

From: Springer, Darren [Darren.Springer@vermont.gov]

Sent: Saturday, June 27, 2015 11:10 PM

To: GPS

CC: Johnson, Justin; Miller, Lawrence; Allen, Susan; Richards, Alyson; Coriell, Scott; London, Sarah

Subject: Highlighted Weekly - Exec Priv

Attachments: Weekly Reports - Executive Privilege 06 26 15.pdf

Highlighted Weekly attached.

Gov - please check out Rebecca's thought on spending funds to contract for a consultant in Agency of Ed section, Keith's proposed personnel changes in Public Safety, and good summary of where we are on All Payer from Lawrence and AI conversations this week in Agency of Administration section.

Hope everyone enjoys the rest of the weekend.

Thanks,
Darren

WEEKLY REPORTS

Checklist
6/26/15

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

Sue Allen

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

Jessica Gingras

- Boards and Commissions – Jessica Gingras
- Department of Liquor Control – Jim Giffin

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To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: June 26, 2015
Re: Weekly Report

PAT MOULTON, SECRETARY

- Tuesday, the Vermont Economic Progress Council approved VEGI incentives for GS Precision (GSP). The Council approved the incentives at twice the amount recommended by staff resulting in just over \$1 million in incentives to GSP. This paves the way for an affirmative decision from Norm Schneeberger to stay and expand in Vermont. John Hanley, CFO for GSP told the Council they were on their way to NH when "Pat Moulton and her friends, including Governor Shumlin, stepped in and put a proposal on the table that frankly blew our socks off." I will be talking to Norm this week to push for a decision to announce they will be expanding in Vermont. We will of course want to coordinate on an announcement.

LUCY LERICHE, DEPUTY SECRETARY

- **UVM Office of Technology Commercialization:** Lucy and Joan met to discuss improved reporting for their grant, but expanded the conversation to include improving communication and collaboration to allow more business connection with the work of UVM generally.
- **VSJF Annual Meeting:** Lucy attended the meeting and tour of Ayers Brook Goat Dairy, which followed. In addition to the farm tour, we also toured the largest Vermont roof top solar array installed on their barn by Aegis Renewable Energy, a Vermont Flex Fund borrower. A great success story. **Confidential:** During the tour the Randolph Exit development came up in the context of destroying important Vermont Prime Agricultural soils and the Governor's early support for the project.

DEPARTMENT OF TOURISM & MARKETING

Megan Smith, Commissioner

- **Christiane Skinner Retirement:** We will be hosting a retirement reception for Christiane Skinner for the agency and the industry during our TRC meeting on Thursday, July 16 from 10:00am - 12:00am. We invite all to stop by and give Christiane their good wishes. Her positive attitude continues to be a comfort for us all.
- **Wanderlust:** Megan attended Wanderlust in Stratton that was once again a very successful event. They do not have the numbers out yet but the advance reservations were record breaking. Stratton has 3 more years on the contract and they continue to raise the bar every year. This event brings participants from overseas as well as all over the U.S.

Steve Cook, Deputy Commissioner

- **Vermont Brewers Association:** VDTM is matching funds with the Vermont Brewers Association to produce a segment during this year's brew festival and including interviews with Vermont Brewers around the state. The material will be used by both the Brewers and VDTM for future promotions, online advertising and broadcasts.
- **VermontVacation.com:** Steve is working directly with the developer of the web site's travel planner. On Monday, June 29th, there is a scheduled update planned for the travel planner that should alleviate the search and category functions that at the moment are not producing anticipated results. Both VDTM and the Chamber are confident that this update will alleviate concerns regarding the planner.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Media Outreach:** Laura's work with reporter Malerie Yolen-Cohen resulted in these very detailed articles on [Middlebury](#), [Woodstock](#), [Woodstock Inn](#), [Bennington](#), and [The Essex](#). Laura issued a press release about unique ways to celebrate [July 4](#), and Vermont's recent ranking as a great place for start-ups. [WCAX](#) went live from the President Calvin Coolidge State Historic Site with a look at the First Lady exhibit.

CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator
Cultural Heritage Projects

- **Rutland and Battenkill Business Journals:** Catherine was interviewed for an article about cultural tourism in Bennington and Rutland counties. She answered questions about the cultural heritage visitor profile, economic impact of cultural heritage, Vermont visitor interests and the need for cultural organizations to keep evolving to serve evolving interests and tastes.

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **VermontVacation.com:** Additional progress has been completed on the Travel Planner and Events Calendar. All work that has been done with usability in mind, and are scheduled to be published early next week. Though significant progress has been made, VDTM will continue to monitor and address ways to further benefit the end-user experience. Miscellaneous updates were made throughout the site as needed.
- **Summer Campaign | Yonder:** VDTM has been working with Yonder and Long Trail Brewery to increase awareness for outdoor recreation, specifically related to hiking on the Long Trail. VDTM is in the testing phase of producing a widget on the website, with additional information about each partner and how vital outdoor recreation is to the Vermont brand. The great thing about partnering with Yonder is that it helps tell the story of a Vermont-grown tech company to help users connect and socialize with each other using new technologies.

RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Research

- **Leisure Travel Sentiment is Strong for the Summer Season:** Nationally, 2015 began much like 2014 ended and wage growth for American workers is generally expected to accelerate; consumer optimism continues to improve; export growth has slowed, but travel continues to outperform other sectors. Meanwhile, business conditions in the service sector are out performing manufacturing and modest inflation and lower gas prices should buoy consumer spending as summer approaches. – U.S. Outlook, US Travel Association, June.
- **Growth in International Visitation Expected for 2015:** The U.S. Commerce Department has released new data forecasting international visitors who stay one or more nights in the United States will reach a record 77.6 million this year – up more than 3.6 percent from total visitors in 2014. – U.S. Department of Commerce, Office of Travel and Tourism International, June 2015.

Promotions



- **Montreal Gare Centrale (Central Station):** Due to Christiane Skinner's unanticipated absence, Greg Gerdel dusted off his French and represented Vermont at the annual vacation destination exhibit coordinated by our Canadian representation, the New England Tourism Center. Vermont is the centerpiece of this annual event and waves of commuters have come to expect this opportunity to pick up current brochures and ask specific questions about vacationing, and frequently, bicycling in Vermont. The event was scheduled a week later than usual. It was remarkable how many people mentioned they were afraid they had missed it!

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

- **Business/Accounting:** Worked on basic accounting tasks in preparation for year-end. Accounting tasks and logistics are now in place for calendar delivery. All calendars except Weather are in stock at AIDC with enough calendars to fill all current dealer orders with the final deliveries expected in the next one-to-two weeks. The

Weather calendar is printed and is being assembled and shrink-wrapped and should be delivered in the next one-to-two weeks also.

- **VISION:** The conversion to VISION is on hold at the direction of Finance and Management. We are now anticipating a January 1 conversion with some time to run systems concurrently to make sure that VISION can handle most of the Sage tasks in a way that allows us accurate quarterly reports. The next meeting is planned for some time before July 15, but has not yet been set up.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Joan Goldstein, Commissioner

Business Visits

- **Middlebury**
 - Connor Homes, turnaround story. They will be doing a VTP grant to cross train workers on new glass line, also looking to place solar on their property.
 - Durasol Awning Company, owned by Italian parent, handle all commercial business from VT.
- **Arlington and Bennington**
 - Mack Molding, introduced the 'little league of manufacturing' concept to the president and their two plant managers. They will follow up with Arlington high school. They are also due to get new training grant as they have not utilized this for quite some time.
 - NSK Steering Systems America, Inc. owned by Japanese parent. Plant managed by Englishman and the director is from the south. They mentioned - as did the Japanese consulate - that they need to do random drug testing because the precision with which they need to have for steering columns. I couldn't make any promises but understand the concern. Bennington does have a significant drug abuse problem therefore, they cannot afford a mishap due to drug use. Also, I introduced the concept of 'little league of manufacturing' to them; they need to discuss the idea further.
- UVM Tech Commercialization: met with Corine Farewell and John Evans. Will play a role in the pre seed grants they allocate from the ACCD funding.

Other

- VTC: met with Dan Smith, would like to explore EDA grant funding to develop food incubator at the Norwich farms site.
- Attending the 'spark' awards on Friday, June 26th. ACCD can play a larger role in aligning commercial partners for some of the tech commercialization needs (i.e. introduced them to Mack Molding for an idea they have that needs a plastic part).
- I met with a possible candidate to fill our vacant International Trade position. This person is a Mandarin Chinese speaker and can start as soon as July 6 if approved.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Conducted business support visit with Lyndon Furniture in St. Johnsbury with NVDA's Joe Kasprzak. Lyndon is hoping to expand and is a potential VTP, WLEB, and VEGI applicant. Will also consider PTAC. Also referred to Northern Forest Center for technical assistance.

VERMONT EB-5 REGIONAL CENTER ♦ Brent Raymond, Director

- Attended the annual National AILA conference, and shared a booth with Trapp Family Lodge and Stowe Aviation. AnC Bio, Q-Burke and Mount Snow also attended but with separate booths. Brent met with many EB-5 immigration attorneys. He returned to Vermont Sunday afternoon.
- Conducting follow-up with various contacts made in China, South Korea and Vietnam. Yesterday Brent learned that two more Vietnamese investors have signed on to Mt. Snow's project after our seminars and one on one meetings.
- Responding to general inquiries to the VT EB-5 Regional Center regarding current projects seeking investors.
- Communicating with South Face Village regarding problems with their current broker network, and trying to assist in providing solutions.
- Communicating with hotel developers considering EB-5 to build a new hotel in the Rutland region.
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VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

VEPC

- At its June 23 monthly board meeting, VEPC:

- Gave initial approval for VEGI incentives totaling up to \$1,063,000 for GS Precision for an expansion in Brattleboro. The company is also considering NH. Note: This approval used \$844,000 of the \$1 million cap on Subchapter 5 enhanced incentive approvals for calendar 2016. There is a very good chance we will need to request permission from the Emergency Board to exceed the cap, as recently authorized by Act 51 (S.138).
- Terminated incentives totaling \$258,518 approved on December 5, 2013 for Farmer Mold and Machine. The company did not file a VEGI claim by April 30, 2015 deadline. Background: Company decided not to move business from Florida to Vermont (bringing 20 manufacturing jobs and \$775,000 in capex) because North Clarendon would not give him a zoning variance to use an existing commercial building for light manufacturing.

VEGI

- Fred ran an estimate for a Canadian prospect and a Vermont company contemplating moving a California division to VT.

Windham County Economic Development Program

- Finalized grant agreements with SBDC and BDCC.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Tivoly:** Beth Demers and Joe Kasprzak (NVDA) met with Julie Lague (HR Manager) and Gary Trotter (Controller) at the Derby Line manufacturer of cutting tools. The company is growing and has added 11 positions so far this year. This growth is due to increased orders from existing customers. Recently some large OEM's have expressed interest in contracts but Tivoly lacks some of the quality certifications needed. In order to go after and win these large OEM contracts the company is looking at significant investment in equipment and quality processes. Beth reviewed how the Vermont Training Program may be able to assist with the training needs of employees. Gary also mentioned that the company has upcoming meetings regarding electrical rates and the NEK Foreign Trade Zone.
- **Vermont Natural Coatings:** Beth Demers met with Andrew Meyer and Donna Pion of the Hardwick based Vermont Natural Coatings. The company is entering a partnership with an international company with a similar product. The partnership would allow Vermont Natural Coatings (VNC) to produce and co-brand the product for the North American market. In order to be successful in this venture there are many employee training needs surrounding formulation, production, and sales. Beth reviewed how VNC may apply to the Vermont Training Program to assist with the cost of employee training.
- **GW Plastics:** Beth Demers met with HR Director, Cathy Tempesta, at the Bethel based GW Plastics. The company has seen recent growth in terms of new contracts, equipment, and products. Cathy discussed several new employee training initiatives that the company would like to undertake including: new internal molding apprenticeship, supervisor training, medical equipment quality standards, upgrade training for existing employees and new hire training. Beth reviewed the Vermont Training Program application and will follow up with Cathy in a few weeks. It seems the start date for the training would be in the fall.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **State Hazard Mitigation Planning & Policy Committee:** Participated in the second meeting of this committee along with Chris. The focus was taking the goals and strategies and beginning to prioritize action items that will be the focus of the updated State Hazard Mitigation Plan (SHMP). The SHMP helps guide FEMA funding opportunities.
- **Downtown Development Board:** Jam-packed meeting agenda and details can be found in the Community Planning and Revitalization section. But wanted to call attention that the Board approved the first developer application for Neighborhood Development Area designation under the updated requirements. The developer has a project in Hinesburg, within the ¼ mile radius from the Village Center and plans to develop mixed income housing in this area. He sought the designation in order to benefit from the lower fees and faster permitting benefits.

Deputy Commissioner Hollar

- **VHFA Board Meeting:** Presented an overview of the new 2015-2019 Consolidated Plan and how it is reflected in the Qualified Allocation Plan for Low Income Housing Tax Credits. Board member Jeanne Morrissey described trends in the construction industry. Major projects being undertaken by Champlain College, UVM

Medical Center as well the state in Waterbury and Randolph are making pricing very competitive. Jeanne also noted that well intentioned requirements related to energy codes and urban soils are raising construction costs. The Vermont Community Development Program is seeing this in the form of applicants coming back for grant enhancements when construction bids come in high.

- **Down Payment Assistance Program:** With the rest of the VHFA board, authorized staff to proceed with the rollout with the new Down Payment Assistance Program. VHFA is now working with lenders around the state on the DPA as well as new federal disclosure requirements that take effect in August. Program launch is expected in September. VHFA is planning an event to kick it off and will likely invite the Governor. In addition to their usual outreach through the local homeownership centers, realtors and lenders, VHFA would like to work the regional development corporations to promote the program. Offered to facilitate a presentation at the RDC monthly meeting in Montpelier and will follow up with Commissioner Goldstein.
- **VCDP Awards Event:** Rain held off long enough in Brattleboro for Governor Shumlin and Secretary Moulton to announce \$2.8 million in VCDP grants to eight towns, including \$300,000 to Brattleboro for a failed retaining wall that is threatening a water main and collapse into the downtown parking lot behind the Brooks House. Many people from town officials, other state agencies and congressional staff commented on how helpful and knowledgeable the CD team has been.
- **Federal Budget:** Coordinated with housing advocates and Governor Shumlin's office on a letter from a number of Governors to their Senators urging continued funding of the HOME program. At the time of this writing, the Senate Appropriations Committee is marking up a FY16 spending bill for HUD programs that would gut the HOME program. The bill would cut HOME funding from FY15's \$900 million to just \$66 million in FY16. Just five years ago, HOME was funded at \$1.8 billion. The block grant program flows through ACCD and is administered by the Vermont Housing and Conservation Board. It is a critical funding source for affordable rental housing. At this low level, the small state minimum that has held Vermont's allocation at \$3 million in the last few years could no longer apply. It also puts the City of Burlington's direct allocation at risk. The effective elimination of the HOME program is the direct result of the appropriations committees having insufficient resources to fund its key programs because of the sequester spending caps mandated by the 2011 Budget Control Act. The caps require almost flat funding for domestic discretionary programs like housing for FY16. When receipts from the Federal Housing Administration are down more than \$1 billion, and the tenant-based and project-based rental assistance programs need a total of more than \$2 billion just to renew existing assistance, a flat funding environment requires deep cuts in HUD programs. Democrats appear to be unified in the Senate to block bills that maintain the sequester spending caps from passing the full Senate as they push for a deal to reverse the caps in order to provide additional funds for discretionary programs. Many Republicans have also made statements that the caps are unworkable and a sequester relief deal, such as the Ryan-Murray agreement that provided sequester cap relief in FY14 and FY15 is necessary for FY16 as well. Until such a deal is struck, appropriators are forced to write bills in compliance with the caps. Fortunately, support for the Community Development Block Grant program remains relatively steady. The current version of the bill includes only a slight cut from this year's funding level.
- **Comprehensive Energy Plan:** In support of the Public Service Department, attended the stakeholder meeting on energy efficiency. With Shaun, facilitated a small group discussion on Weatherization, Affordable Housing and Healthy Homes. 18,000 homes have been weatherized to date. The goal is 80,000 by 2020. The consensus of the group was we have the programs in place to achieve the goal but the funding is not there. There were strong calls for a carbon tax to both change behaviors around energy use and fund efficiency programs. The small group also said the energy plan should prioritize conservation first, then efficiency and then renewables.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

General Updates

- **Vermont Downtown Board**
 - Welcomed new board member Tom Torti, President of Lake Champlain Regional Chamber of Commerce
 - Approved Greensboro, Greensboro Bend, and Proctor Village Center Designations
 - Approved Neighborhood Development Area application from Hinesburg developer Alan Norris
 - Awarded renewal of Rutland's Downtown Designation

Partnership Report

- **EVT – Program Integration:** Chris and Jen met with Efficiency Vermont's Dave Corless to provide feedback on their new initiative to support state designated centers and they also discussed ways to quickly allocate \$100,000 in GMP CEED funds to downtown and village center tax credit projects. Longer term, we talked about developing a strategy to promote locational efficiency with marketing and targeted incentives to improve the

quantity, quality and energy performance of business and housing in and around state designated centers. Dave also noted that the CP+R team's approach to outreach and marketing was superior to EVT's.

- **FEMA – Small Business Continuity Training:** Chris, and reps from FEMA, DEMHS, the RDCs and RPCs reviewed the draft agenda and discussed the marketing plan for the upcoming training scheduled for September 10 at VTC in Randolph Center. FEMA and their consultants are hosting trainings at one site in Regions 1, 2 and 3 and Vermont was fortunate to be selected. Vermont's training is specifically targeted at small business (under 10 employees) and participants will leave the training with a simple continuity plan that works. The RPCs and RDCs will provide follow up support to the business that may need it.
- **PSD – Local Government Participation in Public Service Board Proceedings:** John and planning consultant Sharron Murray met with Public Service Department staff to discuss recent legislative changes and court decisions as they relate to municipal participation in applications for electric generation facilities. With the PSD's help, Sharon is drafting guidance that aims to give municipalities a meaningful voice in PSB proceedings. This long overdue guidance will be included in the 2015 release of the Planning Manual.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **State Street Bike Lane and Parking:** Local newspapers have been inquiring about the historic preservation concerns announced in a recent article by WCAX.com. The Division for Historic Preservation was not involved in this project, which was proposed by city officials of Montpelier to add bike lanes and additional parking spaces to the section of State Street that runs in front of the Statehouse. Because this is a transportation project for class 1 resurfacing, the Cultural Resource Section of VTrans was reviewing the proposed work and voicing concerns about how the work might adversely affect the Statehouse grounds. Laura reached out to David Schutz, Statehouse Curator; Tom McArdle, acting Public Works Director for Montpelier; and VTrans for information about the project. All future inquiries by the press and public are to be forwarded to Richard Tetreault of VTrans.

State Archaeologist

Archaeology Heritage Center (AHC)

- Jess had four visitors to the Heritage Center last Thursday, including a couple that brought in a remarkable artifact they found on their farm in East Berkshire. They wanted to make sure that it was documented in a conscientious manner. It was a large ceremonial stone blade made from a material derived from Labrador.

State-Owned Historic Sites

- **Coolidge Site:** Malerie Yolen-Cohen, a travel writer who visited the site on June 9, posted the following. We appreciate her glowing remarks! <http://www.getawaymavens.com/woodstock-vt/>
 - The WCAX-TV "30" program on June 17 went very well. It was a pleasure to work with Gina Bullard and Mike McCune; they were very impressed with the site and new exhibit. Many people have commented that they saw the show, and we posted links to the various segments on the Historic Site's Facebook page. Thanks to Noelle, Laura P. and Laura T. for arranging this wonderful publicity!
 - Painting projects continued. The Wilder Barn windows, maintenance shop, and Aldrich souvenir shop are done; the front of the Cilley Store is being scraped & primed. New England Air replaced the condensate pump on the cheese factory boiler on June 24.

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

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Regular CDBG

Existing Grants

- **City of Rutland:** The City and NeighborWorks of Western Vermont have made progress on the Northwest Neighborhood Revitalization project. \$1.25 million in VCDP funds are to be used for the rehabilitation of up to seven homes and demolition of up to four homes that meet HUD's definition of blight. In addition, as part of the revitalization effort, nine residents of the neighborhood participated in the PhotoVOICE project. These residents worked with a professional photographer for five weeks to record, reflect, and relay what is important to their neighborhood through their eyes. Their photographs are now on display (June 12th – July 25th) at the Chaffee Art Center in Rutland. Here is more information on the exhibit: <http://www.chaffeeartcenter.org/event/images-of-love-and-community/>.
- **Town of Charlotte:** Green Mountain Habitat for Humanity has completed the construction of five single family homes on Albert's Way, a subdivision just off of Spear Street in Charlotte. The project includes (1) duplex with a two bedroom unit and a three bedroom unit, (2) three bedroom homes, and (1) four bedroom home. The homes were sold to families with a 0% mortgage payable to Green Mountain Habitat. The final program report has been received for this project. Here are a few photos of the families:



Technical Assistance to potential applicants

- **Town of Johnson:** The town over the last several years has been working on purchasing a property to develop as a business park and the property owner is now willing to sell at appraised value so the Town is considering an application. Staff requested that a Pre-application be submitted to provide more information on the project scope which would include acquisition and infrastructure work such as extending roads and utilities. The Town was again advised to contact Kate to get the environmental review underway and to understand the option agreement process.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

- **DCF Application for Benefits:** A complete redesign and streamlining of the central application form for public assistance used by the Dept. for Children and Families has been completed with creative services support from the CMO. The reaction from DCF staff and partner organizations has been genuinely exuberant, with many commenting on the unexpected amount of impact that a user-friendly, professional, clean design could make, in turn “making life a little easier for low income [Vermonters].”
- **Universal Recycling:** The CMO continues to assist the solid waste team at DEC with the roll-out of the ‘Recycling Resimplified’ outreach campaign, reviewing radio PSAs, creative concepts and social media content to support the implementation of the next phase of the Universal Recycling Law (recyclables banned from Vermont’s landfills as of July 1).

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

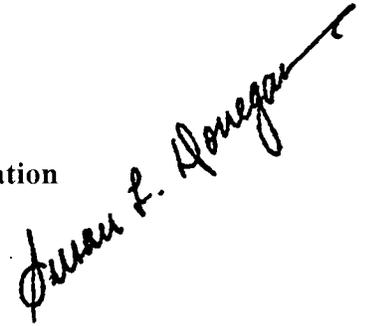
- **GIS Data**
 - **VT Open GeoData Portal:** VCGI released a [report](#) documenting the results of VCGI’s pilot test of ESRI’s AGO Open Data platform. The platform shows promise as a viable and readily available solution for the development and deployment of a new VT Open GeoData Portal. Once fully built-out and customized, it is capable of supporting most of the EGC’s requirements for an Open GeoData Portal. A number of “workarounds” would need to be designed, built, and deployed in order to support the full set of requirements identified by VCGI and the EGC, and to address some significant limitations, which would add cost and risk to an AGO Open Data implementation project. Overall the AGO Open Data platform represents a viable Portal solution which VCGI and the EGC are considering as a possible platform for the replacement of Vermont’s existing VT Open GeoData Portal.
- **VCGI Imagery Program**
 - **Orthophotos:** VCGI has crafted a draft SOW and RFP to support the next 5-year (2016-2020) cycle of orthophoto acquisition. We have requested feedback from our EGC partners and other interested parties. We hope to have a final draft by the end of July.

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

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To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: June 26, 2015
Re: Weekly Report



Captive Insurance Division:

Captive Insurance license number 1039 was issued to ICDC, which moved to Vermont from the Cayman Islands. ICDC is owned by Cummins Inc., manufacturer of diesel and natural gas engines that supply the horsepower to PACCAR Engines (Peterbilt, Kenworth and DAF trucks), Volvo trucks, Daimler trucks, Ford and MAN Engines in North America. It is number 154 on the Fortune 500 list and one of the Honorable 57. The Honorable 57 lists only the 57 companies that have made the Fortune 500 list every year since 1955 when the list began. This is Cummin's second captive insurance company domiciled here. The first, Dynamo (licensed in June 2011), was quite a coup for Vermont when it chose to locate its captive here over South Carolina due to the efficiency of our licensing process, superior knowledge and regulatory expertise.

Also, this week, Cascade Re LLC was issued captive insurance license number 1040. Cascade is the first of three captives planned by Sutherland Asset Management Corporation. Sutherland is a real estate finance company that acquires, originates, manages, services and finances primarily small balance commercial loans (\$500,000 to \$10 million). Founded in 2007, it employs 166 people and is headquartered in New York City.

Securities Division:

This week the Legislative Committee on Administrative Rules (LCAR) approved an amendment to the Vermont Small Business Offering Exemption (VSBOE) that will allow small businesses to raise capital both in state and out of state. Up to \$2 million may be raised if funds are solicited solely from Vermonters and up to \$1 million through interstate offerings. An investor's income or net worth determines the amount of money they may invest. VSBOE had originally provided



for two types of investors: those with budget constraints and those who are able to invest unlimited amounts of money. The new classification, called “certified investors,” will bridge the gap between the two original groups by creating a category for people with more moderate income levels and/or net worth. The new regulation would also allow for online fund raising and internet-based transactions thereby giving small businesses the option to engage in crowdfunding.



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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 25, 2015

Media Contacts:

- Chuck Pizer, VT PBS, interviewed Jill and requested an interview with Rebecca on early childhood education, for their Champions segment this fall.
- Emerson Lynn, St. Albans Messenger, requested information about existing school choice and how capacity and other agreements across districts are established. Greg Glennon returned his call.
- Tim Clark, Route 50 of Atlantic Media, interviewed Jill and Rebecca regarding Act 46 and positive education reform in Vermont.
- Amy Nixon, VTDigger, requested information on the State Board of Education retreat, high-spending districts, Jay Diaz (Vt Legal Aid) and several items on Act 46.
- Mike Kurcov, Local 22 and 44, followed up on the recent media event we held wherein some individuals were invited to take the SBAC assessment. Stephanie Macado was supposed to participate but did not, and is no longer at the station.
- Rebecca has exchanged a few emails with Emerson Lynn about population trends and Act. 46

Public Presentations/Speeches/Meetings:

Saturday: **Spoke at a symposium at Marlboro College** on “Agile Leadership,” in honor of outgoing President Ellen McCulloch-Lovell. Focused on governance reform, and how we are trying to engage the communities in governance transformation.

Wednesday: **Spoke at the National Student Assessment Conference** in San Diego on validity in an age of high-stakes, test-based accountability. Used some fun data pictures from Vermont to illustrate the absurdity of our situation with respect to federal policy on the use of test scores.

Thursday and Friday: **State Board of Education Retreat.** Agenda focused on 1. development of Education Quality Reviews and 2. governance reform and a role play of the kinds of decisions the board will need to make.

Emerging issues

Aly and Sue ↓

Section 4 of Act 46: We have been writing guidance related to A. 46, and wanted to alert you to one issue that may be a little controversial. There are a couple of places where the language is poorly written or ambiguous or appears to conflict with language in other places in the same Act. We will have to offer an interpretation. One place that will be of intense interest to some legislators is the language related to tuitioning (or as the act calls it, "choice") in Section 4. We are reading this section in the context of the Act as a whole to mean that the state cannot compel a district to operate. However, if a district that currently tuitions **CHOOSES** to operate at levels it does not currently operate, it can do so by a vote of the electorate. A few folk like Sen. Olsen are running around saying that if you tuition now, you can **NEVER** operate at any level at which you tuition currently, even if the electorate votes otherwise. I don't agree that was the intent of the Act; moreover, I see that as an unwarranted infringement on local control, because it would prevent a district in the future, that faces unforeseen circumstances, from ever joining a larger operating unit if it chooses. It would also be incredibly poor policy. We are going to release guidance on this next week.

Act 46 implementation:

Our goal in this as in all efforts now, is to focus on building processes and protocols, so that when I am replaced the work will continue in some organized and systematic way.

For the retreat, the AOE organized an agenda that presented scenarios based on real situations, and challenged the SBE to test the criteria it will use to evaluate both education quality and the quality of governance proposals.

To that end, we used the State Board Retreat to focus on two purposes:

1. a preview of how the **Education Quality Reviews** will support decisions under Title 16 Section 165 with respect to schools and school quality. For this work, we presented a set of panels of hypothetical data on performance indicators and results from field visits for four hypothetical SUs. We asked them to consider, on the basis of that data, what actions they would or would not take as a board. This session gave the SBE a preview of the EQR tools we were building so they could give feedback, and began building an SBE sense of its role as custodians of Education Quality for the state. We plan to beta test the field visits in the fall, and if all contracts can be signed in a timely way, we hope to beta test the annual snapshots in the spring next year.
2. a preview of the decisions they will face as SUs begin to bring forward proposals, and the criteria they will need to use to evaluate these proposals. Based on our knowledge of the types of proposals, good and bad, that we know they will receive, we prepared some examples that test decision points around viability, equity and geographic impact. From

this discussion, we are developing a rubric the AOE and SBE will use to review proposals in a systematic way.

This will be a substantial culture change. The field is not used to the AOE or the SBE having opinions on quality. They tend to think they are doing just fine. The transparency and consistency brought in by these processes will be quite different than past practice.

Organizational structure and future viability

AOE no longer has the structure or capacity to meet our regulatory and statutory obligations in a quality way. Our General Fund budget is down 45% in inflation adjusted dollars from 2007. In addition, we have been saddled with a series of heavy legislative lifts, including implementation of:

- Act 166 (Universal PK, which is an interagency initiative)
- Act 77 (Flexible Pathways)
- Act 46 (Governance reform)

In addition, every year, the legislature asks us to support additional task forces and to complete and report on an increasing number of topics. They gave us an additional governing board in (VSBPE), which adds regulatory and administrative complexity and cost. And, we have new Education Quality Standards, which require a very substantial investment of time and resources, including related to Education Quality Reviews.

The added demands, coupled with diminished resources, have eroded our ability to deliver on basic responsibilities. And, because we can't pay decently relative to our competitive set (schools and districts), we can't draw top talent that would enable us to operate more efficiently at every level.

We must be able to reorganize our work around the core purposes of the Agency – implementation of the Education Quality Standards, and serving the goals of quality, equity and sustainability.

We have contacted two separate consulting groups (nonprofits) that work with education entities to audit work against goals and plan how to strategically align resources behind goals. One is not available on a reasonable time frame and did not have as robust a plan or process as the other. I plan to speak to the other on Monday.

The bill is not small (their initial ask was \$90k), but I think this work could be very valuable at clarifying what people actually do, what they need to do, and how we could be realigned to be more efficient. An added bonus is this group has worked with some of our SUs and done some impressive work, so would have credibility with our stakeholders.

We would like to try to work with them. We are looking to see if we might have some carryover we could apply to this purpose. I also intend to negotiate hard on price, and might be able to get the VT Business Round table to put up half.

This organization has a reputation for doing high quality work that is direct and blunt. It would give us some actionable analysis of what our capacity is and how it could be better aligned to support high quality delivery related to our goals

It is a substantial investment, and outside our typical work, so I wanted to run it by you before I negotiate, in case anyone questions this use of state dollars. Every SU this group has worked with has harvested savings as a result of this work that far exceed the cost of the review.

Gov↑

Happy weekend all!

R

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Sue Minter
DATE: Friday, June 26, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Outreach

I was on a road trip this week to Brattleboro (see note below) and Bennington this week. In Bennington I met Senators Sears and Campion for breakfast and then met with town and regional officials to learn about their transportation goals and needs for their town and region. En route south, Rich Tetreault and I also paid a visit to the Randolph Herald for an Editorial Board meeting. We wanted to describe a large group of projects coming to that region to ensure they understand these are investments we are making “for” the area, not problems we are “giving to them”. We also used the visit to share the good progress we are making as an Agency and Administration on transportation “safety, stewardship and service”.

Federal Funding

The Senate Environment & Public Works Committee (which you testified before) this week passed its six-year, \$278 billion transportation funding bill that includes more than \$1.3 billion for Vermont to maintain its roads and bridges. Bernie, and staffer David Weinstein were key in ensuring that Vermont maintains its historic federal funding levels in this bill. We worked closely with Bernie’s office and they successfully fought off the prospect I reported on last week that they would reduce the federal cost share for certain roads which would have cost us in the realm of \$20M/year of additional state funding. This bill also includes several new provisions which will benefit the State, including a new competitive funding program to support projects of regional or national significance, and lowering the costs of borrowing federal funds for rural projects. The bill also includes provisions which would start the process of creating a national network of recharging stations for electric vehicles. The House Transportation Committee will craft its own bill, and the two chambers will likely conference in the next month to harmonize their bills.

Welch Infrastructure Presser

Scott



We have been contacted by Welch' office. He intends to do a presser about the federal Infrastructure funding issue the week of 7/7. We will be working with him to assist in finding a good location, project to highlight.

Bike Issues

My inbox and our social media are inundated with the bike safety issue in light of our recent bike tragedies (3 fatalities in 6 weeks). You may have seen that I submitted an OpEd which is out this week. Reaction is mixed. Several notes of appreciation for my concern. But cyclists are also irate that we don't do more to protect them and have adequate shoulders and bike lanes. This is actually something we have been working on since we began our tenure. We have widened shoulders as a part of our paving practice (a not insignificant matter), and are working to develop a plan for more extensive investments in priority bike areas ("on road bike facility plan" underway). Your administration also began funding community bike and ped paths which were cut under Douglas. \$10M being spent this year.

Following the latest fatal, I have requested a special meeting of our Vermont Highway Safety Alliance, to address bike safety. This is planned within next 2 weeks. I am also corresponding with legislators and activities on more things we can do in the short term (sweeping, signage, shoulder maintenance, etc.). Expect more on this. Local Motion is also hosting a meeting for cyclists who want to take action. We had hoped to participate, but were asked not to.

Finally and related, is the issue of DUI. This is a crux highway safety issue that we need to deal with. It is noteworthy that Bobby Sands' DUI Court effort is funded by Gov. Highway Safety Council, which is now under VTrans. I might like to see if we can expand this effort with GHSC funds into the future. More to come on this.

VT 116 -- Hinesburg -- Police Report On 4/26/2015 Double Fatality (including bikes)

Wanted you to be aware that we received a FOIA request (June 25) from the Burlington Free Press regarding the crash and toxicology report from the double fatality (cyclist and young Vermonter) of 4/26. DMV provided the Free Press with a copy of the crash report recently filed with DMV by the Hinesburg Police Department. The police crash report discusses toxicology test results showing that the 17-year-old driver (Joseph Marshall) who struck and killed bicyclist Richard Tom was under the influence of marijuana at the time of the crash. This means that all 3 bike fatalities were the result of impaired drivers.

Scott Hines
Sarah

Bike Ferry Operations Meeting (Island Line)

I was at a family funeral in NYC, and had to miss this meeting, but Michele Boomhower attended for VTrans, and reports it was called by Local Motion to address the bike ferry's operating deficit. The meeting was chaired by Governor Howard Dean and Tom Torti of the Lake Champlain Regional Chamber of Commerce (LCRCC). Attendees included Senator Mazza, Senator Ashe, Representative Brennan, Brian Searles, Ernie

Pomerleau, Don Sinex, Tom Berry, Liz Miller, Moe Germain, Corin Cross, Chapin Spencer, Local Motion (LM) Board members and staff.

Annual operational expenses of the Bike Ferry run approximately \$250,000, revenues are approximately \$100,000. Local Motion is in a position to manage the service deficit through this season; however, a plan for going forward in a fiscally sustainable manner must be developed. The group brainstormed several ideas including alternate ownership of assets, operations under other management (private or state), state subsidy (similar to Amtrak), advertising revenues (wrap the boat), National Recreation Trails designation, National Monument designation, investment for wellness through BCBS, Cigna, MVP, UVMMC, GMP, TDI, Toll Credits.

The group agreed that an economic impact study is needed; LM and LCRCC will seek resources immediately for the study. LM will prioritize and begin outreach regarding short, medium and long term opportunities, coordinating with the meeting stakeholders and other partners, including discussions with VTrans and FPR.

Brattleboro I-91 West River Bridge

The Agency and PCL/FIGG Design Build Team held a public forum facilitated by the Windham County Regional Planning Commission on Tuesday afternoon. The presentations included the design of the structure, the construction phases past, present, and future, as well as **the traffic management strategies being deployed over the July 4th weekend (closing Exit 3 on-ramp) and during the planned bridge inspection on Sunday, July 12th (5-9am closure of one side of interstate)**. We emphasized that when the cantilevered portions of the bridge start to migrate across VT30 towards the southern abutment off from the pier the travelers beneath may start to worry that all that concrete and equipment above them is “not supported from below”. This type of construction is well developed and safe, however, has never been seen in Vermont. We want folks prepared so that they focus on operating their motor vehicles, keep their eyes on the road, and feel comfortable doing so. The meeting seemed well received by those attended and municipal officials were appreciative of the communication. They included, “Communication has been very good from the Agency of late and we appreciate it.”

NOTES FOR STAFF

Aluminum Shortage

The DMV was informed on 6/11/15 by Vermont Correctional Industries (VCI) that they were waiting for the next shipment of base plate aluminum sheeting which is scheduled to arrive at the plate production facility in St. Albans by the end of June. DMV has been told the aluminum needs to arrive before the 28th to stay within the timeframe set in the contract VCI has with their aluminum vendor (3M). This has caused problems for DMV, especially with regards to auto plates and large trailer plates. As of 6/23/15 there is still has enough aluminum to print this week’s replacement and special plate orders.

The DMV has notified BGS Purchasing of this issue. This is the 2nd aluminum shortage that VCI has experienced in less than a year.

I-89 Bridges Project – Waterbury

The project schedule in the last week has been somewhat affected by the rainy weather; however, the contractor is still anticipating a completion date for the southbound bridge of July 17th. A number of tubular markers dividing the traveling lanes on the interstate need replacement and the contractor is scheduled to do that this week, along with installation of the speed detection traffic signs (weather permitting). Additional concrete will be poured for the curbing and in general the bridge construction itself is proceeding as planned.

In order to reduce the amount of commuter traffic between Montpelier and Waterbury, the Agency of Transportation, in collaboration with CCTA, has instituted a new afternoon commuter bus schedule, increasing the availability of mass transit resources along this busy route. This is being sponsored by the Federal Highway Administration.

Two events are planned for this weekend – one in Stowe and one in Waterbury and it is expected that weekend traffic will begin to increase further with short delays anticipated on I-89 at Exit 10 and along Route 100 in this area, particularly on Friday afternoon.

DANVILLE – The Movie

There is a movie out about our project that gave us headaches for our first 2 years on this job. I haven't watched the entire 47 minutes, but we hear good things, so grab a coffee, maybe some popcorn, and enjoy!

<https://www.youtube.com/watch?v=Li2hfepJvEY>

or

<http://www.vermontartscouncil.org/about-us/past-projects>

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: June 26, 2015

Highlights:

AHS CO:

MMIS Characterized as Red Status _____ pg. 2

VDH:

VDH Awarded Regional Prevention Partnership Grant _____ pg. 4

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Vermont Psychiatric Care Hospital (VPCH) _____ pg. 5

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Issues with Woodside's Licensing Renewal _____ pg. 7

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VCCI Launch of the MOMS program: *case management support for at risk pregnant women* _____ pg. 8

Inpatient Opioid Detoxification _____ pg. 9

Secretary's Message

I was briefed by DCF Commissioner Schatz and DCF-ESD Deputy Commissioner Brown on a recent federal audit finding regarding the use of Supplemental Nutrition Program Employment and Training funds (SNAP E&T) in the Reach Up program. The use of these funds in the program began in approximately 2005 and total about \$9M (4.5M SNAP E&T and \$4.5 GF match) this state fiscal year. The funds are used to pay for staff salaries and contracted services. This is a repeat audit finding, originally from an audit in 2013, which highlights the lack of specific case data to support the use of the funding in the program. In addition to the possible loss of these funds moving forward, this puts the State at risk of having to reimburse the federal government.

DCF submitted a corrective action plan to our federal SNAP partner following the 2013 audit. The plan was never approved or denied by SNAP officials and as a result it was not implemented in full.

DCF has been working hard to develop a new corrective action plan that is due July 1, 2015. After exhausting every possible avenue, DCF and AHS staff has determined that it is not possible to provide the required data to support the continued use of these funds in the Reach Up program due to significant IT limitations. Even if the IT limitations could be overcome, there is concern that the data will not support the use of these funds in the program under the federal rules. This decision puts the Reach Up program at risk of not meeting the needs of Vermonters who rely on the program as well as jeopardizing the jobs of many State and contracted staff.

Given these considerations, the decision was made to request permission from the federal government to continue spending these funds in the Reach Up program in SFY16 while a plan is developed that allows for the orderly removal and replacement of the funds in Reach Up and the development of an independent, stand-alone employment and training program that will utilize these funds beginning in SFY17. Due to the risk associated with losing these funds, I decided the best approach is to go, in person on June 29, 2015, to our regional federal SNAP office in Boston, along with Commissioner Schatz and Deputy Commissioner Brown, and AHS CFO, Sarah Clark, to discuss with Acting Regional Administrator Kurt Messner and SNAP Director Bonnie Brathwaite our proposed audit response and plan to continue to use these funds. I will keep you updated on the outcome of the meeting.

As current Policy and Planning Director, Monica Hutt, steps into her new role as DAILE Commissioner, I have been looking for possible candidates to replace her. I have spoken with Paul Dragon, from DCF and he expressed an interest in the role and ultimately accepted my offer. Paul comes with an impressive background and was selected for this role because of his unique skill set, including experience in his current position as Chief Administrator of the State's Office of Economic Opportunity and his prior experience as Reach Up Director, Chief of Integrated Services (coordinating systems of care for co-occurring mental health and substance abuse conditions) and Director of the Homeless Health Care Program of the Community Health Centers of Burlington. Paul also has experience as an instructor at Community College of Vermont teaching a course on social justice, human rights and non-violent alternatives to conflict. He is nearing completion of his Ed.D. at UVM. In addition to the familiarity he brings with the substance of the work and programs at AHS, he is a skilled manager, meeting facilitator and team organizer and is well respected both within AHS and within the stakeholder community. The extraordinary knowledge, skills and experience he brings will allow him to step into this crucial role and keep the work on track and moving forward. He will begin his new role on July 20, 2015.

Agency of Human Services Central Office (AHSCO)

MMIS Characterized as Red Status

The Pharmacy Benefits Manager (PBM) Project, under the Medicaid Management Information Systems (MMIS) Program, was characterized as red status as of 6/21 because Gould Health Systems (GHS) has been missing dates and hasn't delivered on some action plans. On 6/23, we worked internally and members of the (internal) PBM project team conferred with GHS to get the PBM project back on a track. There was a call with CMS on 6/24, where the status of the PBM will be discussed. We are meeting with (internal) PBM project team members on 6/26 to formulate a plan for action, as applicable, related to the Independent Verification & Validation (IV&V) reports (currently focused on PBM) that are being produced for the MMIS, and required by CMS.

Annual Privacy Impact Assessment (PIA) for VHC submitted to Centers for Medicare and Medicaid Services

On June 24th 2015, the annual 2015 Privacy Impact Assessment (PIA) for Vermont Health Connect (VHC) was submitted to the Centers for Medicare & Medicaid Services (CMS). The PIA is a required deliverable of a State-based Health Insurance Marketplace (SBM) to synchronize the security efforts of both the State and the Federal government and must be submitted annually to CMS or whenever significant changes to the state's privacy program occur. State-Based Marketplaces renewing an Authority to Connect (ATC) to the Federal Data Services Hub (FDSH) are also required to submit an annual PIA, 90 days before renewal. The PIA harmonizes the privacy and security framework of the SBM to assure compliance with the federal standards that govern and authorize the collection, use, and disclosure of PII such as the Minimum Acceptable Risk Safeguards - Exchanges (MARS-E), the Federal Information Security Management Act (FISMA) of 2002, and IRS code for the protection of Federal Tax Information. The PIA also aligns with the SBM security program protections, monitoring, and risk assessment as outlined in VHC's Affordable Care Act (ACA) System Security Plan (SSP), IRS ACA Safeguards Procedures Report (SPR), and the Plan of Action and Milestones (POAM). The PIA includes an inventory of the specific types of PII that is collected, processed, and stored in relation to the State-Based Marketplace. Conducting a PIA also facilitates the identification of systems that contain PII and satisfies system compliance with all relevant privacy laws, regulations, and guidance. Changes in this submission since the last filing in October 2014, primarily include updates to VHC's cloud hosting changeover and updates to the VHC online Privacy & Security trainings.

Request for Proposals (RFP) to Provide Social Services to Eligible Refugees and Asylees

The Refugee Office issued a Request for Proposals (RFP) in the amount of \$73,000 to provide social services to eligible refugees and asylees to help them achieve economic self-sufficiency. Deadline to apply is 7/20/15. The RFP has been posted on the State procurement website and shared with the network of refugee and immigrant service providers and several of them have already requested an application kit.

FFY 16 Refugee Resettlement Plan

The US Dept of State should send us a copy of the refugee resettlement plan for VT for FFY16 provided by USCRI (local resettlement agency) in the coming week to obtain the State feedback on the plan. A series of consultation meetings have been held on that topic and a final discussion will happen on 7/9 at the Refugee and Immigrant Service Providers Network (RISPNet) meeting chaired by the director of the Refugee Office.

New Management Tool for HSE-Wide Project and Portfolio

Implementation of an HSE-wide project and portfolio management tool is underway; currently SOV is working with the implementer on configuring the product to meet the state's needs.

WIC Application Pilot

The new WIC application is in week 2 of the pilot in Rutland. All new WIC participants are being issued WIC EBT cards and using them to purchase food. All non-new participants have been mailed their EBT cards which they can use starting on July 1.

Blue Green Algae Tracking Application

The 2015 Blue Green Algae (BGA) web application suite (the BGA Reporter, LCC / DEC / State Moderator and BGA Public desktop and mobile sites) were deployed into Production on 6/15. Staff

from the Lake Champlain Committee (LCC), Department of Environmental Control (DEC) and VDH plus LCC volunteers filed over 70 reports in the first two days of the monitoring season.

Offender Management System moves into Operations status

The Offender Management System at DOC that went live in March is now moving from Implementation/Project status to full Operations mode on July 1.

Vermont Department of Health (VDH)

Substance Abuse Treatment in Rutland

Deputy Commissioner Barbara Cimaglio received a call from former Senator Bill Carris. He asked to schedule a time to meet about possible collaboration between Serenity House and Rutland Mental Health Center (Evergreen Substance Abuse Treatment Program). He is concerned about the state of the service system and wants to ensure that there is a strong structure for the future. Bill sits on the Board at Serenity House.

Glyphosate Montpelier section of Railroad

The VDH State Toxicologist attended a meeting with citizens of Montpelier, the Agency of Agriculture, the mayor of Montpelier, and Representative Hooper regarding glyphosate use on a 2.5 mile section of railway in the city of Montpelier. Secretary Ross issued a permit for use based on recommendation of Vermont Pesticide Advisory Council (VPAC). A year ago when the permit came to VPAC, frustrations and concerns were expressed by citizens regarding the pesticide application. At that time, VPAC asked the concerned citizens, the railway and the City to work together to come up with a solution. Secretary Ross will decide whether to pull the permit, add conditions or leave as is. Health is available to consult as needed.

Maternal and Child Health

On June 26, Dr. Breena Holmes, Maternal & Child Health Director will present the new American Academy of Pediatrics' policy regarding the role that school nurses and pediatricians can play to improve health outcomes for children at the annual conference of the National Association of School Nurses in Philadelphia.

VDH Awarded Regional Prevention Partnership Grant

Health just received official word that Vermont will be awarded a \$12.3M (\$2.4M per year for 5 years) substance abuse community prevention grant to reduce underage drinking, prescription drug misuse and marijuana use among adolescents and young adults. The purpose of the grant is to strengthen the prevention infrastructure at the state, regional and community levels using the VDH District infrastructure as the primary mechanism to implement evidence-based prevention strategies. This will allow us to build upon and expand the work begun in our current Partners for Success grant, which covers Chittenden, Lamoille, Rutland, Washington, Windham and Windsor districts. The remaining districts will be included over the course of the next grant period. Senator's Leahy's office is working with the Governor's Office and VDH to arrange a press conference on July 6.



Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

VPCH census is at 23 this week. Recruitment efforts continue as the hospital has ongoing nursing vacancies that are currently being managed by traveling nurses, as well as, temporary staff and attrition

of permanent direct care and ancillary staff openings. There has been increased use of voluntary and mandated overtime during this past week in order to maintain current bed capacity at VPCH. The VPCH CEO is in the process of requesting merit recognition for hospital staff that provided the increased hours of staff coverage needed over the past two months to ensure this capacity.

As the hospital's 1 year anniversary approaches next week on July 2nd, hospital leadership is marking the milestones accomplished this past year: CMS certification and Joint Commission accreditation, attaining current bed capacity, notable efforts in reducing seclusion and restraint, and developing a strong team of hospital personnel to serve individuals requiring this level of care.

Emergency Departments

During the week of June 18 through midnight June 24 there were a total of 29 people identified as needing in-patient psychiatric hospitalization: 16 involuntary adults (4 within the past 24 hours), 11 voluntary adults, and 2 voluntary minors moved to inpatient care during this time. There were 4 involuntary adults who waited longer than 48 hours for placement. Since yesterday, 1 court ordered individual is waiting in DOC for inpatient treatment.

Valley News: Mark Davis

Interim Commissioner Reed spoke with Mr. Davis on the current system of care and provided general information on the emergency examination process, clinical considerations that go into discharge decisions from inpatient care, and access to community based services. Mr. Davis also spoke with DMH AAG, Matt Viens, on the legal processes involved in involuntary treatment. The reporter's questions were weighted heavily by the suicide death of an individual approximately one year ago in Chittenden County and Chief Shirling's reported assertion that the death could have been prevented by a responsive mental health system.

VPR: Taylor Dobbs

Interim Commissioner Reed and CEO Jeff Rothenberg spoke with Mr. Dobbs about a February Licensing and Protection VPCH survey and the accepted plan of correction in May that identified shortcomings in one employee's performance with patient care practices and emergency involuntary procedures (EIP) documentation. A personnel action, which is under appeal, by the employee was initiated and the employee remains on administrative leave at this time. Improved oversight processes to provide more timely review and completion of all documentation elements associated with an EIP have also been put in place.

Wellness Initiative:

VDH Commissioner Chen and DMH Medical Director, Jay Batra, were interviewed by HMC Advertising (contracted by VDH) to develop educational materials for community health providers. The interview was focused on tobacco cessation especially among those who have mental illness. Dr. Batra spoke to both the logistical and cultural challenges involved in this initiative and the importance of focusing on this health issue now. They will be putting together public-service oriented ads in the next month or so.

Suicide Prevention Symposium:

Dr. Batra conducted a workshop at the 3rd Annual Suicide Prevention Symposium at the Lake Morey Resort yesterday focusing on integrating health care and the implementation of Zero Suicide initiative in Vermont. It was covered by WCAX and aired on TV and is on their website today.

<http://www.wcax.com/story/29400707/suicide-prevention-symposium-brings-vermonters-together-in->

[fairlee](#) DMH Child, Adolescent, and Family Unit Director, Charlie Biss, was recognized at the conference for his work in the area of Suicide Prevention.

Department of Disabilities, Aging and Independent Living (DAIL)

Vermonters Charged with Sexual Assault at New Hampshire Neurohab unit (Lakeview)

JC is back at Lakeview on a short term basis. He has not had his competency evaluation but this will be done within 45 days. We are still waiting to get the transcript from yesterday's court hearing to see what the Judge has defined as the placement requirements as we continue to look for appropriate placement.

Committee Recommends Provisional Status for Rutland Mental Health (RMHS)

DAIL's DS State Program Standing Committee voted 11-2 to grant RMHS provisional status with intent to de-designate. RMHS now has 180 days to submit and execute a satisfactory corrective action plan. We continue to respond to numerous public records requests.

Department of Corrections (DOC)

State Auditor Report – Transitional Housing:

The SAO issued their report on the DOC's transitional housing system. While the findings in the report point to areas where we can collaboratively improve documentation and evaluation practices, overall, the DOC continues to have the confidence in our community-based housing providers. We have been working on and continue to work on addressing the issues identified in the report. This has gathered media interest from the AP.

The SAO also informed us this week that they are circling back on two audits to ascertain whether the DOC addressed the recommendations in those audits. The audits are from 2011 (Health Care) and from 2013 (Sex Offender System).

Corrections Oversight:

The COC is meeting this week to discuss the upcoming out of state move, the future of the CHSVT and the newly promulgated rule on staff searches (as directed by recently enacted legislation). This meeting takes place on Thursday.

Out of State Contract:

The DOC continues to plan for the move to the GEO Group in Michigan. This move will take place in the next two weeks and will be completed within two days. This issue continues to attract attention from the media and the COC, meeting this week.

← Scott

Population:

The Department's incarcerated population averaged 1883 for the previous week. The Department's incarcerated male population averaged 1738 for the previous week. The out of state population is currently at 280. The female population averaged 146 for the previous week.

**Of note, our OOS population is now at 280. This is the lowest this number has been since April 16, 1999.

Department for Children and Families (DCF)

SNAP Settlement Agreement for FFY13

The Department for Children and Families' Economic Services Division has reached an agreement with the federal government to settle its appeal of the Payment Error Rate penalty for FFY13. The settlement reduces the overall penalty from approximately \$550,000 to \$203,000. The total penalty will be reinvested in the Vermont's 3SquaresVT program; none is payable to the federal government. The state will have 90 days to submit a reinvestment plan once the settlement agreement is executed by both parties.

DCF Integrated Eligibility Leadership

DCF Commissioner Ken Schatz and ESD Deputy Commissioner Sean Brown will be taking on the role of Executive Sponsor for the Integrated Eligibility (IE) project. The AHS Central Office will still be responsible for the overall management of the project. In the last several months it has become clear that the IE project will have a large impact in shaping the future work and direction of DCF, particularly ESD. Given this, it is vitally important that DCF play a more active leadership role on the project.

Issues with Woodside's Licensing Renewal

On Monday, June 22, 2015, the Residential Licensing and Special Investigations Unit issued its report regarding the Woodside Juvenile Rehabilitation Center's request for renewal of its Residential Treatment Program license. The report found a number of areas of non-compliance related to the use of isolation and seclusion, staffing ratios and building safety. Staff will be working on drafting a corrective action plan which must be received by 7/24/2015 in order for the Residential Treatment Program license to be renewed before the expiration of the existing license on 7/31/2015. The license is critical for the state to continue using Medicaid dollars to fund programming offered in the facility.

Department of Vermont Health Access (DVHA)

Blueprint

The Blueprint recommended a payment structure for using the funds allocated by the Legislature to the Green Mountain Care Board on June 18th based on input from the Blueprint Executive Committee.

A Blueprint Program Evaluation study is currently under peer review and two papers are in development including one about the impact of Medication Assisted Treatment (MAT) on medical expenses for Medicaid patients and another on the impact of Community Health Teams (CHTs) on medical expenditures and possibly outcomes. These papers represent a renewed focus on sharing work-to-date, results and learnings broadly – with the health reform and academic medicine community in Vermont and nationally and internationally.

Vermont Health Connect

VHC Project Update

Amendment 8 was signed by Optum on Tuesday. The Integrated Master Schedule for Release 2 is currently under development and is scheduled to be complete on Friday. The CMS IT consult held on Monday to review the project, funding and to provide a Change of Circumstance (CoC) demo. The content was very well received by the Federal partners; a letter of progress from CMS/CCIIO will be provided to the State in the next few weeks.

VHC Operations Update

Maximus

A new phone structure was implemented last week, which has allowed the State to keep hold times to a minimum and to begin to process work coming in off the phones on the same day it arrives. The State is still working with Maximus on a plan to have them begin processing Changes of Information requests.

Changes of Circumstance (CoC)

Last week we were able to drop the number of open CoCs from 10,200 to 8,600.

Vermont Medical Society

It continues to be difficult to get concrete numbers for 2014 termination from BCBS. They claim they are a moving target and can only give current approximations.

Action plan:

- Continue to facilitate reinstatements of Vermonters who request coverage and pay their premiums owed.
- Ensure that timely filing requirements are waived for the approximately 100 Vermonters with claims who had Medicaid during their period of terminated coverage.
- Work with DFR to ensure timely filing requirements are waived for private insurers to who will continue to see 2014 submissions as recoupments are made.
- Send letter to providers explaining situation & approach (need to discuss whether this is still the appropriate approach). Host calls with providers when necessary. First call took place on 5/17.
- Work with BCBS to quantify the premium and claim cost for the policyholders who do not have other coverage during the period of termination.
- Focus on reducing the 2015 backlog as quickly as possible to minimize retroactivity in 2015.
- BCBS must start dunning and pending claims for all policyholders in 2015 that have not paid for their coverage. A call is being set up this week to discuss.
- Continue to meet with and resolve provider questions as needed.

Escalated Cases

The Operations team continues to focus on resolving the buckets of escalated cases. A weekly meeting has been set up with Vermont Legal Aid, beginning Thursday, to talk through specific cases. The current backlog is approximately 70 cases. The State is working with Optum to understand how to tackle 2014 cases and will begin manually issuing 1095As later this week.

VCCI Launch of the MOMS program: *case management support for at risk pregnant women*

The Vermont Chronic Care Initiative (VCCI) has launched an at-risk pregnancy support program for Medicaid beneficiaries on May 1st, 2015. The newly branded Medicaid Obstetrical and Maternal Support Program (MOMS Program) now provides focused, holistic case management support for vulnerable and at risk women.

Focused specifically on mothers who have had a preterm delivery in the past, mothers with opiate use disorder or receiving Medication Assisted Therapy, and/or are experiencing significant impact from mental illness, the MOMS Program works to increase access to appropriate obstetrical services while decreasing associated costs from deficits in care or inappropriate care, while working to improve statewide birth outcomes for both mom and baby.

Inpatient Opioid Detoxification

As of July 1, 2015, Medicaid will only reimburse for inpatient Opioid Detoxification when it is medically necessary. The standard of care for this treatment is in the outpatient setting typically, and inpatient admissions are only medically necessary under a few circumstances.

Level of care determination for the treatment of Opioid dependence must be assessed by a qualified provider. The Department of Vermont Health Access (DVHA) and Alcohol Drug Abuse Programs (ADAP) will also provide contact and referral information for substance abuse professionals in the patient's area who are qualified to provide assessments for individuals in need of treatment for opioid addiction.

DVHA and ADAP hosted conference calls on June 16th, 18th and 19th with ER Medical Directors, and additional providers. This was an opportunity to ask questions and clarify what the processes would be moving forward for referring patients/beneficiaries to appropriate providers for a thorough assessment of patient's needs and level of care determination.

Changes to CPT code 90853 for Group Psychotherapy

Changes to this code will go into effect July 1, 2015. The change affects the number of units that are billable to Medicaid and align with Medicare. The change will eliminate the option of billing multiple units and allow for a (1) per session code regardless of counseling session time. The DVHA's Clinical Utilization Review Board voted in favor of this recommendation based on best practice and compliance with Federal guidelines.

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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 26, 2015

Secretary's Top Issues

Montpelier railway pesticide spraying

The Agency of Agriculture, Town of Montpelier, VPAC, Department of Agriculture and other concerned parties have been engaged in discussion for the past two weeks regarding the use of glyphosate herbicide along stretches of train track. This issue has been discussed personally between Secretary Ross and Mayor Hollar, there has been a public hearing on this matter, and Sec. Ross and other AAFM staff participated in a conference call with Sue Allen, Michelle Boomhower, DOT staff and others to continue this discussion.

Agency of Agriculture Security Procedures

Due to a VAAFM employee personnel issue the Agency has tightened its security procedures. While there is no perceived ongoing threat for employees, the Agency has chosen to consider these preliminary changes permanent and will continue to communicate with BGS, state security, local police and the Governor's office as security procedures continue to develop.

Animal Cruelty on YouTube.com

The Agency (as well as the Governor's office) received several inquiries about a 2013 video on YouTube showing old video footage from Bushways from 2009. However, the video was purposely edited to remove the year from the date on it, so it looks as if it is showing something current. This has raised a lot of concern for viewers, and AAFM has done its best to assure those who are inquiring that it is old footage and the facility responsible has been shut down.

New York Fancy Food Show

VAAFM staff are headed to New York City to run the Vermont booth in the Vermont Pavilion at the 2015 Summer Fancy Food Show from June 28 – 30. Through partnering with the Vermont Specialty Food Association, the state will demonstrate Vermont focused recipes, display Vermont products and otherwise engage buyers on the uniqueness of the 35 Vermont producers represented at the Show. The Summer Fancy Food Show is the largest specialty food trade event in North America and the leading showcase of industry innovation, bringing specialty food's top manufacturers, buyers, and thought leaders together under one roof for three days of delectable discovery. The event will feature more than 180,000 products, 25,000 buyers, and 2,500 exhibitors

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: June 26, 2015

Status of Governor's Priorities:

Press

Marketing & Communications

- The Agency hosted presentation for a group of Ukrainian business owners, accompanied by Bob Parsons of UVM, who were interested in learning about organic production.
- The Agency is preparing for the first Statehouse lawn farmers' market, which will be held during Farmers' Market Week in August.

Media

- Diane Bothfeld spoke with Eilis O'Neill, an NPR freelancer, for NPR's "Latino USA" program. The interview focused on Migrant Justice Milk with Dignity program and the status of domestic and migrant working conditions in Vermont.
- Deputy Secretary Bothfeld spoke with WCAX on milk volume and dumping, status of the dairy industry and wet weather concerns with WCAX.
- Sec. Ross taped an interview with WCAX's "You can quote me" about a variety of farming topics, from the heavy rains to milk prices.
- Assistant State Veterinarian was interviewed by the Addison Independent regarding the nationwide outbreak of Highly Pathogenic Avian Influenza as it relates to Vermont Producers.
- Diane Bothfeld was contacted by the Barton Chronicle to discuss milk prices and will be following up.
- Andy Kirkaldy from the Addison Independent has requested more information about the use of propane cannons to control nuisance birds on ag fields. The Agency is coordinating a response.
- The Agency is addressing concerns raised by residents of Montpelier related to the spraying of glyphosate on the railways in town. We are working with VDH and VTrans to determine if the permit issued to the railway should be amended.

Significant Events/Meetings:

- Assistant State Veterinarian worked with Local Foods Administrator and Produce Safety Coordinator to prepare a produce safety program proposal to present to VAAFM Internal FSMA Group. Valuable input was provided by Consumer Protection Section Chief.
- Animal Health Field Staff and Assistant State Veterinarian attended FEMA sponsored nationwide emergency exercise drill hosted by the Addison County Planning Commission. The event was a livestock disease outbreak at a fair and field day event that extended to human health. Local participants beside Animal Health Staff included local VDH staff, planning staff, local emergency responders, and UVM extension biosecurity veterinarian. This event was an incredible opportunity for emergency planning and relationship building among stakeholders that are involved in the Addison County Fair and Field Days. The scenario was a credible situation that could occur in the real world at any of VT's fair and field days. This was also the first nationwide livestock emergency exercise drill that FEMA has executed. Ideally this drill could occur locally with every fair and field day. Notably and unfortunately absent were representatives from the Addison County Fair and Field Days, despite a repeated invitation.

- Animal Health field staff initiated two tissue residue investigations: 1) violation occurred on a farm Addison County involving the antibiotic desfuroylceftiofur (Ceftiofur) found in a cull cow; 2) violation occurred on a farm in East Ryegate involving the antibiotic neomycin found in a bob veal calf.
- violation
- Animal Health field staff collected samples for Avian Influenza testing from a backyard flock of layers in Waterbury Center which had 2 sudden mortalities in a 48 hour period.
- Inspected out of state health papers for horses at the Vermont Dairy Festival.
- Assistant State Veterinarian had a lengthy conversation with a town official from Marshfield regarding cattle that have been getting out of their fencing area for years and years and years.

Evolving Issues:

- Animal Health Section continues to work with USDA Veterinary Services Regional Traceability Coordinator to investigate the purchase of 175 VT dairy cattle by two out of state producers. Seller and buyers did not obtain proper movement documentation prior to animal dispersal, in direct violation of federal movement regulations and multiple state import regulations.
- Animal Health Section is investigation a report of a non-licensed livestock dealer. The individual in question is claiming to be operating as an agent of his father's livestock dealing business, which he is not. The complaint call came into the office from the individual's brothers. A letter of warning and a requirement to license will be forthcoming.
- Animal Health received a hearing request in response to a notice of violation regarding illegal importation of swine into Vermont and will be scheduling a pre-hearing for early July.
- Animal Health Section is following up with a dealer who had a cull bull returned from slaughter in PA due to a head malformation. Bull was expected to return to VT but may have been diverted to a NY slaughter market.
- The Agency received an inquiry about a 2013 video on YouTube showing the old Bushways video footage from 2009. However, the video was purposely edited to remove the year from the date on it, so it looks as if it is showing something current. Unfortunately, people tend to believe what they see on-line.

Summary of Key agency Department Activity

Administration:

Deputy Secretary Bothfeld met with VT Tax Department to discuss recent farm tour, current use and solar guidance. Agency provided a farm tour to tax auditors in early June and the visit generated many areas of concern for the tax department with current regulations. Many are outdated and strict interpretation does not fit with today's farming practices. Tax department is reviewing and determining which issues can be addressed in the regulations versus needing a statute change. Once sorted, tax department will work with Agency on interpretation and editing to better fit regulations to current practices where possible and discuss merits of statute change. **Current use changes and easy out provisions will be highlighted in Agriview and e-mailed to dairy and agricultural lists to alert farmers to the changes.** The solar guidance document will be finalized soon and the Agency appreciates the Tax Department's work on this document. Agency of Ag will assist with distribution when finalized.

Deputy Secretary Bothfeld and Chief Policy Enforcement Officer Smith attended a meeting with PSD, ANR and ACCD on solar siting incentives. PSD is petitioning the Public Service Board to update net metering for solar and is including incentives to move solar to old gravel pits, roof tops, parking lots, brown fields and certain areas of industrial parks. Ag will review definitions of agricultural structures in line with new Current Use solar guidance and provide information to PSD prior to July 10 deadline.

The Agency of Agriculture set the most recent per acre cost for Act 250 off site mitigation for the time period of July 1-December 31, 2015. The offsite mitigation fee applied by the State's District Environmental Commissions is set by the Secretary of Agriculture, and reflects the cost per acre paid by the Vermont Housing and Conservation Board (VHCB) to conserve farmland in the Vermont. The default mitigation for impacts to "primary agricultural soil" for all applications for "development" and "subdivision" is onsite mitigation. If the District Environmental Commissions finds that the project meets "appropriate circumstances" then the applicant may seek mitigation flexibility, which includes payment to the VHCB to protect farmland by a permanent conservation easement in accordance with these fees.

Agricultural Development:

Senior Agricultural Development Coordinator Alex DePillis hosted a farm energy strategy session with UVM and Efficiency Vermont staff. The consensus is that much of the efficiency savings at dairy farms has been achieved, although robotic milking machines present a growing opportunity on dairy farms. Meanwhile, weather extremes combined with the local foods movement and vegetable-growing expertise mean that the use of greenhouses is expanding rapidly – another opportunity for efficiency improvements and for renewable energy (especially for heating). Finally, localized food processing and distribution means there are on-farm and off-farm opportunities for energy efficiency, especially in refrigeration and processing. The Agency will support these efforts by finding funding for innovation, and identifying target locations that will be the most meaningful for the food system in Vermont.

Boston Public Market

Boston Public Market opening schedule was announced on Tuesday 6/23. The market will have a private opening on 7/28 with a grand opening to the public held on Thursday 7/30. The indoor market, situated in the Haymarket District, will focus on New England products and operate year round, 5 days a week.

New York Fancy Food Show

- Business Development Administrator Chelsea Lewis and Senior Development Specialist Reg Godin are headed to New York City to run the Vermont booth in the Vermont Pavilion at the 2015 Summer Fancy Food Show from June 28 – 30.
- Through partnering with the Vermont Specialty Food Association, the state will demonstrate Vermont focused recipes, display Vermont products and otherwise engage buyers on the uniqueness of the 35 Vermont producers represented at the Show.
- The Summer Fancy Food Show is the largest specialty food trade event in North America and the leading showcase of industry innovation, bringing specialty food's top manufacturers, buyers, and thought leaders together under one roof for three days of delectable discovery. The event will feature more than 180,000 products, 25,000 buyers, and 2,500 exhibitors

Local Foods Team

Vermont Agency of Agriculture Prepares for Food Safety Modernization Act Implementation with Vermont Department of Health

Local Foods Administrator Abbey Willard, Produce Safety Coordinator Kristina Sweet, and Assistant State Veterinarian Shelley Mehlenbacher met with the Vermont Department of Health to prepare for implementation of the Food Safety Modernization Act (FSMA).

- VAAFAM & VDH are in the process of developing plans for collaboration around (1) models for farm & food processing registries, (2) FSMA implementation on farms, (3) delineating agency/department responsibilities around inspections, and (4) possible changes to Vermont state statutes and/or rulemaking.
- VAAFAM, VDH & UVM Extension will meet every other month between now and publication of the final FDA Produce Safety Rule under FSMA in November to align our work around FSMA and be prepared to assist farmers with implementation of the rule.
- VAAFAM will convene a produce industry stakeholder group in the fall to guide the development of a Vermont state produce safety program.

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VAAFM Secretary Ross and Deputy Commissioner of Health Cimaglio Give Opening Remarks for Farm to School Institute at Shelburne Farms on Wednesday, June 24th.

- Other speakers included Betsy Rosenbluth, Director of Vermont Food Education Every Day (FEED- a partnership between NOFA-VT and Shelburne Farms), Helen Dombalis of National Farm to School Network and Doug Davis, Food Service Director for Burlington Public Schools in Vermont.
- Speakers addressed and inspired institute attendees, USDA FNS Northeast Regional Nutrition Programs Branch Chief, Mary Jo McLarney, USDA Farm to School Northeast Coordinator, Danielle Fleury, and staff from National Farm to School Network.
- The annual institute, which began in 2010, focuses on professional development in order to design a more integrated curriculum that includes food, farm and nutrition in all aspects of student learning. Professional development is provided to teachers, administrators, food service and members of the community who are working with schools on farm to school initiatives.
- Each school that is accepted into the institute must have a team that includes representative members of their whole farm to school community- including to teachers, administrators, food service and members of the community who are working with schools on farm to school initiatives, and farmers.
- This year's institute funded by a \$100,000 USDA Farm to School grant (which also covers a year of mentoring to schools by coaches after the workshop), reached beyond the borders of Vermont, and welcomed schools from Maine, New Hampshire, Massachusetts and New York.
- Vermont is one of nine states where more than 75 percent of school districts participated in farm-to-school activities in the 2011-2012 school year, according to the USDA census. Updated census data is expected to come out in the fall.

VAAFM Farm to School Coordinator Attends Gatherings of Current and Past Vermont Farm to School Grantees at Shelburne Farms June 22-23.

- A gathering of 2015 Vermont Farm to School Planning Grantees (a grant program administered by VAAFM) took place on June 22nd. The 2015 planning grants featured a special partnership between VAAFM, FEED and other Vermont farm to school technical assistance service provider nonprofits.
- This was the final gathering of the 5 planning grantees, who brought several representatives of each school with them, to work on action planning and next steps in their farm to school program planning.
- The new grant program design, which requires planning grantees to use technical assistance, has allowed for significant progress in each school's farm to school program planning process. The new model has proven to be a huge success, boosting the impact of grant program dollars.
- June 23rd featured reports from the 2014 Farm to School Institute attendees. Only schools that are previous Vermont Farm to School Program grantees are considered for the institute, which is a sign of the grant program's effectiveness and FEED's commitment to working collaboratively with the state's farm to school program.
- One 2014 Farm to School Institute attendee, Missisquoi Valley Union High School, has begun raising its own beef for the school cafeteria, as a result of the institute. The school's animal science teacher connected with VAAFM Meat Safety Compliance Specialist, Michael Mitchell, who helped the school ascertain necessary permits to allow this innovative practice to take place. Abbie Nelson of FEED worked with the school to satisfy USDA procurement requirements. Students, with the animal science teacher's assistance, are responsible for all aspects of production and logistics related to the enterprise. This model is one that many schools would like to adopt, and will serve as an example for others to follow.

VAAFM Farm to School Coordinator, Zipparo, Attends Green Mountain Farm to School Block Party in Newport, VT on June 18.

- The party is a community-wide event that has been taking place for several years, and features music, arts, dancing, tai chi, and most importantly, free food for all kids 18 and younger.
- There were several hundred attendees at the event, and more than 200 free meals, featuring local herbs and greens, were served to children from the area from their mobile kitchen, The Lunch Box.
- Green Mountain Farm to School has been operating their Lunch Box for over two years, serving free, locally sourced meals to many underserved people. Green Mountain Farm Direct, and enterprise of Green Mountain Farm to School, aggregates fresh, local ingredients for schools and other institutions, and also sources the ingredients for the Lunch Box.
- The Lunch Box will be serving free meals to children all summer in Newport, Barton and Island Pond every week.

VAAFM Local Foods Team Works with Agency of Administration, BGS, Capital City Farmers' Market and NOFA-VT to Plan First Ever Vermont Buy-Local Market on Statehouse Lawn, to Take Place August 14th 10AM-1PM

- The Buy Local Market on the Statehouse lawn, which will be similar to the annual Buy-Local Market during Consumer Night during the Farm Show, will raise awareness for the importance of local food and Ag Literacy. It will also support our goal of connecting state employees with healthy, local foods.
- There will be 40 producer-only vendors, who will be selling Vermont agriculture products. VAAFM is working closely with Capital City Farmers' Market, NOFA-VT in planning the event, in the interest of further building community collaboration in our agricultural landscape.
- Key speakers will to address the crowd at 12:15.
- The Statehouse market is one of several public events across the state that will celebrate local food that month, including National Farmers' Market Week Open Farm Week, and Breakfast on the Farm.
- The application for vendors will go out to the public on June 22. Vendors will be chosen on a first-come-first-serve basis. Market make-up will be diverse, featuring a balanced mix of product types, from across the working landscape spectrum.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- The Agency received an inquiry about a 2013 video on YouTube showing the old Bushways video footage from 2009. However, the video was purposely edited to remove the year from the date on it, so it looks as if it is showing something current. Unfortunately, people tend to believe what they see on-line.
- Compliance officer is doing a visit to a federal establishment that was placed on a verification plan by USDA because of a humane handling violation. The compliance officer will review the establishment's humane handling and their adherence to their verification plan while there.
- Compliance was contacted by an Ag Specialist at the Derby, VT border crossing about the importation of uninspected porcine carcasses into the US for local pig roasts. The Ag Specialist explained they were turned back at the Derby crossing but, were allowed to cross the border at the Beecher Falls, VT location. Compliance then contacted the Homeland Security Supervisor in Champlain, NY, who said he would correct this situation from occurring in the future and would explain the laws to his border agents as they pertain to the importation of meat products into the US from Canada.
- Consumer complaint follow up investigation was performed at a firm in Brattleboro for meat product safety concerns.
- Consumer complaint investigation was performed at a firm that owns markets in Townshend and West Wardsboro for the sales of off condition meat products that were being produced under insanitary conditions at both locations.

Animal Health:

Animal Health Field Staff

- Attended the weekly livestock auction at the Addison County Commission Sales to monitor Animal Disease Traceability compliance and complete the livestock market report.
- Met with the manager of an animal rescue organization in Ferrisburg the review a recent inspection report. Shelter manager corrected one of the immediate issues and has a plan to improve several non-critical issues.
- Assisted two poultry producers in sending dead birds to the diagnostic lab in New Hampshire.
- Provided Animal Disease Traceability supplies to livestock dealers and livestock markets
- Assisted Department of Motor Vehicles Enforcement Division's Annual 72 hour Roadside Truck Check on June 2 in Guilford Vermont. Animal Health Specialist inspected livestock trailers for owner-shipper documents and Interstate Health Certificates going southbound in the AM and northbound in the PM.
- Completed a tissue residue violation investigation case on a farm in Bridport that had shipped a dairy cow before the required withdrawal period for the antibiotic Excenel.
- Distributed bio-security information on Highly Pathogenic Avian Influenza to feed dealer for distribution to customers.
- Inspected livestock dealer record in Peacham in reference to an FDA tissue residue violation inspection.

Dairy:

This week three new plants were issued milk handler licenses over the past week and there are 15 milk handler licenses pending. Not all are processing plants but the majority is. This is a good problem to have but the rapid increase in processor numbers puts a significant strain on staff. The legislature approved an additional dairy plant inspector and we hope to advertise for that position soon. Greg Lockwood along with the rest of the plant inspectors, Brian Young, Steve

Volk and Laurel Junkins are to be commended for their work with the start-ups in the state and the added responsibilities it represents. The farm inspectors have also been helping with Eric Perkins taking on some plants in his area and Steven Nicholson has been assisting with plants and with the transition of Laurel Junkins to become a plant inspector. Steven is still doing some sampling for the plants in his area.

Greg Lockwood along with Brian Young presented a pasteurizer training course hosted at the Ben and Jerry's plant in St Albans, VT. Employees from 4 large plants from the region were in attendance. The course was well received and appreciated by the processors present.

We are continuing the roll out of the computer program with the inspection module for the plant inspectors becoming more workable each week. Special thanks to Laurel Junkins for his assisting in troubleshooting the inspection side of the program. Lisa Fantelli, Antonia Davis and Marcey Hodgdon have been working hard to assist in troubleshooting the licensing portion of the program.

This week we started sampling creameries. The strategy this year with limited resources is that we are targeting a region of the state with the plant to rotate around the state. The Dairy Lab has been cooperative and assisted in coordinating the sample flow. The intent is to sample a smaller number of operations but follow-up and provide more technical assistance if any problems are discovered.

I want to thank Sue James who has stepped up and come into the office to pitch in while we are short staffed she also has started the process for two of our farm inspectors to gain FDA Rating Officer status. Sue has been actively working with Jon Magnant and Eric Perkins are both working hard to prepare for the process of becoming rating officers. The checks and balances provided for in the Pasteurized Milk Ordinance are critical to assuring that all of the Grade A milk produced in the United States is produced under the same standards of safety.

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. At minimum, the following number of farm facilities were surveyed within the last week as part of this initiative:
 - 8 SFOs
 - 1 MFO

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

- Staff facilitated a discretionary public informational meeting held by the Agency for a LFO in Addison County in regards to a request for authorization to construct additional animal housing.
- Staff conducted a technical assistance visit on a LFO in Addison County to evaluate BMPs that the farm has been working on with assistance from the Agency.
- Staff conducted a facility inspection of a LFO in Windham County and also provided technical assistance with related LFO permitting. The farm has requested a permit amendment to be able to import non-farm generated wastes for their anaerobic digester.
- Staff arranged and held a conference call with a MFO in Addison County to discuss BMPs and timelines related to an enforcement action issued by the Agency to the farm. Options were discussed and participants in the call were NRCS, AAFM and the farm owners. The farm's technical service provider was unable to attend the call.
- Staff met with a LFO in Franklin County to discuss storm water management from fields bordering residential property. Runoff from fields has been inundating neighboring property and the Agency is working with all parties to establish a reasonable and effective solution.
- Staff have conducted enforcement action compliance follow-up visits on a MFO in Orleans County (vegetated buffers) and a LFO in Franklin County (silage runoff).
- Staff are working with LFOs regarding permit amendments for authorization to construct additional animal housing. Permit amendments have been drafted and discretionary public information meetings have been set-up.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are continuing to test the FoodSafety WQ database and we have sent comments to the database designer.

Conservation Reserve Enhancement Program (CREP):

- Staff met with a SFO in Franklin County and the farm's excavation contractor to review a site and develop a quote for a BMP application.
- Staff visited a SFO in Franklin County to discuss invasive control work with USFWS.
- Staff visited a SFO in Franklin County, as requested by the landowner, to assess CREP plantings that were unsuccessful/unable to establish after planting.

WQ Enforcement

- A landowner and a small farmer in Franklin will receive a corrective action letter for violations of the AAPs. The landowner rents his 40 acre field to a small farmer who cleaned out a pre-existing field ditch last summer and since then the ditch has been discharging large amounts of sediment to a stream on a property which abuts this field. While maintaining a field ditch is an acceptable ag practice, it must be done in such a way as to prevent the discharge of sediments to surface water. The landowner and farmer both need to respond within 30 days in writing outlining how they will manage the ditch to prevent the runoff of sediment to water.
- A medium farm operation in Milton will receive a corrective action letter for violations of the MFO General Permit. Conservation practices are not in place to prevent the discharge of wastes to water (sand laden manure), milkhouse waste and silage leachate systems are not being operated to ensure proper functioning and management of wastes, and the required 25' vegetative buffer between row crops and surface water was missing on two fields. No penalty, farm must submit a plan to the Agency within 30 days outlining how they will: manage the sand laden manure; improve management of the milkhouse waste and silage leachate systems; and, establish 25' buffers on all fields managed by the MFO.

Public Records Request

ARM water quality and enforcement staff continue to prepare for the Vermont Law School records request which is scheduled to commence the week of June 29 and should continue throughout the summer. VLS interns will be at the Agency two days a week reviewing all records (from 2010 to 2015) regarding LFO, MFO, CAFO and AFO permitting, citizen complaints, inspection reports and enforcement documents, along with any and all information relating to farm field tile drainage. Legal counsel is continuing to work with VLS to clarify their request regarding communications (i.e. emails, etc.)

↖ Sarah

Secretary's Comments:

- Participated in a board meeting of the Higher Education Food Systems Consortium
- Gave remarks at a Farm to school event at Shelburne Farms
- Participated in an energy supply resources workshop
- Participated in the Gov's Council on Energy and the Environment
- Engaged in railway pesticide issue
 - Met with Montpelier Mayor John Hollar to discuss issue
 - Participated in a public hearing with Mayor Hollar to listen to public opinion on the issue
 - Participated in a conference call with Gov's staff and DOT

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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: June 26, 2015

Subject: ANR Weekly Report

Governor Level Issues:

Mylan Technologies (St. Albans): As part of a relocation that cleared the way for a new state office building in downtown St. Albans, Mylan Tech is making improvements to an existing building off Lake Street, where they will move a portion of their operations. Mylan must obtain an Act 250 permit for this work and has reached out to OPLA to obtain ANR's position on their proposal. Part of Mylan's deal with the city requires the company to build a new pedestrian path that will allow workers in a large office complex walk from their building to an area of stores on the other side of the Mylan campus. Since Mylan must fence in their facility, the current path that runs through their campus must be moved the perimeter. OPLA is working with Mylan to ensure that path relocation will be outside of the undeveloped riparian buffer area. OPLA has suggested that the path be moved into the existing parking area, which would result in the loss of 6 parking spaces in a lot of roughly 90 spaces. It is unclear at this time whether Mylan will accept this recommendation, or if the issue will be contested in Act 250.

TDI MOU: OPLA met with representatives of TDI on Mon, June 22, for the first round of substantive MOU negotiations. Working off the framework of issues set forth in ANR's direct PSB testimony, OPLA and TDI were able to work through a number of issues and made good progress on a global settlement. Both parties left with assignments and will meet again on June 30 to continue to negotiation. Parties are working to finalize an MOU by July 17.

EVERYTHING ELSE:

Press Issues/Releases:

H35 Bill Signing - Lake Efforts Become Law – St. Albans Messenger story by Michelle Monroe: Great write-up of the bill signing that includes quotes from Pixley Hill, farmer Larry Gervais, Denise Smith and Anthony Iarrapino.

Clean water bill stories: Clean Water Law – St. Albans Messenger Editorial; Shumlin signs water quality bill by the waterfront – VT Digger; New law should generate funding – AP story by Wilson Ring; VT Law means millions to clean Lake Champlain – WCAX; Vermont water quality bill signed into law – WPTZ; Looking back at Lake Champlain clean-up plans; and Benefits of Vermont’s clean water law will flow down the Connecticut River – VPR.

Sewage Overflows: VTDigger wrote an article about heavy rains leading to an increase in sewage discharges this spring.

Ehlers on Sewage Overflows: VPR ran an interview with James Ehlers about sewage overflows after Sec. Markowitz appeared on Vermont Edition.

Universal Recycling Law - Food never really goes bad, does it? Burlington Free Press story on composting and implementation of Act. 148.

ECOAmeriCorps Program Implementation: Now that we have received official notification from SerVermont that our AmeriCorps proposal is being fully funded for the next 3 years, DEC can formally announce the program and get started with implementing the program. We are working with the Governor’s office to plan a media event to announce the grant. We have been preparing outreach materials, established a host website and developed an application form so that we are ready to launch.

Recycling Radio Public Service Announcements: We signed a final agreement with HMC Advertising, the State’s pre-contracted media buying firm, to place 30 second radio ads and PSAs on a broad selection of radio stations across Vermont in July to inform the Vermont public about the importance of recycling and composting.

VT’s Moose Hunt Auction is Open: VT’s lottery for moose hunting permits closed June 17, but there’s one more opportunity to get a permit for this fall’s moose hunt. VT’s auction for five moose hunting permits is open until 4:30 p.m. August 13. Bids will be opened and winners notified on August 14. Auction winners will hunt in one of several wildlife management units (WMUs) open to moose hunting and choose to hunt during the October 1-7 archery season, or in the October 17-22 regular season.

Adapting Forests to Climate Change: VT Digger featured a story last Friday about this recently-released guidebook for land managers. The story included quotes from Commissioner

Michael Snyder and Sandra Wilmot, FPR's Forest Health Specialist and Climate Change Coordinator.

Random Acts of Camping: Designed to share the joy of camping with Vermonters, "[Random Acts of Camping](#)" will be coming to a state park day use area near you. "Random Acts of Camping" rewards lucky park visitors with two free nights of tent, RV, lean-to or cabin camping in any [Vermont State Park](#) campground.

Significant Events/Meetings:

Agriculture Partnership Memorandum of Understanding: DEC staff and leadership participated in a meeting with leadership at government partners engaged in agriculture and water quality efforts including AAFM, the U.S. Department of Agriculture, UVM Extension, Lake Champlain Basin Program, and Conservation Districts. We first entered into a MOU in 2012 in which the partners agreed to share information and coordinate efforts to improve water quality efforts on farms. At this most recent meeting, we discussed next steps in growing our partnership to fully implement the state's clean water initiative and the recently enacted Vermont Clean Water Act. The partners have identified significant opportunities from a coordinated, strategic focus on the greatest opportunities for pollution reduction.

Meeting with VT Youth Conservation Corps (VYCC) Leadership: DEC staff and leadership met with VYCC leadership to discuss potential collaborations and partnerships. VYCC is currently undertaking a strategic planning process and has identified clean water and providing opportunities for young people as their top two priorities. We discussed the needs that will exist for on-the-ground work as a result of the Vermont Clean Water Act and collaborations with our ECOAmeriCorps program to deploy their work crews and staff on training and project implementation related to water quality. VYCC is also interested in exploring innovative ways that we can use the new Clean Water Fund to partner on clean water projects. We agreed to hold periodic meetings to continue progress on these ideas.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

VGS Phase VII looping project: Vermont Gas Systems had proposed an upgrade project in St. Albans as part of their Addison-Rutland Phase II petition, which was withdrawn earlier this year. OPLA continues to work with VGS on a MOU to settle the one remaining issue in the case, which relates to the projects impacts to the river corridor associated with two stream crossings. The DEC Rivers program has asked Vermont Gas to ensure that the design for the two crossings be modified so that the new 10" pressurized gas line will run at the necessary

depth below the stream bottom for the width of the channel and corridor. The deadline for an MOU has been pushed back to July 10, which provides time for the parties to resolve this issue.

PSB Act 99 – Net Metering Rule Revisions: The PSD convened a meeting Thurs, June 26, amongst PSD, ANR, VAAFM and ACCD staff to discuss ways to use net metering rate structure to incent well-sited projects. The discussion will inform the comments PSD and ANR will submit to the PSB on July 10 in the final rounds of comments before the PSB begins formal rulemaking to re-design the state’s net metering program. The agency partners agreed that encouraging solar on buildings, parking areas, decommissioned sand and gravel pits, closed landfills, and certain brown and grey field sites was desirable. The group will work on refining the definition of these areas in advance of the July filing.

New Applications for the Week of June 15: OPLA received 4 new Act 250 applications and 1 new Section 248 petitions.

Environmental Conservation (DEC)

Methane Digesters and Registration: DEC is discussing potential revenue opportunities for operators of farm methane digesters to monetize the greenhouse gas emission reductions associated with operation of these units with AAFM.

Tim Trombley: Mr. Trombley engaged in illegal open burning. He was contracted to demolish a log cabin located on property in Reading. During the demolition, Respondent improperly removed an underground storage tank and then burned the demolition debris. The demolition debris contained plywood, sheetrock, plastic coated electrical wire, dimensional lumber, aluminum, white fabric, foam insulation, fiberglass insulation, plastic sheeting, remnants of a tub or sink, and other items. We entered into an agreement with Mr. Trombley under which he agreed to take corrective actions and pay a penalty of \$9,500.

R.L. Vallee, Inc.: Renovations at “Tim’s Convenience Store” in Marshfield and “Madonna Mobil Service Station” in Cambridge resulted in increasing the size of the number of people served, but R.L. Vallee did not obtain the necessary wastewater permits. We entered into an agreement with R.L. Vallee in which they will pay a penalty of \$3,000.

Nelson Farms, Inc.: Following mediation ordered by the Environmental Court, we have settled a case against Nelson Farms for discharges from a mortality pile at their farm in Irasburg. Under the agreement, Nelson Farms will take corrective action and pay a penalty of \$15,000.

Hinesburg Water System Leak Update: The Town of Hinesburg recently received source permits for two new water supply sources. These sources have not yet been permitted to be connected to the Water System, so there is not yet any recognized reserve capacity to connect new users to the Hinesburg system. Further complicating the ability of new users to connect to the system, Hinesburg’s Water System has reported that they had developed a significant line leak or leaks (unaccounted for water loss) in their system amounting to a water deficit of 70,000

- 90,000 gallons per day. We approved the emergency use of one of the two new supply sources (well #4) to serve the system, to ensure that the Town will not run out of water until such time as they find and repair the leak. We are also providing leak detection survey services to the Town. No new connections to the Water System are to be authorized until the Town indicates that they have adequate capacity, which includes elimination of the current water deficit.

Button Bay State Park Wastewater System: At Button Bay State Park recent heavy rains have raised the lagoon level, leaving about one foot of freeboard. Depth to groundwater levels in the sprayfield are about 5-7 inches which normally would preclude spraying. No spraying was conducted in May when groundwater levels were deeper and now they are faced with a situation where they may need to spray if additional rainfall raises the lagoon level to the point of overtopping. The Indirect Discharge Program has authorized them to spray if the lagoon level rises 6 more inches, regardless of the depth to groundwater in the sprayfield. Fortunately the sprayfield area is well isolated from the public and topographically fairly flat so any ponded spray effluent is not expected to leave the site. The spray effluent will be chlorinated as is normally the case. We have also requested regular updates (every two days) and have asked Facilities Engineering Division to look into the inflow/infiltration (I/I) issue which is believed to be responsible for the current situation.

Lake Carmi Septic System Initiative: DEC met with Pete Benevento of the Lake Carmi Campers Association to discuss how best to work with owners of wastewater systems located close to Lake Carmi.

Governor's Awards for Environmental Excellence: The Governor's Awards ceremony is now scheduled for June 30 in the Cedar Creek Room in the State House. Twelve business, non-profit and municipal projects will be recognized by the Governor and Secretary. Several schools will be recognized at a later date at a Vermont Principals Association meeting in August.

Vermont Technical College Anaerobic Digester: The anaerobic digester on the Vermont Technical College (VTC) Randolph campus has been in operation since 2014. Currently, the digester is exempt from solid waste jurisdiction, but VTC has applied for a Solid Waste certification for authorization to accept food scraps and other solid wastes. Following the initial start-up, the VTC digester encountered a number of issues that caused digester gas to be emitted, often for long periods of time. The gas odors caused the neighbors to submit a petition to the Public Service Board to revoke VTC's Certificate of Public Good. As a result the PSB opened an investigation of the odors which is still underway. Concurrently, Solid Waste Program staff has been working with VTC through the application's technical review process to pinpoint the cause(s) of the odors and to implement the appropriate odor controls. To date, progress has been made and the gas odors have been reduced though not eliminated. More odor controls are necessary, potentially in terms of tank vents and materials management.

Americans with Disabilities Act (ADA) and Underground Storage Tank (UST) Program: We have been asked to assist in getting the word out about ADA requirements for fuel stations. Under the Act, stations are supposed to provide assistance to disabled persons in fueling their vehicles and accessing the facility. The UST program will feature information on the Act in an

upcoming newsletter, and is looking to add some questions in the annual self-certification to raise awareness.

Avian Flu Conference Call: We participated in a call with AAFM State Veterinarian Kristin Haas to discuss how to deal with anticipated impacts from the Avian Flu. National experts say it is a matter of when, not if, Vermont producers will lose domestic poultry due to this disease. While we do not have the scale of poultry producers like other states, there are large (30,000 birds) and small (hobbyists) operations that could generate large numbers of fowl carcasses needing disposal in short periods of time. The preferred draft hierarchy of disposal for Vermont is on-site composting, off-site disposal, on-site burial, then landfill. A workgroup will be meeting regularly over the summer to try to be prepared for the anticipated outbreak (expected to be during fall migration of wild birds).

Grow Compost of Vermont LLC: Last week, Grow Compost of Vermont LLC formally notified us that they are no longer directly composting solid waste materials. Instead, they have changed their business model to feed food scraps to approximately 500 chickens and will compost the remaining scraps and chicken manure. Since feeding animals is an agriculture activity, Grow requested to have their 2014 Categorical Composting Certification revoked without hearing. We will continue to work with Grow to ascertain any impacts their solid waste composting operation had on off-site groundwater. Given the historic odor issues, we are preparing a letter to the abutting landowners and to the town to inform them who they can contact if they are impacted by nuisance compost odors.

Proposed Reclassifications of U.S. Forest Service Lands: After discussion with FPR, we have now delivered a proposal to reclassify certain waters in the Green Mountain National Forest as “A-1” which is our highest water quality designation. This proposal reflects a Department priority to begin to systematically reclassify the state’s highest quality waters to ensure that they are not degraded as intended under federal and state water quality laws.

Upgrade to DEC Water Monitoring Data Availability: A major upgrade in DEC water monitoring data availability has been achieved. All data are now available online through the Atlas, with real-time indicators of condition based on the last assessment, for four water quality indicators. This is a “soft-release” as staff are continuing to develop appropriate interpretive material, to ensure that data are used appropriately. On the Atlas, under “Watershed Protection,” to see this newly available information, check the box labeled “Water Quality Monitoring.”

Fish & Wildlife (FWD)

Warden Activity: Wardens are stopping in at the Hartland Range periodically to make sure no one is shooting. Other agencies are helping out as well. Backups to local agencies included the Windsor homicide suspect to marijuana calls to shots fired in a home. Wardens were also very busy assisting VSP in the search for the NY prison escapees. Marijuana is starting to show up in the woods.

Spearguns: Staff attended the monthly meeting of the Fish and Wildlife Board. The Board was presented with a proposal to legalize the use of spearguns in VT wherever a bow with an arrow attached is currently legal. The fisheries division will provide a recommendation to the board.

Fishing: Wardens are actively checking waters, licenses, methods and creel limits. Many fish are being caught and compliance is predictable, but high in most areas. Most violations are repeat offenses including failure to carry license, fishing under revocation, no license and boat-related issues. One report of two males fishing with 6 lines and a couple reports of illegal fish. The LCI over the weekend produced some nice fish and a few minor fishing violations. SW Fowler in reference to the LCI- “We did see one really nice walleye caught by a (tournament) bass fisherman who really did not know what he had. We advised him he should check in the fish. Turned out that he was leading the walleye category by the end of the day.”

Forests, Parks and Recreation (FPR)

Telecommunication Licenses: Lands Administration staff will be working to develop new telecommunication license agreements with Sprint and T-Mobile at Smugglers’ Notch ski area. Existing license agreements with these providers at this site will soon expire.

ANR PILOT: Lands Administration staff are working to schedule a meeting with Joint Fiscal, Property Valuation and Review, and the Vermont League of Cities and Towns to explore additional options for ANR PILOT for the legislature’s consideration. This study committee’s report will be a follow-up to last year’s report to the legislature on ANR PILOT and must be completed by November.

Park Visitor Numbers: State Park visitation is now just 4% behind 2014 to date with over 124,000 visits.

Fat Bikes: An internal meeting to develop policies and practices related to winter fat bike use on FPR lands will be held next week.

Presentation of New FPR Climate Change Document: FPR staff presented the recently released FPR document titled “Creating and Maintaining Resilient Forests in Vermont: Adapting Forests to Climate Change” at a kickoff of the Craftsbury Outdoor Center monthly forestry seminar series that will continue through the summer. Approximately 40 people attended the event and brought many great questions. The next presentation will be in July, when forest fragmentation and the Staying Connected Initiative will be discussed.

Central Office Outreach

Tactical Basin Plans: Two press releases were sent to media outlets on June 23. The releases invited public comment at hearings scheduled for several dates in July on the tactical basin plans for the Northern Lake Champlain and the Wells/Waits/Ompomponoosuc basins.

Universal Recycling: A media advisory notice was sent on June 24 alerting the press about an event highlighting the provisions of the UR law that come into effect on July 1. Secretary Markowitz and partner organizations are gathering on June 26 to bring attention to the changes coming in July and are also unveiling a new marketing campaign designed to reinvigorate recycling efforts in Vermont which have long been stagnant.

When Governments Cooperate - Municipal Day Training: The annual “Muni Day” training will take place on Sept 9. Organized by ANR but including workshops run by ACCD, VTrans, NRB and other partners, a full agenda has been assembled and registration opened this week. Registration will cost \$25 to cover the cost of food and a parking shuttle.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: June 26, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY: NRC granted the exemption request of Entergy to eliminate 30-day notice of Decommissioning Fund (NDT) withdrawals and permission to withdraw funds for spent fuel management purposes. This is a big, albeit not unexpected, loss. That said, we met this week and will meet again next with all agency and AGO attorneys and Wilmer –Hale, to discuss next steps. Meanwhile, Entergy has our latest counter-proposal and I’d expect to hear from them in about a week.

VGS: Hearings went well this week, and I think the press was ok. We need to continue to work on how to roll out clarification of the ratepayer impact and how Vermonters will not be on the hook for the full price increase. I continue to work with Don Rendell on how best to do this.

Anbaric/Vermont Green Link: I met with Anbaric today and we discussed the “Green Power Link” – I am going to begin negotiations with them so they have an understanding of

what order of magnitude they need to consider in responding to the three-state RFP released today by CT, MA and RI. I will base the numbers off of the TDI agreement pro-rated for size and length, but they understand Vermont does not intend to pay for this or any other project and are ok with that. There will need to be an indemnity provision in this agreement like there is (will be) for TDI. They hope to file with the board in early 2016, so an MOU if reached is way off, but I need to give them some numbers so they can respond to the RFP within 75 days.

Vermont Life/ACCD Cancer Issues: We are working with the Department of Health to see how best to address the cancer issues identified at the ACCD offices, without assuming it is caused by radio frequencies (RF) associated with antennae on the roof. We'll start with an inventory of what is up there, and then meet with Harry Chen and Bill Irwin to discuss next steps. Everyone realizes the concern, but also the need not to inadvertently go down a rabbit hole that we can't extract ourselves from.

Meetings this Week:

Jun 23 – NEPOOL meeting Stowe; VY Monthly Interagency meeting
Jun 24 – NEPOOL meeting; Council on Energy & Environment meeting; GBIC annual meeting
Jun 25 – NDCAP meeting Brattleboro
Jun 26 – VEDA board meeting; KSE/Anbaric meeting

Meetings next Week:

Jun 29 – PSD/ANR/Elizabeth Mine solar array meeting; Climate Cabinet – CEP meeting
Jun 30 – CEP Stakeholder meeting
Jul 1 – Meeting with Scott Johnstone – RUS/VEIC
Jul 2 – TDI MOU meeting; Governor's Retreat

Media: Several media outlets re VGS Phase I hearings Monday and Tuesday: VTDigger, VPR, Free Press; The Recorder re NRC decision Entergy use of DTF funds; Susan Smallheer regarding NRC decisions.

Everything Else:

PERD

2015 Comprehensive Energy Plan

- Continued coordination with DOH, ACCD and ANR
- Public engagement planning
 - All preparatory items (agenda, presentations, handouts, signs, etc.) have been completed for the June 24th stakeholder meetings. Current RSVP count is 80 for the Energy Efficiency meeting and ~70 for the Electric Grid and Utility Issues.

Residential and Commercial Building Energy Standards (RBES & CBES)

- Responded to request from Congressman Welch's office for informal feedback on building energy code provisions in two federal bills (S. 2262 & HR 5027). Provided some general feedback as well as our perspective on how two specific provisions could impact Vermont regarding: 1) limitations proposed for DOE "advocacy" and other work related to code development and support and 2) a proposed requirement that DOE could not provide support for any code with a payback of greater than 10 years.
- Received inquiry from S. Burlington regarding the authority and process for municipalities to adopt the stretch codes. They will likely request a presentation from PSD staff to their Select Board on the differences between base and stretch codes.
- Commercial Code:
 - Received 2 planning letters from the Division of Fire Safety for follow up.
- Residential Code:
 - Received a request for a copy of a RBES certificate for an existing home where none is currently posted.
- Code Update:
 - Requested PNNL provide quote for providing a stretch version of REScheck.
 - Requested PNNL provide a quote to incorporate the Vermont RBES certificate into the printout generated by REScheck.
 - Working with PNNL on REScheck for statewide use. Provided feedback to complete the initial draft version of REScheck.

Public Service Board Dockets

- EEU 2015-01: Staff reviewed an initial proposal from VEIC related to modifying the rules for reallocating an EEU's NRA budgets within a given performance period. Staff requested comments from VGS and BED to determine if they have questions or concerns about the proposal. Proposals are due to the Board on July 17.
- EEU 2015-02: VGS Transition Period Plan (TPP)
 - Staff reviewed VGS response to questions about EE costs that have been included in rate base. In 2015 \$1.4M was amortized from past DSM, \$660K was salaries and benefits, \$183 as carrying costs on unamortized balances, \$87K was income taxes on return component of carrying costs. The total for 2015 was approximately \$2.3M.
- Docket 8486: Staff worked with the DPS Finance and Legal Divisions to file comments on VEIC's petition for the Board to approve up to \$100M of the EEC be used as the collateral and security for the RUS Energy Efficiency and Conservation Loan Program. V.S.A. 108 approval, not 209(d) as proposed by VEIC, may be the most appropriate and expeditious way for the Board to consider this initiative. This alternate path was part of DPS comments. The proceeding is still on schedule but the alternate 108 path creates a potential wrinkle. VEIC requested two additional days to provide a response to DPS questions and comments which will be due on June 26 if the Board approves the extension. The Board will hold a technical hearing on June 30.
- Docket 8544: VEIC Overall Performance Assessment – Staff continued the development of Direct Testimony due on June 26, 2015.

Thermal Energy Finance Pilot – Heat Saver Loan

- Incorporated program requirements and content from Dept. of Health and State Weatherization Program into a revision for the planned Vermiculite and Asbestos component needed to make Heat Saver Loans available through the TEF Pilot Project. Sent revisions to DOH and Wx for comment and revision.
- Revised the Heat Saver Loan application with updated information on historic properties and access to the loans by Vermont Gas Systems customers. The revised version along with the revised SHPO Compliance Form will be uploaded to program websites next week
- The OCU contractor reported that at least two fuel dealers sold jobs for upgrades as a result of customers gaining access to financing for their projects
- Staff contacted OCU regarding the marketing characters, which are to be invoiced under the TEF Pilot grant. OCU spent its own resources on these characters, and the department agreed to cover this expense from the program reserves in order to move forward with revised marketing plans in July.

Clean Energy Development Fund

- Met with the Director of the Air Quality Division of ANR to discuss specific program characteristics of incorporating a stove change out component into the SSREIP. Also spoke with the SSREIP administrators about how such a program change could be worked into the program administration. Established a goal of starting the change-out component of the SSREIP by October 1st, 2015.
- Made contacts to the City of Burlington regarding the SunShot grant \$ the CEDF has to work with the City on improving (lowering costs) to their PV permitting system.
- Community Solar Grants – Released 5% holdback on the Shrewsbury Mountain School's 25kw solar PV project (\$1,562.50) bringing payment for the project to its grant total of \$31,250. Project reported 6,607 kWh of energy production between April and June.
- Community Solar Finance Program – Grant agreement sent to VSECU for signature
- Vt. Clean Energy Industry Report 2015 – New target deadline: July 7
- Windham County Solar Finance Program – Up and running at VSECU:
(<https://www.vsecu.com/energy-savings/loans/specialized-loans/windham-county-solar-loan-program>)

Renewable Energy Items

- Staff attended the all-day Forest and Wood Products Summit hosted by the Working Lands Enterprise Board.
- Met with ANR and SHPO to finalize hydro program and application materials. As soon as the final edits are made and they're converted to fillable PDFs, they'll go on the PSD website.
- Discussed possibility of setting up meeting with municipal utilities and ANR with TJ Poor, now of VPPSA, who reports the muni's are interested in setting up a more productive relationship with their regulators.

- Attended Act 99 net metering comments workshop. Final comment deadline moved back to July 10 as the comments vary widely, and the Board staff needs time to gauge the temperature of the Board anyway.
- Participated in meeting with ACCD to discuss the revision of their town planning handbook, particularly with respect to the town plan nexus with the 248 process.
- Worked with team to create agenda and framing questions for CEP energy supply stakeholder workshop, and requested breakout group leadership from AAFM and ANR.
- Met with VLCT to review backup documentation for their model solar contract contract. The necessary documents should be sent within a week.
- Responded to several inquiries regarding the RES, net metering, and solar setbacks, all of which are clearly hot topics among developers and towns at present.

Net Metering

- Attended the Act 99 Interconnection meeting and afterwards drafted a flow-chart for how the 5.500 interconnection process would go for projects 15-150kW and 150kW up to 5MW.

<u>Net Metering Activity 6/13/15 - 6/19/15</u>				
	Registrations	Applications	45 Day Notice	CPGs Granted
Count	27	4	0	29
kWAC	181	644	0	459
Ave Size kW	6.722	78.333	0	15.825
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
13014.29	18088.80	94,843.87		~ 63.2%

****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.**

Other items

- 202(f) – Reviewed GMP’s petition requesting approval to issue \$60,000,000 first mortgage bonds. Econ. Div. is preparing questions for GMP in order to obtain more detailed information.
- Drive Electric Vermont

- Staff attended DEV stakeholder meeting. Discussed proposed event “Governor’s Challenge” which hinges on Governor’s endorsement of business ambassadors pledging employee EV incentives. If Governor does not endorse, stakeholders discussed other event names and high profile figures (i.e. legislator) to endorse event. Also discussed DEV summer campaign which includes Google Display Ads funded by John Merk Foundation. Additionally VTCC and VEIC presented work place charging outreach and development. Anywhere from 20-30 workplace charging stations in VT. Installation costs can range from \$2k-\$25k depending on location of the charging station and the placement of the conduit. Stakeholder meeting also included presentation by Proterra Electric Bus, manufacturer of 500kw electric transit bus and charging station. Base price is \$670k for extended range and \$799k for fast charge option. Fast charge takes 5-7minutes.
- Department staff, ANR, and VTRANS met with VEIC regarding future possible DEV funding and scope of work for FY16. It’s still unclear what amounts each state agency will provide for DEV funding in FY16, but total funding looks on par (or perhaps a little less) than FY15 which is \$65k. New tasks may include support development of used EV market. Currents tasks carried over into new fiscal year would include: maintain and enhance an EV Stakeholders on-line presence, execute DEV outreach, conduct stakeholder and working group meetings, State of VT EVSE grant program technical assistance (carry over ~\$2500 unspent funds), State of VT EV and EVSE technical assistance (carry over ~\$2500 unspent funds), and provide technical assistance to municipalities.

Engineering

Vermont Yankee Spent Fuel Management & Decommissioning

Systems maintenance and testing to support Spent Fuel Pool integrity continued during the reporting period. Most notably, annual inspections of the site’s firefighting equipment were satisfactorily completed during the reporting period. During this time, no issues occurred that would adversely impact Spent Fuel Pool integrity.

State Nuclear Engineer Meets with Visiting NRC Officials

As reported last week, inspectors from the NRC’s Nuclear Security & Incident Response branch reviewed current and several proposed changes to VY’s Reactor Safeguards & Security Plan. One of the inspectors briefly met with the State Nuclear Engineer on June 17 to report that the inspection resulted in no significant findings, and that a follow-up inspection will be conducted the first week of August. On June 18, the State Nuclear Engineer met with NRC Region 1 Administrator Dan Dorman during the latter’s visit to the VY site. In the meeting, the State Nuclear Engineer relayed concerns that the State was not making progress with NRC Headquarters regarding several questions on legitimate uses of VY’s Decommissioning Trust Fund. Administrator Dorman agreed to look into the matter further and will assist the State, if possible.

NRC Resident Inspector Leaving VY Site

Thursday, June 25 will be NRC Resident Inspector Sarah Rich's last day at the VY. Sarah will transfer to Entergy's Indian Point Energy Center in Westchester County, New York. There will no longer be an NRC Resident Inspector assigned to the VY site. Subsequent NRC Inspections at VY will be conducted on an as-needed basis, with most of the inspectors coming from the NRC Region 1 Office in King of Prussia, PA. Steve Hamman will be the NRC's lead inspector for VY, working out of the Region 1 office. The NRC Region 1 State Liaison Officers, Nancy McNamara and Doug Tifft, will now serve as the NRC's primary points of contact for questions pertaining to VY.

NRC Grants Two DTF Related Exemption Requests

On the evening of June 17, the NRC formally issued two Exemptions regarding VY's Decommissioning Trust Fund (DTF). The first exemption allows VY to use the DTF for Spent Fuel Management activities. (This type of Exemption is commonly known as a "comingled funds" exemption request). The NRC also granted a concurrent Exemption request allowing DTF withdrawals without requiring a prior 30 day notice. The Exemptions were granted after NRC staff reviewed VY's site-specific cost estimate and cash flow analysis and determined that the amount of money projected to be available in VY's DTF to pay for decommissioning is sufficient such that using a portion of the DTF for spent fuel management activities will not prevent VY's decommissioning-related clean-up and subsequent license termination.

Vermont Gas Systems Addison Natural Gas Project (ANGP)

VGS continues to be engaged in contract negotiations with a company to complete construction of the most-northerly 11 miles of the ANGP (in Colchester, Essex and Williston VT). VGS has selected and completed contract negotiations with McDaniel Technical Services, Inc. to perform inspection activities during the 2015 construction season. VGS representatives reiterated plans to mobilize these contractors and equipment in mid-July and begin pipeline construction early in August.

Safety Advisory Re: Threats to Gas Pipelines by Hurricanes and Floods

The US DOT Pipeline and Hazardous Materials Safety Administration (PHMSA) issued an Advisory Bulletin related to pipeline system damage caused by hurricanes and flooding and associated obligations. It states pipeline operators should take action to minimize and mitigate gas system damages caused by flooding, including overpressure prevention of distribution systems. Engineering forwarded the advisory to operators of gas pipelines in Vermont with information to contact the Department about damage caused by storms and/or flooding.

Operation of VGS Gas Island in Middlebury

VGS and NG Advantage are jointly performing operations of the VGS distribution system in Middlebury (a so-called "gas island"). The Department Gas Engineer visited NG Advantage's compressed natural gas (CNG) decompression equipment located in Middlebury (supplying the distribution pipeline) and that company's monitoring facilities in Milton. No immediate safety concerns were observed. The Gas Engineer will further review the system materials, design, and operation (required by PSB Rules and federal gas pipeline safety regulations).

VELCO Connecticut River Valley Project

Engineering met with VELCO to discuss a proposed project to resolve system problems in the area of the VELCO Ascutney substation that were first identified during the 2013 ISO-NE VT/NH system deficiency study. The Connecticut River Valley Project, as proposed, would rebuild a 15-mile transmission line connecting the Coolidge substation in Cavendish to the Ascutney substation in Weathersfield, and perform associated upgrades to the Hartford and Chelsea substations. This meeting was to give Engineering a “heads up” as to proposed details of the project before VELCO files a Section 248 petition in August or September of 2015.

PSB Interconnection Rule Revision and Act 99 Generation Interconnection Working Groups

Engineering and Planning have been meeting to work on revising the rules for generation interconnection as required by Act 99. This group has completed a first draft of a combined rule that includes PSB Rule 5.500 and the Appendix of PSB Rule 5.100. Engineering and PERD issued the Draft to the Act 99 working group members for discussion. On Wednesday June 17th the Act 99 Working Group met and discussed the Draft document and offered many suggestions for refining the proposed rules. The proposed rules will now be re-drafted and reviewed by the working group. In conjunction with the rules document, Engineering and Planning have drafted a flow diagram for implementing the new rules when they are finalized.

Planning for Emergency Preparedness Meeting in September 2015

Engineering participated in a planning call for the annual Joint Utilities/State Agencies Emergency Planning Meeting to be held in September at the State Emergency Operations Center in Waterbury. The meeting is tentatively scheduled for September 16, with an alternate date of September 23. Preliminary agenda items include: lessons learned from December 2014 Winter Storm Damon, new arc-flash standards, roundtable on storm response safety, weather outlook, Vermont Weather Analytics Center project update, outage reporting and vtoutages.com updates/refinements, and various reports on how utilities are leveraging technology.

Regional Policy

NEPOOL Sector Meetings

On June 23, states met with NEPOOL sectors. Below is a summary of the meetings attended/

- Transmission Sector –
 - Planning Processes. The Transmission Owners (TOs) suggested that ISO-NE do a thorough review of its planning processes to determine whether all of the steps are still necessary. TOs noted that several of the processes were put into place in order to address specific concerns by individual market participants and noted that not all of the individual processes may still be required. There was acknowledgement that such a review would likely be time intensive and could be difficult to initiate given other priorities.
 - Gas-Electric Coordination. TOs were curious as to what was going on with the states’ efforts to build a gas pipeline and were notified by states that they are working on individual state processes and will have further discussion after these

proceedings are completed. TOs made clear that they did not see a market fix to the disincentive to build a pipeline and noted that they would prefer such an approach to entering into long-term contracts.

- Solar PV. TOs agree with ISO-NE's proposal to reduce the Installed Capacity Requirement by the amount of behind-the-meter solar PV. TOs did not agree with CLF's proposal that solar PV registered as Settlement Only Resources (which receive energy market prices but do not participate in the capacity market) should not be counted against the Installed Capacity Requirement. TOs noted that Settlement Only Resources have a price suppression effect on wholesale energy markets and are therefore already providing some value to ratepayers.
- Cost Containment. States raised the need for developing cost containment mechanisms for transmission projects. Central Maine Power noted that it has significantly improved its cost estimation process and offered to share the methodology with other TOs. States agreed that there would be further discussion with TOs on this issue.
- Alternative Resources Sector –
 - Demand Response. Enernoc, the largest DR provider, encouraged the states to begin contingency planning to address how DR should be incorporated into the wholesale markets in the event that the Supreme Court upholds the D.C. Circuit's decision that FERC does not have jurisdiction over DR. Enernoc also requested that the states focus on mechanisms that would allow for third-party providers. States noted that Enernoc was focused on capacity markets, and Enernoc responded that it believes capacity markets are the most economically viable and that once a process for capacity markets is established states should then turn to integrating DR into the energy and ancillary services markets.
 - ISO-NE Discussion Paper on Renewables and Markets. In response to ISO-NE's paper stating that increased renewable resources will lower energy prices but increase capacity prices, NEPOOL participants expressed concern with ISO-NE's focus on renewables being subsidized. Synapse Energy Economics had written a responsive memo that noted that all resources receive some form of subsidies, and also noted that the reason for low energy prices is due primarily to low-cost natural gas rather than renewables. Wind developers noted that ISO-NE had discussed the capacity/energy market interaction before but is reluctant to try to quantify the extent to which energy market reductions increase capacity market costs (in particular, the interaction is not likely to be on a 1 for 1 basis but it is unclear what the relationship really is). Finally, Synapse expressed concern that the ISO-NE paper essentially gave a green light to resources bidding into the capacity market to increase bids.
 - Sun Edison (formerly First Wind) raised three issues: (1) the four-year backlog in the generator interconnection queue and concerns with projects being bumped to the back of the queue if there are material changes to the project (including changes to the turbine manufacturer even if the manufacturer no longer produces the turbines four years after the initial proposal). (2) Wind developers would like additional flexibility in the types of interconnection studies; including

some intermediate type of study that would provide developers with a better idea of the number of hours which a project could be curtailed. (3) Wind developers also expressed concern that they could not participate in the ancillary services markets.

- End User Sector –
 - Winter Reliability. Participants expressed concern with ISO-NE’s insistence on filing a proposed winter reliability program that will add unnecessary costs without additional benefits. ISO-NE recognizes this but states that it will file the proposal anyway because that is what ISO-NE thinks FERC wants. However, when ISO-NE is concerned about reliability problems it is more than willing to simply state that it cannot comply with FERC directives.
 - Solar Distributed Generation. Conservation Law Foundation expressed concern with the fact that ISO-NE is not counting solar PV registered as a Settlement Only Resource toward reducing the Installed Capacity Requirement.
 - Gas Infrastructure. There was some discussion as to the extent to which any benefits associated with a gas pipeline would be negated by the Internal Market Monitor mitigating capacity and energy market offers. The IMM has refused to say how it will treat a subsidized gas pipeline in its mitigation review.

Winter Reliability

- The NEPOOL Participants Committee voted overwhelmingly in favor of a proposed winter reliability program that would be very consistent with the winter program undertaken this past winter - it would only support oil, LNG, and demand response. NEPOOL also voted overwhelmingly against ISO-NE’s proposal, which would expand the program to include nuclear and hydroelectric units. Due to the outcome of the vote, there will be a “jump ball” filing at FERC, in which both the NEPOOL and ISO-NE proposals have equal weight (typically, ISO-NE’s proposals are essentially presumed to be just and reasonable).
- The ISO-NE and NEPOOL proposals will be filed on July 10. NESCOE will be filing comments supporting the NEPOOL proposal.

Finance and Economics

Electric

GMP: Q2'15 Power Adjustor: GMP filed its Q2'15 Power Adjustor on April 30 indicating a rate adjustment (under collection) of \$572,051, or (\$0.0058) per kWh for the quarter. Staff is still awaiting response to discovery questions that were submitted on May 11. The power cost adjustments for the four quarters will be aggregated into one annual power adjustor rate change. For the first two quarters the net power adjustor is an over collection of \$126,979 (1st Qtr. over collection of \$699,030) that will be refunded to rate payers in FY 2016. Staff is reviewing discovery responses and plans to complete its review by June 30.

GMP: Rate Design and Rate Integration Filing—GMP filed its proposed new rate design on May 4 that focuses on integrating the legacy rates and tariffs of GMP and CVPS into a single set of rates and tariffs for the combined company. Staff is reviewing the filing. No schedule has been

set.

GMP: Tariff 8566--2016 Base Rate Filing: GMP submitted its initial FY 2016 Base Rate filing and corresponding spreadsheets as scheduled on June 1, 2015. The filing is proposing a 1.26% or \$7 million rate increase. Staff and our consultants are reviewing the filing. This week the review included a meeting with GMP to review the Smart Grid cost and benefits as reflected in the filing and the preparation of additional discovery.

GMP: Petition for Approval to Issue First Mortgage Bonds in an Amount of up to \$60,000,000 pursuant to 30 V.S.A. § 108. Petition was filed on June 11, 2015. Staff has begun a review of the filing with a recommendation due July 2.

Hardwick Electric Department has filed a Section 108 petition for approval to finance a bucket truck for \$215K at 2% for 5 years. The new truck will replace an existing model that is at the end of its useful life. Staff is reviewing the petition and will prepare a recommendation that is due by July 3.

PSB Board Rule 4.100-PURPA Avoided Cost Rates: Following the workshop, staff has begun to draft a revised Rule and also prepare a bullet list of provisions that would be desirable to see in the Rule. Drafts of a new Proposed Rule are due by June 26. Staff has completed a draft of proposed changes.

Stowe Electric Department (SED): Tariff 8553-Rate Design- Stowe filed for approval of its updated/new rate designs that include updated cost allocations, consolidation of customer rate classes and new optional Time of Use and Critical Peak Pricing rates. The PSB opened an investigation and the Department prepared and forwarded an initial round of discovery on June 3, 2015. Parties are scheduled to file stipulation or a litigation schedule by July 1, 2015.

VEC 90 Day Notice – Rule 5.202(C): On February 10, 2015 VEC advised the Board of its intent to execute a PPA with Coronal Municipal Energy Services (CMES) for 2.5 MW of solar capacity, energy and renewable attributes for a term of 28 years. The output will be used for community net metering and for additions to its supply portfolio. On June 15, 2015 VEC notified the Board of substantive changes in the terms of the agreement that increase the size to 5MW; the developer will now guarantee 80% of expected output, up from 50% in the original filing; the \$3.15 million prepayment in the original filing has been eliminated; and, the power cost has been reduced to 12.3¢ from the original 13¢ estimate. With these revisions no further action on the 90 day notice is necessary. The purchase should proceed.

WEC-Tariff 8573 was filed June 1 covering an untariffed Whole House Surge Protector Service offering in response to a PSB April 8 order. Staff reviewed the filing and found that it does not fully address the Board's concerns nor does it state the charge or rate for the service. On June 18, staff recommended that the tariff as written be rejected and that WEC design a tariff specific to the whole house surge protector that details the components of the price, including labor charges.

Power Purchases

New York Power Authority (NYPA)– This month we purchased and sold energy to Vermont muni's and coops totaling \$231,747.

Natural Gas

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

VGS - Docket 8472 Petition for §248 approval to construct (Phase VII Looping) and install approximately 3.0 miles of 16" transmission line extending through Georgia, Vermont at a cost of \$10.8 million that will address expected customer growth through 2019. Fin and Econ is withholding a recommendation concerning a lack of detail that supports cost estimates and the lack of a financing Plan. The Department is scheduled to file a recommendation by July 10, 2015.

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

Annual Reports and Gross Revenue Taxes

Gross Revenue Taxes (GRT): Collections Fiscal Year to Date total \$8,663,239 compared with estimated receipts of \$8,708,117 resulting in a difference of \$44,878 or 0.5%.

EEU

Burlington Electric Department (BED) Energy Efficiency Utility (EEU) – May 2015 General Ledger – Staff received the BED general ledger and, after review, selected several items for additional review. BED provided the requested detail and our review found no exceptions.

VEIC – May 2015 Other Direct Costs (ODC) – Staff received the May ODC and selected items for additional review were forwarded to VEIC.

VEIC Docket 8486-petition for approval of collateral and security arrangements for RUS loans. Staff has been working with VEIC to understand the filing and what the financial implications and costs may be and how such costs will be funded. The PSB has scheduled a technical hearing for June 30.

VEIC: Reconciling Monthly Invoices with EVT Financial Statements--Staff has met with VEIC to review the process for reconciling EVT's Financial Statements with its November, December and 2014 year-to-date invoice totals. VEIC submitted what it called a reconciliation that was not decipherable. We have asked for their work papers and work product that demonstrates are conciliation. We continue to work with them but are making very little progress. It appears they may have overbilled for 2014.

Public Advocacy

Addison Expansion – Docket 7970 – Technical hearings in the second remand were held on June 22-23. Both days were standing-room-only amid heavy security. Rising Tide/Just Power arrived mid-afternoon on June 22 and held their over-night vigil outside 112 State Street. The Board appeared particularly engaged and had questions for all witnesses who had submitted pre-filed testimony, even if the parties had none. Briefs are due on July 6. There is no deadline for a Board Order as there was in the first remand.

VGS Looping Phase VII – Docket 8472 – Staff reviewed the discovery responses submitted on June 12 and, informally, we have requested some supplemental information. The rescheduled site visit and public hearing were held on June 18. Both were uneventful and only two members of the public attended the hearing; both of whom wanted to know if they would be provided service. The intervention deadline expired on June 22 with no motions filed. Non-petitioner testimony and/or an MOU were due to be filed on June 24, but the parties jointly requested an extension to continue to negotiate an MOU. The Department supports the project.

Lincoln Renewable Gas – No Docket – This docket is temporarily on hold. A portion of the proposed distribution line is located on a section of Creek Road in Middlebury which lies in a flood plain. The Town of Middlebury is considering abandoning this section of road and, as a result, ANR has advised VGS that the pipe must be rerouted. VGS is actively seeking another site. VGS has committed to an update on the status of a new route, together with an update on the requested additional testimony by July 3.

PHMSA matters – No Docket – The PA division continues work with the Gas Engineer, including responding to PHMSA inquiries as well as inspection issues with VGS. Some of the VGS matters may result in one or more NOPVs.

VY – No Docket – The Department, along with the AGO, is evaluating potential responses to the NRC's approval of Entergy's request to use nuclear decommissioning trust funds for spent fuel management expenses. Options include actions at NRC, Federal Circuit courts, FERC, the PSB, and state court. An appeal of the NRC ruling to the DC Circuit would be due August 24.

Entergy Second ISFSI – Docket 8300 – The Department received first round discovery responses from Entergy. Entergy asserted broad preemption claims as part of all responses. Most notably, Entergy refused to answer Department questions about alternative sources for spent

fuel management funds in the event that it is unable to use decommissioning trust fund dollars for that purpose, arguing that a response would disadvantage Entergy in the event of anticipated litigation with the State over the proper use of NDT funds. Second round requests are due to Entergy by July 6.

FairPoint Service Quality Investigation – Docket 8390 – The Department continues to draft and refine rebuttal testimony leading up to the June 30 filing deadline.

SED Business Process Review – Docket 8074 – The Department continues to review SED's Q2 report reflecting implementation of business process review recommendations. The Department hopes to come to agreement with SED concerning the compliance filing and file jointly by the end of this week.

New England Power d/b/a National Grid Harriman Switchyard Section 248 Petition – Docket 8493 – A public hearing and site visit were held on June 24. The site visit generated some questions for the Petitioner, as did the public hearing which was attended by the town clerk and two selectmen. Discovery requests are due to the Petitioner by June 29.

VEC Petition for Declaratory Ruling – No Docket – Vermont Electric Cooperative has filed a petition requesting a declaratory ruling that a member-proposed bylaw amendment precluding individuals who hold public elective office to occupy a seat on the VEC Board of Directors is inconsistent with Chapter 81 of Title 30 and is vague, arbitrary, unreasonable and oppressive. The Department is reviewing VEC's claims based on previous precedent, but is inclined to support the company's position. The Board has not yet acted on this petition.

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

VEC Substation Expansion and Rebuild in East Berkshire – Docket 8450 – The Department and petitioner executed an MOU resolving all outstanding issues. A technical hearing is tentatively scheduled for July 13.

Champlain Valley Solar – Docket 8248 – In a letter to the PSB, the petitioner requested its CPG and standard offer contract be amended to reflect a downsizing of the project from 2.2 MW to 2.0 MW. The petitioner claims this change is the result of its inverter choice and that no § 248 criteria will be impacted.

GMP White River Junction Substation Project – Docket 8322 – GMP has been working with a landowner to resolve a complaint about the location of a pole. ANR and PSD have consented to the landowner's new preferred location.

Farm at South Village Investigation – Docket 8406 – The Department is working with all parties to try and advance a stipulated agreement regarding screening. Because the Cummings and the

Farm at South Village appear to disagree on what kind of screening is necessary in this case, the Department has arranged to visit the site with its aesthetics specialist this week to independently assess the solar facility's visual impacts.

2.2 MW Next Generation Solar Farm LLC in New Haven (Standard Offer) – Docket 8523 – A prehearing is scheduled for Monday June 29. The parties have agreed to a public hearing and site visit on either July 15 or July 16.

Stowe Rate Design – Docket 8463 – SED provided the Department with discovery responses on June 19. Settlement is due by July 7.

VEC Petition to Purchase 10MW of Capacity from NextEra Seabrook – Docket 8522 – A prehearing is scheduled for Friday June 26. The parties are consulting on a schedule. The PPA between VEC and NextEra requires that VEC obtain Board approval of the amendment to the PPA by August 31, 2015. Although the terms of the Amendment appear relatively uncontroversial in light of the similar proceeding involving GMP in Docket 8445, this tight deadline may be difficult to achieve, and VEC is likely to seek an extension.

Renewable Generation Petition for a 496.8 kW Group Net-metered Solar Facility in Danville – CPG NMP-6193 – On June 19 the Department filed comments noting several deficiencies in the Petition, including that the Petitioner did not comply with the Board's 45-day notice requirements. The project appears to have changed significantly since the 45-day notice was issued in December, 2014, but the Petitioner did not file notice of those changes prior to filing its petition at the end of May, 2015, as required by the Board Rules. The Petitioner's failure to notify parties of the changes is likely to particularly impact ANR's wetlands analysis and DHP's analysis of impacts on historic and archeologically sensitive areas. On June 23, the Board issued a memorandum requiring that the Petitioner file a new 45-day notice and resubmit its Petition at the expiry of the 45-day notice period.

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. One round of discovery is complete and the Department is sending out another round with respect to the Base Rates filing, the Exogenous Filing, and the Q2 Power Adjustor on June 24. The Department is also putting together recommendations for power cost accounting. A meeting on AMI-related costs and savings was held on June 19. The Department has begun to identify areas of concern with respect to the Base Rates filing. Concerns at this point include, but are not limited to, the timing for anticipated capital projects to be put into service, the lack of a lead/lag study to determine working capital, and way GMP treats its tax net operating loss (NOL).

SPEED Wheeling Charges – Docket 8492 – On June 11, VEPPi filed a list of additional wheeling-related issues to deal with in the context of this docket. The DUs have made progress on settlement talks, and have provided the Department with a draft stipulation for review. A meeting among the Department and the DUs is scheduled for June 26 to discuss the settlement

terms.

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

VTC Methane Digester – Docket 8447 – A draft stipulation has been circulating among the parties for a couple weeks. The issues are narrowing, though jurisdiction is still a concern. One issue is the extent to which the Board has jurisdiction over what portion of the facility pursuant to § 248(q) – a recent revision that takes the agricultural side of these facilities away from Board oversight. The state agencies worked together to propose provisions to the settlement, one of which states that the parties refrain from taking any position on jurisdiction. Given that the stipulation deadline was June 22, VTC, with the assent of the parties, sought another 30 days to resolve the matter.

TDI New England Clean Power Link Project – Docket 8400 – Counsel for TDI provided the Department with a mark-up of an MOU. Upon review we have identified several unresolved issues. We are scheduling a call with TDI to discuss these issues on June 25. We also continue to work on the AOT fiber component of the negotiations.

VEIC Use of Energy Efficiency Fund as collateral for RUS Loan Program – Docket 8486 – VEIC asked for an extension to file reply comments on outstanding issues on this matter by June 25. Where the Board had noticed a technical hearing on this matter for June 30, it was unclear to the Department what would constitute the record for the proceeding, since no testimony had been filed. After consultation with the Department, VEIC filed a request to convert the June 30 hearing to a workshop, which the Department supports, and which we understand the Board will approve. This provides a less structured procedural format in which the parties and the Board can explore this novel approach to making low interest loans available to Vermont ratepayers for energy efficiency improvements. Legal issues remain, including the PSB's authority to approve the proposed encumbrance of the EEF, and whether legislative or other approval would be needed since the EEF appears on the state's balance sheet.

Chelsea Solar LLC 2.0 MW Standard-Offer facility in Bennington, Vermont - Docket 8302 – All state agency parties have stipulated to all terms with petitioner for this project. However there is one intervenor who has not settled. A technical hearing is contemplated for July 15 or 16.

Act 99 Net Metering Workshop –The Board staff held a workshop on June 18 to review all stakeholder comments and input regarding the parameters and requirements that should be included in a revised net metering rule. Reply comments are due on July 10.

Telecommunications

FirstNet – Federal officials provided a map that separates all areas of the state into three

priorities for coverage based on projected traffic concentration: high, moderate, low, and none. Based on feedback from Vermont on these proposed priorities, FirstNet will develop a definitive proposed wireless coverage map.

Comcast Line Extension – A consumer in a dispute with Comcast on a line extension seeks PSD assistance with filing a complaint with the Board. Comcast believes that it should properly seek customer contribution for not only the extension of the cable plant into unserved areas, but also improvement to the Comcast network necessary to support the expansion.

FairPoint VETC Designation – FairPoint seeks VETC designation for not only the exchanges listed as Rural in the FairPoint tariff, but also for additional exchanges served by FairPoint out of NH switches that it contends should also be treated as Rural.

248a Locations – PSD staff is revising the database that lists the geographic locations of 248a tower sites, with the goal of placing a map on the PSD website that indicates the locations of all 248a petitions. The database was last updated in the fall of 2013, so coordinates for all petitions since will need to be manually identified from the 248a petitions.

VTA Map Server – The VTA had maps stored on a server stored locally at the VTA office. Instead of moving the server to the PSD, DII is attempting to replicate the functionality on a virtual server in the DII environment. The physical server will be moved to DII and will remain usable there until the virtual server is usable.

VTA VoIP Switch & Phones – The VTA had a VoIP telephone switch and a set of 8 VoIP telephones. The PSD inquired with DII about the potential for these to be activated at the PSD instead of the PSD continuing to rely on analog telephone service. DII replied that it is planning a migration to a VoIP platform in the near future and therefore a transition to VoIP for the PSD is not recommended. The PSD will keep the VoIP equipment on hand and consider whether it can be used for other Connectivity Division or Connectivity Initiative projects.

2015 Connectivity Initiative Grant Agreements – Staff completed final drafts of two of the three grant agreements for the 2015 Connectivity Initiative. Prior to sending the agreements to providers, the Department should affirmatively resolve contested address data that it has received. FairPoint contested 50 ECFiber bid addresses. Comcast contested 185 total identified addresses. These addresses are marked as “Comcast Serviceable,” which the company informed us is an address on the cable line route, regardless of whether it has a drop. Three of Comcast’s contested locations were awarded to FairPoint. In the event that Comcast actually serves those three addresses, staff recommends the Department make those locations ineligible for reimbursement, but maintain the maximum payment to FairPoint.

SoverNet and Greak Auk Contract Disputes with VTA – Sovernet sent the VTA a demand letter for \$65,000 over two separate contract disputes. The Attorney General is handling the matter

and believes the VTA could settle with Sovernet. The AG's office has not engaged Sovernet in settlement talks yet. The VTA is pursuing Great Auk Wireless for breach of a grant agreement. The AG's office sent Great Auk a demand letter for the \$18,000 in dispute. Great Auk has until July 1 to respond.

CoverageCo – The VTA received a grant to build wireless infrastructure along Vermont roadways. This project is part of a larger plan between CoverageCo and the VTA to build 500 radio sites statewide. The VTA's contractor, CoverageCo has not issued the notice to proceed to its construction contractor to install the federally funded radio units and resiliency points. Time is running out for CoverageCo to complete the project. As part of the deal, CoverageCo is selling the 500 radio units to VTA, through its parent company VanuCoverage Co. Vanu manufactures the radio units. CoverageCo has anxiously pursued payment on the radio units. Staff is concerned that it CoverageCo may not follow through with the project and therefore hesitates to approve the invoices for CoverageCo.

VTA Move – Staff is in the process of moving the VTA. Movers will complete the transition on Friday. All but three VTA staff members have turned in equipment and keys.

Solix Contract – The AG's office is reviewing the Solix Contract for Vermont Universal Service Administrator. Staff intends to have the Contract in place before July 1.

Comcast CPG Renewal (Docket 8301) – DPS staff are continuing to work on a stipulated schedule for the docket with Comcast and VAN. The next prehearing conference in the docket is scheduled for July 1, 2015. The parties had initially agreed to schedule a final meeting to discuss issues related to the docket on June 30 and continue negotiations between Comcast and VAN on PEG related issues. VAN, however, has indicated that it will not attend this meeting because it feels that there is no likelihood to reach a compromise on the issues that it considers to be most important, which include HD PEG programming, placing PEG programming on Comcast's interactive programming guide, and remote origination drops. Comcast has previously indicated that it would try to address these issues by setting aside bandwidth for a statewide PEG channel to be shared by the AMOs that will be broadcast in HD and appear on the interactive programming guide.

GMP/VTel Proposal to Install Telecommunications Equipment at the Brandon Substation – The Board issued a letter indicating that it will take no further action in response to GMP's proposal to install utility pole outside of its Brandon substation to accommodate wireless communications equipment installed by VTel.

FairPoint Petition for VETC Designation – FairPoint filed a petition with the Board seeking VETC designation. Should FairPoint receive the VETC designation, it will be entitled to distributions from the high cost fund, which is supported by funds from USF contributions. Division staff are in the process of reviewing the petition and FairPoint's request.

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

- U.S. Cellular application for *de minimis* modifications to an 83 foot tower at the Okemo ski area in Ludlow;
- AT&T application to construct a 124 foot tower in Weston.

VTel Cabot Application – The Department filed comments and prefiled testimony in response to VTel's application to construct a new telecommunications facility in Cabot. DPS retained aesthetic and RF experts to review the project. The DPS aesthetic expert found that the project creates an undue adverse impact under the *Quechee* analysis because VTel has not taken any steps to mitigate the impact of the project. The Department's RF expert found that VTel's propagation maps and coverage predictions were credible. The RF expert also found that collocation is likely not possible for the project at an existing location, but was not able to give a definitive opinion on collocation because VTel did not provide sufficient information regarding its coverage goals for the project. Division staff have been attempting to obtain additional information from VTel since April to enable the RF expert to give a definitive opinion on collocation. VTel has repeatedly stated that it will provide the requested information, but has yet to do so. DPS has recommended that the application be set for hearing and may seek discovery if VTel continues to not provide additional information on the project. The Department also expects that the Town of Cabot will submit prefiled testimony from aesthetic and RF experts.

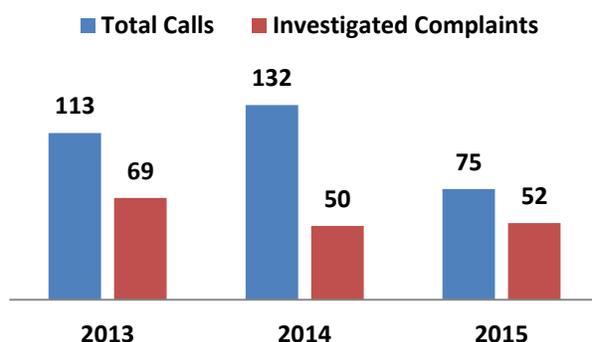
VTel Calais Application – VTel filed a response to the Town of Calais's motion to dismiss and responded to motions to intervene from over twenty adjoining land owners and Calais residents. VTel has not opposed the motions to intervene, but requested that the Board limit the intervention to a few neighboring parties because virtually all of the motions to intervene raised the same issues. VTel also has not opposed the Town's request that the matter be set for hearing. The Department will file a response to the Town's motion to dismiss and the intervention motions by the end of the week. The Department will not oppose any motion for intervention and will request that the application be set for hearing. The Department will also oppose the Town's motion to dismiss as it is predicated on factual issues that should be resolved through a technical hearing. Division staff have spoken with VTel's counsel about the status of the application and hope to present the Board with a stipulated schedule for how to proceed to a hearing on this docket.

DPS received the following new 248a petitions and notices:

- Verizon application for *de minimis* construction of a telecommunications facility on a building located on St. Paul street in Burlington;
- AT&T application for *de minimis* modifications to a telecommunications facility in Williston;
- T-Mobile application for *de minimis* modifications to a 110 foot tower in Fairlee;
- Verizon application for *de minimis* modifications to a 105 foot tower in Putney.

CAPI

Calls to CAPI Same 7 days each year



POST CPG WIND COMPLAINTS

A consumer in Vergennes continues to express dissatisfaction with the impacts of a neighboring wind turbine owned by GMP. He has connected this to a fiber optic cable he believes the state installed, which he seems to believe is carrying vibration from the turbine and which he wants the state to remove.

OTHER DIVISION ACTIVITY

Efficiency Vermont Overall Performance Assessment, docket 8445: CAPI completed its testimony related to customer service as part of the Department's filing in this proceeding. Between 2009-2014, CAPI received 20 complaints regarding EVT. The majority (11) were related to an EVT program. CAPI testified that EVT has satisfied the OPA customer service criteria and is responsive and willing to cooperate to resolve complaints.

Telephone Relay Service and cellular service : On the monthly SNAP call, TRS and cell phones were discussed. The main forms of TRS being used with cellular carriers is VRS (video relay service) and IP-captioned phone service. Both are gaining use in the wireless realm. One main issue is 911 access via TRS using cellular service. The FCC determined that several carriers were not providing 911 access in accordance with FCC regulations and have been working with the carriers to fix the problems. The FCC has a dedicated toll-free line where consumers can use VRS to file complaints about using TRS through their cellular phone.

Text to 911: PSAPs (public safety answering point) report usage of text to 911 by the deaf community, potential suicidal people, and victims of domestic violence for whom calling 911 is more dangerous than texting. The FCC reports there are over 6,500 PSAPs in the country, only 322 of which are currently capable of accepting 911 texts. Once a PSAP registers with the FCC that it is capable of receiving 911 texts messages, the carriers providing service in that area have six months to provide text-to-911 service to its customers. Vermont currently has text-to-

911 service throughout the state.

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 27, 2015
Subject: Weekly Report

Gov

As you have heard, Paco Aumand, Deputy Commissioner of the Department of Public Safety, is retiring from State service after approximately 27 serving the people of Vermont. I am proposing moving Joe Flynn from the Director of Emergency Management and Homeland Security to the Deputy Commissioner position. Joe has served admirably as the Director of DEMHS. Joe he is well respected by his employees and others within the Department. Joe brings a great deal to the table that will be beneficial to the Department as we move forward.

The replacement pool for the Director position includes the in-house candidates Deputy Director, Rob Schell and Chief of Staff, Erica Bornemann.

I am proposing that with Paco retiring that we segregate the functions in Criminal Justice Services area and create 2 different segments within that division: 1) Communications, which primarily serves Radio and Dispatch services; and 2) Information and Technology Services. In making this change the Lead in each area would be a direct report to the Commissioner's Office primarily to the Deputy Director.

I will forward a proposed reorganization chart for all the outlined changes to Darren next week along with suggested candidates for the positions.

VSP

Field Force

Williston barracks conducted several "lead" investigations and multiple suspicious persons / circumstances cases related to NYSP search for escapees.

Williston Troopers handled 131 complaints.

19 Directed Patrols were conducted in active DDACTS areas, St. Albans.

Troopers from the St. Albans Barracks continue with their ongoing efforts in assisting New York State Police with the Dannemora escapees. Many directed patrols have been conducted, in which vacated camps in the area are being checked for signs of occupation.

BCI

BCI A Troop covered the CP in NY, Thursday-Saturday

Search warrant on a residence in Westford regarding a MJ indoor grow. Cleared out, but was set up for a large scale grow.

Assault at the NWRFCF, inmate on CO.

Death investigation in Highgate of a 21 year old who was critically injured while working on a baler, jack failure, later died at UVM Medical Center.

Assault case at the Berlin State Hospital, patient punched staff person in throat.

Fire investigation at Hilton Garden Hotel Parking Garage in Burlington, a van was set on fire.

B Troop

Field Force

Seatbelt checks were conducted at Waterford, Sutton and Miller's Run Schools.

Derby Troops were busy this past week answering 122 calls for service.

Troops continued to conduct directed patrols and have a presence in rural areas as a result of the NY escapees, Troops also assisted BCI with follow up investigations for tips in our area.

Troops responded to Derby for a report of a male subject who was disoriented and confused about his whereabouts. Troopers learned that he subject was reported missing from Mississippi but wasn't entered into NCIC. SGT made contact with the investigating agency and had them enter the subject in NCIC. Troops then brought the subject to North Country Hospital.

BCI

Follow up on reports of sightings of NY escapees seen in the B Troop Area, negative and return reports filed with VIC for NY

C Troop

Field Force

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

13 Directed Patrols in 6 different towns, to include Gifford Woods State Park in Killington (Dannemora escapee related)

New Haven Barracks continues to support NYSP in search for prison escapees.

Shaftsbury Troopers participated in the overnight Relay for Life Event organized by Trooper.

Shaftsbury Troops were very busy handling 107 Cases this week.

BCI

Continued prep for Grand Jury regarding Windsor OIS; locate witnesses and serve subpoenas

D Troop

Field Force

Stopped a vehicle in Springfield; passenger (17 year old female) was found to have 500 bags of heroin (15.75 grams) packed inside & 3 ecstasy pills in her clothing; arrested one for Felony Poss of Heroin, Trafficking Heroin, and Poss of Ecstasy.

Suspicious case in Westminster; arrested one for Possession of Ecstasy & Mushrooms. 911 hang up, Marlboro, Dispatch made contact with the residence and the homeowners reported no emergency but were out of breath. Previous domestic issues at the residence. Troopers responded and located both parties had sustained minor injuries. John Geary was taken into custody for Domestic Assault and held until sober.

Investigated a serious injury motorcycle crash that occurred on Rt. 4 in Bridgewater

BCI

Sunday coverage at command post in Dannemora NY

Sexual Assault investigation – Bellows Falls from 20 years ago

Follow up on a tip (#1045) in Wilder regarding NY escapees

Friday – Court Hearing for 2 month old, ingested buprenorphine

TOPS

K9 demo for WCAX concerning NY escapees

Child Safety Seat Inspections/Installations

Detail in Cabot, car stop, consent search and arrest of subject for trafficking 402 bags of heroin.

Assist to NIU and CTSP with apprehension of drug dealer, 300 seized.

MAJOR CRIMES

Deposition in Lamoille County – Old Aggravated Domestic Assault

Assisted NYSP with prison escape investigation in St. Albans and Swanton

Helland Homicide (Windsor) follow-up; additional work with Kansas Highway Patrol and Kansas Bureau of Investigations.

NIU detail – CI cultivation in Lamoille County

MCU office preparation in White River Junction

Lott (Townshend) Homicide, Executed search warrant at residence and vehicle. Some evidence recovered. Returned evidence in case. Work with Lab for testing some additional evidence.

Lonnie place Homicide, depo prep and depo for case.

Worked on compiling list of agents in Vermont for subpoena and search warrant service

Training with DTF at New Haven Barracks

Johnson homicide (Westminster); additional discovery items for SA

Fatal train collision death in Randolph; update case re: information from train “black box” received from Amtrak

Meet with SA Marthage to discuss two Bennington County cold cases (Crandall and Green).

DEMHS

Issues/Updates:

Director wrote to FEMA Region I Acting Administrator Paul Ford requesting a Preliminary Damage Assessment for flooding due to heavy rain on 06/09. PDA site visits are underway.

As a follow up to last week’s Commissioner’s meeting with Hazard Mitigation staff and DPS Finance, Recovery and Mitigation Chief contacted Vermont’s RPC Executive Directors effected by the May 26th FEMA guidance letter (about Local Hazard Mitigation contracts/sub-grants) and notified them that we have determined that sole source contracts to RPCs for Local Hazard Mitigation Plan work (under DR4022) are unlikely to survive audit, and outlined additional options. Several RPCs indicated they will accept subgrants even without their indirect costs covered.

DEMHS staff discovered water leaking from the roof of the state Emergency Operations Center. The leaks resulted in damaged ceiling tiles, shorted out a PA speaker, wetted the wall and dampened the carpet. BGS crews responded quickly spending Monday identifying leaks and patching them. Due to the number of leaks and additional projected rain this week, total operational capability was transferred to the alternate Emergency Operations Center at Camp Johnson in Colchester and will remain at CJ at least until early next week. We are told BGS is designing a new roof for the EOC.

Justin



The Director, Deputy Director and VT ALERT Coordinator met with LT. Governor Scott to provide an overview of VT ALERT. An expressed interest of the LTG is to utilize VT ALERT as an all hazards notification system for the legislature and the state of Vermont employees.

The AP ran with a story (picked up by WCAX) on FEMA Region 1's letter to the Director rejecting Vermont's effort to have FEMA adopt it's Codes and Standards. Regional Administrator Ford did tell the Director that this topic will be high on FEMA's annual meeting after the start of the new federal fiscal year.

Fire Safety

Issues / Updates:

The Division received \$10.5 Million in new plan review construction valuation collecting \$51,500.00 in permit fee revenue.

A freight elevator located at Mayo's Furniture, 802 Railroad Street, St. Johnsbury was placed out of service due to safety concerns. The freight elevator dates back to the early 1900's. The elevator has never been registered or inspected and there are a number of safety features which are not working. The owner is looking at upgrading the existing system.

An elevator located at Wendell's Furniture in Colchester was placed out of service as someone bypassed the lockout safety switch for the lift door, allowing the lift to operate with the doors open. The owner was advised of the issues and is getting the repairs completed.



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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: June 26, 2015

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors:

Barre City Place:

- New window leaks being addressed.
- Depot square project – parking concerns addressed and solution finalized.

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

- DEW reaching out and trying to make the transition better than Barre.
- Opening ceremony scheduling being worked.

Randolph New Construction: Continuing with schematic design document review. Also looking into cost saving measures to stay within our budget. Considering material selections for exterior finishes. Ag would like us to consider locally harvested wood, but BGS is concerned with long-term maintenance considerations. We are also discussing the potential for LEED Certification, as well as delivery method for construction.

Southwest District Maintenance and Operations: Pittsford Academy: Shutdown next 2 weeks small projects planned.

New Health Lab: Commissioning went well and we received the report on schedule to allow for VDH to send on to CDC. We are in the last few days of the two week normal operating phase for the VDH third party consultant to verify facility operation.

WSOC Central Plant: Next week we expect to startup the chillers and cooling towers. Fire alarm and sprinkler systems are tested and accepted. Work continues inside and out by all trades.

Lamoille Country Courthouse Renovations: Interior demolition has started on the historic courthouse. The east addition foundation footings are scheduled to be poured as soon as weather permits. South addition earthwork has started. Groundbreaking is tentatively scheduled for 7/6 (optional dates 7/13, 7/14, 7/15).

Significant Meetings/Events:

Westminster Ground Breaking Ceremony: Successful event despite the rain. Attendees included Governor Peter Shumlin, DPS Administration (Commissioner Flynn, Col. L'Esperance, Lt. Col. Bridgewater, Major Sheets, Captain Keefe), Rep. Emmons, Sen. White, Town Manager Russ Hodgkins, Naylor & Breen Builders (Tanner Romano, Adam Proctor) BGS staff (Director Bob Rea, DFM Al Simard, Supervisor Sam Carpenter. PM Merle Miller) as well as members of the media and other distinguished guests.

FINANCE AND MANAGEMENT

Nothing new to report.

HEALTH CARE REFORM

Issue Updates:

All Payer Model: Three major meeting occurred regarding the All Payer Model project.

Administration officials, Al Gobeille, and members of the provider community met to discuss communication challenges related to the all payer model project. The group identified and discussed three major issues. (1) We need to convey that this will not change people's Medicare coverage. (The exact formulation was *don't f!%#! with Medicare.*) (2) We need to identify why this project is a benefit for Vermonters. (3) We need to identify a trusted messenger to deliver this message to the public. The group made some progress on each of these issues, including focusing on primary care and primary care doctors as a key way to convey the benefits of the model. Lawrence Miller took responsibility for determining next steps for the group.

On Wednesday, AOA and GMCB staff, including Lawrence and Al Gobeille, met in person with the GMCB's All Payer Model consultants. The consultants are trying to reset the project. From their perspective, the GMCB hired them to negotiate the deal with the federal government. Yet, in reality, much of the work to inform the negotiation remains to be done. Simply, GMCB remains unable to articulate what Vermont wants. Accordingly, the GMCB needs HMA to help organize and vet all aspects of the project to be able to negotiate a deal with the federal government. The day was productive, as the group left with a better sense of what we are asking for, the work that must be done, and a strategy for dealing with federal partners. Yet, as AOA staff has identified in previous weeklies, it is difficult to envision either the GMCB or our federal partners being able to accomplish all the things that need to be done for the project to be on time and as described.

Gov



On Thursday, Lawrence, Al, AOA staff, and GMCB staff met by phone with our federal partners. Four significant pieces of information emerged. (1) We were informed that our federal project lead is leaving federal service for the private sector. (2) Next, it seems clear that the federal government is not able to operationalize capitated payments to providers or ACOs by the agreement's presumptive start date of 2017. Capitated payment has been considered an essential part of the model. Staff will push this issue further with our CMMI counterparts immediately. (3) Our federal partners will not make a first bid on what Medicare savings they expect through the project, even though they previously committed to providing that information. Al Gobeille had been waiting for that information to better formulate the State's position in the negotiation. (4) Medicare's delegation of regulatory authority would allow the GMCB to regulate rates both inside the model and for the fee for service payments outside the model. This is important because it means you hold both the carrot and the stick, allowing you to make sure that providers can't benefit from by staying outside the system.

Overall, in Michael's opinion, the major thrust of the meeting was that Vermont needs to determine broadly what it wants, ask for it, determine federal issues with our position, and then determine whether we or providers can live with the results. The tricky issue with this approach is that the GMCB is still not clear about what they want the preferred end state to be and much of the work to understand what we want is still ongoing.

SIM/VHCIP: Vermont's SIM Team submitted the first of two responses to CMMI, which will enable us to draw down federal funds. The first response relates to year one activities and 2014 expenses incurred, but not paid. The SIM Team is also hard at work on the second response, which will be ready for submission next week.

The SIM Team at DVHA is finalizing the amendments to the State's agreements with each ACO. These should be executed by July 4th. The amendments relate to changes in the Medicaid Shared Savings Program. We are on track to get results from the 2014 performance year in August for both the Medicaid and commercial Shared Savings Programs.

SIM is also ready to launch a new round of Learning Collaboratives in July in three new communities expanding this successful program to nearly half the state. The Learning Collaboratives provide practice transformation skills directly to clinicians throughout the state enabling them to be better prepared for payment reforms.

Cadillac Tax/Large Group Market Study: The vendor contract was signed by AoA June 24 and is on its way to Wakely for signature. The first meeting between SOV staff and the consultants will be July 8.

The legislation that mandated the study required consultation with various groups, including management and labor. The Vermont School Boards Association and VT-NEA are included. The State is doing the study with consultation with VSEA and the Trooper's Association. VLCT is included in the study, but AFSCME, which represents many municipal employees, was not included. VT-NEA staff invited representatives from AFSCME to the first stakeholder meeting, which is set for July 2. It makes sense to include AFSCME; however, Michael Costa is a little concerned about VT-NEA inviting a group to the table on their own.

Universal Primary Care Study: Bids are due Friday. A bid team comprised of Michael, Marisa, Joyce Manchester, Craig Jones, and Richard Slusky will begin to review the bids immediately with the goal of conducting interviews from 6/29-7/2.

One of the keys to running an efficient and cost effective study is to define the term primary care as specifically as possible for the vendor. Marisa and Michael met with Richard Slusky at GMCB on Wednesday to continue the conversation to determine the code set and model for defining primary care for the actuarial analysis. They scheduled a similar conversation with Craig Jones for the coming Monday. The objective is to identify a pre-existing model of primary care that people are comfortable with and have a memo outlining that framework for defining primary care to discuss with the vendor once they come on board in early July.

Significant Meetings

- June 23 - US Health Futures.

HUMAN RESOURCES

Legislative:

↙ Sue

Rep. Johnson requested 10 years of State employee cost data, to include benefits. She stated that she is receiving some “push back” for the memo she and Rep. Sweaney signed encouraging the administration to address certain items in the next round of collective bargaining with VSEA/VTA.

Media:

Request from JFO for legislative pay and expense data based on a request they received from Peter Hirschfeld. Collaborating with Finance to provide complete data.

Significant Events/Meetings:

CAPS (formerly Workforce Development):

- The fourth and fifth groups of Supervising in State Government are completing this week. Working on a process for making this training mandatory for all supervisors in State government. Plan will be presented to Secretary of Administration for consideration.
- Learning management - there is movement in both AHS and AOT regarding the acquisition of a learning management system. Various DHR staff met with Christine Hetzel (VTTC) this week to continue communication. A demo to DHR for an interim registration solution with VIC is scheduled for next week. AHS has called a coordination meeting between AHS, DHR and AOT.

Labor Relations: Discovered that DLC (Hogan authorized, discovered by Giffin) was providing an extra contractual benefit by reimbursing Investigators, who already receive a Home Office Allowance, for internet costs. Labor is advising DLC to pay the reimbursement through June 2015 and will send a notice to VSEA that the benefit will no longer be provided without being appropriately bargained.

Legal: Reviewing Champlain College MOU to determine if the SOV can partner with the college to offer deep tuition discounts to SOV employees. Federal Office of Personnel Management engaged Champlain College in this fashion. Assuming the SOV is able to establish a partnership with

Champlain, we would like to do likewise with Vermont State Colleges, should they develop a similar program. Reached out to Jeb Spaulding to discuss possible program with State colleges.

VTNR FICA Tax Shortfall: Working with leg council and JFO on situation where taxable expenses are submitted without wage to draw taxes from. Occurs when expenses are submitted after session.

Workforce Analysis and Reporting/Benefits/Wellness/Classification/Recruitment:

Benefits: ESI's opt-out mail-order program - ESI is looking to start an opt-out mail-order program for cholesterol drugs in the hopes of containing costs as very expensive drugs come out on the market.

Wellness: Our contracted flu shot vendor went out of business. New RFP closed and reviewing submissions.

Compensation: Focused on processing the classified and exempt across the board increases for new fiscal year and any merit adjustments. The merit submissions were very few this year.

ACA Compliance: We have put a good team in place to address the myriad of large-employer ACA compliance issues. This will be an on-going function requiring fairly significant resources. Coordinating with Treasurer's office as there are compliance obligations impacting retirees and it is not clear that Treasurer's office has thought this through.

Audits: Negotiating with ESI re: our belief that they owe the state approximately 900k through their improper assignment of drugs to various pricing categories (brand v. generic). Additionally, The State Auditor is digging around for information on our contract with ESI, and prior contract with CIGNA.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare GAO Audit: There will be a closeout meeting with GAO June 30. At that time we will discuss the date when the report will be shared with Vermont before it is released to Congress.

Press/Media Notes:

VPR: Taylor Dobbs article on IT spending and projects and project oversight at this link: <http://digital.vpr.net/post/huge-money-small-oversight-state-it-spending-vermont>.

BFP: Commissioner Boes spoke with April Burbank (BFP) and gave her the info that there was not just one project, but multiple that combined to support AHS's IT strategy. She focused in on IE and wanted to know if the funding that was curtailed by the legislature would cause issues with the project which I avoided by talking about DII's role as oversight. She pressed for info on the application and I re-iterated that DII's portion of the system was the infrastructure side. She then went back to financial issues where I re-iterated that those were in the hands of the business and she should speak with AHS.

Evolving Issues:

- Training for the Lieutenant Governor's Website has been completed. The site is now being readied for launch by staff.
- Search for a new Chief Information Security Officer continues.

Projects:

Oversight Project Updates:

- **VoIP Implementation:** Received and forwarded the Independent Review (IR) Report to Commissioner Boes with the hope of having the IR meeting as planned on Thursday.
- **Office 365 Migration:** SOV and Microsoft have negotiated the terms of orientation training which will be provided to all users of the State's Office 365 environment. Catapult has agreed to start work on the Exchange portion of the contract starting Wednesday, June 24th and the SharePoint portion Monday, July 6th.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

Homestead Declarations and Property Tax Adjustments: We are ready to send these lists out to the towns. At just over 160,000, homestead declarations are a bit light – we are investigating whether there is a trend (for ex., missing homesteads in towns where the homestead rate is higher than the non-residential rate). We have over 100,000 property tax adjustments to send at this time.

Current Use: We have a mailing ready to homeowners explaining the easy out, as well as a fact sheet. Processing the applications and working with the towns to re-bill the properties for 2015-16 will be a challenge.

Clean Water: The Commissioner and Policy Director met with ANR staff and the Treasurer on the 2017 study on alternative funding sources.

Submerged Power Lines: General Counsel has prepared a draft memo discussing property taxes on the submerged areas of cable which has been circulated to Governor's counsel and the Commissioner Recchia.

Operations:

State Auditor: The State Auditor has opened an inquiry into our collection on delinquent individual income tax accounts. It is odd timing - we have used our 2011 data warehouse to help with these accounts but we will not have an optimal system until we convert this tax type into the VTax system late next year. The scope of the audit is also not clearly defined.

Department Retreat: We held a morning retreat with managers, and an afternoon debrief with Senior Staff. It was clear at this fifth such gathering that the Department is now very well aligned – enthused about the new VTax system , embracing the change in business processes that it has brought about, and committed to better customer service. Our particular focus was communication, where there was some agreement that historically our correspondence with taxpayers was too cold and technical. We discussed specific steps to simplify and clarify, and present a friendlier access for customers. Obviously, we also discussed our large workload in light of budget cuts, but morale among this group was still fairly high.

Presentation Season: We met with our practitioner advisory board this week. They received presentations on our new website, new audit and appeal procedures, and VTax portal for practitioners with enthusiasm. We will need their partnership as we migrate our sales & use and meals & room accounts from current online filing options to VTax – our major outreach push of the summer.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Jessica Gingras
Date: June 25, 2015
RE: Boards and Commissions Update

Commissioner, Department of Disabilities, Aging & Independent Living
APPOINTED: Monica Hutt

Member, Governor's Council on Physical Fitness & Sports
REAPPOINTED: Patrick Standen

Member, Governor's Council on Physical Fitness & Sports
REAPPOINTED: Joy Dubin Grossmen

Member, Travel and Recreation Council
REAPPOINTED: Paula Maynard (Hildene)

Member, SerVermont
NEWLY APPOINTED: Madeline Strasser (Youth Rep.)

Member, SerVermont
NEWLY APPOINTED: Justin Morande (Youth Rep.)

Future/Ongoing Discussion Topics

UPDATE: Vermont Liquor Control System Modernization Study Committee:

- (1) two current members of the House of Representatives, who shall be appointed by the Speaker of the House; Janet Ancel (D-Calais) & Tom Stevens (D-Waterbury)
- (2) two current members of the Senate, who shall be appointed by the Committee on Committees; **UNKONWN AT THIS TIME**
- (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.

**Working with Lawrence & Al Golbeille to find a suitable rep. from the restaurant*

UPDATE: Commission on Women:

- We still need someone that is either an R or an I
- A man applied, Colin Ryan – does personal finance and speaking, Independent
- Leslie Ferrer, Clinical social worker (specializes in women's substance abuse), Independent, minority

Liquor Control Board

Possibly reaching out to Jerry Diamond

Higher Education Savings Account Advisory Committee

Working to find a group of individuals to appoint as a “package”

Southern Vermont Economic Development Zone

Waiting for confirmation from Wayne Granquist

Vermont Financial Literacy Commission

- 3 Gov. Appointees
- Working with Beth Pearce: John Pelletier (State College), Martha Reid (Exec. Branch), Lisa Falcone (Non-Profit)

District #4 & District #5 Environmental Commissions

- District #5 (Wash. Co):
 - Jon Groveman suggested: Joslyn Wicheck (Attorney),
- District #4 (Chitt Co.):
 - Jon Groveman suggested: Anthony Stamper (Former IBM, Engineer)

Physical Fitness & Sports

- 2 vacancies, 2 applications

Travel & Recreation Council

- 1 Vacancy left

...and there will be MORE!

Also, Thanks for all the help, and thanks to everyone who has been answering all of my questions!

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Marcia Gardner on behalf of James Giffin, Interim Commissioner
Date: June 25, 2015
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates:

Interim Commissioner Giffin and Principal Assistant Gardner attended the Distilled Spirits Council of Vermont Meeting on June 19. The Council may move forward with several legislative changes next session – one concerning the tax rate applied to in-state distilled products and another to the language of the “Manufacturer’s and rectifier’s license” allowing spirits manufacturers to hold events on their premises (currently, only vinous producers are allowed to do so).

Later, the Council met with U.S. Representative Peter Welch to discuss possible tax and shipping changes at the federal level.

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

Significant Events/Meetings: A Board Meeting will be held July 1, 2015 in Montpelier for Enforcement Hearings/Business.

Summary of Key Department Activity:

Swanton Agency: The Swanton Agency has informed the DLC of a possible change in ownership. Details of the change will be provided as the DLC receives them.

Tobacco Compliance Testing: The Department uses underage youth in its tobacco and alcohol compliance checks. In the past, they have been paid as a third-party contracted service. DLC is investigating the process for paying them as temporary Department employees, affording them the same protections as the other State temporary employees.

ERP/POS Project Update: We were notified Monday A.M. that our contractor, STG, had terminated their relationship with one of the significant sub-contractors necessary to implement the POS project. We are awaiting further details on the contractor’s proposed solution and the effect on timing. I think it is safe to say, at best, we would be looking at a start date after January 1, 2016, and potentially later.

We will need to find a manual work around for the sale of fortified wine allowed in the new legislation starting January 1.

Commissioner’s Commentary: