

WEEKLY REPORTS

Checklist
6/10/16

Darren Springer

- ☒ Agency of Commerce and Community Development – Patricia Moulton
- ☒ Department of Financial Regulation – Susan Donegan
- ☒ Public Service Department – Chris Recchia
- ☒ Agency of Human Services – Hal Cohen

Sue Allen

- ☒ Agency of Education – Rebecca Holcombe
- ☒ Agency of Transportation – Chris Cole
- ☒ Agency of Natural Resources – Deb Markowitz

Sarah London

- ☒ Department of Public Safety – Keith Flynn
- ☒ Agency of Administration – Justin Johnson

Jessica Gingras

- ☐ Boards and Commissions – Jessica Gingras
- ☒ Department of Liquor Control – Patrick Delaney

Laura Gray

- ☒ Agency of Agriculture – Chuck Ross
- ☒ VT Commission on Lottery – Greg Smith

James Pepper

- ☐ Department of Labor – Annie Noonan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: June 10, 2016
Re: Weekly Report

PATRICIA MOULTON, SECRETARY

GOVERNOR'S PRIORITIES:

- **NEXUS press conference with Congressman Welch:** I attended a press conference Monday at Twincraft in Winooski where Congressman Welch was announcing the mobile NEXUS registration unit which will be in Burlington June 20 and 21st at 60 Main St. The hope is to get more people signing up for NEXUS cards so that CBP will get that line coming into the US open more often. This mobile unit enables NEXUS cards in one day that normally takes weeks.
- **Keurig GM:** press has been inquiring about VEGI incentives for KGM. It's too early to know if any of the incentives awarded for the kold line will not be granted. They have just filed their paperwork for 2015 and tax is processing. We are making it clear that VEGI incentives must be earned to be paid out. Fred Kenny will be doing an op ed on that topic.
- **Hermitage:** last Friday held a meeting with ANR and NRB representatives about the permit issues Hermitage is having. They were asking to bifurcate their master permit application into two parts, the main mountain as one, and the airport and East track as another. The district commission denied that request for the second time on Wednesday. Jim Barnes has indicated he may be selling the airport and East track. My only thought at this time is he may have to withdraw his master permit applicatoin, sell the land if he is in fact going to do that, and resubmit for the mountain tract. The mountain track is almost near approval.
 - I met with Diane Snelling and her team Wednesday to discuss Hermitage and the district 2 commission. Part of the complaint from Hermitage is that district 2 is under staffed due to retirements. Diane informed me they have hired back the two retirees temporarily which will help. Not only is Hermitage a big project, but with the potential expansion of Commonwealth, the certain expansion of Chroma coming up that commission will be quite busy. I feel better that they have the staff now to handle this caseload as Commonwealth and will need to go smoothly.
- **Burke Mountain subcontractors:** I am trying to arrange a conference call with the Burke Mountain subcontractors to PeakCM sometime the week of June 20. At least one, Mike's Electric, which is owed more than \$600,000 is experiencing extreme financial constraints and may be forced to lay off people. They have already laid off three. I will be talking to Jo Bradley to see if VEDA could set up some sort of a "emergency" loan program. All of these subs will be secured by liens on the property but the issue is cash flow to carry them from now to when those liens are paid off. Alternatively, I want to explore with Michael Goldberg the possibility of Burke doing the borrowing versus all those small businesses.
- **Citizen Cider:** got an email from Chico Lager who is working with Citizen on a potential expansion. They will be having a meeting June 16 with us, Ag, GBIC and others to discuss this expansion.
- **EB five: SouthFace Village:** Susan Donnegan reports she had a good meeting Thursday with the attorney for SouthFace Village. They seem to be on the same page now about work that needs to be completed before SouthFace can continue marketing their project. This is a relief as I thought we would be coming to loggerheads and SouthFace would walk. One issue is their marketing material, which was provided by the Chinese woman who complained about the project. It speaks of an "endorsement" by Governor Shulman (how it was spelled in the material) and Senator Leahy. That has to be removed. We think one of their brokers put that information together. In any case, that is a clear violation that needs to be corrected.
- **Commonwealth expansion:** had a good meeting Thursday with BGS and Vtrans about the pump station the state owns at the Guilford welcome Center. That needs to be upgraded as it is failing regularly, and needs to be enhanced to facilitate the Commonwealth expansion. We discussed a path forward that would enable the state through Federal Highway administration dollars, and potentially the town to share in upgrade expense saving the company the expense. Worst case scenario, we may use Windham County funds. We are competing with Arizona who makes all the infrastructure improvements on behalf of the company. I will be contacting Shana to get time

in the governors scheduled to go to Brattleboro and make the pitch with Tom Moffit sometime before the end of June.

- **Chroma Technologies:** Chroma has signed a development agreement with BDCC to proceed with expansion on site. I will be sending a memo today about Windham County funds for the chrome a project.

LUCY LERICHE, DEPUTY SECRETARY

- **Climate Economy Entrepreneurship Network Development Project:** This is a project from the VCRD Climate Economy Council Report. Lucy and Jared are members of a working group that also includes folks from the Vermont Sustainable Jobs Fund, VtSBDC, VSECU, Neal Lunderville, Adam Grinold, and entrepreneur Aaron Pollack from Design Book. The group is working to create an energy business incubator/accelerator that would bring business technical assistance, finance and capital providers together as a team to accelerate the progress of small businesses, and develop and oversee seed grants that could leverage other investments in order to spur creativity, research and development, start-ups, and rapid business growth. We are researching and discussing details around the target type of business to serve, the offerings, financing, and execution. This could be an exciting model as we are custom designing the accelerator to meet the unique needs of Vermont businesses.
- **Northern Border Regional Commission:** Lucy and Jared attended a two-day NBRC retreat in New Hampshire this week. The increased federal appropriations for this program are causing some growing pains in the structure and function of the Commission. Lots of good detailed conversations around developing needed structure for administration for the program. Also a tense conversation around the Federal Co-Chair's desire to start collecting funds from the states for the administration of the program. Up until now, states were not required to pitch in financially, but did contribute in-kind for program promotion and application review and underwriting. States continue to do this in-kind work, but would not get any credit for the dollar value of that work toward the state contribution to the Commission. Apparently, this financial contribution is in federal statute. Lucy will be discussing the issue with the federal delegation to try to get a read from them on just how necessary it is for states to contribute financially given the significant contribution we are already making in in-kind.
- **Commissioner of DHCD Transition:** Lucy is getting more involved in the work of the Department in anticipation of the imminent departure of Commissioner MacKay. In addition to her work as Deputy Secretary of the Agency, Lucy will be providing leadership for the Department for the remainder of the Shumlin Administration.
- **Vermont Life:** Pat and Lucy met with Secretary of Administration Justin Johnson and Commissioner of Finance and Management Andy Pallito to discuss ACCD's plan for the Vermont Life report ordered by the Legislature. The plan has a number of components including a provision to contract with Vermont Life for work laid out in the Economic Development Marketing Plan, and a proposal to stop additional accumulation of the deficit.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

Vermont Quebec Enterprise Initiative

- **Montreal ICT Event:** This event went extremely well and the feedback that we have received was very positive. The FCCQ organized this reciprocal event as a follow-on to the meetings that we hosted in Burlington in February. The day's events were divided into a workforce development attraction/retention (of ICT employees) discussion with MPC and a B2B Roundtable immediately following. The companies that attended from Vermont – TechVault, LogicSupply and Ringmaster – all made good contacts, as did Champlain College, Vermont Tech Alliance and BTVIgnite. The meeting with MPC was incredible; this company has developed an in-house [academy](#) that accepts 30 students per semester to train them in all areas of their business, including compositing, FX and lighting. This training takes 12 weeks and is fully paid by MPC. Following completion of the academy, students transition into the company as full-time employees. While there are just a handful of companies in Vermont that could exactly replicate this, there could be a possibility for a central training resource for our businesses.

Specific follow up from the morning session will include Champlain College engaging with MPC further to determine whether there is any opportunity for Champlain's Montreal students to gain internship experience at MPC and learn more about the structure of their academy.

The afternoon event focused purely on B2B opportunities for Vermont companies. This was very positive due in large part to our companies' providing us with specific information on the types (and in several cases, actual names) of Quebec companies that they wanted to meet with prior to heading to Montreal. BTVIgnite offered to help organize a reception (with Vermont beer, of course) during Innovation Week in October to bring together all of the Quebec and VT-based IT companies that have been a part of our VQEI events, as well as other interested

companies. I think that there is another opportunity to convince one of the companies to set up a small office in Vermont...stay tuned.

- **Meeting with Quebec Economic Development:** Following our meetings with the FCCQ, I met with Yann LaMarche of the Quebec Government; he serves as the Director for New England. Actually, he will be on a 6-month assignment in Boston beginning in the fall to take Mary Beth Meade's place on a temporary basis. Yann absolutely wants to be kept apprised of upcoming events and wants to assist with the organization of the Quebec Tech Mixer that I referenced above. He has heard very good things about the VQEI and is interested in becoming more involved, which is fantastic. We also talked about working together as he plans a fall roadshow through New England for the renewable energy sector; he acknowledged that Vermont was the unofficial focus of this project. They are also VERY interested in our Sherbrooke Spirits Event in September.
- **Next Steps:** Organize the September events and October Mixer, but follow-up on some of the activities of the MPC Academy to see whether there is an opportunity for us to do something to help with the ICT talent shortage. We also have a bunch of specific follow-up to do for Quebec companies seeking opportunities/connections here in Vermont. And finally, the BDCC Green Building Cluster folks have been invited to participate in a mixer/meeting with the Quebec Green Building Council.
- **Haut Richelieu Region:** Was approached by Ms. Erica Zoia to meet with her team in St. Jean in the coming weeks to discuss potential alliances.
- **BHS Composites:** Have moved a lot of equipment into the St. Johnsbury facility and are gearing up for a late summer start. They know not to turn on all equipment at once...

Other

- **Certificates of Free Sale:** I lined up a likely solution for the companies that would no longer be able to receive Certificates of Free Sale from the Agency of Agriculture. The affected companies, including Twincraft, Food Science and Autumn Harp, have already needed over 100 certificates this year and having them deal with FDA directly – and therefore have a 6-week waiting period – seems like it would be extremely detrimental to their production/delivery schedules.
- **Harrison Highgate Airport project:** Working with AGR and the developer, Jim Harrison, to move the Highgate project forward in a manner that is acceptable to all.
- **Appalachian Engineered Flooring:** Monitoring the communication between the company and CBP related to their reclassification issue with their flooring products. If not resolved, it is likely this company will cease operations in the state; however, we are hopeful that a resolution can be reached. More specifically, they are submitting information (via Form 19 and Provision 9802) that deals with disputing a CBP decision and the issue of duty on US made products that are shipped back to the US. If anyone wants additional info on Provision 9802, feel free to let me know.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

- **Creative Services:** Promotional banners continue to be a useful tool for state entities in their outreach efforts. Design work this week included a new promotional banner for the Vermont Commission on Women, as well as a set of four banners for the Division for the Blind and Visually Impaired (DBVI). The DBVI banners profile four individuals who have successfully achieved their employment goals through the help of DBVI's training support and services.

VT CENTER FOR GEOGRAPHIC INFORMATION (VCGI) ♦ Steve Sharp, GIS Operations Manager

- **VCGI Imagery Program**
 - **LIDAR:** ACCD was able to pay the first USGS bill for the 2015 Windham County LiDAR "collection" after receiving interagency funds from our DEC and VTrans funding partners. Supporting documentation for the recently updated master LiDAR archive is complete and metadata updates will be complete by early next week. VCGI will soon be able to accommodate orders for the "All-LiDAR" product and plans are underway to update data downloads from the VT Open GeoData portal. The update archive also provides the foundation for developing "mosaic datasets" used to publish web services. New LiDAR web services will be rolled out in the early July timeframe.
In support of the 2016 Vermont Middle Connecticut River LiDAR collection effort, supporting documents from our funding partners have been signed and ACCD will be signing the Joint Fiscal Agreement with USGS later this week. Thereafter, data acquisition can commence any time after Oct. 1, 2016.
- **Projects and Technical Support Services**

- **VT Open Geodata Portal:** Jenny continues to plug away at updating the VT Open Geodata Portal's metadata. Ivan, Steve, and Leslie are focused on the latest set of Spring Backlog items as we near the middle of the latest two-week Scrum "sprint".
- **Statewide Parcel Data Project:** The Project Team (VTrans and VCGI staff) met to continue working on Project Approval Form and to start discussing the budget, in-kind match, agency contribution match, etc. The goal is to finalize the PAF and budget within the next week.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **The Eastern States Exposition (The Big E):** Megan, Kathleen Kolva and Kiersten Bourgeois attended a meeting at the Agency of Agriculture to discuss bringing in other agencies to the Big E to celebrate the 90th year of the Vermont Pavilion. Vermont is building a three stall structure in the back to accommodate two more vendor booths and one to be used by the state for educational purposes. The State Police are very interested in coming down to do recruitment while some of the other agencies had ideas on what they might be able to do. Kiersten had excellent ideas about recruiting businesses to come down as more of a branding exercise to celebrate the 90th anniversary.
- **Adventure Trade Association Elevate:** Megan attended the conference in Saguenay, Quebec. The conference had excellent educational sessions. The lead photographer for National Geographic Traveler did a presentation on using Instagram and Snapchat; the Executive Director of the Whistler Chamber of Commerce spoke about a resort wide training program that was developed in partnership with the University and the Government as well as their pursuit for year-round tourism with mountain biking. There were several panels including Food Tourism, Mobile Marketing, Fundraising and Research. Tim Tierney from Kingdom Trails and Greg Marston from Vermont Bike Tours participated in a very productive Bike Tourism panel. Megan also had meetings with 9 journalists to pitch ideas for summer stories.

Steven Cook, Deputy Commissioner

- **Yankee Magazine:** Deputy Cook met with Yankee Magazine publisher Jamie Trowbridge to discuss a cooperative media buy for the next fiscal year. This program will allow for Vermont's small businesses to purchase print and digital advertising at a reduced rate due to the support from the Department. This program has been very successful in prior years.
- **Burlington Free Press:** Deputy Cook interviewed with Dan Dambrosio of the Burlington Free Press regarding the release of the annual skier day numbers for the 15/16 ski season. This year Vermont experienced a significant drop in skier days due to the poor winter weather conditions.

COMMUNICATIONS ♦ Philip Tortora, Director of Communications

- **Open Farm Week:** Conducted a video shoot Tuesday at Maple Wind Farm in Richmond with David Burnell, Erin Buckwalter of the Northeast Organic Farming Association (NOFA), and farm owners Beth Whiting and Bruce Hennessey. Once shooting is complete, the promotional video will run on the social media channels of Vermont Tourism, DigInVT, Vermont Farm to Plate, Vermont Fresh Network, NOFA and other partners. Also, we distributed an out-of-state press release this week to announce Open Farm Week to the Northeast and Quebec media to give them advance notice of the August event. The first in-state release will be in July. Will attend an Open Farm Week planning meeting at NOFA in Richmond on Thursday, and provide a recap.
- **Vermont Days Promotion:** Thanks to Heather Pelham and David Burnell for Vermont Days promotional content that we shared this week, including a press release which was distributed to the Vermont and northeast media on Monday, and a video that was posted to our Facebook page on Monday evening. Deputy Commissioner Steven Cook boosted the Facebook video, which we anticipate will receive thousands of views.

SALES ♦ Kathleen Kolva, Sales Manager

- **Sports & Fitness Expo:** On May 27-28, VDTM had an impressive presence at the Vermont City Marathon's Sports & Fitness Expo hosted at the Sheraton Hotel & Conference Center in Burlington. Out-of-state competitors and their families, as well as Vermonters, were eager to pick up Vermont Vacation Guides.
- **HCI Peer Group Conference:** On Sunday, June 5th, Kathleen met with the Board of Advisors for Heritage Clubs International. HCI is one of the premier bank marketing organizations in North America. In March 2017, they will be hosting the HCI Peer Group Conference at The Essex Resort & Spa. This annual 5-day, 4-night education conference brings bank club directors and travel industry partners together to learn from and network with each other. Kathleen presented the board with details about their three-day state-wide FAM tour and their Burlington area sightseeing tour on Monday, March 13, 2017.
- **CANADVAC Travel Services:** Kathleen has been working with Product Manager Christine Wentzell of CANADVAC Travel Service Ltd. A Nova Scotia-based business, for almost 30 years CANADVAC has been the

leading receptive specialist for European Tour Operators, providing travel arrangements within Eastern Canada and the Northeastern United States. After numerous email exchanges and a phone conference this week, Christine has been able to partner with Inn Victoria and the Spirit of Ethan Allen. Kathleen has followed-up with additional accommodation information for CANADVAC's FIT clientele.

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

- **Advertising:** Chris McGee, our new advertising sales director, is getting results in his first issue, Autumn 2016. Ad sales revenue for this issue stand at \$71,000 -- a 27 percent increase over the previous issue, Summer 2016 -- plus he has added \$2,300 in digital sales and \$1,000 in new subscriptions, with ad sales still ongoing for Autumn.
- **E-news:** The June E-news was sent promoting 2017 calendar preorders, and we received immediate responses: 37 orders the day it went out, yielding \$1,100 in sales.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Joan Goldstein, Commissioner

- Met with DOL, Refugee Settlement Group, and Association for Africans Living in Vermont to talk about employer needs and **ESL courses** that can be developed. Will continue to coordinate with the group.
- **Continued calling on employers:** Preci Manufacturing, Gardener's Supply, and Revision. More work necessary in coordinating with providers, especially for high school students/internships and supervisory skills training. Finance and IT skills are still difficult to find. Entry level math skills are sorely lacking. Preci is interested in secondary school type programming.
- **Attended Dental Society workforce group.** They have been proactively recruiting new dentists to the state. The UVM residency program is key to development of replacement dentists. They are interested in the economic development marketing plan as we could help each other with collateral materials. They also shared the Vermont Department of Health's primary care and physician's assistant workforce needs study which will inform us as we proceed with the workforce needs study.
- **Meeting with LED Dynamics.** They've purchased a business in CT and need to bring on an additional 20 employees and are out of space in Randolph. We have location ideas for them and will discuss VEGI with them.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- **Clean Energy Development Fund (CEDF):** Represented ACCD at the CEDF Board meeting. A draft FY 2017 budget was presented for review. Next week a proposed budget and budget narrative for \$5.9 million in investments, very much a continuation of last year's plan and priorities (primarily designed to help grow the Advanced Wood Heat sector), will be released for public comment.
- **Vermont Employee Ownership Center (VEOC) Conference:** Represented the Dept. alongside Brett Long and John Young at the largest yet VEOC conference (over 190 attendees). Shared information about our programs to various employee-owned businesses and other businesses considering moving to employee ownership.
- **NBRC Applicants Engaged:** NOFA VT; Capstone Community Action; Vermont Council on Rural Development; Town of Craftsbury; Vermont Community Loan Fund; Craftsbury Public House; Lamoille Region Solid Waste Management District; Northern Forest Center; Catamount Arts; Lamoille Housing Partnership; Town of Highgate; Town of Canaan; Dailey Memorial Library (Derby).
- **Business Support Provided:** **Vermont Cedar Chair** (applying via Agency of Ag to exhibit at the Big E); **Vermont Farmers Food Center** (working to collect and communicate feedback on previous unsuccessful funding applications from CDBG (thanks Claire), Working Lands, and others).

BUSINESS SUPPORT ♦ Brett Long, Director

- Discussed OEA grant criteria with Revision
- Met with Precision Manufacturing
- Met with Gardener's Supply
- Met with Northwest Tech Center
- Met with VT Precision Tools

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Captive Review Magazine US Captive Domicile of the Year Application:** Dan Towle, Director of Financial Services, is drafting the application for this coveted domicile award. Vermont has won 3 out of the 4 years the award has been available and the last two consecutive years. The award continues to be extremely competitive with more domiciles submitting applications than ever before. The award will be announced in August.
- **Risk & Insurance Management Society (RIMS) Exhibitor Advisory Committee (EAC):** Dan has once again been selected to serve on this prestigious committee for the RIMS. Dan has previously chaired the committee for 3 years and is the longest serving member on the committee. The EAC met in Philadelphia for a day-long

meeting of conference wrap up for RIMS 2016 in San Diego and to plan for RIMS 2017 to be held in Philadelphia. The committee and the close relationship that Dan has established with RIMS provides excellent access to Risk Managers who are the key decision makers in establishing a captive insurance company.

- **Risk & Insurance (R&I) Magazine Publisher Meeting:** Dan met with the Publisher of R&I to discuss editorial ideas, advertising and co-marketing opportunities for the State and R&I. R&I publishes an annual report on Vermont that is typically 20 pages long and is an excellent opportunity for Vermont to market itself.
- **RIMS In-Site:** Dan is in Philadelphia as part of RIMS to participate in a familiarization tour for the Philadelphia RIMS Conference. The tour is extremely helpful in determining booth placement and other strategic marketing that can be done in the host city. RIMS In-Site is also one of the RIMS EAC required events.

VERMONT TRAINING PROGRAM ♦ John Young, Director

- Represented the Department on the review team for the Governor's Award for Business Excellence in Supporting Mature Workers. The award winners will be announced at the SHRM conference in South Burlington this fall.
- American Rail Dispatching Center in Franklin County received a VTP grant to add up to 11 new positions.
- Visited Built-By-Newport who now has a grant in the review system to improve efficiencies and for training on a new ERP system.
- Renewable Fuels of Vermont has a grant in the review system for training on their new state of the art wood pellet manufacturing machinery.
- Met with Preci Manufacturing who is looking for support to train on their ERP system as they are transitioning to more commercial customers from their usual Federal contracts and are in need of streamlining their production processes.
- Met with Vermont Precision Tools with Brett Long and Tim Smith. Vermont Precision is considering an expansion as their medical division is doing very well. They might be looking at adding up to 60 new employees and adding a 20,000 square foot extension on their current building.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay

- **Vermont Economic Resiliency Initiative: Reports NOT Sitting on a Shelf:** Wrote a letter of support for a competitive FEMA mitigation grant for a project in Brattleboro. The Brattleboro Housing Authority (with help from a CD grant) is building new housing at Red Clover Commons to help relocate some of the residents at Melrose Terrace where 60 of 80 residents flooding and the area floods on an annual basis, putting a vulnerable, elderly population at risk. BHA has been working on a plan to eventually demolish all the buildings in the floodway, take out a bridge, update a culvert and restore the floodplain. They are looking for funding for the first phase of the project which has a 2.6 cost-benefit. DEMHS has been actively reaching out to key partners for support of this project – Kudos to Lauren Oates at DEMHS for her great work on this effort.

Deputy Commissioner Hanford

- **VCDP Board Meeting:** Spent much of the week preparing for the June 9 VCDP Board meeting. 16 Communities have requested nearly \$6M in grant funding. Staff prepared analyses of each project and each applicant made a 20min presentation to the board. After a long and exhausting, but incredible informative day the board made \$3M in funding recommendations to Secretary Moulton for her review and consideration next week. A big thanks to everyone that helped and the CD board for making the very difficult funding recommendations, as all the projects were great!
- **Vermont Affordable Housing Coalition:** Attended the monthly meeting to provide an up-date on the implementation of the Governor's Executive Order to make available 15% of publicly supported housing units to homeless families & individuals. Also discussed collaboration with the recently release RPF for the Roadmap to End Homelessness in VT by AHS & VHCB.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partnership Report

- **Milk Money:** Gary, Richard and Jared met with Janice Shade and Louisa Schibli from [Milk Money](#) to learn more about their company's efforts to support entrepreneurs through a 'matchmaking' service of Vermont investors and businesses. Milk Money (similar to Kickstarter) is a Vermont-based crowdfunding site for entrepreneurs to post fundraising campaigns to solicit equity or debt investments from Vermonters. This new fundraising tool was made possible with 2014 legislation that opened the door for more Vermonters to participate in the 'start-up economy.' The Vermont State Employees Credit Union is helping underwrite this effort. To-date, Milk Money has 60 investors and 30 businesses registered. The first campaigns will be announced next month.

State Designation Program Report

- **Brattleboro, Harmony Place:** Richard and Gary met with Gail Nunziata of Parks and Plaza Inc. to discuss their plans to transform the alley behind the Brooks House into a new downtown gathering place. They're seeking \$500,000 to design and construct the project that is expected to increase downtown foot traffic. They have raised \$100,000 so far.
- **Northfield, Area Wide Brownfield Plan:** Richard participated in the steering committee meeting and identified two sites for redevelopment, the Northfield Savings Block and the Freightyard Way properties. These two sites are relatively easy to remediate, have good redevelopment potential and support the V-DAT recommendations to improve the vitality and livability of the village center. Next steps are to host a 'Night on the Common' public event on July 19 in concert with the farmers' market to gather input and community support.
- **South Burlington:** Gary attended a community meeting in South Burlington to kick off the newly formed South Burlington City Center Collaborative (SBC3). SBC3 was formed to promote and advance initiatives to promote the City Center and the redevelopment of the U Mall, as well as the benefits that come with recently expanded state-designated New Town Center and Neighborhood Development Area. Gary discussed how to effectively utilize the 'Main Street Approach' by engaging the community and developing strategies for short and long term success. Other presenters included Fauna Hurley, previous Executive Director of Revitalizing Waterbury who discussed how to effectively utilize business promotions and events. Zoe Gordon, Economic Development Director for Revitalizing Waterbury, talked about ways to attract and retain businesses. Finally, local architect Ward Joyce, showcased a range of low cost improvements that can enhance public spaces.
- **Stowe:** Caitlin and Gary attended a community meeting at the newly renovated Black Cap Coffee in Stowe to discuss downtown designation and the tax credit program. Stowe Vibrancy, the downtown organization, has been actively involved with engaging the community to bolster support of their efforts. Over 30 people attended the meeting and there was good interest from a few property owners to apply for tax credits in July. Caitlin was invited back to present at an upcoming selectboard meeting so they can better understand how the tax credit program works.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **DON'T FORGET!** This weekend, as part of the annual Vermont Days event, we are offering free admission at our State-owned Historic Sites. Get out of the house. Bring the whole family. See history where it happened.
- **Plymouth Cheese Factor:** Laura and Dale met with a representative of the Plymouth Cheese Factory to discuss the expected changes of the FDA for cheese making and maintenance of the historic building at the President Calvin Coolidge State Historic Site. This discussion will continue.
- **Vilas Bridge:** VHDP received notice that the federal Advisory Council on Historic Preservation has contacted the Federal Highway Administration's regional office in New Hampshire regarding a 1994 agreement about the long-term maintenance of the Vilas Bridge, as mitigation for the demolition of the Kelleyville Bridge, which has razed in 1994. The ACHP is seeking an update on the status of the bridge and the plan of action for its maintenance as part of this neglected agreement.

State Architectural Historian

- **Montpelier Design Review District:** Devin and Laura met with Mike Miller, Montpelier Planning Director, to discuss proposed revisions to the boundaries and regulations for the Montpelier Design Review District. The city wants to align the Design Review boundaries with the National Register Historic District boundaries, thus providing documentation about the resources under design review. The proposed regulations, however, directly contradict the Secretary of the Interior's Standards for Rehabilitation by allowing the replacement of historic windows, doors, siding, roofs and front porches with new modern materials without first investigating repair and replacement in-kind. This may jeopardize Montpelier's designation as a Certified Local Government. Devin is going to draft some suggestions for the Planning Commission on how to revise the ordinance to align with the SOI Standards and retain CLG designation.
- **Montpelier Public Meeting:** Devin attended a joint meeting of the Montpelier City Council and Planning Commission at which the public was invited to express their opinion about the proposed changes to the Design Review District boundaries and regulations. The meeting lasted 2.5 hours and consisted of repeated statements in opposition to any form of Design Review, which is not the issue at hand. Montpelier already has Design Review in place, and it will remain in place if these changes do not pass. Many of the comments were based on misperceptions of what historic preservation is all about and the implications of being in a Design Review District. The city needs to undertake a much more proactive public education process and Devin will work with them on addressing the concerns of the residents.
- **Burlington Public Meeting:** Devin attended a "Public Input" meeting organized by the consulting team work on the city's comprehensive review of development and construction permitting and historic preservation

regulations. It was a good opportunity to hear what is and is not working with the current processes and how they can be improved. A key recommendation will be the inclusion of incentives for owners of historic properties to maintain them according to the Secretary of the Interior's Standards, including property tax abatement, a revolving fund, waiver of permitting fees, or other benefits.

- **Vermont Covered Bridges:** A recent issue of "Covered Bridge Topics," the official magazine for the National Society for the Preservation of Covered Bridges, notes that 12 covered bridges in Vermont that no longer exist are listed in the National Register of Historic Places. They should be formally de-listed, and Devin will prepare and submit materials to the National Park Service to do so.

Tax Credits

- **Montpelier:** Caitlin and Laura met with a small project group at the French Block in Montpelier to walk through the building. The aim of the meeting was twofold. The group took a closer look at the existing historic windows to establish a rating system (good/fair/poor) for a required window survey. They also looked more closely at the currently proposed floor plan for the project as it relates to the circulation and retention of historic staircases and hallways. It was a very productive meeting.

Project Review

- **FCC:** Jamie and Scott participated in a conference call with numerous SHPO's around the country to discuss proposed amendments to the Nationwide Programmatic Agreement for Telecommunications Facilities, which covers new towers and building collocations. The proposed changes seek to streamline the review process for Distributed Antenna Systems and Small-scale Antennas, which represent the current shift in materials and technology driving the industry. These systems include numerous small antennas placed on power poles and streetlamps that are linked together to provide service over a larger area and along more linear corridors. These systems are better able to address the data-intensive needs of today's customers with better coverage and stronger signals as opposed to the more traditional (boomer) arrays of large antennas situated in high places to reach a very large area. No significant concerns were identified by the group so the proposed changes will continue to move forward for approval by the National Council of State Historic Preservation Officers (NCSHPO) and federal Advisory Council for Historic Preservation (ACHP).
- **Burlington:** Jamie, Scott & Devin met with representatives from Housing Vermont and Cathedral Square to discuss the New North Avenue Housing project, part of the former Burlington Orphanage redevelopment project. This project is only a portion of the proposed new construction around the complex, and features two buildings with specific functions, an affordable housing complex being developed by Housing Vermont and assisted care facility developed by Cathedral Square. The group discussed the design of the new buildings and associated site work in regards to its impacts to adjacent historic buildings in this area of the North Avenue Historic District. Although these buildings represent only a portion of the larger development here, their design seems to integrate well as new construction.
- **Berlin:** Yvonne met with Tory Levite and Kevin Geiger from TRORC, and Dana Hadley from the Town of Berlin on Tuesday at the new park on Muzzy Road. The Town of Berlin acquired the 3-acre parcel through the FEMA Hazard Mitigation Grant Program and, through CDBG DR grants, has redeveloped the parcel for public use as nature trails and community gardens.
- **Morristown:** Scott and Yvonne performed a site visit on Tuesday afternoon in Morristown in preparation for an Act 250 hearing scheduled for Wednesday evening. The proposed project is described as a Phase I of a Master Plan for the 332 acre Greaves Farm tract located at Elmore Road and Washington Highway in Morrisville. The applicant is requesting partial review for the creation of four development areas both for commercial and residential use. The site visit identified a number of potentially eligible structures as well as several areas of archaeological sensitivity within the proposed project area. Although the Act 250 Commission is not requesting formal comments regarding historic sites at this time, Yvonne will be attending the hearing Wednesday evening to learn more about the project and represent our interests in the process.

Historic Sites Section Chief and State-Owned Historic Sites

- Tracy has been focused almost entirely on the Justin Morrill State Historic Site this week.
 - On Friday, June 3, she and Merle Miller of BGS did a walkover at the site discussing a number of pending projects. They met with both a painting contractor and a building contractor to review work that is scheduled to occur there over the course of the next month.
 - Tracy has also been working to resolve a seasonal staffing shortage at the Morrill site. Weekends, particularly Saturdays, continue to be a problem, but plans are in place to bring an additional tour guide on board before the end of the month.

- On Wednesday, Tracy, Laura and Dale met with the Director, President and Treasurer of the Friends of the Morrill Homestead. The goal of the meeting was to review an MOU currently in place between DHP and the Friends, and the discussion resulted in a renewed commitment to increase our collaboration in all our work at the site.
- Preparations are nearly complete for the Open House planned for Sunday at the Justin Morrill Homestead. This year, a two-hour segment of the event has been planned as a special thank-you from the State to the people of Stafford. The community has long been dedicated to preserving Justin Morrill's home and to sharing the remarkable story of his life and work.
- **Coolidge Site:** The second week of the season continued to be busy with school groups; 416 students and teachers have visited to date. More and more, we appreciate the dedicated service that Nancy Yale provided at the Wilder House Restaurant and as tour guide. The Governor wrote a beautiful letter to Nancy's family, and Caravan Tours (our largest motor coach supplier) sent them a dozen yellow roses – quite a tribute. The RFP for the restaurant concession was posted on June 6, and a pre-bid meeting is scheduled for June 13. We hope to have a new operator by early July. It's been rather challenging to staff the buildings, and Bill served as tour guide one day this week. After Montpelier's approval, the press release for the Achsa Sprague program (June 12) was sent to area newspapers. Bill was asked to be the narrator for the new orientation film at Black River Academy Museum – nice to reciprocate the many times the BRAM staff has helped at our own special events.
- **Bennington Battle Monument:** The last weeks of school brought several more visits to the Monument including Rutland, Pittsfield, Manchester and several from Bennington. The students do not usually come into the gift shop, as it is the school's decision, but when they do it is quite a buying frenzy, always fun. We are getting ready for the Lung Association and their race to the top. The DOC crew has swept and cleaned the steps and the lawn is being mowed between storms. There are quite a few teams registered including VSECU; look for the 'Fight for Air Climb' on face book to view or register. The record was set at 70 seconds in 2012 and has not been broken yet, 20 stories in just over one minute!

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

- State Representative Valerie Stuart contacted the Department on behalf of the Tri-Park Cooperative in Brattleboro, about the new HUD foundation requirements. Tri-Park is concerned about the additional cost since their mission is to maintain affordability. Shaun clarified many of her concerns, but suggested that she follow up with Arthur for more detailed discussion. After the subsequent phone conversation with Arthur, Arthur agreed to attend a meeting with Tri-Park on July 7 to explain the steps we have been taking, and suggest strategies to help Tri-Park alleviate any cost burden on their residents from the new requirements.
- The lot rent mediation held last week for Fairview Estates resulted in an agreement by the parties to keep the proposed \$25 lot rent increase unchanged. No other details or "side agreements" were included in the mediator's report.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Regular VCDP

Existing Grants

- **Town of Thetford:** VCDP received written notice from Sheila Beidi, owner of Creative Spirit Children's Center, that due to the three-year delay in being able to undertake her child care expansion project because neighbors appealed her town zoning permit in court, she is stopping her efforts to purchase the property in Thetford. The delay increased the overall cost to an amount exceeding existing and potential funding, and the need to drill a well will also give the neighbors another chance to take the project to court causing further delays. Sheila is far more upbeat about this turn of events than most would be, but the Town will be returning its \$300,000 grant award from December 2012. [VCDP staff assured](#) Sheila that if another opportunity arose for her to expand her child care operations, she had not burned any bridges with the Department or Agency.
- **Town of Williston:** The Town submitted an amendment request for a \$50,000 enhancement for the COTS project located in Burlington at 95 North Avenue. After going out to bid, they determined the building has more structural deficiencies than anticipated. The estimated cost of the structural upgrades is \$274,338 and the construction contingency is only \$260,806.

Potential Applications

- **Town of Waterbury:** Staff spoke with Kellee Mazer who somewhat recently became the owner of Butler Apartments, a Section 8 project based apartment complex of 12 senior/handicapped units. It is a two story building and an elevator is needed to allow those with mobility issues to live on the second floor. She was given names of persons to call to see how best to seek funds to cover an amendment, and to get back in touch if VCDP funding will be sought.

- **Town of Milton:** Staff met with Jen Hollar and Ariane Kissam from VHCB and Ashley Lucht and Terisa Thomas from DEC to go over the needs of the Milton Mobile Home Park in terms of water and wastewater infrastructure. We compared each of our programs' requirements, discussed eligibility for each funding source, and made a plan for how the MHP can move forward. Ashley said the park would have to submit an application this week to be on the priority list for the Drinking Water RLF. However, the park was not a high priority last year. Terisa said the only potential eligibility for the Clean Water RLF (wastewater) is through the Town of Milton, which does require a bond vote. Similarly, the project is most likely eligible for the VCDP funding, but an application must be submitted through the Town and they have not reached out to us. Jen Hollar is going to reach out to the MHP to provide this guidance as well as send them income survey forms for each program.
- **Town of Hardwick:** The town has recently completed the VCRD Community Visit process and USDA-RD Community and Economic Development Specialist Ben Doyle has organized a funders meeting with the town's Action Committee to discuss opportunities to expand the historic [Judevine Library](#). Nathan has provided Ben and the town with programmatic information as VCDP may be a potential funding source for planning or ADA related renovations.



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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: June 10, 2016
Re: Weekly Report

A handwritten signature in black ink that reads "Susan L. Donegan" with a stylized flourish at the end.

Banking Division

The Banking Division conducted an onsite Safety and Soundness Examination of Green Mountain Credit Union this week. The examination staff identified several material weaknesses and a series of state and federal non-compliance occurrences in the business loan and marijuana deposit account portfolio. Also inaccurate and inadequate financial analysis were observed including a lack of proper monthly monitoring reports and documentation. Corrective action has been imposed on the credit union (Commissioner Donegan has sent a detailed communication to the CEO and Board of Directors) with heightened oversight by the banking division until the institution is in compliance. This is highly confidential as the credit union is not in solvency trouble and no customers are in jeopardy at this time.

Insurance Division:

The department has received a number of phone calls from insurance brokers and colleges who are frustrated by the delay in the approval of student health insurance rates as filed by Nationwide and Companion insurance companies. Any delay is not due to inaction by DFR but rather to when these filings originally were submitted and more importantly the quality of the filings. The rates as filed contain items that need further explanation before approval can be granted and DFR has a statutory obligation to review these rates for compliance to make sure they are affordable and fair, equitable and not misleading. Getting the answers to these questions before approval is sound financial regulation. We have responded to all inquiries, including those from Sen. Brian Campion (D-Bennington), that this issue is a priority and there is constant communication between the department, the colleges, brokers, DFR actuaries and actuaries representing the insurance companies.



Deputy Commissioner Kaj Samsom and several others from the Insurance Division attended the first of several planned meetings with Vermont's top auto insurers to discuss the use and impact of credit history in the establishment of auto insurance premiums. This is in response to a request by the Legislature for a report that is due on December 15.

Also this week, an internal working group was created and met to discuss how to handle the new regulatory responsibilities delegated to DFR by S.215, which now involves the department in disputes between insurers and optometrists related to how optometrists obtain glasses, etc., for customers.

Captive Insurance Division:

Through the constant surveillance and examinations of Vermont's captive insurance companies, DFR has detected that the Doctors and Surgeons National Risk Retention Group is in some financial difficulty. The department is working closely with the company to develop a plan to improve its financial condition. If no plan is deemed acceptable, other state insurance departments will be notified, followed by an order to seize the company, rehabilitate if possible or liquidate if necessary. Doctors and Surgeons National RRG provides medical malpractice coverage to its members who are located all over the country.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: June 10, 2016

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

S.260 – Energy Siting Bill – Kudos to the Gov., Darren and team for a well-executed veto session strategy on S.230/S.260. With S.260 likely to be signed into law next week, the Department's focus shifts to the significant implementation tasks contained within this bill. A brief summary of the to-do's include:

- Drafting guidelines for approval of regional and municipal plans – November 1, 2016
 - Working with the PSB as it issues temporary wind sound rules – 45 days from enactment
 - Working with the PSB as it issues permanent wind sound rules – July 1, 2017
 - Drafting rules relating to decomm. and aesthetic mitigation of gen. projects – Nov 1, 2016
- Work plans will be established for each of these items in the coming week.

Clean Energy Finance Collaborative – Meeting with Treasurer, VEDA, ACCD – For the past year+, Energy Action Network has been facilitating a Clean Energy Finance Initiative. Unfortunately they entered the process with a pre-determined outcome in mind and at the end of the process, have little results to show for their work other than an outline of the needs for additional finance resources here in Vermont. As this process concludes, the Department has moved to initiate a public/private clean energy finance collaborative. The effort will begin with an MOU. On Friday, ACCD, the Treasurer, and VEDA sat down to be sure that State players are all on the same page regarding this effort. A next step will be a meeting with EAN to smooth any

ruffled feathers and to reassure them that this effort is for real. The hope is to have this MOU completed and the Collaborative well underway by the time of transition in December.

Vermont Green Line – We are meeting with Anbaric next Monday to discuss the status of their filing. They have filed their 45 day notice this week. We will likely begin negotiations of Vermont benefits with them at this meeting.

Meetings/Calls this Week:

June 06 – NECPUC Symposium, Falmouth, MA

June 07 – NECPUC Symposium, Falmouth, MA

June 08 – NECPUC Symposium, Falmouth, MA

June 09 – State House for S.230 Bill

June 10 – VY-Next steps, Clean Energy Finance MOU meeting, Equipment Dist. Program

Meetings next Week:

June 13 – Trans Canada, VT Green line, S.260 Signing

June 14 –

June 15 – Charter Cable meeting with Deputy Jon Copans

June 16 –

June 17 –

Media: Seven Days on transition (Ugh); Rutland Herald and VPR on DC Court decision ruling wqith NRC on confidence petition by NY, VT and other states.

Public Official Contacts: None.

PERD

Thermal Energy Finance Pilot/Heat Saver Loan Program

• **Heat Saver Loan Summary and Budget Projections (2016-2017):**

- The pilot generated 182 loans as of March 31, 2016 valued at \$2.15 million and using \$351k of interest rate buy down funds. The program thus yielded \$6.13 of additional energy efficiency investment for each IRB dollar. Approximately 80 percent of the borrowers in the program were middle and lower income residential property owners.
- Relying on the proportions of borrowers for the first full year of the pilot, staff estimate the program will use \$347k more IRB funds, bringing the full pilot IRB expense for the two-year operations to approximately \$700k for about \$4.3 million of loans disbursed to about 360 borrowers. The pilot currently has \$707k of IRB funds available through December 2016. Should the rate of participation rise substantially, the program would spend the budgeted IRB funds more quickly.
- Staff generated projections for funds needed to carry the program through 2017 in anticipation that efforts to establish residential lending through the RUS will likely take another year. At current rates of spending, the following amount of IRB funds would be needed to support the identified Heat Saver Loans:

2017 Projections

Number of Loans:	150	200	250
Amount of IRB Needed:	\$288k	\$384k	\$480k
Value of Loans Supported:	\$1.77m	\$2.36m	\$2.95m
Leverage:	\$6.15 to \$1.00		

An additional \$200k of ARRA-DOE funds re-purposed from NeighborWorks of Western Vt. and VEIC (PACE program) are currently available for the HSL. PERD has identified about \$50,000 new funding that can be added in 2017. In addition, there is the possibility that there could be an additional \$200k available via the TEPF (EVT) (still in discussions regarding) for a total of \$450k for 2017. Given the positive response to the program and its concrete achievements, it is also possible that VLITE—one of the program’s current funders—may contribute additional funds at their September meeting. If the program were to receive an additional allocation of \$100k from VLITE, the total for 2017 would be \$550k for IRB, which at current modest rates would support about 285 new loans.

- Staff are currently reviewing potential models for the program in its post-pilot stage including possible transitions to RUS and changes in program structure to further stretch limited public resources.

Clean Energy Development Fund

- Agreed to partner with the Northern Forest Center (NFC) on a VT grant application to the Northern Border Commission. The grant application will be to leverage the CEDF (and to a lesser degree NFC) incentives for public serving institutions (schools, municipalities, health centers, ect.) to switch from fossil fuel for heating to advanced wood heating. NFC will take the lead on drafting the grant application but CEDF would be the lead applicant. NFC would do the program administration and CEDF would use its existing SSREIP program for the needed matching funds.

Dockets/248 Review

- 8710/8698 – VGS rates and alt. reg. – Staff is reviewing VGS’s proposed Alt. Reg. plan. Initial analysis shows that the current Alt. Reg. plan is overly complicated and may benefit from 3 changes:
 - A simplified PGA where VGS has some financial incentive to minimize supply and transmission costs, but most of the cost is flowed through to customers
 - Compensation for the distribution network that is streamlined and crisply decoupled from sales. This will incent VGS to continue to build out its distribution network while not undermining efficiency efforts by VGS.
 - A few limited performance incentives including clean integration with efficiency performance incentives, renewable natural gas sales incentives, and possibly customer service or incentives to keep leaks low etc.

Staff will meet internally (Legal, Finance, PERD) – Tuesday 6/14, 10-11am in Giga to discuss the plan.

Regional

NYPA Contract Negotiations

- On June 3, the New York Power Authority sent a “negotiation term sheet” for the St. Lawrence contract extension to the neighboring states that receive an allocation of St. Lawrence power. Vermont receives 1 MW from St. Lawrence. It appears that NYPA is not intended to reduce the allocation to the neighboring states, although the allocation among the states will likely be an issue. Currently, Vermont receives 1 MW as that is the minimum amount allocated to each state (the allocation is based upon population).
- One issue for discussion is the cost of the environmental attributes associated with the energy received. The current contract does not address this issue. The Niagara contract with NYPA allows states to claim the environmental attributes at a cost no greater than that charged to New York preference customers (which is currently zero). NYPA’s proposed term sheet states that “Renewable Energy Certificates/Environmental Attributes would be offered for a price to be determined by NYPA.”
- DPS staff will begin working with the distribution utilities in contract negotiations.

ISO-NE Internal Market Monitor

- On June 7, ISO-NE’s Internal Market Monitor presented a summary of its Annual Market Performance Report for 2015. Among the findings of the report are:
 - The cost of the energy, capacity, and ancillary services markets for New England was \$7.3 billion in 2015, compared to \$10.6 billion in 2014.
 - The cost of transmission in 2015 was \$2 billion.
 - The average price of natural gas fell 41% in 2015, compared to 2014.
 - For the first time, the market monitor calculated the impact of RGGI compliance on electric production costs and estimated that it accounts for up to 15% of the costs.
- In addition to general statistics on the markets, the market monitor determined that the markets were competitive and only had to mitigate supply offers due to uncompetitive bidding a small number of hours per year. However, during a significant number of hours per year there was a concern that one or more supplier could impose undue market power to manipulate prices. One of the recommendations of the report was to increase the review of corporate relationships and asset control to ensure that suppliers were being properly screened from a market power perspective.

Engineering

NRC Commissioners Vacate ASLB Decision Regarding VY Decommissioning Trust Fund

On 6/2, the NRC Commissioners announced that they had voted 3-1 to vacate an earlier Atomic Safety Licensing Board (ASLB) ruling that had granted Vermont an ASLB hearing to contest a VY License Amendment Request (LAR) that would have eliminated VY’s 30 day notification requirement prior to withdrawing money from the Decommissioning Trust Fund (DTF). The Commissioners’ action was in response to motions filed by VY and NRC Staff, which argued that the ASLB ruling was moot, because VY subsequently withdrew the LAR. This NRC decision does not impact the ASLB’s ruling on the LAR withdrawal, which requires VY to notify Vermont whenever a DTF withdrawal includes money for several items identified in the State’s petition on the original LAR.

Vermont Gas Systems Addison Transmission Pipeline Project Construction

Mainline construction contractors and equipment are currently being mobilized in various locations along the 40 mile route to Middlebury which is planned to be installed by October of this year. When fully mobilized, 200 contractors may be utilized. 30 – 40 protestors were actively present on the ROW on Monday, however further activity has not been noted. The majority of blasting and clearing the ROW is completed; however, several areas were recently discovered to require further activity of this type. Other contractors retained by VGS are currently testing pipe coating and corrosion protection system effectiveness, via close interval survey (CIS), of the pipeline installed during 2014 and 2015 (11 miles). The Department Gas Engineer requested VGS to provide additional project specifications in the areas of pipe-bending, pipe-coating, company inspector qualifications, Horizontal Drilling plans and current Quality Control procedures.

Federal Energy Regulatory Commission (FERC) -Reliability Technical Conference

The presentations and discussions followed three broad areas: 1) the state of reliability in 2016; 2) emerging issues, both internationally and domestically; and 3) grid security. An opening remark from DOE summed up the conference very well – **“Reliability has become more important than ever before – major parts of our economy are now totally dependent on reliable electricity. Even momentary disruptions in power quality can result in major economic losses. Further, we are in the early stages of a grand transformation of our electricity supply system, and this process of change is likely to continue for many years, with no stable end-state in view. Keeping the lights on during this transformation will require unprecedented coordination and collaboration among many parties.”** All presenters stressed the need to share information and collaborate on solutions as there is no longer a major distinction between generation, transmission, and distribution as they are so tightly dependent on each other and an event on one will impact all parts of the electric system.

Public Advocacy

Irasburg/Blittersdorf MET Tower Investigation – Docket 8585 – Negotiations between the Department and Mr. Blittersdorf have collapsed. The Department intends to file a motion for partial summary judgment within the next two weeks and has submitted a proposed schedule to the hearing officer reflecting that plan. Blittersdorf’s counsel has filed a different schedule. We expect Blittersdorf’s counsel to raise numerous arguments including a challenge to the Board’s jurisdiction over the MET tower.

GMCW/McLane Sound Complaint – Docket 8613 – GMCW filed a letter with the Board arguing that the Department sound expert’s sound modeling of likely levels present on the night of the September McLane complaint are unreliable and inconsistent with the project’s sound monitoring protocol. The Department’s analysis led to a recommendation that the Board should order GMCW to offer attenuation testing at the McLane residence. The Board has not issued any response to the Department’s recommendation.

GMCW/McLane Icing Complaint – Docket 8734 – The McLanes continue to mull over whether they are willing to participate in a sit-down meeting with GMCW’s counsel and the Department to discuss possible changes to the winter operating protocol and a broader airing of the McLane’s

concerns related to project operation. Meanwhile, the Board has opened an investigation and scheduled a prehearing conference for June 13.

Cold River Solar – Docket 8188 – The neighbor intervenors have filed a Rule 60(b) motion seeking to vacate the project CPG and reopening of the record on the theory that the renegotiation of the PPA between the developer and GMP to extend the project operational milestone and to add an option for GMP to purchase the plant for \$1 at the end of the project's 25-year life to constitute the discovery of new evidence justifying relief. The Department intends to file a short response opposing the motion. The reply is due June 10. The Developer also filed its revised decommissioning fund estimate and letter of credit reflecting a significantly higher amount than initially proposed. The revision was the result of the Department successfully arguing that the initial estimate netted out significant salvage value of certain project components in violation of Board precedent.

Vermont AllSun Solar XII, LLC 500 kW net metered facility in Charlotte – CPG #NM-6314 – On May 27, 2016, the Agency of Natural Resources filed comments on the Hearing Officer's Proposal for Decision of May 20. ANR recommended that the Hearing Officer's proposed findings be supplemented with two additional CPG conditions relating to erosion prevention and sediment control, and protection of wetlands within the successional woods area adjacent to the project. On June 3 the Department filed comments recommending that the Board adopt the Hearing Officer's Proposal for Decision subject to the conditions recommended by ANR.

Peck Electric, 150 kW Group Net Metered Facility in Charlotte – CPG #NM-6691 – On Monday On June 3, 2016, the Agency of Natural Resources filed a Motion to Clarify the Board's May 5, 2016 Order Re Significant Issues and Notice of Hearing to include an evaluation of the Project's potential impacts under Criterion 9K (Development Affecting Public Investments). ANR is concerned that the Project may adversely affect Mt. Philo State Park. ANR had previously raised this issue during the net metering comment period. That concern appeared to have been resolved by supplemental aesthetic analysis filed by the Applicant. However, at the site visit, parties learned that the trees along the eastern edge of the project parcel are dead and likely to fall, which would potentially result in increased views of the project from Mt. Philo. The Town of Charlotte and the Department do not oppose ANR's motion. On June 6 the applicant filed opposition to ANR's Motion. The Applicant asserts that ANR already made a conclusive statement that the project's impacts would not rise to the level of undue and that ANR failed to put forth testimony or exhibits that would provide proof that there is a significant issue with respect to Criteria 9K.

Gilman Renewable Solar, LLC 2.1 MW Net Metered Facility in Lunenburg (Gilman Landfill Solar Project) – Docket 8725 – A site visit and public hearing were held on June 1, 2016. The public hearing was attended by the Department, representatives of the Petitioner, and town officials. No one expressed opposition to the project. On June 3, 2016, GMP filed a letter stating that it does not agree to treat the Gilman Landfill project as a net-metering facility under 30 V.S.A. § 219a(m)(2). Under that statutory provision, the interconnecting utility has discretion whether or not to accept a landfill project up to 5 MW into the net metering program. The Department anticipates that the Board will proceed to review the project under § 248 only, and not as a net metering facility under § 219a(m)(2).

Norwich Technologies Inc. 500 kW Net Metered Facility in Sharon – CPG #16-0034-NMP – On June 2, 2016, the Department filed comments on the proposed solar facility to be located adjacent to the Day Farms Historic District off of Route 132 in Sharon, Vermont. The Department recommended a number of conditions concerning system stability and reliability and also recommended that the Petitioner consult with both the Town of Sharon and the Two Rivers-Ottauquechee Regional Commission on landscape mitigation for the Project. The Division of Historic Preservation filed comments concerning the project's impacts to historic sites, concluding that the project would have an adverse but not unduly adverse impact to the Day Farms Historic District. On June 3, the Department received a Motion to Intervene and comments from the Town of Sharon. The Town is concerned about the project's impacts to the Day Farms Historic District. The Town states that the project violates a clear, written community standard which is intended to preserve the historic qualities of the site. The Town also states that the Petitioner's measurement of the Day Farms Historic District boundaries was erroneous and that the project is located *in* the Historic District. The Department is considering the Town's comments and may file comments in response to the Town's filing.

Spencer-TGC Westminster, LLC 1.8 MW solar net-metered facility to serve Vermont Army National Guard – Docket 8699 – On June 2, 2016, the Petitioner filed a response to comments filed by the Department, the Agency of Natural Resources, the Westminster Selectboard and the Windham Regional Commission. None of those comments opposed the project but the Department requested further information addressing the project's eligibility for net metering and ANR recommended a number of CPG conditions. The Petitioner agrees to ANR's recommended CPG conditions. With respect to the Department's request for further information, the Petitioner provided the ground lease agreement and sublease agreement for the Department's review. The National Guard has requested that the National Guard's meter information be provided under seal as a matter of national security and the Department is working with the Petitioner to give effect to this request. The Department is continuing to review the Petitioner's filing and anticipates filing further comments with the Board within the next week.

BDE Sheldon Woods Lazar Solar, LLC 500 kW net-metered facility in Sheldon – CPG #16-0022-NMP – On May 27, 2016, the Applicant responded to the Northwest Regional Planning Commission's (NRPC) comments of March 24 and April 21. The NRPC does not object to the project, but does object to the Applicant's conclusion that the Regional Plan does not contain land conservation measures. The NRPC asserts that the regional plan's energy siting standards and "some language in the Land Use Chapter and the Natural Resources Chapter" constitute land conservation measures. The Applicant's response states that the regional plan contains no binding land conservation measures, and that even if the plan did contain land conservation measures § 248(b)(1) only requires due consideration of the plan of "any affected municipality" and not a regional planning commission. On June 3, 2016, the Board issued a Memorandum asking for responses to the Applicant's May 27 filing by June 17. The Department understands that the NRPC intends to challenge the Applicant's conclusions. The Department is continuing to review the filings to determine its position on this issue.

VGS Addison Expansion—Docket 7970—On June 8, Rising Tide Vermont continued its "Week of Action against the Pipeline" by having another tree sit-in on the Hurlburt property in

Monkton. On June 6, four were arrested in Williston for disrupting construction. The Department continues to work with VGS to ascertain the facts at issue with regard to CPG violations alleged by Michael Hurlburt.

CLF declaratory ruling re: amended CPG for the VGS Addison Expansion-Docket 8330- On May 31, initial briefs were submitted by the Department, VGS and CLF. The Department took the position that cost estimate increases to \$248 projects can constitute a substantial change subject to Board Rule 5.408, but that the Board should waive the amendment requirement for the Addison Expansion Project because of the exhaustive reviews already undertaken in the two remand proceedings. Reply briefs are due June 14 and the Department is considering whether there are any issues brought up by VGS or CLF that require a response.

Triland Williamstown Solar Project-Docket 8666-Petition to construct a solar electric generation facility of up to 2.2 MW off George Road in Williamstown. There are no intervenors and the Department and ANR are the only other parties. Non-petitioners were due to file testimony on May 31, but issues have arisen for both the department and ANR. ANR has requested that the Board open a docket to investigate whether Triland has performed inappropriate site work and tree clearing in advance of obtaining a CPG. The Department has issues with the System Impact Study. Triland is working to resolve these concerns, but in the meantime non-petitioners have requested an extension until June 15 to submit testimony. The Board has requested comments by June 17 on ANR's request to open an investigation.

VGS-Broughton condemnation-Docket 8641 - This parcel is in Monkton and is owned by Mrs. Broughton's Revocable Trust. Following Mrs. Broughton's death in May, VGS was advised that her lawyer did not represent the successor Trustee who now owns the property. VGS contacted that individual directly and has made arrangements to speak with him again the week of June 13. In the interim, the hearing officer has suspended the schedule and requested an update by June 22.

VGS-Town of Hinesburg condemnation-Docket 8643-This parcel is in a park owned by the Town. The parties-VGS, the Town, the Department and seven individual residents who act as a group (the Residents)-have been unable to agree on a schedule for the remainder of the proceeding. VGS, with the support of the Department and the Town, filed one schedule and the Residents proposed a radically different one. The hearing office has requested that comments and any final scheduling proposals be submitted by June 9. The parties are still actively negotiating the matter. Counsel for the Residents (Jim Dumont) has requested that the parties stipulate to the questions and responses given in discovery in Docket 8641 and to the fact that Rule 26 conferences were had with respect to those responses. Counsel for the Residents intends to file the Motion to Compel that he was going to file in 8641 in this docket. This Motion is with respect to the Department's responses, not VGS's. VGS continues to work with the selectboard and believes it can structure a new, acceptable deal that will soon be ready for a vote by the selectboard.

Charlotte Solar Enforcement - Docket 8638 -The Board issued a schedule in this matter setting a technical hearing for June 20th. Initial prefiled testimony is due on June 13th. DPS has Landscape Architect Jean Vissering working on our testimony that focuses on violations of CPG conditions

at the site, mainly pertaining to installation of landscape aesthetic mitigation, but also to unpermitted alterations to the layout of the facility that have created additional aesthetic issues. The Department has asked the Board to revise the briefing schedule in this matter to afford parties at least two weeks to submit initial briefs. That request is consistent with the schedule the parties proposed to the Board initially and is supported by all parties. Another issue has arisen in the initial CPG matter, Docket 7844, pertaining to site control. The landowner has written the Board indicating that some of the landscape mitigation measures are located on portions of the parcel over which the Project owner does not have site control. The Board has asked parties to comment on the letter from the landowner. The Department will be making a filing on this on June 10th, basically asking the Board to require a detailed informational filing from the Project owner explaining the nature and extent of the control they have over portions of the site on which landscape mitigation is to be installed.

BDE Grand Isle Solar 5 MW facility in Grand Isle Vermont – Docket 8665 – Petitioner filed supplemental testimony on 6/1 explaining the changes to the project. PSD filed discovery on that testimony on 6/8. The changes to the project (set forth in a Revised Site Plan that accompanied the supplemental testimony) address virtually all of the concerns the Department had with the project. It is not yet clear whether ANR's environmental concerns, predominantly relating to wetlands, have been fully addressed. Discovery answers are due 6/15 and PSD Rebuttal testimony must be filed by 6/30. The technical hearing is scheduled for July 14th.

Chelsea Solar – 2.0 MW Standard Offer Solar Project in Bennington, Vermont – Docket 8302 – The post-CPG motion barrage by Chelsea Solar LLC continues. The Department and the Agency of Natural Resources filed responses to Chelsea's Motions to Strike the responses of those parties to Chelsea's earlier post-CPG motions and Chelsea filed replies. We hope that this phase of the proceedings has come to a close and that the Board will make rulings on the various motions. If the Board denies the myriad motions filed by Chelsea, as the Department believes they will, then an appeal to the Vermont Supreme Court is likely to follow.

Apple Hill Solar – 2.0 MW Standard Offer Solar Project in Bennington, Vermont – Docket 8454 - The motions filed by Apple Hill Solar in this proceeding mimic those filed by Chelsea Solar in Docket 8302 with one major difference. The procedural posture of Apple Hill is that the briefing has concluded but the Board has not yet made a decision on whether to grant or deny a Certificate of Public Good for the project. Thus there is no Motion to Reconsider pending. However, given the location of the project on the same parcel of land as that of the Chelsea Solar Project in Docket 8302, it is likely that the Board would find the project to have undue adverse impacts on orderly development and aesthetics based on the language in the Bennington Town Plan. The Department will file a response to Apple Hill's Motion to Strike (which will be almost identical to the one we filed in Chelsea Solar) and we anticipate that Apple Hill Solar will file a reply that will be almost identical to the one they filed in Chelsea Solar. If Apple Hill ever stops filing motions, then the next step will be for the Board to rule. It is difficult to predict when the Board might rule on the underlying petition for a Certificate of Public Good in this case.

GMP 248(j) to Replace Regulators at the East Barnard Substation and to Rebuild the Sharon Substation – Docket 8727 – GMP filed its petition on April 6th requesting approval for replacement work at the East Barnard substation and a rebuild of the Sharon substation

including: installation of a new 7.5/10.5 MVA power distribution transformer with oil containment; associating fusing and arrestors; new 35 kV gang operated loadbreak switch; and new distribution breaker and regulators. This project is associated with the Elizabeth Copper Mine Solar Project. The Department filed comments on June 8th, recommending approval of the project. However, as the project is associated with the Elizabeth Mine Solar Project being evaluated by the Board in Docket 8632, the Department recommended that approval of GMP's petition in this docket be made contingent upon the Board's approval of the Elizabeth Mine Solar Project.

City of South Burlington 248(j) for 1.55 MW Solar Group Net-Metered Facility on the Closed Landfill – Docket 8722 – The Department filed comments on May 18th indicating it believes the project does not raise any significant issues with respect to the Section 248 criteria but requesting an explicit statement from GMP that it consents to treatment of the project as a net-metering facility pursuant to 30 V.S.A. § 219a(m)(2). South Burlington filed a letter on May 24th, attaching a letter from GMP's General Counsel stating that the project has been accepted as a net metering facility. On June 3rd, the Board issued a Procedural Order requesting input from the Petitioner and the Department on comments filed by the City of Burlington and the Burlington International Airport regarding a proposed access road in the Airport's master plan that appears to cross the project site. The Board has asked the Department to comment on whether and how the proposed access road should impact the Board's evaluation of the project.

Vermont Utilities Use of Poles Treated with Pentachlorophenol – Docket 8310 – In a letter, the PSD plans to recommend that the Board require utilities follow the best management practices proposed in the working group report. The PSD contacted the other state agencies involved in this docket (ANR, AAFM, and VDH) to inquire into the possibility of filing joint comments. VDH has authorized its support of the PSD letter and conclusion. AAFM's attorney is seeking advice from her colleagues. ANR has yet to respond. Fairpoint submitted comments supporting the working group report and the proposed best management practices.

Telecommunications

PSD GIS Server – A GIS server with associated hardware and software will be required to process broadband availability information internally. PSD staff is considering several alternatives for a GIS server, including partnering with two different state agencies, relying on an existing server as a service from VCGI or DII.

Connectivity Initiative – Cloud Alliance informed PSD staff that it will be offering updated information about the areas that are served by its wireless network and would like the locations in these areas excluded from the RFP. It also is hopeful that it will receive a grant to deploy fiber service and if this grant is awarded it would like these locations also excluded.

Cloud Alliance Fiber – Cloud Alliance Fiber indicated that if it receives the expected grants, it plans to start a process to deploy service throughout the entire 170 miles of VTA fiber in the NEK.

E911 Network – It appears that E-911 calls pass through the potentially unregulated FairPoint internet network enroute from the public telephone network to the private E-911 network. A

failure of a part in this network caused the January disruption to the E-911 system – that did not result in an outage only because backup solutions were in place. PSD staff has requested that FairPoint arrange to meet with the PSD staff and E-911 staff to discuss the extent of the reliance on the FairPoint internet network.

AoT and Public Service Department Coordination – The Department owns about 100 miles of fiber optic cable for which it is responsible for maintaining. Staff this week met with AoT to discuss how the two agencies would work together to coordinate AoT roadway projects. Specifically, AoT has a project in West Fairlee that involves replacing a culvert. This project will require relocation of the Department’s fiber on two poles. The Department has a good working relationship with AoT and hopes to strengthen it through collaboration on these types of roadway projects.

911 Overpayment and Budget Adjustment – The Department manages the Vermont Universal Service Fund. The fund receives \$6 million in revenues and supports several programs. The lion’s share of that revenue goes to E-911. E911’s budget was \$4.6 million in 2016. However, the Legislature adjusted E911’s budget to include an additional \$425,000 in funding, which will go into effect with the budget bill. The Department has alerted the fiscal agent to the adjustment, but the budget has not been signed into law. Therefore, the fiscal agent has not acted on this appropriation. Once the budget is signed, the fiscal agent will make plans to pay the E911. The Department has been working closely with the fiscal agent and E911 to ensure proper payment.

EDA Funded Cellular Project with CoverageCo – The Department is building a wireless small cell network with funds from the Economic Development Administration. This past winter, the Department sought a change in scope from the EDA so that the Department could relocate wireless sites. Staff has drafted an amendment to language included in the Economic Development Administration contract for the Coverage Co small cellular site project. The EDA requires specific Civil Right language that was not incorporated in the original contract, but will be in the amended contract for the proposed project redesign which is currently awaiting EDA approval. If approved, the redesign designates new location of many cell sites that will expand mobile service coverage along Vermont travel corridors.

Mt. Snow Leases – The Department is helping Public Safety negotiate a lease agreement with AT&T for a facility on Mt. Snow. AT&T and the Department have devised an amendment to the existing lease agreement, which is now pending Public Safety approval. Once approved, the Department can move forward with its execution.

FairPoint Service Quality Metrics Investigation (Docket 8701) – The Department has posted an RFP for an expert to assist the Department. Responses to the RFP are due by June 17. Telecom staff have already received several inquiries regarding the RFP. The Board scheduled a workshop for the docket for the morning of June 14. FairPoint prepared and filed an agenda for the workshop. Telecom and CAPI division staff will attend the workshop on behalf of the Department.

Charter Line Extension Investigation (Docket 8715) – The Board held a prehearing conference on June 2. The docket was initiated by complaints from two individuals who have alleged that

Charter is violating the Board's line extension rule by requiring the customers to overpay contributions-in-aid-of-construction, but the docket is a generic investigation into Charter's compliance with its tariff. Both individuals that filed complaints with the Board indicated that they will seek party status in the docket. The Department has agreed to file stipulated or proposed schedules with the Board by June 23. Department staff also plan to meet with Charter to discuss the docket on June 15.

PSB High Cost Program Procedure Order – The Department filed comments that largely supported a proposed procedure order from the PSB for the High Cost Program, which is intended to distribute funds from the Universal Service Fund to telephone companies to help build out broadband in high cost telephone exchanges. The Board's draft order was issued on May 2. The Department did request that the Board make a few minor changes to the draft order. Comcast has challenged the Board's jurisdiction to issue the order based on changes that were made to the Title 30 pocket part that substituted Department for Board in a few locations in 30 V.S.A. § 7515. The Department has been advised by Legislative Council that the changes were made by LexisNexis (the publisher) and were unauthorized. The Department has been further advised that LexisNexis will issue an errata sheet to correct the changes. Comcast also filed extensive comments in opposition to the program mechanics. It appears that Comcast wants to impose significant administrative burdens on the telephone companies before they can receive funds from the High Cost program. The telephone companies filed comments that in general supported the proposed order, but requested minor changes.

Connectivity Initiative RFP: Connectivity staff fielded questions from the community of Readsboro, inquiring as to how the RFP speed requirements were established for the project. The RFP speed requirements mirror those of the FCC's Connect America Fund. Only projects certifying the provision of 10Mbps/1Mbps will be considered for Connectivity Initiative funding.

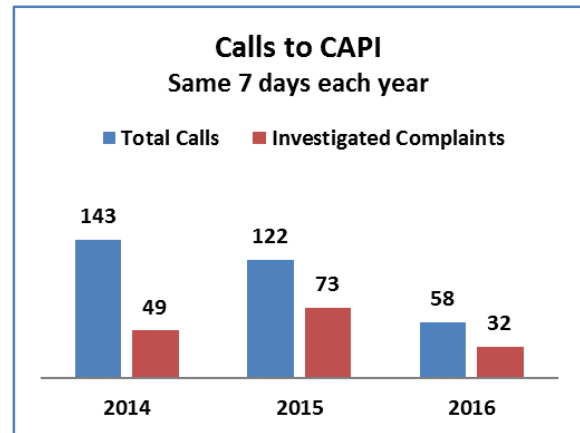
CoverageCo Project – Testing and Verification – Vanu CoverageCo is a company who was awarded the EDA contract to provide cellular service in unserved areas of Vermont. We created a field test plan to validate CoverageCo's rollout of Project 1, Addendum 2 which consisted of 95 sites. We have concluded testing of Corridor 100, a Washington to Chelsea route, and analyzed the results. It was found that although the GSM portion of the CoverageCo's RAN is performing well on all sites, the CDMA portion is not working well. The RAN failed on 8 of 22 sites and performed poorly on an additional 4 sites. The RAN is supposed to support GSM/Edge and CDMA technologies. We will set up a meeting with CoverageCo to discuss this and future plans in more details.

Plans are now to go into the second of six corridors for testing this week. If possible we will add 911 call testing to the plan.

CAP

Report period for May 29 to June 4, 2016

Investigation into Charter Line Extension (DN 8715) -- CAPI staff attended the prehearing conference for this docket. The Board opened an investigation as a result of two consumer complaints regarding Charter asking the consumers to cover costs for network upgrades in addition to line extension costs. Both consumers attended the prehearing.



CPG Complaint Protocol (H.577) – CAPI facilitated an inter-division meeting at which there was robust dialogue that provided input into the process and outline topics. Following that we began developing questions for the key informants and the survey.

CASES OF THE WEEK

Solar City -- a consumer complained about e-billing (2 mos at once), misrepresentation of savings, company failing to answer calls in a timely manner and reports of other consumers experiencing e-billing difficulties. We made a referral to the Attorney General's Consumer Assistance Program for further assistance and mentioned DPS' collaboration with the AG to produce a "best practices" guide for solar companies.

CPG Complaints (2) -- a potential CPG violation by Vermont Gas was referred to us from PA for tracking and a consumer wanted to know how to file with the Board for a potential CPG violation for a solar project.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: June 10, 2016

Secretary's Message:

Too many of Vermont's children are being placed in residential care and are in those placements for too long. Long term residential care, beyond 6-9 months, is not therapeutically effective and research shows it's actually detrimental. Currently, in the state we are supporting 15 residential facilities as well as a number of out-of-state specialized facilities. We spend millions of dollars on this type of treatment. 20% of children in our custody are in residential facilities. The national average is 5-10%. We are working hard to change the system and establish more therapeutic foster care. AHS "Turn the Curve" group has been studying this issue and has recently made some recommendations. We will soon send out an RFI to providers and stakeholders to come up with proposals to establish a stronger therapeutic foster care system. There needs to be an emphasis on training and supporting foster care parents and in providing greater financial incentives to do this work. I will be assigning one of my staff with responsibility to coordinate these efforts. A strong therapeutic foster care system will not only be better for Vermont's children, but it will save the state significant funds.

Data driven "Community Profiles" was once an important tool developed by AHS and shared with Vermont communities. These profiles identify the strengths and weaknesses in the community and help the community to focus its efforts in improving the outcomes for their residents. These "profiles" were abandoned during the Douglas administration and I have been working with my staff to revitalize them. We track a tremendous amount of data, and "Community Profiles" is a vehicle to presenting that data to Vermont communities. We now have a prototype for a community profile that includes 30 indicators that covers the Act 186 outcomes as well as the National Institute of Medicine, social and health indicators. We are moving to create Community Profile presentations that could be brought to each of the 12 AHS Districts that include our major cities and towns. This will help us be a more data driven agency and state.

AHS Highlights:

Agency of Human Services Central Office (AHS CO):

New 1115 Demonstration Waiver Agreement

The Agency of Human Services has been negotiating a new 1115 Demonstration Waiver Agreement with CMCS. Last week, a small team from AHS and AOA went to Baltimore to see if significant progress could be made coming to agreement with CMCS. Vermont has 3 areas where agreement is not final:

Budget Neutrality:

This item appears to be on track. Vermont will have more specific analysis on final budget neutrality terms in the near future. Depending on the outcome, AHS may escalate this negotiation item as it has potential to impact headroom available to invest in new delivery system reforms.

Managed Care Framework:

Vermont's public managed care model has provided the state with wide latitude to implement innovative delivery and payment reform models as well as the ability to receive federal match for investments in Vermont programming. CMCS continues to question the legality of certain components of the model, citing that Vermont's current agreement provides latitude that is not appropriate for the state-based model. Negotiations focus on a few primary fronts with a host of related issues: ability to implement new payment models without prior approval, CMCS "controls" for Vermont over or under spending and calculation of dollars available to the state as "savings" under the model. We do not expect to escalate this negotiation topic as it appears unlikely to meet success with CMCS.

Managed Care Investments:

Related to CMCS concerns about the managed care framework, is the issue of how managed care investments are used. CMCS' primary concern is that the state should not continue to receive federal match for categories of investments that are explicitly barred to other states, or, would be more appropriately approved through another federal application process. High priority items include IMD such as the Vermont Psychiatric Care Hospital, Brattleboro Retreat and other smaller residential treatment facilities; payment for room and board, and a laundry list of other exclusions. Vermont is negotiating a transition process that would include an analysis of all investments for potential alternative fund sources and provide adequate time to procure those over the next demonstration period. We expect to escalate this negotiation issue in the next week or two if CMCS does not prove reasonable regarding Vermont's transition timeline.

Department of Mental Health (DMH):

Vermont Psychiatric Care Hospital

VPCH census is currently 23. Patient acuity remains high with continued staffing demands to ensure that the overall treatment environment remains safe for patients and staff. This past week multiple debriefings and case consultations have occurred with hospital staff and consultants on best way to treat and manage two most acute patients within the framework of the seclusion and restraint reduction initiative. Interviews for permanent staff continue with the hiring of one new permanent nurse and mental health specialist, and the addition of one temporary mental health specialist to the work rolls. Advertising specific to new nurse compensation continues in print and on electronic employment sites.

Emergency Departments

This week there were 32 people in need of inpatient psychiatric placement and 23 were placed. This is the second week in a row with an unusually high number (4) of court ordered inpatient evaluations being ordered when we usually average about four a month. Due to the criminal justice system involvement, placement for these individuals is more difficult as there is a limited amount of inpatient resources that accept people with court orders. There are currently three people waiting in corrections as a result and we expect at least one to be admitted today to a level 1 facility. In addition, with the high acuity at VPCH, there has been a slowdown in admissions for involuntary patients and there are currently three adults waiting in ED across the state.

Adolescent and child movement has been good this past week with three out of four admitted. The one remaining child has experienced a brief delay and will likely be admitted later today. Overall

occupancy rate of the child and adolescent inpatient system of care has been at 91%, while the adult inpatient system of care has been operating at an 88% occupancy rate.

Department of Corrections (DOC):

High Risk Law Enforcement Notification

Duane Immich (DOB 3/7/1966) will be released on furlough status on 6/27/2016 and will be supervised by CSS Wells out of the Barre office. Immich's case was staffed at the central level on 6/1/2016 and was approved for release to an approved residence. Immich will be residing at 1271 Blush Hill Rd, Waterbury VT. The residence has been run through the "Bright Futures" website and there are no registered day cares in the area. Immich will be released compliant with treatment as he is scheduled to complete the high intensity program at NWSCF at the end of the month. Immich will engage in substance abuse treatment and sex offender treatment in the community. CSS Wells has sent the LEN to Waterbury Police Department via email and has followed up with a phone call to Chief Feccia to discuss the case.

DOC Population

The Department's incarcerated population averaged **1760** for the previous week. Last year at this time, the average was **+116** over the current number.

The Department's incarcerated male population averaged **1626** for the previous week. Last year at this time, the average was **+105** over the current number.

The Department's incarcerated female population averaged **134** for the previous week. Last year at this time, the average was **+11** over the current number.

The Department's overall detainer population averaged **421** for the previous week. Last year at this time, the average was **-56** under the current number.

The out of state population is currently at **236**. Last year at this time, the out of state population was **+63** over the current number.

Department of Disabilities, Aging and Independent Living (DAIL):

Death by Suicide of a Young Man in the DAIL Public Guardian Program

Jeremiah Crompton, 25, died by suicide on Sunday, May 29th, 2016, after years of struggling with mental health and addiction issues. He had been supported by Families First with Developmental Services Funding and by Pathways Vermont for housing supports. Jeremiah came into temporary guardianship with the Office of Public Guardian as part of a plea bargain in December of 2012, and then permanently in July of 2013. He had diagnoses of Asperger's Disorder, Opiate addiction, and Anxiety Disorder NOS. He refused support offered by paid providers most of the time. Jeremiah had a long history of psychiatric hospitalizations and had attempted to commit suicide in the past, including a nearly successful attempt to hang himself in Memorial Park in Brattleboro in September of 2013. In the week leading up to his death Jeremiah had been acting very erratically and appeared manic to family and service providers. He was admitted to the Brattleboro Retreat on Wednesday, May 25th after waiting in the ER at BMH for approximately 24 hours for a bed to open up. Jeremiah asked to leave on Saturday, May 28th, was found to not meet criteria for involuntary hospitalization at that time and was discharged.

Home and Community Based Services (HCBS) and Review by CMS

The Adult Services Division Choices for Care Program is currently in negotiation with CMS related to our compliance with rules related to conflict-free case management for individuals in our Choices for Care program. Although our current structure and practices were negotiated with CMS in 2014 as part of the Global Commitment consolidation of the program, CMS has indicated that that our structure

related to who is eligible to provide case management to individuals receiving HCBS services is out of compliance with federal regulations and must be addressed. It is possible that the solution will ultimately restrict choice for program participants, forcing them to separate service provision and case management vs. receiving those from one provider. As the program stands now, individuals can decide who they want to deliver their case management; addressing this may force 1200 individuals to change their program and could potentially represent a revenue loss of \$2 million to our Home Health system. We continue to discuss with CMS but do not see a way to forestall this change. We will need to work with stakeholders, providers and the legislature to address necessary state statute change and may need to work with finance to anticipate the budgetary impact of any possible solutions.

Department for Children and Families (DCF):

Family Services' Call Center Audit

Pennsylvania's State Auditor's Office asserted to the press recently that a large number of calls to their child abuse hotline are going unanswered. As a result, DCF was contacted by Vermont's Auditor's office for a report on our Child Protection hotline. Over the past year, Vermont has seen a 32% increase in call volume. This is likely the result of changes to the mandatory reporter statute that created a requirement for reporters to individually report as opposed to "cause a report to be made." The wait time for calls has increased from 3.22 minutes to 6.10 minutes between 11AM and 5:00PM (including weekends) over the last year. The abandoned call rate has increased from 2,502 to 5,289 over the last year.

While the wait time is concerning from a customer service perspective, the more concerning metric from a child safety perspective is the abandoned call rate. In October 2012, the National Resource Center on Child Protective Services provided a comprehensive review of Vermont's Child Abuse Reporting System. Wait times and abandoned call rates were significantly lower then. The abandoned call rate was between 8-9% which was seen as a strength. Any call center will have abandoned calls, even if performing optimally; caller behavior is a factor in the metric. Between 7/1/14 – 4/30/15, the abandoned call rate was approximately 7%, an improvement from the 2012 evaluation. Between 7/1/15 – 4/30/16, the abandoned call rate increased to approximately 11%.

The number of individually recorded intake reports has increased steadily since Centralized Intake and Emergency Services was created in September 2008 from approximately 12,000 reports a year to over 20,000 a year. Since the unit's inception, permanent, classified staffing increases have not kept pace with the increased volume of reports. The unit has added temporary employees to cope with the increase, however, this approach has been challenging with high temporary staff turnover which can impact the quality of service provided. These challenges have been exacerbated by Vermont DHR rules that reduce the number of hours temporary staff are allowed to work in a calendar year. We have recently added classified staff to Centralized Intake and Emergency Services to replace a number of temporary positions.

Department of Vermont Health Access (DVHA):

State Pharmaceutical Assistance Program Premium Payments

Vermont SPAP premium payments for the month of June will be received by Medicare Prescription Drug Plans on or by June 17, 2016, approximately one week later than anticipated.

Due to the timing of the premium payments and Medicare Part D plans premium processing and notification requirements, some of the 6,000 Vermont SPAP members may receive premium bills or

closure notices. In an effort to mitigate this situation, the DVHA and HPE are outreaching the Medicare Part D plans and providing the list of Vermont SPAP members included in the June 17, 2016 payment.

In addition, the Health Access Member Services, Vermont Legal Aid (VLA) and the State Health Insurance Assistance Program (SHIP) have been notified of the issue and will advise Vermont SPAP members of the premium processing issue and of the remedy for the situation.

All Payer Model

Responses to DVHA's Request for Proposals (RFP) seeking Accountable Care Organization (ACO) participants in a Medicaid Next Generation model program were due Wednesday June 8. DVHA received bids from OneCare and Community Health Accountable Care (CHAC) with Optum. The bids are currently in compliance review.

Vermont Health Connect

VHC Medicaid Renewals: The third batch of VHC Medicaid Renewal (VMR) notices was mailed this week. 4,826 households have been processed from groups one and two. There are 2,815 paper applications that have not been processed from groups one and two. Additionally, the SOV/M&O surge team has continued to pilot a passive file to automatically renew households that have SSN, MAGI, Citizenship & Immigration verified. Out of 58 cases eligible for renewal, 45 master cases successfully renewed end to end with integration. The team is investigating root cause of the remaining errors.

Other Agency Report Items for Consideration:

Agency of Human Services Central Office (AHS CO):

2016 Audit

AHS leadership had an entrance meeting for the FY16 Financial and Single Audit with Finance & Management and KPMG. Field work on the single audit has begun at AHS – starting with Adoption Assistance.

HAEU Positions

CFO Clark and Carrie Hathaway, Financial Director of DVHA, met with AoA leadership on the funding needs of the limited service HAEU positions. AHS/DVHA is working with Finance & Management on a plan to fund these needed positions into FY17.

Department of Health (VDH):

Suboxone Prescriber

VDH was notified on Wednesday morning that a large suboxone prescriber in Rutland had surrendered his medical license effective immediately. Eighty-nine patients will be impacted in some manner and the physician is working with medical colleagues to place them in their care. 39 patients were immediately assumed for continued care while 23 patients need continued prescriptions. While community physicians are organizing to assume patients in the longer term, Dr. Chen will be seeing these patients on Thursday to continue their medications while more concrete plans can be galvanized.

Newborn Screening Program

On July 1, 2016, Severe Combined Immunodeficiency (SCID) will be added to the panel of conditions for which the Vermont Department of Health Newborn Screening Program screens all newborns. SCID is a life-threatening deficiency of cells which fight diseases. Infants with

SCID appear healthy at birth, but without treatment, most die within the first year of life. SCID is treatable with a bone marrow transplant, and survival rate is 95% if done within the first 3 months of life. In Vermont, we expect 4 - 6 babies per year to require further specialized testing. Of these, we could identify one baby with SCID every 17 years or so, but other babies with immune system disorders will also benefit from early detection and treatment.

Showing the Way to Breastfeeding-Friendly Designation

Guided by Morrisville District Office, Public Health Nurse, Wendy Kruger Hubbard, the local Olympia Sports store applied for the Breastfeeding-friendly Employer designation. Through Wendy's connection with the Olympia Sports' Human Resources Manager she found that it is the company's policy to support Breastfeeding-friendly status in all of their stores. With some additional work, Wendy was able to have all 10 Vermont Olympia Sports stores, as well as the main office in Westbrook, Maine, recognized as Breastfeeding-friendly Employers. Each site will receive an official participation certificate in July.

Department of Aging and Independent Living (DAIL):

DAIL Staff Named as a Presenter at the APHA Annual Meeting

Bard Hill, the DAIL Director of Policy and Planning has been selected as a presenter at the upcoming annual APHA Meeting for his support and work on a project related to nursing home readmissions:

*CONGRATULATIONS from the American Public Health Association! We are pleased to inform you that your Abstract, 362687, entitled "**Predisposing, enabling and need factors leading to nursing facility readmission after transition to the community**" has been selected and confirmed for Oral presentation during the APHA 2016 Annual Meeting & Expo (Oct. 29 - Nov. 2, 2016) in Denver. Your abstract was selected from a large number of excellent submittals and was judged to be of high quality and interest.*

DAIL Staff at an Administration for Community Living (ACL) Regional Meeting

DAIL staff, at the behest of ACL, attended a regional meeting in NYC on Thursday, June 2nd related to Vermont's work with the Older American's Act. The meeting was focused on new regulations and opportunities related to Veteran's benefits, the Long Term Care Ombudsman Rule, evidence-based practice under Title IIID and Business Acumen in working with ACO's and managed care companies. It was a unique opportunity to discuss program and practices within the Older Americans Act with regional colleagues and the Administration.

Department of Corrections (DOC):

DOC Staff receive awards from the ESGR

This past Thursday evening Commissioner Menard attended an awards banquet hosted by Employer Support of the Guard and Reserve (ESGR), this is an office of the Department of Defense. ESGR presents awards to individuals and organizations who support the military service of their employees. The nominations generally come from our staff who are serving. The Department was recognized in the following areas:

Patriot Award:

Casey Leahy, Springfield
Jeremy Cornwall, Springfield
Kevin Jenkins, Springfield

New Patriot Award:

Thomas Giffin, Rutland

Michael Groner, Springfield
Stephen Riendeau, Springfield

Above and Beyond Award:
Vermont Department of Corrections, Springfield

Seven Seals Award:
VT Department of Corrections

Freedom Award Nominee:
VT Department of Corrections, Rutland

DOC Staff Support Special Olympics


On June 2, 2016 Four staff members from Marble Valley Regional Correctional Facility participated in this year's Special Olympics Torch Run. Officers Bardin, Currier, Forcier and Rose participated in the event on their own time and purchased their own shirts (proceeds go to Special Olympics). Additionally, an officer at Northwest State Correctional Facility raised funds, several other staff purchased shirts in support and there were DOC runners on the Burlington leg of the run.





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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin 
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: June 10, 2016

Emerging Issues

ESSA

On Thursday, 28 May, the US Department of Education issued extensive rules and regulations regarding the assessment criteria in the Every Student Succeeds Act (ESSA). The AOE is currently reviewing the rules and drafting a response to USED for public comment. Project Managers Chris Case and Patrick Halladay would welcome an opportunity to brief the Governor's office on these comments and coordinate on other ESSA-related issues.

Good News

Our licensing division is solidly in the black for the first time since I have been here. We have turned the ship. This is in spite of losing a chunk of revenue to the Secretary of State last year, and despite the fact that our fees are lower than the Secretary of State fees.

MOU with Department of Labor (DOL)

We have been trying for over 6 months to get an MOU with DOL to get data we need to complete our federal reporting for Adult Education. Despite multiple, multiple requests and assurances from DOL, we were unable to secure this and for the first time, we were not able to meet our federal reporting requirements for Adult Education. At this point, we are giving up on the MOU we were trying to complete for Adult Education, and moving instead on a comprehensive data sharing MOU with DOL that incorporates employment and workforce outcomes, matched with our Education files, in order to comply with federal reports for both AEL, WIOA and Perkins federal regulations, as well as our new New Skills for Youth initiative that was endorsed by Governor Shumlin and which, if successful, will set us up for additional grants. Since it was so difficult for us to get any traction on the simple AEL MOU, we propose to copy the fifth floor on efforts to move this more comprehensive MOU, in the hopes you can help us nudge it along. We cannot do the work force development work without this MOU.

Lawsuit by Religious PKs wanting to use public PK dollars

The State/AOE has been sued by two private prekindergarten centers that are ministries of Christian churches. Pursuant to Section 4 of Act 166, I denied the prequalification applications of these two schools:

- 1) Good Shepherd Little Lambs/Good Shepherd Lutheran Church (Rutland, VT)

2) Ark Preschool/Victory Baptist Church (Vergennes, VT)

The denial letters are attached. Subsequently, each church-based program sued the State in Rutland and Addison County respectively. Presently, the Office of Attorney General, according to AOE Counsel, is expressing an unwillingness to defend these cases on constitutional grounds and would prefer to explore settlement options because of its (the AG's) concerns about whether AOE properly notified the applicants of the steps the applicants needed to take to successfully apply, as sectarian-affiliated centers.

We believe that AOE, through its public rule making process with AHS, and my correspondence with the applicants, clearly lays out the fact that Section 4 of Act 166 compelled me to act as I did, in reviewing and denying these two applications. The AG's Office is our lawyer but we do not feel we are receiving representation that reflects our view on the applicable law, and larger policy ramifications, including at the K-12 level. We understand that reasonable minds can differ, but we feel very strongly about the legal and policy implications associated with any settlement. Rather, we are being repeatedly told that the AG has concerns about AOE's process of application review and decision-making, despite the clear guidance to me, in Act 166, and existing legal precedents, as my clear decision-making guide (in consultation with in-house counsel).

We would like the Governor's Office to consider a legal review of these cases with AOE and possible intervention with the AG's office in support of our position as the client.

Independent School Approval Rules

Below is a little data that goes a long way towards explaining the heat and fire in the public debate. In short, there are 25 more independent schools eligible to accept publicly funded students than there were in 1998, but this sector serves 969 fewer publicly funded students than it did in 1998. It has more programs fighting over fewer students, and fighting with other independent schools and public schools for fewer students.

To me, the issue in this sector is the same issue we need to worry about in the public sector: how do we make sure the schools that educate our kids are good schools? There are some pretty terrible small independent schools and some pretty terrible public schools. I put some pressure on Concord High School to close. In the independent sector, our smallest independent schools are basically subsidized homeschooling, with no accountability. We can tolerate that, but every program that selectively pulls out a small handful of kids puts more pressure on neighbors. This is part of why Thetford Academy, one of our historical academies, is struggling so much. Its neighbor and competitor, The Sharon Academy, doesn't accept all kids with disabilities, so Thetford Academy's student population is disproportionately kids with disabilities, which affects its cost structure and ability to compete. Do these independent schools need a level playing field with each other, too, even forgetting public schools for the moment?

I am meeting with Michael Tashjian, Tom Lovett and Laura Pelosi today, to see if we can talk through a set of recommendations to the Board for independent school approval that will meet the Board's very specific demands but also provide some stability and assurance to this sector. I am hoping we can keep this from becoming a total firefight.

Table 1: Number of Approved Independent Schools in 1998 and 2016

	1998	2016
Number of approved independent schools	68	93

*New approvals: IS that have been initially approved since 1998: 51

**Closures/Endings: IS that have closed or given up approval since 1998: 26

Table 2: The number of publicly funded students in approved independent schools in SY2004 and SY2016 (count as of October 1) as a proportion of all students and all VT students

	All Students	VT Students	Publicly funded Students	% Publicly funded vs. All Approved IS Students	% Publicly funded vs. VT Approved IS Students
2004	9870	8669	4361	44.1%	50.3%
2016	8830	7431	3392	38.4%	45.6%

I actually can't believe there has not been a lawsuit yet about the fact that we send public dollars to private schools that exclude kids with disabilities. I know one private school that does accept kids with disabilities contacted me about that, so that may happen eventually.

PK fingerprinting

Jeff Francis asked me this week how the DCF fingerprinting was going. I say that by way of pointing out that this issue is not going away, and will become more explosive as we get closer to the start of the next year.

For context, a third of districts moved forward last year, which created an urgent need to fingerprint 1,200 new PK providers. Districts can't form contracts with providers who have not met these assurances. Last year, I twisted arms and spent political capital to get superintendents to oversee fingerprinting with a promise that this would not happen again this year. They grumbled, but did it. The influx of 1,200 providers forced delays in our regular licensing, which contributed to our vulnerability in the legislature this year in conflicts with Secretary of State. It also created additional cost and delays at Public Safety. At the time, DCF promised it would take care of fingerprinting for the coming year in a timely way.

Recently, we learned that DCF has no plan in place to fingerprint providers in the wave that expects to implement Act 166 in the upcoming year before September 1. We have met with them several times on this, suggested some steps, had multiple email contacts, and to the best of our knowledge there still is no concrete progress on this issue.

September 1 is after the start of the new school year. Schools cannot enter contracts with entities that are not appropriately approved. It is not realistic to expect schools to accept the risk associated with sending vouchers to entities that have not completed fingerprinting and been approved by the first day of school, especially not in the context of the two high profile incidents over the past year in providers. Section 255 of Title 16 suggests no contract is possible until the prints are done and the superintendents have appropriate DCF assurance in hand.

There are several possible ways this might play out, and all of them potentially create political problems. I think we need to assume districts and superintendents will refuse to approve vouchers in all the providers who have not been fingerprinted. It is possible that as a result, some schools and already fingerprinted providers may try to accommodate kids, but three months later, if additional private providers are finally fingerprinted, some families could withdraw kids from programs their children are currently attending to shift to newly fingerprinted programs. This will create a lot of disruption and instability, and would adversely affect programs which committed resources then lost enrollment. And, if we need to force 2,500+ providers through fingerprinting in July (best case scenario), let alone September, we need to assume this will back up regular operations at Public Safety, local Sheriffs' offices and the AOE. This is definitely a news story waiting to happen.

There are lots of potential ways to solve this problem. It does not appear we have pursued them. For example, I know Department of Corrections does some fingerprinting internally. This could be an option for DCF to explore. I also know the fingerprinting could be initiated early. Any help you can provide in resolving this would be much appreciated.

Meetings

Yaw Obeng/Burlington: Burlington is heating up again, and we anticipate some substantial labor challenges in the fall related to negotiations. This could be a messy fall, with another strike. Yaw Obeng is also becoming a bit of a political target. We remain hopeful that this District can turn a corner politically.

Orleans Southwest and Reeva Murphy on PK: this was a meeting with a local SU and network of public and private providers to discuss Act 166, strengths, weaknesses, opportunities and threats. I called it to engage AOE and DCF directly with those implementing to begin to get some direct feedback that could inform efforts to improve implementation, and if necessary, adjust the law to enhance quality and access to PK for kids. I consider this a preliminary conversation.

Act 46 subgroup representing Danville, Barnet, Walden Waterford: This is a high priority region, given its political prominence and complexity. This group is trying to move forward and was seeking guidance on how to do so given the incredible efforts of Margaret Maclean to disrupt the process and spread misinformation, not only in her own town of Peacham, but directly to other towns as well. Apparently, some other towns that considered collaborating have cited Margaret as a specific reason to decline. Increasingly, Peacham is considered toxic. In my experience, if you just ignore toxic players for long enough, they tend to implode, and thus resolve themselves.

Media Contacts:

Dorian Friedman, Public Policy Communications: Dorian followed up on correspondence we had about three weeks ago on a research project he is conducting for the Pew Trusts. He sent a list of questions he wants to ask Wendy Geller. The project will explore the many ways that states use data, focusing specifically on how data and data analysis is used to help make policy and budget decisions and to improve programs and services to citizens. Wendy and Dorian will talk before the end of the week.

Paul Heintz, Seven Days: Paul emailed to ask how Haley Dover got the Good News Brief about the Burlington High School freshman into the Burlington Free Press. He asked if she pitched it to them, if they approached her, and who she worked with at the Free Press on the story. He also asked if the AOE is advertising with the Free Press. He was told that it is her job to shine the light on all of the good work going on in our schools, and this is the first release of a monthly publication of a “Good News Brief.” It was explained that it is always hit or miss with who will pick up a release and run with it as news. It was not pitched specifically to the Free Press, nor were any special efforts made to get it published there. He then asked for a copy of the release and to add him to the AOE media contact list. This statement was also sent to Taylor Dobbs at VPR because he was asking on Twitter how Haley’s story got into the Free Press.

David Corriveau, Valley News: David reached out to Pat Pallas Gray to ask questions about the role of independent schools in light of Act 46, and how well The Sharon Academy is doing in filling a gap in providing choice for parents and students in the area of special education. He sent similar questions to Brad James a few weeks ago, so Haley Dover reached out to him to see if Brad was able to answer all of his questions. He then asked to speak to someone about independent schools and their obligations for special education. He then emailed and said he didn’t need the information anymore.

Andy Clark, Rutland Herald: Andy called about a story on summer food programs in Rutland County. Nancy Bouffard spoke to him.

Lola Duffort, Rutland Herald: Lola was writing about the disciplinary action taken against Daniel Fowler, a former Rutland Middle School teacher. Greg spoke to her. Clare sent Lola a copy of the signed licensing agreement where Fowler waived a hearing and voluntarily surrendered his right to hold a Vermont educator’s license.

Lisa Rathke, Associated Press: Lisa asked if schools are getting out early this year because no or few snow days were used. She was told that we don’t track school calendars and snow days in a report, and that we don’t have any anecdotal information about it.

Lesley Engle, Local 22 and 44: Lesley asked if we would be getting the results of the Act 46 votes on June 7. She was told that we wouldn’t know the answers until the Town Clerks contacted AOE.

Tiffany Pache, VTDigger: Tiffany asked for a comment about the results of the merger votes. We provided her with a comment.

Ryan Katz, APM Reports: Ryan reached out to Haley Dover, Stephanie Brackin and Donna Russo-Savage for a weekly podcast about education. He came across Act 46 and found it interesting. Stephanie spoke to him to give him some background and provided links.

Howard Weiss-Tisman, VPR: Howard asked Donna if she had time to talk about the end of the accelerated phase and the beginning of the RED phase. He sent her some specific questions. They will speak Friday.

Amy Nixon, Caledonian Record: Amy called to see if Haley Dover knew anything about “The New School” in Glover. She attended a school board meeting the night before and heard a teacher ask for a leave of absence to take a job at this new startup school. Haley looked through the directory of Vermont approved and recognized independent schools, and was unable to find anything. A Google search also came up empty. Haley sent her a copy of the directory and asked her to notify her if she learns anything else about this.

Gina Tron, Times Argus: Gina asked for someone to give her general information about Act 46 for a story she was doing on the Washington West merger. Stephanie called her and gave some background.

Jennifer Costa, WCAX: Jennifer called asking to speak to someone about the Child and Adult food program. Laurie Colgan spoke to her and found out that Jennifer wanted to do a story about the delayed implementation of the Colyar system for CACFP. Laurie did her best to provide concrete clear information about the reasons for the delay, regardless they were very difficult to deal with and not really receptive to hearing what happened. We believe the system is up and running now for CACFP, and programs are submitting their claims. The Agency has extended the deadline specifically for CACFP in order to see that CACFP programs who submit their claims will be paid before year end close out.

Maggie Hunter, Vermont PBS: Maggie called to ask for the Free/Reduced Lunch data. She was provided with the 2014-2015 report that is on our website, and a link to the FRL meal program website.

Morgan True, VTDigger: Morgan wanted to interview Secretary Holcombe about Matt Dunne’s mother, Faith, with whom Rebecca worked at one point years ago. Morgan is writing a profile about Dunne before the gubernatorial primary and wanted to include Secretary Holcombe’s recollections of Faith, Matt and their home. Morgan’s request was politely declined, and Morgan was advised that it would be inappropriate for the Secretary, as a member of the Governor’s cabinet, to provide comment about Mr. Dunne or his family as he is running for political office.



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Barre, VT 05641
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[phone] 802-479-1030
[fax] 802-479-1835

Agency of Education

January 20, 2016

The Ark Preschool
Racheal C. Boyce, Director
P.O. Box 160
Vergennes, Vermont 05491

RE: Prequalification Application for Act 166 Prekindergarten

Dear Ms. Boyce:

Upon review, the Ark PreSchool's Application for prequalified status as a private prekindergarten provider is denied pursuant to Section 4 of Act 166 of 2014 (attached for your reference).

We appreciate the Ark PreSchool's desire to serve as a partnering private provider for public prekindergarten, but the factors cited in Section 4 of Act 166 by the Legislature require the Agency of Education to deny Ark PreSchool's application.

Sincerely,

Rebecca Holcombe, Secretary
Vermont Agency of Education

Sec. 4. CONSTITUTIONALITY

On or before July 1, 2014, the Secretary of Education shall identify the private prekindergarten education programs to which school districts are paying tuition on behalf of resident prekindergarten children, determine the extent to which any program provides religious prekindergarten education, and establish the steps the Agency will take to ensure that public funds are not expended in violation of Chapter I, Article 3 of the Vermont Constitution and the Vermont Supreme Court's decision in Chittenden Town School District v. Vermont Department of Education, 169 Vt. 310 (1999) or in violation of the Establishment Clause of the U.S. Constitution.



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Agency of Education

January 20, 2016

Good Shepherd's Little Lambs
Sue Grenier
1 Hillside Road
Rutland, VT 05701

RE: Prequalification Application for Act 166 Prekindergarten

Dear Ms. Grenier,

Upon review, we have determined that Good Shepherd Little Lambs' Application for prequalified status as a private provider should have been denied pursuant to Section 4 of Act 166 of 2014 (attached for your reference).

We appreciate your center's desire to serve as a partnering private provider for public prekindergarten, but the factors cited in Section 4 of Act 166 by the Legislature require the Agency of Education to revoke Good Shepherd Little Lambs' approved status. The Agency regrets the error that we made with the approval that occurred last year. Since we are well into the current school year, and this was our error, we will permit Good Shepherd Little Lambs to maintain its approved status through June 30, 2016.

Sincerely,

Rebecca Holcombe, Secretary
Vermont Agency of Education

Sec. 4. CONSTITUTIONALITY

On or before July 1, 2014, the Secretary of Education shall identify the private prekindergarten education programs to which school districts are paying tuition on behalf of resident prekindergarten children, determine the extent to which any program provides religious prekindergarten education, and establish the steps the Agency will take to ensure that public funds are not expended in violation of Chapter I, Article 3 of the Vermont Constitution and the Vermont Supreme Court's decision in Chittenden Town School District v. Vermont Department of Education, 169 Vt. 310 (1999) or in violation of the Establishment Clause of the U.S. Constitution.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Friday, June 10, 2016
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Commonwealth Dairy

I am working with Secretary Moulton and Commissioner Obuchowski to make sure the repairs to the pump station at the Guilford Welcome Center which handles the dairy's daily water discharges are repaired asap and include upgrades so that the German company that owns Commonwealth will expand their operations here rather than in Arizona. We are moving forward with doubling the capacity of the pump station; we don't know who will pick up the \$50,000 to \$100,000 in additional costs which won't be approved by FHWA, but we are confident funds can be found within State government and we need the additional capacity for Commonwealth to expand in Vermont.

VT State Colleges

I'm working on expanding and branding our partnership with VT State Colleges. We are working on developing a pipeline of future State employees from the State Colleges with a particular focus on Vermont Technical College. Once we have developed all of the programmatic aspects of the partnership, we will want to make a public announcement in late fall. The goals of this partnership are to develop the transportation workforce for the future, get more Vermonters to go to college by identifying careers in State government and the private sector in the transportation industry, keep more young Vermonters in Vermont and increase enrollment at the State Colleges. We have good synergies between us now; this effort will expand them, brand them and point to the State workforce as an opportunity to assist in financing a four-year degree through our tuition reimbursement program.

Montpelier Herbicide Spraying

I conducted a field inspection of the state-owned railroad track between Main Street and Granite Street. This section of rail line hasn't been sprayed for weeds in two successive seasons and the growth of weeds in certain sections of this track are in violation of FRA safety regulations as they relate to inspection and allowing vegetation on the rails. When the FRA inspects this track on their next inspection cycle, the railroad

will receive a \$5,000 fine. The next fine after that is \$10,000 and then \$25,000. As Secretary of Transportation and my responsibility to public safety on our operating rail lines, I have indicated to Secretary Ross that this section of rail needs to be sprayed this year. I have also indicated the same to Mayor Hollar. The Mayor understands this and is willing to move forward on the spraying this year provided the railroad agrees to certain terms. The following is an email I received from the Mayor on this topic.

Hi Chris,

Following up on our call this morning, we have requested the following conditions as part of the railroad's herbicide permit:

1. Individualized notice to abutting residents at least 24 hours in advance of spraying in the area between Granite and Main Streets. The railroad has agreed to email notice but we would prefer mailing notice since we do not have email addresses for all of the abutting residents.

2. Spraying before 6 am on a weekday.

3. Placement of cones or other barricades at both ends of the area to be sprayed.

We would be happy to participate in a discussion with you, the Agency of Agriculture and the railroad on a long-term vegetation management plan for that portion of the railroad.

Thanks for your help with this.

Best,

John

We need to develop a vegetation management plan for this section of track that includes herbicide spraying as necessary to maintain safe operations on the line and not negatively impact the taxpayer investment on this line which is being compromised by root growth and fouling of the ballast. I'm proposing the development of a management plan that the City, the Agency of Ag, VTrans and the railroad will all sign off on so this annual event of protesting the spraying will be ended. The Mayor supports this approach as does Chuck. While we conducted mechanical weed removal last year, the weeds have infested the track to such an extent that this is not a viable option this year. We also need to be clear that the only reason we are suggesting an alternative herbicide treatment for this rail line is due to the infrequent use, the low volume of traffic and the fact that it's not a passenger rail line.

NASTO

I attended the Northeastern Association of State Transportation Officials (NASTO) meeting in Quebec City on Sunday and Monday. I was asked to speak about our Agency's innovative practices and about our efforts to establish pre-clearance for Canadian airports as well as Central Station in Montreal. As an Agency of Transportation, we are known throughout our region, as well as nationally, as a small

nimble Agency that is very innovative. My description of our innovations at VTrans and the work we are doing confirmed our reputation as an innovative DOT. Presentations by other VTrans staff further reinforced that reputation.

VAST and the LVRT

VTrans staff met with the VAST Executive Director and the President of the Association and their attorneys to discuss the lease VAST has with the State and the Cooperative Agreement with VTrans that provides them with the opportunity to expend federal funds on the rail trail. Unbeknownst to VTrans staff, VAST was not there to discuss the renewal of the lease but the impending decision by the Board to not renew the lease and walk away from the project. VAST appears to want to remove itself from managing this piece of infrastructure and desires to turn the whole thing back over to the State. I have spoken with Senators Mazza and Kitchel on this topic and they are supporting my approach, which is to have the State assume financial and project management responsibility for the build out of the remainder of the project but keep VAST responsible for the regular maintenance of the facility. It will cost approximately \$10 to \$12 million to finish off the project but we could assume that project within the existing bike and ped program expenditures and finish the project in five years. VTrans simply doesn't have the manpower to maintain that piece of infrastructure and we will need to rely on the VAST snowmobile clubs to perform that work. I'm meeting with VAST next week.

NOTES FOR STAFF

Construction

We have 47 active work zones: 24 bridge, 9 safety, 4 paving, 4 reclaim, 2 roadway and 4 rail. We anticipate 90 contracts active this year.

STIC Annual Meeting

The annual meeting of the State Transportation Innovation Council was held this week on June 9 which highlighted successes of the program to date. There are many innovations occurring at the Agency from business process improvement, including LEAN, to new public facing IT projects to inform our customers about the transportation system, to the new tri-state 511 system and our highly successful Accelerated Bridge Program.

Railyard Enterprise Project (REP) - Burlington

I have proposed to the Mayor to make the REP project in Burlington a state-funded-only project in order to give the project greater certainty that it could be built and within our lifetime. The Mayor is willing to listen to our proposal but it will take overcoming his staff's view that federal aid transportation projects are Christmas trees for them to adorn their ornaments. The Federal environmental process, which would require an EIS, costs millions more and could result in a preferred alternative that requires the City to tear down buildings, is not the best path forward for this project.

Circ ROW Management Plan

A meeting to discuss finalizing the Circ ROW Management Plan was held on June 9. Next steps include briefing FHWA and Executive Staff, then meeting with staff from the Circ communities. The goal of this plan is to preserve the Circ ROW from Williston to Essex for a future transportation use (potentially a local road network), for the State to give up the ROW west of Route 7 in Colchester and allow interim use of the ROW in Essex/Colchester for proposed developments.

Williston Taft Corners Area Development

Ken Robie and Michele met with Jeff Davis, Jeff Nick and Williston Town Planner, Ken Belliveau on June 9 to discuss potential development projects and their interface with the transportation network at Taft Corners.

Bennington Bus Study

Public Transit staff have begun to develop the approach to providing bus shuttle service from the rail station in Rensselaer/Albany Amtrak Station to Bennington and Manchester as thruway bus service.

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Deborah L. Markowitz
Agency Secretary

Trey Martin
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: June 10, 2016

Subject: ANR Weekly Report

Governor Level Issues:

Interstate Pollution Causes Elevated Ozone Concentrations in Rutland: On May 25 Vermont experienced its first exceedance of the threshold value on which the new 2015 National Ambient Air Quality Standards (NAAQS) for ozone is based. The exceedance is categorized as Unhealthy for Sensitive Groups, affecting older adults, children, and those with lung disease, while the general population may be unaffected. Vermont is permitted four exceedances in one year before becoming out of attainment for ozone. The last time we exceeded the standard was in 2013. A very high proportion of ozone during this event originated in upwind states and was blown into Vermont. The ozone standard was lowered in October, 2015. Each year, Vermont is right at what is acceptable for ozone. If we fall out of attainment, the regulated community in Vermont would need to meet tighter, costly ozone restrictions. DEC has been actively working with other northeast and mid-atlantic states to expand EPA's Ozone Transport Region to include mid-west power plants. If these mid-west plants met ozone standards at their borders, Vermont would not fall out of attainment. We have taken legal action to request EPA to act on this issue.

PFOA Updates:

Bennington/North Bennington - Private well sampling continued in Bennington around the landfill. We will be briefing you on the engineering designs/approaches for the municipal water line extensions in Bennington, and North Bennington.

Pownal - DEC received the engineering permit application for the water treatment system this week. We remain on schedule to have the filtration system in place on the Fire District #2 well by the end of the month. A public meeting was scheduled to review progress for June 13. PFOA was found at elevated levels around Pownal Tannery. We anticipate a plume of contaminated

groundwater in the area. 80 letters went out to area residents who may be impacted. Sampling will be expanded in this area.

Statewide - Private wells surrounding **Harbour Industries** in Shelburne tested clean. We tested monitoring wells on site and should have results in two to three weeks. The **Vermont Air National Guard** base's existing groundwater collection system tested positive: PFOA at 9,300 ppt; PFOS at 38,000 ppt. There is only one well within a mile, which is an unused agricultural well. The municipal water is clean. There is minimal to no threat to human health. We will work with the Guard to characterize the contamination. **Pittsford**'s municipal system is clean. Wells surrounding the **Fire Academy** are clean. The underground storage tank that the Fire Academy used to collect wastewater that drains off a concrete pad for firefighting training on-site tested positive. The water in the tank is 72 ppt for PFOS and 6 ppt for PFOA. The sludge in the bottom of the tank has 218,000 ppt of PFOS and 6,000 ppt of PFOA. The tank has never been cleaned out and was emptied once in 2007. We would expect to see very high levels in this contained area.

EVERYTHING ELSE:

Press Issues/Releases:

FWD Press Releases: Robert Currier is Vermont's Warden of the Year; VT F&W New Education Center and New Law Signing; and Grand Isle Family Fishing Festival set for June 11.

VTrans Promotes State Parks: A press release from the Vermont Agency of Transportation with updates on road conditions and construction projects includes a recommendation to get out and enjoy our state parks.

Mapping Private Forest Roads: Cold Hollow to Canada has received an Ecosystem Restoration Grant from the Vermont Department of Environmental Conservation to use light detection and ranging data to identify and map forest roads, trails and log landing in private forests in Vermont.

Invasive Insect Poses Threat for Hemlocks: VT Digger recently did a story about hemlock wooly adelgid.

Significant Events/Meetings:

Jay Peak Subdivision II/Jay Peak Inc. - Public Water Supply Receivership Impact Issues: This subdivision has high levels of manganese in drinking water, which can pose health a threat to children. Approximately seventy individuals are on this system. Treating for manganese would cost approximately \$150K. A couple weeks ago, Jay Peak's receiver decided to no longer provide a community water system to the seventy individuals. After pushback in the media and locally, the receiver has stated that he has every intention on complying with the Water Supply

Permit for Jay Peak Sub. II and that they will continue to serve water, however, they have no money to do so. DEC has put the receiver in contact with the PSB so that he can discuss rate setting.

Vermont Days: The annual Vermont Days weekend is June 11 and 12. It features free admission to state park day areas, historic sites and the Vermont Historical Society Museum. Also on Sat, June 11, people can fish license-free throughout the state. State park visitors who participate in a survey intended to assess the value of the annual weekend will be entered into a raffle to win some significant prizes.

Women Owning Woodlands: Elizabeth Spinney, Invasive Plant Coordinator is partnering with Vermont Woodlands Association and UVM Extension to host a Women Owning Woodlands event at Mt. Ascutney State Park on the evening of June 24th. The event is a BBQ and Book Club, where folks can meet with other woodland owners, swap stories, learn about invasive plants, and talk about the book to be discussed in the fall workshop focusing on the important role woodland owners play in protecting the things we hold dear: pollinators, song birds, our health, biodiversity, and much more.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Policy (OPP)

Hermitage Resort: The Planning office met with Jim Barnes and his development team on Friday, June 10, to discuss a path forward for the Hermitage Mountain Side project. Hermitage will file today a request with the Act 250 district commission to amend their master plan to remove the east track and airport projects. The filing will clarify that those projects are withdrawn and are dead for the time being, and that Hermitage is only seeking master plan findings for the Mountain Side project. Hermitage plans to sell off the airport and east track to raise capital to support ongoing operations and the Mountain Side development. Next week OPP will work with DEC and DFW to identify the remaining issues associated with the Mountain Side and the steps Hermitage must take to address those issues. Hermitage will use that list of issues and remedies as the foundation for another filing to the Commission, through which they will agree to take all the steps ANR has outlined as necessary. Hermitage's hope is that the Commission will agree with those conditions, issue findings and allow the project to move to the next phase of development. At this point, it appears the outstanding issues at Mountains Side involve clarifying easement terms and transactional details for the black bear mitigation areas, finalizing agreement on conditions intended to protect Bicknel's Thrush habitat, and the Stream Alteration permit.

New Applications for the Week of May 30: OPP received 7 new Act 250 applications and 5 new Section 248 petitions.

Office of the General Council

Peck Electric: The applicant has proposed a small net metering solar array in Charlotte, which is adjacent to Mt. Philo State Park. ANR originally filed comments raising issues related to Criteria 9K (development affecting public investments) due to the potential impacts to the viewshed from the summit, advising the project would have an adverse impact, rather than an undue adverse impact. The Town of Charlotte also filed comments, but argued there would be undue adverse impacts. The applicant disagrees with that assertion. As a result, the Public Service Board opened an investigation into the aesthetics issue and conducted a site visit on May 23. During the site visit, the parties learned that a hedgerow on the eastern edge of the project, which would provide a small amount of screening, contained dead standing trees, with at least one having recently fallen. This raised additional concerns for FPR staff. After having an opportunity to view the project from the summit, FPR continues to have concerns about the impacts to the viewshed. FPR has requested that ANR provide testimony on the impacts to the Park under Criteria 9K as being unduly adverse. Last week, I met with Billy Coster, Parks Director Craig Whipple, and FPR Commissioner Snyder to brief them. Both Billy and Commissioner Snyder are in agreement to move forward with this position. Craig Whipple will be providing testimony on behalf of FPR. The deadline for filing testimony is Monday, June 13. (John Zaikowski)

Environmental Conservation (DEC)

AAFM/ANR Retreat: ANR and AAFM staff met to kick-off a conversation about working together in a clearer, more efficient and collaborative manner. The discussion is being facilitated by staff from the Center for Achievement in Public Service.

Automotive Technician Training: As part of the Air Quality Mobile Sources Section's automotive technician training program, we conducted another training class last week at the North Country Career Center in Newport. The purpose of the training is to help Vermont's automotive technicians effectively diagnose and repair emissions-related malfunctions. Motor vehicles are the largest source of a number of air pollutants in Vermont, and while modern technology vehicles can emit very low levels of pollutants when operating properly, emissions can increase dramatically when vehicles are malfunctioning. Vermont's vehicle inspection program can help identify vehicles with emissions problems, but actual emissions reductions are achieved only through effective repairs. Thus, these training classes are an important part of Vermont's motor vehicle emissions control strategy.

Public Water Supply Construction Permit Backlog: The Public Drinking Water Engineering Section met to finalize an approach to systematically reduce the 100+ construction permit backlog. Pending permits were sorted by consulting engineering firm and Division staff will be meeting directly with the firms to conduct the reviews in person. Meetings have been scheduled with several consultants to review their applications, answer questions, and provide comments. If all questions and comments can be resolved at the meeting, the permits will be issued. The first meetings are scheduled for June 9 and 10. This approach is expected to efficiently reduce

the backlog, provide valuable face-to-face dialogue with the consulting community, and allow for external input on ways to improve our processes.

Blake Dam (Topsham): A Dam Order was issued this week to upgrade the condition of Blake Dam, located on an unnamed tributary of the Tabor Branch of the Waits River. This is a significant hazard dam which currently is rated in poor condition. The work consists of replacing the failing outlet structure, installing a filter and toe drain system to better control seepage at the toe of the dam, and repairing the auxiliary spillway. The water level will be lowered in order to safely conduct the work and water flow (conservation flows) will be maintained in the outlet stream during construction and during refill once the work is completed.

Clean Water Initiative Program: DEC's Clean Water Initiative held the final of six stakeholder meetings on "Financing Clean Water Improvements," co-hosted with the Office of the State Treasurer and the Department of Taxes. The Agency of Agriculture, Food and Markets and the Transportation Agency helped to facilitate these meetings. These meetings set the stage for holding public meetings on this topic and steps necessary for the development of the legislative report, expected to be completed by December.

Waterbury Hydroelectric Project: DEC held the initial meeting of the Waterbury hydro stakeholder group which was formed at the request of Vermont Natural Resource Council after issuance of the Section 401 Water Quality Certification. The stakeholder group includes representatives from VNRC, Trout Unlimited, Friends of Waterbury Reservoir, and Friends of Winooski River. The group will be working with the Agency to review and provide comments on post license/certification plans, and to ensure GMP is on track to complete the modifications at the project. During the meeting GMP provided an update of activities at the project and a process was agreed upon for the stakeholders to provide comments on the flow management plan, dissolved oxygen plan, and recreation plan.

Fish & Wildlife (FWD)

Monitoring Bass and Yellow Perch around Central VT: Staff conducted electrofishing sampling of Lake Morey, Waterbury Reservoir, Valley Lake and Woodward Reservoir to monitor bass and yellow perch populations. Population monitoring provides valuable information on changes associated with fisheries management actions, environmental factors or habitat impacts and allows fisheries managers to adjust management strategies.

River and Roads Workshop: Staff participated as co-instructor at a two-day River and Roads workshop. This program introduces concepts of stream processes and aquatic habitat to state and municipal transportation staff and presents instream practices which minimize future conflicts between transportation infrastructure and rivers.

Clipping Steelheads: Staff assisted Bald Hill Fish Culture Station staff with the clipping and counting of juvenile steelhead that will eventually be stocked into the Willoughby River. This

fin clipping will enable anglers and FW staff to determine the origin of these fish when they are encountered in the fishery.

Pesticide Use Impact Assessment (PUIA): Staff amended a draft Pesticide Use Impact Assessment for use on State Lands to restore floodplain forests. This PUIA will be used by State land managers using herbicide to treat invasive exotics such as reed canarygrass when trying to restore floodplain forests on former agriculture fields. Although some of these former hayfields and pastures have been out of agricultural use for 10+ years, the grasses have persisted. Reed canarygrass is a particularly difficult grass in which to plant trees/restore forest and has little habitat value for birds and wildlife. As the hayfields often extended to the banks of the river, the rapid erosion and slumping banks have contributed to the input of phosphates and sediment into our waterways. By restoring the floodplain and streambanks to forest we can increase the amount of shade on the water and the input of large wood into the river, both important components to healthy streams for fish.

Bats: Staff prepared for and attended Burlington Electric Department (BED) / Ryegate meeting to discuss draft northern long-eared bat guidelines for reviewing chip projects. The BED/Ryegate foresters provided good feedback on the draft and will submit comments to the Department shortly. The meeting included a field session to look at wetlands, deeryard habitat, and northern long-eared bat roost trees. Staff added that there is a very good relationship between BED/Ryegate foresters and their regulators (the Department). Our staff that review such projects should be commended in developing and maintaining that working relationship.

Search and Rescue: Warden Whipple assisted NH Fish and Game and NH State Police with a fatal boating accident on the Connecticut River this week.

Forests, Parks and Recreation (FPR)

State Land Transactions: We are making good progress on the Muckross and Davidson donations and hope to close on both properties in the near future. Work continues on other priority acquisitions including Vinton donation, Bean Pond acquisition, and numerous Forest Legacy easement projects. Other pending land transactions include sale of Lafreniere homestead parcel in Bolton, transfer of Woodchuck Mt. parcel to Town of Newbury, transfer of Hospital Block portion of Camel's Hump State Park to Town of Duxbury, and sale of portion of Coolidge State Forest in Plymouth to Markowski Excavation.

Ski Areas: The Department received Smugglers' Notch's annual ski lease payment last week in the amount of \$265,250. This amount is approximately \$23,000 less than last year's payment from Smugglers' Notch and is reflective of the weak ski season due to weather.

State Parks Holiday Weekend Update: Visitation at state parks over the long Memorial Day weekend was twenty-five percent ahead of the 2015 holiday. The campgrounds were at capacity and great weather contributed to outstanding day use attendance. There were few serious incidents.



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

To: The Honorable Peter Shumlin
From: Joe Flynn, Deputy Commissioner of Public Safety
Date: June 10, 2016
Subject: Weekly Report

Priorities:

Roxbury Fish Hatchery PW from Irene being revised by FEMA to include \$800k of additional 406 hazard mitigation captured in a SRIA fixed alternate project, based on remand to Region 1 upon second appeal. This is a positive outcome for Vermont Fish and Wildlife, aiming to break ground on the new hatchery this summer.

Administration

We are closely monitoring all budgets right now as we approach the PO deadline date. We are currently very cautiously projecting a VSP GF balance, but there are still two payrolls left to post and those can swing \$100-200k in either direction. CJS budget and Fire Safety revenue is also very tight and being monitored closely.

CJS

Forensic Lab-

Backlogs (as of 5/31/2016):

- Blood Alcohol (0)
- Drug Chemistry (776)
- Serology (72)
- DNA (casework) (154)
- DNA (CODIS) (247)
- Firearms (32)
- Latent Prints (489)
- Arson (0)

BGS working to remedy air handling issues with "final" work date scheduled for 6/15.

Awaiting VOSHA determination regarding investigation of HR retention of medical records.

Office 365 migration will jeopardize ability to use current version of LIMS (evidence submission, processing, reporting system) - working with IT/vendor to troubleshoot.

9th annual Green Mountain DNA Conference scheduled for August 1-3 (VFL hosts).

OTM-

Met with HR and DEMHS regarding the use of Cornerstone for all of DPS employee evaluation management. Cornerstone has been implemented by DEMHS and we are investigating its use across DPS.

DII Mandated Office 365 Conversion (Email and Office Suite). There were relatively few major issues within DPS. Overall, this transition can be considered a success.

We are looking at three data sets for the PDI initiative:

- Law Incidents – This data set consists of a listing of all law incidents for the state police that have occurred over the past three years.
- Traffic Stops/Race Data – A data set that lists all traffic stops with accompanying race data that allows for the creation of aggregate statistics on traffic stops by race.
- Traffic Fatalities (All)

Bill S.155 may potentially impact our information sharing program. Details are yet to be determined.

eTicket - Electronic ticketing functionality is working very well with the Valcour system. Delays continue on the Spillman side of the project due to procurement issues. Contract negotiations with Spillman over this new functionality are slow. We have initiated a process of facilitating regular negotiations between the state

of Vermont and Spillman legal counsel. This appears to be effectively moving this process forward in a very efficient manner. We anticipate having the contract signed before the end of June.

We are investigating a collaborative relationship with the Department of Public Service to share hardware and intellectual resource in the support of our individual GIS needs.

A full 8-hour test of the dispatch function at the new Westminster Barrack occurred 6/7/16. As of this writing, the test has been successful. A 12-hour test of dispatch is scheduled for 6/15/16. The building is not yet certified for occupation.

DEMHS

2016 LEOP submission rate is at 68% as of 6/2.

FEMA Region 1 approved (pending final local adoption) Local Hazard Mitigation Plans submitted for Bethel, Brookfield, Danby, and Sharon. These approvals bring the percentage of Vermont towns with FEMA-approved LHMPs to approximately 50%.

DEMHS coordinated a VT ALERT test with the Agency of Human Services. The test was conducted within Franklin County. Pending results, the use of VT ALERT within the Agency of Human Services will be rolled out incrementally until all counties across Vermont have this capability.

VT Alert presentations were provided to the town of Enosburgh and VT VOAD this week.

Fire Safety

The Division received \$3.8 Million in new plan review construction valuation collecting \$22,000.00 in fees.

The Williston office is swamped with purchase and sale inspection requests impossible for us to keep up. For example, in May alone the Williston office received 72 request and we have one full time inspector who cannot keep up. We pulled inspectors from Rutland and Barre to assist with the back-log. We will have to find a fix to this if we are continue to do this.

Director Desrochers name was submitted to the National Association of State Fire Marshals Nomination Committee to be considered for a position on the Board of Directors. He will find out in July at the Annual Business Meeting if he is selected.

Hazardous Material Tier II reports FY2016:

- Total dollars collected ytd - \$666,970 (highest amount ever collected)
- Total sites reported - 2,312 (most sites reporting)
- Classes instructed by VHMRT to Hospitals and First Responders (Police, Fire & EMS) at no cost.
- Total classes instructed – 14
- Total hours instructed – 49
- Total Students instructed - 292

Participated in a rather large conference call this morning regarding the test results of PFOS in the water storage tank. A work plan is going to be put together immediately to clean the underground water tank which is likely to resolve the issue as there are PFOA/PFOS sources used at the academy that we are aware of. There are much higher levels in sludge at the bottom of the tank which has never been cleaned so the sludge could be contributing to the slightly elevated level of PFOS in the water. The water will be drained by

pumping it out and the sludge removed. There will also be some site investigation work as explained to us on the phone however the results are likely to be minimal at best because of the low level water reading. In fact, to our knowledge there has been no use of foam on the subject pad area as long as we can remember. ANR also stated the concern level is minimal as all the water wells tested were negative.

Vermont State Police

A Troop-

FF

22 Total Arrests, 8 DUI

Troops assisted Essex PD with a fatal crash involving a motorcycle and ATV on Rt. 128.

Reported shooting in Hinesburg. Troops responded to assist Hinesburg PD. Later determined this was an incident with a knife, not a shooting.

Troops responded to the 4th mental health/suicidal person complaint night shift in Williston. Troops responded to a residence in Lamoille County to find woman standing on a chair with a rope in the process of attempting to hang herself. Troops forced entry into the residence by breaking the door and were successful in intervening in the suicide attempt. Female was transported to the hospital by EMS.

US Attorney General arriving in Burlington for the night and will be attending an event at VT Tech College in the morning. EOD assisting with sweeps at the airport and hotel where she will be staying. Williston road troops assisting AG's security team with logistics and travel from the airport to the hotel. Troops will also be assisting during Saturday's transportation to VTC and departure to the Burlington airport.

Investigated a fatal motor vehicle accident in Moretown, three people were riding in the bed of a pickup truck, when the truck rolled over. One of the occupants was pronounced dead at the scene, the operator was processed for DUI.

BCI

Assigned an assault case at the Morrisville P&P office. D/Tpr assigned.

Follow up on child fatality at daycare. Worker who was in charge of child finally agree to a proffer with SA Williams. Decision on status of case will come after proffer.

Completed assault case at NWCF.

Untimely investigation of a one month old child in Swanton. D/Sgt and Det Tpr responded to investigate. No apparent physical injuries noted. Medial notes and interviews show the child had medical concern since birth. Child is a twin who is completely healthy. Autopsy scheduled for today.

Det Tprs attended training at Jay Peak for interview practices.

NUSI case of a 18 year old female being sexually harassed by a 43 year old male who is currently on probation.

NUSI case of a 28 year old female alleging she was assaulted by a 43 year old male who is also currently on probation.

43 year old male committed suicide in after an hour long standoff with Troopers. Troopers witnessed event. D/Sgt investigating.

Patient at the state hospital reported being assaulted by a staff member. The "victim" is a frequent caller of the police who calls regarding numerous assaults. Nothing verified to date.

Assisted uniform with a report of a man with a gun at the Warren Store. Call turned out to be a hoax.

Untimely investigation out of Jericho of a 57 year old male with medical concerns. Death ruled natural. D/Sgt assigned.

B Troop-

FF

8 Total Arrests, 2 DUI

Assisted NHSP in searching the side of US RT 2 in Lunenburg/Concord, VT area for evidence from a recent homicide in Littleton, NH. The search located numerous items that were used in the homicide, to include the firearm, which was located by K-9 Arrow.

Investigating an incident that initially began as a verbal dispute but ended in a firearm being discharged and then pointed in the direction of the victim. The offender, Durand Davidson, was charged with Simple Assault.

BCI

Follow up on Ryegate Meth Lab.

Case review and deposition for Burlington officer involved shooting.

Follow up on Trooper Background.

Follow up on town of Victory Embezzlement.

EOD activation for sweep of venue for Judicial College.

Participation in Torch Run for Special Olympics.

Assist in Missing person case. Located.

Reported sex assault that occurred in 2009.

Report of parent providing drugs and alcohol to 15 yr old daughter.

C Troop-

FF

9 Total Arrests, 4 DUI

Participated in the Torch Run.

Missing person in Wallingford, of a male in potential crisis on a motor scooter, who did not follow a friend (who was in another vehicle). The male was located the following morning and was fine.

Armed Robbery at the Mac's Store on US Bus. 4 in Rutland Town (Center Rutland). The unk. male used pepper spray on the clerk, and stole money from the cash drawer.

Shaftsbury Troopers investigated two fatal single vehicle crashes this week. First was a motorcycle travelling at a speed too fast to negotiate the curve. Second was a T/T unit that travelled off a straight stretch of road on US 7 (may be have been a medical issue).

BCI

New Case: Robbery of a Rutland Town convenience store. The clerk was pepper sprayed by the robber and approximately \$170 stolen.

New Case: Sexual assault of a thirty year old female by her husband at their Benson residence. Victim said the assault occurred when she was asleep, found blood and semen in their bed.

New Case: Untimely death of 61 year old female in Danby. COD was natural, medical event.

New Case: Stabbing in Ripton VT. Victim was stabbed in the shoulder during a domestic assault. He was later released from hospital and was charged with domestic assault. Stabbing was considered self-defense.

New Case: Fire Investigation in Rutland City. Case originally initiated by the On-Call Fire Investigator, but referred to this investigator after hours.

Continued investigation in the Schaff Missing person case. Meeting held with NYSP Major Crimes Unit and Subpoena's granted for multiple phone records.

Scanning of all New Haven's evidence was started.

D Troop-

FF

27 Total Arrests, 5 DUI

Arrested one on an outstanding warrant during a traffic stop on I91 in Westminster.

Stopped a vehicle for 95 miles per hour on I91 in Westminster.

Stopped a vehicle for traveling 110 mph on I91 in Rockingham.

Stopped a vehicle/operator for going 96 miles per hour in a 65 mile per hour zone on I91 in Westminster; heavy rain and traffic at the time; arrested one for Excessive Speed and Negligent Operation.

Investigating a fatal motorcycle crash (one vehicle, one victim) that occurred on Route 5 in Vernon.

Encountered a motorcycle travelling the opposite direction travelling at a high rate of speed and passing vehicles. Cpl. Busier was able to get MTC stopped and arrested operator for Excessive Speed and C+N.

Male charged with sexual assault on children was seen at Silver Lake around young children. Charged with Violating Conditions of Release.

BCI

New non suspicious fire bellows falls.

Follow up incendiary fire bellows falls.

Sex Offense- Follow up- Conducted interviews at SSCF. Also executed Non-Testimonial Order on suspect. Suspect was charged with Sexual Exploitation of an Inmate.

TSU Active Shooter Training.

Suspicious- Reading- Assisted Albright w/ male subject who sustained life threatening injuries.

Assist/D/Tpr Dion/Death Investigation – Dummerston – Untimely involving 88 year old male at his residence.

Sex Offense- Follow up D/Tpr. Conducted interviews at SSCF. Also executed Non-Testimonial Order on suspect. Suspect was charged with Sexual Exploitation of an Inmate.

Missing/Runaway Juvenile-Randolph.

2 DRE Evaluations Reviewed.

Death Investigation – Dummerston – Untimely involving 88 year old male at his residence.

Royalton Evidence Room Transition Audit.

Worked on three assault cases from jail, reports and court prep (Tues, Wed, Thurs).

DCF intake, sex assault, Hartland.

Assist Brattleboro PD with suicide.

DCF intake, Rockingham, 2 year old with fracture growth plate/ dislocated elbow, admitted to DHMC.

Windsor County SIU Case Review Meeting.

CCU-

Continued forensic examinations on several state and federal child exploitation cases.

Eric met with A-Troop BCI to deliver some technical advice and information about the resources and capabilities of the CCU.

Current Cases: 4

Pending Cases: 9

New Cases This Week: 2

OCME-
13 autopsies

Polygraph-

3 Pre-Employment polygraphs

D/Sgt call for CRT in Moretown

Prepared for criminal polygraph in the Brownington homicide. Test delayed for 2 weeks so MCU can do more follow-up.

Major Crimes Unit-

CSST- assist uniform in Rockingham with UTV fatal 10-50.

Assisted with blood detection chemicals on outside of residence in question.

Crowd Control meetings and conference call with commanders on planning.

Preparation for HQ drug evidence room audit.

Hart Homicide: case evidence review from volvo-worked with Sgt. Scribner on items to be sent to FBI Lab

Vreeland Homicide (Brownington, 2015): follow up discovery request.

Smith Homicide (Brownington 2016): Follow up on Kevin Smith's facebook, follow up interviews, creating timeline with Jenn Simard, ID unk #'s in phone records, wire warrant.

Marzilli homicide (Shrewsbury): follow up and discovery SA requests.

Rashed Homicide (Brattleboro): Pen-Link follow-up with Det/Sgt Megan Sheridan, telephone tolls for victim, beginning Discovery "F" Submission (7th).

Gaudette Homicide (Lyndonville – unsolved list): identifying siblings for possible interviews, case book organization, VIC info for former SA Investigator Robert Army (interview pending).

Paula Welden: follow up regarding letter that was turned over to VSP. Worked with the Historical Society to try to ID locations referenced in letter.

Assisted uniform with a motorcycle fatality in Shaftsbury.

Assisted D-Troop BCI with a possible aggravated assault with life threatening injuries in Rockingham. Case determined to be non-suspicious injuries/alcoholism.

Cheryl Peters homicide: review.

Elwyn Randy White (unsolved homicide): Met with Clifford Corse in Berlin, victims uncle. Spoke with him and wife about the case involving Randy. They spoke about seeing Randy around his disappearance

walking and a girlfriend walking behind him that did not appear to be happy and made a comment about wait until he got home.



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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: June 10, 2016

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Issue Updates:

Randolph – VAEL – New Construction: The Act 250 Hearing is at 4:30 today, beginning with the site visit with the actual hearing immediately following in Judd Hall on the VTC Campus. If the Hearing is continued by the District Commission, it will be held at 9:00 a.m. on Friday, June 10th in the Randolph Town Offices. The decision from the Randolph Development Review Board is due no later than Friday, June 10th. FEMA is working on finalizing the Environmental Assessment (EA), and should complete and issue the Final EA and FONSI (Finding of No Significant Impact) next week. No comments were received on the draft EA. Awaiting some supplemental information on the DD statement of probable costs. Finalizing our comments on the DD submission. Still waiting for input/final comments from Contract Administration and Jeff Lively on the Construction Management RFP.

Significant Meetings/Events:

VT Fire Academy Conference Call: Discussed the detection of Perfluorinated Chemicals (PFC) in the VT Fire Academy water recycling system, and determine next steps.

Pump Station Commonwealth Dairy: Met with Transportation & ACCD to discuss the redesign of the pump station that services the Guildford Welcome Center, the Algiers and the Commonwealth Dairy. Engineers are working on a solution to double the capacity forced main serving the Commonwealth and would meet their needs through 20/20. The pumps need to be replaced ASAP. FHWA will be looked to for financing and maintaining the system.

FINANCE AND MANAGEMENT

Issue Updates:

- F&M met with DHVA this week to discuss DHVA's need to extend limited service positions already established to help with redeterminations and open enrollment. This likely will drive a need for an SFY 17 BAA of \$1m +/- . F&M asked AHS to quantify it's overall BAA for SFY 2017.
- Had entrance conference meeting with AHS leaders this week to discuss the FY2016 Audit expectations. Participants included F&M, AHS and KPMG.
- Meeting with AHS on 6/10 to discuss FY16 closeout and their role in covering FY2016 GF shortfall.
- DHR has opened an investigation of alleged misconduct of a F&M employee, including but not limited to, viewing inappropriate images or material on a State computer.

HEALTH CARE REFORM

Issue Updates:

All Payer Model: The feds sent Vermont a first draft of a final agreement for the all payer model. Our initial review indicated that the document is generally consistent with the current state of the negotiations. One important note: the document contains a commitment to extending Blueprint in writing for the first time. Al mentioned at the VAHHS Board meeting that we had received a response from the feds and he thought it was a good deal. He indicated that he did not discuss the details of the agreement & told folks that it was confidential at this point. Erin Mansfield requested the document and was told by Al that it was confidential. This may be the impetus for Erin's PRR this week.

DVHA received two bids in response to its RFP for ACO services. The bidders were (1) OneCare Vermont and (2) Community Health Accountable Care (CHAC) in partnership with Optum. DVHA subject matter experts will begin their review, and they intend to name an apparently successful bidder/bidders by June 29th. Negotiations will follow. The RFP allows DVHA to potentially contract with one or both bidders. The bid information remains confidential until the contract is awarded.

SIM/VHCIP: We are still awaiting federal approvals on numerous contracts and have escalated the issue within CMS as it is starting to impact our program milestones. We continue to work with AHS-CO and F&M to make sure all financial obligations are understood as we transition from SFY16 to SFY17. Georgia has begun sustainability planning and we are moving forward with preliminary meetings with AHS Central Office and departments to ensure that this is done in conjunction with the FY18 budget.

Global Commitment: While we made depressing, but good, progress last week, this week we haven't made as much progress. Lawrence intervened with AHS CO to escalate the continued work, which is clarifying MCO investment criteria (including whether what we current pay for fits those criteria), a phase down schedule for problematic MCO investments, parity of provider reimbursement and the timing, and how many and what type of new approvals CMS will require. We also need to decide when/how we will talk with the legislature about the issues that have been raised. Our last (confidential) update was during the session and things have substantially moved.

HUMAN RESOURCES

Communications:

Seven Days inquired about the impact of the gubernatorial transition on appointed officials.

Significant Events/Meetings:

Presented at a training session for the board of Veterans' Home. Topics included labor relations and media relations

Reviewed Executive Order regarding contracting preference for companies that utilize climate change-reducing practices.

Conducted mediation for a global Worker's comp/performance/conduct/med RIF case.

Reviewed management response to union proposed alternatives to WC outsource.

Met with Health Care Reform Office to transition support for GMCB Nominating Committee to DHR.

Two conference calls were held on June 8th for classified employees to weigh in on the Classification Study. VSEA was on the call – though they have not been helpful to the process to date.

DHR staff are engaged in a major facilitation process with Agency of Agriculture Watershed and DEC/Water to address their business process and communications in addressing their shared interests and joint mandate. Sec. of Agriculture stopped me on the street to sing praises of DHR staff and assistance they are providing.

INFORMATION AND INNOVATION

Evolving Issues:

Web Updates:

- After a final last minute amendment requested by AGO after signing had been nearly completed, the VIC amendment is now complete. This amendment will leave the VIC contract in effect until June 2019.
- The Governor's Office is putting the final touches on their Website in the new template and it should be launching in the next 2 to 3 weeks.

LIBRARIES

Nothing to report.

TAXES

Operations Update:

2015 Tax Changes, Return Errors: In the “you just can’t make it up” category. Intuit has informed us that there was a new error (since corrected) in the fix of their original error - the miscalculation of the additional tax due in one scenario causing the taxpayer who amended to underpay, AGAIN. Intuit cannot identify exactly which taxpayers were impacted, or the aggregate amount of underpayment. And unfortunately, the amended return itself will show the correct amount due, which means that we will automatically issue a bill to the taxpayer unless we can figure out how to identify them. We have a call with their team tomorrow to brainstorm how to handle. One would like to hope they will volunteer to pay the additional tax. In any event, they have apologized and acknowledged they need new systems, this is unacceptable, etc. The good/bad news is it is not clear that we have received many amendments up to this point, so this latest error may not represent much money.

Meeting with Chambers: In our new transparency, we had the Chambers in to discuss audit programs that we will be pursuing, including the use of 1099K information from the IRS to show underreporting, and investigation into companies, particularly in the hospitality/food/trade businesses showing very little use tax when they likely have bought equipment, furnishings and supplies out of state. We explained that these programs will involve some focused audits of extreme outliers, but mostly will start with an invitation to amend. We talked about their timing concerns. Overall, they were very pleased with the heads up. We will also talk about these initiatives with our Advisory Boards in our meetings the next couple weeks. Another initiative will include looking at companies showing few receipts and multiple consecutive year losses, especially in the hobby line – this is an area that the IRS has been highlighting in reports.

Air BnB: After radio silence despite requests to speak, finally was contacted by PWC, who apparently has been retained to negotiate contracts for collection. As leverage, we can inform them that we do have information from the IRS that shows us at least some of their hosts from years past. We also need to discuss the legislative requirement that we collect this information directly, which they will resist. They likely will also insist on amnesty for their hosts as a condition to collection going forward.

Management Retreat/VTax Project: Testing starts next week. We held a mostly positive retreat for Directors and Supervisors yesterday. We spent most of the time discussing the stress staff has been under dealing with the project during a time of budget cuts. Our facilitator, Stephanie Lahar, is great at teasing out constructive approaches, and once we defined 6 major stresses, individual rankings showed that most of management agrees that on 5 of those measure we do a good job mitigating stress – it is only the amount of workload that we can’t control right now. We also got some buy in from our Senior Staff for our Strategic Improvement team, which will be selecting some interdepartmental projects to tackle in the next couple weeks.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Patrick Delaney, Commissioner
Date: June 3, 2016
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates:

S.250 has been signed into law. The Department will initiate the Rulemaking process as soon as we have final details, and Board approval.

Press Issues/Releases/Contacts:

The Burlington Free Press announced that the Zen Lounge in Burlington, which had appeared before the Board on numerous occasions for various infractions, has ceased their business operations. They have not yet relinquished their liquor license.

Significant Events/Meetings:

On Friday May 27, 2016, DLC's Principal Assistant, Marcia Gardner, submitted her 2-week notice. The Department will assess the upcoming vacancy and decide whether to post the position as is, or reclassify in some manner, prior to recruitment.

On June 1, 2016, the Liquor Board met in Montpelier. Enforcement hearing for Karib was postponed until next month. An enforcement hearing for the Slide Brook Lodge in St. Albans resulted in a license suspension of three days.

On June 2 I met with Bruce Cunningham to discuss Vermont's compliance with Federal SYNAR laws relating to retail tobacco compliance for underage purchasers.

Summary of Key Department Activity:

Agency Issues: The Department has been notified of two liquor agency sales: Shelburne and Harmonyville.

Warehouse security measures are moving forward, with additional card readers and security cameras.

Staffing:

The Department continues the process of filling an upcoming Warehouse vacancy, and will seek to fill the soon-to-be vacant Principal Assistant position as soon as possible.

IT POS system: POS RFP's soon to go out, following DII review. We anticipate that the RFP will be posted for bids within the next 30 days. DLC is reviewing systems purchased by other control states, including Utah and New Hampshire.

IT: RFP's are out for hand-held Warehouse scanners.

Licensing: The recently implemented Fortified Wine Permit's statutory interpretation and process implementation will require clarification to stakeholders, as the initial interpretation was inaccurate. The Department is in the process of reaching out to interested parties to elucidate the clearer intent and define in greater detail the statutory language.

Commissioner's Commentary: The dept. has begun exploring our options to initiate the new warehouse site analysis process that was funded in this year's budget.

We have signed off on the bid to manufacture shelving for our warehouse re-configuration. ETA of the materials and manpower for installation is the end of July.

We are in the midst of a dept. website project to improve the product selection and pricing format to make it more useful and user friendly.

**116 STATE STREET
MONTPELIER, VERMONT 05620**



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Chuck Ross, SECRETARY

**STATE OF VERMONT
AGENCY OF AGRICULTURE**

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: **June 10, 2016**

On Friday, June 3, Plant Industry personnel accompanied USDA APHIS PPQ in a collaborative effort to deliver confiscated wood material to the Coventry landfill for deep burial. The material, consisting of softwood furniture parts obtained from an online catalogue retailer based in Minnesota, contained larvae of a non-native longhorned beetle (Brown Fir Longhorned Beetle, *Callidiellum villosulum*), an as yet unestablished but potentially destructive insect pest of spruce and firs in North America.

UVM Extension has successfully obtained and planted hemp seed in Vermont for the first time since cultivation of industrial hemp became legal (in Vermont in 2013, and under the 2014 Farm Act). The seeds were planted as part of UVM Extension efforts to determine appropriate horticultural and agronomic practices for hemp crops in the Northeastern US. As the research facility is located within visual distance of the Canadian border, there was concern Federal law enforcement (Customs and Border Protection/Border Patrol) might become concerned, in addition to state and local authorities. Plant Industry Section personnel provided liaison services between UVM and our contacts with CBP St. Albans in order to facilitate effective communication between the parties and forestall potential misunderstandings and confusion along the border.

The Town of Randolph's Development Review Board has issued a permit for the construction of the new lab at 163 Admin Drive, Randolph, VT, on land to be leased from Vermont Technical College.

The state mosquito surveillance program began on June 1. Mosquito arbovirus testing at the Vermont Department of Health lab will begin on June 13. We will trap for mosquitoes in 77 towns, representing all 14 counties. Part of this sampling effort will look for *Aedes albopictus*, a temperate species of mosquito that is considered to be a vector of Zika virus. This species has not been found in Vermont.

State Veterinarians Haas, McNamara and Mehlenbacher have communicated with the State Epidemiologist and her colleagues at the VT Dept. of Health (VDOH) this week regarding the *Brucella suis* positive swine that were imported into VT in a sealed trailer for immediate slaughter at a VT facility. The National Veterinary Services Laboratory was able to culture the *B. suis* causative agent from the lymph nodes of seven of those pigs. The VDOH Commissioner has asked his staff to follow up with slaughter facility employees to offer them educational materials on Brucellosis in humans, serological testing, and prophylactic antibiotic therapy. Discussions between VDOH employees and the slaughter facility owners regarding the services that VDOH can offer are ongoing. The final shipment of pigs from the infected farm is due to arrive at the VT slaughter facility on 6/13.

Consumer Protection field staff are doing the specialized inspections completed only in the spring and summer: gas pumps, heavy duty scales, oil truck meters and propane delivery meters. The work is going well and on schedule.

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 10, 2016

Significant Events/Meetings:

- On Friday, June 3, Plant Industry personnel accompanied USDA APHIS PPQ in a collaborative effort to deliver confiscated wood material to the Coventry landfill for deep burial. The material, consisting of softwood furniture parts obtained from an online catalogue retailer based in Minnesota, contained larvae of a non-native longhorned beetle (Brown Fir Longhorned Beetle, *Callidiellum villosulum*), an as yet unestablished but potentially destructive insect pest of spruce and firs in North America. Deep burial was the remaining disposal method available under standard USDA APHIS protocols after initial exploration of in-state incineration options determined that option was unavailable (the material had been varnished, which made burning prohibited in the state-permitted incineration facilities approached by AAFCM and USDA). Material transport and disposal was conducted under joint supervision of USDA and VT AAFCM, and was concluded without incident.
- State Veterinarians attended the annual Feral Swine Eradication meeting hosted by USDA Wildlife Services in Orford, NH. Meeting included state and a federal agriculture and wild life officials and reviewed surveillance plans for VT and NH for 2016 and 2017. VT is considered feral swine free; NH has a population mainly from escapees from the hunt park located in the south central part of the state. The communications plan around public awareness and reporting sightings was discussed and VAAFCM volunteered to provide information via Agriview and veterinary channels.
- Animal Health Section staff attended the joint USDA/State workshop held in Grafton, MA, which reviewed state efforts with conducting High Path Avian Influenza on-farm voluntary assessments, provided a brief demonstration of the federal emergency management database (EMRS2), a demonstration of poultry depopulation equipment, and hot washed the NH brush with a positive HPAI test result in a commercial producer that was negative on confirmatory testing. At this point, VT is the only NE state conducting the on-farm assessments.
- Animal Health Section staff met with a captive cervid producer in Fairfax to inspect their new catch facility and review logistics for the upcoming herd inventory, when the herd will be passed through the chute.
- Senior Agriculture Development Specialist Ali Zipparo Presents at National Farm to Cafeteria Conference in Madison, WI which convened more than 1,000 farm to school leaders from every state, Guam, Virgin Islands and Canada. Zipparo addressed roughly 100 core partners from the National Farm to School Network, discussing communication planning and strategy, in a lunchtime key-note address that also included USDA Farm to School Director Deborah Kane. VT was recognized as one of the most successful models of farm to school collective impact work, and served as an example for other states to follow. VAAFCM's statewide farm to school leadership partnership with Vermont FEED was a model that most states are attempting to replicate, and is seen as a good strategy to ensure successful statewide partnerships within the larger network.
- Food Systems Section Chief attend FSMA Implementation Group meeting in Bethesda MD with FDA and NASDA and Abbey Willard participated in a 1.5-day meeting with NASDA and FDA staff working on creating an Integrated Food Safety System between states and FDA. FDA's new Deputy Commissioner for Foods and Veterinary Medicine, Dr. Stephen Ostroff, presented on proposed appropriations from House and Senate in support of FSMA. House proposed \$33M budget, Senate proposed \$40M; but most folks anticipate the budget will not be finalized until after the election. Total budget needs if all 55 States & Territories are funded at maximum levels in FY 17: \$42,700,000. The group discussed aspects of the FSMA national framework process

for collaboration between states and FDA. Discussion topics included: farm inventory data collection, inspectional approach and compliance, regulator and produce industry training, industry communication, and budgets.

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Evolving Issues:

Randolph Lab Project:

- The Town of Randolph's Development Review Board has issued a permit for the construction of the new lab at 163 Admin Drive, Randolph, VT, on land to be leased from Vermont Technical College.
- The District 3 Environmental Commission will hold the first Act 250 permit hearing at VTC this Thursday, June 9th, 2016, which will start with a visit to the site of construction at 4:30pm. The lab director will be making a presentation on the occupants and activities planned for the new lab.
- State Veterinarians processed a referral from the Attorney General's office regarding the adoption of a dog by a Vermont citizen. Soon after adoption, the dog was diagnosed with Parvo virus, and the new owner is seeking reimbursement from the rescue organization for her \$4,000 veterinary bill. VAAFM does not have a role to play in this sort of case, and the owner was directed to contact her attorney. The AG's Consumer Assistance Program personnel were updated on this information.

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Summary of Key Agency Department Activity

Administration:

Deputy Secretary Bothfeld provided an update to USDA Farm Services Agency Employees during their employee recognition day held at the VT Statehouse. Bothfeld remarked on the intersection of new Water Quality requirements and the programs that are supported by USDA Farm Services Agency.

Agricultural Development:

Produce Program Coordinator Participates in TasteCamp with Vermont Wine Media and Vermont Department of Tourism & Marketing

- Produce Program Coordinator Kristina Sweet participated in TasteCamp visits to La Garagista winery and farm in Barnard and Fable Farm Cider Brothers in South Royalton.
- Sweet discussed challenges to marketing Vermont wines with the owners of La Garagista and Phil Tortola, VDTM's Communications Director.
- The Vermont Agency of Agriculture recently committed to funding a project to enhance the competitiveness of Vermont wines in Vermont restaurants through USDA's Specialty Crop Block Grant Program. The project, led by the Vermont Fresh Network, will begin this fall.

Senior Agriculture Development Specialist Ali Zipparo Participates in the New England Food Summit as Part of the Vermont Delegation in Bridgeport, CT

- Zipparo was one of 12 delegates that contributed to helping Food Solutions New England reach their goal of sourcing 50% of New England's food regionally by 2060.
- Vermont brought positive enthusiasm, successful models, and meaningful experience to the conversation.
- Regionally, all of the New England states will work to leverage existing food systems networks, to get the most positive impact, as the group moves toward the goal

VAAFM submits to FDA a 5-year Strategic Plan and Request for \$3.625 million to create a Vermont Produce Safety Program

- VAAFM's Produce Program staff Shelley Mehlenbacher, Abbey Willard, and Kristina Sweet submitted an application to FDA this week to create and fund a state-level Produce Safety Program to support the produce industry's understanding of and compliance with the Food Safety Modernization Act Produce Safety rule.
- VAAFM's produce safety program will encourage the production of quality, safe fruits and vegetables, ensure producer competitiveness in the marketplace, and assist FDA in implementing the FSMA-mandated, unified partnership approach toward achieving an integrated food safety system.

- Vermont's 5-year budget request was as follows: Year 1: \$500,000; Year 2: \$725,000; Year 3: \$755,000; Year 4: \$770,000; Year 5: \$875,000 Total: \$3,625,000 for the five-year cooperative agreement period.
- Vermont was one of at least 45 other states applying for program implementation support from FDA. FDA has secured and released a RFA in support of state program development. FDA has at least \$19 million available for Year 1 requests.

Food Safety and Animal Health and Consumer Protection:

The FSCP management team worked this week on finalizing farmers' market inspection assignments for the 2016 summer market season. Those inspections are expected to commence within 2 weeks, and we anticipate that uninspected scales will be the primary violation detected this year since very few vendors took advantage of the scale inspection workshops offered by the Consumer Protection section

Animal Health:

- Animal Health Section staff attended the Food Armor meeting that brought together stakeholders concerned with antibiotic use stewardship as well as eliminating tissue residue violations.
- Animal Health Section staff met in Montpelier for the second round of review of completed High Path Avian Influenza on-farm voluntary assessments. Follow-up letters were provided to the first round of farms prior to Memorial Day weekend and included specific recommendations tailored to each farm along with composting and biosecurity resources. The recommendations include preparation efforts, information about how they could be impacted during an outbreak, and recommendations for procedures that could be put into place now that would protect their business from disease introduction in general.
- Attended the weekly livestock auction at the Addison County Commission Sales to monitor Animal Disease Traceability compliance and complete the livestock market report.
- Provided animal disease traceability supplies (ear tags, back tags) to livestock dealers in Morrisville.
- Monitored health papers at the dairy festival for out of state livestock.
- Met with a potentially new livestock dealer about how to obtain a license and the requirements for a dealer.
- Assisted Humane Society in Windsor county regarding and animal welfare complaint on a small dairy in Wethersfield.

Consumer Protection

- Henry Marckres, Chief, Consumer Protection participated in a blind taste testing of maple syrup samples at the Proctor Maple Research Center in Underhill on Thursday.
- Consumer Protection field staff are doing the specialized inspections we do in the spring and summer: gas pumps, heavy duty scales, oil truck meters and propane delivery meters. The work is going well and on schedule.

Agricultural Resource Management:

UVM Extension has successfully obtained and planted hemp seed in Vermont for the first time since cultivation of industrial hemp became legal (in Vermont in 2013, and under the 2014 Farm Act). The seeds were planted as part of UVM Extension efforts to determine appropriate horticultural and agronomic practices for hemp crops in the Northeastern US. The seeds have germinated successfully, and are expected to produce plants of several varieties, concentrating on oil production. As the research facility is located within visual distance of the Canadian border, there was concern Federal law enforcement (Customs and Border Protection/Border Patrol) might become concerned, in addition to state and local authorities. Plant Industry Section personnel provided liaison services between UVM and our contacts with CBP St. Albans in order to facilitate effective communication between the parties and forestall potential misunderstandings and confusion along the border.

Entomology:

We completed a statewide spring survey of ticks on May 30. Each of the 43 towns sampled had a random site selected where four 100 meter transects were made to estimate tick density. All blacklegged ticks (*Ixodes scapularis*) from the survey will be tested for 3 tick-borne pathogens this winter. A similar fall survey for ticks is planned to begin on October 15. The goal is to sample 85 towns this year, representing all 14 counties.

The state mosquito surveillance program began on June 1. Mosquito arbovirus testing at the Vermont Department of Health lab will begin on June 13. We will trap for mosquitoes in 77 towns, representing all 14 counties. Part of this sampling effort will look for *Aedes albopictus*, a temperate species of mosquito that is considered to be a vector of Zika virus. This species has not been found in Vermont.

The CAPS program for detection of exotic pests has been highly effective in teaching Vermonters to be vigilant for the invasive Asian long-horned beetle (ALB). With the recent emergence of the White-Spotted Sawyer Beetle this past week, we have received multiple queries about this native Vermont long-horned beetle which is frequently thought to be ALB.

Topics from Secretary

Press: Was called by Lisa Rathke of the AP about the legal case in Rutland where Mr. Mosher is being charged with involuntary manslaughter because a bull he owns got onto the highway which was hit by a motorist, and he motorist died as a result of the accident. I was traveling at the time and by the time I got the message the story was written. I did not call her back as I do not think there was anything I could add or wanted to add. The farming community, especially the beef farmers are concerned that the case will shine poorly on farming and be a precedent for future suits. There is real debate about this likelihood. VAAFM will continue to stay out of the story if at all possible

Meetings:

ANR/VAAFM Retreat – Used HR services (Rose Gowdey and Marianne Mullen) to help facilitate a meeting of the leaders and managers of the water quality programs. The goal is to build relationship, working atmosphere and trust between the two agencies so there is a culture of cooperation and collaboration going forward. The Agencies hope that by building a trusting relationship now with leadership that works well together between Agencies, staff can do the same even if leadership changes.

ECHO Water Quality – I met with a group working on identifying projects and a process by to identify the best investment opportunities for water quality mitigation. This is a sub group of people discussing how to build a new water quality culture in VT. Its led by ECHO and financed by Mary Abele and some others.

Dean Tom Vogelmann – I met with Dean Vogelmann for our monthly meeting. He described how successfully the College of Agriculture and Life Science is at UVM. It is growing fast and its in the black. It has a new food systems major and graduate programs in food systems too. They are and expect to do very well.

Vermont Environmental Consortium – attended the conference at VTC which focused on water quality and moderated a panel on agriculture and water quality.

VLITE – met with the executive Director of VLITE, Paul Craven. Discussed some projects and future directions of the organization. Unlikely to meet until next September.

+CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: June 10, 2016
Re: Weekly Report

Status of Governor's Priorities: .

none

Legislative Issues/Contacts:

I returned a call to Rep Paul Lefebvre (NEK) regarding the cancellation of lottery licenses for businesses in his district. We have only left messages with each other.

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Our YTD financial results through May show our sales \$11.2M ahead of LY and \$5.9M ahead of Budget; and our profits \$3.0M ahead of LY and \$2.2M ahead of Budget. We anticipate holding pretty close to these variances through June.

Today I will submit a request to John Berard, Director of Labor Relation, for an incentive compensation plan for our lottery field sales representatives. We discussed the plan and approach with him last month. The maximum potential cost of the plan is \$11,000 annually which is awarded through a points system for sales growth and inventory management.

Our Director of Security, Michael Ferrant, has returned from his year long military assignment in the Middle East. His interim replacement left us in May for another position outside of state government. We are happy to have Mike's skills and knowledge back in the office again.

Executive Director's Commentary:

None at this time.