

WEEKLY REPORTS

Checklist
5/23/2014

Elizabeth Miller/Aly 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
- ☒ Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: May 23, 2014
Re: Weekly Report

LUCY LERICHE, DEPUTY SECRETARY

- **VY Tri-State Meeting:** Lucy attended a meeting in Brattleboro to discuss resources and strategy for workforce issues. The meeting was convened by Commissioner of labor, Annie Noonan. In attendance were representatives from Entergy VY, the state labor departments in Vermont, Mass, and New Hampshire, as well as Union representatives, folks from BADCC, and deputy Chief of Staff Sue Allen. The discussion was very positive and informative and seemed universally appreciated. VY shared the things they were doing for workers including job fairs, relocation opportunities, counseling, retirement planning, and a whole host of other services.
- **Doug Albee & Viewboost:** Lawrence met with Doug Albee about the state travel planner application contract award which they were not successful in winning. It apparently did not go well. Please see Lawrence for details.
- **Chamber Expo:** Another busy and successful Expo this year. ACCD and the state of Vermont was well represented. Keurig Green Mountain CEO Brian Kelley spoke at the Leahy breakfast on 5/21 and reiterated that the company is planning to add “300” jobs in Williston and plans to stay “Vermont based.”

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

- **Swan Valley:** Met with Chris Lotito and John Lecszak to discuss the next phase of growth for Swan Valley in Swanton. Presently, there are 16 employees – with two more joining the team next week – and they want to double their workforce over the next year. In order to achieve that, additional machinery must be purchased and further building improvements must be made. We talked with VEDA about their interest (it’s very high) and also explored other creative ideas around marketing their product. Swan Valley/Lotito supplies product to the Darden Group (Olive Garden; Capital Grille, California Pizza Kitchen, et. al) and their recent decision to sell off one of its chains, Red Lobster, won’t affect the company. Their biggest concern was the price of milk, which has gone up substantially since their 2010 start-up, but they are working with the St. Albans Coop/DMS to see where there could be some savings.
- **New Brownfields Projects** (let me know if interest in doing a Governor’s press release or something similar): There are two new loan projects in the pipeline: redevelopment of 237 North Winooski in Burlington by Redstone for housing and some commercial space and the former Alcaro property in Brattleboro, which will be used for a furniture showroom/retail space. Each loan will be for about \$150k.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **Cabot Hosiery/Darn Tough** presented some impressive sales numbers and projections at a meeting at their Northfield headquarters on 5/19. The growth is coming from the Darn Tough line which is gaining market share on industry leader Smart Wool. Darn Tough proudly markets its socks as Made in Vermont and is one of the few sock brands that is still made in the US. Lisa Gosselin and Sam Anderson of CVEDC met with the father/son owners, Marc and Ric Cabot. The company currently employs about 135 people and could, with the right conditions for production and expansion, double in size in the next 4 years.
- Lisa Gosselin spoke on CEDS and other new Agency initiatives at the annual meeting of the **Vermont League of Cities and Towns** on 5/14 in Vergennes. Towns are concerned about the property taxes not being sufficient to maintain their infrastructure.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **NSK Steering Systems – Bennington:** The company reports that business is strong with eight new product lines added in the last year. Full time employment is at 360 with nine positions unfilled. They are in the process of doing a new plant layout, and their new HR manager is actively seeking training assistance in a wide variety of areas. There has been management change as well in the past year. They asked for assistance in pursuing a grant for aerospace training that might be applicable to a number of Vermont companies.
- **PortaBrace – Bennington:** The company is outgrowing its present location and is seeking new space to accommodate new business. Full time employment is at 40 in Bennington and 17 in St. Johnsbury. They are an interested party for a Foreign Trade Zone that is in the planning. They requested assistance in selling some used sewing equipment from its St. Johnsbury facility.
- **Eastman Benz – Winooski:** The company held an open house in their expanded facility in the former York Capacitor building. They have 5 full time employees and are hiring. The company is doing a good deal of work for Draker Labs and is pursuing ISO:9000 certification as several other customers require it. We will continue to assist the company in its growth.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Congressman Welch's Office Confirms Co-Sponsoring New Legislation:** Dan Towle, Director of Financial Services provided feedback on proposed legislative language that Congressman Welch confirmed back this week that he will co-sponsor. The legislation concerns modernizing the Risk Retention Act.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Burton Snowboards: Burton Snowboards – Burlington:** VMEC held a Manufacturers' Forum on Rapid Prototyping and 3-D printing in the development of their products which was well attended. Burton does some manufacturing of boards, but their primary activity in Burlington is to operate a world-class prototyping research and development facility for the manufacturing operations in Austria and China. After the forum Beth Demers met with Justin Worthley, VP of Human Resources, to discuss workforce training needs and general business. Justin shared that Burton has made significant investments in the Burlington area to ensure the long term success of Burton in Vermont. Key areas of local interest for the company are the building of the Champlain Parkway and a clear understanding of the future of single payer health care financing. Climate change and tapping into the women's sport market are areas of focus for the company on a global level. Justin does not expect Burton to have a major expansion, job wise, in the next few years but hopes to be growing at a 3-5% rate.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay

- **VY Funding Process:** Grant process moving along and on track. Continuing to work on refining the process, taking calls from stakeholders and prepping for today's (May 22nd) stakeholder meeting. We are also prepping for a June 3rd public meeting also held in Townshend. Stay tuned for updates on the outcomes of those meetings!
- **Wines of Canada Reception:** Joined Secretary Miller and Deputy Secretary Leriche for this wonderful evening of cross-border discussion. It is incredible to learn more about how the two countries are linked.

Deputy Commissioner Hollar

- **VHFA Board:** Among the actions taken at this month's board meeting was the allocation of the state affordable housing tax credits for homeownership activities. Requests far outstripped available credits. The number of credits was expanded following Tropical Storm Irene for the purpose of creating a mobile home financing program. The program is up, running and exceeding expectations. Unfortunately, even the credits awarded this week to the program will only allow the Champlain Housing Trust to fund the applications currently in their pipeline. It has announced it no longer able to accept applications until more credits become available next year.
- **Housing Council:** Led the Council's bi-monthly meeting. Mark Perrault of JFO provided an overview of the Renter Rebate Program and kicked off the Council's work studying the program and alternatives. A subcommittee was created to tackle the topic and work on the report to the Legislature. Council members also shared information about energy efficiency codes. While improving the energy efficiency of affordable housing projects has long been a focus, the creation of a stretch code in Act 250 and adoption of local energy codes is creating concerns about increasing costs, the software used to determine best available technology, energy vs. building codes, local vs. statewide standards, etc. Reached out to VEIC, PSD and Natural Resources Board for background and clarifications.
- **VCDP:** Joined the VCDP and GMS staff when they met this week to continue their analysis of a complex batch of VCDP applications for the June round. Several major projects and big requests are on the table. Working with the Governor's office and Senator Leahy's staff to schedule an awards ceremony in late June that will also highlight the 40th Anniversary of the CDBG program.

DEPARTMENT OF TOURISM & MARKETING

Steve Cook, Deputy Commissioner

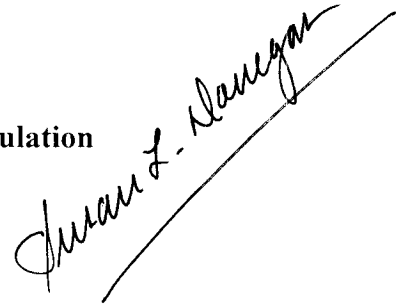
- **Collaboration with Phish:** VDTM is proud to announce our first promotion with Phish. VDTM has partnered with Phish and Comcast for this summer's New England tour media promotion. The media includes broadcast television spots across networks directing consumers to VermontVacation.com to sign up for a Phish ticket giveaway. In an effort to bring this promo back to the band's roots in Vermont, we are also including a VIP weekend package to [Nectars](#), where the band began, as well as a stay at [Hotel Vermont](#). We expect this campaign to go viral throughout the phan community. The campaign will kick off June 1.

State of Vermont
Department of Financial Regulation
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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: May 23, 2014
Re: Weekly Report

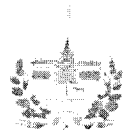


Banking Division:

The number of newly-filed foreclosures in Vermont in each of the first four months of 2014 is lower than the same months in 2013.

	2014	2013
January	112	194
February	79	141
March	89	162
April	110	164

Vermont has the lowest number of mortgage loans that are past due of all the New England states and is below the national average. According to the Mortgage Bankers Association National Delinquency Survey for the first quarter of this year, recovery throughout the U.S. continues. The national average of loans in foreclosure at the end of the quarter for Vermont was 3.2 percent. New England was 2.83 percent and nationally the average was 2.65 percent. That number appears higher because in Vermont foreclosures are handled through the court system and can sometimes take a few years to complete. In other states foreclosures are completed in a few months.





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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: May 23, 2014

Significant Meetings:

State Board Meeting

The state board met and discussed a position on appropriate and inappropriate uses of standardized tests. I did encourage them to not pass resolutions that would interfere or disrupt federal funding. They are likely to draft a letter that can go out with AYP determinations, that explains what they find problematic in the way scores are used to rate schools. The conversation and stories told by Board members did suggest that some schools across the state are using rewards to incentivize better performance on tests, which raises some interesting questions. Would the districts do this if they didn't think the results of the incentive had a noticeable impact on results? If it does, isn't it problematic to compare performance of districts that offer incentives with those who don't? Also, studying for final exams is an opportunity for students to organize material and improves the chance that some material will become embedded in long-term memory. Some districts incentivize students on state tests by exempting them from NECAPS if they score as proficient. Is it problematic that some districts offer an exemption from an activity that has academic value as well as value in evaluating student performance? And more importantly, does only requiring students who are not proficient to show up adversely affect those children? Lots of issues to work on.

VSBA

I spoke at their training and retreat for new school board members. I have attached sample slides—these attempt to lay the groundwork for governance conversations. My goal was to frame some of the challenges they face as school board members, rally them to the challenge, and incentivize them to start by asking what their goals are for their students, and then ask what would be the best way/delivery system to achieve those goals. There were two families of questions afterwards:

1. Special Education: These questions start with anger at our controls on how they spend special education monies, which is code for saying it is the state's fault special education spending is so high. I use this as an opportunity to explain that:
 - a. Our reimbursement system was designed intentionally to "insure" small districts against large fluctuations in cost that occur, for example, when a child with significant needs moves into a small system. Other states don't do it the way we do because they are not characterized by so many small schools.
 - b. Our brand new modified block grant special education pilot offers flexibility, but only in exchange for implementation with fidelity of some school-wide, evidence-based practices that have been shown to reduce referrals to discipline and special education, as well as a commitment to costly but educationally inefficient practices like overreliance on one-on-one paraprofessionals.
2. Small Schools: they showed up in droves, asking for answers. They want us to figure out the solution and tell the legislature. When I ask them for their suggestions, they don't have any beyond asking us to straighten out the legislature. Some took exception to the Governor's request that they take a hard look at their budgets. I have no suggestions that disagree with GPS: these small schools that want to lower costs will have to either "right size" or rely heavily on digital learning, which may not be possible without right sizing. I am looking for some research we did a few years ago on optimal school size. Boutiques are expensive, particularly at the secondary level. The only answer I can give to Westford is that perhaps their school is too small: the only way they can deliver the same quality is at scale.
3. The "Quality of the Pool" argument: the current problem is that the districts experiencing distress are not all contiguous: they are scattered across the state in different SUs. Thus the schools that are looking for dance partners often can't find them and when they do, it is a marriage of two districts in distress, which limits the viability of their options. The analogy is the health care pool: If the only insured in the pool are sicker on average than the population, then the viability of the pool is threatened. We have to be all in, or the system doesn't work for some. Our challenge is essentially about the tension between choice and attention to individual district goals on the one hand, vs. a shared vision/public good for the state as a whole. Interestingly, this tension is mirrored in most RED votes. They have typically gone down when one town of many rejects the RED to preserve choice. We may be debating this forever.



VSA/VCSEA Conference

I also spoke at this event, which included Board members, Superintendents and Special education directors. It did feel a bit like a revival, but it was great to have a chance to talk about teaching, which I like to do at least once a week. My goal at these events is to fire people up to take on the hard work at the ground level.

Governance groundwork for next year

We are exploring the pros and cons of targeting phantom students for legislative action in the next session. It is one obvious and concrete way we could move the governance conversation forward, because schools would have to grapple more immediately with the question of their viability (e.g. the need to right size). We will lay out some of the data around these schools.

HR policies

I wonder if at one of the extended cabinet meetings, we could discuss HR and how to perhaps bring some of the kinds of process engineering ANR presented to HR processes as they affect other agencies.

In addition, we were motivated by our internal assessment of risks and internal controls to develop a few new policies governing, for example, documenting of work offsite and disclosure of potential conflicts of interest. These have been submitted to HR for approval, and when and if they resurface, we will implement.



Have a great weekend, all.

Rebecca



Education Quality and Economic Sustainability

What are our goals?

Education as a **public good** with a public purpose

(Sounds like: We need to educate all our children well to ensure the economic vitality of our shared future as a state)

Education as a **private good** with a private vision

(Sounds like: We want to educate our own children as well as we can to ensure their advantage in college and careers.)

What do we want our schools to do?

- Ameliorate social inequality
- Credential students so they can advance themselves
- Provide a common experience
- Provide for personalization and choice
- Address public health issues
- Address economic competitiveness
- Reduce crime
- Promote traffic safety
- Stop obesity

And so on....

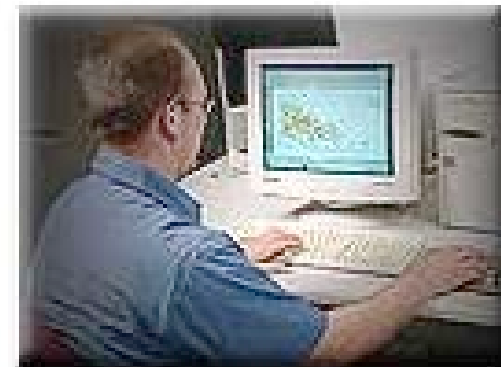
Changes Driven by Technology

The image displays a detailed dairy farm record book with multiple sections for tracking cow performance and health. The sections include:

- IDENTIFICATION AND GENETIC SUMMARY:** Contains fields for cow number, name, sire, dam, and various genetic markers.
- STAGE OF LACTATION PROFILE:** A table showing lactation stages (e.g., 1-11, 12-21, 22-31) and corresponding milk production data.
- PRODUCTION BY LACTATION SUMMARY:** A summary table of production data across different lactation periods.
- DETAILED COW PRODUCTION:** A large table with columns for date, stage of lactation, milk yield, and other production metrics. Two arrows point from the text boxes below to this section.
- YEARLY PRODUCTION AND MASTITIS SUMMARY:** A summary table of yearly production and mastitis data.
- DETAILED COW PRODUCTION (continued):** A continuation of the detailed production table.

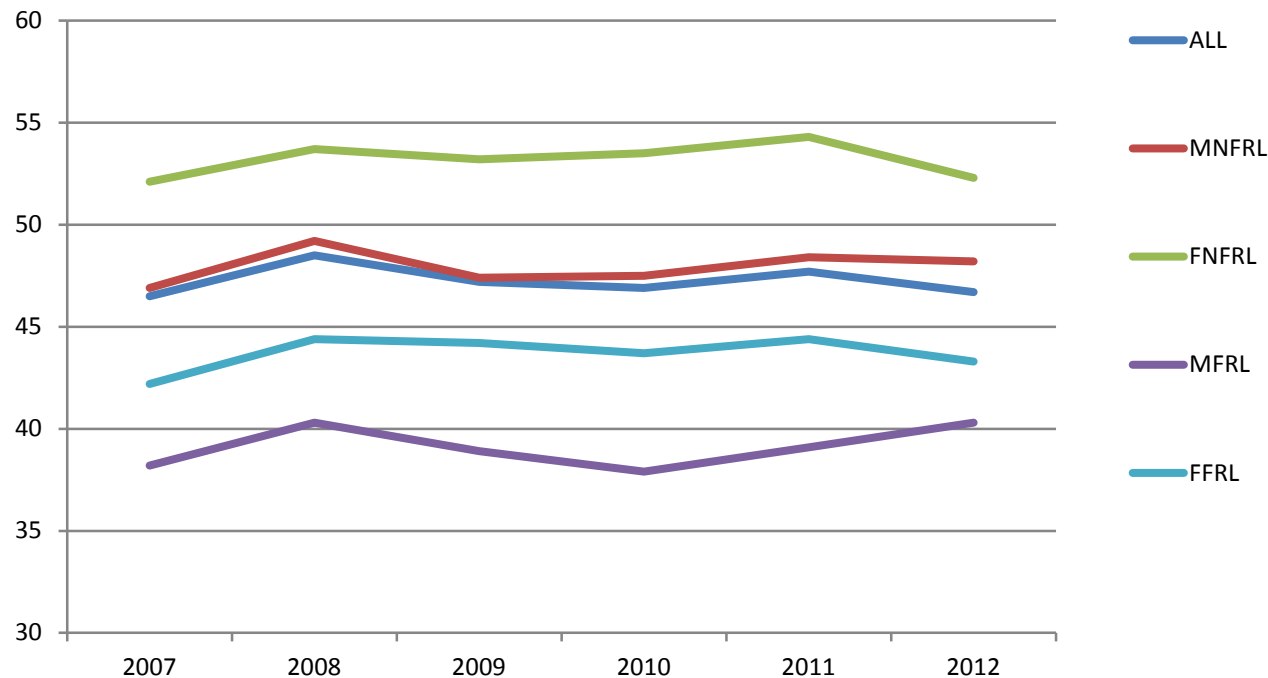
Two text boxes at the bottom of the image are connected to the 'DETAILED COW PRODUCTION' section by arrows:

- Peak Milk by lactation** (points to the left arrow)
- Summit milk by lactation** (points to the right arrow)



NECAP Reading Scores from 2007 to 2012 – the Interaction of Poverty and Gender

NECAP Grade 7 Reading Results by Gender and Family Income



Poverty and Gender:
To improve equity in outcomes,
we need to look at the
interaction of poverty and
gender (and race)

All = All Assessed Students
MNFRL = Male Not Free/Reduced Lunch
FNFRL = Female Not Free/Reduced Lunch
MFRL = Male Free/Reduced Lunch
FFRL = Female Free/Reduced Lunch



We net export our most educated students, and don't sufficiently educate those who stay.

Governor Peter Shumlin, April 3, 2014, to students in Bennington:

“....we don't just want you, we need you! We have now moved from the problem I had when I took office, which was not enough jobs, to needing more workers to do the jobs that we have.”

Sustainability Indicators:

- Number of students trained for jobs that are available in the local economy?
- Number of students who go to college and come back to their community?
- Proportion of voters who are working?
- Proportion of voters with children in the schools?
- Aging population?

Sustainability Indicators:

- After 17 years of uninterrupted declines in enrollment, we serve about 20% fewer students than we did twenty years ago.
- Declines are concentrated in more rural districts.
- Between FY90 and FY13, we saw a 97% increase in FTE special education professional staff, and a 178% increase in special education aides, and a trivial increase in number of special education students served.

Different opportunities to learn?

Course offerings in two middle schools, both of which feed into the same high school:

School A:

School B:

Value for Dollars?

	School C	School D	School E
Ed Spending per EqPup	13,413.10	\$13,499.30	\$12,448.76
Actual Homestead Tax Rate	1.428	1.4181	1.3
Per capita income	\$35,474	\$15,173	\$19,012

Value for Dollars?

Do students in these Vermont high schools have comparable opportunities to prepare for college and/or careers?

School C:

Mathematics:

General Math
Pre-Algebra
Algebra I
Algebra II
Geometry
Trigonometry
Pre-Calculus
Calculus
AP Calculus AB
Business Math
Probability and Statistics—
Other Mathematics
Proficiency Development

School D:

Mathematics:

Integrated Math
Problem Solving
Pre Algebra
Algebra I
Junior Math

School E:

Mathematics:

Integrated Math
Pre-Calculus
Calculus
Applied Life Math Statistics
Statistics AP

Continued on
next slide...

Value for Dollars?

Do students in these Vermont high schools have comparable opportunities to prepare for college and/or careers?

School C:

Science

Earth Science
Biology
Biology—Other
Chemistry
Physics
AP Physics B
AP Environmental
Science
Technical Science
Life and Physical
Sciences—Proficiency
Development
Life and Physical
Sciences—
Independent Study

School D:

Science:

Biology
Physical Science
Forensics

School E:

Science:

Science, Gen & Adv
Environmental Science, Gen & Adv
Anatomy & Physiology, Gen & Adv

Continued on
next slide...

Value for Dollars?

Do students in these Vermont high schools have comparable opportunities to prepare for college and/or careers?

School C:

Social Studies

Modern European History
World Area Studies
Contemporary World Issues
Early U.S. History
Modern U.S. History
AP U.S. History
State-Specific Studies
Particular Topics in U.S. Government
Law Studies
Psychology
Particular Topics in Psychology
Social Sciences—Independent Study
Humanities
Social Sciences and History—
Proficiency Development
Social Sciences and History—
Independent Study

School D:

Social Studies:

US History
Civics
Psychology

School E:

Social Studies:

World Geography, Gen & Adv
US History, Gen & Adv
Modern US History, Gen & Adv
Anthropology Adv

Continued on
next slide...

Value for Dollars?

Do students in these Vermont high schools have comparable opportunities to prepare for college and/or careers?

School C:

Foreign Language:

Foreign Language
Spanish II
Spanish III
Spanish IV
Spanish V
AP Spanish Language
French I
French II
French III
French IV
French V
AP French Language
Italian I
German I
Latin I
Chinese I

School D:

Foreign Language:

Spanish I
Spanish II

School E:

Foreign Language:

Spanish I
French II
French III
French IV

Continued on
next slide...

Value for Dollars?

Do students in these Vermont high schools have comparable opportunities to prepare for college and/or careers?

School C:

Band, Arts :

Concert Band
Contemporary Band
Chorus
Creative Art—Comprehensive
Creative Art—Sculpture
Ceramics/Pottery
Printmaking/Graphics
Graphic Design
Crafts
Photography
Art Portfolio
Visual Arts—Independent Study

School D:

Music/Arts:

HS Art 1
HS Art 2
HS Music 1
HS Music 2
Video Production

School E:

Music/Arts:

Band
Chorus
Internship Music Theory
Music Independent Study
Introduction to Art
Advanced Art
Journalism/Yearbook
Music History
Ceramics/Photography

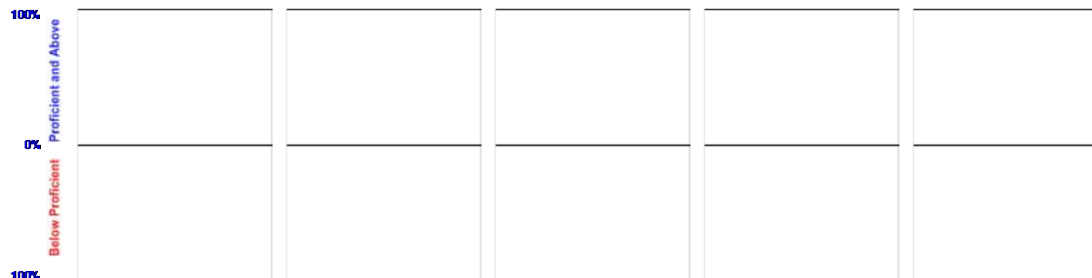
(Data as reported by schools)

In some cases, lack of meaningful data about performance?



NECAP Assessment Report

Organization:	Lowell Graded School
Teaching Year:	2012-2013
Test/Subject:	NECAP Science Grade 8
Breakdown:	Differences in achievement by family income?
Comparison:	Over Time?



	2009		2010		2011		2012		2013	
	Not FRL	FRL	Not FRL	FRL	Not FRL	FRL	Not FRL	FRL	Not FRL	FRL
Number of Students Tested	++	++	++	++	++	++	++	++	++	++
Proficient With Distinction	++	++	++	++	++	++	++	++	++	++
Proficient	++	++	++	++	++	++	++	++	++	++
Partially Proficient	++	++	++	++	++	++	++	++	++	++
Substantially Below Proficient	++	++	++	++	++	++	++	++	++	++
Total Proficient and Above	++	++	++	++	++	++	++	++	++	++
Total Below Proficient	++	++	++	++	++	++	++	++	++	++
Average Scaled Score	++	++	++	++	++	++	++	++	++	++

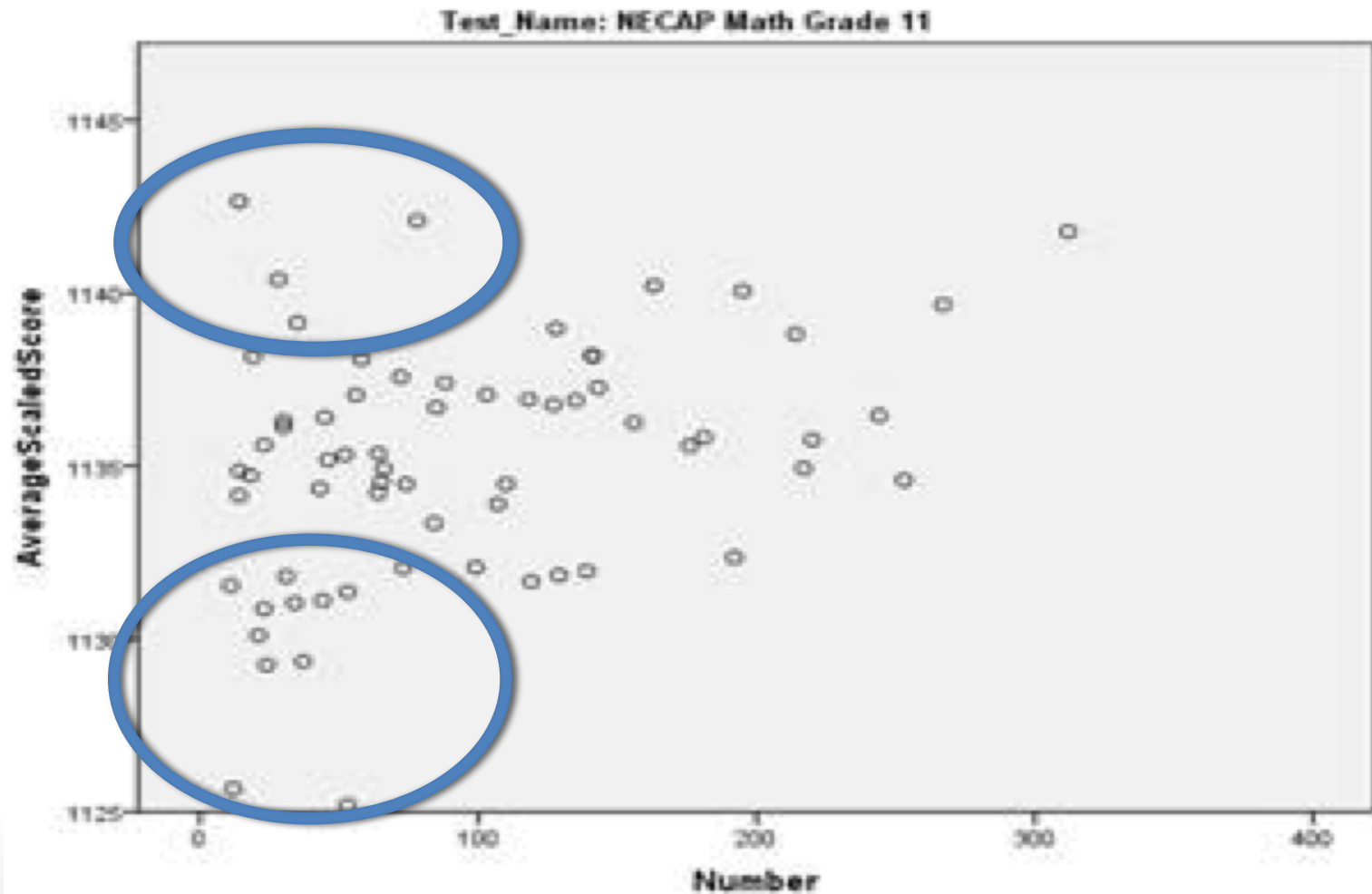
The NECAP 8th, 10th, and 12th grade assessments in Science assess a student's ability to use science knowledge and skills to solve problems. The assessments are aligned with the Vermont State Standards for Science. The assessments are also aligned with the Vermont State Standards for Science. The assessments are also aligned with the Vermont State Standards for Science.

When reporting by grade level AND bundling grades 3-8, 31% of schools will have some grade level data suppressed.

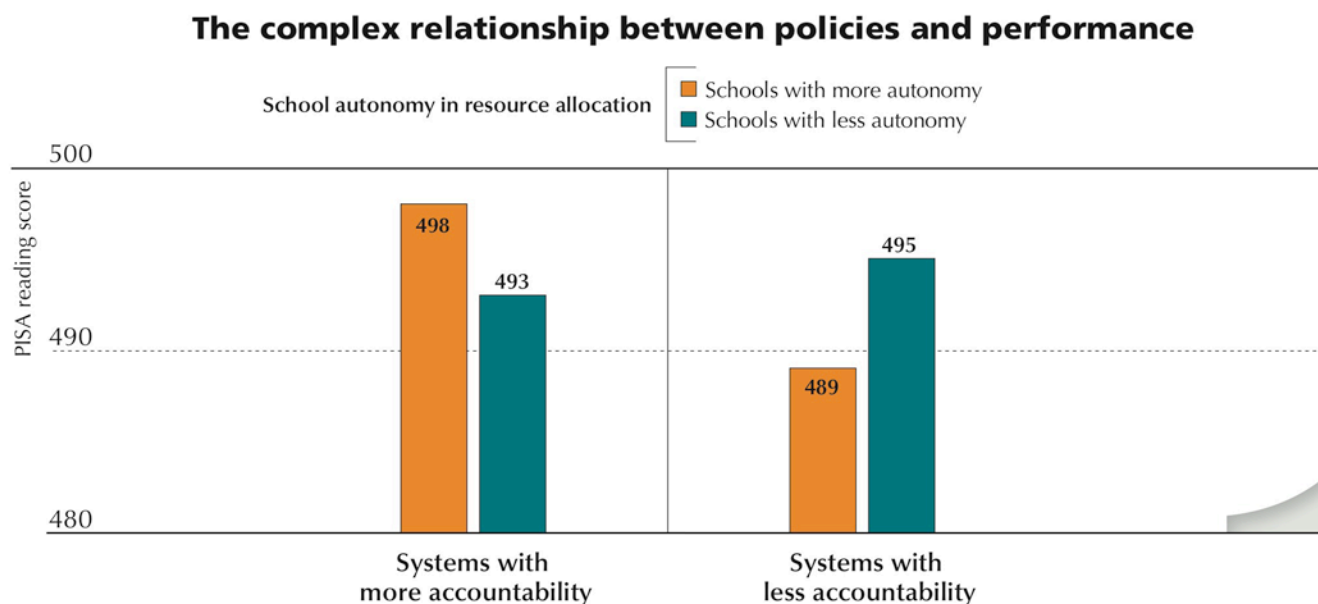
When reporting by school, 13% of schools will have some FRL data suppressed.

In some cases, lack of meaningful data about performance?

Scores are much less reliable in small schools, so hard to know if this variability is real, or if it is a function of measurement error?



School autonomy has a positive relationship with student performance when systems have clear goals and clear accountability for reaching those goals in place.



Note: In school systems in OECD countries where all schools post achievement data publicly, a student who attends a school with more autonomy in allocating resources than the average school tends to score five points higher on the PISA reading test than a student who attends a school with less autonomy. In contrast, in school systems where no schools post achievement data publicly, a student who attends a school with more autonomy in resource allocation tends to score six points lower on the reading test than a student who attends a school with less autonomy. These results are seen after students' and schools' socio-economic backgrounds are taken into account.

Source: OECD, *PISA 2009 Database*.

Information from a presentation by Andreas Schleicher (CCSSO, March 2014) and from PISA IN FOCUS 2011/9 (October)

What do you value?

What do you value?

For whom?

What do you value?

For whom?

What is the best way to
deliver it?

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, May 23, 2014

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Project Labor Agreements (PLA) Urged

Organized labor is seeking a PLA requirement for projects over \$25 million that are under the jurisdiction of the U.S. Army Corps of Engineers in the northeast region. The Associated Contractors of Vermont, along with other AGC state chapters, is opposing this and wants VTrans to join in opposition.

The only time this has been an issue in Vermont was the Champlain Bridge replacement and the Douglas Administration did join AGC in successfully opposing a PLA on that NYSDOT led project. Given that labor disruptions are virtually unheard of on Vermont construction projects, PLAs appear to be a “solution in search of a problem” for us. Since it has little practical impact on us, the question becomes do we want to side with AGC or labor. Some feedback would be helpful.

Tolling

Tolling has never been considered a viable revenue option for Vermont, with the exception of the Lake Champlain bridges which were tolled until the early 1980s. Traffic volumes have not been equal to cost of administration of such a system and it has always been a hot button issue from a political standpoint.

The unfortunate press coverage of this issue this week does not equate to anything real happening at VTrans. There is no proposal in the wings and just the normal review of data by our Policy and Planning Unit continues on this and many other subjects where the latest data is gathered periodically. What changed was a proposal by the President in his Transportation Bill to allow states more flexibility to institute tolls on roads where this is currently prohibited. The Obama Transportation Bill does not appear to have legs in Congress.

Expect a story in the Free Press over the weekend which will hopefully feature a broader discussion of transportation revenue. We know, however, that several elected officials (Mazza, Phil Scott among them) have been contacted for this story and were asked specifically about tolling.

I will be appearing with Peter Welch at a bridge project in Bennington on Tuesday that is to be advertised for construction in the fall and is, therefore, at risk if the federal funding problems are not resolved by Congress. The purpose of the presser is for him to have a platform to call for a fix to the Highway Trust Fund prior to the August recess.

Emergency Declaration for I-89 MM 104.5 Milton

I have signed an emergency order creating a project to further investigate and remediate conditions related to a failing culvert at this location. A sinkhole developed suddenly in the southbound lanes at the above location on Wednesday and temporary repairs were completed within a few hours. However, it is clear that a 30" culvert, 14' down has deteriorated rapidly and will have to be repaired or replaced right away.

License Suspension Delays

DMV received notice from the Court Administrator's Office of a delay of over 1300 disposition reports, some dating back to August 2012. We anticipate the delay in license suspensions will generate a large amount of constituent contact, and may result in sanctions from the Federal Motor Carrier Safety Administration. CAO believes it has rectified the error in the court reporting system and DMV is working with FMCSA on potential issues that may arise from the delay.

NOTES FOR STAFF

TDI New England

Rich Tetreault and Chris Cole met with TDI New England representatives Adam Necrason and local project manager Josh Bagnato to discuss the next steps in investigating the possibility of locating TDI's transmission cable in the State highway right of way (ROW). VTrans communicated to TDI clearly that VTrans would always reserve the right to move TDI's cable in the future to adequately maintain our infrastructure and that TDI needed to consider their risk in having their cable moved and what that would mean to their electric agreements with respect to reliability. We were encouraging TDI to give serious thought on how to minimize their risk of future cable movements and disruptions by identifying the water draining elements of our infrastructure that will need to be replaced in the next 20 years and making those replacements now. Along that vein, we indicated that use of the VELCO ROW corridor from Rutland to Ludlow probably made more sense from our perspective than the highway ROW as laying the cable on Routes 4 and 7 in Rutland would be very disruptive to the local community without much benefit and Route 103 had many challenges because of the physical topography and limited ROW. They acknowledged this reality and indicated they were hopeful that VELCO negotiations about use of their ROW would become more serious; they expressed difficulty in getting VELCO to make a decision on whether they could use their ROW.

We also communicated that we would be seeking fair market value compensation for use of our limited access ROW as required under state statute and, despite the lack of statutory authority on the non-limited access to charge TDI for its use, we expected to be compensated for that use as well but anticipated that those costs would be incorporated into a larger discussion with TDI and the State. For your information, TDI representatives indicated that they paid New York State \$123 million for use of 330 miles of limited access highway. They cautioned though that the New York deal had special considerations yet didn't describe the special considerations.

Current actions underway:

- VTrans and TDI are developing an agreement whereby TDI reimburses VTrans for staff and consultant expenses associated with reviewing TDI's engineering plans for their infrastructure and identifying any issues with VTrans' ability to adequately maintain its infrastructure.
- There is a June 2 meeting between TDI project engineers and consultants and VTrans staff and consultants. VTrans consultants will be brought on board for this meeting and will be selected through existing retainer contracts. The purpose of the meeting is to develop a process by which the consultants and engineers will review the corridors in greater detail and the cable position in the ROW will be better delineated.

Way to Go Week Summary

The program had its best results to date with 5,392 people making changes in their driving habits, up more than 1,500 from last year. Participants traveled 299,054 miles by means other than the single occupancy vehicle saving 209,188 lbs. of CO₂. Not to gloat too much, but in our annual head-to-head battle with ANR, VTrans prevailed with a participation rate of 18.6% compared to 8.2%.

Historic Preservation Officer Resigns

VTrans HP Officer Scott Newman has left the Agency and been replaced on an interim basis by VTrans Tech VI Bob McCullough. This follows an investigation conducted by DHR of Mr. Newman whose actions were putting our highly valued Section 106 Programmatic Agreement with FHWA and the State Historic Preservation Officer at risk.

Under this agreement, the only one of its kind in the U.S., VTrans has been granted decision-making authority by FHWA to act as the SHPO when reviewing projects. We do not anticipate substantive delays to existing project schedules as we seek Newman's replacement. However, due to alliances made by individuals over the course of the investigation, some outside groups may have questions that we can't answer about this personnel matter. I have spoken to Paul Bruhn and assured him that we will continue to do quality work in this area of historic preservation and he has the capacity to calm people's anxieties about the change.

Rutland City Bridge Projects

Two problematic bridge projects, the Dorr Drive Bridge and the Ripley Bridge, which are in close proximity on the southwest side of Rutland City, have been the subject of annoying delays for years with historic and ROW issues along with planning and design problems around traffic, etc. About a year ago we asked our Accelerated Bridge Program team to look at this and they have a plan to advertise both bridges under the same contract after overcoming most of the problems associated with the bridges as separate projects. The only remaining problem is recalcitrant property owners and we have asked the City to exercise its authority and begin condemnation. If they are willing to do that in a timely way, we will advertise these two bridges in early August and start the Dorr Drive Bridge this year, completing it in 2015 while the Ripley Bridge would be constructed in the 2015 FY with a completion in 2016. I have toured these two sites with Mayor Louras over the past couple of years and he is very pleased with the new approach and the progress.

AASHTO Spring Meeting

I will be in Louisville from Wednesday through Friday of next week attending the spring board meeting of the American Association of State Highway and Transportation Officials. I will also be presenting a report to the I-95 Corridor Coalition on cross-border freight issues after 20 years of NAFTA. Deputy Minter will be in Vermont during that time and acting in my stead.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: May 23, 2014

Vermont Department of Health (VDH)

Vermont Psychiatric Hospital:

The State Board of Health will meet on June 24th. The meeting agenda includes licensure of the Vermont Psychiatric Care Hospital (VPCH).

Zohydro:

On review of the Vermont Prescription Monitoring System (VPMS) no Zohydro has been dispensed in Vermont as of May 19th.

VDH receives CDC Public Health Assistant:

A Centers for Disease Control (CDC) and Prevention funded Public Health Assistant has been assigned to the VDH for the next three years. This public health trained professional will help advance chronic disease prevention and health promotion goals. Anticipated projects include: strategies for various federal grants focused on improving nutrition and physical activity in schools and assistance on health systems projects with external partners like Blueprint and Medicaid. This is a great opportunity that will support our continued efforts towards meeting our Healthy Vermonters 2020 goals.

Community Coalitions engage in media campaign about tobacco use and mental health:

Community Coalitions funded by the VDH are engaging in a spring campaign to increase awareness about the intersection of mental illness, drug use, and tobacco use.

The VDH designed campaign materials to counter widely held beliefs that mental illness, drug use, and tobacco use always go hand in hand. These materials include Facebook shares and text, press articles about successful tobacco-free treatment facilities, signage for treatment facilities going tobacco-free, and press templates to help community groups publicize tobacco-free facilities in their areas. Campaign activities kicked off at the end of April to coincide with the Tobacco Control Program's Vermont Quit Partners Promotion.

Department of Mental Health (DMH)

Rutland Mental Health Services (RMHS):

RMHS had an open house for their new four-bed Intensive Recovery Residential Program. These beds are part of the no-reject system of care. Licensing is coming next Tuesday and they expect to open by June 1st.

Transformation Council:

The Transformation Council had Anya Rader Wallack as a guest speaker. She gave an overview of the State Innovation Model (SIM) Grant and answered questions on Accountable Care Organizations (ACOs) and the future of Health Care Reform.

Burlington Free Press (BFP) and VTDigger:

The BFP and VTDigger are asking for a tour of the new Vermont Psychiatric Care Hospital (VPCH) in Berlin.

Vermont Psychiatric Survivors (VPS):

The DMH continues working with VPS's Board of Directors regarding the organization's operational policies.

Department of Disabilities, Aging and Independent Living (DAIL)

Blueprint for Health Care and OneCare agree to find common ground:

In an often tense, but ultimately productive exchange during the Blueprint (BP) Executive Committee yesterday, leaders in primary care challenged some of the BP data and asked for further clarification about costs and outcomes of the BP, which Craig Jones agreed to produce. Additionally, the BP Committee was asked to submit a formal recommendation to the SIM care models and payment reform groups outlining how the BP could meld into the ACO physician groups over the next 18 months.

VTDigger posts follow-up to so-called whistleblower story:

Hilary Niles interviewed Commissioners Wehry and Duffy about the investigation of misconduct by Vocational Rehabilitation (VR) employee John Howe. Mr. Howe, who remains on the offensive, continues to allege he is being investigated as retaliation for his union activities; a tactic he has confided to one co-worker is "a strategy to save my job". Mr. Howe has now added 2 HR investigators to his growing list of named defendants in his lawsuit against the state.

WCAX runs brief segment on substance abuse and older adults:

Commissioner Wehry appeared this week on The:30 show for a 5 minute interview outlining the problem of alcohol abuse and prescription drug misuse in seniors. The Commissioner used the opportunity to educate the public about the risks of mixing prescription drugs with medications and of the negative impacts of alcohol on memory and risk of falling.

Department of Corrections (DOC)

DOC meets with Suboxone manufacturer:

Commissioner Pallito met with Reckitt Benckiser Pharmaceuticals. The discussion focused on issues of diversion of Suboxone and success of appropriate usage. Strategies to address potential diversion and misuse were also discussed.

S.295, An act relating to pretrial services, risk assessments, and criminal justice programs:

It has been communicated to DOC that it will need to find a position for the exempt pre-trial services monitor. DOC does not have any available positions at this point and is awaiting further guidance.

Population:

The department's incarcerated population averaged 2,090 for the previous week. The male population averaged 1,930 with 332 being presentenced inmates. The female population averaged 160 with 40 being presentenced.

Department for Children and Families (DCF)

Space Issues:

The additional social workers that will be added to DCF will give us the opportunity to address our most serious staffing needs, which include the St. Albans and Hartford offices. The new staff in St. Albans will not fit in the building under construction. We are exploring moving other AHS or non-AHS departments out of the building, necessitating new leased space. The plan for the new Hartford state office building also does not allow for any future growth, so we will be looking to lease space in Hartford or to move some non-AHS departments out of the building before it is built.

Non-renewal of Balanced and Restorative Justice Contract in Burlington Area:

After a file audit, multiple interviews and fact checking by several staff in the central office, DCF will not be renewing the contract with Transitional Services for Youth and Families (TSYF) for their juvenile justice Balanced and Restorative Justice (BARJ) services in the Burlington area. During the audit we discovered several issues which include: poor documentation of client services, inaccurate reporting on quarterly reports, insufficient training of staff, a lack of communication with families and social workers, and a lack of follow through resulting in lengthy delays of service to youth. We will be putting a bid out to the community to obtain a contract with another agency for these services. TSYF will be welcome to bid, but would be unlikely to be awarded a contract if the current management is retained by the agency.

Department of Vermont Health Access (DVHA)

Vermont Health Connect:

Major Accomplishments for the Week:

- Policy: drafting formal responses to Administrative Rule comments.
- Operations: detailed design of the project plan for a "controlled launch" of Package 2 (Change of Circumstance), focusing on an iterative training and roll-out.

Major Issues and Risks:

- ***Top Carrier issues:***
 - BCBSVT: Expressed concern that the lack of a clear and finalized test plan will prevent a quality rollout.
 - MVP: Now ready to begin testing. SOV needs to determine whether we will push CGI to start testing with them, or support a manual workaround for their COC receipt.
- ***Package 2 Testing Plan:*** Lack of consistent and complete testing plan is a major risk to successful deployment. Need more information and improved testing rigor from CGI. The deployment date is likely to slip.

- ***Package 2 Training:*** The delivery of the Training Environment has been delayed from May 5th to May 25th. We have previous experience with the training environment being less than adequate for training prior to a release delivery.
- ***Outstanding Functionality:*** CGI has indicated they cannot work on anything other than Package 2, meaning no forward movement or clarity on critical functionality.
- ***Catastrophic Plans:*** The system is not able to enroll exempted individuals in catastrophic plans, nor do we have a manual workaround.

Vermont Health Connect remediation vendor:

DVHA continues efforts to procure a vendor to assist with operations and IT assessment and remediation for VHC. Reference checks for the selected vendor are being conducted and negotiations with the vendor are being scheduled with the hope to have a contract signed by June 1st. Assistance from AHS, DII, the AG's office and AoA will be needed to maintain the schedule.

FAHC Disproportionate Share Hospital (DSH) payments:

DVHA met with FAHC to discuss the impact of Graduate Medical Education (GME) payments on FAHC's DSH payments. To avoid a negative impact on DSH payments, DVHA must update its DSH calculation formula to exclude GME payments. DVHA is willing to do this and has asked assistance from FAHC in ensuring that this change is understood by and acceptable to the Hospital Association.

Provider Rate Increase Update:

Internal discussions on the implementation of the recently approved 1.6% rate increases, which are available as of January 1, 2015, are ongoing. Members of AOA and GMCB are being updated regularly. We expect to release more guidance on the topic in June or July.

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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: May 23, 2014

Secretary's Top Issues

Conservation Law Fund Petition

Multiple news sources ran articles on Thursday and Friday on the recent release of a petition by the Conservation Law Fund, suggesting the Agency of Agriculture impose new Best Management Practices on farms in order to protect the water quality of the Missisquoi Bay.

Deceased Cow in Lake Champlain

In response to a call that came through the Governor's Office the week before, on the morning of Monday, May 19th Dominique Golliot and Matt Wood from the Ag Resource Management Division went out to retrieve a dead cow that was found beached in front of a residence in Ferrisburg, VT. Pete Stengel and Tim Hunt of the Agency of Natural Resources came with a boat to help. After Dominique and Matt harnessed the cow, the boat was able to tow the cow to a Fish & Wildlife Boat ramp at the mouth of the Otter Creek. Dominique coordinated with a nearby farmer, who came to the boat landing with a bucket loader to remove the carcass and bury it in their compost pile at his heifer facility.

Farm Recovering from Destructive Fire

Maple Wind Farm in Richmond is trying to complete repairs and upgrades to the state inspected poultry plant after the fire that leveled part of the establishment in order to restart operations on May 27th

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**STATE OF VERMONT
AGENCY OF AGRICULTURE**

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: May 23, 2014

Status of Governor's Priorities:

Press

Multiple news sources ran articles on Thursday and Friday on the recent release of a petition by the Conservation Law Fund, suggesting the Agency of Agriculture impose new Best Management Practices on farms in order to protect the water quality of the Missisquoi Bay.

Significant Events/Meetings:

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Evolving Issues:

Summary of Key agency Department Activity

Administration:

The VAAFM awarded FY2014 VT Fairs Capital Grants awards totaling \$271,614. With over 350,000 annual attendees, these funds are utilized to support infrastructure improvements to enhance public safety, access, and provide a sanitary environment at our VT fairs and field days. Examples of funded projects are new bathrooms, announcer booths, paving for improved accessibility to the fairgrounds, light poles, and increased electrical capacity. In addition to the above awards, fourteen of Vermont's fairs qualify for an annual Stipend Grant to assist with operating and plant improvements totaling \$175,000. Many of Vermont's smaller fairs would have

difficulty hosting their event without the financial support of this award. Fair season began last month with the VT Maple Festival, and resumes on July 17th with the Bradford Fair and every subsequent weekend through mid-September. Visit www.gmfairs.org for more information.

Land Use:

The VAAFM met with the ANR to discuss the intersection between two Act 250 criteria; 1(G) wetlands, and 9(B) primary agricultural soils. Soils can be mapped as both wetland and primary agricultural soils. This leads to confusion concerning the protection of these two limited natural resources within the state land use review process. As a result of this meeting, the agencies agreed to work towards guidance on how to navigate the intersection of the resources, to communicate as early as possible when a project may trigger Act 250, and to provide clear and consistent direction to landowners.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Maple Wind Farm in Richmond is trying to complete repairs and upgrades to the state inspected poultry plant after the fire that leveled part of the establishment in order to restart operations on May 27th
- 2015 Cross-Utilization Rate Proposal for Federal Plant coverage sent to USDA for consideration
- Continuing to prepare for the Federal On-site review for “At Least Equal To” program status. Review dates will be June 10th through 17th
- Program is working on documentation for HR to establish the 2 new Food Safety Specialist Positions granted by the legislature
- Working with ANR/DEC on issues with the wastewater permit for the Adams’ Farm in Wilmington

Dairy:

- Steven Nicholson and Greg Lockwood visited a raw milk producer that was selling processed milk products without a license. The producer agreed to stop selling any processed milk products.
- There was an incident with a small fluid milk processor that had a positive phosphatase result on chocolate milk. The positive phosphatase test is an indicator of inadequately pasteurized milk. Greg went to the plant and was able to identify the problem and further lab tests confirm the problem is corrected. The plant has initiated a recall along with the Agency notifying the state the product was delivered to and FDA.
- The Agency presented a pasteurizer training course lead by Greg Lockwood. Steven Nicholson, Eric Perkins, Steve Volk and 17 dairy plant operators attended the course. Vermont Farmstead Cheese in Woodstock Vermont graciously provided the meeting space and hosted the event. Reports back have been that it was an excellent course. This was our first such training that was offered to a broad group. In the past we have done these for individual plants. Given the participation we are likely to do these more in the future to assure that our plant operators have all the training they need without the extra staff time it takes to do the training one-on-one at individual plants.

Agricultural Resource Management:

Water Quality Enforcement:

- Two small farms in Enosburg Falls will receive corrective action letters (CAL) for violations of the Accepted Agricultural Practices Regulations (AAPs). Both farms were found to have overtopping manure pits that were discharging manure to surface water.
- A small farm in Bristol will receive a CAL for violations of the AAPs. The manure pit had a malfunctioning valve which released an unspecified amount of manure which ran off to a wetland with standing water. The farmer took immediate action to control the flow of manure and reported the incident to the Agency.
- A small farm in Salisbury will receive a CAL for violations of the AAPs. Manure runoff and silage leachate are crossing property lines onto a railroad right-of-way. In addition, they have been seen to stack manure in fields subject to annual flooding.

- A small farm operated as part of a private school in Putney will receive a CAL for violations of the AAPs. The farm was irrigating liquid manure onto pasture when the irrigation nozzle became stuck in one position, resulting in the likely runoff of waste to surface water.

Floodplain Management Activities:

- The Agency coordinated with the Floodplain Management Section of the VT DEC to review a number of projects proposed for construction in the Winooski River floodplain at the Intervale in Burlington. Proposed projects include the installation of a greenhouse, two hoop houses, a well house/electric shed to house an existing well, and the relocation of a previously approved shed and storage containers.

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

- Staff attended a NMP technical service provider (TSP) meeting held at the NRCS state office in Colchester. The meeting was put on by NRCS to inform TSPs about the changes to the NMP standard. Agency staff discussed the current status of the TMDL for Lake Champlain and changes to NMP Program.
- Staff participated in a soil health meeting for VT. NRCS has a national soil health initiative and the committee is focused on promoting soil health in VT. Highlights of the meeting included discussions about conservation tillage workshops this summer that could be supported by the Agency's FAP program. The goal is to invite an out of state speaker to farms in Caledonia and Addison counties to discuss how to implement no-till corn planting with farmers in those areas. Soil Health Committee partners include NRCS, UVM Extension and VAAFM.
- Staff conducted technical assistance visits on 2 MFOs in Addison County and one MFO visit in Bennington County. The visits were part of water quality BMPs in the production areas of the farms and the visit in Bennington County was with multiple partners attempting to address multiple water quality concerns.
- Staff are writing and processing FAP grants for farms interested in implementing spring practices.
- Staff conducted two full operation inspections (production area and multiple field visits) in Franklin County with ANR-DEC on farms transitioning from MFO to LFO status. These are joint inspections require for LFO permitting. Additionally, staff composed memos for violations found during inspections.
- Staff attended a public information meeting in Grand Isle County related to proposed construction of animal housing as part of a LFO permit. Farm representatives and VAAFM staff were the only people in attendance.
- Staff are processing applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program. Information is being complied and permits are being drafted for these farms and this will be a major focus of the team through the rest of the month.
- Staff are working on developing the water quality section of the new CAI USA Food Safety water quality database.

Conservation Reserve Enhancement Program (CREP):

- Staff worked on projects on a Swanton SFO: oversaw construction of controlled water access ramp and laneway as part of CREP project. Coordinated with fence contractor and farmer prior to fence installation at same farm.
- Staff inspected a tree planting and finished lane work on Swanton SFO.
- Staff flagged off ~0.5 ac of critical area seeding on St. Albans MFO and hand seeded the area.
- Staff met with NRCS "stream team" staff at SFO in Fairfax to assess need for stabilization of entrance to CREP grassed waterway in a flood chute setting. NRCS supported, given farmers commitment to maintaining grassed waterway and other practices (filter strips) on farm.
- Staff met with contractor and at a Fairfax SFO to get BMP app info to address eroding/wet intermittent drainage erosion at cattle crossing.
- Staff met with another Fairfax SFO to get signature to make FSA payments for CREP practice installed and plan for seeding down critical areas via EQIP, extensively damaged in spring flooding.

- Staff inspected CREP fence installation on SFO in East Fairfield.
- NRCS/FSA office work with partners, and inspected fence install in Swanton SFO CREP project.
- Staff led/ coordinated visit to SFO in Berlin on Dog River, with VLT, VT DEC River management, Friends of Winooski, Trout unlimited, and USFWS. Flagged area needed for participation in a River Corridor easement and discussed details of options for farm in this program. Confirmed that buffer area would not be eligible to enroll in CREP due to extensive knotweed infestation and complications of addressing that won't fit within current CREP MOU with USDA.
- Staff visited SFO in Swanton to provide watering system specifications and plan for assistance with installation of laneways and controlled water access to pond as part of CREP project. Staff also inspected contracted tree and shrub planting while there.
- Staff introduced NRCS/USFWS staff to east Fairfield SFO and assisted in fieldwork on potential CREP site, but where landowner and program goals better matched to NRCS WRP program. Excellent wetland and stream restoration potential!
- Staff met with fencing contractor and tree/shrub contractor again on E. Fairfield SFO CREP project to make planting adjustments and walk/confer on fence location/gates in relation to livestock movement and related NRCS EQIP project,
- Staff worked with FSA staff and NRCS in Rutland County to make needed adjustments to CREP project on SFO project.
- Staff communicated with VACD staff re: small farm BMP project planning details and appropriate funding mechanisms.

Secretary's Comments:

Press: Spoke with Peter Hirschfeld of Vermont Public Radio about the Conservation Law Fund petition.

Meetings:

- Participated in AAFM Managers/Directors meeting
- Met with Doug Lantagne, Dean and Director of UVM Extension
- Met with Tom Vogelmann, Dean of the College of Agriculture and Life Sciences
- Participated in large inter-agency discussion with ANR about lab development
- Had an internal meeting regarding Food Safety
- Attended and spoke at Friends of Northern Lake Champlain dinner event
- Last Friday was the graduation speaker for Green Mountain College's graduate programs

Ongoing Discussions with Governor's Office: Met with Governor's staff (and other secretaries and commissioners) to discuss TMDL.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: May 23, 2014
Subject: ANR Weekly Report

Governor Level Issues:

Opening Weekend: The grand opening of the state parks operating season is this coming Memorial Day weekend. It coincides with the informal beginning of the summer vacation season, the operation season for Historic Sites and the statewide art studio tour. We are getting considerable media attention.

Lean: We held three successful Lean events to identify improvements to the following programs: (1) departmental grants and contracts approval process; (2) stormwater permitting; and (3) source water permitting. We are planning to present an update on the status of our Lean efforts to senior Administration officials and to key legislators, and are tentatively looking at tying this presentation to the next meeting of the Joint Fiscal Committee.

BERA - Burlington Brownfields Grant: Burlington was granted an EPA award for a Targeted Brownfields Assessment for the Street Department Site, valued at \$100K of consulting services for an environmental assessment. This grant comes because the project was identified as a priority under our BERA initiative (Brownfields Economic Revitalization Alliance).

Friends of Northern Lake Champlain Dinner: We had a whole van of staff and leadership attending the FNLC dinner last night. Your remarks were very well received as were David's. In my conversations with folks (and I knew most of them from my days as Secretary of State) (to my surprise) not one of them mentioned the new shorelands law and many of them thanked me for our work to come up with a real plan to clean up the lake. I continue to hear how happy they are that for the first time (their words) AG and ANR are working together on this. It seemed like they really trust Chuck to get the job done with the farmers.

Regional Meeting on Climate Resilience – Antioch NE – Environmental secretaries, commissioners and regional partners met in NH this week for a conference on climate resilience and regional action. We are working with EPA region 1 to continue a process which began last November to look at ways we could better coordinate across the region. We are hoping that CONEG would be interested in taking this project on (although there are practical issues in including NY – the NY staff and Secretary are rarely permitted to go to meetings that are held out of state). I will be talking with Aly to see whether you think CONEG could be the right place to house this effort. One benefit is that it provides an opportunity for interagency collaboration within the region (like our climate cabinet provides for Vermont.)

Purpose/goal: To engage in cooperative, regional, resiliency planning and action for a long-term alignment of regional preparedness planning and cooperation.

Desired Outcomes: New England-wide risk mapping and common set of climate projections; Best practices clearinghouse and forum from past extreme weather events and preparedness actions; Emergency response coordination and issue identification; Increased communication on all levels of government and a better informed public.

EVERYTHING ELSE:

Press Issues/Releases:

Op Ed on WH Task Force: Most papers ran an op ed I wrote on the governor's leadership on Climate Change and the work we are doing on the White House Task Force on Climate Preparedness and Resilience.

Lake Champlain Cleanup Plan: Several media outlets (VT Digger, WCAX, VPR) covered EPA's comments on the state's Phase One Plan.

Wastewater Treatment: The head of our Wastewater Section, Ernie Kelly, appeared on Vermont Edition on VPR in a segment discussing wastewater treatment technology.

Vermont Moose Hunting Application Deadline is June 10 and Moose Permit Auction is Now Open: Vermont's moose hunting permit lottery application deadline is June 10, and F&W is urging hunters who plan on entering to do so now online. The application is quick and easy to fill out on the department's website (www.vtfishandwildlife.com). Click on Hunting and Trapping, then Lottery Applications and Winners, and then Online Moose Permit Application.

Significant Events/Meetings:

NAASF: Vermont hosted the annual Cooperative Forest Managers meeting of the Northeastern Area Association of State Foresters (NAASF) in Stowe May 13-15. About 35 people from State agencies and US Forest Service traveled to Vermont to share information on Federal programs, State projects and innovations to further forest management on private lands in the northeast.

Voluntary Harvesting Guidelines: A joint Advisory and Technical Committee meeting for those working on the Voluntary Harvesting Guidelines was held in Randolph on May 15. The group reviewed the first draft of the voluntary harvesting guidelines. This effort was requested by the Legislature in 2013. Progress continues to meet the January 15, 2015 deadline.

Logger Expo: A number of FPR staff spent a day the at the NE Loggers Exposition in Essex Junction on May 9, building a portable skidder bridge to demonstrate how these bridges are constructed and the importance of them as tools to protect water quality.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs:

Pro Active Assistance for net metered Solar -With the high volume of new net metered solar projects entering permitting, ANR is working pro-actively with the development community to help vet sites, provide mapping and other technical resources and assist developers with locating their facilities in such a way that avoids regulated natural resources and makes them easier to permit. This week we provided technical assistance and siting assistance to Green Lantern Capital for proposed 500kw net-metered solar sites in Waterbury, Panton and Chester; to Encore Redevelopment for a proposed 500kw net-metered solar project at the Burlington Airport; and to All Earth Renewables and BGS for net-metered solar projects proposed on state land.

Challenges for Bennington Project: OPLA continues to address site constraints at the former Woodford-Packard site in Bennington, where a developer has proposed a 2+MW solar facility. The proposed facility would be located entirely within the River Corridor (fluvial erosion hazard area) of the Roaring Brook – new development that encroaches in River Corridors poses a hazard to downstream investment, negatively impacts stream stability, and runs counter to the state’s flood resilience goals; therefore, ANR has recommended the developer seek an alternate location. OPLA staff along with staff from the DEC commissioner’s office and DEC Rivers program plan to meet with the developer and Senators Hartwell and Sears at the site in the coming weeks to discuss the project.

TDI New England Clean Power Link - OPLA continued this week to work with this applicant to refine the proposed project route to avoid natural resources and make the project more viable. We provided written feedback on TDI’s proposed water quality model, which will be used to demonstrate the project’s construction-phase impacts on Lake Champlain water quality, including the release of phosphorus. We also scheduled another in-person meeting for June 2nd to discuss the model. OPLA is coordinating with VTRAN Right of Way division to assure our two agencies are sharing information and working to identify a viable route for the terrestrial portion of the project.

VGA Phase II. OPLA coordinated a number of meetings this week with staff from DEC and DFW to respond to changes in alignment to the Vermont Gas Addison-Rutland Phase II

project. OPLA also began working with staff to draft ANR's pre-file testimony which is due in early June. Over nearly a year of meetings, site visits and negotiations, OPLA has worked with VGS to identify and resolve issues with the Phase II alignment; at this point there remains one section of the alignment that still raises significant natural resource concerns, but we continue to work with VGS almost daily in an effort to address and resolve them.

GMP/VELCO line upgrade: OPLA met with representative of Green Mountain Power and VELCO to develop mutually agreeable permit conditions for a GMP substation expansion and line upgrade in Georgia and Fairfax. Parties were successful in developing conditions that help the project comply with the natural resource criteria necessary to obtain a CPG from the Public Service Board and that mesh well with GMP/VELCO's existing construction and maintenance BMP's and management practices. OPLA understands GMP and VELCO's challenge in managing an ever increasing transmission and distribution network and we are interested in working with GMP and VELCO to find solutions to natural resource protection that meet our regulatory standards and fit well with their established and ongoing approach to corridor management.

This week OPLA received 7 new Section 248 petitions or notices and 4 new Act 250 applications.

Environmental Conservation

State and federal air regulatory changes: Air Quality & Climate Division mailed approximately 200 facilities registered as air emission sources to apprise them of recent state and federal air regulatory changes that may impact their operations. The regulatory updates included the lower sulfur in fuel standards that take effect July 1 of this year and several federal regulations affecting diesel generators, boilers and spray coating operations.

Proposed Wood Pellet Plant in East Ryegate: We are doing pre-application work for a proposed wood pellet plant in East Ryegate. The facility as currently contemplated would be a 250,000 ton per year wood pellet plant. This is a large plant and would be a major source of air pollution emissions. The facility would likely need to obtain offsets for each ton of volatile organic carbon emissions.

North Country Sportsman's Club: We have scheduled a follow up site visit to review the organization's fill operation next week. The Waste Management Division will coordinate with our Wetlands Program to evaluate alleged wetlands violations.

Central Garage/VTrans Hazardous Waste Site: We met with VTrans and their consultant to discuss remediation of the Central Garage Site owned by VTrans. There are high levels of solvents in the ground and oil/grease on the river bank which has gotten into the Stevens Branch. The cleanup is likely be costly and take several years. We are drafting a letter to VTrans on next steps.

Fish and Wildlife

Gas Spill in Williams River: Staff responded to a potential fish kill in the Middle Branch of the Williams River in Chester when an 18-wheeler tanker truck, carrying over 10,000 gallons of gasoline overturned due to an on-coming car which crossed the center line. Early reports stated the gas was leaking directly into the Williams River, but once on-site it was confirmed that the gas was leaking into a newly tilled garden upland of the river. It is expected that some of the gasoline will eventually make its way into the river, considering the onset of heavy rains. No dead fish were observed, and macro-invertebrates were living at the time of the investigation. Staff will continue to monitor.

Nesting Protection for Turtles: Staff worked with Wildlife Services and landowners preparing sites for turtle nesting season. The nesting season is primarily the month of June but nesting can start as early as May 15 and extend to mid-July. Eggs begin to hatch in late August. High spring water levels rearranged some nesting beaches and at least one is still under water so there is a lot of work that still needs to be done to get these nesting areas ready.

Fishing: Fishing activity continues to increase as a result of the warmer/drier weather and additional fish stocking. Wardens are spending considerable time in the “trophy” stocking streams, in particular, as fishing pressure is the heaviest there. Wardens are encountering numerous fishing violations mostly license violations. Due to the continued high winds, boating activity remains lower than normal for mid-May.

Turkey Hunting: Turkey hunting continues with wardens reporting light hunting pressure with limited hunter success. Wardens handled several turkey hunting violations ranging from illegally shooting hen turkeys to road hunting.

Fisherman runs From Warden: Warden Jason Gravelle noticed an angler run into the woods when he pulled up to river to check his fishing license. When he returned to his vehicle (without fishing equipment) he said he wasn’t fishing. After the fisherman departed, a quick check of the area uncovered abandoned fishing equipment. He recovered the equipment and left his business card on a tree. He didn’t get but a few miles away before he received a phone call from the individual wanting his fishing gear returned. His gear was returned and subsequent ticket was issued for fishing without a license.

Preparing for Access Area Usage: Staff were in the field inspecting access areas around the state in advance of the summer boating season. During these routine site visits, staff are looking at immediate maintenance needs (i.e. tree removal, adding gravel, grading parking lots) following the long winter and mud season, as well as future infrastructure needs (i.e. ramp or dock repairs). Over the past few years there was a concerted effort to improve the overall condition of all access areas. This effort has led to a reduced need for spring maintenance (i.e. gravel, grading, etc.) following mud season.

Forest, Parks and Recreation

In Re Appeal of Plum Creek Timberlands (CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED): The State will be filing its appeal brief on Fri, May 23 with the Supreme Court. Vermont Land Trust will be filing an amicus brief in this matter supporting the State's issuance of an Adverse Inspection Report finding that Plum Creek cut contrary to the approved forest management plan and the UVA standards.

Land Transactions: Commissioner Snyder and ANR Lands Administration Director Mike Fraysier met with BGS Commissioner Obuchowski and his staff to discuss the possible transfer of the Father Logue's Camp property in Duxbury from BGS to FPR. This 32.3-acre property was formerly operated as a youth camp, and includes several buildings that are in poor shape and pose a significant liability. The parcel also abuts and provides access to an isolated 137-acre portion of Camel's Hump State Park.

Survey (CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED): We have been informed by an attorney for Peter Lyon, owner of a camp along the West Shore of Lake Groton, that he "strenuously disagrees" with the Department's proposed survey of the West Shore Access Road. This survey was conducted under contract for the Department by Dubois and King, and was intended to put to rest some longstanding confusion regarding the location of the right-of-way for the West Shore Access Road. We are waiting for additional information from Mr. Lyon's attorney before deciding whether to revise the survey or simply finalize and record the survey as is.

High Water: Both Burton Island and Alburgh Dunes State Parks will have one week delayed opening due to high water in Lake Champlain.

Planting Elms: Staff from the St. Johnsbury and Barre District offices spent several days over the past two weeks out-planting about 450 American elm and silver maple saplings at Willoughby Falls Wildlife Management Area and South Bay Wildlife Management Area. These trees are part of a breeding program where American elms with varying levels of resistance to Dutch Elm Disease have been crossed. The resulting crosses are being out-planted at the Johnson Farm WMA also. Additional trees will be planted for the next two summers as well.

Foresters for the Birds: Nancy Patch, FPR Forester for the Birds (FFtB) Project Leader, co-led a workshop with Jim Shallow and Steve Hagenbuch of Audubon Vermont to expand the FFtB across the Atlantic flyway. The three day workshop included representatives from South Carolina, North Carolina, Pennsylvania, New York, Connecticut and Maine.

Communities Caring for Tree Canopy Grant Recipients Announced: On May 15, a grant review committee including representation from the Vermont Urban and Community Forestry Council met to review applications for VT UCF's *Communities Caring for Tree Canopy* grants. The goal of these grants is to grow local urban and community forestry programs towards a sustained level. The grant program had \$40,000 to distribute. Below is the list of our 2014 grant recipients.

2014 Communities Caring for Tree Canopy Grant Recipients			
Community	Category	Overview	Amount
Town of Braintree	Mini	Planting of 3 Trees Adjacent to the Braintree Hill Cemetery	\$500
Town of Brandon	Mini	Wildlife Corridor Zoning Overlay District Outreach	\$500
Town of Northfield	Mini	Educational Module on Trees and Invasives with Poster Art and Slogan Contest	\$500
Town of Waterbury	Mini	Structural Pruning of 25 Trees	\$500
Town of Williston	Mini	Birth Tree Project: A free tree offer to celebrate births	\$500
Town of Corinth	Canopy	Small Municipal Fruit Tree Orchard	\$2,000
Town of Hinesburg	Canopy	Village Green Enhancement Project: 6 Trees Planted	\$1,775
Town of Middlebury	Canopy	Urban Forest Education and Outreach Project	\$3,000
City of Montpelier	Canopy	Tree Management Software and Inventory	\$5,000
Orleans County Historical Society	Canopy	Tree Maintenance for the Old Stone House Museum, and Arbor Day School Programming.	\$5,000
City of Rutland	Canopy	Northwest Neighborhood Tree Planting Project: Planting of 50 trees in strategic locations for environmental justice and stormwater mitigation.	\$5,000
Town of Shelburne	Canopy	Shelburne Parade Ground Tree Planting: 5 Trees Planted	\$2,000
Town of Waterbury	Canopy	Urban Tree Planting at Two Locations: 10 Trees Planted	\$4,000
Town of West Rutland	Canopy	Gateway Beautification and Tree Inventory: 21 Trees Planted	\$4,073
Town of Newfane	Canopy	Tree Pruning on the Green	\$520
Winooski Natural Resources Conservation District	Canopy	Quantifying Ecosystem Services of Winooski's Urban Forest: iTree-Eco Assessment and Educational Outreach	\$5,000
			\$39,898

Information Technology

Mapping: Staff completed a map with analysis reporting impacts from towns prohibiting new development in the Special Flood Hazard Area. He also began compiling and developing data showing recommended reclassification of waters across Tactical Plans. The material will be provided to stakeholders including the Green Mountain National Forest.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: May 23, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

- **Next Era Letter re: RECs:** As a result of legislation against “double counting” in CT, Next Era, a larger renewable energy credit trader in New England, has informed our utilities it will no longer buy Vermont credits that are associated with SPEED projects for CT market. This is causing serious concern about rate impacts. PSD tried to convince Next Era that this was not an appropriate step but they went forward anyway. Next steps include analyzing options to limit impacts on VT (BES estimates the impacts at \$30M this year alone). Our initial look suggests we do not have options to appeal this step by Next Era, absent some clarification from CT, which we are seeking. Other option is to withdraw projects from SPEED or do away with SPEED (Legislation required). We believe this indicates a turning point for Vermont’s renewable energy program with both challenges and opportunities. We need to discuss this soon.

- **Regional Infrastructure:** VELCO is coming in next Tuesday to discuss their assessment of the impacts of participating, or not, in the regional initiative. They see \$100M in costs over the next 20 years, and potential upside in participating at roughly \$400M/yr. After that meeting, I will create a one page summary of where we are and decisions that need to be made the week after next with you and Liz. I met last week with Anbaric and this week with TDI on their respective projects.
- **BT:** The Public Service Board issued one of the most scathing orders to BT I have seen in my tenure as a result of BT responding to Board inquiry with a letter rather than testimony (contrary to our recommendation). I spoke with the Mayor and think we have a path forward, but this was an unnecessary setback.
- **GMP Rate Case/IBM:** We reached agreement with GMP for a -1.47% rate decrease over the weekend. We are now trying to reach agreement with AARP on an MOU, and incorporate the prior agreement between AARP and IBM on a rate freeze for three years. We met with IBM and GMP to discuss details on Thursday. (See Below for more detail).
- **VGS:** Phase I: I am sensing increasing frustration on the inability to move ANR ancillary permits along. I now have assurance from them that they will issue permits the week of June 2nd. Delays have added millions to the cost of this project by extending it over two construction seasons, and further delays may jeopardize this construction season.
- **GMP Solar PPAs:** In spite of reaching an MOU with the Department, the Board issued a memorandum requesting that GMP provide an update to its testimony, comparing the cost of power from this (and likely other) project to other sources of PV power in Vermont after taking into account the recent 2014 SPEED standard offer bids/awards. Importantly, 12 of those 16 bids are less expensive than the Stafford Hill project. We have accepted and will support these PPAs, but clearly the Board is concerned about pricing and impact to ratepayers (see below for more detail).
- **Regulatory Reform:** Rep. Klein and solar developers interested in PSD/ANR/AG meeting or summit on regulatory and permitting reforms. PSD and ANR interested and will work to convene and gather ideas for improving process and legislative consideration.

Significant Meetings/Events this week:

May 19: No outside meetings to report;

May 20: PSD/AOT meeting on transmission lines

May 21: Chris/Darren and PSD staff/CLF/VPIRG meeting on gas pipeline

May 22: Chris meeting with IBM; Chris and Darren attend Elizabeth Mine solar project meeting at Pavilion

May 23: Chris meeting with Adam Necrason and TDI on Transmission Proposal; Chris meeting with Staff RE: EVT Anonymous Complaint

Next Week

May 27: PSD/VELCO meeting on regional transmission

May 28: Chris VY visit; NRC Regional Administrator visit

May 29: Darren speaks on efficiency pilot at Fuel Dealers Annual Meeting

May 30: Chris attends regional transmission meeting in Portsmouth, NH

PERD

Demand Resource Plan (DRP) –

- Staff attended Board workshops in the DRP proceeding in May 14 and 15. Staff prepared for, presented, and answered questions about DPS’s EEU budget recommendations at the workshops. For the DRP forecast period, the recommendation included the following elements; electric and thermal resource acquisition, non-resource acquisition, DPS Evaluation plan, compensation, other costs as well as the rate and bill impact of the recommendation.
 - o Prior to the workshop VEIC agreed to DPS’s RA recommendation and lowered its compensation recommendation from 6% to 5%. DPS Compensation recommendation remains 4.1% calculated as a “mark-up” which remains the only remaining area of significant disagreement.
 - o A number of topics noted for final comments are being generated by staff for filing with the Board on May 21.

Integrated Clean Energy Finance Collaborative

- Participated in staff-level meeting with representatives from Energy Action Network, Coalition for Green Capital and CEDF to plan the integrated clean energy finance collaborative gathering scheduled for June 18th at VEDA. The revised draft agenda emphasizes generative discussion with participants, beginning with a statement of opportunity & challenge by EAN, comment on the CEP & CEDF strategic plan by the Department, then expressions of interest/need from participants. After all have had their chance to consider challenges and opportunities in financing for clean energy to meet the state’s 2050 goal, representatives from the Coalition for Green Capital will share examples of finance structures and functions other states are using to reduce the cost of capital and support greater numbers of projects. The rest of the session will focus on options and potential next steps. The revised draft agenda for the meeting is available from Ed or Andy. A PERD meeting to establish departmental messages/approaches is requested for next week.

Clean Energy Development Fund

-
- Held a public hearing, which included making a presentation, for the CED

Board on the FY '15 CEDF Program plan and budget in Brattleboro. The hearing was focused on how the CEDF would deploy the \$2.6 million reserved for Windham County.

- Conducted a site visit with three CED Board members of a CEDF \$40K grant to install a wood pellet district heating (3 buildings) plant in Brattleboro. The system was 99% complete and had been supplying heat to the buildings for the past month or so. The grantee was very happy with the system and is looking forward to the savings next winter.
- Vermont Clean Energy Industry Report:
 - o PERD staff revised the draft report with department input; final draft now being prepared to send to ACCD, DOE, REV and PSD senior leadership for review
 - o Target release date for the report remains the week of May 19th (pending approval from the department/administration)

Net-metering

<u>Net Metering Activity 5/8/14 -5/15/14</u>			
	Registrations*	Applications	CPGs Granted
Count	34	6	30
kWAC	216.743	896.892	238.752
Ave Size kW	6.374	149.482	7.958

Cumulative Capacity of Registrations and Applications Submitted			
Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
3,215.09	4,689.71	43,351.87	~ 28.9%

Total Energy Study

- Dunky presented final modeling results to the Department, including the results of a “TREES Local” run. With modeling changes, the TREES constraint is now feasible, with hi biofuels prices leading to a higher in-state share of energy production. As such, the TREES local run is more expensive than TREES when biofuels prices are low, not when they are high. High biofuels prices increase policy costs (difference from BAU costs) roughly double.
 - o A carbon tax of \$70/ton in 2028 and \$400/ton in 2050 is sufficient to meet emissions goals when biofuels prices are low (\$368 and \$1250/ton in 2028 and 2050 when biofuels prices are high)
 - o Trajectory is important – current linear trajectory all TREES scenarios fail to meet the 2028 GHG goal and overshoots the 2050 GHG goal.
 - o TREES and TREES-Local have similar emissions.

Standard Offer/Rule 4.100

- Reviewed results of standard offer request for proposals. The Board selected three projects totaling over 6MW to enter into contracts with. Two projects bid under \$0.12/kWh, and another was selected under \$0.13/kWh. Staff will be analyzing potential reasons for the lower than expected prices.
- Staff attended the Status Conference for Docket 8010, regarding avoided cost rate setting under Rule 4.100, as well as a related side conversation with Green Peak Solar. Depending on the value of avoided costs, it is possible that some of the lowest cost solar projects might choose a rule 4.100 process rather than the Standard Offer.

Engineering

Nuclear Engineer Position

Engineering has hired Anthony (Tony) Leshinskie to fill the position of Public Service Nuclear Engineer. Tony earned his B.S. in Nuclear Engineering from Pennsylvania State University, and worked for Westinghouse Electric Company (previously known as ABB Combustion Engineering, Inc.) in Windsor, CT, for approximately 27 years, performing a wide variety of technical analyses and quality assurance activities related to the operation of nuclear power plants. His start date is Monday, June 2.

Gas Pipeline Inspection Activity

The Gas Engineer determined a recent company response to a Warning letter, Notice of Amendment and Request for Specific Information, issued previously to Bourne's Energy, was delinquent and incomplete. The company has been informed of this and a follow-up meeting with the propane company's safety officer has been scheduled for 5/28/14. Similar activities, to confirm gas pipeline safety regulation compliance of several other propane companies (which operate pipeline systems within PSB and Department jurisdiction), are also being currently performed.

CAPI

CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- (4) Broadband availability, (1) Comcast not able to provide internet through a FairPoint conduit
- (1) Billing regarding GMP solar net-metered service
- (2) EEU fee
- (1) EAP fee
- (2) Disconnection fees
- (1) Number not listed in directory
- Question on line extension costs
- Question from *Smart Grid Today* on statewide usage of smart meters and opt-outs

POST CPG WIND COMPLAINTS

- Lowell (1), for noise

OTHER DIVISION ACTIVITY

Charter CPG Renewal:

1. The Center for Rural Studies provided a link to a draft version of the survey document that interviewers will use with respondents. CAPI and PEG representatives tested and provided final edits.
2. Efforts continued to solicit attendance at focus groups in Barre and St. Johnsbury. An agenda was designed to promote individual thinking, small group and large group discussions at the focus groups. Other final logistics were coordinated.
3. CAPI, Telecom, and PA collaborated to prepare for submission of discovery.

Telephone Relay Service: CAPI and PA reviewed and approved the Attorney General's response to Sprint's proposals for changes in language to portions of the contract.

Public Advocacy

GMP Rate Case and Alternative Regulation Filing – Docket Nos. 8190 & 8191 – The Department and GMP have reached a settlement in principle resolving these two matters. Key provisions include an ROE of 9.6% - floating with the 10-year Treasuries over the 3-year term of the Plan; allowance for GMP to increase its equity from 49% to 50%; splitting of disallowances under the known and measurable standard; and an adjustment to the deadbands around the Earnings Sharing Mechanism. The settlement in principle also contemplates a 3-year rate freeze for IBM and the return of the \$17.8 million from Vermont Yankee to ratepayers.

The parties all requested that the Board extend the time for non-petitioner testimony (and objections to GMP rebuttal testimony) in both cases to May 30, to provide time for a settlement to be finalized. GMP has provided a draft settlement MOU, Alternative Regulation Plan, and Rate Case Cost of Service to the Department. The Department is reviewing those documents and drafting attachments pertaining to necessary supporting cost documentation for future cases (to be included in the Plan). Separately, GMP is in discussions with AARP and reports progress on those negotiations. A meeting with IBM, GMP and the Department was held 5/22. The goal is to have an MOU filed by May 30. However, the Department is maintaining its litigation position in the event the settlement falls through. Technical hearings are slated to begin on June 9.

Burlington Telecom – Docket 7044 – The Board issued a strongly-worded procedural order raising concerns with the sufficiency of BT's initial filings in the proceeding thus far. Of chief concern to the Board were BT's responsiveness to inquiries, willingness to make disclosures of damaging information, and the openness and candor of BT representatives (or lack of all three). BT intends to file supplemental testimony on May 29, 2014, outlining details of the Citi settlement agreement and bridge financing, as well as responses to a preliminary set of Board questions issued prior to the prehearing conference. The parties are developing a schedule for the remainder of the proceeding to be filed on May 28.

Addison Expansion—Docket 7970 – PSD counsel is working with VGS and counsel for one of the Old Stage Road homeowners to coordinate post-CPG process regarding land impacts- an informal site visit is planned. Due to potential blasting impacts, the Department will attend with its aesthetics expert. Landowner Hurlburt has filed another motion to dismiss the portion of the Board's Order which places the line on his property. Responses are due on Tuesday, May 27. In the Lyons' Supreme Court appeal, appellant and appellees filed a joint motion for an extension of time to file initial briefs; this motion was granted. PSD counsel and our safety consultant are preparing letters to advise VGS of the PSD's expectations with respect to pipe specifications and procurement and construction practices, together with other safety specifications ordered by the Board based upon the PSD's testimony. One letter has been delivered and two are being finalized.

Addison Expansion Phase 2—Docket 8180- A fifth scheduling Order was issued on Wednesday, May 21 in response to complaints from non-petitioners regarding lack of time to review and respond. The October hearing dates were preserved, but other time intervals were shortened. Non-petitioners had served a second round of discovery requests on VGS on May 9; responses were due on May 23, but the new Order allows for more non-petitioner discovery on VGS through May 23. Non-petitioner direct testimony is now due on June 13. The Board issued an Order approving the Protective Agreement which had been filed by VGS and supported by the Department. VPIRG and Solar Haven Farms challenged certain provisions, which challenges the Board rejected. Responses to VPIRG's two pending motions for partial summary judgment are due May 30. The Department believes these to be improperly characterized as summary judgment motions and without merit. We will oppose.

Sheffield Wind – Docket 7156 – The Department's sound expert, Jim Barnes of Acentech Inc., has agreed to perform additional investigation into Paul Brouha's noise complaint and accompanying outdoor-to-indoor attenuation report created by Les Blomberg. Brouha and Blomberg have been amenable to sharing information with Barnes. First Wind continues to mull over whether it will assume the costs associated with Barnes' additional inquiry (as of this writing, they have agreed to pay for costs), which will likely include replicating Blomberg's attenuation analysis. The Department will file an update/recommendation by June 6, 2014.

Georgia Mountain Community Wind – Docket 7508 – The Department has received initial feedback from its sound experts (both Acentech and Aeroustics) regarding Reggie Johnson's allegation of the existence of a prominent tone from the turbine cooling fan operation. The Department continues to digest the information and will likely issue a set of questions to GMCW's sound experts – RSG – to bring greater clarity to the GMCW final sound report.

Cold River Solar – Docket 8188 – The hearing officer held a status conference in the proceeding, and requested that the Department file testimony addressing the economic benefit criteria related to the agreed upon PPA price. The hearing officer also asked petitioner to submit testimony related to need and economic benefit. Additional issues likely to be litigated in the docket are orderly development, aesthetics, and the appropriate level of a decommissioning fund. The parties filed a revised schedule that contemplates Department testimony to be filed on June 18, 2014, and holding a technical hearing in late August, 2014.

Barton Solar – Docket 8148 – The Department participated in the technical hearing that culminated in the Hearing Officer allowing the Menards four days to write and file their initial brief after receiving the hearing transcript. The Menards, with the assistance of Annette Smith, put on an effort to oppose, and the petitioner’s attorney (despite a couple of random efforts) certainly did not make the process look “friendly.” Initial briefs are due May 23rd. The hearing officer has yet to rule on the petitioner’s motion to compel discovery responses from the Menards.

Rutland Renewable Energy, LLC – City Solar Garden Project – Docket 8182 –The hearing officer issued an order approving the schedule agreed upon by the parties. The DPS will submit prefiled testimony by June 18th supporting the characterization of the PPA in this case as “cost effective.”

GMP Stafford Hill Solar in Rutland – Docket 8098 – The Board issued a memorandum requesting that GMP provide an update to its testimony, comparing the cost of power from this project to other sources of PV power in Vermont after taking into account the recent 2014 SPEED standard offer bids/awards. Importantly, 12 of those 16 bids are less expensive than the Stafford Hill project. The Board included a copy of the bid proposals on page 2. The winning bids were priced from \$0.1187-\$0.1287 vs. Stafford Hill’s \$0.171. GMP’s responses are due by May 27th. The technical hearing is scheduled for May 28th at 1:30.

NextSun Solar – Park Street – Docket 8194 – PSD is working on discovery requests to petitioner regarding aesthetics, sound levels, construction hours, PPA price and inconsistencies in the petitioner’s filing. Discovery is due to the petitioner by May 23rd.

NextSun Solar – Main Street – Docket 8195 – PSD is working on discovery requests to petitioner regarding aesthetics, sound levels, construction hours, PPA price and inconsistencies in the petitioner’s filing. Discovery is due to the petitioner by May 23rd.

Charter Hill Solar Project – Docket 8212 – The Department and Charter Hill participated in a call on May 19th to discuss aesthetics issues. Charter Hill will be taking measures to accommodate the Department’s concerns. The Department is preparing discovery requests.

SPEED Standard Offer – No Docket – The PSD reviewed and agreed to an informational filing from VEC to the Board regarding the new reconciliation approach for VEC’s incremental ISO-NE transmission costs incurred for hosting SPEED standard offer projects in VEC’s HQ block-loaded territory. The next steps include VEC putting together additional documentation in preparation for another meeting to work towards resolution of the recovery of costs.

Winooski One Rule 4.100 Proceeding – Docket No. 8010 – The hearing officer held a status conference on May 20. This case – a request to set avoided cost rates pursuant to Rule 4.100 (which implements PURPA) – has been awaiting a scoping order for approximately a year at this point. Given the lack of Board action, all parties emphasized to the hearing officer that guidance from PSB is necessary in light of the continued uncertainty about the Rule 4.100, which is exacerbated by the lack of action in this proceeding. The Department articulated its goal to help

craft a path forward to making Rule 4.100 workable, especially in light of the renewed interest in the program. The hearing officer indicated that she has enough to move forward in this proceeding, so the Department hopes an order will be coming soon (i.e., weeks not months). The Board may issue an order requiring the Department to proposed Rule 4.100 rates. The Department is prepared to do this, but as it briefed to the Board, it would be useful for the Board take a closer look at the program given that it has been more or less dormant for two decades. It will be critical to get the avoided cost rate right. Too high and there could be a flood of development and excessive power costs; too low and there will be litigation and the purpose of the program (development of renewables) will be thwarted.

Vermont Gas – Interruptible Tariff – Tariff No. 8497 – Vermont Gas filed revisions to its interruptible tariff that extend the benefit of Vermont Gas’s fixed price-lock program to CNG customers (there is only one, NG Advantage). The Department recommended acceptance of the proposed changes, but in the course of its review, noticed a couple of broader issues that will need addressing. These issues pertain to some ambiguity around the terms of the fixed price-lock program, and provisions that allow Vermont Gas to keep the details of interruptible service agreements confidential. The Department discussed the matters with Vermont Gas and both parties noted the issues to the Board and stated that they will seek to address these concerns going forward.

Vermont AllSun Solar (VASS) Southeast State Correctional Facility-Windsor 500kW solar net metering project - (NMP) #3668 – ANR filed comments on this project on 4/30/14 requesting a variety of conditions, including a lengthy set of reporting obligations to quantify the Green House Gas (GHG) impacts of the installation. The PSB asked the petitioner and the PSD to comment on the proposed conditions by 5/16. PSD communicated with petitioner who strongly opposes the GHG condition and with ANR who strongly supports it. The PSD ultimately recommended that the condition be adopted.

City of Montpelier v. Berlin Water Co. – Docket 8000 – The City complained to the PSB in January 2013 that Berlin Water Company (BWC) had taken water from the city system without authority. BWC admitted taking water, but disagreement remained over the amount. The parties agreed to a schedule, and BWC filed a response to the City’s complaint. Thereafter the City’s attorney failed to take any action at all with respect to the PSB docket, although there apparently were some unsuccessful settlement negotiations. Meanwhile BWC entered into a contract to sell the water system to the Town of Berlin (pending in Docket 8118). Given the absence of any action by the petitioner, the failure of the City’s attorney to respond to PSD requests for status updates, and the prospect of a sale to a responsible entity, PSD moved for dismissal of the petition. On May 14 the Board issued an order granting the Department’s motion and dismissing the complaint without prejudice.

Telecommunications

Broadband Reports – ConneCT determined that all broadband and wireless availability reports for 2012 and 2013 should be posted to the www.broadbandvt.org website. PSD staff has collected these reports and has submitted them to VGCI for posting on the site.

FairPoint Broadband Data – FairPoint has in the past provided a list of addresses that are broadband capable. This data has not included unique identifiers for each location, which requires that the location be geo-located prior to analysis. The address information from providers changes often, and locations do not always match easily with the E911 location database. These factors introduce the labor and the possibility for errors. PSD staff has requested that FairPoint employ unique identifiers, with location coordinate information. FairPoint has requested a meeting to discuss how the next round of information can include this information.

Charter PEG Focus Groups – As part of the Charter CPG renewal, PSD staff participated in focus group meetings with community members in Barre and St. Johnsbury to discuss public, educational and government local access television services provided by Charter.

Charter Head-End Site Visit – PSD staff visited the Charter Vermont head-end facility in Danville. Charter engineers demonstrated that Charter has state of the art cable, broadband and voice equipment serving customers in the St. Johnsbury and Barre areas.

248a – VTel intends to construct a single carrier tower in Plainfield and has applied to the Public Service Board for a CPG. On Tuesday, May 20, the town of Plainfield moved to intervene. The town believes that VTel should co-locate on an existing tower owned by Cloud Alliance. The existing tower is roughly 2000 feet from the site of the proposed VTel facility. The town asserts that the existing tower is a reasonable place for VTel to co-locate, and that VTel should be required to co locate on it. The town argues that VTel is obligated to co-locate because the town plan (and ordinance) require it to do so, and because 248a requires petitioners to co-locate wherever possible. VTel argues that it can cover additional RUS addresses by building its own facility. The Department has no objections to the town's motion to intervene, but will support the project at its current location so long as VTel can cover additional RUS addresses.

Finance and Econ

Electric

BED-presented a draft proposal for solar installation at the Burlington Airport. Staff is reviewing the business case and plans to complete its review early next week for review with the Commissioner.

GMP –Tariff Filing #8501: GMP filed its second quarter power cost rate adjustment. The proposed rate adjustment calls for a zero -0- rate adjustment though GMP did under collect power costs for the quarter. The otherwise rate increase was abated with the use of 64% or \$3.7 million of the funds GMP is to receive from the DOE related to nuclear spent fuel storage. Staff has sent questions to GMP and is awaiting responses. The PSD recommendation is due June 13, 2014.

Hardwick - 219a Net Metering Tariff: filed a tariff change on 4/16/14 that was later revised to 5/8/14 to bring its net metering tariff into compliance with the provisions in H.702. The tariff is

currently in effect. No recommendation deadline has been set within PSD or with the PSB.

Morrisville - 219a Net Metering Tariff: Morrisville filed a tariff change on 4/16/14 that was later revised to 5/8/14 to bring its net metering tariff into compliance with the provisions in H.702. The tariff is currently in effect. No recommendation deadline has been set within PSD or with the PSB.

Energy Efficiency Utilities

The Fiscal Agent has been asked but has not responded to questions about the late payment of the Gross Receipts Tax that has generated a penalty liability for the PSB of \$10,868.77. We are continuing to seek a response to our inquiry. We plan to send a late payment invoice to the Board next week.

The Fiscal Agent again does not respond to inquiries about payments from GMP that have not been posted or reported for November, 2012.

Other

Annual Reports and Gross Receipts Tax-- Staff is receiving and responding to inquiries about the Annual Reports and continuing to receive tax payments.

Gross Receipts Tax:

This week: \$ 1,688

Fiscal YTD: \$8,461,633

Budget Projection: \$8,362,740

Variance for FY 14 \$ 98,893

Last year: \$8,144,516

Smart Grid Cost/Benefit Measurement and Verification—(Dockets 7612 and 7704) Under these dockets, the PSB requested the Department to file a revised Measurement and Verification (M&V) Report template to be used by all utilities as a uniform standard report for tracking costs and benefits associated with AMI over the 20-25 year planning period. Staff has completed a draft template, socialized it throughout the department and reviewed it with GMP on April 23 and again on May 14. We have received final comments from GMP and PA will file the template with the PSB on May 21, 2014.

Regional Policy

New England Governors' Infrastructure Initiative

- State staff had a preliminary discussion about potential sources of funds for the studies necessary to go forward on the infrastructure initiative. NESCOE estimates that the cost of evaluating RFP responses could be \$500,000 - \$1 million. NESCOE has approximately \$200,000 available to fund technical assistance. States will have to make up the difference.
 - o States are in general agreement that there should not be significant expenditure of funds until Massachusetts passes legislation

requiring its utilities to issue an RFP for Canadian hydro or other renewable resources. If the legislation does not pass, it's likely that Massachusetts will not participate in the gas component of the initiative and therefore the entire initiative would fall apart.

- o One possible funding source for Vermont is to billback some costs to Vermont utilities. Staff will be discussing this issue with the utilities in the near future.
- PSD met with the Executive Director and some Board members of Renewable Energy Vermont. REV is not taking a position with respect to the gas pipeline but has indicated some support for the transmission component. REV expects that the transmission component will not adversely impact Vermont's commitment to in-state renewables, and indicated that small purchases of Canadian power by Vermont utilities would be acceptable.

Distributed Generation Forecast Working Group

- NESCOE is drafting a letter to ISO-NE expressing concern with ISO-NE's statements that forecasted solar distributed generation will not be used to reduce resource adequacy requirements until the interconnection issues are resolved. PSD staff are pushing to have NESCOE provide a formal presentation on this issue at the next Planning Advisory Committee meeting.



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

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: May 23, 2014
Subject: Weekly Report

Vermont State Police

A Troop

Troopers arrested a couple committing the theft of scrap metal in Westford from a 90 year old man's home over several days.

Troopers were called to Hunger Mountain for two lost hikers. They managed to maintain cell service and called first responders to their location.

Assist to Massachusetts State Police on homicide case, suspect picked up at U.S./Canadian Border, Meslin wrote up a search warrant for the seizure and transport of his vehicle back to MA. Also executed warrant in regard to obtaining fingernail scrapings.

B Troop

Attempted burglary at a residence in Lyndon; the homeowner was in the basement and the homeowner's dog attacked the intruder.

Spoke with SOS Doug Hanrahan (NERCF) about suspect letter received by inmate at jail discussing introduction of drugs into the facility

Screened DCF intake of mother and her boyfriend having sex and masturbating in front of two sons along with allegations of child neglect. – DCF did interview alone as kids have aversion to police – no disclosure made – charges not likely, though some follow-up is still needed;

Screened a second DCF intake of under aged female having sex with a 47 yo male

Collected 15 cases of drug contraband from NERCF

C Troop

Tpr. stopped a vehicle while investigating a series of car larcenies in Leicester, driver was suspended, passenger gave false name because on escape status from furlough, lodged on warrant and false information.

Troopers investigated an embezzlement that resulted in the theft of over \$50,000. An arrest was made and the accused was charged with over 130 counts of fraud.
CIOT and CARE details

Assault at Correctional Center: Inmate threw boiling water on another inmate. Inmate issued citation for assault.

Assigned three drug cases from Marble Valley Regional Correctional Center

- Inmate in possession of suspected heroin.
- Inmate found in possession of suspected methadone pills.
- Suspected buprenorphine strips mailed to inmate.

D Troop

Follow up with victim in stolen credit card case, victim also reported that suspect got into her account and stole \$1700.00. Suspect showed up at the residence while talking to victim and confessed. Cited to appear in court for fraud.

Large sink hole developed on Route 9 in Marlboro. AOT responded and temporarily fixed.

Emergency Management/Homeland Security

Issues/Updates:

The Governor's request for major disaster declaration for seven counties resulting from April 15 to April 18 flooding was submitted this week.

VCJTC Director Gauthier has informed DEMHS he now believes the Sheriffs and Chiefs who signed the current MOU between DEMHS and VCJTC need to approve any move of the Homeland Security Training Coordinator position before he will agree to such a transfer. DEMHS intended to inform the signatories of the realignment and their support would be solicited and appreciated. However, that is necessary only to move the current position under the MOU. The MOU expires 8/31/14.

FEMA Headquarters' Hazard Mitigation Planner David Conn was on-site for a second week, assisting our Hazard Mitigation Planner with completion of BCAs and documentation for HMGP applications. We are currently awaiting additional information from 8 out of 11 towns to complete Benefit/Cost analyses, at which time we should be ready to submit \$2M+ in HMGP applications.

Mobile Vehicle Repeaters continue to be installed this week to begin field testing for enhancing safety when using portable radio communications.

Legislative Contacts:

Senator Kitchel called the Director inquiring what he might know about a Resolution recommending the need for a towable-sheltering device(s) sold by Mobile Medical International Corporation (MMIC) of St. Johnsbury, VT. We discussed the \$250K +/- product and some realities surrounding deployment of such in Vermont. We seemed in agreement on the subject.

Met with Cornwall Select Board Chair Bruce Hiland. Mr. Hiland is suggesting that the SOV (DEMHS in this case) arrive at a "way of classifying our municipalities according to resources available" as it pertains to performance requirements. This has impacts on measures set forth not only through requirements for degrees of local NIMS compliance and also the new ERAF regulations. Mr. Highland understood the purpose of goals sought for performance although he believes there can't be a cookie-cutter expectation regarding compliance as Vermont Towns range so widely in size and capabilities.

Fire Safety

The Division received \$8.5 million in new plan review construction valuation collecting \$49,000.00 in permit fee revenue.

Tanker truck carrying gasoline rolled onto its side in Chester after hitting a utility pole. The tanker was leaking gasoline at a rate between 1-5 gallons a minute. Vermont Haz-Mat Team assisted the local FD and over saw containment, vapor suppression and safe removal of product. No injuries report.

We are starting to inspect propane filling stations in response to overfilling of cylinders. Barbecue grill cylinders (20 lbs) need to be fill by weight and they're filled only to 80% liquid capacity leaving a 20% air space for expansion based on temperature rise. Some places simply do not weigh the tanks resulting in overfilling. Overfilling results in liquid propane being burned rather than propane vapor resulting in a significant fire hazard.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: May 23, 2014

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Communicated with Rep. Kurt Wright regarding the CCTA MOU – trying to get some insight and develop some leverage in our negotiations with CCTA.

Significant Events/Meetings:

Energy Audit Meeting: The Auditor's Office met with the Commissioner and BGS Environmental Engineer to discuss the future of the State Agency Energy Plan and how the Agency Energy Implementation Plans will be collected and reviewed. The main topic of discussion was whether the next SAEP would contain specific goals for energy usage reduction in State Government consistent with the mandated goal of reducing energy consumption including the amount of fuel used by employees during workday travel by five percent each year.

VT ZEV Action Plan Meeting: BGS discussed the overall Vermont ZEV Action Plan Draft and focused on the action items where BGS is committed to taking either the leading or supporting role. Any additional comments were submitted to Elaine O'Grady to be added to the plan before it was circulated to the Climate Cabinet for review.

Green Revolving Investment Tracking System: The Commissioners Office and the Treasurer's Office discussed The Green Revolving Investment Tracking System as an online resource and software tool to be used by BGS for tracking and reporting on the success of the State Resource Management Revolving Fund and the State Energy Revolving Fund. A general overview of the system was given by Dan Edson. No decision was made as to whether GRITS is a viable resource for BGS.

CCTA MOU: Communicated with Burlington City CAO Bob Rusten about CCTA MOU process and lack of opportunities to gain leverage. BGS team to meet with Burlington City team on common ground issues.

VT Job Corps Lease: Signed the lease with the VT Job Corps; it is a 20 year lease with one year renewals. Lease hold payment increased by \$100,000/year.

Sammis/Lamberton: Emily Montgomery has drafted a memo discussing the language of the Sammis Agreement.

Mylan: 20 Houghton Street: It appears that the environmental language is agreeable to both sides. The building condition "as is" language remains an outstanding issue. Lawrence Miller is to speak again with Joe Panetta regarding the terms of the agreement. The Elman agreement has been signed by the landowner and is now with Mylan for execution.

Employee Memorial Meeting: Met with Shelly Martin and David Schutz regarding status of fund raising campaign for state employees (past, present and future memorial). Effort in preliminary stages. More to come.

FINANCE AND MANAGEMENT

Issues Update:

Through the morning of May 22, 2014, the food fight fund has received \$12,724.15 in donations. We receive a call approximately every other day with feedback on the website and the donation process.

Commissioner Reardon and Deputy Commissioner Clark participated in update calls with each of the three ratings agencies. The Treasurer's office coordinated the calls with the Governor's Office, Finance & Management and the Secretary of Administration.

HEALTH CARE REFORM

Issue Update:

GMC Planning: We will have a draft concept paper for CMS for review later this week or early next week. The purpose of this paper is to provide CMS and other federal partners with an overview of the Governor's vision for Green Mountain Care and which parts of the ACA we will want to get a waiver from. This is also required to be submitted to the legislature by November 1st. Our thinking is that we should submit it in June when we send to the feds.

GMC Financing: The Administration is set to publish an RFP Friday to obtain services to model the behavioral and economic impact of potential Green Mountain Care financing proposals. Proposals will be due by June 17. The JFO published an RFP Tuesday for a health care incidence study. The study will analyze who pays what now for health care in Vermont. Proposals are due to the JFO by June 17.

Consumer Advisory Council (5/15): The CAC was productive and focused on which questions and information needs to be more widely disseminated about health care reform. They gave us good

feedback on the first set of scenarios with representative health care consumers/taxpayers. The scenario is focused on the unfairness of how people pay for health care today and illustrates the differential premium payments for the same family size and income depending on where someone works. Michael will finalize so this one will be ready to use shortly.

Partners for Health Care Reform: We are close to finalizing a 2012 baseline approach which cross-walks the GMCB health care expenditure analysis against the UMass/Wakely cost estimates (which are built like a premium, not a total systems cost). We are also almost complete with a payer administrative cost estimate for 2012. We are beginning the work of discussing how to trend estimates forward to 2017 and which adjustments need to be made for GMC. Overall, this work is helpful and productive. It is also giving us insight into the fissures in their coalition, which will be very helpful moving forward.

SIM Update: The SIM Core Team met this week and approved several project contracts. Additionally, the Core Team received a six-month preview of anticipated activities including planning for the launch of the second major payment model: Episodes of Care. The SIM team convened its Disability and Long Term Services and Supports Work Group focusing on quality and performance measures for the Commercial and Medicaid Shared Savings ACO Programs. The work group chairs and staff held several planning meetings in anticipation of upcoming meetings. CMMI will be visiting Vermont's SIM team on June 18th to discuss the project and meet stakeholders. The agenda is not yet final, but we will let you know as soon as it is.

Significant Events/Meetings:

VITL Board Meeting (5/20): VITL requested an additional \$2.5M over their last year's budget of \$4.5M, for a total of approximately \$7M. Commissioner Larson is working through the scope of work with John Evans from VITL as well as the additional money going to VITL from the SIM grant to get a handle on their request. We have expressed to VITL that such a large increase after the budget has passed is not ideal and that we need to improve the process. In addition, Todd Moore from One Care Vermont expressed concerns to Anya and Al about VITL priorities. Al is going to set up a GMCB meeting dedicated to VITL, which DVHA, Georgia & Robin will also attend, and we will work on ensuring that the priorities are appropriately aligned to achieve our health reform goals. This is handled for the moment, but Robin will keep in touch as things progress.

VT Federation of Nurses and Health Professionals (5/21): Robin gave an informational presentation on health care reform for the AFT nurses' union at FAHC. This went really well – these nurses, even while “winners” in the current system, are excited about Green Mountain Care and health care reform recognizing the impacts of the current system on their patients.

HUMAN RESOURCES

Press Contacts:

Commissioner Duffy spoke with Hilary Niles at VT Digger regarding the John Howe case and investigations in very general terms. Commissioner Duffy rebuffed suggestions that conducting an investigation is *per se* retaliation designed to intimidate employees. Commissioner Duffy noted that filing a complaint that names employees in their individual capacities and subjecting them to personal liability is far more intimidating.

DHR declined a request from Fox 44 to discuss specifics of the Howe investigation.

Evolving Issues:

DHR is working with the Secretary's Office to develop a recommendation for the Governor on pay increases for exempt employees.

DHR is assessing whether to create a policy that would require relief from duty for any employee involved in a fatality or other traumatic event.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare:

- Vermont Health Connect initiatives continue to progress but it is clear there needs to be some key business decisions made about SHOP functionality (i.e. Small business individual selection) and when it is going to be available. It is very unlikely that this functionality will be delivered by CGI before the end of this calendar year as they still have a tremendous amount of work to complete around Change of Circumstance and Renewals. A contingency to push SHOP functionality until CY15 should be a discussion happening now.
- DII remains concerned about their potential IE vendors delivering proposals that maximize our APD funding as they may not meet CMS's desire for reuse. This is partly due to the level of work needed to answer vendor questions about mandatory and non-mandatory technology (we have answered the questions at a high level, but not with the specificity that ensures vendors will propose potentially acceptable solution). Good progress has been made to have that specificity available, but with the DII resources we have, it has not been as speedily available as we would like. In order to get this information to vendors and have them modify their proposals based on the information will require more time than is available before proposals are due. Mitigating this risk requires at least a 2 week delay in proposal submission. This item is under discussion, but DII is concerned the desire for speed has potentially undervalued the risk.

ITOP/Cloud: Migration of agencies to the SOV Private Cloud have progressed for ANR, Judiciary and AHS. Judiciary's virtual desktop deployment is complete and efforts are transitioning to their server workloads are 50% complete. ANR's workloads are 50% migrated with completion over the next 3-4 weeks. AHS is 95% migrated with only several odd non-standard items left to deal with. The 133 Data Center will be reduced to just network/telecom gear and some odds and end by July 1st.

Significant Events/Meetings:

- A brief outage occurred on 5/20 for many of the sites on the Vermont.gov portal. The outage was caused by the failure of a storage device on one of the servers. The outage lasted approximately 40 minutes.
- A meeting occurred with State of Vermont Information Security, DVHA, and CMS staff in regards to POAM items on Friday 5/16.

- CMS suggested we crossed a threshold of high and medium risk items (5 High, 100 Medium) that they have defined and will be sending the State of Vermont a 90 day interim connection letter.
- If the state fails to achieve numbers under the aforementioned threshold within 90 days CMS has threatened to disconnect the exchange from the federal hub. We await the letter.

Evolving Issues:

Web: The maintenance on 5/20 went well but NIC technicians were unable to complete the transfer of sites to the new environment in the window requested. Therefore an additional scheduled maintenance window is scheduled for Tuesday 5/27 for 10 – 11:59 PM. During this time each site or service hosted by VIC will be unavailable for 30 – 45 minutes. During the time the sites are down a message will appear for the user explaining the temporary down time.

Healthcare Security: A Non-Functional Requirement (NFR) meeting with CGI revealed a lack of appropriate prioritization of the NFRs by CGI. I have requested CGI to adjust their focus of security NFRs to a risk based approach reflective of POAM items first and foremost.

LIBRARIES

Significant Meetings/Events

Wallace Nolen Lawsuit Trial (re ADA violations at State Library): Three VTLIB employees were witnesses at the 5/8 trial. David Groff from AG's office handled the State's defense and the jury ruled in our favor. There have been some improvements made to access from the parking area to Pavilion building but we still need signs that indicate disabled State Library users can use handicapped parking spaces. We continue to use the ADA checklist to make improvements for access at the State Library.

Judiciary security now prohibits disabled citizens from access through their building to the "upper level" of the State Library, the only way to get to that part of the library via elevators. We will see if we can change this, but in the meantime our reference staff is able to retrieve items from the stacks as needed. We have one public access computer (for Westlaw databases) on the lower ADA-accessible level of the library.

American Library Association (ALA) National Library Legislation Day: Marty Reid attended legislative briefings and made the rounds to congressional offices, accompanied by Donna Sullivan-McDonald, a school librarian from South Burlington. ALA awarded its Public Service Award to Sen. Leahy (also to Jim Sensenbrenner R-WI) for their work in the House/Senate on the USA Freedom Act. Senator Leahy was on hand to accept the award that Reid presented. COSLA (Chief Officers of State Library Agencies) meetings in Washington had a strong focus on FCC e-rate modernization and broadband.

SHLB (Schools, Health, Libraries Broadband) Coalition Conference (Washington D.C.): Sheila Kearns (VTLIB), Christa Shute and Caro Thompson (VTA) and Peter Drescher (AOE) attended SHLB and met with me for a debrief session last week. We are working with VTA and AOE to explore the possibility of building one or more shared school-public library fiber networks in rural pockets of the state. We

continue talks with Patrick Clemins at Internet 2 about the potential for education/library networks and using Internet 2 program content for life-long learners via public libraries.

Vermont Library Conferences and Two Awards for VTLIB: Last week Marty Reid attended one day of the Dynamic Landscapes (VT School Library Association/Vita-Learn) at Champlain College. Grace Greene (VTLIB) presented on the state youth book awards.

The Vermont School Library Association presented Marty Reid with their annual “librarian of the year” award at their annual meeting – nice surprise.

We were surprised and thrilled when the Department of Libraries was awarded the VLA Green Mountain Award for our work in support of VT libraries. Nice to have Jeb on hand to witness the award presentation.

Ribbon-Cutting at Rockingham Free Public Library: May 10: After a couple of horrible years of very public Board squabbles, violations of the Open Meeting Law and the firing of the library director, Rockingham celebrated the finish of their new library building addition. I was on hand to speak and help cut the ribbon. They have new board members from town meeting elections and have just reinstated the library director. I hope for happier times ahead. The words on the celebration cake may say it best: “A Fresh Start.” This is one of four (Andrew) Carnegie libraries in Vermont.

VTLIB May Newsletter:

<http://archive.constantcontact.com/fs138/1102928001760/archive/1117361714426.html>

TAXES

No report.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: May 23, 2014
RE: Boards and Commissions Update

Pesticide Advisory Council: I am “consulting” with Chuck Ross before calling Evan Darrow.

(10) Two members appointed by the governor. In choosing these members, the governor shall consider people who have knowledge and qualities that could be useful in pursuing the goals and functions of the council. One of these members shall have practical experience in commercial agricultural production and shall be **appointed in consultation with the secretary.**

Board of Libraries: I asked Marty Reid, State Librarian and Bruce Post, Board Chair, how they felt about Ari staying on the Board even though she has moved to New York City. They would prefer not to set a precedent of board members not being expected to attend meetings in person and they would prefer Ari resign so you can appoint someone new. **If you agree I will give Ari a call and let her know how they feel and see what she says.**

Board of Education: Aly, Carolyn, Laura, Jess and I interviewed 10 students and we were VERY impressed. We would like to offer Melissa Mazza a Governor’s internship. She is interested in politics and would be an asset as an intern either this summer or during the school year. **Are you okay with us talking to her about that instead of being appointed to the Board of Education?** There are 3 students we would like you to interview that would all make GREAT appointees to the Board. I think you will be impressed with all three but unfortunately will only be able to appoint one.

Appointments made May 20, 2014

Justice of the Peace, Town of Westfield:

APPOINTED: Joyce Crawford, Westfield

Northeast Forest Fire Protection Commission:

REAPPOINTED: Warren Miller, Lake Elmore

Current Use Advisory Board:

REAPPOINTED: Patrick Bartlett, Barnard (Forestry)

REAPPOINTED: John McClain, Bethel (Forestry)

Pesticide Advisory Council:

REAPPOINTED: Lene’ Gary, Hartford

Emergency Preparedness Advisory Council:

APPOINTED: Joseph Szarejko, Wilmington (Municipal Police)

Fire Service Training Council:

APPOINTED: Christopher Corbin, Jericho (Professional Fire Fighters)

Tobacco Evaluation and Review Board:

APPOINTED: Deborah Lary, Randolph (Education)

Governor's Council on Physical Fitness & Sports:

APPOINTED: Morgan Potter, Westminster

Building Bright Futures:

APPOINTED: Trisha Shabazz, Colchester

Downtown Development Board:

REAPPOINTED: Ron Redmond, Essex Junction (local government)

Commission on Women:

APPOINTED: Melinda Moulton, Huntington (Democrat/Independent)

Aviation Advisory Council:

APPOINTED: Janise Peaslee, Guildhall

REAPPOINTED: George Coy, Swanton

REAPPOINTED: Ed Peet, Cornwall

REAPPOINTED: Robert Flint, Weathersfield –

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: May 23, 2014
Re: Weekly Report

Status of Governor's Priorities:

Legislative Issues/Contacts/Updates:

- S299: would allow for licensees to serve flights of various products for comparison purposes. The bill was passed out of Senate and is in House General. Powdered Alcohol Study also included. Bill review already submitted.
- H884 Miss Tax Bill: Made some adjustments on spirits taxes that will help instate manufacturers.

Press Issues/Releases/Contacts: Nothing now.

Significant Events/Meetings: Next Board Meeting 06/11/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Greta progress with vendor and working with DII.
- Preliminary review of department processes for potential licensing and enforcement system.
- Performance Audit underway. Report hopefully in May.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners. I hope some of your staff will be able to attend. Will keep you informed

Summary of Key Department Activity:

- May sales continue to look good! We should break a department record by the end of the fiscal year.

Commissioner's Commentary: Have a great Memorial Day weekend.