

WEEKLY REPORTS

Checklist
6/27/14

Elizabeth Miller/Alyson Richards

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

TBD

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

Sue Allen

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

Sarah London/Carolyn Wesley

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

Susan Spaulding

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

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: June 27, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

Champlain College: We are planning to sign an MOU between ACCD, Champlain College (Emergent Media Center), Jiuyou Fund, Shanghai, China: and the North American High Tech Center (NAHTC, a Chinese owned company located in Massachusetts that assists in “relations between the US and China” namely education and business). Some information has come to light that makes me nervous about including the NAHTC. We are telling Champlain we want to withdraw from the MOU. This issue has been brought to David Provost’s attention, Vice President at Champlain. He would like to discuss and I will confer with General Counsel about that. The MOU is to be signed in a public signing ceremony July 8. I am very concerned our reluctance/withdrawal not affect our relationship with Champlain and their relationship with China. I have briefed Liz and I will keep her apprised of the discussions.

VY Grant process: We are nearing the final design of this grant process. The public comment period is closed on the general process. We have a second public comment process on a possible Revolving Loan Fund (RLF) using a portion of the funding to be administered by VEDA. We are having meetings and a public hearing July 10 on that issue. The final design of a possible RLF is pending. We are doing public outreach to try to stem the incomplete and/or incorrect information in the region regarding our plans. I have done an interview with the Rutland Herald, not as helpful as I was hoping for. I am meeting with the Reformer Editorial Staff Monday. I will be presenting an Op/Ed then, I hope to get a draft to you soon (schedule is nutty), and the Governor and I will be in Brattleboro July 9.

EB5: We are continuing to hear complaints from Jay Peak Phase 1 investors. The legal counsel we hired regarding the ANCBio disclosures has confirmed there are serious issues that must be disclosed. Records and response are slow to come from Jay Peak. Brent Raymond, John Kessler and I are meeting with Bill Stenger Friday afternoon, June 28. Ariel Quiros will be on the phone. We are going to insist on the ANCBio disclosures or we will pull the MOU. We are going to insist on weekly reporting on the other aspects of the Jay projects. The information about disgruntled investors has reached China and we believe it is affecting other Vermont EB5 projects. Mt. Snow is frustrated with the pace of investors. Becky Fu believes we also need to re-brand the Vermont projects. I will be pursuing this with Brent, Becky and Lisa Gosselin.

IBM: We are pulling additional information together on the public records request. I am very frustrated with John Kessler, General Counsel, and his desire to get information to Paul Heintz. I know John has his style of dealing with FOIA’s but I want to review docs prior to dissemination and did not have a chance to do that with the first batch. John is anxious to get another batch to him but I have told him to wait until I can review. Given my schedule this may mean nothing until Monday.

LUCY LERICHE, DEPUTY SECRETARY

- **Federal Delegation:** The ACCD Leadership Team met with staff from our federal delegation to share information and issues around our respective work. All agreed it was time well spent and we will be looking to do this on a semi-regular basis going forward.
- **Vermont Training Program:** Due to extensive Legislative changes in this program this year, staff is retooling the application and process for the Vermont Training Program. New applications are on hold until August as a result.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **WCAX Biz Tips:** Lisa Gosselin taped a “Biz Tips” spot 6/23 that will be running on WCAX highlighting ways the Department of Economic Development can help businesses. The spot will drive to Biz Tips pages on the WCAX site with information about our incentive and workforce programs, foreign trade and government contracting. Spots will begin airing in July.

- **Business Portal Meeting:** Met with Business Portal Committee on 6/20 and agreed that DED would take the lead on this project. The committee will map out content and identify best practices and begin to determine what can be done within our resources and identify what additional resources may be needed. Will be working with partners to map out partner content.
- **CEDS:** Collecting final rounds of public comments on CEDS and are on target for delivery to ED.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Rock Art Brewery – Morrisville:** The company reports strong sales and full time staffing a 9. Their sales focus is on Vermont customers. They reported frustration around a lengthy and costly permitting conflict as a result of AOT taking part of their land that included a storm water pond for the bypass project. That has resulted in DEC threatening action for past inaction they perceive is in violation of state regulations. They claim the payment received for their land was not adequate, and they cannot get answers to their inquiries. The department will try to assist to move the process along.
- **Northern Power Systems – Barre:** A meeting was held with the new CEO who is an experienced wind industry executive from Washington State. Business is strong, and they are moving strategically into larger utility-scale wind as well as promoting their base community-scale products. Employment is at 111 full time.
- **Blue Seal Feeds/Kent Nutrition Group – Richford:** Employment is at 70 full time. The company is running two shifts from 4am – 2pm and 3pm to 11pm five days a week primarily to lower their \$70,000 monthly utility costs. They currently bag feed and transport to their Bow, NH facility for distribution. The former Londonderry, NH corporate office has been closed and they now report directly to Iowa. The top three issues of concern: high workers comp costs, finding new hires, and high utility costs. On the hiring issue, they reported that 60% of the applicants fail their mandatory drug testing policy. .

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **UVM Continuing & Distance Learning:** Beth Demers met with Alison Maynard regarding the TAACCCT 4 grant that was awarded to UVM and centers around STEM related training. Despite the changes in leadership and team members UVM is committed to moving forward with the grant and providing necessary training to displaced workers. One of the most immediate projects is the launching of an industry recognized actuarial certificate. Alison is in talks with National Life and Vermont Mutual who both have demand for these positions. Salaries start in the mid-forties and would be a good career

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Deputy Commissioner Hollar

- **Ladd Hall:** This CDBG disaster recovery project took a major step forward this week as Housing Vermont and the Central Vermont Community Land Trust purchased the building from the state. Part of the Waterbury State Office Complex, the historic Ladd Hall will be transformed into 27 units of affordable housing on Main Street. Much hard work on the part of BGS, DHCD, the Town and the project developers has gone into getting the project to this point. Construction began this week.
- **Tri-Park Mobile Home Park:** In a long conversation with Nancy Brosz, the new president of the coop board, described how CDBG Disaster Recovery funds could be used to help plan for and address the need to relocate mobile homes in the special flood hazard area. The park was hit hard by Irene and DHCD is eager to use CDBG-DR to help. Governance challenges, financial issues and the lack of a clear solution have prevented action thus far.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

- **The Vermont Downtown Board**

- Approved South Londonderry, Londonderry, Marlboro and Middletown Springs Village Center Designations.

Designation Programs

- **Hinesburg Neighborhood Development Area:** Two major housing projects would like to benefit from the designation and town staff foresee a number of other designation compatible projects in the pipeline. However, development in Hinesburg is on hold until they overcome a limited water supply issue – a solution is expected sometime next year.

Inter-Agency Collaboration

- **Agency of Agriculture:** As a follow-up to the Act 59 stakeholder meetings conducted last year, Chris and Faith met with Diane Bothfeld and Stephanie Smith to develop a work plan for addressing local permitting issues for value-added enterprises on farms. A survey issued by the agency yielded 332 responses, a third of which were farmers. CP&R will comment on a draft report for the survey and help organize a meeting of the stakeholder group to discuss policy options.
- **Agency of Transportation:** Hired a consultant (RSG) to help stakeholders identify users’ needs as well as the options and costs to develop a Vermont-based tool to calculate the transportation-related cost of housing and location. Next steps are to reconvene the stakeholders for a kick-off meeting with the consultant.
- **Department of Health:** Faith is helping plan the training for their Healthy Community Design grantees on July 30-31 in Montpelier. Physical activity expert Mark Fenton will lead the training for 10 community teams involving public health entities, municipal officials, non-profits and other organizations. CP&R will participate in a “speed dating” session to brief the teams on the designation programs and assist with a presentation on form-based codes.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Monitoring Visit

- **Town of Bristol:** Staff conducted a monitoring visit on June 26th of the new Addison County Dental Center/t. \$300,000 of CDBG funds with \$148,515 in Other Resources is involved with this project. This public facilities is in good order and on target to benefit 550 low and moderate income limited clientele.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

Environmental Review

- **Waterbury State Office Complex:** Jamie and Judith continue to work with BGS staff and PC Construction regarding identifying the appropriate masonry restoration materials and methods at the Historic Core. The refined scope of work should be clearly identified in the next few weeks so the masonry contractor can begin the exterior envelope work.
- **Bellows Falls:** Jamie met with the town to discuss the Robertson Paper Mill project. This EPA/DEC brownfields clean-up project will likely require the demolition of the large, former mill site, which is in the village’s design control district and a contributing historic structure to the historic district. There is great potential for a large redevelopment project that then would renew the site into a substantial biotech manufacturing and development facility (Chroma Technologies). The conversation focused on consideration of appropriate mitigation for the demolition of the existing historic structure and the design process for new construction at this site so that a new building will meet the *Secretary of the Interior’s Standards* and fit in with the context of the site location.

State Architectural Historian

- **Abbott Memorial Library, Pomfret:** Devin conducted a site visit to the Abbott Memorial Library, which is submitting an application to be listed in the National Register of Historic Places. The 1905 library building is an excellent candidate for listing for its architectural significance, and will be considered by the Advisory Council at their meeting in October 2014.

- **American Precision Museum, Windsor:** Devin conducted a site visit to the American Precision Museum and met with Director Ann Lawless. The National Park Service has requested an update on the status of Vermont's seventeen National Historic Landmark properties, one of which is the American Precision Museum. Much work has been done to stabilize the building, with the assistance of several Historic Preservation Grants over the years, but they are still struggling with issues related to damage from TS Irene and trying to negotiate repairs to the property with FEMA.

State-Owned Historic Sites

- **Nice Press:** On June 15, the Sunday *Rutland Herald* ran a front-page story of the Hubbardton Battlefield Flag Day program and Vermont Days weekend.
- **Bennington Battle Monument:** The stretch of good weather this past week brought almost 1,000 visitors to the Monument.
 - The last school group to visit was Monument Elementary and the entire school of 123 students walked the ¼ mile trek up the hill for their romp on the lawn and elevator ride.

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

- Arthur received a Mediation Report from the mediator for the Riverview Estates mediation in Lyndonville and answered follow up questions from the leaseholders' representative. The residents felt that mediation was valuable even though they did not reach agreement on rent, but asked what needs to happen if they want to take their dispute to the next level. The rent increase of \$25 is entirely due to increases in water bills from Lyndonville which amount to approx. \$29 per month per lot, over which the park owner has threatened to sue.
- Vermont Legal Aid recently released a [report](#) on rental housing discrimination. The report is based on testing conducted by Legal Aid and shows fairly widespread discrimination on the basis of national origin, disability and family status (i.e. the presence of minor children). With appearances on Channel 17, Vermont Edition and discussions at several housing- and homelessness-related committees, this report is getting relatively high levels of attention. Shaun is working with Legal Aid to have a representative speak about the findings at the next meeting of the Fair Housing Committee with the hopes of articulating some recommendations and action steps that can be taken by the fair housing advocacy community, including DHCD.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Work

- **Town of Whitingham:** The town's CDBG-DR II application has been received and it has passed threshold review. The proposed project will complete permanent repairs to a town bridge that provides access to one of the only retail establishments in the Village of Jacksonville (a census designated area wide LMI community).
- **City of Barre:** The \$1 million Disaster Recovery Implementation Grant application for a \$2.4 million project to redevelop a 1.2 acre area in the center of the City's downtown was reviewed for thresholds as well as non-threshold issues. The project has two primary goals: to clean-up the former Howe Dry Cleaners site at 9 Depot Square which is highly contaminated with extremely hazardous volatile organic chemicals (VOCs) and to decrease the likelihood of downtown flooding by up-sizing the capacity of the storm drainage system and altering elevations to direct storm water away from buildings. The City has been notified of several thresholds to address as well as other issues to clarify to make the project more competitive for the July 10, 2014 CD Board meeting. Carl will conduct a site visit next week.
- **Town of Waterbury:** The amendment extending its Planning Grant a year to June 2015 was offered to the Town. The planning effort is to determine the feasibility of developing a multi-use recreation trail suitable for mountain bikes and hiking from Little River State Park to Waterbury Village.

DEPARTMENT OF TOURISM & MARKETING

Megan Smith, Commissioner

- Megan flew to Toronto to meet with the [Porter Air](#) team. The riders were significantly down this season for several reasons but, with the exception of the weather, they took ownership for most of the downturn with less focused marketing on our product as well as difficulties with their Porter Escapes website launch. There are many issues that we need to deal with right away in order to bring back the initial success of the route including the continuation of the CBP exemption and the waiver of the landing fees. Once these have been worked out with the airport, we are going to do a much expanded marketing campaign that will include them marketing Toronto to our market. The weak flights are Sunday and Thursday, so we are going to push very good midweek specials. Megan also met with [Tourism Toronto](#) including their convention bureau and have many ideas to work on from that session. Follow up meetings have already taken place with the delegation and they are helping where appropriate.

Steve Cook, Deputy Commissioner

- **Vermont Desktop and Mobile Travel Planner:** VDTM has made significant progress this week in the development on the next version of the Vermont Travel Planner. VDTM has been working with [Route 802](#) and the [Vermont Chamber](#) to create a solid plan for development and launch. We anticipate the desktop and mobile versions to be live by the end of August. We currently have over 600 businesses who are lined up with a presence on the new system.
- **Southern VT Marketing Initiative:** Deputy Commissioner Cook has been in communication with the southern VT team working on the FY15 marketing collaborative. Unfortunately due to a lack of resources (they are seeking VY funding) the campaign will be delayed most likely until the winter marketing season. Cook will remain in contact with the team. VDTM is prepared to implement when the group is ready.

COMMUNICATIONS ♦ Jen Butson, Director of Communications

- **Media Projects:** [Boston Globe](#) is again appreciating my comprehensive adoration of local areas. Next feature is Waterbury; I did not divulge my favorite swimming hole. Marie-France at [Journal de Montreal](#) is adding historic hotels to her next piece, with 1-2 Vermont properties included. [CiteBoomers](#) fam has finished and Andre Maccabee already published four articles on the Champlain Valley. I was also happy to relay [Live Happy Magazine](#) fall foliage info and began assisting a Canadian food writer who is visiting next week.
- **Abenaki Feature:** News on the Abenaki feature on our website was emailed to 700 northeast media. Please see the [PR Web release](#) and the [VermontVacation.com/Pressroom release](#) as well.

CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator

Support for Businesses and Organizations

- **Wayside Staff Training in Brattleboro:** Catherine provided an abbreviated Ambassador training program to staff and volunteers who manage the Connecticut River Byway's Waypoint Center at Brattleboro's River Garden. In addition to providing resources for staff to use to help them match visitor interests to Vermont's tourism opportunities, Catherine fielded a number of questions from the Strolling of the Heifer's Orly Munzing. [Strolling of the Heifers offices are at this site, and they manage the building's information center.]

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **Sitecore / VermontVacation.com:** VDTM updated the Wine Trail Map link this past week. During the summer months, brewery and winery tours are a big draw for travelers, both in-state and from out-of-state. This will help website users by giving them a visual reference of Vermont wineries and their relative location.

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **Summer 2014 | Boston Herald Coop Marketing Ad:** David Burnell repurposed the current summer campaign to support a coop marketing initiative in the [Boston Herald](#). The coop included [Stowe](#), [Trapp Family Lodge](#) and VDTM, covering trails and breweries.



HOPPY DAYS

CRAFT BREW SCENE OVERFLOWING IN STOWE, VERMONT

THE hills are alive — with hops, barley and plenty of fermentation. In Stowe, Vermont, home of dozens of craft breweries, the scene is a mix of tradition and innovation. The town's craft beer scene is booming, with new breweries opening up shop every year. The Stowe Brewing Co. is one of the newest additions to the scene, having opened its doors in late 2013. The brewery is located in a historic building in the center of town, and is a popular destination for visitors looking for a unique craft beer experience. The brewery's offerings include a variety of styles, from classic lagers to more experimental brews. The Stowe Brewing Co. is just one of the many craft breweries that have helped to establish Stowe as a craft beer destination. The town's craft beer scene is a testament to the growing popularity of craft beer in Vermont and across the country.



READY FOR TAKE-OFF: Trapp Lager's right consists of, from left, Trapp's Summer, Double Lager, Vienna Lager and Golden Helles. The more than two dozen other beers on the menu at Trapp Family Lodge's Trapp Brewery are a testament to the town's craft beer scene. The brewery is located in a historic building in the center of town, and is a popular destination for visitors looking for a unique craft beer experience. The brewery's offerings include a variety of styles, from classic lagers to more experimental brews. The Trapp Family Lodge's Trapp Brewery is just one of the many craft breweries that have helped to establish Stowe as a craft beer destination. The town's craft beer scene is a testament to the growing popularity of craft beer in Vermont and across the country.

at the Trapp Family Lodge's Trapp Brewery, and to offer to take about beer and specifically that the very new future will bring to the Trapp property. The brewery is located in a historic building in the center of town, and is a popular destination for visitors looking for a unique craft beer experience. The brewery's offerings include a variety of styles, from classic lagers to more experimental brews. The Trapp Family Lodge's Trapp Brewery is just one of the many craft breweries that have helped to establish Stowe as a craft beer destination. The town's craft beer scene is a testament to the growing popularity of craft beer in Vermont and across the country.

RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Operations

- **Vacation Packet Requests Strong:** While the general trend toward fewer requests for printed brochures continues a gradual decline, the demand for Vermont summer/fall planning information remains quite stable. On average 800-Vermont receives 18 calls daily while the online request form generates just over 100 requests daily on average. This year Discover New England (DNE) has had increased exposure in distant domestic markets, generating nearly double the number of requests for Vermont information. At the same time international overseas inquiries are up about 15 percent.

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

- **Circulation:** We have three bids for direct mail, we'll be going with Directivity which bid around \$10K compared to the two other bids which were more than \$20K.
- **Advertising:** The custom e-news continues to be successful. We have a Maine inn interested in purchasing a blast, waiting for guidance on how to move forward with this issue.

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

- **Great Jobs in VT:** Nancy has reached out to all of the Vermont colleges with the offer to provide digital marketing materials for the Great Jobs in VT campaign. All responses have been positive, but many departments need to connect with their marketing teams before being able to come back and say "we want to plug the ads in here; we need this size." Nancy will stay in touch with all of those folks. She is also reaching out to business groups to make sure all are aware of the opportunity to participate in the campaign. This past week, she connected with the Vermont Chamber, VBSR and VEC, and conversations are ongoing. Nancy also heard from a couple of Vermont companies this past week who wanted to know how they could participate. She's responded with an overview of the campaign and the two opportunities for recruiters to post job openings (Dept. of Labor VTJobLink site and the Great Jobs in VT LinkedIn Group).
- **Gov Hwy Safety / VTrans / Cell Phone Ban:** Nancy continues to work to keep lines of communication open between VTrans and the Governor's Highway Safety Council to make sure all departments are "on the same page" in terms of educating the public about the upcoming hand-held cell phone ban in cars, effective Oct. 1. This week, Nancy had a positive and productive meeting with Public Safety Commissioner Keith Flynn, who oversees the Governor's Highway Safety Council – which is fortunate to have a large, federally-funded marketing budget – and has, in the past, traditionally run their own marketing campaigns

separate from VTrans' safe-driving marketing. Nancy stressed to the Commissioner that (1) the CMO's role is to advise, rather than simply sign off on marketing contracts, and that our team can bring a lot of valuable suggestions to the table to help state departments maximize their marketing dollars – if brought into conversations early on in the process. This will also avoid any surprises or last-minute questions when contracts need to be signed. The other important piece is (2) our ability to help “break down silos” and encourage different agencies and departments to work together to streamline messaging. Because we're aware of what most all departments are doing in the way of marketing, we're in a unique position to provide that perspective. The Commissioner appreciated the primer on the role of the CMO (which he was unclear about) as well as the offer to help, and agreed to bring our team in on their early brainstorming sessions for future campaigns.

PRIVILEGED AND CONFIDENTIAL

TO: GOVERNOR PETER SHUMLIN
FROM: LAWRENCE MILLER
SUBJECT: HCR WEEKLY REPORT
DATE: JUNE 19, 2014
CC: EXE

Top Issues

VHC Double Extra Super Secret: CGI has proposed initiating discussion about their transition off the project. We have ramped up the legal letters to a daily transmittal. Mintz and AG fully engaged. A settlement with smooth transition is clearly the preferred path, Massachusetts proved the alternative is really ugly. **Optum** has begun COC call work. I am also told that at this point they do think the CGI integration code is in OK shape, not great but not anything that needs to be ditched even in the most challenged areas. **OIG audit** has begun, focused on eligibility determination. They expect to do review of 45 cases, will take into September and then 3-4 months to produce final report. **Planning ahead for release on December 24 at 4:15 PM.**

ACO's: We have a clear and well rationalized basis for providing additional capacity support to two of the ACO's for the coming year, the result of which will be to drive down the fees for the small hospitals. This is transitional support until the shared savings fund the activities OR we get to GMC and we decide to fund some portion as health care infrastructure directly rather than rinsing it through providers.

Blueprint/ACO's: We are preparing for joint meetings with Blueprint and ACO's on July 15th when Anya is here. 1) Basic objective is to avoid redundancy and especially not drive providers crazy with multiple quality measurement programs. BUT, ACO model is a pilot and my position is that we should not deconstruct Blueprint until we are certain it will work. 2) Work on governance around Community Health Teams. 3) Coordinating the cash flows on the Per Member Per Month (PMPM) programs and getting them to a level they actually matter to the providers.

GMC Tom Boyd and team have completed work on breaking the claims payment dependency on MMIS. There is a single recommendation; basically plan to bid it out for an interim period and merge into the new MMIS system once it is up and stabilized with the Medicaid population. The current MMIS provider would be welcome to bid which addressed a DVHA concern, but I can't imagine tolerating solution that puts GMC claims through the old system. I can bring it in or we can have the team in to explain. Let me know which you prefer.

Significant Events/Meetings

Monday the 30th we will be hosting a GMC interagency planning retreat in Waitsfield. Primary objectives are to inform people about the current set of assumptions and identify issues that will require attention from the planning team.

I have a conference call scheduled this week with Maine AHS to discuss collaboration opportunities on IE. Not optimistic based on earlier contact but we should explore any opportunity given the metric shit tons of money involved.

Met with the DCF lawyers who are still worried about access to care and state liability if people are stuck in COC and then have an emergency. The legal requirement for expedited provisioning is 3 days, but they are trying to find a solution that works in 30 minutes. However, it turns out that they don't yet even have a form letter to send to a provider or pharmacist that assures them the customer is eligible for retroactive coverage and that they will be paid if they provide the service. We may need to agree to guarantee the premium to the carrier in order to accomplish this, but that seems like short money under the circumstances.

Legislative Issues/Contact

BCBS Board discussion with Robin and Tim Ashe went well. Tim carpoled with us. He is definitely thinking about a \$250M premium subsidy alternative.

Oliver Olsen reached out about setting up a GMC information meeting in his district later in the year. He said specifically NOT to discuss financing, but to help get people to the basic level of understanding needed. John Moran also reached out for a similar event. The team is meeting to lay out a plan for engaging in these forums. (forii?)

Press Issues/Contact

Will be a guest on WCAX :30 on Monday for a VHC update, will be focusing on the things we want people to know including expectations for changes, renewal timing, small biz direct enrollment, and a reminder that the IRS will be truing up premium subsidies at tax time.

Other Issues

We are interviewing candidates for the Program Manager position at the AHS PMO.

Senators Hatch and Grassley have sent a letter to CMS asking for disclosure regarding any conflicts or potential conflicts arising from Optum's role on the federal and some state exchanges relative to UnitedHealthcare (Optum parent) and their sales of policies and services.

BCBS has been worried about shell cases in the Access To Care program that is the emergency workaround for COC when people need to go to the doctor. The problem is that claims cannot be paid until they are moved to their real plan, which requires completing the COC. As of now the priority order for COC is medical urgency first, financial urgency second, regular work third, and financial urgency includes customers on shell plans with balances pending. BCBS requested "priority" research – i.e. those who have medical claims pending in suspense. There were 263

customers on the list (roughly 35% of the total on access to care). As of Friday, below is VHC's progress in researching/resolving these 263 customers:

Week Ending	Effectuated		Initial Research Conducted (includes effectuated)	
	#	%	#	%
6/13/2014	38	14%	124	46%
6/20/2014	63	24%	223	83%

Memorandum

To: Governor Peter Shumlin

From: Annie Noonan, Commissioner VDOL

Weekly Report: Week ending June 27, 2014

Unemployment Insurance and Wage Division: We receive a \$1,047,000 grant from USDOL for REA (reemployment eligibility assessment) which was expected since Vermont's program is noted as a model for the nation. This money will enable us to do more intensive one-on-one skill assessment, job counseling and placement for the vast majority of the clients in our Career Resource Center. Just as we were preparing to stop EUC claims acceptance, we received notice that congressional reauthorization may occur. Luckily, we did not stop the claim filings. Claims Center data: For the week ending 06/21/14 we took 2,092 calls. This is an increase of 424 calls from the prior week. We processed 505 initial and 499 additional claims. This is an increase of 163 initial claims and an increase of 243. We paid 3,763 claimants during the week ending 06/21/14 compared to 3,920 for the prior week, and processed 93 Mass claims (primarily school vacation layoffs): Sodexo, Lamoille Valley Transport and First Student. We held 2 Rapid Response sessions for TE Connectivity, Bennington, and saw 36 employees. On 6/25, we did a Rapid Response for 28 workers of Benway Taxi (20 drivers, 4 dispatchers, 3 office staff and 1 mechanic). We were told by owner that other employees have accepted driving jobs with other companies.

Economic & Labor Market Information Division: UI press release last week – 3.3% (no change). Mat B engaged with Mature Worker Commissioner, Health Care Access (reviewing a survey), updating short-term occupational projections, answering prevailing wage calls, presenting income growth numbers, responding to media on U3 vs U6.

Legal Division: Aaron Adler of Leg Council wrote to check in on the status of the newspaper carrier UI rule. He stated that, "I don't find any legislation from 2014 that permanently changed the Department of Labor's authority related to the rule or that specifically exempted newspaper carriers from UI. Is this correct?" The answer is that we intend to proceed with adoption of the rule. The last formal action the committee took on the rule was to object to our economic impact statement, after which the department submitted an additional economic impact statement to the committee. LCAR did not take further action before the legislature imposed the temporary moratorium on adoption in Act 82. Interestingly, in the interim, legislative council submitted a study report to the committee supporting the Department of Labor's study and position. A VOSHA review board hearing on a citation issued to Joe Handy, Burlington building owner, was scheduled for hearing this week. The hearing has been continued due to a fire in one of Mr. Handy's properties. The citation was for failure to use fall protection while working on a roof. VDOL's investigation into alleged anti-union activity by the Bennington Bus Company is largely complete, a summary has been sent to Sarah London by separate email for her review.

Workforce Development: VDOL received a \$1.5M dollar grant this week to work with Vermont HITEC and long-term unemployed Vermonters. We also filed a grant in conjunction with Richard Sheir for a Veterans employment initiative, and are partnering with VR on a reemployment grant. Note: The VTC Apprenticeship grant negotiations are underway, and as I said in last week's report, VTC is not happy that I am being hard on them for their serious lack of performance and grant compliance. Dan Smith called Aly Richards, which is what I predicted would happen, to try to garner 5th floor support. We cannot continue to let them off the hook. I brought Aly up to speed on all of the problems. We will fund them this year, but the total grant funding and terms will change, which I told Dan several weeks ago. VDOL held another Vermont Yankee meeting with VY HR, MA and NH DOL. Next meeting will be on August 6th from 10-12:00 at the Governor Hunt House at VY. VDOL attended the Windham County WIB meeting. They are not willing to include MA and NH employers to the Career Expo in November which has upset VY HR and MA and NH DOLs, with whom we have been partnering on this dislocated worker initiative. The Austine School closed, 50 workers laid off. Brattleboro DOL office has seen a huge number of the employees. All the employees were deaf and VDOL has secured interpreters as needed. The Rapid Response was held on May 29th. Friendly's in Brattleboro has closed with 27 layoffs. The company has refused to provide required info under the ESB Rule, so we will be going after them for non-compliance. PCM Image Tech, Springfield, 7 layoffs – we held 2 Rapid Responses, June 20th. VDOL met with the Hermitage Club on June 25th, West Dover. By December, they will be hiring between 100-200 people, and currently have full time positions available. VDOL is helping them with a job fair in August. VDOL attended Springfield WIB meet on 6/26. Bob Flint from Springfield RDC has "advised" VDOL that we should not talk to Springfield area employers without consulting him first (you can't make this stuff up). VDOL is making great strides in OJT work, particularly in the Windham County region! Our offices have recently faced a rash of verbally aggressive/abusive customers, one of whom was so out of control that BGS might ask for a no trespass order on him. Trade – several of the offices have ramped up for trade eligible worker enrollment. I sent a letter in support of UVM's Transportation Workforce Center grant. Notes of Interest: WIOA Reauthorization changes (important to VDOL, but for your info if you are bored and can't sleep) can be found at the following link: http://www.nationalskillscoalition.org/federal-policies/workforce-investment-act/wia-documents/2013-09-16_wia-house-senate.pdf. of work done to support Gov's Office interview on jobs and economy and IBM.

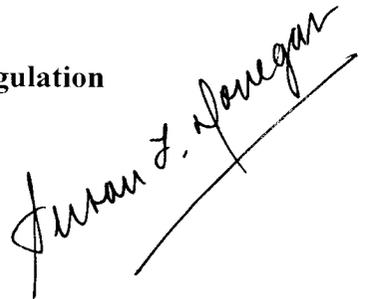
And finally, in anticipation: *Happy 4th of July, and thanks for the "no report" get-out-of-jail-free pass!*

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

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: June 27, 2014
Re: Weekly Report



Banking Division:

On Wednesday, Commissioner Susan Donegan and members of the banking division met with their counterparts from the New Hampshire banking department. The day-long meeting is an annual event where the two regulatory teams discuss issues of common interest. There is a significant amount of cross-border banking, lending and credit union activity. For example, currently there are six Vermont financial institutions that have operations in New Hampshire. Some of the topics discussed were how to coordinate joint safety and soundness financial examinations, cross-agency training and personnel sharing, virtual currency, cyber-security, recruitment and retention of personnel and enforcement cases.

Captive Insurance Division:

Captive insurance license number 1019 was issued this week to Fides Insurance Group, which was formed by the Roman Catholic Arch-Diocese of Boston.





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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: June 27, 2014

Significant Events/Meetings:

Don Collins and I met this week. He is looking for something to do and expressed interest in CTE work, troubleshooting work, and issues around consolidation. Note to Job: he is very interested in building support for school construction aid.

Lisa Ventriss and I met and she shared her plans for a two day (Dec 17-18) session devoted to Appreciative Inquiry around governance. We have agreed to provide some data around finances, performance outcomes and access to IT. She suggested that if there were struggling schools that were having trouble getting access to IT/computers, there might be business partners who would help.

The **State Board of Education** held their annual retreat this week. The first day focused on roles and responsibility and operations. The second day focused on defining their priorities. They took huge strides forward and emerged a more collegial, higher functioning group, with more unity of purpose. Priorities for their next 5 year plan are focusing on equity of opportunity (to narrow the achievement gap) and sustainability and stability (which will include fiscal sustainability). This brings them more in line with the goals we have been developing. There is some interest in reviewing the rules for approving independent schools to require independent schools that are dependent on public dollars to adhere to nondiscrimination policies around students with disabilities.

Press Contacts

I spoke with the Valley News about new federal criteria for evaluating special education. I used this to plug the importance of early education and early intervention.

I interviewed with WCAX on consolidation and union high schools: it was not my finest, but it does remind me that in the 60s, folks were very anxious around consolidation and union high schools, but now CVU is seen as a flagship in the state.

Emerging news/issues:

Next week, we will begin a complete review and hopefully, process reengineering in our teacher licensure division. This is our most public face, and is persistently struggling to meet performance goals.

Rebecca

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: June 27, 2014
Re: Weekly Report

Status of Governor's Priorities: .

none

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

Participated in VT Edition interview on VPR Wed June 25th. Very general information discussed.

Significant Events/Meetings:

NASPL Directors Meeting in NH last week. Our New England game, Lucky for Life is expanding in January to include 8-9 more states. It is a popular game model that many states are interested in offering. The new national premium game concept, Monopoly Millionaires' Club will start in Oct in approx 24 states. Vermont will start offering this game next spring.

Evolving Issues:

We are just about finished with our Problem Gambling grant, and have worked with new service provider, VAMHAR, on their response and transition to providing the same services that VCPG did. There has never been more than one respondent so we have felt comfortable with providing guidance in advance. They will provide a seamless transition for the services that Vermonters experience when calling the hotline or using the website. We are working on their approach to measuring the services, knowing how many certified clinicians exist in Vermont, and knowing the total caseload for gambling addiction in Vermont.

Summary of Key Agency Department Activity:

We have two HR matters in the works involving inappropriate time reporting and unacceptable documentation for FMLA. Both are still in the investigation stage.

Lottery is participating in the Lake Monsters' game tonight, selling tickets to draw two winners for our Cash-N-Ator machine. We will have the machine on the field with winners getting 30 seconds to grab up to \$1,000. We will do this at 5 games over the course of the season.

Executive Director's Commentary:

Nothing at this time.

Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, June 27, 2014

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Montreal Preclearance

Staff participated in a teleconference with the NYSDOT, MTQ and Amtrak this week on the renewed partnership to advance the design/build/operate plan for a secure preclearance facility at Montreal Central Station. As you know, we lost some time with the recently retired government in Quebec but are seeing a renewed mandate to pursue this effort. I have sent a welcoming letter to the new Transport Minister, Robert Poëti, and am proposing that we meet soon to discuss our mutual interests.

Highway Trust Fund

The total needed to secure the HTF to Dec. 31 is \$8 billion. Senator Wyden has proposed such a transfer to the HTF, funded by a combination of tax law changes including a fee hike for heavy trucks. Senate Republicans are insisting on spending cuts to the federal transportation program and a contingent, led by Senator Portman of Ohio, would like to see a transfer of the program to the states. This is an idea that is not good for small states that depend on the U.S. Government heavily for their capital program. If the proposal to eliminate the federal gas tax of 18.4 cents were adopted, for instance, the approximate Vermont gas tax needed to replace it would be more than 60 cents to fund our current \$200 million Surface Transportation allocation.

We have been working with Congressman Welch's office who is preparing more media outreach around the HTF insolvency. We are sharing the list of our upcoming projects for advertising as those most "vulnerable" to delay if the Trust Fund runs out. As you know, we anticipate relying on state GF cash flow to help us pay our bills for the short term, so we are unlikely to take real action to delay advertising before late September. Still gambling they will have a short-term fix by then. Meanwhile, we continue to get media interest. Deputy Secretary Minter interviewed this week for CBS News Money Watch <http://www.cbsnews.com/news/how-americas-roads-are-running-out-of-money/>

Public Transit in Chittenden County

We have communicated our displeasure with CCTA for their failure to award an ADA contract for FY-15. The current contract is with Special Services Transportation Authority (SSTA) which has served the folks who are not able to use regular CCTA service.

We are also anticipating a change at the top of CCTA, which we were told was imminent about three weeks ago, but has not happened yet.

In another area of concern, Benway Transportation is closing down their operations in the Burlington area which include MORF Transportation Services, another contractor to the disabled community that currently manages 1,150 trips per month. Our Public Transit staff is working closely with appropriate staff from AHS and others to fix the problem.

Champlain Parkway

I spoke with Mayor Weinberger this week and I believe that we are on the same page concerning legal and communications strategy on the construction of the four-way intersection. Essentially, we are going to “stand down” while the City awaits a decision of the court on the appeal of 40th Burlington (owners of the Innovation Center) and make no further attempt to advance the project without benefit of that decision. It is their project to manage.

Truck Weight Issue

One of our largest milk haulers, McDermott, has been running overweight (based on their 90,000 lb. permit) for years and has received tickets in both Vermont and New Hampshire over those years. This has now been noticed by the Federal Highway Administration (FHWA) in D.C. and both states have been notified to step up enforcement activity on this hauler. We have brought Chuck Ross into the discussion.

Climate Resilience Task Force

Deputy Secretary Minter has been working with an inter-agency team to review the recommendations from the entire Task Force (some 500 ideas) and ranking them per CEQ’s instructions. We have prioritized 3 top priorities that relate most to Vermont’s needs for resilience and stemming from Irene lessons. These include: 1) Making FEMA’s disaster mitigation programs more flexible and less bureaucratic by changing from a FEMA-managed process to a Block Grant program (modeled after CDBG) where states manage and administer; 2) Requiring FEMA mapping to be updated to include Erosion Risk (which is Vermont’s greatest risk and not now recognized – which is why, among other things, homes in Jamaica did not qualify for buy out; 3) Include climate resilience into land use and emergency planning, with a focus on vulnerable populations (meaning those most at risk, and also those without adequate capacity for response – low income, etc. – which relates to Vermont’s mobile home populations).

FEMA’s Culvert Decision

We are dismayed to learn that FEMA’s Region 1 has issued a decision declaring that ANR’s Stream Alteration Permit does not meet their definition of Codes and Standards

for FEMA Public Assistance reimbursements. After 3 years of appeals, high-level meetings and extensive legal briefs, this decision takes us backwards and puts our towns at greater risk. This decision also runs counter to everything the Task Force is recommending to the President. It also runs counter to what our Federal Highway Administration allows/supports. We are submitting a letter to FHWA requesting they work with FEMA to bring their programs into alignment, and to recommend that FEMA defer to FHWA for allowable engineering standards. This may be an issue you would like to raise to the Task Force as it is a perfect example of how federal agencies are not working together as a team, and how some federal programs are creating barriers to resilience.

NOTES FOR STAFF

Proposed Derby WalMart

Legal, Traffic Research and Planning staff are fully engaged in due diligence on the traffic study submitted to Act 250 staff by Shattuck Hill Investments, LLC for the Derby WalMart. Our focus is on impacts for the I-91 ramps, north and southbound at Exit 28 and the intersection of US 5 and VT 105.

There has been some complaining in the press (*Caledonian Record*) that we are taking too long, however, we received the application and traffic study on June 6 and expect to turn it around by next week. There is no way this can be described accurately as unresponsive given the work involved but some in the Kingdom would like to see this rubber-stamped.

St. Johnsbury Park and Ride Project

Our legal staff participated in a “take line” review of the project which is planned for the US 2 and VT 5A intersection and involves the expansion of an existing park and ride lot. We need just .9 of an acre for the expansion but the property owner wants us to buy the entire lot which is much larger. The interesting aspect of this case is that the property owner is the *Caledonian Record*, an interesting place for them to be, given their traditional advocacy for “smaller government”.

Circumferential Highway Alternative Project – Exit 16 Colchester

A pre-hearing conference has been scheduled for the ANR District Office in Essex Junction on July 7th to start the Act 250 consideration of this project which we expect to be building in the next year. The project comes under the 10-acre rule for Act 250 jurisdiction and the “amendment jurisdiction” involving Act 250 permits already issued to private abutters. This \$5 million dollar upgrade will incorporate a remake of the interchange to a “Double Crossover Diamond” with all new signalization, the first such interchange in Vermont.

VTrans Employee Cited for Insurance Fraud

Barton Garage supervisor Roger Daigle was cited on Tuesday for Insurance Fraud and false report to law enforcement involving his alleged concoction of facts concerning a traffic accident involving his personal vehicle and insurance to cover the actions of a

friend and co-worker who was uninsured and actually responsible for the damage. Daigle falsely claimed a “hit and run” by an unknown operator.

Although not work related, we are reviewing the matter internally to determine if there should be any implications for his employment with the State.

Furniture World of Vermont Signs Proliferating Chittenden/Franklin Counties

For the last couple of weekends this company, with a store located behind Costco in Colchester, has put up numerous signs advertising their business off-premises and in often within our right-of-way on a variety of roads in two counties. The signs go up on Friday night and come down on Sunday night and are clear violations.

We have called the Martello family, owners of the business, and told them of the violation and our plans to enforce the law if they don't cease the illegal placement of these signs. Shannon Martello has said that she would see that it didn't happen again. We are hopeful that we won't see them this weekend but if we do we will be forced to bring people in to gather the signs and then seek legal action against the business. We have received at least one complaint already from a citizen who finds these signs offensive.

Vilas Bridge Update

I met with Commissioner Clement of NH, along with NH House Public Works Committee Chair David Campbell and committee member Rep. John Cloutier in White River Jct. last Friday. It was Cloutier who sponsored the unsuccessful 50/50 bill on the bridge in the last session of the NH legislature.

VT 12 Elmore-Morristown Paving Project – Centerline Rumble Stripes

As a follow up to last week's report, VTrans attended the Morrisville Selectboard meeting on 6/23 to discuss the centerline rumble stripes proposed for 3 miles of this 7-mile Route 12 paving project. VTrans initiated the visit in response to concerns from both Senator Westman and Speaker Smith. Our policy of installing centerline rumble stripes as a safety element is creating pushback in some areas. We have proceeded with this policy in pursuit of our goal to reduce crashes and fatalities on our system. We know that these are a low cost and effective strategy (25-30% reduction in crashes) which is now being deployed across the nation (state by state). However, they do create noise impacts, which are not welcomed everywhere. (Recall, however, we were heavily chastised for NOT installing these along Route 4 last summer, and have heard much appreciation for their subsequent installation). Approximately 30 residents and local officials attended the Morrisville meeting – and the reception was quite negative. We anticipate opposition may continue/grow and are planning to meet with elected local officials, regional planning officials, etc., to do a better job on building our case. This may include a highway safety forum with participation from Emergency Response and Public Health Officials. We are also studying the exact noise impacts from these installations. At this point we have over 120 miles of new rumbles planned in 2014/2015. There are approximately 85 miles in place today. You may hear more on this topic, so please let us know if you do.

TDI – New England

In lieu of their regularly scheduled conference call, this week's meeting collectively brought together members of the TDI-NE team and VTrans in Montpelier to review and discuss individual "pinch points" identified by the design team and potential alternatives to address these areas. Points of focus were those areas along VT 22A, US 4 and US 7; the group also began discussion on the "pinch points" along VT 103. Details were discussed on what future highway impacts may look like along each respective corridor and best practices for locating the transmission cable to minimize any impact to the facility during its expected life cycle. These discussions proved to be beneficial for all members of the group with additional knowledge gained on design alternatives that may be used to overcome specific obstacles. TDI-NE will re-evaluate some of the areas discussed and provide an update at our next meeting.

Next week a brief phone conference is planned and the week following another face-to-face meeting in Montpelier will be held to continue discussions related to specific "pinch-points" along the corridor.

Misplaced Paperwork

During a recent Vermont DMV Rider Education Program motorcycle training course in Rutland the paperwork containing information of the 12 course participants was misplaced. This information included names, addresses, dates of birth and driver's license numbers. While DMV has no indication the information has been misused, we are in the process of working with the Attorney General's Office to notify everyone affected by this loss of sensitive information.

VTrans' Asset & Risk Management Workshop

An Asset & Risk Management Workshop structured around the theme "Begin with the End in Mind" was conducted at the State House on June 24 and 25, 2014. There was an AM and PM Session on each day with attendance varying from 35 to 45 attendees from within VTrans and FHWA – VT Division. The workshop was facilitated by Gordon Proctor and Shobna Varma of Gordon Proctor Associates. June 24 activities and discussions focused on asset management components and requirements as outlined in the MAP-21 legislation. June 25 activities focused on risk management in the context of what risks exist that would prevent the Agency from meeting the asset management goal of ensuring that the right treatment (preservation, rehabilitation, replacement) is applied to the right asset at the right time in a timely and cost effective manner.

A brief summary of the sessions is as follows:

- On June 24 in the AM, attendees learned about the various components of a transportation asset management plan or TAMP and learned how VTrans personnel were providing stewardship of pavement, bridge, rail, culverts, and ancillary assets. The PM session focused on the Agency's Financial Plan component of the TAMP. Presentations by Gordon Proctor and VTrans personnel provided an overview of what the Agency currently has for information that,

- although may need to be updated, forms the basis for its initial Financial Plan as required by MAP-21 legislation.
- On June 25 attendees learned about the basic principles of risk management and how risk management has been used within VTrans to monitor rockfall hazards. The PM session provided attendees an opportunity to put the risk principles they learned from the AM session to work. The afternoon session began the Agency's journey in the development of its initial Risk Registry; while although a TAMP requirement it is foreseen as a critical document for the Agency as it matures and grows in asset management.

Any questions regarding the Asset & Risk Management Workshop or Asset Management within VTrans may be directed to Chad Allen at chad.allen@state.vt.us

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: June 27, 2014

Financial Impact of HHS/Office of Refugee Resettlement (ORR) reallocation of funding for FFY15:

- The ORR informed us that due to the Unaccompanied Alien Children (UAC) crisis at the southern border, they will ask Congress to shift all of their unobligated funding for FFY14 (funding FFY15 programs around the US, as well as Social Services for FFY14) to the UAC program. Congress has 15 days to respond to the request.
- If Congress approves, \$95 million will be transferred to the emergency situation at UAC, leaving no other source of funding for all of the discretionary grants supported by ORR, as well as Social Services for this fiscal year since the formula allocations are normally issued at the end of the FFY.
- The FFY 15 has not even been submitted yet, so funding for future years is also in limbo.

What this means for Vermont:

Effective October 1, 2014, the following Vermont programs stand to lose the following amounts. The School Impact and Refugee Health Prevention Grants, for which we have reapplied for a new grant cycle, would be affected earlier, on August 15th. The impacts on the refugee project will be severe and will place pressure on the state and local governments (mostly Burlington and Winooski) to make up for the loss of funding.

Estimated Financial Impact:

Some programs will be cut immediately by 58%, the other 42% being part of FFY15, which has not been submitted to Congress yet.

GRANT/PROGRAM	AMOUNT	REMARK
1. Refugee Health Prevention (to VDH with USCRI/VRRP, CHCB as subgrantees)	\$75,000	100% cut, VT just reapplied for new grant
2. Refugee Targeted Assistance, Project Helping Hands: to State Refugee Office with ReSOURCE, UWCC, USCRI, AALV, Navicate, VAL as subgrantees, for Youth in Transition and refugee workers 45+ years old.	\$150,000	58% immediately, 42% in FFY15 budget
3. Elderly refugees to AHS State Refugee Office with subgrantees CVAA, AALV, UVM Behavior, Therapy and Psychotherapy.	\$97,200	58% immediately, 42% in FFY 15 budget

4. Refugee School Impact to State Refugee Office, with Burlington and Winooski School Districts as subgrantees	\$200,000	Applied for new grant. 58% August 13, 42% in FFY 15 budget
5. Social Services Allocations to State Refugee Office, with subgrantees USCRI for ELT classes and employment services to USCRI and AALV.	\$130,000 (est.)	FFY 14 funding, to be spent in CY 2015
6. Ethnic Community-based Organization grant and Child Care grant directly to AALV, with Child Care Resource as partner for Child Care grant.	\$323,776	This represents 42% of the entire AALV budget, 100% of these 2 grants. 58% immediately, 42% in FFY 15 budget
TOTAL	\$975,976	We are preparing to contact congressional delegation

Vermont Department of Health (VDH)

VDH Response to Public Service Query Regarding Pentachlorophenol:

On June 27th, the VDH will be filing a joint letter with other state agencies, including the Agency of Natural Resources and the Public Service Department, recommending the Public Service Board open an investigatory docket into the use of pentachlorophenol-treated utility poles (pentachlorophenol is a pesticide that can cause acute and chronic health effects) in the state. This follows a request by the Board as to whether the Board should investigate allegations made by Monkton residents related to contaminated water supplies as a result of a release into the environment of pentachlorophenol.

VDH Presentation to Public Service Board Regarding Establishment of Sound Standards:

On July 1st, the Department will be filing a letter with the Public Service Board concerning the VDH’s presentation at the Board’s July 29th workshop being held to gather information relevant to the *Investigation Into the Potential Establishment of Sound Standards* (Docket 8167). William Irwin and David Grass will provide information concerning the most recent scientific literature on the effect of wind turbine sound on human health and a discussion of the use and efficacy of Health Impact Assessment (HIA) as a tool to comprehensively analyze the positive and negative health impacts of an energy policy or project.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH):

The Open House for the Vermont Psychiatric Care Hospital (VPCH) in Berlin is scheduled for July 1st. A Certificate of Occupancy was issued for staff this week, so staff will be training on each shift over the next few days. The Board of Pharmacy also licensed VPCH, so a Drug Enforcement Agency number will be issued by the end of this week and the medication dispensing machines will be readied for patient admissions. Licensing and Protection walk-

through was completed with only minor environmental findings that require correction. The Board of Health issued a license conditioned on the few additional adjustments that need to be made before patient occupancy can be considered. All of these additional needs should be addressed by July 1st, making potential opening July 2nd viable. DMH is awaiting final inspections to grant patient occupancy, but is already proactively planning patient transfers and facility movers in anticipation of readiness to open prior to the July 4th holiday weekend.

Brattleboro Retreat:

The DMH received notification from Peter Albert that three findings were identified by Licensing and Protection at the Brattleboro Retreat from its review of the May incident on Tyler 3. By verbal report from the Retreat, none of the findings cited were “Conditions of Participation” areas, but will likely require a Corrective Action Plan. A formal Findings Report should be issued to the Retreat sometime next week.

Emergency Room Waits:

In addition to continued pressure for inpatient beds, Disabilities Rights Vermont (DRVT) is also advocating and/or suggesting potential legal action in individual situations of individuals waiting in Emergency Departments (ED) for inpatient beds. A potentially high profile Level I patient was safely maintained in a regional ED over the weekend until a hospital bed became available against the expressed demands by DRVT for alternative disposition to occur on Friday afternoon. There is continued pressure on ERs and Corrections for patients needing psychiatric inpatient care.

Department of Disabilities, Aging and Independent Living (DAIL)

Advocates for persons with autism object to work group report on eligibility:

Individuals and families with Autism Spectrum Disorders (ASD) have raised concerns about recent discussions at the Developmental Disabilities Services (DDS) Imagine the Future Task Force regarding eligibility for DDS in the future. The Task Force discussed whether: a) the eligibility for DDS Home and Community Based Services should remain as it is; b) adopt the federal definition of DD; c) change to only IQ under 70 with deficits in functioning. This last change would in effect exclude people with Autism Spectrum Disorders (ASD). While no consensus was reached, the discussion itself sparked concern that Vermont is moving to eliminate ASD from the eligibility criteria. Despite reassurance by DS Director Camille George and Commissioner Wehry that there are no plans to move in this direction, some families remain concerned and advocates are fanning the flames. DAIL is working to respond to concerns with some limited success.

Department of Corrections (DOC)

Staffing Analysis

The DOC received one bid in response to the Act 163 (an act relating to temporary employees) staffing analysis language. The bid comes from the Association of State Correctional Administrators. The total bid is about \$70,000 and staffs the contract with two full-time

equivalents (FTEs) for a 12 week period. We will proceed with this bidder and execute a contract with a start date around August 1, 2014.

Population Report

The department's incarcerated population averaged 2,054 for the previous week. The male population averaged 1,906 with 327 being presentenced inmates. The female population averaged 148 with 34 being presentenced inmates.

Department for Children and Families (DCF)

Vermont Health Connect – Health Benefits Eligibility and Enrollment Rulemaking Update:

DCF and DVHA have been jointly implementing Vermont's health benefits eligibility and enrollment (HBEE) rules. Since the first rule was adopted October 1, 2013, we have had a series of emergency rules (three to date) implementing new and changing federal regulations related to the Affordable Care Act. A permanent proposed rule was filed in March 2014. In the course of this rulemaking, DCF and DVHA have also been meeting informally with Vermont Legal Aid (VLA) and the health insurance carriers to address their specific concerns with the proposed rule. We filed the final proposed rule on June 11th and presented this rule to the Legislative Committee on Administrative Rules (LCAR) on June 26th.

Vermont Legal Aid (VLA) commented that there has been a recent shift in policy regarding an individual's eligibility for Medicaid covered long-term care services under the Choices for Care (CFC) waiver program. VLA asserts that DCF is imposing a new categorical eligibility requirement in addition to clinical eligibility. There is no new requirement. Categorical eligibility has always been part of the CFC waiver program in accordance with federal law. We have reached out to CMS and have received a favorable response that we have shared with VLA. We have also drafted a memo explaining federal Medicaid long-term care eligibility and how Vermont is not changing its policies with the proposed rule.

At LCAR we requested that the Committee approve the rule as drafted because there is no new eligibility requirement. As a result, there are no statutory grounds for objection referenced in 3 V.S.A. § 842 that are applicable to this proposed rule, i.e. the proposed rule is not beyond the authority of the agency, is not contrary to the intent of the legislature, and is not arbitrary. We have met with VLA extensively on this issue and we will continue to meet with VLA to discuss this issue and explain the federal law that guides Vermont in determining long-term care Medicaid eligibility.

Department of Vermont Health Access (DVHA)

Vermont Health Connect:

Optum contract:

1. Operations assessment is ongoing. Recommendation due next week.
2. Began making change of circumstance calls from Optum call centers Monday evening.

3. IT assessment is ongoing. Recommendations due next week.

Other Updates:

- Contingency planning: The team is engaging in comprehensive contingency planning for outstanding functionality necessary for the next few months and open enrollment. First draft to be completed the week of July 14th.
- Audits: A series of audits are under way, or will be started this summer
 1. State audit (KPMG) – ongoing.
 2. Office of Inspector General: The first (eligibility & enrollment) has kicked off for a three month audit. Two more likely to follow: security & database and finance/grants.
 3. CMS/CCIIO site visit – July 21-23
 4. State auditor (Hoffer's Office) – in contemplation.

Office of Inspector (OIG) General Audit Kickoff:

The OIG arrived in Vermont on Wednesday to begin a three month audit of Vermont Health Connect's eligibility and enrollment. The scope of the audit focuses on internal controls for accurately determining eligibility and will include 45 cases randomly chosen from Vermonters enrolled in Qualified Health Plans (QHP) prior to April 1st.

External Quality Review Organization Audit:

Last week auditors completed DVHA's annual External Quality Review Organization (EQRO) audit. EQRO audits are required whenever a state chooses to contract with a Managed Care Organization/Entity to provide services to Medicaid members. Vermont's unique system for the delivery of Medicaid services requires that DVHA follow the same compliance standards as other Managed Care Organizations/Entities. Our EQRO audits are designed to cover different topics each year, with the complete cycle repeating every three years. This year, the EQRO audit evaluated the following standards:

- Provider Selection
- Provider Credentialing/Re-Credentialing
- Member Information and Communication
- Member Rights
- Confidentiality
- Member Grievances, Appeals and Fair Hearings
- Subcontracts and Delegations

During the audit closing session, the auditors provided us with a few suggestions for improving some of our processes. The feedback we received from our auditors was very good. They made several remarks that positively compared us to Managed Care Organizations/Entities across the country and stated Vermont continues to lead the way by setting and meeting very high standards for the delivery of services to Medicaid members.

The final audit report will be available at the end of August, and we will provide another report with specific information about our findings and corrective actions.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: Friday, June 27, 2014

Secretary's Top Issues

- **Ag Development Position Announcements:** Currently hiring two Senior Agricultural Development Coordinators: One will play a leadership role in developing regional, national and international market opportunities for agriculture, food and forestry businesses; the second will have leadership responsibilities for *farm to school* programming, healthy initiatives in state government, and promoting the visibility of local food.
- US EPA was in Vermont on Tuesday and Wednesday with representatives from both Region 1 (New England) and Headquarters for a round table discussion with the farm community about the proposed Waters of the United States Rule (WOTUS). The WOTUS Rule proposed by EPA does raise some concerns among the Vermont farm community. Although EPA contends the Rule only provides clarification of the current regulatory practices/program, the State of Vermont is working to understand the details of the rule changes and the potential wider, unanticipated impacts to farming (land management) in Vermont. The Agency of Agriculture and the Agency of Natural Resources are working with federal partners, USEPA, NRCS, Army Corps to provide answers to questions raised by the Vermont farm community. USEPA sponsored an evening discussion on Tuesday that was well attended by members of the public and Vermont's congressional delegation. Wednesday's agenda included farm visits and field interpretation by USEPA.
- US EPA has finished with clean-up of all but the final two chlorpyrifos contaminated homes in Rutland Vermont. If the current schedule is kept. USEPA will be completely finished with site remediation by July 17th. This was over a 2 million dollar effort on the part of USEPA.
- Animal Health Administrative Assistant Stephanie Parks worked with state veterinarians this week to send out a mailing to approximately 350 VT commercial dairy farms regarding dairy biosecurity surveys. These farms have been asked to complete the surveys and return them no later than July 31st; completion of the survey will increase the chance that the farm will be permitted to ship milk during a Foot and Mouth Disease outbreak. The other farms were surveyed in person by the Animal Health and Dairy section field staff.
- Animal Health staff attended the Addison County Commission Sale where the improper placement of ear tags onto livestock was observed along with freemartin testing performed by uncertified individuals. Improper placement of ear tags, in addition to inhibiting efficient traceability, can be a human issue as it can cause ear infection and delays at border crossings. Freemartin testing can only be performed by certified individuals. Animal Health Program Coordinator is following up with the Sale regarding these issues.
- Dr. Haas provided technical assistance this week to a Vermonter who would like to start a butterfly/hummingbird/wild bird nature habitat and enclose these animals in a large natural setting. He also wants to import exotic chickens, expand into having native fish species and possibly start a wind farm on the same property.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: Friday, June 27, 2014

Status of Governor's Priorities:

Press

- Secretary Ross had a phone interview with John Herrick of VT Digger. John asked about Agency views on EPA WOTUS draft and Sec. Ross indicated that the EPA has not clarify how the rule may or may not change the jurisdiction and regulation of activities of the Clean Water Act
- Henry Marckres, Chief, Consumer Protection, was interviewed on WCAX "The :30" on the past maple season and the maple industry in Vermont.

Significant Events/Meetings:

- Animal Health Program Coordinator attended the IACUC board meeting at the Binding Site research facility in southern Vermont. Issues discussed included facility expansion, building new sheep housing, and proposed research topics. Animal Health personnel in attendance provided information on the State-Federal Cooperative Scrapie program and discussed ways to collaborate with the facility to submit obex and lymph nodes samples for testing. Vermont is required to submit a certain number of samples for Scrapie testing every year and collaboration with this facility will help achieve the stated goals.
- State veterinarians and Animal Health field staff met this week with USDA colleagues, McCrackens and Son Livestock owners and office staff, and the northeast rep for Allflex, an RFID tag manufacturer. The purpose of the meeting was to brainstorm on the ways that the business might be able to incorporate the use of radiofrequency official identification into their business in order to more easily remain compliant with the USDA's Animal Disease traceability rule. It is important for this business to remain compliant as they provide an outlet for many of the bob calves sourced from Vermont farms.
- The Food Safety Consumer Protection Division management team and Local Foods Administrator Abbey Willard met this week to begin to scope out a proposal for Administration for inspections at farmers markets. We hope to have this plan finalized within the next two weeks after allowing ample opportunity for input from the field staff that will be performing the bulk of the inspections. Two immediate goals are to update the guidance document prepared by VAAFM that is available to the VT Farmers Market Association and vendors and covers pertinent regulations and laws and to map the farmers market locations around the state. Both of these initiatives are under way currently.
- Animal Health Administrative Assistant Stephanie Parks worked with state veterinarians this week to send out a mailing to approximately 350 VT commercial dairy farms regarding dairy biosecurity surveys. These farms have been asked to complete the surveys and return them no later than July 31st; completion of the survey will increase the chance that the farm will be permitted to ship milk during a Foot and Mouth Disease outbreak. The other farms were surveyed in person by the Animal Health and Dairy section field staff.

Evolving Issues:

- Animal Health field personnel assisted the Health Officer/Selectman from the Town of Wells regarding an animal welfare complaint with the keeping of poultry in the village. Found poultry to be fed, sheltered and watered. Concerns noted during inspection indicated a rat infestation and the situation was referred to the ARMS Division

regarding the manure management. The town of Wells is located on gravel and many village residents have shallow driven point wells.

- Animal Health staff attended the Addison County Commission Sale where the improper placement of ear tags onto livestock was observed along with freemartin testing performed by uncertified individuals. Improper placement of ear tags, in addition to inhibiting efficient traceability, can be a human issue as it can cause ear infection and delays at border crossings. Freemartin testing can only be performed by certified individuals. Animal Health Program Coordinator is following up with the Sale regarding these issues.
- Dr. Haas and Donna Gilman worked collaboratively this week to finalize execution of a grant amendment with the Vermont Veterinary Medical Association to administer the State's Food Animal Veterinary Loan Repayment Program for the upcoming two years. The FY 2015 budget includes a \$30,000 appropriation for this purpose. The 2014 monetary awards to practicing veterinarians are expected to be given this fall.
- State Veterinarians worked this week to finalize Vermont's annual Chronic Wasting Disease report, due to USDA – APHIS by July 30th. Federal approval of this report is necessary to maintain state consistent status with the federal Herd Certification Program, which enables Vermont producers to export live cervids.
- State veterinarians have begun the process of amending the VAAFM livestock and poultry import rules, which have not been updated since 1998. We anticipate adding requirements for companion animals which we are authorized to do by statute, amending existing language to comport with current knowledge of contagious diseases, and embedding more flexible language into the rule so that it does not have to be amended every time scientific knowledge of diseases changes. The goal for ICAR filing is December 31, 2014.
- State veterinarians and Animal Health field staff met this week with USDA colleagues, McCrackens and Son Livestock owners and office staff, and the northeast rep for Allflex, an RFID tag manufacturer. The purpose of the meeting was to brainstorm on the ways that the business might be able to incorporate the use of radiofrequency official identification into their business in order to more easily remain compliant with the USDA's Animal Disease traceability rule. It is important for this business to remain compliant as they provide an outlet for many of the bob calves sourced from Vermont farms.
- Dr. Haas provided technical assistance this week to a Vermonter who would like to start a butterfly/hummingbird/wild bird nature habitat and enclose these animals in a large natural setting. He also wants to import exotic chickens, expand into having native fish species and possibly start a wind farm on the same property. The gentleman will likely require a scientific collection permit from the Fish and Wildlife Department for possession of the native wildlife and will be directed to his District Act 250 coordinator and his town zoning administrator to receive answers on his Act 250 and farm exemption questions.

Summary of Key agency Department Activity

Administration:

Ag Development Position Announcements: Currently hiring two Senior Agricultural Development Coordinators: One will play a leadership role in developing regional, national and international market opportunities for agriculture, food and forestry businesses; the second will have leadership responsibilities for *farm to school* programming, healthy initiatives in state government, and promoting the visibility of local food.

Land use:

Farmland Conservation Activity

During the month of June, five farms sold conservation easements utilizing VHCB funding.

- In Johnson, the Hooper Farm was subdivided into two parcels, which were subsequently conserved by Warren Rankin (102 acres) and the Joneslan Farm (99 acres). The Rankin Farm is an organic dairy with a heavy emphasis on rotational pasture with the remainder of the roughage coming from grass and legume hay. The Joneslan Farm, which has been in the family for five generations, is in the process of expanding its dairy herd from 200-350 cows and the conserved 99 acres provides needed feed for the expanding dairy.
- Jesse and Jennifer Lambert run an organic dairy in Washington, and conserved 152 acres of farmland. Selling the development rights lowers their operating debt and allows for future investments.
- The Robert Fuller Farm in Bristol conserved 132 acres in Bristol. This farm has been in the Fuller family for over 100 years and Mr. Fuller wanted to keep the family legacy going.
- In Thetford, the Tim and Janet Taylor Farm specializing in over 56 acres of mixed vegetable production that they sell direct to consumers at farmers' markets and through community supported agriculture (CSA) farm share program, and to summer camps, also sold a conservation easement.

Food Safety and Animal Health and Consumer Protection:

Consumer Protection:

- Marc Paquette and Hugh Lund of the Consumer Protection Section provided training to retailers on retail price scanners and the VAAFM scanner testing program at the Retail Grocers and Retailers Association office in Montpelier on Wednesday. This training was provided in order to try to educate retailers on the legal requirements and their obligations to their customers. It is hoped that this training will lessen the incidence of violations and help protect Vermonters in the marketplace.
- Steve Parise, Agricultural Production Specialist from Consumer Protection, presented at a beginning beekeepers workshop for the newly formed Lamoille County Beekeepers Club. Topics were disease identification, mite control and general hive management.
- The apiary program, consisting solely of apiculturist Steve Parise, continues to work at inspecting Vermont produced nucleus hives that are being sold around the state. A beginning beekeepers workshop was held on June 21, for the newly formed Lamoille Co. beekeepers club. The workshop was well attended by first and second year beekeepers. Topics covered were disease identification, mite control and general management strategies.
- Steve Parise, Scott Dolan and Sumner Kuehne of Consumer Protection performed 3 GAP (Good Agricultural Practices) audits this week.
- Henry Marckres, Chief of Consumer Protection, was interviewed by David Leff, former Deputy Commissioner of Environmental Protection in Connecticut, for a book he is writing about maple syrup production.
- Henry Marckres, Chief, Consumer Protection, was interviewed on WCAX “The :30” on the past maple season and the maple industry in Vermont.

Meat Inspection:

- The Federal Civil Rights review via the telephone is scheduled for July 1, 2014.
- The results of the legal case regarding food sovereignty in Maine.
<http://thecompletepatient.com/article/2014/june/18/%E2%80%9Cpublic-health%E2%80%9D-takes-precedence-over-all-maine-supreme-court-says-blow-food>
- Two much needed new inspector positions are currently posted for hiring.

Animal Health:

- AH field personnel:
 - Provided mycoplasma testing at Dresser Hill poultry farm to maintain export of hatching eggs.
 - Provided Avian Influenza and Salmonella testing on a backyard flock in Grand Isle to allow the producer to exhibit birds at upcoming fairs and field days.
 - Followed up on a referred report from DMV enforcement regarding an out of state individual hauling livestock without a Certificate of Veterinary Inspection and a valid Coggins test.

Food Safety:

GAP audits are now underway with 3 audits conducted by the audit team during the week of 6/23. Additional audits are being scheduled as the various crops to be certified are approaching harvest.

Agricultural Resource Management:

US EPA was in Vermont on Tuesday and Wednesday with representatives from both Region 1 (New England) and Headquarters for a round table discussion with the farm community about the proposed Waters of the United States Rule (WOTUS). The WOTUS Rule proposed by EPA does raise some concerns among the Vermont farm community. Although EPA contends the Rule only provides clarification of the current regulatory practices/program, the State of Vermont is working to understand the details of the rule changes and the potential wider, unanticipated impacts to farming (land management) in Vermont. The Agency of Agriculture and the Agency of Natural Resources are working with federal partners, USEPA, NRCS, Army Corps to provide answers to questions raised by the Vermont farm community. USEPA sponsored an evening discussion on Tuesday that was well attended by members of the public and Vermont’s congressional delegation. Wednesday’s agenda included farm visits and field interpretation by USEPA.

The Vermont Agency of Agriculture has been asked specifically by the Agency of Natural Resources for comment on the listing of three bumble bee species. It is yet unknown what impacts listing these bees will have on agriculture. Discussion on this topic will take place next week.

US EPA has finished with clean-up of all but the final two chlorpyrifos contaminated homes in Rutland Vermont. If the current schedule is kept, USEPA will be completely finished with site remediation by July 17th. This was over a 2 million dollar effort on the part of USEPA.

ARM Enforcement:

Pesticide Program

Lowes of Essex, Essex Junction will receive a Notice of Violation and proposed penalty for violations of the state Pesticide Regulations. The store was found on two occasions to have pesticide spills, and to be storing pesticide-containing mulch in an unsecured location in direct violation of the product label. The store was issued a cease and desist order requiring the store to clean up spills immediately and to move the pesticide-containing mulch to a secure location. However, upon re-inspection, the violations had not been corrected.

Public Records Request:

Michelle Monroe of the St. Albans Messenger has requested copies of inspections related to complaints made against Mark St. Pierre / Pleasant Valley Farm from 2004 to present.

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

- Staff conducted technical assistance visits on one MFO in Franklin County and three MFOs in Addison County. The visits were to discuss BMPs for improving water quality and permitting.
- Staff conducted a technical assistance visit on a LFO in Franklin County. The visit was to discuss the farm's LFO permit.
- Staff conducted one complaint inspection in Franklin County related to manure spreading at a MFO.
- Staff conducted field checks of no-till equipment that was purchased by farms through the Capital Equipment Assistance Program (CEAP). Six MFOs were visited to discuss the equipment they purchased and how they use of the equipment on their farms. The MFOs were located in Grand Isle County (2), Addison County (3) and Chittenden County (1). The goal is to document that farms are meeting the conditions of their grant agreements and implementing no-till as specified in their grant agreements. Thirteen farms received financial assistance to purchase no-till corn planters through CEAP.
- Staff assisted with a FOIA request related to past water quality complaints on a LFO in Franklin County.
- Staff attended a field visit at a MFO in Addison County to discuss EPA's proposed rule change to Waters of the United States (WOTUS). The goal was to look at how the proposed rule change would impact a farmer managing crop land in a floodplain. Representatives from the farm, VAAFAM, UVM Extension, ANR-DEC, Senator Leahy's Office and EPA were present.
- Staff attended a North Lake Partner meeting in Rutland to discuss water quality in the northern lake area of the Lake Champlain Basin. Representatives from VAAFAM, NRCS, UVM Extension, US Fish and Wildlife, and ANR-DEC were at the meeting.
- Staff are continuing to process applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program. Several draft permits and permit amendments have been submitted to our Directors for review and are being revised as needed. We are also working with farms to set up public meetings if the farms are proposing to build animal housing. Adding animal housing requires a discretionary public information meeting as well as a permit amendment for existing LFOs.
- Staff members attend a public meeting in Franklin County related to a LFO permit amendment where the permittee is proposing to build animal housing.
- Staff are working on developing the water quality section of the new CAI USA Food Safety water quality database.

Conservation Reserve Enhancement Program (CREP):

- Continued mapping/planning work for several ongoing potential CREP projects
- Staff are working with and training district staff

Secretary's Comments:

Press:

VT Digger, John Herrick, phone interview: asked about my views on EPA WOTUS draft and I indicated that the EPA has not clarified how the rule may or may not change the jurisdiction and regulation of activities of the Clean Water Act

Meetings:

- Eastern State Exposition, Montpelier: had lunch with vendors of the Vermont Building, lunch sponsored by Big E.
- VCRD Annual Retreat, Grand Isle: attended meeting and participated in conversation
- VSJF Annual Meeting, Green Mountain Girls Farm, Northfield: attended meeting, elected officers, and worked on strategy for funding organization
- VT Attorney General's Office and Agency Attorney, Montpelier: discussed range of ongoing legal matters including Buck Pesticide matters, CLF petition, solar land use issues and ever increasing load of legal work in Agency
- Ag and DEC Lab, Montpelier: met with ANR and Building General Services to discuss progress on Lab, appears siting recommendation may be ready by August 1, need to meet with Sec Spaulding soon and will need to meet with Legislative Committees on consultant's report is submitted.

Events:

EPA, WOTUS Draft Rule, UVM, Burlington: helped EPA organize a meeting of stakeholders to the Waters of the United States draft rule, about 35 people showed up, the presentation and discussion were unsatisfactory and poorly organized in advance by and the meeting itself was poorly conducted

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: June 27, 2014

Subject: ANR Weekly Report

Governor Level Issues:

E Waste Contract Selected: The program issued a Notice of Award to NCER/NERC (National Center for Electronics Recycling/Northeast Recycling Council) as the winning proposal for administration of the contract for the State Standard Plan for Recycling. The NCER/NERC proposal was chosen, out of four proposals submitted, based on its high quality and the cost for collection, transport and recycling of electronic wastes. The current contractor, Casella, was a close runner up, but had significantly higher costs than any of the other proposals.

Fema Formally Denies Roxbury: Staff received and acknowledged receipt of FEMA's formal determination letter denying the Roxbury FCS on the codes and standards funding route on 3.19.14. This is an appealable action and Vermont's appeal was transmitted to FEMA region 1 on 5.30.14. If FEMA's decision is not reversed after a Region 1 appeal, we will discuss appealing the decision again to the FEMA National Headquarters and involving our delegation.

PCP in Utility Poles: We received a number of complaints about the potential contamination of water sources due to PCP (pentachlorophenol) treated utility poles. This is being raised by opponents of the gas pipeline who believe that work in the VELCO right of way will result in contamination. ANR responded to the concerns this week, acknowledging the need to work with the utilities, including VELCO, regarding their practices for placing, removing and storing treated utility poles. The VAAF and DOH offered assistance for testing high risk water supplies and information for other residents to test their water. ANR is working with the agencies and Public Service Department to craft a response to residents' request to open an investigation into the practice of using PCP on poles.

Vermont Gas Addison-Rutland Phase I. Vermont Gas this week obtained their final permit for Phase I from the Army Corp of Engineers and plans to begin construction immediately. While VG is able to begin work on the vast majority of the Phase I alignment, VG's CPG includes requirements that they secure mitigation for impacts to the Pine Oak Heath Sandplain Forest and Red/Silver Maple Green Ash Swamp. According to the CPG construction cannot begin in either of these two communities until VG has obtained conservation easements that can satisfy the mitigation requirements for each parcel. ANR continues to work with VG to identify and secure the mitigation parcels.

Anaerobic Digestion Awards: The Clean Energy Development fund conditionally approved two awards for a food-waste digestion pilot project. VAAFM and ANR DEC reviewed and scored the proposals and drafted the conditions, which are now being negotiated. The potential awardees are Casella Waste Systems, Inc. and Grow Compost of Vermont. Casella is partnered with Blue Spruce Farm, and will process food waste at Casella's existing organics recycling facility in Rutland, for use in Blue Spruce Farm's existing digester. Grow Compost of Moretown will process the food waste in a specially designed truck, for use in the existing digester at Vermont Technical College. The awards will be \$139,000 and \$131,549 respectively. Total funds leveraged are at least \$60,000.

EVERYTHING ELSE:

Press Issues/Releases:

On-Site Loan Program Press Release: The On-site Loan Program sent out a press release to the ANR media contact list on June 16th to announce availability of funding through this new loan program. Established by the Vermont legislature in 2012, the program is targeted to help very low to moderate income Vermont homeowners with difficulty accessing funding to cope with the increasing expense of repairing or replacing failed residential wastewater and drinking water systems.

McRae Towing Assurance of Discontinuance (Milton): McRae owns a towing company in Milton, and was also operating an unlicensed salvage yard. Efforts made to get McRae to cease illegal salvage operations were without success. In March of 2013 McRae was issued an Administrative Order imposing a penalty and requiring that he close and clean-up his illegal salvage yard. He requested a hearing on the Administrative Order, scheduled for April of 2014. As the trial date approached McRae agreed to resolve the violation via a negotiated settlement. The settlement contained an admission of wrong doing, a penalty of \$4,500, and cessation of illegal salvage yard operations. ANR issued a media release on June 9, 2014 on the settlement. WCAX covered the story, adding their own spin: "Milton man battles State to keep towing business." McRae has paid the first half of his penalty and is on track to cleanup the illegal salvage yard by August 1, 2014.

Vermont's Moose Hunt Auction is Open: Vermont's lottery for moose hunting permits closed June 17, but there's one more opportunity to get a permit for this fall's moose hunt. Vermont's auction for five moose hunting permits is open until 4:30 p.m. August 14. Auction winners will hunt in one of several wildlife management units (WMUs) open to moose hunting and choose to hunt during the October 1-7 archery season, or in the October 18-23 regular season.

ABC 22/Fox 44 Features Contest Winner: The first Random Act of Camping occurred at Waterbury Center State Park this past weekend. The winning family received a two-day camping certificate, and they were filmed by ABC 22/Fox 44 receiving their prize.

Channel 3 Parks Coverage: WCAX Meteorologist Sharon Meyer finished her state park series of broadcasts at Half Moon State Park this week.

Radio: The commissioners are taking turns appearing on various radio shows from "Common Sense" with Bill Sayer, to Bob Kinzel's Vermont Edition and WDEV's Mark Johnson show.

Significant Events/Meetings:

Newport Airport: The Stormwater Program issued an individual construction permit for the proposed Newport Airport expansion on 6/18. The operational stormwater permit has also been issued. The draft 401 water quality certification and wetlands application were noticed on 6/20. The public hearing on the draft 401 and wetlands application will be held on 7/23.

Smugglers Notch Act 250 Permit: An internal OPLA/WSMD meeting was held on the Commissions recently-issued Act 250 Land Use Permit to Smugglers Notch for the construction of a new de minimis water withdrawal from the Lamoille River for snowmaking. WSMD reviewed Smugglers Notch's proposal and issued a Flow Determination in December 2013 that included recommended conditions for operations of the new withdrawal with the existing withdrawals. In the permit, the Commission chose to place more restrictive conditions on the use of the new and existing withdrawals beyond the requirements of the snow making rules and the flow determination. Smugglers Notch has indicated that the restrictive conditions will impact the ski resorts ability to get water for its snow making operations when it is needed. Smugglers is likely to appeal the permit conditions.

Draft Vermont Zero Emission Vehicle (ZEV) Action Plan: The Draft VT ZEV Action Plan was released for public comment on June 9. Elaine O'Grady, AQCD Director, gave a presentation on the draft plan at the Drive Electric Vermont quarterly stakeholder meeting on June 17. Comments on the draft plan are due by July 11.

Carrigan Failed Septic System Complaint (Addison): A complaint (by Barbara Ernest & Barbara Supino) was sent to the ANR Secretary, the DEC Commissioner, the Governor, and EPA Region I, requesting an urgent response to a failed septic system (Carrigan's) on Fischer Point Road in Addison. The complaint was that sewage was discharging to Lake Champlain from the failed system. On June 19 a thorough two-investigator inspection of the property with the alleged failed septic system was conducted. No current septic failure was observed, and there

were no signs of prior failure. The Carrigan's provided plans to their mound septic system, as well as a receipt for maintenance on the system, and a letter from their engineer. While in the area staff also conducted sanitary surveys on several additional properties on Fischer Point Road for which they could obtain permission. No septic issues were observed on these properties either. Not surprisingly the Barbara's were outraged by our finding of no failures (I called them myself) and we expect to continue to hear from them.

SUMMARY OF KEY DEPARTMENT ACTIVITY

ANR Office of Planning and Legal Affairs

Solar Summit Planning Meeting

ANR Deputy Secretary and OPLA Senior Planner met with PSD Dept. Commissioner Darren Springer and Rep.'s Tony Klein and Rebecca Ellis to begin planning for a 'Solar Summit' scheduled for July 16th. Rep. Klein will host the summit and bring legislators, regulators, developers, industry representative and community leaders together to discuss policy, permitting and other issues related to solar development in the context of meeting the state's carbon reduction and renewable energy goals.

EAN/Solar Industry Workgroup Meeting. OPLA facilitated another bi-monthly workgroup meeting this week that included staff from ANR, PSD, VAAFM, and ACCD, solar developers, and executive directors from Energy Action Network and Renewable Energy Vermont to continue our efforts to streamline permitting of well sited group net-metered solar projects. This installment focused on the potential for legislative permit/process reform related to the siting commission recommendations and discussion of ANR's proposed check-list/guidance document intended to clarify and standardize the solar permitting process.

Costco Trial The Costco trial moved into its second of three (possibly 4) weeks. ANR General Council, OPLA land use attorney, and DEC staff attorney are representing ANR and supporting witnesses from the stormwater, monitoring and wetlands programs.

Renewable Energy Atlas/ANR Natural Resource Atlas. OPLA and ANR IT staff met with staff from PSD to discuss PSD's interest in expanding the renewable energy planning tools available to Vermonters. Currently the Sustainable Jobs Fund hosts the Renewable Energy Atlas; PSD would like to broaden the functionality of that atlas and incorporate much of the data and tools associated with ANR's very popular Natural Resource Atlas on-line mapping tool. ANR offered to provide technical assistance, to incorporate renewable energy data into our existing Atlas, or potentially develop a new mapping tool for PSD; given those options PSD will regroup internally and continue the conversation at a later date.

TDI New England Clean Power Link. On Tuesday TDI provided ANR with an updated Water Quality Modelling work plan for their proposed 100-mile lake bottom construction component. The modeling is necessary to demonstrate the project's compliance with state water quality standards during construction. Staff from OPLA and DEC have worked closely with TDI

to identify gaps in their initial proposal and help their consultants to revise the model to better address pollutants such as phosphorus. ANR will review the plan in the coming week and provide comments back to TDI. TDI also informed ANR that they have hired the Manley's from Middlebury College to assist in gathering lake data. The Manley's have already analyzed TDI's New York State lake data to determine if it's applicable to the VT alignment, while most data is applicable, TDI will have the Manley's conduct additional research this summer to fill in gaps.

Solar Technical Assistance. OPLA staff provided technical assistance and coordinated staff review of a proposed 2mw solar facility in Bridport, a ~2mw solar facility in Sudbury and a 500kw group net metered solar facility in Pittsford. OPLA attorney represented ANR Thursday at a PSB hearing for the 1mw Rutland Renewable Energy project, ANR and the applicant have entered into an MOU for the project that addresses amongst other things, wetland and GHG reporting.

New Applications. OPLA received 7 new Sec. 248 applications and 14 new Act 250 applications this week.

Environmental Conservation:

Notice of Alleged Violation Issued to Landfill: On May 30, 2014 the AQCD issued a Notice of Alleged Violation to Casella Waste Management for repeated violations of their emissions limit for carbon monoxide on engines located at their landfill in Coventry. At the request of Casella, staff members held a meeting on June 18 to discuss coming into compliance with their permit. The AQCD will be placing Casella on a compliance schedule to submit a construction permit application adjusting the emissions limits and addressing a recent unpermitted waste stream increase at the facility.

Lithographic Printing Operations: Vermont is considering adoption of a regulation based on federal recommendations for printers that will address heat-set inks, fountain solutions and cleaning materials. We have two heat-set printers in the state, Lane Press and the Offset House, and numerous cold-set printers. These printers could emit significant amounts of VOCs. We are in the process of collecting information on these printers, and expect to have all we need to make a decision by early August.

Cavendish Water System: On June 19, the DWGWPD received a report that Cavendish's water supply system was having difficulty maintaining enough treated water to meet the community demand. Water distribution system pressure, fire protection services, and system water quality were becoming a concern. The suspected cause of the problem was unidentified water leaks. The Town requested and was granted approval to utilize an existing drilled well to supply the water system on an emergency basis, while working to detect and repair the leaks. Notification was given to the public and area fire services.

On-Site Program First Loan: The first funded project through this program was completed last week. The project was replacement of a failed wastewater system in Woodbury and the

borrowers were extremely thankful for this funding opportunity as they were not able to secure financing for the replacement system through commercial lending institutions.

Shorelands Permit Program roll-out: The program staff are completing the Shoreland Manual for Landowners, and expect to post it by 6/20. The program met with a group of Regional Engineers to provide an overview and discuss coordination between the programs. We will continue to work with them as new details and issues come up after July 1. Other final details to get ready for July 1 are permit and registration forms which staff are actively revising and completing. The database is also nearly ready; staff has been testing it this week. Three more RPC organized meetings occurred this week in St Johnsbury, Newport and Swanton. The program is currently working with Colchester and Shelburne and plans to meet with them next week on delegation questions.

Wetlands Program Solar Backlog: The Wetlands Program is receiving high volumes of applications and inquiries, including those associated with solar projects. Applications are taking 2 months on average for technical completeness. Site visits are scheduled 3-5 weeks past requests.

St. Albans Bay Restoration Project: In conjunction with \$60,000 MOA now in place between DEC and VTrans for erosion control on town unpaved roads in Bay watershed, letters went out to each watershed town (and Northwest RPC) noticing the availability of grant funds to undertake priority projects.

Vermont's 303(d) List: Vermont's 303(d), impaired waters, list has been finalized and signed. An accompanying press release has been drafted.

Hinesburg Hannaford: WSMD held a public meeting to receive comments on the proposed Hannaford Supermarket permits on June 10th. There were around 20 people in attendance, most of which oppose the project. The public comment period closed June 17th.

Fish & Wildlife

Bear- Bear damage issues remain constant. It was an abnormal week with 3 bears being killed; one protecting property (killing pigs) and two believing they are protecting people from attack because the bears didn't appear wary and were approaching people. In both of these cases it is suspected the bears are being artificially fed and are accustomed to people.

The Connecticut ear tagged bear has now moved to Whitingham.

Reported Bear attack: All the media outlets reported a person being mauled by a bear which caused a lot of inquiries. When investigated there was no evidence of a bear found. It was later determined, the people involved (high on drugs) were involved in a serious domestic fight and tried to cover their injuries with concocting the bear story.

Rabid grey fox: A rabid grey fox entered Montpelier City and for a short period of time aggressively came into contact with numerous citizens, biting six of them before finally being killed by a resident with a shovel. The local warden responded to the area and submitted the fox for testing which tested positive for rabies. All individuals that were bitten are now receiving their rabies treatments.

Family Fishing Festival: Saturday, June 14th marked this year's Family Fishing Festival at the Ed Weed Fish Culture Station in Grand Isle. This year was the second highest attendance to the Fishing Festival of all time (637 participants) and there were more F&W volunteers than ever before. Additionally, 40% of the participants were first-time participants. The event this year was covered by a number of media outlets including the World Fishing Network (WFN), an international cable/satellite TV channel which focuses specifically on fishing.

Forest, Parks and Recreation

Confidential: Attorney Client Work Product

In Re Appeal of Plum Creek Timberlands: Plum Creek filed a Reply to the Vermont Land Trust's Motion for Leave to File Amicus Brief objecting to the Motion and requesting the Supreme Court to deny VLT's motion. In summary, Plum Creek argues that VLT is not a "friend of the Court" but rather a "dedicated, loyal friend of the Appellant, the State of Vermont." Plum Creek claims that VLT and FPR share "identical interests" under the UVA program and the AMP regulations. Plum Creek significantly mischaracterizes the relationship between VLT and FPR. The State filed a response to Plum Creek's reply to clarify the inaccuracies in Plum Creek's reply and support VLT's motion.

State Lands Transactions: The Vermont Housing and Conservation Board (VHCB) approved nearly \$400,000 in funding for the Department's acquisition of the Mendon Brook Tree Farm property (addition to Coolidge State Forest) at last week's VHCB Board meeting. VHCB also approved the Department's proposal to sell a reconfigured portion of the former Lafreniere property at Camel's Hump State Park in Bolton.

Sugaring Operation: Lands Administration and Forestry staff along with staff from the Green Mountain Club and the Green Mountain National Forest met last Friday with representatives of Blue Ridge Properties on site in Mendon to discuss and review Blue Ridge's existing sugaring operation and future plans for sugaring on the State-owned Bertha and Burch Tracts (now a part of Coolidge State Forest). We are considering a long-term agreement that would allow Blue Ridge to sugar these parcels in return for additional permanent protection to the Long Trail corridor and other considerations. Lands and Forestry division staff collaborated in responding to a request from Sweet Tree to install a large-scale sugaring operation, including a sizable structure which would include a reverse osmosis sap collection facility on lands encumbered by a Forest Legacy easement. Among other things, the Department's response acknowledges that sugaring is an allowed use under the easement, but requires Sweet Tree to address a number of deficiencies in their Forest Stewardship Plan for the property and to remove all structures and associated sugaring infrastructure once sugaring operations cease.

ParksVisitor Numbers are Strong: Vermont Days weekend attendance at state parks was about 100% ahead of the weekend last year. Overall park attendance remains 29% ahead.

Information Technology

ANR's data backups have been in DII's hands for a few months. We just learned that several of them have failed without notification from DII. Bob is meeting w/ DII to discuss SLAs and communication protocols.

Finance & Management's system used by ANR's business offices does not work with current versions of Internet Explorer. Steve Gomez was told that because DII is not planning for an upgrade of internet browsers that this problem would not be resolved. I'm sure that ANR will not be the only Agency upset by this decision. We are continuing to work with DII to figure out a way forward.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: June 27, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

IBM: This week we met with Agency heads to discuss IBM options, review what Department has already done in the GMP rate case for rate reduction and freeze, and summarized rates for IBM in comparison to region and other industrial classes, for the purposes of having talking points in the event of an announcement. Darren had an extensive conversation with Paul Heinz who's working on a story about IBM generally over the next couple of weeks. Chris is responding to inquiry by John McClaughry about the IBM rate freeze.

1366: Chris worked with GMP and Kiersten to develop final and firmer numbers to present to 1366 this week, including more detail on how the 5MW project would work. Essex also provided tax abatement for 10 years. The response from Tom Crary indicates he was very happy with the additional detail and proposals.

VGS Phase II: We continue to await proposals from VGS on Phase II options for solar hot water and biogas programs, but are optimistic these can help mitigate criticism of the

project. The Addison county delegation has expressed their intent to oppose this phase. I am scheduling a meeting with them to discuss their thinking and our current status of review. Hopefully the VGS proposals on the above issues will solidify and be available soon to discuss with Chris Bray and others.

ROV: You will recall that H.97 proposed to exempt small generators of radiologic materials from the annual fee and share of disposal at the compact site in Texas. This bill did not pass, though in the end we were supportive of doing something, Entergy would not support the whole proposal so they did not move forward. Mike Hebert asked that we meet “over the summer” and I am in the process of scheduling a meeting with Pat Moulton as well for July 8th. Heads up that they are not happy as they thought we’d be scheduling it right away in May – which is odd since nothing can happen without legislation which would not occur until next session. ROV has not paid their annual fee (about \$1,500) due in January when legislation was pending, which was ok, but why they are not paying it now is unclear. We are trying to be supportive of ROV and their desire to expand. They are threatening to go to NH or NY so they can get out of the compact, but the reality is they can apply for export petitions that allow them to bring waste elsewhere and we have stated we would support those petitions (none have ever been denied), and any other adjustments require statutory changes. You may hear about this when you see them July 9th.

Nuclear Testimony Follow Up: The Environment and Public Works Committee requested follow-up answers to questions of Senator Carper on the “seat at the table” hearing Chris attended in DC. Specifically, Carper asked 1) if a CAP was a good idea, and 2) does fuel in the pool present as great a risk as fuel in the reactor with respect to off-site emergency response. Chris provided those answers on Monday: “Yes” to #1; “Different, but significant off-site risk” to #2.

CT PURA Filing: In response to multiple filings last week, and further discussions with CT PURA, Vermont PSD submitted a letter June 25th requesting a working group session to provide an opportunity to explain the Vermont programs, as comments filed by some parties demonstrated that not all the filing parties fully understood the Vermont programs. Based upon discussions with the Vermont utilities’ Connecticut counsel, it appears that CT PURA is interested in holding such a workshop.

S.25 Report: We are completing our legislative report due July 1 to the House and Senate Committees on Energy and Natural Resources describing how we determine what is in the public interest and how we are ensuring we are paying heightened attention to residential, low income and small business classes. We’ll be submitting the report on Monday or Tuesday.

Meetings:

June 23 – Chris, Darren, Andy and Ed attend Clean Energy Jobs Report press conference; Darren meets with WEC on net metering tariff.

June 24 – Darren meets with Reps Klein and Ellis and PSD and ANR staff to discuss Solar Permitting

June 25 – Darren and Jeannie talk with Kim Hayden on Winstanley net metering projects

June 26 – Darren attends Solar Permitting Work Group meeting; Darren lunch with Senator Bray

Next Week

June 30: Chris attends Entergy monthly interagency meeting

July 1: Darren attends RUS meeting at 5th Floor; Chris and Jim Porter attend VTEL ribbon cutting in Hardwick

July 2: Chris, Darren attend meeting with VELCO at 5th Floor; Thermal Finance and Clean Heat announcement at Bourne's in Morrisville

Media: Darren spoke with Paul Heintz on IBM rate freeze; Darren spoke with John Herrick at VTDigger.org on WEC net metering tariff, and REC issues.

Everything Else:

PERD

Vermont Clean Energy Finance Collaborative

- Met with representatives from the Coalition for Green Capital, Energy Action Network, and state agencies including PSD, ACCD, DFR, Treasurer and VEDA to discuss opportunities to coordinate and streamline state funding and finance activities for clean energy. The meeting yielded general agreement to work together, and a proposal from the CGC to assist the state in characterizing the CE finance market and generate options for improvement. More details will be forthcoming from EAN.

SEP Competitive

- Interconnection proposal
 - Work continues on the proposal. The vast majority is substantively complete, but numerous small pieces remain. Submission Friday 6/27 is possible, although may take the weekend and then submit together with the Labeling proposal on 6/30. Have (quite tardily) requested a letter of support from the PSB; without this the proposal will be quite weak, so may attempt some last minute heroics.

Net-metering

- Drafted Proposed Approach for Act 99 Net Metering Report, issued to stakeholders for comment by July 1. The approach will largely follow the same fundamental structure as

the report issued in January of 2013, modifying to analyze each individual utility and to more closely examine structures such as “Value of Solar” or Feed-in Tariff approaches in advance of PSB process. The report is due October 1.

Net Metering Activity 6/14/14 – 6/20/14

	Registrations*	Applications	CPGs Granted
Count	25	0	28
kWAC	145.385	0	200.222
Ave Size kW	5.8154	0	7.150

Cumulative Capacity of Registrations and Applications Submitted

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
4082.46	5731.50	44244.52	~ 29.5%

*Note: As of April 1st projects up to 15kW are now eligible for the registration process. Prior to this change, systems larger than 10kW were required to file an application.

** Note: That table does not include systems larger than 150kW that go through the full 248 process. Those projects (pending or approved) total approximately 12 MW to date.

Total Energy Study

- Dunsy sent their final report on Saturday, 6/21. Of note, the final report includes a cost-of-abatement curve that will be quite useful. Also, costs are lower by almost 50% from previous projections; earlier projections had included the fictitious costs the model uses to represent market barriers as real costs. Average costs of abatement now below \$100/ton even in most expensive cases.
- Crafted a mockup of the TES Final Report by PSD.
- Updated the Gantt chart. The TES report release date is yet untouched.
- Held internal conversations regarding REMI modeling assumptions.
- Revised FACETS output values arrived from DEC end of day Friday. Preliminary REMI results to be presented internally on Wednesday.
- Upcoming meetings
 - June 27 – ANR and VTrans re: monetary support for VEIC to facilitate DEV
 - July 7 10am – Red Hen Bakery EVSE ribbon cutting
 - July 7 11:30am – Barre City EVSE ribbon cutting

Engineering

Vermont Yankee Operation

Power was reduced to 56% overnight Sunday into Monday for a planned, but more significant than usual, Control Rod Pattern Adjustment. (Such Pattern Adjustments will become more frequent as the operating cycle progresses.) While the plant would normally return to full power following a Pattern Adjustment, the increase was limited to 73% power to accommodate "equilibrium Xenon" conditions (which occur when plant power has been reduced for longer than one day) and the changing the outboard seals on the "A" & "B" Recirculation and Feedwater pumps. The planned pump maintenance activities and "equilibrium Xenon" conditions could require the plant to operate at reduced power for several days. VY increased power to 82% on Tuesday, and 86% today (Wednesday).

VY Reports that Chemical Release to the Connecticut River Results in Limit Violation

VY has notified the State Nuclear Engineer that a routine (and planned) condenser chlorination performed late Thursday evening / early Friday morning resulted in a discharge-duration-limit violation of VY's National Pollutant Discharge Elimination System (NPDES) permit. Due to human error and inadequate use of established plant procedures, a Chemistry Technician inadvertently allowed the excessive addition of a chlorinating agent, Sodium Hypochlorite, into the plant's Service Water System. The excessive chlorination in the Service Water System combined with the condenser chlorination process resulted in the chlorinating agent being released into the Connecticut River. Subsequent monitoring and corrective action investigations by VY staff indicate that the released Sodium Hypochlorite concentration was under 0.2 ppm, which is not a violation of the concentration limit allowed by VY's NPDES permit. However, the NPDES discharge duration limit of 2 hours was exceeded. Vermont ANR has been verbally notified of the violation (with written notification to follow). To prevent similar human errors in the future, VY management issued a "Red Memo" (a Corrective Action summary letter) to assure that the error, its consequences and VY management's expectations regarding adherence to procedures were discussed in mandatory meetings held in all VY departments on Monday morning.

Follow-Up on Leakage at Condensate Storage Tank (CST)

An update to last week's report is that VY is continuing to investigate indications of a small leakage of liquid at the "tell-tale" drain for the CST. VY observed that the leak rate and total activity dropped significantly (from what was initially a very small activity rate) throughout the day on Thursday, and subsequent measurements throughout the week have continued to show similarly small leak and activity rates in the range of one drop per minute (i.e. 3 milliliters/hour) and 729 picocuries/liter, respectively. VY is continuing its investigation into the source of the liquid at the telltale drain.

PSD Engineers Met with VY Officials to Discuss the Site Access MOU

On Monday, Bill Jordan and Tony Leshinskie of the Engineering Division met with Mike Romeo and Bernie Buteau of VY to discuss current duties/responsibilities, and potential future changes to the Site Access MOU to be in effect once the plant permanently ceases operation. This MOU, which has been in place since Entergy's purchase of VY, allows the State Nuclear

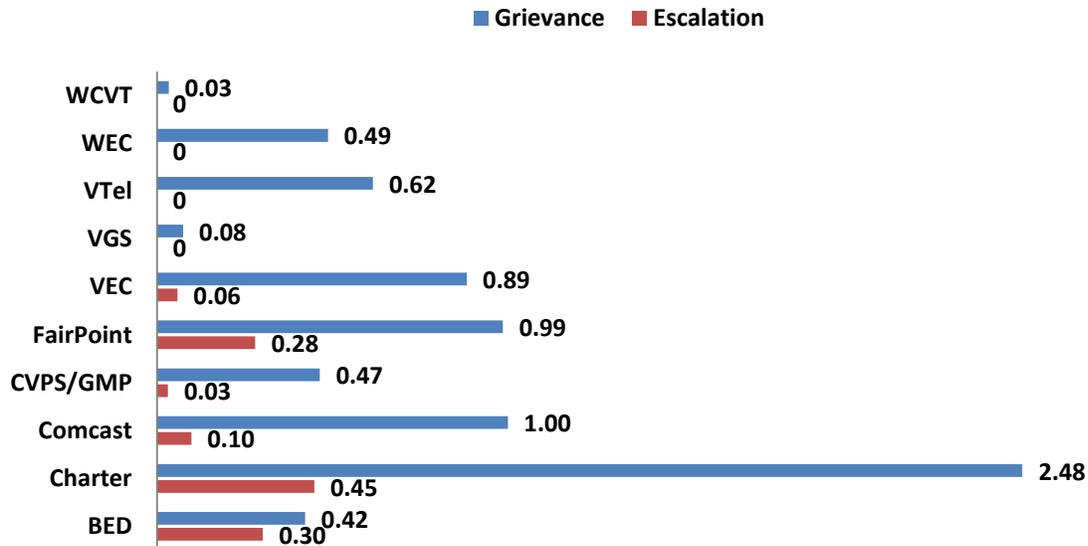
Engineer to access the VY site and key plant operational information. The access granted by the Site Access MOU focuses on monitoring power generation activities at VY. Once VY power generation permanently ceases at the end of 2014, much of the plant operational information discussed in the MOU will no longer be generated by VY. (One portion of the MOU already states that VY is not required to provide this information when the plant is shutdown.) VY has indicated that it may not have the budget for office space or a staff person so serve as a Liaison Engineer after the plant shuts down. VY and PSD will continue this conversation over the next several months.

CAPI

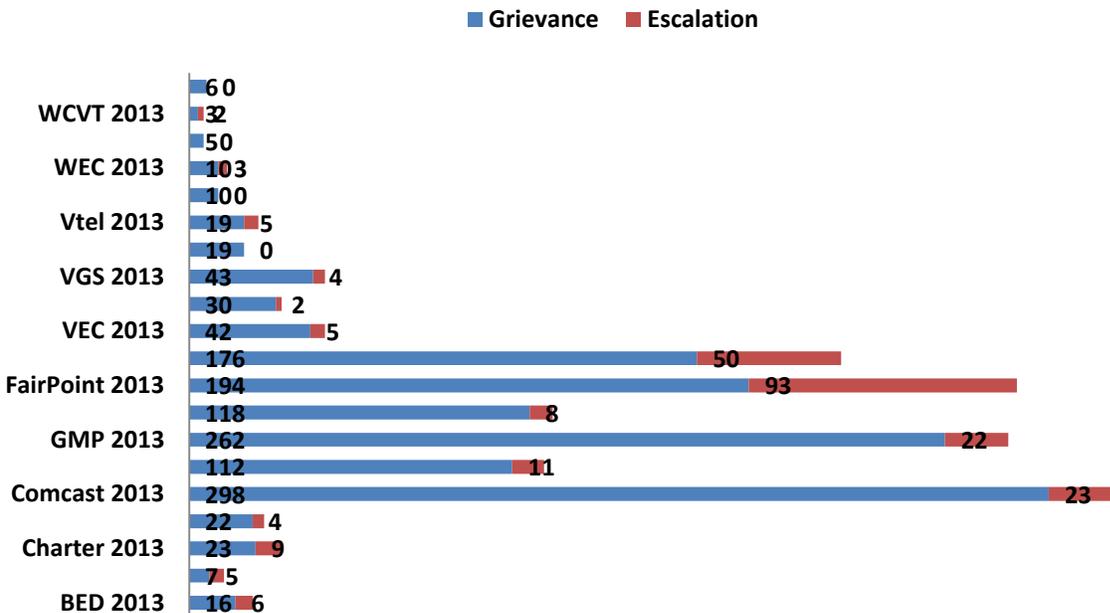
Please note that this report covers activity from Sunday to Saturday, June 15 – 21, 2014.

CALL DATA

**Complaints Investigated, by Company,
per 1000 Customers
January 1 - present, 2014**



Number of Complaints Investigated, by Company YTD 2013 and 2014



Legislative report: Worked with PA division to complete draft of report on the department’s consumer representation, as required by S.25.

Public Advocacy

Barton Solar – Docket 8148 – The hearing officer issued a proposal for decision recommending the PSB approve the project with usual conditions. Comments are due by June 25th.

Rutland Renewable Energy, LLC – City Solar Garden Project – Docket 8182 – GMP and the petitioner filed testimony addressing the cost-effectiveness of the GMP PPA to purchase the output of this project. The Board has scheduled the technical hearing for June 26th.

Willoughby Water Works - Request to Abandon System– Docket 8117 – The owner has agreed to support the PSD recommendation to close this docket. In a related matter, the PSD continues to communicate with the owner and customers regarding the next steps towards PSB approval of a temporary rate. The status report is due June 26th.

NextSun Solar – Park Street – Docket 8194 – The PSB has neither scheduled a technical hearing for the week of July 7th, nor have they requested further information on the MOU the PSD entered into with the petitioner and GMP resolving all non-PPA issues.

NextSun Solar – Main Street – Docket 8195 – The PSB has neither scheduled a technical hearing for the week of July 7th, nor have they requested further information on the MOU the PSD entered into with the petitioner and GMP resolving all non-PPA issues.

Champlain Valley Solar – Docket 8248 –The hearing officer issued a prehearing conference memorandum and scheduling order. The PSD participated in the site visit and public hearing. The public hearing was attended by two project abutters, who asked questions and voiced aesthetic concerns. Motions to intervene are due by June 30th.

Washington Electric Cooperative, Inc. 2014 IRP – Docket 8181 – No members of the public attended the public hearing. Motions to intervene are due by June 25th.

GMP Rate Case and Alternative Regulation – Docket Nos. 8190 & 8191 – Technical hearings were held on June 19. As all issues were settled among the parties, the hearings were uneventful. The Board and Board staff expressed the most interest in the IBM rate freeze component and questioned whether it was reasonable for GMP to recover the costs of solar projects that did not yet have CPGs but were expected to obtain them during the rate year. GMP will circulate a draft PFD for other parties to comment on, with the aim of filing a joint PFD to the Board by mid-July.

WEC Net Metering Tariff – Tariff No. 8505 – On June 20, the Department filed a letter recommending that the Board approve WEC's Net Metering proposal. WEC's filing represents the first alternative net metering program proposed under 30 V.S.A. § 219a(o), which was enacted in the most recent legislative session as part of Act 99. The tariff departs from the traditional net metering criteria and will apply to new net metering systems installed after the effective date of the proposed tariff. On June 23, REV filed a letter in opposition to the tariff, claiming that it does not properly value solar energy and also raising a number of technical concerns. The Department and WEC are drafting rebuttals to the REV letter and plan to file them by week's end.

Charter Hill Solar Project – Docket 8212 – The Department is reviewing the Petitioner's responses to discovery, as well as a draft MOU. The Petitioner has requested an extension until June 30th to file a stipulation, to accommodate ANR's scheduling issues.

Charter Cable CPG Renewal – Docket 7820 - The Department filed a Motion to Extend the Schedule on June 13th, with the support of Charter and the Vermont Access Network. The Board has requested parties to comment on this motion by June 27th and also to provide their positions on how the Board should proceed with the schedule in this docket in light of Comcast's petition to acquire the Charter territory in Vermont. The Department will file comments recommending that the CPG renewal docket should proceed independently and as scheduled. The Department will be meeting with Charter the week of July 7th to discuss potential settlement.

GMP 16Y3 Distribution Line Upgrade – Docket 8264 – A prehearing conference was held on

June 23rd. The Department will be preparing discovery (due on July 11th) and attending a site visit on July 21st.

BED Accounting Order request – BED has withdrawn its request for an accounting order.

Burlington Telecom – Docket 7044 – The Board issued a procedural order criticizing the City for filing additional supplemental testimony not contemplated in the Board-issued schedule. The order also seeks responses to the City’s motion for confidential treatment of a letter agreement between the City and the bridge lender that discloses the minimum threshold sale price for the BT system by a to-be-determined buyer, and also seeks comment on the question of “whether a potential buyer of the BT system could use knowledge of the ‘preapproval sales price’ to effectively limit the ultimate sales price (given the common interests of the City and Mr. Pecor to maximize the ultimate sales price).” Responses are due June 30, 2014. The Department also continues to draft an Assurance of Discontinuance (AOD) and Department testimony. Testimony is due July 3 and the AOD is due July 11, 2014.

Sheffield Wind – Docket 7156 – The attenuation test conducted by the Department’s sound expert, Jim Barnes, scheduled for June 26 has been cancelled due to weather and has been rescheduled for July 1, 2014. Additionally, Paul Brouha has decided to bar First Wind (FW) representatives from entering his property and attending the attenuation test. Mr. Brouha has indicated that he would allow FW’s sound expert, David Hessler, to attend, though FW will not permit Hessler’s attendance alone. The Department has decided to move ahead with the test without Hessler present. FW has also raised concerns regarding Barnes’ proposed protocol for the test. The Department is fashioning a response to those concerns.

Cold River Solar – Docket 8188 – Petitioner issued discovery requests to the Town of Rutland and a neighbor intervenor group. It did not issue discovery to the Department related to the Department’s aesthetic testimony.

Appointment of a Natural Gas Energy Efficiency Utility - Docket 7676 – PSD continues to negotiate with Vermont Gas Systems, who has been designated to be the Energy Efficiency Utility for Natural Gas in their service territory, concerning revisions to the Process and Administration Document (which is the governing document for electric EEU’s) to make it applicable to the gas EEU. VGS and PSD agree that VGS should not have to use the fiscal agent process currently required of EVT and BED, as we believe that the VGS alternative regulation plan provides appropriate regulatory oversight. VEIC disagrees. Parties will file a draft Process and Administration document and legal position statements on 6/30.

Sudbury Ervin GMC Solar 500 kW Net Metering Project - CPG # NMP – 3754 – The PSB issued a CPG on 6/25 for the project. The Board rejected the PSD assertion that the fence around the project had to comply with the National Electrical Safety Code (required in PSB Rule 3.500), finding instead that PSB Rule 5.110 governing net metering projects required compliance with the alternative National Electrical Code (NEC) and put the burden on the Petitioner to certify, prior to construction, that the Project will comply with the applicable requirements of the NEC.

Addison Expansion—Docket 7970—The Department continues to work with Vermont Gas and affected landowners to craft an appropriate post-CPG process for the Board-ordered realignment on Old Stage Road in Monkton. A schedule or other recommendation is due to be filed with the Board by June 30. During the recent replacement of a utility pole in Monkton, VELCO caused PCP contamination to the McGuinness water supply. Residents and the Monkton Select board are now voicing concern about this incident, as well as concerns about the future trenching to be done by VGS through the VELCO ROW. The Board has issued a Memo asking if an investigation into the matter should occur. ANR, the Dept. of Health, and AAFM are also involved. Responses are due June 27 and the state agencies plan to file a joint response.

Addison Expansion Phase 2—Docket 8180- The second public hearing was held on June 12 in Middlebury. Comments about the project were generally very negative. The Department filed its direct testimony on June 13, together with other non-petitioners and discovery was served on that testimony on June 20. Responses are due July 18.

GMP/VELCO Georgia Interconnection Project-Docket 8205—An MOU among the Petitioners, PSD and ANR (the only parties) was successfully negotiated and filed with the Board, together with a joint Proposal for Decision. A technical hearing is scheduled for June 30. Board staff issued a series of questions in advance of the hearing, which the Petitioners have answered.

Telecommunications

BT – Testimony is currently being drafted by telecom staff to be filed on July 3.

Charter Build-Out – PSD staff is preparing testimony in for the Charter CPG renewal. Staff proposes new conditions relating the line extensions, and proposes eliminating most of the current 72 CPG conditions.

FairPoint Alternative Regulation – PSD staff has proposed several conditions for the proposed FairPoint alternative regulation plan. FairPoint has provided information about the content of these proposed conditions.

Maps on PSD Website – PSD staff has been in touch with the entity that provides website hosting for Vermont.gov about the potential for placing maps on the PSD website using the same technology that is used for other Vermont agencies such as ANR and AOT.

Telecom Plan – Staff worked toward completing the draft of the telecom plan. Staff finalized the executive summary and completed a draft of the voice service section. The Director of Telecommunications at DII produced half of the DII's section of the Plan, but it will need to be reworked before it can be published.

Telecom Plan Survey – Staff worked with the Castleton Polling Institute to finalize the residential survey instrument. Staff added questions about VoIP service and residents' desire

for fiber to the home. In the interest of time, staff eliminated questions about wireline customer service and consolidated other questions to be more concise.

Tariff Activity - Staff responded to several Tariff filings and CPG applications. Filings by Topsham and TDS modify rates for intrastate switched access service to be in parity with interstate rates – a requirement of the FCC. FairPoint filed notice that it was reducing its BLES rate due to its failure to properly notice customers of a rate increase. The Department supported the rate reduction, and will support the next rate increase, so long as customers are properly notified.

Comcast –Charter Transfer – Comcast and Charter filed with the Public Service Board (PSB) their Joint Petition proposing to transfer all of Charter’s customers in Vermont to Comcast. The Vermont transfer is part of a nationwide reorganization of Comcast’s and Charter’s service areas and is contingent upon Federal Communications Commission approval of Comcast’s bid to merge with Time Warner Cable. If all plans are successful then Comcast will serve a greater contiguous area in Vermont and the East, and Charter will serve a greater contiguous area in the Mid-west. For the transfer to go through in Vermont, the PSB must first find that Comcast’s and Charter’s proposed transfer will not be contrary to the public good. Comcast and Charter assert that federal law imposes a tight 120-day timeline on the entire process of approval.

Community Telecom Concerns – Taking advantage of the new telecom law, H.297, the Town of Brookfield has scheduled a Planning Commission meeting with AT&T and the Department of Public Service to discuss AT&T’s proposed wireless facility on West Street in Brookfield.

Unauthorized Telephone Service – Following up on the issue of Evergreen Advantage possibly providing telephone service without a certificate of public good (June 11, 2014 weekly report), the Department intends to further investigate whether Evergreen Advantage meets the definition of a regulated service under 30 V.S.A. § 203. Telephone service at Jay Peak raises a similar issue.

248a – A summary of Department comments on 248a applications filed in the past week:

Comments filed	Applicant/Location	Brief Synopsis and DPS recommendation
6/20/2014	AT&T and ATC/Milton Bear Trap Road	amend CPG to include American Towers LLC and remove satisfied conditions, non-substantial change determination; recommended approval
6/23/2014	AT&T/Hinesburg Leavensword Rd; modifications of limited size and scope	60' silo replace and add antennas; recommended approval once Board receives coverage maps
6/23/2014	AT&T/Cabot Bothfeld Hill Rd; modifications of limited size and scope	58' silo replace and add antennas; recommended approval once Board receives coverage maps

Finance and Economics

Electric

GMP – PSB Tariff Filing #8507: Tariff Modifications to CowPower and Electric Vehicle Charging Station Rates that will allow GMP South customers to access GMP North rates. PSD Recommendation is due July 3, 2014.

GMP 2014 IRP (Integrated resource Plan) – Staff participated in review of preliminary load forecasts with updated economic variables and impacts of net metering. Going forward the Department will encourage the inclusion into the IRP of selected financial projections and analyses of proposed utility options.

GMP has requested a meeting to begin a discussion on rate design for electrical services provided to ski company operators. At a minimum GMP would like to have one tariff that integrates or combines the existing GMP and CVPS ‘ski’ tariffs. A ‘Rate Design Team’ is being set up that will meet with GMP staff.

GMP has requested a meeting to discuss (a) expectations about future power cost adjustment filings and (b) rate design. Staff is available and will plan to work with PA through these discussions.

VPPSA 2014 IRP (Integrated Resource Plan) - Staff participated in the review of preliminary load forecast along with stress tests for key power supply variables. Going forward the Department will encourage the inclusion into the IRP of selected financial projections and analyses of proposed utility options. The VPPSA IRP is scheduled to be filed in the Fall of 2014.

WEC – PSB Tariff Filing 8505: Washington Electric filed a new net metering tariff pursuant to 30 VSA§ 219a (o) and Act 99 on May 23, 2014; Staff has completed a review of the tariff and will complete its recommendation this week. PSD Recommendation is due 6/20/14.

WEC: PSB Tariff 8510: The Company has filed a petition for approval to increase rates 3.78% effective August 7th that will raise \$502k of additional revenue. The primary cost drivers are increases in purchase power and transmission expenses and the request to increase its net income to meet its indenture covenants (net TIER from 1.3 to 1.80). Staff is reviewing the filing. PSD Recommendation is due July 16, 2014.

Gas

VGS - Tariff 8506 Quarterly Rate Adjustment for the Under or Over Collection of Purchase Gas Costs. VGS filed its quarterly Purchase Gas Adjustment (PGA) on May 28, 2014 to be effective with bills rendered August 7, 2014. The PGA reflects a 4.08 percent increase in overall firm rates based on an 8.98 percent increase in the rate for gas. The rate increase reflects an under collection of revenues of \$542K for the quarter. Staff is reviewing the filing and will complete a recommendation that is due July 22, 2104.

VGS 2014 Base Rate Filing – The Company issued a schedule with key milestones for its annual base rate filing for the rate year October 1, 2014 through September 30, 2015. VGS expects to file preliminary cost of service data on June 27, 2014. The Department recommendation will be due on or about September 26, 2014.

Energy Efficiency Utilities

BED - Staff is reviewing the company's monthly report.

VEIC has filed a request with the Board to review and override the Department's 6 month old recommendation that VEIC pay for the initial and any subsequent configuration costs for converting data into formats needed by Opower. VEIC would like the utilities to pay the full cost of the configuration. After discussions with the Commissioner, we have asked the utilities to provide on-going cost estimates including any transmission costs they expect to incur as a result of sending information to Opower.

Fiscal Agent - the missing November 2012 GMP payment is still unresolved. The fiscal agent has indicated they are reviewing their internal records and will reach out to GMP for further information.

Fiscal Agent - Staff completed its review of the fiscal agent's March and April 2014 Bank Reconciliation work and found no exceptions.

Annual Reports

Annual Reports continue to come in. All of the small electrics except Barton have filed. Staff continues to follow-up with the delinquent utilities.

Regional Policy

CT PURA Proceeding

- On June 5, 2014, the Connecticut Public Utilities Regulatory Authority requested comments on whether the Vermont SPEED program constitutes double counting under the revised Connecticut Renewable Portfolio Standard. On June 23, 2014, the DPS submitted comments explaining the various renewable programs in Vermont and argued (1) that the SPEED and standard-offer programs are fundamentally different than an RPS and do not constitute double counting; and (2) even if there is concern that the SPEED program results in double counting, PURA should hold off on any further investigation at this time as the SPEED goals do not become effective until January 1, 2017.

Governors' Infrastructure Initiative

- On June 24, Conservation Law Foundation issued a press release and associated 10-page document claiming that the New England states and NESCOE are developing the

initiative behind closed doors while actively avoiding public transparency. CLF is further alleging that the states are working in conjunction with utilities that stand to benefit from the initiative and are ignoring more affordable alternatives.

- CLF's briefing document is based on the emails it received primarily from the results of its public records requests in New Hampshire and Maine. Vermont provided some documents, but significantly less than the amount provided by Maine and New Hampshire. The other states have either not yet replied to CLF or claimed exemptions for significant amounts of the material.
- Also on June 24, Environment Northeast issued a letter urging the New England states to further consider alternatives to a pipeline and significant transmission infrastructure. In particular, ENE recommends increased energy efficiency, short-term utilization of existing LNG, increased renewable generation and combined heat and power plants, and a focus on renewable thermal heating technologies.



State of Vermont
Department of Public Safety
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www.dps.state.vt.us

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: June 27, 2014
Subject: Weekly Report

Transparency

The Department of Public Safety is embarking on a plan to upgrade its public facing web page to create a portal into a variety of services and information. This will be done in an effort to increase the Department's ability to promote public transparency. The Department plans to financial quarterly financial information on the web page allowing the public to see how the department is managing to the overall budget. We plan to make available the Vermont State Police rules and regulations for the public to view. We also will upgrade the web site to allow for the electronic completion of applications and forms and payment of relevant fees. Specifically, we are attempting to provide the Division of Fire Safety the ability to electronically receive building applications and payment of fees over the internet.

Vermont State Police

A Troop

Arrested Terry Bettis Jr. of Jericho as he was in violation of his court-ordered curfew. Troopers developed info to suggest that Bettis Jr was involved in the manufacture of methamphetamine in his apartment. Bettis Jr had previously been arraigned in Chittenden Superior Court on 05/29/2014 on charges of Burglary and Unlawful Mischief, (Trooper Ravelin). Trooper applied for a warrant and the Clan Lab processed the scene discovering a discarded "one pot" system.

2 Inmate on inmate assault at the CCCC

B Troop

At the request of Essex SA Illuzzi, Trooper prepared another affidavit charging a local logger with unlawful mischief and taking parcels of realty (illegal cutting of trees) that

stems from a three year old investigation where the suspect has been charged with other counts of the same.

There were two death investigations (Lyndonville 75 yr old male natural and Derby 97 yr old committed suicide because of health issues)

C Troop

Two vehicle Fatal Crash on US 7, Pittsford, just south of the Brandon town line. 3 injured and 1 deceased (the son of retired SSgt. David Lertola). Crash Recon and MAT assisted.

Untimely- in Poultney - 20 yr old with recent history of seizures, no drugs found on scene

D Troop

Tpr. investigated a motor vehicle accident with injury on I91 in Springfield; one is being charged with DUI with an accident resulting, Negligent operation with serious injury resulting; Child Endangerment (4 and 5 year old were passengers in vehicle and both were injured).

40 year old subject attempted to kill herself with a shotgun. This subject actually fired the shot but missed and the bullet went through the roof of the residence. She was transported to BMH and met with HCRS.

Suicide, 46 yr old male shot himself in mouth with a .22. Was wanted on DOMV charges out of CT

Fire investigation in Milton. Assist to Milton PD on "bear attack" case. Fire was intentionally set by male who was under the influence of narcotics. Case is on-going. Meeting with Manchester PD and FD in fires they have been having. VSP will assist with follow up investigations if further assistance is needed. (Sutton and Hill)

Emergency Management/Homeland Security

Issues/Updates:

DEMHS was made aware by the State Nuclear Engineer (PSD) of a potential leak at VY in the condensate storage tank. The leak contains tritium levels much lower than the levels found in leaks a couple of years ago. And since the leak was originally reported levels have gone down significantly and the leak has slowed. VY was investigating the cause of the leak and is in regular communication with PSD and VDH.

Homeland security Section Chief Lt. Manning was asked to contact former Governor Douglas who advised he was appointed by the NGA as representative to FirstNet. His

role, as it was explained, will be to protect states' rights and interests. He said he was heading to a meeting this week and will contact us to meet to discuss further upon returning.

Fire Safety

Issues / Updates:

The Division received \$16 Million in new plan review construction valuation collecting \$84,000.00 in permit fee revenue.

Administration

Deputy Commissioner Aumand and Director Chadwick have begun planning for the Department's participation in the performance accountability project. It is our intent to revise the DPS strategic plan and incorporate realistic and measureable performance goals into the plan. We also are planning on including in the FY 16 budget process one possibly two programs that can be viewed in the context of a performance based budget proposal.

The firearms storage program is ready to be implemented. Final draft copies of the guidelines and compliance forms have been distributed to Sheriff Boynack and to Henry Parro. It is our hope that they will be the first to storage locations that we identify.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: June 27, 2014

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

- Celebrate the receipt of a signed P&S for 20 Houghton Street, St. Albans and the wire of \$5.5 million in nonrefundable deposit. Mylan is performing inspections on the property the results of which should be shared with BGS late this week, early next week.
- Also celebrate the opening of the Vermont Psychiatric Care Hospital on time and on budget. Permitted and licensed patients will be moving into the facility July 2nd.

Legislative Issues/Contacts:

- Rep. Hooper contacted us with an inquiry concerning the number of long term leases held by BGS (Barre City Place). Assembly of data proceeding.
- Sen. Cummings called regarding the values associated with the purchase of the LaGue property for the Vermont Psychiatric Care Hospital. BGS supplied her the requested information.

Significant Events/Meetings:

20 Houghton Street: This St. Albans based project experienced success this week with the receipt of the signed P&S and the \$5.5 million nonrefundable deposit. Mylan is concentrating on its baseline condition inspection report which SOV should see a copy of next week.

St. Johnsbury Correctional Facility – cockroach infestation: Worked with DOC on identification and eradication of an infestation of wood roaches in both the St. J correctional facility and work camp. Situation under control due to outside perimeter treatment to prevent entry of the wood roaches.

Vermont Veterans Memorial Cemetery: The master plan and expansion of the cemetery is proceeding with caution. Military department and Vermont Veterans Department both are in a financial position to finance the 8/15 \$350,000 commitment letter to produce DD and CD documents. A land swap, transfer, or sale of 2.5 acres presently owned by VTC is necessary for the project preferred option. Checking into what constitutes reimbursable expenses for the project.

Vermont Psychiatric Care Hospital: The hospital is ready to admit patients July 2nd. This Project is scheduled to be celebrated July 1 with a ribbon cutting ceremony and open house. Hope the Governor relates his personal contribution in the site selection.

Heat Plant – FY15 Rate Setting (Larry Copp): The City of Montpelier is in receipt of the SOV heat rate for 2014-2015 heating season. Our responsibility is to answer the questions and to discuss the rate with the city. After a thirty day question and answer period the rate is due to the city on July 25th.

FINANCE AND MANAGEMENT

Issues Update:

As of the morning of June 27, 2014, the food fight fund has received \$40,729.94 in donations from 872 individuals/organizations.

HEALTH CARE REFORM

Issue Updates:

Green Mountain Care - Retreat Planning: On Monday 6/30, we are having a one day Green Mountain Care cross-agency retreat to kick off the next phase of more detailed planning, to level-set the understanding of state agency staff, and to determine any additional questions or areas of work that we will need to solve. The morning will be an overview of GMC by Robin, Devon, Michael, and Tom Boyd with an opportunity to ask clarifying questions. The afternoon will be a series of one-hour break-out sessions on key topics and staff will be encouraged to brainstorm and ask questions, which can be used to further the planning process.

Waiver Planning: In order to implement GMC, the states needs one or two waivers: 1) the CMMI all payer waiver, which would allow GMC to have one reimbursement method and amount across Medicaid and Medicare. This waiver would presumably also allow the state to continue implementation of more aggressive payment methodologies in the current system. 2) the Section 1332 Consolidated waiver, which would include both the waivers from ACA provisions and from Medicaid provisions (and thus replaces Global Commitment). The CMMI waiver could actually be done as part of the Section 1332 process, which allows consolidation across all three federal funding streams (Medicaid, Medicare, and the ACA). In discussing how to proceed with Lawrence, Robin recommends that we continue to pursue the CMMI waiver independently from the 1332 waiver for several reasons. First, the 1332 waiver is new and is likely to involve wrangling federal partners to work together. Keeping the CMMI waiver separate may allow both waivers to move more quickly through the process. Second, the topical areas are discrete

enough that the waivers can be pursued without a big risk of duplication or of conflict. The leadership team, however, should have a consolidated approach to both waivers and there should be a shared core team in order to ensure that we avoid duplication and conflict. Robin is working on an internal governance structure with Lawrence to get these moving more comprehensively.

Bids were opened for the Green Mountain Care finance modeling RFP. The Administration received bids from MIT, The Rand Corporation, and the Urban Institute. Michael was pleased to receive bids from such reputable institutions. Also, the bids appear to be within our budget, each coming in below \$500,000. Michael would caution people regarding the price. The bids are voluminous, and it is not yet clear whether (a) there are hidden costs or (b) whether the bids contain everything the Administration needs to conduct its analysis. The JFO received bids for their health care incidence analysis, i.e. who pays what for health care now. JFO received bids from The University of Maryland, MIT, The Rand Corporation, and SCS Analytics. There is a chance that the Administration and Legislature would each independently want to hire the same consultant for health care modeling. The Administration would need to decide whether this would be advisable.

It is vital that these new contractors hit the ground running. The Administration's consultants and actuaries (UMASS & Wakely) will be ready to share previous Green Mountain Care data, modeling, and analyses with our contractor. Also, Michael is working to create a team of current state employees and contractors from the executive and legislative branches of government, including those already working inside the confidentiality rules of Department of Taxes and other departments, who will work with the winning bidders of both RFPs to identify the data needed for the project, facilitate its procurement and use, and help ensure that the work is generally consistent with existing State economic, demographic, and revenue forecasts. Michael believes that collaborative approach could accelerate work output, significantly reduce study costs, improve study quality, and ensure some uniformity in basic forecast assumptions. This sounds like a bigger project than it is in that it primarily means plugging the Legislative staff and consultants into the Administration's quite well developed data gathering and analysis.

Michael and Robin convened a conference call with actuaries from MVP Health Care to begin the process of vetting the Administration's analysis of MVP's administrative expenses. This will help the Administration complete the baseline payer administrative cost analysis, an exercise we have been working on with BCBS/Partners for Health Care Reform for months. Furthermore, it will inform our future provider expense assumptions for the Green Mountain Care coverage and finance proposal. Susan Gretkowski and Bill Little of MVP gave Michael and Robin access to MVP's actuaries.

The Consumer Advisory Council met Wednesday. Staff made presentations on benefits design considerations (Devon Green), a general overview on the ACA Waiver financing requirements (Michael Costa), communications and Green Mountain Care (Scott Coriell), and a presentation of about a dozen examples of inequities in the current health care system (Michael and Robin). Two pieces of useful feedback: first, the group liked the examples of what's wrong with the current system, and they urged the Administration to share them with legislators and allied advocacy groups ASAP; second, Joel Cook and others opined that they felt the Administration was missing an opportunity if it waited until after the election to get legislative commitments to support the Green Mountain Care financing plan. They felt that January would be too late to build a legislative coalition. One additional editorial comment from Michael, many of the advocates seem to be waiting for another group to coordinate messaging and communications between all of them.

SIM Update: The SIM Team convened the Quality and Performance Work Group earlier this week. This work group is engaged in developing recommendation for the quality measures that would be applied to Year Two of the Medicaid and Commercial Shared Savings Programs. This work is incredibly challenging as various constituencies feel quite strongly about adding or not adding measures. This work will consume significant resources throughout July and August as we work towards consensus decision-making and recognition of the balance between administrative burden and the need for appropriate measures. SIM also spent significant time this week planning for meetings in the first few weeks of July focused on telemedicine, care management criteria and development of pay-for-performance programs.

VITL: DVHA is near an agreement with VITL for closing out FY14, which will alleviate significant cash flow issues VITL has experienced over the past several months. SIM's separate agreement with VITL will be executed in the next week and also provide VITL with payment. Additionally, DVHA and VITL are near agreement on the FY15 agreement, which will provide more certainty to both the State and VITL in the next year.

Significant Events/Meetings:

Met with Single Payer Groups: Robin had her periodic update with the single payer group representatives and provided an update on planning for Green Mountain Care. The group is very interested in the benefits process and is concerned that the timeline is too condensed between when we'll roll out options (mid-November) and the legislative session. Robin expects we will be getting some push back from some of the groups about decreasing the cost-sharing and adding adult dental.

BCBS Panel w/Lawrence: Lawrence & Robin attended the BCBS Board Retreat with Senator Tim Ashe. The purpose of the panel was to give the BCBS Board a heads up about where health care reform is headed in the next year (and to reassure them they needn't have an existential crisis). The most interesting part of the panel, in my view, was Tim Ashe describing himself as our "opposition" and positioning the session by indicating that if financing wasn't passed next session, he thought the state should re-evaluate where we were headed.

Joe Guarino, Health Care Sharing Ministries: Mr. Guarino is seeking an "exemption" from Green Mountain Care for 100 Vermonters who are part of a health care sharing ministry. These groups set up a system where people ask for donations to pay for their health care costs in lieu of insurance through a process facilitated by the ministries. Interestingly, most of their members decline Medicaid ("the dole") but enroll in Medicare. We discussed that GMC will be similar to Medicare – publically financed health coverage, that it was not insurance, and that "exemptions" didn't make sense, because of the way it is structured. We did let Mr. Guarino know he should expect to look at the financing plan in January and contact us with any concerns, but the approach was similar to the public school versus private school system. He seemed satisfied for the time being.

HUMAN RESOURCES

Nothing to report.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: CGI preliminary discussions with respect to Tier 1 Infrastructure Hosting in the CGI Federal Cloud have occurred and CGI is preparing to give DII more access and visibility to both Tier 1 processes, monitoring and notifications. These discussions are critical as we need to target separation of CGI development work that is managed by DHVA currently and the Infrastructure Maintenance and Operations that is a DII responsibility.

Enterprise Resource Planning (ERP):

- Progress continues to be made on VTHR initiatives both phase I (within the original scope of the ERP expansion project) and key phase II efforts – the focus remains on Leave Processing and FLSA
 - Leave Project implementation of Accrual Synchronization and the introduction of the new HR Advice have been given the go ahead
 - The Accrual Sync process completed successfully over the prior weekend
 - The HR Advice introduction will be July 7th
 - FY15 Modifications – work continues on the changes for FY 15 contract changes and the Across the Board Increase (ABI)
- VTHR Audit – met with auditor to review requested control documentation and “testing” evidence
- System Availability
 - There were no significant outages to ERP or supported Tax systems over the last week.

Evolving Issues:

Security: CGI continues to struggle to manage the security elements and resources. State side contingency planning has commenced.

LIBRARIES

Significant Meetings/Events

Annual Meeting, Vermont Public Library Foundation (VPLF) Annual Meeting: The Foundation Board met on 6/24 for the Annual Meeting.

Testimony on Net Neutrality to Senate Judiciary Committee: Marty Reid has been asked by Senator Leahy's office to provide testimony on Net Neutrality at this hearing that will take place at UVM on Tuesday morning. Her testimony will focus on how students, researchers and citizens need full and free access to information and web-based content – and why this issue has such import for libraries. She has invited selected members of the VT library community – and also a representative from the VTA to sit behind the witness table. Oral testimony will be brief and she is working with the American Library Association on written testimony which can be as long as she chooses.

TAXES

Legislative Update:

Tax Reform:

Personal Income and Property Taxes: The Commissioner met with the Speaker, and had a wide ranging, very constructive discussion on income tax and ed finance. The Speaker is very interested in examining an overhaul of income tax that would establish rationale effective rates based on credits, rather than exemptions and deductions. We also went through a complete matrix of possible ed finance reforms, a great opportunity to take the temperature on all the ideas that are out there. My sense is that the Speaker intends for the legislature to move forward boldly by clearing joining the finance and governance issues for consideration. This will inform our work as we put together options.

Cloud: The Commissioner met with Lisa and Lars of ACCD, unveiling a new draft reg that has a fourteen point list of transactions which are NOT taxable as software. They both thought this approach was much improved. However we still identified a number of questions that will be raised as their constituents consider the rules in relation to their business activities. We will post the new draft next week, and they will ask Jeff Couture to convene a focus group from the tech alliance to discuss it with us. We also agreed that we will take another stab at eliminating this tax next year, for them an important economic development tool, for us, an important tax administration improvement.

Audits and Assessments: In coincidental timing, the Commissioner this week reversed two assessments that had attracted a great deal of attention in the taxpayers' respective market niches - one originating in our audit division, one in our legal division. Confidentiality prevents saying anything more than that both cases involved very unusual facts against which the Department's actions could not be reasonably justified. Although the tax community may be appeased by the result, unfortunately, morale is low in these units internally. Leadership continues to emphasize that the Department needs to follow clearer, more predictable process for both the taxpayer and our employees so that we avoid bad results with these types of outliers. There is plenty of unquestionable tax liability to go after.

Operations:

VTax: The project's benefits committee is working to establish the baselines by which enhanced revenue, or lift, available to pay FAST will be calculated. The Commissioner approved the methodology developed to measure the lift for three corporate income tax functions: faster payment on refund requests to avoid interest due to the taxpayer (at the worst of our corporate processing, the Department would rack up \$250,000 in interest costs), improved examination of returns leading to current year adjustments in tax liability, and improved collection on delinquent corporate accounts. The baselines will now go to the Commissioner of Finance for approval, pursuant to contract.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: June 27, 2014
Re: Weekly Report

Status of Governor's Priorities: See Below

Legislative Issues/Contacts/Updates:

- S299: Working on the Powdered Alcohol Study included in this bill. I met with the Health Department folks and will work on the study this summer and fall.

Press Issues/Releases/Contacts: Nothing now.

Significant Events/Meetings: Next Board Meeting 07/09/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. New IT Manager started June 1.
- Preliminary review of department processes for potential licensing and enforcement system.
- Performance Audit underway. Report hopefully in June or July.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners.
- Working with VIC on break open ticket reporting process. Prototype has been developed and we are doing a run through.

Summary of Key Department Activity:

- June sales are great. We will hit \$70 million by the end of the fiscal year!!

Commissioner's Commentary: Have a great weekend.

Legislative Prep Form

1) Issues/policy proposals that will most likely arise next year, either as unfinished issues from this year or new issues that are likely to be discussed

- **Recreational Marijuana:** Sen. White sent out a note after the session stating that it will be brought to the table for discussion in Jan 2015. I have been following Washington and Colorado and have plenty of information and contacts. I would be glad to assist the administration in any way on their study that the legislature recently mandated.
- ***Washington State Liquor Control Board is opening its first retail stores July 8 and will be issuing 20 licenses for sale of recreational marijuana.***
- OLYMPIA, Wash. — As Washington state prepares to issue the first licenses for marijuana retail stores, Gov. Jay Inslee and other state leaders on Tuesday announced a coordinated campaign to make sure pot stays out of the hands of minors once products start hitting store shelves next month.

- “Those who have led the effort to legalize this product understand that we’ve got to make sure that parents’ roles are respected and emphasized and that the health of our children is of our paramount concern,” Inslee said. Different state agencies are working together “to make sure the public has the information they need to make healthy decisions and the tools that they need to keep our kids safe,” he said.
- The Liquor Control Board will issue about 20 retail licenses on July 7, and the stores that are ready can open the next day. More stores will get licensed in the following days.
- **Agency of Controlled Substances:** Rep. Stevens has interest in an agency that oversees liquor, lottery, gambling, etc. Not enough information as to the goals. We don’t share that approach.
- **Moving DLC Enforcement to Public Safety:** Don’t think it’s a good idea. Not much gain by doing it as alcohol enforcement will be diminished with the needs of the overall agency competing for resources.
- **New Warehouse for DLC:** Department’s business is growing and the current warehouse is not large enough to handle that growth. Could be a build/lease situation. We will have a cost benefits analysis done as a foundation to going forward. Could be a recommendation out of the Auditor’s Performance Report.

2) Issues/Ideas that your agency/department would like to consider affirmatively putting forward:

- **More flexibility in hiring and growing our business:** As a \$70+ million dollar business, we have very little flexibility as a governmental entity. I would like our department to be a pilot of what other states have done to grow their enterprise funds. My goal is to grow this business on all fronts and produce more revenue for the state. I will get you more details soon.
- **New Warehouse location mentioned above.**

3) Issues that will likely be discussed that may need a defensive strategy:

- **Break Open Tickets:** We are in the process of automating the reporting of tickets from manufacturers and wholesalers. This was a change to our regulations suggested by the 2013 Legislative Session. This will give us a true accounting of what the “playing field” is. I still believe there is money to be made by regulating an industry that has no control at the present. If the non- profit organizations had more faith in the oversight of this process, I think more folks would come to the table and be involved. Tax has to move over the licensing and enforcement to DLC which was part of the initial legislation in Jan 2013. I will keep Jeb in the loop as to the reporting of these tickets.