

WEEKLY REPORTS

Checklist
6/5/15

Darren Springer/Alyson Richards

- ☒ Agency of Commerce and Community Development – Patricia Moulton
- ☐ Department of Labor – Annie Noonan
- ☒ Department of Financial Regulation – Susan Donegan
- ☒ Agency of Education – Rebecca Holcombe
- ☒ VT Commission on Lottery – Greg Smith

TBD

- ☒ Agency of Transportation – Sue Minter
- ☒ Agency of Human Services – Hal Cohen

Sue Allen

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

Sarah London

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

Susan Spaulding

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

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: June 5, 2015
Re: Weekly Report

PATRICIA MOULTON, SECRETARY

- **Interns:** The Agency has several interns working for us this summer. I have an intern who is an MPA Grad Student at UVM who started this week, Ian Davis. Ian is also the son of Lisa Ventriss. His interests are how ideas become legislation and how legislation gets implemented. He will be working with us on summer studies and our 2016 agenda.
- **ROV/Rolls Royce:** The press event and company briefing with ROV of the Rolls-Royce purchase went very well. John Stringer, President of the RR Nuclear Division was in attendance. He assured the ROV team and me privately they will be staying in Brattleboro. They have purchased the building and started renovations. John explained they hope to move business from a Pennsylvania subsidiary to Brattleboro. I will be briefing him on all the programs. The nuclear division has locations in Willamson NY, where Stringer is based, Pittsburgh, Alabama, and Peterborough and now Brattleboro. The Brattleboro workforce there is extremely technical in nature and also look very middle aged - not that there is anything wrong with that!
- **GS Precision:** Norm Schneeberger has agreed to continue investigation in to the expansion at Exit One in Brattleboro. He has not committed yet and can't until after the VEGI incentives are approved in June or it blows his "but for." He is still pursuing NH but the deal in Vermont is better. BDCC has applied to EDA for a grant to building road, water, sewer, telecom up to the lot in the Exit One park. WE have committed \$1million of the \$2 million for the entire project to the road project as match of the EDA grant. This was critical to attract the grant funds. We will NOT provide funding in excess of the \$2 million we have discussed, but we do need to move that money around a bit. When we are past the June VEPC meeting and GS's VEGI incentives are approved, we will get a firm commitment from Norm.
- **S. 138 bill signing:** As Lucy relates below, it went well. Lots to cover in that bill as it contains a variety of items. My kudos to Lucy for her work on that bill. She, more than *anyone* put in countless hours dogging that to the finish line. She and Fred Kenney did tremendous work to get the entire thing approved. The signing was well attended.
- **Legislative studies:** Lucy has developed a list of studies we are participating in or leading. We have assigned leads in our agency. I will be on the Career Tech Ed Study, the Treasurers Local Investment Advisory Board, and the Board created in the Water Quality Bill. I will be monitoring all the studies. See below for gubernatorial appointments. We will try to send recommendations.
- **Doug Hoffer and the Vermont Training Program:** Auditor Hoffer continues his "personal review" of the VTP. He continues to ask questions but has yet to issue his report to the Legislature. This is an unsolicited report which will recommend the program include a "but for" and more monitoring by us. Being a one person program, the monitoring is hard to accomplish without more staff.
- **Personnel:** Christiane Skinner, our International tourism marketing specialist has been diagnosed with terminal brain cancer. This is such a tragedy as she is young (in her 50's) and recently lost a ton of weight and started exercising. She is the *fourth person in four years* in our agency that has been diagnosed or succumb to cancer. Three employees have passed away and now a diagnosis for Christiane. Some employees have already approached me about the cell towers and antenna on the top of National Life as a possible health threat. I am inquiring of National Life. When the news of Christiane's diagnosis gets out, I am sure more employees will be concerned. I have raised this to Maribeth Spellman so she is aware. Christiane will likely retire soon. At this time, it is unclear what her plan is for treatment.

LUCY LERICHE, DEPUTY SECRETARY

- **Economic Development Bill Signing** was held at Cabot Hosiery in Northfield. Ric Cabot spoke about how his business is growing and expressed appreciation for the State of Vermont and the economic development bill.

Fred Kenney deserves special recognition for his great work on the Vermont Employment Growth Incentive (VEGI) program changes. Lucy got a great photo of the Governor as he was about to sign the bill which we will share far and wide.

- **Legislative Reports/Studies/New Initiatives:** Lucy will be the ACCD representative for the Vermont Interactive Technologies Study; the Peer to Peer Lending Study; and will lead the Media Production Database.
- **Governor Appointees:** The Governor will need to appoint a member to the Liquor Control Board Study; and the Relocation Tax Credit Study all par of S.138
- **Climate Change Economy Council:** The topic of this meeting was smart growth, business incubation, and downtown redevelopment. The Council heard presentations from Commissioner MacKay, Barre Mayor Thom Lauzon, and Steve Nicholas from the Institute for Sustainable Communities.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

- **Vermont Days** is coming right up, June 13-14! Enjoy free admission to our Vermont State Historic Sites, State Parks (day-use), the Vermont History Museum in Montpelier and the Vermont History Center in Barre – as well as free fishing anywhere in the state on Saturday June 13th. Promotion of this annual event offers a great example of how Agencies can pool resources for greater effect. Posters designed by the CMO are being distributed by the Vermont Lottery to all retail lottery outlets in the state and joint funding of radio campaign by VDTM, Historic Sites, State Parks and Fish & Wildlife will enable a statewide reach to encourage participation.
- **Shelburne Craft School:** On Saturday May 30th, the Shelburne Craft School celebrated its 70th anniversary and Heather was on hand to present Sage Tucker-Ketcham, the Executive Director, a plaque to officially recognize the school as the newest Vermont State Craft Education Center. The event was well attended and thoroughly enjoyed by all.

DEPARTMENT OF TOURISM & MARKETING

Megan Smith, Commissioner

- Megan is attending IPW, the U.S. Travel International Trade Show, and will do a full report next week.

Steve Cook, Deputy Commissioner

- **Windsor Coop Campaign:** In just two days the Windsor VT campaign managed by VDTM is off to a great start. Some highlights are:
 - Click through rate is 21%. This is high above industry average.
 - Cost per click \$1.14 which is below industry average. This is very good and due to strong consumer targeting.
 - Impressions are already at 82,845 which is fantastic for branding.
- **VT State Parks – VT Fish & Wildlife – VDTM COOP:** This campaign started on June 3rd. VDTM will continue to report on performance.
- **Summer Media:** Below is a report on summer online travel agency media. Some of these channels are new for Vermont tourism and based on the preliminary buy we will be media throughout the summer.
- **ADARA:** This is far and away the top performer of the campaign thus far, driving 121 bookings with an average stay of 4 nights. Keep in mind that though we've only seen 8 conversions, those are representative of e-mail newsletter sign-ups, so they are not reflective of bookings.
At this point in the campaign, Adara has driven \$21,153 in revenue through Hotel bookings Given that the total campaign budget is \$10k, just on hotel bookings alone, the campaign has realized a 2 to 1 ROI..
- **Priceline:** In total, Priceline has driven 213 clicks at an average CTR of 0.05%, which is the benchmark for their platform. We have optimized to shift dollars into those placements that are performing best, such as the air search results pages.
Priceline has driven 61 conversions (measured as VT bookings) at an average conversion rate of 28.64%, which is very strong for bookings conversion rate. This is equivalent to \$22,699.68 in bookings revenue, so we have approximately 4 to 1 ROI.
Priceline shared a report with us that showed VT bookings for the last two weeks compared to the same period last year and we noted that there has been an 8.4% increase in total bookings and an 11.5% increase in room nights.
- **TripAdvisor:** In total, TripAdvisor has driven 1,002 clicks, and when accounting for view-through traffic, they have driven another 424 visits, increasing the overall click through rate on the campaign to .20%.
Direct clicks on the campaign averaged a click through rate of .14%, which is consistent with average campaign performance on TripAdvisor.

They have driven 455 conversions (which we are measuring as eNewsletter sign-ups for this campaign), at an average conversion rate of 45.41%, exceeds the benchmark for email sign-up conversion rate of 2.6%.

- **Expedia:** This has been the lowest performer both in terms of the media and the service. They have driven 518 clicks at an average CTR of 0.08%.

CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator

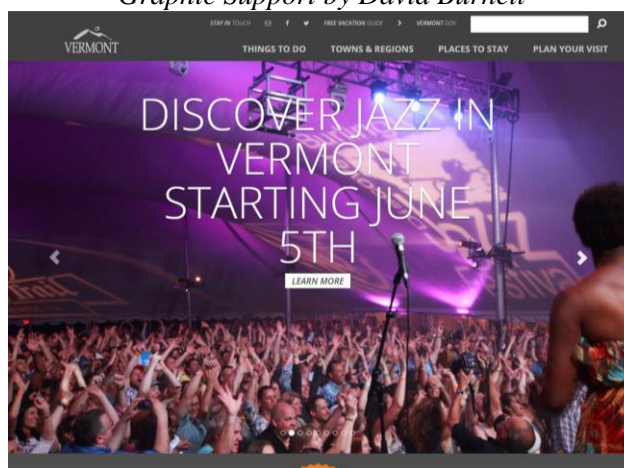
Cultural Heritage Projects

- **Vermont African American Heritage Trail:** Representatives from six of the eight staffed trail sites and Karen Ballard (Vermont Tourism Network) attended a “status and update” meeting at ACCD on May 29. Participants expressed appreciation for being included in the Trail, provided updates, and expressed increased interest in cooperative program development and marketing. Outcomes: participants will work with the Partnership for Fairness and Diversity on adding a VAAHT geocache activity to their sight; they will submit school curriculum for the VAAHT education website being developed by the Partnership; and participants will submit new exhibits and related programs for a VDTM-produced press release later in June. All involved asked for a post-summer season meeting to pursue other items.

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **VermontVacation.com:** VDTM finished auditing the website this past week. We also updated the June Arts rotator image. A screenshot is below.

Graphic Support by David Burnell



MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **VDTM Web Image Support | Region Visuals:** To help communicate the regions of the state – David offered visual overlays, consistent with the Vermont Vacation Guide region colors, and sections. This will help visually tie the North, Central, South categorization in the guide book, with the VermontVacation.com web site.



SALES ♦ Christiane Skinner, Sales Manager, International and North American Markets: PLEASE NOTE, CRISTIANE IS THE EMPLOYEE REFERENCED ABOVE IN PAT’S REPORT.

- **International pages on VermontVacation.com:** Christiane Skinner is finalizing the French pages for the international market. Currently, VermontVacation.com has information in German, Italian, French for the Canadian market and French for the International market.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Joan Goldstein, Commissioner

- **Met with Jeff Sample of Mack Molding:** Unfortunately for us they expanded their workforce last year in South Carolina instead of Vermont. This is a missed opportunity. The total employees in VT went from 583 to 547. This is something we need to prevent. Jeff mentioned that he would like an 'IBM' deal regarding electricity so I will inquire. Mack spends about \$2mm per year whereas his costs for an equivalent level of power in SC are 700k. The good news here is that Jeff has done a fair amount of succession planning and has some youth on his management team. Younger workers were also quite visible on the floor as we toured the plant. He recruits engineers from UVM and to a smaller extent VTC. I am planning a follow up meeting with him and his HR staff to introduce the concept of the 'school of tech' or little league of manufacturing as launched by GW Plastics this spring. This is where HS students attend class for the semester at the plant. They are accompanied by a teacher so that this is for education credit. They are not 'working' per se but instead learning about the business, the types of jobs that are done, the types of training or education necessary. Jeff seemed intrigued by the idea. We need to pay close attention here as he voiced the 'we feel neglected south of Route 4' thing.
- **Britton Lumber:** Met with Bob Moses, owner of Britton Lumber, along with GMEDC, VEDA, VCDP, to brainstorm funding ideas on how they can rebuild after the fire that destroyed their saw mill. Insurance of course will only cover a portion of the rebuild effort and if they choose to rebuild will replace some of the equipment with more state of the art technology. The total project cost is about \$15mm. It may end up as a combination of the loan funds, and CDBG grant. The rebuild will mean 15 jobs will be reinstated which is meaningful for Fairlee and the other related impacted wood products businesses of the region. He brought up the Enterprise Fund as a possibility to which I replied that we would need to assess the impact of the project.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Caledonia Spirits – Hardwick:** The company reports that business is growing more rapidly than original projections. They have 12 full time employees. Our visit was very timely as the owner is selling to his Head Distiller to devote full time to farming rye. Products have expanded from gin to include vodka, rye whiskey and bourbon. The new owner has major expansion plans and have a number of areas of technical assistance needs. The department will assist NVDA going forward.
- **Jasper Hill Farms - Greensboro Bend:** Employment is steady at 50 and the business is beginning to experience growth issues. They have hired a consultant to assist with process and space issues. We reminded them of assistance available through VMEC as well as a full review of a number of areas of assistance. They have expansion plans and have just purchased another farm. Appropriate referrals will be made.
- **Vermont Cedar Chair – Hardwick:** Sales are growing at 100% annually, and several major large accounts are considering long-term relationships. If a large new customer does begin to work with them, they will need assistance in a variety of areas. A new CFO has been brought in. They are producing about 320 chairs a month but need to get to 500 to reach their sales goals. They are in discussions with the Dept. of Corrections to begin a new Prison Inmate Employment Program which could be mutually beneficial. Appropriate referrals will be made.
- **Vermont Natural Coatings – Hardwick:** New international sales as an aftermath of their ExporTech training are coming in with a new strategic partnership with Bohme, a Swiss company. They are developing a new line of pre-finished stock that will require new equipment and a new strategic direction for the company. Bohme also brings new proprietary technology which will give them a competitive advantage. Full time employment is currently at 6. Appropriate referrals will be made.
- **Vermont Custom Nets – Bristol:** The company is rep for an international company that makes long-lasting and recyclable sports facilities including tennis courts, golf facilities, basketball courts and skating rinks. A request for technical assistance was received at VT Business Expo. A full review of available resources was made, with the key recommendation to begin working with ACEDC.
- **Highland Sugarworks – Websterville:** The company requested a meeting to discuss their needs. Sales are booming, and they are space constrained. 85% of their sales are for private label customers. It was a good maple season, but they struggle to find organic syrup. Full time employment is at 23. The ownership is also seeking an ongoing mentorship relationship, and CVEDC will introduce them to the Peer-to-Peer program at VSJF. Appropriate referrals will be made.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- In addition to Secretary Moulton, represented ACCD at Vermont Employee Ownership Center (VEOC) conference to learn how to better share information for businesses facing ownership transitions. Had discussions

re: Econ Dev. resources with Duane Peterson/Sun Common; Dan Kenary/Harpoon; and Jack Lazor/Butterworks Farm.

- Working with Dave Redmond/Northern Forest Center and John Ryan/Vermont Agricultural Development Program to identify and refer businesses that could benefit from their technical assistance.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Vermont Captive Insurance Association Grant Agreement:** Dan Towle, Director of Financial Services is working to finalize a grant agreement between ACCD and the VCIA. This grant is the continuation of work already done to help come up with a federal legislative fix to eliminate the confusion about the Non-Admitted Reinsurance Reform Act and captive insurance. This confusion has hurt Vermont in domiciling new captives to Vermont and in some Vermont captives writing certain lines of coverage due to this confusion. He is utilizing our contract and grants specialist, Christine Dewyea, to complete the agreement.
- **New Trade Show Booth:** Dan is reviewing preliminary design proposals for an updated trade show booth. The existing trade show booth is 16 years old and it in urgent need of repair and updating.
- **Risk & Insurance Management Society (RIMS) Legislative Summit:** Dan will be in Washington, DC next week attending this summit put on by RIMS. RIMS members represents the primary target market for captive insurance as their members are Risk Managers (typically the key decision maker for captive insurance companies). This summit will also be an opportunity to continue to advocate for the legislative fix concerning the confusion surrounding the Non-Admitted Reinsurance Reform Act and its non-applicability with captive insurers.

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

VEGI

- At their May 28 Board meeting, VEPC:
 - Approved an Initial Application from Maponics, WRJ for \$133,593. Maponics plans to expand and is also considering moving to NH.
 - Approved an Initial Application from Revision Ballistics, Newport. Revision is considering expansion and has several options.
 - Heard an update on the Windham region from Adam Grinold, BDCC, Chris Campany, WRC, and Dutch Walsh, BFEDC.
 - Toured the Vermed facility in Bellows Falls.
- Fred fielded inquiries from:
 - Nova Natural, natural toy and craft company considering acquiring a California business and moving it to VT.
 - Response Techs, a Massachusetts start-up considering VT.
 - Joseph Siesholtz, regarding a potential retail incubator in Middlebury.
 - GreenSea, Richmond regarding potential growth.
 - NuHarbor Security, a cybersecurity consulting firm regarding potential growth.
 - Vermont Compost, Montpelier, regarding potential growth.
 - Vermont Soap, Middlebury, regarding potential growth.
 - Fred continued work with GS Precision on a potential June VEGI application.
 - Met with Brenan Riehl and Tom Johansen, GW Plastics, regarding potential growth and application.
 - Continued work with Fresh Greens and BHS Composites on potential VEGI applications.

VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦ Robin Miller, Director

- **Companies PTAC is currently working with:**
 - Buttura & Gherardi Granite Artisans - Barre
 - Classic Dental Laboratory, LLC - Milton
 - Cris Rowely Interior Design, LLC - Milton
 - Daedalus Solar Works - Williamstown
 - Goodway Document Services - Morrisville
 - Gordon's Window Décor - Williston
 - Granite City Ceramics - Barre
 - Hawkeye international LTD – North Hyde Park
 - Hearing Center of Vermont, LLC - Newport
 - HH Miller Builder, Inc. - Craftsbury
 - Innex Technologies Inc. - Norwich
 - JHC Fire Containment Solutions – West Wardsboro
 - Kingdom Brewing, LLC - Newport
 - Knockout Carpet, Inc. - Chester
 - Little House by Andre - Colchester
 - Lowell's Moving and Delivery - Williston
 - Northeast Recycling Council, Inc. - Brattleboro
 - Savard Software Engineering LLC - Winooski
 - Select Designs - Burlington

- Vermont Inspection Services, Inc. DBA VIS Construction Consultants – South Burlington
- Vermont Logistics LLC dba Inxpress of Vermont – Essex Junction

- White Wolf Consulting - Jacksonville

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Agri-Mark:** Beth Demers spoke to Jay McGrath, HR Director at Agri-Mark (Waitsfield). The company has a new Vice President who is very interested in employee training. Beth gave Jay a brief overview of the VTP. Next steps are a meeting with Jay and the new Vice President to discuss details and a potential application.
- **Autumn Harp:** Beth Demers and Curt Carter (GBIC) met with Safety & Training Director Shayne Whittemore and President David Santis. The company has started to undertake performance improvement training with Miliken. It is described as “lean on steroids”. The company is looking to move beyond basics and undertake more systematic training. Beth will work with Shayne on an application.
- **Rooting Opportunity: “Doing Economic Development Differently”:** Beth Demers, along with members of the VDOL & VSC staff, attended the Rooting Opportunity conference in Washington, D.C. Much of the presentations were about how to be more inclusive when doing economic development. There is a growing realization that after the recession there will not be a “white knight” coming to rescue communities. Instead, strategies need to be developed to grow the economy with existing businesses and the assets within the region. A taste can be found by viewing the video on this website: <http://www.wealthworks.org/>

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **Town of Colchester’s Sewer Project:** The area along Mallet’s Bay is served by individual septic systems, many of which are failing, causing water quality and quality of life concerns for the Town. Town Officials along with officials from Fire District 2 (a legally separate municipality) met with Noelle, DEC Commissioner Mears and ANR staffer Billy Coster to lay out the issues, planning work they are doing in this area and determine if there are any red flags and layout next steps for funding and permitting.

Deputy Commissioner Hollar

- **Bill Signing:** The signing of S.138 (the Economic Development Bill) at Cabot Hosiery was a highlight of the week. The bill’s many provisions and the hard work of Pat and Lucy were showcased against the backdrop of spools of thread and sock machinery at Cabot Hosiery, home of Darn Tough Socks. The newly created down payment assistance program for first time homebuyers was featured. Touched base with both Cabot Hosiery staff and Northfield Town Manager Jeff Schulz on the developing VCDP application for the businesses expansion plans.
- **St. Johnsbury:** Facilitated a task force meeting on Housing in Downtown St. Johnsbury as part of the Vermont Council on Rural Development’s community visit. The Town is particularly focused on Depot Square, a privately-owned building that is a cornerstone of the downtown. The owner does not manage the property well leaving residents in difficult living conditions and main street commercial spaces vacant. Efforts to revitalize were set back this week by the owner’s emphatic rejection of a purchase offer by a community partnership led by Rural Edge.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partner Report

- **UVM:** Correcting 2014 Census Population Estimates: The 2014 census estimates came out a couple weeks ago and economist Art Woolf in the Burlington Free Press used this data to claim that Vermont’s historic downtowns, including Burlington, are showing slight declines in population. This is not at all the case and Burlington’s population is actually growing – not shrinking. In fact, the U.S. Census Bureau methodology consistently underestimates the population (in 2009, they undercounted Burlington’s population by about 4,000 and missed Winooski’s by 1,000). John is working with the UVM’s Center for Rural Studies to correct the 2014 estimates and identify permanent solutions to improve the quality of future data.
- **Department of Health:** Faith helped the Vermont Department of Health (VDH) on a \$25,000 grant application to the Osteoarthritis Foundation. If funded, the grant aims to improve the walkability of a state-designated center (downtown, village, growth center) and will be enhanced with state technical assistance and funding from both DHCD’s municipal planning grant program and VTrans’ bike-ped program. The project provides a terrific

opportunity for new partners to collaborate, advance shared goals and apply the lessons learned to help other Vermont communities become more walk (and bike) friendly.

- **Governor's Commission on Healthy Aging:** Faith attended a meeting of the livable communities subcommittee where the discussion focused on transportation issues. AARP is planning an event for state policy makers in Burlington on November 10 to discuss ways to better implement complete streets and to present the latest technologies in transit. Burlington and two other municipalities will be featured as examples – and AARP would like suggestions on the other two communities.
- **Vermont Brownfield's Roundtable Meeting:** Richard and Caitlin participated in a U.S. EPA roundtable panel discussion focusing on brownfield revitalization efforts in downtowns and villages across the state. Richard and Caitlin shared how the state designation program works to support brownfield clean-ups and accelerate redevelopment efforts in the state-designated centers.

Downtown and Village Report

- **Jamaica:** Richard and Caitlin gave presentations on village revitalization and the benefits of state designation programs and tax credits to Jamaica's planning commission. The meeting was well-attended by members of the planning commission, state and local elected officials, business owners and the general public. Local leaders provided a tour of the village and shared future plans and current successes in the village. Caitlin and Richard received a thank you note from Senator Balint, praising the important and diverse work ACCD does to make Vermont a great place to live and do business.
- **Downtown Board:** Governor Shumlin appointed Tom Torti, President of the Lake Champlain Regional Chamber of Commerce, to replace Beth Finlayson who resigned her seat. Chris is sitting down with Tom this Friday to brief him on the state designation programs, the benefits as well as his role and responsibilities on the Board.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Risk Assessment

- Staff met and completed the pre-award Risk Assessments for the 11 new Community Development Block Grant (CDBG) and CDBG-Disaster Recovery applications being reviewed by the Vermont Community Development Board meeting on Thursday June 11th. This is required as part of the new Bulletin 5 which went in to effect December 26, 2014.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

State Archaeologist

- Late last week, Jess, Laura, and Dale Azaria reviewed applications and conducted in-person interviews of applicants wishing to fill current vacancies on the Vermont Commission on Native American Affairs. We summarized our results of this process to Commissioner MacKay, who will provide the Governor with the information on the results. We look forward to the Governor's new appointments to the commission.
- Jess and Scott Dillon worked to revise and streamline the process by which consultants apply for permits to conduct archaeology on state land, and drafted the application form that initiates the process. The process and form are now being reviewed internally before becoming finalized.

Project Review

- **North Hero:** Jamie and Elizabeth met with historic preservation consultant Mary Jo Llewelyn, consultant for Dept. Forest Park Rec. to discuss treatments to a historic tavern building that is part of Knight Island State Park. The large timber posts of the 2-story portico of the front façade is deteriorating and needs replacement. Discussion centered on defining the right approach to repair structural deficiencies while preserving historic fabric. Recommendations were made by the HP team and will be brought back to the consultant engineering team. Consultation is on-going.
- **Veteran's Affairs:** Laura, Devin, Scott and Jamie met with Katy Coyle and Peter Crowley from Christopher Goodwin Associates, consultants for the Veteran's Affairs Service who are in the process of surveying all of their assets in Region 1, New England. The consultant team will be formally evaluating and recording the White River Junction facility regarding eligibility for the National Register of Historic Places. Archaeological investigation of previously undisturbed areas of the parcel will be conducted as well. Previously, only the original building at the complex, Building 1, has been determined eligible for the NRHP, and the team expects that situation to remain. These survey efforts will help the VA and DHP evaluate resources more easily in future project reviews, while providing the VA important information towards the stewardship of historic resources under their purview.
- **Verizon:** Jamie met again with Verizon representatives, engineering consultants and their counsel to provide preliminary reactions to a number of potential projects Verizon is seeking to develop across the state. The working relationship between Verizon and DHP has strengthened so well, that Verizon is now vetting potential sites with DHP, prior to even approaching building owners. This arrangement provides both sides an opportunity

to discuss any potential issues and evaluate whether they are worthy to explore further, prior to Verizon investing in expensive design work and DHP spending staff time to review projects that will clearly not meet the Standards. Both sides are finding this to be a great state of affairs and will continue to nurture this good working relationship. Efforts are underway to develop similar relationships with other carriers.

State Architectural Historian

- On Tuesday, Devin and Matt went to Fairlee to tour, “Capitaf”, the former vacation home of Nobel Prize winning economist Milton Friedman and his wife, Rose. The house is now owned by a private trust interested in nominating Capitaf to the National Register of Historic Places. Milton and Rose wrote their famous book, “Free to Choose” at Capitaf. “Stunning views of Fairlee just outside the Friedman’s home”



State-Owned Historic Sites

- **Coolidge Site:** The site has been busy with school groups almost every day. Store sales were strong, particularly the “penny” candy! The fire extinguishers were inspected on May 28. (Constitution House & Eureka Schoolhouse extinguishers were also done.) Bill chaired the Okemo Regional Chamber’s membership committee on the 29th. “Tuesday Tales of The Notch” tours began on June 2, and “Wednesday Afternoons With Farmer Fred” on June 3. Bill and Matt’s biweekly meeting covered upcoming events. Sam Izzo, the Coolidge Foundation’s intern, is staying in one of the tourist cabins in exchange for being our Sunday tour guide.
- A full page of color photos of the new fashion exhibit appeared in The Vermont Standard on May 29. Rick Russell’s photo gallery can be seen at: <http://www.thevermontstandard.com/2015/05/photos-grace-coolidge-fashion-exhibit-opens/>
- **Bennington Battle Monument:** The visitation numbers at the Monument have been up and down with the weather. Saturday was beautiful, we had 185 visitors; Sunday was cold and raining and we only had 44 visitors. The week ended with 553 altogether, including 2 schools, one from Williamstown MA and a school group from New Hampshire. We also had 2 buses stop in, part of Titan tours. The excitement of the week was on Monday, one of the airport lights went out sooner than expected. The lights were scheduled to be changed in July, but with the help of Charlie Oesterle (BGS maintenance) the lights were replaced in the rain and fog; they are FAA required so they must be on at all times. June 6 is the Lung Association Climb up the steps and a lot of preparation has been done, the 412 steps were cleaned by DOC workers, tables, chairs and tents are already and the weather should cooperate. Several fire departments are scheduled along with many different organizations from Vermont, New York and New Hampshire.

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

- The Landlord Education Project is wrapping up the creation of educational materials this month. Shaun received and reviewed a draft of the Landlord-Tenant Handbook which aims to provide information to both parties about rental agreements and how to maintain a safe, healthy and cooperative rental relationship. When complete, this resource will likely be distributed in place of current handbooks that are designed and provided to tenants and landlords separately through CVOEO Vermont Tenants and the Vermont Apartment Owners Association.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Regular CDBG

Technical Assistance to potential applicants

- **City of Newport:** Staff discussed a potential economic development application with Mike Welch from NCIC. Mike has been working with a business that is researching funding sources to help with the planned \$5 – 6 million dollar expansion that would create up to 60 new jobs at the existing business. A meeting has been scheduled with Mike to discuss the project and potential application requirements and timeline.
- **Town of Bloomfield:** NVDA staff contacted VCDP to inquire about the eligibility of a potential application to assist with the funding of a proposed psychiatric facility. A concern was identified as the town of Bloomfield does not have an approved town plan which is required to apply for VCDP funding.
- **Town of Northfield:** Staff spoke with consultant Diane Meyerhoff who was hired by Cabot Hosiery to write the Town's Implementation Grant application to assist the company with its expansion, which will create a large number of jobs. An application is expected for the November 2015 Community Development Board meeting.

ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director

Activities and Accomplishments

ITS

- Attended meeting with DPS to discuss TDI power and fiber project. Kicked off discussions of possible vault locations.
- Met with State CMO, Tourism Deputy Commissioner, Greg Gerdel, and Erik Filkorn to discuss advertising opportunities on new ATMS-511 system.
- Met with Signal team and FirstLight at 89 Exits 16 and 2A/189 to outline fiber installations at both locations.
- Attended Tri-State Executive Staff ATMS-511 system overview webinar.

MATS

- none

Future Plans/Activities

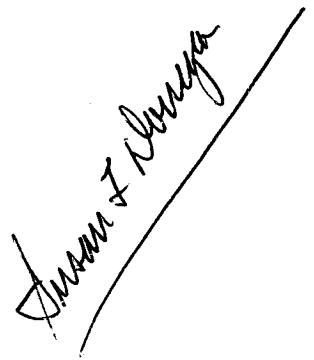
- Attend and present at AASHTO STSMO and ITS America Annual joint meetings.

Obstacles and Opportunities

- none

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

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



CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: June 5, 2015
Re: Weekly Report

Commissioner Susan Donegan and representatives from DFR's Banking, Insurance and Securities divisions met yesterday with their counterparts from New Hampshire. The day-long meeting hosted by DFR (in Vermont!) was intended to foster the long-standing cooperative relationship between the two states. Through DFR's participation in regulatory organizations and joint efforts on enforcement issues and examinations, many working relationships have been formed but this was the first meeting that included staff from all three divisions from both states. The meeting began with a general discussion about each department, similarities and differences, trends in each state, technological issues and seeking qualified hires. The morning also included a discussion about cyber security and how various regulated entities are dealing with the possibility of a security breach. Commissioner Roger Sevigny of the New Hampshire Insurance Department and his staff presented an update on the Anthem health insurance breach, which affected more than 600,000 New Hampshire residents and 71,000 Vermonters.

In the afternoon, each subject matter group met to discuss issues specific to their sectors. It was a chance to delve more thoroughly into common interests, future joint ventures and cross-border examinations and enforcement matters.


Commissioner Donegan said she hoped that by the end of the day everyone was inspired to think about what types of collaboration would benefit both states in the future.





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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 5, 2015

Media Contacts:

- Paris Achen, Burlington Free Press, asked several questions about how the Agency was preparing for the removal of the philosophical exemption for immunizations for school aged students.
- Lola Duffort, Rutland Herald, asked about Algebra offerings by grade due to the adoption of Common Core State Standards.
- Josh O'Gorman, Rutland Herald, was contacted regarding a misstatement in his coverage of the H.361 bill signing. His article indicated the State Board was hosting SU conversations; in fact, those are being hosted by the VSA, VSBA and VPA, with assistance from Secretary Holcombe. (Note: Care is being taken to ensure these are not public sessions.)
- Sarah Butrymowicz, The Hechinger Report, sought data on graduation rates by districts and SUs.
- Bob Kinzel, VPR, sought an interview with Rebecca for Vermont Edition. It is scheduled for June 12.
- Amy Nixon, VTDigger, sought comment on the districts already expressing interest in the accelerated mergers consultation.
- Denisa R. Superville, Ed Week, sought information regarding our 2014 assessment results and the anticipated release of SBAC.
- Christine Hinkel, WCAX, hosted Rebecca on "The :30" Tuesday afternoon.
- Judy Simpson, WCAX, sought information on Vermont trends towards 8th grade students not taking Algebra until high school.

Public Presentations/Speeches/Meetings:

Tuesday: I participated in a series of on-camera interviews at CESU. We received some amazing comments from folk there about how the unified system is enhancing local control, freeing up business manager time for strategic management and more efficient use of resources, ensuring a more coherent, equitable delivery of education, and on and on. RETN will clean up and we will disseminate.

Wednesday: I was at the Flynn Theater to celebrate the 6th anniversary of the magnet schools there. This was a great example of how districts can use choice and a focus to expand equity.

Friday: I spent the morning in Randolph, to observe their local assessment system and discuss H.361.

Evolving Issues:

Child Nutrition

Our Child Nutrition program again placed in the top 4 nationally, this time for providing nutrition for our youth outside of the school year. We are pretty proud of this hard working, super-efficient and exceptionally competent team.

H.361/A.46

We have had 30 supervisory unions respond to an invitation for individual H.361 meetings. There are only 45 Supervisory Unions. I have also had a number of invites from individual school district boards. Dick Sears and Laura Sibilia have been inhabiting my inbox, and casting shadows, but so far not stopping the process. In every setting where I have spoken, I have been speaking of this as an opportunity to redesign and turn our system around and do better for our kids.

Our biggest problem now is capacity. The intent of the accelerated mergers was to stagger the work load, so that we would not be drowned by requests. We anticipated maybe 5 SUs would shoot for the accelerated mergers. We are now scheduled to meet with 30, and have hands on a number more. We are a little taken aback by the momentum and queries, and truly struggling to get done what needs to get done, and to get guidance written and merger manuals revised. We are trying to slow initial contacts until we have had time to scratch up the guidance. There are also a few tricky issues related to conflicting incentives that we have not had time to tease out, and folks are already trying to make decisions about options. I am pretty sure some of the field is already out there making up the rules ahead of us. I don't know how else to say this—we are pretty flat out. We are going to have to put some other issues on the back burner to support this. We are also going to have to find a way to make the PK partnership less onerous, or we are going to go under. The delays and inefficiency of that process are really killing us.

The good news is that for a variety of reasons, some better than others, a lot of systems seem to be talking about merging. If they do and we reduce the number of districts, the AOE has a fighting chance of being effective in its oversight of the \$1.6 billion we spend on education every year.

On the fiscal front, we will need to adjust our fiscal forecasting if more systems attempt accelerated mergers than expected.

On the messaging front, some commentators have questioned whether the incentives reward inefficient systems, while punishing systems that have been efficient. We have been emphasizing that since we are all in it together in one education fund, it is in every single district's interest to have every single district efficient.

The risk in all of this is that the transition process will expose who is high functioning and who is not. It is becoming clear that some boards are high capacity, and some are pretty terrible. Pretty terrible boards will not be able to make good changes under H.361.

State Board of Education and Retreat

To prepare the Board, we are focusing the retreat on EQRs and H.361. On the first day, we will put them through a simulation of how they will use the annual snapshots and field reviews to make decisions about districts. The purpose is to give them a test run of how the new tools we are putting together work, so that they can practice and share feedback. On the second day, we will present them with draft criteria for approving merger proposals, and have them elaborate on expectations for those criteria; SBE will then apply those criteria to a case study.

National Assessment of Educational Progress (NAEP)

We recently received data from the NAEP for Vermont. The results are a little disappointing, but certainly consistent with the argument for H.361. The bottom line is that we are losing ground for kids living in poverty, and have been for several years.

Key takeaways for 4th grade math:

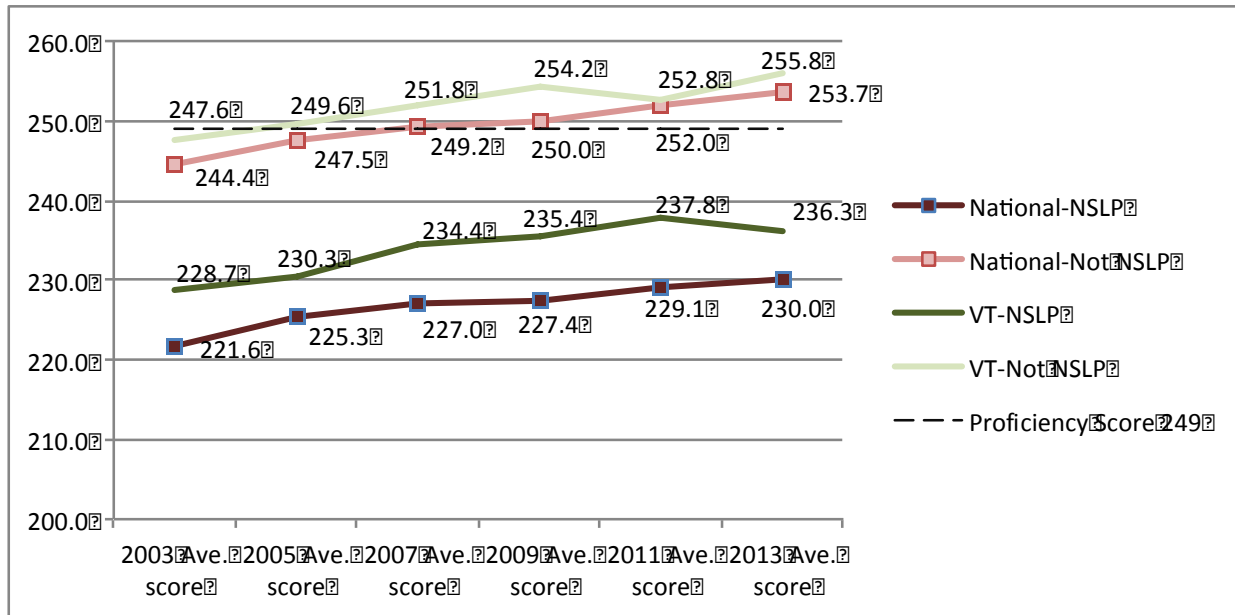
- Vermont students, both eligible and ineligible for the National Average, National School Lunch Program (NSLP), score better than the national average of their respective subgroups on grade 4 reading.
- There has been a consistent NSLP achievement gap over time.
- From 2011 to 2013, the achievement gap widened in Vermont, as students eligible for the NSLP have not made gains equal to or greater than their peers who are not eligible for the NSLP.

Key takeaways for 4th grade English Language Arts:

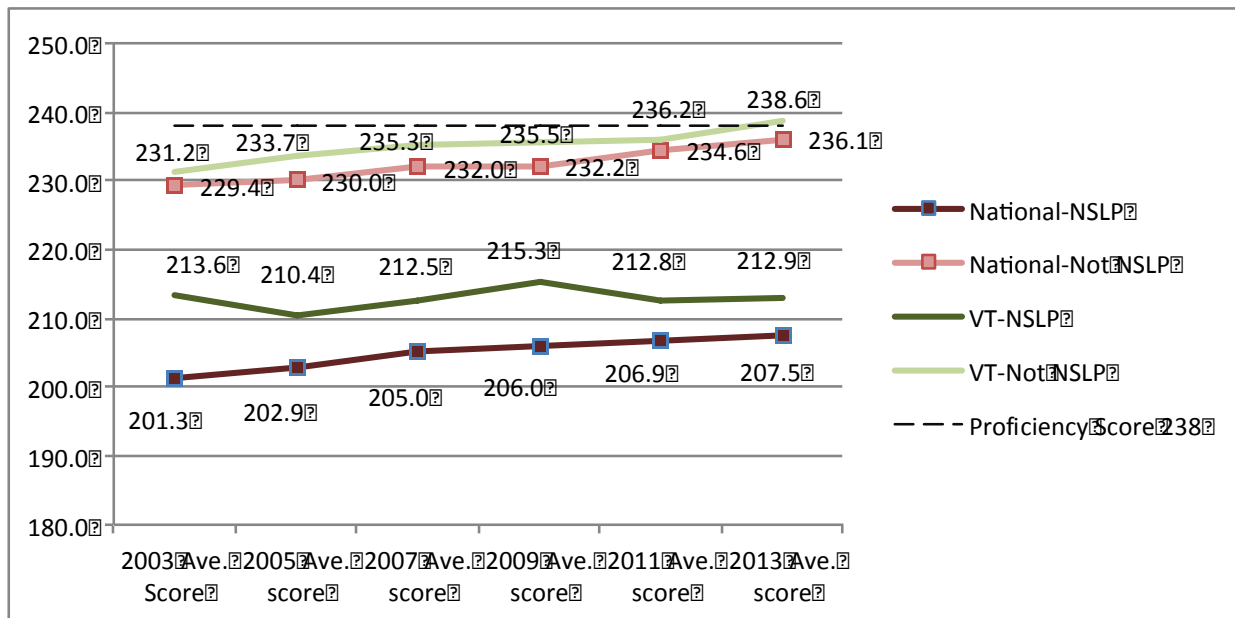
- Vermont students, both eligible and ineligible for the NSLP, score better than the national average on grade 4 reading.
- There has been a consistent achievement gap over time for both Vermont and the nation.
- In recent years, the achievement gap has been widening in Vermont, as students eligible for the NSLP have not made gains equal to or greater than their peers who are not eligible for the NSLP.
- The only significant change for NSLP eligible students over time has been an increase from 2005 to 2009

See figures below.

Average scale scores for mathematics, grade 4 by year, VT and National Average, National School Lunch Program (NSLP) eligibility: 2003, 2005, 2007, 2009, 2011, and 2013



Average scale scores for reading, grade 4 by year, VT and National Average, National School Lunch Program (NSLP) eligibility: 2003, 2005, 2007, 2009, 2011, and 2013



All differences between VT and the national average are statistically significant except for 2003 not eligible students, Vermont and national average; 2011 not eligible students, Vermont and national average.

NEA

Someone dropped off a copy of what purports to be the NEA directives for field directors related to negotiations. Here are two little snapshots below. It is a disappointing and nasty piece of work, if true. I trust the source, but would like to verify. I have heard rumors about

this, and what this says is consistent with rumors. I would be very surprised if this does not make it into the press. I am thinking of inviting Joel to a meeting, putting this document on the table, and asking him to explain.

NEA - TARGET DISTRICT		
Strategy	How	Why
Mislead own membership.	Send information to members of local after bargaining begins.	To gain sympathy among union members and begin the process of dissatisfaction.
Continue to mislead.	Update the reports regarding the bargaining process, but only mention the Board's proposals that with editorial descriptions, will keep feelings high (or low).	To continue the process of dissatisfaction and to start to prepare for conflict in the future.
Nail the negotiator.	Read a statement to the Board and/or press stating that the Board should not spend this money to fill such a position of negotiating against teachers when that money could best be used for educating children.	Intimidate the negotiator away with the advantage of the resources of the school system.

	only mention the Board's proposals that with editorial descriptions, will keep feelings high (or low).	co
Nail the negotiator.	Read a statement to the Board and/or press stating that the Board should not spend this money to fill such a position of negotiating against teachers when that money could best be used for educating children.	In av A ol th
Nail the negotiator. (Act II)	Get word to Superintendent that their negotiator is holding up the works (If Supt. is not at the table.)	I r c y
Nail the negotiator (Act III)	Same as Act II except with the Board.	

Have a great weekend all.

Rebecca

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: June 5, 2015
Re: Weekly Report

Status of Governor's Priorities: .
none

Legislative Issues/Contacts:
none.

Press Issues/Releases/Contacts:
Next week a release will be issued announcing the Fall version of Educate & Innovate Program with the Ag. of Educ. and Lottery awarding tech hardware to eligible schools. Submissions due in Sept and winner announced in Oct. Our first winner, the Charleston Elem School, was awarded in May and was well received.

Significant Events/Meetings:
I am having discussions with potential candidates for Problem Gambling service providers. The Dept of Health's VADAAP group has approved the grant services content as required.

Evolving Issues:
none

Summary of Key Agency Department Activity:
Preparation for June Tri-State meeting next week, finalizing this budget and policy edits based on game performance. We continue to progress through the creative and functional development of our new website with the vendor.

Executive Director's Commentary:

We will begin moving some of our consoles to more productive locations now that we have another year before they will be pulled. We expect to do more advertising in July and forward for the consoles and Touch Games to improve consumer awareness.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Sue Minter
DATE: Friday, June 5, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

NASTO

This Sunday I head to Delaware for the Northeast Association of Transportation Officials (NASTO) annual meeting. I will be gone from 6/7-6/9, and will delegate my authority to Deputy Secretary Chris Cole. As the current President of NASTO I have significant responsibility at this event and, among other things, will be presenting a regional initiative on infrastructure resilience (to climate disruption) which follows on our work post Irene and with the White House Task Force. We will also be discussing a regional approach to climate mitigation (with the Transportation Climate Initiative), which we will discuss further with you at a later date. (We are developing a regional carbon reduction strategy for your future consideration.)

Downtown Conference

Deputy Secretary Cole will be speaking at the Downtown Conference about how transportation investments can leverage private investment for economic development in downtown. Chris is also going to be working with our sister agencies on a program to accelerate investments in downtown to grow private investments. We will discuss with you in the future.

Central Garage Visit

Spent time this week at Central Garage rebuilding an engine and exploring underneath the plow trucks. It was quite an education on how skilled, knowledgeable, dedicated and essential our front line staff are for keeping our equipment running full tilt. It was really fun and I bet you'd enjoy such a visit sometime.

TIGER Grant

This week we submitted our federal TIGER grant application, requesting \$12 million in federal funds to rehabilitate the rail line between Rutland and Burlington. (We will be matching these in state funds if we receive.) The improvements will overhaul the track, ensuring faster and safer freight deliveries and extending the Ethan Allen Express from

Rutland to Burlington. We have been working closely with the Delegation on this, who will (we think) be strong advocates. Please mention this to them if you happen to see them. We will be in touch when it is appropriate time for you to contact the DOT Secretary and express support for the project.

Customer Service: Oliver Olsen

As you know, we have been working to embrace a culture of Customer Service here at VTrans, and I have insisted on far greater public outreach about our projects with significant community impact. All of our accelerated bridge projects that involve closing roads, for example, require significant outreach. I wanted you to hear from a happy customer, Rep. Oliver Olsen. Here is an email I received from him this week:

Hi Sue - I had the opportunity to attend (along with Becca Balint) a "regional concerns meeting" this evening regarding a proposed culvert replacement project on Route 11 in Londonderry that is being planned for 2018.

The meeting, which was largely facilitated by Jennifer Fitch and Kristin Higgins (whom I remember well from our Irene days), was, in a word, superb. Everything - from how it was organized, structured, and presented - was just first rate (and I think you would hear the same thing from everyone who was there).

I have been involved in a lot of public engagement processes over the years, and this may just be the very best that I have ever seen. In terms of that public engagement element, you have something that could be probably be leveraged in other areas of state government.

DMV Customer Wait Times

In case you hear a complaint, wanted you to know that DMV is currently experiencing higher than normal wait times in all our counter operation locations. There are many factors involved such as the delays in the approval process for position posting, absenteeism related to FMLA/medical leave, increased workload resulting from Restoration Day and the REAL ID process. The situation is further compounded by the normal increase in customer traffic in the summer months due to registrations for boats and motorcycles. We are creatively redirecting resources from other offices to augment counter operations and we believe with the recent changes in the position approval process, vacancies will be filled faster which will increase our ability to service customers.

NOTES FOR STAFF

EPA Audit

The environmental section of the Maintenance and Operations Bureau (MOB) had a visit with the EPA this week to review our MS4 compliance. The field visits were extensive and our team worked diligently to be well prepared. The EPA also visited our bi-weekly ANR/VTrans leadership meeting to experience a view of how our teams work together

at all levels. According to a staff report, "the EPA was very complementary of our programs, staff knowledge, organization and overall commitment to satisfy our regulatory obligations. He praised what he described as a unique top-down, cross-agency cooperation and commitment to addressing water quality issues that is rare in the Transportation Sector. He suggested VTrans and ANR take advantage of any opportunity to share our unique story with others as often as possible (i.e., AASHTO meetings, conferences, etc.)." This is certainly the sort of report we want from the EPA at this time.

Highway Safety

The Highway Safety Alliance held a press conference to recognize June as Teen Highway Safety month. This was an initiative of the Vermont Youth Safety Council. Knowing that highway crashes are the leading cause of death for US teens, and that Memorial Day through Labor Day are what AAA calls the "100 Deadliest Days", we wanted to heighten awareness for teens and parents, and highlight our prevention resources.

Construction Updates

- We have 46 active work zones; 23 bridge, 5 reclaim, 7 paving, 8 safety, 2 park n ride, 1 rail. We anticipate a total of 105 projects in 2015. 44% of the program has an active work zone.
- The bi-weekly estimates paid to the contractors this week amounts to \$3,492,248.02.
- One of our line striping contracts on I-89 provided support to the VSP by maintaining the work zone package for a longer duration. This allowed the VSP to park safely on the interstate (reports state there were six cruisers) while they apprehended a woman attempting to jump from a bridge. This was the bridge over Berlin Street on I-89 just south of the Montpelier exit. The woman was rescued, the VSP left and the work zone was picked up. This is a fine example of how the contracting community steps up and "does the right thing", no questions asked.

Brattleboro IM 091-1(65)

- The inspection team is developing a plan for ensuring quality during the casting of the segments. This may require VTrans to assume more of a QA role than normally anticipated by the Design-Build process, but given the circumstances, is a prudent approach.
- Staff still working on traffic management plans and short-term closures for the bridge inspection. All plans will be communicated up through the chain.
- Teams are preparing for a public outreach meeting at the Windham Regional Commission on June 23rd (same day GPS will be there for the 50th Anniversary). The contractor (PCL/FIGG) will present the schedule and the project going forward. The Design-Build team has the lead with the presentation but VTrans will be in attendance.

I-89 Bridges Project -- Waterbury

- Project continues to be on schedule with no unusual traffic delays expected this week. Concrete will be poured for the bridge deck next week, therefore an increase in truck traffic will occur at the Exit 10 area, including on the nearby access via Route 100.
- Work continues to identify solutions to slow down traffic through the work zone. The vehicular traffic speed is particularly problematic at night. The Smart Work Zone has provided data that indicates some extreme excessive speeds through the area.

Motor Vehicles Crash Statistics (as of June 1)

Fatal Crashes **May 26, 2015 – June 1, 2015:** No fatal crashes this period.

--**2015** Fatalities: **14** Total – **8** vehicle operators, **4** passengers, **2** bicyclists

As of June 1 in each calendar year:		
<u>Year</u>	<u>Fatalities (people)</u>	<u>Fatal Crashes</u>
2015	14	10
2014	14	14
2013	21	20
2012	34	29

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: June 5, 2015

Highlights:

AHS CO:

AHS SAMHSA Grant Application Preparation pg. 3

VDH:

New Companion Rules Regulating Prescriber Practices pg. 3

Office of Local Health pg. 4

DMH:

Vermont Psychiatric Care Hospital (VPCH) pg. 4

DAIL:

Vermont's Statewide HCBS Transition Plan remains hot topic pg. 5

DOC:

Rumors Driving Media Inquiries pg. 6

Population pg. 6

DCF:

Reach Up Funding pg. 7

Housing and Opportunity Program (HOP) pg. 7

Emergency Housing Restructuring Update pg. 7

DVHA:

Blueprint pg. 7

VHC Project Update pg. 8

Auto-Change Demonstration pg. 9

Secretary's Message

Earlier this week, I met with DMH Deputy Commissioner, Frank Reed and Doug Bouchard from NEK Human Services regarding a proposal they have to build a Secure Residential Facility to replace the temporary facility in Middlesex. This would be a nonprofit and state partnership. It's an interesting idea and I believe is worth exploring further. I suggested to Doug that he should explore writing a VCDP planning grant. The proposal is to build the facility on 700+ acres in Bloomfield. Being in a rather remote part of the NEK has advantages and disadvantages. I understand Secretary Johnson is going to meet with Doug next week, and I've asked him to include Frank Reed to meet with them as well. I will be out of town at a conference in Portland OR next week, but I know Frank has a good grasp on what is needed and the issues surrounding this idea, especially how advocates will react to the proposal. I also understand that both Jane Kitchel and Kitty Toll are supportive of this idea.

I spoke with Jen Hollar and briefed her on my meeting with the housing developer, Chris Snyder and the idea to use state land for building low-income and affordable housing. I understand you will want to have a meeting about this after I return on the 15th from this conference.

I spoke at length with Commissioner Chen and Commissioner Pallito about the use of Vivitrol and they both are on board for trial use. The problem is getting physicians to prescribe it and figure out a way to get Spoke doctors to participate. We'll be working on this and I'll keep you informed.

Recently, Dr. Dee Burroughs-Biron, the Medical Director at DOC, inquired about her salary relative to other AHS Medical Directors. DHR provided her information about other physicians who are state employees and we also provided her information about other Medical Directors (e.g., DMH and DVHA) who are contractors. The 2 DVHA physicians are provided through a contract with UVM and the DMH physician is contracted through his LLC. Although it appears each of these arrangements was created to meet the particular need at the time the person was hired or contract negotiated, the result is that there is a substantially lower rate of pay for the employed physicians as compared to the contracted physicians. After this information came to my attention, I asked my Deputy and the Commissioners to review what medical expertise is required for AHS programs and how we are acquiring/hiring medical director services and to make recommendations for improvements and opportunities for efficiencies across AHS. Also, Dr. Dee has indicated that she will leave her position later this year. We will use the information from the Commissioners' review process to make appropriate changes to this position and the associated salary or contract as we seek a replacement for the future medical oversight for DOC.

I have reported to you that Rutland Mental Health was having serious difficulties and that we were poised to take steps that could possibly de-designate them. One of our major concerns was with the leadership/management of the agency and their board's reticence to act. I'm pleased to report that it looks like the pressure that we have been exerting has finally paid off and it appears that there is going to be a change in leadership. It will mean an interim director and we will give RMHC the support that they need to get back on track.

Agency of Human Services Central Office (AHSCO)

VT State Rehabilitation Council Seeks Community Feedback on Resettlement

The AHS Director of the State Refugee Office organized a meeting between a representative of the US Department of State, Bureau of Population, Refugees and Migration (PRM) division, and stakeholders on the refugee program. Approximately 20 directors of local service agencies, school superintendents and city officials participated. The purpose was for the PRM official to hear the community's feedback on how resettlement is going and any challenges faced by providers. The most vocal attendees were the superintendents who expressed concern about standardized testing for refugee students and the lack of resources to provide services.

Cultural Orientation for Service Providers on the Congolese Refugees

A cultural orientation on the Congolese refugees was provided to service providers through Refugee and Immigrant Service Providers Network (RISPNet), coordinated by the AHS State Refugee Office. Vermont anticipates that Congolese refugees will start to arrive in the near future. This is not an unknown population in VT, as there is already a Congolese community in Chittenden County.

AHS SAMHSA Grant Application Preparation

AHS is coordinating around a grant application to SAMHSA: a “Planning Grant for Certified Community Behavioral Health Clinics.” The grant offers up to \$2 million dollars for a one year planning process in order to “support states to certify clinics as certified community behavioral health clinics, establish prospective payment systems for Medicaid reimbursable services, and prepare an application to participate in a two year demonstration project”. This grant would target adults and children with mental illness and substance use disorders. It requires close collaboration between the Department of Mental Health, the VDH Alcohol and Drug Abuse Programs Division, the payment reform/SIM office in AOA and our community provider network. A planning group representing those entities has begun to meet in preparation for submitting an application by the August 5th deadline.

Agency Graduates the Class of 2015 -Sixth Annual Leadership Development Program (LDP)

On Friday, May 29th, 2015, leadership across the Agency gathered to celebrate participants of the most recent LDP class as they graduated from the 15-month program. The LDP focuses on the inter-connections among programs, desired outcomes, and the need to foster leadership in an “Agency of One” perspective. The program is for current leaders and emerging employees that will benefit from time to hone their leadership skills.

The curriculum emphasizes experiential learning by connecting course participants with a high level mentor, requiring job shadows, and engaging in a cross-departmental developmental project. The classroom component consists of five seminars which immerse participants in the social conditions and policy at the center of the agency's work. The foundation and heart of the program is the engagement of upper management in the agency as seminar guests, mentors, job shadows and project sponsors.

Vermont Department of Health (VDH)

Vermont Tobacco Control Program Enjoys the National Spotlight

The Vermont Tobacco Control Program is pleased to share that 802Quits has been selected by the Academy of Interactive and Visual Arts to receive a 2015 Communicator Award of distinction in the field of Cause Marketing.

New Companion Rules Regulating Prescriber Practices

On May 28, LCAR unanimously adopted two companion rules regulating prescriber practices for prescribing controlled substances, particularly for chronic pain. The two rules are:

Vermont Prescription Monitoring System

This rule specifies the requirements for pharmacists, prescribers and delegates to report the prescription or dispensing of controlled substances to the Vermont Prescription Monitoring System (VPMS) and the requirements under which they must query VPMS prior to prescribing controlled substances.

Prescribing Opioids for Chronic Pain

This rule provides legal requirements for the appropriate prescribing of opioids in treating chronic pain in order to minimize opportunities for misuse, abuse, diversion, addiction and overdoses.

Public Health Statistics

Public Health Statistics team recently posted a joint YRBS and BRFSS report to the website (http://healthvermont.gov/research/brfss/documents/pophealth_yrbs_brfss_2013.pdf). The report focuses on those topics that are included in both surveys and includes trend data, as well as information by gender and grade/age.

Maternal Child Health

This week, eleven children and their parents from Franklin and Caledonia counties are among the first to graduate from the two-year Nurse Family Partnership (NFP) program. NFP is an evidence-based home visiting program that serves pregnant women, mothers and their babies until the child's second birthday. VDH has partnered with five home health agencies statewide. Currently, 220 women are participating. The program is federally funded by the Health Resources and Services Administration (HRSA)/Maternal Infant and Early Childhood Home Visiting (MIECHV).

Office of Local Health

The Milton US 7 Corridor Study is collaboration between the Chittenden County Regional Planning Commission (CCRPC), the Town of Milton, and other key community stakeholders to examine possible ways to make a three mile stretch of US Route 7 in Milton, Vermont a more complete street. This project has the potential to impact the population's health, particularly with regard to chronic disease, injury, and access.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

The hospital continues to have a census of 22. The hospital continues to be short staffed, even with less acuity and census in hospital, with nursing continuing to be an ongoing and perhaps even a worsening situation as we are having more trouble hiring the amount of traveling nurses needed to fill the gap. Additionally, there have been a number of cracks in flooring that have appeared in a number of bedrooms on the D Unit, which BGS is following up on.

The hospital is continuing to implement the Six Core Strategies in Reducing Seclusion and Restraint and just received a very positive report from a National Expert who is serving as a consultant for DMH and reporting on the status of this important initiative of all the Level 1 Hospitals. While data for the month of May is not complete yet, early reports show a decrease in the number of incidents seen in April continued through May. The hospital continues to work collaboratively with community providers regarding discharge, and is hosting the Designated Agency CRT Directors this Friday.

Caledonia Record: Brad Usatch

Brad Usatch, reporter from the Caledonian Record called in regards to a "*possible siting of a facility in Essex County*". Frank Reed, responded and explained that DMH had received NKHS proposal and explained the Legislative process that the Secretary, DMH and BGS would be going through before any decision as to the size, location and who would operate a secure residential facility, was determined.

There have been a number of articles related to the NKHS proposal. DMH's response has been consistent with the above statement.

Department of Disabilities, Aging and Independent Living (DAIL)

New Hampshire's Lakeview NeuroRehabilitation Facility to Close

Lakeview is on a 60-day closure track. Our senior nurse manager has been asked to identify an alternate safe facility and have transfer plans in place within 30 days. Two Vermonters currently receive services at the facility and we are working to identify place for them. New Hampshire licensing authorities are present in Lakeview 3x/week to monitor the transitions and care of remaining residents.

Vermont's Statewide HCBS Transition Plan remains hot topic

Over the next two weeks, DAIL staff will be presenting Vermont's plan for coming into compliance with the home and community-based settings' (HCBS) requirements to the DAIL Advisory Board, State Program Standing Committee and Disability Long Term Services and Supports workgroup (DLTSS). Vermont's plan is under review by CMS. The plan, which includes the Vermont's "Choices for Care" program and "Comprehensive Quality Strategy (CQS) both demonstrate the state's compliance with the HCBS requirements.

Department of Corrections (DOC)

2015 Torch Run

On Friday, May 29th, 4 staff members from Marble Valley Correctional Facility in Rutland participated in this year's Torch Run that supports Special Olympics.



Left to right, persons wearing the Torch run T-shirts, are CO I Jesse Rose, CFSS Kyle Moore, CO I Eric Morgano, CO I Tyler Tavares

Rumors Driving Media Inquiries

Inmate James Nicholson died on 5/18/15. We are still awaiting final autopsy results. He had been assaulted on 4/2 and was in the hospital until 4/9. He returned to the KY facility and was in the infirmary, apparently recovering well. VT staff met with him there and noted he was quite responsive.

DC Menard was contacted by Wilson Ring (AP) and Elizabeth Hewitt (VT Digger.) Both called as they were hearing rumors that an inmate in Kentucky had been murdered. The rumors include that he was assaulted with a weapon (a lock in a sock). We have no indication of this.

Commissioner Pallito gave both reporters all the information above and asked them both to please let the Department know if they continued to hear these rumors as we would want to be sure to track them all down and perhaps to turn the information over to the Kentucky SP. Kentucky SP is awaiting the final autopsy report prior to filing charges on the perpetrator of the 4/2 assault.

This morning Mark Davis of Seven Days contacted Commissioner Pallito to alert him Suzi Wizowati is sending the following statement to media outlets: ..."Finally, **inmates keep writing us that there was indeed a death in KY.** Apparently, an older man was beaten by a younger man with a lock hidden inside a sock. He was flown to a hospital to be treated but later died. Of his injuries? It's not clear. The rumor is that the younger man is being charged with murder in KY, but this is not clear either. We hope the press will be able to find out and get the word to the rest of us. We, the public, want to know what happened, and why, and how inmates are kept safe—here, in Kentucky, and in the future in Michigan."

Population

The Department's incarcerated population averaged 1890 for the previous week. The Department's incarcerated male population averaged 1739 for the previous week. The out-of-state population is currently at 299. The female population averaged 150 for the previous week.

Department for Children and Families (DCF)

Client-Friendly ESD Benefits Application

Over the past several months, DCF has been working to make the 202 Application for Economic Services' benefits more client-friendly, approachable, and easy to understand. This project was initiated and led by three employees who strongly believed that we could make ESD programs more accessible to low-income Vermonters, particularly seniors and people with limited English proficiency, by modifying the language and design.

The project team looked at other state applications and solicited input on recommended changes from ESD eligibility workers, community partners, and the USDA's Food and Nutrition Service (FNS). They then turned to Heather Pelham, Marketing Manager in the State's Chief Marketing Office, for help with a new, more approachable look and feel for the application.

The draft application is currently being vetted by ESD central office staff and will be sent to FNS for their review and approval. It was also sent to members of the Vermont Poverty Council and a few other community partners. They were given the opportunity to provide feedback, which has been very positive. "This is wonderful," said Poverty Council Co-Chair Linda Ryan. "Streamlining the application has been long overdue and I thank all of you for making life easier for low income folks."

Reach Up Funding

For the past decade, employment and training money from the Supplemental Nutrition Assistance Program (SNAP E&T) has been used to fund a portion of the Reach Up program, including staffing costs and contracts with community service providers. A recent federal audit has questioned the use of this money in the Reach Up program given the lack of data to support it's being used in compliance

with SNAP E&T rules. DCF-ESD is working to develop a corrective action plan to satisfy the audit finding which will allow the continued use of the SNAP E&T funding.

Housing and Opportunity Program (HOP)

The Office of Economic Opportunity (OEO) has awarded \$4.6M in grants to 48 homeless providers around the state. HOP is a consolidated grant program comprising the Economic Services Division's Community Housing Grants and OEO's Emergency Solutions Grant. This consolidation into OEO will foster streamlined services for providers and maximize resources for customers. The HOP grant reinforces important and emerging practices such as coordinated entry for homeless services and rapid rehousing.

Emergency Housing Restructuring Update

While communities may be ready to implement new ways of providing emergency housing starting October 1st of this year, current GA emergency housing will be provided as needed and the statewide implementation of community-based grants will be postponed.

DCF will continue to meet with state-wide coalitions and stakeholder groups to discuss and map this initiative, plan and assess local readiness, opportunities and barriers. Through the Office of Economic Opportunity Housing Advisory Group, a plan to continue shifting away from reliance on motels will be proposed focused on community-based solutions that build local capacity consistent with Vermont's strategy for ending child and family homelessness by 2020. The goal is to have a consistent state-wide community-based approach by October 1, 2016.

Child Care Referral Services

Under Child Care and Development Fund (CCDF) federal rules, the Child Development Division is required to provide "public consumer education information that will promote informed child care choices" that includes information about "the full range of providers available" to parents and the general public. Child care referral services meet that requirement. The Child Development Division and the Vermont Association Child Care Resource and Referral Agencies (VACCRRA) are moving forward with a contract for child care referral services. VACCRRA sent a proposal on how they could continue to provide the services while meeting the needs of communities and providing consistency across the state. The cost of the services was reduced by \$150,000, and the distribution of funds was based on amounts agreed upon by VACCRRA. The services will allow quick access to a trained referral specialist (without a second call), during business hours (minimum 8am – 4:30pm Monday through Friday) through one statewide toll free number; referrals to developmental screenings; and information about child care financial assistance and benefit programs to assist families.

Department of Vermont Health Access (DVHA)

Blueprint

The Blueprint Executive Committee and Expansion, Design and Evaluation Meeting on Wednesday provided a lively conversation about plans for using the new funds allocated by the Legislature. There was a clear commitment in the room not to undermine the progress of the Community Health Teams (CHT), as well as a demand to start Primary Care Medical Home (PCMH) payments in July. The Blueprint team is developing new options to present to this team, as well as working with Todd Moore of OneCare to assess the viability of his suggestion that hospitals (who in most cases are the administrative entities for the CHTs) might be able to use PCMH payments in part to shore up their CHTs in the short term.

Also on June 3, the Blueprint reached a formal agreement with Covisint for Blueprint Registry (formerly DocSite) migration. Terms include the use of existing contract funds to set up an operational instance of the Registry in the state's new hosting environment at VITL. Covisint will help the Blueprint test interfaces and load our production data. They'll transfer ownership of the systems they set up and provide a perpetual source code license for Vermont's internal business use. The remainder of the project/source code costs will only be due once the Blueprint has validated an operational system. These are even better terms than previously reported.

A Monday meeting of Blueprint, ACO and SIM partners demonstrated that the Blueprint/ACO integration work and the waiver planning processing are fully aligned.

Regular meetings with ACO/Provider Network partners to advance the Blueprint/ACO integration plan, payment model, and Unified Community Collaborative development.

American Public Health Association Presentation

Through professional and enthusiastic collaboration Vermont Department of Public Health and Department of Vermont Health Access, The American Public Health Association has chosen our abstract "Effectively Reaching the Medicaid Population with Tobacco Cessation" for poster presentation during the 143rd Annual Meeting and Exposition in October. The abstract was selected from a large number of excellent submittals and was judged to be of high quality and interest. DVHA & VDH worked tirelessly in reviewing data and determining strategies and follow up to increase smoking cessation in the MCD population.

VHC Project Update

VHC has delivered functionality to support Changes of Circumstance (COC), Changes of Information (COI) and Reconciliation between VHC, Benaissance and the Carriers as part of Release 1. NOTE: Multiple R1 business scenarios and processes are still being developed and tested as part of post go-live efforts.

VHC is now planning for work related to Release 2, which includes Medicaid and QHP Renewals, Notices functionality, Additional Financial Reconciliation and Billing enhancements, and CMS Integration.

Project Highlights

Release 1:

Go Live / Implementation Complete on 6/1

End to End UAT Complete; additional post deployment validation activities with carriers being planned the week of 6/1

UVT began on 5/29; will continue – aligned with post deployment activities with carriers.

Release 2:

Joint Application Requirements/Design (JAR/JAD) sessions continues for renewals and premium updates

Preliminary schedule presented to SoV on 6/1

VHC Operations Update

Currently VHC operations is evaluating and training on the new functionality delivered from Release 1 (Auto COC). A smaller group of trained staff are working closely with project resources to look through the backlog of COC requests and perform basic change of information, change of income and

add/removal of household members. This smaller group will increase in numbers as training is rolled out to users over the next few weeks. This methodical roll out is helping operations update training material and job aids to ensure proper execution of the new functionality.

VHC is working with carriers to define scenarios for additional User Acceptance and User Validation Testing; and also talking with Optum to prioritize and remediate defects that are affecting production.

VHC Outreach and Education Update

2015-2106 Navigator Organization Grant Deadline and Tight Turn-Around

June 3 is the deadline for applications for the Funding Opportunity Announcement titled "Navigator Organization Grants, Fiscal Year 2016." The grant timeline is tight, recommendations being brought to the Commissioner for funding decisions to be made June 8, and grant effective dates of July 1.

Vermont Health Connect anticipates that the strongest applicants will consist mainly of a subset of existing Navigator Organizations grantees that excels at both outreach and enrollment assistance across a broad geographic and demographic area.

Auto-Change Demonstration

Following up on the press conference to announce the Change of Circumstance functionality, Vermont Health Connect is planning a demonstration of the processing involved in making an income change under the old Interim Change Process (ICP) vs. auto-change. The Outreach & Education team is working with the DVHA Privacy and Security officers to ensure the demonstration meets proper protocols, including exploring a late-breaking development involving customers offering to have their information featured in a live demonstration.

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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 5, 2015

Secretary's Top Issues

North Lake Farm Survey Initiative:

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

The Vermont Agricultural and Forest Products Development Board (VAFPDB) held their final meeting Wednesday, June 3, 2015, at UVM Extension – Berlin, to celebrate, and to acknowledge the efforts and dedication of Board members. The Vermont Agricultural Development Board began in 2010, and added "Forest Products" to their name and membership with the passing of legislation in 2012 (Act 142).

Assistant State Veterinarian was interviewed by the Valley News regarding the postponement of a poultry show in Tunbridge. The show organizers postponed the show due to a lack of communication on their end to out of state participants regarding VT import requirements. This will give show participants time to obtain a veterinary exam of their poultry and an import permit. Dr. Mehlenbacher provided the reporter information on VT import rules and the reason behind them.

Board members from VHCB will be touring solar installation in Addison county to determine size and scale of 150 KW, 250 kw and 500 kw and up installation. The issue that will be debated at the VHCB board meeting on June 12 is allowing solar installation on conserved farmland – is there a limit to size and scale that should be imposed. Concern for push back from owners that have donated easements as well as donors that did not expect solar installations to be allowed on conserved farmland. Deputy Secretary Bothfeld toured the sites this week due to a conflict on the tour date and believes that the size and scope of the 500 kw may cause concern from board members.

Deputy Secretary Bothfeld and Senior Ag Development Coordinator Waterman organized and lead a tour of a dairy farm for 12 Tax Department auditors at a farm in Williston. The Tax Department faced many concerns from legislators during the session and this tour of a dairy farm was to inform auditors of the changes to dairy farming and the use of many large pieces of equipment and structures in farming practices and how they could relate to tax law and regulations. Auditors from the Southern Vermont were unable to attend due to travel distance so a second tour will be arranged in the Rutland County area.

During this year's legislative discussions - there was an additional \$25,000 made available to support Vermont's Fairs & Field Days through stipend allocations. Stipend funds are used for operational and facility improvements. These funds will not be available in FY 16.

Office Security – VAAFM office building access is being managed with locked doors and by appointment only. This is in response to a security issue resulting from a potential domestic violence matter involving one of the staff. Working with Human Resources, EAP and Security to manage the situation.

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**STATE OF VERMONT
AGENCY OF AGRICULTURE**

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 5, 2015

Status of Governor's Priorities:

Press and Communication

- Assistant State Veterinarian was interviewed by the Valley News regarding the postponement of a poultry show in Tunbridge. The show organizers postponed the show due to a lack of communication on their end to out of state participants regarding VT import requirements. This will give show participants time to obtain a veterinary exam of their poultry and an import permit. Dr. Mehlenbacher provided the reporter information on VT import rules and the reason behind them.

Significant Events/Meetings:

- Animal Health Section issues a Notice of Violation to a licensed livestock dealer who illegally imported 71 piglets from PA for resale within VT. PA is a state still undergoing active cases of porcine epidemic diarrhea.
- Assistant State Veterinarian met with a dairy producer, their herd veterinarian, and a UVM Johne's Disease Veterinarian to review the farm risk management plan for Johne's Disease prevention. The most important changes that the farm will implement revolve around calf management to reduce exposure to the virus, which is shed in the feces.
- Meat Inspection inaugurated State Inspection for Poultry this week at Parmelee Farm in Randolph Center. Timing worked out well as another producer from down south had his scheduled time for slaughter at Westminster Meats cancelled due to plant issues and Parmelee was able to set up a slaughter day for next week for the producer. This is something that could not have happened if the facility were being operated without State Inspection as the poultry is intended for wholesale distribution
- Meat Inspection is assisting with technical assistance in the startup of a new operation in Fairfax which will be providing venison products from Elk to markets in VT and beyond. The product will be produced under the reimbursable voluntary inspection program enabling the producer to capture markets that would otherwise not accept the product even though it is exempt from inspection due to the nature of the product being considered exotic meats.
- Multiple staff members attended, or called into, a kick off meeting held at NRCS state office for a new focused water quality initiative. NRCS (with input from AAFCM and ANR) has initiated a new approach to prioritize water quality work over the next several years. This includes the identification of 4 high priority HUC 12 level watersheds where we will be dedicating a majority of our fiscal resources over the next few years. The four watersheds include: Pike River (including Lake Carmi); Rock River; St. Albans Bay; Mackenzie Brook.

Evolving Issues:

- Animal Health field staff attempted to complete a cervid inventory scheduled by the producer. Only two out of more than 100 deer were available at the visit – the owner report the rest had gotten out of the smaller enclosure due to a fence issue. The farm is significantly overdue for an inspection and the herd inventory and is now out of compliance. The producer will receive a letter of warning and will not be able to move deer on or off the property until he comes into compliance with the captive cervid rules.
- Animal Health Section issued a Quarantine notice to a captive cervid producer with unaccounted for deer during the annual cervid herd inventory. The Section will consult with VAAFCM legal counsel for further enforcement recommendations.

- Animal Health Section provided poultry related information regarding imports, testing, and disease outbreaks through a post to the VT Bird Fancier's Association Facebook page. Staff monitor the posts on this page and try to answer questions and provide information as the needs arises.
- Processing activities at a central Vermont custom processing plant were put on hold due to failure of the private water system for e-coli contamination. Owner will treat the system and contact the agency for follow-up sampling
- A custom poultry slaughter operation in Craftsbury requested pre-season inspection for water supply and sanitation to start operations on Friday of this week. Inspection personnel visited the establishment on Tuesday. The water sample passed but the sanitation aspect did not. Plant personnel advised of the deficiencies and inspection personnel will revisit on Thursday to verify compliance

Summary of Key Agency Department Activity:

Administration

Deputy Secretary Bothfeld and Senior Ag Development Coordinator Waterman organized and lead a tour of a dairy farm for 12 Tax Department auditors at a farm in Williston. The Tax Department faced many concerns from legislators during the session and this tour of a dairy farm was to inform auditors of the changes to dairy farming and the use of many large pieces of equipment and structures in farming practices and how they could relate to tax law and regulations. Auditors from the Southern Vermont were unable to attend due to travel distance so a second tour will be arranged in the Rutland County area.

Agricultural Development

Final Meeting for the Vermont Agricultural and Forest Products Development Board Before July 1st Board Merger with Working Lands Enterprise Board

- The Vermont Agricultural and Forest Products Development Board (VAFPDDB) held their final meeting Wednesday, June 3, 2015, at UVM Extension – Berlin, to celebrate, and to acknowledge the efforts and dedication of Board members. The Vermont Agricultural Development Board began in 2010, and added “Forest Products” to their name and membership with the passing of legislation in 2012 (Act 142). The Board is made up of private voting members from ag, forestry, and forest products industries in Vermont, as well as public non-voting members from Ag, Food and Markets, Commerce and Community Development, and Forests, Parks and Recreation. Over the years, the Board has played a role in negotiating and leading conversations around on-farm slaughter in Vermont, international maple grading changes, GMO, and compost. On July 1, 2015, The VAFPDDB will repeal and The Working Lands Enterprise Board will expand their purpose and membership offering five new seats which reflect the expanded composition of the VAFPDDB after the 2012 legislative session.

VAAFM-Agr. Development: FY2015 Stipend Fund-Grant Amendments

Through this year's legislative process, there was an additional \$25,000 made available to support Vermont's Fairs & Field Days through stipend allocations. Stipend funds are used for operational and facility improvements. The Agency's grant coordinating team of Melissa Moon (writer), Donna Gilman (Business Office) , and Sylvia Jensen (grant administrator) processed fourteen amendments and authorized payments within ten business days. Equally important are the volunteers who administrate most of our agricultural fairs and appreciate this proficient service. The Agency appreciates the ability to support the State's fairs that celebrate Vermont's heritage and encourage agricultural literacy.

Food Safety and Animal Health and Consumer Protection

Sumner Kuehne successfully completed his second USDA GAP evaluation audit last week at Long Wind Farm, in E. Thetford. Sumner is now approved by USDA/AMS to join Scott Dolan and Steve Parise for this season's audit work. It took a while to do so, but his hard work, study and preparation has paid off. Scott Dolan and Steve Parise look forward to having Sumner on our team.

Animal Health Updates

- Scheduling Pullorum and AI testing for poultry producers participating in upcoming poultry events.
- Visited two livestock dealers in Franklin Co.
- Initiated a tissue residue investigation at a farm in Caledonia County.
- Follow up on complaint of thin heifers on a farm in Calais. Owner plans to move animals to a more adequate pasture.
- Complete Pullorum and avian influenza testing at a bird swap in St. Albans.
- Attended the Excel training held at the home base.

Meat Inspection

- Inspection personnel addressing the labeling of products with the Big 8 allergens with state inspected facilities
- Program continues to advise Health Sanitarians of the rules associated with the processing of meat products at the retail and in-distribution levels

Agricultural Resource Management

North Lake Farm Survey Initiative:

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

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

- Staff conducted a follow-up inspection on a MFO in Addison County related to two complaints regarding the farm's manure management and manure field stacking site. Field and record checks were conducted to see if the farm is meeting the conditions of the MFO General Permit.
- Staff conducted an inspection on a MFO in Addison County related to a manure spill. A concerned citizen called AAFM saying that there was a manure spill that resulted from a potential accident. The farm got stuck with manure application equipment and had to unload a portion of the manure spreader so that they could get unstuck. There was no discharge to waters and the farm will clean up the manure.
- Staff participated in a conference call with a LFO in Franklin County to discuss LFO permitting and other water quality concerns related to the farm.
- Staff held a discretionary public information meeting related to a LFO in Addison County that has requested a permit amendment constructing animal housing for youngstock. No members of the public showed up for the meeting.
- Staff conducted compliance drive-by evaluations (sites were visible from the road) on a SFO and MFO in Addison County. The SFO had an overtopping manure pit and the farm has since spread manure which significantly lowered the volume on manure in their structure. The MFO was evaluated to see if they had spread field stacked manure on a field in accordance with the MFO General Permit. No activity had occurred.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are continuing to test the FoodSafety WQ database and we have sent comments to the database designer.

Conservation Reserve Enhancement Program (CREP):

- Staff met with a planting contractor at a LFO in Addison County to discuss a CREP planting.
- Staff worked at NRCS State Office to finalize culvert sizing calculations with engineer so that we could get state conservationist endorsement of request for additional cost share for three stream crossings for CREP contract.
- Staff met with a SFO in Orleans County to meet with a landowner and VLT (VT Land Trust) staff, along with FSA to perform CREP field work and discuss CREP options for the farm.
- Staff attended the FSA State Technical Committee meeting to answer questions related to a cost share waiver request to allow for the installation of 3 stream crossings via CREP on SFO in Franklin County.
- Staff attended a NRCS watershed planning meeting kick off meeting.
- Staff assisted a volunteer with sampling of 4 sections of a milkhouse wastewater treatment system at SFO in Franklin County.
- Staff met with a CREP contract landowner to address implications of a proposed subdivision of land that will impact contracted CREP acreage.
- Staff are processing recent CREP field visits and preparing for upcoming CREP visits to farms.

Secretary's Comments

VT Agricultural and Forest Products Development Board – participated in the last meeting of this board. Thanked all the board members for their participation in this 5 year effort and support for the consolidation of the Board with the Working Landscape Enterprise Board. Some members will be applying for the new openings on the WLEB board.

VHCB and VLT, MOU and Water Quality – engaging both organizations in how to adapt our partnership to reflect the changes that have occurred since our MOU was last signed. Special attention is being paid to the water quality evaluations required of conserved land, especially in light of the provisions of the Farm Bill that require the federal funded farms address water quality.

Office Security – VAAFM office building access is being managed with locked doors and by appointment only. This is in response to a security issue resulting from a potential domestic violence matter involving one of the staff. Working with Human Resources, EAP and Security to manage the situation.

NEASDA Regional Meeting – have been preparing for regional meeting of the Northeast Ag Secretaries and Commissioner in CT next week. Prepared an update on FSMA reflecting Vermont's participation in the implementation work with FDA national office.

Water Quality – continuing to work on reorganization and alignment to accommodate and most efficiently implement the new water quality bill with its increased activity and staffing levels. Continue to coordinate with ANR to move forward smoothly.

Ag and ANR Lab Merger – continue to move this process forward. Things are very positive at this time.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: May 5, 2015

Subject: ANR Weekly Report

Governor Level Issues:

Sweet Tree Maple Sugaring Operation: Department staff held a conference call with U.S. Forest Service staff from the Northeastern Area Office on Monday, June 1, 2015, to discuss Sweet Tree's facilities and operations on the Warren's Gore parcel and what Sweet Tree is proposing for the Avery's Gore parcel. The Forest Service expressed significant concerns about the consistency of the project with the terms of the forest legacy easement and stated that they needed to review all the documents (forest legacy conservation easement, MOAs, other documents related to the Hancock Legacy project) before they can take a final position regarding the Sweet Tree project. The Forest Service staff declined to opine on the Avery's Gore proposed MOA until further review of the forest legacy easement and other pertinent documents, and they indicated this would take a minimum of three weeks.

The Department informed Sweet Tree that although it has worked toward approval, the Department cannot execute the draft MOA for the Avery's Gore parcel until we receive a response from the Forest Service explaining their opinion of the Sweet Tree operation and whether it is consistent with the forest legacy conservation easement. Sweet Tree responded requesting that they be included in future conversations with the Forest Service as their opinion is that they have the legal right under the easement to conduct the sugaring operations they have on the Warren's Gore parcel and what they are proposing on Avery's Gore.

Significant Water Leak in the Hinesburg Water System: On May 20, the Town of Hinesburg issued a water conservation request to their community in response to an acute water leak. Nonessential water uses (i.e., car washing, lawn watering, etc.) must be curtailed until the leak can be found and repaired. The Town's tank level has dropped from 13 to 11 feet. If it reaches 7.5 feet, the Town is required to contact DEC to seek permission to use an alternative source of

water. Should the storage tank level reach 6.0 feet, the Town must notify the Fire Department that Town water will not be available for fire protection. The search for the leak is ongoing.

Burlington Airport Demolition Project: 96 homes will be demolished in the vicinity of the Burlington Airport. Pursuant to Act 175 of 2014, construction and demolition debris within 20 miles of a recycling facility will be recycled. All asphalt roofing, roof sheathing, roof rafters and ceiling joists, and any other easily segregated clean wood, will be separated and hauled to Myers Containers' facility in Colchester. Prior to demolition, ReSource has been "soft-stripping" salvageable materials from each of the homes, including cabinets, flooring, fixtures, doors and windows, as well as some lumber. Interested parties are purchasing house components, including decking, sheds and fencing, which the demolition contractor moves to the sidewalk for pickup. In total, 60% of the project will be recycled, not including the materials salvaged by ReSource.

Bristol Landfill: The Town of Bristol is closing their unlined landfill to the public by August 1, and it will close and cap it by October, 2015. The Town will vote to join the Addison County Solid Waste Management District on July 7, 2015.

Haystack/ Hermitage Club wildlife mitigation: OPLA continues to work closely with DFW (and DEC) leadership to understand potential habitat impacts and applicant's proposal for mitigation. The applicant has proposed a \$1 Million escrow (in lieu of traditional mitigation), along with efforts to purchase land for conserving bear habitat and a deer wintering area. DFW is unable to accept the applicant's proposal and will provide a formal response back to the applicant's attorney indicating the need for further discussions before ANR can sign off on this project.

EVERYTHING ELSE:

Legislative Issues/Testimony:

None this week.

Press Issues/Releases:

VPR - Hoping for Power Line Approval, Developer Offers Millions for Lake Clean-Up:

About the TDI transmission project and potential payments to support clean water, clean energy development, and utility rate reduction. Clarifies that any potential payments would not interfere with the regulatory role VT DEC will play in reviewing permits for this project.

Digger - EPA zeroes in on phosphorus farm runoff for Lake Champlain cleanup: Provides an update on the Lake Champlain TMDL process and focuses in on agriculture.

Digger - Highgate farmers to pay \$15,750 for manure overflow: Enforcement action against a Franklin County farm with an overflowing manure pit.

Brattleboro Reformer - Vermont Yankee fuel storage debated: About Entergy's plans to move spent fuel to dry cask storage. Commissioner Mears expresses the need for a thoughtful deliberative process and stipulates that there will likely be additional permits needed beyond the Certificate of Public Good issued by the Public Service Board.

Anglers reminded of lake sturgeon protection and state law: The VTFWD is reminding anglers of the state regulation applying to lake sturgeon, as well as the need to help protect the endangered species through responsible angling practices and by reporting catch information to the Department.

FPR and FWD announce "Reel Fun" program for 2015: FPR and the FWD are teaming up this season to promote and enhance fishing opportunities for campers and visitors at state parks across VT through the recently created "Reel Fun" program. This exciting new program will encourage park visitors to take advantage of the diverse, easily accessible and family-friendly fishing opportunities that exist in most Vermont State Parks.

Muzzleloader Antlerless Deer Permit Applications Available: VT's muzzleloader season antlerless deer hunting permit applications are now available on FWD's website (www.vtfishandwildlife.com). A quick-link to the information and application is provided on the home page.

The Habitat Stamp Offers a New Option for Conserving Critical Lands in VT: One of the many things that makes VT special is our abundant wildlife and conserved open spaces. Vermonters treasure conservation but few appreciate the nuts and bolts of how it's funded. For most of a century, while the public interest in and legislative mandates for conservation have grown exponentially, funding strategies for state fish and wildlife agencies has largely remained unchanged, and mostly rests on the contributions of hunters and anglers. Yet in its nearly 150-year history, the mission of the FWD has expanded far beyond its original role of managing game species to include the conservation of all species and the habitats on which they depend.

EAB: Barbara Schultz, Forest Health Program Manager, was quoted in a Rutland Herald article about emerald ash borer.

New Forest Guidebook Focuses on Preparing for Climate Disruptions: Vermont leads the nation in promoting climate-smart natural resource management strategies. This first ever state-developed guidebook presents land managers with a menu of strategies to adjust to climate change and is a proactive service to Vermonters. To access the document online.

Find Your Trail: Vermont's Trail Finder Website Ready To Go: Just in time for National Trails Day, June 6, a newly improved Trail Finder is packed with adventures and ready for planning hiking, biking, running or other trail experiences. Trail Finder is a searchable trails information website that combines state-of-the-art interactive trail map capabilities, high-quality

graphics and descriptive trail details. Vermont's Trail Finder can be found at www.trailfinder.info.

Significant Events/Meetings:

None this week.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

Imery's Genesis Project, Ludlow: This project involves a talc processing plant expansion with extensive excavation, grading, and approximately 6000 cubic yards of soil to be removed for the reclamation of the Black Bear Mine Site. The area of excavation and grading is within or near the site of past petroleum contamination from a 120,000 gal oil tank. The Waste Management Division, Sites Section has recommended a Phase I site assessment to determine the extent of petroleum contamination and also an evaluation for other potential contaminants. The applicant does not believe a full Phase 1 assessment is needed. OPLA will seek input from the Waste Management Division as to whether the Division wants to push for a Phase 1 assessment, and whether they want to do so in the context of Act 250 under Criterion 1 undue water pollution.

TDI New England Clean Power Link: OPLA is working actively with technical staff to compile ANR's direct testimony, which is due to the PSB on Friday, June 12. We anticipate having seven witnesses provide testimony on issues ranging from water quality impacts in Lake Champlain, impacts to RTE plants and animals, concerns regarding a DFW deep water intake for a fish hatchery, river corridor impacts, and the management invasive species during and after construction. OPLA met with the applicant, their legal team and consultant on Wednesday, June 12 to provide a general overview of the issues we plan to raise in our testimony, to update the applicant on the status of the various DEC collateral permits, and to begin discussion of an MOU for the Sec. 248 proceeding. OPLA agreed to set up a series of meetings in June, commencing the week after our testimony is due, to work towards developing an MOU by July 17. TDI appears motivated to reach a settlement and based on the current testimony from Agency staff, the issues raised are susceptible to resolution through and eventual MOU.

The Department of Energy also issued this week the draft EIS for the project. OPLA will review the document and circulate to key technical staff; ANR will likely file comments to the DOE on the draft report.

Floodways Outreach: OPLA met with leaders of the DEC Rivers program to discuss opportunities for outreach related to the program's State Floodplain and River Corridor rule and procedure, which went into effect in March of this year. The program is especially interested in finding effective ways to educate Act 250 district coordinators and commissions on the new

procedure, as well as energy generation and transmissions entities. Given OPLA's existing relationship with these groups, we plan to work with the program to connect them with the right people and to host trainings where the Rivers program and others have the opportunity to present to large groups of developers.

Comprehensive Energy Plan: The PSD's process to update the State's CEP is now in full swing and OPLA will play a central role in helping to coordinate ANR involvement as well as serve as primary and co-author of sections related to energy siting and land use. PSD will hold two stakeholder meetings in June then conduct a number of public hearing around the state, all the while working on drafting the report, a draft of which they hope to have complete by late August. The plan hits on a broad spectrum of Agency interests ranging from GHG reductions, EV's, hydro power, wood fuel and energy generation siting.

NRB/Act 250 trainings – Forest Fragmentation Report: OPLA attended two meetings this week with Act 250 coordinators and district commissioners to assist in the presentation of FPR's forest fragmentation report. We anticipate working closely with the NRB during the fragmentation stakeholder process and in the development of final recommendations to the legislature next fall.

BGS // Comfort Hill Solar wetlands: As part of All Earth Renewable contract with BGS to develop 5MW of net metered solar on state land, the company proposed a 500kw project at the Comfort Hill Farm property in Vergennes last fall. The site they selected was scrubby and wet, but All Earth's consultants (VHB) conducted a wetlands assessment and concluded the wetlands on site were Class III and therefore did not require a state permit. Subsequent to that delineation, the state wetlands program asserted the resource could be a Class II wetland that would require a permit. The PSB issued a CPG for the project, but required state review of the wetlands prior to construction. Ultimately, the state wetlands program concluded that the site was Class III, did not require a state permit and could proceed as proposed.

New Applications

Week of May 25th, OPLA received 7 new Act 250 applications and 3 new Section 248 petitions.

Environmental Conservation (DEC)

Shelburne Shipyard: On May 21, the EPA finalized a consent agreement and final order with Shelburne Shipyard, LLC for federal Clean Air Act violations at the facility discovered during a February 1, 2012 EPA inspection.

Brattleboro Organic Energy, LLC (Brattleboro): Final approval was issued for the transfer of ownership of the Air Permit for the former Brattleboro Carbon Harvest, LLC facility to the new owners Brattleboro Organic Energy, LLC. Carbon Harvest went bankrupt and the new owners have taken over the assets that generate electricity using a landfill gas to energy engine at the old Brattleboro landfill.

Whiting Country Store, LLC: Petroleum contamination was discovered at the facility in 2001 during a real estate transaction, and the DEC Sites Management Section initially required remediation. The previous owner of the property conducted initial work to identify and characterize the contamination and began evaluating possible remedial measures. This work stopped when a new owner took over the property in 2004. Attempts to initiate corrective action and settlement discussions were unsuccessful. The Environmental Court imposed a penalty on May 21 including a \$21,000 fine and directive to hire a consultant to initiate and complete corrective action.

Waterbury Dam Repairs: Replacement parts are needed for Waterbury Dam's control system for the dewatering wells, and some replacement parts are needed to make full use of system redundancy. Because of problems with the control system, one of the four active pumps is temporarily turned off as it was cycling on based on faulty water level readings. The system can adequately dewater with just one pump running, so at present three pumps are available and functioning properly. We will continue to work on resolving the problem so that full redundancy is restored.

Deerfield Hydroelectric Project: Due to low flow conditions in the Deerfield watershed, TransCanada is expected to violate one of the project's water quality certifications conditions, either the requirement to maintain guaranteed downstream flows or the requirement to maintain stable or rising water levels intended to protect bass spawning in Harriman Reservoir. Both Vermont and Massachusetts issued water quality certifications for the project and are in discussions about next steps.

Fish & Wildlife (FWD)

Sturgeon Sampling: Staff continued to sample for lake sturgeon in the Winooski River. As of Friday, May 29, sixteen individual sturgeon had been tagged in the Winooski River and one sturgeon was captured in the Lamoille River. The sturgeon captured in the Lamoille had been tagged in 1999. Sampling in the Lamoille was curtailed early because of low flows and high water temperatures.

Sensitivity to Temperature Fluctuations: Staff deployed nearly forty temperature loggers to monitor water temperature within the Winooski River, Dog River, Molly's Brook, Kendron Brook, Bloody Brook, and Charles Brown Brook. Coldwater fish species are sensitive to fluctuations in temperature especially in summer and it is important to document seasonal and long term temperature trends.

Flow Violations Not Good News for Fish: Staff reviewed an alleged flow violation on the Winooski River which occurred at about the same time as a violation by the same utility on the Lamoille River. Action on these matters, as well as recent hydro-related flow incidents on the Missisquoi River, is in progress in coordination DEC. Staff also participated in discussions about operation at projects on the Connecticut River and Deerfield River, where the dry weather conditions in combination with project operation resulted in an upcoming inability to meet

license conditions related to flows and reservoir water level management. Fortunately the recent rain has resolved some of these problems.

Fishing: Fishing pressure was steady through the week, but slowing toward the cooler weekend. Stocking assists are ongoing and associated trout babysitting following. Warden effort is still producing high numbers of fishing related violations to include closed waters, illegal methods, baitfish, over limit, license and revocation issues.

Bears: Bear calls are pouring in! Some bears are still eating from bird feeders. Received one report of a bear trying (less than gently) three different access points to try and get into a residence. Another bear was shot after it walked into a home. Another bear attacked a cow. Finally operation game thief received a call about a woman shooting a bear off of a corn pile, more on that to come...

Forests, Parks and Recreation (FPR)

Wind Blown Energy v. Green Mountain Power Corp, Moose Mountain Forestry, LLC, and Agency of Natural Resources: The parties are still working to execute a settlement stipulation and dismissal of ANR from this litigation. All parties agree conceptually and are working on the details in the documents. ANR filed a Motion for Extension of Time to file its Answer in order to finalize the Stipulation of Settlement.

Telecommunication Licenses: DII, FPR and VTel have signed a new license agreement for VTel's broadband communication project at Killington Peak. However, as drafted the License Agreement includes language from the standard VTA "form license" agreement that is problematic for the Department of Public Service due to their role in the 248a process if they are to be a signatory to the license agreement. We are currently looking into whether it is necessary for DPS to be a signatory to the license agreement.

Land Transactions: We met with the Bolton Development Review Board last week to request that it amend the Town subdivision approval for the 30-acre Lafreniere sale parcel to allow for a shorter setback distance from the road for the building envelope associated with this parcel. The DRB seemed receptive to this request and will be issuing a decision on this matter within 45 days. The Department held an open house at the Lafreniere property on May 27. Over a dozen individuals attended, several of which appeared interested in submitting a bid for this property. Work continues on other priority land transactions including Muckross and Davidson donations, multiple Forest Legacy projects, Jim Jeffords State Forest parcels and other projects.

Park Visitor Numbers: State park visitation for 2015 remains 10% ahead of 2014 to date after Memorial Day weekend.

Park Prescription Program: The media attention to the Park Prescription Program has generated a lot of additional interest from physicians across the state. A thousand additional prescriptions were printed and are being distributed this week!

District I and II State Lands: District staff have opened most of their roads for the season. It has been noted that all of the roads are showing evidence of deferred maintenance. One road, Pratt Hill – Proctor Piper, will remain closed due to erosion until repair funds can be found. The CCC road from Shrewsbury to Plymouth has been opened.

Outreach and Education: FPR and FWD staff conducted a Saturday workshop at Kehoe Conservation Camp entitled “Understanding Farm Bill Programs for Forestry and Wildlife Management.” The workshop focused on the NRCS Farm Bill programs available to private landowners.

Natural Resources Board (NRB)

Mountainside Condos: The NRB and ANR are working together to formulate a position on the appeal of an Act 250 permit that was denied for a condominium that burned down at Sugarbush resort. The project was denied based on floodway and water quality issues and non-compliance with the Warren Town Plan. A court conference in the appeal has been scheduled for next month. ANR and the NRB intend to discuss with the applicant possible redesign of the project to address concerns that led to the denial. There is no Act 250 precedent addressing this situation where a permitted project has been destroyed and an applicant seeks to re-build it. This is a very difficult site on which to develop, close to a dynamic high elevation stream with a history of water quality problems.

Northeast Materials Group (NEMG): The NRB is a party to an appeal filed by neighbors of an Act 250 permit for a hot mix plant at Rock of Ages Quarry in Barre. An issue has been raised in the appeal as to whether the federal Noise Control Act preempts the state of Vermont, and in this case Act 250, from applying its own noise pollution standards for noise created by trucks. Act 250 has for decades imposed noise standards for trucks based on the facts of a particular case, and has not been constrained by the federal Noise Control Act. The NRB is filing a brief in the case this week that argues against the preemption argument raised by the applicant.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: June 5, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

TDI: We completed an internal review of a proposed MOU and will be sending to TDI shortly. They are planning on reaching agreement with CLF by the 12th for announcement on the 15th calling for more funds, but substantially below that which we agreed to with TDI. Accordingly, my plan is to issue a statement when they announce the agreement with CLF to say "we appreciate the work of CLF in this board process and this is a good start to ensure benefits accrue to Vermonters. We continue our review and will ensure any final project provides substantial benefits to Vermonters if we are to host this project." ... or something to that effect.

VY: Working with the AGO we sent two letters to NRC this week 1) complaining about Staff recommendation that they grant cancellation of the parental guarantees and withdrawals from the Nuclear Decommissioning Trust (NDT) fund without considering our comments or giving us a hearing, and 2) with VYNPC (GMP) and the AGO to reiterate the Vermont ratepayer interest in the NDT and the reason why staff is wrong about the proper

disposition of these funds. I sent both letters to Entergy. Got a “thanks, but you know this makes settlement discussions harder” type response. AGO believes the truth is the exact opposite. On the note that we’re having limited success, NRC approved San Onofre’s reduction in its EPZ yesterday, and we will be internally reviewing the next step in settlement discussions this coming week to forward to Entergy thereafter.

RUS/VEIC Loan Agreement: Met with staff today to discuss a path forward on concern that what the RUS is looking for the Board to do is beyond their authority with respect to collateral. We will draft language we think is acceptable and float by VEIC and RUS directly to ensure we are on a firm track before submitting comments to the Board next Wednesday. On a more positive note – two hurdles have been overcome: 1) RUS has concluded VEIC/EVT is an eligible recipient, and 2) we see no problem with extension of EVT’s order of appointment for an additional 12 years.

Meetings this Week:

Jun 1 – Chris monthly check-in with Jim Volz

Jun 3 – Chris NESCOE call re Order 745 and Supreme Court

Meetings next Week:

Jun 8-10 – Chris at NECPUC symposium in Rhode Island

Jun 11 – H.40 bill signing in Montpelier

Media: Spoke to April Burbank, BFP, about TDI, tried to connect but missed True Morgan, VT Digger, on the same subject. Spoke to Vermont Standard about Tafsville Solar project that many are up in arms about. We received letters from Dick McCormack and draft from Alison Clarkson in opposition.

Everything Else:

PERD

2015 Comprehensive Energy Plan

- Scheduling and Logistics for public focus groups
 - Reserved and processed invoice for June 24th focus group at Vt. College for Fine Arts (Noble Hall); confirmed reservation and set billing arrangements for June 30th event with staff at Capitol Plaza (invoice will be submitted immediately after the event).
- Staff joined some Climate Cabinet and outside stakeholder staff at a day-long workshop on framing climate change action for diverse audiences, coordinated by ANR. A couple interesting points:
 - Rote the use of “climate disruption”, “global warming” and “climate change”

- Don't say "clean energy jobs." People want good-paying, safe, and rewarding jobs. Lead with stories, not numbers.
- Add a climate lens to an existing worldview as opposed to adding a new lens or trying to change a person's worldview.
- VTers are: 33% True Believers; 28% Concerned Parents; 24% Cautious Conservatives; and 15% Working Class Realists. Some common values include entrepreneurship, innovation, saving on principle, and social responsibility.
- See www.environment.yale.edu/poe/v2014 for national climate attitudes survey that includes VT data (including by county!).

Residential and Commercial Building Energy Standards (RBES & CBES)

- Commercial Code:
 - Received 2 planning letters from the Division of Fire Safety for follow up.
- Code Update:
 - Copies of CBES and RBES handbook now available upon request.
 - DOE has approved modifications to REScheck and COMcheck.
 - Requested PNNL provide quote for providing a stretch version of REScheck.
 - Requested PNNL provide a quote to incorporate the Vermont RBES certificate into the printout generated by REScheck.

Energy Efficiency Utility Activities

- *TEPF Clearinghouse (EEU-2013-10)* – Three proposals for Clearinghouse services (web-development, promotion and on-going maintenance) were submitted on May 29th: VEIC, Bluehouse Group, and Bear Code. By June 30th, the Department will recommend a contractor and budget to the Board and identify the scope of work, bids and bid amounts for the Board's review and decision prior to the Department's issuance of a contract.
- Staff reviewed VEIC's proposal to adjust TEPF budgets and goals due to changes in FCM and RGGI revenue. Unrelated to the TEPF QPI changes driven by the decrease in revenue, while reviewing the QPI tables staff and VEIC identified an error related to the TEPF end-of-period spending QPI and some other potential changes that will improve clarity of the QPI tables. The proposal includes setting-aside \$500K of unspent TEPF funds for development and maintenance of the Thermal Efficiency Clearinghouse. Staff anticipate supporting the VEIC proposal when it is filed in early June.

EEU Evaluation

- Staff met with VEIC to discuss the status of the Opower HER initiative. VEIC reported that the program will resume sending Home Energy Reports after "messaging" modifications are made to the reports. The suspension of reports consumed more time than expected and VEIC is now discussing how to get the full value and services out of the contract with Opower.
- Heat Pumps.

- Initial memo under review on the CEED heat pump program based upon available AMI data.
- Additional CEED data AMI information being gathered by EVT.

Technical Advisory Group (TAG) and Technical Reference Manual (TRM) review

- TAG: Added discussions relating to snowmaking assumptions to TAG. Following a historical analysis of previous projects it would seem base assumptions for snowmaking need to be revisited and potentially adjusted.

EE related Public Service Board Dockets

- EEU 2015-02: Staff attended the pre-hearing conference for scheduling activities related to VGS's Transition Period Plan (TPP). TPP activities remain unchanged, however Board staff accelerated the proposed schedule considerably so that VGS budget would be approved in time for VGS to submit a 2016 Annual Plan by December 1. Accelerating the schedule also accommodates having a Board approved 2016 budget in to set the VGS EEC at the same time as the electric EEC (September/ October). This will facilitate the VGS EEC being a separately stated charge for bills rendered Jan. 1, 2016.
- 8486 (RUS): Staff reviewed VEIC's response to questions from the May 20 pre-hearing conference in this proceeding which began to answer questions about how the program would work. Subsequently, staff met with VEIC to express concerns related to the VEIC petition to develop collateral and security terms for the RUS energy efficiency and conservation loan program. VEIC was responsive to all of the DPS concerns including: the need to file loan terms with testimony so the Board can make an order based on findings of fact, the need for VEIC to have some "skin in the game" when it comes to collateral and security terms (including using VEIC Performance Award set-aside for the 6-month reserve fund and VEIC's accounts receivable as all (or part of) the required collateral, the possible need for a QPI penalty for exceeding certain default rate limits. Staff requested and received the business plan and back-up analysis which will inform the loan terms with RUS and will meet with VEIC to discuss on June 1.
- 8544: VEIC Overall Performance Assessment – Staff continued strategic planning for the development of Direct Testimony due on June 26, 2015.

Thermal Energy Finance Pilot (Heat Saver Loan)

- Continued to work on marketing tasks with sub-grantee to develop the marketing materials and plan for expanding awareness of the new loan product among fuel dealers in the state.
- Worked on and received final approval and guidance on revised historical preservation language on the SHPO Compliance Forms for interest rate buy-down programs by SHPO staff. The revisions are designed to clarify how and when borrowers must use the form.

Clean Energy Development Fund

- Approved an invoice for SSREIP incentive payments for 10 PV systems (93.9 kW) for \$33,098 and one wood pellet heating system for \$2,500.

- Reviewed, edited and approved a sub-contract between VEIC and REV for the administration of the RE Partnership Program that is connected to the SSREIP.
- Continued negotiations with VEIC on an amendment to their existing contract to administer the SSREIP that expires in September.
- Together with the State Wood Energy Team completed and issued a \$150,000 RFP for advanced wood heating conversions at schools and non-profit low-income housing state-wide.
- Windham Solar Finance Program
 - Added a fourth vendor to the initial list of installers. More may be added throughout the program as they apply.
 - VSECU continued with their final preparations to open the program; staffing issues required the timeline to shift for opening the program to next week.
- Community Solar Finance Program
 - Worked with the fund manager on the program design for this DOE Sunshot-funded initiative to identify areas that need additional clarification. Under this program, the fund will award interest rate buy-downs to either residential or business customers seeking to participate as an off-taker in a group net metered solar PV project located in Vermont with a system capacity not to exceed 500 kW.
 - Given the short timeline for the balance of the DOE program (end of FY16), it was decided to allow businesses as qualified borrowers to increase the potential range of customers that can access the financing.
- Community Solar Grant Program
 - Processed final invoice for the Shrewsbury Mountain School 25 kW Solar PV installation (Rutland South Supervisory Union) minus a 5% holdback pending approval of final report per agreement (\$29,687.50).
- Vt. Clean Energy Industry Report 2015
 - Conference call with contractor to go over draft report. Final revisions from CEDF are due to contractor by Monday. All changes to text will be approved by Wednesday of next week, at which time the draft will be circulated internally for review and approval, and any final changes if needed. Graphics and layout will follow next week with final deadline currently set for the middle of June.

Renewable Energy Items

- Assisted Representative Weston with preparation for a meeting with neighbors of a proposed 500 kW solar project in Woodstock. Also met with PA to compile examples for her of conditions that have been imposed by the PSB on similar-sized projects in relation to aesthetics and decommissioning.
- Participated in monthly RPC energy planning initiative check-in call. Was also notified that VEC 3-phase data has now been uploaded to the VCGI database as part of this project.
- Sent reminder to VLCT to provide backup documentation to enable processing of their April invoice prior to the deadline for processing invoices this FY.

Net Metering

- Reviewed and sent comments on net metering rate design strawmen.
- Also scheduled meeting to discuss draft comments related to Act 99 general processes.

Net Metering Activity 5/23/15 - 5/29/15

	Registrations	Applications	45 Day Notice	CPGs Granted
Count	9	2	0	16
kWAC	63.80	300	0	558.139
Ave Size kW	7.0889	150.00	0	34.883

Cumulative Capacity of ALL Formal Notices Submitted**

Year Total to Date		Total Since 1999	
2014 kW	2015 kW	1999 – 2015 kW	% of 15% NM Cap
12,204.24	15,869.97	91,970.03	~ 61.3%

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

Rule 4.100

- PSD has requested and the board has granted an extended deadline for filing proposed rule language, now June 26th. This was done to allow more time to consider the implications for rule 5.100 proposals also being developed.
- Several parties had already filed proposals with the board, before the request was granted
 - VEC proposes that all costs over and above what “would otherwise” be necessary should be charged to QFs and that any wheeling costs also be charged to the QF.
 - Great Bay Hydro argues that because utilities are not the actual mandatory purchasers of QF generation, no transmission costs should be charged to QFs.
 - Beaver Wood Energy proposes that avoided costs should be technology-specific and contract terms can short or long-term, firm or non-firm, and should be time and season-differentiated

Docket 8400 Clean Power Link

- Stipulation language has mostly been settled for PSD’s part. See Engineering and Regional Directors’ reports for details.
- Began drafting testimony that evaluates petitioner’s claims that 1) CPL is consistent with the State electric plan, 2) CPL provides a net economic benefit to the State. Neither of

these claims are refuted by PSD but testimony will address areas where petitioner misinterprets CEP and over-states likely ratepayer savings

Load Forecasting Items

- PSD expects to have access to customized Moody's based consensus state economic forecasts produced by Kavet and Carr and has been invited to identify any particular variables of importance to load forecasting models that could be given specific attention in those customizations.
- NEPOOL load forecasting committee is planning to meet this summer in advance of starting work on next RSP forecast. Participants have been invited to make presentations. In its work with the VSPC load forecasting committee, PSD expects to explore breakdown of historical relationship between GDP and load, with hopes of identifying superior explanatory economic variables. This could be a useful venue to present any such findings, given that in ISO's model, GDP is the main driver of VT load.

Docket 7970 VGS Expansion Phase I Remand

- Parties submitted rebuttal testimony for 2nd Remand. Economic Impact component of PSD's filing made following points:
 - The (b)(4) economic impact from a greater conversion cost than previously modeled is negligible, accounting for both the reduction in customer savings on the negative side and the increase in revenues for installers on the positive side.
 - The net impact from a loss (gain) of sales by fuel dealers (VGS) can be estimated a variety of ways with REMI. The most reliable way that DPS found shows a slight net economic loss from NG displacement of Fuel Oil and Propane sales.
- Technical Hearings will begin June 22nd.

Engineering

Vermont Yankee Spent Fuel Management & Decommissioning

Systems maintenance and testing to support Spent Fuel Pool integrity continued during the reporting period. Most notably, on May 27, several fire drills were conducted within the plant Protected Area that featured full fire brigade and medical staff response. No issues identified during the reporting period impacted Spent Fuel Pool integrity. While the State Nuclear Engineer has received several indications that there will be additional onsite security plan changes will likely occur within the next several weeks, no security plan changes were implemented during the reporting period.

First Round Discovery Issued for Second VY Dry Cask Storage Pad

The focus of the PSD discovery was the Spent Fuel Management plan information provided with the testimony, as well as soil characterization beneath the proposed dry cask storage pad. The discovery comments also requested additional justification for the construction of a second ramp on the west side of the proposed storage pad (because the ramp and a filled dry cask storage canister being moved on or near this ramp could block the primary emergency vehicle entrance into VY's Protected Area).

Teleconference Held to Discuss NRC's Acceptance of Several Proposed VY Decommissioning Trust Fund Uses

On May 29, a teleconference between NRC Headquarters Staff, the VT Public Service Department and the Attorney General's Office was finally held to discuss why the NRC is not issuing formal Requests for Additional Information (RAIs) regarding several Entergy-proposed withdrawals from the VY Decommissioning Trust Fund (DTF) that NRC staff had initially questioned in late March. The NRC HQ Staff emphasized that while RAIs will not be issued, the questions that the NRC raised with VY in late March are not fully resolved. The NRC's questions were prompted by questions raised by two PSD / Attorney General's Office letters sent to the NRC in late January. In the teleconference, the NRC committed to 1) providing copies of the regulatory guidance used to resolving some of the questions to date and 2) issuing a written summary of how the NRC's questions were resolved once all of the questions are resolved. Representatives from MA, NH, and NY state government were also on the call.

The teleconference was almost cancelled by the NRC after the VT AG's Office requested that a representative from Green Mountain Power (which potentially has a stake in any leftover DTF money) attend the teleconference. The teleconference occurred after the VT AG's Office withdrew this request. The NRC's concern over including a "non-state agency entity" would be a violation of NRC Management Directive 5.2, the procedure under which the NRC consults with State Agencies on nuclear-related topics. To include a Green Mountain Power (or any "non-state" agency) in such meetings, the requesting State must provide a legal justification on why the representation is appropriate. This justification must be approved by NRC Legal Staff before the third party is allowed to participate. The State Nuclear Engineer will work with PSD Legal Staff and VT AG Office representatives to develop an appropriate legal justification for Green Mountain Power participation in DTF-related NRC teleconferences.

State Agencies File Comments on NRC Environmental Assessment of the Proposed VY Emergency Planning Zone Reduction

On June 1, several State Agencies including the Public Service Department filed a combined set of comments on the NRC's draft Environmental Assessment (EA) for the VY Licensing Exemption Request (dated March 14, 2014) that would eliminate NRC requirements to maintain an offsite radiological emergency plan at VY. Overall, the comments state that the EA is not in compliance with the National Environmental Policy Act (NEPA) because the EA is being issued after the NRC's decision to grant the exemption request. (The NRC Commissioners voted to grant this Exemption Request in mid-March of this year. While the NRC still has a number of procedural steps to complete before the Exemption is formally issued, none of these steps would invalidate the Commissioners vote to approve the request.) The comments also identify six "intensity factors" defined in NEPA that are present in the Exemption Request that warrant further investigation than provided in the EA. The State Nuclear Engineer's contributions to these comments emphasized that VY's Spent Fuel Pool does not have a full containment surrounding it (the first decommissioning plant in the post-9/11 era without one) and as such, should be regarded differently than other recent decommissioning plants (all of which are pressurized water reactors where the spent fuel pools are fully enclosed by a reinforced containment structure).

Vermont Gas Systems ANGP project

Contractors, working for VGS, are making preparations to install a new 800' long pipeline segment into a hole previously bored by Horizontal Directional Drill under I-89 in Williston. Activities to enlarge and condition the hole to avoid pipe damage, similar to an earlier installation attempt at this site, are underway.

Vermont Gas Systems Middlebury Gas Distribution System

VGS plans to initiate operation of the so-called Middlebury “gas island” later this week. Subsequent to a recent review by the Department Gas Engineer, the company revised and resubmitted improved procedural documents which are required to establish pipeline safety provisions prior to “gas-up”. These prerequisites include confirmation of adequate gas odorization, determination of valves and isolation-plan during emergencies, facilitation of a public awareness program and determination of adequate pressure controls and pressure limiting devices for the facilities.

Operator Qualification requirements for natural gas and propane pipeline technicians

The Gas Engineer is currently assessing the status of Vermont Gas Systems Inc.’s Operator Qualification program required by PSB Rules and federal gas pipeline safety regulations. The majority of those Vermont propane companies subject to these regulations have been scheduled for similar inspections. The Gas Engineer will be inspecting Highland Fuel Delivery, d/b/a Irving, later this week.

Proposed New Electric Generation Interconnection Procedures

Engineering has drafted a merged and edited version of the existing PSB Interconnection Rules 5.500 and the Appendix to Rule 5.100. This new document will serve as a basis for a revised set of interconnection procedures which will reflect any changes that have been adopted by ISO-NE in their Tariff Schedule 23 Small Generation Interconnection (SGIP). The goal is to have a single interconnection rule for all proposed generation resources. This process is driven by Act 99 and aided by a DOE grant.

Regional Policy

Variable Resources Working Group

- NEPOOL and ISO-NE discussed whether ISO-NE should provide aggregated information on economic and manual curtailments. Wind developers generally supported the proposal and DPS staff also supported the proposal, arguing that the information would be useful from a planning perspective – whether it would be more economic to update a transmission line to unlock constrained transmission or to build additional wind resources. ISO-NE pushed back against the proposal, questioning whether the information had much value and whether there are barriers to making the information public. With respect to curtailment of run-of-river hydro, it is unclear whether the information would be of much use, given that there will likely not be significant amounts of new hydro resources within New England.

- NEPOOL staff reminded participants that a governor frequency response requirement takes effect by December 2016. Under this new requirement, set forth in Operating Procedure 14, all resources, including intermittent resources, must have governor frequency control. If system frequency fluctuates, generation output is changed to help bring system frequency back in line. Resources are not required to hold back a certain amount of generation in case it's needed to address a frequency deviation; intermittent resources are therefore expected only to reduce generation output when necessary. The requirement applies to resources over 10MW and individual resources can request an exemption.

NEPOOL GIS

- The NEPOOL Markets Committee was asked to refer to the NEPOOL GIS Working Group the issue of creating unit-specific GIS Certificates for out-of-region resources that do not qualify under a New England state RPS. The Markets Committee agreed to refer the issue to the Working Group on the condition that the Working Group first consider whether and under what circumstances the GIS should create Certificates for resources in non-adjacent controls areas.

Finance and Economics

Electric

GMP: This week GMP submitted its initial FY 2016 Base Rate filing and corresponding spreadsheets on as scheduled on June 1, 2015. The filing is proposing a 1.26% or \$7 million rate increase. Staff is beginning the review.

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

PSB Board Rule 5.100-Net Metering: Internal meetings have been held to discuss the compatibility of the Net Metering Rule with the PURPA Avoided Cost Rates Rule. The issue being should fixed rates or some form of fixed rates be established for net metering and or should the net metering rates be the same or different that the PURPA Avoided Cost Rates. Finance and Econ has suggested wholesale market rates be adopted for PURPA. Net metering rates (500 kW and lower) would be the retail rates adjusted with incentives and adders that would be phased out as targets are achieved. Preliminary thoughts for rule changes are due to the Board on June 12.

Stowe Electric Department (SED): Tariff 8553-Rate Design- Stowe filed for approval of its updated/new rate designs using usage information from its smart meters. The rate design

includes new optional Time of Use and Critical Peak Pricing rates. The Department filed a recommendation to open an investigation and the PSB held a public hearing on May 12, 2015 which was sparsely attended. The Department prepared and forwarded an initial round of discovery on June 3, 2015. Parties are scheduled to file a stipulation or a litigation schedule no later than July 1, 2015.

Natural Gas

VGS – Docket 8471 Petition of Vermont Gas Systems for a one year renewal if it's Successor Alternative Regulation Plan. A prehearing conference was held on May 5, 2015, where the Board provided VGS and the Department questions about the renewal. A Department response to PSB questions was completed and submitted on May 29, 2015 covering cost recovery for certain capital investments, accounting for DSM, and tariff revisions for TransCanada pipeline tolls among others. Next steps are unknown at this point.

VGS - Docket 8472 Petition Pursuant to 30 VSA §248 Requesting a CPG to Construct Phase VII Looping Project; VGS filed a petition to construct and install approximately 3.0 miles of 16" transmission line starting from the end of the Phase VI looping line and extending through Georgia, Vermont that will address estimated customer growth through 2019. Phase VII is a continuation of the transmission system expansion that began in 1995 to provide increased capacity and improved reliability. The project is estimated to cost \$10.8 million. The Department forwarded discovery questions on June 2, 2015 concerning customer forecasts, demand growth and the role of DSM in deferring the project. The Department is scheduled to file a PFD on July 10, 2015.

Water

Woodstock Aqueduct: filed its petition for a 20.3% rate increase on November 1. After many changes, the Department recommended that the rate increase be suspended and an investigation be opened. The Board subsequently opened a Docket and a Public Hearing was held on May 18. There was no opposition to the rate increase. This week we completed our review of the revised filing and updated Cost of Service and submitted a recommendation for an 18% rate increase.

Gross Revenue Taxes

Gross Revenue Taxes (GRT): Collections Fiscal Year to Date total \$8,655,790 compared with estimated receipts of \$8,708,117.00 resulting in a difference of \$52,327.45 or 0.6%.

Public Advocacy

VY EPZ LAR – NRC 50-271-LA-2 – The State filed comments pursuant to Federal Register notice regarding the NRC's draft environmental impact statement related to Entergy's EPZ exemption request. The State requested that the Staff withdraw the draft, the NRC withdraw its approval of the exemption request, and require Entergy to perform a more comprehensive, site-specific environmental analysis.

VY 30-Day Notice LAR – NRC 50-271-LA-3 – The ASLB has tentatively scheduled oral argument on admissibility of the State’s contentions for July 6 or 7.

Entergy Second ISFSI – Docket 8300 – Department staff conducted a presentation at the latest Nuclear Decommissioning Citizens Advisory Panel meeting, providing an overview of the Board’s § 248 and 10 VSA § 6522 review of the proposed Project. The Board will hold a public hearing in Vernon on June 4. Entergy responses to first round discovery requests are due on June 17.

FairPoint Service Quality Investigation – Docket 8390 – The Board’s hearing officer held an evidentiary hearing regarding the Department’s May 5 motion to compel. The hearing officer generally ruled in favor of the Department. The Department secured an amendment to the schedule to allow time for FairPoint to provide the Department with outstanding discovery responses. The Department’s rebuttal testimony is now due on June 30.

Deerfield Wind Project – Docket 7250 – The Department reviewed Deerfield Wind’s proposed blasting plan and identified a number of correctable deficiencies. Proposed changes focused on ensuring that all blasting related activities were conducted by licensed blasting technicians, and specifying specific circumstances under which blast mats would be used to mitigate flyrock.

VGS Addison Expansion—Docket 7970—The Department filed rebuttal testimony on May 28, as did VGS, AARP, the Palmers and Ms. Lyons. There is no provision in the schedule for additional discovery in advance of hearings set for June 22-23. On June 2, VGS submitted a response to the Palmers’ Motion to Compel supplemental discovery responses, together with a request that the Motion be denied. Maintaining its objections, VGS provided some of the responses which were requested.

On May 7, VGS filed a letter with the Board advising that it had discovered an agent of the Gauthiers filling in wetlands on the Gauthier property in Colchester that VGS has purchased from them. This parcel is one of the subjects of the MOU between VGS and ANR in this docket. The Board has requested comments on this filing by June 5. It does not appear that VGS has any responsibility for this activity, but ANR will take the lead on dealing with issue.

VGS Looping Phase VII-Docket 8472- The intervention deadline of May 29 has passed with no motions filed. The Department served discovery requests on VGS on June 1; responses are due June 12. The site visit and public hearing were rescheduled for June 18. The Department supports this Project and may enter into a stipulation with VGS. VGS and ANR are discussing settlement, as well. In furtherance of our obligations under §218c(d)(7), the Department conferred with the Georgia Town Administrator regarding the position of the Selectboard on the Project. The Department had previously met with the Town when Looping VII was part of the Phase II docket. The Town Administrator advised the Department, via email, that the Town continues to have no issues with this docket and that no additional meetings were necessary.

VGS/Plouffe Condemnation-Docket 7819-(this matter involves a pre-existing pipeline in Colchester and has nothing to do with the expansion project.)VGS and the Plouffes reached a

settlement in April. VGS advised the Board that no further process was needed and that a settlement agreement would be filed shortly. On June 2, the Board issued a memo to the parties requesting that VGS confer with the parties and advise the Board by June 19 if the matter is, in fact, settled and when an agreement will be filed. When contacted by VGS, counsel for the Plouffes advised that he was no longer certain that he had authority to settle. VGS is considering its options at this point.

TDI New England Clean Power Link Project – Docket 8400- PSD will meet again with AOT next week to discuss the MOU between the agencies regarding fiber in the ROW. DPS testimony is due June 12th.

VEIC Use of Energy Efficiency Funds as collateral for RUS Loan Program – Docket 8486 - The Department held several meetings with VEIC to explore the myriad issues associated with this petition. The PSB's legal authority to authorize encumbrance of a 20-year stream of EEC revenues is questionable, as is the wisdom of doing so in the face of political opposition to the EEC that was evident in the last session. Additional meetings are scheduled, including a briefing with the Commissioner.

Lincoln Renewable Gas-no docket—Department staff met with Lincoln on May 28 to discuss responses to the Board's questions, which responses were due June 1. Lincoln committed to a supplemental filing, which it made on June 1. This filing included a more detailed map and a notice to the Board that VGS would be submitting additional testimony to address any impacts under the §248 criteria with respect to the distribution line which will connect the proposed facility with the gas island. Lincoln also requested that ANR and the Department have an extension until June 15 to respond to the Board questions. This will permit time for review of the supplemental filings and for Lincoln to meet with ANR.

VTC Methane Digester – Docket 8447 – VTC appears to be making progress on the odor issue associated with its Methane Digester, and has circulated a draft stipulation that aims to resolve the present dispute. The complainant filed counter proposals. Parties met on June 1 to discuss the draft stipulation. Progress was made on a number of fronts. The next step is for VTC to respond with a new draft stipulation. Separately, the Board approved a request to extend the schedule another 30 days in order to allow the parties to reach a final resolution. A response from VTC is now due June 22. As a final note, the parties recognize that there is a question as to the Board's jurisdiction over this complaint in light of section 248(q). At the same time, VTC is seeking an ANR permit that will address, in part, nuisance odors. So parties are giving consideration as to what venue resolves what issue, i.e. whether certain items are best dealt with here or in the ANR permitting process.

GMP Alternative Regulation – No Docket – On June 1, GMP filed its 2016 base rates filing, which reflects a change in the base rates, exogenous (storm) charge, and power adjustor. All in, the filing asks for a roughly 2 percent rate increase. The Department now begins its two month review of the filing. We have already been engaged in discovery on the exogenous charge and power costs.

SPEED Wheeling Charges – Docket 8492 – The Board initiated an investigation into the methodology used to allocate wheeling charges to SPEED facilities. This investigation comes on the heels of a long-simmering dispute between VEPPI and VEC related to the manner in which VEC levies wheeling charges on SPEED facilities located in its service territory. The Board’s investigation will address this issue, as well as forward-looking issues involving dispute resolution and a possible revised wheeling methodology. A prehearing was held on June 3. The utilities report making good progress on a settlement. Most parties agreed on a schedule that puts the proceeding on a non-contested path, with an MOU for early August.

Stowe Rate Design – Docket 8463 – The Department sent out light discovery on June 3. Responses are due in two weeks.

GMP Nextera Capacity PPA – Docket No. 8445 – On June 2, a technical hearing was held on GMP’s 15 year PPA with the Nextera Seabrook Nuclear Facility. The PPA is for 150 MW of capacity and a small amount of energy. The case was stipulated and the Board’s questions were fair but did not indicate any glaring concern.

Vermont Solar Farmers 2.2 MW Facility in Bondville - Docket 8443 - After vociferously denying (contrary to ample PSB precedent) that it bore any burden on the issue, Petitioner filed supplemental testimony addressing the impacts of the proposed GMP line extension needed to serve the project. Petitioners confirmed that the line extension will be buried. After being informed that the PSD needed no further discovery, the Petitioner withdrew the apparently vindictive discovery it had served on the Department. Petitioner revealed that the site has been logged since the initial site visit. PSD is determining whether to attend a second site visit. The schedule may be accelerated given that the vernal pool issues with ANR have been resolved, but if not; the next item on the schedule is the technical hearing in late July.

Westman GLC Solar LLC 500 kW Group Net-Metered Solar Facility in Cambridge, VT - NMP 6045

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Cambridge GLC Solar LLC’s 500 kW Group Net-Metered Solar Facility in Cambridge, VT - NMP 6046 -

The Petitioner(s) (two LLCs but both owned by Green Lantern) requested a one month extension to respond to the Department’s and VEC’s comments of May 7, 2015. All parties supported the extension. Comments are now due June 29, 2015.

Farm at South Village Investigation - Docket 8406 - The Farm at South Village (FSV) advised the Board and parties in a letter dated May 22, 2015 that it intends to proceed with its new planting plan. The Department contacted FSV’s counsel to raise concerns with FSV proceeding with a planting plan that has not yet been approved by the Board nor the parties. While the Department supports a speedy resolution of the issues, it believes that FSV should not act unilaterally while the issue of the adequacy of the planting plan is currently squarely before the Board. FSV has not yet responded to the parties’ discovery requests, due June 4, 2015, including requests for further particulars about the proposed planting plan. The Department is

not yet in a position to evaluate whether the proposed planting plan is appropriate in the circumstances.

Lajeunesse Interiors, Inc. Compliance with CPG - Docket 8446 - On Friday, May 22, 2015 the Board issued a Procedural Order asking the Department to comment on whether to admit the stipulation filed jointly by Lajeunesse, Catamount, and the Korshaks into the record without further hearing and requesting comments from the parties as to what penalty should be imposed pursuant to 30 V.S.A. § 30. The Department's comments are due by June 5, 2015. PSD has been advised that Catamount will pay any penalty imposed.

2.2 MW Next Generation Solar Farm LLC, New Haven (Standard Offer) – no docket - The Department received a petition for a 2.2 MW solar facility on May 26, 2015. The Petition was dated May 8, 2015. The Town of New Haven filed a Motion to Intervene on May 20, 2015. The Petitioner responded to New Haven's Motion to Intervene on June 2, 2015; the Petitioner does not object to New Haven's permissive intervention on orderly development and aesthetics grounds, but opposes intervention on all other grounds. The Department will consult with the Petitioner's counsel on a draft schedule.

New England Power d/b/a National Grid Harriman Switchyard – Docket 8493 – A prehearing conference regarding National Grid's petition requesting approval for a number of proposed upgrades at its existing Harriman Switchyard located in Readsboro/Whitingham was held on June 1st. The Department does not anticipate any significant issues of concern based on its initial review of the project, but will be serving informal discovery over the next several weeks. A public hearing (and likely a site visit) is scheduled for June 24th. ANR believes the petition is incomplete, which is complicating agreement on a schedule.

Green Mountain Power Corporation §248(j) for Upgrade of the Wallingford Substation – no docket yet – GMP has filed a petition requesting approval for a number of upgrades, including replacement of the existing 5 MVA transformer with a 7.5 MVA transformer, upgrading of the existing voltage regulators from 328 Amp to 438 Amp, and installation of a security system.

Woodstock Aqueduct Company – Docket 8462 – No motions to intervene were received; therefore, the PSD will initiate negotiations with the company. The PSD anticipates recommending that the PSB allow the 20.249% rate increase. The PSD will also be requesting (1) the company commit to making a filing by July 1, 2016 that transitions the expense of meter ownership and maintenance from customers to the company and (2) that the company's rules and regulation be edited to clarify when a disconnection fee can be charged. Parties are due to file a stipulation or proposed litigation schedule for the remainder of the proceeding by June 17th.

NGRID Transmission Line Construction/Removal Waterford and Barnet– Docket 8444 – The PSD anticipates entering into an MOU with the petitioner by the June 11th deadline to do so. The tentative technical hearing date is June 18th.

GMP White River Junction Substation Project – Docket 8322 – In a letter, GMP states that it has fulfilled all requisite CPG conditions and intends to commence construction of the project.

Telecommunications

Broadbandvt.org and Telecomvt.org websites – PSD staff is migrating information from the broadbandvt.org website to new pages on the PSD website. PSD staff has requested that the hosting company that has hosted broadbandvt.org extend the registration of the URL until 12/31/15 and have this URL redirected to the PSD website. PSD staff has also requested that the hosting company extend the hosting of the VTA website, telecomvt.org, until 12/31/15, and also extend the registration of the URL until 6/30/16.

Northern Enterprises CPG – The Vermont Telecommunications Authority entered into a management contract with Northern Enterprises to manage Northern's fiber assets. VTA employees acted as agents and staff for Northern. This apparently included hiring an attorney to handle legal matters for Northern Enterprises. Northern Enterprises applied for and received a certificate of public good (CPG) to sell telecommunications services, despite the fact that it never intended to sell service. Northern Enterprises never paid gross receipts tax it owed to the Department. Northern Enterprises now owes a few thousand dollars in back taxes.

The VTA hired an attorney to handle this issue. The attorney approached the Department about the issue in the fall of 2014. Department told the attorney that Northern should file a request with the Board to have its CPG revoked and it should also pay all of the gross receipts tax it owed. Northern never paid its taxes and never filed a request to revoke its CPG. A review of VTA records showed that the VTA never followed through to handle this matter. This May, the Department sent another notification to Northern about its overdue taxes.

Northern Enterprises has asked the Department, as Northern's management team--not as regulators, to find a solution to this matter. Northern would prefer that the VTA attempt to negotiate down the tax debt. The Department will not negotiate with itself to reduce Northern's tax debt, and it appears that the VTA's management contract with Northern would not require the Department to do so. In addition, Northern is overdue on \$17,000 worth of invoices from the VTA. It seems unreasonable that the Department, standing in the shoes of the VTA, should continue to manage the assets of Northern Enterprises given that it has not paid its bill to the VTA and the clear conflict of interest that has arisen as result of the CPG issue. Accordingly, the Department will terminate its management agreement with Northern Enterprises.

Northern Enterprises Asset Transfer Agreement – Northern Enterprises expressed interest in transferring its assets to the VTA. VTA staff, acting in the capacity as Northern's management team, hired an attorney (the same one mentioned above) to draft an asset transfer agreement on behalf of Northern. The VTA's attorney negotiated with Northern's attorney to create an executable copy. Northern Enterprises has an executable copy it can sign. However, since it

became known to Northern Enterprises staff that the Department of Public Service would be assuming control of the VTA's assets, members of Northern Enterprises' Board expressed hesitation over transferring Northern's 55 miles of Fiber to the administration. VTA staff and Northern Board members attempted to find a different entity willing to take the assets. They attempted to convince the Northern Vermont Development Association that it ought to take the assets. The NVDA ultimately declined to accept the assets. It appears the VTA Board was unaware that VTA staff, acting as Northern's management team, was attempting to find a new taker for the Northlink assets.

Department Staff have been in touch with Northern Enterprises about the transfer and have assured them that the Department and the Administration take seriously the broadband concerns of North East Kingdom residents.

VTA CPGs – The VTA has at least 11 CPGs. Department staff considered whether it would be a conflict of interest for the Department to hold CPGs. Department staff consulted with the AGs office about this issue. The assistant AG said that it appeared the Department was required by law to hold the CPGs and that the Department ought to consider putting clear guidelines in place to ensure that conflicts of interest do not become an issue. It is unlikely that these CPGs would ever be an issue as they are permitting CPGs. There are 10 248n CPGs and one 248a CPG.

EDA Grant Transfer – The EDA gave the Department guidance on how to transfer the Cellular Resiliency Project grant to the Department. Staff has prepared the forms and they are ready to be signed. In addition to these forms, the EDA requires a copy of the Department's enabling statute, the statute directing the Department to take the VTA's assets, and a commitment letter.

CoverageCo Project – The EDA accepted the contract between EdgeConnex and CoverageCo and CoverageCo has issued a notice to proceed. EdConnex should be installing radios now. EdgeConnex CEO expressed concern about completing the project on or before the November 1 deadline. It appears that the Department may be able to seek an extension prior to end of the project.

NBRC Project – the Northern Border Regional Commission extended a \$200,000 grant to the VTA to build fiber throughout the NEK. Due to delays in make ready, the VTA sought an extension of time from the NBRC to July 31, 2015. The NBRC granted the extension by email on June 2. The Closeout report is due at the same time. Because the project will now be carried over to the Department, the Department will need to ask the NBRC for permission to transfer the grant.

Public Records Request – the VTA has received a request for all non-disclosure agreements it has with carriers. A VTA staff member has identified 85 relevant documents. The requester asked for these documents in response to the VTA denying his appeal for other records. The VTA stated that it would need to charge the requester nearly \$6,000 for the time it would take to ensure that the VTA was legally allowed under the NDAs to release the data. The VTAs

determination rested on the fact that much of the requested data (GIS files) were proprietary and exempt from disclosure and that the VTA could be liable for damages from the disclosure.

Fiscal Agent Contract – The Department has selected Solix to be the fiscal agent for the Vermont Universal Service Fund.

FairPoint Pole Attachment Complaint against Comcast and Charter – DPS filed a response to FairPoint's complaint and Comcast/Charter's motion to dismiss the complaint. DPS has supported the motion dismiss on the grounds that FairPoint's complaint does not present sufficient facts to demonstrate that they are entitled to the increased pole attachment rate that they demand. DPS also stated that the complaint should be dismissed without prejudice to allow FairPoint to refile with more specific allegations against the respondents, or the Board should stay the complaint until it has issued a final order in the VoIP docket.

Comcast CPG Renewal – Division staff had a third meeting with Comcast and representatives from the Vermont Access Network to try to reach settlement on various issues relating to PEG programming. Comcast has made several proposals to VAN, and VAN still has yet to respond to those proposals. The parties have tentatively agreed to schedule a fourth meeting at the end of June to try to reach some resolution on PEG issues before Comcast files its petition.

Duncan Cable CPG Renewal – Division staff prepared and served discovery requests on Duncan Cable. Per the current docket schedule, Duncan is required to file responses by June 26.

GMP/VTel Plan to Install Telecommunications Equipment in Brandon – Representatives from GMP and VTel have been in discussions with DPS about plans to construct a utility pole adjacent to GMP's substation in Brandon and install telecommunications equipment on the pole. The Board has requested that both GMP and the Department provide comments to the Board on whether a CPG is required for the project. GMP and VTel have represented that the telecom equipment will be used only by GMP as part of its smart grid network, but that the equipment can be activated to provide service to VTel customers at some point in the future. DPS has advised GMP that a CPG will not be required if the telecom equipment is used only by GMP. However, if the equipment is activated for VTel customers, then VTel will need to seek a CPG from the Board. The Department will file comments with the Board by the end of next week.

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

- AT&T application for *de minimis* modifications to equipment installed on the rooftop of a building on Main Street in Burlington;
- AT&T application for *de minimis* modifications to equipment installed on the rooftop of an administration building at Smuggler's Notch Resort in Jeffersonville.

VTel Calais Projects — VTel filed an application for the Calais site on Friday, May 15. The Department intends to file comments and testimony from aesthetics and radiofrequency engineers by Friday, June 5. The Department's aesthetics expert has found the project will have

an adverse impact, but that impact will not be unduly adverse. The radiofrequency expert has advised Division staff that VTel's application does not contain sufficient information regarding coverage goals to be able to make a determination as to whether co-location at a different site is feasible. The Department intends to recommend that the Board withhold issuing an order on the application until VTel provides supplemental information on the coverage goals for the project. The Town of Calais intends to seek party status and has retained legal counsel. Their attorney has informed Division staff that the Town intends to submit reports from aesthetic and RF experts as well. The Department will review any filings from the Town and make recommendations to the Board as to whether a hearing is required.

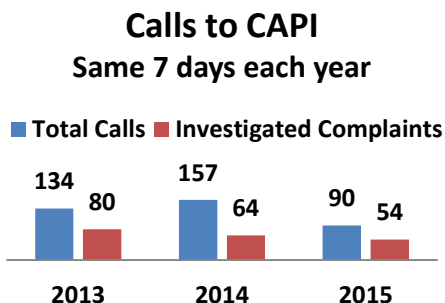
VTel Cabot Project – The Department received supplemental application materials for VTel's Cabot application by email on Tuesday, June 2. Hard copies of the supplement have yet to be received. The Department will file comments and reports from aesthetic and RF experts with the Board within 21 days of receiving the supplement.

VTel Pownal and Burke Projects – VTel submitted supplemental application materials for applications to construct new towers in Pownal and Burke. DPS had previously submitted recommendation letters to the Board recommending that the Board approve the projects without further hearings. The Board issued a memorandum stating that the applications were inadequate because they did not have sufficient information regarding historic sites and did not fully address some environmental criteria. After receiving the supplemental materials, the Department filed a second set of letters with the Board recommending that both projects be approved.

DPS received the following new 248a petitions and notices:

- AT&T motion for non-substantial change determination for previously permitted 140 foot tall tower in Topsham;
- AT&T application for *de minimis* modification to a 120 foot tower in Jericho;
- U.S. Cellular application for *de minimis* modification to a 83 foot tower located at the Okemo Mountain Ski area in Ludlow;
- AT&T application for limited size and scope construction of a 124 foot pole in Weston.

CAPI



Other Business

Equipment Distribution Program: Staff issued an RFP for administration of the EDP. Responses are due 6/16 and will be reviewed with staff from the Department of Aging and Independent Living (DAIL), in anticipation of an increased role in the EDP for DAIL going forward.

NASUCA resolution re: customer charge: members of CAPI, PERD, Regional, Finance, and Public Advocacy divisions met to discuss the customer charge on utility bills and the NASUCA resolution specifically. There was general agreement that keeping the customer charge low is important, but that increases to the charge could, potentially, be acceptable when there are state policy reasons (such as to advance efficiency goals) or when there is substantial consumer/societal benefit causing the increase. There was also concern that the resolution names opposition to straight fixed variable rates, when SFV rates might be a useful tool in the future. Staff agreed that avoiding negative outcomes for consumers should be the focus, rather than on denying use of specific tools. However, there was recognition that the regulatory climate in Vermont differs from other states, where stronger language opposing increases and tools might be needed. Staff is in communication with NASUCA to relay our concerns and provide draft edits.



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

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: June 4, 2015
Subject: Weekly Report

DEMHS

EMAP contacts have notified DEMHS that they will issue a DRAFT report to the State by this Friday. It is expected this report will include a finding regarding the draft condition of the State COOP plans and therefore will find the program non-compliant on the related standard. They are allowing us an additional 30 days in order to provide the staff supplemental material to include plans with have been signed off by each of the SSF agencies.

VT ALERT demonstrations were provided to the towns of Putney, Cambridge and Warren.

VT ALERT training was provided to the town of Williston.

Public Assistance Officer is preparing and rehearsing for Intermediate Trainings, scheduled for 06/09 in St. Johnsbury, 06/10 in Colchester, 06/16 in Mendon, and 06/23 in White River Junction. To date, more than 30 applicants have pre-registered for one of the sessions.

Here is an update on continued progress on the five ERAF criteria, as derived from publicly-available data on the FloodReady website:

ERAF Mitigation Actions	6/24/2014	11/17/2014	12/8/2014	1/30/2015	6/1/2015
NFIP Access	87%	89%	89%	89%	89%
2013 Road And Bridge Standards	70%	77%	78%	80%	84%
Local Emergency Operations Plan	36%	64%	61%	66%	72%
Local Hazard Mitigation Plan	35%	41%	40%	44%	53%
River Corridor Protection	20%	23%	23%	23%	24%

For DR4207, there have been \$157K in new PW obligations since last week: Total federal share obligated to date for DR4207 is now \$1.2 million (up from \$1.05 million last week).

Northern Exercise Planner also conducted Concept and Objective site visits with the Town of Duxbury, Vermont 211, Champlain College, and the Division of Fire Safety.

Southern Exercise Planner reached out to CAT 2 exercise drop-outs in order to gauge interest in participating in VG.

Northern Exercise Planner conducted the Champlain College After Action meeting. The SEOC Objectives Meeting was held this week with all of the SSFs in order to draft objectives for the SEOC in Vigilant Guard.

Legislative Contact:

Staff from Senator Leahy's office indicated on 06/01 that the DR4207 PW for VEC is expected to clear Congressional Queue this week. When it does, they will initiate a press release, with opportunity for the Governor to comment if desired.

Vermont State Police

A Troop

Williston arrested (4) subject with (4) total charges. Troopers handled 122 complaints. 16 arrests/31 charges for the week in St. Albans

Cpl. received information from AOT workers advising that they had seen a male carrying rifle from the woods into his residence. The Troopers met with the male, Eric Bartemy, and were given consent to search Bartemy's house, where they discovered multiple stolen weapons, including the ones linked to Tprs. initial case. Bartemy was charged with Burglary & Possession of Stolen Property and lodged.

Untimely in Warren, 88 year old male with multiple health problems, died at home, natural.

Untimely in Enosburg, 57 year old female, Diane Lefebvre (Victim # 1 in the Sen. McAllister case), multiple health issues and opioid dependence, not suspicious, sent to OCME for autopsy (Monday).

NUSI, adult female reporting L&L with an adult male, victim has yet to follow up yet with initial interview.

NUSI, case involving 13 year old female, mother claims that her daughter was having a sexual relationship with a 26 year old male, unfounded, mother may have some mental health issues.

NUSI, L&L case involving a 9 year old boy and two other juveniles, investigation is ongoing. Untimely in Warren, 52 year old female with stage four ovarian cancer, natural.

Suspicious investigation at Mt. Ellen in Fayston, propane take line found cut with a pipe left on the tank. Possible link to a suspicious fire investigation last week at a Waitsfield fire department member's home, that victim works at Mt. Ellen and new to the fire department.

CUSI, L&L case involving an adult female victim/adult male accused at Fletcher Free Library in Burlington.

B Troop

Troops continued to assist BCI with the case until completion of scene and arraignment of offender. Subject shot and killed his ex-wife's husband. In addition to the homicide troops arrested 9 other subjects.

Homicide in Brownington VT – All BCI B Troop Detectives involved throughout the week assisting Major Crimes Unit with follow up interviews

Follow up on missing female (Kim Willis) in Albany VT where she was later found deceased. Down load of Cell phone revealed a text message that failed to go out. It indicated that the deceased was planning on taking her own life.

Death Investigation –Glover VT, 64 yr old male with Throat Cancer

Death Investigation – Corinth, VT 78 yr old male with prostate cancer

Embezzlement case from earlier in the year involving female stealing money from STJ Dunkin donuts. Female was arrested and issued citation.

Assist to ICE with male from NJ coming to VT in attempt to lure an underage female. Male did not show up because of car problems in NJ. ICE agents have been posing as underage female in a chat room conversing with the male. He was supposed to come to VT.

C Troop

Troops responded to a domestic in Clarendon, male was armed with a large kitchen knife but did comply with commands and dropped the knife. He was taken into custody for domestic assault and lodged at MVRCC.

Sgt. responded to back up Bristol PD with an accident in which the occupants fled the vehicle, Tpr. and K-9 called out to assist, all occupants located and the driver arrested for DUI.

Untimely death of a forty-three year old male found dead in a vehicle along a rural road in Orwell. Victim sent for autopsy, likely cardiac related natural death

Sen. Sanders security detail

Report of 15 year old male having sex with a 14 year old male. Both are special needs. Investigation continues.

Received drug analysis from lab from 2014 case. Tested positive for heroin. Arrested Joseph Jurgen for possession of heroin. Completed and submitted paperwork.

Granted and executed search warrant at correctional center for phone conversations, letters, and disciplinary reports.

Reported inmate Glen Ford is violating his court conditions by contacting his victim via his 15 year-old step-daughter and by phone. DCF notified and investigation continues.

Assault at correctional center. Investigation continues.

Assisted Rutland County State's Attorney Office with information on suspected sexual assault at local Rutland City School. Situation already investigated.

Sex Offense. It was reported a 14 year old girl may have been sexually abused by her 16 year old boyfriend. Town of West Rutland. Offender Interviewed.

Sex Offense. It was reported a 7 year old boy was sexually abused by his 17 year old uncle. Victim interviewed. No disclosure.

Child Abuse. It was reported a 2 year old boy was physically abused by his parents and suffered a fractured tibia. Interviews conducted. Accidental injury/No Abuse.

D Troop

Conducted stop consent gained 13 bags of heroin located. Two subjects arrested.

DUI arrest, same female that was recently arrested twice for Felony Possession of Heroin.

Aggravated Domestic Assault and Gross Negligent Operation of a Motor Vehicle. Arrest came from a case in which an ex-boyfriend rammed his car into a vehicle occupied by his ex-girlfriend and her new boyfriend.

New Case- Sex offense, conducted interview with victim.

New Case- Sex offense. Thirty year old male reported being assaulted fifteen years ago.

TSU Activation in Chester

Death Investigation (Suicide) in Rochester.

Death Investigation (Untimely) in Rochester.

Untimely death in Stockbridge

Untimely death in Westminster

SAR activation, lost hiker

Fire Safety

The Division received \$9.8 million in new plan review construction valuation collecting \$52,000.00 in permit fee revenue.

On June 1, 2015 we had approximately 15 companies attend a meeting at our central office to discuss the automation of our third party inspection reports (TQP). I will be working with RSI over the next few weeks to put forth a sole source contract to complete this project.

On June 2, 2015 I (Director Deroscher) met with the Newport Fire Chief and Kathy Metras, Deputy Director of Program Services Northeast Kingdom Community Action, Inc. in Newport to discuss "Warming Shelters". This past legislative session there was a bill introduced (H.264) which Rosemary testified on. The bill would exempt volunteers and others from civil liability for helping other out but the underlining issue was this would apply to building owners who opened their doors for the homeless. Prior to the bill being introduced, Assistant Fire Marshal, Paul Cerutti inspected a church in Newport whereas the organization (NEKCA) wanted to put 20 beds in the basement of the church to provide a shelter for the homeless during late fall and winter months. Paul wrote a report indicating they needed to provide sprinkler protection and other life safety related features which the organization simply could not afford. In an effort to keep this from growing into a debate in the legislature I met with Representative Strong and Representative Gary Viens to discuss the details. After our meeting it was decided I would work through this situation because it was isolated to the Newport area. We have reached a viable solution for now without jeopardizing safety.

Criminal Justice Services – Marijuana Program

As of March 2015 there are 1788 registered patients in the program. This represents a 151% increase since August of 2013. In October of 2013 the dispensary in Brandon VT became operational. The operations of the four dispensary have continued to develop which we attribute to the rise in registered patients. Also 86% of all registered patients are obtaining their marijuana from dispensaries.

Three of the dispensaries are altering their growing operations by developing a second grow operation. This is authorized by law. One of them is looking to grow marijuana in a green house in Charlotte, VT, one is looking to acquire a very large commercial building in Milton, VT and one is looking to move its dispensing facility from Brandon to Williston. The Department has a concern with the green house grow proposal and the move to Williston. The green house grow operation must ensure that it is not visible to the public. The Williston move significantly alters the dispensaries original application and is probably in violation of the provision of law that states dispensaries should be geographically located for patient convenience. The department intends to take all three proposal to the marijuana oversight committee for evaluation and recommendation. These changes represent a significant move forward for the dispensaries. They are trying to expand their production of marijuana and also increase their customer base. The dispensary moving to Williston is considered an encroachment on the Champlain Valley dispensaries customer base. However, an argument is being put forward that Champlain Valley cannot keep up with patient demand.



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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: June 5, 2015

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Issue Updates:

Randolph Ag/ANR Lab New Construction: Public meeting 5/27/15 went well, with support from the community for moving the entry to the site onto VTC's campus (Administration Drive). The massing of the building was well received, and it will be shifted as far south as possible to keep the view shed along Furnace St. open. DFS permit was applied for. Work is now underway to submit for zoning permission on 7/20/15. We meet with the Two Rivers Regional Planning's executive director, and also with the administrator for Act 250 this week. Cannon has submitted its draft schematic phase package for review at an all-day meeting on 6/11/15. Cannon's schematic phase pricing will be available soon. We will proceed immediately into design development when schematic phase is deemed complete.

Westminster DPS Facility New Construction: The GC is mobilized onsite, and are excavating and pouring concrete footings.

RMMTC:

- Bill and Allen meeting with City Finance Board June 4, 2015 – Obie has seen the material we will use.
- Additionally scheduled time to work on the amendment to clear up the confusion and ambiguity in the lease with City.
- Requested invoice summary received and reviewed review. Trying to figure out why we (SOV) are spending >\$60K on O&M and nearly \$30K in labor cost on a building we lease and pay Rutland to operate.

Barre Court: Asbestos abatement complete and test results very favorable – tenants back in the building – awaiting final test report.

Significant Meetings/Events:

Emory Hebbard Condo: Jeff Lively has arranged a meeting with Mark Needleman next week. 6/26 travel to Newport for meeting.

DOL Parking Plan and Design: Met with Commissioner Noonan, Wanda Minoli and Bob Rea to discuss and calm the DOL Commissioner by giving DOL a briefing and assurances.

Sam Sammis/Exit 4: Met with Secretary Johnson, along with Wanda Minoli, Jeff Lively and Ed Vonturkovich to discuss the 35 year lease and the changes sought by Sammis.

Note: Sam Sammis requested that Ed Vonturkovich attend Act 25 hearing. It was decided that based on the agreement, it would not be appropriate for Ed to provide testimony at the hearing.

Windsor Prison – Green Mountain Power: Met with Kirk Shields and Robert Dostis of GMP, along with Dan Edson, to discuss the long term lease for Green Mountain Power's 40 acre solar installation.

FINANCE AND MANAGEMENT

Issue Updates:

The budget office conducted interviews this week for the vacant analyst position and we have agreed on our top two candidates. We are now in the process of checking references. We hope to make an offer next week.

Financial Operations continues to plug away at the requirements gathering project. The VISION upgrade and Project Costing business streams are on track to finish up in the next couple of weeks. The E-Procurement stream fell behind due to a change in consultants. Our current schedule has this business stream extending out to late July.

HEALTH CARE REFORM

All Payer Model: We are making progress on the Medicare trend analysis with CMMI. CMMI wants to better understand what we would propose and does want to establish a high level trend for regulated revenue, which will work as long as it is understood that the deep dive analysis will not be completed for another 8 weeks. GMCB is slowly working on the regulatory model and we are attempting to help however we can. Because the all payer trend is on regulated revenue, we need to ensure that we are being operationally realistic when expanding the scope of this revenue over time to ensure that GMCB can implement a rate-setting agency for that type of provider in the time frame proposed in the APM.

SIM/VHCIP: The SIM Core Team met on June 1st and discussed the following: negotiations with CMMI (described below) and approved modifications to the Shared Savings Program quality measures.

The SIM finance team spoke with CMMI on 6/3 and submitted additional financial documents. CMMI indicated that they would be discussing the State's contracts CMMI indicated they would provide a new

template to the State for contracts for resubmission. They indicated our contract approval is a top priority.

The SIM Team also received favorable signals from CMCS about the State Plan Amendment for the Medicaid Shared Savings program. The SPA is 'pending concurrence', which means it should be cleared for approval soon.

The SIM Team is working closely with the APM team to finalize documents for CMMI as requested late last week.

Cadillac Tax/Large Group Market Study: We are on track for getting a vendor. We've met with GMCB staff to determine how to ensure that the large group market study & this public employees study are coordinated.

Employer Survey: We are finalizing the employer survey report with UMass. We are not recommending a big roll out, but this report will garner attention, because Morgan True has a request from January to see the report when it is finalized. It is also in lieu of the DOL survey, which is typically done every other year. It contains interesting information about employer-sponsored health insurance and other benefits, so legislators will want to a presentation on the findings. Michael is connecting with Scott.

HUMAN RESOURCES

Legislative Update:

Ban the Box: Received input from various Agencies/Departments as we move forward. Making progress on establishing a DHR policy.

Cadillac Tax: Waiting for plan of action from the Director of Health Care Reform. Interviewing possible consultants for summer study.

Classification Study: Working on RFP to hire consultant to analyze our employee classification system.

Communications Update:

Press Requests: Requests from Seven Days, WCAX (via Nancy Remsen), VTDigger, and the Burlington Free Press regarding the \$10.8 million, specifically the RIFs.

VTDigger asked us to produce the number of merit awards rewarded across state government.

DHR Communications: Had a good meeting with Heather Pelham (CMO at ACCD). She is working with us on upgrading our website and developing a strategic communication plan.

We have launched the DHR Facebook page and are currently working on populating it. Additionally, we will create an editorial schedule with the Social Media Working Group.

Significant Events/Meetings:

Labor Relations: Week consumed with administrative processing of RIFs to include notification to VSEA and affected employees.

Benefits:

- The BAC meeting is this Friday (6/5). ESI (Express Scripts our PBM) is attending to present the attached report, which focuses on compound and specialty medications and how we can utilize ESI to help mitigate some of the costs. Milliman will also be there to give a general data update.
- Through several different email chains, we think we have discovered one of the reasons that retirees are experiencing higher copays this year as compared to last year for some of their medications. Because EGWP is a Medicare plan, pharmacies are not allowed to use “discount” or “coupon” like they could previously, which means that retirees could see larger copays if they were using such a service previously. There is no way around this, as it is CMS regulations that prohibit the use of discount cards.
- Drafting a correspondence to current FSA participants to inform them that they will be able to rollover \$500 from this year into next plan year.

Wellness:

- We held a meeting with BCBS to specifically talk about the issues we have faced with the Cerner portal and especially the reporting functions that have resulted in real dollar implications (e.g. points being erroneously awarded to employees). BCBS voiced very similar concerns, and feel that they full understand our frustration and are equally upset over the mistakes. They have been working diligently with Cerner to fix things and have made some strides recently.
- The next round of incentives will be going into paychecks at the end of the month.

Field Ops:

- RIF activities at the forefront. The meetings have gone well, with the exception of 2. Tax had a no-show and employee’s RIF notice was mailed certified, and Secretary of State employee didn’t respond well.
- ANR has an interesting situation regarding their employee being RIF’d. He lives at the Fish Hatchery where he works. They are giving him 90 days to clear out. No lease.
- The KPMG audit has consumed a considerable amount of time. With 39 of the 40 samples researched, we’re missing supporting documentation for 2. Both are for temp hires.
- Merger of the DEC and Agriculture Labs is on track for 7/1. Staff will be meeting with the Lab director early next week.

Workforce Training:

- Supervising in State Government (SSG) Level 1 is hitting a stride. The fourth and fifth cohorts are launching this week, with 15 and 24 enrolled, respectively. Evaluations are strong
- Planning for SSG Level 2 has begun and we will be calling the advisory group together within the next three weeks. Hope is to launch September (October latest).
- Met with AOT training leadership to initiate transition from their Fundamentals of Supervision course to WD’s SSG 1 and 2. Questions of funding and of participants from municipalities arose and will be explored.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare VHC – Change of Circumstance: We are working with Sean Sheehan, the VHC Public Information Officer, to provide a secured, privacy-ensured demo of Change of Circumstance.

Evolving Issues:

IBM: Discussions continue with IBM about licensing discrepancies and software contract terms changing. There is a tremendous amount of confusion around this and IBM treats the State of Vermont as one entity (including state colleges, others). State legal representation is being engaged to offer a unified response and settlement with IBM who appears to be adjusting (with the wind) what they think the State owes them for incorrect software licensing. Corrections, Children and Families and Tax are the primary agencies/departments being addressed and currently IBM is looking for nearly 200k-300k in reimbursement.

Microsoft: In collaboration with BGS and the AGO we have come to agreement with Microsoft to transition the state email system, file sharing, and Office applications (Word, Excel, PowerPoint, etc.) to the Microsoft cloud. This initiative will lower operational costs and increase functionality available to users. State employees will be able to access working documents regardless of their location, and security will be enhanced. This agreement will cost us approximately \$2.4M annually.

Web Updates:

- Harry is working with Fish and Wildlife to move data into the Open Data Portal. The data will be used for online mapping of various features the department is responsible for.
- Harry is working with the Vermont Department of Financial Regulation to begin accepting online payment.
- The Department of Public Safety's new Website for the Public Safety Broadband Commission (psbc.vermont.gov) will launch on 6/8.
- The Vermont Commission on Native American Affairs new Website will go live the beginning of the week of 6/8.

LIBRARIES

No report.

TAXES

Legislative Update:

Property Transfer Tax: After the dust settled, the new tax surcharge will be implemented on June 17 (day after signing). The Department has scrambled, but as of today has the new forms in place and distributed a fact sheet explaining the timing and changes to stakeholders and legislators.

Current Use: The Current Use easy out, running from July 1 – Oct 1, will be the next fire drill for PVR. The Division has mapped out processes, and possible staffing solutions, but the quick turnaround will be a challenge for both the Departments and towns (which will need to re-bill the removed properties for 2015 taxes).

Sales Tax on Soft Drinks: Our outreach division has scheduled a webinar for grocers to explain the Streamlined definition of soda.

Cloud Tax: We will be issuing very general guidance about cloud tax. Trickiest issue may be the effective date, and in the event of any refund requests, we likely will need to deal on a case by case basis.

Use Tax Increase: We have done some preliminary analysis of use tax reporting from this tax season. This was the second year that we required certification if a taxpayer chose to leave the use tax line blank on the personal income tax return, however it was the first year of an increase in the safe harbor amount. What we found is that the number of returns reporting use tax decreased, particularly among preparers, although overall we collected more use tax revenue. It will be interesting how these trends continue, since this year the Legislature instituted more increases in the safe harbor amount going forward (we are higher than other states). The feedback we hear from practitioners is that taxpayers will use a reasonable safe harbor, but as it increases, they tend to default to claiming no use tax at all.

Operations:

Presentation Season: The spring and fall are heavy on presentations to stakeholder groups for the Department; with the spring convenient as a time to do education on the recent legislative changes. Staff and/or the Commissioner have presented to practitioners in a couple of forums, and next week we will have a meeting of our Tax Advisory Board (largely businesses and non-profits). Audit staff, together with the Commissioner, Deputy and Policy Director, also went on a farm tour in Williston arranged by the Agency of Agriculture - a great opportunity to discuss modern farm practices. We will follow up with a meeting with the Agency to discuss issues particularly around sales tax exemptions and current use.

Standard Operating Procedure for Contested Appeals: After much internal discussion, we are getting close to a final draft on a standard operating procedure for contested assessment cases. We hope to adopt the SOP in the fall, although practically we will only be able to implement it as tax types come online in the VTax system, which gives us the ability to track cases and caseloads. The highlights of the SOP include that the every division will be following the same procedures regardless of the tax type; the taxpayer will receive an informal “Notice of Intent to Assess” before the formal assessment that triggers the 60 day appeal period is issued (affording an opportunity for informal resolution); and time guidelines are provided to move a case through all stages within the Department to a final resolution by decision after hearing within 18 months. In the meantime, we are addressing the backlog of dated appeals. This is a sea change that will be challenging to implement, particularly for our newly constituted Compliance leadership team.

VTax Project: The second phase, for implementation of sales & use, meals & rooms, and withholding taxes, is proceeding on schedule. We are well into the design phase, and shortly will begin testing. Staff is working on an outreach plan. The Department will be in its pre-launch quiet phase Nov 9-11,

with Go Live scheduled for November 12. A personnel challenge will be that the business unit involved is anticipated to subscribe heavily for retirement.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: June 5, 2015
RE: Boards and Commissions Update

New Legislation: Vermont Liquor Control System Modernization Study Committee:

Evaluate Vermont's liquor control system and the Dept. of Liquor Control and determine whether and how the system and the Dept. can be made more efficient, effective, and profitable for the Vermont economy while protecting the public health and safety.

- (1) two current members of the House of Representatives, who shall be appointed by the Speaker of the House;*
- (2) two current members of the Senate, who shall be appointed by the Committee on Committees;*
- (3) the Chair of the Liquor Control Board or designee;*
- (4) one member appointed by the Governor; and*
- (5) the Commissioner of Taxes or designee.*

Maxine Grad called to support appointing Joan Wilson – Joan and her husband John own THE WINE SHOP in Waitsfield. Maxine said she was the impetus of the legislation and testified in committee. Joan wants to be able to sell expensive fortified wine i.e. Port in her shop. Prior to moving to Vermont Joan was in the stock market and was there on 9-11. They moved to Vermont shortly afterwards. Joan and her husband have done a lot to help the historic village of Waitsfield come back after the flood.

Once you give me the thumbs up I will ask her to complete an application.

Advice and Consent of the Senate Confirmations:

Deb Markowitz	Secretary, Agency of Natural Resources
David Mears	Commissioner, Dept. of Environmental Conservation
Louis Porter	Commissioner, Dept. of Fish & Wildlife
Michael Snyder	Commissioner, Dept. of Forest, Parks and Recreation
Regine Ewins	Member, Board of Libraries
Lucy Comstock-Gay	Member, Board of Libraries
Stephanie O'Brien	Chair, Liquor Control Board
Offie Wortham	Member, Community High School of Vermont
Daniel Alcorn	Member, Community High School of Vermont
Carol Ann Bokan	Member, Community High School of Vermont
Timothy O'Connor, Jr.	Member, Connecticut River Valley Flood Control Commission
Gary Moore	Member, Connecticut River Valley Flood Control Commission
John McClain	Member, Current Use Advisory Board
Brendan Whittaker	Member, Current Use Advisory Board

Patrick Bartlett	Member, Current Use Advisory Board
Randy Viens	Member, Current Use Advisory Board
William Pickens	Member, Fish and Wildlife Board
Dennis Mewes	Member, Fish and Wildlife Board
Dominic Cloud	Member, Natural Resources Board
Steve Goodrich	Member, Plumbers' Examining Board
Krista Huling	Member, State Board of Education
Richard Park	Member, State Labor Relations Board
Edward Pagano	Member, University of Vermont Board of Trustees
Emma Marvin	Member, Vermont Economic Progress Council
John Davis	Member, Vermont Economic Progress Council
Catherine Dimitruck	Member, Vermont Natural Gas and Oil Resources Board
Donald Marsh	Member, Vermont Natural Gas and Oil Resources Board
Robert O'Rourke	Member, Vermont Racing Commission
Robert Lees	Member, Vermont State Housing Authority
Lindsay Kurrle	Member, Vermont State Lottery Commission
James Ehlers	Member, VT Citizens' Advisory Council on Lake Champlain's Future
Denise Smith	Member, VT Citizens' Advisory Council on Lake Champlain's Future
Alexander MacDonald	Member, VT Citizens' Advisory Council on Lake Champlain's Future
Robert Fischer	Member, VT Citizens' Advisory Council on Lake Champlain's Future
Mark Naud	Member, VT Citizens' Advisory Council on Lake Champlain's Future
Jon Groveman	Chair, Natural Resources Board
Charles Haynes	Alternate Member, Natural Resources Board
Elizabeth Courtney	Alternate Member, Natural Resources Board