

WEEKLY REPORTS

Checklist
1/22/16

Darren Springer

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

Sue Allen

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

Sarah London

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

Jessica Gingras

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

TBD

- ☐ Department of Labor – Annie Noonan
- ☒ VT Commission on Lottery – Greg Smith

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: January 22, 2016
Re: Weekly Report

PATRICIA MOULTON, SECRETARY

GOVERNOR'S PRIORITIES

- **Legislative:** Fred Kenney and I spent time working with David Hall of Leg. Council redrafting the VEPC/VEGI statute per Representative O'Sullivan and Dakin's request. They want to make it "more readable". Her reorganization actually makes some cents. She is including the elimination of the sunset on VEGI. But I am fearful of what else may happen as it winds it's way through the process.
 - I testified in **Ways and Means** on the Vermont Enterprise Fund. Questions were mainly around "how are you certain these companies need this funding" and recapture of funding if companies leave the state or are sold. The implication is there should be recapture even if they close or leave the state decades after receiving incentives! We did not have a lot of time and I may have to go back.
 - **Council of governments:** Some, not all, regional planning commissions are supporting enabling legislation to create Council of governments instead of a regional planning commission. We have some concerns about the legislation but are officially neutral. I will do a bill review. Vtrans is supportive and apparently Chris Cole and Deb Markowitz will be asked to come in and testify in government ops on this bill. I submitted a memo with some questions this week. VLCT is not supportive of the bill but did support my memo.
 - We are in house commerce this afternoon on the Vermont Quebec Enterprise Initiative this afternoon.
- **Mack Molding:** The loss of enterprise funds for FY16 puts us in a sticky situation to attract Mack's recent acquisition of a California company. They will put it either here or South Carolina. Jeff Somple is truly expect some enterprise funds. VEGI cost-benefit model is never that helpful given the background growth factor for Mack's sector. Joan is meeting with him this afternoon.
- **BCIC:** The Bennington County Industrial Corporation has completed a contract with the Bennington County Regional Commission to provide Executive Director services for BCIC. This gets Peter Odierna out which is ultimately a good thing. BCIC's financial situation is a concern which Joan is watching carefully. This model of RDC and RPC "combination" works in the NEK. Bill Colvin of BCRC is doing the economic development work and Bill is very capable.
- I have been working on legislative reports, performance measures, at budgets much of the week.
- **Joan Goldstein reports: AIV Human Resources Seminar:** Attended the AIV human resources seminar. Many in attendance were HR directors and attorneys. There was much concern amongst those present that currently offer PTO. When paid sick leave legislation is law these companies would need to track what the employees used the time for in the pool of PTO. For example, the employee could use up their PTO for reasons other than sick leave and then if they get sick afterwards the employer would owe them the 40 hours of paid sick. This caused much stir in the room. The other concern was the increased record keeping requirements that will be imposed on the employers.
- **Jared Duval reports:** We submitted the 2016 report to the Legislature on the Wood Products Manufacture Incentive. ACCD recommended extending the incentive for an additional year, while also referring the broader policy question to the newly formed Policy Committee of the Working Lands Board.
- **Noelle Mackay reports: Coolidge Site:** The *Huffington Post* designated the Coolidge State Historic Site as one of the "Best 50 Immersive Tours in Northeast USA." (Only two other places in Vermont made the list: Morgan Horse Farm and Marsh-Billings-Rockefeller/Billings Farm Museum.)
http://www.huffingtonpost.com/malerie-yolencohen/best-50-immersive-tours-i_b_8980660.html
-

LEGISLATIVE ACTIVITY

- **Doug Hoffer:** gave some extremely incendiary testimony about the Vermont Enterprise Fund. His criticism largely centers around lack of structure, lack of accountability, recapture, and “but for” issues. While he was there, he also added some impromptu criticism about VEGI background growth. He went on to say he was going to be doing a deep and thorough examination of VEGI soon, and that he thought it was time to do a deep review of all of our economic development programs. He went on to encourage the committee to do the same. Janet seemed interested in doing this for VEGI.
- **Measures Report:** Noelle testified in House General and Military Affairs Committee on the housing measures in the indicators report. Very straightforward conversation where we explained why the indicator was chosen, how it dovetails with our Housing Needs Assessment and how we use various indicators together to understand the issues at play in our goal to ensure everyone has a home they can afford.
- **Pathways from Poverty 15% Recommendation:** Noelle spoke with Kim Fitzgerald from Cathedral Square as a follow up to the last stakeholder meeting on this recommendation. Senior housing is supported by public funding and questions were raised in the meeting on how best to include their units in the goal, but perhaps need to modify the goal. Productive conversation and Noelle will bring their suggestions to the follow up meeting on Friday.
- **Department of Public Service, Act 56:** Annina and Chris worked with the RPCs and DPS to respond to Senate Natural Resources’ request for information on the number of communities adopting local regulations to screen solar facilities, which was enabled last year by Act 56. The law also requires that DHCD collect and submit a summary of these local screening provisions. The Department of Public Service is to report how the local regulations affected the Public Services Board’s review of the renewable energy projects. The joint DHCD-DPS report is due to the House and Senate Committees of jurisdiction before January 15, 2017. With 8/11 RPCs reporting, 8 communities are developing regulations and only Bennington and Cornwall have local regulations in place. We will share complete data with DPS when we have it.
- **House Commerce Testimony on An Act Related to Captive Insurance:** Separately from VCIA Legislative Day testimony, the House Commerce Committee took up their first bill of the year H.538, An Act Related to Captive Insurance. This legislation is the Department of Financial Regulation’s captive insurance bill. The captive legislation is much more modest than in the past number of years and addresses some non-controversial technical amendments. Dan provided testimony in its support. The bill was voted out of committee unanimously.

LUCY LERICHE, DEPUTY SECRETARY

- **Hardwick Community Visit:** Lucy attended the Vermont Council on Rural Development community visit in Hardwick as part of the resource team. She attended sessions on Youth, the Next Generation of the Agricultural Movement, and Economic Development sessions. Some general themes included: engaging youth; building on the success of the ag economy; increasing industrial park and water and sewer capacity; need for a hotel or more lodging; more/better business networking opportunities; and better connection with the river.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

Quebec Initiative

- **Upcoming Events:** We have a number of inbound events in the pipeline and will be hosting three groups in February. On February 10th, the President of the Federation of Chambers of Commerce of Quebec will travel to Vermont to further our discussion about workforce development. Traveling with her will be three IT companies that will be meeting with members of the Vermont Tech Alliance to continue to forge the Information Technology relationships as described in the MOU with the FCCQ. On February 16th, there is a group from Montreal visiting Burlington that includes about a dozen companies that have an interest in doing business in Vermont. And on February 23rd, we have been asked by the Consul General’s Office to assist with bringing participants to a CEGEP summit that will be held in Montreal.
- **Artizan Foods:** Working with this little Montreal start-up company to help them find a supplier in VT. Cathy Bacon of Freedom Foods has met with them and may be able to co-pack for them.
- **Montreal Board of Trade:** Met with Guy Jobin, Vice President of Business Services, and Ms. Elise LaFerriere, Director, Market and Entrepreneurship Development, to discuss a variety of topics, including the VQEI. They would like to explore partnerships around renewable energy and value-added food production. I let them know that the Better Building by Design Conference was in a couple of weeks and might be a good way to meet some folks from the renewable, green building and construction sectors. With respect to the value-added ag side of things, I reached out to Chelsea Lewis at AGR to see whether they are participating in SIAL, a large value-added food show in Montreal, this April. If they are, the VQEI may partner in some way. Otherwise, we may just

participate as attendees. The Board of Trade team lamented the low Canadian dollar and the challenges their businesses are having related to it.

Recruitment (CONFIDENTIAL)

- **Project Patrick Dempsey:** Working with a company from Lewiston, Maine that is seeking a location for a company they are acquiring in the Southeastern U.S. They don't need a lot of space (25ksf) but high ceilings (30'). I was able to find 5 very good possibilities within their geographical preference and will talk in greater detail with them next week, as they requested. They would be creating about 40 jobs.
- **Dairy:** I have been asked by the St. Albans Cooperative to help them identify strategies to bring more dairy processors to Vermont. This is an interesting collision of my Quebec and Recruitment work and I am working with Diane Bothfeld on this in a more macro way as well. I have identified some possible companies in Quebec that the Co-op may want to reach out to.
- **New Value Added Ag Prospect:** Following our announcement of BHS' decision to locate in Vermont, we received a new inquiry from a company in Montreal interested in Vermont. I will be meeting them on 15 February.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

- **Economic Development Marketing Plan:** The Discovery phase continued this week with the release of three perception surveys: (1) to internal Vermont stakeholders, gathering input on Vermont's strengths and weaknesses, target audiences, perceived barriers and competitors, as well as Vermont's strongest value propositions; (2) to corporate executives in New England and Eastern Canada, gathering input on business climate specifics, competitive strengths and weaknesses, as well as industry sector perceptions; and (3) to young adults out-of-state, gathering input on priority factors for relocation and general perceptions on the state's brand, industry sectors and relative benefits and challenges. The results of the surveys will be used to inform the target audiences and messaging of the marketing plan to be developed, as well as to serve as a baseline metric to refer back to as implementation proceeds over the years to come.
- **Creative Services:** Design work by the CMO team this week included an ad for the Agency of Agriculture promoting Vermont's robust beer, wine and distillery offerings to appear in *Edibles Brooklyn* magazine and continued work on a comprehensive update of the travel itineraries for all of Vermont's ten byways (which include separate mapped attractions for each under the themes of Arts and Culture, History and Heritage, Chews and Brews and Outdoor Recreation).

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

- **GIS Data**
 - **New/Updated Data and Web Services:** New Digital Flood Insurance Rate Map (DFIRM) data became effective in Bennington County on December 2, 2015. VCGI is posting this new data set, along with the most recent DIFRM data of the entire state (where available), to Vermont's Open GeoData Portal this week. ANR has been keeping VCGI abreast of the progression of DFIRM data.
 - **VT Open GeoData Portal:** VCGI staff are grateful for project management support that ACCD-IT is providing for the Vermont Open GeoData Portal project. The project continues to move forward. Requirements are finalizing as system design documentation begins.
- **VCGI Imagery Program**
 - **Orthophotos:** The VT Ortho RFP Review Committee met to review and compile results from the ranking of vendor proposals. There was a scoring of each proposal by each selection panel member, which were compiled into a matrix and ranked. Following the ranking, the cost proposals were opened and reviewed, then each panel member scored the cost proposals and the values were added to the matrix. There was discussion regarding the costs and then review of the ranking. A set of 4 consultants with the highest rankings were selected for further interviews which will be scheduled for later next week.
- **GIS Governance & Coordination:** The EGC "GIS Action Planning" Subcommittee met again on Wednesday to continue its review Esri's "Vermont Location Strategy" report. The committee complete review of all "Key Recommendations" outlined in the report, noting areas of support and/or divergences of opinion. The committee will be meeting again next week.
- **Projects and Technical Service Contracts**
 - **NBRC Parcel Data Project:** All but 2 towns have submitted all of their reimbursement and final report documents. Those two towns are in process of submitting. The goal is to have all towns process and the grant closed out by the end of March.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **Holiday Weekend Reports:** The reports so far from the MLK holiday have been very strong occupancy numbers in the resort areas. We will know more after this week's TRC meeting.
- **Transitions:** VDTM is keeping very busy with the day in and day out of transitioning 3 positions into 2 positions and looking for efficiencies in our systems.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Communications Outreach:** Laura was interviewed by Channel 22/44 for a sweeps story on the high number of "per capita" claims Vermont can make: greatest number of cheesemakers, breweries, farmers' markets, etc. per capita in the nation. She fielded an inquiry from a Japanese TV program about Champ and his impact on tourism, and provided photos for [this story](#) in a Japanese magazine. She worked on press releases about the high number of [extreme races](#) offered in Vermont, and the many [winter farmers' markets](#).

SALES ♦ Kathleen Kolva, Sales Manager

- **AAA Great Vacations Expo:** A last-minute opportunity presented itself, and Kathleen secured a complimentary booth for VDTM at the AAA Great Vacations Expo in Columbus, OH for February 22-24. She prepared all travel arrangements, reservation of booth furnishings, shipment of materials, and turn-around of supplies arriving back from the ABA Marketplace. Ohioans spend \$1.5 billion annually on vacation travel and accommodations. This event at the Columbus Convention center is the largest consumer travel event in the region.
- **Distilled Spirits Council of Vermont:** In preparation for the AAA Expo in Columbus, Kathleen reached out to the DSCV for updated Passport brochures. A small shipment was received for distribution this coming weekend, and arrangements have been made to obtain a larger supply for distribution throughout 2016.
- **New England Tourism Center:** Kathleen sat in on a conference call with Manny Witt outlining both previous collaborations and 2016 plans in regards to Canadian brochure fulfillment and Canadian trade show participation. Kathleen will further review our partnership with NETC.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Joan Goldstein, Commissioner

EB-5 Conference

- Attended EB-5 conference last week with Stowe Aviation and Mt Snow projects.
- Still significant interest in VT Regional Center from agents and immigration attorneys representing investors from China, India, Turkey, and Russia.
- We also met the director of the newly formed Maine regional center which is another state operated center.

Possible new EB5 projects

- There will be a new project coming from Killington: unit development along Bear Mountain. Currently going through permitting. Steve Malone is the developer. \$100mm in sales of units.
- Also talking with Don Sinex of the Burlington Town Center about a possible EB-5 raise.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- WLEB Board Meeting: Reviewed the 23 Service Provider LOIs, requesting \$923,164 in grants. Board **voted to invite 10 of the 23 Service Providers to submit full applications** (due March 4). Total requests from the 10 invited back are \$333,907. **Confidential:** Service Providers invited to submit full applications are: VHCB's Farm and Forest Viability Program; NOFA; VSJF (for Forest Products Value Chain work); RAFFL; ACORN; VWMA; the Intervale; Strolling of the Heifers; and REV.
 - Board also voted to begin the process of accepting \$175,000 in private donations to the Working Lands Initiative, as announced in the Governor's State of the State address.
 - Board voted to approve up to **\$25,000** in matching funds in order to secure \$100,000 in possible NBRC funds for the purpose of creating a new revolving loan program (deferred payment, no interest loans paired with technical business assistance), as recommended in the Financing Tools Blueprints report to the Board from Nancy Wasserman and the Financing Options Committee. Still working to identify the host institution.
- Met with Ted Brady, Ben Doyle, and Susan Poland from USDA RD to identify Working Lands applicants that may also be good applicants for the Value Added Producer Grants program. Identified **36 businesses** that they are going to reach out to and invite applications from. Last year nine of the Value-Added Producer grants that USDA gave out ended up going to businesses that first learned about the opportunity after applying to WLEB.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Vermont Captive Insurance Association Legislative Day:** Dan presented at a luncheon for the Vermont Captive Insurance Association along with Secretary Moulton. Dan also testified in House Commerce, and then

met with legislators at a reception held at Capitol Plaza in the evening. Around 75 members of the captive insurance community attended from as far away as Oklahoma.

- **Large Orthopedic Practice:** Dan will be meeting with a Florida based orthopedic practice that is considering forming a captive. Dan has been working with this prospect for some time and hopes to move this prospect along. Vermont has made some good inroads into this specialty that is a good fit for captive insurance.
- **Business Insurance (BI) Magazine Editorial Meeting:** Dan provided three editorial ideas to Jerry Geisel, Sr. Editor of BI magazine. They will be doing a feature on the captive industry and are actively exploring story ideas for the feature and Mr. Geisel was very enthusiastic about Dan's suggested editorial ideas.

INTERNATIONAL TRADE (VERMONT GLOBAL TRADE PARTNERSHIP) ♦ Katie Corrigan

- Confirmed/Approved STEP applicants for AERO-Montreal
 - Stephen's Precision
 - Semi Probe
 - Concepts NREC
 - Liquid Measurement Systems
 - Superior Technical Ceramics
 - North Hartland Tools
- Awaiting STEP Applications for AERO-Montreal
 - MSI
 - Aero Parts Plus
 - Sathorn Corporation
 - Pre-Tech Precision Machining

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

VEGI

- Worked with LTK Engineering and Imerys Talc on January VEGI applications.
- Worked on VEGI Pre-Applications with Lyndon Furniture.
- Contacted regarding potential VEGI applications: Autumn Harp, Black River Produce, Mack Molding.
- Initiated contact with Maine prospect: Elmet Technologies (with Kiersten).

Windham County ED Program

- Reviewed three loan LOIs and attended WCEDP Advisory Council meeting. Three loans forwarded to application phase.

VERMONT TRAINING PROGRAM ♦ John Young, Director

- Had a conversation with Vermont Creamery regarding a VTP grant for supervisory training and will have more details after a 1/26 meeting with them.
- Met with Vermont Natural Coatings who is looking to bring a new product to the US markets and will need training to help them deliver. They are also working with Dave Snedeker as they are hoping to find a larger building instead of the two that they are currently using.
- Henderson's Tree and Garden Services is looking for a possible VTP grant to help them with firming up their business processes and other field training ideas.
- Vermed is in the final editing stages of a VTP grant that will end up at around 100K and will be used to bring a product line from NY to the Vermed facility in Vermont.
- NSA is getting closer to their final VTP application, and I will be meeting with them Friday to discuss their matrix with their Continuous Improvement Engineer.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay

- **Preservation Trust of Vermont Bus Tour:** Joined Laura on my first PTV bus tour. Every year they hold one of their board meetings during a 2-day bus tour of Vermont, highlighting significant projects that PTV has been involved with. Noelle shared our work on flood resilience, highlighting the Vermont Economic Resiliency Initiative, our municipal resilience checklist and how they could help support the flood proofing of businesses in our downtowns and villages. Noelle also spoke at dinner about how the Daisy Turner project in Grafton began and the role the Agency played.

Deputy Commissioner Hanford

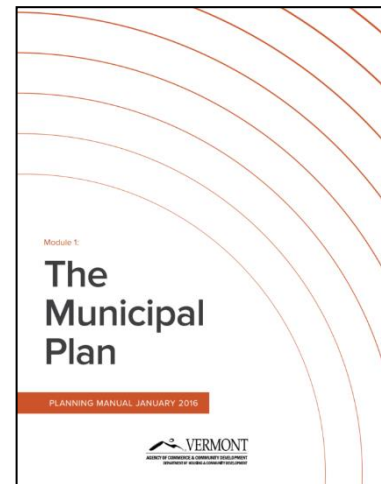
- **Bedbugs in Rutland:** Spoke with Vermont State Housing Authority about the situation in Rutland at the Bardwell House. They are aware and feel the property managers have a very thorough Bedbug extermination

plan and the property is in good condition and well maintained. They also commented that the individual making the compliant is well known to them and has been a challenge at other properties he has lived at.

- **CDBG-RFL's:** Followed-up on a request for information from Trish Sears & Steve Mason of NEKTI Consulting. They wanted to know which communities in the NEK had CDBG-Revolving Loan Funds as a client, Opportunities Credit Union, is interested in providing services or assuming loan funds that communities don't want to operate anymore. More discussion needed as some regional players already provide this service and duplicating efforts could be counterproductive.
- **USDA-RD:** Spoke with Ted Brady, VT/NH State Director about the \$1.5M RD 515 funding to the Evergreen Mobile Home Park in Hardwick as the project is also requesting \$500k in CDBG funding and will be competing for limited CDBG funding at the February 11th CDBG Board Meeting. Also spoke with Gus Seelig at VHCB about the housing applications we have in common and which ones they are recommending for their February 4th Board meeting.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

- **VTrans, over 20% increase in Strong Communities, Better Connections Grant (SCBC) Requests:** This year, 10 municipalities, requesting over \$530,000 (compared to \$435k last year), are competing for \$200,000 in available funding. This new VTrans and ACCD program supports local planning for a variety of local transportation and community development activities that improve the quality of life in designated downtowns and villages. VTrans and ACCD will announce awards by February 19th, 2016.
- **Planning Manual Live:** Then new Planning Manual for Vermont municipalities is complete and available on the ACCD website! The manual includes a module on [The Municipal Plan](#) and [State Designation Programs](#). Additional plan resources are also outlined on the Planning Manual [webpage](#). The project included participation from over 300 stakeholders at the state, regional and local levels and a "soft" rollout of the manual will take place over the coming months. CP+R staff is working with Bolton and several other communities as they use the manual to create more useful and innovative town plans.



HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **Senator Leahy's Office:** Laura had a productive meeting with Kate Ash, our historic preservation representative from Senator Leahy's office. Kate is a great conduit for the Division's mission to the Senator, who supports the Historic Preservation Fund that was recently appropriated as part of the Omnibus Bill. Laura is providing our end-of-year Historic Preservation Fund reporting to the National Park Service, Vermont legislative updates, and documentation about the American Battlefield Protection Program grant being pursued for Mount Independence. The Senator has offered to prepare a letter of support for this grant.
- **UVM:** Laura met with the facilities manager of the University of Vermont and the director of UVM's Consulting Archaeological Program to discuss the preparation of an archaeological assessment of the main campus, as well as the secondary campuses. Much work has already been done on the campus and this project will bring that documentation into one report that will serve as a better guide for development. Discussions related to testing on the property where the historic Wheeler House stands is ongoing; a number of significant artifacts have recently been discovered there while groundwork was being conducted. The Division is thrilled UVM understands the significance of this study.

State Archaeologist

- With the help of Laura, Tracy, and Elsa, Jess submitted an American Battlefield Protection Grant to the National Park Service last Friday. If awarded, the grant will be used to complete identification and mapping of all visible features on the southern portion of the Mount Independence State Historic Site. Significant features such as structural remnants and defensive earthworks will be accurately mapped with a total station in real space and dimension. All mapped features will be inputted into Geographic Information Systems Software and analyzed against historic maps and archives. The resulting product will be crucial for proper stewardship of these resources

and will provide an important platform for future site interpretation and education. We should receive notice of the Park Service's decision in July.

State Architectural Historian

- **Prickly Mountain Design/Build History:** Devin met with architects David Sellers and Jim Sanford at the [Madsonian Museum of Industrial Design](#) in Waitsfield. They have mounted an exhibition of the history of the design/build movement in Vermont, which includes historic documentation of the movement that has never been compiled in one place before (magazine articles, drawings, photographs, ephemera, etc.) This information is invaluable to researching and documenting their Mad River Valley projects, many of which are now eligible for listing in the National Register of Historic Places. They plan to scan all of the materials to create a digital archive, and are interested in finding an archival repository for long-term storage.
- **Aldrich Public Library, Barre:** This landmark public building in the heart of downtown Barre was individually listed in the National Register of Historic Places on January 5, 2016. The nomination was prepared at the request of the library to fully document the history and significance of the building.

Project Review

- **Solar Projects:** Last Thursday Scott and Yvonne performed a site visit with representatives from SunCommon at a proposed solar installation in Barnet. The project is one of a number of projects in the Connecticut River Valley that have archaeological sensitivity. The site visit is part of an ongoing effort with SunCommon and other solar installers to foster understanding of our process for project review and their siting procedures. Scott and Yvonne then went on to five other proposed solar sites in Caledonia County.

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

- There is a common misconception that no one is building any new mobile home parks. The majority of parks were built by 1970, but in the last 25 years, there have been 18 new mobile home parks with a total of 237 lots. Three of these new mobile home parks were opened by nonprofit housing organizations to provide affordable housing in Brattleboro, Rutland and Williamstown.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Recovery Work

- **Hunger Mountain Children's Center (HMCC):** Staff have provided detailed guidance on what HMCC needs to submit with its \$325,000 enhancement request to its \$1 million Implementation Grant to purchase and rehab its expansion in its former building and the building next door at the Waterbury state office complex. The enhancement is needed due to the lowest bid for the project being much higher than the budget. To keep the enhancement to as little as possible, HMCC went through a value engineering process with the lowest bidder to determine how to reduce the cost further. Despite the savings made, the project needs to seek \$325,000 to keep the project whole.

Regular VCDP

- **Town of Johnson:** The Town's \$300,000 Implementation Grant application for a \$1.6 million project assisting Laraway Youth & Family Services (LYFS) with a facility expansion and improvement project, has a threshold issue as the public hearing notice omitted any description of the project. A new public hearing has been scheduled and will be held prior to the CD Board meeting on February 11. Staff have reviewed the project and provided questions to be clarified to reduce potential issues in the staff analysis.

ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director

Activities and Accomplishments

ITS

- Attended Public Service Broadband Network Commission Meeting.

MATS

- Updated MATS AID draft application with revisions from ME DOT.

Future Plans/Activities

- Present ATMS-511 Project status and MATS AID application request at STIC meeting.
- Attend AASHTO STSMO Research Working Group meeting.

Obstacles and Opportunities

- none

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

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: January 22, 2016
Re: Weekly Report

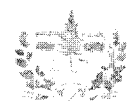
Susan L. Donegan

Captive Insurance Division:

Vermont's captive insurance company number 1,065 was issued this week to BLC Insurance Limited, which was formed by Bechtel Corporation to reinsure its property and casualty risks. Bechtel is a global engineering, construction and project management firm headquartered in San Francisco with more than 35 offices around the world. Since 1898, Bechtel has completed projects in 160 countries on all seven continents. Named the "Top U.S. Contractor" for the 17th year in a row by Engineering News-Record, it is a privately held, family led enterprise.

Banking Division:

DFR has recently received full accreditation for its banking and insurance operations. The Conference of State Bank Supervisors (CSBS) notified DFR this week that the Banking Division has again been fully accredited for the supervision of banking, credit unions and mortgage lenders for the next five years. The re-accreditation audit process involved a comprehensive review and investigation of the division's administration and finances, personnel policies and practices, training programs, examination policies and practices, supervisory procedures, and statutory powers. Last fall, the Insurance and Captive Insurance Divisions also received re-accreditation for the next five years by the National Association of Insurance Commissioners (NAIC). That evaluation included a robust financial examination and analysis of all DFR's licensing and transactional processes as they relate to solvency supervision of insurance and captive companies. It is performed in a peer review-type model and is an essential designation in the state-based insurance regulatory system.





Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: January 22, 2016

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY – We are working on an Entergy counterproposal received on Wednesday with the hope of responding by next Wednesday. We had an interagency call today and walked through our proposed response. We believe a settlement on the main issues is achievable.

SNRE Testimony and General Update – I testified on energy siting and the work of the Solar Siting Task Force in Senate Natural on Tuesday morning, and generally summarized the direction the Task Force was taking, focusing in on the Regional Energy Planning Pilot, improved incentives, and the creation of a public assistance officer at the PSB. Senator Rodgers asserted more than once his interest in separating energy siting into two processes, Act 250 for land use and Section 248 for electrical and grid issues. It was a mostly friendly engagement - there is more to come.

Conversations with Senator Bray this week indicate that he believes that planning, both at the

regional and municipal level, hold the key to providing more local involvement in siting. This dovetails mostly very well with the likely Task Force recommendations to support improved planning at both the regional and local level.

Solar Siting Task Force holds its final meeting – The Solar Siting Task Force held its 10th and final meeting on Thursday morning. A draft report was circulated Thursday night with a deadline for any final comments of Friday at noon. Karen Horn has, at the final hour, re-expressed her interest in giving towns “substantial deference.” She may want that somehow included in a final report. We will work with her on Friday to keep her “on the reservation.”

Senate Finance and the draft Act 56 Report on Public Advocacy – After hand-delivering the Department’s draft report on the structure of Vermont’s public/ratepayer advocacy role in Vermont, Senator Ashe invited Dep. Comm. Copans to come present briefly to the committee regarding the report. That testimony happened Wednesday and was relatively harmless. Senator Sirotkin focused in on MOU’s and raised questions about the appropriateness of entering into an MOU with one party when there are other parties in a contested case. The Department will gather additional public comments and issue a final report by Feb. 22.

NM Rule – There has been some engagement with the PSB about the process moving forward regarding the re-draft of the net metering rule. The PSB is having internal deliberations and may not provide any further opportunities for stakeholder engagement or workshops before issuing a final draft rule. The Department is continuing with outreach among stakeholders to further understand their response to the Department’s proposal. Utilities such as VEC remain a challenge.

VEIC-RUS – Aaron Adler (Leg. Counsel), Geoff Commons (DPS), and Morris Silver (VEIC) are working on a possible new Board Order that responds to Aaron and hopefully Treasurer Pearce’s concerns about state funds being at risk with the loan deal. They are close to settling on final language.

GMP Net Metering Expiring Credits Tariff Change – Tariff No. 8594 – GMP filed a proposal to defer the expiration of accumulated net metering credits that would be otherwise subject to expiration by 4 months, until June 1. The basis for this change is GMP’s neglect in dealing with the issue, which was known to them for a year, in a timely fashion. The Department will likely support the change, but the matter will be revisited in the base rates filing.

Swanton Met Tower Penalty Investigation – Docket 8561 – The Department filed a *Motion for Partial Summary Judgment* on January 15th as to the issue of whether Respondent committed a violation of law by installing a met tower without a CPG. Along with the motion, the Department also filed its response to Travis Belisle’s *Motion for Public Service Board Review of Hearing Officer’s Order on Intervention* and *Motion for a More Definite and Detailed Statement on the Burden of Proof and Issues for Hearing*. Both ANR and the Langs filed comments supporting the Department’s Summary Judgment Motion.

VTel – Springfield Area Public Access TV (SAPA) Arbitration (Docket 8609) – DPS staff met with representatives from SAPA and VTel in Springfield on January 20 to discuss the dispute.

The meeting was not productive. VTel indicated that it has no desire to further negotiate or try to reach a settlement with SAPA. VTel has also indicated that it intends to pursue alternative technologies to provide public access programming to its customers in order to limit expenses that would be passed onto VTel subscribers. It appears that a resolution of this docket without Board intervention is highly unlikely, and the docket will likely be acrimonious and require significant discovery and process. It may also be necessary for DPS to complete a community needs assessment if VTel does in fact attempt to implement an alternate technology for broadcasting public access content.

Marlboro/Readsboro Meetings – Connectivity Division staff will meet with the towns of Readsboro and Marlboro on January 25 to discuss broadband availability and opportunities for improved services. Marlboro has requested that the division speak on several topics, including line extension policy, FairPoint DSL buildout obligations, and available resources. Staff will also cover the ongoing cell projects in the area. On January 26, staff will meet with FairPoint and Brattleboro Development Credit Corporation. FairPoint will lead the meeting on its service in the area.

Meetings/Calls this Week:

Jan 18 – Holiday – MLK Day

Jan 19 – Commissioner testified in SNRE on Solar Siting Task Force

Jan 20 – RREP Conference in Philadelphia

Jan 21 – SSTF meeting, Governor’s Budget Address

Jan 22 – Community of VT Elders, Phoner call with VT Chamber of Commerce

Meetings next Week:

Jan 25 – NESCOE,

Jan 26 – SMEEP Act 199 meeting with Global Foundries, Entergy VY meeting

Jan 27 – Windham County delegation on agreement w/VY, VCRD meeting

Jan 28 – Meeting with Mary Powell, Champlain Community Action meeting, NDCAP meeting

Jan 29 – VEDA Board meeting, Capstone Community Action Meeting,

Media: JC - Ruland Herald on PA Report draft; CR – VT Digger on “ongoing and constructive” discussions regarding EPZ as they saw the Gove eliminated funds for that in his budget with a note that we hoped to “find alternative funding”

Public Official Contacts: Dep. Comm. Copans ran into Mayor Weinberger at the Statehouse on Friday. Topics covered included his role as chair of VLCT’s Quality of Life Committee that is responsible for their position statement on town involvement in energy projects. He made the case that they were coming from a reasonable place with their proposal and expressed willingness to help facilitate productive conversations around this issue. He was also made aware that BED’s comments on Net Metering missed the mark. He indicated some interest and it seemed clear that he intends to follow up with Neale and Mike K.

Dep. Comm. Copans discussed with Senator Rodgers the Dept Net Metering proposal. While somewhat concerned about the price, the Senator listened with interest and expressed support for various aspects of the proposal regarding siting and REC’s.

Recchia and Copans met with Senator Campbell. Solar siting, Public Advocacy, and VEIC-RUS

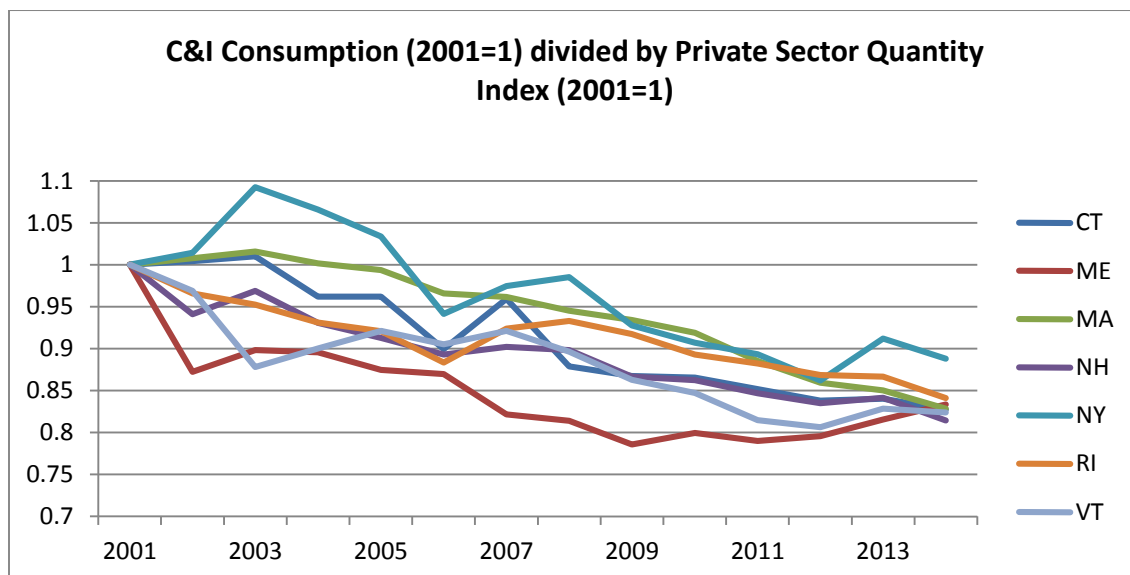
were discussed. On solar siting, Senator Campbell struck a reasonable tone. It seemed clear he is entrusting Senator Bray to manage this, though he has concerns about the ability of Senator Rodgers to rustle up trouble. He also was pleased to hear about the siting and REC aspects of the Dept. Net Metering proposal. On Public Advocacy, he indicated that he has no interest in any significant change to ratepayer advocacy in Vermont. On VEIC-RUS, he was pleased to hear that work is ongoing to address Treasurer Pearce's concerns.

Everything Else:

PERD

EEU Avoided Costs

- Responses to JEC's information request were presented to JEC by DPS. JEC appeared to understand from PSD's report that the public investment in efficiency is yielding increasing returns. JEC plans to publish the report to their website and invite public comment.
- Conducted preliminary analysis of electric intensity of VT business activity relative to other NE states, potentially for inclusion in final draft of Act 199 report or more generally for the stakeholder engagement process with large users. Normalization issues abound. One rather dense way to deal with them shown below.



Clean Energy Development Fund

- Held CED Board meeting, the first CED Board meeting with the two newest members (Jared Duval and Janice St. Onge). The Board voted to extend the incentive for PV systems installed on high performance affordable modular homes by non-profits. They set the incentive at \$1/watt and set aside \$125,000 for the incentives.
- Developed materials for, and testified in HNRE on CEDF in general and FY '15 activities specifically.

- Approved SSREIP incentives for 3 wood pellet boilers for a total of \$9,000 and one \$1,000 incentive for the installation of an electric car charging station by the town of Plainfield (that received an related incentive for a PV system located at their park and ride lot –see *photo*)



- Received 6 applications for the second grant round for advanced wood heating systems for schools and non-profit affordable housing. In the first round which had a much shorter turnaround for the applications there were nine applications. Paul Fredrick of Forest and Parks and Lew McCreery of the US Forest Service (and administrator of the US Forest Service funded Vermont State Wood Energy Team) have agreed to review and score the proposals with the CEDF. Total \$ requested is \$317,500; annual gallons of fuel saved is projected to be about 78,000. Applicants are from Huntington, Rutland, Barre, Bennington, and two from Brattleboro.

Renewable Energy Standard Implementation

- Attended Tier 3 working group, which consistent of presentation regarding ground-source heat pumps and electric vehicles. GMP and VEIC indicated they hope to file their agreement on outstanding issues before the next working group meeting.

Vermont System Planning Committee

- Meeting to develop 2016 work plan for forecasting sub-committee is being scheduled. Known issues to address are 1) whether to seek more state-specific economic forecast, 2) whether to seek better appliance saturation data, 3) Whether AMI data can be useful, 4) Whether better historical PV data can be obtained, and the biggie 5) how to develop a more ground-up and approach that takes grid location of load drivers into account.

Regional

FERC Investigation into Transparency of New England Transmission Rates

- In late December, 2015, FERC issued an order stating that New England's transmission rates were not sufficiently transparent. This reflects the fact that FERC has specified general protocols for Regional and Local Network Service and New England has not adopted those protocols.

- On January 19, FERC held a settlement conference to determine whether a litigation schedule was necessary or whether the issues could be resolved through settlement.
- Parties (mostly transmission owners and state consumer advocates) generally agreed that a settlement could be reached. In addition, parties agreed to finalize protocols for Regional Network Service first and then move on to Local Network Service. LNS protocols are likely to be more difficult to resolve as there is much more diversity in how each transmission owner develops LNS rates.
- VELCO is responsible for RNS and Green Mountain Power and Vermont Electric Cooperative have LNS rates.

Finance & Economics

Electric

GMP: T8539: Tesla Powerwall pilot: GMP submitted a tariff for its Tesla Powerwall pilot program on December 30, 2015. Staff has requested clarification on some of the language contained in the tariff.

Engineering

NRC Regional Radiological Emergency Preparedness Conference

The Public Service Commissioner and State Nuclear Engineer attended the NRC Region 1 Radiological Emergency Preparedness Conference. On Tuesday, the State Nuclear Engineer and a DEMHS representative briefly summarized the State's Radiological Emergency Preparedness activities for VY's decommissioning, such as last year's Hostile Action exercises, and the NRC's ongoing Decommissioning Rulemaking process). On Wednesday, the Public Service Commissioner discussed results required by States from the Decommissioning Rulemaking process.

Vermont Gas Systems Addison Transmission Pipeline Project Construction

ANGP Segment 1 construction continued last week with the installation of 600 feet of pipeline in the Colchester Sandplains area via conventional open-trench methods. The installed pipeline amount for this segment totaled 56,044 at that time. The Engineering Division reviewed company proposals for actions required to initiate gas-operations of this segment, during this report period. Several of these proposals remain to be completed and/or require further specific information to specify items including tool selection, testing processes, schedules, analysis methods and status of Certificate of Public Good requirements. The Gas Engineer met with company representatives on 1/19/2015 to discuss expectations for completion of the remaining items. 660 feet of pipeline was also installed at the Rocky Ridge golf course in St. George, last week. This installation is part of 3206 feet of pipe which has been constructed south of Segment One and is currently discontinuous with Segment One.

Regional Winter Fuels Conference Call (1-20-16)

This conference call involves state energy representatives, DOE, ISO-NE, NASEO, US Coast Guard, fuel suppliers, transportation folks, and several other interested parties. The summary of the current situation is that all states are carefully monitoring Winter Storm Jonas approaching the Northeast for the up-coming weekend. The storm has the potential for large snowfall and fuel dealers are topping of both customer tanks and their own storage tanks as a precaution if the

roads get difficult to negotiate. ISO-NE stated that they have enough fuel for the normal fleet of generators that are on or expected to be available so they see no electrical supply issues at this time.

Public Advocacy

NRC Decommissioning Rulemaking – No Docket – The Department, along with AGO, ANR, Public Safety, and Health are drafting comments in response to the issues/questions raised in the NRC Advance Notice of Proposed Rulemaking for circulation to the interagency group on January 20. Comments are due to the NRC in mid-March.

Sheffield Wind/Brouha Noise Investigation – Docket 8653 – The hearing officer held a prehearing conference in this proceeding. The parties agreed to a briefing schedule to address the issues the Department identified in its October comments as needing clarification, and any other issues that parties want to bring before the hearing officer. The parties are aiming for a hearing officer decision on those issues by late March or early April in order to facilitate site-specific outdoor monitoring at the Brouha residence. Mr. Brouha's counsel indicated that she would file a motion for summary judgment soon, although the hearing officer indicated that there appeared to be issues of material fact in dispute in the proceeding. Initial briefing is due February 10.

GMP Tesla Powerwall Tariff – Tariff No. 8593 – On January 20, the Department filed a letter recommending approval of GMP's Tesla Powerwall Tariff, which sets forth the term of service for customers that choose to have a Tesla Powerwall installed in their home and allow GMP to control it. GMP gave notice of this innovative pilot program pursuant to the Alt Reg Plan. They subsequently filed a tariff at the Department's urging. Going forward, Department legal staff is reviewing the implications that a tariff filing and approval have on the Department's ability to thoroughly review a pilot program during a subsequent base rates filing. Basically, the issue is whether an ex ante review is preferable to a review once some data regarding the innovative pilot has come in.

VGS Rate/Alt Reg Case – The Department received about a half dozen responses to each of the three RFPs issued in December for witnesses on the upcoming rate cases. Staff has reviewed the proposals and have identified lead contenders. Staff will brief this up the chain this week and check references. The hope is to get witnesses on board by next week so as allow them to familiarize themselves with relevant background information in advance of the cases commencing.

South 40 Solar – Docket 8600 – The petitioner executed an MOU with ANR addressing all environmental issues. Petitioner continues to negotiate aesthetic mitigation measures with a number of intervenor homeowners. The Department will not execute an MOU in this proceeding. It does not have current and sufficient information to evaluate the project's impact on aesthetics, and the Department continues to have significant concerns about the price of the project's PPA with BED of \$.195/kWh. The Department has reached out to BED's counsel to discuss these concerns and appropriate next steps. BED is mulling its response. Prefiled testimony from the Department is due of February 3, although the Department may file a motion

to stay the proceeding if significant progress has not been made in resolving the aesthetics and PPA issues soon.

Triland 2.2 MW Solar in Pownal – Docket 8610 – The PSD is reviewing the company’s discovery responses. The company is close to having an MOU with ANR and is anxious to negotiate one with PSD. The MOU deadline is February 11th.

GMP ESAM Filing – No Docket – GMP filed its ESAM in late 2015 and the Department has engaged in an initial round of discovery, addressing a wide range of issues. In its second round (anticipated late this week or early next), the Department will drill down on lobbying payroll expense, working capital, cost of capital, and other issues. This ESAM will not take effect until October 1, so Department staff is moving forward on it, but without urgency.

GMP Base Rates Filing – No Docket – While this filing is months away, Department staff has been urging GMP to perform a lead-lag study in advance of the proceeding to determine its working capital allowance (a significant amount of ratepayer expense). GMP had used an accepted, though imprecise method of determining this amount – basically taking 1/8 of the O&M expense. GMP had resisted performing a lead-lag study for years, but as of this week, has relented and GMP and Department staff held an initial scoping and methodology call to discuss expectations for the study.

GMP Rate Design – Docket No. 8525 – This case was settled by global agreement in November 2015. However, the Board postponed a technical hearing until January 22. The resulting rate design is slated to be effective April 1.

VGS Renewable Natural Gas Proceeding – Docket No. 8667 – A prehearing conference was held on January 18 to set a schedule for this proceeding. VGS proposed an RNG tariff in October to set forth the terms of a cow power-like RNG program. The parties agreed on a schedule in which VGS will update its proposal in February and then a workshop will be held in March. The balance of the schedule will be set thereafter. Department staff reached out to CLF to get any input they may have. CLF may or may not participate but was supportive of the workshop approach.

Mountain Water – Tariff No. 8594 – The PSD had yet another conversation with the company’s counsel and was able to resolve all issues. Subsequently, PSD filed a letter with the PSB recommending the restated tariff be approved without further investigation or hearing. Additionally, the PSD did not object to the company’s request for a waiver of the 45-day notice period since the restated tariff reflects no changes to the company’s current practice.

VELCO PV 20 Replacement Project – Docket 8604 – The PSB approved the protective agreement between VELCO and the PSD. The PSB granted confidential treatment of two prefiled exhibits that contain CEII. Additionally, the PSB granted the motions to intervene of TDI and DHP.

SED Business Process Review – Docket 8074 – SED filed a final status report pursuant to the BPR, and the Department filed comments in support. DPS made three recommendations in the

comments: 1) no additional reporting is needed under the BPR; 2) SED schedule semi-annual or annual meetings to discuss upcoming planning and capital issues; and 3) SED share with the Department an internal document it is developing to track process/changes to implementation of BPR requirements.

Barton Electric Investigation into Misuse of Funds – Docket 7719 – The Department recently learned that the Barton Village Trustees placed Village Manager Dave Ormiston on administrative leave on December 28th due to performance concerns. The Department has been in contact with Barton and is monitoring the issue. The Department is also reviewing Barton's proposed Internal Controls and may have comments to share with Barton and/or the Board.

VEC Bylaw Amendment Petition for Declaratory Judgment – Docket 8551 – On January 15th, intervenor Michelle DaVia wrote to the Board asking for consideration of a conflict of interest report provided to the VEC Board and requested by the Department in discovery. In its discovery responses, VEC declined to provide the confidential version of the report but shared a redacted report with the Department (which was already in Ms. DaVia's possession). After reviewing the redacted report, the Department withdrew its request, as it determined the report was not relevant to the Board's review of VEC's petition. VEC will be filing a letter on January 20th clarifying this issue.

GMPSolar – Richmond, LLC 2.0 MW Solar Facility in Richmond – Docket 8564 - The Department has reviewed the Petitioner's Proposal for Decision and provided the Petitioner with comments. The Department's review did not identify any significant concerns.

GMPSolar – Williston, LLC 4.69 MW Solar Facility in Williston – Docket 8562 - The Department has reviewed the Petitioner's Proposal for Decision and provided the Petitioner with comments. The Department's review did not identify any significant concerns.

Next Generation Solar Farm, LLC 2.2 MW Solar Facility in New Haven - Docket 8523 - On January 15, 2016 the Board denied the Town of New Haven's motion to strike the MOU entered into between the Department and the Petitioner, and denied the Town's motion to join GMP as a necessary party with respect to system stability and reliability. On January 19, 2016 an intervening adjoining landowner, Edward Rybka, emailed the Department's attorney to state that he may wish to call the Department's attorney as a witness in this proceeding concerning the MOU; the Department does not believe that there are grounds to do so.

Barton Village, Inc. Electric Department Rate Increase 20.81% - Docket 8646 - On January 14, 2016 the Department attended a public hearing in Barton. There were approximately 10 members of the public present. At the commencement of the public hearing, it was brought to the Board's attention that a recent newspaper article erroneously reported the date of the public hearing, and that many members of the public believed that the public hearing would be held on January 18. It appears, however, that the public hearing was properly noticed by the Board. Members of the public requested that a new public hearing date be set. The Hearing Officer indicated that she would speak to the Board's general counsel about the issue. Several members of the public spoke at the public hearing. The common theme was that many Barton residents are senior citizens on a low fixed income and cannot afford the proposed rate increase, particularly when coupled with

other recent utility rate increases (water and sewer). The public also made comments about perceived lack of transparency in Barton's local government. On January 19, 2016 the Department filed its first set of information requests on Barton.

Vermont AllSun Solar XII, LLC 500 kW Group Net Metered Facility – CPG #NMP-6314 - On January 15, 2016 the parties stipulated to a continuance of the technical hearing, which was scheduled for January 20, 2016, to give parties further opportunity to explore settlement options. On January 19, the Board issued a procedural order granting the requested continuance. The parties will provide the Board with a status update on January 27, 2016.

SunCSA 22, LLC 150 kW Group Net Metered Facility in New Haven – CPG #NM-6199 - The Board held a technical hearing on the limited issue of aesthetics on January 14, 2016. Counsel for the petitioner and counsel for the Town of New Haven engaged in energetic cross examination of their respective witnesses. Briefs are due January 28.

Telecommunications

VT Fiber Projects – The Pomfret Sharon fiber project is nearly complete. The fiber is being tested. Test results are expected next week. Once complete, the Department is required by contract to transfer ownership of the cable to ECFiber. The Department will retain rights to 96 strands of fiber. ECFiber reported that a fiber access point was installed in an incorrect location. Staff was alerted to a GMP pole audit which suggested that some of the State's attachments on GMP poles are in the safety space. Staff is following up with the contractor to verify the issues and find a remedy. The other fiber projects are wrapping up and staff believes they will be complete by March 31.

VT Futures Project – Connectivity Staff met with Jennifer Stromsten and Jeffrey Lewis about the broadband data on the VT Futures Project website. VT Futures tracks statistical data about Vermont and is focused on economic development. Stromsten and Lewis are consultants to the project. VT Futures cites FCC data showing that 80% of Vermont lacks broadband. Most Vermonters are aware that 100% of Vermont locations either have high speed Internet or have a funded solution in place. Of those 70% have available Internet service that meets or exceeds the FCC's definition of broadband. Staff educated the consultants about the discrepancy of the data and recommended that they rely on Vermont's own data over that used by the FCC. The consultants expressed their preference for the FCC data because it gave them the ability to compare Vermont with other states. Staff recommended that they amend the figures when the FCC releases the 2016 Broadband Progress Report. The 2016 report will contain updated broadband availability numbers.

FairPoint Service Quality Investigation (Docket 8390) – The MOU between the Department and FairPoint requires that FairPoint provide bill credits to all customers that experienced out of service interruptions that lasted for more than 24 hours between April 1, 2013 and February 25, 2015. The DPS and FairPoint have continued to discuss the appropriate number and amount of credits that must be paid pursuant to the MOU. DPS has relied on outside consultants to identify trouble tickets that should result in credits, but FairPoint disputes the DPS's position. It is possible that the credit issue will need to be presented to the Board if FairPoint continues to

challenge the DPS position.

Comcast CPG Renewal (Docket 8301) – DPS staff are finalizing prefiled direct testimony, which is due by Friday, January 22. VAN has requested that the Board extend the deadline for submitting testimony until January 26. Comcast has advised that it does not object to extending the deadline.

CoverageCo – In response to a request for information from AT&T, CoverageCo has provided status information for all of the sites in Vermont. Of the 100 VTA original sites, 78 are operational. Of the 163 EDA-funded site, 24 are operational. None of the 141 VTA Incentive sites are operational, but 33 CoverageCo funded sites are optional. In total 135 of the total 691 planned sites are operational.

Connectivity staff has been in contact with the small cell wireless contractors to address the delayed status of the project and to work on a redesign of the small cellular sites along designated traffic corridors. The group has addressed the potential traffic issues regarding fixed versus static traffic and how to best navigate through the current cellular environment with consideration given to Vermont's hands-free law. A redesign is in the works, and the cell site installation is ongoing.

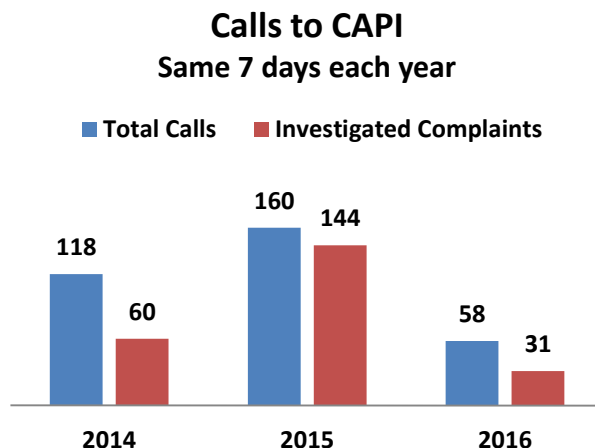
Staff also filed the quarterly progress report with the on Economic Development Administration regarding the current status of the CoverageCo project.

VIT Working Group Minority Report – Staff reviewed the Minority Report submitted by Rob Chapman and Representative Kathy Keenan and provided comments to division director. The report included a number of erroneous assumptions, including the potential use of videoconferencing by the Vermont Judiciary and Department of Corrections.

CAPI

Please note that this report covers activity from Sunday to Saturday, January 10–16, 2016.

CALL DATA



Act 56 outreach- CAPI has been reaching out to organizations statewide that represent low income consumers, elders and business to ask representatives to meet with the Commissioner about how utility rates impact the populations they serve. Ten organizations have been contacted so far; seven have requested meetings and have been referred to the Commissioner's assistant for scheduling.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: January 22, 2016

Secretary's Message:

As you know, the Aspen Institute is sponsoring a VT project in the area of preventing and addressing Adverse Childhood Experiences (ACE's). There is extensive research that identifies ten childhood events that can significantly impact an adult's future. These events include physical and emotional abuse, sexual abuse, separation due to divorce, substance abuse, witnessing violence, etc. It's not surprising that such events would have an adverse impact on the future mental health of an adult, but what is particularly interesting and backed by extensive research, is that these events are connected to future chronic illnesses like heart disease, stroke, diabetes and cancer. The project team which includes legislators: Representative Lippert, Representative Till, and Senator Lyons, as well as Robin Lunge from your office, and AHS representatives, DCF Commissioner Schatz, VDH Deputy Commissioner Tracy Dolan and DVHA/Blueprint Beth Tanzman and myself. When looking at this issue, four or five ACE's is a bad hand! The group is looking to expand and enhance our nurse home visiting program and other home visiting programs that are evidence based in reducing the occurrence of ACE's. We are also looking to educate the community about ACE's and to develop strategies to treat people who are impacted by ACE's. The progress made so far has been great, and we will continue to update you as the project progresses.

As I mentioned in the last couple reports, we've had issues with Northwestern Counseling and Support Services (NCSS)/Integrated Family Services pilot regarding deferred income that the state was recouping. Julie Tessler from Vermont Care Partners testified in the House Committee on Appropriations against the recoupment of these funds. This created issues for our budget adjustment request, especially since three of the members of this committee come from counties where the IFS project is currently being implemented. We've come to a compromise and are allowing the community to invest an additional \$150,000 of deferred revenue in state approved projects for children and families. This was passed out of the committee without changes, but it's possible that the Senate Committee on Appropriations may have another opinion. I will be meeting with NCSS leadership and VCP (Julie Tessler) to discuss how we all can come to a common agreement in regards to deferred revenue in the future.

Senator Kitchel has put forward S.107 an act relating to the Agency of Health Care Administration, a bill that would break up the Agency of Human Services and create a new Health Care Agency. Senator Kitchel testified before the Senate Committee on Government Operations chaired by Senator Jeanette White. Senator Kitchel stated that she has been trying to get this bill passed since the Douglas administration and said that frankly "previously, administrations haven't embraced this idea". Her basic premise is that AHS has grown too large over the years and is not manageable or accountable. She believes that complex health issues should be handled under a separate agency. Her agency would include department divisions of Medicaid (DVHA), mental health (DMH), ADAP and Public Health (VDH). I feel strongly that this would be a real step backwards in our efforts to better integrate services and outcomes for Vermonters. In recent years, there has been a focus on the social determinates of health which supports a unified health and human services agency. Additionally, we estimate that the breakup of the agency and the establishment of a new agency would cost more than 2

million dollars. Such reorganization would significantly set back the progress we are making in these areas. That said, there are internal restructuring ideas that we would like to do at the Agency, like the recommendation that we discussed with you to bring DVHA under the Secretary's office and make the Commissioner a Deputy Secretary. With so much on our plate this year, we felt it wasn't prudent to go forward at this time with this plan.

AHS Highlights:

Collective Impact as a response to the opiate crisis

Field Director Jane Helmstetter is working with a community group, including the United Way and the City of Burlington, in response to a request for proposals from the UVM Medical Center Community Health Investment Committee to develop a Collective Impact approach to organizing the response to the opiate crisis in Chittenden County. There is special interest in incorporating the Adult Local Interagency Team into this process.

Exploration of new refugee resettlement site in Rutland

The Director of the State Refugee Office, the Refugee Health Coordinator, and several staff from U.S. Committee for Refugees and Immigrants (USCRI) travelled to Rutland on January 14th to meet with the Mayor's Office to explore the possibility of expanding the refugee program to Rutland. There was a good discussion around resources needed to realize the project. The Mayor is actively promoting the idea of Rutland as a resettlement site and has discussed it with Governor Shumlin, the congressional delegation, and the Department of State. He has also engaged several key stakeholders in Rutland. USCRI will make the final decision to apply or not for Rutland as a new site and if approved, resettlement will not occur until next federal fiscal year (October 2016). Main challenges include the distance from USCRI's office and services in Colchester, and no additional funding to expand specialized services to refugees.

Vermont Department of Health (VDH):

Bennington Begins Providing Enhanced Opiate Treatment Services

In a new partnership, United Counseling Services (UCS) and Southwestern Vermont Health Care (SVHC) have begun delivering enhanced buprenorphine treatment services for opiate patients in the Bennington area. In response to growing demand for treatment and improved diversion management, funding (\$205,891) was made available in the FY16 budget to support the provision of additional comprehensive MAT (medication assisted treatment) services. They will also be billing the appropriate insurer for reimbursable services. The physician services are provided by SVHC and the counseling services by UCS. Their initial capacity will be 30-40 patients. Next steps include exploration of expanding to include methadone treatment, which will require special certification.

Department of Mental Health (DMH):

Vermont Psychiatric Care Hospital

VPCH census is 25 this week. VPCH continues to maintain a full census including admissions and discharges occurring each week. Overtime needs on 3rd shift remains very high with an average of 7 staff per day providing overtime hours due to staff absences (call outs, leaves, and vacancies) this past week. These overtime needs and absences are being closely reviewed to determine any necessary follow-up actions.

Emergency Departments

This week there were 27 people in need of inpatient admission and 20 were admitted. There are currently 5 involuntary adults waiting placement, with only one of these adults waiting over 16 hours. The only minor that is currently waiting is voluntary and has been waiting less than 12 hours for

placement. There are no people waiting for inpatient beds within the DOC. The Level 1 units and the child and adolescent units have all been running at full capacity this past week. The remainder of the inpatient system of care is operating at over 90% occupancy.

Department of Aging and Independent Living (DAIL):

Elder Awareness Day at the Legislature

DAIL is working with the Long Term Care Ombudsman, the Community of Vermont Elders (COVE) and various other stakeholders and in conjunction with the House Human Services Committee to craft a day dedicated to Elder Awareness on January 27th from 9:00 am to 1:00 pm. The day will be dedicated to raising awareness related to the issues facing Vermont's seniors and to the many opportunities for Vermont related to tapping into the senior population. There is some discussion about the desire to build an Elder caucus among current legislators.

Department of Corrections (DOC):

Meeting with CCA

On January 20, 2016 the department met with representatives of CCA. They had previously met with some legislators regarding a proposed facility in Vermont that they would build and lease to the state. Discussion is expected to continue to see if this would be a benefit for the department and the state.

Population

The Department's incarcerated population averaged 1753 for the previous week. The Department's incarcerated male population averaged 1597 for the previous week. The out of state population is currently at 241. The female population averaged 155 for the previous week.

Department of Vermont Health Access (DVHA):

Vermont Health Connect Update

VHC Renewal Testing: Friday 1/15, VHC and Optum executed a contract amendment to extend Optum support of Release R2C. The contract end date is now April 1. This will allow for more time to complete the scoping discussions for future work. The User Acceptance Testing (UAT) team has logged defects which have blocked the Medicaid renewal cases from being completed. There are ACCESS integration defects preventing the test cases from being completed End to End (E2E). There are 25 open critical or high defects remaining. These 25 defects will need to be remediated & retested or priority lowered in order to pass the Go-No Go criteria established for this release.

VHC was able to develop a process to continue processing QHP renewals in 2016. All QHP renewals have been complete. Although the process worked in operations, it requires 5 to 6 workarounds to complete a renewal using the form. This process will be used to process the entire Medicaid population beginning in April. The defects causing the need for the work-around will need to be fixed by that time since the current process will not be sustainable at the rate of 9,000 per month which will be required for Medicaid renewals.

State of Vermont Leadership met with CMS on 12/15 during a CMS Technical Assistance (TA) visit to Vermont. After CMS's visit the priority to start Legacy Medicaid Renewals (LMR) in January was established. All LMR activity is to be complete by April (9000 a month). 9000 initial notices have been sent and Maximus and the SoV have started to receive calls and processing LMRs. The SoV is in the process of hiring 20 temp resources to be trained by 2/1; the first seven of these temporary resources started at HAEU on Tuesday. VHC renewal activity has been pushed to start in April (9000 a month) and renewal activity will need to be complete by the end of November 2016.

Operations continue to work closely with Optum to find a solution to CoC roadblocks. At this point, VHC still cannot process either 2015 or 2016 CoCs. A script to fix the 2016 issue has been tested and is part of the 3.3.2.11 code release. Staff is focused on processing paper applications. Renewals are now complete although there are 270 awaiting integration with the Carriers.

Other Report Items from the Agency of Human Services:

Agency of Human Services Secretary's Office

St. Albans coordinating substance abuse treatment

Substance Abuse Treatment Coordination (SATC) is underway. There are three small work groups focusing on: increasing resources and access/capacity, universal releases and shared information, and increased communication among stakeholders.

St. Albans co-training to understand roles and responsibilities

Integrating Family Services (IFS) is moving forward on a shared training with DCF Family Services Division and the Designated Agency to increase understanding of each other's roles and responsibilities and better collaborate and team more effectively.

Brattleboro contract out for bid

The Brattleboro DCF FSD office has put the Intensive Family Based Services (IFBS) contract out for bid. The contract with the previous provider ended October 31, 2015. The request for proposals was sent to several organizations; at least 2 are interested in submitting proposals.

Brattleboro non-profit focusing on employment

Groundworks Collaborative, formed when the Brattleboro Area Drop-In Center and Morningside Shelter merged, is piloting a progressive employment program. They are working with Voc Rehab, Field Services, and other local agencies.

Building Bright Futures Councils draft action plans

In both Brattleboro and Bennington, the BBF regional councils are finalizing their action plans for the coming year. In Bennington, there is a focus on trauma and the council will be working with the local Adverse Childhood Experiences (ACEs) Team to move some of the action items ahead.

Presenting AHS Housing Programs to Vermont's Legislature:

The AHS Secretary's Office has developed and refined standard housing measures across departments to answer the "*how much?*" and "*how well?*" questions we anticipate based on the Legislature's exposure to results-based accountability (RBA). AHS' Summary Housing Outcomes – recently updated to include 2015 - dovetail with the population-level indicators required by Act 186 which address "*is anyone better off?*" AHS' Housing Director presented the Agency's annual housing report last week to House General Housing and Military Affairs.

Medicaid with Lt Governor Phil Scott

The AHS CFO and DVHA Financial Director plan to meet with Lt Gov Phil Scott and his assistant on Friday for a Medicaid briefing at his request.

Department of Mental Health (DMH):

Legislative

DMH Commissioner Reed and AAG Viens testified at House Judiciary on H.533 regarding victim notification for a new section introduced pertaining to mental health discharges. Unlike other notifications for listed crimes, the current draft for mental health was quite broad. DMH indicated concerns that such broad parameters would essentially create a different class of persons leaving custody, who by virtue of mental illness would be subject to different notification requirements if not narrowed in draft language. Committee members took this under advisement and recommended that staff from the Center for Crime Victims Services meet with DMH representatives to work out potential compromise language. A subsequent meeting with DMH AAG Viens, DMH General Council Barber, and Cara Cookson, Public Policy Director and Victim Assistance Program Coordinator, Center for Crime Victims Services occurred and compromise language is being drafted for likely testimony again next week.

AHS Secretary Cohen, DOC Commissioner Menard, and DMH Commissioner Reed provided testimony on secure residential recovery program progress to House Corrections and Institutions Committee. The committee was primarily interested in what DOC populations might be served outside of Corrections and the collaborative work occurring between the Departments in planning for these needs. Population mix, programming compatibility, siting, and funding mechanisms were discussed. A definitive plan is not yet finalized given the complexity of issues at hand and an RFP process was discussed by the Secretary as a likely next step as progress continues.

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

Developmental Disabilities System of Care Plan Updates

Over the course of the next 18 months, the Developmental Services System of Care Plan (SOCP) is due for revision and updates. Based on the last legislative session, DAIL is also required to move through a rule making process for four components of the SOCP: priorities for continuation or development of new programs, criteria for receiving services or funding, types of services provided and; a process for evaluation. Due to the timing, these two processes will need to happen concurrently which may create some concern and reaction in the field and may require some additional, contracted supports within DAIL. We will monitor response and work to address concerns as they arise.

Meeting with the Specialized Service Providers

DAIL met with the representatives from the Specialized Service Providers (SSA's) in order to better understand their unique issues related to scale and specialized services for the populations of individuals in Vermont with developmental disabilities. They have developed a unique consortium in which they share administrative supports and costs but they are still struggling with budgets that are extremely tight. Because their funding comes almost exclusively from DAIL, they are uniquely vulnerable to variances and funding limitations. Although there is not a direct response required from DAIL, it seems prudent to spend some time examining the original premise and bundled rates within developmental services to better assess what infrastructure costs are included and addressed. This approach is also indicated as part of a response to the auditor's report about the DS system.

Department of Corrections (DOC)

Burlington Arrest

On Monday January 18, 2016 Brittany Trayah, 22 was arrested by Burlington Police for stealing a purse from an elderly woman who was grocery shopping. At the time of the arrest she was in violation of her probation and had an active probation warrant.

<http://www.burlingtonfreepress.com/story/news/2016/01/18/bpd-woman-forcefully-stole-purse-elderly-person/78956204/>

Department for Children and Families (DCF)

Legislative Testimony Summary:

H.399 Child Registry Review Unit Bill Testimony:

Commissioner Schatz testified on Tuesday in House Human Services (HHS); HHS referred the bill to House Judiciary and they have recommended some small changes. The bill is expected to return to House Human Services by the end of the week. We expect a second reading in HHS soon.

H.400 Changes to Judicial Procedure Testimony:

Initial walk through Thursday 1/21; CHINS working group recommendations were presented and Commissioner Schatz testified that DCF supports this bill with two adjustments that were made by the CHINS working group. The Committee seemed positive.

BAA Meetings:

DCF was asked questions on emergency housing, usage, the connection between the shelters and emergency housing as well as a general overview of the program. BAA has passed House Appropriations as of Wednesday with a unanimous vote.

Morrisville DCF District Office Evacuation

The Fire Department was called to the Morrisville DCF District Office today, 1/21, due to a propane smell. It was found that propane was leaking from the Family Services side of the building. The Fire Department evacuated the building and stated that no one could return to the building for the remainder of the day. One staff member was transported to the hospital by ambulance as they were showing signs of confusion from fume exposure. HR was notified and granted permission for staff to go home; some staff worked from alternate work locations.

Department of Vermont Health Access (DVHA)


Blueprint for Health

The Blueprint's Executive Committee met Wednesday 1/20/16. Conversation included extended consideration of and committee member input on the best role, function, and position of the Blueprint program in the future.



219 North Main Street, Suite 402, Barre, VT 05641
(p) 802-479-1030 | (f) 802-479-1835

CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin 
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: January 22, 2016

Emerging Issues

This was a week of beating back fires in the coal car while trying to keep the train moving. Fortunately, it was a short week. ;) Looking forward to next week.

Facility issues at Barre City Place.

There have been persistent leak problems at Barre City Place. A study was done in October to assess the impact and whether the water damage might have created a mold risk. In January, we got a report on air quality that DEW got in October but did not share. It examines air quality and calls for work to address mold and an additional issue related to food "smut". For context, we have had persistent issues with nonresponsiveness or slow responsiveness from DEW to concerns on things like lighting and paving in the parking lot. Building cleanliness and health have been persistent concerns of our labor team's complaints and they have been trying to establish a case that the parking lot in particular is unsafe and that we are unresponsive to their concerns, and that the building may be unclean. This last report will be gas on the fire. Thursday, our team met with BGS and DEW and the main topic was the Air Quality report. We were told that on Monday DEW would begin external roof work to stress test past leak areas. Friday night (Jan 29) they will have a crew remove sheetrock in water damaged areas in one of our heavily used conference rooms and do a check in the wall cavity for any mold. The work areas will be closed off with polyethylene sheeting. Sheetrock will be sealed in plastic bags before being removed. The removal work should be completed on Saturday. Sheetrock will not have been replaced when we return on Monday.

Our team pressed for a written statement that we could use to notify our staff of any issues regarding the report, actions taken to date, actions that are planned and a timeline. We also wanted to know what we should tell anyone who might have concern about any of the conditions found. BGS stated was a responsibility of the landlord, but the landlord has still not responded. The VSEA is very upset already, and this will aggravate the situation. The building lease is between BGS and DEW, not us, so we are in a bit of a pickle. It would be

great if someone could take charge of making sure this is dealt with. They certainly have had enough notice. It would also be helpful if the Administration could write a note that makes clear the administrations commitment to resolving this, and that the inaction has not been because AOE does not care. And truly, employees have a right to know in a timely way. We can't be timely when we don't control the levers. Sorry to persevere on this.

Labor generally

Heads up that I think it likely we will have another harassment suit at some point from VSEA. Our labor representation has dwindled to two, one of whom is alleging harassment and resigning, and one of whom is alleging harassment and stepping off the labor management team. I have asked HR to investigate all allegations of harassment. I have seen no evidence consistent with harassment. I have seen some anger from labor in response to efforts by managers to do performance management to address issues related to perceived work place bullying. Wanted you to know, as they are working very hard to get this to the press, and to get Hoffer and HRC on their team as well. I will just seek to be conjoined at the hip with HR on this work.

On the flip side, while the numbers of people walking around off task are dropping, some of my high caliber people are starting to burn out. We just had another resignation in school finance. House Ed antics this week just about pushed Brad James over the edge. Our new hire from VDH to replace Jill looks like a deer in the headlights, and said he had no idea what workflow we had and how complicated it is. I am trying hard to protect these people, so that we don't lose them.

Contracts

Doug Hoffer continues to comb through contracts. We have worked hard to turn this ship. We have developed our own internal guidance, and have been relentlessly pressuring people to carefully follow the RFP process. In some cases, we may have to turn back federal dollars as a result. I think we are in a much better place, truly, but it will take a while to have some past poor decisions fully in our wake, because of contract duration. Poor practices may also be a function of trying to do too much, so this may bring the work to scale with our capacity. Incidentally, the faux whistleblower covered in the Free Press did not work on contracts and was not involved in work related to the subject of Hoffer's investigation but was terminated for poor performance and then made a claim. Among other fun facts, she apparently told everyone she was an attorney, but she was not.

House Education

Enough said.

Sears and Campion and discipline

Same discipline efforts as last year. What they are asking for on the data collection front we already collect for the most part. What they want us to report we can't report because of FERPA. Mostly this feels like a lot of effort and a lot of money for nothing. They want another task force that we support with no resources, to try and do what we already do but

in a more public way. We are getting killed by these task forces, and may suggest instead that they ask something like the poverty council or the PK-16 council to take this on.

What we are trying to focus on between now and next December:

- Implementation of Act 46
- Planning to support implementation of the new federal ESSA, and wherever possible, align our work around Education Quality Standards and Education Quality Reviews. We want to get our federal workbook done by December, because a new Secretary and Deputy team will not have the knowledge or skill at the front end to do this complicated and technical work, and if we don't do it, it will create instability for the field. There are just too many moving parts.
- Continue to tune internal operations

Everything else will work better if these things are done.

Meetings

Tuesday: State Board of Education, approved 4 more proposals for accelerated mergers. They will go to voters in the next few months.

Bunch of contacts in the legislature

Snelling project on school leadership: presentation and discussion

Meeting with VSA, VSBA, Head Starts and AHS. Goal was to find if there are ways to support partnerships between schools and Head Starts under Act 166. A problem is funding. Since schools have not managerial control over the voucher dollars, partnering has become fraught. Vouchers are making it a little bit of a zero sum game. We will collaborate with Head Start on a statement of preferred practice. It won't have heft, but will make a symbolic

Scott Giles of VSAC

Media Contacts:

1/15/16

John McCright, Addison Independent: Verified for them that the Essex-Westford vote in November 2015 was an accelerated merger per Act 46, Sec. 6. Even though they started their process before the law was enacted, their merger proposal met the statutory requirements set forth in Act 46. And the vote happened after the law was enacted. Therefore the Rutland Northeast Supervisory Union - Otter Valley Unified vote next week will be the second Act 46 vote.

1/17/16

Nathalie Gagnon-Joseph, Barton Chronicle: Had questions about Act 46, spending thresholds and per pupil spending. Brad James gave her a call to discuss.

1/19/16

Lesley Engle, Fox 44: Wanted an update on the State Board of Education votes on the four proposed mergers. Lesley was provided information on the proposed mergers, as posted on the AOE website and provided a copy of the list of current formal merger study committees.

David Corriveau, Valley News: Had questions about ESSA, possible implementation, and impact on Title 1 funding. Deputy Secretary Fowler gave him a call.

Amy Ashe Nixon, Caledonian Record: Had questions about spending thresholds. Brad James answered questions and provided information.

Will Walters, Hardwick Gazette: Asking for income sensitivity charts. Brad James responded.

1/18/16

Bruce Parker, Watchdog: Asked "how can the people of Morristown vote on a district merger on Tuesday when they don't have accurate information about their budget and tax rate?" He was advised by Brad James that the merger vote and the budget vote are two different issues. The budget vote is on what the Morristown voters think they should spend for educating their students this coming year (FY17) and is on Town Meeting Day. The merger vote is a vote on a more conceptual idea, based on voters weighing the pros and cons of forming a union district with Elmore. It is not about how much they are going to spend next year.

1/21/16

Tyler Dumont, WCAX: Asking about misconduct incident involving the principal at Mill River High School. Supposedly WCAX got a statement from the superintendent that the principal is on leave pending an investigation. Having spoken with our staff, we cannot confirm or deny whether there is an open licensing investigation (for any licensed educator), as it is a confidential process. The reference in state law is 16 V.S.A. § 1708.

Amy Caruso, Valley News: Working on a story for next week about school requirements for alcohol and drug prevention outreach programs. Are they required? She became interested in the story after learning of an outreach program in Springfield, and is trying to put that program into context statewide. Bob Uertz contacted Amy regarding comprehensive health education and ATOD prevention education. (16 VSA 909 and 16 VSA 131). And she was also referred to the Department of Health for any additional questions.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Friday, January 22, 2016
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

I95 Coalition Grant Opportunity for a Vehicle Miles Traveled Pilot

The recently passed Federal Reauthorization Act has a provision for providing grant funding for pilot programs for states to initiate Vehicle Miles Traveled (VMT) fee programs. The I95 coalition, of which Vermont is a member and includes all states along the eastern seaboard from Maine to Florida, is going to try and put forth a grant proposal amongst the coalition members. I think Vermont should explore this opportunity with the other I95 Coalition states to insert rural states' needs into any VMT program. I believe that VMT fees will be enacted on a national or regional level within the next decade and this provides an opportunity for Vermont to bring the unique issues of rural states into this program design. I don't see any downside and if the program moves in a direction we don't support, we can always withdraw from the pilot project.

Western Corridor Station Platforms

Now that we have the final funding for the Western Corridor from the TIGER grant, it's time to begin discussing the train stations in Middlebury and Burlington. The Federal Railroad Administration has a requirement that any new passenger stations that are built must have high level platforms that match the length of the train. This allows those individuals with disabilities to board the train at level without having to climb the stairs and is a disability civil rights issue. We have just heard from FRA that we could apply for a waiver exemption from the high platform requirement, as this rail line mostly moves freight and is eligible for an exemption. All other rail station platforms in the State are low level platforms and there are lifts that provide level boarding access for those individuals in wheel chairs or who need that assistance. I am recommending that the State apply for such a waiver exemption from the high level platform requirement but wanted to check in because sometimes these issues that affect disability rights can cause some consternation in that community. These high level platforms are very expensive and have the potential to impact our historic stations, such as Burlington's Union Station.

Vermont Rail Systems (VRS) Shelburne Project

VRS purchased a piece of property in Shelburne and is preparing to construct a transfer facility for trucks to deliver road salt to municipalities. This road salt transfer facility used to be located in Burlington but that property was sold to develop a new City Market in the south end of Burlington. Development of railroad sidings and rail transfer facilities are generally pre-empted by federal law and this has the local community up in arms because they cannot review the project. VTrans will be reviewing impacts to the State Highway system as a result of this facility; thus far we haven't seen anything that is causing any great alarm and VRS has indicated they are willing to fund the mitigation necessary to get highway access. There's not really a state role here but you may get requests either from the town or Legislators to have VTrans weigh in. A meeting among VRS, VTrans and CCRPC will be scheduled for the week of January 25th.

NOTES FOR STAFF

Operation Lifesaver

On January 13, 2016 a new non-profit organization was formed called Operation Lifesaver of Vermont. This will be the official state organization that will be recognized by the national office of Operation Lifesaver. There were nine voting board members and one non-voting member appointed. The board members range from Railroad experts, Vermont State Police, Federal Rail Administration (FRA), State Representatives, members of the public and other state officials. The purpose of this non-profit is to educate the Vermont public on railroad safety along tracks and at grade crossings. There will be training sessions held with schools, bus drivers and truck drivers. There will be a public ad campaign to spread the word about "see tracks, think train" which is part of the national campaign. The goal is to reduce trespass onto rail property, the senseless deaths of young Vermonters who trespass on railroads and any type of collisions with trains in the state of Vermont.

Champlain Parkway

VTrans staff participated in the January 20 monthly coordination meeting with City of Burlington staff. VTrans ROW has begun work on ROW clearance for the project. Stormwater permit updates are underway to address the Flynn Avenue crossing. The City continues to coordinate with DEC regarding the soils management for the lightly contaminated soils associated with the project. The City will be recommending a communications consultant for incorporation into the CHA contract following a limited solicitation of proposals from three Vermont firms.

Vermont Railway, Inc. – Shelburne Transload Facility

VTrans legal counsel have looked into whether the access road linking Vermont Railway's new transload (*i.e.*, rail-to-truck) facility in Shelburne to US Route 7 is subject to review under Vermont's highway access law (19 V.S.A. Section 1111) or is exempt from review because of federal pre-emption. Their preliminary conclusion is that highway access review is not pre-empted, as long as the review stays focused on traffic

safety issues, using objective and non-discriminatory criteria. Since this segment of Route 7 was reconstructed about 15 years ago, it's very unlikely that there are any capacity issues. However, there could be some site-specific issues with trucks entering the Route 7 traffic stream, especially loaded northbound trucks that must climb the ascending grade on Route 7 north of the LaPlatte River Bridge. VTrans staff will enter into a dialogue with Vermont Railway officials about Route 7 access issues.

Stormwater

I've changed course regarding the Stormwater draft we have been discussing with Williston and Colchester after some discussions with key legislators and legislative staff. I'm developing a strategy of just focusing on two policy points: establishing a statewide level of credit for VTrans construction of stormwater infrastructure on the state system in municipalities that have created stormwater utilities, and incentivizing municipalities to create stormwater utilities. DEC is onboard with this strategy and I remain cautiously optimistic.

116 STATE STREET
MONTPELIER, VERMONT 05620



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

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: January 22, 2016

Secretary's Top Issues

Assurance of Discontinuance for VT slaughterhouse

An Assurance of Discontinuance was sent this week to the slaughterhouse facility owner who was found to have allowed removal of livestock from his facility without the required permission from VAAFM. The terms in the proposed AOD codify the verbal agreement that was reached during the pre-hearing meeting.

Meeting with AGR Lab to Prepare for FSMA Water Testing Requirements

Produce Program Coordinator Kristina Sweet and Food Systems Chief Abbey Willard met with Director of the Agriculture and Environment Lab Guy Roberts and Microbiologist Kristen Needham to discuss FSMA water testing requirements under the Produce Safety Rule. While produce growers will not be required to comply with most water requirements until at least 2020, VAAFM may wish to encourage growers to begin testing their surface and well water sources earlier in order to get a sense of their overall water quality and make eventual compliance more efficient. The group assessed additional lab needs, coordination with farmers, and approximate costs to farmers and will continue to share information as the rule implementation begins.

Municipal implications of new Required Agricultural Practices (RAPs)

On January 19, Stephanie Smith and Ryan Patch from the Agency of Agricultural, Food and Markets (Agency) attended the Rutland Regional Planning Commission's Board meeting to discuss the proposed draft Required Agricultural Practice rules and potential changes that might affect municipalities and their regulation of small farming operations. The Agency stressed that changes in the Agency's regulatory thresholds does not require any specific action by a municipality, and that it would be up to each individual municipality to make decisions on whether they want to put additional regulations in place.

Meat Inspection enforcement

The meat inspection team is continuing to pursue a variety of violations, including unlicensed selling and storing of product for others and importation of poultry without NPIP paperwork; mis-labeling products at retail with "Vermont Beef" labels despite product not being from Vermont; meat and poultry products from a home caterer that were being offered for sale at a retail store in Chelsea that were being produced without the benefit of inspection.

**116 STATE STREET
MONTPELIER, VERMONT 05620**



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

Chuck Ross, SECRETARY

**STATE OF VERMONT
AGENCY OF AGRICULTURE**

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: January 22, 2016

Status of Governor's Priorities:

Legislative Activities and Issues:

Friday, 1/15/16

Testimony H. 539 Pollinator Protection Committee

In House Agriculture and Forestry Products, Cary Giguere discussed Agency role and progress in development of state managed pollinator protection plan. Suggested legislative committee will duplicate efforts already underway by the Agency.

Testimony S. 200 Neonicotinoids

In Senate Agriculture, Cary Giguere provided information about Agency activities regarding environmental monitoring of neonicotinoid insecticides during the 2015 growing season.

Wednesday, 1/20/16

Monitoring S.205 Solar siting on Agricultural and Forestry Soils

Combined House and Senate Ag Committees heard issues related to siting solar on agricultural soils. Senate has a bill S.205 that was handed out to those in attendance. S.205 proposes ACT 250 criteria 9(b) and (c) be added for consideration to the Public Service Board process. All in attendance were concerned with solar sited on agricultural soils – reasons: loss of food production, aesthetics, loss of habitat and loss of land to recreate on (dog walking, bird watching, X country skiing etc.). Goals of the state at cross purposes – energy and food and attraction of tourists to the state. Many people testifying were interveners in Public Service Board dockets. Rutland Town Select Board member spoke of lack of local control on siting and great concerns of land being leased by developer, solar installed and then the developer selling off the lease to someone else. No control of what happens on the leased land. Farmer from Milton testified that he signed a lease with Solar City but now wants out due to items in the lease never changed to his satisfaction (but he still signed the lease). Most of the crowd was wearing green vests – not sure what the general population will feel about this bill. Concerns with the bill – all subcriteria from Act 250 9 (b) are included that brings in mitigation for primary agricultural soils impacted by solar development.

Testimony - Vet Loan Repayment Program

State Veterinarian, Dr. Kristin Haas went before the House Commerce and Economic Development Committee provided written and verbal testimony, program overview and copy of application form. Including a request that this program continue to be funded at the current annual appropriation. Committee Chair suggested that VAAFM inquire with DFA and other industry organizations to see if they could provide monetary incentive to food animal vets since those professionals are necessary for the success of their businesses. KMH agreed to bring this topic up with the VVMA Task Force that helps administer the program.

Thursday, 1/21/16

Monitoring S. 237 Miscellaneous Forestry Bill

In Senate Natural Resources and Energy -Mike Snyder providing general overview of bill and ANR/FPR intent Acknowledged that there was overlap in definitions with existing VAAFM programs. Discussed areas bill attempts to address, including: - Housekeeping (fee for maple tapping on State lands, fire warden language, decouple UVA liens from lands purchased by state, move fee authority in rule for maple fees from statute) - establish right to practice forestry/silviculture, reflect similar protections as in farming/agricultural practices (based on right to farm law) and place limitations on nuisance lawsuit grounds surrounding silvicultural operations - establish system to protect landowners and forests from unscrupulous loggers using enforcement and harvest notification system, revision to timber trespass laws, etc. - goes hand in hand with new AMP rules submitted to SOS last week read through from MOG, up through section on trip tickets testimony from Put Blodgett, woodland owner - concerns over harvest notification and trip ticket system, severity of possible punishments for non-compliance, make sure nuisance lawsuit language is strong enough to actually protect landowners and forest managers from nuisance lawsuits.

VAAFM action- address discussion around non-timber forest products (ginseng, nursery stock). – Tim Schmalz will provide information on ginseng program and theft of non-timber forest products, including any VAAFM information on fines or fine schedule. The Agency has pesticide section penalty matrix available for committee members' questions regarding cord sales and Weights and Measures regulation of firewood at sale.

Press, Marketing and Communications:

Kristin Haas, State Veterinarian, was interviewed by a writer with Stratton magazine regarding the issues pertaining to food animal veterinary service availability and the state-funded educational loan repayment program. The article will be published in the spring issue of the magazine.

Significant Events/Meetings:

- Assistant State Veterinarian met with other members of the internal Produce Team to update the presentation on the VAAFM Produce Program and FSMA that will be used at a number of upcoming industry meetings. Produce team also planned for the upcoming meeting of the Vermont Community Accreditation for Produce Safety advisory board, a group that will hopefully be utilized as a sounding board for produce program development and industry needs.
- Animal Health Section is planning the annual meeting between NY and VT field staff held in Middlebury. The purpose of the in person meeting is to build strong relationships between staff that often work on collaboratively on state-spanning issues, such as livestock traceability, farmed cervid regulation, and interstate movement of livestock. An annual basis over 44,000 livestock are exported from VT and over 140,000 are imported so it is important to maintain open and clear communication with neighboring states involved in that movement. Additionally, VT cervid producers have imported both red deer and reindeer from certified herds in NY.
- Kristin Haas, State Veterinarian, represented VAAFM at the Endangered Species Committee meeting this week.
- A cross-division meeting was held this week to review protocols related to premises management in the Agency's multiple databases. It is imperative that there is buy-in from the program staff impacted and that users of the databases have input to decisions made regarding premises management. The meetings occur semi-regularly and have been productive to date.
- Kristin Haas, State Veterinarian, attended the Vermont Veterinary Medical Association's (VVMA) legislative breakfast this week. The legislative initiatives of the VVMA and VAAFM are often aligned, and there was good legislative member participation in the event.

Evolving Issues:

- Animal Health Section staff has begun cooperative agreement planning for FY 2016. Draft plans are due to USDA Veterinary Services by February 12th. Cooperative agreement funding from USDA supports a significant amount of Animal Health Section staff time and resources around animal disease surveillance and livestock traceability work.
- An Assurance of Discontinuance was sent this week to the slaughterhouse facility owner who was found to have allowed removal of livestock from his facility without the required permission from VAAFM. The terms in the proposed AOD codify the verbal agreement that was reached during the pre-hearing meeting.
- Animal Health staff are working with two beef producers interested in obtaining official identification tags for their livestock. The Section provides official ear tags through the USDA to livestock producers at no charge.

Summary of Key Agency Department Activity

Administration:

On January 19, Stephanie Smith and Ryan Patch from the Agency of Agricultural, Food and Markets (Agency) attended the Rutland Regional Planning Commission's Board meeting to discuss the proposed draft Required Agricultural Practice rules and potential changes that might affect municipalities and their regulation of small farming operations. The Agency stressed that changes in the Agency's regulatory thresholds does not require any specific action by a municipality, and that it would be up to each individual municipality to make decisions on whether they want to put additional regulations in place.

Agricultural Development:

Food Safety Modernization Act (FSMA) Communication Strategy Meeting with UVM Extension

- Produce Program Coordinator Kristina Sweet met with University of Vermont Extension's GAPs Coordinator Ginger Nickerson to coordinate outreach and educational materials on the FSMA Produce Safety Rule for fruit and vegetable growers.
- Sweet will create and disseminate materials that explain the types of produce, types of activities, and type/size of farms covered under the rule, while Nickerson will focus on fact sheets detailing the on-farm practices that the rule requires.
- Sweet and Nickerson will share drafts of each other's materials before publication and coordinate information sharing with growers to keep messaging concise and consistent.

Specialty Crop Block Grant Program (SCBGP) Advisory Committee Meeting

- Produce Program Coordinator Kristina Sweet and Food Systems Chief Abbey Willard hosted partners from University of Vermont, Vermont Sustainable Jobs Fund, Vermont Housing & Conservation Board, Working Lands Enterprise Board, and the specialty crop industry to advise VAAFM on the 2016 SCBGP grant cycle.
- Participants reviewed a draft request for proposals (RFP), developing new funding priorities for 2016, revised proposal scoring criteria, and discussed new USDA's new evaluation plan and requirements.
- Sweet will incorporate the committee's suggestions into a revised RFP for final review by Agency leadership.

Meeting to Discuss Produce Program Development with Tom Vogelmann, Dean of the College of Agriculture and Life Sciences, UVM

- VAAFM Produce Safety Team—Abbey Willard, Shelley Mehlenbacher & Kristina Sweet—and Agency leadership, met with Vogelmann to discuss development of a VAAFM produce program, expanding Agency statutory authority in order to be able to implement FDA's Produce Safety Rule, and coordination with UVM Extension in providing outreach, education, and technical assistance to produce growers as well as UVM researchers who work on food safety issues.
- Vogelmann expressed support for the Agency's plans and ongoing coordination with UVM to support the produce industry.

Meeting with AGR Lab to Prepare for FSMA Water Testing Requirements

- Produce Program Coordinator Kristina Sweet and Food Systems Chief Abbey Willard met with Director of the Agriculture and Environment Lab Guy Roberts and Microbiologist Kristen Needham to discuss FSMA water testing requirements under the Produce Safety Rule
- While produce growers will not be required to comply with most water requirements until at least 2020, VAAFM may wish to encourage growers to begin testing their surface and well water sources earlier in order to get a sense of their overall water quality and make eventual compliance more efficient.
- The group assessed additional lab needs, coordination with farmers, and approximate costs to farmers and will continue to share information as the rule implementation begins.

Consumer Night at the Vermont Farm Show Promoted on Across the Fence

- Produce Program Coordinator Kristina Sweet appeared on UVM's Across the Fence, which will air on WCAX TV, Channel 3 on Friday, January 22 and be uploaded to the Across the Fence website.
- Sweet discussed Consumer Night at the Vermont Farm Show and shared examples of products that will be available for purchase the Consumer Night "Buy Local Market," organized by VAAFM.

On Farm Readiness Review meeting with FDA, NASDA, and Extension in Raleigh, NC

- VAAFM staff, Abbey Willard, meet with FDA, NASDA, and Extension staff for 3-days in Raleigh, NC in early January to discuss development and implementation of the FSMA On-Farm Readiness Review program

- The program concept is to offer operations covered under the Produce Safety Rule to understand compliance requirements prior to inspection dates
- Extension and state staff will be conducting the reviews, along with FDA
- Vermont is intended to be one of six states engaged in a pilot in 2017 of these pre-assessment reviews to better prepare the industry for compliance with the new produce safety rule

VTFMA seeking clarity from Health Department food stand license requirements of prepared food vendors at farmers market

- VDH Food and Lodging Program staff met with VAAFM and NOFA-VT staff as well as members of the VT Farmers Market Association (VTFMA) policy committee members to address clarity on health regulations pertaining to prepared food vendors at farmers markets
- VDH staff offered to provide clarity on the Temporary Food Stand requirements to ensure compliance and public health at farmers markets
- These clarifications will be presented to farmers market managers and board members at the Farmers Market Conference on March 24

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Harlow farm: continuing the investigation of unlicensed selling and storing of product for others; and importation of poultry without NPIP paperwork.
- Investigation of Black River Produce labeling product at retail with “Vermont Beef” labels on product that is not from Vermont.
- Letter of Warning issued to person who was producing beef jerky in their home kitchen and selling the products through the internet.
- Investigating the sales and production of meals containing meat and poultry products from a home caterer that were being offered for sale at a retail store in Chelsea that were being produced without the benefit of inspection.

Animal Health:

- Animal Health Field Staff
 - Attended the Addison County Commission Sales to monitor the auction market for compliance with federal and state animal movement and identification requirements and to complete the market report, published on the AMS market report website and other publications. The ACCS is the only livestock auction market in the state and moves over 2,300 cows and calves and generating on average over \$800,00 in sales per month. Without this oversight to ensure adherence to animal movement regulations, Vermont producers would have difficulty conducting needed sales of livestock for their business survival. At the market, field staff provide technical assistance to farmers and livestock dealers to help them understand state and federal regulations so they can sell and purchase livestock at affordable prices. Animal Health personnel also provide technical assistance to sale barn personnel in regards to humane animal handling, animal identification, import/export compliance and freemartin testing.
 - Provided animal disease traceability supplies to livestock dealers in Franklin County and Lamoille County.
 - Inspected licensed pet shops in Barre.

Agricultural Resource Management:

ARMS staff attended a Lake Memphremagog watershed group meeting to discuss water quality improvement efforts in the watershed. Partners included NRCS, Conservation District representatives, private consultants and ANR-DEC.

Enforcement Actions sent out by the ARM Pesticide Program:

- A property maintenance company in Cambridge was sent a Notice of Violation with a proposed penalty for applying herbicide to a condo complex in Hardwick. No employee of this company held a commercial pesticide applicator certificate, the company did not hold a pesticide company license, they did not keep the required operational records of the pesticide application, did not leave the required invoice information with the customer, and did not post the treated area with the required signs.

- A construction & landscaping company in Bennington was sent a Notice of Violation with a proposed penalty for applying herbicide at an animal hospital in Bennington. No employee of this company held a commercial pesticide applicator certificate, the company did not hold a pesticide company license, they did not keep the required operational records of the pesticide application, did not leave the required invoice information with the customer, and did not post the treated area with the required signs.
- A town in northern Vermont was sent a Letter of Warning for spraying herbicide for the management of vegetation along guardrails in the town. An employee of the town performed this work without being properly certified as a non-commercial applicator, the town did not hold a Right-of-Way pesticide use permit, the proper operational records of the pesticide application were not kept, and the applicators exceeded the labeled application rate of the herbicide used.
- A golf course in Chittenden County was sent a Notice of Violation with a proposed penalty. The violations include using pesticide products on the course that contain active ingredients that are not on that golf course's pesticide use permit, using other pesticide products in amounts that exceed the permitted amount for the calendar year, and not recording all of the required information in their pesticide operational records.

1 National Life Drive
Davis 2
Montpelier, VT 05620-3901

Tel: (802) 828-1294
Fax: (802) 828-1250

www.anr.vermont.gov



Deborah L. Markowitz
Agency Secretary

Trey Martin
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: January 22, 2016
Subject: ANR Weekly Report

Governor Level Issues:

Agrimark-Cabot indirect discharge permit: This permit was issued this week for the land application of dairy wastewater. The proposed permit was the subject of considerable public interest in the fall of 2015 and was redrafted in response to the public input and after meeting with Cabot Creamery. The permit contains a plan for development of a more robust monitoring plan for soils, groundwater and surface water, and an alternatives analysis for system improvements. Cabot voluntarily initiated a stakeholder group, led by a local environmental consulting firm, and including environmental groups, to evaluate alternatives to the current system for land application. They are scheduled to submit a report on the findings of the alternatives analysis by December 31, 2016.

Clean Water Fund Board Membership (H.518): Secretary Deb Markowitz testified in FW&WR regarding H.518, a bill that would add six new members to the Clean Water Fund Board. ANR opposes this proposal because it would detract from the agencies' expertise in pollution control and would allow special interests to dominate the board process. Other agencies with representation on the board may also be asked to testify next week.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Results Based Accountability (S.198/H.521): The House FW&WR Committee took testimony regarding the Agency's population indicators and performance measures. Following testimony from Rep. Anne O'Brien, the Committee seems to have a better sense of its assignment regarding S.198/H.521, as well as the respective roles of the Legislature and Agencies in rolling out Results Based Accountability.

DEC Permit Process Improvement (S.123): Both SNRE and HNRE continued with a third week of testimony on S.123. Rep. Klein has indicated that HNRE will report out the sections of the bill that consolidate 85 DEC permit processes into five. It's not clear yet, however, if the committee will support moving from "de novo" to "on-the-record" review of DEC permits on appeal to the Environmental Court.

H.517: Watershed Management staff presented testimony on H.517, a Bill on the Classification of Waters. Testimony was well received, with strong support from Lake Champlain International, support from one development community lobbyist and CLF. VLCT was somewhat equivocal. The committee will continue to work on the bill next week, and DEC will continue to provide testimony.

Petroleum Cleanup Fund (H.363): The Senate read H.363 a third time on Wednesday and passed it in concurrence. The bill will go next to the Governor for his signature. The bill increases the maximum payout amounts from the Petroleum Cleanup Fund for farm and residential tanks (from \$2,000 to \$2000, \$3000, \$4000); and increases from \$350,000 to \$400,000 the amount that the Secretary may authorize from the Heating Fuel Account for ASTs and USTs. These changes will allow PCF payouts to keep up with inflation.

Clean Water and Drinking Water State Revolving Funds (CWSRF & DWSRF): House Corrections and House FW&WR will hold a second joint meeting this week, on Thursday, on DEC's proposal to re-write the statutes governing the CWSRF and DWSRF. Rep. Emmons has been very supportive of this effort to clarify and simplify the CWSRF/DWSRF statutes. DEC will work with Rep. Deen to explain how the proposed pollution control priority system will align with the goals of Act 64.

Stormwater Utilities: DEC Commissioner Schuren and Stormwater Program Manager Padraic Monks testified, in House Transportation, in support of VTrans' proposal to create more predictability and transparency in the monies paid by VTrans to stormwater utilities. DEC and VTrans will present testimony in HFW&WR next week. VTrans and DEC will testify about VTrans' concept, not specific language.

H.237: Testimony on the miscellaneous forestry bill was provided this week to both House and Senate committees on Natural Resources and Energy by Commissioner Michael Snyder and Director of Forests Steven Sinclair.

House Ways and Means: Commissioner Snyder was invited to present the legislative report on County Foresters to this committee last Friday.

Press Issues/Releases:

Governor's Awards for Environmental Excellence: A press release announced the extension of the deadline for applications for the Governor's Awards. The Vermont Governor's Awards recognize the actions taken by Vermonters to conserve and protect natural resources, prevent pollution, and promote environmental sustainability. Applications are now being accepted and the deadline has been extended to March 15, 2016. Potential candidates can speak with Environmental Assistance Office staff for help with the application.

Clean Water Needs in Vermont Estimated at \$154 Million: A press release was prepared following yesterday's EPA news release on the long awaited publication of the National 2012 Clean Watersheds Needs Survey. The following is a link to the report, which identifies near-term needs totaling \$271 billion nationally and \$154 million for Vermont. The DEC press release highlighted that the fact that EPA probably underestimated the cost to restore Vermont's water quality and our commitment to working with the legislature and USEPA to secure funding and attain our mutual goals.

Food Rescue: Last week the Solid Waste Management Program was able to take advantage of an opportunity to have Secretary Markowitz participate in a press event that Senator Leahy was organizing at the Chittenden Emergency Food Shelf. The topic of the event was to highlight the inclusion of the America Gives More Act, which makes several charitable giving incentives permanent, including expanding the food donation tax deduction to help small businesses including farmers, restaurants, retailers and food manufacturers donate wholesome food to 501c3 charities. This was part of the Omnibus spending bill that passed in mid-December. Live tweeting by ANR staff resulted in a retweet reach of 191,000+ followers and great incorporation of the Universal Recycling law's Food Recovery Hierarchy into the discussion.

2015 VT Turkey Hunters Had a Successful Year: Turkey hunters had safe and successful spring and fall hunting seasons in 2015. A total of 5,874 turkeys were taken during VT's three hunting seasons; the spring youth hunt, the regular May spring season, and the fall hunt.

Significant Events/Meetings:

Swanton Wind – meeting with community group: OPP facilitated a meeting on Tuesday, 1.19, between ANR staff from various regulatory programs in the DEC and the DFW and a group of concerned Franklin County citizens and their natural resource consultants. The community group, led by Christine Lang and Brian Dubie, are opposed to the proposed Swanton Wind project and requested the meeting to discuss ANR's role in the regulatory process and to have an opportunity to discuss the natural resource features of the site and potential natural resource impacts of the project. It is likely the group will seek additional information from the Agency in the future.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Policy (OPP)

New 9L Act 250 Case (Rutland/N. Clarendon): An application for a car dealership was filed and noticed for a hearing on Feb 8 in district 1 in Clarendon (N. Clarendon/Rutland line off of Route 7B). The applicant claims the dealership is within an existing settlement and provided a letter from the Town planning commission indicating as such. In consultation with ACCD, it was determined the project is not located within an existing settlement based on the lack of density, form, compactness of the project area; therefore review under Act 250 criterion 9L should be triggered. The project also contains all 7 characteristics of strip development. There are no additional natural resource issues. ANR will need to provide comments on the application and alert the applicant to the existing settlement questions in advance of the hearing if ANR chooses to contest their/Town's assertion that the project is located within an existing settlement. The District Coordinator indicated local legislators have already contacted him in support of the project.

Ecos Energy – Otter Creek Solar 1&2 7MW Solar Projects – Cold River Rd., Rutland

On Thurs, Jan 21, the OPP director had a phone conference with Brad Wilson of Ecos Energy. Ecos filed 45-day notices with the Public Service Board on Jan 6, signaling their intent to seek CPG's for two inter-related solar generation projects in Rutland. The two proposed projects are 4.99MW and 2.2MW in capacity, but are located on the same parcel and will be developed in tandem as effectively one 7MW project. The 55-acre project area is entirely forested and would be cleared for the project. The project is also immediately adjacent to the already permitted 2.2MW GrowSolar Cold River Road solar project, which was an extremely controversial project in the region and one that the town continues to contest. Ecos is seeking a guaranteed rate for the power through a concurrent PURPA proceeding and intends, at this time, to sell the REC's generated by the project into the New England market.

New Applications for the Week of January 11: OPP received 1 new Act 250 application and 1 new Section 248 petition.

Environmental Conservation (DEC)

Shelburne Transload Facility: This is a large intermodal project (rail depot, truck access, salt storage, office) proposed in close proximity to the LaPlatte River. A construction stormwater permit application received in late December is under review. The applicant, Vermont Rail, is claiming federal preemption of state permits, including Act 250. The legal issues have been referred for ANR legal review. There is substantial public interest and prospective opposition to the project, including the Town of Shelburne and adjoining land owners. The project potentially affects wetlands, endangered species and other natural resources in addition to the river.

Fish & Wildlife (FWD)

Roxbury Rebuild Update: Staff met with BGS project manager Bob Rea and Peter Hack to discuss plans to move forward with a capital bill adjustment request to rebuild the Roxbury Fish Culture Station. It is unlikely a significant amount of funding will result from FEMA; therefore, the FWD along with BGS plans to submit a capital bill adjustment request to begin reconstruction of the Roxbury FCS in FY17 and continue through FY18. Staff will need to manage the rebuild budget so only a certain amount of money is expended during FY17 and the remainder of the project can be billed in FY18. Follow up meetings are being scheduled on this topic.

VELCO Cable in Lake Champlain: FWD and other ANR staff met to discuss impacts of the proposed VELCO PV-20 in-lake transmission cable work that is being reviewed by the Public Service Board. From a fish culture perspective, a potential conflict could exist with the project in regards to turbidity from the activity clogging the Ed Weed Fish Culture Station's influent filters. Further discussion and testimony on this matter is planned to adequately address these concerns both with the petitioner and the PSB.

Mallets Creek Trail Conditionally Supported: Staff met with the town of Colchester to secure approval for the Goad acquisition at Mallets Creek. They conditioned their support on the Department considering the development of a trail easement to the town for a multi-use path paralleling route 7.

Fishing: Anglers hit the the ice in large numbers. Fishing reports include solid numbers of perch, pike, panfish and trout caught in the northern 2/3rds of the state and some of Champlain and the CT River. There is currently an on-going investigation into an illegal baitfish dealer...something fishy there. A highlight from the week came from Senior Warden Thiel: "Complaint of individuals keeping bass in Carry Bay on Champlain. Arrived and spoke to them, no bass to be found. Checked the entire bay after and went back to them. Low and behold they had three bass in possession upon my second check on hidden equipment." Other violations this week included license, baitfish and closed season issues.

Forests, Parks and Recreation (FPR)

Quechee State Park Lease: FPR staff will be meeting this week internally to discuss renewal of the long-term lease of Quechee State Park from the US Army Corps of Engineers. The prior lease negotiated in the 1960's has expired and must be renewed if the popular state park is to remain.

Stone Hut Update: A structural engineer has determined the remaining stone structure at the Stone Hut on Mt. Mansfield is sound enough for rebuilding the iconic building. The process of making a final decision and commitment to plans for rebuilding is still ongoing.

Eko.Mats: Chris Olson, Addison County Forester, recently met with Caleb Rick, CEO of EcoGlobal. Caleb's company will be using recycled LDPE plastic recovered from municipal waste at its Middlebury plant to produce "Ultra-Rugged Recycled Plastic Ground Access Mats" - eko.mats (see www.ekomats.com). Caleb believes his product has potential for use in forestry settings. The use of wood as well as this type of matting is becoming popular to work on ground that is often inaccessible for periods of the year.



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

To: The Honorable Peter Shumlin
From: Joe Flynn, Deputy Commissioner of Public Safety
Date: January 21, 2016
Subject: Weekly Report

Priorities:

The backlog of firearms choking storage space in the forensic lab continues. The State Treasurer is not taking action as laid forth in Statute. Currently there are 200 firearms at the VFL and another 1000+/- across VSP barracks statewide and the number does not include local law enforcement agencies statewide. This has become a practical problem in search of a workable solution. Fish & Wildlife has expressed interest in receiving the firearms and conducting an auction with proceeds going to programmatic funding. If this is not an acceptable solution the Treasurer's Office should immediately assume logistical and financial responsibility for the firearms, continued inaction is not a reasonable response.

CJS

Still anticipating a BGS remedy for the air handling issues in the forensic lab (need lab-wide evaluation of system). Snorkels/hoods/bio-cabinets are inoperable/unsafe to use when air handling is down and frequent system outages cause stoppage of work. BGS/Control Tech/Precision reps evaluated two exam areas on 12/10; significant amount of work remains at the equipment and control level

In house Latent Print training by FoCoSS Forensics began January 5th (7 staff participating).

Update of DNA Database program given to Senate Judiciary on January 15th. If S.10 picked up by Senate Judiciary, hopeful the certified mail requirement for expungement letters is removed.

The VSP pilot project for In-Vehicle and Body Cameras has begun. We are at the beginning of a 45 day pilot of the Watchguard solution. Equipment has been received and is being distributed to troopers. Work still continues on the DPS retention policy, which has a significant impact on the overall cost and maintainability of our camera systems. Progress on the retention policy issue appear slow.

A conversation was held with Senators Campion and Sears on 1/14/2016 regarding education based record checks for independent/private schools. We reviewed statutory language (16 V.S.A. § 255) and reiterated that all independent/private schools are eligible to receive out-of-state criminal history information. However, per statute out-of-state information may not be directly returned to the school without a release (only a yes/no document may be returned). Should the above referenced statute be changed (to treat independent/private schools as public schools) there would be minimal impact on VCIC operations. The work to process these checks is already being done but only the transmission method is different. Senator Sears indicated there might be some movement on a related education technical correction bill to address this (pending additional discussion in committee).

Currently VCIC is completing interviews for the vacant Record Check position and hope to make an offer this week. Additional review is being completed on applications for the Deputy Director position

and interviews will be scheduled in the near future. Additionally, applications are being accepted for two Criminal Record Specialist (Sex Offender Registry & Criminal History Database) positions and interviews will be scheduled as soon as the postings are complete.

Several follow-up discussions have been held with the F.B.I. concerning the recently announced executive actions on firearms (from President Obama's speech on 1/5/2016). Ultimately the majority of policy decisions/guidance will be provided by the Bureau of Alcohol, Firearms, Tobacco and Explosives (ATF) with the F.B.I. serving as a conduit to their state partners. Once any additional information is received it will be forwarded for review.

DEMHS

The State Hazard Mitigation Officer resigned effective 1/15/16. The position will be posted immediately.

Partial Activation of SEOC on 1/21/16 for the Governor's Budget Address.

Director spoke at the Addison County Firefighters' Association Annual Meeting.

Hazard Mitigation grant applications (from DR4022) were approved by FEMA for emergency generators in Bristol Town Hall, Londonderry Town Office, and Flood Brook School Shelter in Londonderry.

The PAO and R+M Chief participated in a conference call briefing on 01/19/16 regarding changes in the newly-released Public Assistance Program and Policy Guide.

FEMA R1 staff visited Vermont this week to discuss Public Assistance topics.

Planning Section Chief attended regional Nuclear Regulatory Commission conference in Philadelphia from 1/19 - 1/21.

Fire Safety

The Division received \$5.5 Million in new plan review construction valuation collecting \$31,000.00 in permit fee revenue.

Chief Mike Bucossi (City of Brattleboro) has been elected the new president of the Career Chiefs.

Bradly Reed is now the president of the Coalition of Fire and Rescue Service. Brad is the Secretary of the Professional Fire Fighter Association and is a career fire fighter in St. Johnsbury.

S.239- Tent Safety: Testimony given on January 19, 2016 at Senate Gov. Ops stated we would make a rule change to address adverse weather concerns on high priority venues after consulting and receiving input from the tent rental companies.

Administration

The Pay Act meeting has been rescheduled for 1/25/16. Current projections projecting indicate a shortfall by the end of FY16 of approximately \$1.1M unless we get an infusion of Pay Act funding.

Vermont State Police

A Troop

FF

9 Total Arrests, 4 DUI

A1- had 21 motor vehicle crashes and 22 motor vehicle complaints as winter storms hit the area. We also had 16 agency assists cases, 7 alarm responses, 5 family fights, 3- theft cases and 14 suspicious cases.

Single vehicle fatal crash on route 2 in Cabot.

BCI

Missing juvenile from Waterville. 17 year old female ran away from foster parent's residence. Child is in DCF custody and believed to be in Boston. Detectives have received a search warrant for her cell phone. Pinging the phone shows her location in Boston. Texts show that she is potentially prostituting herself out for drugs. US Marshall's service is assisting with the case. Child's cell phone will be pinged every day. Marshall is assigned case in Boston and is assisting fully.

Report of a 20 year old female stating she was raped by a male acquaintance. Interview scheduled for this week. No safety concerns at this time.

Search warrant obtained for cell in Att. Homicide case in Williston. Phone seized from witness and sent to ICAC for examination.

New Haven Special investigation completed and sent for review.

Armed robbery investigation in Marshfield. Working for potential suspect.

Untimely investigation of an 88 year old male who was under the doctor's care for cancer. Was found deceased in his garage by his wife.

Report of a 15 year old male inserting his penis in a 7 and 8 year old cousin. Victim interviews completed.

Assigned a conflict case with Barre City. Report of a child abuse case. Victim is a daughter of a Barre City Firefighter. Child was potentially pushed down the stairs and her face was pushed and rubbed in her own urine after wetting the bed.

Follow up on Agg Sex Assault case in Waterbury.

Continued work on Game Warden assault case. SA requests arrest warrant for charge of Agg. Assault on a LEO.

Arrest of a female who confessed to L and L of a child. Mother confessed to breast feeding her six year old child against the child's wishes. More charges pending upon review from SA.

Assisted Grand Isle SD with a drug warrant. Felony amount of marijuana seized as well as cocaine and crack.

Reported potential Sex Offense. 17 year old male reported he was assaulted by his father-in-law when he was a child. NUSI assigned.

Suspicious fire in Highgate. Working with uniform on burglary and arson case. No suspect at this time.

Potential CI interview regarding arson and untimely death case. CI willing to wear wire as he believes he knows who burnt his house down. This is a large case which could also lead to charges against the CI. It is believed the CI was also pimping his daughter out for drugs. His daughter died of an overdose in 2015. That investigation is ongoing.

B Troop

FF

6 Total Arrests, 3 DUI

Multiple crashes throughout the Troop area due to inclement weather.

Vehicle crash on Route 100 at intersection of Route 14 in Newport Center. Subject hit a tree and was transported to Dartmouth with injuries. The subject died over the weekend and the death is due to Cocaine addiction and wasn't listed as injuries resulting in collision.

Arrested 1 person for false information to a law enforcement officer and Trooper prepared and executed a search warrant. The warrant was a result of an investigation into animal neglect, specifically horses. The Humane Society, a local horse rescue organization, and Trooper went to the location and found several horses in need of care. The owners were given a deadline by the Humane Society to fulfill the needs of the horses or risk losing them. This investigation continues.

BCI

New case assigned – Assault at NSCF. Inmate attempted to spit on CO and called used racial slurs.

New case assigned – Suspicious – reporting 12 year old son received a message on Facebook from 35 year old male. Complainant started a conversation with male pretending to be his 12 year old son.

New case -Assault at NSCF – Inmate v Inmate.

Citation issued to individual involved in Accidental Shooting in North Troy per Orleans SA after review.

New case of Child sex assault- Orange County.

Missing Person in St. Johnsbury last seen January 9th 2016. Henry Morey Jr age 45 has history of drug and alcohol use. Reported missing by his ex-girlfriend on 1-16-16. This case is ongoing.

C Troop

FF

8 Total Arrests, 6 DUI

Welfare check/Missing, suicidal person from West Rutland. Search of area on 1/13 with local resources. On 1/14, extensive air and ground search with Border Patrol Helicopter, New England K9 and Upper Valley Search Team along with our VSP SAR Team. Nothing located and BCI developed later in the evening that the male was seen and fine. On 1/16 Sgt. Alberico spoke with the missing male in person and all was fine and he did not need crisis intervention.

Arrested a subject on several Vermont arrest warrants, subject also wanted in NH and will be charged with being a fugitive from justice.

Assisted Bennington PD with robbery investigation.

BCI

Continued investigation of Jameson Rutland Town shooting; interviews

Continued investigation of assault upon correctional officer; interviews and inmate Fernando Corrales cited.

Witness interview related to Leicester store robbery; interview and supplemental report completed.

Follow-up on Hart, work with MCU Detectives on case.

New case– 38 y/o male called 911 advising he'd shot himself. He then committed suicide Gifford Woods State Park Killington.

New case– 69 y/o male died on the toilet in Waltham. Natural death.

New case– suspected child abuse – interviewed juvenile with DCF – no disclosure made

Follow up work on— sexting / possession of child pornography case.

Assigned new case: Death investigation in Pownal. 49 year old male with extensive medical history. Natural death.

Missing person case in West Rutland. Male locate alive and well.

New case: Drugs mailed to inmate at correction center. Investigation continues.

New case: Assist to DCF with anonymous caller reporting child neglect in Pawlet.

Assisted Rutland County Sheriff's Dept. with computer warrant.

Follow-up on medical event in Pownal. Laperle is on life support and doctor found aneurism during scan.

New Case: Sex Offense. Town of Chittenden. It was reported a 6 year old girl may have been sexually abused by her 15 year old brother. Interview conducted. Case Completed.

New Case: Sex Offense. City of Rutland. It was reported a 4 year old boy may have been sexually abused by his father and/or step-mother. Interviews conducted. Case Completed.

New case 9 month old baby with injuries. Unfounded if abuse or accidental.

Victim from 2011 case now wanting to give statement. Family set up interview for next week (1/20).

D Troop

FF

12 Total Arrests, 4 DUI

Several snow storm issues resulted in 18 10-50's in Rock area.

Multiple crashes across Troop area.

MV Stop I91 NB Vernon-passenger arrested on a VT warrant-subject had 137 bags of heroin in his pant leg, lodged.

Putney-subject reporting three subjects in his living room-possible B&E in progress-complainant is armed and former PO-perimeter set up and complainant came out and appears to be having mental health issues-rescue called-three males where not really there.

Reported suicide attempt via 3 boxes of wine-subject transported to Grace Cottage by Rescue-HCR to screen.

M/V stop resulting in seized vehicle for drug warrant. Car seized and one occupant arrested for Active VT warrant. Subject lodged at SSCF. Warrant obtained car searched and 350 bags of Heroin found.

Suicide Attempt- Eddie Road in Jamaica. Subject was smashing things in the residence and then cut his wrist. Subject taken to Grace Cottage and treated for injuries. Subject was intoxicated and was not able to be screened by HCRS until sober.

BCI

Taught at Lyndon Institute Fire Science/Arson Investigation

Bill review S.154.

Follow up with Child Pornography investigation (Jamaica). Witness interviews and authoring search warrant.

Worked on Putney Sunoco sexual assault investigation. Multiple victims.

Armed Robbery – Cavendish – NTO drafted for offender to compare DNA from offender to DNA left on hat at crime scene.

Violation of Conditions of Release – SSCF – Inmate called victim at her residence. Inmate flash cited for the violation.

Sex Offense – Westminster – Male/female offense occurred one to two years ago. Female victim lives in Mass. currently, male offender still resides in Westminster.

Assault – SSCF – Inmate/Inmate assault with minor injury. Interviews with victim and offender at prison.

Sex Offense – SSCF – Sex offender in prison contacting juveniles by phone. Review of audio files. PSAP applicant background investigation.

Sex assault (Saxtons River), case follow up, interviewed suspect.

New sexting type incident case (Hartland) interviewed principal, spoke with parents of victims and received mobile devices for forensic copy.

Major Crime Unit:

OIS Middlesex.

Brattleboro Homicide: videos at Brattleboro, reviewed videos in preparation to taking them to NYSP for enhancement.

Lott Homicide: updated evidence tracking log.

Johnson homicide: converting material to digital for preservation.

Follow up on Denise Hart homicide.

Follow up on Lynda Moore cold case.

Follow up with next of kin of in Jeffery's homicide (cold case).

Follow up on Schneider homicide.



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

[phone] 802-828-3322
[fax] 802-828-3320

Justin Johnson, Secretary

PRIVILEGED AND CONFIDENTIAL MEMORANDUM TO THE GOVERNOR

TO: Governor Peter Shumlin
FROM: Secretary Justin Johnson
DATE: January 8, 2016
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

Stable. We start explaining the Governor's Capital Adjustment bill today in front of House Corrections and Institutions.

Significant Meetings/Events:

House-Corrections and Institutions: Statewide Outcomes Budgeting Process/RBA's

FINANCE AND MANAGEMENT

- A file consisting of approximately 4,000 IRS 1099-Misc forms was delivered to the BGS Print Shop yesterday. They will be printed and mailed by BGS in time to meet our legal issue date of January 31. The electronic file will be sent to the IRS no later than March 31st.
- We will be sending Commissioner Obuchowski an email today complimenting his Copy Center staff on doing a great job, from both a time and quality perspective, on printing the Governor's Executive Budget Summary earlier this week.
- Testimony
 - Commissioner Pallito and Sec of Admin Johnson presented the FY2017 Governor's Recommended Budget to the House Appropriations Committee Thursday afternoon. They committee was very pleased with the overview and will begin hearing specific testimony starting today.
 - Commissioner Pallito is testifying on direct applications and transfers on today.

- The Fee Bill was delivered to the House Ways and Means Committee on Friday morning by Deputy Commissioner Ferland. Some concerns were raised relative to total \$ amount, and the deposit of the Mutual Fund revenue into the General Fund rather than a special fund to cover the cost of a particular program. The Joint Fiscal Office was asked to research the authority to deposit fee revenue into the General Fund for none fee related expenditures.

HEALTH CARE REFORM

No Report.

HUMAN RESOURCES

No report.

INFORMATION AND INNOVATION

Press/Media Notes:

Erin Mansfield of VTDigger called about potential disagreements with the report from the special committee on the utilization of IT. The areas of concern in the report are project management and strategic planning. Both areas were found lacking, but only due to the lack of comprehensiveness due to the threshold for oversight at \$500K.

Erin called a second time and wanted to discuss the areas of the report that call for changes in project management and IT strategy. As before, we talked about the issue not being if it was done, but the comprehensiveness of it. She asked if DII should have more control, but I focused my answer on additional transparency and visibility into all aspects of IT through actions we were already taking (such as the changes we made this summer to the chart of accounts). I did say there was always room for improvement and we were interested in working with others throughout the state, regardless of thresholds.

Significant Events/Meetings:

Some state employees received a phishing email, and some of those employees fell for the ruse and may have compromised their VTHR credentials and personal information stored in the VTHR system. We have shut down access to the system from outside of the state network as a precaution while we take action to evaluate and mitigate this event. Following is the text of the phishing email:

"Dear Account Owner,

Our records indicate that you are enrolled in the Vermont State paperless W2 Program. As a result, you do not receive a paper W2 but instead receive e-mail notification that your online W2 (i.e. "paperless W2") is prepared and ready for viewing.

Your 2015 W2 corrected statement is ready for viewing, follow the link below

Click Here to Login

To opt out of the Paperless W2 Program, please login to Employee Self Service at the link above and go to the W2 Delivery Choice webpage and follow the instructions.

Vermont State's Human Resource Management Systems''

Evolving Issues:

ERP Updates: ACA reporting continues to proceed well. The 1095 forms have been printed and are in the process of being distributed.

Web Updates:

- The Local Roads Website has been created in the development environment and is scheduled for training on 1/20.
- The new Vermont Police Academy site has been created and training is scheduled for 1/25.
- The new Integrated Family Services Website has now been built in the development environment and is scheduled for training on 1/27.

LIBRARIES

No report.

TAXES

Legislative Update:

Gearing Up for Tax Season: Refunds: We got some publicity on our press release that refunds would be slowed. Consistent message with national coverage and in other states as tax season opened. We should start trickling out some refunds starting on Wednesday. In meantime, we continue to experience some high call volume related to the phase 2 business tax users – registering quarterly and annual filers. We hope that dissipates before the volume of personal income tax calls picks up. Our Taxpayers Services division is definitely overwhelmed.

R&D Credits and Telephone Tax: We released the list of taxpayers who claimed the credit – Rep. Ancel had some follow up on the numbers, which have fallen (of course we can't give specifics). There were also questions after the forecast about the dip in telephone tax – all we can say is that it is a personal property tax with a declining number of payers and base. (Other states have updated property type taxes on telephone providers of all types).

Misc. Tax Bill: After meeting with our advisory boards, we dropped a couple substantive proposals – including the study of corporate taxes, which we will raise offline with leg staff (although we had discussed a number of times the fact that over twenty states have changed the mechanics for the tax in a way considered friendly to in state business, the practitioners became quite concerned over any change). So the tax highlights include Estate Tax proposal (as passed by Senate) and requiring employer W-2s in January. We will walk through with Ways and Means tomorrow.

Operations Update:

VTax Conversion: We are starting to tackle design issues related to Phase 3, Personal Income Tax. High level discussions include whether to offer a Vermont only portal to file PIT, allowing people to bypass the TurboTax software. Likely will not – it would not link to the federal return, and most people are eligible for freefile software. Also, whether/which refund fraud tools to purchase from FAST so we can shut down our RSI warehouse.

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To: Governor Peter Shumlin
From: James Giffin, Interim Commissioner
Date: January 22, 2016
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates: Testified before Senate Economic Development, Housing and General Affairs, and House General Housing and Military Affairs on the Department. Covered accomplishments since June, Summer Modernization Study, and facts about the Department from our annual report. Testimony seemed well received without any contentious issues raised. I am scheduled for House Ways and Means on Friday on the fee bill.

Bills – Bills on the appointment of the commissioner from three names submitted by the board seemed favorable in both committees. There are minor differences between the House and Senate versions that will need to be worked out.

There are several bills we are watching that are problematic for the Department. S.163, S.164 and S.250. The Senate may put them into one 'liquor bill'. I will be working up the Department's position and confirming that position with the DLC Board.

S. 163 is just a bad idea. Allowing bars to sell growlers. Think of Church Street at 2:00 AM when patrons fill their growlers as they leave the bars.

S.164 would potentially bring back 'tied houses'.

S.250 creates a new licensing category 'farm distillers' for the purposes of marketing. I have testified that we already have too many categories of licenses and permits (50) and we should look at consolidating some of them. It is very confusing for businesses and consumers. This bill would create a 51st category.

Press Issues/Releases/Contacts: Nancy Remsen rescheduled our meeting to next week re my testimony.

Significant Events/Meetings: Next week we've scheduled speed interviews for Deputy Commissioner.

Department continues to accept applications for Board Legal Counsel.

Summary of Key Department Activity:

Agency Issues: We have two Agents that consistently do not have funds available as required by contract. The current contract has little flexibility other than termination. I have stopped paying them their commissions and may stop delivery of product if they don't get current by the second week. I will work with the Board on how to proceed.

Staffing: - Nothing noteworthy.

IT POS system: Close-out meeting with Berry Dunn was held this week re Retail/POS project. Have concurrence with DII to split the project into smaller components and proceed with two new RFP's.

Warehouse: Continue work on a contract to evaluate our liquor store deliveries, with a goal to get to weekly deliveries for more stores.

Enforcement: We are actively involved in assisting Burlington Police in the investigation of issues with the Zen lounge. The DLC assigned AG thinks that the city of Burlington's legal ability to revoke their approval is very limited by Statute. The power to revoke a license is with the DLC Board, not the City. We will be monitoring the City's actions.

Commissioner's Commentary: What I am trying to do with my testimony is to educate the Legislators that DLC is broader than the selling of spirits. We have a significant education component, licensing, and enforcement components in addition to the retail side.

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To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Jan 22, 2016
Re: Weekly Report

Status of Governor's Priorities: .

none

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

A few media contacts stretching out the Powerball jackpot story.

Significant Events/Meetings:

None this week.

Evolving Issues:

none

Summary of Key Agency Department Activity:

Our Director of Security has just been called away for a 4 week military training program so we are shuffling work around to cover those duties.

We are preparing our marketing services RFP with plans to distribute by the end of February. Marketing and AAG will review prior to completion.

Executive Director's Commentary:

No news at this time.