

WEEKLY REPORTS

Checklist
3/6/15

Elizabeth Miller/Alyson Richards

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

TBD

- Agency of Transportation – Sue Minter
- Agency of Human Services – Hal Cohen

Sue Allen

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

Sarah London

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

Susan Spaulding

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

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: March 6, 2015
Re: Weekly Report

LEGISLATIVE ACTIVITY

- **Collaborative Training on Act 250 9(L):** Senator Mullen requested language that describes how ACCD, ANR and the NRB will work together to update existing guidance explaining how various types of developments can meet the new 9(L) requirements and offer this training and education to various stakeholders. The language was sent to Legislative Council and we expect to see it in the Senate's economic development bill. The partners are currently at work updating the guidance.
- **H.123 Mobile Home Park Bill:** Jen along with invaluable help from Dale, worked with the AG's office, Housing Foundation, Inc. (which owns 18 parks), and CVOEO on potential changes to address areas of concern in advance of crossover week. For it to have a chance of passage this year, the House General, Housing and Military Affairs Committee will need to vote it out by Friday. Much will depend on the level of support from those who represent park residents. Keeping Chairwoman Helen Head and bill sponsor Rep. Bill Botzow apprised.
- **H. 310:** Lisa has been discussing H.310, which makes revisions to the LLC act with Tom Moody of Downs Rachlin Martin. Moody and House Commerce have asked Lisa to testify next week. Moody and the Vermont Bar Association have made the proposed changes to provide a benefit to out of state companies that are seeking to relocate here in Vermont and to address problems with the current act which has not kept pace with changes in case law and current business practices.
- **Farm Brewers License:** Lisa and Deputy Secretary Lucy Leriche met with a group from the Agency of Agriculture and Liquor Control to discuss a proposed farm brewer's license. This is not likely to move forward so have tabled that discussion. Discussed potential merits of creating an appellation for Vermont products that use a certain percentage of ingredients that are grown in-state.
- **House Commerce Testimony Scheduled:** Dan Towle has been asked to testify on Principal Based Reserving (PBR) next week. PBR is a Department of Financial Regulation (DFR) bill that has yet to have language introduced. Dan's testimony will support the DFR position. PBR deals with the reserving requirements of large life insurance companies.

PATRICIA MOULTON, SECRETARY:

Budget: I am trying to keep our team cool on the list of possible cuts released last week. The elimination of Tourism and Marketing as well as VCGI has got folks pretty excited. I have talked to Jim Reardon. Ee are FAR down the road with the integration of VCGI and turning back now has many implications. The potential loss of VDTM at a time when we are seeing rooms & meals growth has the tourism industry pretty worked up. We won't panic until it is time to panic.

Rutland Plywood: I had a phone call with David Filippelli of Atlas holdings LLC. Atlas is the owner of SoundView paper in Putney. David called regarding Rutland plywood. They may have an interest in restarting the company. I've connected him with Jamie Stewart of Rutland economic development Corporation to give David an update as to where the company stands. If appropriate, Jamie will connect them with Jack Barrett. The lead came through Chris Recchia. I will be meeting with David to explore other possible opportunities in Vermont.

Terry Bicycles: I met with Liz Robert, CEO of Terry bicycles and former CEO of Vermont Teddy Bear. She is interested in manufacturing bicycle saddles here in Vermont. They are currently made in Italy. This would be a small operation, up to 20 employees when fully operational. As a starting point, I'm connecting her with Mack Molding or other plastic injection molders to see if they can partner up for initial and potentially long-term manufacturing.

VtDigger: We will be responding next week to VtDiggers public records request regarding suspending AncBio's marketing and investment until their PPM is updated. My hope is this paints the Regional Center in a favorable light as being diligent. Knowing Anne Galloway's general disdain for government, I don't think this will end well. My goal is to protect the regional center and all other EB five projects.

Bennington: I've had recent conversations with the Bennington County Industrial Corporation and the Town of Bennington regarding strategies to replace the jobs lost from Plasan. One strategy is to reach out to Plasan to ascertain their interest in assisting the regional economy by donating one of their buildings and potentially providing some funding for greater marketing. We will be pursuing this and other strategies. I hope to have a strategy session with folks there soon.

VEF: Liz and I spoke this week about IBM, Global Foundries in the Vermont Enterprise Fund. We will be looking at strategies to "repurpose" that funding for workforce training activities. One idea Dan Smith and I are pursuing is the creation of an "Advanced Manufacturing Center" at VTC. Such a center has been established Keene State College and is very helpful and training and preparing a future workforce. Such a center could be extraordinarily productive for Vermont. We would outfit the Center with equipment for a variety of advanced manufacturing techniques. Another element has to be boots on the ground to work with schools to get more kids enrolled. Dan told me they had 97 employers at their Job Fair this week. Each had anywhere from 5-10+ jobs available. That is more than two jobs for each graduate this spring. The problem isn't finding jobs, it's getting enough kids to enroll! More to come.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

ConnectVT

- **VTA Transition** is moving along smoothly and meetings around transfer of assets, financial responsibilities and likely unfinished projects are continuing.
- **H. 117** passed out of House Commerce (11-0) and is now in House Ways & Means. The bill clarifies and updates language that was in last year's telecom bill and better defines the role of the Division for Connectivity, its responsibilities and Connectivity Fund.

Recruitment (highlights)

- **BHS Composites** (50 possible new jobs): We continue to work with this Sherbrooke-based company to encourage their expansion in Vermont. They are simultaneously pursuing a JV/Partner opportunity with an existing Vermont business.
- **Maia (15 jobs over 5 years):** Continuing to work with this small consultancy; Fred and I spoke with them earlier this week and they are close to signing a lease for office space in downtown Burlington.
- **Resolute Forest Products:** Interestingly, they never moved forward with their expansion into the US - or more specifically to New York State. We have followed up with the company to see if there is a possibility of revisiting this project.
- **Project Vache:** This French based dairy producer is seeking a manufacturing partner to produce in the Northeast. Will be hosting them next week and introducing them to the St. Albans Cooperative and Vermont Farmstead.

Special Projects

- **CONFIDENTIAL** – **Energizer: We have a signed Purchase and Sales Agreement. WHOOO HOOOO.**
- **CONFIDENTIAL** - **GE-Rutland:** Working with GE-Rutland to identify potential suppliers interested in locating to VT. I will provide more next week - I am meeting with him this afternoon.
- **SelectUSA:** Will be representing Vermont at the SelectUSA Summit, a very high-level conference that attracts investors, companies and EDOs. Secretary of Commerce Penny Pritzker, Secretary Vilsack, Secretary Perez, etc. will speak and/or lead discussions.
- **Strategic Brainstorming:** Participated in a very good meeting led by Lisa to start creating some ED messaging, etc.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **Industry News:** This week was full of dealing with industry professionals worried about the news of VDTM possibly being eliminated as well as the fall out of the cold temperatures. Although we have not seen revenue figures we are hearing that some of the resorts did not meet their expectations during February vacation week due to the cold. We are hopeful that the Canadians and Brits who visit us in March will make up for some of this loss due to our unprecedented snow coverage. We have heard from Farrell distributing that the Vermont Beer Brands are having a huge winter in the resort communities.
- **Bridge Replacements:** Megan is continuing the meetings with the bridge replacement crew at VTRANS. We are setting up meetings in the communities with business and chambers in addition to the town

governments. This is a great way for VDTM to connect with these communities and help smooth out the process.

- **Int'l Travelers Spend Record \$222 Billion in 2014:** According to Roger Dow, with increased travel-friendly policies to welcome more visitors to our shores, combined with marketing by Brand USA, travel to the U.S. continues to climb—and so does the [economic boost](#) for American jobs and exports. According to the Commerce Department, international travelers to the U.S. [spent a record-breaking \\$222 billion](#) last year, up 4 percent from 2013. The resulting travel-trade surplus stands at \$75.7 billion. With ongoing efforts to streamline our visa process, support and expand the Visa Waiver Program, and enhance the entry experience, we anticipate these numbers will remain strong and continue to pay dividends for our economy.

Steve Cook, Deputy Commissioner

- **Vermont Restaurant Week:** VDTM is working with Seven Days for the second consecutive year to support and promote Vermont Restaurant Week taking place at the end of April. VDTM will promote the event through our website and collaborative marketing.
- **Summer advertising:** VDTM is working on a final media plan for summer advertising. This plan will focus heavily on vacation planning resources such as online travel agencies during the campaign. VDTM also has 3 partnerships solidified for the summer. The town of Windsor, City of Montpelier and Stowe Mountain Lodge have committed matched marketing dollars for summer advertising.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Social Media:** Continuing on the theme that “It’s all about Vermont pride,” the top-performing Facebook posting this week was one about the lack of billboards in Vermont. It reached over 14,600. By comparison, our Facebook postings generally average a reach of 450 people.

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **Vermont Life Ad Submission | VDTM Summer Ad:** David developed the ad below to support *Vermont Arts 2015*. The ad invites visitors to VermontVacation.com for events, festivals, galleries and more.



RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Research

- **Preliminary MRA for November Positive:** Taxable receipts for commercial room rentals statewide were up 4.0 percent for the final month of the fall season, though there were some exceptions to the generally positive trend. Rutland City (+45.7 percent), Killington (+37.89 percent), Ludlow (+30 percent) and Waitsfield +23.7 percent led a strong showing among resort-related communities, reflecting the benefit of a second year in a row with skiing for the Thanksgiving Holiday. In contrast, Dover’s room sales were down (-44.0 percent) for the month.

- **2013 Impact of Visitor Spending Benchmark Released:** Although some additional discussion and clarification about the designed changes in the modeling of the new report were required, Rutland Herald reporter Bruce Edward's weekend piece on the new study conveyed the reasons clearly. Specifically, the change in the overall estimate of person trips to Vermont from the 13.95 million in 2011 to 12.8 million in 2013 reflects two changes: corrections in the estimation of the number of Canadian visitors and that Vermonters' discretionary travels and spending within Vermont were not included in the visitor count.

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

- **Reader Survey:** We are sorting through the results of the reader survey. It has been inspiring to read about how many people have taken an action or have a positive association with Vermont because of a connection to Vermont Life. For instance, "I plan road trips using the Vermont Life stories!" "Recently purchased VT property as a result of reading this publication!" "Vermont Life makes me proud to have an association with this state, and makes me want to meet more of its fascinating, entrepreneurial, caring citizens." "I moved to Vermont in 1974 because after picking up a copy of Vermont Life in my college library." We'll have a full report for an upcoming senior management meeting.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager

- **Vermont Strong Scholars:** Along with Jess Simon, held an informative conference call with the new Communications Director at VTC centered on VTC's experience reaching our target demographic, and how the Vermont Strong Scholars program will fit in with similar STEM initiatives at VTC (e.g. VAST program for high school seniors and the new Employer Partner Program for internships for college sophomores). Also held a productive work session with Jill Remick and Stephanie Bracken from the Agency of Education on talking points for our various audiences, the development of web content and a framework for outreach collateral.
- **Water Infrastructure Financing Programs:** Consulted with the DEC team responsible for producing the annual Intended Use Plan for the state revolving loan funds that finance public drinking water and clean water infrastructure projects. With the CMO's guidance and design support, the (otherwise very dry) document will be produced this year to better serve the end user (as opposed to structured solely around statutory mandates). Content that would otherwise be buried in a very technical document will be brought forward into an executive summary, and designed as an 'annual report' to highlight the priority list of projects for the year, success stories, areas of concern and fund balances.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Lisa Gosselin, Commissioner

- **WDEV:** Lisa was a guest on Bill Sayre's noon show to discuss ways the state has been promoting economic development. Highlighted accomplishments of PTAC, EB-5, VEGI, the Governor's renewables goal, Vermont Training Program and discussed why Vermont is business-friendly.
- **Strategic Communications Plan:** Teams from DED, Tourism, ACCD and the Vermont Chamber met to discuss how the state will go beyond tourism marketing to use marketing and communications to benefit the economy. This was a kick-off meeting for a four-week strategic communications plan that Lisa and team are developing that will help identify specific targets and approaches for marketing based on three tiers of resources.

Business Outreach

- Lisa Gosselin reached out to Robbie Adler of **Faraday** to learn more about expansion plans for the start-up. Faraday currently has 13 people and anticipates hiring as many as 90 over the next two years and long-term plans are for 200. Adler is based in San Francisco but the company operates out of Middlebury and Burlington, where CEO Andy Rossmeisl is based. Lisa suggested Faraday explore a VEGI application and connected Adler with Fred Kenney. Also, secured Faraday and GMP's participation at the Power from the North March 24 Matchmaker event that DED is co-hosting with the Quebec government.
- Good news from **Mack Molding**: Lisa connected with Jeff Somple, president of Mack Molding on 2/27 to congratulate him on the [\\$2M clean room expansion at their Arlington](#) headquarters and associated hires. (Somple did not relay this to Ken Horseman/Peter Odierna when they met with him the day prior to the news.) Somple is also starting a vodka line, 802 Blue, working with Quechee Distillery to create a vodka using Vermont-grown purple potatoes.

- Lisa met with Adriana and Graham Torney of **FotoVisura**, a Stowe-based web platform for professional photographers that is looking to grow and hire. FotoVisura is working with VCET. Lisa will make connections to other experts in the digital content licensing space.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Mack Molding – Arlington:** The company reports that business is strong with full time employment in Vermont at 580. Employment in their North and South Carolina plants totals 650. They have made extensive use of internships very successfully and plan to continue that strategy to address their workforce challenges. A full review of programs and services was made.
- **Engineered Printing Solutions - East Dorset:** The company has had continued growth with full time employment up to 53. They struggle to find qualified workers and feel their taxes are too high. They are seeking assistance in a number of areas including training, international marketing, and a planned expansion. Appropriate referrals will be made.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Conducted business support visits in Rutland County with Jamie Stewart, including with Vermont Wood Pellet in Clarendon and McKernon Group in Brandon.
 - **McKernon Group**, a design build firm, is at 45 employees when including its affiliate companies (Urethane Foam Operations, Vermont Wood Cabinets, and Green Earth Energy). 60% of McKernon’s construction work is now done in NY state (leading to higher travel costs), while it used to be primarily in Vermont. Primarily serving high end residential customers: “We used to be able to build houses for anyone... now we are rarely able to do middle income housing.” Major challenges are costs of building, lack of patient capital for building projects, low appraised values of commercial buildings (cost to build is usually 20-30% higher than appraisal of a building), and the timeline for permits for commercial projects (especially given a short 6 month building season). Workforce also a challenge, though have found some good employees from VTC. Made referrals to VTP and VMEC.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Captive Insurance Companies Association (CICA) Annual Conference:** Dan Towle, Director of Financial Services, will be attending CICA along with Dave Provost and Sandy Bigglestone of the Captive Insurance Division next week. The state is exhibiting and speaking on 3 panels at this event. This conference is the largest non-domicile specific conference with over 600 in attendance last year. It has proven to be a very beneficial conference with solid booth traffic and prospective meetings already scheduled.
- **Risk & Insurance (R&I) Editorial Meetings:** Dan is working with Dan Reynolds, the editor-in-chief to have the magazine do several articles on Vermont and captive insurance. Dan has worked with them on an on-going basis to keep Vermont in the forefront on editorial topics concerning captive insurance. Dan and Dave Provost, Deputy Commissioner of the Captive Insurance Division have been interviewed for one of the upcoming articles. R&I is the largest monthly trade publication covering the insurance industry.

VERMONT GLOBAL TRADE PARTNERSHIP ♦ Becky Fu, Manager of International Trade

- Becky, Lisa, Brent, Shelley, Ken and Jared are working on a Power from the North Day 2 matchmaking B2B event. The event now has 10 Vermont companies and equivalent amount of Quebec companies specializing in energy efficiency and green energy to participate.
- Becky is preparing for the upcoming AeroMart Montreal event. Concepts NREC, LMS, MSI, Quadra-Tech, Stephen’s Precision and Superior Technical Ceramics are attending.
- Becky is responding to multiple inquiries from VT businesses with questions from How to Do Business in Brazil to How to stay in best practice in NAFTA.

Procurement Technical Assistance Center: Robin Miller, Director:

- You’re invited! To the 2015 Training and Matchmaker Event on May 6th-8th at the Equinox Resort in Manchester, Vermont. The key to selling goods and services to government agencies is understanding how the procurement system works, and what government entities need today, and tomorrow. This not-to-be missed event fosters business partnerships between the government, its prime contractors, and businesses.

The Matchmaker will give you specific tips on how to improve your company's chances of winning government contracts! For more information and to register for this event go to www.us-ipe.org!

- Brenda Plastridge hosted a 'Contracting with the State of Vermont: The Department of Buildings and General Services' workshop on February 24, 2015 in Newport. This two-hour workshop focused on working specifically with the Department of Buildings and General Services (BGS). Small businesses have a chance to speak directly to a representative from BGS and receive personal assistance from the Vermont Procurement Technical Assistance team (VT PTAC) who are available to assist businesses with every phase of preparing their responses and understanding the requirements. There were 12 small business representatives in attendance.
- Brenda Plastridge hosted a 'Selling to the Government' workshop on February 26, 2015 in Newport. This workshop focuses on assisting small businesses on how to do business with the government. There were 2 small business representatives in attendance.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Newport Furniture Parts:** Beth Demers and Joe Kasprzak (NVDA) met with Rick Lunt and Dave Laforce of the Newport based furniture and furniture parts manufacturer. The company has made significant investments in efficiency, employee culture, and facilities. Rick and Dave are now looking at the possibility of significant growth. Joe has been introducing the company to different programs as the vision for the growth is formed. Once the employee training needs are detailed Rick and Dave will be back in touch.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **Tom Lauzon:** Joined Chris C in meeting with Tom Lauzon to discuss downtown redevelopment, housing needs and several ideas he has to increase and encourage funding for new businesses and redevelopment in DTS. One idea he has developed is an entrepreneur to entrepreneur lending program. Tom has discussed the idea with the Governor and Sec. Johnson. We will review the idea with DED, DFR and others to determine what is currently being done, if the idea has merit and outline any next steps (programmatic or legislative).

Deputy Commissioner Hollar

- **New Member of the GMS Team:** As mentioned in Ann's report below, we were delighted to welcome Jason Richie to DHCD this week. Jason is our new Disaster Recovery Grants Management Analyst and will focus on keeping CDBG-DR projects on track and in line. The first order of business will be learning the Environmental Review ropes to back up Kate and help grantees in her absence this summer. Jason brings research, regulatory, legal and compliance experience with him. He also has a B.A. in History & Political Science and, in May, will complete work on an M.P.A. with a concentration in Local Government. He lives in Stowe and will spend his working days in the space between Tamera and Wendy Rice. If you have a question about presidential history, he's your guy.
- **Tri-Park Mobile Home Park:** Held a meeting this week to discuss the financial, governance and flood vulnerability challenges faced by the park which was severely impacted by Tropical Storm Irene and still has dozens of mobile homes in the floodway and floodplain. Brainstormed possible solutions and resources with Windham & Windsor Housing Trust, HFI (which owns the neighboring Deepwood Mobile Home Park), the Cooperative Development Institute and VHCB. The goal was to identify realistic solutions or possibilities in advance of a holding a roundtable discussion with a broader group.
- **Con Plan:** Continued work on the first draft of the five year plan for the use of CDBG, HOME and Emergency Solutions Grants. While doing it in the new online format for the first time presents some challenges, it is clear the result will be a more accessible and targeted plan. We are laying out housing and community development needs based on HUD data, the housing needs assessment, stakeholder input and the results of the community and citizen outreach. After a detailed market analysis and discussion of anticipated resources, the plan will then identify the priority needs for the next five years and set goals for addressing them. Each goal will be accompanied by the amount of CDBG, HOME and ESG to be used for that purpose. With AHS and VHCB, we will also set associated outcome indicators such as units rehabilitated, businesses assisted and households sheltered. The initial draft will go out for public comment on March 12 while we work to refine the plan for submission to HUD in May.

- **CDBG Funding:** Contacted Congressman Welch’s office re: signing onto a “Dear Colleague” Letter in support of including \$3.3 billion for CDBG in the FY16 Appropriations Bill. The President’s budget proposal includes less than current year funding. With help from Josh and Cindy, provided Welch staff with a list of CD projects from the last four years.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partner Report

- **EVT to target building efficiency incentives in state-designated centers.** After a series of conference calls between CP+R and EVT to provide education on each other’s programs and identify connection points, Chris, Gary and John sat down with Gillian Eaton, Manager of Strategy and Planning at Efficiency Vermont (EVT) to discuss the next steps in our partnerships to target more incentives to buildings located within designated centers. While the plan to co-market and link EVT’s efficiency incentives with the downtown and village tax credits is relatively easy to implement, the framework to define a suite of new benefits for all the designations is more complex. We found EVT’s initial proposal to offer tiered and non-uniform benefits confusing and we recommended standardized, user-focused approach with case studies showcasing how building owners have saved money investing in efficiency.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Closeout Agreement Financial Reporting

- **Town of Bradford:** CL-2007-Bradford-00013 Waits River Housing deferred loan: Cassie reviewed the Borrower: Waits River Housing Limited Partnership’s Financial Statements for fiscal years 2013 and 2014. She issued an audit concern letter in response to the auditor’s concerns about the continuation of the Partnership given the net loss incurred for the past two years in the following amounts: FY13 \$282,305 and FY14 \$254,418; and noting the concern is contingent upon the Partnership’s ability to increase occupancy levels and obtain financing for future improvements. The Town has been advised to contact the Partnership to obtain their plan for sustainability and sufficient cash flow to fund needed capital improvements to ensure this critical affordable housing is maintained. The Town needs to review the plan and provided an assessment to the State.
- **Town of Thetford, Pompanoosuc Mills:** Ann and Cassie spoke with the Select Board Chair, Stuart P. Rogers regarding the delinquent loan for Pompanoosuc Mills. Ann spoke with Joan Goldstein, Executive Director of Green Mountain Economic Development Corporation (GMEDC) regarding the details of her lease agreement with Pompanoosuc. In preparation for Town Meeting, the issue of delinquent property taxes for the Building owned by GMEDC, and the annual allocation request by GMEDC was being contested by some of the Select board members. Ann provided an explanation to Stuart about the triple net lease that Dwight Sargent of Pompanoosuc Mills is responsible for the all the taxes, insurance and maintenance on the building, and GMEDC should be held harmless. Ann has been asked to meet with the Select Board on March 30th to discuss the CDBG loan and the options the Town may have with further deferral.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **Great Loss of Preservation Leadership:** The Vermont historic preservation community is greatly saddened at the loss of one of our dedicated leaders, Nancy B. Hoggson. Nancy was a long-time president of the Norwich Historical Society - a vibrant community nonprofit, producing an excellent Home & Garden Tour each year, an Antiques Show annually, and regular exhibits and speakers in its historic Lewis House. Nancy worked virtually full-time in recent years in this capacity, purely as a volunteer! She was founding chair of the Norwich Historic Preservation Commission, being the driving force to convince the Norwich Selectboard to establish the Commission and apply successfully for Certified Local Government (CLG) status. Under her leadership, projects included National Register listings, the *Cycles of Change: Norwich Farms* multi-dimensional exhibit, and a Town-wide windshield survey were undertaken. Nancy’s leadership will be greatly missed but her spirit for historic preservation remains.
- The Division is thrilled to welcome Jennifer “Jenni” Lavoie as our new Administrative Assistant. Jenni joins us from the State of New Hampshire, where she worked in the Bureau of Title and Anti-Theft and the Bureau of Emergency Communications. She has recently moved to West Danville, loves to cook and is learning to ski. Jenni wants to visit all 212 of our Historic Roadside Markers, noting that New Hampshire

has 235 markers (we can beat that!!) We are so excited to have Jenni join our team, with her daily color coding and organizing skills. Please stop by and welcome Jenni!

State Architectural Historian

- **Vernacular Architecture Forum:** Devin has been invited to join the Board of Directors for the Vernacular Architecture Forum/New England Chapter. [The Vernacular Architecture Forum](#) is the premier organization in North America dedicated to the appreciation and study of ordinary buildings and landscapes, which we have a lot of in Vermont!

State-Owned Historic Sites

- Group, came to look at two Coolidge family quilts in our collection. One of the quilts is a basket pattern, which is the AQSG's featured design for next year. Bill and volunteer Kathy Lynds spent 2 ½ hours with the quilt enthusiasts as they carefully examined each stitch. They determined that the quilt was probably made by Calvin's mother or grandmother, sometime between 1860-1880. Ms. Rennau later wrote: "I would consider it such an honor to be able to replicate this Coolidge Family treasure and to see it on exhibit at the AQSG Seminar in 2016. All of the important leaders in quilt research attend this seminar and this exhibit will be professionally photographed and published in an AQSG Exhibit Catalogue. Having Vermont, and our 30th President's family represented, would be fantastic." This project, of course, would be great PR!
- The March 4 "Vermont's Birthday" post on the Historic Sites' Facebook page was a huge hit. With 204 shares (including Tourism & Marketing and VTRANS), we had nearly 16, 500 likes – an all-time high!

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

- Tri-Park Cooperative Mobile Home Park in Brattleboro has experienced a number of challenges since TS Irene; numerous homes were destroyed by the disaster and the community is working to comply with an agreement made with the town and ANR to have homes removed from the floodway. Shaun has been working to compile the recent history and, along with Jen Hollar, is meeting with representatives from Windham Windsor Housing Trust, VHCB, VSHA and a consultant the park residents have hired, Community Development Institute, to discuss strategies to ensure that the housing in the park can remain affordable and life & safety concerns are addressed.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Regular CDBG: Applications

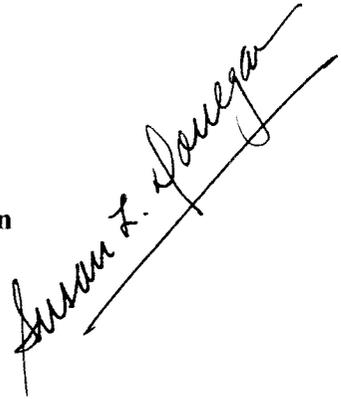
- **Town of Williston:** Planning is underway for a VCDP Award Event with the Governor, highlighting the Town's \$580,000 VCDP Grant to support the Burlington (COTS) project to provide service-enriched housing for homeless individuals and at risk of becoming homeless individuals (14 units) and create a permanent location for the COTS Daystation.
- **Town of Hartford:** The application to fund the pre-development work for a proposed commerce/industrial park within the designated growth area is being reviewed for threshold requirements. Clarification has been requested on questions related to the source of the required 25% match as well as the procurement process used to hire professional consultants.

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: March 6, 2015
Re: Weekly Report



Insurance Division:

Commissioner Susan Donegan this week signed an agreement pledging the state's cooperation in the National Association of Insurance Commissioners (NAIC) multi-state investigation of Anthem's policies and procedures that led to the recent breach of policyholders' private information. The seven states leading the Anthem-targeted examinations are Indiana, California, Maine, Missouri, New Hampshire, North Dakota and South Carolina.

The Commissioner continues to receive weekly briefings through the NAIC about the ongoing investigation. This week's conversation included a discussion on how Anthem plans to notify consumers. On Monday, Anthem began mailing 1 million letters a day and will continue to mail 1-to-1½ million letters daily (including weekends) over the next 5½ weeks. This procedure allows the anticipated call volume from consumers to be staggered. Folks with Social Security numbers or health IDs compromised will be a priority and receive letters first. Of the 80 million people who have been affected by the Anthem breach, 61 million have had their Social Security numbers, health IDs (some states use this like a Social Security number) or suspected Social Security numbers compromised. About 18 million are non-Social Security number-related breaches. As you recall, BlueCross BlueShield of Vermont (BCBSVT) told us they had only 22 people whose Social Security numbers were compromised (total of 22,000-plus BCBSVT subscribers may have been impacted.) However, we have more than 40,000 Vermont residents covered by out-of-state policies who probably fall into the category of compromised Social Security numbers. Those are being handled by Anthem and their contractor who is managing the breach. The Insurance Division also receives daily updates from BCBSVT.





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**CONFIDENTIAL AND PRIVILEGED
MEMORANDUM**

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: March 6, 2015

Press Contacts:

- David Corriveau, Valley News, will be speaking with me regarding Rivendell considering opting out of SBAC testing and the consequences (loss of federal funds) of such a decision.
- Steve Pappas of Times Argus—conversation in a coffee shop led to an op ed.
- Howard Weiss-Tisman, Brattleboro Reformer, is seeking a study that illustrates that Vermont has high incidents nationally of students on IEPs and with Emotional Disturbances.
- Ashley Reese, KBIA, Columbia, Missouri's local NPR affiliate, is working on a long form story about special education in Missouri and seeking information about Vermont's policy of inclusion for special education students.
- Alison Novak, Kids VT, is seeking an interview about school climate and our planned survey.
- Katy Savage, Vermont Standard, had several questions and requests throughout the week regarding an unlicensed educator, Ted Brown, who is apparently a principal operating without a license.
- Paris Achen, Burlington Free Press, sought clarification on what happens to school districts when their budgets do not pass.
- Tiffany Pache, VTDigger, sought confirmation about the example of the valedictorian in Concord who was not admitted into UVM.
- Maeve Gately, Columbia University Press, sought information about Vermont policy on observing Muslim holidays, in the context of an NY decision.
- Amy Nixon, VTDigger, sought comment on the passage of all but 20 school budgets at Town Meeting day.
- Erin Mansfield, VTDigger, sought comment on the merger vote of Pomfret and Bridgewater (as well as Elmore and Morrystown).

- Amy Nixon, VTDigger, sought comment from the Agency on the House Education bill.
- I appeared on the Mark Johnson WDEV show Wednesday morning to discuss the outcomes of Town Meeting Day.
- Mike Curkov, Local 44, requested the list of tax rates by town.
- Amy Nixon, VTDigger, spoke with Jill about the request to change funding of Dual Enrollment.
- Josh O’Gorman, Vermont Press Bureau, sought comment on the results of Town Meeting Day.

Public Presentations/Speeches/Meetings:

Outright Vermont

I met with Outright Vermont and a group of parents of LGBTQ or gender creative kids, as well as some middle school students. One thing we don’t have is a state policy on best practice in schools for making these students welcome. This is a concern as this group is by far the group at greatest risk for suicide, and they also suffer disproportionately from depression and bullying, and are at risk of dropping out. I would like to work on a recommended policy for schools on best practice for supporting these kids and their families.

Federal Grants – Vermont State Teachers’ Retirement System

We continue to meet to figure out how to get federally funded positions paying into the teacher retirement system.

VSA/VPA/VSBA

I met with this group to discuss the House Governance bill.

Emerging issues:

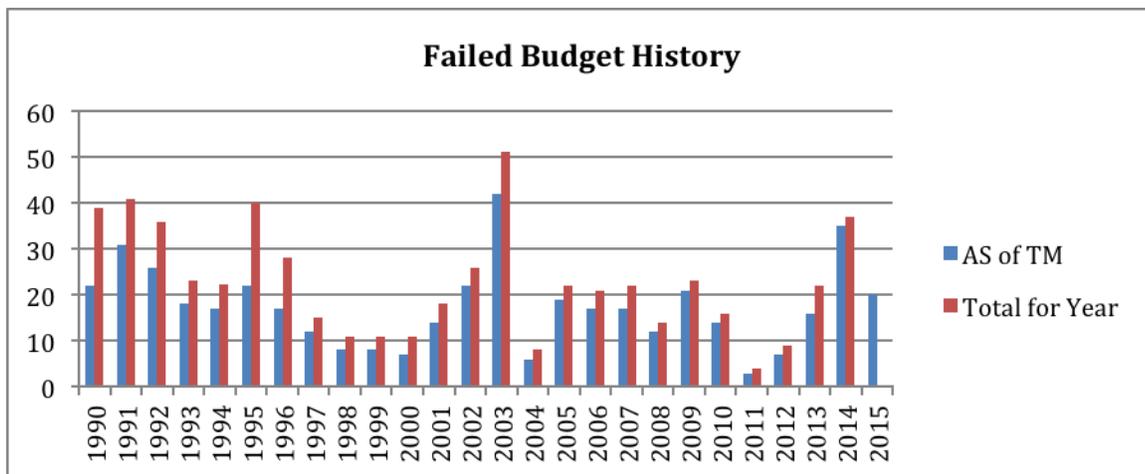
Budget post mortem

Wanted to share tentative budget numbers. We have yet to adjust for the 20 failed budgets. Based on the 256 budgets that were reported to us and up for a vote. It looks like offsetting revenues went up at a slower rate than total spending, thus education spending grew at a higher rate. We are guessing the PreK precount at least partially explains why per pupil spending grows at a slower rate. In sum:

- Total budgets were up 3.19%
- Education spending (total budget minus offsetting revenues) was up 3.89%
- Ed spending per pupil was up 3.1%

With respect to the property tax cap, if there was a 2% cap in place, Only 106 of current year budgets would have made it under cap, while 149 would have been capped. Next year, increases are likely to be bigger due to the full rollout of universal PK.

For a historical look:



Governance

I need really clear guidance from you/the Governor on how you want us to proceed with governance.

If the General Assembly moves forward on governance, here is what I think we need to achieve at a minimum to make a positive difference:

- **Simplicity** – two dimensions of this:
 1. Simplicity in what is asked: I get the intent of the House Bill, but it is so poorly written and so clumsy that I think it would be worse if it passed than if it did not. We just spent two days working with the bill, and are still unclear on exactly what it requires, beyond the fact that most of the burden would fall on the AOE and SBE and that it is so loose it might not require anything of districts. Straight is not possible, but let's keep this process as clear as possible.
 2. Simplicity in governance, so that we end up with fewer, more efficient, analyzable units. Efficiency comes from resource sharing in larger, simpler districts.
- **Hold off the horrible** (e.g. the property tax cap and redundant studies we have no capacity to do) My instinct is to let the VSBA fight the cap, as that might distract Steve Dale, bless him, from turning governance into something more complicated.
- **Equity**
- **Clarity of direction on governance** (e.g. are we doing it or not? So our districts can leave the suspended state of animation they are being held in while Montpelier has this conversation).

We are in a bit of a house of fog and mirrors, but to the extent any discernable direction can be perceived, it could be sharpened to include a focus on moving all districts towards fewer and bigger districts that are composed of current smaller districts binned by type of governance (e.g. cluster districts by the most common forms of governance).

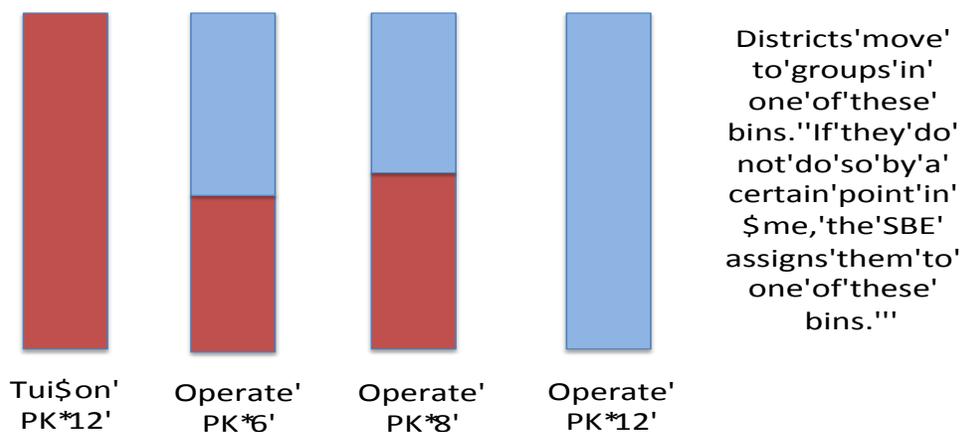
Despite what you would think based on the noise in the Legislature, most of our students and districts are currently in systems that operate K-12, and many of our SUs involve elementary districts that all send HS students to the same union high schools. These SUs could be cleanly converted to larger SDs, with no impact on where students attend school or what schools exist. We are now evaluating and binning to see where the rest of the districts fall, and how many could not be neatly grouped with districts with like governance structures. We are seeing that some of the tuition districts that remain are choice districts in name only, and could be encouraged to join a bin.

This is a round about way of saying that if the House Bill is going to move forward, we should provide some guidance and leadership that moves it towards something a little more disciplined and productive. Do you want us to provide this kind of structure and leadership? It will require us being a little more aggressive than we have been to date.

For example, we have four major governance bins:

- districts that only tuition students,
- districts that operate K-6,
- districts that operate PK-8 and tuition 9-12, and
- districts that operate PK-12.

We could encourage the House to be more specific about these bins as the desired end state (e.g. limit options), and quantify for them how many districts could easily be clustered already into these bins. We could encourage the House to tell the remaining districts to move to one of the bins by some date certain, and if they don't, the SBE could be tasked with grouping and assigning the remaining districts to SUs.



In contrast, the Senate has basically asked us to set the table. We can answer by responding to their somewhat general request and providing very specific answers that move us to greater scale and simplicity by limiting the options and asking the SBE to clean up where there is not a clean fit. Again, what is your preference on this one?

Supervisory Union Consolidation

The superintendent in Essex Caledonia (Concord Area) is resigning. The SU has in common with its neighbors that the overwhelming majority of its students attend St. Johnsbury or Lyndon. I am going to recommend the SBE require a boundary study.

Supervisory Unions			
	Caledonia North	Essex Caledonia	St. J
# of governing units	6	8	1
Total number of students	1488.5	766	1047

Meeting with Department of Human Resources

The Deputies and I had a good meeting with two new DHR folk who will be working with us directly. I appreciate some of the changes we are starting to see. Kudos to Maribeth Spellman.

Labor Management Committee

I met with Josh Massey, the VSEA representative assigned to our building, and will soon begin a new round of labor management meetings. I will remain hopeful that we can use this process to address legitimate concerns and to provide information when we are unable to meet demands. One member of the committee has been quite busy with nuisance grievances, so I suspect it will be contentious at times. Most of the grievances we are dealing with currently were filed against managers who were acting on complaints from employees against coworkers. VSEA is pushing all grievances, no matter how small, up to level 3 and possibly level 4. This is a distraction from actually working on improving agency climate and doing work, but is part of the process.

Other

Licensing

The licensing division has made some great progress since last summer and fall. Below is a link to our new licensing page if you would like to check it out.

<http://education.vermont.gov/licensing>

Additionally, we have some really helpful video tutorials to support the field as we transition to our new system:

https://www.youtube.com/watch?v=jI_UyLb8Q5w&feature=youtu.be

<http://education.vermont.gov/licensing/online-licensing/tutorials>

Education Related News Articles for this week:

[Substantial state spending cuts loom](#)

[Board starts over after budget loss](#)

[Legislative update on **education**, Judiciary Committee](#)

[Toward better schools](#)

[Elmore to study merger](#)

['Farm to School' introduced in Congress](#)

[Fewer **Vermont** School Budgets Rejected](#)

[Fewer school budgets defeated this year](#)

[NYC public schools will now observe 2 Muslim holidays](#)

[Plattsburgh teachers protest NY governor's **education** reform](#)

[Fewer school budget rejections in 2015](#)

[Doff your toque to **Vermont's** youngest chefs, Junior Iron](#)

[Marlboro College announces new partnership with **Vermont** Higher ...](#)

[From Montpelier to Putney](#)

[So far 20 **Vermont school** budgets rejected, down from 2014](#)

[Duxbury meeting a test of patience, endurance](#)

[Rutland students take part in mock legislative session](#)

[Milton: Town budget passes; **school** budget fails](#)

[Bridgewater **School** to Close; Voters Elect to Merge Eleme](#)

[Westford passes town budget, defeats **school** plan](#)

[Tensions flare as auditors eliminated](#)

[Shelburne defeats bond for school upgrades](#)

[ELMORE VOTERS AGREE TO STUDY MERGER WITH MORRISTOWN](#)

[VTDIGGER/CASTLETON POLL SHOWS SOME SUPPORT FOR SCHOOL CONSOLIDATION](#)

[STATE WANTS TO SHIFT DUAL ENROLLMENT COSTS TO EDUCATION FUND](#)

[Column: Are **Vermont** Taxpayers Being Asked to Pay for Too Much?](#)

[As lawmakers mull consolidation, towns decide for themsel](#)

[Rusnock: Child care is crucial](#)

[State can't do it all](#)

[The system is the problem, not the funding](#)

[Bans, taxes, and regulations](#)

[NGSS unblocked in Wyoming](#)

[\\$2 Million Baby: Calculating the Cost of Shumlin's Single-P](#)

[Ludlow approves budgets, bike path article](#)

[Budgets pass in Bolton, Underhill, Huntington](#)

[Update from Montpelier](#)

[It's Town Meeting Day In **Vermont**](#)

[School budgets, property taxes draw **Vt.** voters](#)

[How One **Vermont** Family Educates Its Sons, by 'Unscho](#)

[Washington County voting results](#)
[Civility reigns in Rockingham](#)
[Lamoille County voting results](#)
[Students from 35 **Vermont** high schools in poetry contest](#)
[Non-citizen voting struck down on Town Meeting Day](#)
[With Education Reform Bill On Paper, Lawmakers Head](#)
[Vermont lawmakers take week off for Town Meetings](#)
[Isle La Motte wonders about costs for small schools](#)
[Legislation would eliminate grants for some small schools](#)
[The children who don't go to school](#)
[Opinion: Keep prison high school](#)
[Andy Robinson: Vermont is a great place to do business](#)
[Bruce Lisman: Administration's credibility is slipped away](#)
[Education reform bait and switch](#)
[Obama's plan for free tuition at least has leaders mindful of](#)
[Vermont Schools prepare for the new Smarter Balance exam](#)
[Vt. lawmakers make plan to reduce school spending](#)
['Nervous' schools hope for smooth votes](#)
[Heidi Spear: Education Reform Initiative Is Bait and Switch](#)

LOTTERY

I am out of state today. Normal efforts this past week. Next week I am meeting with a few commissioners and a lobbyist regarding a strategy to oppose the lottery/liquor license proposals in House. Staff meeting is also planned next week to address concerns raised in annual survey.

Back in on Monday.

Greg Smith

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Sue Minter
DATE: Friday, March 6, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Legislature: House Transportation will be working to complete the T-Bill, and also has jurisdiction (following Ag) on the Water Quality bill. We are working with Pat to make these 2 elements come together to our advantage. As you know the water bill currently includes a 2cent gas tax. House and Senate Transportation Chairs are both unhappy about this, and it will not last long. In the House, I believe it may add momentum for the TIB Floor effort. A TIB Floor on par with the T-Fund floor (established in 2013 at \$3.86) will raise about the same \$ as the 2cent gas tax. Thankfully, this is also slightly more than our current \$6.4M budget hole. **The TIB Floor would solve our budget challenge and leave about \$1 million for Town Program for stormwater management on local roads. This is Pat's goal,** and we are working in the background to support (including developing appropriate ways to invest in local road/ stormwater management efforts). Note that the Treasurer is supportive of establishing a TIB floor and I suggested she speak with Mazza. **Note: A key will be to describe this NOT as a "gas tax", but as a measure to ensure stability of our TIB – for our bond & credit rating.** Our TIB has lost 50% of its value since prices have declined. A floor is prudent fiscal management.

191 Brattleboro Bridge: Following our (2/24) meeting with the contractors (PCL) which Liz attended, I have sent a letter to the company requesting specific commitments to a revised schedule. We will follow up this letter with a call opportunity for you and the PCL leadership. Once we have a letter in hand from PCL with firm dates/expectations, I plan to: meet with legislative delegation (possibly next week); meet with Brattleboro selectboard & others (RPC, Chamber, etc.) to describe the situation and what we are doing to address (likely the week of 3/23), and possibly issue a press release.

NOTES FOR STAFF

Brattleboro Bridge additional details:

- Contact made with the US Army Corps of Engineers regarding a flood mitigation strategy that would protect the pier table false work from a significant flood event; staff working through the details.

- The contractor submitted their progress schedule on March 2, 2015 showing the new interim completion date of October 24, 2016; the date which the Interstate will be returned to full capacity. This new schedule will undergo careful scrutiny by staff engineers.
- We are preparing a strategy to deliver the message to the public regarding the delay to reopening the interstate to full capacity.
- Traffic Management: Friday February 27 NB traffic averaged 28 MPH during the hours of 4:00 to 6:30 pm. No other notable delays occurred this reporting period. Staff working with AASHTO and other states to learn “best practices” for Traffic Management & improve our traveler communications. Everything from 3rd party solutions (WAZE) to smart work zones to blue tooth reader technology are under consideration. Highway staff are reviewing options and developing recommendations we can implement in the near future.

Vermont Driver’s Privilege Card:

Following several media inquiries last week (Digger & Watch Dog), I requested regular updates from DMV, which follows. Note that I conversed with the lead in our DMV Investigations Unit who expressed fatigue and frustration over the continuous and increasing work load that this provision has created, and the lack of adequate staffing to fully address. Also understand there are specific instances when ICE is referred to (per below):

- A few months ago, it was estimated as many as 130 individuals had applied for a Vermont Driver’s Privilege Card using erroneous addresses in southern Vermont. Numerous investigations have been and continue to be ongoing. As of today, there have been 130 cases of confirmed fraud, in which applicants falsified information on DMV applications. Thus far, 92 operating privilege suspensions have been initiated and DMV has recovered 31 Driver Privilege Cards. Cases continue to be investigated and as of today, there are 50 related additional cases requiring investigation and 4 additional cases from other sources, which will be vetted through the investigative process. There have been other cases in addition to the initial 130 estimate (*unrelated to this number*); some in the northern part of Vermont; however, the majority remain in the south. Of the 130 cases in the south initially estimated, Immigration and Customs Enforcement was contacted for approximately 32 of them.
- And ICE referral could be based on a hit from SSOLV (Social Security On Line Verification) system or the SAVE (Systematic Alien Verification of Entitlement). We have cases in which SSOLV indicates the Social Security Number is invalid or assigned to someone else. Counter staff automatically run a SAVE check on an applicant, and if it comes back indicating further verification is warranted, it is forwarded to our DMV investigators. The DMV investigator’s follow-up may require an inquiry to ICE, which many times can resolve the matter quickly without further action. Other times an ICE follow-up is necessary. An example is an individual who submitted a Permanent Resident Card for a deceased person.

- A training program has been developed to better enable staff to assist the ever evolving multi-cultural customer base. The first training was given to all supervisors, examiners and Mobile Unit staff. Plans are being made to provide this training state wide.

The Driver Restoration Day Pilot Program:

We have placed the information on this day on Agency and DMV websites, and preparations are underway. DMV notes that this project has caused some angst among members of the Vermont Association of Chiefs of Police. Chittenden County State's Attorney T.J. Donovan will be meeting with the chiefs to discuss this issue on March 17th at the Vermont Police Academy. Glen Button will be attending the meeting to field any questions regarding the DMV perspective on the program.

DLS Working Group: On a related front, in response to letter from Sen. Sears and Rep. Grad, I am following up on their request to lead "a working group to study the potential costs and benefits of various approaches for reducing the number and duration of driver's license suspensions in Vermont, and for mitigating the collateral consequences of such suspensions in our rural State." I am asked to report back to the Legislature at the start of the 2016 legislative session with the findings and recommendations of the working group. I may need some support from the Gov. Office on this effort.

Waterbury I-89 Bridge Replacement Project:

This is another major bridge project in the works which we will offer updates on. This is one of the major components of a group of projects that began last summer and will be underway in the Waterbury area for the next few years. This bridge project involves major rehabilitation of the two main barrel structures over Stowe Street as well as the full replacement of the exit ramp bridge. Public outreach has been occurring on Front Porch Forum and via the website (<http://watp.vtransprojects.vermont.gov/>) and Facebook pages (<https://www.facebook.com/pages/Waterbury-Works-Transportation-Projects/674775505949928>). Additionally, a public outreach meeting is planned for March 18, 2015 from 6:30 – 8:30 in Waterbury. Although there were no traffic issues over the last week and none expected for this week, we do expect some delays for southbound traffic on I89 as the project gears up for beginning construction on the main line interstate in early April. Because of I89 south entrance ramp closures between 3 – 6 p.m. M-F (beginning in April), there is the potential for short delays on Route 100 south entering Waterbury. Traffic will be detoured onto Route 2 east to pick up the interstate at Exit 9 in Middlesex. Work over the last week concentrated on preparation for the opening of the southbound cross-over. The opening of the southbound crossovers cannot take place until 4/13/15 per the contract special provisions. Given the Fairpoint strike, there was some anticipation of delays given the need to relocate utilities; however, Fairpoint has been on site for several days performing the necessary work. Traffic management plans are under review along with the nearby roundabout project,

which will finish up construction this spring, to ensure coordination between the two projects.

Winter Maintenance:

We are well on track to break last years all time record for winter maintenance spending (adding significantly to our FY15 budget hole, which we need to recoup in FY16). We had projected winter maintenance costs at \$26 million. Any talk that “we are not doing as much as usual” is erroneous. As of COB March 3, 2015:

FY 15 Winter Maintenance Costs to date = \$25,476,167

FY 14 Winter Maintenance Costs to date = \$22,958,262

FY 15 Salt Usage to date = 114,217 Tons

FY 14 Salt Usage to date = 107,343 Tons

Aviation- Newport Airport:

Aviation Director, Guy Rouelle, met with Bill Stenger to discuss the fuel farm construction as part of the runway and apron expansion project which begins in approximate 35 days. Mr. Stenger has promised a finance plan for the fuel farm for some time now, but has not yet delivered. Guy has given him until April 1 to have it locked down. Chris or I may need to get involved if this is not resolved very soon

Federal Legislation:

The Rail Reauthorization (Amtrak) bill passed the House this week. We were in touch with Cong. Welch’s office regarding the bill and amendments. Thankfully, the amendments to totally scrap Amtrak routes outside of the NE Corridor (which would include Vermont’s trains) failed. This bill includes \$7.2 billion for passenger rail over four years. While a 4 year authorization is important progress, unfortunately, it does not address the drastic increase in states subsidies state-supported services have been subject to as a result of PRIIA section209. Recall that Sec.209 places 85% of the Amtrak operating costs upon states, which is why we spend over \$7 million (all state funds) on Amtrak annually. Without a change to PRIIA 209, these costs are only likely to increase. The bill does not contain operating assistance for state-supported services, and capital funding for state-supported services is unclear.

The Vermont Supreme Court has affirmed the E-Court’s determination that there is no Act 250 jurisdiction over the siting and related construction proposed for the Vermont Air National Guard Base at the Burlington International Airport to accommodate the anticipated arrival of eighteen F-35A jets.

<http://info.libraries.vermont.gov/supct/current/op2014-192.html>

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary of Human Services
Re: AHS Weekly Report
Date: March 6, 2015

Highlights:

AHSCO:

Meeting of Disaster Recovery Teams in Southern and Eastern VT _____ pg. 2

VDH:

Residential Treatment Provider Meeting _____ pg. 3

DMH

Vermont Psychiatric Care Hospital (VPCH) _____ pg. 3

DAIL

Investigations continue at Rutland Mental Health Services' CAP program _____ pg. 4

DOC:

Population _____ pg. 5

DCF:

Adding Essential DCF Operational Support Staff _____ pg. 5

Cold Weather Housing Update _____ pg. 5

DVHA:

Hub and Spoke _____ pg. 6

Secretary's Message

AHS is continuing to work on the challenging budget issues to evaluate the potential impact of the budget brainstorming ideas released by JFO last week and in anticipation of the HAC focus to move the appropriations bill out of committee in the next 2 weeks. I am continuing to hear from stakeholders about their concerns about the budget reductions. I recently met with the CAP's and they are particularly concerned around LIHEAP. I assured them that you are committed to keeping vulnerable Vermonters warm in the winter and if necessary, as in past years before LIHEAP was in the base, we would find funds through budget adjustment. The LIHEAP cut will put more pressure on the Crisis Fuel Program. Currently, families who run out of fuel are only allowed one Crisis assist and we are recommending that for next year, families be permitted up to three assists, as was the case in past years. This will help ensure that no Vermonter goes cold but will require a legislative fix.

I also met with representatives from the Recovery Centers, which is an important part of the substance abuse treatment continuum. Eleven out of twelve districts have centers and Newport is now ready to open a new center. This would then give Vermont state-wide coverage. Due to the fact that the budget has already been in set, we are recommending that we shave a small amount of funds from the eleven

centers to help get the center started. The Recovery Centers are also very concerned that they are part of the “brainstorming cut” which would eliminate all of their funding and would result in most of the centers having to close. I do not believe this would be consistent with your priority to address the state’s substance abuse issue.

In looking at opportunities to be more efficient and save funds there are been discussions regarding the dollars that are spent by DCF to provide transportation services to clients. These services are seen in CDD and Reach-Up. There are a variety of providers, many contracts and very little consistency in services. CDD is beginning to explore the idea of issuing an RFP for transportation for children who need to get to child care. Internally, this issue takes a great deal of staff time and consumers are frequently frustrated. There will most certainly be push back, but this is definitely an option to be explored.

Agency of Human Services Central Office (AHS CO)

Building a path to the Agency of One

The HSE Organizational Change Management (OCM) team presented “Building a Path to the Agency of One”. The presentation included the HSE Vision, Mission, Core Values and Guiding Principles along with HSE 101 (elevator pitch) and championing the HSE. A follow up meeting to finalize the concept is scheduled for 3/5. A Town Hall meeting is scheduled for 3/17 to reorient ourselves to the HSE and discuss our path forward as a team.

OAPD in Final Stages of Development for Submission to CMS

An Operations Advance Planning Document (OAPD) is in the final stages of development for submission to CMS; the purpose of the OAPD is to draw down enhanced federal funding for certain aspects of eligibility operations which could help us retain the eligibility workers currently scheduled for release as of 7/1.

Support for DOC Staffing Report and Integration with IFS

AHS worked with DOC on the response to the outside report concerning staffing. As part of that conversation, AHS explored the idea of moving DOC staff to the IFS office space to better coordinate Correction services with the rest of the Agency.

Upcoming Testimony on IFS

AHS arranged to testify to Senate Education regarding IFS, the results of early implementers and the impact on children with mental health needs. There is growing interest in IFS at the legislature and around the state. AHS explain that whoever the audience is, they need to take the time to understand the whole of IFS. IFS has made it clear that this is not something that can be rolled out rapidly and a great deal of local work has to be accomplished before payment reform is on the table.

AHS Secretary Interview

The AHS Secretary was interviewed for this month’s edition of the AHS *Human Service Matters* newsletter to assist his introduction to staff across the agency.

Meeting of Disaster Recovery Teams in Southern and Eastern VT

The people who were involved in disaster recovery after Irene met together in Westminster this week. There were representatives from Upper Valley Strong, the Windham Regional COAD (still in development), and the (mostly-defunct) Precision Valley groups. The group discussed current structures and connections to statewide entities. The meeting included a representative from FEMA.

For next steps, the group is scheduling meetings to talk about preparedness for spring flooding, organizational structure and funding.

Brattleboro Field Staff Safety

In response to concerns over safety amongst Brattleboro state employees, AHS is hoping to offer a Mental Health First Aid training for AHS employees. The training will be open to other state employees as well as space is available. There is already great interest amongst employees and managers. The training will be offered by HCRS. The Field Director is also working with the Brattleboro Police Department to increase communication and knowledge about facilities and protocols.

Vermont Department of Health (VDH)

Residential Treatment Provider Meeting

AHS Secretary Hal Cohen, VDH Staff met with the CEO's from the three residential substance abuse treatment programs (Valley Vista, Maple Leaf, Serenity) to discuss the programs' concerns about: 1) the \$1.5M reduction in the VDH/ADAP budget line for residential treatment and, 2) the implementation of a new utilization review procedure by DVHA. The Secretary explained that the reduction was based upon a forecasted caseload reduction. Actual reductions in their grants are not being proposed. This is a budget adjustment to reflect actual spending. Staff reviewed the new utilization procedure, reassuring the providers that the goal is not to reduce care, but to ensure that each patient is getting the needed length of stay. Individual technical assistance has been offered for each provider as the new procedure is implemented. The meeting ended on a positive note. Providers indicated that they would communicate back to legislators that they understand that there are no proposed budget reductions for their programs.

Turning Point Recovery Center in Barre Partners to Offer Job Training Classes

The Greater Barre Community Justice Center and the Turning Point Center of Central Vermont are presenting a series of five workshops for people who have recently returned to the community from incarceration and are looking for work. The workshops begin on April 1st and will run for 5 consecutive Wednesday afternoons from 4:30 to 6:00PM.

Ebola

VDH staff continues to conduct daily monitoring in accordance with CDC's Guidance for Monitoring and Movement of Persons with Potential Ebola Virus Exposure. Travelers returning from Ebola-affect countries, and other individuals in defined exposure categories, conduct twice daily temperature and symptom checks. To date 16 individual with recent travel to Ebola-affected countries have received daily monitoring by the Department of Health.

Health and Human Service Professionals Trained in Tobacco Treatment

This month, the Tobacco Control Program is training health and human service professionals to become Tobacco Treatment Specialists. The free, four-day workshop will offer health professionals the skills necessary to facilitate one-on-one cessation counseling sessions with clients interested in quitting tobacco.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

All 25-beds at VPCH remain filled this week. The 45-Level I (State Hospital beds) are on line.

Vermont Digger on Proposed reductions in DMH Programs

The Vermont Digger spotlighted DMH's proposed reductions in the WCMHS Collaborative Solutions Integration Project and the HCRS Sparrow Programs on 3/4. These programs have focused on reducing recidivism rates for individuals coming into contact with the judicial system. Outcomes for both have been modest at best and comparable services can be provided through other funding mechanisms for the few individuals served. Funding to both of these initiatives has been recommended for elimination in the FY 16 budget. Deputy Commissioner Reed is also scheduled to have an on camera interview with WCAX on the same topic on 3/5. All content has been passed by the Administration.

Suicide Prevention

Dr. Batra met with Nancy Remsen from Seven Days to discuss suicide prevention. They discussed a comprehensive strategy for addressing suicide. The major points of intervention being:

- Screening for suicide (coalition not in full agreement yet)
- Follow up after crisis/suicidal thoughts
- Improving workforce training on addressing suicide in a collaborative manner (CAMS)
- Improving clinicians acumen of discussing and securing access to lethal means (CALM) which includes but is not limited to firearms
- Working with gun shop owners to raise their awareness of suicidality and maybe even give them some things to look for to have people get help when they see red flags

Ms. Remsen wanted to know who would take the first step in starting the Gun Shop project. Dr. Batra advised her that the Suicide Prevention Coalition is a diverse group of stakeholders including survivors of suicide and that the coalition may be the best place to have this discussion and initiation of this effort.

Department of Disabilities, Aging and Independent Living (DAIL)

Investigations continue at Rutland Mental Health Services' program

The Attorney General's office and DAIL's Adult Protective Service unit are continuing their investigation into the death of Derek Hoffman, first reported in November. Derek was a 32 year old man with developmental disabilities who was found dead in his bed following a fall the previous evening. Additional information may be forthcoming soon.

DAIL and DOC join efforts to place aging inmates in nursing homes

At the request of Rep. Mary Hooper, Dr. Dee Burroughs-Biron and Commissioners Pallito and Wehry met today to discuss the possibility of transferring some aging inmates who are in need of nursing home level of care to the Vermont Veterans Home. The Veterans Home may admit non-Veterans so long as the total number of non-Veterans doesn't exceed 25%. Next step is for Dr. Dee to prepare a list and profile of eligible inmates.

Department of Corrections (DOC)

High Risk Max-Outs:

DOC is currently working with local law enforcement on two high risk max outs occurring in the next few weeks.

First, a High Risk Law Enforcement Notification is being circulated on William Hogan (DOB 1/23/1980). Hogan maxes on 4/2/2015 and will no longer be under DOC supervision. He has given an

address in Wells River, VT and indicates he will be living at the Wells River Motel. He has a support person, Tiffany Fisher, who lives across the street from the motel. Hogan was convicted of Sexual Exploitation of a Child in 2010.

Second, a High Risk Law Enforcement Notification is being circulated on Robert Labonte (DOB 7/11/1965). Labonte maxes on 3/28/2015, and will no longer be under DOC supervision. He has given an address in St Albans and indicates he will be living with his mother until he can find a more permanent residence. He will be released as compliant as he completed the VTPSA program while in the facility. Labonte was convicted of Sexual Assault No Consent in 2003 and Sexual Assault on a Minor in 2007.

High Risk Release:

Patricia Kane was released to probation on Sunday March 1, 2015. She is the parent who was convicted of abducting her children from foster care and taking them over state lines. Her actions resulted in the state's first Amber Alert being issued. She initially refused to sign her conditions of probation and expressed interest in taking her children to Paris France. She signed her conditions of release, she was issued no trespass orders for the foster parents, the school one of the children attend and she was reminded of her conditions of probation not allowing any contact with her children. She was placed on electronic GPS monitoring equipment prior to her release, since her release she has met with her probation officer, her conditions of probation have been reviewed and she has reported having no contact with her children.

Population

The department's incarcerated population averaged 1,924 for the previous week. The male population averaged 1,780 with 314 being presentenced. The female population averaged 144 with 30 being presentenced. The out of state population is currently at 340. This low number is allowing us to garner savings to offset the health insurance premium.

Department for Children and Families (DCF)

Adding Essential DCF Operational Support Staff

Former AHS Secretary Harry Chen in his October 1st, 2014 report on Strengthening DCF, recommended the recruitment of additional positions to support operations, policy development and implementation, staff training and direct supervision needs of both the Economic Services and Family Services Divisions of DCF. While the original proposal was to utilize the position pilot authority, ultimately the decision was made to convert 10 current limited service positions to 8 permanent classified and 2 exempt positions for the Family Services and Economic Services Divisions. This conversion has just been completed and approved by the Department of Human Resources this week; we are now ready to recruit for these positions.

Cold Weather Housing Update

As of the end of February, the Cold Weather Exception criteria were met in every district, every night for 60 straight nights, starting December 29th. Although this has been the longest stretch of continuous nights of all districts meeting CWE in any year, the total number of CWE nights where some or all districts have met the criteria is less this year than last year at this time. This year, as of February 28, there have been a total of 100 CWE nights compared to 112 CWE nights for the same period last year. Of the 112 nights last year, 84 nights met the CWE in all districts; this year of the 100 nights, 78 nights have met the CWE in all districts. While the CWE nights have been less, the amount

of money that has been authorized for expenditures is higher due to an increased population in need of housing on these nights.

Early Head Start Child Care Partnerships

The U.S. Department of Health and Human Services awarded Early Head Start-Child Care Partnership (EHS-CCP) grants to Capstone Community Action and Champlain Valley Office of Economic Opportunity (CVOEO). Capstone's EHS-CCP program will serve 34 infants, toddlers and their families in Lamoille, Orange, and Washington counties. CVOEO's EHS-CCP program will serve 34 infants, toddlers and their families in Addison, Chittenden, Franklin, and Grand Isle counties. The United Counseling Service in Bennington and Northeast Kingdom Community Action each applied for federal EHS-CCP grants, but the Office of Head Start indicates that their EHS-CCP grant applications were not approved for Federal Fiscal Year 2015.

Department of Vermont Health Access (DVHA)

Hub and Spoke

The UVM Medical Center is considering adding spoke staffing to their primary care practices, previously a major gap in spoke services available in Chittenden County.

Blueprint

The Blueprint for Health /Accountable Care Organization (ACO) Provider Network collaboration continues with the three ACO Provider Networks to refine the plan documented in "Proposal for Delivery System Reforms: Integrating Vermont ACO and Blueprint Activities, Phase II Payment Reforms" and to discuss other needs and opportunities.

An ongoing challenge is the loss of Community Health Team (CHT) funding resulting from the transition of the State's Employee Medical Plan from Cigna to BCBSVT. When this transition occurred, Cigna stopped CHT payments for these beneficiaries immediately, while BCBSVT has yet pick those payments up, choosing instead to wait for the Green Mountain Care Board rate-setting review process cycle despite full payment of premiums from the State.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: March 6, 2015

Secretary's Top Issues

Illegal Pig Imports

The Food Safety and Consumer Protection Division has completed its initial investigation of a VT pig farmer alleged to have illegally imported over 1000 pigs into Vermont in 2014 and to have been involved with misrepresenting those animals as Vermont-origin on value-added food products distributed and sold by two prominent Vermont companies. The Division has been working collaboratively with an Investigative and Enforcement Services (IES) officer from USDA APHIS on this investigation as the allegations are violations of state and federal law. The Division will now compile and review the records and data it has compiled to determine what if any further enforcement action it will take for violations of 6 V.S.A. and rules promulgated thereunder. It is also possible that the case will subsequently be referred to the VT AG's office for their followup on the Vermont-origin label misrepresentations as they deem appropriate. The quarantine that had been placed on the livestock, and subsequently just the pigs, located on the producer's property was lifted on March 5th. Kristin Haas, FSCP Director and State Veterinarian, has been contacted several times by WCAX for information on this case. To date, quarantine notices are the only thing that has been shared with the media as those records are in the public domain.

Dairy Impact Study

Last week, the Agency presented the Dairy Impact Study at the Vermont Dairy Industry Conference to an audience of 300+ farmers and industry professionals. The reception was very positive. After hearing the presentation, representatives from the Feed Dealers Association who were in attendance invited the Agency to present at their September conference.

Food Hub Guide for Farm to School programs

The Agency sent out a press release announcing the new Food Hub Guide it has published, which highlights the ways in which Farm to School programs can benefit from Food Hub connections. The study is available here http://agriculture.vermont.gov/producer_partner_resources/market_access_development/food_hubs

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: March 6, 2015

Status of Governor's Priorities:

Press

WCAX contacted the Agency to know more about the livestock handling issue reported in recent weekly reports by Dr. Kristin Haas. We have been informed that WCAX also contacted the AG's office.

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The Agency is working with Roger Brown of Slopeside Syrup in Richmond to prepare for the Gov's 3/25 visit to tap a maple tree and kick off the maple season.

Henry Marckres, Chief, Consumer Protection, was interviewed by the Barton Chronical on the large maple operation in Island Pond, and the coming maple season.

Summary of Key agency Department Activity

Administration:

Stephanie Smith will have an article in the Vermont League of Cities and Town's April newsletter explaining the agency's regulatory jurisdiction over accepted agricultural practices, and when the agency's jurisdiction gives way to local land use regulation. The article also directs readers to the outreach by the Agency to address local land use challenges for entrepreneurial farmers concerning local planning for agricultural economic development in rural areas. A several AAFM staff participated in a conference call addressing "Public Policies for Farmland Access" along with members of the F2P Farmland Access Task Force. This is a project spearheaded by Land for Good and American Farmland Trust in the six New England states. Vermont stakeholders will evaluate ideas to improve public policies around rural farmland access. Other New England states are looking at policies to improve urban farmland access, as well. The group reconvenes on March 19, 2015 for further discussion.

Agricultural Development:

Senior Agricultural Development Coordinator Alex DePillis re-convened the farm methane working group empaneled under the Public Service Board standard offer dockets (7873 and 7874) and outlined answers to the Board's anticipated questions regarding the avoided cost calculations the working group provided in December. The group has asked to Board to make a decision or at least provide guidance as to the cap on avoided cost ("standard offer") for farm methane projects, in order for farms to have enough time to apply for

USDA grants, which have a first-round deadline of April 30. The Board workshop occur(s)(ed) on Friday the 6th of March.

Senior Agricultural Development Coordinator Alex DePillis successfully recruited three of the nine Vermont companies who are slated to give a pitch in the business-to-business, Vermont-Quebec networking session on day 2 (March 24th) of [the Power from the North Conference](#).

Food Safety and Animal Health and Consumer Protection:

Consumer Protection:

Consumer Protection staff are working on setting up locations to test farmers market scales around the state during March and April.

Dairy:

Today FDA released the results of a national milk sampling exercise to research if there was a relationship between farms that have violations of violative drug residues in the animals they sell to slaughter and the in the milk they sell. The good news is that over 99% of the samples did not contain and violative residues for the 31 drugs tested for. The basic result was there was no statistical difference between the randomly selected farms that have not had problems with residues and the half that had been repeat offenders. Over all there was a 0.7% violation rate with a total of 15 samples found positive out of over 1900 samples taken. While the results show the milk supply is safe we will be striving to do even better. FDA is proposing to increase the variety of drugs tested for. Currently all of the milk produced on dairy farms that is processed is tested for residues of beta lactam drugs across the country. Vermont follows the national program to test all milk for beta lactams but goes a little further and also randomly test for sulfa and tetracycline drugs.

This week Greg Lockwood, Brian Young, Steven Nicholson, Sue James and Steve Volk are at a training seminary put on by FDA to discuss regulatory issues around milk. Their counter parts in New England and New York are also there. FDA covers the expense of the meeting. This is part of the on-going cooperative program between FDA and the state dairy regulatory programs to assure uniformity among regulators across the country. FDA also receives feedback and questions from the group that will help guide the program direction to assure the US continues to have a safe and wholesome milk supply.

This week the Agency was formally notified that Sue James, Steven Nicholson, Greg Lockwood and Brian Young all pass their recertification evaluations are certified as official Milk Sample Surveillance Officers. This authorizes them to certify others to properly take milk and milk product samples within the Grade A milk program in Vermont.

Agricultural Resource Management:

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

- Staff are coordinating enforcement efforts, both in house and with the Attorney General's Office, for several ongoing and future enforcement actions on MFOs and LFOs for water quality compliance concerns.
- Staff are drafting reports and memos related to inspections and enforcement cases.
- Staff processed grants for the Farm Agronomic Practices (FAP) Program for farms interested in implementing spring practices this coming cropping system.
- Staff met with NRCS in St Albans to discuss an outreach strategy to use as part of the Franklin County water quality initiative. The goal is to be able to effectively disseminate assistance opportunities available to farms while conducting inspections, surveys and other outreach activities on farms in Franklin County.
- Staff called in to a South Lake Water Quality Partner meeting that discussed a targeted outreach strategy for farms within impaired watersheds in the southern Lake Champlain Basin. Partners included NRCS, UVM Extension, VACD and AAFM.
- Staff are processing and reviewing LFO annual reports for compliance and are also responding to submission extension requests from several farms. Staff met for a day to collaboratively review and develop a consistent review strategy for annual report submissions.
- Staff has been working with ANR-DEC's Indirect Discharge program to get information on the amount of wastes MFOs and LFOs received during the 2014 calendar year. The farms are required to include the imported wastes in the nutrient management plans (NMPs).

- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.
- Staff are continuing to work on the water quality section of the new water quality database. We have been testing inspections in the staging environment and sending comments back to the database developer. We are currently on hold as the database developer updates the staging environment for further testing.

Small Farm Operations Program:

- Small Farm Inspector John Roberts attended a meeting in St. Albans put on by UVM, Farmer's Watershed Alliance of Franklin and Grand Isle Counties and the Friends of Northern Lake Champlain held at Champlain Valley Equipment. Discussing water quality issues, legislative update, new equipment available for farmers to use and rent and more thoughts on cover crops, no-till and tile drainage. Ben Gabos and Maria Steyaart were also in attendance.
- John Roberts an organic vegetable farm in Milton to check on fill that was being dumped there. Investigation still continues though no apparent violation at this time.

Conservation Reserve Enhancement Program (CREP):

- Staff tried to assist a SFO in Fairfield with a town road drainage issue by researching rules pertaining to the situation. Staff also contacted Better Back roads, the Farm Bureau, and VTrans for assistance.
- Provided VACD staff with CREP planning guidance.
- Staff attended a FNLC Winter Farmer Meeting. AAFM supported the winter farmer's meeting through a FAP Program Education and Outreach Grant.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: March 6, 2015
Subject: ANR Weekly Report

Governor Level Issues:

Water Breaks: Many public water systems across the state are having difficulty maintaining water service to their customers as record low temperatures continue, resulting in frozen water lines. Many customers without municipal water service were provided with a temporary or alternative water source until such time as a permanent repair can be completed. Frost is reported to be 5.5-6.0 feet in the ground across Vermont, making repairs difficult, expensive, and in some cases, impossible in the short-term. Water systems we know of with issues currently include: Parts of Montpelier, Alburg Village, Jeffersonville Village, City of St. Albans, City of Rutland, Wallingford FD #1, Rutland Town FD #1, City of Burlington, Colchester FD #2 and Town of Manchester. Public Water Supplies have also been advised to contact the State Emergency Operations Center to report an emergency operating condition. It will be several weeks before many water systems will be able to resume normal, everyday operation.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Clean Water Initiative (H.35): Following extensive testimony at the end of last week from DEC staff and Commissioner Mears, the House Fish, Wildlife & Water Resources Committee acted to provide a recommendation to the House Committee on Ways and Means regarding the DEC fees in H.35. Aside from a small tweak related to certain wastewater fees, the committee recommended that the DEC fee package move forward unchanged.

Also on Friday, the House Agriculture Committee voted unanimously to approve an amended version of H.35, stripping out the Current Use penalty provision as well as other minor policy changes. The Committee will also issue a memo to the House Committee on Ways and Means regarding the agriculture-related fees. The committee will be silent on the other possible funding sources.

House Ways and Means will take up H.35 after Town Meeting break, and DEC will continue to work with the Joint Fiscal Office and the Tax Department on a parcel assessment proposal for presentation to House Ways and Means in order to support the proposed Clean Water Fund.

FY16 Clean Water Performance Measures: DEC joined Sue Zeller (Chief Performance Officer, Agency of Administration) in a presentation to the Senate Natural Resources Committee regarding the possibility of including Results Based Accountability provisions in the clean water bill.

Permit Process Improvement: Senator Snelling introduced a Permit Process Improvement bill based on draft language provided by DEC. The proposal would streamline certain DEC permitting processes, and it would include a shift in the standard and scope of review by the Environmental Court from “de novo” to a more deferential review based on the administrative record.

Press Issues/Releases:

Fish and Wildlife Press Releases: Sign-Up Now for Governor’s Youth Turkey Hunt Event; VTFWD Expands Southern VT Wildlife Management Area; F&W Grants Available to VT Shooting Ranges; and F&W Board Sets Permit Numbers for 2015 Moose Hunt.

Jim Jeffords State Forest: A new 1,346-acre State Forest will be created in former Sen. Jim Jeffords’ hometown of Shrewsbury. “This will be an enduring and well-deserved tribute to Senator Jeffords’ long legacy of environmental stewardship and land conservation,” said Michael Snyder, Commissioner of Forests, Parks and Recreation. Completion of the project is set for this fall.

Significant Events/Meetings:

Champlain Nutrient Trading Grant: DEC submitted a pre-proposal application this week for a grant related to our evaluation of a possible nutrient trading program to support Vermont’s clean water initiative. DEC is jointly applying for the grant with the University of Vermont Gund Institute for Ecological Economics, Vermont Law School’s Water and Justice Program, and the Vermont Agency of Agriculture, Food and Markets.

9L Outreach: OPLA and NRB continued this week to work with ACCD on developing enhanced guidance and outreach around the new Act 250 criteria 9L. A few communities and a

small group of legislators have expressed concern that the new criteria is improperly limiting growth and development in certain regions; the purpose of the enhanced guidance and outreach is to clearly explain the role of 9L and to demonstrate a range of approaches to development that can be permitted under the new criterion.

Priority Housing: OPLA and NRB have been working this week with ACCD, AOT and AAFM who are involved Act 250 review to develop legislation that will make it easier to develop priority housing on parcels already subject to Act 250 land use permits in state designated centers. The group expects to have a proposal ready to share with key legislators by early next week.

Lab Director: A new Director, Dr. Guy Roberts, was hired for the consolidated ANR/AAFMM Laboratory and began work this week. Dr. Roberts will work closely with Deputy Secretary Martin and AAFMM Deputy Secretary LaClair to refine the governance structure, business plan and support schematic design for the new laboratory.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

Atlantic Wind – Styles Brook Project Scoping Meeting: On March 4, OPLA facilitated an initial scoping meeting for Iberdrola Energy’s (dba Atlantic Wind) Styles Brook wind project. The meeting included project, legal and technical teams from Iberdrola and staff from all three ANR departments. The project, proposed for a 5000-acre parcel owned by Meadow’s End Timber in the towns of Grafton and Windham, may include up to thirty 3.3mw turbines with a nameplate capacity of 99mw. Atlantic wind has collected meteorological data for the past 2 years and plans to begin field studies and natural resources assessment work this spring/summer, with the goal of filing permit applications with the PSB and ANR in the fall of 2016. This schedule will allow two field seasons to collect necessary data. Atlantic wind will begin with bird and bat studies as early as April. The company was not ready to share a conceptual layout plan of turbine locations, roads and transmission infrastructure, but offered that such a plan should be ready by early June, at which time they will re-engage with ANR to discuss additional studies in those areas.

OPLA has also been contacted by a representative of a group of concerned citizens in Windham who appear to be opposed to the project and may work actively against it.

PSB Act 99/Net Metering Workshop: OPLA continued to represent ANR this week at the PSB’s ongoing Net Metering workshop. Three working groups met in succession Thursday focused on rate structure, process and criteria and interconnection. OPLA participated in the rates and process sessions, as these have direct bearing on how net metered projects are developed, financed and permitted. OPLA recommended a rate structure that incents well sited projects that avoid natural resource impacts, make use of brownfield or landfill sites, or that have been identified by communities as preferred locations for energy generation, as well as a process

that expedites these well sited projects and provides more process around projects that raise significant issues under the substantive Section 248 criteria.

New Applications Week of March 2: OPLA received 12 new Act 250 application and 3 new Section 248 applications.

Environmental Conservation

OMYA: OMYA is proposing a new treatment chemical to replace the animal-based stearic acid currently used. Testing would be conducted during the trial to determine if there are any adverse impacts to air quality compared to the current compound. OMYA previously had odor problems when using the stearic acid at high temperatures, and modifications were required to ensure minimal emissions.

Salvage Yard Rules: The Salvage Yard Rules are now drafted and ready for formal review and notice and comment. If approved, these rules will require salvage yards to be permitted for operation, contain specific provisions for the management of tires, used oil, and hazardous waste, and include requirements for vehicle dismantling and processing. All of these requirements are intended to be protective of human health and the environment, and when adhered to will reduce the threat posed by salvage materials. Extensive input was gathered from salvage yard owners and the environmental community. The rule is ready for review by ICAR which will be followed by a formal public comment period.

Burlington Airport Construction & Demolition Debris: A new law, passed last session, requires that certain construction and demolition debris be recycled within a 20 mile radius of a recycling facility. DEC waste management staff met this week with officials of the Burlington International Airport to discuss the implications of this law for the scheduled demolition of 94 homes in the vicinity of the airport. Airport officials agreed to remove landfill banned materials (metal, asphalt shingles, rood sheeting, roof rafters, etc.) and hazardous materials before demolition for recycling. Concrete, brick and masonry will be disposed of on-site if lead paint-free and permits are obtained.

Fish & Wildlife

Trout in Shaftsbury: The VTFWD Commissioner and other staff members traveled to the Hale Mountain Fish & Game Club in Shaftsbury to recognize Tom and Anne Ardent along with the club for their continued dedication in the rearing of trout at the Shaftsbury Ponds. This club operates cooperatively with VTFWD to provide trout (brook or rainbow) annually for stocking into State waters and for the Children's Fishing Program.

Possible Hydropower at Fish Culture Stations: VTFWD Staff traveled to the Bennington Fish Culture Station to discuss possible energy efficiency opportunities at the facility. In addition to a visit to the facility, staff traveled to the Town of Bennington Water Treatment

Facility to investigate the installation of an in-conduit micro-hydropower generator for applicability to possible in kind installations at select fish culture stations.

Nuisance/Sick Animals: A number of sick and nuisance animal calls continue to come in including another porcupine, a bat in a Dr.'s office, a raccoon a fox and a mink. Owls falling from their perches, dead of starvation, throughout the state have been reported as is common during high snowfall years. An injured grebe was delivered to a rehabber in Rutland and an injured screech owl was delivered to VINS.

Longtime Offender Caught by New Warden: Warden Scott was given a gentle nudge when he arrived in his current toward an elusive, habitual offender who had somehow flown under the radar for decades. Six current wardens have been aware of this offender's general habits and have been unable to successfully catch him in the act. Warden Scott took on the task of apprehending this individual and went to great lengths to put eyes on him whenever he visited his honey holes. Specifically, Warden Scott befriended a local who would call when the offender showed up. Sometimes he could get there and sometimes he couldn't. This week, Warden Scott was able to apprehend the offender as he caught many of the fish that would eventually put him well over the limit.

Forest, Parks and Recreation

State Lands Administration Updates: All of the lands records have been officially transferred to the archives meaning the end of the years-long lands records scanning project.

Partnership Meetings: Meetings were held this week to move forward with significant new partnerships, with the Department of Fish and Wildlife to promote fishing in state parks this season, and with ECHO to rehabilitate state park nature centers in cooperation with Vermont Parks Forever.

Fat Biking: FPR staff are forming a working group with important partners (VAST and VMBA) to begin developing policies related to fat biking on state lands.

Natural Resources Board

9L: The NRB, ACCD and ANR submitted language to the Senate Economic Development Committee to be inserted in the Committee Economic Development Bill that would require the NRB to revise the 9L Procedure/Guidance and require ACCD to conduct training and outreach on 9L. Our hope that the inclusion of this language will forestall further efforts to repeal or alter the 9L statutory changes adopted last session.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: March 6, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VGS: The contractor chosen by Landowners has completed an initial draft on legal easement review. We are sending the comments and suggestions to landowners today to review and will arrange a discussion as soon as they are able.

TDI: I met with TDI yesterday and completed negotiation on the Public Benefit Payments to Vermont for their proposed transmission line.

Public Benefit Area	TDI Initial Proposal	State Goal	State Proposal of 2/7/15	TDI Response of 2/20/15	Agreed-Upon level
VT Ratepayers	\$3.5 M	\$3.5 M	\$3.5M	\$3.5	\$3.5
VT Renewables	\$1.0 M	\$3-4 M	\$6.0 M	\$1.0 M	\$4.0

Lake Phosphorus	\$2.0 M	\$4-5 M	\$8.0 M	\$5.0 M	\$5.0M
Lake Trust Fund	\$1.0 M	\$2.0 M	\$3.0M	\$1.0M	\$1.5 M
Total:	\$7.5 M	\$12.5-14.5 M	\$20.5 M*	\$12 M	\$14. M*

VTrans has been excluded from proposal amount, as they are negotiating separately as they have requested. TDI has moved from .5M to \$2.0M, and VTrans indicates they need \$5M. TDI did an analysis for purchase of the property then “tripled it” to get to the \$2.0M, and feel VTrans needs to come back with a valuation that supports any higher request. TDI asked that I engage with you and Liz about the need for VTrans to be “reasonable,” and I told them I’d relay their concern, but ultimately this is a lease agreement based on a valuation that can be supported, and they need to work through that with VTrans.

This totals about \$560M in Vermont benefit over the life of the project. The expectation is that this will be worked into an MOU in the June timeframe, so it is imperative that these figures remain confidential until we get close to that time. Adam Necrason expects to talk to Liz about coordinating roll-out after negotiations with VTrans are completed.

The agreement is contingent on lake property not being additionally taxed. TDI is a little nervous that the RPC’s along the lake have intervened, and may be looking to have the state or towns tax the in-water property. Based on our discussions to date, I presume we’d oppose that.

The MOU will also include terms yet to be developed that address:

- 1) Front loading payments on the Renewables and Lake funding – I suggested a target of about \$10M/year for each category (\$20/yr) for the first five years. TDI is willing to do something as long as the total ends up the same on a NPV basis – they have acknowledged we are likely to have a disagreement about discount rates, and are evaluating the \$20M payment, but discussions will continue.
- 2) An Option or Right of First Refusal for capacity and/or energy along the line in the 2032-2040 timeframe. Cost to be on a commercial basis; estimated reservation up to 100 MW
- 3) Lake Champlain Basin Program will manage the “Lake Trust Fund” piece
- 4) Dark Fiber (min 72 strands -8 (TDI) – 4 (Vtrans) = 60 strands) will be given to the state. We are working on appropriate fiber access points to be included (TDI has not agreed to the access points or bigger strand numbers – but is amenable if it doesn’t trigger Act 250 review)

VY: The AGO, PSD, ANR and DOH all filed joint comments on the PSDAR with the NRC today. The AGO sent out a joint press release, and we are coordinating press inquiries.

Legislative: H.40 on third read when we get back next week, and H.117 is on the notice calendar. We are avoiding a floor amendment on the requirement that further new contracts be approved by me by agreeing to strike that in the Senate. Frankly, I've gotten VTA assurance they will do so, and the provision is not particularly useful as by the time it becomes law, the point will be moot.

There have been 13 siting bills introduced so far this session. Reviews have been completed for 6 of these bills, all of which we oppose. Our bill reviews are being emailed to 5th floor today.

Meetings this Week:

Mar 2 – Chris at VTA board meeting

Mar 4 – PSD/VELCO meeting; PSD/Deerfield meeting

Mar 5 – Chris/TDI meeting on TDI; PSD/FairPoint meeting; Call with American Chemical Council on RBES/CBES issues.

Meetings next Week:

Mar 9 – Chris at Governor's Cabinet meeting

Mar 10 – Chris testifies in Sen Econ Dev on energy pricing section of Econ Dev bill; Chris on Vermont Edition – range of issues; Chris TDI meeting at TAX; Chris/Darren at Governor's Council on Energy and Environment meeting; Darren testifies in HNRE on siting bill H.276

Mar 13 – Chris/Darren present at ISO-NE Consumer Liaison meeting in Stowe; Chris giving keynote

Media: Chris on VY PSDAR Filings – Joint Press Release with other agencies and AGO; Chris had VPR and WCAX interviews on 3/6/15

Everything Else:

PERD

Residential and Commercial Building Energy Standards (RBES & CBES)

- Issued press release announcing that new codes are in effect as of March 1, 2015

Thermal Efficiency Potential Study

- Received from Contractor (Optimal) a final version of Unregulated Fuels Section of Report
 - Includes Sensitivity Analysis that assumes 50% less avoided energy costs than in base case. Most oil efficiency measures remain cost-effective in societal test (no discussion of utility test). Biomass savings fall by 20%.

Public Service Board Dockets

- New England Clean Power Link (TDI): Reviewed direct testimony of Parker (of Levitan and Assc.). Discovery questions for all expected to be produced week of March 3rd.
- Board is scheduling a workshop to discuss statutory issues raised by PSD's proposal of a dual price ceiling for different sized farm digester project (150 vs. 300 kW). Farm digester working group will be meeting week of 3/2 to prepare.

PERD Agreements

- UVM TRC: Staff drafted a grant amendment to extend the term of UVM's electric vehicle outreach grant from January 1, 2015 to June 15, 2015. After the amendment is signed by UVM, staff will send to DPS Commissioner for his signature.
- SEMP: SEMP has indicated its intentions to cancel their FY15 grant agreement with the department, requesting reimbursement only for work in the first two quarters of the fiscal year. If that is the direction SEMP wishes to proceed, PERD staff will work with SEMP to prepare the requisite documentation to forfeit the funds and for the department to de-obligate the funding as quickly as possible.

Thermal Energy Finance Pilot

- Convened all program participants for a final walk through of key program decisions, information needs, loan in-take systems and marketing needs. The Heat Saver Loan program as it is now called moves into Phase II on Monday, with a full set of eligible technologies and corollary installers/contractors (i.e., central wood pellet heating systems, cold climate heat pumps, domestic solar hot water, high efficiency oil & propane furnaces, and residential home energy auditing and weatherization).
- Revised the PII marketing to include continue use of low cost outreach to customers primarily via the contractors/installers, with additional internal marketing by the credit unions to their customers and via EVT. The department agreed to support limited additional marketing on behalf of the full program later in the spring/summer and into fall with actual levels and types of marketing tools to be decided based upon a read of market performance in late May or early June.

Clean Energy Development Fund

- Received positive feedback from Town of Cavendish:

"Please know how much the Town of Cavendish appreciates the incentive as it really helped us to complete our solar array project. It is a great program. We are very excited to be up, running and connected to the grid!" - Richard F. Svec, Town Manager, Town of Cavendish



Renewable Energy Items

- Participated in second meeting with Sarah Hofmann to discuss PSD/PSB public engagement opportunities, with a focus on developing a pre-248-public-hearing workshop at which project developers could interact with attendees to explain the project and answer questions. Now modifying our 248 presentation to a 10-minute version that PSD lawyers could use at the workshop to explain the process as well as a template fact sheet for developers to use modeled off of the 45-day notice.
- Attended call with Atlas Holdings to discuss their interest in hydropower and solar project ownership/financing. Sent them a complete list of licensed hydros in Vermont as well as information on the last round of Standard Offer bidders.
- Participated in meeting with VLCT, SEMP, VNRC, and the school boards association to review the latest solar model contracts document from Ethan McLaughlin. The group requested a few final tweaks and to be done with this project. The last missing piece is the prelude, with which we offered to assist.
- Met with VEIC staff to discuss high-PV-saturation modeling project being funded by DoE SunShot program (goal of understanding impacts of 20% of electric energy from solar within 10 years). DPS has agreed to share FACETS data set for the construction of a baseline in the LEAP modeling tool being used and will receive periodic updates on insights gleaned as modeling progresses.

Net Metering

- Prepared issues strawman and framework/guiding principles document for Act 99 workshop. Attended workshop, at which the scope and schedule of the three working groups (rate design, interconnection, and process) was discussed. All three working groups will meet for the first time this Thursday, 3/5.
- Attended part of NREL rate design technical assistance working group call on maximizing the economic benefits of solar, which was really just a review of the JEDI modeling tool. NREL did send a bibliography of rate design references that may prove handy.
- Participated in meeting with Karl Rabago, director of the PACE Energy and Climate Center and expert of value of solar tariffs. He pointed to some useful resources for the Act 99 workshops, including the E-100 Sub 140 docket in North Carolina (“The richest

document on PURPA you can find”) and a forthcoming cost-benefit report on solar in Maine performed by Clean Power Research at the behest of the legislature. He mentioned a bill in CT that would require a value of DG (there is a panel on this on 3/27), and that NYSEERDA’s Reforming the Energy Vision cost-benefit RFP proposals were due on 2/23. He recommended we pursue a two-way rate with granular class discrimination based on cost-of-service studies. He also suggested excess generation at the end of the year could be assigned to nonprofits.

Net Metering Activity 2/21/15 – 2/27/15

	Registrations	Applications	45 Day Notice	CPGs Granted
Count	13	2	0	6
kWAC	137.00	143.00	0	213.00
Ave Size kW	6.528	71.500	0	35.50

Cumulative Capacity of ALL Formal Notices Submitted**

Year Total to Date		Total Since 1999	
2014 kW	2015 kW	1999 – 2015 kW	% of 15% Cap
1982.03	5547.74	81007.25	~ 55.3

****Note: These totals include systems of all sizes, and include those systems for which 45 day notices have been filed as well as those for which formal permit applications have been filed.**

Heating Fuel

- Since last reporting Crude Oil prices decline slightly from last week now at \$49.23 v. \$50.87. The natural gas market declined to \$2.713 v. \$2.972 a week ago.
- The weekly fuel survey indicates that locally Vermont fuel prices have risen slightly reflecting the previous increase in futures pricing.

Engineering

Vermont Yankee Spent Fuel Management & Decommissioning

Systems maintenance and testing to support Spent Fuel Pool integrity continued during the reporting period. No notifications were received during the reporting period regarding any issue that would adversely impact Spent Fuel Pool integrity. Because of the (relatively) warmer weather this past week, there have been no additional indications of faulty temperature readings at the spent fuel dry casks. Ice build-up around (and in) groundwater sampling wells GZ-4, GZ-14 and GZ-14D continues to prevent quarterly sampling from these 3 locations. Demolition of now non-essential structures at the VY site continues. The former Tan Utility (Office) Building was torn-down on Friday (2/27); clean-up of its debris continues. Two underground tanks from a former vehicle diesel fueling station adjacent to South Warehouse

were also excavated Thursday afternoon (2/26). The State Nuclear Engineer has been told that demolition of the South Warehouse and the Power Uprate Building will likely begin later this week (weather permitting).

VY Demolition of Former Low Level Rad-Waste Repository Raises State Agency Concern (Update)

As reported last week, the demolition of the former on-site Low Level Rad-Waste (LLW) storage facility raised concerns with ANR, VDH and the Attorney General's Office. The following summarizes additional information that the State Nuclear Engineer has since learned. The containers were used during several periods in the late 1980s & early 1990s while VT was not in an LLW compact and while Barnwell, SC would not accept LLW from VT. The containers were not needed once VT entered into the Texas LLW compact, however, the containers were apparently used on and off between the mid-1990s and possibly as late as 2007. (The State Nuclear Engineer is seeking additional information on this.) The LLW containers were subject to a radiological survey prior to the start of demolition. According to NRC Resident Inspector Sarah Rich, a decommissioning inspector from NRC Region I witnessed a radiological survey on one of the LLW containers during the week of February 19 and also reviewed VY's survey procedures for structure demolitions. While the LLW containers are no longer standing, the debris continues to be broken up into smaller pieces, and is all still on-site. The debris will be subject to one more radiological survey prior to its removal from the site. Sarah Rich will receive copies of all debris radiological surveys; she currently has several of the completed surveys.

Entergy Issues Responses to State Agency PSDAR Comments Issued in December

On Monday, the State Nuclear Engineer received an electronic copy of Entergy's response to State Agency comments on the October 2014 draft of the VY Post-Shutdown Decommissioning Activities Report (PSDAR). The responses were formally transmitted to the State Agencies via Entergy letter SVY 15-014, which was addressed to PSD, VDH, and ANR. In most instances, Entergy's responses are extremely brief and state that a response is available in some other portion of the PSDAR or its associated Decommissioning Cost Estimate in very general terms. Additionally, no specific responses to questions on the Site Assessment Study were provided (other than a general statement that the Site Assessment Study was not intended to be revised, but that portions of the Study, e.g. the historical site assessments would be living documents updated throughout the SAFSTOR period). Public comments, including detailed comments from the Town of Brattleboro and the Windham Regional Commission were regarded as "directed to the Department of Public Service for consideration and therefore are not specifically addressed in this response" even though specific questions regarding the PSDAR or the Decommissioning Cost Estimate were asked.

2015 Vermont Gas Systems Addison Transmission Pipeline Project Activity

The company covered pipe segments being stored in the Williston construction yard to protect the materials from the elements during the current suspension of the project's "mainline" construction. One of the five pipeline segments, constructed and installed during 2014, remain to be injected with nitrogen for preservation of those facilities (located in the most

northerly 15 miles of the ANGP project). Electrical construction activities were also performed at newly constructed distribution gate stations in New Haven and Middlebury during this report period.

Vermont Gas Systems welding program

VGS submitted an assessment report which addressed the specific probable violations of gas pipeline safety regulations (related to pipeline welding of the ANGP project during 2014) cited in a warning letter issued by the Department. The report was developed by an engineering firm retained by VGS and included several recommendations for remediation of the VGS welding program to avoid reoccurrence of similar violations. The report was also accompanied with a commitment from VGS for implementation of the recommendations and stated a schedule and detailed plan for implementation will be submitted to the Department later this week. The Department Gas Engineer will monitor and review these actions to verify completion.

U.S. Department of Homeland Security - Responding to Power Outage Emergencies

The U.S. Department of Homeland Security (DHS) is presenting a series of webinars on power outage emergencies the first of which was “Responding to Power Outage Emergencies” in which four presenters offered advice on responses to power outages using storms Irene and Sandy and the June 2012 derecho as examples. There was a presentation of the storms and their details from a damage and response standpoint, from a prediction of the storms view point, and tools for prediction and tracking standpoint. Some of the presentation confirmed work the engineering division did when it wrote the Energy Assurance Plan in 2013.

PSB Workshop on Implementation of Act 99 (An act relating to self-generation and net metering)

Engineering attended the first PSB Workshop on ACT 99 and will be active in portions of the overall process of implementation of the Act. The PSB Workshop divided the tasks of the process into three groups; A- Rate Structure, B- General Process, and C- Interconnection Issues. Engineering will be primarily focused on the interconnection issues. The working groups will be meeting Thursday March 5, 2015 to organize themselves and layout priorities.

Regional Policy

Clean Power Procurement

- On February 25, Connecticut, Massachusetts, and Rhode Island released a draft RFP for procurement of renewable power, with comments due March 27. The RFP is focused primarily on Class I renewables (primarily wind and solar). MA and RI utilities are not purchasing large-scale hydroelectric through the RFP, and CT will only purchase up to 170 MW; the level of hydro that CT is purchasing is unlikely to be sufficient to support construction of a new transmission line to HydroQuebec, and would more likely result in firming up delivery on the existing Phase II line.

Distributed Generation Forecast

- On February 27 ISO-NE held a Distributed Generation Forecast Working Group. ISO-NE released a draft PV forecast that recognizes that a greater amount of PV is being built than ISO-NE previously acknowledged. Additionally, ISO-NE released a draft report from ICF International that it had commissioned to examine the cost effectiveness of PV, which showed support for the idea that PV could be built outside government policies. Despite these trends, however, ISO-NE is proposing to heavily discount the amount of PV forecasted within the next few years.
- NESCOE will be filing comments challenging ISO-NE's assumptions.

NECPUC

- On February 26 and 27, Connecticut Public Utilities Regulatory Authority invited NECPUC members to a training on regional energy and capacity markets. Connecticut appears to be interested in having NECPUC engage more heavily in ISO-NE activities, particularly in the review of ISO-NE's budget and the structure of the Forward Capacity Market. There was some discussion of the appropriate role of NESCOE versus NECPUC on these issues, and the desire not to have redundant activities. However, the lawyer doing the training noted that PUCs have some additional rights that other state agencies do not (including the ability to review confidential market information) and stated that there is some role for NECPUC in the regional discussions.

Finance and Economics

Electric

Burlington Electric Department (BED) - Tariff 8557 Proposed Electric Vehicle Charging Station Rate. BED proposes a tariff to charge users of EV charging stations. The tariff is a temporary tariff until BED completes its rate design study later this year. The tariff includes an energy charge, applicable taxes, and an extended occupancy fee. BED estimates EV charging station revenues of \$5,800 for 2015. We have had several meetings with BED during the development of the tariff and do not expect any issues to arise. A PSD recommendation is due March 16.

GMP: Innovative Non-Tariffed Service Offerings; we have received two 15 day notices advising that GMP plans to offer four new untariffed services—heat pumps for heat, water heater heat pumps, solar interconnection collar, and eHome Innovation services. PA has requested comments on the notices and suggestions for establishing a 'process' to respond to each notice received in the future. We have completed a review of one of the notices for heat pumps and the solar collar. Comments on the other notice are due on March 9.

Public Service Board: The PSB issued a request for comments regarding 'untariffed services' that are being offered by BED, GMP, Morrisville, WEC and VGS. Our comments were originally due on February 27, however, we have asked for an extension to March 20 to file our comments. This week we reviewed the services being offered without tariffs and met to begin to formalize our comments.

Stowe Electric Department (SED): Tariff 8553-Rate Design- Stowe filed for approval of its

updated/new rate designs that include updated cost allocations, consolidation of customer rate classes and new optional Time of Use and Critical Peak Pricing rates. This rate redesign is the first in Vermont to use load data generated by AMI (Smart Meters). The rate design and the detailed electronic spreadsheets supporting the cost allocations are under review. No concerns or issues have been identified. The Department recommendation is due March 16.

Swanton: PSB Docket 8398-Rate Design Filing – This is Swanton’s rate class cost of service and rate design filing. At the prehearing conference, the Hearing Officer asked the parties to address several questions; responses are due March 6, 2015; and rolling discovery begins March 16, 2015.

VEC 90 Day Notice – Rule 5.202: VEC has advised the Board of its intention to execute a PPA with Coronal Municipal Energy Services (CMES) for 2.5 MW of solar capacity, energy and renewable attributes for a term of 28 years. VEC had applied for a CPG to develop the projects, but will assign those CPG’s to CMES who will construct, own, and maintain the project after commissioning. VEC will offer part of the output to a community net metering program and part will attribute to VEC’s renewable power supply portfolio. We plan to file an acknowledgment of the filing that will identify any potential issues within the next 30 days.

VEC: Last week the PSB issued a request for comments on the VEPPI/VEC issue related to VEC’s FERC open access transmission tariff billing for Standard Offer generation. Comments were originally due on February 27, however, parties to the proceeding have asked for an extension of time to file comments to March 24. We met informally this week to discuss comments we would provide.

Natural Gas

VGS - TF XXXX– has filed its second quarter Purchase Gas Adjustment (PGA). The tariff is based on a 1.4 percent decrease to the natural gas charge which results in an overall .7 percent decrease in firm rates to be effective with bills rendered on and after May 6, 2015. The tariff adjusts for an over collection of gas revenues of \$852,568. The rate was largely the result of higher TCPL tolls which were offset by lower wholesale gas costs. Finance & Economics is scheduled to forward a recommendation to Legal on March 25, 2015.

VGS: Interruptible Tariffs including its Lock Price Program - Staff continues working with VGS on redesigning its interruptible tariffs with an objective to streamline and reduce the current 200 page tariff to something more manageable.

VGS—System Expansion Reliability Fund (SERF)- Department staff is working with VGS on the efficient use of rate payer provided expansion funding. The parties are working jointly to build a ‘model’ that will delineate the least cost rate payer impact of various options. PA is assessing the probability of a successful outcome regarding a possible IRS private letter ruling. We are continuing work on the model.

VGS: LNG Plan – VGS is short capacity for the 2015-16 heating season and plans to use LNG to

augment its capacity shortfall until the Phase II looping project is completed (anticipated to be completed in time for the 2016-17 heating season). VGS plans to file a 248 petition to effectuate the LNG Plan. Finance & Economics is reviewing the economic/financial aspects of the Plan to assure a least cost solution for gas customers.

Telecom and Cable

Stowe Cable: Docket No. 8428 - Joint Petition of Stowe Cable Holdings, LLC, Stowe Cable Systems, LLC, Stowe Cablevision, Inc., and Jeffersonville Cable Television Corporation for approval of the transfer of assets, issuance of Certificate of Public Good, and related transactions concerning cable television systems service to Stowe and Jeffersonville, Vermont. Staff is reviewing the filing. Our discovery is open through March 6, 2015.

Energy Efficiency Utilities

VEIC – January 2015 invoice totaling \$4,448,362.67 was approved for payment last week. Our post approval review of a small number of selected items was completed this week and no exceptions were found.

VEIC-Financial Statements: In conjunction with VEIC's annual requirement to update its Standards of Conduct and Cost Allocation Procedures we requested a provision be added to the proposed update to provide the Department, upon request, a copy of financial information it prepares for its management team. The standards and allocation procedures were updated as requested and filed with the PSB. In mid-December we requested a copy of VEIC's financials and we received a copy of VEIC's November 2014 financials in mid-February that we began to review this week. Additionally, we have scheduled a meeting with VEIC for March 24 to go over the financials.

Public Advocacy

VY EPZ Proceeding – NRC 50-271-LA-2 – The NRC granted Entergy's request for exemption from certain emergency planning requirements under NRC regulations now that the plant is in a permanently defueled state. The license amendment requested in the EPZ proceeding is predicated directly on the granting of the requested exemption. The exemption weakens the State's position in the proceeding. The State will have a better understanding of the exemption's impact once it receives a response to its petition this week from Entergy and/or NRC Staff.

VY PSDAR – No Docket – The Department, AGO, ANR, and VDH submitted a robust set of comments to the NRC in response to Entergy's December PSDAR filing. The comments included concerns regarding Entergy's proposed use of nuclear decommissioning trust funds for spent nuclear fuel activities, inadequate and erroneous cost estimates supporting the PSDAR, inadequate reliance on a stale general environmental impact statement, and inadequate health monitoring protocols and procedures proposed during the decommissioning and dismantling process. The State has requested that the NRC require Entergy to conduct a more thorough

and specific VY decommissioning analysis and to respond directly to the State's concerns. The State is also seeking an adjudicatory hearing at the NRC to address its concerns.

FairPoint Service Quality Investigation – Docket 8390 – FairPoint issued a voluminous response to the Department's second set of discovery requests. Nevertheless, the Department remains on track to submit its initial prefiled testimony to the Board on March 11. FairPoint has also requested a meeting with the Department and its outside consultants to discuss, among other issues, the system causes of the November 28 network outage. The Department is weighing whether to include the consultants in the discussion.

New England Clean Power Link Project – Docket 8400 – Motions to intervene were received from the Town of Benson, VTRANS and the Town of Rutland. In a letter to the PSB, the petitioner did not object to the motions to intervene filed by Chittenden County Regional Planning Commission and the Addison County Regional Planning Commission, as long as both interventions are granted on a permissive basis and limited to identified issues. Similarly, the PSD did not object to the motions to intervene filed by the Town of Benson, the Chittenden Regional Planning Commission and VTRANS. In furtherance of our 30 V.S.A § 218c(7) obligations, the PSD continues to reach out to the towns that have been difficult to contact. PSD will meet with the Alburgh Selectboard on March 10th. The deadline for filing a motion to intervene is March 4th.

Act 99 Net Metering Workshop (No docket number assigned) – In this Board proceeding to develop a Board rule to replace the current Net Metering scheme (30 V.S.A. § 219a and the associated Board Rule 5.100), the Board held a follow up workshop to discuss future process. The Board adopted the Department's proposal for three working groups, focused on Rate Structure, General Process (which includes application process and Board procedures to review the projects) and Interconnection issues. Each of these working groups will be assigned specific Board staff and will hold a kick off meeting on 3/5/15.

Addison Expansion—Docket 7970—On March 2, the Board issued a procedural order following the February 9 remand from the Supreme Court. The order proposed a schedule and set March 18 for a status conference. The Board further requested that any comments on the proposed schedule or any additional comments on the scope of the remand be submitted by March 9. Work continues with the landowner group and VGS concerning right of way issues. We are working with a lawyer who has pipeline expertise to draft easement provisions which are protective of landowners. Draft easement provisions are to be submitted by the pipeline lawyer on March 6. We continue to process landowners' requests for payment/reimbursement.

Addison Expansion Phase 2—Docket 8180- On March 4, VGS filed a legal brief in response to the various motions for sanctions, costs and attorneys' fees. The Department is reviewing. There is no pending schedule in this docket at this time.

Vermont Gas NOPVs—no docket—The Public Advocacy division continues to work with the Gas Engineer to draft NOPVs of various aspects of pipeline safety. A warning letter regarding the

welding program was previously sent and has been responded to by VGS; Engineering is reviewing. A second letter regarding control room deficiencies is in the final drafting stages.

VEPPI – VEC Wheeling Dispute – No Docket – A dispute has arisen as to the manner in which VEC is charging VEPPI for wheeling services provided for a standard offer resource. The issue is pending in an informal manner at present, outside of a docket. A number of comments were filed by interested stakeholders on or before the February 27. The matter currently sits with the Board.

Untariffed Services – No Docket – On February 13, the Board issued a number of memoranda to the Department seeking its position on untariffed services currently being provided by the utilities. The Board requested comments by February 27. The Department sought and was granted an extension of time until March 20 to file comments.

GMP – NextEra Seabrook Capacity and Energy Purchase – Docket 8445 – On January 30, GMP filed a § 248 petition for authorization to purchase 150MW of capacity backed by the Seabrook nuclear station from 2019 to 2034, with a small amount of energy purchased beginning on 2021. A prehearing conference was held on March 4, during which the parties agreed to a schedule (that envisions a stipulation) and during which the Department supported GMP's motion for confidential treatment of certain PPA terms, consistent with Board precedent.

GMP Innovative Pilots – No Docket – On February 20, GMP provided 15-day notice of two innovative pilot programs, pursuant to its alternative regulation plan. One pilot involves the distribution of a DG connection device that installs directly to the electric meter socket, and the other pilot is a heat pump lease program. Two additional pilots were filed on February 27—an eHome pilot and a heat pump water heater pilot. The Department is reviewing the filings and assessing how to process such innovative pilot notifications going forward.

Barton Solar – Docket 8148 – In a letter to the PSB, the petitioner responded to a pending complaint and admitted to parking in the Hadvab's lot without permission. The PSD has recommended that no penalty or further investigation is warranted since the incident is minor.

Woodstock Aqueduct Company – Tariff 8556 – The PSD is working with the petitioner to clarify the disconnection portion of the rules and regulations. Public comments are due by March 10th. The PSD recommendation is due by March 16th.

GMP IRP – Docket 8397 – The PSD attended a meeting with GMP and VEIC in hopes of working towards a stipulation. A stipulation or litigation schedule is due March 11th.

Mountain Water – No Docket – On January 8th, the PSD requested the company make a number of additional edits to its tariff. The company has now responded, so negotiations can resume.

NEP d/b/a National Grid – Docket 8444 – The petitioner is seeking to remove and replace 34.5 kV lines in Waterford and Barnet, VT. The PSB scheduled the prehearing for March 17th.

Telecommunications

NTIA Data and FCC Report— Staff for the Telecom Division determined a possible cause of the discrepancy between broadband availability data Comcast submitted to the Department of Public Service and what was reported to the FCC. In January, the FCC released a report in which it stated that 80% of Vermont households did not have “advanced telecommunications services” available at their home. Upon review, it appears that Comcast’s service territory was misrepresented in the data as being below the FCC’s new threshold of 25/3 Mbps. The National Telecommunications & Information Administration (NTIA) provided the State of Vermont and the Vermont Center for Geographic Information (VCGI) a grant to collect and transmit broadband availability data, which was ultimately used by the FCC to produce the *2015 Broadband Progress Report*.

The Data submitted to the NTIA is different from the data received from Comcast. Data was collected from Comcast and other providers semi-annually. The data was collected by the Department and sent to VCGI to analyze and organize into a package, which VCGI then submitted to the NTIA. The speed data for Comcast that was reported to the NTIA appears to be different from what Comcast submitted to staff for years 2012 and 2013. VCGI’s new director, David Metraux told staff that VCGI staff were working on the root cause of the problem, but believed an error was made with the way VCGI processed data. VCGI’s former director, David Brotzman, independently concurred with this assessment, stating that he doubted there was any intentional effort to reclassify Comcast’s broadband data. Staff will meet with VCGI staff on Friday afternoon to discuss the details of the problem.

Stowe Cable CPG Petition — PSD staff are preparing discovery requests to serve on the Petitioners on Friday, March 6. PSD staff attended a public meeting on the petition in Stowe on Wednesday, March 4 and will attend a second meeting Cambridge on Thursday, March 5.

Designation of Vermont Eligible Telecommunications Carriers — The petitioners filed an opposition to Comcast's intervention motion. Division staff are reviewing the opposition but do not anticipate filing an opposition to Comcast's intervention motion.

Comcast CPG Renewal — Division staff attended a prehearing conference before the Board to discuss scheduling for the upcoming proceedings for the renewal of Comcast's CPG. Comcast has not yet filed a petition and the existing CPG does not expire until December, 2016. The Vermont Access Network ("VAN") has filed a motion to intervene, which Comcast will not oppose. DPS, VAN, and Comcast intend to file a joint stipulation requesting that VAN be granted permissive intervention in the docket. DPS will also meet with Comcast and VAN several times over the next few months to discuss issues related to the CPG schedule and develop a stipulated docket schedule.

VTel Bennington 248a Appeal — PSD filed a docketing statement with the Supreme Court and will file a brief in the appeal. The deadline for the Appellants to file the initial brief is March 25.

VTA Transition — PSD sent comments to VTA staff on the VTA's draft RFP for management of dark fiber assets. Division staff will discuss the RFP with VTA staff in a phone conference on Thursday, March 5.

Wireless Telecommunications Facilities (248a) Petitions — PSD submitted recommendation letters to the Board in response to the following application:

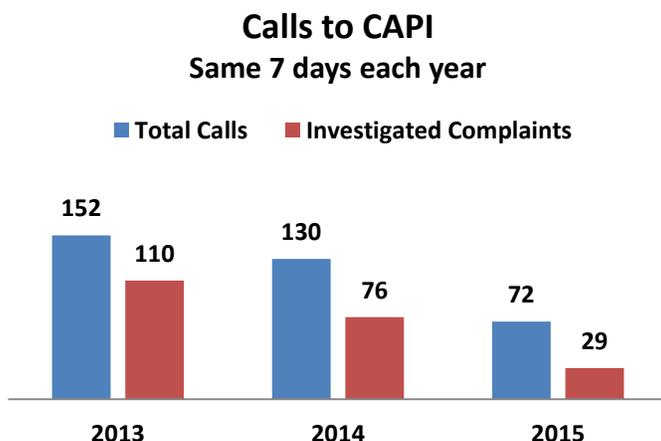
- VELCO application for *de minimis* modification to a 70' tower in Londonderry

PSD received notices or applications for the following:

- VTel application for limited size and scope construction of a 140' tower in Londonderry;
- VELCO application for *de minimis* modification to a 370' tower in Windsor;

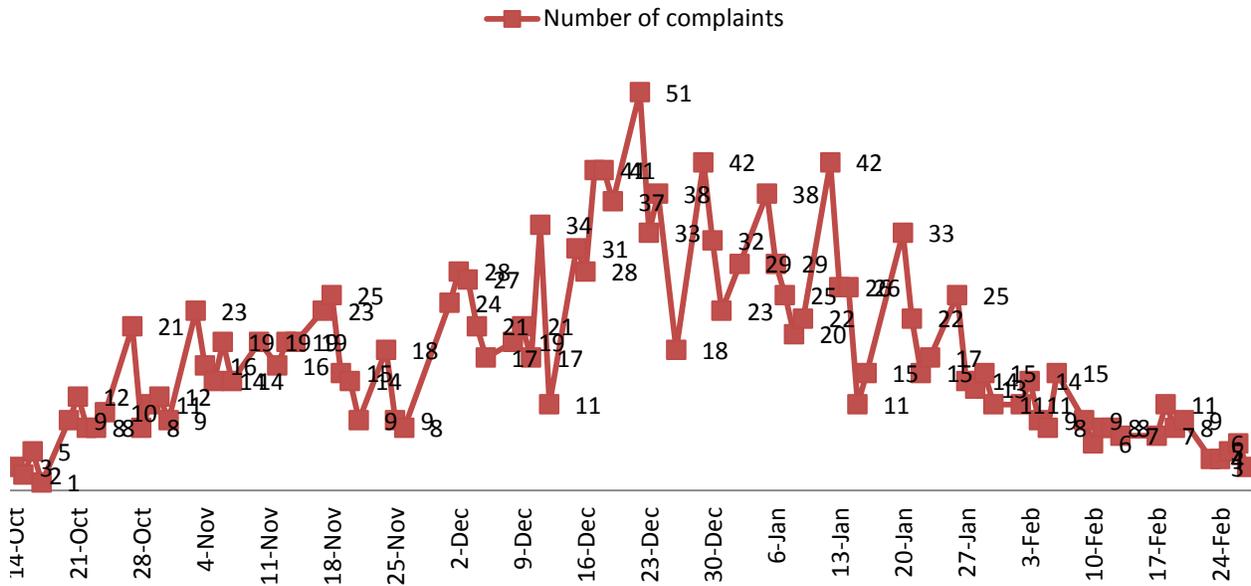
CAPI

CALL DATA



FairPoint Complaints

Beginning 5 days before 10/17 strike to present





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

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

Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: March 6, 2015

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors:

Postal Center: The new barcode sorter is installed and declared awesome by postal center staff who operate it. One of the first runs on the new machine and already able to provide DMV the extra savings of 5 digit run...and in only two hours. That was for approximately 50,000 registration renewals. Love the speed and accuracy and it was noted that the machine is quieter than its predecessor.

Purchasing & Contracting Update:

- We have previously reached out to our top fuel vendors as to pre-buy opportunities. We are waiting on pricing at this point.
- In an effort to look for further savings Deb Damore had a conversation with Staples that if we were to entertain an additional one or two year renewal option, would that they provide their most aggressive proposal that we could consider. Normally this would be a bid year. They are to have something back to BGS next week.
- Contract Administration is looking at opportunities to decrease overall costs on contracts by requesting decreases in pricing on any contract for renewal. Looking at contracts that are not up for renewal where there are potential opportunities and doing the same. In addition, any new request for RFPs, you will be increasing the use of BAFOs (Best and Final Offer).

Status of Governor's Priorities:

Stable. Biggest challenge appears to be funding AHS IT in the Capital Bill.

FINANCE AND MANAGEMENT

Issue Updates:

- A settlement has been agreed to between the Vermont State Employees Union and the State of Vermont in respect to the designation dispute filed by the Union on the designation of the Financial Operations staff of Finance and Management to a confidential status. The settlement allows the Director and Assistant Director of Statewide Accounting along with the VISION Operations Analyst IV to remain in a confidential status while the remaining 8 positions named in the dispute will be designated back to either the Supervisory or Non-Supervisory bargaining units. The employees will be held harmless, all back dues owed to the VSEU will be paid by the Department of Finance and Management. All employees were notified last week in a meeting with the Labor Relations Division of DHR.

HEALTH CARE REFORM

Nothing to report.

HUMAN RESOURCES

Legislative Update:

HAC Representative Feltus requested additional information re: the new Workforce Development training center, new training program and additional staff. I notified Representative Feltus that I would appreciate an opportunity to meet with the Committee to discuss its questions and concerns, at its convenience. Representative Feltus agreed to that approach. Will be meeting with Rep. Feltus on Tuesday with follow up testimony to committee.

Received requests from both HAC and HGO for detail on the RIF and reemployment process. These inquiries stem from member's concerns re: what will happen to the employees of dispatch centers in Derby, Rutland and DOC community high school. Members seemed pleasantly surprised by the scope of the RIF/reemployment process and came away with a sense that many of the displaced employees would likely find alternative state employment.

Media Contacts:

Request for information from Free Press, WCAX, Fox, ABC and Rutland Herald for information on State Trooper arrested for DUI, currently under investigation. Only information we can provide for now from DHR side is that employee is on paid leave pending further investigation. Coordinated with DPS Commissioner Flynn

Significant Events/Meetings:

DHR and BCBSVT met with Auditor Hoffer and Andrew Stein. They want some data on price disparity for popular health care procedures. Auditor's office has a strong interest in health care price transparency and thinking they are hoping to mine state data.

DPS is looking to create 90 temp positions for the FS Search and Rescue team. Awaiting more information.

Met with VSEA to discuss collaborative training with the Non-Management Unit bargaining team.

DHR staff undertaking comprehensive training/retraining on investigative and employee disciplinary notification process with the goal of streamlining the process/better coordination amongst staff.

INFORMATION AND INNOVATION

Significant Events/Meetings:

Breach Items: Reported last week: A data breach was reported from the Department of Labor (DOL) on 2/24. The breach has a potential impact of 300,000+ records at the DOL. DOL is performing their own investigation on scope and has engaged DPS, HR, AG and DII.

Update: From DOL, Tom Tomasi:

- VSP served their search warrant late Friday afternoon.
- Recovered her personal home computer.
- Recovered lots of hard copy print outs that appeared to be from the office.
- Interviewed her for over an hour + and didn't get much beyond "I am a whistleblower", "been taking stuff home for a year".
- No explanation for the 9 SSN's that we know she sent to her email account.
- They will do forensics on her hard drive to recover deletes and they still have the "hold" on the Fairpoint email server in terms of her emails.
- They are isolating the hard copy into a group for Labor staff to review and identify.
- Obviously still lots to look at but that was first report back to us.
- All my info is second hand from Annie who actually got the call from them Friday and asked me to pass it along to you.
- Annie is away this week out of state.

LIBRARIES

Nothing to report.

TAXES

Nothing to report.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: March 6, 2015
Re: Weekly Report

Status of Governor's Priorities:

- Staying in touch with my counterparts in Washing and Oregon on the implementation of legalized marijuana.
- February sales ended up +4%. March looks good for the first week. Snow is helping business.
- Attending a Marijuana Conference at the Vermont Law School today.

Legislative Issues/Contacts/Updates:

- Spoke to the Senate Gov. Ops Committee this past Friday. Gave them an overview of the "commercial" model as outlined in the Rand Report which uses the alcohol model. Good questions from the committee.
- H305 introduced allows alcohol to be served at community events. I am sure there will be discussion on this bill as it wide open to interpretation.

Press Issues/Releases/Contacts: None

Significant Events/Meetings: Next Board Meeting 04/01/2015 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems. Testing is going very well.
- Preliminary review of department processes for potential licensing and enforcement system. .
- Break open ticket reporting process is working. Live data is being entered. Should have some numbers by the end of the first quarter.
- Speaking to potential vendors about warehouse study and pricing analysis as recommended by the Auditor's report.

Summary of Key Department Activity:

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.
- **Commissioner's Commentary:** Have a great weekend.