Gas-no docket—ANR and the Department filed separate responses to the Board’s questions on June 15. Our responses were consistent that (1) the Project was of limited size and scope and therefore review under §248(j) is appropriate and (2) the Petitioner should file additional testimony regarding, and the Board should assess, potential impacts from the distribution line which will connect the facility to VGS’s gas island. VGS has agreed to provide this additional testimony.

National Grid replace circuit breaker and upgrades to the Vernon Station #13 Switchyard - Docket 8453-This project was reviewed pursuant to §248(j). The Board, the Department and ANR each had certain questions and/or requested conditions that were responded to satisfactorily by the petitioner. The Department and ANR ultimately found that consideration under §24(j) was appropriate and that the petition did not raise significant issues with respect to the substantive criteria of §248. On June 12, the Board agreed and issued the requested CPG.

New England Power d/b/a National Grid Harriman Switchyard Section 248 Petition – Docket 8493 – A public hearing and site visit are scheduled for June 24th. Discovery requests are due to the Petitioner by June 29th.

Village of Ludlow Electric Light Department § 248(j) Petition to replace voltage regulators at Smithville Substation in Ludlow, Vermont – no docket – The Department received this petition on May 8th, but the Board has not set a deadline for comments.

Hardwick Electric Department Section 108 Petition – no docket – HED filed a petition on June 3rd requesting approval to finance the purchase of a bucket truck. The Department's recommendation is due to the Board on July 5th.

VEC Substation Expansion and Rebuild in East Berkshire – Docket 8450 – VEC responded to PSD's discovery, as well as ANR's discovery. In order to better understand VEC's responses, PSD is pursuing additional informal discovery. A stipulation or a proposed litigation schedule is due by June 29th.

Woodstock Aqueduct Company – Docket 8462 – In a letter to the PSB, the PSD recommended approval of the rate increase, tariff change and rule changes (including a PSD-proposed rule change that clarifies when a dis/connection fee can be charged), effective July 1st.

NGRID Transmission Line Construction/Removal Waterford and Barnet– Docket 8444 – The petitioner filed two MOUs with the PSB, one with the PSD and the other with ANR. The technical hearing is scheduled for June 18th.

Telecommunications

FirstNet – Federal officials presented information about the Firstnet program to approximately 100 attendees representing state government, public safety and emergency responders throughout Vermont on June 16. Firstnet is developing a federally-managed and funded nationwide cellular broadband network that public safety entities could subscribe to. The federal funding will not be sufficient to provide complete coverage – in fact it will likely be significantly less expansive than current cellular coverage. Therefore, Vermont officials will identify for Firstnet desired priorities for coverage. Based on this input Firstnet will develop a proposal that will map out the specific coverage to be offered and lay out the price plans for monthly service. The state may then allow Firstnet to proceed, and there will be no commitment for the state to contribute funding or assets, or even to purchase service. Alternatively, the state may choose to contest the proposal, and could instead develop a plan to use the funds that Firstnet would have spent on its network to build a Vermont specific network.

VTA Finances – Staff met with the VTA's accountant to review the VTA's finances. According to the accountant there should be sufficient funds to complete existing projects. Her conclusion assumes two things: (1) the projects stay on budget and (2) revenue projections are correct. The accountant pointed out that she believes the VTA may have over extended its revenue projections, but she cannot confirm it. The VTA does have a project to fund fiber access points along its fiber routes. The former executive director has noted that the FAP project could be reduced to help pay for other projects.

VTA Document destruction – It has come to the attention of Department staff that some documents at the VTA have been either destroyed or taken without permission. Some of the

documents were financial and accounting information that would be relevant to an audit.

VTA Audit- The VTA has a contract with Graham and Graham to conduct an audit of VTA finances. The contract however is at its max dollar limit. Without an amendment, there will be an insufficient amount left on the contract to complete the audit. Staff recommends putting audit services to bid rather than extend Graham and Graham's current contract.

VTel DFL – Staff completed the executable copy of the VTel DFL and plans to send it to VTel today for signature. The Agreement will include free strands of fiber to Canaan until NCIC funded fiber comes online. This will help VTel solve its backhaul issues in the North East Kingdom and ensure that the Canaan sites go online by June 30.

CoverageCo – CoverageCo still has not issued a full notice to proceed, nor has it confirmed the number of sites for which backhaul is available. CoverageCo stated that it will have that data to the Department by the end of the week. Meanwhile, CoverageCo is asking why the VTA has not remitted payment on \$300,000 worth of radio units. Without a clear signal from CoverageCo to proceed on the construction of the corridors, there should be no need to pay for the radio units.

Solix Contract – Staff completed work on the Solix Contract. Solix will become the new administrator of the Vermont Universal Service Fund. Solix has notified the Department that it will be ready to proceed as soon as a contract is signed. Staff has contacted the current administrator and has left several messages, but has received no reply. The current administrator will need to provide transition services. The contract is winding its way through the contracting process. However, the contract has been held up for basic errors (such as erroneous pricing information) by legal review. The PA division also raised some questions about the services that Solix will provide. However, this contract looks substantially similar to the current contract in effect.

RIF rights meeting – VTA staff will meet with Human Resources to review their RIF rights and fill out the appropriate paperwork.

FairPoint Pole Attachment Complaint Against Comcast and Charter (Docket 8470) – FairPoint filed an amended complaint against Comcast and Charter. DPS previously supported a motion from Comcast to dismiss the case. DPS argued that FairPoint's initial complaint was deficient. The Board has not yet ruled on Comcast's motion to dismiss.

GMP/VTel Plan to Install Telecommunications Equipment in Brandon – In response to a Board request, DPS filed comments in response to GMP and VTel's proposal to install telecommunications equipment on a newly installed utility pole adjacent to a GMP substation. GMP intends to use the equipment for data collection and connectivity with its smart meter network. DPS commented that it agreed with GMP and VTel that a CPG is not required for the installation so long as the equipment is used exclusively by GMP.

Comcast CPG Renewal (Docket 8301) – DPS staff are working on a stipulated schedule for the docket. Comcast has informed the Department that it intends to file a petition in late July or early August. The next prehearing conference in the docket is scheduled for July 1, 2015. The parties intend to have a proposed schedule filed at least one week prior to the hearing. The CAPI division has issued an RFP requesting bids to complete a survey in connection with the community needs assessment that will be complete as part of the docket.

VTel / Springfield Public Access Television (SAPA) Contract Dispute – SAPA has filed a request for the Board to open a docket and arbitrate a contract dispute between SAPA and VTel over public access and PEG programming on VTel's cable network. The Department filed a letter with the Board recommending that it grant SAPA's request for arbitration and open a docket to work through the contract dispute.

VTel Data Networks, Inc. Interconnection Agreement with FairPoint – Division staff filed a letter with the Board noting that DPS has no objection to an interconnection agreement entered between VTel Data and FairPoint.

Ludlow, Northfield, and Perkinsville Telephone Cos. Tariff Modifications – DPS filed a letter recommending that the Board approve tariff modifications from Ludlow, Northfield, and Perkinsville Telephone companies. The three companies filed identical tariff modifications to keep their intrastate tariff rates in parity with their interstate tariff rates filed with the FCC.

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

- AT&T application for *de minimis* modifications to a 77 foot tower in Colchester;
- VELCO motion for non-substantial change determination relating to a previously approved *de minimis* application for modifications to a 70 foot tower in Londonderry;
- AT&T motion for non-substantial change determination relating to a previously approved application to construct a new 140 foot tower in Thetford;
- AT&T request to extend a CPG for a temporary telecommunications facility in Putney.

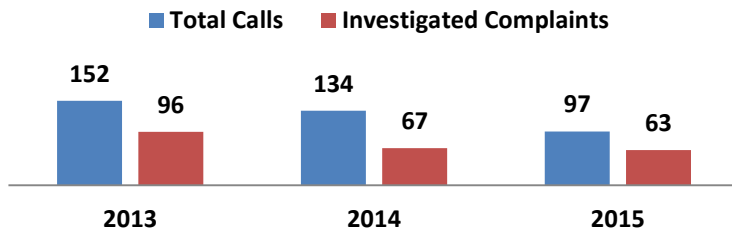
DPS received the following new 248a petitions and notices:

- SBA Towers application for *de minimis* modifications to a 90 foot tower in Dorset.

CAPI

Calls to CAPI

Same 7 days each year





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

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: June 19, 2015
Subject: Weekly Report

Vermont State Police

A Troop

Williston Troopers handled 154 complaints.

Fatal MV crash on the interstate near exit 16. A Canadian driver likely hydroplaned (crash happened during rain storm), or fell asleep and crossed the center median striking a north bound car. Op#1 died at Fletcher Allen. Two teenagers in back seat of Veh#2 sustained injuries (broken bones).

St. Albans Barracks had a total of five arrests/five charges for the week:

16 Directed Patrols were conducted in active DDACTS areas.

The St. Albans Barracks stepped up its Directed Patrols, as well as handed out flyers in support of the New York search for the two fugitives from Dannemora, who remain at large.

B Troop

Pursuit in Sheffield, Wheelock & Lyndonville. Troopers Rancourt, Tarricone and Sgt. Decker were also involved. Stopped the pursuit several times when the operator went onto logging roads. The operator traveled up a VAST trail and the troops discontinued. A K9 tracked the operator to Degreenia's parents' residence.

Several calls related to the New York escapees.

Dealt with an out of control juvenile in Derby. Subject had to be retrained until mental health could arrive.

ATV Fatal: On 6/14/15 at 1341 hours Troops responded to an ATV crash on a trail (not VASA) off of the Mines Road in the town of Lowell.

Bradford area 67 calls for service resulting in 7 arrests.

C Troop

Patrolled the western borders of the county (adjacent to NY State) in order to gain info on the 2 escaped convicts from Dannemora, NY.

Increase citizen contacts in affected areas.

15 Directed Patrols

99 local business visits; approached by citizens 169 times; 14 school visits.

Troopers are doing patrols along Lake Champlain in the Addison County area and maintaining a presence at the Crown Point Bridge in support of locating the escaped prisoners in NY. Troopers are also following up on tips that come in.

Troopers conducted 10 directed patrols.

Over the past two weeks Shaftsbury Troopers made 15 Arrests.

School Outreach Presentations at the Woodford and Shaftsbury Elementary Schools. All schools have now been visited.

Troopers will continue aggressive motor vehicle enforcement in the Towns of Shaftsbury and Dorset to support recent burglary investigations with Directed Saturation patrols.

D Troop

ALL assisted with a homicide in Windsor – 27 year old male shot and killed his 23 year old ex-girlfriend.

VSP Rockingham has had 12 burglaries (mostly businesses) in Londonderry; Troopers continue to follow up on leads.

Arrested two for one count of burglary; investigation still continues into these burglaries. Three reported incidents of counterfeit bills (\$10, \$20 and \$50 bills) – these were taken at businesses in these towns.

Search warrant obtained in Halifax, approximately 2 pounds of marijuana located. Directed Patrols done in Sharon and Randolph.

DEMHS

Hazard Mitigation team met with DPS Finance and the Commissioner to discuss HMGP local hazard mitigation grant contracting in light of recent FEMA R1 guidance concerning sole source procurement using RPCs as contractors on local hazard mitigation plans. We need to develop a methodology to document local 25% match for contract work performed by RPCs under the LHMP grant.

DEMHS hosted the Cyber Workshop at the SEOC with participants from VEC, GMP, Stowe Electric, VELCO, DII, Norwich University and others to discuss cyber response and planning structures.

DEMHS hosted tri-lateral delegation from the Vermont National Guard, Senegal and Macedonia, who are both State Partnership Program countries. We presented a briefing on the emergency management structure of Vermont and the workings of SEOC. This delegation also attended the planning session for Vigilant Guard '16 held the preceding day.

The Governor's Emergency Preparedness Advisory Council met this week and discussed Vigilant Guard '16, Highly Pathogenic Avian Influenza (HPAI), and an overview of VT's developing Preventative Rad/Nuc program with the Domestic Nuclear Detection Office. Dr. Haas (AG) who presented the HPAI brief told us to most likely expect the virus in VT this fall. It is spread through migrating waterfowl and can have devastating effects on the poultry industry. We were told there was no link to adverse human health from HPAI.

Northwest Vermont RPC submitted an appreciation letter regarding DEMHS's ongoing support of the paving component for the Bruso Road project in Fairfield. DEMHS has written to FEMA requesting a determination regarding the eligibility of this project

Fire Safety

The Division received \$8.5 Million in new plan review construction valuation collecting \$47,000.00 in permit fee revenue.

Joe Benard met with the owner of the Lilac Inn to see how the existing historic elevator may be used for luggage. Joe advised the owner he needed to complete the following; Hire a licensed electrician to repair the energized exposed wiring in order to prevent an accidental electrocution. Hire an elevator inspector who will test the unit making sure it functions and that the cables and brakes are in working order. There is a large space between the floor and the inside elevator platform which is a serious hazard but relatively easy and inexpensive to repair. The Elevator Safety Board than can change the device to a cargo elevator so he can use it for luggage.

The Brandon Town Hall was damaged by Tropical Storm Irene and the community is now ready to renovate/repair the building. Their engineer has contacted our department and advised us the existing roof to the structure has a zero roof load capability and accordingly the engineer has advised us it needs to be modified to meet the building code requirements. The town is saying they are not going to make the roof repairs as suggested by the engineer. I instructed our building safety engineer to meet the folks in Brandon and look at the roof structure and see if there exist some other viable option.

The Fire Academy has 8 fire fighter classes scheduled for this year and our hope is we can get caught up on some class request which we just have not been able to commit too because of scheduling conflicts.

Criminal Justice Services – FirstNet State Consultation Meeting

The FirstNet State Consultation Meeting was held this week for the development of a national and Vermont public Safety broadband network. The meeting went well and was attended by approximately 70 people. A 7 member team from FirstNet was in attendance including former Governor James Douglas.



State of Vermont
Agency of Administration
Office of the Secretary
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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Justin Johnson
DATE: April 3, 2015
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors:

WSOC Budget: A detailed look at the budget indicates that we are still tracking well within budget but our major risk areas which include Historic Core roof and exterior masonry repair are still out there as well as additional potential pertaining to contaminated soils.

WSOC Media Request: A press conference is being scheduled on 6-30-15 at the complex. This will coincide with the replacement of the large cupolas on either side of the Center Building.

DEW White River: Everyone moved and in and feedback is positive from tenant groups.

RMMTC:

- Meeting with Mayor & Council went well and we are philosophically in agreement on who pays what just need to get everyone on the same page. Meeting with local staff set for next week.

2016 Space book: Draft in process, reviewed land and lease sections. BGS is working on validating space in FFS portion and should be good for July print. We are adding additional lease info to this revision.

Westminster DPS Facility New Construction: Naylor & Breen is performing sitework, footing and wall pours and layouts. Groundbreaking event with Gov. Shumlin will be held on 6/23/15 at 1:00 p.m.

195 Colchester: Getting ready to move.

Randolph Ag/Environmental Lab: VTC held a State of the College meeting for the neighbors on Tuesday, June 16th at 6 PM. Mike Kuhn was in attendance in support of the college and to respond to questions regarding the Ag Env Lab project. We are also continuing review of the schematic design submission, finalizing plan layout requirements, and preparation for permit submissions. We are holding off on submitting permit applications until the site plan has been more fully developed due to the lateness in finalizing a site selection. This should still work with the overall project schedule. We also have and will be incorporating cost saving measures as we move forward to contain budget issues.

WSOC Plant: offices and two shops preparing for occupancy Monday 6/22, includes finishes, electrical, signage etc. Polishing floors in Grounds Shop. Controls, electrical devices, card readers etc. in process. Generator fuel systems tested, controls & power in process. The entire system should be inspected this week so the generators can be started and load tested. Cooling tower pipe testing complete. Electrician to start in the Gas boiler room this week.

Significant Meetings/Events:

Rally at State House – Preparations started for rally planned at Complex (PSB) for Monday, June 22 and Tuesday, June 23.

Fleet Rate – Meeting held with Justin Johnson, Michael Clasen, Jim Reardon to determine how Fleet can contribute to the General Fund.

FINANCE AND MANAGEMENT

Nothing to report.

HEALTH CARE REFORM

Issue Updates:

Robin Lunge is on vacation June 11-July 3.

All Payer Model: Lawrence, Al Gobeille, Michael Costa, and GMCB staff held a call with our federal partners Tuesday. Vermont informed the feds that we have made several key decisions that should help propel the negotiations.

(1) Vermont will use Gross State Product as the economic indicator to set growth rates.

(2) That measure puts the growth rate in the ballpark of 3.5% to 4% depending on the time series measured.

(3) Vermont's waiver will start with Medicare Part A and Part B services and their equivalents in the commercial insurance market and Medicaid. This essentially means hospital and physician services. Initial analysis suggests that this would be > 80% of commercial health care spending and nearly half of Medicaid spending.

(4) Vermont would be willing to phase in more services over time if that was mutually agreeable between Vermont and the feds. Additionally Vermont asked for feedback on three significant questions.

(A) Would the federal government consider a Medicare target/cap in excess of the total cost of regulated care cap? Essentially, this would make the total cap a soft target while having an easier target to meet in Medicare where we must produce real savings.

(B) Will the feds deliver a proposed Medicare dollar savings target as previously promised?

Vermont did not receive meaningful feedback on any of this information since federal officials with decision-making authority were not at the table. The lack of more senior federal officials for a second consecutive meeting raises concern about continued federal interest in the project or related federal concerns about the viability of our project.

SIM/VHCIP: The SIM team continues talking with CMMI about how to gain approval of 2015 contracts. Last week, CMMI requested that we submit a series of requests for approval of contracts and explicitly connect them to our program milestones. Unfortunately, CMMI has not given feedback on the templates or provided written guidance for this exercise despite our daily requests. We have escalated this to Stephen Cha, head of the SIM program at CMMI. Our goal is to get a timeline from CMMI to inform the respective business offices, contractors and others about how we will progress with contracts in the next fiscal year. We are meeting weekly with Commissioner Reardon to discuss the risk to Vermont and make decisions regarding whether or not to continue contractor activity in the absence of federal approval as we approach the new fiscal year.

SIM hosted a convening on June 17th. The convening was focused on making sure project leadership understood the new Year Two milestones and helped to determine how we will achieve these milestones. The project leadership in attendance included individuals from both the public and private sectors. One of the goals was to ensure that a broad group of leaders understood the milestones and felt responsible for these milestones. In particular, the group discussed the need to meet the goal of getting 80% of Vermonters into alternative payment models. The convening was very successful, with participants understanding more about our project requirements and goals and how they are all connected.

Cadillac Tax/Large Group Market Study:

- Vermont selected Wakely Consulting as its actuary for the project. Contract negotiations are underway and should be complete no later than 6/19.
- The legislative language requires stakeholder consultation. Accordingly, Michael Costa reached out to the required players to set an initial meeting prior to the July 4th holiday. The players are VSEA, NEA, VLCT, VSBIT/VEHI, Vermont School Boards Association, Vermont Troopers Association, DHR, JFO, and the State Treasurer's Office. The first meetings will focus on basic Cadillac Tax education. The Cadillac Tax is extremely complicated and poorly understood. Senior staff should be aware that it will be very hard to conduct these meetings without people walking away with the sense that their members will see a benefit cut in the future. The Tax is designed to effect great change on health insurance offerings, particularly the high cost plans offered to public employees. Most of these players get that already and want to work collaboratively to understand our mutual options. Michael Costa worries mostly about VSEA, which during the session demonstrated an incomplete understanding of the tax and were dismissive toward dealing with it. That might have been posturing by VSEA. If not, the study discussion could be a big adjustment for them.

Universal Primary Care Study: The simplified bid statement of work for the actuarial analysis was sent to 6 potential bidders on Friday afternoon, June 12. Questions are due from vendors by 4:30 on Friday 6/19 and proposals are due the following Friday 6/26. Michael and Marisa are scheduled to meet with the group to discuss the definition of primary care on Friday.

Other Issues/Significant Meetings:

- June 16, Lawrence and Michael met with the benefits managers of the Green Mountain Higher Education Consortium
- Meeting with Peter Sterling, Main Street Alliance, and NEA on Friday

HUMAN RESOURCES

Significant Events/Meetings:

CAPS (formerly Workforce Development): An employee specializing in consulting and coaching continues to work with BGS executives to build the management team and provide training to a larger group of supervisors. This work is in response to an investigation that pointed out deficiencies in the area of sound management and communication practices.

Legal:

- Working through Hatch Act issues with Governor's Counsel.
- Reviewing Champlain College MOU to determine if the SOV can partner with the college to offer deep tuition discounts to SOV employees. Federal Office of Personnel Management engaged Champlain College in this fashion. Assuming the SOV is able to establish a partnership with Champlain, we would like to do likewise with Vermont State Colleges, should they develop a similar program.

Policy, Programs and Legislative Affairs: Met with Anne Galloway and Elizabeth Hewitt of VTDigger to discuss their summer reporting projects that may require information from DHR. Projects include looking at temporary workers in DOC, overtime for VHC employees, and overtime for State Police. Additionally, they are looking into merit pay which is a story that came from a tip.

Workforce Analysis and Reporting / benefits/Wellness/Classification/Recruitment: Creating positions authorized during the last legislative session. Positions identified for reduction will be transferred to the position pool. Work should be completed by the end of this week.

- The KPMG auditor went through their requested second sample of 25 NOAs/RFRs and seemed satisfied with our documentation and process.
- We expect to have the new FLSA designations ready to load into the system in the next couple of weeks. How FLSA designations are determined will change per federal rules, but those have not yet gone out. This could happen as early as this fall, but perhaps more likely within about a year. The income level may rise for eligibility under FLSA as a result of these changes, which could have a considerable impact to the State.
- Wrapping up responses on the Auditor questions re: \$394k ESI finding and the CIGNA audit. ESI - appears that there was a final determination by the DHR auditor that ESI did not owe the \$394k. CIGNA- appears that there was much lower denial level than indicated in the original findings, once our auditors dug into the data with CIGNA.
- BCBSVT has volunteered to have someone explain the prior approval process and their guidelines to the BAC. We think this will be beneficial and will schedule an additional BAC meeting specifically for the presentation.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: Transition to new hosting vendor remains on schedule, but we are continuing to track it as yellow due to the lack of wiggle room in the schedule. Once transitioned, hosting charges will drop from \$500K/month to about \$330K/month, saving about \$2 million per year.

Press/Media Notes:

Taylor Dobbs sent me an email saying that he and Hillary Niles are preparing to publish the in depth study they have been doing on IT for the past few months.

Significant Events/Meetings:

Richard and Frank attended the FirstNet meetings in Burlington. They are still in the drafting of RFP process, but expect the release of the RFP in fall/winter. This means the earliest we can expect to see draft state plans is fall of 2016 and a final plan that would trigger the 90 days for opting in or opting out is not expected until sometime in 2017.

Evolving Issues:

VoIP:

- Contract development progressing well; possibly one week delay from expected 26 June signature date. Working through some Attachment C language that vendor's lawyer pushed back on, even though they agreed to all language without exception during RFP process. Will engage with vendor business lead this week to emphasize that selection of vendor was based on acceptance of Attachment C in its entirety.
- Met with E911 board to discuss how VoIP will meet E911 state/federal requirements. The desire is to come up with a solution that allows the State to avoid VoIP emergency responder services that would place an additional cost to this project. A possible solution is available, but need to discuss further with vendor before proposing it to CIO & E911 board.

IT Procurement & Contracting:

- Working with BGS on Bulletin 3.5 re-write and transformation of IT Procurement & Contracting Process
- Also working with BGS, NASCIO and NASPO on the development of Cloud Procurement strategy, process, policy, contracts

Web Updates:

- The Lieutenant Governor's Website has been migrated to the new template.
- The Agency of Agriculture's IT person is leaving his post and so Harry will be training communications staff to manage the Agency Website. Training will be held the week of 6/29.

LIBRARIES

No report.

TAXES

Legislative Update:

Federation of Tax Administrators Conference:

Refund Fraud: Refund fraud dominated the conference. Midway through the tax season, the IRS convened a summit with vendors and FTA representing the states - the end result is a proposed MOU. The main goals are to get software vendors including Turbo Tax to institute "trusted customer" best practices (such as two factor authentication), to collect and send more verifying information on their customers (especially drivers license info which has not yet been widely compromised), and to send aggregated info on other data that might suggest fraud trends. In exchange, the states are supposed to share their own fraud experiences real time.

There was mixed reaction from the states. States are mildly frustrated at how long it took the IRS to take action - and extremely frustrated with the software vendors, who had no incentive to stop fraud until their reputations were at stake. There is some murmuring about states suing the vendors. Some states are talking about not signing the MOU because it sets the bar for vendors too low - at least a couple of states have actually graded vendors, and exercised the right to stop taking returns from failing vendors. One state was concerned about sharing information with the vendors. Since the MOU has limited force, and VT has such limited leverage with vendors, it likely makes sense for us to sign the MOU. And we will be reviewing our processes to make sure we can take advantage of the additional processes.

Sales Suppression Devices: After personal income tax fraud, considered the next biggest area of lost revenue - point of sale devices that alter sales records. California offers training in detection of lost sales - something for VT to explore.

Plain Talk: Our policy director participated in plain talk workshops, very timely as we continue to overall our letters in connection with VTax and get ready to stand up our website in the fall. The Department's leadership retreat this week will focus on communication. McKinsey spoke at the conference about its study that best practice in revenue agencies is to communicate earlier and with a lighter touch in compliance cases.

Marijuana: Reports from the front lines in Colorado and Oregon. Both reported issues with leakage to medical marijuana and black market, pricing (both use categories of products, with Colorado periodically recalibrating the excise rate), edibles, and particularly cash since banks will not deal with vendors. Both states have heavy compliance initiatives.

Operations:

Data Warehouse: We are now in the 5th and final year of our data warehouse contract with RSI. The last of the baselines has been established, and it appears we will soon hit the forecast for enhanced revenue from this contract. Since RSI lost its bid on our larger IT project, they have become more difficult to deal with - we intend to explore early buyout.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: James Giffin, Interim Commissioner
Date: June 19, 2015
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates:

Continue to wait for response from legislative staff pertaining to the summer study on S.138. They were going to follow up this week. My understanding is that the delay is due to many members wanting to participate.

I spoke to Representative Botzow who is concerned that if anything happens with the Pownal Agency, it could have a negative impact on people attending the Full Tilt Boogie scheduled for August 22.

<http://www.greenmountainlive.com/index.html>

Press Issues/Releases/Contacts: **None**

Significant Events/Meetings: Board Meeting 06/17/2015 - Enforcement Hearings/Business:

Pownal Agency: The Liquor Control Board approved notifying them that DLC will terminate the contract with the sixty-day cancelation clause, if they miss another payment. If during this period they miss another transfer, the Board will approve immediate termination and the Department would do an emergency shut down immediately. I plan to reach out to Senator Sears, Senator Campion and Representative Botzow giving them a 'heads up' once the letter is sent

Norwich Agency: The Norwich Agency has not had a surety bond or letter of credit since 2010. A bond or letter of credit is required in the agency contract. The Board decided to advertise for a new Agent in the area. DLC staff needs to come back to the Board for the July 1st meeting to recommend what to define as 'the area'. This is an issue needing attention Statewide that we need to work on for a longer term solution. What are the areas needing a Liquor Agent and how often should they be competitively bid.

Board revoked B.R. Cohn Winery's license for direct shipment to consumers for failure to send in shipping reports for the period July 1 – December 31, 2014.

The DLC "Agent" contracts have never included the standard state contract/grant terms "Attachment C". The Agent contract needs more work, but the Board approved including the Attachment C in the Agent contracts expiring in July that we will extend for one year.

The Department purchases the parts for the DLC Agent Stores cash registers on eBay since they are no longer manufactured. I recommended that the Board delay any new locations until we roll out the new Purchase of Service software planned for the fall. The Board concurred with this recommendation and plan to revisit this decision in the January-March quarter. I will send letters to stores that have expressed interest in becoming Agents.

Summary of Key Department Activity:

Warehouse Issues: We continue to work on cleaning out the warehouse of items no longer sold. Below is a picture of items shipped back Wednesday.



We will need to deal with wholesalers who over-ship (taking up warehouse space) after we deal with items that should not be in the warehouse because they are no longer sold.

ERP/POS Project Update: We continue to work with DII to ensure the security features compliment the DII Statewide plan for securing electronic information. We are seeking additional clarity from DII around PCI requirements in order to complete the STG amendment needed to keep on track with an October 1st go live date.

Commissioner's Commentary:

Items we need to work on in the coming weeks: Agent Contracts; Agent territories.

I will be in Hawaii from June 23rd thru July 9th, but plan to check email as time allows. Marcia Gardner, DLC Principal Assistant, will be in charge for that period.