

WEEKLY REPORTS

Checklist
7/1/2011

Bill Lofy

- ☒ Agency of Commerce and Community Development – Lawrence Miller
- ☒ Agency of Agriculture – Chuck Ross
- ☒ Agency of Transportation – Brian Searles
- ☐ Department of Labor – Annie Noonan

Alex MacLean

- ☒ Agency of Natural Resources – Deb Markowitz
- ☐ Department of Public Safety – Keith Flynn
- ☒ Public Service Department – Liz Miller* (shared with Beth)

Susan Bartlett

- ☒ Agency of Human Services – Doug Racine

Beth Robinson

- ☒ BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

- ☒ Agency of Administration – Jeb Spaulding

Special Reports

- ☒ Additional Report: Education
- ☒ Additional Report: GIRO
- ☐ Additional Report: _____

- Met with folks from Johnson Controls again regarding energy strategy.
- Toured Redstone, 26 Terrace Street
- Met with DII's Richard Boes; worthwhile meeting, far ranging conversation
- Met with Jes Kraus regarding proposed State employee recognition memorial.
- Met concerning Town of Bennington permit conditions on Welcome Center project.
- Attended CDAAC meeting

Evolving Issues:

- Working on Historic Preservation Stabilization and Rehabilitation program which must be reviewed by chairs HCI and HI and JFC at July meeting.
- Working on prevailing wage complaint with Annie Noonan.
- Construction of the Hartford South and Bennington delayed due to water at Hartford and Town permits with conditions at Bennington.
- Acquisition of VSH land moving slowly.....

FINANCE AND MANAGEMENT

Issues Update:

Financial Operations (FinOps):

- **FY 2011 Year End Closing:** The Purchase Order roll over process was executed more efficiently this year than in previous years. All other vouchers and journals, including payroll journals must be processed before 4:00 PM tomorrow, Friday July 1st. Overall the closing process has gone well thanks to the efforts of many, in FinOps and in the departments during the year.
- **FY 2012 Appropriations:** The FY 2012 appropriations file has been successfully loaded into VISION from BDS and has been reconciled. This will allow FY 2012 payments to be processed as of Friday July 1, 2011.
- FinOps has been working with the Department of Vermont Health Access (DVHA) on exploring transitioning their billing activities to the VISION system. Summary requirements information has been sent to DVHA. DVHA is making some final decisions on how they want to proceed. These decisions will enable us to configure VISION to provide a detailed demonstration of how the billing module will work for DVHA. The advantage of using the VISION module is that accounting transactions are recorded automatically during the process of creating the invoice, rather than the current two-step process.
- **HCM/Time & Labor Upgrade:** Starting the week after next, the results of the interviews and assessments of the Leadership & Goals Alignment Survey conducted by Paul Yeager of Cherry Road (our implementation partner) will be shared with project leadership and team members.

Budget & Management (Budman):

- The July 1, 2011 Quarterly Challenges for Change Report has been compiled by Deputy Commissioner Zeller and is in final review. The report will be released by the end of the day, Friday July 1st.
- Tomorrow, prior to any FY 2012 contract transaction being made, Deputy Zeller will run the initial data download report necessary to prepare the list of Personal Service Contracts issued and entered into the VISION system by departments during FY 2011 (7/1/10 – 6/30/11). The final report is used by the Department of Human Resources for the Workforce Report and is requested annually by the VSEA. Processing the data into the final report format requires several days; the report should be available and posted on the F&M website within the next two weeks.

PSA's were recorded and sent to Radio Vermont for distribution, broadcasters will be ready to be distributed. Target date for on air is July 8.

Karen Marshall has made some progress with billing inserts/ inclusion in bill messaging with CVPS (addition of language) and GMP (bill stuffer- 95,000 customers/ 7500 are ebilled). Ask is also out to FairPoint, Vtel, WCVT, VEC, Sovernet, Shoreham, and TDS. This may be possible and we could modify an already created "7 things you can do" with broadbandvt.org flyer.

Significant Events/Meetings:

Maine Learning Network/ University of Maine Research network/ Maine CIO/ CONNECT Me- Spent the day with key people that have lead the creation of one network that wires all schools and libraries in Maine, interconnecting to their research network. This is a model for Vermont to consider as we provision for education. Karen will be preparing a summary for next week's report with the intent that we consider how the administration can convene this conversation within the education sector and take leadership on transforming it.

Agency of Transportation: two final bid meetings for conduit project on I 89, I 91 and I 189.

Green Innovation Summit: a productive endeavor, speakers were very effective in setting a mind fra that we can carry beyond our summit day for innovation. One area where we need to keep our sight: ask what the problem is, not start with our answers. Much like our work in application and utilizati broadband resources, we need to capture the possibility and reverse engineer our process and resou

Press events in the works:

- FairPoint likely for mid July, celebration at completion of connections- week of July 8
- CVPS/GMP/Vtel- likely week of July 18, operating agreement for smart grid communic
- Sovernet, August kick off of fiber installation
- EC Fiber, September "light up" of their system
- Cloud Alliance, August, shovel in the ground on tower site

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

- Governor's priorities remain intact.

Legislative Issues/Contacts:

- Rep. Lorber called regarding bathroom signage, bicycle parking and implementati
- Corrections master plan.
- Rep. Botzow dropped in for conversation.
- Commissioner Obuchowski is having lunch with Sen. Hartwell Thursday re: T
- Bennington issued permits for Welcome Center with conditions.

Significant Events/Meetings:

- Bottled water technical meeting notes will be forwarded under separate cover
- Attended CEP (Comprehensive Energy Plan) meeting. Liz Miller is doing a the plan to life.
- BGS held meeting on FY 12 Capital Bill major maintenance line item disbr

about denials of applications to participate in the program, particularly denials by the Department of Health and the Agency of Natural Resources.

DHR responded to a request by Shay Totten for information concerning a BISHCA employee, David Mannis. Mr. Mannis was recently hired into a classified position as an Information Management Officer. Mr. Totten wanted to know the date of hire, pay grade and salary and whether the recruitment was done through the state system, which it was. Commissioner Duffy advised BISCHA of the inquiry. BISCHA was already aware that Mr. Totten had questions about the position.

Significant Events/Meetings:

Public Records Request: DHR reviewed its files to provide documents that may be responsive to a public records request made by Vermonters for Health Care Freedom. The organization requested documents from April 15, 2011 to June 15, 2011 regarding the Green Mountain Care Board. Responsive documents were provided to the Secretary of Administration's Office, and DHR has communicated with the Governor's counsel concerning the proposed response.

Meeting on Bottled Water Policy: Commissioner Duffy and DHR staff attended a meeting hosted by BGS Commissioner Obuchowski and Deputy Commissioner Sandretto to discuss the bottled water policy, which was recently suspended. Jes Kraus of the VSEA attended the meeting, as did representatives from ANR and the Department of Health. The meeting focused on technical issues around the quality of the water at state sites, the ability to test the water, and the quality of piping in state buildings.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

The new Public Records Service was completed on Tuesday. Tanya Marshall and Beth Robinson reviewed the service and provided feedback. The VIC developer is making last minute changes for the launch by the July 1st deadline.

Initial decommissioning work on the old ERP/Peoplesoft environment is commencing. This work will be collaborated with Efficiency Vermont for producing an energy saving and credit for us if possible. This will equate to approximately 45 servers reduced to 16 and the number of virtual server instances to deliver high availability and the numerous new ERP/Peoplesoft environments.

Legislative Issues/Contacts:

- Richard met with Commissioner Reardon and Deputy Commissioner Zeller with Finance and Management to talk over Information Technology funding practices, ERP/Peoplesoft and AOA IT consolidation.
- Richard and Ruthann met with Commissioner Obuchowski, Deputy Commissioner Sandretto and other members of the BGS team to discuss ongoing collaboration on construction projects, capital fund and a potential opportunity for a State owned data center.
- Richard also met with Commissioner Duffy to learn about collective bargaining practices here in Vermont as well as discuss AOA IT consolidation efforts.

Significant Events/Meetings:

- Department of Labor meeting was held late last week. The discussion was a fact finding and open Q/A for the technical and several business folks from VDOL.

- Mike Morey (DII) met with BISHCA to outline what iTOP and consolidation means to all of us. Overall it was a good initial meeting and will be followed by a technical walk through for their technical folks.
- Mike Morey (DII) met with Darin Prail and Steve Bentley of AHS to discuss ramping up the SOA Infrastructure and iTOP projects.
- Mike Morey (DII) met with Bob Hammerl of ANR in regard to end-of-life technology replaced by DII.

ERP Expansion Project – Initiation phase

- HCM system comparison reports are being run for 8.8 vs the new 9.1 versions to assist in analysis of the ERP upgrade.
- An upgrade database was turned over to Cherry Road to begin initial set-up and execution of the first pass for the upgrade scripts
- Discussions were held to ensure database access is set up as appropriate for Cherry Road personnel

Vermont Information Consortium Status report:

<u>Online Services</u>	<u>Owner</u>	<u>Start</u>	<u>End</u>	<u>Effort</u>	
Constituent Management Service	GOV	Feb-11	Jun-11	Med	90%
Ladies First Cancer Screening	VDH	Jun-10	Jun-11	High	95%
Event Registration: CJTC	VCJTC	Apr-11	Aug-11	Low	75%
Lead Compliance certifications	VDH	Feb-10	Aug-11	High	90%
M.D. Board/ Cavu licensing	VDH	Feb-10	Aug-11	High	75%
Agricultural Licensing	AAFM	Aug-10	Sep-11	High	75%
Proposed Rules - dB upgrade	SOS	May-11	Oct-11	Med	10%
Atty Licensing - CLE Compliance	JUD	May-11	Jul-11	Med	90%

Websites

Vermont Lottery	Lottery	May-11	Oct-11	Med	10%
Connecting Commuters upgrades	AOT	May-11	Jun-11	Low	90%
Criminal Justice Training Council	VCJTC	Jun-11	Jul-11	Low	90%
State Police	VSP	May-11	Jul-11	Low	30%
Department of Health	VDH	Jun-11	Jan-12	High	10%
Department of Public Safety	DPS	May-11	Aug-11	Low	10%
Dept of Vermont Health Access	DVHA	Jun-11	Dec-11	Med	10%
Division of Voc Rehab	AHS	Aug-10	Aug-11	Med	10%

LIBRARIES

Nothing to report

TAXES

Legislative Issues/Contacts:

The Commissioner met field personnel from the IRS, and held a discussion with representatives from the organizations for cpas and tax preparers. More such outreach is planned, for example a meeting with tax attorneys is scheduled.

Press Media/Notes:

Vermont landed #1 on a Kiplinger list for worst places to retire, with the article citing tax provisions and the Tax Foundation – this created some buzz. On the other hand, AARP has featured Vermont as a place to retire for the simple life, which in turn last year led to a CNBC online story featuring Montpelier as one of the top 19 places for boomers to retire.

Operations:

This week marks the retirement of the Department's long time deputy, Ellen Tofferi. In addition to planning for that transition in the short term, the Commissioner has been making contacts to seek out applicants with a strong management background for this key COO function.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Beth Robinson, Governor's Counsel
From: Elizabeth H. Miller, Commissioner
Subject: Weekly Report
Date: July 1, 2011

Due to a family reunion, I will not have a personal report until after the 4th but am sending the division report today. Happy Independence Day!

Summary of Key Department Activity, By Division:

Public Advocacy and Consumer Affairs:

Monument Farms Three Gen, LLC – Docket 7592 – Comments on Monument Farms' Petition requesting to amend its CPG to convert from a SPEED Resource to a Net Metering Facility are due on Tuesday, July 5th. The Department is still considering its position, but VEPPi has voiced an objection that Monument Farms' request violates the exclusivity clause of the Standard Offer contract. VEPPi has indicated to the Department that although the Board has not considered this issue specifically, it believes the Board has previously spoken to an analogous situation when a net metering project wishes to convert to a SPEED project, and has permitted such a conversion so long as the producer had not broken ground. VEPPi understands Monument Farms' project is complete, and it was expected to come on line in a matter of weeks.

Appeal of Vermont Yankee License Renewal – no docket – Department and New England Coalition filed a motion for summary reversal of NRC decision on 6/24/11, based upon NRC's failure to require Entergy to obtain a Water Quality Certification under Section 401 of the Clean Water Act prior to relicensure. Responses are due from NRC and Entergy (which has moved to intervene and presumably will be granted intervenor status) on 7/29/11.

VELCO K 41 Line - Docket 7740 – VELCO filed an emergency petition under 30 V.S.A. § 248(k) to replace 12 structures and add three more to the 120 kV line from Highgate to Richford. The line was discovered to have seriously inadequate clearances in a number of places. It is not clear why or how it was operated in that condition for the last 50 years, but the "discovery" led VELCO to de-energize the line for safety. This left the northern tier of Vermont vulnerable to a single contingency, i.e. the failure of any other component of the area's transmission could result in extended loss of power to 28,000+ customers. At a preliminary hearing held June 24, 2011 VELCO presented testimony and exhibits supporting its petition. DPS and ANR attended the hearing and ultimately supported the petition. The PSB issued a summary order later that day granting the petition. The statute requires VELCO to file for a "permanent" § 248 CPG if it wants to keep the new structures in place.

CVPS Salisbury substation – Docket 7635 – A CPG was issued in this docket on March 3, 2011 without opposition. Less than a month later an adjoining landowner (Sack) complained to the PSB, stating that CVPS had breached commitments it had made regarding the configuration of the road to the new substation. The Sacks sought to become a party to the docket, but it was unclear what if any relief they were seeking or could hope to obtain. In one of its responses to the Sacks CVPS described changes it was making to the design and layout of the substation. The PSB determined that the changes proposed by CVPS required an amendment to the CPG. On June 27, 2011 CVPS filed a motion for amendment with supporting evidence. The PSB has directed the parties to submit comments and/or any requests for the hearing by June 18, 2011. DPS is reviewing the proposed amendment and will submit comments.

SunGen Sharon Solar – Docket 7700 – Comments on the Hearing Officer's Proposal For Decision are due to the Board on July 1st. Based on correspondence with the Petitioner, it is expected SunGen will file comments on three minor points: 1) requesting that the Board limit construction hours from 7 a.m. to sunset Monday through Saturday, as opposed to the Hearing Officer's recommendation to limit hours to 7 a.m. to 5 p.m.; 2) clarifying that SunGen does not intend to add a construction entrance on Commercial Drive; and 3) requesting permission to begin construction of the project before the educational kiosk plans are finalized. The Department will not be filing comments on the 1st.

Vermont Gas Systems – System Expansion Fund – Docket 7712– The Fund continues to exist, on an interim basis, pursuant to previous Board Orders. VGS is finalizing its post-hearing response to questions posed by the Board; the Department has reviewed drafts and made suggestions. We will file our own response to the Board shortly, which hopefully can support VGS's filing. Department staff met this week with VGS to discuss revisions to the Alternative Regulation Plan, which must be accomplished by September 30th. Another meeting is scheduled for next week.

Kingdom Community Wind –Docket 7628 – On 6/24/11 the Department filed a brief responding to VELCO motion, seeking elimination of Condition 42, calling for compensation fund for properties on which noise levels preclude development, supporting motion and relying on concurring opinion of Chairman Volz. DPS also responded to GMP motion seeking to begin construction prior to completion of System Impact Study, requesting that construction cannot commence until draft SIS is submitted. Brief will also reserve rights to oppose cost recovery if project is not completed due to inability to obtain required easements or archaeological concerns. Department will also provide comments on a number of post-CPG filings, most notably the Noise Monitoring Plan, on 7/1/11.

Washington Electric Coop Rate Case – Docket 7691 – A miscommunication between DPS and WEC scuttled a previous settlement in principle. The parties met on 6/28/11 and managed to reach a new agreement, which is still subject to approval by the WEC board of directors and the DPS Commissioner. The new agreement would allow WEC a 19.44% increase, compared to the initial request for 23.81%. Even with this settlement WEC anticipates filing a new rate case for 2012. If the settlement in principle is approved the parties will draft a stipulation for PSB review.

Swanton Village Electric— General Terms and Conditions Tariff— No. 8220 – VPPSA notified the Department that the third of the three municipal utilities involved in this matter —Johnson—has joined Swanton and Morrisville and has agreed to delete from its general terms and conditions tariff a provision requiring customers to execute and return repayment agreements. The Consumer Affairs Division feels very strongly that this is an unnecessary burden to place on consumers and that it gives the utility no more protection than it already has under Board rules. However, when the municipalities made the requisite filings with the Board, they all maintained that they would continue to pursue the execution of these agreements. The Department has spoken with Board staff and a conference call is to be set up with VPPSA's counsel to determine exactly what this means. It appears that even though the provisions were withdrawn, the Board may still have to take some action regarding this matter. As the rules neither require nor prohibit execution of these agreements, it is solely a matter of policy, as opposed to interpretation of the rules.

Petition of Green Mountain Power for Authorization to Purchase Electricity from NextEra Energy Seabrook—no docket – The Board has scheduled the initial prehearing conference for Friday, July 8th. We will work with GMP's counsel to prepare a proposed schedule in advance of the conference. Based upon its review of the Petition and talks with GMP, the Department is prepared to support the Petition. IBM has filed a Motion to Intervene, but its counsel has informed the Department this is solely for the purpose of monitoring the docket—they are not opposed to the project.

VTel Petition to Operate a Cable Television System – no docket – The Department has been engaging in negotiations with VTel regarding their proposed Petition and CPG, with the understanding that VTel is under intense time pressure to obtain Board approval in order to meet federal funding requirements. After modification of several provisions of VTel's proposal to include assurances that VTel will provide separate accounting for its cable operations, will abide by the Board's cable line extension rules for cable service while still applying telephone line extension rules for telephone service, and will maintain consumer protections against applying cable disconnection rules to telephone/cable bundled service, the Department entered into an MOU with VTel on June 30th recommending that the Board approve VTel's Petition and proposed CPG without technical hearings.

AARP low income program – Docket 7535 – Comments on the Proposal for Decision were due and filed on June 17th by the Department, GMP, CVPS, IBM and VEIC. The Department's comments reflected general agreement with the PFD as far as CVPS and GMP are concerned, but did advocate for continuing to explore a statewide program to possibly save money on a consolidated program and to offer such a program to all low-income Vermonters regardless of what electrical utility they receive service from. In its comments, the Department also incorporated some of the concerns expressed to us by the Agency of Human Services (a non-party). AARP filed out of time "reply" comments on June 24th, which basically said that it had no comments.

CVPS Smart Power – Docket 7612 – DPS and CVPS resolved the last outstanding issue regarding the Proposal for Decision to approve the updated business case. The parties continue to work on a process to streamline review of future updates that involve confidential materials. However, a Board Procedural Memo issued in a different docket (Docket 7619) seems to indicate the Board may not be amenable to affording confidential status to documents on a long term basis without evaluating the appropriateness of the claim for confidentiality. DPS is still reviewing the filing log and coming up with an alternative format, but the parties are committed to reaching a consensus on this issue before filing a final version with the Board.

CVPS Smart Power and GMP AMI – Docket 7612 and Docket 7704 – Measurement and Verification (M&V) of Smart Grid Costs and Benefits. DPS met with CVPS, GMP and VEIC on 6/29/11 to discuss current M&V plan drafts and make suggestions for additions and improvements. A good discussion occurred between the parties. VEIC made a very useful suggestion that the parties draft a model or template M & V report. Representatives from each entity, including the Department will convene within the next two weeks to work on a draft report. The progress will be reported to the Board by the 7/29/11 deadline.

248a PSB Amended Standards and Procedures – no docket – The Board has proposed Amended Standards and Procedures to govern proceedings under 30 VSA § 248a. The Department has reviewed the draft standards and will be meeting with Board staff attorney Gregg Faber to discuss concerns and our proposed comments. The comments deadline is 7/13/11 but we will file our comments by 7/8/11.

VELCO Condemnation in Wells, VT following issuance of 248a CPG for telecommunications facility associated with the VELCO Statewide Radio Project – no docket – Discussed merits of VELCO position with counsel for VELCO, discussed pending Superior Court litigation and requested copies of all pleadings, filings and discovery in that action.

Renewable Portfolio Standard (“RPS”) Study – no docket – Department provided comments regarding the scenarios to be examined by the Board’s consultants in evaluating the economic and environmental impacts of and RPS and/or a revised SPEED Program.

Consumer Affairs

- Tamera is off on a much-needed vacation this week and will be back next Tuesday, so this report is somewhat shorter (and later) than usual. In the meantime Christine has started taking some phone shifts this week to become familiar with the consumer complaint process and to give her a break from handling all the broadband.vt cases she’s been tasked with. Melissa is getting back up to speed quickly and we’re all very glad she’s back. Susan will be on vacation for two weeks beginning Monday, July 4th.
- Call volume (without broadband.vt cases) is higher than last year but lower than in 2009.

- An additional 158 new broadband.vt cases were added to CAPI's database over the past week. Kudos to Christine Peterson for handling most of these.
- CAPI filed with the FCC the VT Telecommunications Relay Service complaint log for complaints regarding the relay service over the past year. The FCC requires states to submit their annual filings by July 1st.

Planning and Energy Resources:

Comprehensive Energy Plan:

- Convened staff to review organize and add policy option recommendations for CEP.
- Revised CEP outline.
- Drafted memos to ANR re: inter-departmental cooperation on drafting sections for the CEP.
- Held kick off meeting with Synapse for energy modeling for the CEP.
- Attended Commercial Energy Efficiency Stakeholder meeting facilitated by VEIC to solicit ideas for the CEP. Participants included representatives from IBM, AIV, Lake Champlain Chamber of Commerce, VT Energy Partnership, and VBSR.
- Staff represented the Department at the Colchester CEP public meeting on June 28th with the Department's VLS intern and the Governor's Office Kennedy School fellow.
- Reworked the CEP Policy Suggestions draft sections on Transportation and Land Use, now Transportation and Community Development, by structuring high level objectives and referencing VTrans CEP outline and strategies, and comments on transportation policies from UVM-TRC's, VEIC's and the general public, as well as original ideas from DPS staff.
- Reviewed the Natural Gas section of the old draft plan to identify needed data updates as suggested by UVM-TRC, as well as others identified internally.

Climate Cabinet:

- Met with other agency staff for Climate Cabinet to develop agenda, work plan and supplemental materials for the 7/7/11 meeting.
- Reviewed and updated DPS priority activities from the 2008 Climate Change Transition Team Report for the Climate Cabinet.

Residential and Commercial Building Energy Standards (RBES & CBES):

- Staff filed final rule documents for RBES with the Secretary of State on Thursday. A copy of the final rule has also been sent to LCAR. The effective date will be October 1st.
- Consulted with Navigant regarding methodology and formats for CBES annotation task.
- Staff reviewed the Vermont Gap Analysis provided to the Department by the Building Codes Assistance Project and to develop key objectives for the Vermont Energy Code Compliance RFP.
- Staff posted and emailed to a bidders list, the Vermont Energy Code Compliance Plan RFP.

ARRA Funding/Programs:

- Year end federal draws for June in the amount of \$1,046,764 for SEP ARRA, EECBG, and Appliance Rebate Program.

Energy Efficiency and Conservation Grant Program (EECBG):

- Over the past 3 days, staff approved and drew down federal funds in excess of \$671,000.
- As of June 30th, the EECBG-Municipal Program had expended over \$2.9 million – 61% of the total EECBG-Muni funds awarded far exceeding the federal 50% expenditure goal.
- Over the past 8 weeks, staff have reviewed, approved and paid out more than \$1.2 million to grantees, most of whom have completed their energy efficiency projects.
- Approved final invoice for \$36,937.00 for Bingham School District (Cornwall) for energy efficiency retrofits (replacement of windows, replacement of lighting fixtures and additional insulation).
- Approved payment to Village of Swanton for their lighting project in the amount of \$42,075.03.

Clean Energy Development Fund:

- A press release was issued announcing the 7 new CEDF Board members and the transition of the fund back into the Department.
- We paid \$42,222 to Neighborly Farms in Randolph for their farm methane digester project.
- The second RACDC (Randolph Area Community Development Corporation) feasibility study closed successfully with a final payment of about \$2,563.00. The final report stated that district heating is quite a viable option for the community and lays out a plan for the next steps for the project.
- We paid \$10,000.00 to the City of Barre for a financial feasibility study they ordered before going forward with the Nelson Street hydro project. The study determined that the project is economically viable.

Energy Efficiency Utility Activities:

- Participated in the Commercial Building Energy Retrofit Financing Webinar held by the NGA Center for Best Practices.
- Participated in the presentation of the strategy document presented by NEEP regarding the Residential Lighting Strategy. This advisory group was assembled to address the implementation of EISA 2007 (phase out of incandescent lamps). The group is recommending the use of EISA compliant halogen as a baseline and consumer education.
- Staff held its monthly invoice review meeting with EVT and the invoice was approved.
- Staff provided initial detailed information to Synapse and Optimal regarding the study to assess the Vermont Economic Impact of EEU investments.
- Staff attended the Consortium for Energy Efficiency Summer Program Meeting in Boston and attended workshops related to evaluating “conservation and behavior” energy efficiency programs. Staff is in the process of reviewing two newly released reports, one related to the methods for evaluating these types of programs and the other, evaluation findings from a recent Massachusetts project.

- Business Sector Market Assessments, staff reviewed and commented on Navigant's sample plan and method for selecting on-site and phone survey respondents in existing buildings. Related issues with the sample design will be resolved this week.

Evaluation:

- Forward Capacity Market Evaluation, staff participated in its weekly internal and external FCM Evaluation meetings to discuss project status and resolve issues.
- Savings Verification, staff held its weekly internal SV Evaluation meeting to discuss project progress and any new issues.
- Separately, staff met with contractors for verification and FCM evaluations to discuss status, process reports, contract issues, and the next year of evaluation activities.
- Started review of 13 projects for Savings verification.

Act 250 Review:

The past week included the review of four new proposed projects:

- TOWN: WINHALL PROJECT: Approval of previous construction of additions and a garage with a bedroom and walkway to a home constructed before 1970. This permit also authorizes the leach field that was installed in 1982.
- TOWN: HARTFORD PROJECT: Construct a building 95'x85'x28' to house a machine shop and small assembly facility. New building will be adjacent to existing permitted office and laboratory.
- TOWN: HINESBURG PROJECT: Modifications to an existing industrial building to allow use by 2 new businesses involved in production and processing of agricultural materials - Vermont Smoke and Cure, and Green Mountain Organic Creamery. These modifications include: addition of a +/-8' chimney, various doors, a loading dock and 9 condenser units, along with changes to existing WW permit and a reduction in existing traffic counts.
- TOWN: MILTON PROJECT: Conversion of Units #7 and 8 of an existing mixed use building into a daycare center with a maximum of 27 children and 3 employees.

Vermont System Planning Committee (VSPC):

- Staff chaired a meeting of the Energy Efficiency and Forecasting subcommittee, where a template for provision of information regarding constrained that may have potential for "Geotargeting" was refined. Utilities will complete "Phase 1" of the template regarding specific details of the constrained areas before the next meeting of the subcommittee - on July 12th. This is a significant step in the effort of coordinating more closely the use of energy efficiency as a non-transmission alternative with actual planned projects.

Fuel Survey:

- Since last week's Crude oil price drop it has been trading in the \$90-\$96 range, currently at \$94.85. Locally a 25 cent decline in pump prices has occurred.
- Prepared Fuel Price Survey form for distribution next week. The form has been expanded to include pre-buy and discount program dealer offerings.

Biennial:

- Comments on draft were released to the Directors for review. Replies are due on July 6th and revisions will be completed by July 13th.

Avoided Energy Supply Costs Study Group:

- Reviewing final draft AESC report.

Public Service Board Filing:

- PSB Tariff Filing #8233: Reviewing filing of CVPS Light-Emitting Diode Municipal Street Lighting Tariff Offering. Several towns have raised questions about this tariff and their plans to install and own their own street lights.
- Net metering Solar Credit Tariff Filings: Began review of multiple utility net metering solar tariffs. Pursuant to Act 47 approved May 25, 2011, electric companies are required to file a proposed modification to their rate schedules establishing a solar credit that complies with 30 V.S.A. § 219a(h)(1).

Other Items:

- Attended a meeting with PSB, SEA and CESA, they are under contract with the Vermont Public Service Board to write a study to analyze the benefits and detriments of various options for a Renewable Portfolio Standard and a revised SPEED program. This study is required by the Vermont Legislature and is being conducted this summer. SEA thought that it might be valuable to meet with the Commissioner and other DPS staff to hear directly from the Department on its recommendations. DPS comments were filed with the PSB on 6/29/11 and meeting ideas were passed on to the staff involved in the CEP.
- Report concerning payment for undergrounding utility cable in designated districts - Completed work on final draft incorporating revised outline. Submitted to Sarah for review.
- Net Metering database -- preparing quarterly report.
- Staff developed and gave a presentation (along with Efficiency Vermont) for the New England Governor's/Eastern Canadian Premiers Energy Efficiency Working Group regarding various methodologies for cost effectiveness screening of energy efficiency measures, and provided description regarding the Societal Test used in Vermont. Other jurisdictions provided their screening methodologies and asked questions surrounding Vermont's methodology.
- Staff attended a meeting of the High Meadows Fund Board where the results of three reports were shared pre-release: the Regulatory Assistance Project's update to its "Affordable Heat" study, Vermont Law School's analysis of the lack of interest in homeowners investing in weatherizing their homes, and VEIC's analysis of completed projects.

Finance and Management:

Legislative Issues/Contacts: We attended an internal meeting this week to discuss Tony Klein's request for an analysis of various utility consolidation scenarios. Fin and Econ agreed to draft a work plan to complete the task in November with a final report to be submitted by the end of the year.

Significant Events/Meetings: Case Management—reference checks have been completed. The two finalists are Sustain and New Dawn with Sustain in the lead. Sustain's references were outstanding no exceptions and no complaints. Next steps are (a) develop a consensus on the winner and then prepare a recommendation for the Commissioner and the Board in selecting the winning bidder.

Hearings were held this week on the Catamount/Bolton rate case settlement has been settled with a 169% rate increase in year one and a 39% rate increase in year two resulting in an overall rate increase of 235%, down from the 269% that was originally requested. Susan Martin testified on the cost of service and the settlement on behalf of the department.

The staff met with Vermont Gas Systems to begin discussions on extending the existing or adopting a new Alternative Regulation Plan. Discussions went well. At this stage there are some hurdles we will be sorting through but there does not appear to be any insurmountable issues. The next discussion is scheduled for July 8th.

The staff met with CVPS, GMP and VEIC to discuss Smart Grid Measurement and Verification Plans. The meeting centered on updating the CVPS December Plan with DPS suggested changes. Additionally, the group agreed to develop Report templates that could be used by their management that would also be provided to the department and the board in monitoring and reporting progress on the project.

We have selected the finalists for two finance positions. They will be slated for a second round of interviews with the Commissioner.

Comcast asked to meet to discuss information requests for subscribers by town. We discussed the need for the information and Comcast has agreed to provide it. We have scheduled a follow-up meeting to meet with their financial rep to work out the details.

Regulatory and Administrative Policy Related Activity:

GMP has filed a modification to their net metering tariff to reflect legislative changes that were included in H.56. We have completed a preliminary review of the tariff and may suggest consideration for some modifications to limit planned cash payments for any annual carry-over. There is a need to develop a rationalized policy position on net metering related issues since each utility will be filing new net metering tariffs as a result of H.56.

Legal Proceedings Docket Activity-State:

We have completed our review of VEC's proposed Variable Peak Pricing tariff with a recommendation that the tariff looked fine but it should be modified to provide quarterly reporting on the progress of the consumer study. The tariff was filed to establish "dynamic

rates" in a pilot program to assess consumer response to in home displays and to new rate designs. The study will run through 2013.

Vermont Gas filed their quarterly purchase gas adjustment last week. Rates will increase over 9% due to the 40% increase in Canadian transmission rates. Our review of this filing is in process. No new activity this week

Okemo Water—negotiations have been on-going and an agreement is in sight. No new activity this week

GMP Base Rate Filing-- GMP has filed for a 4% rate increase. Our review is in process. No substantive issues have been identified. No new activity this week

Mergers, Acquisitions, Change of Control:

Docket 7688, CVPS/Readsboro acquisition---The Board has issued a proposal for decision in the CVPS/Readsboro acquisition case which approves the acquisition but denies CVPS's proposed cost recovery of the acquisition premium of about \$88,000. We are to provide comments on the P for D that are due to the Board by July 22nd.

Shoreham/Otelco sale—a technical hearing is scheduled for September 8 in this case. No new activity this week.

CVPS Sale to Fortis and or GMP-We have begun drafting an RFP for consulting services to thoroughly review the acquisition petition when it is filed.

Emerging and Developing Docket/Settlement Activity:

Gross Receipts Tax-No further information to report this week. An issue has come up regarding the taxability of internet services offered by cable companies. This could evolve into other general questions about the state and federal taxability of various communications services offered by telephone and cable companies. Regarding the Gross Receipts Tax it appears internet service offered by cable companies should be included in revenue when calculating Gross Receipts Taxes. We have found the Board has specifically stated in CPGs issued to Comcast and Charter that internet service is taxable for Gross Receipts Tax purposes. Additionally, we have found that, although internet service has been decreed by the FCC to be an interstate service, such a classification is no bar in assessing sales tax on internet revenue billed in Vermont. We have met with the Telecom Division to discuss the issue. Telecom has argued that internet service is not taxable because it is an interstate service. We concluded that a thorough legal review of the total tax situation for communications services should be undertaken. Telecom agreed to enlist in-house legal counsel to assist in that effort.

Street Lighting Tariffs: CVPS Tariff-We have received complaints regarding the CVPS proposed rates from the town of Thetford and Stratford and are preparing responses. At this point, CV's rates are reasonable and the town's analysis may be flawed. We are preparing an analysis for the Commissioner that will be used in drafting a response to the towns that have contacted the Commissioner. Additionally, due to the number of complaints received at the Board, the Board

has extended the deadline for the department to file its recommendation/comments in this tariff filing until next Wednesday.

VPPSA Tariff- This continues to get pushed out with no change from last week.

Smart Grid Activity: CVPS Smart Grid Plan- a verification and measurement meeting was held this week and a discussion of the GMP and CVPS opt-out tariffs has been scheduled for the next round table.

GMP Smart Grid Plan-We have received a draft of the GMP opt-plan but are still waiting for GMP to complete their rate cost of service information.

Washington Electric Cooperative (WEC) Smart Grid Construction Plan--No new activity to report this week.

Stowe Electric Department (SED) Smart Grid RFP--No new activity to report this week. Stowe has issued an RFP for a turnkey AMI implementation.

The staff met with CVPS to discuss their preliminary drafts on a Smart Grid transition rate design for their current time-of-use customers. CV is proposing to make across the board payments that would total about \$1.5 million to help about 5000+ customers with equipment and wiring costs in moving from old electro mechanical time-of-use applications to electronic/digital time-of-use applications. CVPS accepted suggestions from the Department (Tamera) to modify the draft to reduce payments by targeting payments to customers who are actually using old equipment as opposed to offering across broad payments that include customers who do not now use such equipment. We are currently waiting to hear back from CVPS. This week Corey and Bill have identified 4 to 5 options that will be presented to CVPS as alternatives to a cash payment and ask for their comments.

Other

The year-end close is in its final stages and the Adm staff has done an outstanding job in meeting all of the dead-lines and requirements....hats-off for the extra effort.

The annual kWh and revenue report was completed and distributed this week.

FootPrint training continues

We are continuing to work with HR on filling seven open positions.
3 positions in Finance---

Utility Analysts (2) the updated candidate list has been narrowed to the top two who will be scheduled for interviews with the Commissioner.

Financial Analysts—the candidate list has been received and finalists identified and interviews are now being scheduled for next week—after the financial close is completed.

1 position in Public Advocacy—candidates are being screened.

1 position-Director of Public Advocacy-recruitment is on-going.

1 position-Director of Planning and Energy Efficiency-recruitment is on-going.

1 position-Public Service Engineer/Smart Grid are pending a final decision to proceed and the completion of a job description and reclassification request.

Engineering:

Vermont Yankee Operation: The Vermont Yankee nuclear station continues to operate at 100% power. To date, the station has achieved 232 continuous days of operation.

Dry Casks Loading Campaign Underway at Vermont Yankee: The first of three dry casks has been loaded and will be moved to the pad on Wednesday, June 29. An NRC inspector from Region 1 was present for the loading of this cask and will report on this inspection in the next quarterly NRC inspection report.

VELCO K41 Transmission Line - Highgate to Newport - Update From Last Week: VELCO filed a petition under the emergency procedures of 30 V.S.A. § 248(k) to re-construct several structures on its K41 line to correct height clearance issues. A Board hearing was held on Friday morning, which resulted in the Board issuing an Order Friday afternoon. The Board Order approved the petition, with conditions relating to protection of wetlands and any rare or endangered plants found, and a condition requiring VELCO to either file within one year a petition to make the structures permanent, or to remove the structures that are the subject of this Order.

Underground Facility Damage Prevention Grant – Update: Engineering previously (4/20/2011) reported that the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA) approved a grant for \$99,926 to improve underground facility damage prevention in Vermont. PHMSA provided grants to projects that would be executed during CY2011, and which involve the key elements of effective damage prevention programs. Vermont’s grant request included the use of technology in locating underground utility facilities. Unfortunately, a delayed grant approval in combination with Vermont’s short construction season makes it impossible to complete the work by December 31, 2011. The Department has contacted PHMSA and requested that it consider funding an alternative work period.

Existing Time of Use Rates: Engineering and Telecom are working with CVPS to devise a way for residential customers that have been on historical TOU rates (Rate 11) to continue to use, after the AMI meters have been installed, customer-owned equipment that controls appliances when the rate changes. Customers on existing TOU rates have a special meter that sends a signal to the customer-owned control equipment, and the new AMI meters are not capable of sending this signal. The Department is working with CVPS on technical and other solutions to enable customers to continue to use equipment purchased at customer expense that allows them to optimize savings with the TOU rates.

Telecommunications:

FairPoint Petition for Approval of a Successor Incentive Regulation Plan – Docket No. 7724 –

The Department is in the process of selecting a firm to conduct a detailed analysis of FairPoint's Northern New England market share, as well as an analysis of the current state of telecom competition in Vermont. The Department is scheduled to file its testimony on 7/29/2011, though it is likely that it will be necessary to obtain an extension.

Petition for Approval of FairPoint Penalty Payments for Broadband Expansion – Docket No.

7725 and 7726 – A technical hearing is scheduled for 07/14/2011. The Department is in the process of retaining VCGI, at FairPoint expense, to update the VTA target community list. Department, ConnectVT, and VTA staff are scheduled to meet on 7/1/2011 to discuss the appropriate process by which the VTA target community list should be refined to reflect the unserved areas FairPoint may select for broadband expansion.

FairPoint Broadband Expansion – Docket No. 7270 and 7759 – FairPoint has completed its broadband build-out to one-half of its exchanges as required by Docket No. 7270, and as amended by Docket No. 7599. The Department was provided with the list, by address, of the remaining 5% of customers to whom FairPoint must provide new broadband service upon request within 90 days. Due to the recent and unprecedented flooding, FairPoint was unable to complete the broadband build-out in four exchanges in the Islands. FairPoint has petitioned the Board for an additional thirty days (end of July) to complete the build-out in those four exchanges and for a waiver from penalties associated with the failure to complete the build-out by 6/30/2011. The Department supports FairPoint's petition.

Petition of Otelco for the Purchase of Shoreham Telephone – Docket No. 7735 – The Board held a workshop on 6/24/2011. A public hearing in Shoreham is scheduled for July 24, 2011. At this time it appears likely that the Department will support the sale of Shoreham to Otelco.

Petition of FairPoint for a Simplified PAP – Docket No. 7506 – The Board held a workshop on 6/27/2011. The Department is in the process of retaining an expert witness. The Department's testimony is scheduled to be filed 09/09/2011, and a third Board workshop is scheduled for 9/23/2011.

Petition of VTel for a Cable Television CPG – No Docket No. – Recently VTel was advised by the DOE that, before any RUS funds would be released for the VTel WOW project, VTel must obtain its CPG to provide cable service. On 6/30/2011, VTel filed a petition with the Board seeking approval for a cable CPG. The petition was accompanied by an MOU between VTel and the Department in which it is requested that the CPG be issued expeditiously and without a hearing.

Regulation of Fixed VoIP – (Comcast) – Telecom staff will meet with Comcast next week to discuss issues related to the regulation of Fixed VoIP.

Telecommunications Plan – The Telecommunications Plan: Broadband, largely drafted by the previous administration, will be posted on the Department website within the week. Work on a

more comprehensive Telecommunications Plan, as required by statute, has begun. The telecom division has hired a new employee who starts work in August and his initial primary assignment will be the writing of the Telecommunications Plan. It is intended that a draft of the new Plan will be completed by 12/15/2011.

VCRD e-Vermont Statistics – The quarterly statistics have been provided to the VCRD program

Broadband Coalition – Continued updating on the website has been accomplished. A meeting will be held 06/30/11 to discuss the next steps in marketing, some ideas regarding a phase 2 version of the site and archiving guidelines. Analytics of the site are still showing a steady stream of new visitors and a 4 minute stay at the site on average of all visitors. The vast majority of the visitors are still coming direct to www.broadbandvt.org as opposed to through search engines.

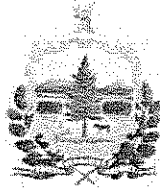
Broadband Mapping Team – An e-mail has been sent to all providers making them aware that the next data request from the Team will be coming after the Independence Day holiday. It will request data as of 06/30/11. In response, 1 provider has asked for a different way of providing data (a reasonable request which will be done) and a second has provided data which is being reviewed for usability.

FCC Tracking – The FCC has enacted Caller ID “Spoofing” rules. Spoofing is the action that causes a call to be delivered to a termination point with a caller ID number or name different than the one that originated the call. The FCC has spelled out the conditions that constitute spoofing and created an exemption for law enforcement agencies’ investigative work. Initial penalties are \$10,000 per occurrence and 3 times that for each day the spoofing is allowed to continue.

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
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: July 1, 2011
Subject: ANR Weekly Report

Status of Governor's Priorities:

1. Brighter Economic Future/Growing Jobs/Quality of Life:

- Chris, Michael and I came back from the Governor's Summit energized and inspired. We were particularly pleased that the tangible action items we discussed all have leveraging, protecting and enhancing Vermont's natural resources at their core. We will be working on ways to highlight Vermont as a leader in innovation as we roll out our priorities related to Brownfield development, water quality, community development, flood resiliency and climate change adaptation and mitigation.

2. Climate Change/Renewable Energy:

- The Bald Hill Fish Culture Station received approval through the "State Resource Management Revolving Fund" to construct a \$9,000 heat recovery system for the hatchery. It is estimated it will take three years to recover the investment through energy savings.
- A 3-year competitive Forest Service grant was secured to advance climate change forest adaptation activities in Vermont. Other partners include GMNF, and the Manomet Center for Forest Sustainability. Accomplishments will include: a forest vulnerability assessment, tools to inform climate change adaptation planning, three demonstration areas on State Lands, and climate change adaptation training for staff.

3. Infrastructure:

- On October 12 we have been invited to participate in a forum on wastewater and stormwater issues sponsored by Stantec – a Vermont and nationally-based engineering firm. We believe this may be a good opportunity to share with towns and businesses the opportunities and challenges ahead. We understand this is already on your calendar.
- Reported below, we approved this week construction-related loans for sewer and water projects in 6 communities valued at over \$4.2 Million.

4. Effective Government:

- In addition to the Governor's summit, cabinet-level staff met and coordinated on the Comprehensive Energy Plan and we continue to work on this project in a virtually seamless way among many agencies involved. The opportunity to integrate the Energy Action Now work of volunteer state leaders into your Environmental and Energy Council meeting on Wednesday provided another opportunity to coordinate the goals and message for all involved.

5. Healthy Vermonters:

- All of our state parks are open as of the July 4th weekend!

6. Children's Future:

- **Project Learning Tree (PLT):** Fourteen teachers and natural resource professionals from around the state participated in a two day PLT facilitator training with me June 29-30 at Seyon Lodge State Park. Following the training, these volunteers will be leading PLT educator workshops in their schools and communities. This training was made possible by a grant from National PLT, and staff provided help by leading workshop activities.
- **Ed Kehoe Conservation Camp** started last week, and the forestry division continued its long term commitment to provide campers with an educational program on forestry and natural resources. Foresters will be present one day per week for programming at both Kehoe and Buck Lake.

Legislative Issues/Contacts:

Issue referred by Senator Illuzzi: Senator Illuzzi referred a complaint from a constituent that the state had told her that a piece of property that she was on the verge of selling to a buyer must have a new well installed on it. Program staff followed up on their past involvement with this parcel and documented that we're not requiring this. It may be a requirement of the lending institution.

Press Issues/Releases/Contacts:

- Staff was featured on the WCAX news program "The Thirty" discussing logging trespass and violations on Monday. The State Geologist was interviewed by Steve Zind of VPR Monday about "mudslides". Colchester Sun reporter called Wastewater Management to get information on potential causes of high

coliform counts at the mouth of the Winooski River. I was on WDEV True North with Bill Sayers talking about biomass in Vermont (he was very friendly and gracious. We get along very well.)

- Press releases were issued to inform the public about Vermont's family-friendly fishing opportunities, and also to alert the public about a scheduled public meeting to provide information and take comments on the Fish & Wildlife Department's application for an Endangered and Threatened Species Taking Permit to authorize a lampricide treatment of the Poultney and Hubbardton rivers. We sent out a press release on the Governor's Environmental Awards.

Significant Events/Meetings:

- **Tire Change Pull-off in Bennington:** As reported last week, we were notified of unpermitted construction activity by VTrans on RT 9 in Bennington. VTrans was in the process of constructing a pull-off, but doing so on property that was previously illegally filled by the owner. Vtrans immediately ceased work and restored their portion of the property; however, we have some concern that Senator Sears will interpret all this as ANR getting in the way of these projects – we will follow up with him.
- **Brownfields:** Staff organized and participated in two educational seminars this week related to property transactions at contaminated sites. The first, at VT Law School, was focused on legal matters and was attended primarily by attorneys. The second, at the Pavilion Auditorium, focused on the both legal and technical issues in property assessment and cleanup. The latter seminar was attended by a broad range of stakeholders, mostly environmental consultants and their potential clients (users of site assessments and corrective action plans) for contaminated properties.
- **Lowell 401 permit.** We held the first of two public hearings on the Lowell 401 permit. It was attended mostly by opponents of the project. GMP presented. We will allow the opponents to present at the next and final hearing before we issue the permit.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

- **Beaver Wood Energy Fair Haven:** Draft permit should be out for public comment June 30, 2011.
- **PPL Renewable Energy (Moretown Landfill):** We are reviewing a request to relax permit standards for this project due to siloxane build up in the engines, an issue now being experienced across the country. We are conferring with NJ, CA and OH that are all working on this issue as well.
- **ANR v. Wesco, Inc. - Implementation of Emergency Order issued June 16, 2011:** Wesco has begun complying with the Emergency Order issued by the Environmental Court on June 16, 2011. The EO required Wesco to excavate and remove the underground storage tanks and all contaminated soils by Thursday, June 23, 2011. To date the tanks have been removed, and we predict a good portion of the soils will be removed by the deadline. However, the soil excavation is expected to continue for one to two weeks. Interestingly, in media, WESCO is claiming that the inventory shortage of fuel is due to

calibration errors (not a leak) and that the tank removal is part of an ongoing ANR program to replace single wall tanks (not remediation). ANR is clearly stating (and the evidence shows) this is remediation of a site grossly contaminated with gasoline.

- **EPA Exchange Network Grants for 2011:** Notification was received from EPA June 16th that the DEC had been awarded 55% of the 2011 Exchange grant applied for last fall. The reduction in awarded monies requires a reduction in the project scope; an associated revision of the project budget; and resubmittal of the package of documents. We have about 3 weeks to accomplish this task. Considering EPA's renewed interest in this data flow – EA and Wastewater staff will involve appropriate Region 1 staff in the process of scope revision. We understand there may be an opportunity to back-fill this grant from a separate EPA fund.
- **Municipal Water Projects:**
 - **Village of Enosburg Falls; Loan RF1-113:** Combined Sewer Overflow Abatement and WWTF Upgrade – Contract #3. Three bids received. Engineer's estimate was \$914,996.80. NECCO of Waitsfield was the low bidder at \$782,208. The contract will be awarded to NECCO this week. The work will be completed by around February 2012.
 - **Newport City; Loan RF1-150:** We approved the Prive Pump Station equipment replacement and upgrade construction contract award by the City of Newport to NECCO, Inc. from Waitsfield, VT for the amount of \$206,463. Bids came in slightly higher than estimated. The City, after determining that the low Bid by NECCO was reasonable, has authorized an additional \$30,000 from their capital reserve funds so the project can proceed. The City Council will be deciding if they want to finance this increase with an increase in the state revolving loan.
 - **Village of Bellows Falls:** Wastewater Treatment Facility Rotating Biological Contactor (RBC) upgrade and monitoring instrumentation system installation project: A 30-day public comment period started for the proposed Categorical Exclusion from the detailed environmental review.
 - **Town of Milton; Village Core Sewer Expansion:** The final design plans and contract documents for this project have been approved. The estimated total project cost is \$3,250,000.00 and bid opening is scheduled for July 19, 2011.
 - **Town of Windsor; RF1-135-2:** Amendment No. 2 to this CWSRF loan was approved in the amount \$89,000 - increasing the loan value to \$147,400. This action includes funding for the final design engineering of the Bridge Street Pump Station Refurbishment and Mill Brook Siphon.
 - **Hiland Hall School, Bennington; RF3-252:** A DWSRF loan through VEDA was approved in the amount of \$12,860. The project is the final design engineering and the installation of an ultraviolet disinfection treatment system.
- **Hazards Landslide Data Collection:** On June 22, George Springston of Norwich University developing landslide mapping protocols for the Vermont Geological Survey led a field trip for the Rivers Program Resource Scientists from all the regional offices. The intent was to explain landslide mechanisms that can occur in river corridors and show a developing data sheet for collecting information at sites. A variety of landslide types were viewed. The goal for the river scientists was to discuss consistency when applying setback requirements for unstable slopes that adjust river corridor delineations

- **E-Waste:**

- The procedure for the management of electronic devices has been finalized. The final procedure and the responsiveness summary to comments will be posted on our web site and notice will be sent to interested parties.
 - Chittenden Solid Waste District (CSWD) is not satisfied with the offer of 5 cents/pound for e-waste collection. CSWD claims the rate does not cost all of their costs. There is question concerning how CSWD estimated their costs; in addition, there is no requirement that CSWD has to be a collector. It appears other districts are satisfied with this offer, and in fact, the rate may exceed the actual costs for some districts. The contractor met with CSWD on Friday, 6/24.
 - Manufacturers are registering online with the new revised computer program. The on-line program to register collectors, transporters, and recyclers was to go live last Friday.
- **Waterbury Wastewater Treatment Facility (WWTF) upgrade:** Staff from WWMD and Facilities Engineering Division toured the Billerica and Maynard WWTFs in MA to see the co-mag treatment process in action. This advanced phosphorous treatment system has not yet been used in VT but is now being considered for the Waterbury WWTF upgrade project. It can produce a discharge that consistently meets less than 0.1 mg/l P but is chemical intensive and relies on many pumps and close oversight of the discharge quality by the operator. Representatives from Waterbury also attended the tours and they will be deciding if they want to pursue piloting of the unit at the Waterbury facility.
- **Lakes and Ponds:** The Aquatic Nuisance Control Program expects to issue a permit for Eurasian watermilfoil control in Star Lake (Belmont) using the herbicide Sonar in the next day or two.

Fish and Wildlife

- **Kingdom Community Wind Project:** Staff reviewed GMP's motion for reconsideration to the PSB for the Kingdom Community Wind project. GMP wants to be able to finalize the conservation easements pertaining to habitat fragmentation before project operation, instead of before project construction, as ordered by the PSB. Opponents to the project oppose this motion. We submitted comments consistent with the ANR-GMP stipulation, for easements prior to operation as the deadline.
- **Natural Resources Mapping Project:** A letter inviting steering committee members will be sent out during the week of June 27, but the first steering committee meeting will likely not occur until early September because of staff schedules. Discussions with steering committee members and specific working group members (aquatics and connectivity) will occur over the summer so that progress will be made on the project.
- **Southview Development/Richmond:** Staff reviewed another proposal from Artisan Realty (AR) regarding development of the remaining parcel of the Southview development in Richmond. This land was formerly "protected" by an Act 250 permit, but was subsequently amended again when the owner Larry Westall decided to develop it instead. AR is now proposing to do the same thing, so the State could lose the protection of this DWA twice through Act 250 amendments. Staff have reviewed the project and are recommending that the Department not support it without real and lasting mitigation.

- **Eaglets:** Eaglets at both the New Haven and Ferrisburgh sites are still progressing well. The Ferrisburgh eaglet is on the rim of the nest flapping its wings. Hopefully it will fledge in the next two weeks. The eaglet in New Haven is beginning to develop feathers on its head and is several weeks from fledging.
- **Cormorants:** Staff responded to complaints from landowners about cormorants on Shelburne Pond and Lake Iroquois. Some of the flocks range from 100-300 birds and are feeding on spawning fish, likely yellow perch. USDA-WS staff have done some limited control this spring on Shelburne Pond. The flocks are on these ponds only briefly and then fly back to Lake Champlain. Cormorant control at Sandbar WMA continued for most of last week. The refuge was inundated with large flocks (1000+ birds) returning from feeding areas in the northern part of the Lake. An attempted new colony in Maquam Bay in Swanton was eliminated. Staff had help from a bald eagle that was perched in the middle of the colony one day. Many black terns were also seen throughout the WMA.
- **West Mountain WMA:** Commissioners Berry and Snyder spent a day with staff at the West Mountain WMA to review roads that have been slated for closure in the Long Range Management Plan. This was an informative field inspection and progress was made in developing a plan for how to move forward with some road closures.
- **Success Story -- Wildlife Habitat Incentives Program (WHIP):** Staff performed site visits in Ryegate to look at some alder planting and some invasive work for two neighboring landowners. At one site, the goal of the plantings is to create some young alder stands in the wet area and create singing grounds adjacent the alder area with some delayed mowing. The landowner was pleased to report that he shot his biggest deer to date 215 lb. 10-pointer working the patch cut that WHIP helped him with. Another WHIP habitat success story!

Forest, Parks and Recreation

- **Park Openings:** All Lake Champlain parks that had been delayed due to flooding will be open for the 4th of July weekend. Staff, volunteers, correction crews, VTrans crews and contractors have all worked very hard to reach this goal. There has been considerable media attention this week (NECN, Wall Street Journal, Washington Post and local outlets like BFP, Fox 44, WPTZ and WCAX). WCAX is considering running a larger piece toward the end of the week.
- **Construction:** The main building at Kill Kare State Park is in use but not entirely complete pending some minor details. Camping cabins are under construction at Wilgus State Park and will begin at Woodford State Park next week. Bids have been received for the campground solar water heating project. The total project is being modified to bring the total initiative within budget estimates.
- **Park Promotion:** The summer radio promotional campaign is in full swing as in the PPC online campaign. This week there were 154,000 impressions via the Google campaign and 645,000 via Facebook.
- **Firewood Sales:** Our stewardship foresters sold 40 firewood lots to individuals in Proctor Piper State Forest, Coolidge State Forest and Arthur Davis Wildlife Management Area.

- **Telecommunications:**

- Okemo Mt. – VELCO submitted their 248(a) pre-filing notice to the Public Service Board this week for their proposed tower and communications building at Okemo Mt. Staff continue to meeting regularly with VELCO, Okemo, and VTA to finalize project details. One of the next steps will be to hold a public meeting on this proposal in Mt. Holly/Ludlow.
- Miscellaneous – For VCOMM's project at Killington, we have requested that the applicant consider consolidating the State and federal towers into a single tower at the Killington Peak site (instead of simply replacing the State tower at this site). This would reduce the number of communication towers from three to two and would reduce visual clutter and aesthetic impacts of this site. We will be meeting with VCOMM and their vendor in the near future to further explore this possibility. We are continuing to work with Verizon Wireless at Okemo, and Fairpoint Communications at Jay Peak, on licenses for the installation of buried fiber optic line within the ski area leaseholds and expect to execute these licenses in the near future.

Administrative Services

- The Department Business Offices and the Admin. Services Division are doing an excellent job completing a huge volume of last minute transactions and adjustments to close the year. A big highlight was successfully posting the 27th payroll yesterday. No significant financial issues have been identified or are anticipated as we close FY11.
- The meeting with Jim Reardon to discuss NRB's financial situation last week went well with an action plan and several follow-up items. As a side note, we will be coordinating a meeting with NRB staff to help them to get a better understanding of VISION and how it can help them to manage their budget.
- We continue to struggle with the new and enhanced requirements placed on staff for the submission of Expense Reimbursement Forms. These requirements are especially cumbersome for our temporary and remote staff. Requests to the Payroll Director to accept electronic signatures on these forms has so far been denied, which often results in long delays for reimbursements.

CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Armando Vilaseca, Commissioner
DATE: July 1, 2011

No Child Left Behind (NCLB): Vermont is joining 13 other rural states in a decision to not move forward on raising the targets for NCLB assessments. By keeping our targets at pre-2011 levels, we should be able to reduce the number of schools not making Adequate Yearly Progress (AYP) by almost 100. At this point, we do not know how the USDOE will respond to this - whether they will support our decision and consider granting us a waiver or impose consequences. I will keep you informed of our progress.

State Board of Education Annual Meeting: The State Board of Education spent two days together this week as part of their annual retreat. The meeting was facilitated by Brad Hull, Assistant Executive Director of the National Association of State Boards of Education. It was a very productive session, with much of the work focused on strengthening the Board's working relationship. Several areas were addressed including, but not limited to, strategic planning, engagement in informed policymaking decisions, consensus decision making, strengthening partnerships and facilitating effective working relationships with the political structure. There was ongoing discussion around ensuring the consistency and stability in the educational direction of the state.

Governor's Green Summit: It was my pleasure to participate in this Summit and to be part of the discussion to move Vermont forward as a "Green Innovation State." It was helpful to engage in the cross-agency conversations as we work together to clarify the next steps of advancing a Vermont Green Initiative and to identify the role that education will play in this vision.

Teacher of the Year Finalists: Monday evening four outstanding Vermont educators participated in the final part of the selection process for the 2012 Vermont Teacher of the Year. After writing essays, participating in interviews, hosting site visits, and garnering support from their administrators and colleagues, the four educators presented brief speeches to the State Board and were invited to stay for dinner. The final selection of the 2012 Vermont Teacher of the Year is expected to be announced on September 20th at the State Board meeting, which will be held at the winner's school. The four finalists are Glenda Allen of Barre Town Elementary and Middle School, Tong Chen of Leland & Gray Union Middle and High School, Jeff Johnson of Mt. Anthony Union Middle and High School, and Mark Weikert of Flood Brook Union School.

Pay It Forward - Assistive Technology (AT) Project: There is an opportunity to support students with disabilities to access "mobile" assistive technology by making a donation of old and/or unused iPhones (version 2 or 3). The DOE is working on a statewide Assistive Technology (AT) Project to increase access to assistive technology for students who otherwise might not have an equal opportunity to use this technology in their everyday lives. We are actively looking to convert old iPhones into "cool" AT devices to help students gain access to digital text, communication, and other academic applications. Please consider this as an opportunity to make a difference in a student's life and "Pay It Forward." For more information, contact Michael Ferguson, Assistive Technology Project Director at Michael.Ferguson@state.vt.us or (802) 828-5110 or go to: http://education.vermont.gov/new/html/pgm_spd/policy/transition/transition_rules.html.

Weekly Field Memo: In case you did not see it, here is the link and list of subjects covered in this week's Weekly Field Memo.

http://education.vermont.gov/new/html/dept/field_memo.html#first

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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: July 1, 2011

Status of Governor's Priorities:

Jobs in Agriculture

Press Issues/Releases/Contacts:

Press Issues/Releases/Contacts:

- Randy Quenneville spoke with Taylor Dobbs of Vt. Digger.org in connection with Rural Vermont's misinterpretation of 6VSA 204 section 3306 (f) that it is conveying to its members
- 6/24 Vermont Digger regarding weather impacts on small farmers.
- 6/29 Fox 44 regarding a complaint about Deer Valley Farm in Ferrisburg. This complaint is currently being investigated by the agency. Secretary Ross responded to the inquiry.
- 6/30 VPR regarding the weather impact on CSA's in the state.
- 6/30 Vermont press bureau regarding hops production and Specialty Crop Block Grants.

Press Releases

Joint release with Commerce regarding the announcement of Vermont Community Development Block Grants. A press conference was held with a very good turnout and garnered much positive press highlighting how we are working closely with Commerce and leveraging funds to support Vermont agriculture and economic development.

Upcoming Press Events:

State veterinarian was interviewed by a reporter from the Journal of the American Veterinary Medical Association this week on the topic of challenges that state regulators face when overseeing companion animal transport and import in and around New England. Improper and inhumane practices associated with these movements are a significant problem in New England, and this topic was the subject of a panel discussion/collaborative effort during the recent meeting of the Northeast United States Animal Health Association in Delaware.

State veterinarian was interviewed by a reporter from the Veterinary Information Network on the topic of the large animal veterinary shortage and the loan repayment program.

Fair season is approaching and we are mapping out schedules for the Secretary and Deputy Secretary's to attend the various festivals showcasing agriculture.

Significant Events/Meetings:

Erika Voogd, of Voogd consulting, inc, is doing plant visits this week for humane handling consultation. The plants that requested she visit are: VT livestock and processing, Brault's Meat Market, Westminster Meats,

Royal Butcher, and Misty Knoll. All of the slaughter plants in Vermont have approved humane handling written plans for 2011 licensing year.

Evolving Issues:

State veterinarian worked this week to solidify arrangements with an intern that we will be working with this summer in association with the New England States Animal Agriculture Security Alliance (NESAASA). She will be reviewing and analyzing the New England states' emergency operations plans as they relate to animals in disasters and making recommendations on ways in which these states may be better able to share resources across state lines during a declared emergency.

State veterinarian will be working with two additional Tufts student interns this summer to develop and fine tune a dairy farm biosecurity survey tool that will eventually be used to allow farms to be permitted to ship milk within New England during a Foot and Mouth Disease outbreak. This is the next step in the ongoing regional planning effort that we are embarking on with the other New England state Depts. of Ag through NESAASA. These students will visit a sampling of VT farms over the summer accompanied by our dairy inspectors to gain feedback from farmers on this survey tool.

Summary of Key Agency Department Activity:

Administration

Sec Ross met with staff on Monday per standard practice.

IT Teams meeting at the Agency of Agriculture to address needs. Teams include power users (assist people in agency with basic computer issues), Website, Dairy database and GIS initiative. Teams most active on website movement to content management and dairy database. Dairy database will require an investment of funds.

Update on Agricultural disaster declaration – Deputy Secretary Bothfeld spoke with Alan Rodgers from USDA Farm Services Agency in regard to the Disaster Declaration. USDA Secretary Vilsack has requested information from the USDA Vermont county offices on the issues affecting Vermont Farmers and a specific time frame for the disaster. The start date is in April and Alan Rodgers discussed with Diane the potential of having the end date be July 31. The County Offices of USDA FSA continue to receive information on new issues from heavy localized rain events and all farmers have a deadline of July 15 to report crop acreage usage. These two pieces of information are important to the disaster declaration and it was agreed that July 31 would be the end date barring any further weather related events. Due to declarations in New York State all Vermont counties except Windsor and Windham are eligible for Emergency Low Interest Loans from USDA Farm Services Agency at this time. USDA Vermont is sending out information to farmers on this program.

Ag Development

Deputy Secretary Bothfeld attended the meeting of the Ag and Culinary Tourism Council to hear the proposal for a large ag and forestry for summer 2012. Bill Schubart and Charlie Dooley are proposing this festival not to overshadow existing activities but to bring all VT has to offer to a 4 day event. The Ag and Culinary Tourism group voiced concerns of cost per booth, length of the festival and how to keep this activity authentic to Vermont (not too commercialized). Concerns were answered by Bill and Charlie as follows – sliding scale for booth space, potential for producers to share booth space over length of festival and they wanted the assistance of the Ag and Culinary Tourism council to keep the festival authentic. The Ag and Culinary Tourism Council did not outright endorse the festival but will discuss their involvement.

Food Safety and Animal Health and Consumer Protection

State veterinarian is working with the other northeast states to develop a resolution on the topic of funding for the National Animal Health Laboratory Network. Congress recently reinstated \$4.4 million in funding for this

nation-wide laboratory system in FY2012, but this figure falls well short of the \$30 million that is needed to sustain current operations. These laboratories are part of the U.S.'s critical infrastructure, and their loss or inability to operate puts the country's animal and human populations at significant risk. This can't be tolerated.

Animal Health Field Staff

- Attended 2 livestock sales at Addison County Commission Sales. Collected sales information for inclusion in the Agriview
- Inspected the new cow/calf buying station in Middlebury
- Responded to 3 animal welfare cases
- Performed an antibiotic tissue residue inspection in Grand Isle
- Conducted a sheep scrapie flock inspection in Randolph
- Worked on USDA cooperative agreements
- Assisted a veterinarian with recording a producers herd on Certificates of Veterinary inspection

Assistant State Veterinarian

Provided information to UVM Extension on intrastate movement of livestock during the 2011 fair season

- Requested guidance from the FDA Center for Veterinary Medicine on how to implement civil penalties for VT producers who sell animals with violative antibiotic tissue residues. Contacted the District FDA office and
- Contacted VT feed retailers who have volunteered to be involved with the animal agriculture emergency communications network. The Agency will be testing this network in early July
- Referred an animal welfare case to the Jeffersonville Animal Control Officer
- Coordinated efforts between a veterinary practitioner and the USDA in regards to a calf with oral lesions that resembled a foreign animal disease. Follow-up visits confirmed that the disease was not a foreign animal disease
- Responded to an animal welfare complaint of a pet pig living in a U-Haul truck in Northfield
- Conducted a state accreditation session for 4 recent veterinary graduates
- Assisted a dog owner whose child was bit by a dog. Referred case to the Vermont Department of Health
- Performed a facility inspection of the Central VT Humane Society. Certified a humane society employee as a euthanasia technician
- Provided regulatory information to a registered cervid producer interested in selling deer meat from his farm

Meat Inspection Points of Interest

- Jared Carter, on behalf of Rural VT, rescheduled the meeting with Randy Quenneville pertaining to on-farm slaughter.
- Quenneville met with Robin Morris of the Mad River Food Hub to review proposed construction materials for meat processing room
- Vermont Bunny Pen has come into compliance with sanitation issues for the "approved source" rabbit slaughter facility
- Hollister Hill had issues with Identification of animals at slaughter to be marketed as "Beefalo" and Meat Inspection was able to verify ID even though establishment had veered from its approved protocols
- Quenneville met with Darlene Jones of the Pizza Stone in Chester, VT in order to ascertain possibility of producing meat pizzas under Vt. State Inspection
- Performed pre-operational review for Masse Poultry slaughter plant for upcoming slaughter season. Masse is a custom poultry slaughter operation performing slaughter services for people who raise birds for their own use but do not want to slaughter them on their own

- Set meeting to meet with Karen Freudenberger of the Burlington-Manchester Goat Collaborative to discuss requirements for ethnic slaughter facilities
- Set meeting to discuss use of SNAP funds for purchase of live animals to be custom slaughtered in an approved facility before leaving the farm premises

Ag Resource Management

A complaint has been filed in the Superior Court of Franklin County by the Attorney General's office regarding the David and Cathy Montagne farm in St. Albans, VT. The complaint requires that the discharges from the Hathaway Point Road heifer facility be stopped and that future discharges be prevented. The Agency has been involved with this site for some time on both a technical assistance basis and an enforcement basis.

Ray Brands Farm: This farm in Ferrisburg has had an ongoing issue with a neighbor regarding manure and other waste runoff to the neighbor's pond. The Agency has investigated complaints and the farm numerous times over the past 3 years. In addition, the farm has been inspected for compliance with the State's General Permit for Medium Farm operation. As a result of a complaint last spring the Agency issued an administrative penalty to the farm for failure to follow their nutrient management plan and for allowing manure to discharge to a stream.

The Agency entered into an Assurance of Discontinuance with the farm as a result of the administrative action. Since that time the farm has established larger buffers along the stream and along ditches in the fields in question. The farm has invested in structures to manage silage leachate and manure over the past few years as well. The current complaint is regarding the application of manure to a cut hayfield and subsequent heavy rain within 24 hours resulting in runoff to a road ditch and thence to the neighbor's property. This current complaint is still under active investigation. The field in question is not one that has been a problem in the past.

Forbes Farm: Lancaster, NH: We are drafting a response for the Governor's office about the Forbes Farm pit in Guildhall. A Mr. Gary Briggs of Lunenburg has emailed the Governor regarding this pit and Mr. Cahill's ongoing issues with the pit, manure spreading etc. Mr. Briggs is under the impression that the pit is not regulated appropriately and is causing numerous environmental issues.

There is another complaint regarding commercial manure haulers and what requirements they must meet relative to registration etc. This complaint is from a Mr. Beach of Vergennes, VT. Mr. Beach believes that these vehicles should meet the same requirements as all other vehicles. Farm tractors and trailers are not required to be registered in Vermont. Commercial manure haulers (known as Agricultural custom service vehicles) are required to be registered in Vermont but are exempt from overweight permitting requirements provided they are under 60,000 lbs.

Herbicides and compost: A concern has been raised by commercial composters regarding two herbicides used for home lawn care and for pasture/hay management. Aminocyclopyrachlor and aminopyralid are products used for broadleaf weed control in home lawn and pasture/hay situations. This is a national issue that local composters have brought to our attention. The primary issue is that these products, when introduced to composting operations via manure or grass clippings, do not effectively break down. The result is the possibility of residual levels of these herbicides in finished compost that could damage plants. The Agency will be following up with some monitoring samples of compost over the next few weeks. There are no definitive reports of this issue causing plant damage in Vermont though some concerns have been raised.

Agency staff re-visited the Bourdeau Brothers herbicide spill site in Montgomery on 6/28 in order to observe any possible visible damage from the spill and to obtain follow up water samples from the spill site and in downstream areas of the spill site. Staff did not observe any plant damage at the spill site or downstream from the site. Samples were delivered to the lab for analysis. The Agency is consulting with DEC regarding biological monitoring at the site in the future.

Agency staff engaged in field visits with DEC Rivers Management staff last Friday regarding ditch and stream management within farm fields. As a result of the 10 square mile drainage restriction for DEC regulatory oversight being lifted by the legislature last year, many farm field drainage systems could come under the streambank alteration general permit. We wished to determine under what situations general permit requirements would need to be met. Staff from the two Agencies will continue to communicate on these issues and hope to develop guidance for farmers as to what can and cannot be done within these drainage systems. It is generally recognized that most farm field drainage systems do not present serious problems when managed properly.

The Agency is responding to enquiries from Shaftsbury regarding a commercial composting operation that is proposed to be located on a farm. We have asked that the applicant provide detailed information about the operation so that an opinion regarding its regulatory status can be provided. These types of operations have been controversial in the past relative to local zoning issues.

Final orders are being prepared for the Nelson and Mack farms. The Nelson farm has been cited for failure to provide an annual report as required by the Large Farm Operations Permit. This is the second year that the Nelson Farm has failed to file an annual report. The Mack farm has been cited for not having an up to date nutrient management plan as required by the Medium Farm Operations General Permit.

A pre hearing conference will be held this afternoon for Mr. Mark Davis who has been issued and administrative penalty for violating the Accepted Agricultural Practices ban on winter spreading of manure. Mr. Davis has been cited numerous times for violating the winter spreading ban.

Agency staff are cooperating with the Public Service Board in monitoring herbicide applications at new electrical substations. As part of the PSB process for licensing these new stations (part of the NW Reliability Project) conditions were placed in the Certificate of Public Good that required utilities to study the environmental fate of herbicides used for vegetation control within the substations. Agency staff and laboratory resources will be involved in this work.

Confirmed cases of late blight have been reported in tomato and potato fields in Long Island, NY. Current weather conditions are conducive to the disease. No reports of late blight currently in Vermont.

Secretary's Commentary:

Secretary Ross undertook the following activities:

Sec Ross attended the Cabinet meeting and spoke to two issues. First he addressed the ongoing and increasing stress the farm community is facing because of weather. The pressure is increasing on most all types of farms because of the wet conditions. Second, he reported on his conversation with the Profile Series of Discovery Channel. He explained that he declined their invitation to do a story on Vermont because of financial reasons. The Profile Series personnel wanted to pitch their request to others in the Administration. Ross asked if others were at all interested but had no takers. Sec Ross reported lack of interest to Profile Series. They were disappointed and continue to try to pitch their show. Sec Ross continues to say thank you but no thanks.

Sec Ross joined other members of the Administration for the retreat meeting at Basin Harbor. A number of proposals for Agriculture were developed for further consideration.

Sec Ross attended and presented to the Governor's Council on Energy and Environment. The presentation was on Energy Action Now's work to date. The Governor was in attendance.

Secretary Ross led the conservation on the Vermont Ag Development Program with Ellen Kahler, Gus Selig, Deputy Sec. LaClair and Secretary Miller.

Sec Ross led a conversation on web based platforms to advance local and regional agriculture. The group included various stakeholders and interested parties on web based marketing and promotion. The purpose was to identify the appropriate role for the state and how to assist in the use of the web to advance VT agriculture. A work study group was identified to continue to narrow the focus of the discussion and figure out the next appropriate steps to take.

Northeast Association State Departments of Agriculture meeting – Secretary Ross is working to bring the leaders of the Northeast together in July to continue the discussion on the priorities for the Farm Bill.

Toured Champlain Valley Exposition

CONSTITUENT MEETINGS

Secretary Ross met with Tim Camisa and Representative Keenan.

PRESS

Sec Ross appeared with Gov Shumlin to announce CDBG grants in Hinesburg

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development
Date: July 1, 2011
Re: ACCD Weekly Report

Status of Governor's Priorities: ACCD held our next step in the strategic planning process on Friday. We will incorporate elements of the Green Innovation State summit in that plan. There are some great initiatives that emerged from the summit.

As we look at the future we have a demographic problem with a declining workforce beginning in 2012. We can get productivity improvements upon which to grow the economy and do the work, but we also keep talking about attracting talent to the state. This will inevitably lead to a conversation about growth policies and the question: how many Vermonters is enough?

My suggestion is that we do recruit talent from out of state, but keep it somewhat targeted and use images and copy that revolve around community life and outdoor recreation consistent with our growth center policies, rather than focusing on the rural single family home lifestyle. This effort would not be around growing the population for tax base purposes, but attracting people who will become great Vermont residents for more specific reasons.

As an alternative, we could use a broader "Vermont is a great place to live, work and play – come join us" type message but there are meaningful political risks and a substantive policy difference.

Legislation: We will be launching the new STEM incentive next week. This enables recent college grads in the fields of science, technology, engineering and math to apply for up to \$1,500 per year for 5 years to pay college debt. This will hopefully be helpful to employers trying to attract that much needed talent to Vermont.

Evolving Issues:

Vermont Transformer in St. Albans will be closing. They were purchased recently and the new owner is consolidating. DOL is in next week for a rapid response, 17 employees affected. The company which was privately owned out of Farnham Quebec opened their doors two years ago May. Neither we nor the RDC knew this was coming.

Working on issues around the manufacturing equipment sales tax exemption to help land GMCR expansion, 650 jobs. Also an endangered species issue on the target property.

Working on getting a major online company to sponsor a significant statewide digital literacy effort, including getting businesses and farmers online. This will evolve very quickly.

Commissioner MacKay and Deputy Commissioner Hollar

- The House General, Housing and Military Affairs Committee will meet in October on H.216 - **housing preservation legislation**. Jen met this week with VSHA, VHFA, VHCB and USDA Rural Development (a subcommittee of the Preservation Council) to review the list of covered projects and determine the risk of conversion.
- Later in the day, Jen met with Barbara Fields and Mike McNamara to talk about the work HUD programs make possible in Vermont. This was Fields' first trip to the state in her new role and she left impressed with the level of collaboration among the state's housing agencies and with the local

nonprofits. In addition to the importance of maintaining funding for federal housing programs, the main message conveyed to Fields was the need for HUD to approve a financial restructuring proposed for Northgate in Burlington.

- The **Downtown Board**, chaired by Noelle, met on Monday to review and award a competitive round of transportation enhancement funding as well as low impact development funding. White River Junction, and Brattleboro received full funding and Burlington received partial funding for upgrades and enhancements for sidewalk, lighting, and stormwater management.
- HUD has announced and is promoting funding for Vermont homeowners at risk of foreclosure due to the recession through a new Emergency Homeowners' Loan Program. The program offers interest free loans to help with mortgage payments for up to two years or \$50,000. However, the eligibility guidelines and approval process are making it unlikely that the program will actually be accessible by homeowners. Jen has been in communication with Neighborworks of Western Vermont, which is one of three entities in the state approved to work with EHLF, BISHCA and Senator Leahy's office to better understand the potential of the program. Until it is determined if the program can be made workable, referring distressed homeowners and the organizations that help them does not make sense.
- **Swan Valley Cheese** – final tweaks are being made to the equipment at the plant and the company is gearing up for a start date very shortly. They expect to get their license from AGR soon. Plans are underway for the 7/26 groundbreaking event with the Governor. They are very much looking forward to it. Kiersten met with Dean Vogelmann from CALS at UVM and Chris Lotito this week to talk about a new program that the company is starting that involves university exchange opportunities in the Umbria region.
- **North Springfield Biomass** – the developers of a proposed biomass plant in North Springfield, Winstanley, has notified local parties that they intend to apply for a CPG to construct a biomass plant at their property in the North Springfield Industrial Park. This is very good news and the company continues to seek partners in this effort.
- **Bay Street, St. Johnsbury** – after years of starts and stops, it appears that the St. J. leadership is prepared to take on the challenge of redeveloping the Bay Street area. Kiersten met with representatives from the Town and NVDA to figure out a way to jumpstart this effort. Despite their desire to do SOMETHING, there seemed to be some question about where to begin. The Town compiled a list of all of the properties and we have suggested that they do an area-wide assessment to first get a feel for any environmental contamination at the property. There are over a dozen property owners that will need to be consulted.

Community Development

- Lisa, Ann, Josh and Jen have been responding to concerns raised by John Broderick, Executive Director of Regional Affordable Housing Corporation of Bennington County in forming a partnership with NeighborWorks of Western VT to better serve Bennington Counties low income home owners. He wants his organization to play a bigger roll but NeighborWorks has the resources and experience to best serve these individuals. Essentially this disagreement is over tuff issues and organizational sustainability in the Non-profit affordable housing developer network.

Community Planning & Revitalization

- **Downtown Board:** The Downtown Board met this week, and made three awards under the Downtown Transportation Fund:

- Brattleboro - \$15,600 to support improved directional, or “wayfinding” signage. A total of 21 signs will be installed, guiding visitors to key destinations within Brattleboro’s Designated Downtown.
 - Burlington - \$17,960 for Lake Street improvements associated with the Moran Plant redevelopment. The street will be extended, the bike path relocated and improved, and additional parking will be built. The Downtown Board also approved \$30,000 to create two new constructed wetlands, providing natural treatment for stormwater in the project area with funding provided through the Agency of Natural Resources.
 - White River Jct - \$74,863 for sidewalk improvements along South Main Street. An additional \$18,874 was provided to construct a rain garden on Bridge Street, associated with construction planned for the railroad bridge. The rain garden will help filter and reduce stormwater runoff in the area, with funding provided through the Agency of Natural Resources.
- The Board also awarded village center designation to Bakersfield and Danville. Finally, the Board withdrew designations from 2 villages and 1 downtown district because they were unable to complete their renewals within a reasonable amount of time. We believe these communities will re-apply for designations when they have resolved their issues.
 - **Downtown Newport:** Leanne attended the Newport Annual Meeting and the return R/U DAT (Rural/Urban Design Assistance Team) visit. The R/U DAT is a resource team sponsored by AIA that both tours a community and facilitates public discussion on various aspects of community revitalization. This was a follow up visit from the 2009 R/U DAT which made recommendations in the area of Economic Development, Waterfront Development and Historic Preservation. Newport also unveiled both a new website and the new branding and marketing campaign that was done in partnership with Jay Peak.
 - **Downtown Sister Cities:** Leanne traveled to Drummondville, QC on Wednesday along with representatives of Burlington’s Downtown Partnership for the first “Jumelage” visit – a downtown sister city program created by the Vermont Downtown Program and Fondation Rue Principale – the downtown revitalization program for Quebec. “Jumelage” is the French expression for “Twinning” and Vermont and Quebec have two pairs of Twin Cities: Burlington/Drummondville and Newport/Coaticook. Presentations from the downtown organizations for both Burlington and Drummondville were made which sparked discussion among the participants on how best to utilize this new partnership. The Mayor and several City Councilors from Drummondville along with downtown staff from the Fondation attended the meeting with all parties agreeing to meet once a year formally and inviting each community to various educational and cultural opportunities.
 - **St Albans:** Joss and Faith attended the final presentation for the St. Albans city design charrette (series of facilitated workshops to arrive a physical plan for the future). The project is funded through our Municipal Planning Grant, and the out-of-state consultant for St. Albans is also working for the towns of Colchester and South Burlington. All three towns are working towards adopting Form Based Codes (FBC) as a way to streamline local permitting, resulting in more predictability and better support for development. FBC is still new in Vermont and there are very few in-state professionals with experience and skills to help communities adopt these types of regulations so we are watching the progress of these towns carefully. We were impressed with the work being done by the community and the consultants in St. Albans.

Historic Preservation

- **Coolidge Exhibit:** It's been, as they say, with all hands on deck working on the new exhibit at Coolidge. This has been the primary focus for John Dumville, Elsa Gilbertson, Bill Jenney and even Merle Miller at BGS. It's not so much that it's taking more time than anticipated, it's all the other things that are non-exhibit related that seem to take up time during the work week.
- **Hubbardton Events:** . We're now gearing up for the big Hubbardton Battle living history weekend, July 9 and 10. With up to 500 reenactors coming, this is the year to come if you've never been before.
- **USA TODAY picks Mount Independence!:** The June 24-26 weekend edition of *USA Today* had a prominent feature, Great American Outdoors, focusing on one trail recommended by a local expert per state and the District of Columbia. Wow, were we surprised to see the great trail for Vermont was the Mount Independence State Historic Site (with a nice paragraph and the sites web address)!!! On Saturday two visitors from Bellows Falls came after seeing the feature.
- **FEMA meeting:** Elsa attended the FEMA public assistance meeting on Wednesday for Addison and other counties, for damages from April 23 to May 9, and submitted a request for public assistance for debris clean-up and grounds damage repairs caused by flooding and the rains at Chimney Point and Mount Independence. FEMA field workers will be coming in the next few weeks to help out with the process.
- **Chimney Point and Bridge Project:** There's been lots of work on the bridge approach--all paved, sidewalks nearly finished--and deck rebar placement. What a lot of activity from cranes and flatbed trucks up and down the driveway! It's really moving along. AOT's Danny Landry talked to Elsa about the paint color for the wooden guardrails along the approach (they will be white). Elsa has been working a lot with the local committee for the bridge opening celebration weekend. New York permits for public gatherings are very involved, while Vermont's are much more straightforward.
- **Currier Farms Forest Products, LLC.:** Joel Currier contacted Robin Miller regarding assistance with getting State of Vermont bridge construction projects and lumber material projects so that he could reach out to the contractors to see if there might be some opportunities for sub-contracting. Robin walked Joel through the Building and General Services website so he could see the contractors that have been awarded constructions material contracts.

Vermont Training Program

- **Resource Systems Group, Inc.:** Beth Demers met with Mara Rivera, Director of Human Resources, and Clay Adams, CEO, at RSG in White River Jct. The purpose of the meeting was to discuss the Vermont Training Program and how it may be used to assist with training. RSG had previously developed a large WETF grant proposal which was minimally funded. The group discussed the training needs of the company and developing a proposal for the Vermont Training Program. Mara and Beth will work together to develop a proposal that may include leadership training, new hires, and technical cross training for employees.

Tourism & Marketing and Vermont Life

- Megan, Kathy Murphy and Senator Hinda Miller attended the Wanderlust festival in Stratton. This event was probably the most successful "first time" event in the history of Vermont. The weather made things difficult but the managing organization had such a large staff on site that they dealt with the rain and everyone still had an excellent experience. We all enjoyed meeting and hearing Deepak Chopra. VDTM also sponsored the Fair Haven Welcome Center "Vermont Festival" that was very well attended and Megan spotted license plates from 6 states during her short visit.

- Megan is working with Ag and UVM extension on a program to help farmers become “tourism friendly”. We hope to have a series of trainings and webinars next January – March. We are also going to look at revisiting some of the research done on agritourism in 2002 and possibly fund another similar study through VDTM so we have some baseline information to use going forward.

Vermont Film Commission

Production

- The Film Commission is working with Producer Nat Winthrop, former publisher of the *Vanguard Press & Vermont Times*, on *Freedom & Unity: The Vermont Movie* (www.thevermontmovie.com). This is a collaborative project involving over two dozen filmmakers. In anticipation of the film's premiere and barnstorming tour, the Film Commission is assembling an up-to-date directory of Vermont film venues, with contact information, prices, and projection and other equipment information, due to kick off in November.

MEMORANDUM TO GOV. PETER SHUMLIN

To: Gov. Peter Shumlin
From: Governor's Information and Referral Office
Date: July 1, 2011
RE: Weekly Constituent Update

Current Issues:

- **Route 114** complaints have been coming in through the phone and e-mail. Sue Minter gave our office talking points and Transportation is well aware of constituency concerns.
- **Governor Perry's Day of Prayer** is still soliciting faxes in support and e-mails against.
- Constituents are e-mailing a fair amount regarding possible **redistricting** within the State. I am working on a response that states how the legislative process works regarding this issue, and that thank these constituents for expressing their concerns.
- **Judicial Bureau**; still getting complaints about ticketing and communicating with the office. This is not decreasing at all still January.

Office Update

- GIRO received an instructional demo on IQ, a constituent management system (Shana sat in on a scheduling part as well).
- We all agree the system would bring our constituent office to a new level, syncing constituent outreach with your priorities.

Intern/Fellow Progress Report:

Catherine Craig: Intern

- Shadow staffed a press conference at Vermont Smoke and Cure's new Hinesburg location
- Wrote to constituents regarding a diversity of topics: biomass policy, awards and achievements, CPR in school curriculum, etc.

Elise Shanbacker: Fellow

- The focus of this week has been working on the deliberative draft of policy options for the CEP. While continuing to organize and compile public comments, I am beginning to move forward with relating those comments to the deliberative draft and using public

comment to inform the draft. Matthew and I continue to hone the aggregated public comments draft.

Appointments to Boards & Commissions:

Unorganized Town of Buell's Gore-

APPOINTED: William Meyer, Colchester

Interagency Coordinating Council for Families, Infants & Toddlers-

APPOINTED: Michael Mucahy, Richmond

Vermont Arts Council-

APPOINTED: Edward Clark, Jr., Guildhall

Technical Advisory Committee on Wastewater Systems and Potable Water Supplies-

APPOINTED: Denise Johnson-Terk, Colchester – Town Wastewater Asst. & Health Officer

APPOINTED: Kim Greenwood, Montpelier – VNRC Water Quality Specialist

APPOINTED: Ernest Christianson, Waterbury – Agency technical staff

REAPPOINTED: Bruce Douglas, Jeffersonville – Licensed Designer/professional engineer

REAPPOINTED: Don Woods, North Clarendon – Licensed Designer/

REAPPOINTED: Justin Willis, Richmond – Licensed Designer/site technician

REAPPOINTED: Spencer Harris, Bristol – Licensed Designer/site technician

REAPPOINTED: Craig Heindel, North Ferrisburgh – Hydrogeologist

REAPPOINTED: David Cotton, Milton – Licensed Designer/Hydrogeologist/Prof Engineer

REAPPOINTED: Stephen Revell, Lincoln – Licensed Designer/Hydrogeologist

REAPPOINTED: Claude Chevalier, Highgate Springs – Well Driller

REAPPOINTED: Roger Thompson – Licensed Designer/Agency technical staff

REAPPOINTED: Phil Dechert, Norwich – Town of Norwich Planning Coordinator

REAPPOINTED: Christine Thompson, Plainfield – Agency technical staff

REAPPOINTED: Jef Fehrs, Williston – Agency technical staff

REAPPOINTED: Rodney Pingree, Jonesville – Agency technical staff

REAPPOINTED: Gail Center, Richmond – Vt. Dept. of Health technical staff

Vermont Tobacco Evaluation & Review Board –

APPOINTED: Sarah Heil, Burlington – Tobacco use researcher

APPOINTED: Gabrielle Ratte Smith, Essex Junction – Educator

REAPPOINTED: Brian Flynn, Shelburne – Counter marketing

Governor's Council on Physical Fitness & Sports –

APPOINTED: David Brock, Ph.D., Winooski – Professor of exercise physiology

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: July 1, 2011

Vermont Department of Health (VDH)

Status of Governor's Priorities

Opiate Treatment Program Clinical Staff Education. On June 28th the Substance Abuse and Mental Health Services Administration Center for Substance Abuse Treatment conducted training for staff from opiate treatment programs throughout New England at the Sheraton Burlington. The free event covered the basic clinical guidelines required in operating these types of addiction services. This training was very timely given the current interest in expanding methadone services in Vermont.

Press Issues/Contacts

Methadone Clinics. John Flowers, Addison Independent, talked with Barbara Cimaglio, Deputy Commissioner of Health, Tuesday morning about the prospects for a methadone clinic being located in Addison County.

Voluntary Furloughs. Anne Galloway, Vermont Digger, said she heard a rumor that all Health Department employees who requested voluntary furloughs from the State of Vermont were denied their requests. The Health Department received approximately 25-30 requests, all were considered by management, and about half were approved. However, any requests that came from our district offices were denied. That's because we experienced about a 30 percent reduction in staff since 2009, and there are currently 18 vacancies in the district offices. Given the fact that the workload cannot be reduced, a decision was made to turn down all requests from the district offices to ensure we had staffing to get the work done.

Measles. The Health Department held a webinar for health care providers about measles. Vermont recently had its first confirmed case in 10 years. Due to previously high vaccination rates, measles was considered eliminated in the U.S. in 2000. Many clinicians may not have seen measles in their practice.

Significant Events/Meetings

GAO After-Action Report on Pandemic Flu H1N1. Vermont was one of five states extensively interviewed by the U.S. Government Accounting Office for their new report: *Influenza Pandemic: Lessons from H1N1 Pandemic Should Be Incorporated into Future Planning*. The other states were Washington, Nebraska, Texas and Georgia. The purpose of the review was to examine how states and local jurisdictions used federal grant funds and interacted with federal departments during the response. Vermont was chosen for several reasons, including the Health

Department's success in vaccinating school-age children. Key GAO findings of the report matched those expressed by the Vermont Health Department:

- Prior pandemic planning efforts and federal funding paid off, although specific aspects of prior planning were not relied on because of the nature of the H1N1 pandemic.
- The credibility of all levels of government was diminished when the amount of vaccine available to the public in October 2009 did not meet expectations set by federal officials.
- Public surveys generally found CDC's communication efforts to be successful in reaching a range of audiences, but fell short for some non-English speaking populations.
- Deployment of the Strategic National Stockpile met the established goal, but gaps were found in planning – including the gap between materials expected and those delivered, as well as the need for long-term storage plans.

Evolving Issues

Public Health Impacts of the Flood. Health Department staff conducted a site visit of River Run Manor Mobile Home Park in Berlin on June 23, 2011 to provide technical assistance to the Town Health Officer. River Run Manor Mobile Home park suffered significant damage during the floods in May. The Town Health Officer requested assistance to determine the level and significance of any remaining public health hazards in order to reopen the mobile home park.

Expanded Medicaid Coverage to Help Smokers Quit. Last week, CMS announced that Medicaid coverage for tobacco cessation services will be expanded, including telephone quitline services and comprehensive coverage for pregnant women. This change will allow states to receive an administrative match for the cost of telephone quitline services for Medicaid beneficiaries. As data indicates, improved access to tobacco cessation programs for a group that smokes at a rate significantly higher than the general population will reduce Medicaid costs. VDH will be working with DVHA to iron out details of this change.

Department of Mental Health (DMH)

Governor's Priorities

VSH Accreditation. Two Joint Commission surveyors arrived at the Vermont State Hospital on Tuesday and held an exit conference on Thursday afternoon. The Joint Commission is a non-profit organization that accredits and certifies health care organizations and programs in the United States. Its accreditation is recognized nationwide as a symbol of quality that reflects on organization's commitment to meeting certain performance standards. The Commission's psychiatrist surveyor stated that the hospital has made "dramatic improvements" since the last survey 3 years ago. Overall there are 16 finding which the surveyor characterized as "essentially none". In addition, half of those findings are related to the environment of care which is controlled by BGS, not VSH. DMH will be working with BGS to address those findings. CMS recently began accepting Joint Commission accreditation as evidence of compliance with its certification requirements. However, it will not be possible for VSH to use this Joint Commission accreditation an option for VSH until we obtain initial CMS certification.

VSH Replacement. Central Vermont Medical Center is still working to acquire property from Henry Legue that is adjacent to its campus. This is the property that would be ideal for construction of a new state hospital. CVMC reports that Mr. Legue has been delayed in getting information to them as a result of the recent flooding. Mr. Legue promised to get the appraisals to CVMC by mid-July. Commissioner Oliver stressed that if the Legue property cannot be purchased we would continue to look at options on the CVMC campus. She is hopeful an alternate site on their campus can be found, if necessary.

General Information

Commissioner Oliver toured United Counseling Services (UCS) in Bennington. The visits are helpful in giving the Designated Agencies an opportunity to focus the discussion on areas of most interest to them without other distractions and interruptions. Commissioner Oliver was able to see three different program sites which enabled her to get a better feel for the services individuals receive. Ralph Provenza (director at UCS) mentioned to Commissioner Oliver that he has advised the Council that it should take a position in support of DMH's plans to replace VSH. Historically, the Council (Julie Tessler's organization) has not taken a position but Ralph believes their support is necessary as the Designated Agencies rely heavily on VSH services.

Media Contact

Commissioner Oliver was interviewed by WCAX – Channel 3 about the status of replacement VSH. The reporter was under the impression that something new had happened (after reading the Burlington Free Press) but Commissioner Oliver explained there is nothing new at this point – same information she has been sharing for months.

In addition, Deputy Commissioner Rebecca Heintz was interviewed by the Waterbury Record about her role as the Interim Director of VSH.

Department of Disabilities, Aging and Independent Living (DAIL)

Legislative Issues/Contact

Senator Sears asked us to look into the situation of a constituent in Manchester (Agnes Wallace) who lives in an assisted living facility in Manchester. Her niece, who lives in Arizona, requested through Senator Sears that we investigate an allegation of financial exploitation and identify services from which her aunt might benefit. Commissioner Wehry has spoken with the niece who expressed appreciation for our rapid response and Commissioner Wehry advised Senator Sears of our plan: Adult Protective Services (APS) is investigating and a referral is being made to the Council on Aging.

Deputy Secretary Flood and Commissioner Wehry participated in Senator Sanders Town Meeting on June 25th in Montpelier. Senator Sanders warned those assembled of tougher times ahead and renewed his commitment to do what he can to protect Medicare, Medicaid and Social Security. Patrick Flood and Commissioner Wehry reiterated our commitment – and yours – to protect Vermont's most vulnerable. Press was present.

Evolving issues

Tracy Gilman continues advocacy for her son, William Bennett. She has launched a petition through Change.org, viewable at www.change.org/petitions/petition-to-form-a-task-force-to-investigate-the-safe-choices-program. Catherine Craig, an intern in your office, contacted Commissioner Wehry about the petition and she provided her with background on Safe Choices, of which she was unaware. Commissioner Wehry also informed her that she recently visited the program and found no evidence of neglect or abuse. A complete review was conducted a little over a year ago.

Erin Young of AFSCME received the ARIS (they take care of payroll and financial services for many of the non-profits and Choices for Care families) contract she requested. Commissioner Wehry has not heard anymore from her. Commissioner Wehry did receive a call from Alex McLean about this matter and will try to connect with her.

In as case that has come to your staff's attention through Harlan Sylvester; Chris Osborne is served by HowardCenter and has received services for several years. It appears there had been some on-going concerns with the home provider around both cleanliness of the home, and assisting Chris with personal hygiene. For reasons still not clear to us, the most significant issue is that he has suffered significant weight loss due in part to the fact he was not routinely receiving lunch. This case is under active investigation by DAIL and Disability Rights Vermont.

Department of Corrections (DOC)

Other

Population. The department's overall incarcerated population has remained below the 2100 mark for the past week; the female population has again risen to the 160 mark. The Home Confinement population is currently at eight with the Home Detention population remaining at zero. The incarcerated detention population remains in the low to mid 300's.

Offender Eric Lind. Rutland Police arrested probationer Eric Lind for an attempted assault and robbery at the Rite Aid pharmacy yesterday. Lind entered the store at approximately 1200 hrs and told the pharmacy employees that he had a bomb in his knapsack. Rutland City Police evacuated the store and used a taser to subdue Lind. Shortly after his arrest Lind was taken to the Rutland Medical Center. He is presently in a coma. Police believe he may have ingested a substantial amount of drugs during his robbery attempt. His knapsack contained laundry. Upon release from the hospital Lind will be charged with a VOP in addition to the probable new charges of attempted assault and robbery and unlawful mischief.

Lind was on probation at the time of the incident for operating a motor vehicle without the owners consent, a misdemeanor. His underlying sentence at the present time is 90-270 days all suspended.

Two Lawsuits Filed This Week: We received two lawsuits this week via the Attorney General's Office. The first is from the family of Ashley Ellis. In a prior suit, the family signed a confidential settlement with Prison Health Services (PHS) for \$700,000 but PHS refused to agree

to release the State from liability in that settlement. This left the opportunity for the family to file action against the State. In the State's contract with PHS, the State was indemnified by PHS from all liability regarding medical care. It would appear that this lawsuit will also have to be defended by PHS. We will keep you updated on this as it unfolds.

In a separate suit, Michael Davis, a former employee of the Southern State Correctional Facility in Springfield, claims discrimination, sexual harassment and retaliation based upon an injury that he received while on duty. This case has gathered media interest. We are working with the AGO on the facts related to this case. This case was previously dealt with through DHR.

Sheffield Investigation Update. DOC received a subpoena from VSP for records for one of the suspects; he appears to be the primary suspect, and he was not under DOC custody at time of the incident.

Offender David Rivers. We have received information from the Rutland City Police that furlonghee David Rivers (09/02/72) passed away June 29th from an apparent drug overdose. The Sgt. on duty indicated that it does not appear at this stage that foul play was involved; it is being considered an overdose.

Department for Children and Families (DCF)

Legislative Issues/Contacts:

Fatherhood Commission. Representative Mike Mrowicki has asked AHS/DCF to help him with his efforts to create a Fatherhood Commission in Vermont. Mike is planning a full day Fatherhood Conference at the State House on November 1st to draw attention to the importance of fathers. We support this work and several of our staff have done a literature review on the importance of the role fathers play in family stability. The research is compelling. In the end, as one expert said, the question to ask fathers, especially those who are not yet as supportive as they need to be is: Are you the man you want your daughter to marry? We will keep you apprised as this develops. Mike indicated he wanted to reach out to me to speak at the conference.

Universal Child Care. Representative Sarah Buxton has shared with DCF that she intends to push universal child care next year. Sarah indicates that there is a growing movement of supporters behind this effort and that her work is being well received. She has not indicated how she would pay for this. DCF has been supportive of her goals for all children to have access to high quality child care but neutral on support.

Out-of-Home Placements. Senator Dick Sears has voiced concerns over how DCF will achieve \$1.6 million in required budget savings on children who are in out-of-home placements. Dick wants to protect 204 Depot in Bennington from cuts and has asked Dave Yacovone to visit, which he has scheduled.

Hunger. Representative Mitzi Johnson, in her capacity at Hunger Free Vermont, has developed a model that could expand the number of Child Care Centers which offer nutrition. Only 25% of

our child care programs make use of federal funding to provide nutrition to children. The paperwork requirements are extremely onerous and the child care operators struggle to comply with the administrative complexities. In Chittenden County, the United Way has collaborated to grant one-time funds to a sponsoring agency that handles the administrative claims required by the federal government for the child care operators. The sponsoring agency then collects payment from the USDA for processing the required paperwork. The process imposed by the USDA is convoluted, but the plan is to gradually wean the sponsoring agency away from the United Way subvention. In doing so, the sponsoring agency can become self-sustaining and collect the fees directly from the USDA to help child care centers provide nutrition. Mitzi is looking for one-time funds to grow this model beyond Chittenden County. There are some grant opportunities available to us that could help resource this effort.

Department of Vermont Health Access (DVHA)

Emerging Issues

Dr. Mark Bucksbaum, a Rutland physician, recently notified the Department of Vermont Health Access (DVHA) that he will no longer be a VT Medicaid provider because he is relocating outside of Vermont effective July 29th.

Dr. Bucksbaum provides buprenorphine prescriptions to approximately 100 patients who are being treated for opiate addiction. Placing all of his patients with other providers will be challenging as there are a limited number of physicians in the state that are willing and have the appropriate licensure (XDEA) to prescribe buprenorphine.

DVHA is taking the following actions to try and mitigate access issues:

- DVHA provider relations staff is working with Rutland-area primary care providers (PCPs) to ask them to consider increasing their Medicaid patient caseload.
- MAXIMUS, the DVHA Member Services call center, is encouraging people who call to work with their current PCP to obtain another referral for addiction treatment. PCPs are most familiar with each individual's medical needs and are best suited to link the beneficiary up with appropriate specialty care providers.
- MAXIMUS is advising members that Dr. David Patterson has expressed a willingness to take on several additional patients who require buprenorphine.
- DVHA is tracking calls and has set up a triage process to assist people who have not been able to find appropriate addiction recovery services. DVHA staff is working with the division of Alcohol and Drug Abuse Programs at the Department of Health to assist these members. To date, only one person has required our direct support.

HIT & Health Reform. Hunt Blair, together with a small group of state and regional delivery system reform leaders, met on Wednesday with Richard Gilfillan, Director, and the senior leadership of CMS' Center for Medicare & Medicaid Innovation (CMMI). The Innovation Center was created in the Affordable Care Act as part of an initiative to drive system transformation from within CMS. It was a rare opportunity: four hours with the CMMI team

where States helped to clarify what we need from CMS to succeed and provide feedback on CMMI initiatives. CMMI leadership repeatedly stressed that their door is open for innovative proposals from States and others. Director Gilfillan is well aware of the Vermont health reform work (our Medicare Multi-payer Advanced Primary Care Practice demonstration is a CMMI project), and he specifically said he looks forward to working closely with Vermont as we advance our payment reform initiatives.

Leadership change at DVHA. Today, July 1st, is Commissioner Besio's last day. Deputy Commissioner Lori Collins will be acting Commissioner.

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, July 1, 2011
SUBJECT: VTrans - Confidential Report to the Governor

Danville US 2 Project

About 30 people turned out last night for a public discussion of the traffic problems associated with this project in the middle of Danville. It is a complex project that had a difficult planning process beginning in the 1990's and an agreement of the scope of the project was hard to achieve. However, there was agreement and construction began about two months ago with Pike as the General Contractor.

Sen. Kitchell asked for the meeting which I conducted and it appears that changes in execution of the traffic plan, or perhaps even larger changes, are needed. The problem is that two-way traffic cannot be maintained as is the case with most of our highway projects as the right-of-way is too narrow. Further, there is no road around Danville. This is having an extremely negative effect on businesses and with the planned project timeline stretching out two to three years this could lead to some business failures. The choices involve extending the project by minimizing the number of simultaneous operations which shortens the closed lane segments, utilizing the abandoned rail bed to the south of town for easterly traffic which adds considerable cost and needs permits, extending the hours of construction to include night operations which is also more expensive. We will use the information gleaned last night to make some decisions in the next week or so.

Air Service Marketing

On behalf of the State and the Burlington Airport, I met with Southwest again last week. They will make deployment decisions concerning the newly acquired AirTran equipment early in 2012 and we are getting down in the weeds with them about what happened here in Burlington. The VP for planning at AirTran has admitted to us that they blew it in terms of scheduling, pricing and misreading BTV as primarily an inbound ski market as opposed to primarily an outbound vacation market and therefore weren't prepared in Baltimore with enough seats for travelers to continue. This message was made clear to Southwest in this meeting and I believe they understand it very well. We also have conversations going with a new start called *Streamline*, which is launching point-to-point

service with seven aircraft and have one route, so far: Trenton, NJ to Bedford, MA. They are considering Burlington-Bedford. We also talked to *Pinnacle* (Colgan) about Boston. They are doing the federally subsidized service from Plattsburgh which is not doing very well. Prior to the subsidy, the CommutAir service originated in Plattsburgh and stopped in Burlington where most of the passengers boarded for the Boston destination. The federal program doesn't allow a stop in Burlington due to the way the grant was written; go figure.

OMYA/Western Corridor

Perhaps the linchpin of the western corridor development, historically, has been the Middlebury Spur which allows OMYA to move marble by rail to the Florence plant instead of by truck. This project costs \$36 million, including \$5 million in changes at the quarry and plant to make it rail ready. With the clear message that the feds are more interested in the NECR line (and Montreal) and with our continued interest to advance a freight and passenger agenda on the Western Corridor, OMYA had made a proposal that should be the subject of further discussion, in our view.

Roughly the plan would be for the Congressional delegation, Leahy in particular, to sponsor a demonstration public/private partnership grant in the upcoming reauthorization bill in the amount of \$100 million to do the Spur and make improvements necessary to the entire corridor. OMYA would invest \$25 million cash, \$5 million to the changes at quarry and plant and \$20 million to match the grant. It would involve some heavy-hitting in DC and the expenditure of much political capital.

Vermont Rail System

The inquiry continues and real progress is being made on the Clarendon and Pittsford line between Whitehall and Rutland improving the performance of the Ethan Allen Express. David Wulfson has hired Brad Worthen to be the public face of the organization and to work with partners, such as VTrans, to promote a mutually acceptable agenda around improvement of rail service generally. We view this as a positive step. Worthen worked in a similar capacity for the Burlington Airport in dealing with the difficult politics around our presence in South Burlington.

Route 9 Chain-Up Area

A couple of years ago we gained legislative approval to require (via the Traffic Committee) tire chains on trucks as long as we do a few things such as provide a location for trucks to "chain up" and "un-chain," provide plenty of signage, and provide plenty of public notice. This was a VTrans (and DMV) initiative and something we are thrilled about. Trucks with improper equipment are one of our biggest winter headaches. We have since been working actively with Maintenance District 1 (Bennington) on two areas along Route 9 (on either side of the mountain) that we hoped to have in place before snow flies this year. The local legislative delegation has been extremely supportive of this effort and, in fact, is really pushing us to get these chain-up areas operational.

This week we hit a bump in the road during development of one of these areas. We had secured preliminary approval to enter into a lease with Carl Capella, a local property

owner, to develop a portion of his parcel for use as a chain-up area. We were able to start developing the parcel before entering into a formal lease by securing a "letter of intent." Shortly after we "paved" the area with grindings from the Bennington Bypass project, we were notified by the Agency of Natural Resources that Mr. Capella was, in fact, in violation and under enforcement for filling the floodplain. Needless to say, we were shocked, as Mr. Capella had not disclosed this important fact. This week we removed the paving we had done, restored the area to "original" grade, and seeded and mulched it. We will now be informing Mr. Capella that we will not be entering into a lease with him, and our search for a suitable site will continue.

The unfortunate result is that we will most likely not have the chain-up areas in place for the upcoming winter season.

Construction Season

The construction season is fully under way with 46 projects active or nearly ready to start throughout the state, including: 19 in paving; 19 bridge projects, and 8 roadway improvement projects.



State of Vermont...

Department of Banking, Insurance, Securities & Health Care Administration (BISHCA)

89 Main St. Drawer 20 Montpelier, VT 05620-3101 Main Number: 802-828-3301

Divisions: Banking, Insurance, Captive Insurance, Securities, and Health Care Administration

www.bishca.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING

Report to the Governor for Week Ending July 1, 2011

Governor's Priorities

Commissioner, General Counsel and staff worked on document retrieval related to the Vermonters For Health Care Freedom information request.

Evolving Issues

The Securities Division is continuing its ongoing work on a variety of investigations of potential violations.

The Department is working with the Attorney General's office on responses to an apparently fraudulent sale of non-existent health insurance policies.

Outreach

Legislative

General Information

The Heartland Institute Foundation has named BISHCA's regulation of property and casualty insurance the highest-ranking in the country. The Institute rates the states' insurance departments on the ability of consumers to freely choose among property and casualty products in the marketplace and how free carriers are to offer products desired by consumers. In Vermont, property and casualty insurance is regulated within BISHCA's Insurance Division managed by Susan Donegan.

Vermont has qualified for \$4 million from the HUD Emergency Homeowners Loan Program. The program will offer a zero interest, forgivable bridge loan to homeowners who have experienced a substantial loss of income due to unemployment or underemployment caused by adverse economic conditions or a medical condition. BISHCA's Banking Division has met with the local HUD representative and along with the Agency of Commerce and Community Development will monitor and promote the program.

HUD has issued a final rule setting forth the minimum standards for the state licensing and registration of residential mortgage loan originators, and relevant Federal oversight. The need for conforming changes in Vermont law, if any, will be determined.