

WEEKLY REPORTS

Checklist
7/13/2012

Bill Lofy

_____ Agency of Commerce and Community Development – Lawrence Miller

_____ Agency of Agriculture – Chuck Ross

_____ Agency of Transportation – Brian Searles

_____ Department of Labor – Annie Noonan

Alex MacLean

_____ Agency of Natural Resources – Deb Markowitz

_____ Department of Public Safety – Keith Flynn

_____ Public Service Department – Liz Miller* (shared with Sarah)

Susan Bartlett

_____ Agency of Human Services – Doug Racine

Sarah London

_____ Department of Financial Regulation – Steve Kimbell

Jeb Spaulding

_____ Agency of Administration – Jeb Spaulding

Special Reports

_____ Additional Report: Education

_____ Additional Report: Lottery

_____ Additional Report: Irene Recovery Office

_____ Additional Report: Boards and Commissions

ETRA

Private Activity Bond Advisory Committee

TERM: Doug Hoffer, Burlington –
current term ends 1/31/2013, change to 2/1/2013
TERM: Susan Andersen, Montpelier –
current term ends 1/31/2013, change to 2/1/2014

Commission on Women:

APPOINTED: Charlotte Dennett, Cambridge
REAPPOINTED: Marion Milne, Barre

Justice of the Peace, Town of Concord:

APPOINTED: Mary Gochie, Concord
APPOINTED: Karl Goulding, East Concord

Parole Board:

APPOINTED: Mary "Luci" Stephens, Goshen – (Alternate Member)

Human Services Board:

APPOINTED: Mary Skinner, Middlesex

Interagency Coordinating Council for Families, Infants & Toddlers:

REAPPOINTED: Kathleen Mason, Brookfield
REAPPOINTED: Tracy Wells, Duxbury
REAPPOINTED: Susan Rakowski, Vergennes
REAPPOINTED: Susan Ryan, South Hero
REAPPOINTED: Paul Dragon, Underhill
REAPPOINTED: Elizabeth Jordan-Shook, Williston
REAPPOINTED: Michael Mulcahy, Richmond
REAPPOINTED: Nicole Mondejar, Waterbury Center
APPOINTED: Terri Edgerton, Castleton
APPOINTED: Diana Langston, South Hero

Travel Information Council:

REAPPOINTED: Susan Davis, North Hero
REAPPOINTED: Frank Heald, Rutland
REAPPOINTED: Elizabeth Kennett, Rochester

Standards Board for Professional Educators

APPOINTED: Helen Lanthier, St. Albans
APPOINTED: Nancy Kline
APPOINTED: Jay Hoffman, Burlington
APPOINTED: Katherine Blair, South Burlington

Liquor Control Board:

APPOINTED: Julian Sbardella, Fair Haven
APPOINTED: Thomas Gallagher, St. Albans Town

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding, Appointments to Boards & Commissions
Date: July 13, 2012
RE: Boards and Commissions Update

Notes:

Working Lands Enterprise Board – holding off till the other appointments are made and then I'll let you know what the geographic distribution is. Right now these are the names being discussed but I'm waiting for final appointments before moving forward.

Value-added products-Andy Kehler, Cellars at Jasper Hill VAFPDB reappointment

WLEB-Andy Sheere, Long View Forest Management

Maple-Emma Marvin

VAFPDB-Jim Wood, North Country Environmental

Tommy Lathrop, Exclusively VT Wood Products

New England Board of Higher Education – I let Karen Gross know that we would make that appointment in January when her contract ends with the federal government. She is very appreciative and says THANK YOU.

Appointment List July 3 , 2012

Search and Rescue Strategic Plan Development Committee:

APPOINTED: Jocelyn Stohl, Braintree

Working Group on Conservation Easement:

APPOINTED: Heather Furman, Jericho

APPOINTED: Clark Hinsdale, Charlotte

APPOINTED: Wright Preston, Richmond

Gang Activity Task Force:

APPOINTED: Chad D. Schmidt, Pownal

APPOINTED: Greg Hale, St. Albans

APPOINTED: Barbara Crippen, Worcester

APPOINTED: Robert Pelosi, Wilmington

Agricultural & Forest Products Development Board

REAPPOINTED: George Putnam, Jeffersonville

APPOINTED: Kevin Hastings, Essex

Study Committee on Sales Tax

APPOINTED: Tom Torti, Essex Junction

APPOINTED: Trevor Crist, Stowe

Enhancing Vermont's Software & Information Technology Economy Comm.:

APPOINTED: John Rosenblum, Calais

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: July 13, 2012

Secretary's Office

I participated in a series of four half day meetings on implementation of the health insurance exchange. These meetings were led by KPMG, one of our many health care reform contractors, Robin Lunge, and Lindsey Tucker, DVHA's deputy commissioner for the exchange. About 25-30 people were around the table at each meeting, mostly from the consultants, the Department of Financial Regulation, and AHS, including Christine Oliver, Mark Larson, Dave Yacavone and several deputy commissioners.

The meetings impressed upon me the size and complexity of the job ahead to get the exchange up and running by January 1, 2014, and to continue with the process of health care reform. As the consultants noted, we have been extremely strong on policy but are lagging on operations, which are primarily an AHS responsibility along with DFR.

The purpose of the meetings was to identify decisions that have to be made, actions that must be taken, and deadlines for those decisions and actions. We are identifying resource needs and trying to anticipate problems that lie ahead. A lot of work is already underway, contractors are onboard, federal grant requests have been submitted, and the exchange staff in DVHA is slowly growing.

Everyone in the room is excited about what Vermont is doing and where we are heading. At the same time, there is a great deal of anxiety about the size of the task. The meetings were a good reality check, so I wanted to share my reality with you.

Vermont Department of Health (VDH)

Rutland Methadone Clinic Development. The Health Department is finalizing grant documents this week for start up and service delivery at the new Rutland methadone clinic. With the execution of these grants, Rutland Mental Health will have the funding in place to begin services as of October 1st.

Visit from White House Office of National Drug Control Policy. Commissioner Chen and Deputy Commissioner Cimaglio have been invited to meet with David Mineta, Deputy Director for Demand Reduction, White House Office of National Drug Control Policy, on July 13th. The purpose of the meeting is to discuss substance abuse prevention and treatment issues in Vermont and our response to prescription drug abuse.

Regulated Drugs Rule. On July 20th, The State Board of Health will consider a list of proposed additions to the Regulated Drug list. Once approved the Health Department could file the emergency rule as soon as July 20th making it effective that day for 120 days during which time we will be following the regular rule making process to permanently establish their listing. When these drugs are officially added to the Regulations, Vermont will have one of the most comprehensive lists of regulated cathinones (bath salts) and cannabinoids (synthetic marijuana) in the country, and will go beyond the active ingredients on the Federal Schedule I list.

Immunization Regulations. The Health Department will be initiating a rulemaking process shortly to update the Immunization Regulations to reflect the new provisions of Act 157. We do not have dates set at this time, but do plan to have a public hearing and comment period in the fall. Information about the rulemaking process will be posted on our website by late September.

Division of Health Promotion & Disease Prevention Plans for Staffing Reduction. Due to a reduction in CDC funding for the Health Department's Breast & Cervical Cancer grant, we are planning for a reduction of two FTEs in our Ladies First Program. We have not been able to attain the target for screening requirements of the grant. While this is likely due to the excellent prevention efforts of our health care providers and our robust Medicaid coverage, the consequence is fewer federal dollars for this program.

Department of Mental Health (DMH)

New Hospital. The planning group cleared a hurdle this week. The plan for the hospital now is within shouting distance for achieving the square footage and construction costs target. At this point the schedule is to break ground in late November, and open the new facility January 1, 2014.

This schedule depends on an expedited CON process for the new hospital. Initially, Rep. Donahue was supportive of this approach but due to her displeasure with some aspects of the emergency CON for RRMC and the Retreat she began to raise objections. Commissioner Flood met with her this week and has a tentative agreement to proceed with an emergency/expedited CON for the new hospital, with a public input process, but without interested parties. Commissioner Kimbell will support this approach. The plan is to cement this agreement in the coming days and bring it to the legislative committees next Friday for input and hopefully support.

Related to the new hospital, CVMC is not offering much in the way of services to the new hospital. Commissioner Flood met with Judy Tartaglia who said that since the state was not interested in having FAHC/CVMC manage the new hospital, CVMC would not be contracting for certain services until she was confident that the new hospital would be high quality.

Secure residential. Commissioner Flood visited an existing residential care home in Barre, Fortier's, that could be a great site for a 7 bed secure residential except that it is in a very residential neighborhood. Commissioner Flood will be meeting with Mayor Lauzon on Friday to

gauge the possible support from the city. In the meantime, the Waterbury site (flea market) is still very much in play.

Morrisville. Construction is underway and we are hopeful for an early September opening.

Springfield. DMH is making significant progress developing alternative placements for the individuals at SSCF. We are aiming for closure before the anniversary of the flood. The biggest obstacle is the possibility the court may not agree to community release for one individual. The plan for our most high profile patient at SSCF is a transfer to the Retreat for the short term while we work on a community placement.

No word yet from the Retreat on any CMS revisit, but there are only about 2 weeks for the revisit and a decision by CMS on Medicare and Medicaid funding. The Retreat leadership has been working incredibly hard to address any possible issues.

Department of Disabilities, Aging and Independent Living (DAIL)

Health. DAIL has been participating in the Exchange meetings this week and hopes to insure linkages with the long term service and supports network. Long term care has been somewhat peripheral to the larger conversation of health reform. This is shifting and Deputy Commissioner Hunt Blair has been very responsive to the importance of this connection.

Long term care (Choices for Care). We reviewed three requests to support CONs for nursing homes this week. This is an unusual volume. One requestor, Thompson House, in Brattleboro simultaneously sought assistance from the Governor's Office and former Rep. Daryl Pilsbury. Thompson House recognizes their request to add 7 nursing home beds is at variance with the direction of state policy to decrease nursing home bed utilization.

Menig's Extended Care proposal, which DAIL strongly supported, was rejected by the district environmental commission and the leadership at Menig is actively seeking support from both the legislative and executive branch to overturn that decision. Commissioner Wehry has advised them we have no influence over the commission but agreed to support their appeal regarding the value of the project.

Finally, a national for profit company, Avista, is seeking to buy Crescent Manor in Bennington. They do not currently own others in Vermont. The owner has been trying to sell for over five years and is eager to sell. For profit companies always generate considerable concern in Vermont ("they will overpower mom and pop"), so I anticipate opposition. We are looking very carefully at their national performance.

APS. No significant changes. We will demonstrate our new data system next week (July 17) at the Health Access Oversight Committee. Reporting of actual data will begin in August.

APS litigation. Our attorneys responded to the plaintiffs' settlement overture this week. We agreed to some requests, not all.

Department of Corrections (DOC)

Chittenden Facility Receives Award. We received the following communication this week:



National Commission on
Correctional Health Care

1145 W Diversey Pkwy Chicago, Illinois 60614-1318 773-890-1460 phone 773-850-2424 fax www.ncchc.org

June 26, 2012

Superintendent Bob Arnell
Chittenden Regional Correctional Facility
7 Farrell Street
South Burlington, VT 05403

Dear Superintendent Arnell:

It is a great pleasure to inform you that the National Commission on Correctional Health Care, upon the recommendation of its Accreditation Committee, has selected the Chittenden Regional Correctional Facility to receive this year's *NCCHC Facility of the Year Award*. This prestigious award is presented each year to only one facility or system selected from among the 500 jails, prisons, and juvenile confinement facilities that participate in NCCHC's nationwide accreditation program.

The accreditation surveyors and committee were particularly impressed with how well your staff consistently demonstrated excellence in health services delivery, correctional health care professionalism, and a commitment to mothers and their children. The award will be presented on Monday morning, October 22, 2012, in Las Vegas, Nevada, as part of the opening ceremony at our National Conference on Correctional Health Care. Some two thousand people from across the country will be in attendance, and we hope you will be present to receive the award. The conference runs from October 22 through 24 and it is our pleasure to provide you with one (1) complimentary registration.

Congratulations to you and your fine staff who have worked so hard to achieve and maintain NCCHC accreditation. Please let us know with whom from your office we should coordinate the awards presentation and other logistics, and who will be present to accept the award and receive the complimentary registration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward A. Harrison'.

Edward A. Harrison, CCHP
President

BAH:UES

cc: James Bessette, LPN, CCHP, Health Services Administrator

Population

The department is witnessing an increase in the female population, which is driven by the detention population. The female detention population is 27% of the overall population while the male population has a detention population of only 18%. The average detention population has maintained itself near or at the 400 person mark. The overall incarcerated population remains in the 2070 range.

Department for Children and Families (DCF)

Significant Events/Meetings

Closing of Casey Family Services. On 6/27/2012, we learned that the Annie E. Casey Foundation has decided that Casey Family Services' offices across New England will cease to exist after 12/31/2012. This was very unwelcome news for us in Vermont as the agency has a long history of delivering high quality foster care and post-adoption services to children and families. Currently, there are 29 children in DCF custody placed in Casey Family Services foster homes.

Currently, our top priority is to assess the needs of the 29 children in foster care. We hope these children will not have to experience a move, even though their service providers will change. We are also strategizing how to fill the gap in the service array that will occur. Several Vermont agencies have already expressed an interest in stepping forward. We have not engaged in detailed dialogue with any of these agencies yet, as we may need to issue an RFP.

Nita Lescher, Director of Casey Family Programs, has communicated that all staff will be laid off as of 12/31/2012, with the exception of herself and perhaps one other. These positions will be kept for up to six months ensuring a smooth transition for the children currently being served. The Annie E. Casey Foundation is reportedly offering a generous severance package to staff, hoping this will encourage them to stay on until the end of the year.

2012 COLA and loss of MSP. The Health Access Oversight Committee is seeking testimony on some beneficiaries' loss of Medicare Savings Plan (MSP) benefits as a result of the 2012 COLA that in some cases raised incomes above qualifying levels. The fiscal year 2013 state budget language directs the DVHA Commissioner to consider those cases in which a substantial hardship has been created as a result of the change. DCF indicated it did not know how feasible it was to implement the discretionary legislation due to technical impediments in the state's eligibility technology system (ACCESS), and the significant staff resources required to implement this policy. Senator Kitchel and Rep. Heath are interested in an advocate's suggestion that only those who report their loss of MSP be reviewed. This concept raises significant policy concerns (all beneficiaries would not be equally treated) as well as workload issues.

Evolving Issues

Child Care licensors. Late in the last legislative session, the budget conference committee included an appropriation for two child care licensors (adding to the existing seven). However, they did not include the two new positions in the state position count. Simultaneously a dialogue occurred with the Turrell Foundation about the possibility of a 2 year matching grant to add an additional two licensors on top of those funded by the state appropriation. Further complicating this issue is the Turrell Foundation wanting the state to commit to long term funding for these 2 limited term positions. DCF is not able to make those long term commitments and is currently working with Turrell staff to find a way to meet their needs within budgetary cycles and fiscal constraints.

Department of Vermont Health Access (DVHA)

Status of Governor's Priorities

Cost shift and health care reform timeline. Mark Larson met with Jeb Spaulding, Bill Lofy and others to discuss planning for the financing plans required by Act 48, strategies for addressing the Medicaid cost shift, and long-term planning for the implementation of single payer.

Legislative Issues/Contact

Health Care Briefing. DVHA has initiated conversations about hosting a legislative briefing with targeted legislators about health care and health care reform issues. This briefing will be collaborative with other AHS Departments. DVHA is currently working to find a date that can work.

Press Issues/Releases/Contacts

VPR. Mark Larson spoke Bob Kinzel about estimates for new Medicaid funds that Vermont would receive as a result of the ACA and how this funding would impact Vermonters.

Significant Events/Meetings

Provider Tax. DVHA has distributed notices to hospitals of their provider tax assessment for next year. Most hospitals have appealed this assessment contesting the inclusion of revenues from physician practices in the calculation. DVHA has come to agreement with the hospitals that have appealed agreeing to an extension of the hearing on their appeal until January 15, 2013. This extension provides time for the state to engage in discussion with hospitals about a mutual solution to their appeals.

Mark Larson met with Steve Kimbell, Anya Rader Wallack and Robin Lunge to plan for a dialogue with hospitals about provider tax. This meeting is expected to be scheduled for August. Mark will pull together information to inform an internal discussion about strategies for this dialogue.

Medicaid-CHIP Honor. Vermont was recognized by CMS for its valuable contributions to improve children's dental access and health care quality at the 2nd Annual CMS Medicaid-CHIP Quality Conference.

Only four states were honored for their better-than-average performance in providing access to dental care for children enrolled in Medicaid and for their reporting and data accuracy related to dental information.

McGregor's Pharmacy. Program Integrity auditors, joined by a staff from the Board of Pharmacy, will be performing a site visit at McGregor's South Hero Pharmacy on July 18th.

It has come to the Departments attention, through the recent court hearings, that McGregor's pharmacy is in a precarious financial situation and may not be able to continue operations. DVHA in collaboration with our legal department will be drafting a letter to McGregor's

pharmacy reminding them of their obligation as an enrolled provider to provide DVHA 30 days' notice of their termination and their plan to transition beneficiaries.

It is likely that a more profitable route got the equipment, probably a Caribbean or South American connection. There has also been a lack of communication between the airport and jetBlue over the last 19 months and that may have played a role. As you know, the airport is short staffed and has no permanent Director of Aviation. Our goal will be to get the route restored before the last flight on November 3rd.

BTV Governance

As I write this the Mayor is having a news conference where it is expected that he will talk about an airport task force and a new Interim Director, Airport Commission Chair Gene Richards. This is a follow on to the work of the Pomerleau/Miller group that we have discussed and that has been meeting for the last year or so. I hope to be named to the Task Force and the Mayor has indicated I will be. However, things are very changeable in Burlington and the resolution that he will announce has changed numerous times in the past few days.

VTStrong (S.249) Report – as of July 9, 2012

- Total VTStrong Plates Manufactured = 31,035

- Total VTStrong Plates Sold = 29,891
 - Plates for which payment has been collected = 25,289
 - Plates shipped and billed to our partners = 4602

Plates in Inventory = 1,144

VCI = 200

DMV Stockroom & Branch offices = 944

New order placed with VCI this week = 5,000

Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, July 13, 2012, 2012

SUBJECT: VTrans - Confidential Report to the Governor

Champlain Parkway

Chris Cole and I met with Mayor Weinberger and staff concerning the Champlain Parkway. With an Act 250 permit coming in the next couple of weeks, an appeal (or perhaps 4 of them) will be based on the impact on the historic low income neighborhood of Pine, Maple and King Streets where the project currently terminates. We are considering a separate project of adding a connecting street south of Maple for use to get to Battery. The State's level of commitment along with the cooperation of the MPO will be a possible way to convince opponents to allow the primary project to begin.

The federal funding for this decades old project is tenuous given the history and further waffling by the City and could result in cancellation and pay-back requirements. We have asked FHWA to estimate the cost of pay-back for the City of Burlington so that the Mayor will have another tool in making the case for this project.

Waterbury Main Street

We are meeting with the Town and local bike/ped groups to discuss access through the project, which is moving through the design process after many years of stalemate. The physical restrictions in sections of the corridor do not allow for dedicated bike lanes on Main Street and both the Town and VTrans are determined to provide safe routes for both experienced road-riders and children not comfortable riding in traffic. We have agreed on a tentative concept facilitating both types of riders with a combination of marked shared use of Main Street and an off-street path. The Select Board and VTrans will present this concept at a public meeting next month.

jetBlue

Lawrence Miller and I will be traveling to jetBlue headquarters in New York in the next couple of weeks to get to the bottom of the cancellation of the Burlington/Orlando non-stop service. This service was running an 85.6% load factor on average, a rate considered very successful by the industry. Further, it was a hard-fought battle to get this flight and it fuels a lot of our Canadian interest in BTV.

Irene Recovery Situation Report

7/13/2012

IRENE RECOVERY OFFICE

- For Tropical Storm Irene (DR4022), 96% of projected Project Worksheets have now been entered into EMMIE (3,069 out of a projected 3,208 total). 87% of Project Worksheets have been obligated, for a total of \$102.9M.
- There have been significant staff changes at the JFO, with Jason Jackson (on loan from Region 8 in Atlanta) taking the helm of PA, replacing Tim Barnett who is returning to Region 1 headquarters in Boston.
- Consultant SAIC currently has five staff deployed in Vermont working through a "hot list" of approximately 100 projects which have been reported as problematic.
- A letter to municipalities was sent this week via VLCT, inviting towns with FEMA PW issues to contact Public Assistance Officer, Ben Rose.
- Applicant Briefings for the May 29, 2012 disaster, DR4066, were held 7/10/12 in New Haven and 7/11/12 in Johnson. Requests for Public Assistance are due by July 22, and most of the towns have already submitted.
- Several Long Term Recovery Committees (LTRCs) have been accessing Dept of Labor NEG Disaster Grant funded positions for coordination and skilled labor on rebuild projects, and also volunteer coordinators. At least 4 of the 9 committees have DoL funded staff with another 2 expected to follow shortly.
- FEMA has demobilized the Voluntary Agency Liaison (VAL) staff based in Vermont, which have played a key role in supporting the LTRCs and Disaster Case Management program. However, support is still available via the Boston Region 1 office.
- The IRO has begun reaching out to farmers who reported remaining need for assistance to repair damage in a May/June survey. About 50 farms indicated that they could use skilled or unskilled volunteer labor, with others indicating the need for heavy equipment.

ACCD

Economic Development

- EDA Grant Applications:
 - Grant 1 Loan and Technical Assistance: Hope to submit week of July 20th. Working on edits to draft, match identification, budget, and letters of support.
 - Grant 2 Resilient Economic Development: Submittal date up in the air. After receiving a cool response from EDA, working to determine next steps. But partners are committed and supportive and we have drafts,

budgets and draft letters of support ready to move forward once a decision of go/no go is made.

- Call with Liz Schlegel regarding the Resiliency Center that she is championing based on the Waterbury FEMA process. She is in the process of drafting and has spoken with Matthew S. who is very supportive.
- Call with folks from VTP and the consultant they are working with on a telecommunication grant. Not sure the amount they are proposing, but it sounds significant. They have also spoken with Matthew S. who has been supportive.
- Also know about grants from VCRD and there are discussions about a retaining wall in Wilmington and a project in Rutland that are both still in the early development stages.

Community Development

- A draft of Community Recovery Partnership Report should be available for review early next week.

Housing

- DEHCD staff working on addressing the public comments and drafting the final plan
- No word from HUD on the latest waiver request to use \$4.5 million of the target funds in Windham County.

VTRANS

Program Development Division

- Environmental review of 170 Post Irene DDIRs is underway. 150 projects have been reviewed, the remaining have not.
- National Environmental Policy Act (NEPA) reviews and state and federal permit coordination is underway for those projects generated by Spring/Summer 2012 Scan Tour.
- Section 106 reviews (for historic and archeological resources) are being conducted by VTrans cultural resources staff for all FEMA projects affecting historic transportation resources. Construction is being monitored in coordination with FEMA for all stone arch, truss, and masonry arch bridge repair projects. Three covered bridge projects are currently being reviewed for 106 and construction is being monitored at two other covered bridges.

Finance and Administration Division

Transportation System Recovery Expenditures through June 28, 2012:

\$153,868,270.46

EA	Total	Federal	State	Local
FEMA - ER	91,000,296.24	87,193,076.34	1,868,137.19	1,939,082.71
FEMA-4022**	7,048,817.44	0.00	7,048,817.44	0.00
FEMA-RREW**	55,819,156.78	54,688,209.03	1,130,947.75	0.00
TOTAL	153,868,270.46	141,881,285.37	10,047,902.38	1,939,082.71

AGENCY OF AGRICULTURE, FODD AND MARKETS

- Press release ready for distribution on Ag Irene damage survey – coordinating with Irene Recovery office.
- Meeting being scheduled with VT Community Foundation to discuss distribution of remaining funds to farmers – just over 500,000 remaining. Survey will be used to target distribution.
- Still waiting to hear from Administration if can accept funds from VT Community Foundation and Phish to hire ag case manager.

VERMONT DISASTER RELIEF FUND

- VDRF allocated \$36,609.23 from 7/1 to 7/7, brining the grand total of allocations to almost \$1.3 million for 107 cases.
- As of July 10, DMV has collected payment for 25,289 “I am Vermont Strong” plates, with an additional 4,602 plates shipped and billed to retail partners.

1)FEMA : Tough news for both state and towns. Some process improvement for state complex.

WSOC/ VSH:

Adding to the unwelcome & surprising news FEMA gave us last week that the Berlin VSH project is not (in their current view) eligible for “Permanent Relocation” (\$40 mill) is the more recent news that our temporary VSH fit-up costs in Brattleboro & Rutland (\$15 mill.) may not be eligible, nor the temporary and permanent costs associated with the heat plant (\$20 mill) on Waterbury State Office Complex (WSOC). We have been told that this project is now a priority and they are working to expedite – to get us answers on what is eligible. We will not have the information

on potential eligibility for reimbursement for several more weeks (at best). Nothing is a guarantee until we fill out our PWs & they get approved for funding – a process that will likely take (many) months. FEMA has brought on new people and re-organized their JFO to prioritize this project. In addition to the 4 staff we have deployed, full time, gathering information for PWs, our AAG, Micaela Tucker is now “embedded” with the FEMA Project leader at a “strategic” level. The goal is to prioritize PWs to help expedite this process. We are told that FEMA is trying to help us maximize federal participation. I personally am discouraged about the ultimate outcome.

Debris Management

After working with FEMA since early March to have them review debris removal from rivers (where a threat to public safety required immediate action) we received notice yesterday that FEMA would not deem this activity eligible for reimbursement. This was hugely discouraging news, particularly because we have had multiple meetings and site visits, and information provided to FEMA supporting what seems clearly in the regulations as a reimbursable activity. For Bennington this was a \$ 5 mill. expense. This expense is also pressuring the budgets of Rockingham, Woodford, and Cavendish (among possible others). We plan to appeal this decision. I am considering issuing a press release, along with the Congressional Delegation (who have been pushing FEMA right at our side on this) regarding our frustration and intent to push back. Would like advice.

Town infrastructure projects

We are receiving many more reports from frustrated towns that FEMA is now deeming activities “ineligible for reimbursement”. Some of the challenge arises from discrepancies between what state agencies require/ recommend, as well as difference between what one FEMA rep. said, and what the new one now says (a theme we see recurring throughout the disaster). We are developing a “hot list” of problem areas for towns (currently over 100 projects on the list), and working to have FEMA re-visit problem areas. The next step will be an appeal process, which we are working to prepare for. It is likely that towns will be coming to us, in the future, frustrated about bills they need to pay because FEMA deemed their work ineligible (even though the state required them to meet a high standard). Working with VLCT, I sent out a letter to towns explaining their appeal rights, as well as the payment processes and the “0.03 rule” (Sec. of Admin. program for state assistance for towns with “extraordinary impact”).

Home buy outs:

GPS announced back in March the \$19 mill. in homeowner buy outs that the state recommended to FEMA. In spite of repeated requests, only 10 have been approved with 109 still under FEMA review. This long wait time is an ongoing challenge for homeowners, many of whom are still in real limbo and some with banks waiting to foreclose. FEMA says they expect next round of approval in late August.

2) Legislature: Joint Fiscal Committee Meeting Prep (7/20)

Preparing presentation for Joint Fiscal Committee next Friday. My report will focus on the town projects and "\$ on the street". The good news is that 87% of Project Worksheets have been obligated, for a total of \$102.9M . The other news is that there are still many unresolved issues for many towns as noted above. I intend to make those public as I believe it is important that the administration be visible pushing back on FEMA, on behalf of towns.

3) 1 year Anniversary Plans Underway

Our Anniversary Committee is working on an event (with music, art, photos, film) at the Chandler Music Hall to complete GPS' tour of the impacted areas . (8/28). Recognizing that there will be many local events, unique to the area impact, throughout the week before the Anniversary, we are working to play a coordinating role. Our UVM Intern has created a FaceBook page where Vermonters can share their photos, stories etc., (some of which will be a part of the Anniversary event). We are also asking all towns to ring a church bell (or any bell) at 5pm on 8/28, so there will be a connection around the state, to a moment of remembrance.

4) Recovery / ReBuild Projects & Long Term Recovery Committees:

Probably the most important news is that the LTRCs continue to work throughout the state to develop volunteer projects to help Vermonters rebuild their homes. There are teams in action around the state, many from church groups outside Vermont, making real progress in the lives of many Irene survivors. We are working to develop media outreach around this and other Recovery efforts.

CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM

TO: Governor Shumlin
FROM: Armando Vilaseca, Commissioner
DATE: July 13, 2012

ESEA Application: Upon the insistence and encouragement of Senator Sanders, Deputy Commissioner John Fischer and I are attempting to schedule an in-person meeting with Acting Assistant Secretary for the Office of Elementary and Secondary Education Michael Yudin, to discuss specifics around the extent of flexibility that Secretary Duncan will consider in regards to Vermont's ESEA application. We are willing to agree to annual testing, but will insist on multiple measures of accountability, not tied to annual testing. Following this meeting, I would like to request a meeting with you and Jeb and Susan, prior to the phone call that you are hoping to schedule with Secretary Duncan to discuss the ESEA waiver. I would like this opportunity to share what we will have learned in regards to the parts of the application that are not negotiable with US ED.

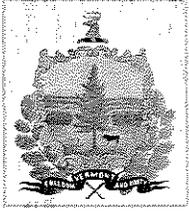
Department of Motor Vehicles: Last week Alice Farrell, Assistant Director, General Supervision and Monitoring, attended a training opportunity offered by DMV. This training was specific to the behavior management of students on school buses. This is an excellent example of cross-agency work between DOE and DMV.

Department of Health: I am collaborating with Commissioner Chen to address the immunization exemption Act 157 of 2012, to convene a working group looking at protection issues related to students with special health needs and school personnel, which will culminate in a report to the Legislature for possible future actions and proposed guidelines.

Act 162 of 2012 (Section E.310.1): I am scheduled to meet with Secretary Racine, Commissioner Yacovone, and Susan Bartlett on July 25th to develop some clear direction on our next steps towards increasing access to high-quality early care and education for Vermont children, as required by the Legislature. We will also discuss the proposed amendment to the current Pre-K rules as well as how we will work with the study group on the financial impacts of pre-k education.

Gender Achievement Gap: On Wednesday I attended the second Gender Gap Roundtable discussion with representation from GIV, UVM, South Burlington School District, Georgia Middle School, and Upward Bound. There is great momentum building from our last meeting. We discussed the GIV project, potential causes of the issue and areas of concern, current practices that seem to be working, and brainstormed how we will move forward to address this issue. I'm quite sure Susan Bartlett will be invited to our next meeting; I hope that she is able to attend. There is a growing achievement gap between boys and girls in the state of Vermont and this might be part of what you choose to include in your "vision" for education in Vermont.

Vacation: I will be in Cuba starting on July 12th through July 22nd leading a group of teachers on a one-week educational course. I will be back in the office from July 23rd – 25th. From July 26th – August 5th, I will be vacationing in Spain. I will do my best to be available and/or check in if need be, but internet and cell phone coverage in Cuba is inconsistent and unreliable and furthermore, I am using vacation time for both trips, and not travelling on state business. Under separate cover, I sent you notice of my delegation of responsibilities during this period, which will go to Deputy Commissioners John Fischer and Bill Talbott, and then to State Board of Education Chair, Stephan Morse.



State of Vermont...

Department of Financial Regulation

89 Main St. Drawer 20 Montpelier, VT 05620-3101 Main Number: 802-828-3301

Divisions: Banking, Insurance, Captive Insurance, Securities, and Health Care Administration

www.dfr.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING Report to the Governor for Week Ending July 13, 2012

Governor's Priorities

Health Care Reform

Exchange team held retreat to get acquainted (several new hires pursuant to federal grants) and plan business operations.

Broader health care reform team held last of four marathon facilitated decision making sessions about tasks that must be done, and when, to meet 1/1/14 startup date for exchange.

Legislation

General Information

Banking Division:

Champlain Housing Trust (CHT) – Deputy Commissioner Candon had a conversation with CHT to resolve a conflict between state and federal law/regulations regarding the CHT qualifying as a Community Development Financial Institution (CDFI). CHT would be eligible to qualify for more federal dollars if determined to be a CDFI. Discussions continue.

Future of Community Banking – Deputy Commissioner Candon has been invited to participate in a roundtable discussion on the topic in NYC with the Acting Chairman of the FDIC, Marty Gruenberg, on July 19, 2012. Vermont banking is community banking and the future of the small and medium size bank is important to Vermont.

ATM Disclosures - The US House passed a bill this week requiring ATMs to only have a disclosure regarding fees on the screen rather than on the screen and on a placard on the outside of the machine, as Vermont law requires. Seems the ATM owners around the country were being sued because the placards were not present in all cases. It has also been reported (outside of Vermont) that those suing may have torn down the placard themselves. The US Senate is to take up the same legislation shortly. We have had conversations this week with the Vermont Association of Credit Unions and the Vermont Bankers Association to address the discrepancy between the Vermont law and federal law when the Senate passes the legislation and it is signed by the President.

Commercial PACE Study – Deputy Commissioner Candon met with Commissioner Liz Miller to discuss a summer study required by the Legislature to research adding commercial PACE loans to the Vermont PACE program. The Public Service Department is to head up the study with numerous other players participating. The report is due in January 2013.

Captive Division:

One new license was issued this week for Terra Firma Risk Retention Group. Terra Firma provides legal defense coverage for small land trusts around the country.

Health Care Administration Division:

This week Deputy Commissioner David Reynolds and Commissioner Kimbell attended two workshops on Exchange planning and an all-day retreat. Deputy Commissioner Reynolds attended a speaking engagement with Robin Lunge at the **Vermont Coalition for Whole Health** to update and explain to this statewide group of mental health agencies and providers on health reform and health benefit considerations related to mental health and substance abuse services. Today, he is leading a group from the Exchange staff to the **Burlington FQHC** to view their patient assistance process as a potential model for the Exchange navigator program.

In terms of projects, Deputy Commissioner Reynolds worked with Patrick Flood to organize the first meeting (in early August) of a cross-departmental executive team that they will co-chair to determine how best to **integrate mental health and physical health care** within our health reform efforts. Deputy Commissioner Reynolds continues to work with our consultant from JSI to develop the **strategic health workforce plan** called for in Act 48, and he and the consultant updated Robin on their progress and plans to meet with key constituencies. Next up is to meet with leadership of the state colleges.

Securities Division:

Last week, the DFR (Securities Division) issued a Cease and Desist Order regarding potentially illegal conduct in the offer and sale of securities by a Massachusetts resident with several Vermont investors.

Quarterly Consumer Activity Reports

**Division of Insurance
Consumer Assistance Section
Property/Casualty, Life/Annuity and Miscellaneous
Quarterly Statistics
April 1, 2012 – June 30, 2012**

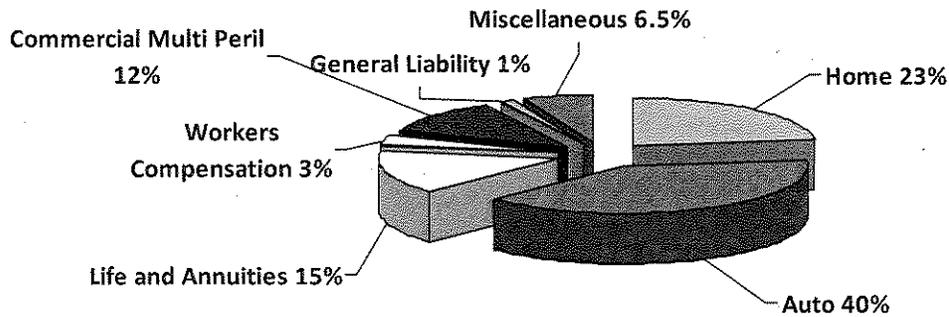
Summary of Written Inquiries and Complaints

Totals

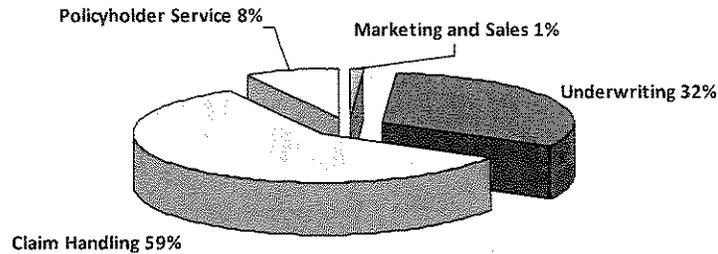
Inquiries Opened	302
Written Complaints Opened	66
Telephone calls received	553

Dollar Amount Recovered for Consumers	\$133,145.00
Average Days to Close Complaint	41

Types of Complaints by Percentage



Nature of Complaints by Percentage



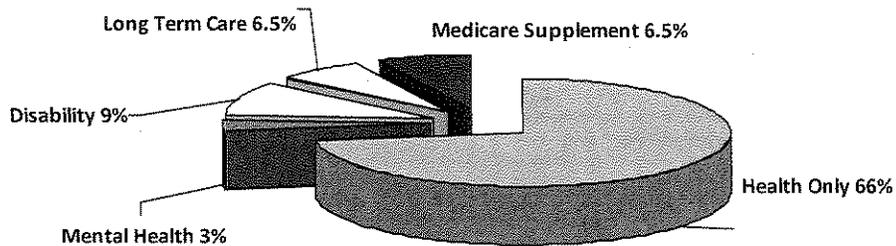
**Division of Insurance
Consumer Assistance Section
Health Care
Quarterly Statistics
April 1, 2012 – June 30, 2012**

Summary of Written Inquiries and Complaints

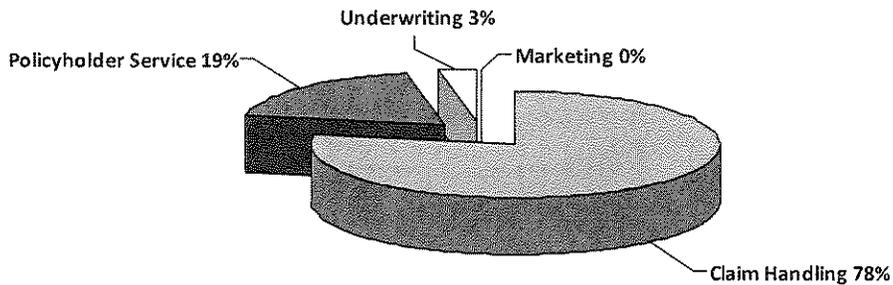
Totals

Inquiries Opened	75
Written Complaints Opened	32
Telephone calls received	547
Dollar Amount Recovered for Consumers	\$ 2,236.70
Average Days to Close Complaint	39

Types of Complaints by Percentage



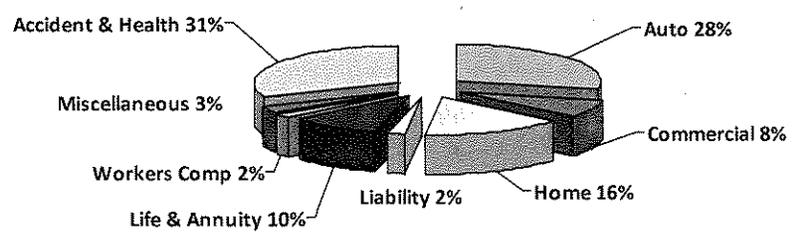
Nature of Complaints by Percentage



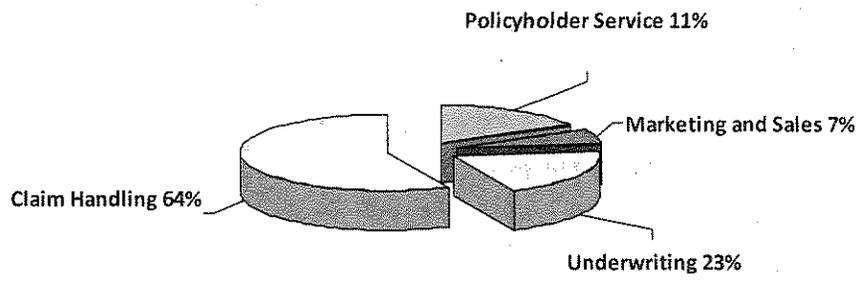
**Division of Insurance
Consumer Assistance Section
Quarterly Statistics
April 1, 2012 – June 30, 2012**

Summary of Written Inquiries and Complaints	Totals
Inquiries Opened	377
Written Complaints Opened	98
Telephone calls received	1100
 Dollar Amount Recovered for Consumers	 \$135,382.00
Average Days to Close Complaint	38

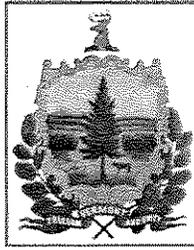
Types of Complaints by Percentage



Nature of Complaints by Percentage



To 116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
TEL: (802) 828-1619
FAX: (802) 828-2361

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: July 13, 2012

Secretary's Top Issues:

Compost: Agency field staff have begun field investigations relative to the herbicide contamination issues in compost. A number of horse farms that supplied manure to the composting operation will be visited this week in order to gather information regarding potential herbicide use on the farm, source of bedding and feed and other pertinent information. Samples of manure, feed, bedding will be obtained for analysis as appropriate. This investigation is anticipated to take many weeks and is an effort to determine the source of the herbicides present in compost (picloram and clopyralid).

Representative Higley from Orleans contacted the animal health office this week regarding an inquiry from one of his constituents related to the importation of sick dogs into Vermont through the Pet Finder website. He is interested in clarifying the import requirements for dogs and determining what the prevalence of this unfortunate practice is. There have been several other calls this week from citizens who have acquired animals over the internet from southern kill shelters that have subsequently been found to have severe behavioral or medical issues. One woman was bitten badly by a recently adopted dog that she purchased over the internet, and is currently under the care of her physician and in consultation with Dr. Bob Johnson regarding the rabies issues associated with the situation.

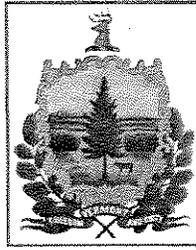
The Agency will be hosting USDA Ag Marketing Service Administrator David Shipman in Vermont on July 16 and 17. The tour includes stops at High Mowing Seeds, the Food Venture Center, Pete's Greens, Healthy Living, the Intervale, Fletcher Allen Health Care, and the Old North End Farmers' Market in Burlington. Secretary Ross will appear with Mr. Shipman on WDEV on Monday morning. The press has been invited to join the Secretary and the Administrator at the Intervale on Tuesday at 10:30.

From Plant Industry: Hemlock Woolly Adelgid has been detected in Bennington County. This is the second county in Vermont where the insect has been detected - Windham County is the first. This insect is an important pest on hemlock and can have severe impacts on the forest products industry once established. There is a quarantine in place for Windham County that effects nursery stock and hemlock timber. Agency staff will be meeting with Forest and Parks staff in August to discuss further quarantine measures.

The National Farm to Cafeteria Conference will be held in Burlington August 2nd through the 5th. The conference will bring between 800 and 900 Farm to Cafeteria practitioners from around the country and Canada. The event is sponsored in part by the Agency of Agriculture and Department of Health with 36 Vermonters have received scholarship funding to attend.

Starting Tuesday July 17, 30 second radio ads will be broadcast promoting customers using their EBT benefits and Harvest Health coupons at VT Farmers' Markets. This initiative is part of the promotions of Farmers' Market campaign that our EBT Team has been working on this year. New marketing posters were also created and more Harvest Health coupons were made available to participating Markets.

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STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: July 13, 2012

Status of Governor's Priorities:

Jobs
Green Mountain Farm-to-School seeks a dynamic, mission-driven food systems professional with strong project management skills and culinary experience to support the growth of our organization. The primary responsibilities of the Mobile Farmers Market Manager are to launch, manage, and evaluate GMFTS' new Mobile Market Project, the Lunchbox.

Press

Significant Events/Meetings:

Dr. Haas worked this week with Dr. Erica Berl of the Vermont Department of Health to launch the Arboviral testing program that is now available to veterinarians in Vermont. This program allows free testing of equine and camelids (llamas and alpacas) in cases where accredited veterinarians are trying to rule out Eastern Equine Encephalitis (EEE) or West Nile Virus (WNV) as cause for neurologic disease in these animals. This testing program has been managed jointly by veterinarians in VAAFM and VDOH for the past three years because EEE is a disease of animal origin that is contagious to humans. In the fall of 2010, 11% of the hunter-killed deer and moose serum samples collected during a deer/moose serosurvey project (joint initiative involving VDOH, VAAFM and CDC) tested positive for antibodies against EEE, indicating prior exposure to the virus. This was the first time that EEE had ever been detected in Vermont and highlights the importance of continued surveillance in the livestock population.

Animal Health veterinarians and field staff met via conference call with USDA colleagues and co-op field representatives to review the logistics of administering the dairy farm biosecurity survey to all of Vermont's commercial dairy farms. Surveyors will likely begin making farm visits the week of July 16th, and the project will continue for approximately 4 months. Data obtained will allow VAAFM to have emergency contact information and physical address information for all commercial dairy farms. Additionally, farms will be able to be mapped so that potential dairy industry impact can be more accurately determined during drills and real life emergencies. This, in turn, will allow VAAFM to provide better service to this sector of the industry during emergencies such as TS Irene.

Monday, July 9: Big E Exhibitors Meeting, Fairlee

Agency staff met with Vermont Building exhibitors, Eastern States Exposition staff, and BGS representatives to make preparations for this year's fair. A presentation on launch of the Vermont Building Sponsorship program (a partnership of VAAFM, Vermont Life, and BGS), was met with general approval from exhibitors, given the

significant expense of needed building repairs. Plans for Vermont Day, Saturday, September 22nd, were discussed.

Animal Health Specialist attended the Windsor Co Agricultural Fair in Springfield with Dr. Mehlenbacher. Worked with livestock superintendant checking animals and applied official identification to several goats and sheep (sheep and goats must be officially identified in order to be exhibited at fairs).

Animal Health Specialist received proof of being bonded from a delinquent livestock dealer after a warning letter was issued.

Jim Cameron investigated a Tissue Residue case with FDA. This case involved USDA finding a penicillin residue of 0.10 in the kidney tissue of a cull dairy cow sent to slaughter on 04/11/2012. Additionally, the FDA audited Jim Cameron on tissue residue investigation abilities.

Assistant State Veterinarian attended a planning meeting for the next Catastrophic Exercise (CAT2). The exercise is scheduled for March 2014. This initial meeting focused on forming objectives and the scope of the exercise, scenario discussion, and identification of dates for subsequent planning meetings.

Evolving Issues:

Representative Higley from Orleans contacted the animal health office this week regarding an inquiry from one of his constituents related to the importation of sick dogs into Vermont through the Pet Finder website. He is interested in clarifying the import requirements for dogs and determining what the prevalence of this unfortunate practice is. There have been several other calls this week from citizens who have acquired animals over the internet from southern kill shelters that have subsequently been found to have severe behavioral or medical issues. One woman was bitten badly by a recently adopted dog that she purchased over the internet, and is currently under the care of her physician and in consultation with Dr. Bob Johnson regarding the rabies issues associated with the situation.

The Food Safety and Consumer Protection Division is finalizing a "consumer concern" intake form and policy to outline minimum information that must be obtained when a constituent contacts the Division to lodge a complaint against a commodity, device, farm, business or individual that the Division regulates. This policy also addresses how "anonymous" calls are to be handled as well as those which relay 2nd or 3rd hand information. Goals of this policy are to minimize inefficient use of inspectors' time during follow up and to be able to track and quantify various categories of consumer concerns that the Division receives. Division management feels that this is important since consumer complaints are given top priority for follow up. Division management anticipates that this policy will be in effect as of July 22nd.

Assistant state veterinarian is following up with the Windsor County Agricultural Fair's deficiencies in providing a veterinarian for drug testing for the pulling events and ensuring the proper identification and testing of animals on exhibit at the fair.

Assistant state veterinarian and AHS Darryl Kuehne inspected a cat adoption facility, which passed inspection. The facility has received animal welfare complaints however, the inspection did not substantiate any of the complaints as the facilities meet the requirements and the cats appeared well-treated and healthy. Dr. Mehlenbacher resisted the urge to adopt two black and white kittens as her elderly cat would not have been pleased.

Animal Health is making contact with the Vermont Horse Show (ongoing from July 1-mid August) for paperwork spot checks. This is a very large horse show that attracts participants from all over the US, therefore it is important that the Agency assures the participants are meeting Vermont Import Regulations regarding equines.

AH sent a letter of warning to a breeding facility that is operating without a pet merchant license. The facility advertises through business signs and through their website.

Summary of Key Agency Department Activity:

Administration

Senior management team spent Thursday, July 12 discussing strategic plan, agency communication plan, potential to centralize certain functions of the agency and upcoming budget process.

In re Mack Bros Farm. AAFM#2010-12-01 MF. This is a water quality enforcement case. Secretary Ross issued an administrative Order this week imposing a previously suspended \$6000.00 penalty and requiring the farm to submit its nutrient management plan within 30 days. The penalty amount was previously agreed to by the farm. If the plan is not submitted within 30 days, the case will be set for a hearing for the farm to show cause why its MFO permit should not be revoked. The farm has had the benefit of 5 years to come into compliance with the MFO law and rules and its permit.

In re: BT Black Creek Farm LT (Howrigan), AAFM#2012-05-01 DY. The Dairy Section issued its Notice of Violation this week in an enforcement case alleging repeated drug residues in the milk supply as well as violation of an *Assurance of Discontinuance*. The *Assurance* was resolution to an earlier enforcement proceeding and it had conditions, allegedly violated, to help the farm avoid additional drug residue violations. Administrative penalties have been requested.

Agricultural Development

Thursday, July 12, 2012: Meat Processing Task Force Meeting, Montpelier

Staff facilitated the monthly meeting of this Farm to Plate Task Force. The topic area this month was meat processing expansion in Vermont's Northern Tier. Representatives from 5 existing or start-up slaughter facilities in northern Vermont presented on their business model, challenges and opportunities. Difficulty in finding reliable labor was a consistent theme, as was wastewater management, producer-processor communication, and profitability across the supply chain.

Starting Tuesday July 17, 30 second radio ads will be broadcast promoting customers using their EBT benefits and Harvest Health coupons at VT Farmers' Markets. It can be heard in the southern part of VT (WXLN, White River Junction), central (WZRT, Rutland) and in Chittenden County (WXXX) mid week for 2-3 weeks. This initiative is part of the promotions of Farmers' Market campaign that our EBT Team has been working on this year. New marketing posters were also created (attached) and more Harvest Health coupons were made available to participating Markets. The Agency's role has been:

- Funding toward a portion of these promotional activities
- SCBG to fund the Harvest Health Coupons
- Providing Dept for Children and Families \$13,500 from Working Lands Enterprise Bill to fund EBT Program at Farmers' Markets
- Participating on the EBT Team

Food Safety and Animal Health and Consumer Protection

Mack Farm in Charlotte has had a third milk adulteration finding of drug residues in their milk in the past year and will be facing an administrative hearing and probable penalty.

There was a problem with bulk milk haulers picking up milk on Vermont farms that are coming in from out of state that are not licensed in Vermont and were not properly sanitizing their sampling equipment. One had no sanitizer, the other a weak solution that did not have enough strength to register on the test strips or enough volume to be able to immerse the sample dipper. This could cause a farm to lose money from lower quality premiums or be excluded if it happens often. To improve our enforcement in this area, the Dairy section is making a concerted effort to get all companies hauling milk in Vermont licensed in Vermont so that we can

more effectively take compliance actions when these events occur without shutting down the truck involved as that would be disruptive to the farm if the company did not have another truck or driver available to pick up their milk.

The dairy section statistics for the last fiscal year: 2,469 inspections were performed on 1,032 different farms. There were about 1,179 plant visits of which 239 inspections completed on 79 processing facilities (78 dairy and one cider operation); about 900 were visits picking up product; and about 40 were potential plant and plant start-up technical service visits.

Animal Health Specialist continues with poultry self-development materials so the Agency is able to serve as a technical resource for poultry owners as we are asked for help at bird swaps and fairs when we are present for testing.

AHS conducted Salmonella Pullorum and Avian Influenza testing at a location in Grand Isle; this testing will allow the individuals to exhibit their domestic fowl at an upcoming fair.

Animal Health Specialists reviewed new livestock dealer, packer, and transporter license renewal applications and contacted three livestock dealers to set up times for routine inspections. AHS continue to work with county fair poultry superintendents to coordinate poultry testing at upcoming Vermont fairs. AHS prepared the drug testing kit for the veterinarian at the Connecticut Valley Fair to drug test the horse pulling events. AHS picked up drug testing kits from two different veterinarians from two recent fairs and delivered blood samples to the lab in Burlington.

Marc Paquette graduated on Thursday from the Supervisory Development Program of the Summit Center.

Meat Inspection

Program notified by Cavendish Game Birds that they will not need voluntary inspection for quail products until further notice since they lost the account in California that required the birds to be inspected

Meat Inspection and Ag Development representatives met to discuss requirements for Meat and Poultry product brokers as well as requirements for drop off locations for CSA's and the concerns about temperature control and liability issues

Vermont Meat Inspection is participating in the pilot program to obtain Federal Linc Pass authorizations to access federal systems. Program includes fingerprinting and background checks for all inspectors, most cost will be paid for by FSIS

Program Chief participated in call with Springfield Regional Development Coordinator, Bob Flint, Kiersten Bourgeois, and Chelsea Lewis concerning dry curing in the Ludlow area

Program Chief met with William Wisell of Cucina Antica, an operation Wholesaling veggies pizzas throughout the state. Mr. Wisell is looking to expand into distributing meat pizzas and will be moving toward state inspection for that operation.

Compliance activities:

- Island Market, South Hero; Meat area closed for two days due to sanitation issues. Area re-inspected on July 11, 2012, proper sanitation restored.
- Tennybrook Market, Rutland, meat processing area shutdown for one hour due to numerous sanitation issues.

- Harlow's Farm Market, Westminster; Stop sale notice issued; sales of exempt poultry, whole and cut-up, void of exempt poultry labeling, that were being sold from their retail store location. All exempt poultry was removed from sale.

Agricultural Resource Management

From Plant Industry: Hemlock Woolly Adelgid has been detected in Bennington County. This is the second county in Vermont where the insect has been detected - Windham County is the first. This insect is an important pest on hemlock and can have severe impacts on the forest products industry once established. There is a quarantine in place for Windham County that effects nursery stock and hemlock timber. Agency staff will be meeting with Forest and Parks staff in August to discuss further quarantine measures.

Tim Schmalz is the new Plant Industry Section Chief. Tim will continue to manage the duties of the state plant pathologist as well as his new duties managing the Plant Industry Section.

Compost: Agency field staff have begun field investigations relative to the herbicide contamination issues in compost. A number of horse farms that supplied manure to the composting operation will be visited this week in order to gather information regarding potential herbicide use on the farm, source of bedding and feed and other pertinent information. Samples of manure, feed, bedding will be obtained for analysis as appropriate. This investigation is anticipated to take many weeks and is an effort to determine the source of the herbicides present in compost (picloram and clopyralid).

Vermont Egg Farm : There has been a neighbor complaint regarding flies. This was the major issue some years ago about the egg farm. Agency staff visited the farm earlier this week and did not see evidence of serious larval, pupal or adult fly populations. Manure has been shipped consistent with permit requirements (at least every 10 days). We will continue to monitor this situation.

Secretary's Comments

Secretary Ross attended a VLITE meeting.

Secretary Ross convened a meeting of the ex-officio members of the working lands enterprise board to discuss the work needed by the board and best strategies in moving forward. Much work is needed by the board in a short time frame to show progress prior to the legislative session. The Ex-officio members present were Gus Selig VT Housing and Conservation Board and Jo Bradley, VEDA, Ellen Kehler, VT Sustainable Jobs Fund.

Secretary Ross worked with others in state government and concerned NGO to discuss upcoming work on water quality for Lake Champlain.

Secretary Ross worked closely with the congressman Welch this week on the Farm Bill. He made multiple phone calls to fellow Secretaries and Commissioners of Agriculture to determine positions and request support on issues relating to dairy, SNAP and conservation within the Farm bill.

Secretary Ross will accompany representatives from the VT Law School on a tour of ag and ag development related activities throughout the Hardwick area.

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary - Agency of Commerce and Community Development
Date: July 13, 2012
Re: Weekly Report

We had a good kickoff of the advanced manufacturing partnership at VTC Thursday. I started by asking how many folks had accountants running their manufacturing enterprises, and when no hands went up I observed that probably means that while tax policy might be important it is clearly not most important, let's focus on the things that really matter on the operations and innovation pieces of the business – which is what we got to Bill Driscoll's evident disappointment. Good and diverse turnout from the manufacturing community, excellent participation in the 4 workflow teams, and next meetings of all teams scheduled in August. Recommendations will be out by October. This will include industry priorities for the innovation center as well as state, federal, academia, and industry policy and action recommendations.

I had a follow-up meeting with Janette Bombardier. She reported that the corporate folks were extremely positive about the visit. I am going to follow up with Anya and Robin to find out if there is anything specific they need from IBM's health care expertise in the near term. The individual corporate offered us has evidently been working with us already. Regarding the data center and state enterprise opportunities the top Cloud person at IBM, Mike Healey(sp?) happens to make his home in Vermont. He would probably be the person for the DGA presentation. **I would find it helpful to have 15 minutes with the Governor, Jeb, and Richard Boes to make sure we are all on the same page on long term objective regarding SOV transition to cloud so that as I work with Janette we stay focused.**

Technical Assistance: Leanne was asked by the St. Johnsbury Chamber to make a presentation to the St. Johnsbury select board on the Main Street 4 Point Approach on downtown revitalization as part of the Vermont Downtown Program. Leanne also presented the return on investment specifically for St. Johnsbury which showed in 2011 a net of 8 new businesses in downtown and 4 business expansions, \$880,000 in private investment and \$240,000 in public investment specifically in the downtown. Over the 12 year period that St. Johnsbury has been a Designated Downtown they have received over \$1.3 M in benefits to the community as a direct result of the designation. When calculating the amount of investment by the town of St. Johnsbury the rate of return would be for every \$1.00 the community invested they saw \$3.50 value in return.

The OCE is working with Christopher Thompson to develop a Technology Art and Innovation Center in Burlington. The proposal is to transform an unused wing of a city owned public works building into a unique venue focused on the intersection of technology, art and innovation. In Chittenden county there has been an explosion of interest in this area. "From inventors to digital artists, educators and entrepreneurs this venue will provide a crucial environment for them to come together for collaboration, education and the technological resources they need to realize their inspirations." Other potential partners include Champlain College's Emergent Media Center, Burlington City Arts and the Vermont Makers.

Searles and I are working talking to Jet Blue about the Orlando Route. I am also traveling to talk to Porter on 8/1. The objective is to convince them to continue to use the Heritage facility and expand to 4 trips a week. I will be asking for a follow up call from the Governor after that, but not before. There is some additional investment required and I am planning to bring that to Jeb next week for discussion. Have discussed with Searles and he thinks it is reasonable within industry practices.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: July 13, 2012
Re: Weekly Report

Status of Governor's Priorities:

Year end numbers – Gross sales of \$100,900,000 and contribution of \$22,300,000 for FY 2012. Both above plan and LY.

Legislative Issues/Contacts:

n/a

Press Issues/Releases/Contacts:

OT story that commented on Lottery overtime - \$45,000. Gathering data as to what was incurred during May '11 Flood, and general comments if contacted.

Significant Events/Meetings:

July 10-11 Tri-State Lottery meeting in Lake Morey. Vendors continue to update status of i-gaming in legislative terms and operational improvements that have been made.

July 12 Governor's Cup Race at Thunder Road. Well attended and good sales and exposure for us.

Evolving Issues:

Summary of Key Agency Department Activity:

July 10-11 Tri-State Lottery meeting in Lake Morey. Vendors continue to update status of i-gaming in legislative terms and operational improvements that have been made.

July 12 Governor's Cup Race at Thunder Road. Well attended and good sales and exposure for us.

Executive Director's Commentary:

The Lottery has no comment on any questions from the media relating to OT. Let me know if you prefer something else.

Confidential and Privileged

To: Honorable Governor Peter Shumlin

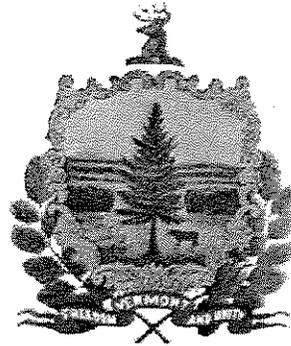
From: Annie Noonan, VDOL Commissioner

Re: Weekly Report – week ending July 6 and 13, 2012

Issues of Critical Note:

1. I met with Secretary Spaulding on the pay-down proposal for the UI Trust Fund debt. We have agreed that VDOL should pay \$20M now and consider an additional \$20M payment before the end of the calendar year. Interest savings will be significant. The larger question will be how to manage the payoff of the remaining \$37M given the legislative battle that ensued last year over whether we had to find an equal measure of gain between the employer and labor communities, and if retiring the debt prematurely reduces anticipated income from FUTA that will reduce the fund's future viability.
2. VDOL's work on Bring it Home to Vermont continues with calls to Vermont employers, and now distributing the job inventory to our regional office staff. We are asking our regional managers to schedule with large employers to continue this effort to partner in this effort. Cindy Robillard, Newport office, is meeting with Bill Stenger who is reportedly happy about this project. Suggestions for State government as an employer: (1) Vermont.gov website links to the Peoples United Bank under "Find a Job in Vermont"; it needs to link to VDOL website; (2) The State of Vermont should register State job openings with VDOL, which occurs now only in limited situations; (3) Let the departments have greater autonomy in hiring interns--give us parameters (eg: not more than X number of interns at any one time, maximum service as intern 9 months, maximum pay of intern \$15 per hour, etc).
3. UI: Starting Monday, we have folks here from out of state for 3 weeks working on the 3 state consortium for UI Modernization. We hope this work will eventually lead to a shared system that will allow Vermont to pay only 1/3 of the costs of a new system. We need approval from the Administration and JFC to hire new Reemployment Eligibility Specialists that are being funded for Vermont by the federal government. Tracy Phillips wrote a new grant to expand the REA program statewide, and the Feds gave us more money. These folks do intensive job search work with unemployed Vermonters. We have been working with our F&M budget analyst but may need additional assistance from SOA.
4. Workforce Development: VDOL received our NEG OJT extension after I wrote to Assistant Secretary of Labor Jane Oates. The Boston regional office staff was annoyed that we went to DC to get an answer, but they told us that the decision had been made by DC, but I suspect that Boston tanked us and then got caught. VDOL staff (me, Tracy Phillips, Rose Lucenti, Dave Lahr) are in Boston with the USDOL staff next Tuesday – Thursday. We are awaiting word on WIA funding, and no one likes the proposal coming out of Washington. We believe we are close to a final agreement with Reach Up. VDOL will be working on a project of job fairs for unemployed Vermonters who face greater employment barriers, such a long-term unemployed, youth, veterans, older workers, minority populations.
5. LMI: Mat Barewicz went to Washington, and came back with full funding for all of the LMI programs plus \$30K more for expanded work in one area. He is working with labor representatives on a revision to the State Prevailing Wage calculation. I have discussed with Secretary Spaulding the issue of adding benefits to this calculation, as this is a policy question for the Administration, which I recommend we include.
6. Other: Awaiting decision from 5th floor on Newspaper Carrier issue; had email exchange with Michael Sirotkin last evening, and he had copied half the western world on this email. I just advertised the 2 vacancies on the VLRB; I chair the committee for recommendations to Governor.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: July 16, 2012
SUBJECT: Governor's Report

As you know we have been working on the timesheet fraud case and the arrest and arrangement happen on Friday. We are confident additional charges, or counts will be forthcoming. We will be continuing to check all timesheets at the Williston Barracks. We believe this is an isolated case but I have instructed VSP staff to confirm this by working with department finance and administration staff. We are also in the process of performing an IA on the supervisor of that barracks.

Division Reports and Updates;

State Police

A-Troop

- 8 DUI arrests
- On Saturday troopers responded to a situation involving a Canadian motor coach with an oil leak, the resulting oil slick causing a multi-car pile-up on I-89.
- Troopers (assisted by several local PD's) responded to a large underage drinking party in Plainfield; numerous PMB tickets were issued and the 19 year old female host was cited for Enabling Consumption by Minors.
- The Bomb Squad was activated on Sunday to assist Barre City PD with a case of a subject making and selling destructive devices (pipe bombs) from his apartment.

BCI

- CSST call out to process vehicle involved in LSA death in Lamoille County

- Assisted Lamoille County Sheriff's Dept. with death investigation in Hyde Park
- Severe child abuse, shaken baby case in Milton – CUSI investigation
- Assault case at CRCF / Inmate bit a correctional officer drawing blood
- Another assault on an officer case at the jail in SB. Inmate Melissa Edson-Larocque spit in the face of an officer.
- Death Investigation, Drowning at the Huntington Gorge
- Follow up on Plainfield Armed Assault and Robbery case, re-interviewed the victim and he ID'd suspect in a photo lineup.

B Troop

FF

- 3 DUI arrests
- Assisted Newport PD with drowning victim in Lake Memphremagog.
- Coventry Landfill Security Detail continues.

BCI

- Worked on Jenkins Homicide, putting additional paperwork together for SA. Assisted Field force with theft of tractor/tractor located
- Met with subject regarding a domestic assault in Morrisville, still more follow up on this case. Assist Field Force with drug buy and informant
- Completed the investigation and arrested a 13 year old juvenile who groped and shot a BB gun at a 14 year old female in Hardwick. The female was not struck by the BB.

C Troop

FF

- Homicide in East Poultney-uniform worked with BCI
- Female fell jumped from moving TT Unit, VT 22a, Benson, uniform worked with BCI. Female passenger died 3 days later.

- Supervised a directed patrol that resulted in 6 underage kids being issued tickets for alcohol consumption.
- 6 DUI arrests

BCI

- Homicide investigation in East Poultney.
- Assist with infant death investigation in Pownal.
- Suicide – Benson; twenty-eight year old female jumped from a tractor-trailer unit. Follow up with victim and driver conducted at Fletcher Allen Hospital Victim died from her injuries three days after incident.
- Sex Offense; Rutland- 14 year old female had sexual interaction with 19 year old male. Interviews conduct.

D Troop

FF

- Multiple domestic abuse cases
- Report of missing tuber on West River in Newfane, subject located
- 6 DUI arrests

BCI

- Follow up on Accidental death in Chelsea (interviews)
- Assist NIU with Pill Fraud case
- Sex Offender Reg Compliance (photos)
- Grega Homicide follow-up, swabbing several individuals for DNA testing

Arson

- Sgt. Hill responded to a fire in Williston. The fire occurred at a hotel and over a million dollars' worth of damage was done. The fire was the result of a cigarette. The fire was not intentional.

- Fire investigation in Craftsbury – issues with homeowner 10-96, small fire in construction area
- Bradford fire investigation – fire to a storage/car port structure, related to charger for the ATV
- **ICAC**
- Activation for fatal hit and run investigated by Lamoille Co SD/processed suspect vehicle
- Coventry landfill search
- 18 Autopsies
- Transport of Rutland homicide victim
- Began processing 4 hard drives and 12 cell phones for Homicide case: 11D304776

Emergency Management

Issues/Updates:

- a. Applicant Briefings for DR4066 were held this week and by all accounts went very smoothly.
- b. VEM has offered to host the Coalition of Northeast Governor's (CONEG) "*Northeastern States/FHWA/FEMA Coordination/Process Improvement Workshop on Transportation Related Emergencies.*" This will be two-days in September and take place in the SEOC.
- c. Redrafting the Open RERP Planning position to begin the RFR process and move toward posting.
- d. Participated with VSP and VTrans in an IT meeting regarding Automatic Vehicle Locators and their uses in emergency planning and coordination.
- e. Attended a committee meeting about the FirstNet Public Safety Broadband Network.
- f. Met with the IRO Sue Minter to start outlining the forward leaning process as we look toward the IRO dissolving at the end of this calendar year.
- g. Participated in a FEMA webinar about the new presidential declaration request format to be implemented on requests occurring on or after July 16, 2012.
- h. Submitted a Grant request to the Army Corps of Engineers for funding to perform dam Emergency Action Plans (EAPs) and flood inundation studies for high risk dams.
- i. Met with VEM staff regarding food, goods and services, purchases, travel and times sheets

General Information/Other:

- a. SHMO coordinated response to FEMA R1 for ACCD and DEC grants to support HMGP funding, the DEC grant was approved.
- b. TS Irene AAR/IP has been published and distributed. Status review of progress by GHSAC is due in January.
- c. NEHRC Planning - attended a scenario discussion meeting for the NEHRC TTX attending the MPC for the full-scale exercise this Friday.
- d. Developed RFP for contracted services to assist VY evaluated exercise series support.
- e. Sent THIRA incident description information request to select state agencies & SSFs.
- f. Attended Concepts & Objectives meeting for CATEX 2 (March 2014).
- g. Conducted training for the Vermont State Guard in Lyndonville 22 members were in attendance.
- h. Review of the Letters of Agreement and Memorandum of Understanding between Vermont Yankee and Vermont Emergency Management is underway.
- i. At the request of New Hampshire HSEM invited VSP, Brattleboro PD, Windham County SO, Vernon PD and VEM to attend a meeting that New Hampshire is holding at the Spofford, NH Fire Dept. August 18th for planning a Hostile Action Based Exercise at VY.
- j. Met with Jonathan Shute Area Manager for New England Central Railroad to discuss construction on the NECR line, notifications to VEM, impacts to VY EPZ evacuation and having the appropriate compensatory actions in place due to construction. We are now placed into their notification loop.
- k. Conducted EMD training in Newport.
- j. Conducted PIO training in North Hero.
- k. Attended LEPCs 10, 13 and 1 this week.
- l. Attended COOP training.
- m. More Tier II (HazChem Fund) site identifications were made this week in Rutland and Bennington Counties along with canvassing of Orleans, Caledonia and Essex Counties. \$599,235 has been received in this reporting period.
- n. All staff continued to participate in the flood recovery efforts and participated in multiple JFO and Recovery Office coordination meetings and calls and participated in multiple JFO and Recovery Office coordination meetings & calls.

Fire Safety

- In the process of reviewing an amended RSI contract for support.

- The regional offices procured some used supplies from surplus property Waterbury Complex.
- Attended the National Association of State Marshal's convention in Merridith, NH. A number of national topics were discussed and some real good ideas came out of the convention by networking. Some we will use to enhance public education efforts and others to provide better service to the public. One issue we voiced concern with was the closing of the fire protection lab at the National Fire Academy in Emmittsburg, Maryland. The lab was constructed to provide valuable hands on training to fire marshals throughout the country. The association will be writing a letter to the academy to keep it open.
- There is a national safety campaign underway regarding the use of CSST gas piping. CSST gas piping is used extensively throughout the country and Vermont for low pressure gas installations. This piping is approved by the National Fuel Gas Code. CSST piping has to be electrically bonded because close proximity lightning strikes have caused pin hole leaks in the gas piping. Vermont has been aware of this for some time and we requiring bonding.
- Conducted 3 administrative fine appeal hearings this morning. One fine issued to an electrician for leaving an apprentice on the job site with no supervision. Fine reduced because the apprentice tested and received his Journeyman license two weeks ago. One penalty was for commencing construction without proper permits. Fine reduced since the permit was filed in a timely manner. Third penalty was issued for failure to have an elevator inspected. The elevator was inspected in a timely manner so the penalty was dismissed.

Finance and Administration

In addition to other duties this week we sent a good share of time working on the criminal investigation for timesheet fraud. There will be an ongoing work process in place to review the all the employees at the Williston Barracks. At this time there is no reason to believe this is any bigger than the one individual fraud case.

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: July 13, 2012
Subject: ANR Weekly Report

Governor Level Issues:

- **VY:** In a meeting this week both Jon Groveman and I were blindsided by our attorney who has been working on the thermal discharge permit. She has been assuring us during our regular check-ins that a draft permit will be complete by early fall (in time for it to be helpful in the PSB proceedings). In this call, to our surprise, she said that it would take another six months to a year or longer and that she had not taken some important steps yet to demand necessary information from Entergy. She was obviously dissembling and we could not quite understand why her advice has changed and why there was so much delay in asking for the required information. (I have altered HR who is recommending she reach out to the EAP.)

Jon Groveman will be digging into the legal issues and he and David Mears (who is conflicted out of working on the legal issues) are assessing the staff issue. We will be following up with Sarah, Liz and Alex with an analysis of where we are (Jon still thinks we can be ready in the fall – we are all confused about how she is coming to such different conclusions right now), what strategic decisions we need to make and how we will staff the rest of the process within our agency and by employing outside counsel and consultants to help.

- **Commonwealth Dairy:** This project seems back on track. We are expecting additional necessary information to complete the permit application for a higher discharge permit by next Friday.
- **Winstanley North Springfield Biomass Facility:** Staff will be meeting next week with the applicant to address forest health issues raised in the 248 process. We will brief you on the status before next Friday's meeting with them.

- **Gifford Act 250 application:** Chris Recchia and Ron Shems will be meeting with the applicant to try to find a creative solution to meet their design needs while complying with the Agricultural Soils criteria of act 250. What I believe is in play here is that Gifford disagrees with the board's (and Ron's) interpretation of the criteria and want to challenge it in court, which means that it might be heading for the Environmental Court despite efforts to forge another solution.
 - **ATVs -VASA:** VASA was informed last week that they did not get awarded a grant to build their rt 105 trail in Brighton. They are not happy, but the competitive awards that were made are very defensible.
-

EVERYTHING ELSE:

Press Issues/Releases:

VPR Parks Series: Tom Slayton's first State Park series installment aired on VPR last week.

State Parks E-Newsletter: The summer edition is being distributed this week.

Significant Events/Meetings:

Algae Bloom: Lake Champlain had a cyanobacteria bloom on June 28th. Reports came in from locations between Kingsland Bay and the Champlain Bridge. There is one drinking water facility in this area. Closure of the beach by cyanobacteria at the Kingsland Bay state park has led to a discussion of the VDH guidance regarding beach closure/re-opening requirements between F&P and Lakes & Ponds.

Waterfowl Meetings: Public meetings on the status of waterfowl populations and waterfowl hunting seasons for the State of Vermont and Lake Champlain zone in New York will be held Tuesday, August 7, in Whitehall, New York, and Wednesday, August 8, in Burlington, Vermont. The annual meetings are being held by the New York State Department of Environmental Conservation and Vermont Fish and Wildlife Department.

Sun Boxes in the State Parks: Craig Colarusso's Sun Box musical performances are receiving great responses. The display appeared at Elmore State Park last weekend and will move to four other parks throughout the summer.

Car Show: The inaugural Knight Point State Park/Island Council on Recreation and Arts car show held last weekend was a huge success. Over 100 cars were displayed, far exceeding any expectations.

Wildland Forest Fire Detail: Dick Greenwood from FPR's St. Jonhsbury Office and John Akielaszek from DEC were dispatched to Virginia on a forest fire detail late last week. They were attached to a crew from the Green Mountain National Forest.

Climate Workshop: We held a one-day climate change “vulnerability” workshop at the State House on July 9,

ANR and PSD leadership teams met to discuss items of common interest, including how we deal with “hot button” issues like wind and the smart grid, how we approach the 248 process, etc . . . It was very productive and we decided to schedule regular follow-ups.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Waterbury Complex Demolition: BGS has submitted an Act 250 application for the Waterbury Complex. The application contained BGS’s plans to demolish a number of buildings as well as an “abandoned” sewage pump station. Realizing that the Complex’s pump station is still in use and not abandoned, Barre Regional Office staff contacted BGS to determine what the project was actually proposing. The plan is to build a new pump station prior to the old station being abandoned and demolished. This info was passed along to ANR’s Act 250 coordinator.

Tires: Following the press release and other outreach this week, Vermonters are reporting problem tire piles in their community using the online survey <https://www.surveymonkey.com/s/SWP3D9B>. Cleanup efforts at the former Rhoades Salvage yard tire pile in Milton are scheduled to begin on Monday July 9th, creating a nice tie-in for the inventory of problem tire piles. The contempt hearing for the Rhoades case also continues on Tuesday July 10th in Chittenden Superior Court. Two other tire cases, Budzyn Tire and Vermonters Helping Vermonters, are also proceeding, with ANR Enforcement attorneys handling these referrals from the Solid Waste Program.

Molly’s Falls Reservoir: Departments met internally to discuss a proposal by Green Mountain Power to conserve land surrounding Molly’s Falls Reservoir in Marshfield. As a requirement for selling the land, GMP proposed being “held harmless” for 10 years and allowed to continue operation of the Mollys Falls Hydroelectric Project without change. We all agreed that it would be improper for DEC to waive its regulatory obligations as proposed by GMP, but that we would be willing to discuss a proposal from GMP that addressed both land conservation and flow protection. FPR has conveyed that message to GMP.

Lead from drinking water plumbing: EPA is finally taking some action on the new Safe Drinking Water Act (SDWA) amendment that redefines “lead free”, further reducing the amount of lead allowed in drinking water plumbing. Even though the effective date is not until January 2014, it has been generating interest from states. So far, EPA has not released much specific information or guidance but that will change with a stakeholder meeting they have tentatively scheduled for August 16. Because VT has already been dealing with these lead limits, we have been asked to take an active role in the meeting.

Spiny Waterflea: According to the LCBP, Spiny Waterflea was recently discovered in the Glens Falls Feeder Canal. The Glens Falls Feeder Canal flows into the Champlain Canal in between lock 8 and 9 and serves as the water supply to keep the canal operating at the proper level to allow boat passage. The spiny

waterflea is an invasive zooplankton. This is not unexpected since it was known from waterways in NY connected to the Feeder Canal. FYI here is a little information from the LCBP website:

Fishhook and spiny water fleas impact aquatic ecosystems by competing with native fish for food. This bottom level impact on the food chain can have a dramatic impact on the overall productivity of a fishery. They also affect recreational and commercial fishing by clogging and damaging gear. The fleas' spiky exoskeletons not only snag on fishing gear but make them undesirable prey to many would-be predators, resulting in unchecked population growth.

There are currently no successful management techniques for the fishhook and spiny water fleas once a population is established. This leaves prevention as the only option for protecting Lake Champlain from the impacts of water flea infestation.

NEIEN 11 ICIS-NPDES Data Flow: Environmental Assistance staff finalized a statement of work under this EPA grant to assist the Wastewater program in mapping data fields as well as completing the database fields required in ICIS (EPA's enforcement database). This was distributed to a list of pre-qualified vendors with a goal of contracting with a vendor by mid to late July.

Records Management Project: The records team met on June 27th to continue work on the Permitting and Monitoring Procedures. Discussions included: how to address the remaining gaps in the Permitting procedure; focused discussion on how to ensure that the monitoring procedure addresses both regulatory and non-regulatory monitoring; developing the DEC policy on metadata; and beginning discussion of the DEC electronic signature policy.

Strategic Planning: The Commissioner compiled notes from the five meetings held with divisions plus developed some details around the day long strategic planning meeting scheduled for July 20th. This document, as well as, the current draft of the DEC plan and worksheet was distributed to both DMT and all program managers for consideration as staff prepare for the meeting.

Mountain Green Condominium Association, Inc.; RF3-268: A DWSRF loan through VEDA was approved in the amount \$481,930 to fund improvements to the association's water supply facilities at the Mountain Green Condominiums located in the Town of Killington. The project is the planning and construction of a new water treatment building to house filtration and softening equipment, an aeration unit, chlorine disinfection, and the connection of the existing wells to the installation.

Wardsboro Town School District; WPL-112 and RF3-184; Project Summary Report: Loans, in the amounts of \$3,500 and \$11,900 were issued for the planning and installation of a ultraviolet light disinfection system at the Wardsboro Elementary School. A system Operations and Maintenance manual was also prepared. The Drinking Water and Groundwater Protection Division (DWGWP) made the determination that the outstanding principal amounts have been forgiven. The project has been audited and is considered closed.

Sherburne FD #1; RF1-145; WWTF Upgrade: Bids were opened for this upgrade contract. A contract agreement was executed this week for \$826,750.

Essex Junction, Wastewater Treatment Plant Refurbishment: Contract documents for this \$15.4 M project were approved this week. The Essex Junction plant serves Williston, Essex Town and Essex Junction. The project will be partially funded by clean water revolving loan.

St. Albans City South Reservoir Dam Order: We issued an Order for the rehabilitation of this dam, located in Fairfax. The work includes re-grading the downstream slope of the earthen dam, installation of filter blankets and toe drains, extension of the low level drain, elimination of some of the old water supply piping, and replacement of the existing and deteriorating emergency spillway with a new one of greater capacity. Dam Safety has been urging this rehabilitation for many years. The project will greatly improve the stability and safety of this dam.

Completed Emergency Action Plans for High Hazard Dams: Plans prepared by the Department through contracts with consulting engineers, and funded through the FEMA Dam Safety Grants to the department, were presented to the noted local Emergency Management personnel for the following dams:

Silver Lake; DEC owned, Barnard; Barnard and Bethel Fire Departments

Lake Paran; AOT owned, Shaftsbury/Bennington; North Bennington Fire Department

Sweet Pond; FPR owned, Guilford; Guilford Fire Department

Crystal Lake; DEC owned; Barton; Barton Emergency Management/Fire Department

The Plans were well-received and the fire personnel asked good questions, and were actively engaged in identifying properties at risk and their practical experience with these dams. Two of the Fire Stations would be inundated in the study models.

Franklin Wastewater Feasibility Study: The study was presented to the public. Most of those attending were familiar with the project from earlier meetings and asked good questions. The study covered Franklin village and the camps around Lake Carmi. Four sites with limited capacity were identified for community wastewater systems for the village. Only one of these could handle sewage from the entire village, and it would be a spray irrigation system. This type of system is used at nearby Lake Carmi State Park, so it did not meet with immediate public resistance. The other sites could only handle sewage from publically owned buildings and/or small lots with no on-lot septic system replacement options. The Select Board wants to meet with the consultant after the Report is finalized to discuss the findings and possible next steps.

Detonation of Hazardous Waste: We have received preliminary information from Ben and Jerry's of an unusual hazardous waste event. Some time ago (date unknown, but several weeks) the State Police Bomb Squad and S. Burlington FD removed two small containers of explosive hazardous waste from the BJ's. Burlington corporate offices and detonated the material on-site. BJ environmental coordinator has confirmed the event and is preparing written documentation. Our first notice came when BJ requested a temporary ID number to transport hazardous waste generated from post-detonation cleanup. The stabilization of explosive/reactive chemicals is considered treatment under the hazardous waste rules, and is subject to emergency permit conditions. We do not yet know why these materials were handled differently.

NEWSVT Landfill: Staff attended the biweekly construction meeting at the NEWSVT landfill in Coventry VT. NEWSVT continues to excavate soils for the landfill expansion into Phase IV Cell 3B. Approximately half of the soils have been removed. The construction is on schedule. The soils will be removed by July 20th. The subsurface drainage system and the screen soils will be in place and ready for

the liner crew's arrival on August 12th. The Manager of the landfill estimates the readily available capacity at the landfill will run out in late September. The FBI continues their investigation at the landfill regarding the case of the missing Essex couple. They found a wallet with \$45 in it and returned it to the owner. They are expected to remain at the landfill until August.

Rikert (Middlebury College) Ski Touring Center: The ski touring center is proposing to develop snowmaking on 3.9 km of its trail network at the college's Bread Loaf campus in Ripton. We held a flow conference to discuss and take comment on the snowmaking needs and alternatives analysis prepared by the center. About a half-dozen people attended, ranging from Bill McKibben and Ripton legislator Willem Jewett to the local high school ski coach. All spoke in favor of the project and emphasized the need to expedite the regulatory process. We are taking public comment on the analysis through the end of this week and intend to issue our flow determination soon.

West Danville Hydro Project: The project experienced a major penstock failure on June 16 that damaged the powerhouse and eroded a large volume of material that ended up in Joes Brook. The stream channel has been restored, but we are coordinating with DFW and Enforcement to determine if an enforcement action is appropriate.

Morrisville Hydroelectric Project: Also around June 16, flows below Cadys Falls were reduced to dam/turbine leakage due to an (admitted) operator error. We are also coordinating with FWD and Enforcement to determine if state enforcement action is appropriate or if we will submit information on the incident to FERC and rely on that agency to take appropriate action.

Morrisville Hydroelectric Project: There was a second incident recently when Morrisville Water and Light violated its 401 flow requirements below Cadys Falls. We are following up with the utility to get more information and will consider this episode along with the flow violation that occurred on June 16.

Marshfield-8 Dam Removal: We authorized BGS to develop a contract for the deconstruction. Barring unforeseen complications, we expect removal to take place within the next three months.

Lake Sampling: The Lakes and Ponds Management and Protection Section began sampling as part of the National Lakes Assessment last week. They had their EPA field audit in the pouring rain on Monday of this week on Lake Parker. The crew will be sampling 52 lakes randomly selected by EPA Corvallis.

Fish and Wildlife

Rare Vegetation around VT Yankee: Staff provided rare species and natural community information from the Natural Heritage Database, as well as assistance in using the Environmental Interest Locator, to a consultant for the area directly surrounding Vermont Yankee.

Goose Banding: Staff spent four days conducting goose banding within the Orwell, Arlington, Barre, Randolph, and Grand Isle regions of the state. A total of 436 geese were captured, of which only 37 were recaptures. This work was only possible due to a number of volunteers that assisted Department staff.

Buck Lake Conservation Camp: Staff presentation at the Buck Lake Conservation Camp. Staff prepared and led (with excellent help from camp staff) a presentation that gave campers a chance to explore various habitat components including geology, soils, vegetation, wildlife, natural/human disturbance. Staff

explained how all of these are used in fulfilling the Department's mission of managing all species in Vermont.

Radiation Testing: Staff contacted Dr. William Irwin of the Vermont Department of Health to coordinate the collection of fish samples for background radiation testing. In the next few weeks, thirty samples of fish of a variety of species (preferably those that are typically consumed by humans) will be collected during bass sampling activities on Lake Hortonia, Lake St. Catherine and Southern Lake Champlain.

Lake Champlain Fish Community Monitoring: Staff have started Lake Champlain Fish Community Monitoring. The monitoring consists of setting gillnets and in some cases bottom trawls at standard stations. Over time these stations provide Catch per Unit Effort trends which can be used as a measure of relative density. This sampling is also useful in case new species appear in Lake Champlain. Biological information is also collected on specie caught. This information includes length, weight, sex and a sub sample of fish for aging. All of these parameters are useful to describe populations. Shelburne Bay and Hill Point locations were sampled during this time period.

Bear Problems: Bear problems persist statewide. Four bears shot and killed last week by homeowners protecting their property, primarily bee hives and chicken coops. Bears were killed in the towns of Stamford, Barnard, Morrisville, Benson. Wardens are deploying their newly acquired scare devices, "Critter-Getters" with good success, but not enough devices to go around.

Nadeau parcel: Attended closing for Nadeau parcel acquisitions, added 2 parcels to South Bay WMA including a popular car-top access on the Black River for waterfowl hunting and canoeing/kayaking. This was an arduous acquisition which took over 3 ½ years to complete.

Forest, Parks and Recreation

State v. Inkel: The Superior Court issued a decision on the state's motion for summary judgment and the defendant's cross motion for summary judgment. The court granted summary judgment on heavy cut violations for 2 stands and denied judgment on the remaining nine stands, holding that the state did not satisfy its burden of proof because it relied only on the adverse inspection report. The court did uphold the theory that the state can seek heavy cut violations on a stand-by-stand basis for violations of a UVA forest management plan. Further more detailed analysis of the decision will be made in conjunction with the AG's office and a determination made as to how to proceed with this case.

Wileman v. State: The parties signed a settlement agreement dismissing the superior court appeal of the denial of the state to release records. The state also responded to a second record request submitted after the complaint was filed as part of the settlement agreement.

Bolton Nordic Project: Staff from FPR and Vermont Land Trust will be conducting a site visit of the property proposed to be conveyed to the state. They will inspect proposed access routes, among other issues. FPR will be drafting a proposed license agreement for the operation of the Nordic ski area should FPR acquire the property.

Timber Creek / Okemo: The MOA between Timber Creek, Okemo and FPR was signed and the Commissioner signed the Act 250 application as co-applicant for the purpose of allowing Timber Creek to submit its application to the district commission.

Scanning Project: We started scanning the ANR land records and maps last week and are already making good progress on this important project. We have completed the scanning of all of the Agency's electronic communication leases and licenses, and will be making these documents accessible to the Agency of Administration as they develop an electronic inventory of all wireless leases and assets on state lands and buildings.

Park Visitation for the season remains over 25% ahead of last year. The heavy attendance is due to the favorable weather, effective promotion programs, lots of favorable media coverage, recent capital improvements and high quality staff.

“How-To” Camping Video: As part of the effort to encourage new campers and to encourage experienced campers to go more often, a series of “How To” videos is being designed. Production will take place this season for release next spring. The series will give basic tips for newbies and will include guidance to experienced campers for things such as packing efficiency, food preparation and storage, menu ideas, etc.

Forest Road Repair: The Rutland District has been working to put together a contract for repair of the CCC road in Shrewsbury. This is an important forest road that is also used locally for commuting as well as recreation. It was among the most severely storm-damaged of the forest highways.

Community Tree Inventory Program A training session for this new program, through Urban and Community Forestry, will be held in Colchester next week.

Conservation Education: Planning is underway for follow-up training for state park interpreters on July 18. Interpreters are busy with park visitors and programs in parks all around the state; more than 5,000 people have attended programs so far this summer. Evaluations of programs and guidance of interpreters is ongoing. Training Planning for the Vermont Woodlands Association partnership Project Learning Tree workshops for foresters and forest landowners is coming together. Workshops will be held on July 28, and the details are being put together for those. The new forestry curriculum at the Green Mountain Conservation Camps is going really well after some last-minute adjustments.

Recreational Trails Program Grants: This year's committee recommendations were recently approved by FPR Commissioner Michael Snyder for \$552,357 in RTP funds to 18 non-profit organizations and municipalities for trail projects in Vermont.

Trail Maintenance: FPR's seasonal State Trail Crew, youth crews from Vermont Youth Conservation Corps and North Woods Stewardship Center, Green Mountain Club trail crews, Vermont Mountain Bike Association members, VAST, Catamount Trail Association volunteers, and other contractors are all taking part to help maintain trails on state lands. GMC's Coolidge Ridgerunners and Camel's Hump Caretakers provide on-site hiker and trail-related environmental education and information to the public about appropriate trail use, along with information about rare alpine plant communities for natural resource protection at the summits. They also perform routine trail maintenance, basic shelter and compost waste maintenance, and assist in safety patrol and search and rescue if needed.

Memorandum

Vermont Public Service Department

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Sarah London, Governor's Counsel
From: Sarah Hofmann, Deputy Commissioner
Subject: Weekly Report – Priorities Version
Date: July 13, 2012

Status of Priorities and cases of interest:

- Vermont Yankee Operations: Entergy sent the Liz, Harry and Justin a letter today finally agreeing to do a grab sample test of the COB well will occur. The sample will be taken from the 312' zone (primary water bearing zone) and will be collected using a submersible pump lowered to the target zone. Entergy spent a few pages talking about its concerns with doing the test but agreed they would do it. The root cause analysis for the recent trip of the alpha recirculation motor/generator set is not complete at this time, but should be in a couple of weeks. The station will periodically reduce power to about 85% at times throughout the summer to facilitate chlorination of the closed-loop system. That basically cleans fungi off the condenser tubes that builds up in the summer.
- VPPSA PPA from NextEra – The Department continues to gather information on whether VPPSA's purchase of NextEra at the contract prices proposed is in the public good. Our testimony was due today but we decided we needed more information. We have requested a short delay and our testimony is now due on July 17th. We have been leaning toward opposing approval of the contract and before we continue down that road, we want to be sure we are correct.
- Green Mountain Power/CVPS Smart Metering - DPS filed a letter in both dockets on 7/13 requesting that the Public Service Board enter an order approving the Measurement and Verification (M&V) Report template that was filed in each docket in November of 2011. The request also asked that the Board to direct each utility to begin filing quarterly M&V reports retroactive to Q4 of 2011 to assist the DPS in fulfilling its obligations to report savings from smart meters pursuant to 30 V.S.A. 2811(c) which was created by the 2012 Energy Act.
- SPEED Ryegate – The Department will file its initial brief on 7/17. The Department will support a pricing structure that should enable the plant to operate. Ryegate will file a brief that will promote a proposal to add air quality equipment to the plant, which will potentially increase the price but which will provide environmental benefits and permit the plant to be eligible for Renewable Energy credits. The Department will likely support this proposal. Reply briefs are due on 7/31.
- GMP Merger– AARP filed a post-Order motion on June 27 attacking the PSB's ruling on the \$21 million windfall recapture, seeking a new hearing and other relief. Responses to

the Motion were due 7/12. GMP filed a comprehensive reply opposing the Motion; DPS filed a letter supporting GMP's opposition and denial of AARP's Motion.

- GMP/Lowell Mtn – Transportation of the actual equipment is beginning. Sarah has gotten one complaint call that GMP has begun moving pieces up the mountain and its transportation permit isn't good until Monday. GMP was called and we haven't heard back yet. Robert Dostis was going to check but was sure they were all set with the proper permits and dates.

Press Issues/Releases/Contacts – Quiet press week.

Significant Meetings/Events:

- VSNAP met on Monday, July 9th in Montpelier. Public attendance was low. Entergy gave a presentation on the specific things it is doing in response to Fukushima related directives from the NRC. The Panel was very engaged and asked many questions. This was Leslie Kanats first VSNAP meeting after being appointed by the Governor as a public member of the panel.
- Liz met with Gabrielle Stebbins of REV to discuss Thermal Efficiency Task Force.
- Liz and DPS Staff met with VELCO to get the latest on its strategic plans and to discuss transmission issues at the state and regional level.
- Sarah and staff met with the Health Department and ANR staff to assist us in coordinating on issues and dockets.
- ANR and DPS leadership met to discuss issues and also increase coordination.
- Liz had a conference call with John Shea and others to plan the energy session for the NEC/ECP meeting.
- Liz met with VEIC on general issues.

Evolving Issues:

There is some discord with the Plumbing Board. At its core, the plumbers believe that public funds in the form of CEDF money is going to unlicensed plumbers for jobs that under VT law require a plumbing license. WE do not believe this is happening but have set up a meeting with the Plumbing Board so we can hear its concerns and provide them with the correct information.