

WEEKLY REPORTS

Checklist

4/4/2014

Elizabeth Miller/Aly Richards

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

Louis Porter

- ☒ Agency of Transportation – Brian Searles
- ☒ Agency of Human Services – Doug Racine

Sue Allen

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

Sarah London/Carolyn Wesley

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

Susan Spaulding

- ☐ Boards and Commissions – Susan Spaulding (**no report this week**)
- ☒ Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: April 4, 2014
Re: Weekly Report

LEGISLATIVE ACTIVITY

- **H.736/S.220 Economic Development Bills:** Lucy is monitoring the House Commerce Committee as they make decisions around the various provisions in these two bills. Lucy heard negative testimony around Vermont Strong Scholars by Tom Kavet, but Shap supports the idea so there is still hope. The Cloud Tax was taken out of H.736 altogether and will be addressed in the Misc. Tax bill. The Committee will use S.220 as a vehicle for any changes. For a very helpful side by side go here:
<http://www2.leg.state.vt.us/CommitteeDocs/House%20Commerce/Bills/S.220/Bills,%20Amendments%20and%20Summaries/4-3-2014~David%20Hall~S.220~Side-by-Side%20Comparison%20of%20H.736%20and%20S.220.pdf>
- **ACCD May be New Home for VCGI:** Senator Kitchel and Rep. Sweany both approached Lucy to inquire if ACCD would be willing to be the new home for the Vermont Center for Geographic Information. Lucy is working with Jeb and the committees of jurisdiction.
- **H.809:** Senate Economic Development took testimony late last week and will continue to discuss later this week. Small tweaks currently being discussed. Senate Natural Resources will also take up the bill later this week as well. Rumor is that Sen. ED hopes to vote it out later this week!
- **H.823:** Senate Natural Resources will be starting testimony this Thursday and Friday. Several ‘new’ players on the witness list so it will be interesting to hear their thoughts.
- **FY15 Budget:** The ACCD Senior Management Team presented ACCD’s budget proposal to the Senate Appropriations Committee. No specific questions or concerns with the budget were raised. Housing-related questions focused on how to improve the quality of private rental housing and the vulnerability of mobile homes and parks to natural disaster. Great general discussion about our work.
- **Landlord Education:** H.239 – which would direct DHCD to run an education and outreach program for landlords –is in the Senate Economic Development, Housing and General Affairs Committee. Jen testified along with the bill’s sponsor and a representative from the House General, Housing and Military Affairs Committee. Chairman Mullin has scheduled additional testimony for Friday. Sent an updated bill review to the Governor’s Office.
- **Disaster Condemnation:** Jen and Shaun Gilpin continue to work in support of the disaster-related condemnation language in S.168 -the Municipal Tool Box Bill. The House Government Operations Committee took its initial walk through the bill this week.

LUCY LERICHE, DEPUTY SECRETARY

- **Vermont Yankee MOU:** The Public Service Board approved the MOU between Vermont Yankee and the State of Vermont. Part of the MOU was a promise by VY to contribute 2 million per year for 5 years to economic development in Windham County through ACCD. The first 2 million has now arrived, and Lucy and Lawrence are setting up a team to create the process that will guide how funds will be distributed.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

ConnectVT

- **Putney Broadband Meeting:** A lively meeting was held in Putney on Wednesday night to talk about ongoing broadband initiatives and the VTel WOW project would be available in their town. VTel also explained timing; 4G technology; tower location and cost of their product. I think that it helped the attendees get a much better sense of the company's plans. FairPoint also presented an update on their continued buildout in Putney and answered very specific questions about remote terminal locations, possibility of private funds leveraging future expansion and it was announced that Hickory Ridge Road is now served in its entirety. There is specific address follow up to be done for about 6 locations. We have been asked to lead another meeting in the Woodstock area.
- **PSBN Committee Meeting:** Representatives from DHS/Office of Emergency Communications gave a very informative presentation on next steps for FirstNet and what next steps are for states. They reviewed the background of the FirstNet initiative and the players and then launched into a helpful discussion of coverage objectives. Finally, we were able to get a sense of how we establish a list of baseline assets and potential users.

Expansion/Retention/Misc

- **ReMapp:** met with principals from a small, CT based company that is interested in a small expansion in St. Albans. The company purchased a line of business from Energizer and is slowly ramping up production of printed circuit boards for use in flashlights (military and commercial use). They tried to bring a handful of former Energizer employees to Connecticut – and failed – so want to put operations in St. A. Their growth isn't enormous – they'll likely grow to 15 or so. ReMapp still has a license agreement (until 2016 w/ the possibility of renewal) with Energizer so can continue to use the logo and name in marketing.
- **Springfield Project Review:** organized a very productive call with DEC, Bob Flint and Tom Kennedy to walk through each large development project in Springfield and agreed upon specific next steps. There are four stalled projects (J&L Plant One; Bryant Grinder; Edgar May/Patch Building and 100 River Street) that each has a unique set of challenges. Funding, of course, is a common need for each. Springfield is losing out on opportunities for company expansion/recruitment projects due to the dearth of AVAILABLE space in the area.

CONFIDENTIAL

- **1366 Technologies:** Spoke at length with Tom Crary earlier this week after sharing with him the news about the net metering expansion bill. The site selection process is taking longer than he had anticipated, but they are still delving into details for each finalist site. Vermont is a finalist, along with (I think), NYS, NC and maybe OR. The RE team at IBM continues to be in contact with the 1366 folks as well. Tom pitched a new idea that we are currently evaluating relating to the new 5MW legislation.
- **Resolute Forest Products:** still having good discussions and working on ways to enhance the Vermont offer.
- **Seldon Technologies:** The saga continues. Seldon Corporate is in town this week to meet with the local team and the interim CEO, George Hillman. The real estate developer with whom the company has been working is pressing CRDC (a local EDC) to sign a PSA for the Goodyear property. The developer has an option on the property and has indicated that they want to construct a 60k sf facility on the site with the ability to expand if necessary. Recall the decision to vacate the existing space is due in large part to fallout b/t the former CEO of Seldon – who is co-owner of the property. The Goodyear site – while in a great location for the company – is fraught with issues, including the presence of existing tenants, some

contamination, etc. There is also a very peculiar dynamic between the company and the RE developer as well.

- **Energizer:** the offers are pouring in!

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- Lisa received two cold calls from venture firms looking to invest in Vermont. "We keep hearing about how much is going on in the Burlington tech scene and want to be a part of it," said Jarrett Fass, of Pierpont Capital, a venture firm that is looking in Vermont for deals in the \$1- to \$5 million range. Second was from a partner of John Phillips (Merrill Lynch) who is leading a consortium to buy land adjacent to rails in Vermont. Lisa is vetting firms and will make appropriate connections.
- **SunCommon:** Lisa Gosselin met with Duane Peterson of SunCommon at Waterbury headquarters on 3/28. SunCommon is in second round of financing and growing rapidly, going from start-up to 65 employees in 2 years. Peterson was happy to speak at Governor's press conference about how Vermont has helped SunCommon grow and cited strong education system. Company is about to expand its financed residential solar energy systems into Upper Valley and Rutland regions and is looking at adding "solar orchards" whereby residents who cannot access solar at their own homes can buy into a community system. Also looking at installing efficient electric heaters. Connected Peterson with Jarrett Fass of Pierpont Capital.
- **GW Plastics:** Lisa Gosselin, Joan Goldstein and Bill Driscoll met with the management team at GW Plastics on 3/31. GW Plastics has grown significantly and now employs 350. It remains based in Bethel/Royalton but has opened plants in Texas, Arizona, Mexico and China and has shifted its emphasis from automotive to medical devices. It is now one of four of Johnson & Johnson's preferred vendors. It builds its own machine tools and relies on very high quality production to create fail-safe products. It offers excellent benefits and wages but is having difficulty finding labor it needs here and recently put a new line of business worth \$15 million in Arizona because they could find both the engineers and the production labor needed there. Owner Ben Riehl is concerned about ability to grow this now multinational company in Vermont and claims in the past two years the per kilowatt cost of energy for GW has risen by \$200,000. He also expressed concerns about taxes and stated that four of the top 5 earners now live in New Hampshire. GW remains loyal to Vermont and would like to stay here but would appreciate "any indication that the business climate here is improving." Followed up with Riehl but putting him in touch with Dan Smith to discuss how Vermont Tech could better assist in training for open job positions at GW. Also shared with GW potential of skilled workers that may become available due to closures at Kennametal and Plasan. Collected list of GW job openings and forwarded to labor representatives working with both companies.
- **Stowe Aviation:** Lisa Gosselin met with Russell Barr who is spearheading expansion of Stowe-Morrisville airport and Green Mountain Air. Barr could not say enough nice things about working with the state on this project and had high praise for Guy Rouelle and Brent Raymond. Project, now estimated at \$27 million, is hoping to gain EB-5 funding and Raymond is working with Barr on this. Permits are expected to be in place by end of the week. Goal is to lure more private traffic, create a flight school and create a small airline.

VERMONT ECONOMIC PROGRESS COUNCIL ♦Fred Kenney, Director

VEGI

- Interview with Alisha Frees, Seven Days, regarding Keurig Green Mountain incentives. Expect publication April 2.

- Worked with following companies on potential VEGI applications: Followed up with 1366 Technologies, Resolute Forest Products, and Stone Brewing Company.

DEPARTMENT OF TOURISM & MARKETING

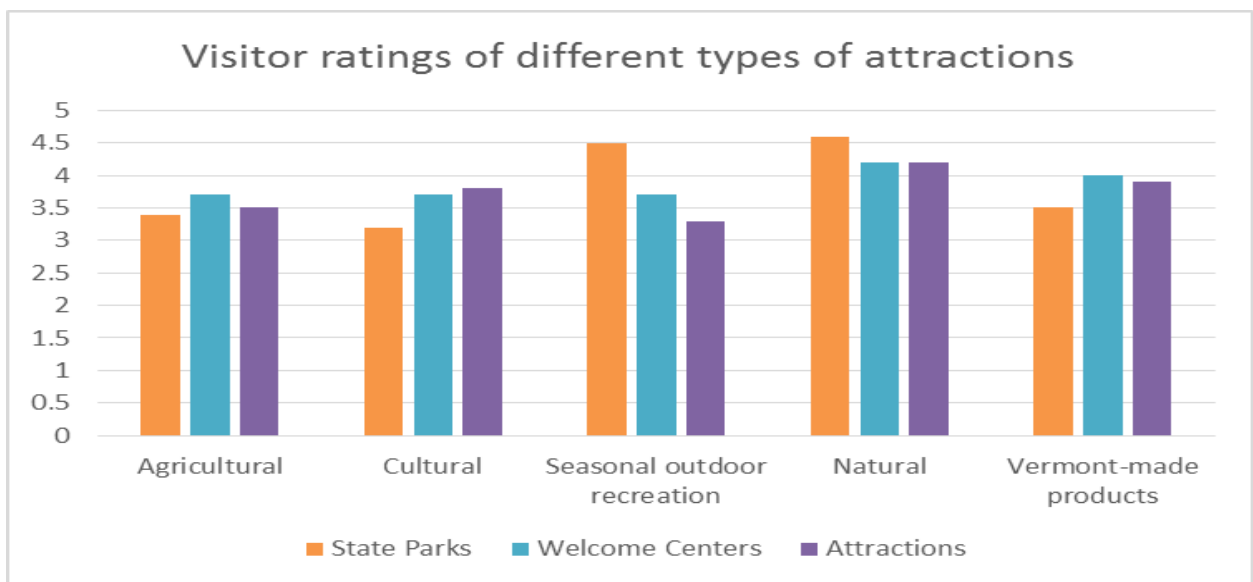
Steve Cook, Deputy Commissioner

- **Rolling Stones Story:** On Monday, March 31st, WPTZ visited the Agency of Commerce seeking comment from the Tourism Department in regards to the recent Rolling Stones article. Deputy Commissioner Cook interviewed with WPTZ to address their questions. The story aired that evening. Click [here](#) to view.

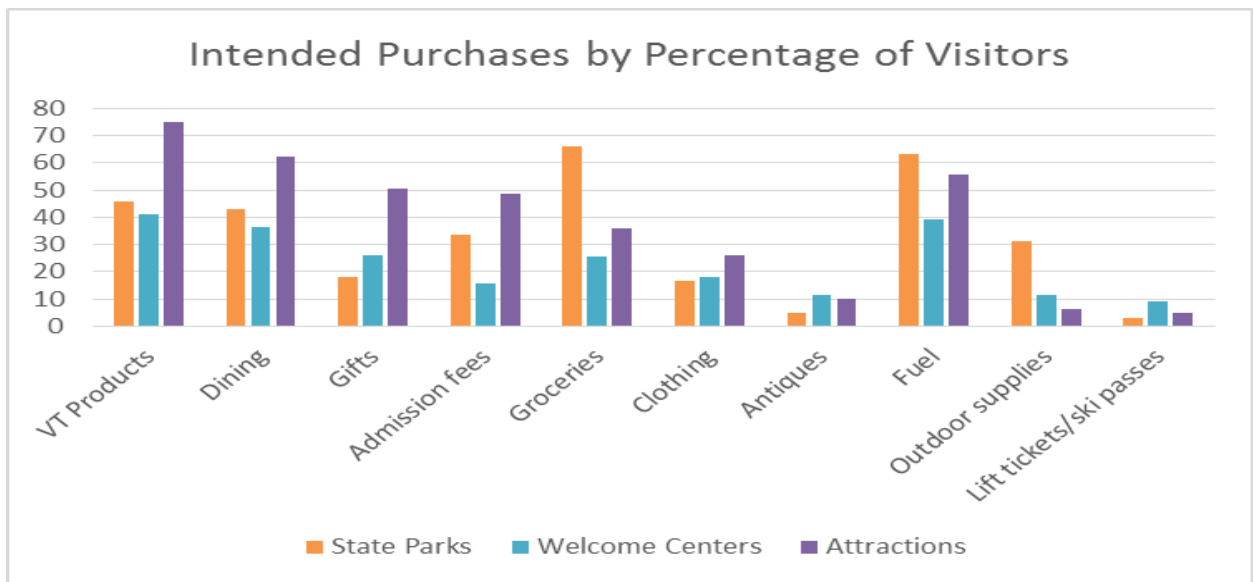
RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Research

- **Visitor Intercept Study Reveals Varied Interests:** Initial analysis of the 8,555 respondents to the study managed by UVM's School of Natural Resources reflects different values and interests of visitors, depending on where the survey was conducted. The table below shows the average ratings of what visitors find of interest about visiting Vermont (Scale of 1 – 5, with 5 the highest).



Differences among visitors are more distinct when asked about what they have purchased or intend to purchase during their visit to Vermont. A demographic influence is that visitors to Attractions had significantly higher household incomes (median \$87,500) than those interviewed at state parks or welcome centers (median \$62,500). Note: Surveys were taken primarily during the summer and fall months, meaning that the purchase of lift tickets and ski passes shown here is not proportional to actual visitation on an annual basis.



An initial executive summary of the study is being presented by UVM’s Bill Valliere and Lisa Chase at the [Vermont Travel Industry Conference](#) this week.

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

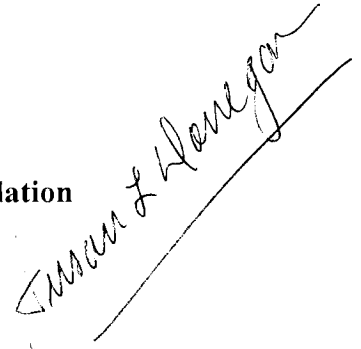
- **Review of new Labor website:** The Department of Labor went live with a new website this past week. While the site is in keeping with most of the state’s Web Standards and adheres to the mockups we all saw several months ago, we noticed several functional issues within the site that need to be addressed. At the request of DII Web Services Director Harry Bell, we wrote up a site review memo outlining the issues and offering suggested remedies for each.

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

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: April 4, 2014
Re: Weekly Report



Banking Division:

The John Deere Inc. issue has been resolved. DFR and the company are in the process of working out the details to create a process that will make it easier for the company to submit its license lender application. For example, John Deere's CEO will be able to designate certain corporate officers who will be permitted to execute ongoing state licensing requirements. Commissioner Susan Donegan believes that John Deere will not pursue a legislative change.

The number of newly-filed foreclosures continues to drop. In February, 79 foreclosures were filed compared with 112 in January and 80 in December. In February 2013, there were 141 foreclosures reported.

Captives Division:

The amount of captive premium tax projected by the Captives Insurance Division for fiscal year 2014 was \$23,750,000. Through March 31, the department has received \$24,535,000.

Insurance Division:

During March the Consumer Services Division ordered insurance companies to return \$266,586 directly to consumers as restitution based on violations of insurance law or the resolution of claim complaints.



Securities Division:

DFR is in the process of crafting a standing exemption from securities registration for solar projects seeking to raise capital. This “safe harbor” would permit solar projects that meet certain requirements to rely on a self-executing exemption from state securities registration. The Commissioner anticipates that this standing order will be available by the end of April. The Commissioner also will communicate with Commissioner Recchia from the Public Service Department to coordinate guidelines for solar projects relating to securities exemptions and requirements.

Commissioner Donegan and Deputy Commissioner of Securities Michael Pieciak met this morning with management from SunCommon and their legal counsel concerning a pending exemption from securities registration for a series of upcoming projects. DFR expects to issue a discretionary exemption in the interim time period before the standing order is issued, which will allow this project to proceed as soon as possible.



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CONFIDENTIAL AND PRIVILEGED MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: March 14, 2014

Legislative Issues/Contacts:

This week (Wednesday) I testified in House Ways and Means on H.883. I chose to focus on the educational dimensions of the bill: specifically, that I appreciated that the bill tasked us to develop a set of performance indicators for all VT schools. I also noted that with K-12 systems we would have analyzable units and clarity around who/what system is responsible for outcomes. I shared some summaries of course offerings to make the point that we have variable experiences across units. By in large, my goal was to speak in paragraphs so I couldn't be quoted.

Significant Events/Meetings:

I met with the **full body of the VSA** on Thursday. I had preciously surveyed the Superintendents about their perception of the capacity of their principals to lead improvements in teaching. I played back the results, which suggested they felt pretty confident in the capacity of their leaders to lead improvement, then showed them a representative panel of test data, to illustrate the point that over the last five years, we have not seen meaningful increases in learning nor narrowing of gaps. The question I posed was: *Given our perception of our principals' capacity, how come we are not seeing better learning for students?* In the open response items on the survey, they cited a bunch of issues related to governance, including: the challenge of developing curriculum locally means they spend all their time thinking about what to teach, not how to teach; difficulty aggregating and targeting professional development opportunities limits site-based professional development, demands on principals makes it difficult for them to sustain focused attention on instruction, isolation means people may think they are doing well when really they need to improve.

Issues on which we need help:

1. Licensing

We are in limbo on licensing, and this is causing a tremendous strain on morale, and threatens to strain our budget. We need your help encouraging Jim Condos to make a timely decision on whether he wants licensing or not. Here is the problem.

We have already invested \$500k in a new online licensing system. To continue the system for another year, we will have to pay another \$100k on July 1st.

In addition, the Standards Board has decided to revise its licensing process. This will require us to make adjustments to our online platform. These adjustments may cost up to \$250k, but it is difficult to estimate, because of the current lack of detail on where the Standards Board will go with streamlining its processes. If we are going to continue to license, it makes sense to make these changes to the system. If we are not, making these changes is a complete waste of taxpayer money. Again, if SoS is taking this process, that potentially have implications for our contract.

Our licensing staff is incredibly demoralized at the moment. They spent a tremendous amount of time developing a costly, online system that is working well in the beta test, and realize that the whole system may be thrown out and they might lose their jobs. The longer we go without a decision, the more these folk suffer, and the more difficult it is for us to fill the current vacancies because people know these jobs may not be permanent.

Here is what we need:

- a) A **decision by Jim Condos on whether or not he is taking over the licensing system, and by when.**
- b) If SoS is taking licensing, legislative language addressing Chapter 51 title 16 to enable the move from AOE to SoS of licensing. If Jim Condos wants to take licensing on soon, we ought to get this language in this year.
- c) Clarity on a timeline, so we can make appropriate contracts to support the licensing process.

2. Unfunded mandates

Every year, the legislature enacts legislation that has unfunded cost implications for us. Some of these are substantial. For a sampling:



ACT 77— as we move forward on Act 77, we face:

- Estimated costs of about \$1.4 million for dual enrollment courses.
- 1.2 FTE taken from school effectiveness work to support dual enrollment purposes, including flexible pathways initiatives of dual/early college, work-based internships, virtual learning and PLP implementation,
- To cover costs, we found \$800k from Next Gen for first two years (based on one time finds, including 880k of Next Generation funds.) We needed to subsidize this with about \$200k of ed funds money repurposed from high school completion in order to meet the goals of the bill. In FY 16, we will only have \$400k
- We are not solvent on this moving forward.

Act 270 –If Act 270 passes, we will be unable to support it.

- We had originally anticipated needing 6 positions, 2 of which would be funded by the RTTT grant.
- To adequately support this work, we estimate we'd need 3 positions, which we do not have.
- We are exploring ways to use some of the current year vacancy savings to contract for some of the anticipated costs, including completion of early childhood standards, but this will not address the need for monitoring and technical assistance for expanded preK options.

H.883

- If H883 passes, we will face a tremendous work burden in every division.
- We are currently working to come up with a summary of what these additional tasks involve, and will share that later. The current proposal includes 2 positions for the AOE and half position for the SBE, as well as some resources. These will be critical.

In addition, the new Chief Efficiency Operations work will create demands as well, related to data pulls and data collection. This comes on top of increasing demands on us associated with commercial entities requesting data.

We will be contacting Jeb to set up a meeting to discuss this.

3. Amendment to H.876

Representative Goodwin's proposed floor amendment to H.876 was approved as Section 36 of H.876, and is now before the Senate. I will be sending a letter to Senate Finance asking for their help in removing this amendment. We are doing everything we can to oppose this amendment, and would appreciate any help you can offer.

In a nutshell, this amendment would put us on the wrong side with federal auditors. For example, we are responsible for ensuring that the financial data submitted are compliant and a record of the materials must be kept on file no fewer than 5 years. This record must be made available, at any time during this 5 year period, for audit and



inspection by the Office of Inspector General. Annual audits performed in accordance with Generally Accepted Government Auditing Standards meet this requirement.

Note that the Agency of Education received a monitoring finding from the US Department of Education for not using final audited numbers in its calculation of Maintenance of Effort under No Child Left Behind. [Monitoring Finding 3.4] Failure to comply with the terms and conditions of the grant agreement may lead to the imposition of sanctions by the US Department of Education. Receiving annual audits from all districts in the state was the first step in the Agency's corrective action plan. The legislature's refusal to adhere to that plan could lead to further scrutiny of Vermont's internal control systems and additional sanctions.

There are also a host of state level problems with the bill. 16 V.S.A. 567 requires audited surpluses be carried forward into the next fiscal year as revenues to help offset tax rates. 24 V.S.A 1523 requires deficits to be added to the next year's budgeted expenditures for tax rate purposes. **The change approved by the House would mean school districts have no means of establishing their year-end surpluses or deficits and cannot comply with the law. Furthermore, their inability to determine financial position at year-end means the Agency of Education and Vermont Department of Taxes cannot accurately set homestead tax rates for the districts.**

Although the Agency agrees with Representative Goodwin's argument that annual audits represent a significant expenditure for small districts, we know this is part of the price of being small. If he doesn't like it, do governance reform. We also note that many of the financial indiscretions and embezzlements brought to public attention recently have occurred in small districts and were discovered as part of the audit process.

Evolving Issues:

AOE's Public Face

We are slowly reframing our website to be a little friendlier and to explain our work and engage the field a little more purposefully in conversations about what it means to educate our students well. To see an example of what this will look like, follow this link:

<http://education.vermont.gov/lets-talk-education/lets-talk-standards>

Governance, Again.



You asked for comments on voice, choice, and cost.

Voice:

Voice happens when stakeholders stay engaged with public systems and use their voice to shape their operations, hopefully for the better. Using your voice to improve a system assumes you have good information about how the system is doing and how it could be better, as well as sufficient power, influence or control to move the system in the desired direction.

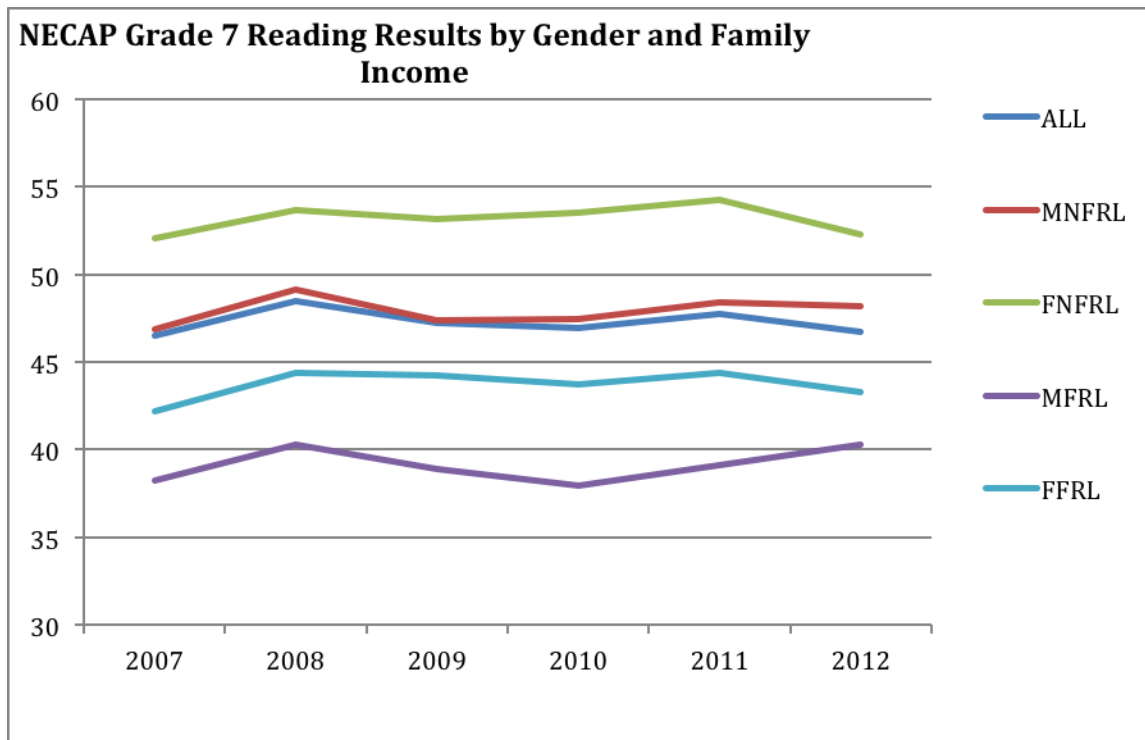
Voice by towns that tuition kids:

When towns are dependent on tuitioning their students to other schools, they have to pay the tuitions charged, and have limited say over programs delivered, if any say at all. In most cases, there are few options, so the actual choice students can exercise is fairly limited. One case study: St. Johnsbury is struggling now to pay high school tuitions. When it is compelled to make budget cuts, because it does not have control over the HS tuitions, and because it can't spread cuts across all 13 grades, the cuts St. Johnsbury has to make are all made at the elementary level.

Data on effectiveness of current system:

Under our current system, we have not closed achievement gaps nor have we achieved meaningful increases in scores statewide (see sample figure below). While we score well on average, some groups, and in particular, our poor boys, persistently lag behind.





All = All Assessed Students

MNFRL = Male Not Free/Reduced Lunch

FNFRL = Female Not Free/Reduced Lunch

MFRL = Male Free/Reduced Lunch

FFRL = Female Free/Reduced Lunch

We can't prove that a system that has not yet been created will yield better outcomes. It does seem safe to say that the current system is not delivering the outcomes for which we had hoped. The argument the Superintendents and House Ed are making is that because we are distributing our educational services through many very small (and shrinking) districts working independently, we are constrained in our ability to develop systematic approaches and innovative to improving outcomes, to aggregate necessary resources and to provide professional development at scale.

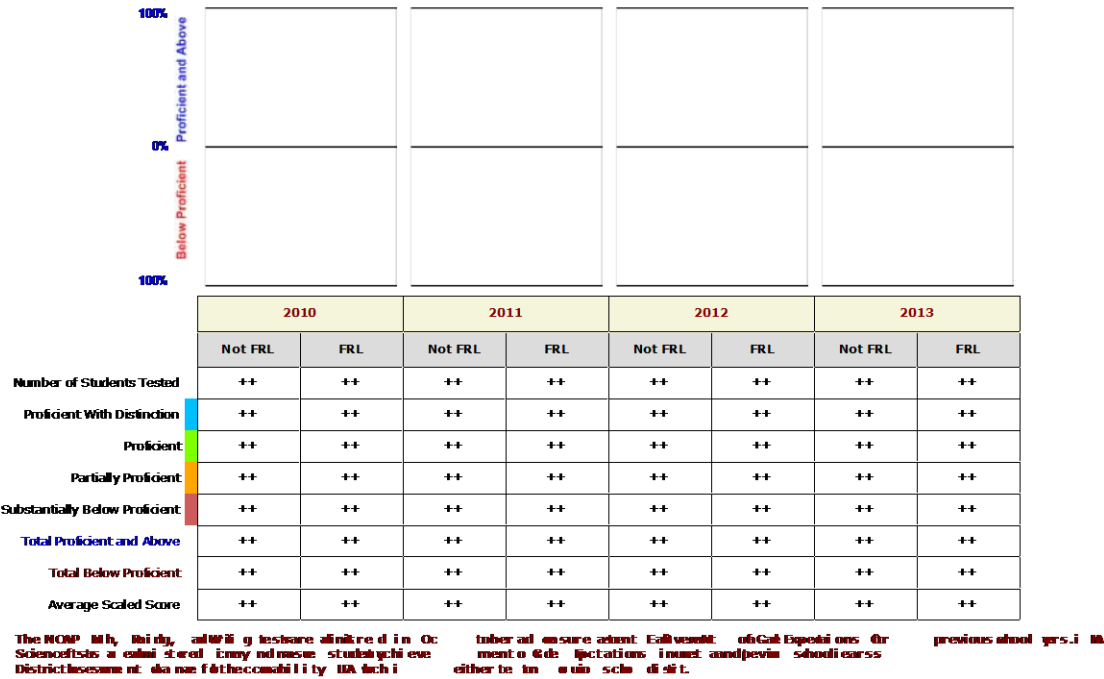
In addition, our units are very small, and in many cases, so small we have to suppress their data. Here is an example from Westford:





NECAP Assessment Report

Organization:	Westford Elementary School
Teaching Year:	2012-2013
Test/Subject:	NECAP Writing Grade 5
Breakdown:	Differences in achievement by family income?
Comparison:	Over Time?



4/6/2014 10:14:50 PM

Web comments, suggestions, or errors for correction: DOE-Webmanager@state.vt.us

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Because of small grade sizes in Westford, this school has not reported grade level scores in writing since 2010. This raises interesting questions: how much voice can local individuals have if they do not information on performance?

About 33% of our schools have some data suppressed, because of numbers. See below. When data is suppressed, the quality of voice they can use is impaired, and their ability to analyze their effectiveness is also questioned.

Reporting (n>10)			
Student Group	3-8 & 11 (Current)		
	Schools Suppressed	Total Schools	Percent Suppressed
All	22	304	7%
FRL	42	302	14%
SWD	112	298	38%



ELL	103	126	82%
Black	184	210	88%

Choice

In expanded districts, some towns might actually have MORE choice, because they would actually have public school choice. I seem to have deleted my copies of articles of agreement. I have asked for replacement copies, and will send them along when I get them. These give a sense of the range of the options for structuring these. I would urge caution in binding towns to choice as well. Choice is like school size—it tends to be an expensive option. When you don't control your secondary options, you need make all your cuts in your elementary school. See St. J's for a current example of how painful this can be.

Privatization and Choice

Several towns, including Westford, have discussed the option of closing their public school and opening a private school as a way to reduce costs and preserve “voice.” They would be wise to consider a few factors before pursuing an option like this. First of all, one of the state's major challenges at the moment is overcapacity: we are spending more and more dollars to educate fewer and fewer students. Privatization does not change this underlying economic reality. Secondly, some towns seem to think that if they open a private school, they will draw additional students because they are private. The experience of the two towns that did privatize suggests otherwise. For example:

North Bennington: A group in the part of Shaftsbury that attends North Bennington has hired an attorney to pull out of North Bennington. If they succeed, North Bennington's private school is unlikely to be viable. We won't have data on where North Bennington's students decided to enroll until late August; anecdotally, we hear they lost a few special education students. As the North Bennington Attorney let slip in a meeting, she is working for free because the school is struggling so much financially it can't afford to pay her.

Winhall: based on the most recent data available, school year 2012-2013, of Winhall's approximately 79 students in grades K-8, approximately 20 of those attend the Mountain School located in Winhall while 23 attend other private schools. The other 26 of the town's children attend public school outside of



Winhall. The Mountain School has been unable to retain all the students in town, and Winhall now has more students attending private schools other than the private school the town set up to replace its public school.

The moral is that towns should not assume that privatization would keep their small school open in town. My sense is increasingly that the ferocity of the CIS/Mill Moore is a reflection of the increasing duress they are experiencing as student numbers drop statewide.

The real danger is that districts will fall into this situation a few at a time, rarely with more than one or two in a supervisory union. The majority of districts in these supervisory unions may be doing well and see no need for change. Over time, a few districts at a time, VT students will see significant declines in their education experience associated with the decreasing viability of their schools. This process will continue until the number of districts, isolated in their supervisory unions, reaches a critical mass that leads to statewide action. The negative effects on these children are likely to be substantial.

Cost

They need to read/hear testimony from VSBO and the Superintendents. Bob Mason and Dan French were persuasive. Testimony online on House Ways and Means and House Ed website.

Rebecca



CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Apr 4, 2014
Re: Weekly Report

Status of Governor's Priorities:

n/a

Legislative Issues/Contacts:

Appeared before Sen Approp Comm and Sen Econ & Gen Comm this week for budget review and discussion of H631 (paying agent bonus). Approps was focused on effectiveness of problem gambling grant and concerns about state agencies building new websites. In general, a pretty light hearted session in my opinion. Econ & Gen was open to our position that this bonus bill was not an effective use of resources. Once they understood the effort they were curious why House comm. moved it forward. After working with Leg Council yesterday it appears that this will become a Session Bill and directed to our Rules where it currently resides now, and is limited to the small number of high level wins that we research now anyway.

Econ & Gen also told me that H575 will stay on the wall. I hope that remains true. Commission Chair O'Connor and I have spoken with some key senators who support our view.

Press Issues/Releases/Contacts:

n/a but nice exposure for \$1M Powerball winner from Glover last week – a young couple with 5 kids. Imagine \$1M added to the economy of Glover.

Significant Events/Meetings:

n/a

Evolving Issues:

n/a

Summary of Key Agency Department Activity:

We are currently on an upward path. New staff members are doing well, marketing appears to be reaching audience and affecting game sales (mostly instant tickets), and we are fully staffed for the first time since I started.

Executive Director's Commentary:

I will be bringing contract amendments forward this month for Intralot, our gaming vendor, and NL Partners, our ad agency. Intralot is needed to add the bar vending machines and to utilize the first 2 year extension. While we are still experiencing growing pains with them there has been improvement and a better partnership. We are not in a position or mindset to go through an RFP process to replace them (requiring full focus from key staff for 15 months), preferring to set up two more years (thru June 2018).

We may be requiring additional web services and software purchases from our ad agency to assist with our expected new website. We plan to extend their agreement with the first of two 1 year extensions. I expect that they will do less TV ad placement for us and add this web work as a method to maintain revenue.

OFFICE OF THE SECRETARY

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Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, April 4, 2014

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

CCTA Update

Nice job on the CCTA meeting. It couldn't have gone any better in terms of your message and delivery. Now it will be interesting to see what happens to rehab the labor-management working relationship into something that will prevent these service interruptions in the future.

Legislature

The T-Bill has moved through Senate Appropriations after a marathon 16-minute hearing during which Senator Mazza was the only witness and did a masterful job. The bill should make its way through the Senate 2nd reading today, at the same time that our "Proportional Share" bill is voted out of the House. We will need to work on the Senate side to allow this to be taken up (post crossover). It has been supported by the business community and environmental groups and passed through 2nd reading in House unanimously. Moreover, our DMV Miscellaneous bill was voted out of House Transportation.

Congressional Activity

The Senate EPW committee is now actively marking up the Reauthorization bill, and we are working closely with Senator Sanders' staff to make sure our special needs are advanced, including federal funding eligibility for stormwater management on state highways, fair funding for small states and resilience. We are also drafting a letter for you to sign and send to the Delegation and the Committee members regarding addressing the federal fiscal cliff. This will not be solved, in the short term, by the reauthorization bill, but needs action in appropriations. Our best outcome would be for another General Fund Transfer (since it can happen quickly, and will avoid the "small state" challenge if there are user-fee revenues which place us in tough competition with large states). Finally, as a part of the Presidential Task Force, we are also working with the Built Systems subgroup

to advance many policy objectives around climate mitigation and resilience. The Sub Group is sending a letter to USDOT Secretary Fox on this topic.

Vilas Bridge Rehabilitation

The historic bridge between Bellows Falls and Walpole, NH has been closed since 2009 and taken off the ten-year plan by New Hampshire DOT as they are in dire straights financially. I have reiterated the offer to pay for the bridge rehabilitation in exchange for a reduced financial share of subsequent Connecticut River bridge projects that are coming down the pipeline.

We will meet at the bridge on May 16 in Bellows Falls to discuss further. However, in a discussion this morning with Commissioner Clement of New Hampshire he reiterated that neither the Senate President or the Chair of the House Public Works Committee, a Dem named David Campbell, will allow him to enter into an agreement with us that has NH paying more than 50% of the bridge rehab (apparently, Governor Hassan has little say in these matters). I don't know how far or for how long I can push this issue but we're doing the meeting anyway. If you or your staff have any idea how to get a reasonable discussion going with political players in New Hampshire, let me know.

NAFTA-NEXT

I will be attending a conference in Chicago later this month put on by the Coalition for America's Gateways and Trade Corridors (CAGTC), a nonprofit of 60 private and public trade organizations. Although I will be representing the I-95 Corridor Coalition at the conference, I have been asked to join a panel to describe the transportation barriers to trade, particularly freight movement, from a northern border state perspective. This discussion is part of the build-up to determining direction as the nation considers the future with NAFTA turning 20.

My staff is working on this but we will also seek assistance from ACCD and if you have a view that you want me to know about which might guide my planning, please let me know.

NOTES FOR STAFF

Amtrak News

The State of Connecticut has notified Amtrak that they are going out to bid on new passenger service between New Haven and Springfield, MA. This service, which will be a commuter-oriented service that stops in Hartford as well, is scheduled to start in 2016. The bid will be for train and engine crews, station operation, maintenance and parking and some other services. These services are provided by Amtrak under existing service, including *The Vermonter*, on the same line in accordance with PRIIA 209.

This is more than just a shot across the bow of Amtrak and should be watched closely to see what competitors develop for this new service and how this impacts the increasingly expensive PRIIA 209 related costs on our own trains.

Rutland Route 4 Re-striping

The City of Rutland is in the middle of debate around their proposal for a “road diet” trial. This is a 30-day trial of a reduced lane treatment on Woodstock Avenue (Route 4) to deal with a safer and more bike-friendly environment on that road. The 5th floor may hear some comments due to the normal trepidation that goes with change as skeptics line up to oppose. Aldermen along with Mayor Louras are willing to try it but don't believe that the new one lane with bike lane and left-turn lane can work with 12,400 cars per day. We are more optimistic because the same layout is working just fine in Burlington (Colchester Avenue, 18,000 cars per day and South Burlington's Williston Road, more than 20,000 cars per day). Crashes, especially rear-enders, are down in those locations as well. Note that this project is managed by the City, and these are their ideas/plans, and did not come from us (although citizens believe VTrans is “forcing it down their throats”).

TDI New England – Underwater/Underground Power Transmission Line from Quebec to Southern New England

This project features High Voltage direct current (HVdc) energy transmission, which the developer describes as a time-tested technology that transmits power over long distances more efficiently than Alternating Current (AC) transmission.

The project's purpose is to move electricity from Quebec to southern New England. The proposed route would start at the U.S.-Canadian border in Alburgh, travel south through Lake Champlain, move onto land using existing highway and utility corridors, and end at a converter station in Ludlow, Vermont. At this juncture, it's likely that the proposed project will use town highways in Benson to get from Lake Champlain to VT 22A, then proceed south on VT 22A to Fair Haven, then east on US 4 to Rutland Town, then south on US 7 to the VT 103 interchange, then easterly on VT 103 to Ludlow, then on town highways to the Ludlow converter site. (The project also is considering a VELCO corridor, which runs from the Rutland area to Ludlow.)

The TDI New England project is described in more detail on this website:

<http://www.necplink.com/about.php>

Bike/Ped Issues

Deputy Secretary Minter presented at a Bicycle and Pedestrian Summit (along with Commissioner Mackay), which VTrans sponsored and helped initiate and organize. There were 250 people there, who all got to hear about the great strides your administration is making to address their interests (from the Complete Streets legislation to doubling the funds for bike/ped). People seemed pleased.

Motor Vehicle Crash Statistics

Fatal Crashes March 25 – March 31, 2014:

3/30/14: Weathersfield, VT 131. Single vehicle, ran off road into tree. Passenger fatality, seatbelts used.

2014 Fatalities: 10 Total – 6 vehicle operators (1 snowmobile), **2** passenger and **2** pedestrians.

As of **March 31 in each calendar year:**

<u>Year</u>	<u>Fatalities (people)</u>	<u>Fatal Crashes</u>
2014	10	10
2013	9	8
2012	21	18

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: April 4, 2014

Vermont Department of Health (VDH)

Bennington Hublet Discussion:

On April 2nd, Bennington Hospital hosted a meeting with partners from the Rutland and Brattleboro Hubs and Spokes physicians from the area. Deputy Commissioner Barbara Cimaglio and Peter Mallary were invited to participate. The group is exploring a partnership that will create a hublet in Bennington. They are further interested in collaborating with NY and MA on a possible regional approach. The VDH will continue to assist them in understanding staffing and infrastructure requirements.

2014 Worksite Wellness Conference:

The VDH hosted the 2014 Worksite Wellness Conference on March 27th. This year's conference brought together 350 professionals representing approximately 150 companies throughout Vermont. Commissioner Chen presented 91 companies with worksite wellness awards. The conference provided the opportunity for both employees and employers to share best practices with each other.

Department of Mental Health (DMH)

Fletcher Allen Health Care (FAHC):

Dr. Isabelle Desjardins will be the Psychiatric Medical Director for the Vermont Psychiatric Care Hospital (VPCH). She has begun meeting with staff and participating in policy review and movement to Berlin. VPHC and FAHC will share Dr. Desjardins as medical director over this next year.

High Profile Case:

M.P. was released from Corrections to GMPCC this week.

Department of Disabilities, Aging and Independent Living (DAIL)

AFSCME negotiations continue/no update:

Union leaders for independent support workers rejected the state's proposal (\$10.50 and 2% beginning in January of 2015) and continue to misrepresent that promises are being made outside the negotiation room (by the Governor's office). When challenged, the lead negotiator

acknowledged her information was “second-hand”. Negotiations resume on April 8th. AFSCME is well aware of the need for legislative approval of any contract and the legislature’s planned adjournment date.

H.555, the traumatic brain injury bill, now in Senate Judiciary:

No testimony has yet been scheduled. DAIL has provided additional information to the Commissioner of Finance and Management to underscore the potential cost of an expanded public safety role for a new population. This would have a major impact on the FY 16 budget.

DAIL presents budget to Senate Appropriations:

The House passed the Governor’s recommended DAIL budget and the Senate appears inclined to follow suit. There were no surprises during testimony and questions mostly were to affirm the fact that the DS (Developmental Services) caseload was blessed by JFO and that the Choices for Care savings definition in last year’s Big Bill was reasonable to use again this year.

Senate Health and Welfare hears testimony on “Peace of Mind” bill, H.728:

Family members and advocates for person with developmental disabilities appealed to legislators for more legislative oversight of the process for prioritizing expenditures in Developmental Services. Alleging that the current process does not give them enough say, suggestions ranged from giving families responsibility for managing DAIL’s budget (“we should say who goes where and who does what”) to simply having our current system of care of plan go through administrative rule making. One older family member (out of committee) said it well: *It boils down to our fear of dying and wanting to make sure the system will be there. We just want peace of mind.*

H.728 at this point does little more than create a legislative summer study committee but the rhetoric surrounding it promises a more robust quality oversight system than we can currently deliver. It also questions whether clients with disabilities are being treated as well by AHS as other agency clients.

Department of Corrections (DOC)

Drug Interdiction into a Correctional Facility:

On Sunday several inmates at the Northeast regional Correctional Facility (work camp side) began exhibiting odd behavior. Inmates were presenting as highly agitated and aggressive. They seemed not fully cognizant of their environment. Two inmates were brought to the hospital. Through intel work, it was determined that tobacco laced with some substance had been introduced. Several inmates turned in tobacco as they had concern for their safety. The facility was placed in lockdown and a DOC special operations team with the assistance of Vermont State Police (VSP) canine handlers searched the facility. The tobacco that was seized was turned over to VSP. VSP has indicated that the substance on the tobacco was a synthetic compound known as “k-2” or “spice”; this particular derivative had not previously been found in Vermont.

Population Report

The department's incarcerated population averaged 2,152 for the previous week. The department's incarcerated male population averaged 1,992 with 383 being presentenced inmates. The female population averaged 160 with 42 being presentenced inmates.

Department for Children and Families (DCF)

Children's Integrated Services (CIS) Accommodation Grants:

The DCF Child Development Division (CDD) sets aside approximately \$250,000 each year for "Accommodation Grants" available through CIS Specialized Child Care Services. These six month grants support successful inclusion for young, high-needs children in high quality early learning and development programs. Programs apply for a grant to support a child with an active CIS One Plan or Individualized Education Plan (IEP). The funds are intended to fill unmet needs after all the services a child is eligible for are in place.

Frequently the grants address social-emotional needs or behavioral challenges that, paired with early childhood mental health consultation services, can be improved with a period of intensive effort. Of the children supported, 76% also receive child care subsidies. Accommodation grants prevent expulsion for over half of the children that are supported. Just over one third of the grants are renewed for subsequent six month intervals for children with on-going or chronic developmental conditions that require sustained support services.

In SFY 2013, demand for support exceeded the budget by \$35,970. All fundable applications were covered but renewals of on-going applications were held until the new fiscal year. Demand is increasing. By January 2014, \$275,862 was committed to funded applications (\$25,862 more than budgeted). An additional \$43,146 in non-IV-E fundable applications were waitlisted and then approved using unspent CDD funds in the DCF appropriation. All on-going grants have been renewed through the end of the year. No additional applications will be accepted until SFY 2015.

It is clear that these supports are valuable resources for children with high needs and for the providers committed to helping these children succeed.

3SquaresVT Error Rates:

After the completion of our November 2013 reviews, our 3SquaresVT Payment Error Rate is 5.25%. Although we are just 2 months into the federal fiscal year, a comparison of this time period from previous years shows how well we are starting off FFY 2014. At this time in FFY 2011 we were at 7.09%, FFY 2012 we were at 8.02% and at this time in FFY 2013 we were at 9.40%. In addition to being under the FNS threshold of 6%, our current Payment Error Rate of 5.25% is a decrease of 4.15% from this time last year.

New Strain on Temporary Housing (motels):

An apartment complex in Essex Junction is being demolished to build new, more expensive apartments. There are currently 122 units housing hundreds of people. The new building will have 300 units at approximately double the rental cost. Current tenants received eviction notices

giving them 60 days to leave the premises. These tenants will likely need GA Temporary Assistance and will meet the constructive eviction criteria.

Department of Vermont Health Access (DVHA)

Brattleboro Retreat (BR):

DVHA has presented the Retreat with a proposed settlement agreement regarding denied reimbursement for inpatient stays. The agreement proposes:

- Payment by DVHA of \$200,000 for denied days over the past 2 years.
- Use of the American Society of Addiction Medicine (ASAM) criteria as the recognized standard for determining appropriate level of service for substance abuse and mental health services.
- Payment at full inpatient rates for anyone meeting the ASAM criteria for inpatient stays, and payment at DVHA's sub-acute hospital rate for anyone not meeting the criteria.
- Collaboration between DVHA and the BR on implementation of the criteria including decisions about the appropriate application of the determination of "imminent risk" and consideration of the availability of community based services.

DVHA is meeting with the Retreat on Thursday to attempt to finalize the settlement agreement.

High Tech Program:

Children with Special Health Needs (CSHN), VDH and DVHA have been working with Home Health Agencies to ensure that all children on the High Tech Program are receiving the determined services they are eligible for. CSHN and The High Tech Program in collaboration with the home health agencies are reassessing all children for level of services needed. Those children who require less high-tech (nursing) hours will be placed in lower level services if they qualify. The Deputy Commissioner and Medical Director from DVHA will be communicating with advocacy groups to disseminate this and to ensure that needed services are being delivered with clinical standard, while being financially responsible.

Vermont Health Connect (VHC) and Medicaid Backlog:

DVHA and DCF met several times this week to develop a plan for addressing the growing eligibility and enrollment backlog between VHC and Medicaid. The backlog includes change of circumstance requests, traditional Medicaid application, and a variety of other reviews and enrollment requests pending at the Health Access Eligibility Unit (HAEU). This backlog poses a range of issues for customers (VHC and Medicaid) seeking coverage and care, compliance issues, and legal and political risk. Lawrence Miller and I are trying to find the right balance of inadequate resources.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

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

Secretary's Top Issues

The USDA 2014 Farm bill grant awards were announced Thursday. The collaborative effort between CAPS and UVM extension has been selected to receive funds to continue with our **Forest Pest Outreach and Survey Program (FPOSP)**, which has been very successful in the past. This program, which works to increase public awareness of invasive insect threats to our forest and nursery resources and to train citizens how to recognize the signs and symptoms of infestations, has earned accolades at the National level.

Seed potatoes are being packaged, certification labels were delivered to Chappelle's Vermont Potatoes on Thursday, 4/3, for six certified varieties, and 10 field inspected varieties. This is the fifth consecutive year Chappelle's farm has sold tagged varieties to Vermont and New York/New England potato growers. Although last summer was a bad one for seed potato production (wet conditions in May and June led to poor emergence and severe losses in the fields), the 2014 sales will be only 11% lower than 2013, which was the largest year to date. Hopefully the 2014 growing season will be more suitable for seed potato production.

State Veterinarian, Kristin Haas, facilitated a conference call this week to discuss moving forward with the **humane transport of cattle and calves initiative**, engaging the VT Livestock Care Standards Advisory Council, UVM Extension Service and Farm to Plate as partners. The goal of this initiative is to provide educational materials to bovine ag stakeholders on humane transport of bob calves to slaughter.

Animal Health field personnel investigated a report of the sale of **sugar gliders** (squirrel like animals native to Australia and New Zealand) at the South Burlington mall. The company is located out of state and is required to be licensed as a pet shop. Assistant State Veterinarian relayed the requirements to the company owner who stated that this was their first visit to VT and they are not sure if they will make repeat trips. Case was also referred to Fish and Wildlife as selling sugar gliders may require a permit.

Dairy Section added another new dairy processor making quiescently frozen dairy desserts made with locally sourced organic Grade A" heavy cream and her artisan chocolate to make a premium delicacy on a stick. That brings the total to 104 inspected facilities with 10 more likely to start over the next few months. **Staff concerns are growing with 3 dairy plant inspector for 104 processing facilities is pushing limits for proper inspection – adding 10 more processors will begin to exceed limits.**

Labor Issue for Ag Producers Conference, State House: Spoke and listened in at conference attended by over 100 producers, organized by the VAAFM and VT DOL in partnership with Book Ends consulting. Focus was to help producers understand federal labor laws which have snared many growing producers in VT. Federal officials participated to help explain their complicated set of laws and regulations.

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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:

Status of Governor's Priorities:
Legislative Activities and Issues

April 1, 2014

H. 448 Primary Agricultural Soils- Senate Natural Resources- Beth Fenstermacher (monitoring)

- Hannah Smith, Legislative counsel, reviewed the revisions to H.448 with the Senate Natural Resources and Energy Committee.
- Sen. Snelling questioned whether NRCS is a good standard to follow for the new definition, concerned that NRCS mapping tool is not always accurate. Is this approach really more scientific?
- They questioned and discussed the policy and motivation behind the requirement for mitigation of primary ag soils in designated growth centers and downtowns. If the location is chosen for the developer, (1) why is land with PAS being chosen, and (2) why is it the developers' responsibility to pay? What incentives are given to develop in designated growth centers and downtowns?
- What is the overlap with other bills (H.823)?
- They discussed whether off-site mitigation really reduces impacts to primary ag soils since it is a limited resource. What are the incentives for developing "up instead of out".
- Committee would like to hear from VHCB regarding the process for spending off-site mitigation funds.

H. 329 Current Use Senate Agriculture Stephanie Smith (monitoring)

- Secretary Ross testified on Draft 4.2. Generally the Agency supports the bill. The two issues that stand out to the Agency were Section 8 which has the Agr. Secretary in consultation with the Commissioner of Taxes to work on rules to ensure that agricultural lands enrolled in the UVA continue to meet the programmatic requirements. The Secretary expressed concern that the VAAFM doesn't have the capacity to institute a new program to enforce UVA.
- There was a discussion of methane digesters. Sec. Ross advised the committee to be cognizant of existing guidance bulletin issued by the Department of Taxes TB # 65.
- The committee is still working on language addressing penalties for those that un-enroll lands within the first 8-10 years.

April 2, 2014

S. 247 Marijuana Registry Senate Agriculture Tim Schmalz

- Committee wanted to know if low THC strains of medical marijuana ('Charlotte's Web') would fall under the AAFM Hemp Registry program.
- They had heard that the AAFM program covered cannabis strains containing less than 0.3% THC by weight, as industrial hemp.

- AAFM position goes to end use, not whether the cannabis has more or less THC than the stated concentration, title 6 has a definition of hemp products that does not include medicinal uses
- Therefore the low THC strains of cannabis used as medicine should remain within the jurisdiction of the medical marijuana registry, and not fall into AAFM hemp registry.
- Committee also had questions about the Vermont hemp program and where we saw it going. Uses for hemp in Vermont will likely start as on farm (bedding, fuel, fodder), and evolve in to commercial areas (oilseed for fuel or cosmetics, seeds for human foods, fibers for cordage or fabrics).
- Discussion of feral hemp and whether those strains could be used by Vermonters, in an effort to avoid troubles with federal prohibitions on importing seed (yes, but would be a very slow and intensive process, and nit necessary as the valuable traits already exist in certified Canadian and European hemp strains).

H. 329 Current Use Senate Agriculture Stephanie Smith (monitoring)

- The Senate Agriculture Committee heard from interested persons on the H. 329
- There was discussion on the definition of "parcel" as used in the creating the grand list. It means all contiguous land in the same ownership without regard to property boundaries. This currently influences the interpretation of the definition of development in the UVA statute.
- Jamey Fidel highlighted an issue concerning a possible loophole for large acre lots enrolled for a short period of time. The parcel could be removed and Land use change tax is paid it is immediately subdivided and there is no change to the penalty from today's penalty.
- Mr. Rossi, property owner from Warren concerned about the lien.
- property owners that have met their obligation for managing their land for the duration of a forest management plan and should be able to get out of the program with no lien.
- That property owners may be unaware that the lien is attached to the land.
- There was intense discussion on some of the forestry related provisions of the bill. David Grayck, an attorney in Montpelier who has had the opportunity to litigate the current law recommended caution with respect to perpetuating a one size fits all scheme in current use. Commissioner Snyder participated in these discussions.
- Others who testified include Put Blodget, Ed Larson, and John Meyers.

S. 70 Raw Milk House Agriculture- Kristin Haas

Dr. Kristin Haas listened in to the S.70 hearing but did not provide testimony.

- The committee heard from Senator John Rodgers, sponsor of the bill on behalf of his constituent; Mike O'Grady - legislative counsel; Frank Heward of Heward Family Farm - Tier 2 raw milk producer; Andrea Stander - ED of Rural Vermont; Lindsay Harris - former raw milk producer; Jesse Rogers - current raw milk producer transitioning to Tier 2. The committee is interested in getting the VAAFM perspective on the bill - plans in the works for Dr. Haas to testify on it the week of April 7 on the fiscal/program implications of the licensing requirement and the farmers market inspections that would likely ensue if S.70 is enacted.
- The current version of S.70 being discussed is the same that was passed out of Senate last session
- The bill would allow delivery of raw milk to pre-paid customers at farmers markets by Tier 2 producers who would be required to license with VAAFM rather than register, as is currently done.
- Mike O'Grady stated that the legislative intent of the Senate was that producers delivering to farmers markets would be required to carry product in refrigerated units, not just in coolers - this language is not prescriptive in the bill and only references a temperature maximum.
- All witnesses except for O'Grady and Senator Rodgers alleged that the demand for delivery of raw milk to farmers markets was high within the raw milk producing community and that this allowance would greatly increase the number of Tier 2 producers in VT.
- Andrea Stander reiterated Rural Vermont's goal of having the requests cited in their annual raw milk report addressed by the committee. She further stated that the current law (which Rural Vermont strongly lobbied for) is not adequate/they do not like it.
- There is alleged interest by producers in expanding to retail sales of raw milk-based processed products like butter, yogurt, etc, and NH allowances were cited as evidence as to how this could be done.

April 3, 2014

S. 112 GE/ GMO Senate Judiciary Tim Schmalz

Read through and final vote on H.112 Revisions to the Senate Ag bill include

- minor changes to language in findings sections, to increase 'defensibility' of bill
- Revisions to Purpose section (3041), Public health and safety, combine subsections 3 and 4 from original Ag bill.
- Include definition of 'food' (specifically intended for human consumption)
- Expanded allowable labeling in section 3043 to include 'produced with genetic engineering', 'may be produced with genetic engineering', or 'partially produced with genetic engineering'.
- expanded areas in labeling where 'Natural' may not be used to describe foods produced with GE technology,
- Section 3044 (1) now includes 'other substance' as well as food, drug produced with GE,
- Atty Gen labeling criteria to include option on consistency with other states requirements,
- new sections addressing the creation of a special fund to defray costs of defense and provide assistance to companies to comply with requirements (Minimum of 1.5 million dollars in the fund), fund is not a trigger, fund has to reach 1.5 mil by end of 2015 FY, otherwise AG ask for GF support to make up difference, (sec 5)
- AG and AAFM will put together a study on the dairy exemption and whether it is in VTs best interest to exempt milk (but not dairy products that may contain GE adjuncts) Attached copies of final bill and AG letter to committee

H 329 Current Use Bill Senate Agriculture

The Committee did a run through on changes in draft 5.2. This draft includes the changes to the land use change tax section of current law. Based on Committee discussion this language is still in flux. However, generally the proposed changes increase the penalty to land owner in the program for fewer than ten years, and only a portion of the parcel is developed, "the value of the portion of the parcel shall be the full fair market value of the land without regard to the use value appraisal."

This version of the bill also includes an "easy-out."

The committee recognized that there is still a need to address the interpretation of the definition of "development" in 32:3752, and another definition of "parcel" in 32:4152.

Farm to School

Agriculture Development Specialist Johanna Herron, along with partners from VT FEED, Vermont Department of Health, School Food Service, and students from Robinson Elementary and Mount Abraham Union testified at Senate and House Ag committees. Johanna provided information about the impacts of farm to school, the current status of farm to school (nationally and within the state), and where things are headed. She also shared how the efforts in farm to school intersect with other state-wide food system investments.

H.448

Deputy Secretary Bothfeld testified to Senate Natural Resources and Energy Committee on H.448. Support the bill as written. Bill provides a more objective definition of primary agricultural soils and allows the district commission to choose mitigation of all on site, combination of on and off site and all off site. Would make the process more workable for developers and agency of ag. Concerns from the committee that the bill is too vague in some areas. Working with partners (VNRC and NRB) to meet some of the concerns around on and off site mitigation factors.

Emergency Powers Bill – committee bill in House Agriculture

Deputy Secretary Bothfeld interacted with Chair Carolyn Partridge on language regarding subrogation of insurance and the Agency recovering costs in the event of an emergency issue on the farm that requires the agency to intervene. Due to the concerns surrounding these two issues of funding, they will be stripped from the bill. The Agency understood the concerns with this area of the bill and can support the removal.

Press

- The Agency coordinated a press event to celebrate the start of the maple season at Trapp Family Lodge this week. The Governor "kicked off" the season by tapping a tree, and was accompanied by Sec. Ross, Matt Gordon of the Sugarmakers Assoc, and Parker Riehle, of Ski Vermont. The event was covered by Foxx 44 and WCAX.
- The Agency presented an update to the Vermont Dairy Promotion Council (VDPC) this week. The update covered all dairy promotion activities executed by VAAFM since the November meeting, as well as a look at what is ahead. Using VDPC funding, the Agency is working with Ken Jones at ACCD on an economic impact study, which will analyze the ways in which dairy contributes to Vermont's economy. The Agency is currently working on an RFP for a communications contractor to help roll out the study findings, when they become available in July.

- Along with ACCD, the Agency is sponsoring the Made in VT marketplace, presented by VT Business Magazine, which will happen next week at Champlain Valley Expo. A letter of support for the program, penned for Sec. Ross & Sec Miller, has been submitted, and will be included in the event materials.
- State Veterinarian, Kristin Haas, was interviewed by Michelle Woodward of New England Public Radio on April 3 regarding the press release that had been distributed to media outlets regarding EEE and West Nile Virus vaccination of horses in Vermont.
- State Veterinarian, Kristin Haas, provided information to a reporter from the Rutland Herald regarding the Porcine Epidemic Diarrhea virus that was detected on a VT farm in Rutland county last week.
- Randy Quenneville, Chief of Meat Inspection spoke with journalist doing a paper for VT. Law School pertaining to Vermont slaughter rules.
- Henry Marckres, Chief of Consumer Protection, was interviewed by Anson Tebbetts of WCAX on the maple season.
- Assistant State Veterinarian discussed Porcine Epidemic Diarrhea Virus on Vermont Edition on 4/2/2014. Very brief 5 min interview that covered the basics of the disease and biosecurity measures that producers can take.

Significant Events/Meetings:

- State Veterinarian, Kristin Haas, facilitated a conference call this week to discuss moving forward with the humane transport of cattle and calves initiative, engaging the VT Livestock Care Standards Advisory Council, UVM Extension Service and Farm to Plate as partners. The goal of this initiative is to provide educational materials to bovine ag stakeholders on humane transport of bob calves to slaughter. The next step in this project will be to work with Joe Emenheiser of UVM Extension to develop a study that will evaluate the economic impacts associated with maintaining bob calves on-farm through the first 2 weeks of life vs. shipping them to slaughter at 24-48 hours of age.
- State Veterinarian, Kristin Haas, met this week with the Vermont Veterinary Medical Association and with Dr. Joe Klopfenstein to further plans to develop training modules for VT veterinarians on issues surrounding antibiotic residues detected at slaughter. The training will be modeled after a successful program in Wisconsin and will hopefully help to lower VT's violative antibiotic residue rate.
- State Veterinarian, Kristin Haas, finalized plans this week to hold a New England region conference call with state animal health officials and New England Veterinary Medical Association reps to share resources and identify dissemination options for educational materials pertaining to pet adoption best management practices. The call is scheduled for late April, and resources will be disseminated shortly thereafter.
- State Veterinarian, Kristin Haas, participated this week in a conference call of the USDA Veterinary Services Training and Exercise workgroup, of which she is a member on behalf of the New England states. Survey feedback was analyzed in anticipation of a workgroup meeting in Riverdale MD later this month. During this meeting, the national Veterinary Services Training and Exercise plan will be finalized.
- Assistant State Veterinarian communicated with a cervid producer in Orleans County regarding upcoming inspection dates and herd inventory reconciliation. This cervid producer was subject to a recent NOV and therefore communication to ensure compliance is paramount.
- The Animal Health Section participated in two training sessions with DMV enforcement agents and provided them with an overview of livestock inter and intrastate movement requirements. The Section works with DMV agents at check points to monitor livestock trailers. DMV agents also send compliance referrals to field personnel. This is an excellent and nation-wide unique example of collaboration between the Agency and the DMV.
- Assistant State Veterinarian provided information on the FSMA Intentional Adulteration Rule and areas that the Agency should submit official comments on.
- Animal Health Field personnel inventoried and tagged swine located on the premises that recently tested positive for Porcine Epidemic Diarrhea virus.

Evolving Issues:

The Animal Health section received notification this week from USDA that its Umbrella cooperative agreement has received federal approval. This fund of just over **\$25,000** will offset the costs associated with required poultry testing in VT as well as other animal health programmatic activity.

FDA state liaison is refusing to approve an invoice for a **tissue residue investigation**. Assistant State Veterinarian and Animal Health Program Coordinator participated in a conference call with the state liaison to discuss the matter with no resolution. State liaison's last day was 4/1 and therefore the issue will be taken up again with the next liaison.

Animal Health field personnel investigated a report of the sale of **sugar gliders** (squirrel like animals native to Australia and New Zealand) at the South Burlington mall. The company is located out of state and is required to be licensed as a pet shop. Assistant State Veterinarian relayed the requirements to the company owner who stated that this was their first visit to VT and they are not sure if they will make repeat trips. Case was also referred to Fish and Wildlife as selling sugar gliders may require a permit.

Summary of Key agency Department Activity

Administration:

Deputy Secretary Bothfeld took part in a conference call for the **Presidents Climate project** to review Natural Resource and Agriculture recommendations. A large spreadsheet has been developed with a multitude of recommendations that have been grouped into themes. A request for editing and ranking of the spreadsheet is due to project leaders by April 14.

Deputy Secretary Bothfeld took part in the first conference call for the advisory group for the **Vermont Land Trust Farmland access program**. The process is being made more transparent in the selection process that connects farmers with conserved properties. The first project review will occur at the end of the month for a property in South Hero. There have been multiple applications to review.

Agricultural Development:

Deputy Secretary Bothfeld and Sr. Ag Development Coordinator DePillis took part in a meeting with GMP representatives and the Castleton Polling Institute to review data from a **survey on renewable energy and farmers** – especially focused on methane digestion and dairy farms. Survey data will be cross tabulated with several questions that will provide insight into farmers concerns with methane digesters and what tactics to take for education and outreach to incite further development digestion on farms.

Farm to College gathering at Vermont Tech to discuss local food procurement opportunities

- A total of 15 colleges, food service management companies, and technical assistance organizations were represented at the first annual Farm to College convening hosted on March 17 at VTC in Randolph.
- Over 50 Institutional partners engaged in discussions around how colleges can be leaders in changing the food system through education and purchasing.
- College teams met to discuss their individual vision for their college food system and identification of needed resources, successes and barriers.
- Participants agreed ongoing collaboration discussions and convening would help the collective farm to college initiatives.

VAAFM staff attends National Food Hub conference in Raleigh NC and announce UVM's Food Hub Management Professional Certificate Program

- A total of 12 Vermonters, including Abbey Willard from VAAFM attended the 2nd national Food Hub conference in Raleigh NC on March 25 -28.
- Over 400 individuals, representing 48 states, came together to learn about the successes and challenges of running a food hub and the role they play within the greater food system.
- One of the biggest take-aways was that local food is so much more than a geographic boundary. It encompasses a wide variety of important values: justice, equity, transparency, community development, and environmental stewardship. Local food is about ensuring access in the marketplace to healthy food for all people while addressing social, economic, and ecological concerns.
- UVM launched their Food Hub Management Professional Certificate Program at the conference, accompanied by various Vermonters who reside on either the national advisory board or the VT-based task force.

- This 10-month program, beginning in January 2015, will accompany 25 students for online curricula, a one-week in person residency at UVM campus, and eventual in-field placement at a food hub.
- The online and applied Food Hub Management program focuses on intensive food system business training, skill development to improve existing food hubs, management necessary to start new hubs, and operational needs of growing local food systems across the country.

Vermont Agricultural & Forest Products Development Board (VAFPDB)

The VAFPDB met on Wednesday, April 2, 2014 at the Berlin UVM Extension office. The meeting included an interactive session with Ken Jones, ACCD on VT's Comprehensive Economic Development Strategy (CEDS) process and potential working lands projects. Project ideas brainstormed by Board members included:

- Community Heating District.
- Large scale cooling/washing/packing facility in southern Vermont and kitchens for people to learn how to prepare, cook and store their own food (canning/freezing).
- Partner with USDA to figure out how to allow/develop the charcuterie industry in VT.
- Facility space (physical infrastructure) is needed for teaching meat cutting skills and food safety for processors.
- Support the gleaning, processing and workforce development model being developed by Salvation Farms which is utilizing space and inmates at the Southeast State Correctional Facility. The facility is in need of infrastructure upgrades. This model once developed could be replicated in other parts of the State.

Food Safety and Animal health and Consumer Protection:

Consumer Protection:

- Consumer Protection staff **performed inspections** on small, medium and large capacity scales, 8 scanner audits, tested liquid measuring devices, followed up on 4 consumer complaints and answered 5 questions from businesses on licensing requirements during the past week. Staff found 4 violations during the week. In addition, 5 maple certifications were performed.
- Scott Dolan and Sumner Kuehne of the Consumer Protection Section received **certificates from the National Conference of Weights and Measures** on package weighing after participating in an on line examination.
- Henry Marckres, Chief, Consumer Protection, was interviewed by David Tougas of Quebec. Mr. Tougas has been contracted by the **Federation of Quebec Maple Producers and The Maple Industry Council of Quebec** to conduct a study on the future of the maple industry in North America.

Meat Inspection:

- Met with a producer from North Montpelier concerning development of a custom cutting operation with smoking and curing capabilities. Plan is to transition to inspected products as the business grows. Reviewed and commented on blueprints provided
- Several newly submitted Humane Handling plans are under review for regulatory compliance
- Several new HACCP plans under review for red meat and poultry slaughter, Heat treated - shelf stable (pepperoni, etc.), Heat Treated – Not Shelf Stable (bacon, etc.) and Fully cooked-Not Shelf stable (Ham, etc.)
- Inquiry from Fish and Game concerning the ability for meat plants to process big game meats
- Adams' Turkey Farm in Westford has resumed operations for the poultry season
- Spoke with several new producers concerning requirements to start meat and/or poultry operations
- One Custom Smokehouse is expanding operations to include full carcass cut up in Orange
- Met with representatives of the VT Goat Collaborative concerning expansion of slaughter operation to include simple processing
- Inquiry from a federal establishment in Benson seeking state inspection of Alpacas for meat food products
- Spoke with individual interested in re-opening a custom cutting, curing and smoking shop in Arlington

Animal Health:

- Accompanied state troopers on an equine animal welfare complaint in Franklin County. Horses checked out fine and owner was amenable to the investigation.

- Attend the Addison County Commission Sale for compliance.
- Performed obex sampling for Chronic Wasting disease testing at a farmed cervid facility in Rutland County
- Provided animal disease traceability supplies to veterinary practices and dairy producers in Addison County
- Attended a poultry seminar hosted by Poulin Grain in Milton and provided information regarding poultry disease testing performed by Agency personnel
- Provided Pullorum testing for a poultry flock in the Tunbridge area; birds will be attending a poultry show in CT and the testing is required for entry into the state and into the show.
- Newest Animal Health Inspector completed ICS 300 training; course was held in Burlington over two days.
- Animal Health field personnel are working with two cervid farms to bring them into compliance. Once is subject to an NOV and will be coming in for a hearing.
- Completed the identification of 93 hogs at PVD quarantined farm in Poultney

Dairy:

- We added another new dairy processor making quiescently frozen dairy desserts made with locally sourced organic Grade A” heavy cream and her artisan chocolate to make a premium delicacy on a stick.
- That brings the total to 104 inspected facilities with 10 more likely to start over the next few months.

Agricultural Resource Management:

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

- Staff visited four MFOs are transitioning to the LFO program to discuss the transition, answer questions, gather information and complete paper work. Two farms were in Addison County and two farms were in Franklin County.
- Staff met with a representative from ANR to evaluate several manure field stacking sites in Brandon. The sites were evaluated for potential runoff. We will continue to work with ANR and the farm to find better locations for stacking manure during the spreading ban.
- Staff are processing applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program. Information is being complied and permits are being drafted for these farms and this will be a major focus of the team through the month of April.
- Staff are working on compiling information related to several LFOs that require permit amendments.
- Staff held a conference call with a Technical Service Providers to discuss nutrient management planning and how NMPs relate to permitted farms and their applications for expansion.

Conservation Reserve Enhancement Program (CREP):

- Staff are working with Diane Zamos to draft a CREP amendment for a farm in Franklin County. The farm changed their management of land that was enrolled in CREP by the previous landowner.
- Continued mapping/planning work for several ongoing potential CREP projects.
- Working with partners and discussing cover cropping sign-up and workload with NRCS.

Enforcement

- A hearing was held for a small farm in W. Charleston in connection with the issuance of a cease and desist order for alleged contamination of groundwater.
- A medium farm in Newport will receive a corrective action letter for not observing the required manure spreading setback to surface water (spreading took place before the ban!) and for not keeping the required application records.
- Wendy Anderson and Jeff Comstock conducted a training session on the AAPs and water sampling for the new Agricultural Resource Specialist that will be serving Orleans, Caledonia and Essex Counties.

Plant Industry

The USDA 2014 Farm bill grant awards were announced Thursday. The collaborative effort between CAPS and UVM extension has been selected to receive funds to continue with our Forest Pest Outreach and Survey Program (FPOSP), which has been very successful in the past. This program, which works to increase public awareness of invasive insect threats to our forest and nursery resources and to train citizens how to recognize the signs and symptoms of infestations, has earned accolades at the National level. This award will allow Emilie and Alex to continue the collaboration for another year. Congratulations to Emilie on a job well done, and for putting together yet another successful Farm Bill grant proposal!

Seed potatoes are being packaged, certification labels were delivered to Chappelle's Vermont Potatoes on Thursday, 4/3, for six certified varieties, and 10 field inspected varieties. This is the fifth consecutive year Chappelle's farm has sold tagged varieties to Vermont and New York/New England potato growers. Although last summer was a bad one for seed potato production (wet conditions in May and June led to poor emergence and severe losses in the fields), the 2014 sales will be only 11% lower than 2013, which was the largest year to date. Hopefully the 2014 growing season will be more suitable for seed potato production.

Secretary's Comments:

PRESS:

WCAX, FOX 44, various written press; Trapp Family Resort, Stowe: attended maple sugaring event with Governor with press availability, dismissed Rolling Stone, started message on "make it real" maple when buying products in store

MEETINGS:

VT Dairy Promotion Council, Barre VT: Chaired bi-annual meeting of the council to review and discuss the Council's dairy promotion efforts in Vermont and New England. Council composed of dairy leaders from around the state and appropriates monies dairy community agrees to assess itself, approximately \$2.4 million per year.

EVENTS

Alice Waters and Sterling College, Greensboro, VT: Attended reception and dinner in honor of Alice Waters at the Invitation of President Derr of Sterling College. Ms. Waters is considered a pioneer and innovator in the local food movement and has owns and manages a restaurant, Chez Panisse, rated one of the best in the world. Event was attended by 18 value added Vermont producers ranging from Pete's Greens to Dunc Mills, mostly from the NEK. Spoke at the reception and dined with Ms. Waters.

Labor Issue for Ag Producers Conference, State House: Spoke and listened in at conference attended by over 100 producers, organized by the VAAFM and VT DOL in partnership with Book Ends consulting. Focus was to help producers understand federal labor laws which have snared many growing producers in VT. Federal officials participated to help explain their complicated set of laws and regulations.

LEGISLATURE

Current Use, Senate Ag: Testified in Senate Ag on draft 4.2 of the Current Use bill. Generally supportive but raised some concerns about farm labor housing and renewable energy elements of the bill which have been added on the Senate side. VAAFM is closely monitoring and providing follow up information on housing and renewables.

GMO, Senate Judiciary: Worked with Attorney General's office to provide testimony on legal issues relating to the dairy components of the bill. Documents explained how the current language does not provide an exemption for all dairy products but only fluid milk with no additives. Spoke with Senator Sears about Administrations belief that there ought to be a trigger in light of the kind of market complexities associated with dairy and other elements. Senator Sears made it very clear there is no support for a trigger and expected passage out of Committee.

LOOKING FORWARD

Anticipate pulling together meetings to follow up USDA visit to DC to determine how best to obtain Regional Conservation Partnership Program funds in support of Vermont's water quality initiative. WVAAFM will also pull together a meeting with USDA Rural Development to strategize about how to best leverage its many funding programs in support of Vermont's energy and agricultural initiatives. This will include consideration of a potential pilot program where 250 million dollars of capital would be provided to a state to support a major initiative like Vermont Comprehensive Energy Plan. USDA showed real interest in both of these opportunities.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: April 4, 2014
Subject: ANR Weekly Report

Governor Level Issues:

Municipal Day: Thanks for providing the welcome at Municipal Day. The rest of the event went smoothly and the evaluations were universally positive. The folks who attended especially appreciated the access to a diversity of staff and they really liked the fact that so many of the workshops included presenters from more than one agency. Holding the event at National Life made it easy and cost effective for us to organize. We will do it again next year!

Zero Emission Vehicle Memorandum of Understanding (ZEV MOU): This week we received comments from PSD, BGS, and VTrans on the draft Multi-State ZEV Action Plan aimed at achieving the objectives of the ZEV MOU. The feedback was positive and supportive. A revised Multi-State ZEV Action Plan will be ready for Governors' office review on April 14, with a goal of finalizing it by the end of April. At that point, we will work with our partners to develop a Vermont-specific ZEV Action Plan, listing state-specific actions, identifying state agency leads for each action, and establishing timeframes for completing actions.

Moran/WAN Redevelopment (Burlington): Waste Management Division staff worked with the City of Burlington and their consultant, The Johnson Co, to reach agreement on a proposal for the City to stockpile select contaminated soils from the Moran site on the adjacent Flying A site during the redevelopment project. An understanding has been reached about segregating piles based on characteristics, in anticipation of a future plan for final disposition of the soils.

E-Waste RFP Posted: The RFP for implementing the State Standard program for the collection and recycling of electronic waste was posted this week. The RFP was significantly revised from last year's to provide more clarity to bidders and should result in bid documents that can easily be compared. The bids are due May 9. Casella was understandably unhappy about this since we

had the authority to extend their contract for another year. We decided that since we had so much controversy over the contracting last cycle that we should reopen the contract for bids for the coming year and not simply extend. We met with Casella to express our appreciation for the service they have provided so far and to express that we appreciate their patience with our process.

VT Gas Phase I Addison Natural Gas Project: The Stormwater, wetlands, and rivers permits will be placed on public notice, reflecting changes to the project required by the PSB, commencing March 28. A public hearing is scheduled for April 29 in Hinesburg. The public comment period will end May 2.

West Mountain Long Range Management Planning: The Department of Fish and Wildlife has completed preliminary draft management plans for the West Mountain WMA and the private timberlands now owned by Plum Creek Timber (i.e. former Champion Lands. The plan updates are required by the Champion Lands legislation and outline planned wildlife management activities, recreation access and road closures, Active Area and Core Area management on West Mountain WMA, management of camp leases, and other land management needs. The Agency plans to issue a press release next week announcing that the draft plans are available for public review. This will begin a 60-day public comment period on the draft plans. Three public meetings are planned – probably in Island Pond, Lyndonville, and Montpelier. Patrick negotiated a compromise among the stakeholders that is reflected in this plan. Please let me know if you want a briefing on this.

Bear - Take in your bird feeder!: Wardens are indicating more bears are emerging from their dens. One bear was shot and killed in Duxbury while on a resident's deck. The homeowner was afraid for their dog and self.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Dam Safety (H.590): H.590 creates a dam registration and fee program and establishes a process by which a dam could be determined abandoned and requires disclosure of a dam and its condition when the property is sold. This bill passed the House and is now in Senate NR.

Battery Recycling (H.695): This bill passed the House and is now in Senate NR. It would require primary battery manufacturers who sell batteries in Vermont to develop and implement plan(s) for the collection and recycling of primary batteries. Manufacturers are encouraged to work together through a stewardship organization to develop and implement a plan for statewide collection of primary batteries. ANR favors the bill, which will require ongoing oversight of this new program by the Waste Management and Prevention Program.

Act 148 Implementation & Waste Management (S.208): The Senate voted on unanimous voice vote last Thursday to pass S.208, which includes a number of miscellaneous provisions for implementation of Act 148 of 2012. This bill is now in House NR. ANR supports this bill, including the provision to establish a construction and demolition debris recycling pilot program, a \$1 increase to the solid waste franchise fee, and creation of two study committees to detail where new recycling infrastructure should be located in Vermont, and how the solid waste governance system needs to be updated statewide. ANR opposed one provision in the bill, which creates an exemption for parallel collection of recyclables in municipalities where alternative services are available.

Toxics in Products (S.239): The Senate voted last Thursday on third reading to pass S.239 by a count of 17-11. This bill creates a new program in the Dept. of Health to identify and regulate toxic chemicals in consumer products offered for sale in Vermont. ANR has played a secondary role on this bill, deferring to the DOH on resource and toxicological issues.

Floodplains (H.676): The Senate voted last Friday on second reading in favor of H.676. This bill clarifies municipal law to allow regulation of certain exempt activities (agriculture, energy siting, silviculture, etc.) for the purpose of National Flood Insurance Program compliance. The bill also clarifies that development of state owned properties and facilities will be regulated under the pending Floodplain Rule. This bill is an ANR priority, and it looks poised to pass a final vote in the Senate this week.

Management Plan Presentation: F&W Commissioner Berry, along with F&W and FPR staff, presented a summary of the Kingdom Lands draft plan updates and planning process to the Senate Institutions, Senate Natural Resources and Energy, and House Fish, Wildlife and Water Resources committees on Tuesday and Wednesday this week.

Press Issues/Releases/Contacts:

A New Plan for Cleaning-Up Lake Champlain: Commissioner Mears spoke on VPR's Vermont Edition and on Mark Johnson about the Department's plan for reducing pollution in Lake Champlain. He focused on the need for each sector (agriculture, developers, municipalities, etc.) to cover some portion of the cleanup. The draft Phase 1 Plan will be submitted to EPA on Mon, March 31. Chris Kilian, director of the Conservation Law Foundation in Vermont, and David Deen, chair of the House Fish, Wildlife, and Water Resources Committee, were also interviewed on VPR.

Vermont's Spring Trout Fishing Opens April 12: Vermont's traditional trout fishing season opens Sat, April 12 this year, and anglers are looking forward to spring fishing for brook, brown and rainbow trout in the Green Mountain State's lakes and streams. Until then, eager anglers can capitalize on year-round catch-and-release trout fishing opportunities on nine river sections.

Significant Events/Meetings:

Cadys Falls Coop Water System (Morrisville): Representatives of the Cadys Falls Coop Water System recently expressed concern regarding potential impacts to the three springs that provide the water to their system. Their primary concerns were: 1) the Morrisville truck route is being built in an area which includes part of the system's original source protection area; 2) construction of an AT&T cell phone tower (with a generator and fuel tank) is being proposed in the system's original source protection area; and 3) there is no documentation explaining how or why the original source protection area was re-delineated in 1989 during Act 250 hearings on the new truck route. In response to these concerns, staff attended a meeting with representatives from the Cadys Falls water system, Morrisville Light and Water, and Moretown, as well as a number of AOT staff. The majority agreed that connecting the Cadys Falls Coop system to the Morrisville Light and Water System was a logical solution. By making this connection, the source protection area would cease to exist as the springs would no longer be supplying water to a water system. Department attendees made a number of commitments in order to help the Coop in their efforts to complete the \$240,000 connection project as soon as possible.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

PPL/Moretown Landfill: PPL withdrew its application to install a third landfill gas engine at the Moretown landfill due to the uncertainty of the landfill expansion that is necessary to ensure an adequate supply of landfill gas into the future to support the third engine.

Grant & Loan Closeouts – Impact of Lean: Facilities Engineering Division staff are seeing immediate benefits from having applied the Lean process improvement analysis to how we perform financial closeouts of drinking water and pollution control projects. Applying the streamlined process that developed from Lean has enabled the auditing staff to close the books on 210 accounts since mid-February. That compares to an average rate of approximately 5 per month in the 1-year period prior to the Lean intervention. Although we fully expect to maintain a much higher closeout rate than in the pre-Lean era, the current rate will diminish somewhat once we have worked through all the simpler, administrative closeouts. Nonetheless, we are well on our way to meeting our 3-6 month target for closing out the State Revolving Fund planning loans and State planning advances.

Universal Recycling: Staff continued their outreach to successfully implement the Universal Recycling law (Act 148). Over the last week the Solid Waste Program launched a Twitter account ("VTrecycles"), met with haulers in Bennington, and worked with the VT Foodbank to produce a handout on food rescue (rescuing quality food from disposal to feed people in need). Staff also met with Department of Correction's Superintendents on implementing the law at state correctional facilities, with the Vermont Facilities Exchange Experience, managing K-12

schools, colleges, university, and health care facilities across the state, and presented on a webinar for Vermont colleges, among other outreach efforts.

Construction & Demolition Waste (Chittenden County): DEC staff performed several unannounced site visits to Act 250-permitted projects in Chittenden County. Results were mixed. Some contractors and subcontractors were operating under a Waste Management Plan (Cota Trucking), while others were not (SD Ireland, Meyers, Casella). Though not operating under a Plan, SD Ireland was sorting out recyclable material.

Morrisville Hydroelectric Project: Streamflow Program staff met with consultants from Vanasse Hangen Brustlin, Inc. (VHB) who has been hired by the Village of Morrisville to develop a counter proposal to the Agency recommendations for bypass flows at the Morrisville Hydroelectric Project. To date, Morrisville has indicated that the Agency's flows are too high and will impact the economics of the project. During the meeting we reviewed the habitat-flow studies done at each of the developments, and the Agency's analysis of the data. VHB will be reviewing the studies and data, and present a counter proposal to Morrisville in the coming weeks.

Fish and Wildlife

New Endangered Species Considered: Staff participated in an Endangered Species Committee (ESC) meeting considering the listing of three plants and two species of Bumble Bee. Process issues such as listing were discussed and will be further developed. I joined the meeting for a discussion about celebrating the important accomplishments of the Federal Endangered Species Act (ESA) and Vermont's Endangered Species Law. We will be working with partners to plan a public event for the fall.

Fishing: Ice fishing activity continues with thick ice on interior lakes. However, Lake Champlain ice conditions are treacherous near islands and anywhere there is current. Two vehicles went through the ice on Lake Champlain with no reported injuries. Most ice shanties were removed from the ice prior to Sunday's deadline.

Forest, Parks and Recreation

Parks Preparation Continues: State Parks field managers are busy filling seasonal positions, planning for staff training and organizing materials, supplies and equipment for the upcoming summer season.

VPR Promoting Parks: Plans are being finalized for the next year of the successful State Parks' promotional partnership with VPR.

Ice Storm Cleanup at Carmi: A contract has been awarded for cleanup of Lake Carmi State Park from the early winter ice storm. A total of 759 trees have been marked by a forester for

removal and 38 marked for pruning and preservation. While the number seems high, many of them are under 6" diameter. The park will be cleaned up and ready for opening day.

Multiple Use Conflict: Diana Frederick and Brad Greenough, foresters from District IV, have both talked with a very frustrated person who recreates in the Cotton Brook area of Mount Mansfield State Forest. He questioned why a snowmobile tour group is allowed to run a business in this very busy area. It was explained to him that the snowmobile group has been operating under a license since 1995 (almost 20 years) and that the use of the Cotton Brook area has really picked up over the last 5-7 years. It seems that the tour group has its clients meet at Cotton Brook and park there. The caller complained about the tour group using all the available parking spaces. FPR intends to look into this issue. We may have to require the tour group to bus people in rather than parking their vehicles there. Another complaint was that there are signs on the Cotton Brook Road which read "No Snowmobiles". These signs were put up while a logging job was operating. The caller said the signs were misleading and confusing since the logging job closed for the season and snowmobiles can now use the road. Diana took the signs down.

Park Interpreters: Planning is underway for park interpreter training sessions during the upcoming Vermont State Park Ranger training. Seasonal interpreter positions are currently being filled; there are 7 vacancies this year around the state.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: April 4, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

Net Metering, H.702: Thanks for a great signing ceremony at McKnight Farm on Tuesday!

1366: Working with Kiersten, I spoke to Tom Crary – he is asking for approximately \$3M in grant for capital to build the 5MW project, and says that would significantly “close the incentive gap” with other states. I can probably come up with about \$300,000 in grant from returning ARRA money, and could do some more in 0% interest loan (more appropriate since the net metering will pay back at a higher rate), but hoping other agencies have suggestions or options to make this happen.

GMP Solar PPAs: We are working through the solar PPA’s that now range in price from 17.4 cents to 19 cents/kWh. Standard offer bid projects came in at under 16.5 cents for comparable projects. We relayed our concern to GMP earlier and they did renegotiate some of them to get to the current prices, and that is appreciated. Unfortunately, staff sent an e-mail with our original position stated after GMP got revised proposals, but before we had a chance to review them, and GMP and the developers incorrectly interpreted that as us rejecting the revised

contracts. My apologies for difficulties this caused the Governor's office this week. The low end of these projects will be acceptable (GroSolar and Green Lantern) and we're working to justify the higher than market prices for these, but the two 19 cent NextSun projects (1.5MW and 1.8 MW) are too high, and we are hopeful those can be renegotiated between GMP and the developers, who are so far resisting. We are also working to fix the lack of feedback developers receive during the 90 day notice period that exacerbated the problem. Reviewing the notice list, BED has a project about 80 days into the notice that is also at 19 cents, and they've been told that is not competitive.

VGS Phase II: We met last week with VGS to discuss phase II to help them beef up the net benefits of the project. Currently, benefits only exceed costs by \$1M. In Phase I, there was a net benefit of over \$100M.

VGS Phase I – ANR Issues: VGS relayed that Phase I costs have gone from \$86M to \$121M, in part because contractors are hard to get and in part because they now have to construct over two construction seasons. They are concerned the delay in getting ANR ancillary permits may mean they do not get to construct much or any of Phase I this year, which will further drive up costs.

VY – VSNAP: We have agreement with Citizens Awareness Network Entergy on revised VSNAP legislation. Just waiting to hear from you all if the more citizen-driven approach is ok with you.

VY Agreement: We got the \$2M on Wednesday, and I received a Spent Fuel schedule calling on moving the fuel to dry cask in two campaigns – 2019 and 2020, completing the move by 2020. I'm still in discussions with Entergy on this plan.

VY ANR Issues: I expressed to Sue last week my concern that now that the Board Order is out ANR will issue a draft permit that VY will need to litigate and the perception could be that this is a "bait and switch" situation. Entergy said the draft they received has requirements that would effectively require closed cycle cooling, even though ANR did not require that directly. Entergy has sent back its comments and rationale, explaining why ANR's position is unsupportable, but you should be aware of this issue and perhaps mediate if you get the opportunity.

IBM – Power Interruption: I spoke to Janet Bombardier on Monday and Janet Doyle again yesterday to check in on damage from the power cycle interruption last week. They do not yet have a dollar figure, but say the damage was "significant."

Legislature:

- **H. 736 (economic development bill):** Darren testified on the energy section of the economic development bill in House Commerce. The Department supports the section which includes a study of manufacturing rate design, energy savings accounts, and a

retail choice literature review of other states programs. The Department has a few wording changes and will share those with the Committee shortly.

- **Dig Safe and Pipeline Penalties (H. 612):** The Department submitted proposals to House Commerce on updating state pipeline safety penalties to ensure continued federal funding of the Department's gas safety program (H. 612), and a separate proposal to update Dig Safe program to include underground water/steam pipes such as Montpelier district heating system. H. 612 passed the House and Senate Finance will take it up in the next several weeks. The Dig Safe update may be attached to an unrelated Senate bill sitting in House Commerce, according to Chairman Botzow.

Significant Meetings/Events this week:

April 1: Chris on VPR Vermont Edition; H. 702 bill signing; GMP/PSD meeting on state buildings renewable energy initiative

April 2: Chris on panel at Landmark College nuclear plant closing conference; GMP/PSD monthly meeting

April 3: Chris meeting with Jim Merriam of EVT; Darren testifies in House Commerce on H. 736

Significant Meetings/Events next week:

April 7: Chris meeting with Mary Powell, GMP

April 8: Chris, David T., and Cathy Deyo testify in Senate Appropriations on PSD budget; Darren participates in EAN Capital Mobilization Workgroup

April 10: Darren, Andrew Perchlik, Anne Margolis meet with Dan Jones on Net Zero Montpelier initiative; possible date for Chris testimony on EVT finances in House NRE; Darren, Chris, Asa meet with Sandy Levine, CLF, and Ben Walsh, VPIRG on the efficiency DRP proceeding

Media: Chris on VPR Vermont Edition to discuss Entergy settlement and CPG. Net Metering Bill Signing covered by AP, VTDigger, WCAX, Fox 44, and others. Darren spoke with John Herrick at VTDigger to provide some info on renewable energy project data.

Everything Else:

PERD

Energy Efficiency Utility Activities

- Demand Resources Plan Proceeding
 - The Board issued a memo in response to DPS comments and recommendation for the Board to order VEIC to re-run its savings models without behavioral savings. The Board did not rule on if behavior is a valid resource to include in the EEU

portfolios going forward. However, given the costs VEIC cited to re-run the scenarios the Board did not adopt the DPS recommendation and suggested that participants were placing disproportionate focus on the issue. In its memo, the Board also issued a revised schedule in the proceeding with the next mile stone being for EVT and BED's electric and TEPF budget and savings recommendations on April 11. Staff subsequently, filed a request for an extension until April 16. Other elements that need to be included in the recommendation include the DPS EEU Evaluation Plan, Non-Resource Acquisition plans and budgets for EVT and BED, Compensation for EVT, and an analysis of rate and bill impacts. The following elements will be packaged as an EEU budget and expected savings recommendation for internal review prior to the filing date.

- Compensation – Staff met with EVT to discuss compensation which is currently set a 4.1% of program delivery budgets. EVT proposed a compensation level of 6% with a starting point split of 3% ops fee and 3% performance award. Follow up items include
 - Internal discussion about proposing a compensation range in DPS's DRP budget recommendation to facilitate a public dialog about the appropriate level of compensation.
 - Staff research on appropriate comparable organizations level of compensation and aggressiveness of goal setting.
 - Internal discussion about modifying current level of compensation.
 - Follow up meeting with EVT to communicate a response to their proposal and coordinate compensation values for the EVT budget recommendation.

Thermal Energy Finance Pilot Program

- Applications are due on April 4th
- Final internal review of draft grant agreement from VLITE for \$150,000
- VLITE indicated the potential to add an additional \$100,000 for credit enhancements later on

Standard Offer

- The Vermont Supreme Court reversed a decision of the Public Service Board, holding that the Public Service Board's refusal to award a Standard Offer contract following the 2013 RFP process to one of the low bid applicants was clearly erroneous. The project in question, along with an adjacent proposed project, was determined by the PSB to be one "plant" under definition of the law. The Court remanded to the Board, with instructions that in essence require them to give a Standard Offer Contract to the applicant.

Heating Fuel

- Since last reporting Crude Oil has traded up this week to \$101.55 v. \$99.51 a week ago.
- The natural gas market has traded up now at \$4.491 v. \$4.30 a week ago.
- SHOPP fuel weekly reporting has ended. Monthly reporting commences April 1st.

Engineering

Proposed Changes to Vermont Yankee Emergency Plan

Engineering is continuing to review the proposed changes to the emergency plan, and will

discuss with VY the calculations that led VY to propose reductions in emergency planning 15.4 months after shutdown. Entergy filed with the NRC a request for a license amendment relating to emergency planning, and requested that the NRC review and approve the license amendment by January 1, 2015, with a 60-day implementation period.

Entergy Request for License Amendment to Reflect Permanently Defueled Conditions

Entergy filed with the NRC a proposed change to technical specifications and a license amendment to reflect permanently defueled conditions. Entergy requested that the NRC review and approve the license amendment by February 1, 2015, with a 60-day implementation period. This date will allow for VY to complete de-fueling operations and provide for sufficient decay of the reactor fuel to occur such that the fuel will no longer be considered “recently irradiated” (assuming shutdown by December 31, 2014).

Gas pipeline inspection activity

The Gas Engineer continued inspection activity related to current operation and maintenance of the Vermont Gas Systems Inc. natural gas transmission facilities, during this report period. Several probable violations of the federal gas pipeline safety code, in addition to findings reported in the previous weekly report period, were found. These probable violations were not associated with any immediate hazards to public safety; however, the company has been advised to amend its Operations and Maintenance procedures to address particular areas such as specifications for pressure test and corrosion control monitoring materials and gate station signage.

GMP - Lowell Wind Farm (KCW) – Update

The PSB issued a procedural order setting forth the basic characteristics of an acceptable continuous sound monitoring proposal, and directs the parties to attempt to reach and file an agreement within 30 days. The characteristics are:

- One-year monitor period.
- One monitoring site.
- Implementation and oversight of the monitoring by an independent third party.
- Location of Monitoring Site – at the Nelsons if they agree with the third party or a site that will capture the highest levels of sound emanating from the Project.
- Background Sound – primarily Method 3 with Method 2 used for calibration under specified circumstances.
- Access to Real Data – not required to be available in real-time.
- Capability of Equipment – certified to operate at as low a temperature as possible, capable of low frequency and, if possible, infra-sound monitoring.

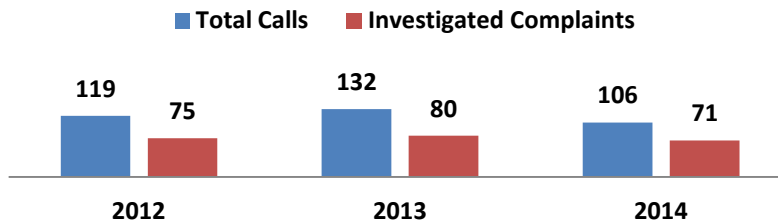
Failure to reach an agreement of the parties will cause the PSB to impose a financial civil penalty on GMP.

CAPI

Please note that this report covers activity from Sunday to Saturday, March 23-29, 2014.

CALL DATA

Calls to CAPI Same 7 days each year



OTHER DIVISION ACTIVITY

Legislative: Covered Senate Health and Welfare committee mark-up and vote on H.576: An act relating to applications for the Lifeline program. The committee engaged in very little discussion and voted in favor of the bill.

Telephone Relay Service: The division sent responses to bidder questions pertaining to an RFP for provision of TRS. Bidder proposals are due 4/23/14.

GMP EAP refunds: DPS gave final approval to a plan for handling the excess EAP funds collected during the program's first year. An agreement was reached by all parties (AARP, IBM, COVE, DPS, DCF, GMP) that proposes to refund \$1.5 million to ratepayers, use \$1 million for a 3-month arrearage forgiveness period and for program outreach, and maintain a \$1 million reserve fund from which GMP will draw for unanticipated program expenses, including arrearage forgiveness that surpasses the \$1m, if any (which is not expected). The arrearage forgiveness window will be during the months of October, November, and December of 2014. This proposal was submitted to the Board on 3/28/14.

Public Advocacy

Entergy VY CPG – Docket 7862 – On March 28 the PSB issued an Order approving the MOU between PSD, ANR and Entergy and issued a Certificate of Public Good for operation through 2014. The Board indicated that absent the MOU it would likely have denied Entergy's petition for a 20-year CPG.

Burlington Telecom – Docket 7044 – BT filed its petition seeking Board approval of the Settlement Agreement between Burlington and Citibank. The petition also seeks Board approval of a \$6 million bridge financing arrangement through a municipal special purpose entity and backed by Raymond Pecor, as well as modification of CPG Condition 17 (requiring complete system build-out to all Burlington addresses) and approval of an Assurance of Discontinuance that would act to "cure" BT's violations of CPG Conditions 56 and 60 (prohibitions/limitations on BT use of taxpayer funds). The bridge financing arrangement contemplates a sale of the BT system to an outside buyer within four years, with sale proceeds (in excess of paying off the \$6 million loan principal) being divided among Pecor, Citibank, and Burlington, with Burlington's share being returned to taxpayers. Citibank's interests in and claims against BT will terminate upon the sale of BT. The Department is reviewing the petition and supporting testimony. Issues of particular concern include Burlington's stated interest in retaining an ongoing minority

interest in the operation of the system post-sale. The Board has yet to schedule a prehearing conference in this proceeding.

Rutland Renewable Energy, LLC – City Solar Garden Project – Docket 8182 – The petitioner has asked the PSD for a meeting to discuss the PPA price and for a two week extension on the April 4th deadline for filing an MOU or status report. The PSD has informed the petitioner that the PSD does not object to granting the extension, detailed the PSD position on the PPA price and informed petitioner that a meeting does not seem prudent.

Cold River Solar – Docket 8188 – The Board held a public hearing in Rutland regarding the proposed 2.3 MW solar facility. The hearing was well-attended and comments were generally split evenly between support for and opposition to the proposal. Most opposition was based on aesthetics concerns. The Department has decided to retain an aesthetics expert to review the project site. This proceeding involves a PPA payment amount in excess of \$0.18/kwh – calling into question the economic benefit of the project – but no firm decision has been made on how to proceed on that issue in this Docket. First round of discovery requests are due on April 4, 2014.

GMP Rate Case and Alternative Regulation Filing – Docket Nos. 8190 & 8191 – On March 28, GMP submitted discovery on the Department's initial testimony. Responses are due April 11. Separately, the Department is developing a response to a memorandum issued by the Board asking whether the Board should utilize actual O&M costs in the upcoming rate design proceeding, rather than Base O&M costs, which were established in the merger order and which are being used in this rate case. The Department and GMP are discussing the matter, but have not yet reached agreement. A recommendation is due April 4.

Washington Electric Cooperative, Inc. 2014 IRP – No Docket – The PSD and WEC have entered into a Memorandum of Understanding recommending the PSB approve the IRP with conditions regarding a supplemental filing in June.

Charter Hill Solar Project – Docket 8212 – The parties are awaiting the Board's decision on Petitioners' proposed schedule and the Department/ANR response filed last week. A public hearing will be held in Rutland on April 3rd.

GMP and CVPS Smart Meter Plans – Dockets 7704 & 7612 - The PSB granted the PSD's request to extend until April 30 the deadline for filing a revised Measurement and Verification template.

Appointment of a Natural Gas Energy Efficiency Utility - Docket 7676 – VGS filed a status report describing significant progress toward completing a revision of the Process and Administration document. VEIC filed a request for a Board workshop on three issues: commencement of a natural gas Demand Resource Plan; discussion of whether the natural gas EEU should be required to use the existing EEU fiscal agent process, and discussion of schedule and mechanism for implementation of natural gas EE services in VGS expansion territory. PSD filed a reply expressing support of the VGS filing and support for a scheduling conference, but recommending legal briefings instead a workshop as the most efficient means of obtaining final resolution of substantive issues where consensus has not been reached.

Soveren Solar 500kW Net Metering Project (Westminster) - Docket 8211 – PSD filed comments supporting the project with one additional condition pertaining to the protection of electrical components.

CPG # NMP – 3644 – Sideline Solar – PSB granted a 9 day continuance until 4/4/14. Petitioner has asked for an additional 16 days to resolve issues with ANR. PSD will ask for additional information on aesthetics but it is likely project will receive a favorable recommendation.

CPG # NMP – 3640- Novus Barre Town Solar – PSD recommendation is due 4/4/14. Aesthetics review will be favorable. Engineering will provide comments by 4/3/14.

Verizon 248a Application – North Hero – No Docket – The Board rejected a de minimis application seeking to collocate additional antennas on an existing silo and to replace an existing shed at the base of the silo with a larger shed, reasoning under a questionable interpretation of the statute and companion procedures order that the project did not qualify as a de minimis modification to an existing facility. The Department is reviewing the Board's rejection memo to determine whether to contest the hearing officer's findings.

Mammoliti Vergennes Wind Complaint – NM-1646 – Reply briefs in the proceeding are due to the Board on April 4, 2014. The Department has reviewed the initial briefs of both the Mammolitis and GMP, and has decided not to file a reply brief.

WEC AMI Plan – Docket 7810 – WEC had agreed to file a report on March 28, 2014 outlining testing of certain in home display technologies it proposed to deploy pursuant to the Board's Final Order in the Docket, as well as a workshop held in January. WEC was able to complete some but not all testing. Furthermore, the Department has concerns regarding the level of testing that has been completed. The Department has forwarded its concerns to WEC for response. The parties have asked for an extension to file the completed testing results (once the Department's concerns are resolved) to April 11, 2014, and to complete all testing of required technologies by early May, 2014.

Sheffield Community Wind – Docket 7156 – The Board has issued a memorandum identifying additional issues it has with changes to the Project's decommissioning fund's letter of credit proposed by the petitioner, Vermont Wind, LLC. In January, 2104, Vermont Wind had sought to name a different entity – Northeast Wind Capital II, LLC – on the Letter of Credit, while Vermont Wind would continue to be responsible for the operation of the facility and compliance with CPG requirements. The Board has rejected the proposed changes, requiring Vermont Wind, as the CPG holder, to be named on the Letter of Credit, or alternatively naming both parties on the Letter of Credit. The memo also notes in response to Vermont Wind's claim that the facility is exempt from Board jurisdiction because it is a FERC Qualifying Facility that Vermont Wind remains subject to the Board's jurisdiction because Vermont Wind sought approval for the project pursuant to § 248.

Addison Expansion—Docket 7970—Counsel for Ms. Lyons (a landowner newly affected by the Board's Old Stage Road re-route) has asked the Board to issue a ruling on her pending motions; the deadline for appeal of the final order is next week. Neither the PSD nor VGS believe this is

necessary as the Board has determined to handle the issues surrounding the re-route as post-CPG process which will not be affected by such deadlines. It is unclear what, if any, additional steps Lyons will take with respect to an appeal.

Addison Expansion Phase 2—Docket 8180— The Board will hold a workshop for intervenors in Cornwall on April 7. PSD counsel will attend. The Board ruled on the outstanding motions to intervene - there are a total of 28 intervenors (landowners, public interest groups, towns which will host the pipeline, etc.). The discovery schedule has been pushed out at the request of intervenors and the first round of discovery is now due to be served on VGS on April 15. The Department has met with VGS to outline what additional information we need and the analyses we will be looking to it to produce.

VGS Looping VI Project—Docket 7929—VGS has now filed a supplemental response to the Board’s memo requesting information on the drug incident in Swanton, which involved two former pipeline workers. The Department and its expert safety consultant have reviewed and found that the investigation conducted by VGS was appropriate and we will advise the Board that we do not deem any further action to be necessary.

GMP/VELCO 248 Petition for Georgia Interconnection Project—Docket 8205—The Petitioner has filed with the Board responses to questions raised by Board staff at the prehearing conference. Department staff is reviewing. GMP’s responses to the PSD’s initial discovery requests are due on April 4.

GMP AARP Low Income Program—Docket 7535—On March 28, GMP filed with the Board a proposal regarding the refund of the “over-collected” funds. It includes a second, unanticipated arrearage forgiveness window to enhance participation. The proposal was filed with the support of AARP, the PSD and IBM.

Stowe Electric Rate Case – Docket No. 8074 – Stowe filed compliance tariffs implementing the Board’s final order. The final order accepted the MOU between the Department and Stowe, resulting in a 3.5% rate decrease and a requirement for Stowe to undergo a Business Process Review and make corresponding changes as recommended.

Finance and Economics

Electric

Merchant Generation – Staff has completed its review of five (5) separate renewable energy (SPEED) projects. A consensus among the staff has concluded these projects as currently priced through PPAs with GMP provide no benefit to the state. The Department’s position on these projects was conveyed to the parties and to GMP. Discussions have been held and there has been some price movement along with the parties agreeing to transfer ownership at the end of GMP PPA (except for one party). These changes are now being considered to determine if they will provide benefit to the state over the long term. The five projects include:

- Docket 8212: Charter Hill Solar, LLC. Filed 2/12/2014, Petition for a 1 MW photovoltaic electric generation facility.
- Docket 8195: NextSun Energy Rutland, LLC. Filed 12/17/2013, Petition for a 1.5 MW

solar electric generation facility.

- Docket 8194: NextSun Energy Rutland, LLC. Filed 12/17/2013. Petition for a 1.83 MW solar electric generation facility.
- Docket 8188: Rutland Renewable Energy, LLC. (Cold River Project) Filed 12/20/2013. Petition for a 2.3 MW solar electric generation facility.
- Docket 8182: Rutland Renewable Energy, LLC. (City Solar Garden Project) Filed 11/26/2013. Petition for a 1 MW solar electric generation facility.
- MW of the five petitions above total =7.63; when including the 2.3 MW Stafford Hill project Rutland solar MW total 9.93.

GMP-Docket 8098: Filed 7/24/2013. Petition requesting approval to construct a 2.3 MW DC solar generation facility, aka as the Stafford Hill Solar Farm, in the City of Rutland, Vermont. Staff is reviewing this petition and response to discovery. A hearing schedule has not been set in this case.

GMP – PSB Docket 8190/Tariff 8384: Tariff filing requesting a 0.03% or \$155,000 decrease in rates, effective October 1, 2014. The Board suspended the tariff filing and opened Docket 8190 to begin an investigation. Staff has filed testimony that supports a rate reduction of \$17.7 million or 2.92%. This week we received the first set of discovery on our testimony, responses are due 4/4/2014.

GMP – Docket 8191/Tariff 8384: Petition requesting Approval of an Alternative Regulation Plan, pursuant to 30 V.S.A. § 218d. This was originally part of the Tariff filing 8384. The Board has separated this from the rate case and opened this separate Docket 8191 for the Alt Reg Plan. Staff is continuing its review of the filing and GMP's testimony. We continue to draft discovery requests and have initiated a scope of work to guide Larkin and Associates in conducting a review of the Plan that includes developing options and alternative provisions for review by the department before finalizing any specific recommendations to modify the Plan. The scope of work includes a review of other existing plans in the region and will address the issues raised in the recent Alternative Regulation Board workshop. Our testimony is due May 13, 2014.

Vermont Public Power Supply Authority (VPPSA)-has filed a petition for authority to issue long term debt to replace/renew an existing \$6 million revolving line of credit with KeyBank. \$3 million will be available for VPPSA operating activities and \$3 million will be available for letters of credit that may be required for power purchase transactions. The credit facility is an integral part of its existing credit rating with Moody's. The existing credit facility is due to expire and VPPSA is seeking approval to extend it for an additional three years under basically the same terms and conditions. Our recommendation is due April 15, 2014.

Gas

VGS--Tariff Filing 8491—Quarterly Purchase Gas Adjustment Filing reflecting an overall increase of 2.21% in firm rates from the under collection of \$1,723,872 in gas costs, effective with bills rendered on and after May 8, 2014. The rate change is largely attributed to a 5.03% increase in the wholesale cost of gas that has been driven by the extremely cold temperatures this winter. Staff is reviewing the filing. Our recommendation is due April 22.

VGS- Customer Complaint 216875: St. Michael's filed a complaint against Vermont Gas stating that VG did not adhere to its contracted price for their supply of gas. Staff has reviewed the complaint and all of the related documentation and agrees with St. Michael's that VGS has not met its contracted price obligations. Discussions are ongoing to determine a final resolution.

Energy Efficiency Utilities

VEIC EVT – AMI Data Formatting—After much discussion and back and forth, VEIC has agreed to abandon its proposal and its plans to take the issue to the Board and has accepted our proposal regarding 'process' for its recovery of costs for formatting utility AMI data. PA is now managing the Department's response and follow-up with VEIC.

Smart Grid Cost/Benefit Measurement and Verification--The Department filed a request for an extension in Dockets 7612 and 7704 with respect to the filing of a revised Measurement and Verification (M&V) template for the tracking of progress implementing AMI. Staff, in assisting PA in developing a statewide template for Smart Grid Cost and Benefit Measurement and Verification Reporting, has drafted a revised and simplified M & V reporting template to facilitate the collection, analysis, and reporting of utility progress in implementing the AMI infrastructure along with modified measures of AMI energy, operational and societal benefits to utility customers. Next steps include reviewing the draft with PA and then subsequently vetting the draft with Vermont utilities. A meeting has been scheduled for next week to review the draft.

Telecommunications

Putney Broadband Meeting – Representatives from PSD, ACCD, VTA, VTel and FairPoint held an informational meeting regarding broadband deployment at the fire station in Putney on April 2, 2014. Approximately 16 people turned out for the meeting and generally it was a polite group. There was no criticism of the administration regarding the 2013 broadband initiative, however there did appear to be skepticism as to when the VTel project would be operational and how it would work when it was completed. Pricing seemed to be a concern as well. Both VTel and FairPoint stated that they believed their Putney projects would be operational by mid-summer.

USF legislation – PSD staff prepared a recommendation for a program to direct funds from the Vermont USF to support broadband deployment. The draft calls for the PSD to identify Target Communities as census blocks that are partially served with broadband having 4/1 speeds. Census blocks that are completely unserved would be excluded because they will be included on the federal CAF II program. The proposed legislation would set the VT USF fee at a fixed 2% rate. After paying for existing programs including 911, lifeline, and programs for the deaf, the remainder would be made available for the broadband deployment fund.

Cable line extensions – At the request of legislative counsel, PSD staff drafted legislation that would decrease the density at which cable companies would be required to fund cable line extensions, from 16 subscribers per mile to 12 subscriber per mile.

VTA address review – Stone Environmental identified 130 locations that are identified as served by fixed service providers based solely on information provided by the VTA and not the service provider as is general practice. The list has been sent to the VTA for verification. The VTA also

identified 97 locations as potentially off-grid and this has been provided for review as well. Finally the list of 29 locations that have no solution in place if mobile wireless is excluded have also been provided to the VTA.

Telecom Plan – Department telecom staff provided an overview of the Telecommunications Plan to the telecom legislative working group. The overview provided major Telecommunications policy goals and initiatives the state should pursue. Telecom staff will continue to build upon this particular summary to create a strong executive summary.

Staff produced tables on wireless market share and competition, and is currently working on tables that will show USF disbursements for the various USF programs. These tables will appear in the Telecom Plan.

248a – Telecom staff this week saw an uptick in 248a applications from the prior week. From March 27 to April 2, Telecom staff reviewed five petitions, three of which were de minimis and two of which were limited size and scope. Staff is concerned about several applications submitted by AT&T. These applications test the limits of the aggregate surface area rule. While the Department approves of Downs Rachlin Martin's calculations, the issue of whether the de minimis definition allows applicants to set a "Baseline" total surface area is yet untested. DRM has at least five applications that rely on this pending before the Board.

Staff received clarification from the Board regarding its interpretation of Section II of the Amended Standards and Procedures Order. The rule involved the calculation of 75 square foot aggregate surface area rule for ancillary improvements at the base of a building. Staff will rely on the Board's interpretation in its review of 248a applications.

AMI Measurements and Verification – Telecom Staff discovered this week that the measurements and verification template used by the Department to obtain AMI related information from utilities does not include a question concerning the number of smart meters/digital meters deployed or other information regarding the exact amount of equipment actually in service and being used. The M&V report will be updated

Regional Policy

Infrastructure Initiative

- On March 28, states held an in-person meeting to discuss the infrastructure initiative. The primary outcome is that all states agreed in principle that Vermont does not receive as much benefit from the infrastructure initiative and are open to Vermont paying less than its load-share percentage. PSD must develop a proposal for the percentage of the overall costs that we are willing to pay and a justification for that percentage.
- On March 27 staff met with VELCO and the distribution utilities to (1) provide an update on the infrastructure initiative and (2) to discuss how Vermont can achieve the greatest possible benefit from the existing merchant transmission proposals (such as TDI and Anbaric) and how the infrastructure initiative impacts discussions with merchant transmission developers.
- Vermont utilities continue to have mixed reactions to the infrastructure initiative, with some utilities agreeing that a new gas pipeline needs to be built to address reliability

concerns and others opposing any new gas infrastructure due to the region's over-reliance on gas generation. The views on the transmission component are more negative among the distribution utilities as the benefits are more speculative and the concern regarding potentially hosting a line.

Distributed Generation Forecast Working Group

- On April 2 ISO-NE held a meeting of the DG working group to present its final interim solar DG forecast and discuss how the forecast would be used in the short term.
- The data on existing projects that ISO-NE presented for Vermont was incorrect, and only included net-metering projects. Staff is working with ISO-NE and the utilities to ensure that the standard-offer projects and other non-net-metered projects are included in the data.
- ISO-NE indicated that it did not believe it was appropriate to include the forecast in the calculations for the capacity market. Staff pushed back on that issue on the call and will be working with NESCOE to better understand how the forecast impacts the amount of capacity that must be purchased.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: April 4, 2014
SUBJECT: Governor's Report

Emergency Management/Homeland Security

Issues/Updates:

DEMHS hosted Spring Flooding meetings in Rutland and Johnson this week with three more planned for Montpelier, Lyndonville and Westminster next week. Briefed the Commissioner on the Emergency Management Planning Grant (EMPG) budget package due in WDC by 4/7/14.

Met with the Commissioner to discuss results of the programmatic and financial audit of the Town of Shelburne Police Department in regards to communications funding. DHS has been notified concerning issues found and will be followed up with a detailed letter for review. Also the U.S. Department of Commerce will be informed as they and DHS are the two grantors affecting this audit.

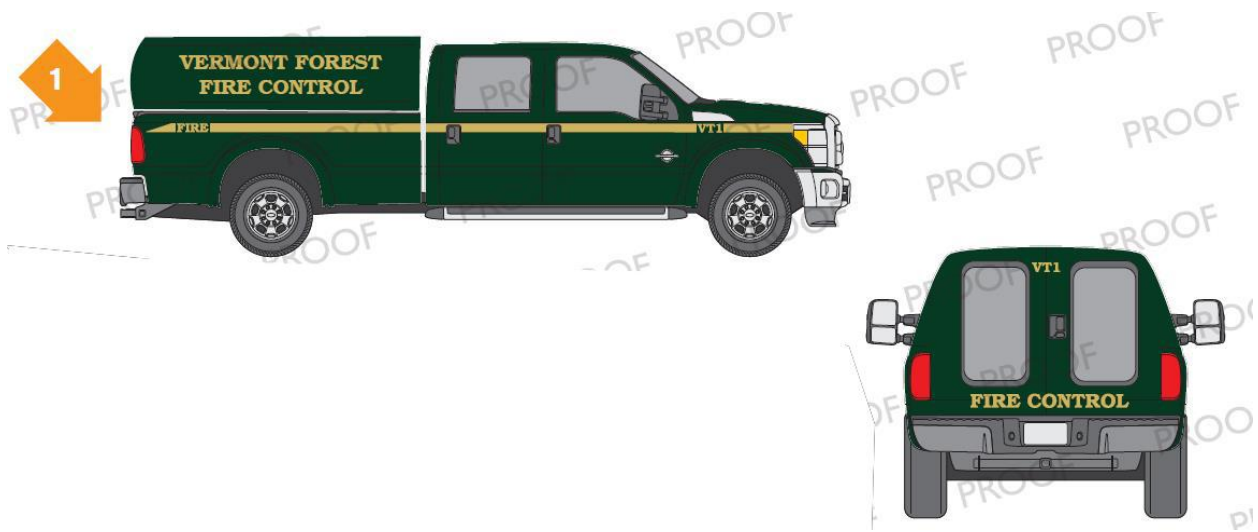
DEMHS changed from Duty Officer to Watch Officer and also changed the rotation from noon-Wednesday/Wednesday to noon-Monday/Monday. The Vermont HazMat Team has also changed to this rotation. This cadence now mirrors the VSP rotation. The ANR Spill Team is staying Wednesday to Wednesday.

The DEMHS Recovery & Mitigation Public Assistance Officer (PAO) has been recently sought out by the states of Maine, South Carolina and Tennessee for input navigating FEMA PA. Vermont's DEMHS-R&M Section is becoming regionally and nationally recognized for its perspicacity on complex FEMA matters.

FEMA Region 1 issued a preliminary determination regarding Bennington's appeal of PW3094 resulting in \$1.1M of additional funding for Bennington. FEMA is seeking additional information from the applicant within 30 days before ruling on the \$1.1M of funding that is still contested. *To date, FEMA's eligibility determinations for Bennington's total cost of \$3.9M related to the Roaring Branch during Irene has gone from \$0 to \$250K to \$1.55M to \$2.65M, in no small part due to the success having a solid Recovery & Mitigation Section at the ready.

The DEMHS subgrant to Forest and Parks to procure 2 wildland firefighting vehicles is moving forward. F&P is acquiring the trucks and gear now. This is an excellent dual-purpose use of funding. Graphics below (page 2) depict the trucks, F&P is going with #1.

There are currently over 100,000 sand bags statewide. Caches are located at AOT district garages and BGS facilities.



The Addison County CERT disbanded at the recent Addison County LEPC meeting. This makes the 4th CERT statewide to become inactive (Grand Isle County, Franklin County, Lamoille County). One of the largest hurdles appears to be that the first responder community seems to have little interest utilizing CERT.

The DAC Server failed this week. This is the notification system that was utilized by DEMHS to alert pager holders in the event an issue at VT Yankee Nuclear Power Plant. DPS Office of Technology Management corrected the server issues that caused the interruption; however, there is no maintenance agreement in place with the vendor that supports the DAC because the notification system will transition to VT ALERT. Because of this interruption, the transition from the DAC to VT ALERT has been moved to the forefront of projects.

Received a request from the Joint Fiscal Office regarding the Vermont Communications (VCOMM) Board.

Barre Mayor Lauzon called regarding spring flooding concerns (meeting April 9th).

Rutland Mayor Louras spoke regarding spring flooding concerns (meeting April 3rd).

Fire Safety

Issues / Updates:

The Division received \$21 million in new plan review construction valuation collecting \$115,500.00 in permit fee revenue.

The Director of Fire Safety has been in consultation with DPS Legal and the Attorney General's Office regarding an inspection search warrant I am requesting for an existing apartment building in Montpelier. The local Fire Chief and City Building Inspector issued a stop work order to Gary Schy for renovating a basement into what might be an additional apartment unit. We have a long outstanding history with Gary regarding his reluctance to file permits.

Administration

Grant Management Update:

VCOMM Board Questions from Legislature: Marie Belliveau of the JFO contacted me yesterday with some questions from a legislator regarding the VCOMM board. The questions related to whether the VCOMM lifeline

system was now operable; how the project was funded; when/how often the Board meets; whether the Board could be combined with E-911 Board. I copied you and Paco yesterday on my emailed response to Maria. I was able to answer her questions regarding the project go-live and the funding, but advised that she should contact either you or Paco for answers regarding the functioning of the Board. Answers to her questions were provided.

Prison Rape Elimination Act (PREA): We are attempting to sort out the implications of this federal act on our Department of Justice grants. We have heard that there will be percentage reductions of our granted funds for non-compliance with the requirements under this legislation. Non compliance of this Act will result in a 5% loss of Bureau of Justice Assistance grant funds. For the Department of Public Safety this means that we will lose 5% of the Bryne JAG allocation beginning in FFY 14. The Violence Against Women Funding and the Juvenile Justice Funding will also be penalized 5%. Deputy Commissioner Aumand has been in contact with the National Criminal Justice Association (NCJA) about this matter. NCJA is trying to spearhead a national effort to get this penalty delayed for 3 years.

Vermont State Police

A Troop

Trooper processed a Colchester Police Officer for DUI on Monday morning after Colchester Police were notified.

Inmate Death at NWRC-possible suicide, long term inmate found deceased in cell with suicide type note

Assault between two inmates at CCCC, several drug cases turned over

Embezzlement case involving Grand Isle County Treasurer

B Troop

Responded to a welfare check on Lauren Henault b/c her ex-boyfriend Justin Parizo had assaulted her in NH. While en-route, Lauren called 911 to report Justin followed her back to VT & crashed his vehicle across from her Barnet residence. Upon arrival, Justin was intoxicated & resisted arrest. CEW deployed, Justin taken into custody without any injuries.

Report Morgan Clark (16) was missing from her residence. Investigation led to sex offender Matt Keene (24) of NH. They pinged his phone and he was stopped in NC with Clark in the vehicle. SA is seeking extradition for Unlawful restraint, FIPO & harboring a runaway.

C Troop

Responded to a welfare check in Shoreham for a mental health agency, upon arrival, troopers could see a noose hanging in the residence; troopers made the decision to enter the house and located the subject unharmed and alive, subject taken into custody and transported for evaluation.

New Haven barracks along with several local agencies responded to an armed robbery in Bristol, suspect fled on foot. Sgt. tracked the suspect with his K-9 and located him in the woods; subject confessed to the robbery and had stolen property in his pocket from a recent burglary. Two burglaries were able to be solved as well.

Continued investigation into Foster missing person case.

Untimely death: Mendon 66 yr old male natural

Continued investigation with Daniel Grant heroin overdose death; meeting with S/A, family contact, and drafting of wire warrant.

D Troop

Troopers responded to a reported suicidal female on I-91 in Westminster; upon arrival Tpr. Arlington arrested one for attempted assault (on her 4 HCRS workers); disorderly conduct, and 2 counts of violation of conditions.

VSP assisted Weathersfield PD at the scene of a single vehicle FATAL crash on Route 131 in Weathersfield.

Responded to East Dover and assisted Dover and Wilmington PD with barricaded subject in residence. Dover PD investigated a domestic dispute at the residence and Miles Dow threatened the officers with a knife. They exited the house with Dow's wife and requested assistance. D1 and D2 troops arrived. Miles eventually surrendered and was taken into custody. He was charged with Agg. Domestic Assault, Aggravated assault on PO and held without bail.

Agency assist to Wilmington PD with locating subject making threats to shoot up the DCF office in Brattleboro and the Windham Courthouse.

Criminal Justice Services

FirstNet Public Safety Broadband Network Commission

The Commission met this week and held a training conducted by the Department of Homeland Security, Office of Emergency Communication on broadband issues, FirstNet responsibility and what the state consolidation process will mean for the State of Vermont. It was very informative and also provided further information concerning the development of the state plan that Governor will have to approve. The Commission is also in the process of developing an RFP to hire a technical advisor and the Department of Public Safety will be hiring a project manager for this work. Every aspect of this initiative will be covered through the SLIGP federal grant.

Information Sharing

Deputy Commissioner Aumand testified this week before Senate Judiciary in an effort to inform them that we have the technology in place to share information and we have privacy policies in place to protect the privacy and civil liberties of individuals whose names are in the different police records management systems. The briefing also focused on the future vision of information sharing which included talking about sharing further information with the FBI. This was not received well by Senator's Ashe, White, Benning and Nitka. It is clear that they do not want DPS to send information from the records management system to the FBI's N-DEX system without their approval.

Deputy Commissioner Aumand also met with TJ Donovan this week to talk about further efforts to share information that will help with his rapid intervention program. Talks will continue but it is apparent that we need to develop an easy to use predictive tool to help guide decision making. Grant funds will be searched to see if this is possibility in the near future.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: April 4, 2014

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

Stable. Governor's priorities supported in Senate proposed strike all amendment to H. 864, the capital adjustment bill. Working with Chairs of HCIC & SIC to avoid time consuming committee of conference.

Legislative Issues/Contacts:

- Weekly meeting with Speaker Smith to discuss BGS related matters. Speaker mentioned he appreciates be invited to Governor's press conferences, but would appreciate more notice if possible.
- Met with Senator Flory, Representative Emmons, Doug Racine and Senator Sirotkin to discuss Senator Sally Fox Memorial at WSOC and legislative language to accomplish the same.

Significant Events/Meetings:

- Met with the Governor, Commissioner Gosselin and Foster Goodrich and Chris Kapiloft to discuss a new glass based product to prevent forced entry to our schools and municipal buildings and the reorganization of Prospect ski area in Woodford, VT to ensure its survival
- Meeting with Dominic Cloud to discuss the St. Albans project and the fact that the City is going out with an RFP for the projects hotel component.

- Rutland Parking Garage follow-up meeting with Emily Montgomery, Charles Romeo, Mayor Chris Louras and Dave Allaire to agree on the intent of provisions in the agreement.
- Sam Sammis – met with Secretary Spaulding and Emily Montgomery to discuss the progress of Sam’s project.
- 121-123 Main Street – Met with ACCD HP and Community development staff, along with Jeff Lively, Mike Stevens and David Schutz to discuss Historic Preservation’s position on a traffic flow and garage demolition provision.

Evolving Issues:

- Prevailing Wage: H. 878, revised fiscal note much more favorable than previous notes
- Casella in Pittsford: Gravel pit agreement being evaluated
- St. Albans/Mylan , 20 Houghton Street: Early this week the City Manager of St. Albans shared with us that it appeared a solution has been found for the Elman side agreement, but it has not been executed yet to our knowledge. The State and Mylan are still working through final details for the purchase and sale agreement.

FINANCE AND MANAGEMENT

Issues Update:

Financial Operations staff continues to work with BGS and DII towards the release of the requirements RFP for the VISION upgrade, E-procurement and Project Management solutions.

The first draft of the Vehicle – Taxable Fringe Benefit Policy has been completed.

The House passed the FY 2015 Budget Bill - H.885 on Friday, March 28, 2014. The budget office is working on a response letter to the Senate Appropriations Committee to highlight the Administration’s concerns.

The budget office continues to monitor bills with money implications.

The Fee Bill was taken up in Senate Finance on Thursday, April 3, 2014. Commissioner Reardon testified to the committee highlighting the Administration’s concerns with the House-passed version of the bill.

HEALTH CARE REFORM

No report.

HUMAN RESOURCES

Legislative Issues/Contacts:

Commissioner Duffy worked with House leadership to ensure the Pay Act passed out of the House.

Commissioner Duffy testified before House Health Care on Section 17 of S. 252, the Public Financing for Green Mountain Care bill. Commissioner Duffy testified that as she understands Act 48, state employees are in Green Mountain Care but can negotiate for supplemental benefits. Given this understanding, she stated the instructions in Section 17 to report on a transition plan for state employees and the possible creation of another risk pool for public employees is unclear. She asked for guidance on what information would be useful to the Legislature. Several representatives indicated they do not understand the provision either.

Commissioner Duffy testified before House Appropriations that implementation of H. 552, which raises the minimum wage to \$10.10, would have a fiscal impact on the State of approximately \$125,000 annually.

Commissioner Duffy testified on S. 316, the childcare unionization bill, before House General. The Commissioner raised concerns that if the bargaining unit does not include providers who do not receive subsidies, providers who oppose unionization will not accept subsidized children. She also indicated that prohibitions on additional funding to support the negotiation process should be deleted.

Commissioner Duffy testified before Senate Institutions about a provision in the Capital Bill that would require the State to engage in change management practices when designing and moving into new office spaces. Commissioner Duffy explained this language was agreed to in the House to avoid more onerous language, and that there is no real reason for the language, given the current efforts being made by the Administration. The Committee deleted the language from the bill.

Press Contacts:

General Counsel Collier spoke with Dave Gram about allegations made by VSEA of retaliation against a union employee.

General Counsel Collier spoke with Kristin Kelly about a state employee who resigned after it was revealed she has defrauded the State.

Significant Events/Meetings:

Director of Operations Hetzel met with the Governor's Office and Secretary Spaulding to discuss implementation of an internship program with the University of Vermont.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: MMIS efforts continue with the Pharmacy Benefits Management (PBM) vendor who is onsite for initial quality assurance sessions. The PBM engagement is the smallest of the 3 MMIS purposed contracts and our architects are working to align this effort with the Health Service Enterprise vision and strategy in areas such as identity/access, service orientation and reporting. The remaining MMIS RFP's are targeted for chronic care and core MMIS functionality.

Legislative Issues/Contacts:

Senate Government Ops: Commissioner Boes, Secretary Miller, Sue Zeller and BGS's Deb Damore all testified on Healthcare IT contracting. Collectively, we testified to the checks and balances, oversight, standards and processes that are in place. There was also some discussion of the Berry Dunn lessons learned report. I think the testimony was well received and the committee was surprised by the level of maturity in the process.

House Healthcare: Commissioner Boes testified to a very sparse committee on Sec 21 of S.252 and supported the removal of that section. DII also asked for an opportunity to talk to Sec 9 of the same bill and that is tentatively scheduled for next week.

DII met with Senator Westman on Wednesday to answer his questions on DII financials. Senator Westman seemed to understand fully as Richard explained the allocation and demand services DII provides and the costs associated with delivery of those services. Senator Westman requested DII get back with him with the following information:

1. Annual vendor cost for professional services provided to DII.
2. DII Position count FY 14 and FY15
3. Explanation of fund histories, e.g. the allocation and mainframe (Paul Rousseau working this one)
4. Savings associated with land line reduction, and he asked, "What is the language, and where would I put it to force a reduction in land lines?" I left message with Sue Zeller on this one.

General:

DII completed a public records request on March 27th for Randy Brock. Following is an excerpt from that request:

"Pursuant to Vermont's Access to Public Records Act, 1 V.S.A. §§ 315-320, DII request

1. Copies of any CGI or State of Vermont documents related to or evidencing any unauthorized penetrations (e.g., intrusion by a hacker or hackers) of CGI's Phoenix data center, particularly all environments used by or supporting Vermont Health Connect, including copies of any related reports by CGI or the State of Vermont to any government authority.
2. Copies of any documents describing details of the breach or breaches and any related investigation(s)."

Web:

The Socrata Open Data site is nearly ready for launch. The federation planned with the City of Burlington is not currently an option so we will be adding a link to Burlington's Open Data site to the front page as a temporary solution until federation becomes possible. Another Open Data site will be selected as a federation partner to demonstrate this functionality in the pilot project.

A meeting with BGS to discuss the Website and Services for the Welcome Centers was held 3/24. A revised site map is forthcoming. The site will be deployed and training scheduled shortly after.

The Department of Labor has launched their new site at labor.vermont.gov. Nancy Driscoll, State CMO is in the process of reviewing the site and will issue a report shortly.

LIBRARIES

Significant Meetings/Events

Wallace Nolen and Library Privileges: This week has brought its share of difficult communications with Mr. Nolen re: access to library services, as well as requests made for information at our law library. He has a “no trespass” order at the Aldrich Library in Barre and DOL has worked with the library director there to make sure he has access to interlibrary loan service and access to the Vermont Online Library online resources from home. This week we are taking on his interlibrary loan requests but do not plan to continue that service; we do not provide that to the general public and direct citizens to their local library. Paul Donovan, law librarian, has also helped him get access to law materials he has requested. True to form, Mr. Nolen has responded with abuse and threats. Everyone here handles him with the highest level of customer service (as we do with everyone) and we will not afford him any special treatment. Three of us are scheduled to meet him in court re: his law suit on May 8 or 9.

FFY15 LSTA Funding: VT Congressional Delegation Signs on “Dear Collegaue” Letters: All three members of our U.S. delegation have signed letters of support for Library Services & Technology Act funds for libraries. In VT FY14, LSTA funds represent 25% of our Department budget.

FiberConnect Project: Press Conference: In May we will reach our goal of connecting 43 public libraries with fiber optic broadband. In recognition of this major milestone, I will be working with Chris Campbell (VTA), the Governor’s Office, and our congressional delegation to schedule a press conference at the Statehouse next month.

Milton Charter Change: House Government Ops Committee: This week Marty Reid provided testimony in Gov Ops regarding proposed charter changes that affect the operation of the Milton Public Library. Our library consultant, Rob Geiszler, has worked with the Milton library board and both he and Marty have had lengthy conversations with the library director about this. Despite some contentious issues between the town and the library Board, and the phone-in testimony from a library volunteer in opposition to the charter change, the new charter was adopted unanimously – and with libraries full support.

Senator Leahy to receive award from the American Library Association: Yesterday Red received word that ALA will honor Sen. Leahy at the annual reception of the ALA Library Legislation Day in May. They have asked Marty to present the award and she has agreed to do so. She is not sure that Senator Leahy has been notified ... more details to come.

Burlington Free Press article highlights work of Grace Greene: Grace Greene, the most universally beloved and praised member of our Department, will retire in June (against my wishes.☺). This week the Free Press had a great article about her work on behalf of children’s literature/reading and library services to parents and children.
<http://www.burlingtonfreepress.com/article/20140403/NEWS02/304030006/Vermont-s-head-children-s-librarian-retiring-from-dream-job-Grace-Green>

We have scheduled a farewell reception for her on June 27 (3:30-6?) here in the Pavilion Building (VHS Museum) and will provide more details later. I will extend an invitation to the Governor to attend.

TAXES

Legislative Update:

Ed Finance: On the House floor, the members spent a fair amount of time on the Appropriations amendment to develop a school handbook and add an Agency position, had an emotional debate over the small school grant phase out, and then talked for a couple hours about how serious they were about reforming the finance system before defeating the Komline-Schuermann amendment (which had been crafted to complement the intent language in the bill to pursue the Condon plan).

Miscellaneous Tax Bill: Senate Finance had a walk through on Thursday.

Current Use: Among other items, Senate Ag appears poised to once again put a parking provision in the bill – they are not dissuaded by the fact that such provisions in both 2011 and 2012 had to be repealed. The difficulties in crafting a provision center around the fact that town processes on development are not consistent so it is impossible to articulate a trigger on development that is not over inclusive (the bathroom in the barn) or under inclusive. The committee is also considering language on methane digesters, an issue the Department thought it put to rest with a technical bulletin, and again, there is a danger of unintended consequences.

Operation:

Returns Processing: We continue running over 10,000 returns ahead of last year. Over 200,000 personal income tax returns have been received, 85% electronically. (The IRS is reporting over 90%; one of the barriers in VT is the landlord certificate for renters rebate which leads to even some preparer returns coming in on paper). The Commissioner spent some time this week listening to phone calls, and, as is typical, many related to the rebate. In all, the Department handled over 11,000 calls in its income section, over 8,000 calls in the business section, and 218 calls on the dedicated preparer line.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: April 4, 2014
Re: Weekly Report

Status of Governor's Priorities: House marking up Budget- no issues with DLC.

Legislative Issues/Contacts/Updates:

- S299: would allow for licensees to serve flights of various products for comparison purposes. The bill was passed out of Senate and is in House General. No additional House Testimony Scheduled this week.
- S260: Allows for licensees that have had their applications approved on the local level but don't have the state's approval (DLC) due to other requirements to have a wholesale dealer deliver product to them to sample and prepare menus for actual opening of the business. No additional House Testimony Scheduled this week.
- House General Committee will be wrapping these issues into one bill most likely.

Press Issues/Releases/Contacts: Nothing now.

Significant Events/Meetings: Next Board Meeting 05/07/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project Contract signed this week. Kick off meeting in April.
- Preliminary review of department processes for potential licensing and enforcement system.
- Performance Audit underway. Report hopefully in April.

Summary of Key Department Activity:

- March sales ended flat. I think the weather was an issue especially the days the snow and ice came. We are still year to date in a good position.

Commissioner's Commentary: Have a great weekend.