

WEEKLY REPORTS

Checklist
4/11/2014

Elizabeth Miller/Aly Richards

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

Louis Porter

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

Sue Allen

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

Sarah London/Carolyn Wesley

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

Susan Spaulding

- Boards and Commissions – Susan Spaulding
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: April 11, 2014
Re: Weekly Report

LEGISLATIVE ACTIVITY

- **Vermont Center for Geographic Information:** Lucy met with a team of people from DII, VCGI, and Finance and Management, to get a handle on some of the details involved in folding VCGI into State Government on Wednesday. On Thursday, she testified in House Government Operations in favor of moving VCGI into state government and expressed willingness to take them into ACCD if desired by the legislature.
- **S.220/H.736 Economic Development Bills:** Work continues in House Commerce. Lucy continues to monitor.
- **H.809:** Senate Economic Development voted out the bill 5-0-0. Senate Natural Resources has started taking up testimony this week. All those in support continue to be in support.
- **H.823:** Senate Natural Resources continued testimony with some new folks including Steve Raynes who heard about the bill from the Vermont Bar Association. His testimony was inaccurate on key points. Leg Council tried to correct. Will see how VT Digger coverage looks. There is some suggestions about combining H.809 and H.823 into one bill.
- **Misc. Tax:** The Senate Committee removed the Wood Manufacturers Tax credit from the bill. Testimony on the shared equity provision in the Miscellaneous Tax Bill did not go well. Proponents of Shared Equity appeared before the Senate Finance Committee but were thrown off course by tough questioning by Senator Mullin and the committee was left without a clear understanding of the program or need for the language. Jen continues to work in support. The committee plans to take additional testimony. Noelle joined Chris Cochran in presenting information on the Downtown Tax Credit program and the need for the increase.
- **Landlord Education:** H.239 was approved by the Senate Economic Development, Housing and General Affairs Committee at the end of last week by a vote of 4-1. Chairman Mullin opposed and feels the bill – with only a onetime appropriation of \$32,000 – would accomplish little. The bill has been referred to the Senate Appropriations Committee.
- **Disaster Condemnation:** Jen is scheduled to testify on the condemnation language in S.168 in House Government Operations on Friday.
- **H.563 - An Act Relating to Captive Insurance Awaiting Governor's Signature:** This Department of Financial Regulation bill concerning captive insurance has passed both legislative bodies this week and is awaiting the Governor's signature. Dan recently provided testimony before Senate Finance. The bill was voted out in the same day. Several large Bermuda based companies have indicated they plan to move to Vermont once this important legislative action has been signed into law. This bill while largely technical addresses a variety of fixes, updates Vermont with new National Association of Insurance Commissioners (NAIC) guidelines and provides a way for Vermont captives to go 'dormant' when not being used.

LUCY LERICHE, DEPUTY SECRETARY

- **Governor's New Economic Development Proposal:** The team continues to work toward the unveiling for Monday. Legislation is drafted and being vetted and reviewed, as are supporting documents, including talking points and background.

DEPARTMENT OF ECONOMIC DEVELOPMENT

- Lisa Gosselin held a conference call with Connecticut investors Thomas Phillips (one of that state's top 10 Merrill Lynch private wealth advisors) and Michael Petralia. Phillips owns a second home in Woodstock and has been investing in rail and forest products in Vermont and is interested in seeing these sectors grow and willing to potentially invest in a large-scale project. Following up with Mike Snyder and Costa Pappis.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Beau Ties, Ltd. – Middlebury:** The two new partners took over this business about 18 months ago and are delighted with how they have been treated by the Vermont support community. Annual sales were \$2.7M last year and they are growing. They have plans to expand and add new jobs, with full time employment currently at 26. Product lines are expanding, and more catalogs are being distributed primarily in the U.S. -- but they feel Canada may be a natural market for them.
- **Durasol – Middlebury:** This global company is owned by an Italian firm and does commercial awning design, manufacturing and installation throughout the U.S. from its Middlebury operations. Employment is at 25 and they are considering expansion bringing retractable awning manufacturing to Middlebury. The former Geiger building has been transformed into a state of the art facility, and business is very strong particularly with retail companies including Uno, Applebee's, Coach, Green Mountain Coffee Roasters and many more. The company is very concerned, however, about Vermont's Usage Tax policy which they feel is unfairly subjective and directly affects corporate decision on investment in Vermont.
- **Tech Group - South Burlington:** The company has rebounded from the economic downturn in 2008 and has purchased a data storage company. Full time employment is back to pre-recession levels and growing steadily. They are keenly interested in training assistance for new hires and certifications. They did voice concerns over the high cost of doing business, especially taxes. They are beginning to do business in Canada and welcomed any assistance with that effort. We will send ExporTech training information and make referrals as appropriate.
- **MBF Bioscience – Williston:** The company experienced one of the strongest quarters in their history last quarter and business is very strong. Employment is at 35 full time. They expressed keen interest in VTP and PTAC assistance. They are also evaluating ExporTech as a possible area of interest. They make extensive use of internships using www.vermontinternships.com and that has been very successful. One interesting new order came from South Africa to do brain research on large animal brains including elephants and hippos.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Regular CDBG

- **City of Rutland: \$1.25M Rutland Neighborhood & Housing Revitalization Grant application** -Josh fielded a call from Cristina Kumka a Freelance Reporter doing a multipart story on this project. She would like a copy of the grant application and specifically the budget to better understand the city's proposed use & allocation of grant funds and city matching funds. The City has yet to officially submit the application to us so we have nothing to officially respond to. Josh suggested that she first ask the city for a copy of their

application once it is submitted. If they decline to share the application she could then ask us. Her first video story on the project (which she also interviewed Josh) highlighted all of the efforts and funding being gathered to improve the neighborhood. She is now interested in exactly what and where the city is proposing to use the \$1.25M in grant funding.

DEPARTMENT OF TOURISM & MARKETING

RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Research

- **Growth in Visitation to USA from Overseas Anticipated:** Following a spike of more than seven percent growth in overseas visitation to the U.S. during 2013, future projections by the U.S. Department of Commerce are in the five percent range annually. The traditional markets in Europe (for Vermont these are led by the U.K and Germany) are expected to show modest growth during the next five years, with the major growth coming from Asia and South America:

“This means that by 2018, U.S. will have 83.8 million visitors, a 20 percent increase, and more than 14 million additional visitors compared to 2013.

As for the growth markets, countries with the largest total growth percentages over that period are China (139%), Colombia (56%), India (54%), Taiwan (52%), Brazil (50%), and Argentina (48%). Four countries are expected to account for 59 percent of the projected growth from 2013 through 2018. These volume growth leaders are Canada (23% of expected total growth), China (18%), Mexico (11%), and Brazil (7%).”

*-- **The Future of American Tourism Is Written In Chinese, Rafat Ali, Skift, 9 April 2014.***

At the same time it is important to remember that while growing more slowly, the mature markets in the U.K. and Japan will continue to generate the largest number of overseas visitors to the United States.

Agency of Commerce and Community Development

National Life Building – North, 6th Floor
One National Life Drive
Montpelier, VT 05620-0501
accd.vermont.gov

[phone] 802-828-3211
[fax] 802-828-3383

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Lawrence Miller
Date: April 11, 2014
RE: Health Care Assignment

Overall VHC Project Risk Remains HIGH.

While there is a detailed plan for release 2, which gets us automated change of circumstance, this involves a lot of complex rules and the testing schedule is judged to be “aggressive.” We do not have a detailed development plan for Release 3, which includes SHOP. Notably, the project has several areas now deemed moderate risk instead of high risk.

Overall Project Risk for IE and MMIS remain HIGH**Press**

Very positive responses from Left and Right to announcement. MSNBC “Up With Steve Kornacki” is apparently doing a discussion about VT and single payer on Sunday and asked if I could be available. The main participant is healthcare reporter Sarah Kliff, who did the piece in VOX. At this writing my participation is unconfirmed.

Carrier Issues:

We are seeing some incorrect plan information on the portal that BCBS brought to our attention. A team is going through all of the instances and working to correct.

MVP is not prepared to begin testing on final Change of Circumstance until mid-June. I am meeting with them on Wednesday to try and determine if they can make testing resources available or if they will execute a manual process on their end. Their volume makes a manual solution quite reasonable.



Agency of Commerce and Community Development

National Life Building – North, 6th Floor
One National Life Drive
Montpelier, VT 05620-0501
accd.vermont.gov

[phone] 802-828-3211
[fax] 802-828-3383

Interim Change Process:

We sent 4 staff back from VHC to HAEU to support working through a backlog there. Larson made 25 staff from the Confirmation of Benefits unit at DVHA available to HAEU also for backlog work. These staff are ACCESS trained and will be effective.

VHC can now process so-called “Stage 3” cases, those that have already been effectuated at the carrier. The process has been optimized, but remains slow due to needing to withdraw and then add a case to trigger a redetermination of eligibility. This is a 45 to 90 minute exercise. We are easily keeping up with all urgent requests but the total backlog is continuing to build. A Hot Fix code change is in testing which will reduce the time to less than 5 minutes, and then we can crank through resolution. It is expected to drop Saturday or Monday night.

Release 2:

The timeline for testing the next release is aggressive. CGI is asking to change the date based on carrier requirements for the testing plan. I do think the expanded testing is a good idea. If agreed to, the change will be done through the formal change control board process.

Critical Path:

	<u>Risk</u>
- Siebel Development (CoC/Recurring Payments)	M
- Receiving/Installing 3.3.2.8 HF2	L
- Completing CoC Design (Walkthroughs)	L
- Completing Notice Design and Development (Highest Risk)	H
- Performing Testing	H
- Performing Training	H
- Implementing	M

I will be out of town on Thursday, taking my daughter on a college visit.

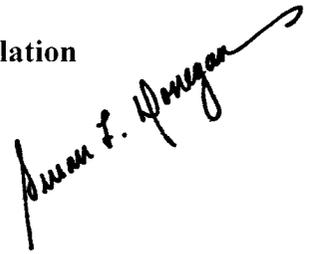


State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: April 11, 2014
Re: Weekly Report



Insurance Division:

On Tuesday, President Obama requested a meeting with the insurance commissioners from all 50 states, the District of Columbia and the territories. The meeting, which is being coordinated by the National Association of Insurance Commissioners (NAIC), will be held at the White House on April 17. The invitation indicated that the conversation will focus on next steps in the implementation of the Affordable Care Act. It continued: "With the 2014 open enrollment period completed and over 7.1 million Americans now enrolled in private health insurance plans through the Marketplaces, we would like to discuss our ongoing collaboration as we prepare for the 2015 open enrollment period and beyond." Other topics will include the role of state-based insurance regulation vis-a-vis federal developments (i.e., Federal Insurance Office, international regulation). Commissioner Donegan will attend.

Securities Division:

The Commissioner and Deputy Commissioner of Securities Michael Pieciak attended the North American Securities Administrators Association (NASAA) meeting in Washington, DC, earlier this week. NASAA is the securities regulatory organization for the U.S., Canada and Mexico. (Vermont is a voting member.) In addition to meeting with federal counterparts from the U.S. Securities and Exchange Commission, NASAA members discussed current issues facing state regulation. Some of the issues highlighted were registration and exemptions for capital formation for small businesses and pre-emption by federal law and market conditions ("getting Main Street back to Wall Street").



Banking Division:

The Commissioner and Deputy Commissioner of Banking Tom Candon attended the District 1 meeting of the Conference of State Bank Supervisors (CSBS) this week. This bi-annual meeting allows state banking regulators from the northeastern states to gather and discuss issues of regional significance. Federal counterparts from the Federal Reserve and the FDIC also participated. Topics included the impact of federal legislation, the status of state licensing applications for virtual currency-related businesses, and the impact of recent flood insurance remapping on mortgages.

The question facing the financial services sector is whether to regulate the new virtual currency (Bitcoin) marketplace and if so, how. Currently in Vermont, DFR considers these entities to be money transmitters and therefore licenses them through the Banking Division under the licensed lender law. One company based in Georgia, an exchange for virtual currency not issuing currency, was recently granted a Vermont license. There are several more companies in the application pipeline. The Commissioner is considering issuing a bulletin that will provide guidance to companies wishing to obtain a license for this activity. She is also considering releasing a consumer alert that will give Vermont businesses and consumers a general understanding of the risks associated with engaging in the virtual currency marketplace.



120 State Street, Montpelier VT 05620-2501
(p) 802-828-3135 | (f) 802-828-3140

CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: April 11, 2014

Any typos and weird edits are mine.

Legislative Issues/Contacts:

Our Agency continues to follow several significant pieces of education legislation. This morning House Education **passed S.91 An Act Relating to Privatization of Public Schools** out of Committee 6-4. This bill calls for a two-year moratorium on the State Board approval of privatization of any public schools, and asks the Secretary to come back with research and recommendations in January 2015. We did receive a press call on this today. My testimony on this stated that we don't feel this is necessary, because the fundamental challenge faced by these small towns is declining enrollment and the need for structural readjustment, and privatization doesn't address that. We pointed out that the only two towns to flip, Winhall and N. Bennington, are still struggling with issues related to enrollments, and their experiences suggests that privatizing as a way of holding on to your small local schools doesn't work they way people expect.

Friday afternoon House Ways and Means passed out a **strike all of H.883** by a 9-2 vote. . The VSBA and the VSA are concerned about the more aggressive nature of the new language and the loss of the voluntary period and opportunities for local exercise of voice. They will be lobbying to have these elements built back in.

Senate Education continues to take testimony on **H.876, the misc ed bill**. They plan to devote the coming week to amendments and final discussions before voting this bill out. They are considering adding language expanding dual enrollment to privately funded students, correcting the House Amendment that reduces auditing requirements for schools, and possibly language creating a Vermont Innovation in Education Task Force. They may also consider adding Senator Ashe's language on school finance.

H.889 passed out of the House and is now in the Senate, and includes several changes to the statewide education tax structure and eliminates the small schools grant

Our Agency submitted a report related to H.270 (preK bill) this week, which is attached. This bill currently resides in Senate Appropriations. The takeaway from this report is that in our data, the more preschool poor children attend, the more likely they are ready for kindergarten. Specifically, poor students who don't attend PK have a 30% probability of being kindergarten ready, while poor students with one year or two years of PK have a 35% or a 55% probability of being kindergarten ready, respectively. This suggests our poor children would experience the greatest gains with two years of PK. This relationship is also present for affluent students, although it is not as pronounced. More affluent students who don't attend PK or attend for only one year have a 58% probability of being kindergarten ready, while more affluent students with two years of PK have a 70% probability of being kindergarten ready. We fit a statistical model to make this case—something the AOE has not done before.

We provided testimony today on S.175, which allows a student who changes residency during the school year to complete the year in their original district.

We are also working on a response to State Treasurer Beth Pierce's announcement today regarding funding for retired teacher health care.

FYI, I have attached some sample RED agreements that illustrate the variability in how districts design their systems. This should help address concerns about one-size fits all solutions.

We are working on the Governor's idea about adjusting the finance formula to penalize districts that don't make structural adjustments in response to declining enrollments. This is complex, but would inevitably have the greatest effect on the smallest districts. One effect of introducing language on these lines might be to make those who have been clamoring for finance reform to instead run to embrace governance reform.

Significant Events/Meetings:

We met with VSAC to explore some possible options for a tech platform to support the PLP process.

Public meetings/ appearances included: presentation to a gathering of Champlain Valley superintendents, curriculum directors and special education directors; a meeting with all the directors of Career and Technical Centers; a meeting with the folk from



Prevent Child Abuse Vermont (good people who want money we don't have to give out); a key note for a conference of four hundred seventh graders at Castleton State College (always an interesting proposition, since keynotes are kind of an adult thing); a follow up meeting with Lisa Ventriss/Business Roundtable.

Updates:

Jay Ramsey to be president of the National Alliance for Partnerships in Equity

At its annual meeting in Washington, DC, the Board of Directors of the National Alliance for Partnerships in Equity (NAPE) voted to appoint Jay Ramsey the President-Elect of the Executive Committee. In 2015, Jay will become the first male president in NAPE's 35-year history. Jay is currently the state lead for the STEM Equity Pipeline, which is a project lead by NAPE. *The National Alliance for Partnerships in Equity (NAPE) is a consortium of state and local agencies, corporations, and national organizations committed to the advancement of equity and diversity in classrooms and workplaces. Read more at: www.napequity.org.*

The **Burlington School District audit** of the FY 2013 school year revealed a significant deficit. This is the first year the district has been audited separately. Technically, because of the city charter, the "school district" is really a department of the city and not a separate district. Until now, the city's audit is all that has been performed and that audit did not focus on the school system. In 2012 we contacted the city and school department, informing them we required an audit specifically for the school system. The result of that audit was the matter of a Burlington Free Press article on Wednesday April 8, 2014.

John Fischer attended the **Results Based Accountability 101** course this week offered by Mark Friedman. This model considers "what we do", "how well we do it" and "is anyone better off". This model will continue to refine our approaches to improving learning opportunities for all Vermonters in measurable ways.

The AOE General Supervision and Monitoring Division's Child Nutrition Programs co-presented and hosted the **Tri-State Child Nutrition Programs Conference** along with the states of Maine and New Hampshire, with over 300 attendees from schools, child care centers, summer feeding programs, and administrative offices. The keynote talked about Nutrition and Brain Development as it relates to learning. Over 30 workshops were provided for participants to choose from. Next year Maine will host the Tri-State Conference.



Evolving Issues:

AOE Leadership and Effectiveness

My work with the AOE leadership team continues. Our review of an Agency-wide SWOT analysis led to piloting of new and better goal setting and performance feedback systems for employees. Themes that have come out of leadership goal setting include:

Efficiency: Documenting processes/making them transparent

Interdependence: Coordinating across actors to achieve shared goals

Coordination: Establishing regular meetings to review progress and issues

Timeliness: Monitor throughput/prioritize and track to make sure things get done

The understanding of the interdependent nature of our work is a HUGE step forward for the Agency, which because of its siloed structure in past years has been characterized by conflict across functions.

Starting in a week, we will begin working with an outside business consultant to work on some of the issues we have identified.

Moving forward, we will begin to work through what it means for our operations to shift from a focus on compliance to a focus on support for the field. Basically, given our diminished size and capacity, we need to shift to a focus on leading and setting standards for work, then enlisting the field in actually doing the work and providing models and solutions that meet the parameters we set. We no longer have the capacity to do all the work that needs to be done, so need to focus instead on guiding and supporting and directing the work of the field, so it meets any federal and state requirements, and is of high quality.

Teacher Retirement

We are reviewing the proposed language. First cut raised some questions about whether this would run us afoul of the feds. We understand this is a fragile agreement. We are contacting counter parts in Maine and also US DOE to clarify and will let you know what we learn. If we are asked questions about it, we propose that AOE just stress the importance of addressing the unfunded liability for retiree health insurance. We can



emphatically say that the current risk is unacceptable. Next time, if we know in advance, we can do this legwork prior to introduction of the language.

Legal Team:

As you know, our previous legal team was problematic. As we move forward, we are beginning to understand just how dysfunctional it was. We have, for example, a backlog of up to three years in some investigations of educator professional conduct. I am incredibly grateful for the integrity, efficiency and process Greg Glennon has brought to the legal office. Unfortunately, we occasionally turn over a rock and find a complication underneath. One of those is VIA. We are currently investigating both what happened and what to do to correct the situation in a timely way, and will let you know as soon as we can verify where we are and what we need to do.

I have to attend a family wedding in Minnesota on Thursday and Friday. I will of course be in contact with AOE folk via cell as needed.

Rebecca



**Bolton School District; Huntington School District; Jericho School District;
Richmond School District; Underhill Town School District; Underhill ID School District;
Mount Mansfield Union School District #17
Regional Education District (RED)
Planning Committee Report**

The Plan

February 2011

Authorization to engage in this RED Planning Committee process was voted in the affirmative by the following boards of directors on the following dates:

Bolton Board of Directors, on June 2, 2010;
Huntington Board of Directors, on June 8, 2010;
Jericho Board of Directors, on June 9, 2010;
Richmond Board of Directors, on May 19, 2010;
Underhill Town Board of Directors, on June 1, 2010;
Underhill ID Board of Directors, on May 24, 2010;
Mt. Mansfield Union Board of Directors, on May 27, 2010

The Commissioner of Education was advised of the formation of this RED Study Committee, pursuant to Title [16 V.S.A. § 706b](#), by letter dated July 13, 2010, and in that letter, Dr. Robert Letovsky was identified as chairperson of the RED Planning Committee.

Recommended [Articles of Agreement](#), pursuant to the requirements of [Title 16, Chapter 11, Subchapter 3](#), as are set forth herein below, were agreed upon by the Planning Committee at its duly warned meeting of January 6, 2011.

**The Following Districts Are Deemed Necessary
for the Establishment of the Proposed RED**

Bolton School District

2010-11	ADM (PK-4)	79.15
	Per Pupil Spending	\$15,298
	Student-to-Teacher Ratio--FY' 10	16.92
	Student-to-Adult Student Ratio--FY' 10	8.71
	Teacher-to-Administrator Ratio--FY' 10	5.20
	Student-to Administrator Ratio--FY' 10	88.00
2009-10	ADM (PK-4)	84.65
	Per Pupil Spending	\$13,948.76
	Student-to-Teacher Ratio--FY'09	14.39
	Student-to-Adult Student Ratio--FY'09	8.12
	Teacher-to-Administrator Ratio--FY'09	5.70
	Student-to Administrator Ratio--FY'09	82.00
2008-09	ADM (PK-4)	82.00
	Per Pupil Spending	\$13,145.42
	Student-to-Teacher Ratio--FY'08	14.35
	Student-to-Adult Student Ratio--FY'08	8.78
	Teacher-to-Administrator Ratio--FY'08	6.20
	Student-to Administrator Ratio--FY'08	89.00
	District Population (Latest Decennial census)	1,249

Huntington School District

2010-11	ADM (PK-4)	139.00
	Per Pupil Spending	\$12,588
	Student-to-Teacher Ratio--FY' 10	16.27
	Student-to-Adult Student Ratio--FY' 10	9.06
	Teacher-to-Administrator Ratio--FY' 10	8.30
	Student-to Administrator Ratio--FY' 10	135.00
2009-10	ADM (PK-4)	134.00
	Per Pupil Spending	\$12,813.70
	Student-to-Teacher Ratio--FY'09	17.28
	Student-to-Adult Student Ratio--FY'09	9.40
	Teacher-to-Administrator Ratio--FY'09	8.10
	Student-to Administrator Ratio--FY'09	140.00
2008-09	ADM (PK-4)	138.00
	Per Pupil Spending	\$13,051.53
	Student-to-Teacher Ratio--FY'08	16.25
	Student-to-Adult Student Ratio--FY'08	9.55
	Teacher-to-Administrator Ratio--FY'08	8.00
	Student-to Administrator Ratio--FY'08	130.00
	District Population (Latest Decennial census)	1,823

Jericho School District

2010-11	ADM (PK-4)	245.31
	Per Pupil Spending	\$13,224
	Student-to-Teacher Ratio--FY'10	13.82
	Student-to-Adult Student Ratio--FY'10	7.09
	Teacher-to-Administrator Ratio--FY'10	17.80
	Student-to Administrator Ratio--FY'10	246.00
2009-10	ADM (PK-4)	252.03
	Per Pupil Spending	\$12,894.41
	Student-to-Teacher Ratio--FY'09	14.89
	Student-to-Adult Student Ratio--FY'09	8.07
	Teacher-to-Administrator Ratio--FY'09	18.80
	Student-to Administrator Ratio--FY'09	280.00
2008-09	ADM (PK-4)	265.49
	Per Pupil Spending	\$12,227.25
	Student-to-Teacher Ratio--FY'08	14.79
	Student-to-Adult Student Ratio--FY'08	7.89
	Teacher-to-Administrator Ratio--FY'08	18.80
	Student-to-Administrator Ratio--FY'08	278.00
	District Population (Latest Decennial census)	5,015

Richmond School District

2010-11	ADM (PK-4)	313.23
	Per Pupil Spending	\$11,218
	Student-to-Teacher Ratio--FY'10	15.83
	Student-to-Adult Student Ratio--FY'10	9.04
	Teacher-to-Administrator Ratio--FY'10	19.20
	Student-to Administrator Ratio--FY'10	304.00
2009-10	ADM (PK-4)	301.00
	Per Pupil Spending	\$11,646.46
	Student-to-Teacher Ratio--FY'09	15.78
	Student-to-Adult Student Ratio--FY'09	9.01
	Teacher-to-Administrator Ratio--FY'09	19.20
	Student-to Administrator Ratio--FY'09	303.00
2008-09	ADM (PK-4)	299.70
	Per Pupil Spending	\$11,235.82
	Student-to-Teacher Ratio--FY'08	15.47
	Student-to-Adult Student Ratio--FY'08	9.07
	Teacher-to-Administrator Ratio--FY'08	19.20
	Student-to-Administrator Ratio--FY'08	297.00
	District Population (Latest Decennial census)	4,090

Underhill ID School District

2010-11	ADM (K-4)	118.15
	Per Pupil Spending	\$12,769
	Student-to-Teacher Ratio--FY'10	13.75
	Student-to-Adult Student Ratio--FY'10	7.76
	Teacher-to-Administrator Ratio--FY'10	8.00
	Student-to Administrator Ratio--FY'10	110.00
2009-10	ADM (K-4)	108.00
	Per Pupil Spending	\$13,106.05
	Student-to-Teacher Ratio--FY'09	14.31
	Student-to-Adult Student Ratio--FY'09	7.27
	Teacher-to-Administrator Ratio--FY'09	7.20
	Student-to Administrator Ratio--FY'09	103.00
2008-09	ADM (K-4)	103.05
	Per Pupil Spending	\$12,265.99
	Student-to-Teacher Ratio--FY'08	15.24
	Student-to-Adult Student Ratio--FY'08	7.48
	Teacher-to-Administrator Ratio--FY'08	6.30
	Student-to Administrator Ratio--FY'08	96.00
	District Population (Latest Decennial census)	1,405

Underhill Town School District

2010-11	ADM (PK-4)	169.45
	Per Pupil Spending	\$12,751
	Student-to-Teacher Ratio--FY'10	21.40
	Student-to-Adult Student Ratio--FY'10	10.71
	Teacher-to-Administrator Ratio--FY'10	8.60
	Student-to Administrator Ratio--FY'10	184.00
2009-10	ADM (PK-4)	166.73
	Per Pupil Spending	\$12,598.09
	Student-to-Teacher Ratio--FY'09	15.22
	Student-to-Adult Student Ratio--FY'09	7.97
	Teacher-to-Administrator Ratio--FY'09	9.00
	Student-to Administrator Ratio--FY'09	137.00
2008-09	ADM (PK-4)	144.80
	Per Pupil Spending	\$12,206.01
	Student-to-Teacher Ratio--FY'08	14.89
	Student-to-Adult Student Ratio--FY'08	7.47
	Teacher-to-Administrator Ratio--FY'08	9.00
	Student-to Administrator Ratio--FY'08	134.00
	District Population (Latest Decennial Census)	3,006

Mt. Mansfield Union School District #17

2010-11	ADM (Grades 5-12)	1,722.98
	Per Pupil Spending	\$12,065
	Student-to-Teacher Ratio--FY'10	14.65
	Student-to-Adult Student Ratio--FY'10	9.11
	Teacher-to-Administrator Ratio--FY'10	17.33
	Student-to Administrator Ratio--FY'10	253.86
2009-10	ADM (Grades 5-12)	1,746.95
	Per Pupil Spending	\$11,850.77
	Student-to-Teacher Ratio--FY'09	14.58
	Student-to-Adult Student Ratio--FY'09	9.07
	Teacher-to-Administrator Ratio--FY'09	17.34
	Student-to Administrator Ratio--FY'09	252.86
2008-09	ADM (Grades 5-12)	1,746.10
	Per Pupil Spending	\$11,240.57
	Student-to-Teacher Ratio--FY'08	14.93
	Student-to-Adult Student Ratio--FY'08	9.33
	Teacher-to-Administrator Ratio--FY'08	17.46
	Student-to Administrator Ratio--FY'08	260.57
	District Population (Latest Decennial census)	16,588

* Information will be reported in the 2010-11 Comparative School Data for Cost-Effectiveness Report scheduled to be released in the Spring 2011.

** Pupil ratios from the VT DOE – Comparative School Data for Cost-Effectiveness Report (2008-09, 2009-10).

***Population information from 2008-09 Vermont Year Book.

The Following Districts Are Deemed Advisable for the Establishment of the Proposed RED

All current school districts in the Chittenden East Supervisory Union are essential to this merger. There are NO ADVISABLE DISTRICTS.

Planning Committee Membership

Robert Letovsky, Ph.D. Chairperson, Board Member UID
Jon Milazzo, Board Member Richmond
Andrew Rosacker, Board Member Underhill Center
Wayne Segear, Board Member Jericho
Ken Remsen, Clerk, Board Member MMUSD
Phil Graf, Community Member Bolton
David Thomas, Community Member Richmond
Paula Gervia, Board Member Bolton
Breck Knauft, Board Member Huntington
Edye Graning, Community Member Jericho
Joe O'Brien, Underhill ID Community Member
Carol Shallow, Community Member Richmond MMUSD
David Clark, Community Member Huntington
Susan Belton, Community Member Underhill Town
John Alberghini, Superintendent of Schools, Chittenden East SU

Articles of Agreement

The Planning Committee recommends that the following Articles of Agreement be approved by the electorates of each of the named school districts in order to create a RED to be named Chittenden East Regional Education District.

Article 1

The School Districts of Bolton, Huntington, Jericho, Richmond, Underhill Town, Underhill ID and Mt. Mansfield Union, (hereinafter referred to as the “forming districts”) are necessary to the establishment of the Chittenden East RED.

Article 2

The member school districts of the Chittenden East RED have worked increasingly over the past several years to consolidate management and educational services, master employee contracts and to otherwise bring about effective and efficient operating procedures and practices. Through this process, both formal and informal agreements, management systems and operating procedures have evolved between and among these member school districts, laying a foundation for the creation of the Chittenden East Regional School District.

Article 3

The Chittenden East RED will offer education to students in Kindergarten through Grade 12, and will offer Pre-K education as determined by the Chittenden East RED Board.

Article 4

Beginning July 1, 2012, the RED will be responsible for providing, or contracting for, any transportation which is to be provided to publicly-funded students attending public schools within the boundaries of the RED, in accordance with transportation policies to be adopted by the RED Board.

Article 5

The RED will honor all pre-existing master and individual contracts that are in place for the forming school districts on July 1, 2012. These master and individual agreements will continue until their respective specified termination dates.

Article 6

The forming districts of the RED recognize their obligations, pursuant to Act 153 of 2010, Section 9, to standardize curricula, and to otherwise standardize their operations within existing Supervisory Unions boundaries, on or before July 1, 2012.

Article 7

Any and all operating deficits and/or surpluses of any of the combining/forming districts shall become the property, and/or the obligation, of the RED effective on the date of the creation of the RED.

Article 8

The forming districts will convey to the RED all of their school-related real and personal property, for One Dollar, and the RED will assume all capital debt associated therewith, effective on the date of the creation of the RED.

In the event that, and at such subsequent time as, the RED determines that any of the real property, including land and buildings, conveyed to it by one or more of the following forming districts: Bolton – Smilie Memorial Elementary School, Huntington – Brewster Pierce Elementary School, Jericho – Jericho Elementary School, Richmond – Richmond Elementary, Underhill – Underhill Central School; is or are unnecessary to the continued operation of the RED, and its educational programs, the RED shall convey such real property, for the sum of One Dollar, and subject to all encumbrances of record, to the town in which it is located. The conveyance of any of the above school properties shall be conditioned upon the town owning and utilizing the real property for community and public purposes for a minimum of five years. In the event a town elects to sell the real property prior to five years of ownership, the town shall compensate the RED for all capital improvements and renovations completed after the formation of the RED and before the sale to the town. In the event a town elects not to acquire ownership of such real property, the RED shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the RED Board of School Directors.

In the event that, and at such subsequent time as, the RED determines that any of the real property, including land and building, conveyed to it by the Underhill Incorporated School District, is or are unnecessary to the continued operation of the RED, and its educational programs, the RED shall sell the real property. The net proceeds (sale price less expenses, discharge of all associated debt, etc.) from the sale of such property, shall be placed in a reserve fund for the sole purpose of reducing the school tax rate in the former Underhill Incorporated School District for a period of up to three years.

In the event that, and at such subsequent time as, the RED determines that any of the real property, including land and buildings, conveyed to it by the Mount Mansfield Union School District is or are unnecessary to the continued operation of the RED, and its educational programs, the RED shall, pursuant to Vermont statutes, sell the property upon such terms and conditions as established by the RED Board of School Directors.

Article 9

A forming town/district’s representation on the RED Board will be closely proportional to the fraction that its population bears to the aggregate population of the RED. Initial RED Board composition is based upon the most recent Federal Census, and shall be recalculated promptly following the release of each subsequent decennial census. However, at no time will a combining/forming town/district have less than one board member on the RED Board. Subject to the previous sentence, each proportionality calculation shall be rounded to the nearest whole number.

Number of School Board Members by Town/City

Town/City	Board Members (population of town)
Bolton	1 (1,249)
Huntington	2 (1,823)
Jericho	4 (5,015)
Richmond	4 (4,090)
Underhill	3 (3,006)
Underhill ID	1 (1,405)
Total	15 (16,588)

Article 10 RED Board Members will be elected for three-year terms, except for those initially elected at the time of the formation of the RED. In the initial RED Board Member terms of office will be as follows:

Distribution of Initial One-Year, Two-Year and Three-Year Terms

Town/City	1 Year Term	2 Year Term	3 Year Term
Bolton		1	
Huntington		1	1
Jericho	2	1	1
Richmond	2	1	1
Underhill	1	1	1
Underhill ID			1

Article 11

The proposal for forming this RED will be presented to the voters of each member school district which is designated as “necessary,” in June 2011. The new RED Board will be elected in September 2011 following the approval of the RED formation.

Article 12

Upon an affirmative vote of the electorates of the school districts which are necessary, and upon compliance with 16 V.S.A. § 706g, the RED shall have and exercise all of the authority which is necessary in order for it to prepare for full operation beginning on July 1, 2012. The RED shall, between the date of the necessary affirmative votes and June 30, 2012, develop school district policies, adopt curriculum and educational programs, prepare for contractual agreements, set the school calendar for Fiscal Year 2013, prepare and present the budget for Fiscal Year 2013, prepare for the 2012 RED Annual Meeting and transact any other lawful business that comes before the Board, provided, however, that the exercise of such authority by the RED shall not be

construed to limit or alter the authority and/or responsibilities of the Districts of Bolton, Huntington, Jericho, Mount Mansfield Union, Richmond, Underhill and Underhill ID.

The RED shall commence full educational operations on July 1, 2012.

Article 13

The Chittenden East RED Board shall propose annual budgets in accordance with [16 VSA Chapter 11](#).

The annual budget vote shall be conducted by Australian ballot as per [17 VSA Chapter 55](#).

Article 14

The school districts of Bolton, Huntington, Jericho, Richmond, Underhill Town, Underhill ID and Mt. Mansfield Union, shall remain in existence after June 30, 2012, for the purpose of completing any business not given to the Regional Education School District under these articles. Such business shall be completed as soon as practicable, but in no event any later than June 30, 2013.

Article 15

Attach Cost Benefit Analysis.(See form at Attachment A)

Note Regarding Article 15

A cost-benefit analysis must be included with your plan. How will efficiencies be gained through the creation of the RED? Address issues including, but not limited to, the following:

- Improved student opportunities;
- Improved student outcomes;
- Technology;
- Teacher staffing;
- Non-teacher staffing;
- Student data collection and reporting;
- Financial accounting and budgeting;
- Improved utilization of buildings and sports facilities;
- Centralized contracting;
- Transportation; and
- Food service.

Article 16 (See Attachment B For School Configurations)

The RED will maintain the current school and grade configurations of the Chittenden East Supervisory Union until such time as the RED Board determines reorganization is necessary to address student needs, gain operational efficiencies and/or meet budgetary objective. The RED will serve Kindergarten – Grade 12 by providing for students' education at public schools operated by the RED. Students will attend elementary schools according to their town of residency for educational purposes.

The RED Board shall determine the operation of Prekindergarten programs.

School choice options will be expanded in the RED. Within allowable space and within reasonable limits of the existing transportation system, parents may apply for their student(s) to attend any elementary and/or middle school in the RED.

No changes in the current Act 150 partnerships are planned. School choice options for grade 9-12 students at Mt. Mansfield Union will continue as part of the Regional School Choice Collaborative with Colchester School District and Champlain Valley Union High School.

There are no current discussions of closure of existing schools in the district nor is designation of other public or private schools under consideration.

Article 17

Enrollment Determinations:

The RED will serve Kindergarten – Grade 12 by providing for students' education at public schools operated by the RED. Students will attend elementary schools according to their town of residency for educational purposes.

The RED Board shall determine the operation of Prekindergarten programs.

School choice options will be expanded in the RED. Within allowable space and within reasonable limits of the existing transportation system, parents may apply for their student(s) to attend any elementary and/or middle school in the RED.

(See Appendix B for configuration and enrollment plan of each school maintained by the RED.)

Article 18

Local Input on Policy and Budget:

The RED school board shall provide opportunity for local input on policy and budget development by annually conducting at least two public hearings at each public school operated by the RED. At least one of the public hearings shall concern school budget development and shall be held prior to the school board's adoption of a fiscal year school budget. At least one other public hearing or forum each year shall concern school board policies and other matters of public concern. Other structures to support and encourage public participation in policy, curriculum, educational programming and budget within the RED will be established by the RED Board on or before June 30, 2012.

In addition, local community members shall have the opportunity to participate in the selection of the principal of the school within their town.

* * * * *

Attachment A Cost Benefit Analysis

Efficiencies will be gained through the creation of a RED in the following areas:

Improved student opportunities and outcomes

The creation of a RED would give one board the authority to provide students and families of elementary aged students school choice options. The possibilities in this area are extensive. Policies and procedures could be written and revised to respond to exceptional circumstances and the needs of students, schools and communities. Currently, in CESU, tuition is required for students to enroll in elementary schools outside of their town of residence. The flexibility and ability to avail school choice opportunities for students and families has the potential to expand educational options.

Formation of the Chittenden East Regional Education District would allow for flexibility in the use of facilities and resources. A unified board would be empowered to use personnel, facilities and financial resources to institute educational programs such as technical schools and specialty educational environments to meet the needs and interests of the 21st and 22nd Centuries. Currently, Mount Mansfield Union School District is spending \$982,843 to send students to technical schools outside the school district. The agility realized through a RED would increase the possibility of fashioning educational environments that meet these students' needs. This has the potential to save money over time and keeps these students in their home school district.

A RED would allow staff to be moved from one school to another in order to meet the needs of the student population and take advantage of staffing expertise. Currently, the majority of staff are employees of the local district. This significantly limits the administration's ability to adjust staffing based on academic and social data. Often, districts make additional hires in response to needs that arise within their current district instead of studying the entire Supervisory Union (SU) to identify existing staff that could be reassigned. This is a cultural shift that has the prospect of saving money.

Equalized programming opportunities for all students within Chittenden East could be advanced with the formation of a RED. Currently, resources, offerings, staffing and supplemental support varies across Chittenden East. One unified school district would reduce or eliminate the disparities in support services, staffing and programs that now exist (e.g. some schools have an enrichment program, others do not; instructional support varies between school districts; supplemental support is not equal or allocated based on SU-wide factors; infrastructure funding differs from school district to school district).

Technology

The use of technology as a teaching and communication tool has expanded exponentially in the later portion of the 20th Century and early part of the 21st Century. Parents, colleges/universities and employers are expecting students to have adequate technology skills and understand its capabilities. Equalized conditions and support of technology is essential in the successful transition of students to work or higher education.

Chittenden East Supervisory Union (CESU) has assembled a centralized team of technology support personnel to maintain systems and services, but the ability to perform these functions in an effective and efficient manner is significantly influenced by the variances in equipment and software within CESU. There is a large difference in the investment member school districts have made in technology over the past several years. This has affected some school's ability to follow and meet the goals of Chittenden East's comprehensive technology plan. A unified school district increases the likelihood of resources being distributed evenly and provides flexibility in the allocation of resources based on necessity. The versatility of a RED could allow schools to upgrade their technology systems to better support students, staff and families.

Teacher staffing

As mentioned earlier in the report, flexibility in staffing assignments empowers a unified school district to adjust staffing assignments based on need, current demographic realities and staff expertise. This authority also has the potential to save money and intensify continuity and coordination of personnel. Often, school districts are faced with the choice of reducing staff because of a shift in student population while a neighboring school district is considering adding staff. These decisions are often complicated because from year to year grade-level populations ebb and flow. Administrators and school boards frequently deliberate about reducing or adding staff or maintaining staffing levels when faced with these grade level ebbs and flows. The ability to move teachers from one school to another has the prospect of saving money because the RED would have the option of assigning staffing levels based on annual needs.

An additional benefit in the RED's ability to assign staff is the district's realization of its investment in training newly hired employees. School-based training and mentoring involves a considerable investment in time and money. Keeping teachers in the system enables the RED communities to realize the full potential of its financial commitment.

Non-teacher staffing

Many of the efficiencies and benefits pertaining to teaching staff also relate to non-teaching staff members. A RED has the authority to shift and use personnel based on student population, student needs, staff needs, programming changes, building renovations and staff certifications (e.g. Master Electrician License, Master Plumber License, HVAC License, Physical Trainer Certification, Counseling License etc.). This could reduce the need to contract with outside service providers. Furthermore, it is an efficient and cost effective method of aligning personnel to requirements, responsibilities and obligations.

Student data collection and reporting

Collecting, reporting and analyzing student data from PreK-12 supports coordination, continuity and responsible allocation of resources. In a RED, a single board would govern a PreK-12 system and hold schools accountable for student results at every level. Attention and accountability to every grade in the system would become a necessity because staff, administration and the board would be responsible for collective results. Strategic plans and action plans would be written and implemented for all students PreK-12 rather than the current fragmented PreK-4 and 5-12 planning process. Each grade would be a building block to complete a student's experience within Chittenden East. In most cases, school boards focus on the needs and results of their local school district and not on the entire PreK-12 system.

Data compilation and analysis as a RED, optimizes the capacity of our curriculum and data management system (VCAT), creates a user-friendly reporting tool and affords more opportunities for universal and streamlined training of staff.

Financial, accounting and budgeting (Central Office Functions)

The formation of a unified school district could streamline accounting systems by creating a single budget, eliminating assessments to member school districts for costs currently incurred at the supervisory union level, and eliminating the bill-backs required when employees are shared by more than one school district. Employees would no longer receive multiple checks and W2s from different employers (school districts). Central office would be processing fewer checks. There would be one treasurer for the RED resulting in reduced services required from town offices. Budgets would be prepared at the school level, but would be encapsulated into one school district budget. One annual report would be prepared and audited (compared to the eight that are now being prepared). The RED would be required to submit one statistical report and staff census to the state.

Chittenden East has made a sizeable investment in new accounting/human resource software. Our hybrid nature of incurring costs and distributing revenue between the local school district and the SU complicates our accounting. This structure inhibits the efficient functioning of this business software. None of the business software systems investigated in the selection process was designed specifically for our complex system. All choices require costly adaptation.

As a single district, coordination and implementation of benefits would be more manageable. Determination of benefits (e.g. insurance, seniority, participation in retirement systems) eligibility would be more transparent and clear.

When considering grants, viewing Chittenden East as a whole presents a stronger case due to combined enrollments - often student population is a criterion in competitive grant opportunities.

The reductions in duplication and increased efficiencies would allow for reallocation of staffing resources to facilities coordination and human resources. These areas have been identified as in need of additional attention and services. Furthermore, staff savings could be realized in special education administration, bookkeeping and grant coordination (see Potential Savings in the Formation of the Chittenden East Regional Education District Chart).

Improved utilization of buildings and sport facilities

Addressed in Improved Student Opportunities and Outcomes

Centralized contracting

A RED could benefit from contracting with a single provider for selected services (e.g. trash, fuel, food, supplies, plowing).

Chittenden East Supervisory Union presently has a unified employment agreement for teaching and support staff.

Transportation

Chittenden East currently has centralized transportation services.

Food service

A RED would permit and encourage staff collaboration and networking for food services across Chittenden East. Schools could take advantage of the talents and skills of current food service staff employed by other districts. Innovations and techniques could be implemented throughout Chittenden East. This has the potential to improve quality/nutrition of meals, increase revenue, reduce costs, expand partnerships with local farmers, grow composting efforts and broaden purchasing power with suppliers and vendors. Implementation of a “point of sale” system in all schools would have a better chance of coming to fruition. This service reduces bookkeeping costs, is convenient for busy families and maintains up-to-date information for federal reimbursement.

Potential Cost Reductions in the Formation of the Chittenden East Regional Education District:

Potential Reductions in CESU Merger	Amount
Special Education Administration	\$45,000
One Bookkeeper	\$43,000
Grant Coordinator	\$70,000
Treasurer at UID	\$17,000
Annual Report Printing	\$12,000
CESU Annual Meetings	\$5,000
Audits	\$12,000
Board Stipends	\$7,500
CESU Relocated to School Building (please note that there are costs associated in relocating Central Office)	\$49,000
Mansfield Academy Relocated to School Building	\$53,000
Total Estimated Cost Reductions	\$313,500

Additional savings in Central Office expenditures are anticipated as a result of creating the RED.

Estimated Impact of Local Tax Rates with State Incentives

	Smilie Memorial Elementary (Bolton)	Brewster Pierce Elementary (Huntington)	Jericho Elementary (Jericho)	Richmond Elementary (Richmond)	Underhill Central School (Underhill Town)	Underhill ID Elementary (Underhill)	Underhill ID Elementary (Jericho)
Proposed Local Homestead Tax Rate (FY 12)	1.4814	1.2466	1.3061	1.2426	1.2608	1.2803	1.2755
Estimated Local RED Homestead Tax Rate (with state incentives)	1.4049	1.1907	1.2370	1.1924	1.2353	1.2163	1.2118
Change in Local Tax Rate under RED*	(-\$0.0765)	(-\$0.0559)	(-\$0.0691)	(-\$0.0502)	(-\$0.0255)	(-\$0.0549)	(-\$0.0546)

*The calculations used in this illustration reflect the proposed FY 12 budget totals. The reductions in Local Tax Rates are a result of the .08 state incentive in the first year of implementation of the merger.

**It should be noted that the state incentives in years 2-4 decline each year for the term of the incentive program. The incentive percentage starts at 8 cents for the initial year and then declines each year thereafter (6 cents year two, 4 cents year three and 2 cents in year four).

Attachment B School Choice Options

Describe the grades which are presently served by combining/forming districts, and their building configurations (before the proposed merger).

Elementary students grades Prek-4 from *Bolton* attend *Smilie Memorial School*.

Elementary students grades Prek-4 from *Huntington* attend *Brewster Pierce Memorial Elementary School*.

Elementary students grades K-4 from *Jericho* attend *Jericho Elementary School*.

Elementary students grades Prek-4 from *Richmond* attend *Richmond Elementary School*.

Elementary students grades K-4 from *Jericho* and *Underhill* in the current *Underhill ID District* attend *Underhill ID Elementary School*.

Elementary students grades K-4 from *Underhill Center* attend *Underhill Central Elementary School*.

Students in grades 5-8 in *Bolton*, *Huntington* and *Richmond* attend *Camels Hump Middle School*.

Students in grades 5-8 in *Jericho* and *Underhill* attend *Browns River Middle School*.

Students in grades 9-12 attend *Mount Mansfield Union High School*.

Describe the grades which will be served by the RED after its creation, and their building configurations.

The RED will serve grades Kindergarten – Grade 12 by providing for students' education at public schools operated by the RED.

The RED Board shall determine the operation of Prekindergarten programs.

Grade level configurations by building are as follows:

- Smilie Memorial Elementary – Prekindergarten through Grade 4
- Richmond Elementary – Prekindergarten through Grade 4
- Brewster Pierce Memorial School – Prekindergarten through Grade 4
- Jericho Elementary – Kindergarten through Grade 4
- Underhill ID Elementary – Kindergarten through Grade 4
- Underhill Center School – Kindergarten through Grade 4
- Camels Hump Middle School – Grade 5 through Grade 8
- Browns River Middle School – Grade 5 through Grade 8
- Mount Mansfield Union High School – Grade 9 through Grade 12

Describe any expansion or diminishment of school choice options that will result from the creation of the proposed RED.

School choice options will be expanded in the RED. Within allowable space and within reasonable limits of the existing transportation system, parents may apply for their student(s) to attend any elementary and/or middle school in the RED. School choice for high school students will remain within the current system of choice at MMU within the Champlain Valley School Choice Collaborative established under Act 150 by the Vermont legislature.

Describe the present status of your Act 150 partnerships ([16 VSA 1621 and 1622](#)), and any planned expansion or diminishment thereof.

<p style="text-align:center">PUBLIC SCHOOL CHOICE COLLABORATIVE MOUNT MANSFIELD UNION HIGH SCHOOL DISTRICT</p> <p style="text-align:center">Articles of Agreement</p> <p>Article I – Introduction <i>The undersigned superintendents, having been duly authorized by their respective school boards, hereby enter into the following agreement to establish a public school choice program in the 2010-2011 school year for high school students in the Champlain Valley High School District and the Mount Mansfield Union School District in accordance with the terms and conditions contained herein.</i></p> <p>Article II – Purpose <i>It is the purpose of this agreement, through the offering of public school choice to high school students, to provide expanded educational opportunity for students who choose to enroll totally or participate in a co-enrollment status to avail himself/herself of specific programs and courses of study not available at the resident school.</i></p> <p>Article III – Definitions a) <i>“Choice,” for the purpose of these articles of agreement, means the limited selection of public school in the Mount Mansfield Union High School/ Champlain Valley High School District for those students who presently have a designated high school and do not have public school choice.</i> b) <i>“High School,” for the purpose of these articles of agreements, means Grades 9-12.</i> c) <i>“Resident School District,” for the purpose of these articles of agreement, means the school district from which a student chooses to transfer to another school under this agreement.</i> d) <i>“Receiving district,” for the purpose of these articles of agreement, means the school district chosen by the participating students.</i> e) <i>“ADM,” for the purpose of these articles of agreement, means the Average Daily Membership computation in the state aid to education formula for those students attending a school outside the district under an inter-district agreement.</i> f) <i>“Excess costs,” for the purpose of these articles of agreement, means the additional expenditures that are required by law to implement individual plans for students with disabilities, including 504 plans that are not reimbursed through state or federal funds.</i></p> <p>Article IV – Implementations of Public School Choice Program a) <i>Participation in the school choice program will be based on individual school capacity. Capacity will be defined in accord with the Commissioner’s communication dated March 22, 2002. (Attached)</i> b) <i>Except with respect to students eligible for Special Education and 504 services requiring the expenditure of excess costs, no transfer of funds shall be involved with the implementation of the public school choice program. Each receiving district shall count toward its ADM proportionally those students who choose to attend in total or as a co-enrolled student.</i> c) <i>Each student who participates, unless expelled in accordance with the receiving school’s policy and federal and state law, shall be guaranteed enrollment in that high school until graduation regardless of the continuing participation of either the sending or receiving district.</i> d) <i>A student who has been expelled or received a short or long term suspension, i.e. more than ten (10) days, shall not be eligible for participation in the school choice program for the remainder of that school year and my not be eligible for participation for additional years as determined by the date and circumstances of the disciplinary action. The decision of the principal in this regard shall be final.</i> e) <i>Annually, the school districts shall review capacity (reference a) above) and shall determine availability of ADM for the subsequent year.</i></p>

Article V – Selection of Students to Participate

Students residing in their designated high school district for the 2010-2011 school year shall be selected for enrollment in the program and for acceptance at the sending high school in a nondiscriminatory manner. If more than the determined number of students wish to transfer from the sending high school or to be accept by another participating high school, a lottery system as agreed upon by the receiving high school shall be employed. The lottery system shall permit students not selected for admission to participate in the second choice lottery if spaces remain available.

Article VI – Return to Sending School

If a student chooses a high school other than the resident high school and, after enrolling, no longer wishes to continue at the receiving high school, the student may only return to the resident high school.

Article VII – Definitions

Students exercising public school choice under this program are subject to the disciplinary policies and procedures of the receiving school.

Article IX – Special Education, Section 504, Act 230

Both the resident and the receiving district will work collaboratively to ensure that the needs of the students with disabilities are met. In the case of students eligible for Special Education, subject to any state and federal requirements, the resident district shall retain fiscal obligations as well as the responsibility for the management and the oversight of the student’s individual plan. The receiving district shall be responsible for hiring and supervising personnel who provide services to such students.

Article X – Technical Education

Procedures for technical education consistent with state regulations, including funding shall be adhered to by both the resident and receiving school district.

Article XI – High School Athletic or Activity Eligibility and Participation

Each high school shall treat all choice students enrolled students in the same fashion with regard to eligibility for and participation in athletics and activities as they do resident students.

Article XII – Transportation

Students or the parents of students participating in school choice under this agreement will be responsible for providing transportation to the receiving school district.

Article XIII – Amendment and Dissolution

- a) *The foregoing articles of the agreement may be amended or dissolved at the time of the annual authorization by a mutual agreement between the two schools.*
- b) *Participating school district may not withdraw from this agreement within the 2010-2011 school year. Such withdrawal shall be communicated in writing to the other district no later than February 1 of any subsequent year. Absent from such notification of withdrawal from this Agreement, the participating schools will continue to operate under the Agreement.*
- c) *Notwithstanding the above, the provisions of Articles IV b. and IV c. shall not be amended or dissolved with respect to the students who have already exercised the choice to attend a receiving high school.*

Article XIV – Tuition Students

Only those students participating in this public school choice collaborative will receive waiver of tuition costs to the receiving school. Students will be credited as ADM students at their receiving school proportionate to the full-time status of the student. Those students living in communities without secondary schools will continue to be enrolled at the school of their choice with their respective communities paying the set tuition rate for the receiving school as permitted by Vermont Statute.

Describe any plans, or any discussions that have occurred, regarding designation one or more public or private schools.

No plans for designation are in place. This RED will be a prekindergarten – grade 12 system with one high school, two middle schools and six elementary schools.

Describe any plans, or any discussions that have occurred, regarding closure of schools.

No discussions of closures have occurred and none are planned with the creation of the RED. As per the language of Act 153, no school closures are permitted in the first four years of operation unless the town of residence agrees to a closure.

Landgrove School District;
Londonderry School District;
Peru School District;
Weston School District;

Regional Education District (RED)
Planning Committee Report

The Plan

January 5, 2012

Authorization to engage in this RED Planning Committee process was voted in the affirmative by the following boards of directors on the following dates:

Landgrove Board of Directors, on December 15, 2010;
Londonderry Board of Directors, on December 15, 2010;
Peru Board of Directors, on December 15, 2010;
Weston Board of Directors, on December 15, 2010;

The Commissioner of Education was advised of the formation of this RED Study Committee, pursuant to Title [16 V.S.A. § 706b](#), by letter December 16, 2010; and in that letter, Wendell Coleman was identified as chairperson of the RED Planning Committee.

Recommended Articles of Agreement, pursuant to the requirements of [Title 16, Chapter 11, Subchapter 3](#), as are set forth herein below, were agreed upon by the Planning Committee at its duly warned meeting of October 5, 2011.

**The Following Districts Are Deemed Necessary
for the Establishment of the Proposed RED**

LANDGROVE SCHOOL DISTRICT

Grades served: PreK and 9-12 (Explanation: Landgrove is a member of Flood Brook Union School District, which provides education for students in grades K-8 for each of its four member towns. High school students in Landgrove have school choice, with the vast majority of them attending Burr and Burton Academy in Manchester, VT.)

ADM¹:

	ADM (Grades Served)	Total Resident ADM (including Flood Brook, K-8)
2010-11	12.00	31.00
2009-10	12.00	27.25
2008-09	12.00	34.00

Per pupil spending¹:

	Equalized Pupils (non- FBUS only)	Spending Per Equalized Pupil (Budgeted)	State Ranking (spending per equal. pupil)	Ed. Spending Per Equalized Pupil	State Ranking (ed. spending per equal. pupil)	Act 68 Homestead Equalized Tax Rate
2010-11	12.24	\$13,330.80	235	\$12,267.48	148	\$1.23
2009-10	12.38	\$13,772.62	218	\$12,377.63	126	\$1.25
2008-09	11.67	\$13,519.45	208	\$11,900.43	133	\$1.26

Student-to-teacher, student-to-adult, administrator-to teacher, and student-to-administrator ratios:

Not applicable, as Landgrove does not operate a school.

District population (estimated as of 2009)²: **137**

Sources: ¹ Vermont Department of Education

² UVM Center for Rural Studies – VT State Data Center

LONDONDERRY SCHOOL DISTRICT

Grades served: PreK and 9-12 (Explanation: Londonderry is a member of Flood Brook Union School District, which provides education for students in grades K-8 for each of its four member towns. High school students in Londonderry have school choice, with the vast majority of them attending Burr and Burton Academy in Manchester, VT.)

ADM¹:

	ADM (Grades Served)	Total Resident ADM (including Flood Brook, K-8)
2010-11	102.00	247.00
2009-10	116.60	271.76
2008-09	120.00	281.90

Per pupil spending¹:

	Equalized Pupils (non- FBUS only)	Spending Per Equalized Pupil (Budgeted)	State Ranking (spending per equal. pupil)	Ed. Spending Per Equalized Pupil	State Ranking (ed. spending per equal. pupil)	Act 68 Homestead Equalized Tax Rate
2010-11	116.88	\$16,271.31	88	\$14,595.12	18	\$ 1.47
2009-10	118.91	\$ 17,928.86	23	\$14,727.09	7	\$1.52
2008-09	121.27	\$15,691.70	82	\$13,285.36	32	\$1.41

Student-to-teacher, student-to-adult, administrator-to teacher, and student-to-administrator ratios:

Not applicable, as Londonderry does not operate a school.

District population (estimated as of 2009)²: **1,814**

Sources: ¹ Vermont Department of Education

² UVM Center for Rural Studies – VT State Data Center

PERU SCHOOL DISTRICT

Grades served: PreK and 9-12 (Explanation: Peru is a member of Flood Brook Union School District, which provides education for students in grades K-8 for each of its four member towns. High school students in Peru have school choice, with the vast majority of them attending Burr and Burton Academy in Manchester, VT.)

ADM¹:

	ADM (Grades Served)	Total Resident ADM (including Flood Brook, K-8)
2010-11	23.00	60.00
2009-10	27.00	57.00
2008-09	28.00	66.00

Per pupil spending¹:

	Equalized Pupils (non- FBUS only)	Spending Per Equalized Pupil (Budgeted)	State Ranking (spending per equal. pupil)	Ed. Spending Per Equalized Pupil	State Ranking (ed. spending per equal. pupil)	Act 68 Homestead Equalized Tax Rate
2010-11	25.68	\$14,805.92	172	\$14,944.43	11	\$1.54
2009-10	24.29	\$16,140.68	94	\$13,852.16	30	\$ 1.39
2008-09	22.22	\$15,190.46	104	\$12,810.31	72	\$1.36

Student-to-teacher, student-to-adult, administrator-to teacher, and student-to-administrator ratios:

Not applicable, as Peru does not operate a school.

District population (estimated as of 2009)²: **424**

Sources: ¹ Vermont Department of Education

² UVM Center for Rural Studies – VT State Data Center

WESTON SCHOOL DISTRICT

Grades served: PreK and 9-12 (Explanation: Weston is a member of Flood Brook Union School District, which provides education for students in grades K-8 for each of its four member towns. High school students in Weston have school choice, with the vast majority of them attending Burr and Burton Academy in Manchester, VT.)

ADM¹:

	ADM (Grades Served)	Total Resident ADM (including Flood Brook, K-8)
2010-11	27.00	73.00
2009-10	29.00	78.40
2008-09	31.00	82.00

Per pupil spending¹:

	Equalized Pupils (non- FBUS only)	Spending Per Equalized Pupil (Budgeted)	State Ranking (spending per equal. pupil)	Ed. Spending Per Equalized Pupil	State Ranking (ed. spending per equal. pupil)	Act 68 Homestead Equalized Tax Rate
2010-11	26.16	\$17,017.93	54	\$15,061.96	9	\$ 1.57
2009-10	30.62	\$ 16,752.71	56	\$12,886.02	88	\$ 1.30
2008-09	36.35	\$15,535.41	86	\$12,985.50	61	\$1.38

Student-to-teacher, student-to-adult, administrator-to teacher, and student-to-administrator ratios:

Not applicable, as Weston does not operate a school.

District population (estimated as of 2009)²: **631**

Sources: ¹ Vermont Department of Education

² UVM Center for Rural Studies – VT State Data Center

FLOOD BROOK UNION SCHOOL DISTRICT**Grades served: Kindergarten through Grade 8**ADM¹:

	ADM (K-8)
2010-11	247.00
2009-10	256.81
2008-09	267.90

Per pupil spending¹:

	Equalized Pupils	Spending Per Equalized Pupil (Budgeted)	State Ranking (spending per equal. pupil)	Ed. Spending Per Equalized Pupil	State Ranking (ed. spending per equal. pupil)	Act 68 Homestead Equalized Tax Rate
2010-11	261.56	\$18,101.67	30	\$13,826.54	41	\$1.39
2009-10	268.20	\$17,733.96	31	\$13,651.17	41	\$1.37
2008-09	273.05	\$17,706.88	24	\$13,524.93	22	\$1.43

Student-to-teacher, student-to-adult, administrator-to teacher, and student-to-administrator ratios¹:

	Student-to-Teacher Ratio	Student-to-Adult Ratio	Admin.-to-Teacher Ratio	Student-to-Admin. Ratio
2010-11	11.00	4.77	13.00	143.00
2009-10	11.65	5.02	13.00	151.50
2008-09	11.70	5.56	13.55	158.53

Total district population – 4 towns (estimated as of 2009)²: 3,006Sources: ¹ Vermont Department of Education² UVM Center for Rural Studies – VT State Data Center

**The Following Districts Are Deemed Advisable
for the Establishment of the Proposed RED**

NONE AT THIS TIME

Planning Committee Members

Wendell Coleman, Chairperson

Charlie Cave

Carrie Chalmers

Esther Fishman

Doug Friant

Debra Lyneis

Jim Mooney

Andrea Ogden

Dianne Yelton

Jeanne Zammataro

Nancy Westlund, Retired

David Adams, Superintendent of Schools,

Patrick Walters, Principal, Flood Brook Union School

Meredith Austin, Business Manager, Windsor South West Supervisory Union

Articles of Agreement

The Planning Committee recommends that the following Articles of Agreement be approved by the electorates of each of the named school districts in order to create a RED to be named Mountain Towns Regional Education District.

Article 1

The School Districts of Landgrove, Londonderry, Peru, and Weston (hereinafter referred to as the “forming districts”) are necessary to the establishment of the Mountain Towns RED.

Article 2

The member school districts of the Mountain Towns RED have worked increasingly over the past several years to consolidate management and educational services, master employee contracts and to otherwise bring about effective and efficient operating procedures and practices. Through this process, both formal and informal agreements, management systems and operating procedures have evolved between and among these member school districts, laying a foundation for the creation of the Mountain Towns Regional School District.

Article 3

The Mountain Towns RED will operate grades K - 8 and offer parental choice for grades 9 – 12, and will offer Pre-K education as determined by the Mountain Towns RED Board.

Article 4

Beginning July 1, 2013, the Mountain Towns RED Board will be responsible for adopting policies regarding the transportation of the publicly-funded students of the district consistent with the centralization of transportation provision of Act 153.

Article 5

The RED will honor all pre-existing master and individual contracts that are in place for the forming school districts on July 1, 2013. These master and individual agreements will continue until their respective specified termination dates.

Article 6

The combining/forming districts of the RED recognize their obligations, pursuant to Act 153 of 2010, Section 9, to standardize curricula, and to otherwise standardize their operations within existing Supervisory Unions boundaries, on or before July 1, 2013.

Article 7

Any and all operating deficits and/or surpluses of any of the combining/forming districts shall become the property, and/or the obligation, of the RED on or before June 30, 2013.

Article 8

The combining/forming districts will convey to the RED all of their school-related real and personal property, for One Dollar, and the RED will assume all capital debt associated therewith, effective on or before June 30, 2013.

In the event that, and at such subsequent time as, the RED determines that any of the real property, including land and buildings, conveyed to it by one or more of the combining/forming districts is or are unnecessary to the continued operation of the RED, and its educational programs, the RED shall convey such real property, for the sum of One Dollar, and subject to all encumbrances of record, to the town in which it is located.

Article 9

A combining/forming town/district's representation on the RED Board will be closely proportional to the fraction that its population bears to the aggregate population of the RED. Initial RED Board composition will be based upon the year 2010 Federal Census, and shall be recalculated promptly following the release of each subsequent decennial census. However, at no time will a combining/forming town/district have less than one board member on the RED Board. Subject to the previous sentence, each proportionality calculation shall be rounded to the nearest whole number.

Number of School Board Members by Town/City

Landgrove	1 Member
Londonderry	4 Members
Peru	1 Member
Weston	2 Members
Total	8 Members

Article 10

RED Board Members will be elected for three-year terms, except for those initially elected at the time of the formation of the RED. In the initial RED Board Member terms of office will be as follows:

Distribution of Initial One-Year, Two-Year and Three-Year Terms

Town/City	1 Year Term	2 Year Term	3 Year Term
Landgrove			X
Londonderry	XX	XX	
Peru			X
Weston		X	X

Article 11

The proposal for forming this RED will be presented to the voters of each member school district which is designated as “necessary,” and to the voters of each district which is designated as “advisable,” on March 6, 2012, at which time the required RED Board Members will also be elected.

Article 12

Upon an affirmative vote of the electorates of the school districts which are necessary, and upon compliance with 16 V.S.A. § 706g, the RED shall have and exercise all of the authority which is necessary in order for it to prepare for full operation beginning on July 1, 2013 in accordance with statutes.

Article 13

The Mountain Towns RED will propose annual budgets in accordance with 16 VSA, Chapter 11. Voting on these budgets will be by floor vote as prescribed by 16 VSA§428.

Article 14

The Landgrove, Londonderry, Peru, Weston School Districts and Flood Brook Union School District and their boards, shall remain in existence after the effective operation date of the RED district (July 1, 2013) but only for so long as is reasonably necessary for the purpose of completing any business not concluded prior to (or at) the creation of the RED. All such uncompleted business shall be completed as soon as practicable, and in no event any later than June 30, 2014.

Article 15

Attach Cost Benefit Analysis.(See form at Attachment A)

Article 16 (See form at Attachment B)

The current grade configuration and high school choice model will be maintained by the RED.

Article 17

All K-8 students who are residents of Landgrove, Londonderry, Peru and Weston will attend the Flood Brook School. All resident high school students will attend a public high school or an approved independent high school of their choice. Resident pre-school students may attend any approved pre-school in accordance with statutes.

Article 18

The RED school board shall provide opportunity for local input on policy and budget development by annually conducting at least two public meetings at each public school operated by the RED. At least one of the public meetings shall concern school budget development and shall be held prior to the school board's adoption of a fiscal year school budget. The Board will clearly warn all matters of policy to be discussed and may call special public meetings to discuss matters of public concern to the board and the community.

Article 19

The forming districts are currently the member districts of the Flood Brook Union School District No. 20, and grade K-8 pupils of the forming districts attend the Flood Brook School in Londonderry. If the RED is formed, the Flood Brook Union School District No. 20 shall transfer any and all operating deficits and/or surpluses to the Mountain Towns Regional Education School District effective June 30, 2013 and such surpluses/deficits shall become the property, and/or the obligation, of the Mountain Towns Regional Education School District. The Flood Brook Union School District shall also convey to the Mountain Towns Regional Education School District all of its school-related real and personal property, for One Dollar, effective June 30, 2013 and the Mountain Towns Regional Education School District will assume all capital debt associated therewith. During the period prior to July 1, 2013, the Mountain Towns Regional Education School District shall be authorized to receive funds from and use property of the Flood Brook Union School District, subject to the reasonable discretion of the Flood Brook Union School District Board of School Directors. The Flood Brook Union School District shall cease to operate at midnight on June 30, 2013 and shall thereafter be dissolved and cease to exist as soon as reasonably possible following completion of all business necessary to transfer operation of the district to the Mountain Towns Regional Education School District.

Article 20

The RED will honor all pre-existing master and individual contracts that are in place for the Flood Brook Union School District on July 1, 2013. These master and individual agreements will continue until their respective specified termination dates.

Article 21

The RED Study Committee's request for approval of a plan pursuant to 16 VSA § 706c is contingent upon the State Board of Education's agreement that the RED be regrouped into the Bennington-Rutland Supervisory Union.

Attachment A Cost Benefit Analysis

Efficiencies will be gained through the creation of a RED in the following areas;

Improved student opportunities and outcomes

As the RED affiliates with the BRSU, the overwhelming majority of its students will become part of a common K-12 learning community. One board will follow these students up through their high school experience. In so doing, the board and the educational leaders will be better able to offer a cohesive, personalized educational experience for all RED students. This is clearly a great advantage.

This expanded educational ecosystem as imagined by our local school leaders will become the means by which the RED's curricular goals and improved student opportunities and outcomes may be realized through new possibilities for: increased offerings in world languages; more articulated and connected curricula providing increased sequential offerings; and a wider variety of course offerings on the middle school level through shared opportunities or distance learning programs within the SU.

Currently Flood Brook School, as a result of the directives of Act 153, and because it is best practice, must seek to find horizontal curriculum coordination and vertical curriculum alignment with other elementary schools within the WSWSU and align its curricular scope and sequence with high schools in two different SUs. Going forward, as part of the BRSU, the focus would be specifically in one SU, wherein Flood Brook School would be part of a single SU-wide program of horizontal curricular coordination and vertical curricular alignment. Students in the RED will be part of a common K-12 scope and sequence and curricula based on the Flood Brook K-8 program, its horizontal curricular coordination with the rest of the BRSU's K-8 schools and its planned developmental curricular interface with the 9-12 curricula. This connectedness will enable better oversight of individual needs, whether they are for enrichment, remediation or special needs. Current thinking clearly indicates that seeking means to better individualize education for each student will improve their performance. A unified board would be better able to achieve these results

While the vast majority of the RED's high school students attend Burr and Burton Academy (95+/-%), those families who wish to exercise a high school choice option other than BBA will continue to be free to do so. Students and teachers will become both part of and partners in an educational ecosystem whose culture of high school choice is similar to that of the RED

Reducing the number of board members from the current twenty to eight and the number of boards from five to one, will free administrators' time to focus on educational opportunities. Finally, a board focused on the PreK-12 continuum of our students can better oversee the implementation of necessary changes and improvements.

Technology

The Mountain Towns RED will support and expand opportunities using technology in learning activities and faculty integration of technology through a PreK-12 continuum of instructional practices.

Teacher staffing

The RED will operate only one K-8 school. As a result of the RED there will be no significant changes in teaching staff or other professional staff. Special education and other professional staff whose employment is to be transitioned to the Supervisory Union will be provided with all of the obligations of the existing collective bargaining agreements until their expirations, pursuant to Section 9 of 16 V.S.A. § 261 (a)6.

Non-teacher staffing

The RED will operate only one K-8 school. As a result of the RED there will be no significant changes in non-teaching staff or other non-instructional staff. These staff, as well as these categories of staff whose employment is to be transitioned to the Supervisory Union will be provided with all of the obligations of the existing collective bargaining agreement until their expiration and new collective bargaining agreements are agreed to.

Student data collection and reporting

Collecting, reporting and analyzing student data from PreK-12 supports coordination, continuity and responsible allocation of resources. Data compilation and analysis as a RED, optimizes the capacity of our curriculum and data collection, creates a user-friendly reporting tool and affords more opportunities for universal and streamlined training of staff. A single RED board would write, implement and monitor strategic plans for its PreK-12 students. Each grade would be a part of a common K-12 scope and sequence and curricula. Focus would shift from local town school boards responsible for the needs and results of their local high school population to a RED, a single board that would govern a PreK-12 system and have improved accountability for K-12 outcomes. Consistent curriculum articulation, evaluation and the reporting about such articulation and evaluation to the district and its communities is improved with a superintendent reporting to one district with common purpose rather than five districts with differing sets of purposes.

Financial accounting and budgeting

The realignment of the RED with BRSU will provide the district with access to the most current and transparent financial management system. The formation of a unified school district could streamline accounting systems by creating a single PreK-12 budget rather than one K-8 budget and four PreK and 9-12 budgets, replacing five different assessments to member school districts with one RED assessment for costs incurred at the supervisory union level. Homestead tax rates will be simplified for member towns by creating a single, unified PreK-12 tax rate. There will be cost savings through fewer audits and one rather than 5 budget votes; There would be one RED treasurer, thus reducing required town offices' services and providing more consistent processes and applications of generally accepted accounting principles. Annual reports, ADM data and other state/ D.O.E. and/or S.U.-required documents would be reduced from five to one. **(Also see attachment 1 and additional financial data, Appendix 1, presented in Excel format**

Improved utilization of buildings and sport facilities

The Building and sports facilities located at the Flood Brook School will continue to be utilized by the K-8 students attending that school and by community groups who currently, or in the future, may request usage dependent upon available space. As the RED will not provide any high school programs on its own campus, no needed or desired changes in the facilities are anticipated.

Centralized contracting

While Flood Brook currently participates in a centralized S.U. fuel oil purchase agreement, we imagine future savings in the following areas: school supplies, maintenance supplies and technology, among others. Savings would be realized by combining service and supply orders within the SU.

Transportation

The Study Committee recommends that K-8 transportation services remain as is presently provided by the Flood Brook Union School District. The Study Committee further recommends that a transportation policy for students in grades 9-12 be adopted that continues to provide transportation to public and independent high schools already served by the member town school districts. Further, it recommends adopting a policy that establishes a transportation dollar amount reimbursement cap and plan for parents who transport their students to public and approved independent high schools to which transportation is not provided.

Food service

Food service for students in grades K-8 attending the Flood Brook School will continue to be delivered in its current model. There is no food service currently provided to high school students and none is anticipated to be provided by the RED.

Attachment B School Choice Options

Describe the grades which are presently served by combining/forming districts, and their building configurations (before the proposed merger).

Landgrove, Londonderry, Peru, and Weston are the member towns/districts that comprise the Flood Brook Union School District. High-school students from these communities have school choice. Students in grades K-8 from these four communities attend Flood Brook Union School. Pre-school students may attend approved pre-schools in accordance with statutes.

Describe the grades which will be served by the RED after its creation, and their building configurations.

There will be no change of status with regards to the building configurations as a result of these four communities and Flood Brook Union School District forming the proposed RED. After the RED's creation grades PreK-12 will be served by a single board.

Describe any expansion or diminishment of school choice options that will result from the creation of the proposed RED.

There will be no expansion or diminishment of school choice options as a result of the creation of the proposed RED.

Describe the present status of your Act 150 partnerships ([16 VSA 1621 and 1622](#)), and any planned expansion or diminishment thereof.

Landgrove, Londonderry, Peru and Weston are not engaged in any Act 150 partnerships.

Describe any plans, or any discussions that have occurred, regarding designation one or more public or private schools.

The Town School Districts of Landgrove, Londonderry, Peru and Weston have chosen not to designate any public or private high schools and will continue to offer high school choice to the students who are residents of the RED. Resident students in grades K-8 will attend the designated Flood Brook School for those grades.

Describe any plans, or any discussions that have occurred, regarding closure of schools.

There are no plans, nor have there been any discussions, to close Flood Brook School.

ATTACHMENT 1

FINANCIAL, ACCOUNTING AND BUDGETING (Central Office Function)

The merger of the Landgrove, Londonderry, Peru and Weston town school districts with the Flood Brook Union School District into a Regional Education District (RED) will create a more efficient and streamlined school district fiscal operation. The merger will simplify and/or provide cost savings in these areas: 1) accounting, 2) budgeting and 3) finances. All school district fiscal functions will be under the control of one school board reducing duplication that exists under the current school organizational structure.

Budgeting

The central office for the Mountain Towns RED will develop one budget rather than the five now required under the current school district organization. The expenses for the four Mountain Towns will be aggregated which will minimize the impact of fluctuating student enrollment patterns and better meet specific student needs by distributing cost over a larger student population. This will create a more consistent process that will simplify the work load at the district business office and provide for a more efficient and effective budget process.

Accounting

One budget for the RED will simplify the accounting of all district finances, especially the processing and recording of payables, payroll and revenues. Again, this will reduce workload as well as simplify accounting tasks now necessary with five (5) school budgets under the current organizational structure. In addition the number of annual reports for the Mountain Towns as well as statistical and census reports required by the Department of Education will be reduced to one. This will streamline the accounting process and save duplication of staff effort in producing these documents.

With the anticipated move of the RED to the BRSU, the new accounting software that the BRSU is adopting will be available to the new district. Because BRSU is beta testing for the software vendor, the cost of this updated software program will be a minimal expense to BRSU and will provide a state of the art program for the accounting task for the RED. It will be a more comprehensive package designed to handle the financial complexities for the reports and functions required by the Department of Education and the new federal audit requirements.

Financial

The RED will provide a financial benefit for the four high school choice town school districts. The merger will provide greater financial capacity for each town that will reduce the chance that the equalized per pupil cost will exceed the state threshold equalized per pupil spending. Currently two(2) of the four(4) towns exceed the threshold spending for equalized spending because spikes in student population due to in- and out-migration, ratio of elementary to secondary students, special education costs, and/or variations in pupil count, among other

variables which penalize these communities with a higher Homestead Tax Rate. Combining the four towns with the Flood Brook Union School District will provide a cushion that will bring down the equalized per pupil spending below the threshold amount. This will lessen the possibility that the Homestead Tax Rate for one or more towns will not exceed the threshold per pupil spending limit.

Grant Funds

The Mountain Towns and Flood Brook Union School would bring considerable IDEA and Title I and II funds to the BRSU with the merger. The IDEA funds would be used to cover increased psychologist costs and/or to reduce the amount to be raised for the Special Education administration assessment. The model being presented in this report suggests that \$55,000 of IDEA funds would be available to offset the above expenses.

The Title I and II funds, unknown at this time, would be used to support staff development, technology and other professional training activities to benefit the BRSU and the Mountain Towns.

Cost Savings

The Mountain Towns will realize a significant cost savings by merging into a RED and joining the BRSU. The financial benefits will fall into three (3) areas: 1) reduced assessment from the BRSU, 2) less duplication of reporting and a more consistent accounting and budgeting system and 3) a more stable Homestead Tax Rate that will not be impacted by the equalized per pupil spending threshold. The savings will be in excess of \$144,000.

First, the BRSU with the addition of the Mountain Towns will have an increased child count, over 2100 students, that will spread the BRSU assessments proportionally over each entity in the Supervisory Union. This will reduce the Mountain Towns assessment substantially under what they are presently assessed in the WSWSU.

Second, the Mountain Towns will benefit from reduced duplication of required reports and a more consistent accounting and budgeting system. This will lessen the central office workload and with fewer school boards reduce required annual and statistical reports. The reduced workload will be a direct time savings for the staff thus resulting in a small but significant savings for the finance department.

Third, because Flood Brook Union School is already a unified K-8 school district, the towns of Landgrove, Londonderry, Peru and Weston, with high school choice, have few high school students and often have high equalized per pupil spending that exceeds the threshold spending per pupil. The RED will provide a more stable tax rate less impacted by fluctuating enrollment patterns by aggregating education costs over a larger student population. In particular, spikes, as described above, in one town will be aggregated with the other members of the RED to absorb the financial impact of special needs students on the equalized per pupil spending.

POTENTIAL MERGER SAVINGS FOR THE MOUNTAINS TOWNS REGIONAL EDUCATION DISTRICT:

Potential Reductions in Merger	Amount
VSBA Dues	\$ 500
Legal Fees	1,500
Audit Fees	7,200
Directors' Fees	1,000
School Board Expenses	250
Bookkeeping Office at Flood Brook	11,350
Reduced Bill back Expenses	7200
Reduced SU Assessments as BRSU member	<u>109,575</u>
Total Estimated Savings	\$138,575

Estimated Impact of Local Tax Rates with State Incentives

	Landgrove	Londonderry	Peru	Weston
Local Homestead Tax Rate for FY12 ***	1.3401	1.5057	1.3402	1.5584
Proposed RED Homestead Tax Rate (no 5% cap) **	1.3182	1.3639	1.3119	1.4598
Estimated Local RED Homestead Tax Rate (with 8 cent state incentive and 5% cap on rate change)	1.3182	1.3639	1.3585	1.6458
Change in Local Tax Rate under RED *	-0.0219	-0.1418	+0.0183	+0.0874

* The calculations used in this illustration reflect the proposed FY12 budget totals. The reductions and/or increases include the 8 cents incentive in the first year of the implementation of the merger.

** These calculations represent the projected Homestead Tax Rate without the 5 percent cap on the tax rate increase or decrease from the previous year's Homestead Tax Rate. Both Peru and Weston have a tax rate that exceeds the Act 153 limitation on the Homestead Tax Rate decrease.

*** The Weston Homestead Tax Rate for FY12 dropped significantly from FY11 because \$18,234 of their previous year's fund balance was used as revenue to reduce the FY12 budget; thereby creating an anomalous Homestead Tax Rate. This is a onetime reduction which will not be available for the FY13 budget.

**** It should be noted that the state incentives in years 2-4 decline each year for the term of the incentive program. The incentive starts at 8 cents for the first year and thereafter (6 cents year two, 4 cents year three and 2 cents year four).

ATTACHMENT 2

DEMOGRAPHICS AND ENROLLMENT PROJECTIONS

FOR THE

MOUNTAIN TOWNS SCHOOL DISTRICTS

BY

STATISTICAL FORECASTING LLC

OCTOBER 2011

A. Selected Demographic Characteristics

In Table 1 below, selected demographic characteristics of the towns of Londonderry, Weston, Landgrove, and Peru are compared from the 2000 Census, the 2005-2009 American Community Survey (ACS), and the 2010 Census. As of this writing, limited amounts of data from the 2010 Census have been released at the municipal level and will not likely be available until late 2011 or 2012. As a proxy for the 2010 Census, ACS data was used when 2010 data were not available. ACS data represents a sample collected over a 5-year time period, where the estimates represent the average characteristics between January 2005 and December 2009. This information does not represent a single point in time like Census data. In addition, since ACS data is from a sample, margins of error exist for all of the results.

1. Londonderry Town

Located in Windham County, Londonderry had 1,769 residents in 2010, which is a small gain from its population in 2000 (1,709). Regarding ethnicity, Londonderry was 98.0% White in 2010, which is also similar to its ethnic breakdown from 2000. The Census Bureau does not consider Hispanic as a separate race; rather it identifies the percent of people having Hispanic origin. The concentration of persons having Hispanic origin doubled as 1.0% were categorized as Hispanics in 2010 as compared to 0.5% in 2000.

The median age in Londonderry has increased from 41.5 years in 2000 to 46.0 years in 2010. During the same time period, the percentage of people under the age of 18 years, which corresponds to school-age children, has declined from 21.9% to 19.1%.

Regarding educational attainment for adults aged 25 and over, 31.1% of the population had a bachelor's degree or higher in 2005-2009 as compared to 24.4% in 2000.

Median family income has increased from \$48,000 in 2000 to \$56,176 in 2005-2009. During this time period, the percentage of children under the age of 18 that are in poverty has increased from 9.2% in 2000 to 16.9% in 2005-2009.

Regarding housing, there were approximately 1,476 housing units in Londonderry in 2010, of which 53.5% were occupied. The low occupancy rate is related to the number of second-home owners in the community that are not occupying the homes as their primary residence. Of the occupied homes, 76.3% were owner-occupied in 2010. The median home price of an occupied unit in 2005-2009 was \$223,100, which is nearly double the value reported in 2000 (\$121,900).

2. Weston Town

Located in Windsor County, Weston's population declined from 630 in 2000 to 566 in 2010. In 2010, Weston was 98.1% White as compared to 97.0% in 2000. The concentration of persons having Hispanic origin declined from 1.7% in 2000 (11 persons) to 0.2% (1 person) in 2010.

The median age in Weston has increased from 50.4 years in 2000 to 55.7 years in 2010. The percentage of people under the age of 18 years has decreased from 18.6% in 2000 to 13.8% in 2010, which corresponds to school-age children.

Regarding educational attainment for adults aged 25 and over, 52.0% of the population had a bachelor's degree or higher in 2005-2009, which is an increase from the 41.6% reported in 2000.

Median family income has increased from \$57,500 in 2000 to \$66,667 in 2005-2009. The percentage of children under the age of 18 that are in poverty has declined from 5.4% in 2000 to 0.0% in 2005-2009.

Regarding housing, there were approximately 565 housing units in Weston in 2010, of which 46.4% were occupied. Like Londonderry, the low occupancy rate is related to the number of second-home owners in the community. Of the occupied homes, 81.3% were owner-occupied in 2010. Median home price of an occupied unit in 2005-2009 was \$324,400, which is more than double the value reported in 2000 (\$153,400).

3. Landgrove Town

Located in Bennington County, Landgrove's population has increased from 144 in 2000 to 158 in 2010. With respect to ethnicity, Landgrove is approximately 99% White, which is similar to its ethnic makeup as 2000. The concentration of persons having Hispanic origin in 2010 is 0.6% (1 person) as compared to 0.0% in 2000.

The median age in Landgrove has increased from 45.3 years in 2000 to 53.5 years in 2010. During the same time period, the percentage of people under the age of 18 years has decreased from 23.6% to 19.0%, which corresponds to school-age children.

Regarding educational attainment for adults aged 25 and over, 53.7% of the population had a bachelor's degree or higher in 2005-2009, which is a large decline from the 74.1% in 2000.

Median family income has increased from \$55,625 in 2000 to \$61,458 in 2005-2009. The percentage of children under the age of 18 that are in poverty has declined from 23.8% in 2000 to 11.1% in 2005-2009.

With respect to housing, there were approximately 164 housing units in Landgrove in 2010, of which 45.1% were occupied. Like the previous communities, the low occupancy rate is related to the number of second-home owners in the community. Of the occupied homes, 77.0% were owner-occupied in 2010. Median home price of an occupied unit in 2005-2009 was \$434,400, which is 65.5% greater than the value reported in 2000 (\$262,500).

Table 1
Selected Demographic Characteristics

	Londonderry		Weston		Landgrove		Peru	
	2000	2005-2009, 2010 ²						
Total Population	1,709	1,769	630	566	144	158	416	375
Race Origin								
White	98.6%	98.0%	97.0%	98.1%	99.3%	98.7%	97.8%	94.9%
Black/African American	0.1%	0.3%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%
American Indian/ Alaska Native	0.2%	0.1%	1.0%	0.0%	0.0%	0.0%	0.0%	0.8%
Asian	0.5%	0.7%	0.6%	0.7%	0.7%	0.0%	0.2%	0.0%
Native Hawaiian/ Pacific Islander	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Race	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Two or more Races	0.6%	0.9%	1.1%	0.9%	0.0%	1.3%	1.9%	4.0%
Total	100.0%¹	100.0%¹	100.0%¹	100.0%¹	100.0%¹	100.0%¹	100.0%¹	100.0%¹
Hispanic Origin	0.5%	1.0%	1.7%	0.2%	0.0%	0.6%	0.7%	1.3%
Age								
Under 18	21.9%	19.1%	18.6%	13.8%	23.6%	19.0%	25.7%	20.8%
18-64	61.5%	62.7%	58.9%	52.8%	63.2%	51.3%	59.4%	62.1%
65 and over	16.6%	18.2%	22.5%	33.4%	13.2%	29.7%	14.9%	17.1%
Median age (yrs.)	41.5	46.0	50.4	55.7	45.3	53.5	40.9	47.8
Educational Attainment								
High school graduate or higher	80.4%	87.8%	91.4%	96.3%	93.8%	94.8%	86.3%	96.8%
Bachelor's degree or higher	24.4%	31.1%	41.6%	52.0%	74.1%	53.7%	40.1%	31.9%
Income								
Median family income	\$48,000	\$56,176	\$57,500	\$66,667	\$55,625	\$61,458	\$54,063	\$59,583
Percentage of Persons in Poverty under age 18	9.2%	16.9%	5.4%	0.0%	23.8%	11.1%	0.0%	14.3%

	Londonderry		Weston		Landgrove		Peru	
	2000	2005-2009, 2010 ²	2000	2005-2009, 2010 ²	2000	2005-2009, 2010 ²	2000	2005-2009, 2010 ²
Housing Units								
Total number	1,317	1,476	537	565	153	164	445	697
Occupied units	730 (55.4%)	790 (53.5%)	283 (52.7%)	262 (46.4%)	64 (41.8%)	74 (45.1%)	157 (35.3%)	165 (23.7%)
Owner-Occupied units	528 (72.3%)	603 (76.3%)	219 (77.4%)	213 (81.3%)	48 (75.0%)	57 (77.0%)	125 (79.6%)	128 (77.6%)
Renter-Occupied units	202 (27.7%)	187 (23.7%)	64 (22.6%)	49 (18.7%)	16 (25.0%)	17 (23.0%)	32 (20.4%)	37 (22.4%)
Median value of an owner-occupied unit	\$121,900	\$223,100	\$153,400	\$324,400	\$262,500	\$434,400	\$167,200	\$259,700

Sources: American Community Survey (2005-2009), United States Census Bureau (2000 and 2010)

Notes: ¹Data may not sum to 100.0% due to rounding.

²Data shaded orange are from 2010 Census while data shaded blue are from 2005-2009 American Community Survey

4. Peru Town

Located in Bennington County, Peru's population slightly declined from 416 in 2000 to 375 in 2010. With respect to ethnicity, Peru is approximately 94.9% White, which is less than the 97.8% reported in 2000. The concentration of persons having Hispanic origin in 2010 is 1.3% as compared to 0.7% in 2000.

The median age in Peru has increased from 40.9 years in 2000 to 47.8 years in 2010. During the same time period, the percentage of people under the age of 18 years has decreased from 25.7% to 20.8%, which corresponds to school-age children.

Regarding educational attainment for adults aged 25 and over, 31.9% of the population had a bachelor's degree or higher in 2005-2009, which is a decline from the 40.1% in 2000.

Median family income has increased from \$54,063 in 2000 to \$59,583 in 2005-2009. The percentage of children under the age of 18 that are in poverty has increased from 0.0% in 2000 to 14.3% in 2005-2009.

With respect to housing, there were 697 housing units in Peru in 2010, of which only 23.7% were occupied. Like the previous communities, the low occupancy rate is related to the number of second-home owners in the community. Of the occupied homes, 77.6% were owner-occupied in 2010. Median home price of an occupied unit in 2005-2009 was \$259,700, which is 55.3% greater than the value reported in 2000 (\$167,200).

B. Birth Data

Birth data for each of the communities were provided by the Vermont Department of Health (VTDOH) for 2001-2008 and are shown in Table 2. Birth data are used to project the number of kindergarten students that enroll in a school district five years later. Of the four communities, Londonderry has consistently had the greatest number of births during this time period, ranging between 15-24 births per year. The number of births occurring to residents of Weston, Landgrove, or Peru has been minimal, ranging between 0-6 births per year. The total number of births of the four communities has ranged between 22-33 births per year, with no apparent increasing or declining trend. At the state level, the number of births has ranged between 6,341 and 6,597 births per year. This is a sharp decline from the number of births that occurred just over twenty years ago in 1990 (8,292). Since the VTDOH did not have birth data for 2009 and 2010, estimates were formulated by averaging the number of births from 2004-2008. Birth rates were needed for 2009 and 2010 since these cohorts will become the kindergarten classes of 2014 and 2015.

Table 2
Number of Births by Community

Year ¹	Londonderry	Weston	Landgrove	Peru	Four-Community Total	Vermont
2001	20	0	2	3	25	6,367
2002	24	5	2	2	33	6,386
2003	16	2	2	2	22	6,589
2004	23	4	1	4	32	6,597
2005	17	1	0	2	20	6,475
2006	18	6	0	4	28	6,510
2007	23	0	2	6	31	6,514
2008	15	3	0	4	22	6,341
2009 ²	19	3	1	4	27	N/A
2010 ²	19	3	1	4	27	N/A

Notes: ¹Birth data were provided by the Vermont Department of Health for 2001-2008.

²Birth rates for 2009 and 2010 were estimated by computing the mean number of births from 2004-2008.

C. Enrollment Projection Methodology

In this study, historical enrollments by town were provided by the Flood Brook Union School for grades K-8 to project enrollment for five years into the future. Flood Brook Union Board members from the four communities researched their local town records for the historical number of high school students by grade. Unfortunately, this information was not available for Londonderry. Instead, Burr and Burton Academy, which educated most of the Londonderry high school students, provided the historical number of Londonderry students by grade.

Due to the very small grade counts, with grades containing fewer than 10 students in Weston, Landgrove and Peru, the most common enrollment projection technique, the Cohort Survival Ratio method, was not used. In that method, survival ratios would fluctuate greatly with the entering or exiting of just a few students. Instead, the Grade Progression Differences (GPD) method was used. In this method, the change in the number of students, as opposed to the ratio, is computed for each grade progression. A positive value indicates an in-migration of students while a negative value indicates an outward migration of students. The computed change in enrollments was averaged over a five-year period and these values were used to project grade-by-grade enrollments for five years into the future.

It should be noted that, in some instances, the sum of students by community does not equal the historical enrollment for Flood Brook Union School as reported by the Vermont Department of Education (<http://www.education.vermont.gov/new/html/data/enrollment.html>) on their website. The enrollment counts are close and differ by just a few students.

D. Historical Enrollment

1. Londonderry

Historical enrollment data of Londonderry students from 2006-07 through 2010-11 are displayed in Table 3. This includes students attending the Flood Brook Union School (K-8) and those who have school choice for attending high school (9-12). The majority of high school students from Londonderry attend Burr and Burton Academy in Manchester.

During this time period, the number of students attending Flood Brook Union School has been decreasing. Enrollment in 2010-11 was 146 students, which is a loss of 39 students from the 185 students in 2006-07. When the entire PK-12 population is considered, enrollment has declined from 288 in 2006-07 to 228 in 2010-11, a loss of 60 students. The number of high school students has, in general, also been declining. Enrollment has decreased from 103 students in 2006-07 to 82 students in 2010-11, a loss of 21 students. Table 3 also shows computed average grade progression differences based on five years of historical data, which will be used to project future enrollment.

2. Weston

Historical enrollment data of Weston students from 2006-07 through 2010-11 are displayed in Table 4. This includes students attending the Flood Brook Union School (K-8) and those who have school choice for attending high school (9-12). The majority of high school students from Weston attend Burr and Burton Academy in Manchester.

The number of students attending Flood Brook Union School has been fairly stable, ranging from 39-49 students from 2006-07 to 2010-11. Enrollment in 2010-11 was 46 students, which is a gain of 7 students from the 39 students in 2006-07. When the entire PK-12 population is considered, enrollment has also been very stable, ranging between 66-71 students. The number of high school students has ranged between 21-31 students per year. Table 4 also shows computed average grade progression differences based on five years of historical data, which will be used to project future enrollment.

3. Landgrove

Historical enrollment data of Landgrove students from 2006-07 through 2010-11 are displayed in Table 5. This includes students attending the Flood Brook Union School (K-8) and those who have school choice for attending high school (9-12). The majority of high school students from Landgrove attend Burr and Burton Academy in Manchester.

Like Weston, the number of Landgrove students attending Flood Brook Union School has been fairly stable, ranging from 19-23 students from 2006-07 to 2010-11. Enrollment in 2010-11 was 19 students, which is four students less than the 23 students in 2006-07. When the entire PK-12 population is considered, enrollment has also been very stable, ranging between 30-33 students. The number of high school students has also been stable, ranging between 8-12 students per year. Table 5 also shows computed average grade progression differences based on five years of historical data, which will be used to project future enrollment.

4. Peru

Historical enrollment data of Peru students from 2006-07 through 2010-11 are displayed in Table 6. This includes students attending the Flood Brook Union School (K-8) and those who have school choice for attending high school (9-12). The majority of high school students from Peru attend Burr and Burton Academy in Manchester.

Like Weston and Landgrove, the number of Peru students attending Flood Brook Union School has been fairly stable, ranging between 34-39 students from 2006-07 to 2010-11. Enrollment in 2010-11 was 37 students, which is identical to the enrollment in 2006-07. When the entire PK-12 population is considered, enrollment has also been very stable, ranging between 53-61 students. The number of high school students had been stable prior to 2010-11 when a small decline occurred. The number of high school students has ranged between 16-23 students per year. Table 6 also shows computed average grade progression differences based on five years of historical data, which will be used to project future enrollment.

Table 3
Londonderry Historical Grade K-12
Total Enrollments for 2006-2010

Year¹	K	1	2	3	4	5	6	7	8	K-8 Total	9	10	11	12	9-12 Total	K-12 Total
2006-07	14	16	25	24	25	20	21	24	16	185	33	26	21	23	103	288
2007-08	18	15	14	24	21	22	14	21	24	173	20	33	23	24	100	273
2008-09	13	18	15	15	22	20	23	17	20	163	26	19	32	22	99	262
2009-10	14	16	18	15	14	20	17	20	17	151	14	20	15	26	75	226
2010-11	14	16	12	20	14	16	18	17	19	146	17	18	27	20	82	228
GPD Average 5-Year Ratios	-5.25 ²	1.50	-1.50	0.50	-1.75	-1.00	-2.50	0.00	-0.50		0.00	-0.75	-0.25	0.25		

Notes: ¹Enrollment data as provided by the Flood Brook Union School and Burr and Burton Academy

²Average birth-to-kindergarten difference based on birth data five years prior

Table 4
Weston Historical Grade K-12
Total Enrollments for 2006-2010

Year ¹	K	1	2	3	4	5	6	7	8	K-8 Total	9	10	11	12	9-12 Total	K-12 Total
2006-07	2	6	4	3	5	6	5	3	5	39	6	5	9	11	31	70
2007-08	5	1	7	4	3	5	7	5	3	40	5	7	5	9	26	66
2008-09	6	5	1	6	6	3	5	8	5	45	4	6	6	5	21	66
2009-10	9	5	6	1	5	7	2	6	8	49	4	4	6	8	22	71
2010-11	6	9	5	6	3	4	4	3	6	46	9	4	5	7	25	71
GPD Average 5-Year Ratios	3.50 ²	-0.50	0.50	-0.25	0.75	0.00	-0.75	0.75	0.00		0.25	0.50	0.00	0.75		

Notes: ¹Enrollment data as provided by the Flood Brook Union School

²Average birth-to-kindergarten difference based on birth data five years prior

Table 5
Landgrove Historical Grade K-12
Total Enrollments for 2006-2010

Year¹	K	1	2	3	4	5	6	7	8	K-8 Total	9	10	11	12	9-12 Total	K-12 Total
2006-07	5	4	1	3	4	0	2	3	1	23	2	2	3	1	8	31
2007-08	2	4	3	0	2	3	0	2	3	19	4	2	2	3	11	30
2008-09	5	2	4	3	0	2	3	1	2	22	3	4	2	2	11	33
2009-10	1	5	2	4	3	0	3	2	1	21	2	4	3	3	12	33
2010-11	1	1	3	2	3	2	1	4	2	19	2	2	3	4	11	30
GPD Average 5-Year Ratios	1.000 ²	-0.25	-0.75	-0.25	-0.50	-0.50	0.50	0.25	0.00		1.00	0.25	-0.50	0.50		

Notes: ¹Enrollment data as provided by the Flood Brook Union School

²Average birth-to-kindergarten difference based on birth data five years prior

Table 6
Peru Historical Grade K-12
Total Enrollments for 2006-2010

Year¹	K	1	2	3	4	5	6	7	8	K-8 Total	9	10	11	12	9-12 Total	K-12 Total
2006-07	5	5	5	6	5	4	1	2	4	37	7	4	5	6	22	59
2007-08	5	5	6	5	6	5	3	1	3	39	5	7	3	5	20	59
2008-09	4	3	6	6	5	6	4	3	1	38	6	6	8	3	23	61
2009-10	2	4	3	3	5	4	7	2	4	34	1	6	7	8	22	56
2010-11	5	2	5	4	4	5	4	6	2	37	5	1	5	5	16	53
GPD Average 5-Year Ratios	1.50 ²	-0.50	0.75	-0.50	0.00	-0.25	-0.25	-0.75	0.50		1.25	0.25	0.00	-0.50		

Notes: ¹Enrollment data as provided by the Flood Brook Union School

²Average birth-to-kindergarten difference based on birth data five years prior

E. Enrollment Projections

1. Londonderry

Projected K-12 enrollment for the Londonderry student population is shown in Table 7. K-8 enrollment is projected to slowly decline, in general, through 2015-16. The projected K-8 enrollment in 2015-16, 121, would represent a loss of 25 students from the 2010-11 total of 146 students. At the K-12 level, enrollment is also projected to decrease. Enrollment is projected to be 178 students in 2015-16, which would be a loss of 50 students from the 2010-11 total of 228 students. For grades 9-12, enrollment is projected to steadily decline throughout the projection period. A total of 57 students is projected in grades 9-12 in 2015-16, a loss of 25 students from the 82 students in grades 9-12 in the 2010-11 school year.

2. Weston

Projected K-12 enrollment for the Weston student population is shown in Table 8. K-8 enrollment is projected to slowly increase through 2015-16. The projected K-8 enrollment in 2015-16, 70, would represent a gain of 24 students from the 2010-11 total of 46 students. At the K-12 level, enrollment is also projected to increase. Enrollment is projected to be 89 students in 2015-16, which would be a gain of 18 students from the 2010-11 total of 71 students. For grades 9-12, enrollment is projected to be fairly stable and consistent with historical grade counts, ranging between 19-27 students per year.

3. Landgrove

Projected K-12 enrollment for the Landgrove student population is shown in Table 9. K-8 enrollment is projected to slowly decline, in general, through 2015-16. The projected K-8 enrollment in 2015-16, 14, would represent a loss of 5 students from the 2010-11 total of 19 students. At the K-12 level, enrollment is projected to be fairly stable and consistent with historical grade counts, ranging between 29-31 students per year. For grades 9-12, enrollment is projected to slowly rise, in general, throughout the projection period. A total of 17 students is projected in grades 9-12 in 2015-16, a gain of 6 students from the 11 students in grades 9-12 in the 2010-11 school year.

Table 7
Londonderry Projected Grade K-12 Enrollments for 2011-2015

Year	K	1	2	3	4	5	6	7	8	K-8 Total	9	10	11	12	9-12 Total	K-12 Total
2011-12	13	16	15	13	18	13	14	18	17	137	19	16	18	27	80	217
2012-13	18	15	15	16	11	17	11	14	18	135	17	18	16	18	69	204
2013-14	10	20	14	16	14	10	15	11	14	124	18	16	18	16	68	192
2014-15	14	12	19	15	14	13	8	15	11	121	14	17	16	18	65	186
2015-16	14	16	11	20	13	13	11	8	15	121	11	13	17	16	57	178

Table 8
Weston Projected Grade K-12 Enrollments for 2011-2015

Year	K	1	2	3	4	5	6	7	8	K-8 Total	9	10	11	12	9-12 Total	K-12 Total
2011-12	10	6	10	5	7	3	3	5	3	52	6	10	4	6	26	78
2012-13	4	10	7	10	6	7	2	4	5	55	3	7	10	5	25	80
2013-14	7	4	11	7	11	6	6	3	4	59	5	4	7	11	27	86
2014-15	7	7	5	11	8	11	5	7	3	64	4	6	4	8	22	86
2015-16	7	7	8	5	12	8	10	6	7	70	3	5	6	5	19	89

Table 9
Landgrove Projected Grade K-12 Enrollments for 2011-2015

Year	K	1	2	3	4	5	6	7	8	K-8 Total	9	10	11	12	9-12 Total	K-12 Total
2011-12	1	1	0	3	2	3	3	1	4	18	3	2	2	4	11	29
2012-13	3	1	0	0	3	2	4	3	1	17	5	3	2	3	13	30
2013-14	1	3	0	0	0	3	3	4	3	17	2	5	3	3	13	30
2014-15	2	1	2	0	0	0	4	3	4	16	4	2	5	4	15	31
2015-16	2	2	0	2	0	0	1	4	3	14	5	4	2	6	17	31

Table 10
Peru Projected Grade K-12 Enrollments for 2011-2015

Year	K	1	2	3	4	5	6	7	8	K-8 Total	9	10	11	12	9-12 Total	K-12 Total
2011-12	6	5	3	5	4	4	5	3	7	42	3	5	1	5	14	56
2012-13	8	6	6	3	5	4	4	4	4	44	8	3	5	1	17	61
2013-14	6	8	7	6	3	5	4	3	5	47	5	8	3	5	21	68
2014-15	6	6	9	7	6	3	5	3	4	49	6	5	8	3	22	71
2015-16	6	6	7	9	7	6	3	4	4	52	5	6	5	8	24	76

4. Peru

Projected K-12 enrollment for the Peru student population is shown in Table 10. K-8 enrollment is projected to slowly increase through 2015-16. The projected K-8 enrollment in 2015-16, 52, would represent a gain of 15 students from the 2010-11 total of 37 students. At the K-12 level, enrollment is also projected to increase. Enrollment is projected to be 76 students in 2015-16, which would be a gain of 23 students from the 2010-11 total of 53 students. For grades 9-12, enrollment is projected to slowly rise throughout the projection period. A total of 24 students is projected in grades 9-12 in 2015-16, a gain of 8 students from the 16 students in grades 9-12 in the 2010-11 school year.

F. Summary

From the latest Census data, it is clear that the population in the state of Vermont is aging. In 2000, the median age in the state was 37.7 years and 24.2% of the population was under the age of 18. In 2010, the median age in the state increased to 41.5 years and the percentage of the population under the age of 18 declined to 20.7%. This is identical to the trends occurring in the towns of Londonderry, Weston, Landgrove, and Peru.

Will these trends translate to declining enrollment? Of the four communities in this study, only Londonderry has been experiencing declining enrollment. The enrollment in Weston, Landgrove, and Peru has been fairly stable. Looking at the combined enrollment of the four communities, total enrollment in the Flood Brook Union School was 248 students in 2010-11, which was computed by aggregating Tables 3-6. In the next five years, enrollment at the school is projected to be similar with 247-257 students, which was computed by aggregating Tables 7-10. Despite that the school's enrollment is projected to be fairly stable, the enrollment patterns in each town are projected to be quite different. K-8 enrollment is projected to decline in Londonderry and Landgrove, yet increase in both Weston and Peru. Due to the greater variability and error that occurs in enrollment projections where there are few students, the enrollment increase in Weston and Peru may be less or more than projected. Since Londonderry provided nearly 57% of the Flood Brook Union School population in 2010-11 and is projected to decline through 2015-16, the overall population of the school may also decline if the projected increases in Weston and Peru are not as large as projected.



WINDSOR SOUTHEAST SUPERVISORY UNION

Final Report of the RED Study
Committee

Study prepared by James Massingham
Vermont School Boards Association
10/24/2012

Table of Contents

Executive Summary	2
Overview	
RED Study Mission	3
Introduction	3
Recent WSSU Governance & Leadership History	4
Definition of a Unified Union & Regional Education District.....	5
Research Findings	6
DOE Template	
Required background information - Hartland & Weathersfield	10
Required background information – West Windsor & Windsor	11
RED Study Committee	12
Articles of Agreement	14
Attachment A: Supervisory Union Efficiency Comparisons	18
Attachment B: The School Choice Question.....	22
Attachment C: Unified Union Tax Rates... ..	24
Attachment D: The Laws that Govern the Creation of Union School Districts	25
RED Study Committee Conclusions & Recommendations	29

Executive Summary

The Regional Education District (RED) Study Committee was formed in December of 2011 to investigate the costs and benefits associated with forming a single unified union district with the four member towns of Weathersfield, West Windsor, Windsor, and Hartland. The committee was comprised of school board members from each town in the supervisory union, community representatives, the superintendent, and VSBA consultant James Massingham. The committee discussed merger experiences from other states. In addition, pertinent statutes and regulations were reviewed with a particular focus on the pros and cons of merger and high school choice. The study highlights significant educational benefits to a merger including coordinated services; consistent curriculum, instruction and assessment; and the consistent approach to policies, procedures, and general school governance. Some financial advantages were identified including those fiscal incentives offered by the state.

The one common theme that emerged throughout the study was the importance that at least three of the towns place on the ability of parents and students to choose their high school. Currently, Windsor offers limited school choice through the Regional Choice Collaborative, but the towns of Hartland, Weathersfield, and West Windsor allow high school choice based on existing state law and related tuition regulations. These three towns will not support any merger that limits that parental choice. Under current statute, a district that operates a high school is not permitted to offer broad based school choice.

In conclusion, the committee decided that the advantages of merger, while significant, do not outweigh the anticipated loss of high school choice for three of the four member towns of the supervisory union. **Therefore the committee does not recommend a merger vote at this time.** The committee did recommend, however, that the Executive Committee of the WSSU work with local legislators to enact changes to state law that will allow broad based high school choice as part of a plan to merge the four member towns. The committee further recommends that the school boards engage their communities in open dialogue related to the benefits of a merger plan that includes choice. The complete recommendations are on page 29 of this document.

Overview

RED Study Mission

It is the mission of this Vermont School Boards Association Governance Study to research the possible benefits and challenges for forming a Unified Union School District to govern all schools in the Windsor Southeast Supervisory Union.

The Windsor Southeast Supervisory Union Executive Committee commissioned this governance study to research the governance of all schools in the district with one regional school board in order to maintain quality education opportunities for students at a reasonable cost to tax payers. To that end, the WSSU RED Study Committee began its work in December, 2011. The committee is made of school board members, community members and Superintendents Tom Christiansen and, after July 2012, Interim Superintendent David Baker.

Introduction

The demographic, economic, and political landscapes for Vermont's schools have experienced substantial changes over the past decade. There has been an increase in the overall population in Vermont, but a substantial decline in the number of students in most schools. In addition, both state and federal departments of education have imposed numerous policy requirements, standards, and accountability measures beyond what has ever been experienced in the history of education. The work of school leaders is increasingly complex. Future trends for the United States and world are calling for new content and strategies to educate students of all ages. These factors have resulted in the need for local school boards to look carefully at how they deliver education services.

Before embarking on a school governance study it makes sense to explain what the term means. Education governance, as defined by the Vermont School Boards Association is:

“In the context of the relationship between school district voters, school boards, school administrators, and the legislative and executive branches of state government, means the assignment of roles and responsibilities to each of those entities, and the organizational structures created to allow each entity to carry out its responsibilities.”

Interpreted in this context, governance means the relationship shared between the voters, school boards, and administrators within and/or outside the Windsor Southeast Supervisory Union, as well as the State Board and Commissioner of Education.

The Windsor Southeast Supervisory Union Executive Committee contracted with the Vermont School Boards Association (VSBA) to facilitate exploration of options for creating a formal system that will unify the governance of elementary schools, middle schools, and high school. To that end, school board and community members volunteered to serve on the RED Study Committee. VSBA consultant James Massingham, facilitated the work of the committee and writing of this study.

The goal of this study is to clarify questions and provide data that will assist Windsor Southeast Supervisory Union with framing public policy and developing governance options for the future of the SU. To this end, the study generated data on school performance, school budgets,

costs per pupil, cost of school choice, district debt and applicable state laws regarding education governance. Part of the study includes information inserted into the "Template" provided by the Vermont Department of Education. The template organizes the plan and supporting data so that required information is included if the committee determines that it wishes to move forward. A request to form a RED must be forwarded to the State Board of Education before a vote by local citizens would take place. The district voters will have the final say.

We appreciate the assistance and cooperation extended to us by the Administrators, Central Office Staff and School Board members from Windsor Southeast Supervisory Union. All of these people were instrumental in enabling us to conduct the necessary research for a thorough study.

Brief History of Windsor Southeast Supervisory Union

According to the Vermont Department of Education, the Windsor Southeast Supervisory Union was first formed as the Windsor East Supervision District on September 7, 1915. It included the towns of Hartland, Windsor, West Windsor and Reading. Clearly this was part of an attempt in the early 1900's to consolidate some services and to have a district superintendent oversee the fiduciary responsibilities of the member towns. Each town had several little village schools and as more and more students attended the responsibilities became increasingly complex. Researching early school directories of the school districts in Vermont, the Windsor Southeast Supervisory Union is first mentioned in 1935 and consists of the current towns of Windsor, West Windsor, Hartland and Weathersfield. It appears that the union operated with one superintendent up until 1996.

In the late winter of 1996 the Supervisory Union requested that the Vermont State Board of Education grant it a governance waiver for a two year "trial" so that each member town/school could operate in a multi-town governance structure that would include a part-time superintendent in each of those respective towns. The State Board approved the waiver, but reserved the right to rescind it within the two-year period if it resulted in an ineffective model. The union continued operating in that manner from June of 1996 through July of 2009. The supervisory union remained intact, but answered to four different part-time superintendents. On December 3, 2008 the supervisory union board voted 10-2 to re-establish a single superintendent model at the end of that fiscal year. So, on July 1, 2009 the union returned to a single superintendent governance structure. The minutes of the December 2008 meeting indicate that the union board had some concerns about the lack of autonomy, but felt that the autonomy issue was outweighed by the need to overcome a disjointed and inefficient system of governance. The majority felt that coordinating things like professional development, hiring practices, curriculum work, business services and special education services had merit.

The district has operated as a single-superintendent supervisory union ever since. In July of 2009 an Interim Superintendent was hired to help make the transition. She served for two years and on July 1 2011, the supervisory union hired its first full-time permanent superintendent. That superintendent served for only one year. On July 1, 2012, the union board hired another interim and has begun a search for a full-time permanent superintendent. Currently the union board has expressed concern about the continuous superintendent turnover since moving back to a single superintendent. That said, the union board has also expressed a strong desire to continue to increase services provided on a supervisory-wide basis; understanding the benefits of consistency among the individual school districts. This desire to cooperate helped to

instigate this RED study and is supported in many of the recommendations contained with this report.

Recent declines in student population indicate a growing need to consider any factors that could create savings for taxpayers. WSSU schools served almost 1,200 (actual number 1,195) students as recently as 2007/2008. The combined school population last school year was 1,134. This rate of decline, if it continues, will result in a population reduced to 1,051 by 2016/2017.

Definition of a Unified Union and Steps Necessary to Create One

What is a Unified Union? Unified union school districts are formed by agreement between participating school districts to operate a single school system for residents of the participating districts. A unified union school district has a school board comprised of representatives of the member towns, elected on a one-person-one-vote basis from each town. A unified union school district adopts an annual budget, and member towns pay assessments in accord with the unified union district's articles of agreement.

A unified union means all grade levels are combined into a PK-12 district.

How are they formed? There is a comprehensive statutory process for the formation of unified union school districts. Formation requires an extensive study process (preceded by vote of the electorate *only if the governance study budget exceeds \$25,000*), approval by the State Board of Education and final approval by the electorate of each member district to create the new unified union. Further information regarding the Vermont Statutes that control formation of Union and Unified Union Districts can be found in Appendix D.

What are their advantages? Unified union school districts are municipal entities. As such, unified union school districts have powers to build, finance, own and operate schools. They are therefore stable entities. The level of public participation in unified union school districts is on a par with the level of public participation in "town" school districts.

What are their disadvantages? Unified union school districts are difficult to form and difficult to alter once formed. On occasion, a member district may want to leave a unified union district, or a new district may wish to join an existing unified union district. While there are statutory processes to allow these things to happen, a single district will be unable to enter or leave a union without the assent of other members.

Where are they? There are five unified union school districts in Vermont. Those districts are: Blue Mountain School District (Wells River), Twinfield (Washington Northeast), Waits River (Orange East) and Miller's Run (Caledonia North) and, as of March 2, 2010, Addison Northwest Unified Union School District.

Definition of a Regional Education District (RED)

A RED is a specialized type of Unified Union, which affords its member districts certain incentives if they create a UU that has the characteristics of a RED. The rationale for the creation of this incentive system is that larger school districts afford their students broader opportunities, while at the same time reducing costs, in the long term, through economies of scale and through more efficient utilization of buildings and personnel. The legislation, which

authorizes these incentives for voluntary school district mergers, is contained in Sections 1-8 of Act 153 of 2010 (formerly H.66).

General Research Findings

Economies of scale and streamlined governance typically produce benefits to communities. Following is a summary of benefits that may result from merger. This general information is helpful in understanding the benefits of merger. Information specific to WSSU can be found later in the report.

Potential Benefits of Creating a Unified Union

1. Reduced School Board Turnover;

- With one board instead of four, the number of board members is reduced from 18 to 13, making recruitment and retention somewhat easier. The annual board turnover average in WSSU for the past three years is 20%. The annual Vermont average for the same period is 17%. Therefore, over the last five years WSSU has had almost a 100% turnover. Only three board members out of 18 have been here for the full five years. Fewer board and committee meetings and reduced number of board members needed could result in a lower turnover rate and more stable board governance.

2. Improved Accountability for K-12 Outcomes;

- The creation of common policies and their consistent application throughout the system is enhanced with a single school board providing oversight for the implementation of those policies,
- Consistent curriculum and program articulation and evaluation across all schools in the system is improved with the superintendent taking direction from one school board that is responsible for oversight of PreK-12 education,
- The ability to allocate resources across the RED based on student needs can be enhanced as single board prioritizes the needs of all students,
- Increased accountability for the superintendent can be enhanced in a RED. Financial transparency is enhanced with a single budget and one board focused on results for all students in the district.

3. Economies of Scale for Business Management;

- District purchasing for all schools will improve the economy of scale and create greater consistency of resource allocation,
- The efficiency and effectiveness of human resources and financial management is enhanced with administration benefits realized with the creation of a single school district,
- One annual audit instead of five (four districts plus SU) increases systemic oversight of financial records and budget procedures and reduces costs for the entire district,

- Development of one annual budget versus five (four districts plus SU) in the current system increases efficiency and potential coordination of resources based on the needs of all children in the district.

4. Tax Rate Impact of Forming a Unified Union;

- Financial savings, by governing the district with one school board instead of many, RED tax rate incentives provided by Act 153 for the first four years of operation,
- Funding is provided by the state to offset the cost of transition to a RED.

5. Increased Income Potential;

- Reduced vulnerability to excess spending threshold penalties and Act 82 two-vote requirements, currently in play for smaller schools, can be realized with a RED budget construct,
- The administration and accounting for state and federal grants is more efficient with the single board configuration and the aggregated students,
- RED financial incentives provided by Act 153 to offset some startup costs.

6. Board decision making for the K-12 system is enhanced;

- Unified union school districts are governed by a single school board, which is subject to the one person, one vote requirement of the United States Constitution. A unified union school board may have up to eighteen members, and each member district shall be entitled to at least one representative. Board membership must be determined based on the populations of the towns involved,
- To provide for proportional representation the school board can be structured to allow for weighted voting by unified union school board members. Under this system the district could have a board of any size between seven and eighteen members. However, to comply with the one person one vote requirement, board member votes would be weighted in proportion to the census data,
- Hartland, Weathersfield, and West Windsor would have a voice at the high school level. Currently these three school boards have no say in the governance of Windsor High School, even though they send a significant number of students each year.

7. Reduced financial exposure for individual districts for necessary capital improvements and operations;

- Future assets and liabilities for the entire system are shared equally in a RED system. This reduces the financial risk for any individual district. The following data is taken from the most recent audits of the district's financial operations,
- Currently the schools of WSSU have a total debt of \$7,010,000. Forming school districts will each create a plan to pay off their obligations,
- Total assets of WSSU would be \$39,705,602 and would be assumed by the RED.

8. Expanded opportunity for school choice within the district;

- With the creation of a single unified union district, board options for elementary school choice within the RED can be made available. The choice options would be described in the Articles of Agreement for the RED,
- Expansion of high school choice to include Windsor School District.

9. Systemic response to fluctuations in student enrollment patterns;

- The RED board would be empowered to address fluctuations in student enrollment in the district. If a pattern of increasing or decreasing enrollment threatens the viability of the educational program or budget resources, the RED board can adjust the assignment of students to better meet the educational program needs,
- Assignment of instructional staff in a unified union can be adjusted across the district to respond to changing enrollment patterns and student needs.

10. Reduced Superintendent Burnout;

- The annual average superintendent turnover rate in Vermont 17%. Candidate pools for superintendent vacancies in Vermont are small. The average number of candidates in current searches is 12 with generally only three to five possessing the skills and experience to be considered viable candidates. Substantial expenses associated with searches for superintendents are also a feature of high turnover,
- The departure of superintendents lead to systemic turbulence and lack of consistency in direction of the system toward improved student results and reduced system accountability,
- Currently the superintendent prepares and attends 72 School board meetings per year. This equates to 4½ hours per week devoted to meeting preparation and attendance at meetings before any other work of the district is considered.
- Systemic oversight and accountability for professional development, curriculum development, human resources, labor negotiations, long range planning for building and grounds all require leadership time from the superintendent. Their effectiveness could be enhanced if the hours/day currently allocated to preparing for and attending, and following up numerous school board meetings could be reduced.

Potential Challenges

1. Changes in local control

- Other SU leaders considering the formation of a RED have encountered public resistance due to a point-of-view that influence and control over the local elementary school program will be diminished with only one board governing all schools in the district,
- Fewer people involved in decision-making for the entire district may seem like a loss of local control to district residents,
- Changes to current practice regarding high school choice.

2. Confusion about lines of communication and the ability to solve problems locally

- This is commonly coupled with the perception that the UU Board is not able to respond as quickly to citizen concerns/questions as a board with a smaller jurisdiction.

3. Perceived loss of voting power by smaller town

- Some communities, who have studied the RED concept, encounter the concern that smaller towns will have reduced influence on the system due to their limited proportional representation on the RED board. Although the number of representatives on the RED board is less than the current three to five person boards, the RED representation is proportional to the population of each town.

The following section, pages 9-21, is organized according to the report template provided by the Vermont Department of Education. If the committee had decided to move forward with a merger vote, this section would have been forwarded to the Vermont School Board for approval before such vote.

**Hartland School District; Weathersfield School District;
West Windsor School District; Windsor School District
Regional Education District (RED)
Planning Committee Report**

The Plan

October, 2012

Authorization to engage in this RED Planning Committee process was voted in the affirmative by the following boards of directors on the following dates:

Hartland Board of Directors, on November 28, 2011;
Weathersfield Board of Directors, on November 21, 2011;
West Windsor Board of Directors, on December 15, 2011;
Windsor Board of Directors, on December 5, 2011;

The Commissioner of Education was advised of the formation of this RED Study Committee, pursuant to Title 16 V.S.A. § 706b, by letter dated January 26, 2012, and in that letter, Kris Garnjost was identified as chairperson of the RED Planning Committee.

Recommended Articles of Agreement, pursuant to the requirements of Title 16, Chapter 11, Subchapter 3, as are set forth herein below, were agreed upon by the Windsor Southeast RED Study Committee at its duly warned meeting of October 24, 2012.

The Following Districts Are Deemed Necessary for the Establishment of the Proposed RED.

Hartland School District

2011-2012	Grades served:	K-8
	Current year (2011/2012) ADM:	306
	Current year per pupil spending:	\$14,189 per equalized pupil
	Current year student-to-teacher ratio:	8.27
	Current year student-to-adult student ratio:	5.39
	Current year administrator-to-teacher ratio:	13.5
	Current year student-to-administrator ratio:	153
2010-2011	Last Year (2010/2011) ADM:	309
	Last year per pupil spending:	\$13,449.25 per equalized pupil
	Last year student-to-teacher ratio:	10.18
	Last year student-to-adult student ratio:	5.83
	Last year administrator-to-teacher ratio:	10.12
2009-2010	Last year student-to-administrator ratio:	103
	2 years ago (2009/2010) ADM:	295
	2 years ago per pupil spending:	\$13,178 per equalized pupil
	2 years ago student-to-teacher ratio:	8.91
	2 years ago student-to-adult student ratio:	6.12
	2 years ago administrator-to-teacher ratio:	16.55
Last Census	2 years ago student-to-administrator ratio:	147.50
	District population	3,393

Weathersfield School District

2011-2012	Grades served:	K-8
	Current year ADM(2011/2012):	211
	Current year per pupil spending:	\$14.163
	Current year student-to-teacher ratio:	8.44
	Current year student-to-adult student ratio:	3.70
	Current year administrator-to-teacher ratio:	25
	Current year student-to-administrator ratio:	211
2010-2011	Last Year (2010/2011) ADM:	203
	Last year per pupil spending:	\$14,654 per equalized pupil
	Last year student-to-teacher ratio:	9.81
	Last year student-to-adult student ratio:	3.93
	Last year administrator-to-teacher ratio:	20.70
2009-2010	Last year student-to-administrator ratio:	203
	2 years ago (2009/2010) ADM:	207
	2 years ago per pupil spending:	\$14,551 per equalized pupil
	2 years ago student-to-teacher ratio:	12.8
	2 years ago student-to-adult student ratio:	4.15
	2 years ago administrator-to-teacher ratio:	17.00
Last Census	2 years ago student-to-administrator ratio:	207
	District population	2,885

West Windsor School District (Albert Bridge School)

2011-2012	Grades served:	K-6
	Current year (2011/2012) ADM:	70
	Current year per pupil spending:	\$11,777 per equalized pupil
	Current year student-to-teacher ratio:	5.83
	Current year student-to-adult student ratio:	3.88
	Current year administrator-to-teacher ratio:	6
	Current year student-to-administrator ratio:	70
2010-2011	Last Year (2010/2011) ADM:	78
	Last year per pupil spending:	\$11,904 per equalized pupil
	Last year student-to-teacher ratio:	13
	Last year student-to-adult student ratio:	4.26
	Last year administrator-to-teacher ratio:	6
	Last year student-to-administrator ratio:	78
2009-2010	2 years ago (2009/2010) ADM:	77
	2 years ago per pupil spending:	\$12,586 per equalized pupil
	2 years ago student-to-teacher ratio:	12.83
	2 years ago student-to-adult student ratio:	4.17
	2 years ago administrator-to-teacher ratio:	6
	2 years ago student-to-administrator ratio:	77
Last Census	District population	1,099

Windsor School District (Windsor State Street School, Windsor High School)

2011-2012	Grades served:	K-12
	Current year (2011/2012) ADM:	547
	Current year per pupil spending:	\$12,329 per equalized pupil
	Current year student-to-teacher ratio:	8.54
	Current year student-to-adult student ratio:	5.25
	Current year administrator-to-teacher ratio:	16
	Current year student-to-administrator ratio:	136.75
2010-2011	Last Year (2010/2011) ADM:	570
	Last year per pupil spending:	\$12,473 per equalized pupil
	Last year student-to-teacher ratio:	10.25
	Last year student-to-adult ratio:	5.46
	Last year administrator-to-teacher ratio:	17.96
	Last year student-to-administrator ratio:	138.13
2009-2010	2 years ago (2009/2010) ADM:	592
	2 years ago per pupil spending:	\$12,453 per equalized pupil
	2 years ago student-to-teacher ratio:	19.71
	2 years ago student-to-adult student ratio:	5.66
	2 years ago administrator-to-teacher ratio:	20.00
	2 years ago student-to-administrator ratio:	140.37
Last Census	District population	4,979

All current member districts of the Windsor Southeast Supervisory Union are essential to this merger. There are no districts deemed advisable.

Planning Committee Members

Nancy Gabriel (Hartland)

Scott Richardson (Hartland)

Gloria Ballantine (Weathersfield)

John Broker Campbell (Weathersfield)

David Baker, Superintendent

Art Keating (West Windsor)

Danielle Farnsworth (Windsor)

Wendy Moody (Windsor)

Kris Garnjost (Windsor), Chairperson

Note that Amber Trombley and Carla Balch served as community members representing Hartland for a short time. Tom Christensen, Superintendent of Schools, Windsor Southeast Supervisory Union was replaced by the new, Interim Superintendent David Baker on August 29, 2012.

Articles of Agreement

The Planning Committee recommends that the following Articles of Agreement be approved by the electorates of each of the named school districts in order to create a RED to be named Mt. Ascutney Regional Education District (MARED).

Article 1

The School Districts of Hartland, Weathersfield, West Windsor, and Windsor (hereinafter referred to as the “forming districts”) are necessary to the establishment of the Mt. Ascutney Regional Education District.

Article 2

The member school districts of the Windsor Southeast Supervisory Union have worked increasingly over the past several years to consolidate management and educational services, master employee contracts and to otherwise bring about effective and efficient operating procedures and practices. Through this process, both formal and informal agreements, management systems and operating procedures have evolved between and among these member school districts, laying a foundation for the creation of the Mt. Ascutney Regional Education District (MARED).

Article 3

The MARED will offer education to students in Kindergarten through Grade 12, and will offer Pre-K education as determined by the Mt. Ascutney RED Board.

Article 4

Beginning July 1, 2014, the MARED will be responsible for providing, or contracting for, any transportation which is to be provided to publicly-funded students attending public schools within the boundaries of the RED, in accordance with transportation policies to be adopted by the Mt. Ascutney RED Board.

Article 5

The Mt. Ascutney RED will honor all pre-existing master and individual contracts that are in place for the forming school districts on July 1, 2014. These master and individual agreements will continue until their respective specified termination dates.

Article 6

The combining/forming districts of the Mt. Ascutney RED recognize their obligations, pursuant to Act 153 of 2010, Section 9, to standardize curricula, and to otherwise standardize their operations within existing Supervisory Unions boundaries, on or before July 1, 2012.

Article 7

Any and all operating deficits and/or surpluses, including capital debt, of any of the combining/forming districts shall remain their obligation. The Mt. Ascutney RED will assume all new obligations effective on the date of the creation.

Article 8

The combining/forming districts will convey to the Mt. Ascutney RED all of their school-related real and personal property, for One Dollar, and the MARED will assume all capital debt associated therewith, effective on the date of the creation of the Mt. Ascutney RED.

In the event that, and at such subsequent time as, the Mt. Ascutney RED determines that any of the real property, including land and buildings, conveyed to it by one or more of the combining/forming districts is or are unnecessary to the continued operation of the MARED, and its educational programs, the Mt. Ascutney RED shall convey such real property, for the sum of One Dollar, and subject to all encumbrances of record, to the town in which it is located.

Article 9

A forming town/district’s representation on the Mt. Ascutney RED Board will be closely proportional to the fraction that its population bears to the aggregate population of the MARED. Initial Mt. Ascutney RED Board composition will be based upon the year 2010 Federal Census, and shall be recalculated promptly following the release of each subsequent decennial census. However, at no time will a combining/forming town/district have less than one board member on the MARED Board. Subject to the previous sentence, each proportionality calculation shall be rounded to the nearest whole number.

Number of MARED School Board Members by Town/City*

Town/City	Board Members (population of town)
Hartland	4 members (3,393)
Weathersfield	3 members (2,885)
West Windsor	2 member (1,099)
Windsor	6 members (4,979)
Total	15 members

*Each member represents about 950 citizens, with no town having fewer than 2 representatives.

Article 10

Mt. Ascutney RED Board members will be elected for three-year terms, except for those initially elected at the time of the formation of the Mt. Ascutney RED. In the initial Mt. Ascutney RED Board Member terms of office will be as follows:

Distribution of Initial One-Year, Two-Year and Three-Year Terms:

- Hartland - one 1 year term, two 2 year terms, and one 3 year term
- Weathersfield - one 1 year term, one 2 year term, and one 3 year term
- West Windsor - one 1 year term and one 2 year term
- Windsor - two 1 year Terms, two 2 year terms, and two 3 year terms

Article 11

The proposal for forming this RED will be presented to the voters of each member school district which is designated as “necessary” on March 5, 2013, at which time the required RED Board Members will also be elected.

Article 12

Upon an affirmative vote of the electorates of the school districts which are necessary, and upon compliance with 16 V.S.A. § 706g, the Mt. Ascutney RED shall have and exercise all of the authority which is necessary in order for it to prepare for full operation beginning on July 1, 2014. The RED shall, between the date of the necessary affirmative votes and June 30, 2014, develop school district policies, adopt curriculum and educational programs, prepare for contractual agreements, set the school calendar for Fiscal Year 2014/15, prepare and present the budget for Fiscal Year 2014/15, prepare for the 2014 RED Annual Meeting and transact any other lawful business that comes before the Board, provided, however, that the exercise of such authority by the RED shall not be construed to limit or alter the authority and/or responsibilities of the Districts of Hartland, Weathersfield, West Windsor and Windsor.

The RED shall become operative on July 1, 2014.

Article 13

Community approval of the annual RED budget shall be conducted by Australian ballot. The requirements of 17 VSA Chapter 55, Subchapter 3 will be followed. Representative to the new district will be elected at the same time.

Article 14

The combining/forming districts, and their boards, shall remain in existence after the date of the creation of the Mt. Ascutney RED, but only for so long as is reasonably necessary for the purpose of completing any business not concluded prior to (or at) the creation of the Mt. Ascutney RED. All such uncompleted business shall be completed as soon as practicable, and in no event any later than June 30, 2014 (one year following the creation of the RED).

Article 15

Educational and Financial Advantages of the new governance structure are summarized in the Cost Benefit Analysis. See Attachment A.

Article 16

The impacts on **School Choice** of this proposed merger are summarized in Attachment B.

Article 17

Enrollment will follow lines currently in existence. Attendance boundaries will be determined by town lines.

The RED will serve Kindergarten – Grade 12 by providing for students’ education at public schools operated by the RED. Students will attend elementary schools according to their town of residency for educational purposes. See Appendix B for configuration and enrollment plan of each school maintained by the RED.

High School choice options will be expanded in the MARED. See Attachment B.

Article 18

Local participation in the development of RED policy and budget development will be assured by policies that require the new RED board and it’s sub-committee to hold meetings in public and which encourage public input.

Educational and Financial Advantages of Merger

Cost Benefit Analysis

One reason that the legislature enacted Act 153 was the belief that a reduction in the number of school districts would bring new efficiencies to Vermont school governance, resulting in reduction in local expenses and thus reduction in state and local school expenditures. Windsor Southeast Supervisory Union has achieved many of the suggested changes. Consolidation may result in some savings but the most significant gains will be improved opportunities for students.

Improved student opportunities and outcomes

A RED would allow staff to be moved from one school to another in order to meet the needs of the student population and take advantage of staffing expertise. Currently, the majority of staff are employees of the local district. This significantly limits the administration's ability to adjust staffing based on academic needs and student population trends. Often, districts make additional hires in response to needs that arise within their current district instead of studying the entire Supervisory Union (SU) to identify existing staff that could be reassigned. This is a cultural shift that has the prospect of saving money.

Equalized programming opportunities for all students within Windsor Southeast could be advanced with the formation of a RED. Currently, resources, program offerings, staffing and supplemental support varies across the supervisory union. One unified school district would, over time, reduce or eliminate the disparities in support services, staffing and programs that now exist (e.g. some schools have an enrichment program, others do not; instructional support varies between school districts; supplemental support is not equal or allocated based on SU-wide factors; infrastructure funding differs from school district to school district). Consolidation will improve student-learning opportunities.

Technology

The use of technology as a teaching and communication tool has expanded exponentially in the later portion of the 20th Century and early part of the 21st Century. Parents, colleges/universities and employers are expecting students to have adequate technology skills and understand its capabilities. Equalized conditions and support of technology is essential in the successful transition of students to work or higher education.

Schools within the WSSU employ technology support personnel to maintain a variety of systems and services, but the ability to perform these functions in an effective and efficient manner is significantly influenced by the variances in equipment, software and staff proficiency within WSSU. There is a large difference in the investment that member school districts have made in technology over the past several years. This has affected some school's ability to follow and meet the goals of WSSU's comprehensive technology plan. A unified school district increases the likelihood of resources being distributed evenly and provides flexibility in the allocation of resources based on necessity. The versatility of a RED could allow schools to upgrade their technology systems to better support students, staff and families. Schools currently share a fiber optic network but their ability to maximize the educational value is in the early stages. Further growth in this area will improve student-learning opportunities as the SU intranet

expands. The cost of technology will continue to expand and grow. By sharing among the SU these costs can be shared. As WSSU continues to expand the intranet, it is anticipated that continued technology spending will be shared, rather than absorbed completely by individual districts.

Teacher staffing

As mentioned earlier in the report, flexibility in staffing assignments empowers a unified school district to adjust staff assignments based on need, current demographic realities and staff expertise. This authority also has the potential to save money and intensify continuity and coordination of personnel. Often, school districts are faced with the choice of reducing staff because of a shift in student population while a neighboring school district is considering adding staff. These decisions are often complicated because from year to year grade-level populations ebb and flow. Administrators and school boards frequently deliberate about reducing or adding staff or maintaining staffing levels when faced with these grade level ebbs and flows. The ability to move teachers from one school to another has the prospect of saving money because the RED would have the option of assigning staffing levels based on annual needs. When looking at the SU as a whole, there are only about 1,125 students. In some areas of Vermont there are individual schools of 1,000 students. Projections indicate that there likely will be a decline in that number. The key to staffing savings is the willingness of schools to consolidate programs, including grades and other resources.

Non-teacher staffing

Many of the efficiencies and benefits pertaining to teaching staff also relate to non-teaching staff members. A RED has the authority to shift and use personnel based on student population, student needs, staff needs, programming changes, building renovations and staff certifications. Much like what was outlined above, the sharing of support personnel across the RED allows a better economy of scale and a more efficient use of limited resources. Furthermore, it is an efficient and cost effective method of aligning personnel to requirements, responsibilities and obligations.

School Board efficiencies

The reduction from five school boards (four towns and SU) to one, creates significant savings in both administration and staff time. Reduced school board meetings would reduce time spent by central office personnel from about 60 scheduled meetings per year to about two per month. Additionally, time spent by the superintendent and central office personnel during the workday developing budgets, preparing for meetings, filing state paperwork, etc. could be reduced by about 80%. The cost of preparing agendas and reports might also be reduced by 80%. Reduction of costs associated with maintaining 18 school board positions would be reduced. Fewer meetings may also reduce the school board turnover rate.

Student data collection and reporting

Collecting, reporting and analyzing student data from PreK-12 supports coordination, continuity and responsible allocation of resources. In a RED, a single board would govern a PreK-12 system and hold schools accountable for student results at every level. Attention and accountability to every grade in the system would become a necessity because staff, administration, and the board would be responsible for collective results. Strategic plans

and action plans would be written and implemented for all students PreK-12 rather than the current fragmented PreK-6, K-8 and 7-12 planning process. Each grade would be a building block to complete a student's experience within Windsor Southeast. In most cases, school boards focus on the needs and results of their local school district and not on the entire PreK-12 system. Data compilation and analysis as a RED, optimizes the capacity of our curriculum and data management systems and affords more opportunities for universal and streamlined training of staff.

Financial, accounting and budgeting (Central Office Functions)

The formation of a unified school district could streamline accounting systems by creating a single budget, eliminating assessments to member school districts for costs currently incurred at the supervisory union level, and eliminating the bill-backs required when employees are shared by more than one school district. Employees would no longer receive multiple checks and W2s from different employers (school districts). There would be one treasurer for the RED resulting in reduced services required from town offices. Budgets would be prepared at the school level, but would be encapsulated into one school district budget. One annual report would be prepared and audited (compared to the five that are now being prepared). The RED would be required to submit one statistical report and staff census to the state. Consolidation of accounting and auditing would result in some savings.

Windsor Southeast SU has recently made ongoing investments in accounting/human resource software. Consolidation has already occurred and savings in this area have been maximized by bringing this function under one entity. When considering grants, viewing Windsor Southeast as a whole presents a stronger case due to combined enrollments - often student population is a criterion in competitive grant opportunities. With this model our eligibility for consolidated grant funding would increase.

Centralized contracting

A RED could benefit from contracting with a single provider for selected services (e.g. trash, snow plowing). Currently the SU is reducing the use of district based contracted student services by expanding SU based services. These include psychological, speech, occupational, and physical therapy services that are now provided by SU employees rather than contractors, so no additional savings are anticipated.

Transportation

Windsor Southeast currently has partially centralized transportation services. Formation of the RED could be the impetus for expanding that to a fully centralized system, which would eliminate the need to budget for upgrades to the bus fleet on a biannual basis.

Food service

Food services have been losing money in every WSSU district, except Windsor, which contracts out the service. General budget fund revenue is used to support these programs. Staff turnover is an ongoing problem in one school. Consolidation would present significant opportunities to save. Estimated annual savings: \$60,000.

School Choice Options

High School Choice

Three of the four member districts in the SU operate K-6 or K-8 schools and allow unlimited school choice for students in the grades for which they do not provide instruction. Students in Windsor, which is a K-12 district, attend Windsor High School. Some students from Hartland (11.38%), West Windsor, (17.24%) and Weathersfield (25.26%) elect to attend Windsor High School. However students in these three districts and their parents may pick a school that they feel best meets their needs. Proximity to another school or parent's work, family traditions, sports, and academic programs are reported to be important considerations for many families. For example, some students attend Woodstock High School in order to play ice hockey. Others attend Hanover High School because parents work in Hanover thus enabling them to easily transport their child and attend school functions. Some students from the southern end of the SU attend Springfield High School because other family members have also attended the school. Some students choose a larger high school, which they believe can provide more program variety.

In addition to the public school options, students also attend multiple private schools both in Vermont and New Hampshire. Currently, tuition to Windsor High School is the lowest of all high schools in the area. When compared to the cost of paying tuition to Windsor High School, the unlimited choice option has annual additional costs for the three participating districts. See chart below. These numbers represent the difference between the cost of tuition to Windsor High School and the tuition charged by the receiving high schools for those students who chose other high schools in 2012/2013.

Anticipated Cost of School Choice

Town	Number of students FY13	Cost FY13
Hartland	140	\$289,370
Weathersfield	61	\$264,441
West Windsor	41	\$51,387

The grades, which are presently served by WSSU districts and their building configurations, are summarized in the following chart.

Current & Grades Served by District Schools

School District	School/s	Grades
Hartland	Hartland Elementary	K – 8
Weathersfield	Weathersfield	K – 8
West Windsor	Albert Bridge	K – 6
Windsor	State Street School	K – 6
	Windsor High	7 – 12

No changes in school configuration are planned at this time. There have been no discussions regarding school closures. The below illustrates the school configurations to be served by the Mt. Ascutney RED.

**Anticipated Grades to be Served by
District Schools**

School/s	Grades
Hartland Elementary	K – 8
Weathersfield	K – 8
Albert Bridge	K – 6
State Street School	K – 6
Windsor HS	7 – 12

As per Vermont statute(16 VSA 1621 and 1622), Windsor offers limited high school choice to partner schools. Windsor participates in the ***Southeastern Vermont Superintendent Region Public School Choice Collaborative***. Very few students participate each year. In the last three years, no students have left Windsor High school for other regional high schools. In the same time period, 36 students from outside the SU have come to Windsor. The Windsor High School may elect to expand the offerings made available through the collaborative but these future choices cannot be guaranteed because agreements with other schools must be negotiated and approved by their governing school boards also.

After consulting with neighbors, parents, and their school boards, members of the RED Study Committee are convinced that the communities that they represent wish to continue the tradition of offering broad school choice for high school students. The ability to match student needs to the wide variety of area high schools helps Windsor Southeast communities provide the best learning opportunities for their students. The Mt. Ascutney RED plans to continue school choice options currently available to Hartland, Weatherfield and West Windsor students. It will also make these choice options available to Windsor students.

Attachment C

Unified Union Tax Rates

If the homestead property taxes for Fiscal year 2012 had been calculated for the MARED instead of the current districts, homeowners property taxes would look different than today. Homestead property taxes reflect a combination of the spending per equalized pupil and the Common level of Appraisal (CLA). If WSSU were to merge to form a RED the spending per pupil would change but the CLA for each town would not change because this is based on the date of the last reappraisal. An additional complicating factor is the cost of the existing debt that will remain the obligation of the current district.

Homestead Tax Rates

	Actual Homestead Tax Rate FY2012	Education Spending per Equalized Pupil FY2012	Estimated Homestead Tax rate if district had been part of RED in 2012	Estimated Ed. Spending per Equalized Pupil if district had been part of RED in 2012
Hartland	\$1.5096	\$14,189.17	1.4296	13587.48
Weathersfield	\$1.5964	\$14,162.95	1.5164	13331.45
West Windsor	\$1.2353	\$11,777.40	1.1553	11416.41
Windsor	\$1.2540	\$12,329.07	1.1740	11521.63

APPENDIX D

The Laws that Govern the Creation of Union School Districts

16 VSA § 701. POLICY

It is declared to be the policy of the state to provide equal educational opportunities for all children in Vermont by authorizing two or more school districts, including an existing union school district, to establish a union school district for the purpose of owning, constructing, maintaining, or operating schools and to constitute the district so formed a municipal corporation with all of the rights and responsibilities which a town school district has in providing education for its youth.

§ 701b. APPLICATION OF CHAPTER

(a) Whenever referred to in this subchapter, the term “school district” shall include a “town school district,” “incorporated school district,” “union school district,” or “city school district,” and this subchapter shall accordingly apply to the organization and operation of a union school district of which any school district is a member or prospective member. The provisions of this subchapter shall apply and take precedence in the event of any conflict between those provisions and the provisions of the charter of a municipality which is a member or prospective member of a union district. Upon the organization of a union district under this subchapter, any charter of a member municipality is considered to be amended accordingly without further action.

§ 706. PROPOSAL TO FORM PLANNING COMMITTEE

When the boards of two or more school districts believe that a planning committee should be established to study the advisability of forming a union school district, or if five percent of the voters eligible to vote at the last annual or special school district meeting petition the board of their respective school districts to do so, each of the boards shall meet with the superintendent of each participating district. With the advice of the superintendent, the boards shall establish a budget, and shall fix the number of persons to serve on the planning committee, that prepares the report required by this subchapter. The boards’ proposal shall ensure that each participating district share in the committee’s budget, and be represented on the committee, in that proportion which the equalized pupils (as defined in section 4001 of this title) of the district bear to the total equalized pupils of all school districts intending to participate in the committee’s study. Nothing in this section shall be construed to prohibit informal exploration between and among school districts prior to the formation of a planning committee.

§ 706a. APPROVAL OF PLANNING BUDGET; APPOINTMENT OF PLANNING COMMITTEE

- (a) If the proposed budget established in section 706 of this chapter exceeds \$25,000.00, then:
 - (1) The voters of each participating district shall be warned to meet at an annual or special school district meeting to vote on a question in substantially the following form: “Shall the school district of appropriate funds necessary to support the district’s financial share of a study to determine the advisability of forming a union school district with some or all of the following school districts:? It is estimated that the district’s share, if all the above-listed districts vote to participate, will be \$..... The total proposed budget, to be shared by all participating districts, is \$.....” It is not necessary for the voters of each participating district to vote on the same date to establish a union school district planning committee.
 - (2) If the vote is in the affirmative in two or more districts, the boards of the participating districts shall appoint a planning committee consisting of the number of persons previously fixed. At least one school director from each participating district shall be on the committee. A district board may appoint residents to the committee who are not school directors.

(3) The sums expended for planning purposes under this section, shall be considered a part of the approved cost of any project in which the district participates pursuant to sections 3447 through 3449 of this title.

(b) If the proposed budget established in section 706 of this chapter does not exceed \$25,000.00, then the boards of the participating districts shall appoint a planning committee consisting of the number of persons previously fixed. At least one school director from each participating district shall be on the committee. A district board may appoint residents who are not school directors to the committee. The sums expended for planning purposes under this section shall be considered a part of the approved cost of any project in which the district participates pursuant to sections 3447 through 3449 of this title.

§ 706b. PLANNING COMMITTEE; CONTENTS OF PLANNING COMMITTEE REPORT

(a) Planning committee. When a planning committee is appointed, the members shall elect a chair who shall notify the commissioner of education, of the appointment. The commissioner shall cooperate with the planning committee and may make department staff available to assist in the study of the proposed union school district. The committee is a public body pursuant to 1 V.S.A. § 310(3). The committee shall cease to exist when the clerk of each district voting on a proposal to establish a union school district has certified the results of the vote to the commissioner of education pursuant to section 706g of this chapter.

(b) Decision and report. The planning committee may determine that it is inadvisable to form a union school district or it may prepare a report in the form of an agreement between member districts for the government of the proposed union school district. In making its determination, the committee may contact additional school districts it believes may be advisable to include within a new union school district. If the committee decides to recommend formation of a union school district, its report shall specify:

- (1) the names of school districts the committee considers necessary to the establishment of the proposed union; provided, however, only districts named in the warning for the vote under section 706a of this chapter may be identified as necessary;
- (2) the names of additional school districts the committee considers advisable to include in the proposed union school district; (3) the grades to be operated by the proposed union school district;
- (4) the cost and general location of any proposed new schools to be constructed and the cost and general description of any proposed renovations;
- (5) a plan for the first year of the union school district's operation for the transportation of students, the assignment of staff, and curriculum that is consistent with existing contracts, collective bargaining agreements, or other provisions of law. The board of the union school district shall make all subsequent decisions regarding transportation, staff, and curriculum subject to existing contracts, collective bargaining agreements, or other provisions of law;
- (6) the indebtedness of proposed member districts that the union school district shall assume;
- (7) the specific pieces of real property of proposed member districts that the union shall acquire, their valuation, and how the union school district shall pay for them;
- (8) the allocation of capital and operating expenses of the union school district among the member districts;
- (9) consistent with the proportional representation requirements of the equal protection clause of the Constitution of the United States, the method of apportioning the representation that each proposed member district shall have on the union school board. The union school board shall have no more than 18 members, and each member district shall be entitled to at least one representative;
- (10) the term of office of directors initially elected, to be arranged so that one-third expire on the day of the second annual meeting of the respective districts, one-third on the day of the third

- annual meeting of the respective districts, and one-third on the day of the fourth annual meeting of the respective districts, or as near to that proportion as possible;
- (11) the date on which the union school district proposal will be submitted to the voters;
 - (12) the date on which the union school district will begin operating schools and providing educational services; and
 - (13) any other matters that the committee considers pertinent, including whether votes on the union school district budget or public questions shall be by Australian ballot.

§ 706c. APPROVAL BY STATE BOARD OF EDUCATION

If a planning committee prepares a report under section 706b of this chapter, the committee shall transmit the report to the commissioner who shall submit the report with his or her recommendations to the state board of education. That board after notice to the planning committee and after giving the committee an opportunity to be heard shall consider the report and the commissioner's recommendations, and decide whether the formation of such union school district will be for the best interest of the state, the students, and the school districts proposed to be members of the union. The board may request the commissioner and the planning committee to make further investigation and may consider any other information deemed by it to be pertinent. If, after due consideration and any further meetings as it may deem necessary, the board finds that the formation of the proposed union school district is in the best interests of the state, the students, and the school districts, it shall approve the report submitted by the committee, together with any amendments, as a final report of the planning committee, and shall give notice of its action to the committee. The chair of the planning committee shall file a copy of the final report with the town clerk of each proposed member district at least 20 days prior to the vote to establish the union.

§ 706d. VOTE TO ESTABLISH UNION SCHOOL DISTRICTS

Each school district that is designated in the final report as necessary to the proposed union school district shall vote, and any school district designated in the final report as advisable to be included may, vote on the establishment of the proposed union school district. The vote shall be held on the date specified in the final report. The vote shall be warned in each proposed member school district by the school board of that district, and the vote shall be by Australian ballot, at separate school district meetings held on the same day and during the same hours. The polls shall remain open at least eight hours. Early or absentee voting as provided by sections 2531 to 2550 of Title 17 shall be permitted. The meetings shall be warned as a special meeting of each school district voting on the proposal. The school board of a school district designated as "advisable" in the proposed union school district may choose not to hold a meeting to vote on the question of establishing the union school district; provided, however, it shall warn and conduct the meeting on application of ten percent of the voters in the school district.

§ 721a. WITHDRAWAL FROM DISTRICT

- (a) A school district that is a member of a union school district may vote to withdraw from the union school district if one year has elapsed since the union school district has become a body politic and corporate as provided in section 706g of this title.
- (b) When a majority of the voters of a school district present and voting at a school district meeting duly warned for that purpose votes to withdraw from a union school district the vote shall be certified by the clerk of the school district to the secretary of state who shall record the certificate in his or her office and give notice of the vote to the commissioner of education and to the other member districts of the union school district. Within 90 days after receiving notice, those member districts shall vote by Australian ballot on the same day during the same hours whether to ratify withdrawal of the member district. Withdrawal by a member district shall be effective only if approved by an affirmative vote of each of the other member school districts within the union school district

- c) If the vote to ratify the withdrawal of a member district is approved by each of the other member districts, the union school district shall notify the commissioner of education who shall advise the state board of education. At a meeting held thereafter, if the state board finds that the pupils in the withdrawing district will attend a school that is in compliance with the rules adopted by the board pertaining to educational programs, the board shall declare the membership of the withdrawing school district in the union school district to end as of July 1 immediately following or as soon thereafter as the obligations of the withdrawing district have been paid to, or an agreement made with, the union school district in an amount satisfactory to the electorate of each member district of the union school district. The board shall give notice to the remaining member districts in the union of its meeting and give representatives of the remaining member districts an opportunity to be heard. It shall then determine whether it is in the best interests of the state, the students, and the school districts remaining in the union district for the union to continue to exist. The board may declare the union dissolved as of July 1 immediately following or as soon thereafter as each member district's obligations have been satisfied, or it may declare that the union shall continue to exist despite the withdrawal of the former member district. The state board of education shall file the declaration with the secretary of state, the clerk of the withdrawing district, and the clerk of the union school district concerned.
- (d) A vote of withdrawal taken after a union school district has become a body politic and corporate as provided in section 706g of this title but less than one year after that date shall be null and void.

§ 722. UNIFIED UNION DISTRICTS

If a union school district is organized to operate grades kindergarten through 12, it shall be known as a unified union district. On the date the unified union district becomes operative, unless another date is specified in the study committee report, it shall supplant all other school districts within its borders, and they shall cease to exist. If provided for in the committee report, the unified union district school board may be elected and may conduct business for the limited purpose of preparing for the transition to unified union district administration while the proposed member school districts continue to operate schools. The functions of the legislative branch of each preexisting school district in warning meetings and conducting elections of unified union school district board members shall be performed by the corresponding board of alderpersons of a city or city council, the select board of a town, or the trustees of an incorporated school district as appropriate.

§ 723. TRANSITION TO UNIFIED UNION SCHOOL DISTRICT ADMINISTRATION

On the day the establishment of a unified union school district becomes effective, the district gains title to the assets and assumes the existing contractual obligations and other liabilities of the member school districts within its borders unless otherwise agreed to by the member districts in the approved plan for the formation of the unified union school district; provided, however, the unified union school district shall in all cases assume the contractual obligations of the member districts regarding each existing collective bargaining agreement or other employment contract until the agreement's or contract's expiration. All trust funds held or enjoyed by a preexisting district shall be held and applied as the terms of the trust indicate. If such trust allows, the funds may be applied for the use of the unified union school district. Within five days of the day a unified union school district becomes effective, the treasurer of each preexisting school district shall pay by check to the treasurer of the unified union school district the full amount of the balance standing in his or her school account and transfer to him or her all outstanding notes and contracts in force. All other officers of the preexisting school districts shall transfer to the corresponding officer of the unified union school district all instruments and other documents giving evidence of the assets, liabilities, and contractual status of the district.

RED Study Conclusions

After twelve months of study, the committee agrees that there are many reasons that a merger would improve the operation of the supervisory union. The following list of pros and cons summarizes our early discussion of merger without possibility of continuation of High school choice.

Pro	Con
Finances	
Financial incentives from state will reduce taxes temporarily (4 years)	Financial incentives may not be large enough to influence voters
Possibilities of savings for towns	
State will provide transition funding	
Educational Quality	
Greater alignment of curriculum, assessment and instruction	Possible loss of high school choice
3 additional communities will have representation and say in operation and program of Windsor High School	Possible loss of high school control for Windsor
More student opportunities in technology	Programs offered at 'choice' high schools may not be available elsewhere
Sending schools would have more input into Windsor High School program	Choice high schools may better meet the needs of some students
Maintains a sense of community	
Equity may improve	
Increased student population may bring positive changes to Windsor High School	
Operations	
Fewer meetings for school boards, staff and superintendent	
Centralized decision making may increase consistency	
High School Choice	
There may be ways to preserve some limited choice if merger occurs	Choice very important to 3 towns
	Students/parents can pick a school that best meets needs
	Unlimited choice is very important to many students/parents

After examining the pros and cons of merger, it was clear that the loss of high school choice does not outweigh the advantages. The overwhelming opinion of the committee is that three of the four communities place great value on school choice, as it currently exists for them. Unlimited school choice, with other public high schools (located in Vermont and New Hampshire) and private schools, is not available to a Vermont school district that operates a

high school. Our committee believes that member districts should further explore the creation of a RED while holding on to school choice across the Unified Union.

There is considerable discussion in Vermont regarding expansion of current school choice rules. If this happens the situation will change dramatically. If changes are made, the Committee asks that the WSSU revisit the merger question.

Therefore, the Windsor Southeast RED Study Committee recommends that:

- **This report will not be sent to the State Board of Education for approval;**
- **No merger vote will be scheduled at this time;**
- **Further exploration of the formation of a Regional Education District will take place when the State Board of Education and/or state statute allows the approval of a RED that offers broad based school choice.**

In addition, the committee recommends that:

- **The WSSU Executive Committee ask local legislators to work toward changes in statute or special language specific to choice in a proposed WSSU merger;**
- **Request the Vermont State Board of Education and/or the Department of Education to support a Windsor Southeast RED that offers broad based school choice;**
- **Supervisory union school boards agree to continue discussion of the details of a merger and propose proactive steps associated with forming a RED that includes school choice;**
- **Windsor Southeast Supervisory Union identifies any other legislative barriers to meeting the conditions set forth in the merger articles outlined above (debt, assets, etc.) and;**
- **SU school boards engage their communities in further discussion of the formation of a RED that offers school choice.**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Apr 11, 2014
Re: Weekly Report

Status of Governor's Priorities: .

n/a

Legislative Issues/Contacts:

Sat in on House Approps when Director of VT Problem Gambling spoke to them. They had questions about what VCPG did, how many VT's they helped, etc. VCPG asked for more money but the request was not answered.

Press Issues/Releases/Contacts:

n/a.

Significant Events/Meetings:

n/a

Evolving Issues:

n/a

Summary of Key Agency Department Activity:

No new items since last week.

Executive Director's Commentary:

I am leaving early Friday for a Tri-State meeting in NH. No new comments to add at this point.

Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, April 11, 2014

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Salt Shortage Update

Although it seems we have managed to get through the winter without running out of salt, our prime supplier, American Rock Salt, has cut us off. Our orders to replenish stores in six of our districts from ARS will not be honored because we have ordered too much this winter. In a letter to BGS the company admonishes VTrans as "current orders are unreasonably disproportionate to the estimates". ARS says since they have delivered 116% of our needs they will deliver no more under our current contract. We are talking with BGS about contingencies so that we can restore our supply for next winter. It won't be easy without our largest supplier.

Legislature

We may have made history this week when the House decided to concur with the Senate Proposal of Amendment to the T-Bill, with the sole exception of the cancellation of the Derby Rest Area. The House concurred with the Senate Bill and sent one proposal of amendment back which the Senate is expected to concur with in a deal reached by the two chairmen. There will be no conference committee for the T-Bill this session. Kudos to Director Cole (and all of team VTrans) for their work to ensure passage and acceptance of this bill. It includes all the elements that were important to our Agency and sets us on a positive path for addressing our challenges for road and bridge repairs as well our opportunities for expanding rail and transit to reduce our carbon footprint. We will work with your staff to evaluate press opportunity for the bill signing. This could coordinate well with our plan to do a big push on patching/road surface treatments. We think we need to get out ahead of the difficult road conditions this spring with extra funding and innovative treatments. How do you like "Pave It Black" (better than "Operation Smooth Ride")?

H.740, the Proportional Share Bill or the Transportation Improvement District (TID) Bill is in Senate Transportation and testimony was taken this morning on the bill. Testimony

from developers and environmental organizations alike is very positive on this bill. We are cautiously optimistic that the Senate will pass the bill.

NOTES FOR STAFF

Ledge Scaling on I89

On Monday, April 21st, 2014, ledge scaling will start in Montpelier along I89 northbound. Crews will be hand scaling the ledge on the northbound side of I89 between the Route 12 overpass and the Exit 8 off ramp.

Exit 8 will remain open at all times with no planned traffic interruptions. There is a planned shoulder closure along the work zone leaving both northbound lanes of the interstate open for traffic. Travel may be reduced to one lane through the construction zone for a day while crews set up the barrier for the shoulder closure.

Crews are expecting this work to be completed within a month, weather permitting.

Transportation Board Issue – Court Dismissal

East Montpelier BRF0-28-3(36) (Replacement of US 2 Br 74 over Winooski River) – Winterset, Inc. Claim

Transportation Assistant AG Toni Clithero reports that in companion decisions dated April 7, 2014, Superior Judge Helen M. Toor dismissed both pending cases involving VTrans' attempts to overturn a ruling by the Transportation Board. Here is Judge Toor's concise summary of the background situation:

The Board's ruling relates to a contract dispute involving the Agency and a bridge contractor, Winterset, Inc. The Agency denied a claim by Winterset for additional compensation, ruling that it was filed late. Because of that ruling, the Agency did not reach the merits of the claim. On appeal, the Board reversed that ruling, finding the claim timely. However, instead of remanding the case so that the Agency could consider the merits of the claim, the Board decided to hold a de novo evidentiary hearing on issues the Agency had not addressed. It is that decision that is at the heart of the Agency's appeal here. The actual merits hearing has not yet taken place: apparently the Board has stayed the hearing while the cases are pending in this court.... In this case, the Agency argues ... that because the Board has only appellate powers here, the merits of the contract dispute between the parties must first be considered by the Agency. Thus, the Agency argues, the Board should have remanded the matter for that purpose rather than scheduling the merits hearing itself.

Specifically, Judge Toor ruled as follows in the two pending cases:

- ***In re Claim of Winterset, Inc. (Docket No. 776-12-13 Wncv)***: VTrans brought this appeal under Rule 74 of the Vermont Rules of Civil Procedure. (Rule 74 applies when a statute expressly provides for appeal). After discussing a 1993

Vermont Supreme Court case recognizing that one of the exceptions to the general policy against interlocutory review is for situations where the administrative decision maker has “clearly exceeded its jurisdiction,” Judge Toor decided that while in *Winterset* there is a legitimate dispute over the extent of the T-Board’s jurisdiction, “the answer is less than crystal clear.” Judge Toor went on to observe that “[w]hile the Agency is understandably distressed that the Board is, in the Agency’s view, usurping the Agency’s powers to address the merits of the contract dispute before the Board does, nothing will be permanently lost by delaying court review until after the merits have been heard by the Board. As interesting as the issues in this case are, it not appropriate for this court to jump into the case until after the final ruling by the Board.”

- ***In re Claim of Winterset, Inc. (Docket No. 776-11-13 Wncv)***: VTrans brought this companion appeal under Rule 75 of the Vermont Rules of Civil Procedure. (Rule 75 provides for court review of administrative rulings for which there is no express statutory provision for review.) VTrans argued that if the court should find the T-Board ruling to be unreviewable in the Rule 74 case as an interlocutory order, then it effectively is not reviewable or appealable under Rule 74 and should be reviewable under Rule 75. Judge Toor rejected this argument: “While the [VTrans’] argument is creative, if the Agency were correct it would mean that *every* interlocutory administrative order would be reviewable under Rule 75. This would entirely eliminate the distinction between final and interlocutory orders. That cannot possibly be the intent of Rule 75. The court concludes that because the issues in this case will be reviewable under Rule 74 once the administrative proceeding is final, they cannot be reviewed under Rule 75.”

VTrans and the Attorney General’s Office have 30 days in which to decide whether to appeal one or both of the Superior Court’s dismissal decisions to the Vermont Supreme Court. Transportation Assistant AGs are awaiting the return of Bill Griffin next week before deciding on an appeal of this decision.

Brandon

The new Selectboard in Brandon would like to make changes to the design of the roadway project Pittsford/Brandon on Route 7. The previous Selectboard made changes to the project design which caused significant delays and expense. The Legislature and the Agency are both frustrated with the time it has taken to bring this project forward to construction. The changes to the current design proposed by the Brandon Selectboard will reopen Act 250 and there are historical impacts that will need to be studied and potentially mitigated, if they can occur at all. The Legislators interested in this project are not supportive of any further design changes by the municipality at this stage of the project; it is completing ROW acquisitions and has an advertising bid date in 2016. A letter went out to the town yesterday that notifies them that if they wish to make any further changes to the project, they will be financially responsible for those costs associated with the design change. There may be a response to the letter by the Town.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: April 11, 2014

Vermont Department of Health (VDH)

Hydrocodone Rule:

The VDH is working with staff from Massachusetts and Arkansas in the development of rules governing the prescription of extended release hydrocodone's manufactured without abuse-deterrent formulations.

Contact with Erica Solway, Senator Sanders' HELP Committee Staff:

Deputy Commissioner Barbara Cimaglio was asked by the National Association of State Alcohol and Drug Abuse Directors to speak with Erica Solway, one of Senator Sanders' Committee staff. Ms. Solway was interested in what Vermont is doing to bring federally qualified health centers (FQHCs) into our work with substance abuse. Ms. Solway was informed that many of our FQHCs are working with this population, and that we are training them to do screening and brief assessments and referrals to treatment. We have several FQHCs which are "approved" substance abuse providers.

Board of Medical Practice Adopts New Policy for the Use of Opioid Analgesics in the Treatment of Chronic Pain:

The Board of Medical Practice adopted a revised policy on use of opioids for chronic pain at the April 2, 2014 meeting. The new policy is largely based upon a 2013 revision of the Federation of State Medical Boards Model Policy, but includes several Vermont-specific provisions. The policy is not an enforceable regulation, and if a physician fails to follow the policy it will not on its own be the basis for an allegation of unprofessional conduct. However, the policy reflects the Board's present understanding of the standard of care. It also references several state or federal requirements that are enforceable standards. Therefore, a provider who fails to practice in accordance with the guidelines may be the subject of an action by the Board or other entity such as the DEA (Drug Enforcement Administration).

Department of Mental Health (DMH)

Green Mountain Psychiatric Care Center (GMPCC):

GMPCC's name has changed to Vermont Psychiatric Care Hospital (VPCH). This is part of the process in moving all policies and certification to their new location in Berlin. DMH understands from the Centers for Medicare and Medicaid Services (CMS) that their CMS acceptance of participation will follow from the Morrisville location to the Berlin location.

S. 287 - expedited judicial process for involuntary treatment:

House Human Services and House Judiciary held a joint meeting on Thursday to gather testimony from various constituents. DMH Medical Director Dr. J. Batra testified for the bill. Incoming VPCH Medical Director Dr. Isabelle Desjardin also testified as to the need for this bill. Overall it was a good beginning.

Representative Ann Pugh:

Representative Pugh questioned why Commissioner Dupre did not inform the Legislature of Pathway's request to become a Specialized Service Agency (SSA), since this was a change in policy. Commissioner Dupre explained the process of becoming an SSA and the existing legislative rules. It was noted that he is simply following the process, set by the rule, for when an application is made. So far, no further questions have been asked.

Shooting incident in Addison County this past weekend:

The alleged shooter is an open client of the Counseling Services of Addison County. Nothing has surfaced to this effect, but it was called in by Emergency Services as a possible media issue this past weekend. Individual last seen by the agency on 4/3 with no indications of immediate concern during contact. DMH is in the process of following up with the agency for any additional information that may be available.

Department of Disabilities, Aging and Independent Living (DAIL)

"Peace of Mind" Bill, H.728, still in Senate Committee on Health and Welfare:

No movement this week on a bill designed to create more legislative oversight of the Developmental Services Budget. The push for the bill by the Developmental Disabilities Council appears to come largely from families who want "more say" despite the program's solid performance key indicators. The plan had been to mark-up the bill this week. The committee remains uncertain about whether to create a summer study committee.

VPR (Vermont Public Radio) reports on (Vocational Rehabilitation) VR employee's claim of retaliation:

An employee, John Howe, passed over for a promotion almost one year ago, continues to make unsubstantiated claims that an investigation into his misconduct results from his participation in union activities (he is a steward). Recently placed on temporary relief from duty due to intimidating behavior toward two new female co-workers, Mr. Howe will be returning to work on Monday. His supervisor and division manager are working closely with Human Resources to insure workplace protection so that Mr. Howe, other employees and management can all do their jobs.

Department of Corrections (DOC)

Jeffrey Plourde:

Jeffrey Plourde was released on furlough on 4/7/14. Mr. Plourde is under supervision for Burglary (x2), Concealment of Stolen Property, and Inciting to Commit a Felony. He was originally charged with sexual assault but it was amended to Inciting to Commit a Felony. The department is treating him as a sex offender even though he is not required to register as a sex offender. He has completed his incarcerated programming in the facility and was centrally

approved for release. He will be continuing his sex offender treatment in the community. The home is near the Lyndon Town School and he will be residing with his mother. The department determined that there is no history of offending against children and felt the residence was appropriate. Prior to his release, staff from the St. Johnsbury Probation and Parole notified the local police agencies and meet with the principal of the school to discuss the release. It was decided that the department would not be notifying the neighbors in the community. There was an article in the Caledonia Record on Wednesday about the release. The article indicates that the chief was told that DOC would be doing community notifications. This is incorrect as we never told the chief that we were going to notify the neighbors.

Population:

The department's incarcerated population averaged 2,147 for the previous week. The male population averaged 1,986 with 368 being presentenced inmates. The female population averaged 161 with 42 being presentenced inmates.

Department for Children and Families (DCF)

Update on 15-Month-Old's Death in Winooski:

On the evening of April 2nd, a pediatric resident at Fletcher Allen Health Care (FAHC) called in a report concerning 15-month-old Peighton Geraw. The resident reported that he had seen Peighton that evening for acute gastroenteritis, a stomach bug, and in the course of the physical examination noted two small brown bruises on the child's neck.

A Burlington supervisor visited the home early Friday afternoon, April 4th. In the course of the visit, he asked the mother to take the child to the doctor's again. Shortly thereafter, the child was taken to the hospital and declared dead. A different staff member was assigned to the ensuing report. This worker was involved with the Chittenden Unit for Special Investigations (CUSI) all weekend.

The autopsy was performed on Saturday, April 5th, by assistant ME Elizabeth Bundock. Dr. Bundock found bleeding on the brain, but could not conclude that this was or was not due to a traumatic injury. Child Protection Director Karen Shea spoke with Dr. Bundock on Monday and learned that she was conducting further tests on brain tissue and on one of the child's tibias, which will take 2-3 weeks to yield results. In the meantime, Nytosha LaForce, the mother, and her boyfriend, Tyler Chicoine, have been interviewed by law enforcement. Mr. Chicoine tested positive for opiates, and was lodged.

The case has been transferred to a DCF special investigation social worker supervised out of the central office. As usual, our social worker is collaborating with CUSI. As our Burlington supervisor is a potential witness should this be declared a homicide, CUSI is being careful in communications with us. Peighton spent about two months in DCF custody in the summer of 2013 after his mother was unexpectedly jailed in NH. This was for a parole violation of leaving the state without permission (original charge is aggravated assault from 2005). There is no history of abuse or neglect of Peighton.

Department of Vermont Health Access (DVHA)

Vermont Health Connect Update:

Major Accomplishments for the Week:

1. *Terminations:* The first termination process was completed this week. 95 households were terminated from Blue Cross Blue Shield of Vermont (BCBS) and MVP due to non-payment of health care premiums.
2. Delta Dental advised that they would not be terminating anyone; however, their vendor sent terminations to customers. We are having discussions with Delta and reaching out to customers.
3. Navigator Request for Proposals for FY 2015 released (4/1)
4. *Outreach:* Letter/Email to all waiting in the Change of Circumstance queue sent (4/9); email to 2,715; snail mail to 3,600

CMS interpretation of the “Leahy Bump”:

DVHA has engaged CMS and Senator Leahy’s office about federal interpretation of the increase in federal Medicaid participation in the Affordable Care Act (ACA).

- The Affordable Care Act afforded Vermont the opportunity to draw in enhanced federal receipts through myriad mechanisms. Two of those mechanisms are (1) enhanced participation for newly eligible adults and (2) a 2.2% additional increase on all Medicaid costs for calendar years ’14 and ’15 [this is also referred to as the “Leahy Bump”].
- Vermont interpreted these as two discreet initiatives. CMS has interpreted these two areas as being intertwined. CMS’s interpretation results in a \$1.9 million general fund impact for SFY ’15.
- DVHA has spoken to Senator Leahy’s office regarding the actual legislative intent and confirmed Vermont’s application of the federal support comports with that intent. Leahy’s office is engaging in conversations with CMS to determine the ultimate outcome.

116 STATE STREET
MONTPELIER, VERMONT 05620



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

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: April 11, 2014

Secretary's Top Issues

Deputy Secretary Bothfeld and Ag Policy Administration Leonard took part in the **Results Based Accountability** workshop in S. Burlington this week. The conference made the process of results based accountability more streamline and workable. This will be important as we move toward this process for state government based on S.293.

Meat Inspection is anxiously awaiting determination by VT legislature for new positions to serve the industry in the mandatory inspection of the meat and poultry operations. Without the positions, the new operations expected in the next few months will not be able to start and they have significant investments into the infrastructure for meeting inspection requirements.

The Weights and Measures Lab conducted **specialized testing for an engineering company** located in Williston. The firm is constructing a force balance and the W&M lab provided traceable weights on components of their balance. Their device is to be used in wind tunnel studies and used for companies building wind towers, bridges, and buildings. This was a new specialized task for the lab which included the need to create new test procedures. Due to the lab's availability the company did not have to travel outside of VT for this service.

Agricultural Policy Administrator Chelsea Bardot Lewis attended **the SIAL Canada Trade Show in Montreal**, Canada from April 1-4.

- The show welcomed 14,000 food buyers and professionals from 61 countries, and featured 750 exhibitors from 45 countries, **including 3 Vermont companies.**
- Lewis coordinated add-on services for 12 show exhibitors, including a retail tour, one-on-one meetings with pre-qualified buyers, interpreters, and post-show assistance.
- Vermont companies reported a total of **\$68,000 in sales on-site, with a projected \$160,000 in sales over the next 12-24 months.**

State veterinarians met with USDA District 1 Director to discuss minor modifications to **the Animal Disease Traceability workplan** that the Section submitted in February. Once approved, this agreement will provide approximately \$80,000 in federal funds. The Section also submitted approval paperwork for another cooperative agreement that was awarded from USDA for \$26,000 for poultry and small ruminant disease testing and education and outreach activities.

116 STATE STREET
MONTPELIER, VERMONT 05620



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

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: April 11, 2014

Status of Governor's Priorities:

Legislative Activities and Issues

April 8, 2014

S. 237 Civil Forfeiture- House Judiciary- Dr. Kristin Haas

Dr. Kristin Haas provided testimony to the Committee on S. 237, a bill which proposes to streamline the civil forfeiture proceedings in animal welfare cases by adding flexibility to the civil legal process that would shorten the time interval between filing and resolution of the cases. The following points were made:

1. Clarified the VAAFM role in animal welfare cases, as there is often much misinformation surrounding this - answered one related question on this topic from a committee member.
2. Stated that while VAAFM does not have a position on S.237, as a veterinarian and member of the VT Veterinary Medical Association, I am supportive of the principles in the bill.
3. In my role as State Veterinarian, I have become aware of the detriments of prolonged proceedings in animal welfare cases, and they fall into two categories:
 - a. Significant cost burden to the municipality or humane society due to having to retain possession of seized animals during drawn-out proceedings.
 - b. Significant welfare implications for the animals that might not be able to receive necessary medical care due to the pending nature of the legal proceedings.

Mitigating these negative consequences is in everyone's best interest, and S.237 serves to help do that.

April 9, 2014

H. 329 Current Use Senate Agriculture Stephanie Smith (monitoring)

Senate Ag passed H. 329 out of committee 5-0

The Methane Digester definition as suggested by Alex DePillis, Senior Agriculture Development Coordinator is within the bill.

The bill now moves to Senate Natural Resources and then Appropriations.

Sen. Zuckerman suggested one last amendment at the tail end of the conversation this morning – which would increase the penalty on those property owners that remove land from current use before the toll of 10 years. Land use change tax would be based on the removed land's development potential based on local zoning and for those towns without local zoning the development potential would be considered 1 acre house lots.

H. 586 Water Quality Bill House Ways and Means - Jim Leland

More testimony this morning regarding H.586. Attached is the strike all version of the bill. The chair stated that this version is simply for the benefit of the committee so that they could see what the bill might look like with F&W amendments that removed all funding mechanisms. Committee members questioned a law that would essentially be a number of unfunded mandates, impacts on Agency capital funds if many small farms had structural needs identified via the certification process, resources the Agency would need to inspect all small farms, implementation dates and their effects on the Agency when no money was attached and the general concern that using language of 'when funds are

available' is too subjective. Rep. Deen stated twice that if no money ever became available his committee would strike the implementation dates in future sessions.

Jim Leland addressed a number of these issues for the committee; primarily the impact on capital funds, impact on existing programs, prioritization schemes for small farm inspections and some livestock exclusion questions.

S. 70 Raw Milk House Agriculture- Dr. Kristin Haas

I testified and presented the attached testimony. In addition, I answered questions from the committee regarding the Agency's current practices with raw milk inspection. The committee discussed alternatives to the proposed licensing fee by the Agency, none of which were decided upon. I also stated that the TB and Brucellosis testing should remain as a requirement on an annual basis. I asked the committee three times, on behalf of Secretary Ross, what their expectation is with regard to the Agency performing inspections at farmers markets. The committee chair stated that it was not possible to provide an answer to that question at this time, but also stated that if there was a provision included in the bill that required inspection at farmers markets, there would be committee support for including a licensing fee to offset some costs.

H.869 Miscellaneous Agricultural Subjects- Senate Agriculture Dr. Kristin Haas

The committee heard from leg counsel O'Grady who did a walk-through of the bill. They also heard from House Ag committee members who presented the bill on the House floor. Dr. Kristin Haas testified on the bill and provided the agency's philosophy on, and answered questions regarding, removal of the CP exemptions. The committee then heard from Jim Harrison with Retail Grocers Assn who stated that it is still important to do everything possible to keep the local general stores around, but admitted that the licensing fees for small scales and motor fuel dispensers is not exorbitant. The committee alluded to the fact that they might contemplate adding language to the bill pertaining to CWD testing of cervids. They asked for the copy of a proposed budget. Dr. Haas agreed to forward the budget, again.

April 10, 2014

H. 586 Water Quality Bill House Ways and Means - Jim Leland

586 was voted out of Ways and Means today, 11-0. The bill includes an amendment offered by Rep. Johnson that states that the provisions of the bill will go into effect one year after funding has been secured. The bill heads to Appropriations.

H.869 Miscellaneous Agricultural Subjects- Senate Agriculture-Stephanie Smith (monitoring)

The committee had questions concerning Sec. 10 of the bill specifically related to Bulk milk tank calibration. They asked for a representative from Ag to come and speak next Tuesday on this topic and answer the following questions

What is the process for calibrating bulk milk tanks?

Why doesn't the Agency calibrate bulk milk tanks?

H.112 GMO Labeling – Senate Appropriations Committee, Sam Werbel (monitoring)

Committee discussed briefly, voted, and accepted an amendment that would direct moneys from settlements of legal suits into the special fund, and that excess money (over \$1.5 million) would return to the general fund (a "waterfall" clause).

Concern that without a special fund there are few other places to take money from (Working Lands?).

Emergency Authority

This appears to be on the floor of the house

Jobs in Agriculture

Press

Henry Marckres, Chief, Consumer Protection, was interviewed by Elodie Reed of the St. Albans Messenger on the status of the maple industry in Vermont.

Weights and Measures Specialist Marc Paquette spoke with a reporter for the Mountain Times in regard to the change in the maple grading system. The process, intent, and , market forces behind the changes were discussed as well as the some of the grading specifics including the use of marketing descriptors. The reporter brought up concerns regarding the impact on very small producers and this was also addressed.

Significant Events/Meetings:

- Agricultural Policy Administrator Chelsea Bardot Lewis attended the SIAL Canada Trade Show in Montreal, Canada from April 1-4.
 - The show welcomed 14,000 food buyers and professionals from 61 countries, and featured 750 exhibitors from 45 countries, **including 3 Vermont companies.**
 - Lewis coordinated add-on services for 12 show exhibitors, including a retail tour, one-on-one meetings with pre-qualified buyers, interpreters, and post-show assistance.
 - Vermont companies reported a total of \$68,000 in sales on-site, with a projected \$160,000 in sales over the next 12-24 months.
- Secretary Ross and Agricultural Policy Administrator Chelsea Bardot Lewis accompanied the Governor on a tour of Black River Meats and Vermont Packinghouse on Monday, April 7. The Agency has played a critical role to support the construction of a state-of-the-art slaughter facility, which can process 40 head per day immediately and up to 80 head per day over the next 5 years. It is due to open in June.
- Led by Water Quality Partner Liaison, Michael Middleman, the Agency released a request for proposals (RFP) to develop a geospatial database to track and plan statewide agricultural best management practice implementation among nine partner organizations that are actively engaging landowners to improve water quality by reducing agricultural non-point source pollution. The database will allow the Agency to better report on and analyze statewide BMP implementation efforts, in addition to increasing communication, collaboration and efficiency among its water quality partners. The RFP was released on 4/9/2014 and responses will be received by 5/16/2014.
- Animal Health Section met with IT and Water Quality to discuss a process for data entry into the USA Herds database for the SFO farms.
- State veterinarians met with an architect from BGS to discuss animal pathology laboratory needs. Architect was shown current area of necropsy which takes place in the Food Safety and Consumer Protection storage area in the basement of the Agency building where there is a sink.
- Animal Health mass mailed Animal Disease Traceability outreach letters containing updated information from USDA regarding their enforcement phase. The letters were provided to veterinarians, producers who receive official ear tags, and livestock dealers/transporters.
- State veterinarians met with USDA District 1 Director to discuss minor modifications to the Animal Disease Traceability workplan that the Section submitted in February. Once approved, this agreement will provide approximately \$80,000 in federal funds. The Section also submitted approval paperwork for another cooperative agreement that was awarded from USDA for \$26,000 for poultry and small ruminant disease testing and education and outreach activities.
- State veterinarians met with a clinic in Lyme NH who is interested in using the VT electronic Certificate of Veterinary Inspection.
- Assistant State Veterinarian participated in a NASDA call centered around the larger discussion of implementation logistics of the 7 FSMA Rules. NASDA is forming a technical working group to discuss the nuts and bolts of implementation, including the need for a new, equal partnership relationship with FDA.

Evolving Issues:

- Animal Health met with an unregistered animal rescue group operating out of a doggie day care facility in South Burlington. The group does not have 501 status at this time so will need to license as a pet shop.
- Animal Health received three tissue residue cases from FDA for investigation, bringing the total investigations since September, when the new contract began, to 13.
- Animal Health sent out a pre-hearing and hearing notice to a non-compliant cervid producer.

Summary of Key agency Department Activity

Administration:

Deputy Secretary Bothfeld and Ag Policy Administration Leonard took part in the **Results Based Accountability** workshop in S. Burlington this week. The conference made the process of results based accountability more streamline and workable. This will be important as we move toward this process for state government based on S.293.

Agricultural Development:

Agency took part in a conference call with national ag leaders on conservation easements and the USDA Farm and Ranchland Protection Program. Agency linked in VHCB to provide feedback on states being able to become certified to expend funds from USDA within their existing conservation easement programs. Information from across the country will be used to make recommendations to USDA.

Food Safety and Animal health and Consumer Protection:

Consumer Protection:

- Consumer Protection staff performed inspections on small capacity scales, 7 scanner audits, tested liquid measuring devices, followed up on several consumer complaints and performed maple certifications during the past week. Staff found 5 violations during the week.
- Sumner Kuehne of the Consumer Protection Section has been accepted as a trainee in the USDA Good Agricultural Practices (GAP) Program. He will be attending training in the near future.
- Henry Marckres, Chief, Consumer Protection, investigated an off flavor concern on maple syrup on Thursday.
- The Weights and Measures Lab conducted specialized testing for an engineering company located in Williston. The firm is constructing a force balance and the W&M lab provided traceable weights on components of their balance. Their device is to be used in wind tunnel studies and used for companies building wind towers, bridges, and buildings. This was a new specialized task for the lab which included the need to create new test procedures. Due to the lab's availability the company did not have to travel outside of VT for this service.

Meat Inspection:

- Meat Inspection is anxiously awaiting determination by VT legislature for new positions to serve the industry in the mandatory inspection of the meat and poultry operations. Without the positions, the new operations will not be able to start and they have significant investments into the infrastructure for meeting inspection requirements.
- Program Section Chief visited a slaughter construction project in Milton. Plant is progressing steadily and hopes to be in operation by the end of June under state inspection.
- A Lyndonville slaughter and process establishment, Northeast Kingdom Processing LLC is starting operations on Monday under Federal inspection. USDA has asked the State to provide relief inspection under the cross utilization program. Apparently, they don't have enough relief inspectors and have to announce the opening for hiring an inspector. Relief will be provided on a week to week basis if VT inspectors are available; it will be increasingly difficult as poultry operations restart and new state plants come on.
- Participated in a call with FDA officials for determinations concerning providing state inspection for Alpacas in a federally inspected facility in Benson VT. USDA does inspect alpacas presently.

Animal Health:

Animal Health Field Personnel:

- Inspected the Addison County Commission Sale for Animal Disease Traceability compliance
- Collected obex samples for Chronic Wasting disease at a captive deer farm in Pownal VT
- Met with a veterinarian from Valleywide Veterinary clinic and the owners of a certified farm in Addison County to inspect cattle currently housed at the facility. The farm will be transition to a non-certified in the next few months.
- Initiated a tissue residue investigation for a farm in the Ferrisburg area.
- Provided traceability supplies to dealers in Franklin and Caledonia Counties
- Met with a captive deer producer to plan an upcoming inspection and herd inventory reconciliation slated for the week of May 12th.
- Provided Pullorum testing for poultry producers in Orange County

Agricultural Resource Management:

On April 2nd, Matt Wood, The Pesticide Certification & Training Supervisor, gave a lecture to the Greenhouse Operations & Management Course in the Department of Plant & Soil Science at UVM. This lecture covered all aspects of pesticide regulation and getting certified to apply pesticides in Vermont. On April 7th Matt returned to the class to give the Pesticide Applicator certification exam to the 26 students in the class. Most of them passed the exams to become certified private applicators.

On April 9th Matt Wood, the Pesticide Certification & Training Supervisor, in cooperation with Sarah Kingsley-Richards of UVM Extension, held a day long review session of the Pesticide Applicator CORE manual at the Little Red Schoolhouse at VTC in Randolph. It was attended by 65 people, probably the largest group to attend this yearly training to date. At the end of the review, these people were able to take the CORE certification exam for private, commercial, government, or non-commercial certification or the pesticide dealer exam. As of this submission exams are still being corrected!

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

- Staff visited four MFOs are transitioning to the LFO program to discuss the transition, answer questions, gather information and complete paper work. Two farms were in Addison County and two farms were in Franklin County.
- Staff met with a watershed planner to discuss water test results from surface waters near a LFO in Orleans County. The goal is to work with the farm to improve water quality in the surface waters near the farm.
- Staff are processing applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program. Information is being compiled and permits are being drafted for these farms and this will be a major focus of the team through the month of April.
- Staff are working on compiling information related to several LFOs that require permit amendments. Several LFOs would have applied for permit amendments to increase animal housing and herd size.

Conservation Reserve Enhancement Program (CREP):

- Staff worked with Agency Attorney, Diane Zamos, to draft a CREP amendment for a farm in Franklin County. The farm changed their management of land that was enrolled in CREP by the previous landowner and this amendment will satisfy the debt owed to Agency from partial termination of the original CREP agreement.
- Continued mapping/planning work for several ongoing potential CREP projects.
- Working with partners and discussing cover cropping sign-up and workload with NRCS.
- Reviewed VACD staff small farm bmp plan to be funded with ERP (through VTAAFM) funds.
- Met with NRCS engineer to get assistance in sizing pipeline for watering systems on three CREP projects.
- Discussed potential CREP projects with several farms and planned upcoming pre-planting visits with contractors.
- Relayed complaint/concern about manure stack on small farm, with maps and info to Enforcement and Small Farm Inspector.

Secretary's Comments:

PRESS:

- **Channel 17, VT Democrats w/ Rep Mike Yantchacka;** Broad discussion of VT agriculture and job growth within food and ag systems
- **WCAX, Black River Meets:** interviewed after tour of plant on how plant would affect meat industry.

MEETINGS:

- **Ag Lab with Administration, Pavilion:** reviewed options with BGS, VAAFM, ANR and Sec of Administration staff. Refined plan on moving forward over next few months
- **VT Sustainable Jobs Fund, Montpelier:** met to outline statistical and data collection work for ag and food system profiles to be used for press, speeches and background info.
- **Regional Conservation Partnership Program Discussions:** Possible funding source for Lake Champlain water issues, discussed with Leahy Staff, NRCS and Governor's staff; developed outline of approach to USDA for request.
- **Dan Smith regarding USDA Milk Marketing Orders:** met with Dep Sec Bothfeld and Smith to discuss request by State of Maine to help fund work of Mr. Smith to get legislation passed to have USDA hold hearings. Explained while supportive of initiative VAAFM has no money to support the work that Maine has been funding to date. Smith explained Senator Starr may try to find money in the Appropriations bill for this work
- **Amy Schulenburg regarding GMO legislation:** Ms. Schulenburg is a lobbyist for pro labeling groups wanted to check in on Administration position, explained Governor is supporter of labeling, believes Vermont would be better

served with a trigger, many aspects of the Bill fall to the Attorney General's office, will be actively monitoring going forward, Schulenburg explained the support for the Bill and offered further information as needed by Administration

EVENTS:

- **Black River Meets with Governor, Springfield:** Toured partially completed new facility with owners, Governor, VAAFAM staff, VT Sustainable Jobs Fund Staff and Press.

LEGISLATURE:

- Worked with staff on tracking multiple pieces of legislation including Water Quality H586, Current use H329, GMO H112, Prime Ag Soils H448 and raw milk.

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

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

www.anr.state.vt.us



Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: April 11, 2014

Subject: ANR Weekly Report

Governor Level Issues:

Vermont Gas-Phase II: We continue to work with VG on their Phase II alignment and outstanding ANR issues. We continue to let them know that they need to move the alignment further away from the Shoreham Swamp in order for us to issue a wetland permit for the project. We first raised this issue with them back in November 2013 and advised them to re-route the section of pipeline at that time. We will be meeting with them again in late April-early May to discuss this again.

Note that VG has not yet filed for its DEC permits (stormwater, wetland, 401, stream alteration, Lake encroachment). We have been encouraging them to do so ASAP. They indicate that they intend to do so by the end of April. Be aware that a problem they may face is that under the wetland rules, the application will not be technically complete until all impacted wetland features have been field delineated. Because they do not have permission to access about 25% of the Phase II alignment, this will make it hard for them to complete their application. We have made this clear to them in previous meetings, and have encouraged them to negotiate access to the proposed sites so we can move ahead on their permits. I will be working with staff to see what, if any, alternatives are available.

Lake Champlain Cleanup Plan (TMDL): The draft EPA Lake Champlain Phosphorus TMDL Vermont Phase 1 Plan was sent to EPA on Mon, March 31 and sent to key legislators and organizations. We will now work with EPA and stakeholder groups to get comments on the plan before developing a final proposal for consideration by the Governor. We continue to work collaboratively with Region 1 and they will be asking for an extension of time because of the delay in completing their modeling.

First Wind (Sheffield) Biomonitoring (water quality) Final Report: The report of findings from over five years of biomonitoring has been completed and is now available for public review. It shows no impact on water quality from the project. Specifically, the results indicate that construction and two years of operation of the facility have had no effects on the macroinvertebrate and fish communities from six streams that drain the project. Most streams, in fact, support Class A1 level biota. Watershed Management will continue to monitor some of the streams in conjunction with the state-wide rotational biomonitoring program (every five years).

Meeting with Leahy/staff: I was in DC to participate in a panel on the Federal/State relationship at the Georgetown Climate Center and took the opportunity to meet with Leahy and his staff. I thanked them for their efforts on our behalf. The EPA administrator was coming into the finance subcommittee later in the week. We discussed the Senator's proposed comments in support of our objective of getting a package of federal funds from multiple agencies to help us meet the requirements of the TMDL. I thanked them for their help on this!

Waterfront Projects in Burlington: F&W staff and Patrick met with Miro Weinberger and his staff to discuss the progress of the three different waterfront projects. The Fish and Wildlife Department has already passed a USF&WS Boating Infrastructure Grant (BIG) grant in the amount of \$100,000 to the Burlington Parks and Recreation Department for upgrades to their transient boating infrastructure. Last fall a second BIG grant proposal was submitted to the Service from the Parks and Recreation Department, through the Fish and Wildlife Department, for \$1,500,000 to assist in funding approximately 95 transient boat slips as part of an expansion of Perkins Pier Marina in the Burlington harbor. While there has not been any official confirmation of the award, feedback from the Service has been positive. Finally, the Department and City continue to discuss opportunities to create a public access area for day-use boaters. While there are plans to expand marina space on the Burlington waterfront, there is insufficient public access for trailered boats on Lake Champlain's largest waterfront. Staff from both groups will continue to meet this spring to explore different options for siting an access on the waterfront.

EVERYTHING ELSE:

Legislative Issues/Contacts:

Universal Recycling (S.208): This bill, which includes a number of miscellaneous provisions for implementation of Act 148 of 2012, has passed out of the Senate and is now before the House Natural Resources and Energy Committee. Commissioner Mears testified before the committee in general support of the bill last Friday however, DEC does hope to see some revisions. The committee is organizing a Legislative Roundtable on Materials Management and Governance of Solid Waste – slated for April 16 in Room 11 of the State House. This is being billed as an opportunity for solid waste entities to discuss with legislators the issues around how to meet the requirements of Act 148 and the Materials Management Plan, the challenges and the structure for working together.

Dam Safety (H.590 / H.885): This bill has now moved to the Senate where it will be taken up by the Senate Natural Resources and Environment Committee. The bill creates a dam registration and fee program; it establishes process by which a dam could be determined abandoned; and it would require disclosure of a dam and its condition when the property is sold. Joanna Pallito has prepared draft language regarding the new dam safety inspector position for H.885 (the Budget bill), which we are prepared to share with Senate Appropriations when we have a better sense of the bill's forward path.

Battery Recycling (H.695): This bill, known as the primary battery recycling bill, is now pending before the Senate Natural Resources and Energy Committee. This bill would require primary battery manufacturers who sell batteries in Vermont to develop and implement plan(s) for the collection and recycling of primary batteries. Manufacturers are encouraged to work together through a stewardship organization to develop and implement a plan for statewide collection of primary batteries.

Toxics in Products (S.239): This bill, which creates a new program in the Department of Health to identify and regulate toxic chemicals in consumer products offered for sale in Vermont, has now been taken up by the House Fish, Wildlife and Water Resources Committee. Deputy Secretary Justin Johnson testified for ANR saying that a improvements to the Federal chemicals law would be the best way to improve chemical safety, but absent this, that Vermont should not create a regulatory program in isolation – rather we should look to cooperate with other state(s). His testimony was well received by Tony Klein.

Floodplains (H.676): This bill, which clarifies municipal law to allow regulation of certain exempt activities (agriculture, energy siting, silviculture, etc.) for the purpose of National Flood Insurance Program compliance, has passed both bodies and is on its way to the Governor. The bill also clarifies that development of state owned properties and facilities will be regulated under the pending Floodplain Rule.

Shorelands (H.526 / H.885): The H.526 Committee of Conference continues to meet. We may need the governor to give a call to Bob Krebs who has come up with a whole different approach that does not make sense.

JRS 47: The Committee voted unanimously to approve the proposed Joint resolution as offered by the agency. The resolution will authorize the Commissioner of the Department to complete two right-of-way exchanges: one in Stowe at Mount Mansfield State Forest, and one in Victory at Victory State Forest.

S.100: The house concurred with the Senate on the forest fragmentation bill. It is heading to the governor for signature.

Press Issues/Releases/Contacts:

Lake Champlain Cleanup Plan (TMDL): Many media outlets ran a piece on DEC's recent issuance of a draft implementation plan for consideration by EPA. Overall, coverage was

positive though environmental advocacy groups expressed concern that the plan does not go far enough. The Vermont League of Cities and Towns newsletter includes an article written by Karen Horn summarizing the plan and commending DEC for putting forward a balanced plan.

Marten Population Continues to Expand in Vermont: F&W believes there is an expanding population of American marten in Vermont. Marten are small carnivores in the weasel family. They are smaller than a housecat and are closely related to the more common and slightly larger fisher.

Vermont's Wildlife Responds to Delayed Spring: Vermont's human residents are not the only ones coping with the continued wintery conditions this year. The state's wildlife are also searching for ways to deal with the deep snow and ice that may remain late into spring.

Delayed Spring Weather Changes Options for VT Anglers: The late return of spring weather and persistent ice may alter the plans of some anglers this year. While the winter weather extends opportunities for ice fishing on some water bodies, it can also delay anglers' access to open water for the start of trout season.

Deer Hearings Set for May 7 and 8: F&W will host the final annual public deer hearings on May 7 in Castleton and May 8 in Montpelier. Three earlier hearings were held in Springfield, Orleans and Middlebury. The hearings will include results of Vermont's 2013 deer seasons and an overview of the department's recommendations to the Fish & Wildlife Board for antlerless deer hunting opportunities in the youth, archery and muzzleloader seasons next fall.

Significant Events/Meetings:

Newport Airport: Watershed Management Division participated in an interagency meeting with VTrans to discuss the Newport State Airport improvements, which include the Runway 18-36 and Taxiway "A" expansion, nine proposed buildings, apron construction, drainage improvements, utility relocations, landscaping, and other incidental work necessary to complete the project. This meeting was held in response to the applicant's request for a May 1, 2014 issuance deadline for all permits. The project will require stormwater and wetlands permits as well as a Water Quality Certification (Clean Water Act Section 401). Several of the permit applications submitted by the applicant's consultant are not technically complete so we will not be able to meet the applicant's requested deadline for permit issuance. We have developed an aggressive timeline for processing these permits once technically complete and will continue to coordinate with VTrans on this high priority project.

Costco Individual Wetlands Permit Reconsideration: A request for reconsideration of an individual wetland permit for a gas station in Colchester was filed late last week. The issues have been reviewed and a letter was sent to the permittee requesting additional information regarding proposed stormwater infrastructure inside of wetland jurisdiction not addressed in the permit application. The permittee will provide additional material for review.

Seymour Lake: Watershed Management staff participated in a meeting to discuss the issue of water level management at Seymour Lake and the operation of the gate at the dam to manage water levels since the old dam was replaced in 2004. The meeting was attended by representatives from the Seymour Lake Association, Great Bay Hydro, Vermont Natural Resource Council, Trout Unlimited and the Agency's Fish and Wildlife Department. The new dam is part of a water quality certification for the Clyde River Hydroelectric Project operated by Great Bay Hydro. The Seymour Lake Association has made several proposals to lower the lake, and the Department has denied those requests. The other stakeholders at the meeting, apart from the lake association, weighed in on whether operations were necessary and whether there would be compliance with water quality standards. Stakeholders were largely in agreement that management of the lake levels was not warranted though the lake association disagrees.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Landslides and the Vermont Mitigation Approach: With the Washington State landslide in the news, the Geology Division is receiving questions about landslide hazards in Vermont. Our plan is to work with regional planning commissions to use a landslide mapping protocol we developed for the state hazard mitigation plan. The intent is to identify areas of potential slope instability and use the maps for land use planning.

N Street South Royalton Property, LLC: Compliance & Enforcement Division issued a civil complaint against the defendant for commencing construction and renovation of a pre-existing wood shop into a rental unit without a Wastewater System and Potable Water Supply Permit. Based upon the evidence presented, the Court upheld the complaint and imposed a \$1,500.00 penalty. This was the first appeal of one of our new citations ("environmental tickets") to be heard by the Court.

Meeting with Department of Health: Drinking Water & Groundwater Protection staff met to discuss proposed changes to our guidance document that outlines when a waiver from the requirements for a building or structure to have a lavatory or toilet will be allowed. The current alternative toilet guidance document is being revised and the discussion will include health concerns when alternative hand washing is allowed over the conventional washing with soap and water.

Clean Water State Revolving Fund Intended Use Plan Public Meeting: Facilities Engineering Division staff have completed the draft Intended Use Plan for the federal FY14 EPA clean water state revolving fund capitalization grant and the draft pollution control projects priority list for state FY15. The draft priority list consists of 23 projects, with an aggregate loan need of approximately \$38M. The presentation included a discussion on a fundamental change under consideration for pollution control grant and loan funding designed to take into account

project affordability, similar to what is done in the drinking water state revolving fund. If the change gains support, legislation would likely be needed to enable implementation.

Fish and Wildlife

New Opportunities for Outdoor Women: Staff began working on a revised BOW programming for the Department, rather than offer a program similar to VOGA's doe camp, with which the Department assists, it was decided to offer focused, day-long seminars on hunting and fishing-related disciplines.

Fishing: There continues to be a few ice fishermen on some of the inland ponds but ice conditions are deteriorating quickly. The ice on Lake Champlain is unsafe. Wardens report all shanties have been removed from the ice and, with some gentle reminders, removed from our access areas. In areas of Lake Champlain that have open water the fish shooters are beginning to get active along with the "Bull Pout" fishermen.

Do Not Feed the Bears! The bears have definitely emerged from their dens. Wardens are reporting a few bear damage complaints. Most of the complaints involve damage to bird feeders due to resident's reluctance to remove them due to the remaining deep snow and low food availability for the birds.

Search Warrant for Illegally Taken Deer: Several wardens conducted a search warrant in response to complaints of illegally taken deer in the Milton area. The resident at the initial home admitted to illegally killing 5 deer in addition to the one he was arrested for last fall. More interviews of other individuals led to the admission of 7 more illegally taken deer for a total of 12. Large amounts of venison and rifles were also seized as evidence. The investigation continues as there are likely more illegally taken deer involved.

Remedial Ethics Course: Wardens conducted two remedial hunter ethics course last week. One course was offered in Barre and the other in Weston. A total of 45 people successfully completed the course. The course is required before a person is eligible to purchase a sporting license after having had their hunting and fishing license suspended for two or more years.

Forest, Parks and Recreation

Forsey v. State (Confidential, Attorney Client Privileged, Attorney Work Product): The state filed a Third Party Claim for Declaratory Judgment and Implied Indemnity seeking a declaratory judgment that Green Mountain Power must indemnify and defend the State in this wrongful death action. Daniel Forsey drowned in the Little River during a hydro facility release into the Little River in August 2011. The State alleges that GMP operates the Waterbury Dam hydro facility and has control over the facility operations and regulatory requirements under the FERC license and thus is obligated by operation of law to indemnify and defend the State.

Ski Area Updates: Staff from FPR and the US Forest Service met last Friday with officials at Bromley Ski Area. Bromley is unique in that it leases both State Forest land and National Forest land for part of its ski area. Bromley officials reported strong ticket sales this year – generally comparable to last year’s record season. At the same time, energy costs have skyrocketed this past year and, if left unchecked, may not be sustainable over the long term. Jay Peak’s annual ski lease payment of \$243,868 was received this week by the Department. This year’s payment represents more than a 50% increase over last year’s payment of \$157,000.

PILOT (Payment in Lieu of Taxes): Lands Administration Division staff are working with ANR land acquisition staff to gather information on all new State parcels acquired from April 1, 2013 – March 31, 2014. This information will be forwarded soon to the Tax Department’s Division of Property Valuation and Review to be incorporated into new FY’ 15 PILOT payment estimates. The Administration’s proposed FY’15 budget includes \$2.7 million for ANR PILOT. This represents a \$600,000 increase over last year’s PILOT payment. Most of this increase was the result of a recent reappraisal of ANR land by Property Valuation and Review. The legislature is currently considering reducing the FY’15 ANR PILOT budget by approximately \$500,000.

VT Parks Forever: The quarterly meeting of the Board of Directors of Vermont Parks Forever was held April 7. Work is progressing on selecting an Executive Director and on refining plans for natural history interpretation projects for which a fundraising campaign will soon be launched.

Wildland Fire Equipment: The annual grant program providing wildland fire equipment to rural fire departments is in full swing. This year a total of 44 Vermont towns purchased \$50,000 worth of wildland fire equipment. The grant is a 50/50 match: the towns pay 50% and the grant from the US Forest Service pays 50%. The Division of Forests administers the grant program. Personal protection equipment and fire gear have arrived at the Essex District Office, and items are being sorted and organized for distribution to local fire departments.

Business Office

ANR Storage Annex: We have been working through BGS Property Management and it appears that the consolidation of several of our storage locations into the old NL Annex is financially feasible for us and the landlord. There are still some fit-up issues to be resolved and some final negotiations but we are hopeful that all can be resolved so a move in before the end of the fiscal year can be accomplished.

Our **FY15 Federal Indirect Rate Proposal** will go out to the Federal Government today requesting a 33.42% rate up from FY14’s approved rate of 30.72.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: April 11, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest: *MH suggestions in italics :-)*

1366: We continue to work with ACCD and IBM and VEDA to respond to 1366's request that we help with capital associated with a 5MW solar project. They are looking for \$3M to cover costs of the panels (\$0.60/Watt) and help with land and permitting. After discussion, it appears the best way to accomplish the objective is to have a third party (solar developer or IBM) build the project and pass part of the benefits on to 1366 through electricity credit. There are other options we're pursuing, but are working hard to make something happen. The Department has up to \$1.3M available to put toward either a project, interest rate buy down, or other incentive if need be (\$ is from ARRA loan repayments which we intended to put out as grants anyway – but there are some conditions that would need to be met, such as compliance with Davis-Bacon).

GMP Solar PPAs: We are moving forward with agreements on the GroSolar and Green Lantern projects to get out of the problem the premature signing of the PPAs caused. I have commitments from developers we won't repeat this process, and we will do our part by fixing the PSD's treatment of the notice period. We do not support the two NexSun proposals at 19

cents/kW as previously reported, due to the 1.5% escalator.

EVT testimony: I testified in House Natural Resources and Energy Committee yesterday supporting the EEU – I think Tony and EVT we both very happy.

VGS Phase II: Good news from the RPC supporting the project. We are still officially “evaluating” our position, and waiting to hear back from VGS about their response to our meeting last week proposing how to augment the benefit calculations for the project. I spoke to WPTZ (Stuart Ledbetter) about the RPC vote on camera yesterday.

VY: VSNAP edits: Have agreement from Entergy and CAN on draft. Spoke to Jane Kitchel and she is expecting language. Mark MacDonald on board, and I’ve given a heads up to Rebecca. Will talk to Campbell and Shap early next week. **PSB order re NEC:** NEC filed a motion to amend the CPG for the board to acknowledge they could add conditions without violating the agreement, without specifying what conditions they want to modify. We requested very fast deadlines to address the motion – the Board agreed, and set Monday as the deadline. Yesterday, NEC sought to amend their motion, and we filed today that that is not timely and we object. **Entergy Revenue Sharing:** Mike Twomey relayed to me on Wednesday that as part of their sale RSA, and the high cost of power this winter, they will be announcing \$17.5M due as part of that agreement within the month - with a check going to GMP for their share, which is at least 50% of that amount. I filled Mary Powell in yesterday, but this is being kept very confidential until a roll-out strategy is developed by Entergy, as they are concerned their workers will respond by saying “see, we should keep the plant open.” Entergy acknowledges this is a one-time anomaly and would not be expected in the future even if they were operating.

GMP Nelson Settlement: We were briefed on Wednesday that GMP has reached agreement with the Nelsons to purchase their property. Very good news, and the deal sounds fine. \$1.25M for property, \$50K to resolve outstanding property dispute, and retention of 35 acres for a hunting camp. Interestingly, the Nelsons want to stay in the house (the one that is ruining their health) for 2 years! This also needs to be strictly confidential as well until agreement is fully executed – which is still about 2 weeks or so out.

Legislature:

- *S.220/H. 736:* Darren testified in House Commerce on the electric rates section of the economic development bill. The Department’s main concern is that the House version has policy language that seems to preference electric rate design for manufacturers at the potential expense of other ratepayers. We are working with Chairman Botzow to improve the language.

Significant Meetings/Events this week:

April 7: Chris meeting with Mary Powell, GMP

April 8: Chris, David T., and Cathy Deyo testify in Senate Appropriations on PSD budget; Darren participates in EAN Capital Mobilization Workgroup

April 9: Chris, Darren and Geoff met with GMP's Don Rendall, Kristen Carlson, and GMP Counsel; Chris updated CEDF Board on ENVY

April 10: Darren, Andrew Perchlik, Anne Margolis meet with Dan Jones on Net Zero Montpelier initiative; Chris testimony on EVT finances in House NRE; Darren and Asa meet with Sandy Levine, CLF, and Ben Walsh, VPIRG on the efficiency DRP proceeding

April 11: NEPOOL and NESCOE conference calls

Significant Meetings/Events next week:

April 14: Chris attends Governor's Cabinet meeting

April 15: Chris is guest on "The :30" show on WCAX

April 16: Sound Investigation "kick-off" meeting

April 17: Chris, Darren and Asa meet with Warren Leon re RPS Study parameters

Media: *Chris spoke with Bob Audette;*

Everything Else:

PERD

Legislative Update

- Covered Senate Ag. hearing on current use, specifically to see what was being said about renewable energy systems on farms that are in current use.
- Attended weekly interagency state land use meeting. H. 397, the Current Use bill, is now in Senate Agriculture. Agency of Ag was planning to testify on broadening the definition of methane digester (the language now is limiting around both inputs (strictly manure) and outputs (strictly electricity)). The Committee apparently also discussed potential limitations on renewable energy systems that would be allowed under Current Use; the Agency of Ag will be keeping an ear out on our behalf for additional discussion along these lines.

Energy Efficiency Utility Activities

- Demand Resources Plan Proceeding
 - Staff continued to develop the 2013-14 DRP recommendation for EVT and BED which includes the following components due to be filed with the Board on April 16: (1) electric resource acquisition budgets and savings; (2) TEPF resource acquisition budgets and savings; (3) non-resource acquisition budgets (split between electric and TEPF) and descriptions; (4) EEU compensation (QPI award and operations fees) rates and budgets; (5) DPS evaluation plan and budget; (6)

EEU Fiscal Agent and EEU Fund audit budgets; and (7) impact of budget recommendations on electric consumers' rates and bills.

- Department will recommend that electric resource acquisition budgets for EVT and BED be set at a pace consistent with Scenario 2 as defined in the Board's order of September 9, 2013. Scenario 2 is budget constrained and was modeled by VEIC and BED to *"acquire all economically achievable potential through the extension of the current 2012-2031 DRP through 2034, with the 2032-2034 annual budgets increased at the same rate as the average year in 2018-2031."* At the recommended pace of electric resource acquisition, the Department estimates during the 2015-2017 performance period EVT and BED budgets have the potential to achieve 2.7% and 2.2% of electric sales annually in their respective territories. This pace attempts to balance a number of statutory and policy objectives with a responsible pace of EEU expansion and the impact of gradually increasing budgets on customers rates and bills. The Department recommends the following electric resource acquisition budgets for the 2015-2017 performance period. The pace of budget increase represents approximately an average increase of 7%-8% annually relative to the previous year.
 - EVT
 - 2015 – \$39.3M ~ 100,800 mWh
 - 2016 – \$42.4M ~ 105,000 mWh
 - 2017 – \$45.5M ~ 109,000 mWh
 - BED
 - 2015 – \$2.4M ~ 6,769 mWh
 - 2016 – \$2.5M ~ 6,777 mWh
 - 2017 – \$2.7M ~ 6,784 mWh
- DPS Evaluation Plan – For the 2015-2017 performance period, the Department proposes the following which are generally in line with past EEU evaluation budgets. The Department proposes a small portion of these funds continue to fund two FTE DPS staff dedicated to evaluation and oversight of the EEU.
 - EEC-funded evaluation budget of \$3,975,300
 - TEPF-funded evaluation budget of \$322,300 and
 - FCM-funded evaluation budget of \$1,882,000
- TEPF – Thermal budgets are a function of FCM and RGGI revenues and are relatively static forecasted values. EVT plans for a number of programs with more than half of the funding dedicated to residential retrofits and estimating 4,400 completions.
 - EVT
 - 2015 – \$6.1M ~ 64,000 MMBtu
 - 2016 – \$6.7M ~ 77,000 MMBtu
 - 2017 – \$7.2M ~ 81,000 MMBtu
 - BED
 - 2015 – \$2.4M ~ NA

- 2016 – \$2.5M ~ NA
 - 2017 – \$2.7M ~ NA
- Staff continued work on rate and bill impact analysis of EEU modeled scenarios. Synapse is correcting errors and modifying methodology to more appropriately capture the upward and downward pressures on rates and bills in the analysis. A revised report is expected early next week.
- NRA – Staff reviewed EVT’s proposed NRA budget which was higher than in the inaugural DRP due to expanding activities including storage, analytics and security of AMI data. When asked EVT was able to identify \$1M in costs that could either be moved to resource acquisition or simply eliminated. Staff estimate an EVT NRA budget of approximately \$14M over the 2015-2017 period and cost shared between EEC and TEPF funds at a ratio of approximately 88%/12%. BED’s NRA budget is expected to be proportionately similar to EVT’s.
- Compensation for VEIC– VEIC proposed a compensation level of 6%. However, given that compensation is a fixed percent of total budgets and budgets are likely to increase, staff recommend that holding the current rate of compensation for VEIC at its current level of 4.1% budgets is appropriate.
- Energy Savings Accounts Option (for certain business customers to “self-implement” energy efficiency)
 - Met with Bill Driscoll of AIV to bring him up to speed on the changes to program design that the Department had proposed. AIV felt the proposed changes were good as they provided participants with more participation, although still prefers a more clear “opt-out” mechanism (which is not on the table here).
 - Participated in PSB Workshop on the Department’s proposed changes to the program design. The PSB staff and EEUs were generally supportive; however there are a number of clarifications to make in comments on the proposed redesign.
- Staff met with CLF and VPIRG to discuss potential budget proposals (in general terms) and the treatment and potential for behavioral programs to capture benefits of the state’s smart grid investments.

Evaluation

- Forward Capacity Market Evaluation:
 - Metering for FCM 2012 is ongoing.
 - 46 projects selected in total, 39 have completed metering.
 - 22 completed reports delivered to EVT for review to date.
 - 14 reports accepted by EVT
- Savings Verification –
 - Project sampling has been completed and provided to EVT. EVT to supply project files for review.
- Administrative Efficiency
 - Staff continued to review VEIC payroll data in the context of calculating EVT’s management span of control. Discussion with VEIC about why supervisory hours

from divisions outside EVT (i.e. shared services) not included in supervisor FTE calculations. Staff will meet with VEIC next week to further discuss/resolve.

Technical Advisory Group (TAG) and Technical Reference Manual (TRM) review

- TAG:
 - Provided comment on 2013 efficiency kit quality assurance review completed by EVT. The DPS feels that the process used by EVT introduced a large bias into the process and that the realization rate for this project should be between 49% and 56%, not the 67% proposed by EVT.
 - Reviewing reply comments by EVT on PIP 100 Clothes Dryers.

Renewable Energy Items

- Attended meeting with GMP where they shared their ideas regarding state buildings procuring clean energy. They would prefer to procure and own larger PV systems (5 MW) whose output and associated environmental attributes would be directed toward the State, as opposed to seeing the State net meter with a number of smaller, likely third-party-owned systems. According to their plan, the State’s electricity rate would not change. A number of questions were raised, including whether the State owned enough large, suitable parcels to site 5 MW systems. We have communicated with Dan Edson of BGS and received a list of BGS-owned properties, and will be discussing prospects with ANR as well, as they are likely to have access to a much larger suite of potentially suitable properties.

Net-metering

- Changes to Net Metering law took effect April 1, producing a flood of applications from VEC, WEC and Hardwick service territories. Nineteen of the 27 registrations processed since April 1 were from those three utilities.

Net Metering Activity 3/28/14 – 4/4/14

	Registrations	Applications	CPGs Granted
Count	27	4	10
kWAC	144.359	183.198	58.848
Ave Size kW	5.347	45.799	5.885

Cumulative Capacity of Registrations and Applications Submitted

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
1873.82	1862.59	40515.45	~ 27%

Total Energy Study

- Staff reviewed DEC's report outline and engaged in internal discussions regarding the forward-going process. Staff leans towards the Dunskey modeling being a component or Appendix to the PSD Total Energy Study Final Report next summer, allowing for a robust presentation and comment period following the TES Report release to help kick off the CEP. Another option is to independently release the results of the Dunskey modeling, and solicit stakeholder feedback/engagement on the results to inform the final TES report (and have a second round of stakeholder engagement).
- Mini update to the TES website to remove invitation for Legislative Report public comments.
- Began lit review of past uses of REMI to model carbon tax. Studies have been done for MA and CA. A sample of FACETS model outputs from DEC should be available next week.

ISO-NE

- Attended Distributed Generation Forecast Working Group meeting. ISO presented its final PV forecast with minor changes based on new data. The forecast will be included in the final CELT forecast, and be used for Transmission Planning purposes. ISO will apply all future forecasted PV as a reduction to the forecast. ISO will not incorporate the PV forecast in resource adequacy studies (i.e. for determining installed capacity requirement), noting that they "ran out of time" and that there are too many other moving pieces such as changes in FCM design. They had previously stated their intent to bring the PV forecast to the market committees for various approvals to changes in tariffs etc. to incorporate.

Integrated Resource Plans

- Met with VPPSA to discuss their IRP model, provide feedback on how they consider resource choices and what we are looking for with regards to narrative around their decision making process. The resource model appears to provide a robust framework to consider variables that affect decision making.

Heating Fuel

- Participated in Northeast Winter Fuels Group Conference Call. Participants included representatives from all the New England states and New York.
 - All jurisdictions experienced supply and distribution constraints and disruptions.
 - Maine, New Hampshire and Vermont seemed to fare a bit better than other states more reliant on natural gas for heating. The finite limit on pipeline capacity and the completion for available supply between the thermal and electric energy sectors exacerbated price spikes.
 - Efforts are underway to coordinate supply/demand data between the fuel offices and ISO-NE.

- Propane supply across the region was a problem. There has been a decline in delivery by ship to coastal depots causing a shift to rail delivery. More tank car capacity and regional storage is desired.
- Measure to reduce the impact of crop drying on propane supply include proposal to move practice to more efficient dryers.
- Among suggestions for states to more closely monitor fuel supplies is to make available to the states individual dealers data from EIA 782C reports. This would be dependent on states ensuring absolute confidentiality of the data by specifically exempting by law the information from FOIA request.
- Plans are being made for various forums to discuss the changing regional energy map and develop strategies for avoiding a reoccurrence of this season's problems.

Engineering

Vermont Yankee Update

With the exception of a planned control rod pattern exchange, VY has been at 100% power since the last report, with no notable operational issues. VY has conducted routine maintenance and surveillance activities during this period. Early this week, VY began a planned control rod pattern exchange, and was at 61% power Tuesday morning and at 72% power Wednesday morning. The plant has operated continuously for 369 days. Over the weekend, plant operators received an alarm from one of the Reactor Building Refuel Floor radiation monitors that was replaced less than a year ago due to similar spurious spiking. The alarm resulted in activation of both Standby Gas Treatment Systems, as designed. VY immediately responded to the alarm in accordance with plant procedures, and confirmed normal radiation levels on the refuel floor. VY replaced the detector with the same make and model, and the isolation system was returned to normal. My contact at VY was not aware of any alternative detectors from a different vendor, but he will look into it. There was no risk to plant workers or the public as a result of the inadvertent alarm.

Nuclear Engineer Position

A top candidate has been selected, and an offer will be made within the next week if references provide a good review.

Gas pipeline safety compliance activity

The Engineering and Public Advocacy divisions continued compliance action planning and development, related to recent natural gas and propane gas pipeline safety inspection activity, during this report period. Federal compliance action processes and formats are being compared to the Public Service Department authority for the purpose of ensuring future enforcement methods are consistent with federal intents, state statutes, and Public Service Board rules. This review is expected to prompt refinement of existing compliance action formats, such as warning letters and notices of probable violations (NOPV), and improve the department administration of gas pipeline safety regulation enforcement.

Solar Debates in Rutland

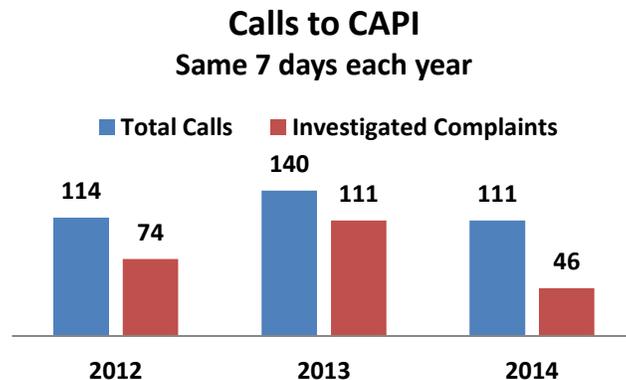
Two areas of debate have surfaced in the Rutland area as proposed plans for large solar farms come forward as part of GMP's Solar City efforts. The Rutland Town Select Board is debating their town plan with the intent of regulating the location and/or design of solar farms within the town. Some have proposed plans to totally screen them from view, and others are addressing the issues of set-backs from property boundaries and whether they should be allowed on actively farmed land. The Rutland City Board of Alderman voted this week to seek intervenor status in one of the proposed solar farms within the City limits which is being proposed for an area currently zoned Residential A which carries the restriction of allowing only single family homes to be within that designated zone.

Meeting with Energtek

Engineering and PA met with representative from Energtek, which is proposing to serve natural gas by truck to residential customers outside of the VGS territory. Engineering and PA are working on issues of what constitutes "storage" (which would make them subject to Section 248) and the scope of regulatory involvement for Section 203/231 approval. Energtek was earlier also proposing to construct natural gas distribution system islands throughout Vermont, but has dropped this portion of the project.

CAPI

Please note that this report covers activity from Sunday to Saturday, March 30-April 5, 2014.



OTHER

Billing during suspended service/Comcast Docket 8224: CAPI and Telecom met regarding billing practices of Comcast (that we have discovered are also shared by FairPoint and GMP). When a customer fails to pay their overdue balance, Comcast does not move straight to disconnection, but instead puts the customer on a severely limited service for a maximum of 10 days before then disconnecting. The customer is charged (a lesser rate) for this limited service. If they pay their overdue balance prior to the disconnection, their service is fully restored. If they do not pay their balance, they are disconnected and the charges for the limited service are removed from the account. If the customer wants to restore service at that point, they must pay a

reconnection fee (that is substantially higher than the charges for the limited service). Previously, the Department had indicated concern about this practice to the Board. However, we have since learned of the 10-day maximum period of being placed on, and charged for, limited service and we understand that it is of financial benefit to any consumer wishing to continue service to pay for a period of limited service rather than paying the reconnection fee. The Board has opened an investigation into this billing practice and a pre-hearing conference is scheduled for 4/16/14.

Charter CPG renewal: Reviewed bids for completion of a statutorily required statistically valid survey of households in the Charter service territory. The Center for Rural Studies at UVM provided the lowest bid and appear prepared to follow through on the requirements in the RFP. Staff will pursue a contract with CRS.

GMP SQRP review: CAPI, PA, and Engineering began the one-year review of GMP's Service Quality and Reliability Plan, as per Board order. This was due to the Board by 4/1, but was overlooked by all so GMP filed a partial review that addressed the metrics on staff injuries and requested an extension through April for completion of the rest.

GMP system merger: GMP cut over to a single phone system, billing system, website, and Interactive Voice Response system for customers. With this unification of systems, CAPI will now track all complaints simply under "GMP", rather than continuing to code their acquired territory as "CVPS".

Comcast directory assistance listing: An article in Rutland Herald about limited directory assistance for Comcast customers initiated complaint calls to CAPI and to Senator Sanders' office. The article erroneously stated that Comcast does not provide its listings to directory assistance. The reality is more nuanced, however. Per FCC rules, Comcast does provide their listings, but at a cost to the directory assistance company. At least one such company has chosen not to pay for them. In addition, Comcast made an actual mistake for at least one customer, where their number was not listed within the company's own directory assistance. Senator Sanders' office conferred with CAPI for assistance in developing their response to complainants.

NARUC: Participated in the monthly call for the staff sub-committee on consumer affairs.

Public Advocacy

Entergy VY CPG – Docket 7862 – On April 8 the New England Coalition (NEC) filed a Motion to Amend the PSB's order and CPG. NEC is now proceeding *pro se*, and the filing is rather vague as to exactly what relief is sought. Entergy is reluctant to keep performing its MOU obligations while the CPG is being challenged. In effort to keep the matter moving PSD has gotten consent from all parties (except NEC) to a response deadline of April 11.

GMP Rate Case and Alternative Regulation Filing – Docket Nos. 8190 & 8191 – On March 28, GMP submitted discovery on the Department’s initial testimony in the rate case. Responses are due April 11. On April 4, the Department and GMP provided responses to questions asked by the Board about whether the Board should utilize actual O&M costs in the upcoming rate design proceeding, rather than Base O&M costs, which were established pursuant to the merger order (and which are being used to determine the revenue requirement in this rate case). The Department indicated that there would be value in using actual O&M costs for the rate design since they provides a better reflection of GMP’s post-merger cost structure and therefore would likely lead to more fairly designed rates. However, the Department also acknowledged that performing an actual O&M cost review would take time and effort, which must be balanced against the above-stated benefits. GMP took the position that the rate design should be based on Base O&M costs, arguing that the review effort would not be worth any benefit to the rate design. It is unclear when the Board will address this issue. Separately, in the alternative regulation case, AARP submitted extensive discovery requests. GMP will provide responses on April 10. The Department is waiting to review this additional information before submitting discovery so as not to be overly burdensome to GMP given the scope of AARP’s discovery. Initial testimony is not due until May.

Barton Solar – Docket 8148 – The Board issued a second set of information requests upon the petitioner. Additionally, the Menards responded to the petitioner’s discovery requests. The petitioner’s responses to the Board’s information requests are due by April 11th.

Rutland Renewable Energy, LLC – City Solar Garden Project – Docket 8182 – The petitioner requested and the PSB granted a two week extension of the deadline for filing an MOU or status report. The new deadline for filing an MOU or status report is April 18th.

Red Pines Water System CPG Amendment – Docket 8207 – The petitioner has provided additional documentation which does not support the information contained in the petition. The PSD will continue to work with the petitioner to obtain the documentation and clarity required before the PSD can recommend the amendment. The PSD is due to file an additional recommendation to the PSB by April 29th.

NextSun Solar – Park Street – Docket 8194 – The hearing officer has scheduled a public hearing for April 17th. Additionally, the Division for Historic Preservation has requested intervention and proposed actions to prevent undue adverse effect on archaeological resources.

NextSun Solar – Main Street – Docket 8195 – The hearing officer has scheduled a public hearing for April 17th.

SunCommon Enforcement Matter – No Docket – A year ago, the Department entered into an MOU with SunCommon to resolve violations of the SSREIP rules, which provides incentives for certain renewable projects. To resolve the violations, SunCommon agreed to install an approx. 6kW solar PV facility at a public school in Vermont. SunCommon has installed such a facility at

the Shoreham Elementary School and submitted paperwork to verify the installation. Staff is reviewing the paperwork. Preliminary review suggests everything is in order.

FairPoint – CANNE Wire Center Reclassification - Docket 7958 – Oral Argument will take place on the Hearing Officer’s Proposal for Decision on this matter at 1:30 on 4/16. The PSD supports the proposed decision.

Sudbury Solar 2.0 MW Solar (Std Offer) - Docket 8225 – The PSB will hold a prehearing conference on 4/14.

AT&T 248a Cell Tower – Docket 7728 – Petitioner filed a Motion for Partial Transfer of CPG and Request for Non Substantial Change Determination. PSD filed comments supporting the non-substantial change determination but requesting clarification on the partial transfer of the CPG. It was unclear from the filing whether AT&T and the proposed additional party would be jointly and severally liable for all CPG conditions or whether there was an intention to divide the CPG responsibilities between them.

Demand Resource Plan Proceeding - EEU 2013-01 – PSB granted an extension on schedule to allow budget and savings recommendations to be filed on 4/16/14. PSD staff has almost completed discussions with VEIC and is proceeding with drafting our recommendations. On 4/9/14 we informed VEIC of the general range of our anticipated budget and compensation recommendations and it appears at this point that we are too far apart to contemplate a joint filing on these matters.

Burlington Telecom – Docket 7044 – The Board issued a procedural order, scheduling a prehearing conference for April 30, 2014. The order also “wishes to advise the City and the other parties to address in this proceeding whether the City’s current proposals are preferable to alternatives that might better maximize the future recovery for the City’s taxpayers and minimize the losses they will otherwise bear as a result of the City’s past conduct.” The order appears to suggest an alternative of avoiding the third-party bridge financing contemplated in the settlement agreement in favor of a direct payment from Burlington to Citibank to cover the agreed-upon settlement amount.

Cold River Solar – Docket 8188 – The Department submitted first round discovery requests on petitioner, as well as retained an aesthetic expert, Mike Buscher of TJ Boyle Associates, to review the petition and project site. The petition raises significant issues with respect to an underfunded decommissioning fund, aesthetics, and economic benefit due to a high PPA price with GMP. A site visit is scheduled for April 18, 2014.

AT&T 248a Hinesburg Application – No Docket – The Board issued a memo rejecting an expansive reading of the § 248a statute, supported by the Department, allowing for the inclusion of previously approved but not installed equipment when calculating the increased surface area of the additional equipment in § 248a de minimis modifications to existing facilities. The Board ruling will limit the number of projects that qualify as de minimis

modifications. AT&T and VTel in particular had been submitting de minimis project applications that were contingent on the expansive reading of the statute. The Department does not intend to appeal the hearing officer's decision.

VTel § 248a Stratton Application – No Docket – The Department filed a response supporting VTel's motion to modify the required 45-day pre-application notice to landowners adjoining the project site. VTel's Stratton project would require individual notice to approximately 1,500 individuals, mainly seasonal condo and timeshare owners. VTel proposes to give notice to approximately 200 of the closest residents, and homeowner and condo associations further from the site, as well as publication of the 45-day pre-application notice in the local paper.

Addison Expansion—Docket 7970—The Board ruled against Ms. Lyons' (a landowner newly affected by the Old Stage Road re-route) pending motions, and she has filed a Notice of Appeal. Mr. Hurlburt, the "original" affected landowner on Old Stage Road, has filed a Motion to Enforce the December 23 Order, which we are reviewing. It is unclear what exactly he is requesting.

Addison Expansion Phase 2—Docket 8180- The Board held a workshop for intervenors in Cornwall on April 7. It was well attended. VGS has filed a second request with the Board to limit the scope of landowner interventions with more specificity; the PSD is considering a filing in support in light of the fact that we agree and had already requested such a ruling. We are finalizing our first round of discovery requests on VGS and hope to serve this week. ANR filed a Motion to extend the schedule, which was immediately supported by many parties. At this point, it appears that agreeing with the ANR request will at least insure that a more protracted schedule will not be put in place. VGS and ANR continue to have unresolved issues around the Shoreham Swamp; the PSD is attempting to facilitate resolution. The Addison County Regional Planning Commission votes on April 9 as to whether the Project conforms to the Regional Plan.

GMP/VELCO 248 Petition for Georgia Interconnection Project—Docket 8205- GMP has filed responses to the PSD's initial discovery requests and staff is reviewing. A site visit is scheduled for April 15. The PSD remains hopeful that a Stipulation can be entered into.

Nulty natural gas project-no docket-Together with Engineering staff, have met with Mr. Nulty and his team a second time. They are close to a final MOU with VGS to purchase gas. Their business plan seems to be in a state of flux as they try to avoid Board regulation.

CPG # NMP 3644 – Sideline Solar – PSB granted a second continuance at the request of the Petitioner until 4/21/14. Petitioner has now indicated it will ask for a third continuance until June to conduct some field work required by ANR. If granted by the PSB, this will provide an adequate opportunity for DPS to have certain deficiencies in the aesthetics report supplemented.

CPG # NMP 3640- Novus Barre Town Solar – PSD recommendation filed on 4/4/14 proposing one additional condition related to engineering and stating that our review had revealed no

significant issues with the substantive criteria of 30 VSA § 248

CPG # NMP (no number yet) – Waterbury Solar - PSD recommendation filed on 4/7/14 proposed two additional conditions related to engineering and stating that our review had revealed no significant issues with the substantive criteria of 30 VSA § 248

CPG # NMP (no number yet) - Townshend Dugreiner Solar - PSD recommendation filed on 4/7/14 proposing one additional condition related to engineering and stating that our review had revealed no significant issues with the substantive criteria of 30 VSA § 248. ANR has raised some issues with the petitioner and asked for additional time to complete their review.

CPG # NMP (no number yet) – Westminster Dukeshire Solar – PSD recommendation filed on 4/7/14 proposing one additional condition related to engineering and stating that our review had revealed no significant issues with the substantive criteria of 30 VSA § 248

CPG # NMP (no number yet) – Vermont AllSun Solar South East State Correctional Facility Windsor - PSD recommendation filed on 4/7/14 proposing two additional conditions related to engineering and stating that our review had revealed no significant issues with the substantive criteria of 30 VSA § 248.

Finance and Economics

Electric

Merchant Generation – Staff has completed its review of five (5) separate renewable energy (SPEED) projects. A consensus among the staff has concluded these projects, after price concessions through PPAs with GMP, are near or on the cusp of providing marginal benefit to the state. The Department’s position on these projects is under review and is continuing to develop. The five projects include:

- Docket 8212: Charter Hill Solar, LLC. Filed 2/12/2014, Petition for a 1 MW photovoltaic electric generation facility.
- Docket 8195: NextSun Energy Rutland, LLC. Filed 12/17/2013, Petition for a 1.5 MW solar electric generation facility.
- Docket 8194: NextSun Energy Rutland, LLC. Filed 12/17/2013. Petition for a 1.83 MW solar electric generation facility.
- Docket 8188: Rutland Renewable Energy, LLC. (Cold River Project) Filed 12/20/2013. Petition for a 2.3 MW solar electric generation facility.
- Docket 8182: Rutland Renewable Energy, LLC. (City Solar Garden Project) Filed 11/26/2013. Petition for a 1 MW solar electric generation facility.
- MW of the five petitions above total =7.63; when including the 2.3 MW Stafford Hill project Rutland solar MW total 9.93.

Gross Receipts Tax Receipts

- Received this week \$271,482.60

- Received to date \$374,445.04

Regional Policy

New England Infrastructure Initiative

- States are continuing to discuss evaluation of transmission/generation bids.
 - There has been increased emphasis on the idea that the transmission component could be used to support wind projects, in addition to large hydro. Connecticut's existing legislation, as well as the bill that Massachusetts is currently pushing, require that any RFP allow both large hydro and Class One renewables (realistically, wind is the only resource that might be able to compete). Whether wind has a realistic chance of competing depends on the structure of the evaluation process.
 - Connecticut and Massachusetts are pushing to include the value of reduced renewable energy credits prices in the calculation of benefits; Vermont staff are pushing back as REC prices are primarily a concern for those two states and that attribute does not provide any value to Vermont.
 - Vermont staff are also advocating to include some sort of weighting of transmission costs when evaluating projects, as opposed to simply looking at total costs (which includes energy and potentially REC purchases).
- States are exploring how to allow utilities that have distribution and transmission functions (such as National Grid and Northeast Utilities) to be able to participate in the RFP process. The concern is that the transmission entities may bid to build transmission; however, the distribution entities are being required to purchase the output of the RFP. It's likely that some sort of averment or non-disclosure agreement might be developed to ensure that these utilities do not game the system. Depending on whether any of the Vermont utilities are interested in potentially purchasing power as a result of the RFP, those utilities may have to sign agreements that they will not communicate RFP details in advance to VELCO.



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

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
cc:
Date: April 11, 2014
Subject: Weekly Report

Emergency Management/Homeland Security

Issues/Updates:

Hazard Mitigation Planning has hit a significant snag due to a recent FEMA interpretation stating Regional Planning Commission indirect costs are not eligible under HMGP planning grants. This problem arose as a result of an audit finding in another state. We are working with RPC Executive Directors to develop a work-around, which may require ending previously-awarded subgrants and restructuring HMGP planning grants with DPS as grantee AND subgrantee, and RPCs as contractors. This is an urgent challenge, because until it is resolved RPCs cannot cover their true costs and are not proceeding with technical assistance to towns on Hazard Mitigation plans.

The VCOMM Board met this week. The board is still operating under the 2012 EO as 2013 is still under review. Paul Duquette was re-elected as Chair with Al Barber and Roger Marcoux elected as Co-Vice Chairs. When the 2013 EO is issued new elections should be undertaken.

DEMHS hosted flood awareness meetings in Lyndonville, Montpelier and Weathersfield this week. With the Mendon and Johnson meetings last week we had approximately 150 in attendance. The purpose of the meetings was to discuss ice jam and open water flood potentials this spring.

Director took interviews with the Brattleboro Reformer and the Rutland Herald regarding emergency planning and the decommissioning process of VY.

Legislative Contacts:

Received additional information request from the Joint Fiscal regarding the Vermont Communications (VCOMM) Board.

Responded to Patricia Coates of Rep. Welch's office regarding a constituent contact from Windsor concerned about a proposed alternate project on Broad Brook Road (the same folks contacted Lieutenant Governor's office last week. Discussed with Town Manager).

Responded to an inquiry from Patricia Coates of Rep. Welch's office regarding status of a buy-out in Highgate (waiting for the town's Hazard Mitigation Plan to be completed).

Fire Safety

Issues / Updates:

The division reviewed \$65,000,000.00 in new construction valuation collecting \$250,000.00 in permit fee revenue. The fee for the new adventure center came in.

The Fire Academy has been in discussions with regional experts regarding new evidence on the hazards of flashover in structure fires. New furnishings today contain more plastic, foam and artificial material causing fires to grow faster and hotter than older furnishings. In short interior firefighting tactics will be changed in the future saving fire fighters lives. In fact, assumptions today in fire prevention use 25 year old Time Temperature Curve data. Old data shows a fire growing much slower with lower temperatures before escalating to flashover.

Conducted three informal appeal hearings and reached a resolution for each case. These appeals resulted from fines issued to night club owners for blocked exits.

Legislative:

Friday April 11, 2014 at 9:30: Testimony on the electrical installation bill.at House Commerce and Economic Development Committee

Vermont State Police

A Troop

Suicide in Huntington, 56 year old male hung himself, was suffering from depression and going through a divorce

Drug case at CCCC

B Troop

Multiple detectives responded to Brattleboro for officer involved shooting

Meth Team call out to St. Albans

3/Bomb Squad call outs

C Troop

Tpr. pulled over an operator in New Haven and arrested the operator for possession of a regulated substance (morphine).

New Haven barracks responded to an attempted homicide in which a neighbor shot an elderly male sleeping in his bed with a shotgun, troopers surrounded the neighbor's residence and took fire, Sgt. Duplissis and Tpr. Daley were struck with birdshot and were treated and released, suspect surrendered without incident.

New case- Drugs (buprenorphine) correctional Center. Charged Michelle Doaner with transporting drugs into jail, dispensing a narcotic and cruelty to child under ten by person over sixteen. She used her one-year-old daughter to transport the drug into the correctional center while visiting her boyfriend.

Charged Greg Munukka with possession of narcotic.

D Troop

Drug case in Brattleboro, related to officer involved shooting. Charging of female in motel room with decedent.



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

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

Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: April 11, 2014

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

Stable. Governor's priorities captured in H. 864, the capital budget adjustment bill, which will be voted out of SIC next Tuesday. The hope is to avoid a committee of conference.

Legislative Issues/Contacts:

Weekly meeting with Speaker Smith to touch base on Lamoille County courthouse project schedule and special circumstances and H. 878, mini Davis Bacon bill. Next week Shap's political future plans are on the agenda.

Press/Media Notes:

Peter Hirschfeld, VPR, inquired about the procurement of tasers. His request remains outstanding.

Significant Events/Meetings:

- District Heat Plant follow up meeting with Jessie Baker, Bill Fraser, Julie O'Tool, Bob Rea, Joe Aja and Wanda Minoli to discuss the Montpelier response to the actual cost overruns experienced by the project.
- Lamoille County Courthouse meeting with BGS staff to discuss scheduling, vacation of the building and the externalities of the project.

- AG/ANR Lab Options update with Secretary Spaulding, Michael Clasen, Jolinda LaClair, Justin Johnson, David Mears, Wanda Minoli and Sandra Vitzhum. Simpler approach to the site selection process and decision making attained.
- Facilities for DMH/Corrections Forensic Patients discussion w/ Secretary Spaulding, Michael Clasen, Andy Palito, Paul Dupre and Frank Reed.

Evolving Issues:

- Fuller Farmhouse: conference call with Noelle Mackay, Laura Trischmann and BGS Staff to discuss the Hubbardton request to purchase the site and conflict with HP's petition to the National Register.
- St. Albans/Mylan, 20 Houghton Street: Mylan's Vermont counsel not agreeable to AG's environmental liability language. We will continue to search for common ground.

FINANCE AND MANAGEMENT

Issues Update:

Commissioner Reardon sent Senate Appropriations a response letter to the House passed budget on Tuesday, April 8, 2014. The Senate Appropriations Committee has begun its mark-up of the big bill. The budget office is attending the meetings and will communicate changes and developments.

In addition, the budget office sent a memo containing technical corrections for H.885 to the Joint Fiscal Office.

The Pay Act Fee Bill was taken up in Senate Gov Ops on Thursday, April 10, 2014. Commissioner Reardon is scheduled to testify this afternoon. The budget office does not anticipate the same challenges faced on the House side.

HEALTH CARE REFORM

SIM Grant: On April 2nd, the Governor announced the award of \$2.6 million in grants to Vermont's providers working on innovation as part of the State Innovation Models sub-grant program. The awards will foster innovation and health care delivery changes throughout Vermont. The SIM team also convened four of its work groups over the past two weeks. These work groups focus on developing episodes of care, care management coordination, Vermont's data and information technology infrastructure, and population health measurement. Medicaid is continuing its conversations with CMS about the Medicaid Shared Savings ACO Program State Plan Amendment.

HUMAN RESOURCES

Legislative Issues/Contacts:

Express Scripts, Inc. (ESI), the State's pharmacy benefits manager contacted Commissioner Duffy regarding a proposed amendment to S. 252, the Green Mountain Care Financing bill. As drafted, ESI believed it would be required to disclose confidential competitive information and implied it would

withdraw from Vermont rather than make such disclosures. Commissioner Duffy spoke with Robin Lunge, and it appears this amendment will be modified to ensure appropriate confidentiality.

Commissioner Duffy testified before House Government Operations on the S. 218, the temporary employee bill. The Committee appears disinclined to add a sick leave provision to the bill, given the Senate's decision to delete the provision.

Commissioner Duffy will work with the Senate Appropriations Committee to insert language into the Big Bill on a position pilot and changes permitting the implementation of the Employer Group Waiver Program (EGWP).

Press Contacts:

Commissioner Duffy spoke briefly with Peter Hirschfeld regarding claims that a state employee is being retaliated against for union activity.

Evolving Issues:

DHR is working on distributing a training it prepared on whistleblower activity to all employees. Computer issues prevented distribution, but DII is addressing the issue.

Commissioner Duffy will present a supervisory training plan to Secretary Spaulding this week.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare:

- *VHC*: Nick Waringa met with CMS on the VPR reported incident affecting VHC (FTP password problem). CMS had several technical questions around the incident that were resolved to their satisfaction.
- *IE*: The IE project did move forward with the posting of the RFP but is already in RED status due to the large scope and limited timeframe for some of the functionality. There is some hope that the deadline based on federal funding will be extended, but if it is not, this project is at risk.

Legislative Issues/Contacts:

Commissioner Boes testified to House Healthcare on S.252 Sec 9 and stated that putting hard deadlines on projects before scoping and contracting were completed puts those projects at higher risk as tradeoffs need to be made to fit schedule. There was active discussion from the normal people.

Deputy Secretary Leriche testified to House Gov Ops on H.516 that ACCD was ready and willing to take on VCGI but was not "fighting" to do so. Bruce Westcott, a former VCGI Executive Director, testified DII was a better fit for VCGI from his view.

Significant Events/Meetings

Heartbleed: Security vulnerability has the potential to seriously impact the state, but the full implications are still unknown. So far, it looks like VHC and Vision/VTHR are not susceptible, but we are still in the verification process for those and other state services.

- *History*: Heartbleed is a bug that has existed in an extremely widely used piece of software (OpenSSL) for over 2 years undetected. It was discovered on March 14th and a patch was released April 8th to address the problem.
- *Impact*: The bug provides a method to fully compromise the communications to and from servers. Attacks leveraging this bug are largely undetectable but have serious ramifications up to and including the compromise of all user accounts, and subsequently all data transmitted to or from the server.
- *Response*: DII has sent an email to administrators throughout the state requesting immediate and timely remediation of the problem on suspected servers. DII will also be proactively scanning the state's network looking for servers that may be susceptible to compromise and actively reaching out to administrators to address the problem. Response to the problem may include a full reset of passwords in the applications residing on the server. A theoretical example of this would be a need to reset passwords for all user accounts across the entire VTHR system.

SoS Website: The Sec of State launched their new website this week which is hosted remotely and is not compliant with state standards and policies. We need to have some internal discussions within AoA to understand what our strategy should be for the web and how important consistency and standards are for Vermonters. This is now the 2nd site published in the last month that is inconsistent with other state sites (SOS & VDOL). However, both sites do implement improvements in content and functionality from their previous sites (these improvements are possible within the state standards).

Evolving Issues:

General: Commissioner Boes met with ACCD Deputy Secretary Lucy Leriche and VGCI Executive Director David Brotzman on Wednesday in preparation for Thursday testimony in Gov Ops on H.516. We answered the Deputy Secretary's questions concerning VCGI mission, balance sheet issues, timing, etc.

LIBRARIES

No report.

TAXES

Legislative Update:

Ed Finance:

Senate Finance has done a relatively superficial walk through of the bill.

- *Next Year:* They took stark testimony from Mark Perrault, who sounded the alarm that next year looks no better in terms of the rate increases. In fact, Sen. Ashe has had Perrault and Deb Brighton looking several years out for trends, and they see no improvement in immediate future.
- *One-time monies:* The Committee seems to have particular concerns about using one time monies this year and starting next year in a hole again.
- *Slope:* At least some members want to pushback about extending the slope to increase the pool of income sensitized payers (this is one easy area to free up money)
- *Small Schools Grant:* Some noise questioning why the small schools grants aren't eliminated faster.
- *Municipal Beaches:* They have moved Sen. Kitchel's provision back into the Miscellaneous Tax Bill.

Miscellaneous Tax Bill:

Again, Finance has not dug too deep into the bill yet.

- *Wood Products Manufacturer Credit:* Finance has stripped out.
- *E-cigs:* Finance heard mixed testimony from Commissioner Chen and vaping advocates, and do not appear poised to adopt the e-cig tax.
- *Malt beverages:* Finance has been working to amend the tax to ease the financial and administrative burden on craft brewers. They looked to adjust the tax rates by ABV or by gallons, but they are having a hard time hitting upon a design that is revenue neutral.
- *Estate tax:* The Commissioner will deliver Sen. Ashe and Galbraith an update on the estate tax. 18 states have an estate tax; 32 have eliminated it – and the trend in the past four years has been for states to eliminate or restructure and reduce the tax (including in Democratic states such as NY and MD). Generally, reform is not revenue neutral, and in any event, is difficult to forecast – it should be a goal for Vermont when revenues rebound more.
- *Use tax:* Finance appears interested in adjusting the current safe harbor chart to increase the amount of default use tax that taxpayers voluntarily pay. The timing is unfortunate. This is the first year that we have put on the tax forms a certification that encourages people to put *something* on the use tax line. As of April 1st, we had 8.9% returns reporting use tax, versus 5.7% at this time last year, with *over \$250,000* increase in revenue. The Commissioner heard

from a CPA at a large firm that 100% of his clients will file this year reporting some use tax – however, he thinks that the chart is already too onerous, assuming more taxable purchases online or out of state than is likely. We have heard this from other practitioners; that we should calibrate a more reasonable chart to encourage its use.

Current Use:

The bill as passed by Senate Ag gives one new position to Tax, however several areas of the bill are problematic and suggest an even greater resource demand for our PVR division.

- *Section 3, Land Use Change Tax:* The penalty structure will require more appraisals by PVR to determine the fair market value, rather than the pro-rated value, of parcels of land in the program less than 10 years.
- *Sections 5/6 Subdivision or “Parking Revisited”:* This time around, the bill charges PVR to investigate when listers report that enrolled land has been subdivided. The problem is that towns do not have uniform rules on subdivision which will complicate investigation, and, as with previous attempts, there will be unintended consequences, placing PVR at odds with farmers. Would be better to require the lister reports, and have PVR submit a report to the legislature summarizing the results and issues.
- *Section 8, Auditing Town Valuations:* Requires PVR to audit the valuations of current use parcels in five towns each year, and if, on average, the town values are more than 10% higher, PVRs determinations are substituted. This would involve roughly 300 parcels per year, and put PVR at odds with towns. Would be better to run a pilot and determine the true scope of the perceived problem before putting this structure in place.

Operation:

Returns Processing: We will be watching the number of returns this weekend carefully, since we have been running ahead; in any event we expect tens of thousands of last minute filers.

Strategic Plan: We held our quarterly senior staff meeting this week and reviewed our 2011 three-year strategic plan. We have made some significant progress on our four goals, particularly since we formed our Policy Division and switched gears on our IT system. We plan to hold our annual retreat after the session and begin updating the plan, which will be much easier now that our direction is clear.

VTax: Two of the principals of FAST visited VT this week for an important check-in. Everything on the project continues to go smoothly. In fact, the FAST team unveiled a demo of its base configuration of our corporate and business returns processing; staff was impressed. In the wake of the House “booking” the General Fund’s 20% share of the enhanced revenue from this project and our data warehouse, our processing unit is working with Finance and Management to optimize our procedures in accounting and reporting our results.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: April 11, 2014
RE: Boards and Commissions Update

UPDATE:

Housing & Conservation Board: Gus Seelig is contacting Josh Laughlin to tell him more about the Board and to see if he is interested in serving.

Vermont State Housing Authority: I spoke with Toby Young and she didn't say no, but she didn't say yes. The Executive Director of the VSHA will be calling her to explain what being a member of the VSHA means. I expect to hear back from Toby next week.

Consumer Advisory Council on Health Care Reform: Michael Costa believes Trinka is a productive presence and thinks it is good to have her at the table. I went ahead with the appointment.

Current Use Advisory Board: You gave a thumbs up to Casey Darrow as an agriculture person on this Board, minor screw up, the vacancy was for a selectboard member or lister! Bill Johnson from the tax dept has contacted Carol Dunsmore, ag rep whose term ended in January, and suggested she not seek reappointed to the Board but instead be appointed to a different board since the 2 ag reps are currently both from Franklin County. She is thinking about it over the weekend. Hopefully it will be squared away next week. Sorry about that.

Appointment List for April 8, 2014

Governor's Council on Physical Fitness & Sports:

APPOINTED: Sarah Neith, Burlington
REAPPOINTED: Laurie Knauer, Castleton
REAPPOINTED: Alison Logan, Winooski

Consumer Advisory Council on Health Care Reform:

APPOINTED: Joel Cook, Charlotte
APPOINTED: Mari Cordes, Lincoln
APPOINTED: Trinka Kerr, So. Burlington
APPOINTED: Deborah Lisi-Baker, Waterbury
APPOINTED: George Lovell, Jr., Goshen
APPOINTED: Ethan Parke, Montpelier
APPOINTED: Deborah Richter
APPOINTED: Peter Sterling, Montpelier
APPOINTED: David Tucker, Sutton
APPOINTED: Stuart Weppeler, Elmore

Vermont State Housing Authority:

REAPPOINTED: Linda Ryan, St. Albans

Children & Family Council for Prevention:

REAPPOINTED: Laury Burris, Shelburne (Substance Abuse/Parent)

Standing Committee for Children, Adolescents, and Family Mental Health:

APPOINTED: Jeetan Khadka, Burlington (Youth)

APPOINTED: Betsy Clavelle Cain (Clinical Director)

APPOINTED: Pamela Hunt, Essex Jct. (Parent)

APPOINTED: Laureen Mulhern, Bennington (Parent)

REAPPOINTED: Kathleen Holsopple, Fletcher (Parent)

REAPPOINTED: Cynthia Smith, Fair Haven (Family Member)

REAPPOINTED: Cindy Martell (Family Member)

Current Use Advisory Board:

APPOINTED: Casey Darrow, Putney (Agriculture)

REAPPOINTED: Gail Fallar, Tinmouth (local gov't)

New Motor Vehicle Arbitration Board:

APPOINTED: David Baker, St. Albans (Technician Rep full Member)

APPOINTED: Stephen Carbone, Waterbury Center (Alternate Technician)

Developmental Disabilities Council:

REAPPOINTED: Susan Ryan, South Hero (UVM Educator)

REAPPOINTED: Marcella Ryan, Winooski (Person with Developmental Disability)

Justice of the Peace, Town of Sutton

APPOINTED: Danielle Fortin

Justice of the Peace, Rutland Town

APPOINTED: Norman Cohen

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: April 11, 2014
Re: Weekly Report

Status of Governor's Priorities: House marking up Budget- no issues with DLC.

Legislative Issues/Contacts/Updates:

- S299: would allow for licensees to serve flights of various products for comparison purposes. The bill was passed out of Senate and is in House General.
- S260: Allows for licensees that have had their applications approved on the local level but don't have the state's approval (DLC) due to other requirements to have a wholesale dealer deliver product to them to sample and prepare menus for actual opening of the business.
- House General Committee will be consolidating these bills and maybe some House bills next week. I am going up on Tuesday to speak to these changes.
- H884 Miss Tax Bill: Spoke this past Tuesday on some changes to the spirits tax that will affect in state manufacturers. Answered technical questions of how the tax works and who pays it. The committee is still looking at this and will most likely make some adjustments.

Press Issues/Releases/Contacts: Nothing now.

Significant Events/Meetings: Next Board Meeting 05/07/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project Kick off meeting next week.
- Preliminary review of department processes for potential licensing and enforcement system.
- Performance Audit underway. Report hopefully in May.

Summary of Key Department Activity:

- April sales so far are at 4% which is a good sign. We are still year to date in a good position.

Commissioner's Commentary: Have a great weekend.