

WEEKLY REPORTS

Checklist
10/24/14

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 – Brian Searles
- Agency of Human Services – Harry Chen

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 – Jeb Spaulding

Susan Spaulding

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

Alyson Richards

- Leg Prep

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: October 24, 2014
Re: Weekly Report

Big press week!

IBM: I am hearing mostly good things re: this week's announcement. We are prepping information for the "welcome" memo we will deliver to GF. We all have gotten calls from folks who want to be on the "Advisory Committee" and Liz is on top of that. We are ready for next steps when GF is.

Windham County Economic Development Program: There were only two for-profit business loan requests of all the applications. After meeting with VEDA this week, it was deemed only one was ready to proceed. The other was incomplete. VEDA will handle response. The other applicant, Eli Gould will likely be recommended for funding. It is a slightly different situation for VEDA in that Eli needs time to raise capital. VEDA is likely to approve contingent upon the capital raise and other financing. The loan officer will also refer Eli to VSJF's Flex Capital Fund

EB5: Edwards Wildman continues to review the submittals regarding AncBio.

We continue to get beaten about the head by VtDigger. Despite my responding to Anne Galloway with facts, she continues to selectively report. After consultation with Sue and Liz, we're going to try to tone down the rhetoric. I will be talking directly with Tony Sutton who claims he represents anywhere from 12 to 19 "disgruntled investors." We are encouraging Bill Stenger to get on the defensive more. There was a great response on Digger's web site to Tony Sutton's commentary. The first and only one thus far from Jamie Carter sums it up well. In part it reads: *"Lets review: a) Did you get a green card...yes b) Do you have a reasonable expectation to recoup your \$500,000 investment?...yes c) Are you getting a return on your investment?...Yes d) Are you angry because you were hoping for more return on a speculative investment?...yes. So you could be sitting in the UK with your \$500,000 or you can be sitting in Florida with \$500,000 + 1.56% return throughout the worst global recession in recorded history and 1% interest until it is paid back in full now that is has been converted (to a loan). I'm not sure what all the complaining is about."* I do not know who this person is but I love him/her!

Brent Raymond and John Kessler are at the IIUSA conference in California this week. Brent reports that regional centers who are trying to make us look back are heralding this negative press. He's getting a lot of questions from other attorneys. While all seem to agree there doesn't appear to be anything wrong, The bad press is hurting the entire program. This in addition to the slow pace at USCIS is causing problems for the program worldwide.

CMO: Sadly, Nancy Brooks has resigned her position as CMO. She's accepted a position with Burlington Laboratories and has ended her employment effective immediately. Nancy is currently out on maternity leave (she had baby Anna). The main reason for accepting the job is to shorten her commute from St. Albans. Having a new baby, commuting from St. Albans to Montpelier is a problem. Nancy will be sorely missed. We will start recruitment soon.

CMO contd: State web site updates: Heather reports there are some 75 state agency, department and other web sites to be updated in the next couple of years. If all the web content management is contracted out, that is a LOT of funding. As Nancy Brooks and Heather Pelham have reported before, a web content management position in the CMO's office has the potential to save the state a LOT of funding. We do not have the personnel at the CMO's office to do this now. We are examining reconfiguring the office to have such expertise along with the brand protection and overall marketing capability, but that may be difficult.

LUCY LERICHE, DEPUTY SECRETARY

- **Vermont Strong Scholars:** Lucy is working on the report due to the legislature on November 1, 2014. The last component is the financing, which will be resolved (hopefully) next week. Lucy will forward a draft to the Governor's Office for review prior to submitting on November 1st.

- **Upper Austria Trip:** Vermont Energy Investment Corporation (VEIC) has secured funding through the Lintilhac Foundation to offer travel stipends to state officials to attend a trade mission to Upper Austria in mid-November subject approval by Secretary of Administration. This is a follow up to a MOU signed by the Governor of Upper Austria and Governor Shumlin last year. They have invited Lucy, Commissioner Recchia and Commissioner Snyder, as well as several entrepreneurs. We purposely explained that we would need a compelling economic development purpose to justify my attendance. The purpose of the trip is to explore economic, policy and technical partnerships for energy efficiency and renewable energy. The economic, wood products and renewable energy potential is worth the trip. Lucy is working with Adam Sherman of the Biomass Energy Resource Center on developing performance measures for the trip which is scheduled for the week of November 17th.

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

- **SOV CMS website template:** Heather shared the new look and feel and updated features of the next generation of the CMS template for all state websites with a team from ANR/DEC as well as the transition team at ACCD, ACCD IT and Dan Towle from Captive. Overall reaction has been very positive and general agreement among all that while the transition to the new template will not be a simple process, the changes will significantly elevate the quality of state websites across the board and greatly enhance user experience.

DEPARTMENT OF TOURISM & MARKETING
Steve Cook, Deputy Commissioner

- **Great Jobs in VT:** Deputy Commissioner Cook participated in a press conference with the Governor, Secretary Moulton, Commissioner Gosselin and industry professionals at Ello in Burlington, Vt. on October 22. VDTM will continue to include the GreatJobsinVT.com content in our future website implementations.



DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **RDCs:** Attended annual meetings of Central Vermont Economic Development and Lamoille Economic Development. Met with John Mandeville at Lamoille and connected his web resources person with BCIC, which is in need of a web site. Asked BCIC to ensure their site was up and running and populated with relevant content no later than January 1. We continue to have performance problems with BCIC which Lisa is managing.
- **LCRCC Burton Event:** Attended Burton factory tour with legislators. Burton is interested in creating a "made local" board and will connect them with wood/plywood suppliers in state. They formerly worked with Rutland Plywood.
- **Good News-TECH:** Two pieces of good news on the tech front: Faraday announced a \$1M grant from the US Department of Energy's "SunShot" program on 10/22. It will use the SunShot funds to modernize how customers acquire and use solar. Ello is also expected to announce a major investment on 10/23. A "good news" tech file is available from Lisa Gosselin for anyone who needs more information on how our ecosystem is growing.
- **Innovate VT:** Worked with Shelley Pembroke, Heather Pelham, Lars Torres and Ken Horseman to finalize details of Economic Development Summit on October 28 and finalized line-up of 34 speakers, including leaders of major businesses and presidents of Champlain, UVM and Vermont Tech. Registration sold out at 200 and is now closed.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Met with Adam Sherman from **Biomass Energy Resource Center (BERC)** re: learning from the Upper Austrian example about growing a modern wood heat industry and sustainable utilization of forest resources for home and commercial heating.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **State of Vermont and Vermont Captive Insurance Association (VCIA) Road Show:** Dan Towle, Director of Financial Services and Dave Provost, Deputy Commissioner of Captive Insurance led the efforts in Boston presenting on a panel called the Strategic Advantages of Captive Insurance. The day-long event included a "captive owner only luncheon" and two educational seminars followed with a reception. Three Vermont captive owners presented on the panel. Approximately 90 attendees were in attendance. These 'road shows' have proven to be a good way to bring together both existing Vermont Captive owners and prospects. Several prospects were identified at the event.
- **American Society for Healthcare Risk Management (ASHRM):** The State of Vermont will be in Anaheim, California for this leading health care risk management conference that starts over the weekend. The State of Vermont will be exhibiting with Dan leading the efforts. Dan will be joined by other members of Vermont's captive industry in supporting the Vermont effort. Approximately 1 in 4 new captives are in the healthcare sector (writing professional medical liability). This has been a growth sector for Vermont.

INTERNATIONAL (EB-5/Vermont Global Trade Partnership) ♦ Brent Raymond, Director

- Becky attended the Connect Doing Business between U.S and Canada conference.
- Becky, Ken and Sehyung (our Korean intern) are working on a matchmaking project between Quebec and Vermont.

VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦ Robin Miller, Director

- The VT PTAC met with Contact Administration – Agency of Transportation on October 14th and discussed collaborating on workshops around the state regarding working directly with AOT. These workshops will focus on requirements, available programs, state bid website navigation, common errors, etc.
- The VT PTAC will also be working directly with the Office of Purchasing & Contracting - Buildings and General Services to design workshops for Vermont companies who would like to do business with BGS. These workshops will focus on how to respond to RFP's, common errors, resources, etc.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Dynapower:** Beth Demers met with Stephanie Moore, Human Resources Administrator, at Dynapower in South Burlington. The company is experiencing growth and is in need of lead and supervisor training. They are working with VMEC to develop a curriculum that will include lean best practices and traditional manager skills. Beth gave Stephanie an overview of the Vermont Training Program (VTP). After the proposal from VMEC is finalized Stephanie will be back in touch regarding an application to the VTP.
- **Inntopia:** Beth Demers had an email exchange with Craig DeLuca. He stated that the company has successfully moved to their new location on the Mountain Road. Craig will pick back up the drafting of a VTP application. The company plans to add more staff and move into new markets.
- **Pre-Tech Precision Machining:** Beth Demers and Don Paul (VMEC) met with Tom Martello, Director of Quality, and Spencer Shoram, Director of Operations, at Pre-Tech's Williston offices. The company is a subcontractor to UTC. UTC is growing several lines that Pre-Tech serves. Pre-Tech is hoping to grow with UTC but needs employee training to do so. Beth gave an overview of the Vermont Training Program and will follow up with Spencer once the company has clearly outlined their training needs and priorities.
- **Burlington Labs:** Beth Demers met with Michael Casarico, President & CEO, at Burlington Labs. The company is a full service drug testing lab that works with hospitals, doctor's offices, treatment facilities and individuals. The company has grown rapidly over the last year - from 15 employees to over 100 across Vermont and Massachusetts. This rapid growth has resulted in inefficient processes and poor internal communication. They have requested a proposal from VMEC and plan to include that and up to 50 new hires in an application to the Vermont Training Program.
- **Bag Balm:** Beth Demers met with John Packard who, along with two other venture capital groups, purchased the iconic Lyndonville company. John sees great growth in the small six employee company that has never had a sales team. Beth gave an overview of the Vermont Training Program, VEGI, VEDA, and VDOL. John has already met with Dave Snedeker of NVDA and Lyndon State College. Beth will follow up with contact information for each of the programs.
- **VTP Applications:** The VTP Review Team is currently reviewing applications from the following companies: Vermed (Bellows Falls), Grow Compost (Waterbury), General Dynamics (Williston). Grants were recently awarded to Ellison Surface Technologies (Rutland) and North East Precision (Lyndonville).

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **VERI Brandon Community Forum:** Facilitated the third VERI community Forum in Brandon. So far all have been filmed for public television. This crowd had several legislators represented including Senators Mullin, French and Flory as well as Representatives Carr. Anissa DeLauri who is running for the House and Tracy Carris who is running for the Senate were also there. Great engagement and good suggestions from those present. Thank you notes and follow up from the meetings will be completed and any video, photos and notes will also be posted to the website.

Deputy Commissioner Hollar

- **National Council of State Housing Agencies:** Attended an annual gathering of state housing finance agencies in Boston. Gathered good information on everything from national trends in single and multi-family housing markets and preservation initiatives, to data-based approaches to homelessness assistance. Learned that experts consider the low income housing tax credit equity market to be "frothy." And compared notes with other states on the new online format for Consolidated Plans and HUD's increasingly aggressive approach to monitoring. Washington State reported big box stores buying and closing mobile home parks in formerly rural areas, displacing residents in order to build more stores. A confirmation of the importance of both Vermont's mobile home park laws and anti-sprawl efforts.
- **Safford Commons:** Spoke on behalf of the Department as a large group celebrated the ground-breaking of this long-awaited affordable housing project in Woodstock. After nearly eight years of objections by neighbors and a legal battle that went all the way to the Vermont Supreme Court, this 28-unit mixed income project will open its doors to residents next fall. Rents for twenty-six of the apartments will range from \$600 - \$850. A recent search on Craig's List showed apartments in Woodstock renting for \$2,000 and more. The project includes land for eight homeownership units to be built in the future. It has been

championed by a local group of residents, the Woodstock Community Trust, which is developing the project with the help of Housing Vermont and Twin Pines Housing Trust. Will Giblin, formerly of HFI, is now back in the housing business and overseeing the project for TPHT. In addition to the \$1 million grant, the developers and community are very grateful for the commitment of the VCDP staff to the project.

- **2015 Legislative Session:** Fair Housing and mobile home park statutes were the subject of several conversations. Muller mulled the possibility of legislative changes with Rep. Bill Botzow, D-Pownal, Arthur, Dale, Shaun and Faith around the protections for those experiencing housing discrimination, mobile home park maintenance and the placement of VerMods in mobile home parks.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partnerships

- **Local Investment Advisory Committee:** Shaun and Chris attended the Local Investment Advisory Committee that is tasked to lend over \$10M to support economic development. Led by State Treasurer Beth Pierce, this was the 2nd committee meeting in a series and it brought together policy experts and program advocates to discuss housing and energy issues and the linkages between the two areas of policy (future meetings are planned to discuss waste water, infrastructure, industrial parks, transportation and higher education). To inform the committee's recommendations and their lending priorities, stakeholders were asked to describe existing programs, identify critical needs, funding gaps and barriers that stall investment and progress.
The delegation from Windsor, including Representative Sweeny, the Windham Regional Planning Commission, the Town of Brattleboro and Chris all spoke about the need to improve the quality, quantity, resiliency and efficiency of the housing stock in and around designated centers – noting that prioritizing investment in these areas improves the value of the grand list and community vitality while reducing transportation costs and energy consumption. Chris also shared the Act 59 Report and its recommendations on housing, infrastructure and industrial parks with the Treasurer and her staff for their consideration.
- **Vermont Energy Efficiency Corporation:** Green Mountain Power approved a joint CP+R and VEIC proposal to target \$150,000 in efficiency investments to designated downtowns and villages located within CVPS' former service area. If approved by the Public Service Board, the funding will expand the growing network of electric vehicle charging stations and offer special, enhanced incentives and technical support to improve building efficiency and reduce the operating costs for businesses located in designated downtowns and villages.
- **Agency of Agriculture Food and Markets:** Faith helped Stephanie Smith refine the issues and next steps for the agricultural enterprise stakeholder group. Two working groups are planned with one focusing on land use policies and regulations to better-support farming and farm-related activities and the other will develop education and outreach strategies. A number of working group meetings are planned for next month.

Downtown and Village Report

- **Brandon:** Gary met with the Brandon Downtown Association to tour the downtown and attend their board meeting. The board discussed and requested information on adopting a local 1% tax to support downtown revitalization projects. Board President Jeff Stewart provided updates on the grant application process for the rehabilitation of the Town Office building that was flooded by Tropical Storm Irene. Jeff Stewart requested feedback on the VDAT report and next steps. Brandon Representative Carr was pleased to learn about all of the work the Department is doing to support the community.
- **Morristown:** Gary Holloway met with Tricia Follert, Community Development Coordinator for Morristown, to tour downtown and meet with board members and business owners. The former Arthur's Department Store construction is complete, capping nearly 15 months of renovations and now offering 18 apartments and 3,300 square feet of retail space. Completion of this project has spurred other building investments and business expansions including Power Play Sports and the Riverbend Market located in the Shell Station – which offers healthy food options and Himalayan food – alongside a fine selection of snow tires.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

CDBG-DR1 and CDBG-DR2

- Josh, Tamera and Ann analyzed funding allocations for both DR1 and DR2 to develop a response to the OIG's recommendation of moving funds out the DR2 Partial Action Plan to start another two-year clock to

extend the time on more of the funds. This will require an Amendment request to HUD and we need to finalize the details with the Regional Office such as requesting their approval to move a faster moving DR1 project into DR2 and switching it with slower moving project that needs more time into DR1.

Environmental Review

- The ER for the Town of Waterbury's Municipal Complex project has been approved!

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **Sales and Admissions Analysis for the State Historic Sites:** Analysis of the sales and admissions for the Historic Sites is still being conducted, but thus far the data is encouraging. The number of visitors has overwhelmingly increased over the 2013 season at Chester Arthur Historic Sites, Justin Morrill Homestead, Chimney Point, Hubbardton Battlefield, Bennington Monument, and Mount Independence. The rise in admission fees this past year has resulted in a notable increase at Old Constitution House, Bennington Monument, and Hubbardton. Gift shop sales have increased by more than \$3,000 at both Calvin Coolidge Historic Site and Chimney Point. Thank you to all the seasonal and Site Administrators for a fabulous 2014.
- **Vermont College of Fine Arts:** Laura has been meeting regularly with Bill Kaplan and his team designers for alterations to the Vermont College of Fine Arts campus. The Act 250 permit has been filed and DHP is reviewing the eligibility of three buildings (garage at 29 College Street, Alumni Hall, and Schulmaier Hall) for listing in the National Register individually and as part of a campus historic district. If the determination finds any of these resources eligible, we shall review the proposed plans, which have for the most part been completed prior to our review, and make a determination of effect. The college staff have been zealous in providing documentation and DHP is working as quickly as possible to assist.
- **Plymouth Cheese Factory:** Dale Azaria and Laura met with Merle Miller of BGS to talk about the building at Calvin Coolidge Historic Site, which is leased as the Plymouth Cheese Factory. The state of the building was discussed, with a determination that the recent repairs have made it structurally sound (the new cheese vat tilts and was putting pressure on the floor tiles and cracking them, so metal plates were placed under the wheels).

Environmental Review

- **Barre Post Office:** Yvonne is happy to report that the consultation between Historic Preservation and the USPS regarding power assisted ADA accessible doors at the Barre Post Office has been successfully concluded. Several ideas regarding actuator buttons for the new doors were considered with a wireless model (suggested by Jamie) chosen as the most cost effective with the least impact on the historic building. The USPS wanted to drill through the exterior granite and interior marble and DHP wanted to find a solution where these historic materials would not be compromised.
- **Champlain College:** Laura and Jamie attended a meeting with representatives from Champlain College regarding the proposed Eagle's Landing Block, located within the Battery Street – King Street National Register Historic District in downtown Burlington. DHP has some concerns with the scale and massing of the proposed development, and Champlain College explained the design process to date, which has already made attempts to reduce the building due to concerns from local zoning and adjacent neighbors. Further reductions to this project will create economic challenges so discussion will focus on developing appropriate mitigation to balance out the potential negative impacts this development may create within the historic district, and will likely focus on updating the National Register nomination for this district.

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

- On Wednesday, Arthur attended a presentation by the Energy Futures Group and Fifth Element Associates at VEIC of their market analysis and marketing study for "Irene cottages" and High Performance Mobile Homes. The main takeaways related to the high performance mobile homes are that no market currently exists, primarily due to the high cost and small size compared to other homes, but recommendations for further education and improved financing could tap a market of people interested in owning these homes. The marketing study in particular indicated a high level of skepticism until people could see and experience the homes themselves. The presentation was well attended by representatives of VHFA, VHCB, Efficiency Vermont, and CVOEO. Following the presentation, Arthur stayed for a meeting of the High Performance Homes Working Group. The study results should help the working group going forward.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Work

- **Town of Whitingham:** New data is being used by HUD to determine area wide benefit communities/areas (defined as areas where 51% or more of the population is comprised of low or moderate income persons). This new data has resulted in many previously defined area wide benefit communities to now not qualify as area wide benefit communities and some others that were not defined as area wide benefit town to now qualify. Unfortunately the Village of Jacksonville is no longer an area wide benefit community/area, resulting in the project now qualifying under the National Objective of Urgent Need. The pending grant agreement will be edited and offered. The new area wide benefit areas can be seen on the interactive maps below that were developed by Trisha.
- **Area Wide Low-and-Moderate Income (LMI) Community Data**
 - [Combined Areas](#)
 - [By Place, Census, and County](#)

CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator

Support for Businesses and Organizations

- **Ambassador Training:** Anticipated live launch date for the online Ambassador Training is November 17. Catherine is now focusing on post-film production items, including uploading files to [KnowledgeVision](#); adding resources lists for the majority of the 13 “chapters,” and developing on-line class exercises for each chapter. Catherine is also working with Charlie Zimmerman regarding configuring the ACCD website Ambassador Training web pages. A big thank you to Patrick MacCormack for his fine video segment editing.

Cultural Heritage Projects

- **Crafts “Summit”:** Catherine was asked by the [Vermont Crafts Council](#) to moderate a meeting of craft artisans, galleries, schools, and show producers. The October 23 meeting is designed to identify ways in which they can work together to address common challenges. Catherine has worked on preparations for that meeting this week.

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **Fall Campaign / Foliage Report:** This past week, VDTM sent out the final foliage report of the 2014 fall season. With most of the state now past peak, there is still some color in the southern region. Additional information provided to the consumer will help keep visitors busy until winter season arrives.

RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

- **2015 Vermont Vacation Guide:** During the final week of editorial review we raised concerns about a listing of waterfalls that included some locations already suffering from significant overuse. Cathy Kashanski, [ANR DEC WSMD River/Stream Assessment](#), promptly provided updated information about Vermont’s waterfalls and recommendations about those appropriate for listing in the guide. In the course of the discussion, Neil Kamman, project manager for the Water Quality Division of ANR, noted that his office has been working with the Vermont Health Department about concerns for swimmer safety, particularly at the many, popular swimming holes that have a legacy of tragic accidents. VDTM has drafted a brief, cautionary reminder that has been recommended for inclusion in the new edition of the guide:

Be Aware of Swimming Hole Safety

Vermont's lakeshores and riversides provide many opportunities for swimming at state park and town beaches. Some have lifeguards and others require swimmers to exercise diligence on their own. Swimming holes are a cherished natural resource in Vermont, popular with both residents and visitors. When enjoying a swim at these natural areas, please be aware of rocks, currents and particularly weather changes that can quickly impact the flow and level of the water.

SALES ♦ Christiane Skinner, Sales Manager, International and North American Markets

- **Sales Mission in France:** Christiane represented Vermont during a five-day sales mission (October 13 through 17) in Paris and Lyon with three tourism staff from Maine and New Hampshire. They trained sales staff at four travel agencies and met with 15 product managers. The sales mission was put together by our in-market French representative, Hervé Duxin. Upon return to the office, her trip report will be shared with Vermont industry members interested in the French market and she will prepare follow-up to specific requests received during her meetings.

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

- **Circulation:** We sold 134 two-year subscriptions through [Jumponit](#). Paul finished the print order for the Winter issue, which is due at Lane Press on October 22. We have seen a spike in bulk donor orders (Morgan Stanley, Chenette Realty, a property management company). We've been working with [Shain+Oringer](#) and [CDS Global](#) to get them to take on the bulk donor list management. We believe a new process in place will make it smoother for the customer.

Memorandum

To: Governor Peter Shumlin

From: Annie Noonan, Commissioner VDOL

Weekly Report: Week ending October 24, 2014

Unemployment Insurance and Wage Division: For the week ending 10/18/14 we took 1,614 calls. We paid 2,889 claimants during the week ending 10/18/14 compared to 2,836 for the prior week (i.e. 53+ claims). We processed 135 mass claims for week ending 10/18/14, including Ethan Allen: 45, Sodexo: 17. We conducted 1 Rapid Response for the week for the (non-striking) staff at SB school district – 62 claims. UI provided technical assistance to process in-person mass claims for South Burlington school strike last week. Fair Point Strike: to date, 148 Fair Point claims have been received and are currently being processed. UI has spent the last week preparing for the USDOL Consolidated Review. Currently VDOL has processed over 50% of the 3rd quarter wage requests (over 10,000); 30 request for waiver from reporting electronically.

Economic & Labor Market Information Division: LMI working on prevailing wage questions, and UI model with USDOL; press release issued; LMI Director attended CES policy council meeting, and did presentation for NEK/NVDA today. LMI staff presented at Tech Jam; Renewing the Green Jobs website; Assisting (or desperately trying to!) help UVM and CCC with their TAACCCT grant. LMI is working on a “profile of VT workers” for Workforce Development Council meeting.

Workforce Development: Vermont Yankee: VDOL conducted a job fair yesterday for VY. 37 employer-vendors attended, most were from Vermont. VELCO reports they found 15 possible candidates, ISO New England and Public Service of NH also reported finding about 6 candidates each they will likely hire. GMP, DHMC and Baystate Medical all report they found workers for facility maintenance, administration and lab techs. All these same employers are also attending the next Job Fair in November. VY’s Chris Wamser attended and spoke to the group. VDOL is filing the Trade (TAA) petition, with the help of VY HR and State DPS. VDOL is conducting VY rapid response/workforce information sessions for a second time on November 5th. Newport VDOL staff members met with new owner of Bag Balm in Lyndonville to discuss how VDOL may assist them. He said he contacted various state agencies in Montpelier to determine what incentives may be available to his business which currently employs 7 and hopes to add some additional employees soon. Q Burke: VDOL was contacted to help with the upcoming Job Fairs on 10/30 and 11/5. NSA Industries: VDOL to assist NSA’s recruitment and training needs. Goddard College reports that they will be closing and laying off 15-20 people. Grandview Winery, Calais and Waterbury, will layoff approximately 14. Owners are retiring. VDOL attending the SNAP Grant meeting with partners, and LMI will provide occupational demographics. VDOL participated in the VA Hospital’s Homeless Veterans Summit. PCM employees Trade/TRA deadlines are coming up. The HR director for Peckham/WE Dailey advised that Dailey Precast recently lost a \$22million contract and will likely layoff more than 50 in early 2015. We advised him about the STC program and emailed him the link to further research it. VDOL Rutland Office worked on the Veterans’ job fair held yesterday, with 46 employers and many partner organizations. TE Connectivity: We are registering the TE folks into TAA benefits. VDOL’s SW Regional Manager Wendy Morse did a presentation on the actual number of job openings in Bennington and she was asked to speak to Bennington Selectboard on 10/27. Workforce Education & Training Coordinator activities: Met with Joyce Judy, CCV; Nancy Burzon, Rutland WIB; GMEDC Annual Mtg; UVM CDE Board meeting; Farm to Plate; Tech Jam.

Other Meetings of Note, October 13-26, 2014: Cabinet meeting; SNAP E&T Pilot Grant meeting; Met with CCV on Gov Career Readiness program; Met with VR on problems with CWS/VABIR; Met with DHR Commissioner and Deputy on HR; USDOL ETA Monthly meeting; Met with Federal Mediator George Lovell; Met on ESB Rules and LCAR meeting on Newspapers (next Thursday!); Met with Hitec on NEG-JD grant and on Precys proposal; Met with staff on Tramway progress (2 new tramway instructors hired and working!); IBM/GF press conference; State Auditor’s meeting on WC/UI misclassification unit; Prevailing Wage legislation with 5th floor; UVM CE meeting; Met with Senator Sanders on problems with the new federal WIOA language; Met with USDOL on Trade waivers; Met with Tom Longstreth and his staff on grant opportunities; Met with veterans advocate Richard Sheir; Met with Sue Ryan of Vermont Child Care Industries; Conference calls relating to FairPoint, with both management and labor; Met on Uber with VDOL legal division and discussed with other state agencies/city of Burlington legal.

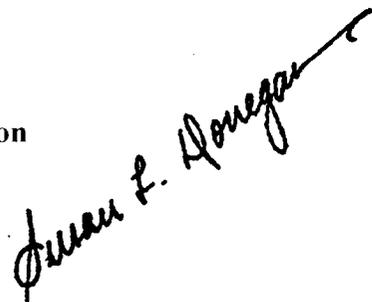
FairPoint Issue: Mike Spillane, IBEW President, has contacted me and others in the administration a few times (before and since the strike) with various questions, including UI and health care coverage. We have responded each time with info as requested. On yesterday’s call, he, Tracy Phillips and I had a detailed conversation about the Vermont UI statutes, including the provisions in the event of a labor strike. I explained that Vermont’s law is more limited than other states, and that, except in the event of an employer lockout, a labor strike is not a qualifying event for UI eligibility. However, both Tracy and I repeatedly told him that we would take claims and adjudicate them vis-à-vis the process and law. I even offered to participate last night (Thursday) in his membership meeting to answer any questions. He declined that offer. He is upset that Vermont’s law is not as broad as some other states. However, since I have been Commissioner, and Governor Shumlin has been Governor, neither this Department, nor the 5th floor, has been approached by IBEW, CWA or any of the Vermont labor unions to ask for a statutory change in these provisions; nor have any of the unions introduced or asked for help with any legislative changes to these provisions. I reminded Mike Spillane of this.

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

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

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To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: October 24, 2014
Re: Weekly Report



Captive Insurance Division:

DFR is monitoring several of its captive insurance companies in light of certain market and global events. First, defective airbags produced by Takata Corp. of Japan have been identified recently. The recall has already cost Takata about \$400 million and is likely to go higher. Takata has a captive insurance company in Vermont, which may experience some loss in this case, but has sufficient funds to pay any and all claims. Second, Texas Health Resources (dba Texas Health Presbyterian where a recent death from Ebola occurred) also has a Vermont captive insurance company and is a member of a Vermont Risk Retention Group. Its Vermont captive is currently in runoff, which means it is no longer issuing new policies, therefore is not at risk for claims. American Excess Insurance Exchange Risk Retention Group provides coverage for hospital professional liability and medical malpractice over and above Texas Health Resources self-insured retention. American Excess is in excellent financial shape and can handle a full limit loss easily should a claim be presented.





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**CONFIDENTIAL AND PRIVILEGED
MEMORANDUM**

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: October 24, 2014

Press Contacts:

There was a lot of telephone tag with various people this week. I spoke with:

- Hilary Niles of VT Digger on the Pelham report and consolidation.
- John Flowers at Addison Independent regarding property taxes and data.
- We are going to decline an Election Day interview with Lauren-Glenn Davitian of CCTV (Ch. 17), on the issue of education funding and consolidation but await your advice on whether to offer an interview prior to Election Day.

Jill Remick spoke with:

- Leslie Engle of Fox 44 regarding the Windsor Northwest SU interim report at the State Board meeting.
- Keith McGilvery of WCAX regarding the Vermont Teacher of the Year named.

Public Presentations/Speeches:

Friday I gave the keynote address at the Vermont Afterschool Conference at the Stoweflake Resort and I also spoke at a press conference at Tech Jam in Burlington.

Meetings:

Tuesday I attended the NEA Executive Board Meeting, which included an informal dinner conversation. I had a lovely meeting that ended with Joel telling me about his friend Peter (the Governor). The next day, NEA issued their press release. This is ridiculous. Enough said.

Thursday I spent most of the day at with Lisa Ventriss and the core planning group for the upcoming Appreciative Inquiry summit. This was a planning session, and we are trying to shape the AI summit in a positive direction. We want to frame it by focusing on the fact that we have a lot of good tools in our tool box: PK, flexible pathways, early college, EQS. Now, we need to address implementation and efficiency.

Emerging issues

Talking points for a call or letter asking for a PK waiver:

Aly mentioned you were interested in discussing a Title 1 waiver. This would be a 1 year waiver of the Supplement vs. Supplant provision for Title 1 monies spent on PK in the current year. Here is a first hit at talking points (below). I do not expect this to be successful, but it could be important symbolically. I will write this up as a letter as you wish.

- The State of Vermont has acted on its strong commitment to early childhood education by guaranteeing universal access to high quality PK for all three-, four-, and five-year-olds who are not in kindergarten, starting in Fall of 2015 (the next budget year).
- Because of the unique needs of different regions of the state, PK will be funded by public dollars but provided through both public schools and private providers. Dollars will follow the children to the provider best able to meet their needs.
- Though we were thrilled to have the legislature act on this initiative at the end of the last session, the rapidity with which it moved after sitting on the bill for most of two sessions caught us all by surprise.
- Our schools had originally anticipated implementation over a period of a year and a half. However, when the legislation was passed after a delay of a year, the dates were not changed, and our schools now have only 6 months to budget and implement.
- This short implementation timeline is posing real hardship on many of our districts, and in particular those who used Title 1 money to provide access to quality PK for their most vulnerable children. These communities include our regions with higher poverty and higher operating costs, due to their rural nature (e.g. NEK).
- These communities now face a Title 1 "cliff" which is jeopardizing their ability to pass budgets or support other critical programs.
- Through our Agency of Education, we have been in touch with the Superintendents of these districts, and they uniformly are committed to the goal of universal PK. However, they are desperately looking for ways to ease the transition and stagger the jump in tax rates associated with supplement vs. supplant provisions of title 1. They also are making the case for more time to create and achieve efficiencies in other places in their systems, in order to support PK.
- To ensure the seamless implementation of universal PK, and particularly for our most disadvantaged students, we are asking for a one year waiver of the supplement vs. supplant requirement for Title 1 monies spent to provide access to high quality PK in the current year (FY14). We are asking for only a one-year waiver, because we do expect all our districts to find a way to support our state commitment to PK moving forward.

VSBA themes so far/to be honed and expanded

VSBA is writing up a three- to four-page brief highlighting and contextualizing the biggest themes from the VSBA sessions. To preview:

- 1. Reinvention of education:** we have to stop thinking about education as it was (a teacher with a class of kids), and start thinking about education as it could be, including breaking the graded structure, focusing on proficiency and completely flexible grouping. This needs work before it is ready for game time.
- 2. Flexibility:** we need to think differently about deployment of staff, everything from multiage classrooms, to sharing teachers across SUs (e.g. a physics teacher for the SU), new contracts that enable flexibly deployment of staff, calendars, etc...
- 3. Achievement of scale:** several districts are beginning to acknowledge they may just be too small, and need to have scale to achieve their goals...consolidation.
- 4. Better/more informed board leadership to make efficient and responsible decisions:** they feel inadequately informed for the job. If the principal comes and says they need more paras or 7 teachers, they need support in figuring out how to critically evaluate those requests. Also, how do they initiate contact with other boards about possible collaboration, if their administration is not already doing it? The sense that if parents or educators ask for paras, they feel they have no choice but to say yes.
- 5. State support:** there is a loose grab bag of issues from folk who want state support and solutions around funding mechanisms, technical centers and disincentives for students to attend, guidance on para professionals, etc.
- 6. Social services/need for services driving staffing:** in some regions, there is a perception that acute stresses in the communities are driving an increase in challenging children and a greater need for services. However, schools are set up to provide education, not social services. They say they cope with paraprofessionals. Several are interested in colocation of AHS services as an alternative.

I wish I had more time. I feel that if we had the resources to reach out to several key districts now, we could really push the conversation in a good way. We are targeting a few districts where we feel adding a little more information to the mix might shape decision making.

Title 1/ Medicaid

We have spoken with a majority of the superintendents most directly affected by the supplement vs. supplant concerns. They all agree with the goal of universal PK, and are committed to making sure PK happens. Some challenged the approach, but mostly they just challenged the cost. We have been pointing out the Medicaid rollover, and most of them say

they don't want to use it because they want to keep it as a reserve. This seems like a good opportunity to draw down the reserve, and it was pointed out that this is a choice, and that other grants don't even allow for a rollover. I think the underlying problem is that schools in some areas are hungry for cash or kids, and PK is tapping that hunger a bit. I am proposing to send out a cover letter that reiterates the benefits of PK with the guidance documents.

Regional Advisory Boards/ Independent School Tuitions

We have been receiving increasingly frequent and intense complaints from several NEK superintendents, who are challenging the rules governing Technical Centers and independent schools for having no public oversight and for setting high tuitions which the sending towns have no choice but to pay. This is an acute issue in the NEK, which has very limited options and very high tuitions at the independent school. It is becoming more acute as Concord and Danville High Schools fail and St. Johnsbury becomes a monopoly market. Fortunately, it is a great school with a civic minded leader, but it is a high risk situation, given that St. Johnsbury is under no obligation to accept all students.

PK guidance

By Monday, I will have a draft letter for the PK guidance packet which lays out the benefits of PK, including some of the research on brain development. I think we are best off acknowledging the costs, but reminding folk of the value. The biggest pushback we have received is from people who are complaining they are being told to right size, but that Act 166 specifies not just access to PK, but how it will be delivered; this makes it hard in some places for services to be delivered in a cost effective way. That is true in some cases, so there is no point in arguing.

Rebecca

LOTTERY

10/23/14

Currently attending tri state meeting. No legis, media or other contact this past week.

We are working on our current gaming system upgrade to add game consoles and virtual games to play on them. This consumes quite a bit of staff time for approx one month. We chose a vendor for our new website - Charles Ryan assoc from Virginia. I have begun contract negotiations with them. We are also talking with dii about moving our problem gambling site to the state system. This TS meeting involves the transition of comm. Ed Flanagan becoming VT's TS comm due to retirement of Tom Scala.

Meeting planned with Aly and folks from federal delegation to discuss graham gambling bill on Monday.

Greg Smith

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, October 24, 2014
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Guardrail Ends Update

Yesterday the VTrans Guardrail Committee recommended that we not install the controversial ET-Plus guardrail ends manufactured by Trinity Corp. of Dallas, TX. This is a significant move because the product is on the approved list of products from FHWA. However, FHWA has ordered new testing of the product in light of the jury decision in Texas on Monday that concluded Trinity had committed fraud by not notifying FHWA of a design change in the product.

FHWA has ordered new testing and we will stand pat until then. Any project that includes this product will have to install another approved type of guardrail end. We have identified one such project thus far, a paving job in Wardsboro. If the product fails the safety tests, we assume FHWA will have guidance concerning the status of ET-Plus ends already installed and a program to remove or alter them if that is the recommendation.

Rep. Scheuermann has expressed displeasure that this product was installed on the recently completed Gold Brook Bridge on Rt. 100 in Stowe. We have explained that this product was an approved product when this project contract was let last year and it remains an approved product until updated testing results are analyzed by FHWA. The jury decision did not speak to the safety of the product but, rather, the accuracy of the specifications as submitted to FHWA.

As of this morning, eleven states have suspended installation pending the results of these tests.

Chittenden County RPC/MPO Gets National Award

The Association of Metropolitan Planning Organizations (AMPO) has presented the National Award for Overall Achievement to our own CCRPC/MPO. VTrans nominated

the organization based on their performance during Tropical Storm Irene, the highly successful merger of the RPC and MPO, the ECOS Sustainability Planning effort and the leadership of the Circumferential Highway Alternatives Task Force. RPC Director Charlie Baker describes this as the highest peer award the organization can get.

Michele Boomhower, MPO Director, accepted the award Wednesday in Atlanta.

Newport State Airport Concerns

Although we are pleased with the FAA response to our plans for this facility, the communication with QResorts has not been great and their lack of specific plans is a concern. For example, the FAA has just signed off on a runway extension and on Monday the regional administrator will announce the availability of a follow-on grant for a parallel taxiway. Since such a facility is necessary to reach the various hangars that QResorts has told us they want to build, not to mention the new terminal, it is important that we have planning documents, a timeline and a statement of priorities for the \$20 million in projects that they have committed to in their lease. In fact, the FAA will require some evidence that these plans are real and these facilities will actually be built before they sign off on the parallel taxiway grant funds.

There doesn't seem to be an effective project manager for QResorts and we are looking for a way to communicate that to Bill Stenger and/or Ariel Quiros. Any ideas on strategy are welcome. FAA Regional Administrator Amy Corbett will visit the facility on Monday and meet with Chris Cole and Guy Rouelle.

NOTES FOR STAFF

Project Updates

The difficult full reclaim resurfacing of Route 2 between Waterbury and Bolton should wrap up by mid-November. Multiple operations are in progress to include paving the connections to driveways, side roads and the replacing of gravel shoulders. The wearing course of pavement is being added on the north end of the project. This \$6.3 million project will likely be vital to the success of multiple projects over the next two years on I-89 at or near Exit 10 (Waterbury).

Speaking of Exit 10, work is continuing on the construction of crossovers for both north and southbound traffic in advance of the \$11 million replacement of both bridge decks on I-89 at the interchange. There have been no major issues with traffic back-ups at this point.

In Putney, final touches are being put on the new Park and Ride just off I-91 but one aspect of the project, the relocation of a power pole on US Route 5, is being held up by the Fairpoint strike.

In Bristol, we will cut the ribbon at the long-awaited bridge over the New Haven River on Route 116 on Monday. I will conduct the ceremony in conjunction with the Town of

Bristol and several members of the legislature to include Senator Ayer, Reps. Lanpher, Sharpe, and Fisher.

We have a completed Scoping report on the drawbridge between Grand Isle and North Hero on Lake Champlain and it recommends replacement of the structure on the existing alignment. We are looking to an innovative approach to this project that would not close the bridge during construction. Early estimates on this project point to a cost of \$17 million and a timeline for contracting in the fall of 2017.

The upcoming project to replace the bridge on Route 108 near the intersection of Route 100 in Stowe is now underway with waterline relocation and staging on an existing bridge pier. This work is due to be completed by December 5. This project will require a 7-week closing of this crossing in April, 2015. VTrans and the town of Stowe are working closely on construction and traffic control plans on what will be a difficult project. We are not satisfied with the cooperation and response of the contractor (CCS Inc.) thus far and are watching closely how they manage a 3-day closure that will be necessary in November.

Another TT Unit Stuck In Smugglers Notch

DMV was detailed to the Notch for another stuck truck, which had managed to work its way back to Jeffersonville by the time Inspectors arrived. However, the VSP stopped the truck in Jeff and found that it was a Quebec truck that had been led astray by the GPS device. It was also determined that the driver of the truck had damage to his vehicle from the rocks and his right to drive was under suspension in Vermont for ignoring previous tickets. The truck was grounded and the driver and company notified to settle up on the new and old tickets he has received.

Net Metering on Circ Property

Staff has had preliminary meetings with FHWA regarding the feasibility of placing a solar net metering facility on property purchased for mitigation of the Circ Highway in Essex and Williston. These will be included in a handful of other sites being reviewed by ANR and the Agency of Agriculture. FHWA requires that we demonstrate that the installation of solar panels will not preclude future mitigation uses for the property.

Women Can Do! Conference

Despite the soggy weather, last week's 16th annual conference at VTC in Randolph was a huge success with approximately 500 girls from 55 high schools and tech schools spending the day exploring non-traditional careers in science, technology, engineering, math and the skilled trades. VTrans employees figured prominently in this year's event starting with Education Secretary Holcomb sharing the story of VTrans maintenance worker Jody Dow, who attended last year's conference as a senior at River Bend Tech Center and participated in a heavy equipment workshop put on by our District 4 staff. This was followed by a job shadow after high school graduation, her hiring as a temp last summer and subsequently as a full-time employee at the White River Junction garage. She was subsequently featured in a story on Women Can Do! by the Burlington Free

Press, along with quotes from our own Carolyn Carlson, a 29-year bridge engineer who is a regular presenter at these conferences.

Culverts and FEMA

VTrans and FHWA have been working closely with DEMHS to push FEMA's interpretation of our Stream Alteration permit as an acceptable Code & Standard for FEMA Public Assistance (PA). Following a meeting with FEMA, VTrans ANR and FHWA several weeks ago, we have worked with Ben Rose to submit a letter to FEMA requesting acceptance and policy guidance that makes clear our towns will be reimbursed for PA for culvert right-sizing in the next disaster. I will also be sharing this information with the White House Task Force members with whom I have been discussing this matter.

Resilience Planning

Noelle is taking the lead on the Resilience competition, and VTrans is working to assist her team. We anticipate the White House Task Force report to be released in mid-November and will brainstorm with Climate Cabinet ways to message/release the report for local media.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Harry L. Chen, M.D., Acting Secretary of Human Services
Re: AHS Weekly Report
Date: October 24, 2014

Highlights:

VDH:

Another Positive Enterovirus D68 pg. 1
Child Care Immunization Survey pg. 2

DMH:

Vermont Psychiatric Care Hospital (VPCH) pg. 2
Brattleboro Retreat pg. 2
Rutland Regional Medical Center pg. 2

DAIL:

Rutland Regional Mental Health (RRMH) notified of DAIL's concern about specific consumer
pg. 3

DOC:

Population pg. 3
Rutland Staff Receives Recognition for Work Well Done pg. 4
Northern State Correctional Facility Shake down pg. 4

DCF:

Commission to Eliminate Child Abuse and Neglect pg. 5
Butterfly Beginnings ERF denial pg. 5

DVHA:

Cigna/BP Community Health Team payments pg. 5

Secretary's Message

Acting Secretary, Dr. Harry Chen, is out of the office from Thursday, October 23, 2014 until Friday, October 31, 2014. He will return to the office on Monday, November 3, 2014.

Vermont Department of Health (VDH)

Another Positive Enterovirus D68

The Health Department has received another positive enterovirus D68 result from the CDC. This is Vermont's second confirmed case.

Vermont Vaccine Purchasing Program

The Immunization Funding Advisory Committee met on October 15 pursuant to 18 V.S.A. 1130. The purpose of the meeting was to discuss and then vote on the cost of vaccines for children and adults and

the 2015 assessment rate for the Vermont Vaccine Purchasing Program. The Committee, chaired by Susan Barrett of the GMCB, voted unanimously on these matters after meaningful discussion. Per statute, the rates have been approved and established by Acting Commissioner Dolan and posted at www.VTvaccine.org

Child Care Immunization Survey

The annual Child Care Immunization Survey has been sent to over 1,600 Vermont licensed and registered child care providers. The Health Department is working closely with DCF to ensure a more complete response to this required survey. Unlike most other states, the requirement for child care immunization reporting has only been in place for four years. Young children are often at the highest risk for vaccine preventable diseases.

Tuberculosis Training for Public Health Nurses

A training for public health nurses on the management of contacts to TB cases has been scheduled for November 13. Continued training in tuberculosis is important; as the incidence of tuberculosis continues to decline, maintaining public health expertise in TB is particularly challenging. Topics covered will include transmission and pathogenesis, contact investigation procedures and protocols, interviewing contacts, and clinical assessment of contacts. The Health Department is providing the course in conjunction with the Global Tuberculosis Institute at Rutgers University.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

Bed capacity is holding around 21-beds. Clinical staff continues to strategize with regard to the opening of the final 4-beds. The acuity level of a number of patients has remained high and requires a high level of staff.

Second Certification

Starting November 1st, anyone on an EE in an emergency room will have to have a second certification done within 24-hours by a Psychiatrist. Some hospitals are capable of doing this but many are not. DMH has amended its contract with FAHC to have the Psychiatrists, both full time and on call, do the second certification using Telehealth. Dr. Batra has been working with the hospitals across the State about how this process will work. As a backup plan, should the Telehealth system fail on any given day, the patient will be transported to a designated hospital for second certification.

Brattleboro Retreat

The Brattleboro Retreat submitted its Plan of Correction to CMS. Once that is accepted, they will enter into a “systems improvement agreement with CMS”. DMH has been in contact with the Retreat and is working with them on the role of DMH in the process of quality improvement and assurance.

Mental Health Oversight Committee (MHOC)

The Mental Health Oversight Committee met last Friday for the last time. They are now in the process of writing their report. They will be asking to be allowed to continue oversight next year. DMH is recommending that AHS and the Administration not support this, but rather continue the move towards Health Care Integration.

Rutland Regional Medical Center

Senator Ayer sent an email from Representative Anne Donhue to Representative Ann Pugh complaining about the Rutland Regional Medical Center’s CON on their emergency room expansion.

Commissioner Dupre was copied on the email as well as Al Gobeille, and Elizabeth Miller. Al Gobeille responded. Commissioner Dupre spoke with Ena Backus from the Green Mountain Care Board. His suggestion to them was that when a hospital is presenting a CON that includes needs of mental health patients, the DMH Commissioner's office should be consulted.

RRMC's CON was truly about their ER needs in general and while they were doing renovation and expansion, they included renovations that would best serve patients while they were in their ER.

Media Request Regarding Eagle Eye Farm

Brent Curtis from the Rutland Herald called DMH seeking specific information on a client; Mark Sailor, and regarding recent charges as well as status of Eagle Eye Farm in the Northeast Kingdom. Deputy Commissioner Reed responded that DMH had limitations on providing information about any individual who may or may not be receiving services under DMH. Morgan True submitted a record's request for incident reports filed by Eagle Eye Farm for the past 6-month. Morgan identified Mark Sailor. DMH is responding to the Record's Request.

Rutland Mental Health Services

DMH and DAIL have jointly drafted a potential communication to the RMHS Board of Directors. The draft was sent to Monica Light for the Secretary's consideration earlier this week, and we are awaiting feedback. DMH and DAIL's concerns are being finalized.

E.T.

DMH expects that Elizabeth T. will be moving to MTCR in about one month.

Emergency Room Wait

DMH's Care Management Team is monitoring very closely, the movement of patients in ERs and the movement into appropriate treatment placements. There is a decrease in folks waiting for inpatient beds in Corrections. As of 6:45 am today, there are 4 Adult EE's, 1 Child EE, 1 Court Order, and 6 Voluntary patients (3 adults and 3 children) waiting for psychiatric admission. In comparison, there were 2 Adult EE's, 2 voluntary, and 1 Court Order waiting at the end of the day yesterday. Of the total number as of 6:45 am, only one EE and two voluntary individuals have exceeded 24 hours. Reporting the numbers remains very volatile and changes hour to hour.

Department of Disabilities, Aging and Independent Living (DAIL)

Regional Manager of VocRehab Vermont honored at CVEDC Annual meeting.

The Times Argus reported this week that Carol Leech of VocRehab VT received the Central Vermont Economic Development Corporation (CVEDC), President's Award, at its recent 37th annual meeting. The award recognized her many contributions and leadership to the community, the Central Vermont region and the State of Vermont. Carol has been the Regional Manager for the Barre and Morrisville offices since 2007.

Rutland Regional Mental Health (RRMH) notified of DAIL's concern about specific consumer

Commissioner Wehry notified Executive Director Dan Quinn today that RRMH may not place DS clients with a specific shared living provider at this time. An investigation is underway of critical incidents in mental health about this provider. We also notified RRMH that a second provider is under review.

Department of Corrections (DOC)

Population

The department's incarcerated population averaged 2,059 for the previous week, the average presentenced population was 362 (18%). The incarcerated male population averaged 1907 with 329 (17%) presentenced inmates. The female population averaged 152 for the previous week with 34 (22%) comprising of presentenced female inmates.

Corrections Oversight Committee

The COC met on Monday for the third time this year. The COC heard testimony regarding the CHSVT and heard about safety initiatives by the Corrections Corporation of America. There will be two more meetings of the COC before year end. They have one outstanding task; to make recommendations to the General Assembly on the future of the CHSVT.

Rutland Staff Receives Recognition for Work Well Done

Monday night there was a presentation at the Paramount Theatre recognizing outstanding work CCO Beaudet did with police in the execution of Drug Marketplace Intervention. (DMI). Professor Kennedy was extremely impressed with the role DOC plays in our execution of DMI and the effect it has on safety in Rutland. The DMI is a partnership between the DOC and Rutland PD.

Northern State Correctional Facility Shake down:

The Newport Facility conducted a contraband search on Friday, Oct 17 as part of a routine of operating safe and secure facilities. This exercise finds any contraband and allows the facility to work on emergency preparedness and other skills. The good news, very little contraband was found. Below is a picture of the DOC/VSP team.



Department for Children and Families (DCF)

Commission to Eliminate Child Abuse and Neglect

The Commission to Eliminate Child Abuse and Neglect Fatalities met this week in Burlington. On Thursday, they held an open meeting. Friday's meeting is closed. The commission heard from a variety of individuals and panels, including three panels of Vermont professional. Deputy Commissioner Cindy Walcott made some opening remarks, focusing on what Vermont is doing to prevent child fatalities. Three DCF Family Services social workers spoke about what it is like to assess safety and risk in the moment, when working with children and families. Another panel comprised law enforcement, mental health, and domestic violence and substance abuse professionals, speaking about their role in assessing child safety. Lastly, health professionals spoke about child fatality as a public health issue. The day was very informative and productive.

Butterfly Beginnings Extraordinary Relief Fund (ERF) Denial

Butterfly Beginnings is small child care program in Wells River, Vermont that opened in October 2014. The provider originally proposed to open a program for 60 children. The owner, Lorna Renfrew, had sufficient space to serve that number but failed to procure ANR approval for daily wastewater systems use by that many children and adults. During the initial application process, Ms. Renfrew contacted Senator Jane Kitchel to request help in getting her new child care program approved to open. She felt CDD was holding up approval on the basis of paperwork that was not relevant to her ability to provide good experiences for children. CDD Licensing staff provided extensive technical assistance to the provider helping her achieve compliance at that time. Despite assistance from ANR staff, Ms. Renfrew did not meet the requirements necessary to serve the number of children in her original business plan but was allowed to open with a limited license to serve 18 children at any one time.

In March 2014, CDD found a number of violations at Butterfly Beginnings including caring for more children than allowed in her license. A revocation of her licensing approval was issued at that time. Senator Kitchel asked that the CDD help Ms. Renfrew develop a corrective action plan and provide mentoring and technical assistance to keep the program open. Over the past seven months, Ms. Renfrew has received many hours of technical assistance from CDD licensing and operations staff as well as professional mentoring. Operating with an enrollment significantly below her original plan has put the program into financial crisis and Ms. Renfrew reports herself deeply in debt and unable to continue. In August 2014, she applied for \$75,566 in ERF to design and install wastewater systems to support increased enrollment, improve bathrooms in the child care facility and pay off some debt. She did not supply sufficient documentation at that time to assess her request and sustainability plan. Over the past two months we have worked with Ms. Renfrew to obtain the information needed to fully vet the request but have been unable to get a full picture. We are not convinced that this owner will be able to sustain a program into the future and have recommended that her ERF application be denied. It is likely the program will close before the annual renewal date in November without this funding. We are prepared to offer her limited funds (\$5,000-\$8,000) to provide a transition to alternative care for the children and families currently enrolled if she decides to close. This is permitted under the original ERF legislation and subsequent guidelines.

Department of Vermont Health Access (DVHA)

Cigna/BP Community Health Team payments

Cigna has requested a change in the amount it pays toward Blueprint (BP) community health teams because of its decreased market share related to losing the state employees' health plan. These payments are based on a formula recommended by a BP oversight committee and documented in contracts with the three commercial carriers. DVHA General Counsel has reviewed and determined the

current payment methodology is compliant with statute but does warrant review by the BP. This could lead to a change in methodology that could increase the payment by Blue Cross and Blue Shield of Vermont and potentially Medicaid.

On Thursday, Mark Larson, Howard Pallotta and Craig Jones spoke with Cigna about the process to move forward. DVHA will set a meeting in November with the Blueprint Evaluation Committee to determine their recommendation regarding the review of the payment methodology

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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: October 24, 2014

Secretary's Top Issues

Secretary's Suggestion for Margin Protection Insurance Plan

Secretary Ross met with Congressman Welch's Chief of Staff, Robert Rogan. Sec. Ross and Rogan discussed dairy pricing and the viability of industry in Vermont. Stemming from this meeting, Secretary Ross suggests he, Governor Shumlin and the Vermont Congressional Delegation send a joint signed letter to all dairy farmers urging them to sign up for the Margin Protection Plan (authorized in Farm Bill) to acquire this insurance for their dairy income

Great American Milk Drive

New England Dairy Promotion is facilitating the Great American Milk drive in Vermont this weekend. On Saturday, Oct. 25, from 9 am to 2 pm, shoppers at six Hannaford locations can buy an extra gallon of milk and donate it directly to the Vermont Foodbank.

Animal Quarantine Lifted

Animal Health lifted a quarantine on a farm that had been placed on the farm due to potential livestock contact with a confirmed positive rabid wildlife animal that bit the owner of the farm. The contact involved dairy heifers and pigs. The owners have not seen any signs of rabies after the requisite monitoring period of three months. They unfortunately did not opt to vaccinate their livestock for rabies.

Dairy/Cider Plastic Manufacturer in Shelburne Closing

Consolidated Container Corporation (formerly Shelburne Plastics) is the only Grade "A" dairy container manufacturer in Vermont. They also provide many of the containers for Cider makers. They just announced they will be closing in December. A few of our dairy plants have found an alternative supply in Fitchburg, MA but it will be more difficult for the small processors. The Dairy section is working with the processors and will see if there is a role for the state to play in assisting in the location or development of alternative suppliers.

Killington Farm to Plate Gathering

Secretary Ross, Deputy Secretary LaClair and agency staff attended the 4th annual Farm to Plate Gathering in Killington. Sec. Ross encouraged attendees to continue to unify around a common food system agenda, and highlighted the economic impact of Vermont's farm sector. Agency staff participated in a number of deep-dive discussions around the Vermont *brand*, institutional purchasing, and regional marketing. They also shared successful initiatives including the Vermont First Campaign with Sodexo and discussed the extensive and collaborative work that has gone into strengthening our agricultural associations.

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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: October 24, 2014

Status of Governor's Priorities:

Press

- Vermont Public Radio interviewed Chelsea Bardot Lewis about the Agency's new Domestic Export program.
- New England Dairy Promotion is facilitating the Great American Milk drive in Vermont this weekend. On Saturday, Oct. 25, from 9 am to 2 pm, shoppers at six Hannaford locations can buy an extra gallon of milk and donate it directly to the Vermont Foodbank.
- Select locations will also feature sampling events and other activities.
- The Agency has sent a request to the Governor's office inquiring about potential dates for the Governor's annual Christmas tree-chopping excursion. Once we have received potential dates, we will begin outreach to local tree growers to secure a location.
- The Agency met with Place Creative this week, the marketing company that will be assisting with the dairy economic impact study communications, to outline a timeline and scope of work. We will also be working with Castleton Polling to survey Vermonters about their perceptions of dairy's impact on our state. Scope of work and timelines were discussed with Castleton this week, as well.
- The October issue of Agriview will ship next week.

Significant Events/Meetings:

- Animal Health lifted a quarantine on a farm that had been placed on the farm due to potential livestock contact with a confirmed positive rabid wildlife animal that bit the owner of the farm. The contact involved dairy heifers and pigs. The owners have not seen any signs of rabies after the requisite monitoring period of three months. They unfortunately did not opt to vaccinate their livestock for rabies.
- Animal Health staff monitored animal disease and importation requirements at the Green Mountain Fall Spectacular located at the Champlain Valley Expo. One illegally imported alpaca was quarantined to a premises for follow up testing. The owner will receive a letter of warning.
- Animal Health staff attended a day long animal welfare summit in Berlin. The State Police plan to have at least one officer per barrack that will specialize in animal cruelty. Organizers of the annual animal welfare training course plan to create a mobile presentation of the first two courses and possibly expand the audience to prosecutors and additional law enforcement.

Evolving Issues:

- Consolidated Container Corporation (formerly Shelburne Plastics) is the only Grade "A" dairy container manufacturer in Vermont. They also provide many of the containers for Cider makers. They just announced they will be closing in December. A few of our dairy plants have found an alternative supply in Fitchburg, MA but it will be more difficult for the small processors. The Dairy section is working with the processors and will see if there is a role for the state to play in assisting in the location or development of alternative suppliers.

- Animal Health field staff initiated an investigation into a report of illegal importation of horses from New York into Vermont.
- Animal Health staff are initiating a project to pull data from poultry imports and disease testing to map backyard flocks in Vermont. This will be important information to have in the event of a poultry disease of high consequence such as Avian Influenza or Exotic Newcastle Disease.
- Animal Health staff provided consultation on acceptable animal husbandry practices for two separate animal welfare complaints. One was in regards to shelter for swine and the other for conditions regarding a hobby poultry flock.

Summary of Key agency Department Activity

Administration:

Land Use:

The Vermont Housing and Conservation Board's meeting on October 14 approved funding for the Agency of Agriculture, Food and Markets' fulltime Act 250 Coordinator for the remainder of the fiscal year 2015. This funding supports the Agency's continued work in Act 250 permitting process, and addressing mitigation requirements when development is proposed on the State's agricultural soils. This work includes:

- analysis of project proposals and responsive review letters addressing the 9(B) criterion;
- tracking Act 250 Land Use Permit (LUP) applications to identify applications that have undisclosed 9(B) impacts;
- technical assistance on Primary Agricultural Soil (PAS) impacts;
- participation in hearings/meetings that involve PAS and Act 250 and the use of consultants;
- site visits throughout the state;
- review and updates to internal policies and procedures; and
- maintenance of mitigation databases.

Agricultural Development:

Secretary Ross, Deputy Secretary LaClair and agency staff attended the 4th annual Farm to Plate Gathering in Killington. Sec. Ross encouraged attendees to continue to unify around a common food system agenda, and highlighted the economic impact of Vermont's farm sector. Agency staff participated in a number of deep-dive discussions around the Vermont *brand*, institutional purchasing, and regional marketing. They also shared successful initiatives including the Vermont First Campaign with Sodexo and discussed the extensive and collaborative work that has gone into strengthening our agricultural associations.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Assistant State veterinarian Dr. McNamara attended the National Association of State Meat and Food Inspection Directors (NASMFID) fall meeting held in conjunction with the United States Animal Health Association (USAHA) meeting in Kansas City, MO
- Meat Inspection is dealing with sanitary issues at a custom plant in Tunbridge, VT
- Meat Inspection is continuing to work with the new proposed establishments as listed in last week's report.

Animal Health:

- State veterinarians issued and then released a quarantine within the last week following the illegal importation of an alpaca. The animal lacked the required testing for tuberculosis, brucellosis and bluetongue virus. The alpaca was imported in conjunction with the alpaca Fall Spectacular event held at the Champlain Valley Expo, which has received an import rule variance from the Secretary for the past three years. This allowance will be reassessed prior to next year's event.
- State veterinarians attended the United States Animal Health Association meeting this week in Kansas City. Dr. Mehlenbacher gave an excellent presentation to the Food and Feed Safety Committee on Vermont's raw milk regulatory framework, and Dr. Haas was elected to the organization's executive committee as 3rd Vice President, thereby starting a 6 year commitment to the organization. The speaker for the Plenary Session which was attended by 700 people highlighted VT's GMO rule as an example of a non-science based knee jerk reaction form of legislation.
- Animal Health Staff

- Are working to submit second quarter reports for cooperative agreements with USDA Veterinary Services.
- Completed an inspection of a compliant cervid farm in Vergennes
- Worked with DMV enforcement at a detail in Ferrisburg and assisted with a livestock trailer issue.
- Performed compliance activity at the weekly ACCS and compiled the market report for USDA AMS.
- Provided official ear tags to a dairy producer in Westford.
- Completed an inspection of a livestock dealer in St. Albans.

Agricultural Resource Management:

The Governor's Office met with DEC, VAAFM and SerVT this week to understand how SerVT's Gov/Mayor initiative can fit in with the USDA RCPP application that the Agencies submitted earlier this month. The RCPP proposal included a \$200K match from SerVT so the discussions of how that can work began. Even if RCPP doesn't get approved, there is still potential for the Gov/Mayor initiative to assist VAAFM and DEC so we covered all aspects. The great outcome of this idea is that it will allow us to build capacity in non-profits, but it requires matching funds which are currently limiting.

The Agency of Agriculture is running out of space! We have begun the process of a needs assessment to determine the available options and will engage in discussions with BGS once our plan is developed enough.

The public meeting dates have been set by EPA for another round of engagement on the TMDL. The dates are: Nov 17 in Rutland and Middlebury, Nov 18 in St Albans and Nov 19 in Burlington

Pesticide Program Enforcement:

- The Agency has entered into an Assurance of Discontinuance (AOD) with a prominent organic vegetable producer to ensure that waste and obsolete pesticides, found on a farm he has recently purchased, are safely and legally disposed of in accordance with the Agency's Pesticide Regulations and VT DEC's Hazardous Waste Regulations.
- A cease and desist order (CDO) was issued to a small landscaping company for making applications of pesticides without being certified and licensed in accordance with the Pesticide Regulations.
- A letter of warning (LOW) has been issued to a school in central Vermont for making applications of pesticides to the landscape while children were arriving for summer camp, and for failing to post the application in accordance with the Pesticide Regulations. The LOW provided information about the ACT 125 Reduction of Toxics in Schools Program so they can obtain information about how to develop an integrated pest management plan for the school.

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

- Staff members conducted a manure spreading complaint inspection related to a LFO in Franklin County and then met with the farm owners to discuss the inspection. The Agency has received several complaints related to farms spreading manure in the rain and when forecasted rain is highly likely.
- Staff conducted a complaint investigation of a SFO in Washington County related to a heavy use pasture area where several horses and beef cattle have access to surface water.
- Staff are continuing to work with the Attorney General's Office in relation to a case involving two MFOs in Orleans County.
- Staff are drafting a responsiveness summary related to a public information meeting held for a LFO in Addison County that has requested a permit amendment which would allow the farm to construct additional animal housing and increase their herd size.
- Staff are drafting inspection reports and memos for complaint investigations, enforcement actions and ongoing inspections.
- Staff are working with ARM Division engineering staff to assist with development and implementation of BMPs on several MFOs and LFOs.
- Staff have been processing grants and payments from farms for winter cover cropping and manure injection through the Farm Agronomic Practices (FAP) Program.
- 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.

Conservation Reserve Enhancement Program (CREP):

- Staff coordinated a meeting with NRCS, the FNLC director and a board member, and their subcontractors to review farm maps related to a grant project/outreach initiative focused on proactively addressing critical source areas on farms in the Missisquoi watershed.
- Staff flagged out a draft CREP buffer for a SFO in Georgia and walked the entire “fence line” with farmer to confirm interest in moving forward with project.
- Staff visited a SFO in Stowe to check in/revisit CREP and River Corridor Easement offers as an alternative to current management of pasture in a very dynamic stretch of river. The proposal would offer cost share to install new fence, laneways, pipeline and tubs to create a permanent pasture in a less environmentally challenging area of farm.
- Staff trained ARS staff in CREP planning using the NRCS Toolkit program. A SFO CREP project in Craftsbury was used in the training effort.
- Staff introduced a SFO owner to a new FSA staff member working on CREP in Chittenden, Franklin and Lamoille counties. The owner is soon to sign their CREP contract and during this visit we also reviewed the site, discussed the program details and processed the small amount of FSA paperwork with the landowner.

Staff continued to work on CREP conservation plans, contracts, and providing assistance to NRCS and FSA to prepare their paperwork for various projects.

Secretary’s Comments:

Meetings:

- Dean Tom Vogelmann, College of Ag and Life Science at UVM, Richmond: Monthly meeting, discussed significance of water quality issues, agreed to pull together meeting to explore economic model for helping farmers with 200 cows or less transition to grass based dairy – lower input, lower output, higher net and softer environmental foot print.
- Shyla Nelson, leader of One Earth One Voice, met at Earth Policy Institute, Washington DC; Discussed philanthropic and foundation support for supporting water quality through farm transition to grass based farming
- Lester Brown, President of Earth Policy Institute, Washington DC: Introductory meeting where we discussed the importance of Food as one of the key global issue of 21st century and the role of VT and NASDA in helping address this issue. Hope to meet with him again in near future.
- Robert Rogan, Chief of Staff for Congressman Welch, DC Office: discuss wide range of agricultural issues but focused on dairy pricing and viability of industry in VT; water quality issues and need for resources in VT; roll out of FSMA, its relevance to VT and importance of Congressional support for state’s role in regulation
- USDA Undersecretaries Scuse and Bonnie and NRCS Chief Weller, USDA office in DC: discussed issues relating to NRCS participation in land conservation efforts at state level through their ALE and ACEP programs; shared concerns and way to engage and influence pending rulemaking to be more flexible and usable at state level
- Farm to Plate Gathering, Killington VT: Participated in gathering which included up to 300 people from across Vermont; helped to introduce Governor to attendees; address audience twice and participated in multiple network conversations with much discussion of water quality, dairy and migrant workers
- Senator Patrick Leahy, Washington Office: stopped by for a courtesy hello while in DC after having reached out to his staff on land conservation and water quality issues.

Press:

Hillary Niles of VT Digger, F2P Gathering: spoke with Niles regarding migrant worker issues and dairy farming in VT – emphasized the positive role many good dairy farmer provide.

Big Idea:

Governor Shumlin, Sec. Ross and VT Congressional Delegation send a joint signed letter to all dairy farmers urging them to sign up for the Margin Protection Plan (authorized in Farm Bill) to acquire this insurance for their dairy income.

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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: October 24, 2014

Subject: ANR Weekly Report

Governor Level Issues:

Lake Champlain Restoration Plan Timeline: VT Digger ran a story related to the timing of the final Lake Champlain Total Maximum Daily Load (TMDL) decision anticipated from EPA. The reporter had spoken to EPA officials who indicated that the final TMDL decision would not be issued until the spring. The story is incomplete. While there has been an extension of the expected date for EPA's final decision, we are working with EPA on a series of informational public meetings in mid-to-late Nov and early Dec in which they will be presenting their draft findings and preliminary decisions. EPA has indicated that they will issue a formal draft decision in the winter. The article is at the following link: <http://vtdigger.org/2014/10/16/epa-puts-lake-champlain-ruling-till-spring/>

More on Berlin Pond: The town of Berlin signed a memorandum of agreement (MOA) for developing access to Berlin Pond on Oct 20. The MOA is a placeholder agreement written so both parties have a clear understanding of how each will participate in the development of the access. Once ownership of the land has been confirmed through the survey, a formal lease will be drafted and executed for the construction and maintenance of the access. Louis and David will be meeting with Bill Fraysier to see if Montpelier would be willing to participate. Because of the position of the City Council I am doubtful – but we will see. I understand legislation is being drafted that would prevent recreation on the pond. I have not seen it yet.

Gillette Pond Dam: This dam is owned by the Girl Scouts and because it would be costly to repair the dam they have submitted a permit application for its removal. The removal of the dam would result in the elimination of a swimming pond in Richmond that gets a lot of public use. Local legislators are looking for alternatives (they want us to take over the dam.) Agency staff do not believe it makes sense for the state take ownership of the dam. We are encouraging the

citizen group to look for funding. You may hear about this – and the town reps may look for a special appropriation to help out (there is some precedent for this with other dams – like the one at Curtis Pond.)

EVERYTHING ELSE:

Press Issues/Releases:

Infrastructure Report Card: The American Society of Civil Engineers – Vermont Chapter put out a report grading Vermont’s infrastructure including transportation, dams, drinking water, wastewater and solid waste. Sue Minter and David Mears spoke at the event announcing the report card which gave Vermont an overall grade of “C.” Our worst grade is in the area of wastewater where we received a “D.” David welcomed the report as an important assessment by experts regarding the need for Vermont communities and the state to plan for maintaining and improving our infrastructure as critical to Vermont’s economy, public health and safety, and the environment. The Burlington Free Press ran an article:

<http://www.burlingtonfreepress.com/story/news/local/2014/10/16/vermont-infrastructure-gets-c/17354999/>.

Fracking Sand News Article: A recent news article noted that certain areas of Vermont contained possible source of “frac sand”. Frac sand is used in the hydraulic fracking process to prop open fractures in the rock and enable gas and oil collection. The extraction and processing of the sand deposits into frac sand have environmental concerns both for air quality (silica dust) and water quality (residual treatment chemicals in the processes waste water). We are not aware of any proposals in Vermont at this time. <http://wamc.org/post/report-rapidly-expanding-frac-sand-miners-eye-ny-ma-vt-pa>.

Fish and Wildlife Press Releases: Take a Time Out for Turtles: The annual spiny softshell turtle beach cleanup day is on Sat, Oct 25, and VTFWD is looking for volunteers to help. **Lake Champlain ranked among top smallmouth bass fisheries in North America:** World Fishing Network, ranks Lake Champlain one of the seven best smallmouth bass lakes in North America. **Grants Available to Help VT Lakes, Rivers and Habitat:** The 2015 VT Watershed Grants Program is now accepting applications for funding projects that help VT protect, restore and enjoy the state's watersheds. The applications are due no later than Fri, Nov 21. **Hatchery improvement expected to increase health of Lake Champlain salmon:** A significant upgrade at the Ed Weed Fish Culture Station in Grand Isle is expected to pay dividends for the health of the salmon population in Lake Champlain. Recently, hatchery staff, fisheries biologists and other officials from the VTFWD teamed up to construct a fish trap on Hatchery Brook, the station’s discharge stream. The trap will improve the collection process for adult salmon during their spawning run into the brook.

State Parks in the News: Quechee Gorge and Quechee State Park were featured this week on WCAX and the Burlington Free Press. Park Ranger Lisa Fisher held another of her community special events last weekend, the "Haunted Trail", which attracted 650 participants.

Significant Events/Meetings:

From Loon to Lynx, Celebrating the 40th Anniversary of the Endangered Species Act: 130 people attended a day long symposium on the successes, failures and future challenges facing our endangered species protection efforts. The new President of the National Wildlife Federation, Collin O'Mara, was the keynote speaker. With the exception of remarks by Chris Killian (who, consistent to form, criticized the act, the state's implementation of the act, and me, personally related to my decision to allow lampricide treatments) the day was very positive and upbeat – despite the significant challenges going forward. We began a conversation about modernizing the law so that it can be more responsive to the threats of climate change. I will brief you on this as part of our ongoing conversations about potential legislation. Meanwhile, staff attorneys are reaching out to various stakeholders to get their input into possible language changes.

Roxbury and FEMA Continued: Staff participated in a conference call with FEMA regarding the Roxbury FCS rebuild on Oct 21. FEMA has expressed concern that they do not feel that the hatchery is eligible for mitigation improvements through the Sandy Recovery Improvement Act. Therefore, FEMA's current unofficial Sandy Recovery Improvement Act fixed estimate stands at \$500,000. Given a deobligation of funding for the codes & standards design to the facility of \$250,000 the current amount of federal funding available through FEMA unofficially stands at \$250,000. It is obvious this is not an adequate funding resolution for the Roxbury FCS rebuild. Therefore, the State plans to move to second appeal to FEMA National Headquarters to justify codes & standards funding eligibility. A successful codes & standards appeal would leverage the full Roxbury FCS rebuild cost for \$4.5M

Georgetown Climate Center Meetings: I met again briefly with Gina McCarthy in DC to talk about the implementation of 111(d) (clean air act regulation of coal power plants – it is important to VT that the rules support a continuation of VT's participation in RGGI.) We had a chance to talk again about her visit to Vermont and I emphasized the importance of a good partnership with EPA on this going forward and the \$ challenges we will face. Mostly, though, I thanked her for coming to VT. She was very positive about the visit.

Revised Underground Injection Control (UIC) Rule: The new UIC Rule will become effective on Oct 29, 2014. This new rule will both fulfill the state's obligation to protect groundwater as a public trust resource and also benefit the regulated community by providing greater certainty and predictability.

Renewable Energy Vermont Conference: David Mears participated on a panel discussion with Commissioners Snyder and Recchia about "Modern Wood Heating" and discussed the air and climate impacts and challenges associated with using wood to heat our homes and businesses. Other staff participated as well in panels related to the siting process for renewable energy.

Facebook Milestone: The powerful state parks Facebook site reached the milestone of 30,000 fans this week.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

Act 250 Crit. 9L (sprawl/efficient use of land) Analysis: The first batch of applications that address the recently amended criteria 9L (to prevent strip development) are beginning to work their way through the Act 250 process: a proposed car dealership at the corner of Rt. 7 and 22a in Ferrisburgh/Vergennes and a wholesale club proposed for the intersection of Routes 7 and 4 in Rutland are currently before district commissions.

ANR filed initial comments this week on the car dealership project. Agency comments primarily raised questions for the Commission to consider when conducting their analysis under 9L. ANR will likely file supplemental comments once other parties have weighed in prior to the next hearing, likely in December. VNRC was recently awarded party status under 9L so we anticipate they will engage significantly around the strip development, smart growth and efficient use of land standards established in the revised criteria.

A hearing for the Rutland wholesale club is scheduled for Nov 12, which will focus exclusively 9L since there is an existing land use permit at the site for a different use.

Champlain Valley Solar: The Public Service Board issued a CPG to Champlain Valley Solar (Docket 8248), a 2.2 MW solar generation facility to be built in Middlebury, this week. The CPG contains conditions to protect wetlands and potential habitat for the state and federally protected Indiana bat. It also contains reporting requirements related to GHG impacts as agreed to between the developer and the Agency. This brings the total number of approved solar generation projects for which the Agency will be compiling and analyzing GHG information to more than 12 MW in total generating capacity.

PSB Net Meter Rule: ANR and PSD continued work this week on developing a recommended suite of revisions to the PSB's Rule 5.100, a recently adopted rule that sets forth an expedited CPG process for net metered solar. Implementation of the rule has revealed a number of procedural and substantive issues that has in many cases complicated rather than expedited review – especially for group net metered projects (150kw to 500kw). The goal of ANR/PSD's proposed revisions is to allow good projects to move forward on a quick and predictable timeline, while reserving PSB capacity and resources to consider the more issue prone cases. PSD and ANR intend to present informal recommendations to Public Service Board staff once agency leadership has approved the final package of recommendations.

TDI New England Clean Power Link: ANR and VTRANS staff met with TDI NE this week to discuss the more than 120 stream crossings associated with the terrestrial portion of the project. Since many of the streams are within the VTRANS right of way and conveyed through

existing culverts, close coordination between VTRANS and ANR is critical. Building upon the collaboration that emerged after TS Irene, VTRANS and DEC's stream alteration program are on the same page regarding culvert size best practices for flood resilience and aquatic organism passage, and were able to provide concrete and consistent guidance to TDI on their proposed stream crossing locations and construction techniques. TDI will need to do additional analysis of the ~30 perennial streams where they proposed to cross via open trench construction, to ensure the transmission cable is at a depth to allow for future culvert upsizing. TDI may be asked to replace and upsize certain culverts as part of the project.

Vermont Gas Phase II: In late Sept the Town of Cornwall filed a motion with the PSB requesting that the technical hearings for VGII be moved from January to February to accommodate their attorney who would not be available in January. Vermont Gas filed a counter motion requesting the hearing be moved to December rather than February to accommodate the January conflict. The PSB solicited comments from other parties and this week ANR via OPLA filed comments with the PSB that ANR's seven witnesses would be available for hearing dates in February, but that it would be very difficult for our staff to attend a week-long hearing in December given pre-existing scheduling conflicts.

UVM/ANR Service Learning Coordinator Position: ANR and UVM are working collaboratively to establish a new position at UVM that will actively manage the many existing and potential new intern and service learning opportunities for UVM Rubenstein School students at ANR. The position will be funded by UVM and split time between the Burlington campus and ANR's National Life office. OPLA staff represented ANR this week at final interviews for UVM's top two candidates; we anticipate to make an offer in the coming week. The coordinator position will enrich an already positive partnership and match research capacity at UVM with research needs at ANR and ideally create a path for students to intern with the Agency and then pursue employment upon graduation, which will be critical given the high number of anticipated retirements on the horizon at ANR.

Environmental Conservation

Automotive Technician Training: As part of the Mobile Sources Section's automotive technician training program, we conducted training classes on Oct 8 and 9 at the Barre Technical Center. The purpose of the training is to help Vermont's automotive technicians effectively diagnose and repair emissions-related malfunctions. Motor vehicles are the largest source of a number of air pollutants in Vermont, and while modern technology vehicles can emit very low levels of pollutants when operating properly, emissions can increase dramatically when vehicles are malfunctioning.

Autobody Shops Assistance and Outreach: Environmental Assistance staff conducted environmental compliance workshops for the auto body sector in Randolph and Newport this week. Additional workshops will be held next week in Springfield, Williston and Rutland. The workshops are a follow-up to the distribution of a new compliance guidebook developed for auto body businesses.

Anaerobic Digester Working Group: Waste Management has formed a working group with the Agency of Agriculture to streamline the regulations relating to anaerobic digesters. We are considering rule changes that would provide for certain exemptions as well as categorical certifications for this industry which will play an important role in our Universal Recycling law as it relates to the management of organics (food and yard waste).

Newport Wastewater Treatment Facility and Arsenic: We will be requiring the City of Newport to conduct an investigation into the sources of arsenic entering the City's wastewater treatment facility. Arsenic concentrations in the sludge are now at 170 parts per million, well above acceptable levels.

Fish & Wildlife

Need for Interconnection: Staff attended a ½ day workshop with speakers clarifying all the state's various bridge and culvert inventories. Take home message is, there are no less than four separate databases, none are comprehensive, several overlap, and no common identification system exists. (VTRANS' "Transstruct", & "Small Culvert Inventory", Town/Regional Planning Commissions' "VT Culverts.com", and ANR DEC/FWD "Stream Crossings"). Even taken together, something on the order of 200,000 culverts may not be included therein/inventoried.

Moose News: The firearm moose hunting season has opened. Wardens report few problems up to this point. Wardens continue responding to complaints of sick acting moose in various locations around the state. Most are suspected brain worm infection cases but a few just seem to be acting strangely perhaps due to mating urges.

Deer poacher arrested again! Warden Keith Gallant again arrested what he refers to as a wannabe-professional-poacher that he had arrested 3 weeks ago for the same offense. Again, he had jacked another deer and confessed to it. Warden Gallant also recovered two stolen bows with additional components from two other bow thefts. His investigation continues with additional charges likely coming for his partner who also used the stolen equipment to attempt taking a doe from the back of his truck. To top it all off, neither hunter has an archery hunting license!

Deer Poachers caught in the act: Wardens Russell Shopland and Jenna Reed, along with trainee Michael Scott, were working a nighttime decoy deer operation in the Albany area. At 1:00 AM they heard a loud rifle shot very nearby. Warden Shopland responded to check it out and located a truck leaving a field. After a brief motor vehicle chase the vehicle stopped and warden Shopland immediately saw a freshly killed deer in the back. The 5 occupants of the truck were arrested and charged with "Taking deer in closed season".

Forest, Parks and Recreation

Leases/Licenses: We continue to provide information and respond to requests from the State Auditor's Office regarding the Department's ski area lease program. The Auditor's Office has informed us that it is close to wrapping up their investigation into the State's ski leases, and expects to provide the Department with a draft report for review within the next month or two. We have finalized and signed a new license agreement with the FBI for their communication facility at Killington Peak (Coolidge State Forest). The Department continues to be concerned about VTel's plans to place a needed fiber optic line at Killington Peak on overhead poles near the summit of Killington Peak, and will be coordinating its review of this project closely with the Department of Public Safety (which manages the Killington Electronic Communication Site) and Killington ski area (which leases State land directly adjacent to this communications site).

State Parks Stone Hut: Demand for a winter stay at the Stone Hut near the summit of Mount Mansfield has always been strong. The CCC era building sleeps 12 people, and is so popular a carefully crafted lottery system is used to decide who gets to stay. Mailed requests for this winter season are being accepted until Nov 5.

Backcountry Skiing: Recreation Coordinator Jessica Savage met this week with members of the Vermont Backcountry Alliance to move forward in developing a backcountry skiing and riding ethic to be promoted by all affected public and nonprofit partners. Planning also continues on the Backcountry Forum, scheduled for Nov 6, during which all partners will meet to discuss this and other ways to encourage and manage this popular activity.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: October 24, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY: I coordinated with the AGO this week on the EPZ settlement as Entergy has agreed to fund the EPZ at the latest request of \$879k for 4 years. The agreement may be getting broader, however, as Entergy has expressed a willingness to finance the Spent Fuel Management from lines of credit, and not from the Nuclear Decommissioning Trust (NDT) fund (which would be a huge concession - \$130M) in exchange for our agreement not to object to them seeking reimbursement from the fund for the EPZ. AGO and we both think this is a great deal if we can make it happen. Also, Entergy is willing to role in the other funds needed to support ANR and DOH in the decommissioning effort – and those funds would be supportable as coming out of the NDT. I have sought feedback from Liz and Sarah on this, before meeting with Entergy next week. On the 30th, we have our second NDCAP meeting scheduled to discuss the Site Assessment.

FairPoint: Daily calls are ongoing since the commencement of the strike. Consumer call center wait times have dropped considerably from about 1.5 hours after the strike to under

15 minutes as of yesterday. The line was out for about an hour yesterday afternoon due to equipment failure that has been repaired.

FirstWind: Claude Cote sent a letter to the Therriens asking for a written response to their last offer now that they are no longer represented by counsel. We worked with the Therriens on a constructive response sent yesterday (after, in writing, making sure the Therriens understood we were helping facilitate discussions but were not in any way providing them with legal advice). Spoke to Claude last night and asked him to be constructive in responding and keep the dialog going. They are still pretty far apart – most notably because FW backtracked on their offer to consider purchase of the entire property rather than just 2 acres, but I discussed that with Claude and he understands that purchase of the whole property was certainly on the table from my discussions with him, and that seemed to result in some movement on FW’s part.

VGS: Protest is scheduled for Monday afternoon – I believe they will be targeting the Governor’s office on this one, but we are implementing added security here as well and will be locking the doors at noon on Monday to help ensure no unauthorized access. Please let us know if we can be helpful in your preparations or response.

Meetings this Week:

- Oct 20** – Darren meetings with Johanna Miller, VNRC, and Gabrielle Stebbins, REV.
- Oct 21** – Chris in DC for FERC visit. Darren and Asa meet with Aaron Adler.
- Oct 22** – Darren meeting with Ginny Lyons in Williston, and Crea Lintilhac in Shelburne. Chris talked with Don Rendell of GMP; Chris met with Don Gilbert at VGS
- Oct 23** – Darren speaks at SunCommon community solar commissioning in Addison County.
- Oct 24** – Chris and PSD/Dept. Finance meeting on fy16 budget. Darren and Asa meet with Aaron Adler, leg counsel.

Meetings next Week:

- Oct 27** – Darren speaks with VNRC policy team on legislative initiatives.
- Oct 28** – Climate Cabinet. Chris attends VY interagency meeting. Darren and Asa meet with VPIRG, VCV, and VNRC on total energy study.
- Oct 29** – Chris meets Twomey, attends interagency briefing on VY at Speaker’s Office. Chris joins Liz for Dick Gephardt meeting. Darren and Asa meet with Speaker Shap Smith to discuss legislative initiatives. Darren meets with Mark Fowler from Congressman Welch’s DC office.
- Oct 30** – Chris attends NDCAP meeting.
- Oct 31** - Chris attends VEDA meeting.

Media: Chris spoke with Neil Goswami on ACEEE rankings. Darren spoke with Zach of Addison Independent at community solar commissioning on solar and permitting. Darren quoted in VTDigger article on RPS/REC issues. Darren spoke with Erin at Rutland Herald on solar grants from DOE. Chris spoke with Erin on Site Assessment and Penalty phase of VGS proceedings, and with Jeremy Dillon (Exchange Monitor – DC) on VY Site Assessment.

Everything Else:

PERD

Residential and Commercial Building Energy Standards (RBES & CBES)

- Code Update:
 - The RBES and CBES rule was submitted to LCAR and the SOS. We received a request from LCAR staff to amend formatting and provide minor changes to the code language documents. Those changes/corrections were made and the documents have been resubmitted. LCAR Staff also requested a summary of the changes made from IECC 2015 for the VT Energy Codes (this information is not required as part of the rule filing). We agreed to get them this information prior to the LCAR hearing. We are still scheduled to present the rule to LCAR on October 30th.
 - The revised energy code language and responses have been posted on the PSD website, with an email notification sent to the distribution list. The email notification also included information on the delay of the effective date of stretch to December 2015 and the notification that we will hold stakeholder meetings to discuss the economic impact analysis.

Clean Energy Development Fund

- Worked with VEDA on issues regarding a potential foreclosure of CEDF security interests in a CEDF borrower that has defaulted on their CEDF (and ARRA) loan.
- Organized/scheduled a special CED Board meeting for 10/22 to deal with necessary changes to the CEDF FY '15 Budget.

Renewable Energy Items

- Spoke with Ellen Strauss of the Mad River Valley Rural Resource Commission about the Warren crib dam ahead of a Selectboard meeting about potentially removing the dam. ANR rejected the town's stream alteration permit to repair the dam, which would be a necessary precursor to any hydro development. Advised that the PSD was working with ANR and SHPO to offer assistance to projects that met threshold criteria from all three agencies, one of which would be meeting stream alteration standards, and that should the project receive a stream alt permit, we could help them figure out the next steps w/r/t hydro development.

Utility Resource Survey

- Experimentation with online presentation of data collected from Utilities is ongoing. Latest efforts can be viewed here ([MWhs Acquired in 2013, Broken Out By Utility, Fuel and Type of Acquisition](#)) and here ([REC Transactions Broken Out by Utility and Fuel and Type of Acquisition](#)).
- Staff have asked a local independent web/database developer for a scope and budget related to moving our net metering and generator information, currently housed in numerous spreadsheets, online. This would allow the direct and “live” publication of net metering data by utility, the publication of which is now required by statute.

Engineering

VY Conducts Drill to Test Post-Shutdown Emergency Response Organization

On Thursday, VY staff conducted a limited site emergency drill to test the functioning of the Emergency Response Organization (ERO) proposed for implementation subsequent to VY’s final shutdown in December. The main purpose of this drill was to allow members of VY’s post-shutdown operational (i.e. SAFSTOR) organization to become qualified in roles specified in the ERO proposed by VY in a Licensing Amendment Request summarized in Entergy Letter BVY 14-018 that is currently under review by the NRC. While there was no State participation in this drill, the State Nuclear Engineer is monitoring feedback from the drill for any potential concerns regarding the new ERO’s functioning. VY intends to conduct several additional drills before the end of the year to qualify more ERO staff.

VY Issues Site Assessment Study for Decommissioning Costs & Tasks

On Friday (October 17), Entergy formally issued the VY Site Assessment document that it committed to delivering to several Vermont State Agencies (PSD, ANR, VDH) as part of the December 23, 2013 Settlement Agreement concerning the continued operation of VY through the end of 2014. The Site Assessment, delivered more than 2 months ahead of its deadline, summarizes the required tasks to completely decommissioning and remediate the VY site in accordance with Federal and Vermont State environmental and health laws. Additionally, the Site Assessment updates the current estimated cost to complete all of these activities. The Site Assessment also includes a draft of the VY Post-Shutdown Decommissioning Activities Report (PSDAR) that VY will subsequently submit to the NRC for review. Under the terms of the Settlement Agreement, the several Vermont State Agencies now have 60 days (through December 16) to review and provide comments to Entergy on the PSDAR draft. As required by the Settlement Agreement, these comments will be included in PSDAR that VY will subsequently submit to the NRC. Entergy has indicated that they will submit the PSDAR to the NRC as soon as possible following the close of this 60 comment period, pending the resolution of any significant comments received from the State.

PSD Receives NRC Staff & Entergy Responses to Petition to Intervene Request

In a follow-up to the Petition to Intervene / NRC Hearing Request that was previously included as part of the September 24 report, the Public Service Department has received formal Answers to the Petition from Legal Counsel for Entergy and the NRC Staff. Both Answers request that the Atomic Safety Licensing Board (ASLB), formed to rule on the Petition, deny PSD’s request. The Petition was filed regarding Entergy’s License Amendment Request (LAR), documented in Entergy Letter BVY 14-018, that proposed changes in the minimum staffing levels for VY normal operation and Site Emergency Plan (SEP) Emergency Response

Organization following permanent shutdown and defueling. The Petition requests that Entergy delay the elimination of the Emergency Response Data System (ERDS) following VY's permanent shutdown, until all fuel is removed from the Spent Fuel Pool. ERDS is specifically identified in the VT State Radiological Emergency Response Plan as the means for evaluating VY conditions for emergency action recommendations during a declared Alert or Emergency situation at the plant. The Petition was filed specifically to assure that the NRC is aware that the State considers the loss of radiological response assessment information available through ERDS to be a serious matter. The Answers filed by Entergy and the NRC staff both identify procedural reasons why the ASLB should deny the Petition, but do not provide a technical justification for its denial. PSD staff, including the State Nuclear Engineer, are currently drafting a response to these answers, which are due to be filed with the ASLB no later than October 27.

2014 Vermont Gas Systems Addison Transmission Pipeline Construction

Representatives of VGS informed the Gas Engineer and Inspector that management for the Addison Natural Gas Pipeline (ANGP) Project has been reorganized to include greater direct involvement by the company personnel. The reorganization includes hiring a project quality control manager (starting this week) and the assignment of company engineering personnel in place of functions which had been previously contracted. These initiatives are intended to remedy current project inadequacies the Department has been discussing with the company including welding verification, pipeline anomaly analysis/remediation and procedures to prevent reoccurrence. The Department also reviewed records produced by the construction-inspection company retained by VGS during this report period. 20,800 feet of pipeline installation has been completed, as of this week.

Public Advocacy

Kingdom Community Wind – Docket 7628 – On October 16 the PSB issued an order addressing the long-outstanding question of a penalty for noise violations. As reported earlier, PSD's efforts to involve a noise expert preferred by project opponents did not succeed. As a result PSD proposed going forward with the continuous monitoring proposal it had filed in May; GMP filed in support. The Board's 10/16 order imposed a civil penalty of \$1000, but also ruled that GMP must pay for the continuous monitoring program and would not be allowed to recover the cost. The cost is expected to be in the range of \$109,000 to \$150,000 for one year of monitoring (possibly more if litigation ensues). PSD is preparing a contract for implementation of the monitoring program.

VY License Amendment Request – NRC 50-271-LA – NRC Staff and Entergy filed responses to the Department's motion for intervention and request for hearing. Both parties opposed the Department's intervention largely on procedural grounds, including untimeliness of the filing, the proposed contention being beyond the scope of the proceeding, and the filing constituting an impermissible challenge to an NRC regulation. The Department is forming a reply to the NRC and Entergy responses, and will file the reply by October 27, 2014.

NextSun Solar – Main Street – Docket 8195 – The PSB approved, subject to technical conditions, the letter of credit and drawing certificate, making the petitioner's request for a waiver of the correlating condition moot. The petitioner submitted a letter informing the PSB

that it has fulfilled all pre-construction CPG requirements and intends to begin construction.

NextSun Solar - Park Street – Docket 8194 – – The PSB approved, subject to technical conditions, the letter of credit and drawing certificate, making the petitioner’s request for a waiver of the correlating condition moot. The petitioner submitted a letter informing the PSB that it has fulfilled all pre-construction CPG requirements and intends to begin construction.

Barton Solar – Docket 8148 – The PSD contacted the petitioner in an effort to understand why the PSD had not received a response to the Menards’ allegations. The petitioner claims he did not receive the Menards’ correspondence, nor the PSB’s memo requesting the petitioner’s response. After the PSD shared the documents, the petitioner responded that he had no knowledge of a tractor-trailer truck (if there was a truck) incident. Further Barton Solar claims there was no damage to the Menard’s lawn the morning after when Anthony Menard informed him of the incident. The PSD reached out to both the petitioner and the Menards. Tony Menard states that the driver of the truck that made a delivery to Barton Solar the next morning admitted to causing the damage and provided insurance information. The PSD will inform the PSB of this information.

VGS – Rule 5.409 Penalty Investigation – Docket No. 8328 – On October 7, AARP filed a notice that it would not intervene in this proceeding. On October 14, Ms. Peyser (a Monkton landowner) and CLF filed motions to intervene. On October 21, VGS filed a response opposing the two motions. The Department filed a response explaining that neither CLF nor Ms. Peyser articulated a sound basis for intervention. The case is now with the Board to issue an order on the scope of the proceeding and an order on the motions to intervene. There is no telling when such an order will be issued.

GMP – Fourth Quarter Power Adjustor – No Docket – On October 21, GMP reached out to the Department to seek feedback on a proposal for the Q4 power adjustor filing, which is due to be filed October 30. GMP’s actual Q4 power costs are generally in line with the projected costs, so the Q4 power adjustor (absent the DOE settlement funds noted below) results in a *de minimus* \$12,000 back to ratepayers. However, GMP has now received the settlement funds from DOE pertaining to the spent fuel litigation. These funds flow through power adjustor accounts and in Q4 would result in approx. \$2.5 million flowing back to ratepayers. GMP would like to hold on to these funds (providing interest at the long-term interest rate) and use them to offset next year’s storm costs. This is similar to the manner in which GMP deferred returning approx. \$1.4 million from the Q3 power adjustor for the same purpose. GMP relates that there are approx. \$5 million already incurred for major storms and contends that its proposal would have the benefit of mitigating the surcharge that will result from these storm charges next year. The Department is considering this proposal.

Rule 4.100 Annual Rate Setting Investigation – Docket No. 8010 – Rebuttal testimony was filed by GMP, BED, and VEC on October 15. The utilities provided strong responses to issues raised by producers seeking to increase the avoided cost rates filed by the Department. Separately, VIPPA responded to the Department’s discovery, which focused primarily on a VIPPA expert testifying that the natural gas price projections incorporated into the Department’s proposed avoided cost rates (which are based on EIA data) are too low. The Department is reviewing

those responses now and preparing for an October 30 technical hearing. On October 17, VIPPA made initial overtures to discuss a settlement, and the Department indicated that it was open to such an agreement and looked forward to hearing what VIPPA could deliver. VIPPA has yet to follow up.

GMP – Excess Revenues Declaratory Proceeding – The Board issued a scheduling order on October 21. The NU Companies moved for limited intervention for the purpose of seeking dismissal of the petition or, in the alternative, to stay the proceedings during arbitration. GMP responded, noting that it did not oppose full intervention, but that it does oppose the request for limited intervention.

Vermont Water Utilities Rate Increase – Tariff 8517 – The PSD has received a package of documentation from the petitioner. The PSD will begin reviewing this package and then resume settlement conversations. The PSB has set the PSD recommendation due date as December 16th. The PSD is hopeful that resolution can be achieved at an earlier date.

SunE Rutland Solar – Docket 7957 – Andrew Raubvogel filed a notice of appearance and notified the PSB that all requisite CPG conditions having been fulfilled, construction will commence.

Champlain Valley Solar – Docket 8248 – The PSB found the project will promote the general good and issued a CPG, subject to expected conditions.

Charter Cable CPG Renewal – Docket 7820 - The Department has encountered new complications in its settlement discussions with Charter and VAN due to certain issues being raised by VAN. Many of VAN's requests appear inconsistent with federal law, but the Department has been meeting with VAN and proposing changes to the settlement terms that would fall within the Board's authority and still address the AMOs' complaints. As of today, VAN has provided comments on the Department's proposed changes and the Department hopes to provide a revised proposal for settlement to Charter by the end of the day, which will likely lead to an additional round of edits.

Use of EEC Funds to Reduce Fossil Fuels – Docket 8311 – PSD has filed a proposed agenda for a second workshop, now scheduled for 11/17/14. PSD will file additional details on agenda on 10/24. Following the workshop parties will file a proposed litigation schedule.

GMP New Substation in Duxbury - Docket 8308 – No parties have intervened in this docket. PSD has reached an informal understanding with GMP on how to address aesthetic mitigation. We will confer with Town of Duxbury prior to writing up formal agreement with GMP.

Chelsea Solar 2.0 MW Standard Offer Project in Bennington - Docket 8302 – PSD attended a site visit and public hearing on 10/16. This project is to be sited on 15 wooded acres that abut Route 7 and a small neighborhood in Bennington. The site visit was well attended by neighbors. The project area was not flagged and was very difficult to conceptualize due to the wooded nature of the site. PSD will be requesting that the site be flagged, and that numerous additional visual simulations be prepared as part of formal discovery. Neighbors expressed concern that

clear-cutting the 15 acres of woods would create noise and wind impacts. Concern with noise impacts resulting from tree clearing as opposed to facility operations is novel. So too is the question of whether an increase in wind might be considered an aesthetic or environmental impact of a project. PSD is investigating these issues with the Department's noise consultant. Our aesthetic consultant wants to conduct a follow up site visit. Discovery is due 11/3. This project is immediately adjacent to another standard offer project site. PSD is determining how and when (in this docket or the docket for the second project which has not yet been filed) to address the cumulative impacts of having these two projects side by side.

New England Power Searsburg #9 Switching Station 248(j) Petition – Docket 8138 – The Department filed a letter with the Board on October 15th indicating that none of the changes proposed by NEP raise the potential for adverse impacts under the Section 248 criteria and supporting NEP's request for Board approval. The Board approved NEP's request by order dated October 16th.

WEC Section 108 Financing Petition – no docket – The Department filed comments on October 20th recommending approval of WEC's petition.

Sheffield Wind –Docket 7156 – The Department filed an update with the Board regarding the status of the sound attenuation analysis at the Brouha residence. The update stated that the analysis is ongoing and that Vermont Wind was working toward providing additional sound data requested by the Department. The Department did not give a recommendation or estimate of the time needed to complete the analysis, though it did commit to providing the Board with monthly updates on progress going forward.

Comcast/Charter Merger – Docket 8309 – The Board issued a Proposal for Decision approving the proposed transfer. The Department does not have any substantive comments after review of the PFD. Comments to the Board are due to the Board by October 24, with a Board decision expected by November 1, 2014.

Telecommunications

VTA Fiber Cost Model – VTA staff provided information about the costs of fiber to the home projects based on VTA experience. These cost estimates are similar to those reported by ECFiber.

FairPoint Broadband Information – VCGI flagged approximately 10,000 locations as having service from FairPoint, approximately 700 of which do not have a known solution in place. VCGI is analyzing the data to determine when and why the locations were so flagged, so that the information can be submitted to Fairpoint for review and verification.

Broadband Data Processing – VCGI and PSD staff are working on a scope of work for the processing of broadband availability information. VCGI indicated that based on the current draft scope of work, the annual costs for the program will be approximately \$50k.

Maps for PSD Website – The PSD is interested in depicting interactive maps on the PSD website. VCGI recommended that if the primary purpose is to allow consumers to view simple map information, an inexpensive solution hosted by VCGI may be sufficient. However, if more complex maps are required, then a more complex solution would be required. PSD staff from various divisions are discussing department-wide needs to determine if the more robust solution is required.

Wireless Deployment Order – The FCC approved a Report and Order in Docket 13-238 that will improve and streamline wireless facility processes nationwide. The Order makes reforms to NEPA and historic preservation requirements. The Order also attempts to define language in the Middle Class Tax Relief Act of 2012, which states that localities “must approve” and “shall not deny” eligible requests to modify existing facilities. The Order has not been released to the public yet, but based on comments made by FCC Commissioners at the FCC October meeting, the Order may have some implications for Vermont's existing permitting regimes.

ACCD Technical Support – Staff met with the marketing team at ACCD to discuss the Telecom Plan. It is the Division's intent to finalize the language of the Telecommunications Plan next week and send it to ACCD for publishing. The marketing team will be able to transform the Department's draft into a presentable and publishable final plan.

Telecommunications Plan – Staff are finalizing the Telecommunications Plan based on comments received during the public comments period. Staff expect the language of the final plan to be completed by next week.

FairPoint IRP – Staff drafted testimony on the telecommunications market in FairPoint territory. The data suggests that almost all customers in FairPoint's urban and suburban exchanges have availability of one or more competitor service. Rural exchanges have few if any competitive alternatives. Staff gave testimony to that effect.

Wireless Telecommunications Facilities (248a) Report –

A summary of activity in the past week about wireless telecommunications facilities:

Date	Applicant/Location/Type of Filing	Brief Synopsis and if applicable DPS recommendation to the Public Service Board
10/16/2014	VELCO/Duxbury/ <i>de minimis</i> modification	Mounting of one dipole antenna at 70 feet high on a 90 foot tall monopole, co-locating with two other carriers; DPS recommended approval.
10/17/2014	AT&T/Lincoln Browns Rd/ follow-up to earlier recommendation	AT&T filed correct drawings and aggregate surface area calculations; DPS again recommended approval.
10/20/2014	Vt RSA No. 2-B2(US Cellular)/Wilmington/ <i>de minimis</i> modification	Addition of three antennas to US Cellular's facility on an existing 120 foot tall guyed lattice tower; DPS recommended approval.
10/20/2014	Vt RSA No. 2-B2(US Cellular)/Windsor/ <i>de minimis</i> modification	Addition of three antennas to US Cellular's facility on an existing 380 foot tall guyed lattice tower; DPS recommended approval.

Public Meeting Scheduled in Westmore

Pursuant to the new provision in last spring's telecommunications "Act 190," the Town of Westmore has requested a public meeting. The town recently received VTel's 45-day pre-filing notice of its intention to install a 90 foot tall monopole with nine flush-mounted panel antennas and a dish antenna, and at the tower's base an equipment cabinet. The town has not determined its position. It seeks more information and the opportunity to ask questions. The town requested that the Public Service Department attend the meeting along with the representatives from VTel. The public meeting is scheduled for Monday, November 10th 6:00 p.m.

Withdrawal of Opposition

The Town of Richmond has withdrawn its request for a hearing before the Public Service Board regarding the aesthetic effects of AT&T's proposed 100 foot tall monopole. The Department's aesthetics expert in this case concluded that the tower would not have an "undue adverse effect" on aesthetics. The prehearing conference that had been scheduled for Friday, October 24th has been canceled.

CAPI

FAIRPOINT STRIKE

FairPoint workers in VT went on strike as of Friday, October 17.

The majority of calls to CAPI are from consumers who report having trouble getting through to FairPoint customer service. Over the past four days, we have taken a total of 16 calls from customers who have waited on hold to speak to a FairPoint rep for over an hour. FairPoint reports twice as many calls as is normal coming into the call center and longer talk times while reps become familiar with the business. On Friday, there was an issue with the line connection; calls would cut in and out frequently during the conversations between representatives and customers. FairPoint has resolved that issue.

CAPI has taken 6 calls from consumers who have complained of cancellations of appointments or appointments scheduled several days out.

A consumer called us on behalf of his elderly neighbors who have no dial tone. A truck took the line out and the consumers have no cell service. FairPoint has pledged to expedite the repair but cannot give an estimate when it will be complete.

A consumer contacted CAPI about a missed repair appointment, which was scheduled for Monday, 10/20. That day the consumer received a robocall from FairPoint saying that the appointment would be rescheduled. She called customer service and was told the appointment was still scheduled and the repair would be complete by six that evening. When the line was not repaired, the consumer called FairPoint again. The consumer reports that FairPoint could not tell her when the repair has been rescheduled for. The consumer says the rep would not transfer her

to a supervisor and he told the consumer that he would put her on hold and she could stay on the line as long as she wanted but she would not get an answer.

FairPoint reported today that new repairs were being scheduled for Monday Oct 27. Installations for new service are being scheduled for early November. The company is holding disconnections for non-payment this week.

Regional Policy

New England Transmission Owners Return on Equity

- Up until last week, the base return on equity (ROE) earned by the New England Transmission Owners was last established in 2006, and at that time was set at 11.14 percent. Transmission Owners can also receive adders to this base ROE to reflect certain policies favored by FERC (such as joining a Regional Transmission Organization).
- In 2011, a coalition of state regulators and end-use customers, including the Vermont Department of Public Service, filed a complaint at FERC stating that the base ROE was unjust and unreasonable because capital market conditions have changed since 2006. On June 19, 2014, FERC issued an order modifying in two ways the methodology it has previously used to establish ROEs.
 - First, rather than using the midpoint of the range of reasonableness, FERC used a point halfway between the midpoint (9.39%) and the top of the zone of reasonableness (11.74%).
 - Second, FERC used a two-part discounted cash flow methodology, which incorporates both short-term and long-term measures of growth in dividends, rather than only using the short-term as has been FERC precedent for transmission cases (although ROE proceedings for oil and natural gas pipelines have utilized the two-part DCF methodology).

On October 16, FERC issued a follow-up order that established a base ROE of 10.57% and a maximum ROE, including incentives, of 11.74%. The New England Transmission Owners will have to refund customers the difference between the new, effective, ROE and the prior ROE for the 15-month refund period from October 1, 2011 through December 31, 2012, as required under the Federal Power Act.

- In December 2012, a second, parallel, complaint was filed by consumer advocates to bring down the Transmission Owners' ROE even further. The Vermont Department of Public Service also joined that complaint. This second complaint is ongoing and on October 21 the FERC Settlement Judge assigned to the case recommended that the settlement proceedings be terminated as parties are unlikely to reach agreement.

Market Prices

- On October 16, FERC staff presented its Winter 2014/2015 Energy Market Assessment. The main takeaway for New England is that January and February 2015 futures prices are extremely high for the region. The average of contracts made in October to deliver gas and energy in January and February are \$21.45/MMBtu for gas futures prices (up 82% from last October) and energy futures prices at \$183.88/MWh (up 84% from last October). The futures prices are indicative of what market actors believe prices will be and the actual prices in New England will be largely dependent on how cold it gets and how long it stays that cold. There does not appear to be any consensus among weather forecasts as to likely temperatures for New England this winter.



State of Vermont
Department of Public Safety
103 South Main Street
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To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: October 24, 2014
Subject: Weekly Report

Vermont State Police

A Troop

Troopers arrested (5) subjects with 6 total charges. Troopers continued proactive patrols that resulted in (2) DUI arrests and (2) DLS arrests. There were (2) burglaries conducted during this past week and (2) thefts reported.

We have seen an uptick in Burglaries and thefts in Underhill / Jericho and Lam area. Troopers have identified suspects and made two arrests however burglaries continue. Troopers are developing intel and will be working with local agencies in hopes of identifying the source of sales as local burglars have developed new points of sale. Troopers are also working with VSP MX and NH to conduct trailhead parking theft investigations and sting operations.

Arson Detectives and Troopers investigated a MJ grow operation in Eden. Home was a total loss and warrant revealed a large grow operation with new equipment slated for a barn to have started in the near future.

B Troop

K9 units from different areas to a search of Northern State Correctional Facility on Friday. It is unknown as of right now if they found anything.

Aggravated assault at local bar-1 arrest

C Troop

Arrested a suspect for trespass, young male dating a female, parents don't approve, had him served with an order, they went away on vacation and male violated order by coming to residence, captured on game camera.

Pulled over a vehicle for speeding, consent to search obtained, non-prescribed medication located, subject arrested for possession of controlled substance.

New Case, Agency Assist to Barre City PD and DCF. Courtesy interview(s) of 3 children 3,5,7 yr olds in reference to child abuse investigation. Interviews conducted on 10/17/14 at CAC. Supplement and case files will be forwarded to Barre City.

New Case, 10 year old Autistic boy alleged forced oral sexual assault by 13 year old brother in the home. Interview was conducted and disclosure was not made. No charges or further SIU involvement.

D Troop

LOST HUNTER – Burrington Hill Road/Whitingham. A wife reported to off-duty Watkin that her husband Mark Colford had not returned from bear hunting and his truck was still parked on Burrington Hill Road. Valcourt/Watkin hiked in after hearing a few gunshots and located him approximately .70 miles into the woods. Subject was not injured.

Vehicle stopped for going a 110 in a 65 mph zone on I91 in Springfield; arrested one for Excessive Speed, Negligent Operation, & Cruelty to a Child <10 (had 7 year old in back seat, not properly belted in booster seat)

Stopped a vehicle on I91 in Weathersfield; 0099 done; 2 arrested for possession of bath salts (over 3 ounces)

A Heroin overdose was reported in Hartland. Rescue arrived before Troopers and revived the subject.

New Assault case from the Southern State Correctional Center, Inmate assaulting inmate

Arson

Monday - Residential fire investigation in Elmore. The residence was not visible from the road as a result the fire was not reported until the structure had already collapsed. While conducting a walk around of the residence Paul Cerutti with DFS noticed a few MJ plants growing in a garden behind the residence and some black plastic hanging in the barn door. A strong odor of MJ was emanating from the barn. Sgt. Smith applied for a search warrant for all the buildings on the property. 4 MJ plants were found in the garden as well as evidence that several more had recently been cut. 13 MJ plants were found in an indoor grow in the barn. The owner of the residence retained a lawyer and was issued a citation. The cause of the fire is unknown due to the amount of destruction. Sgt. Lamothe assisted Sgt. Smith.

Fire investigation involving Thetford PD's police cruisers. Sgt. Otis and Sgt. Smith responded to the scene and determined the fire was intentional and an act of arson. They are re-opening the case from November of 2012 in which Norwich PD lost 3 cruisers to a fire. Sgt. Smith and Sgt. Otis are still working on the case.

DEMHS

Monitoring events/attacks occurring (occurred) so far in St. John Quebec and Ottawa Ontario. Discussing awareness of statements made by terror groups (ISIL) calling for attacks on LE, Military and Homeland Security officials in the west. From the 10/15/14 DEMHS weekly "...many emerging matters. Of most notable concern was the message of the likely growing threat to the homeland driven by ISIL, AQ and Cyber..."

Maintaining awareness of the Ebola virus (EVD), the Watch Officer will be participating in the daily briefing provided by the Health Operations Center, or HOC. An incident has been created in DLAN.

HAZARD MITIGATION staff conferred with FEMA R1, learning that several HMGP projects have cleared final review and will be obligated next week. The State Hazard Mitigation Plan Update application is in final review and expected to be obligated in FEMA's November Spend Plan. To date, 83 HMGP buy-outs have been closed out of 119; the Hazard Mitigation Committee met this week.

The 30-day appeal period has elapsed for denial of federal declaration request related to the flooding of July 28 in Chester area. Local repair costs are being largely covered through the Transportation Emergency Fund.

Fire Safety

The Division received \$2.5 Million in new plan review construction valuation collecting \$14,000.00 in permit fee revenue.

We have a building in Rutland located on Main Street with some structural issues. Some of the bricks are falling off and the front of the building has some questionable structural issues which are going to be more prevalent with winter weather. The owner resides out of State and we are having difficulty getting this building owner to do anything to address the issues.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: October 23, 2014
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Interest to 5th Floor from BGS Directors:

A Second Federal Surplus Fire Truck from the US Air Force Base in Misawa Japan has been awarded to Vermont. The first fire truck we received last month ended up at a very pleased Middlesex Fire Department. Replacement costs for these two vehicles is estimated to be over \$700,000. More details to follow. We will be drafting a press release to announce these two significant acquisitions. Bob Kilpec of the Vermont Fire Chief's Association will be assisting us in finding a good home for this asset.



Rest Areas: Except for Williston, the programming for the preventative maintenance projects is complete. BGS project managers need to be selected to go over the process, roles and responsibilities with AOT. This is a pilot program with AOT and FHWA that needs to succeed in order to continue to receive funding. These projects need to be a priority.

Montpelier 122 State Street Heat Plant: A problem has been found between the ID fan and the forced draft fan on the Johnson boiler causing a serious issue with unburned fuel. A fix is being worked on and will require a shutdown of four hours. The City has been notified that shutdown is required and will be notified as soon as it is scheduled. Excess water usage has been discovered due to the continuous blow down of the Johnson boiler and the location of the temperature probe. A solution has been developed and we are waiting for approval from the design engineers. In preparation for starting the chip boilers this week, the boiler operators started the chip delivery system on Sunday and found that the chips were not moving through the inclined screws. After two days of working on the system, the contractor was on site Wednesday (10/22/14) to review why the system is not moving the chips. The contractor found that when the liner was removed from the screw conveyor, the chips processed as designed. The plastic liner acts as a barrier for the screw to ride on. The screws come in sections which need the support of the liner. The contractor has modified a section of the liner and reinstalled it all the joints. They have two other conveyors to retrofit and this should be done by late tonight. If all goes well, we will start the chip boiler today 10/24.

Significant Events/Meetings:

Meeting with the Governor FY2016: The Governor raised concerns about other matters including the rebuilding of the Roxbury Fish Hatchery, an education capital construction consolidation program and concerns about the AG/ANR Laboratory.

Vermont Department of Health Laboratory: Ribbon cutting held Wednesday, October 22nd a success!

VSARA/Print/Postal: Plan approved to install inserter on schedule. Working with the Secretary of State on VSARA space issue.

Austine School: Met with Emily Kisicki and Jacob Humbert, AAG, who is serving as SOV point of contact in the bankruptcy proceedings for the Austine School. He participated in an initial meeting of the creditors on Monday 10/20, and met with BGS afterwards to discuss. BGS role at this point is to monitor. Key issues are costs for maintenance and preservation of the property during the pendency of the bankruptcy proceedings, and the validity of SOV's statutory lien.

Time's up, rise up! Protest scheduled for Monday, October 27th: Working with Sergeant at Arms, Tom Cheney, Les Dimick and others. Trying to connect with the organizer of the event, Will Bennington.

FINANCE AND MANAGEMENT

Issue Updates:

Commissioner Reardon, Deputy Commissioner Clark and the budget analysts continue the FY 2016 departmental budget meetings. This week the budget office met with the Auditor, Treasurer, Lt Gov, Executive Office, E-911, Human Rights Commissioner and the Secretary of State's office among others.

The budget office conducted FY 2015 budget adjustment meetings with the Agency of Human Services.

Commissioner Reardon and Deputy Commissioner Clark participated in update calls with the ratings agencies – including S&P, Fitch and Moody's. The calls went well.

HEALTH CARE REFORM

Green Mountain Care Planning/Financing:

Innovation Waiver (CCIIO): Robin & Devon again stressed the need with CCIIO to move forward with a document verifying waiver assumptions by January, even if they are pursuing rulemaking. Mayra Alvarez indicated she understood and was working internally to move that forward on a faster timeline than regulations, which they also intend to do. The team is doing a presentation to CCIIO, Treasury, and OMB (as well as others from HHS) on Friday the 24th, which will include a brief overview of GMC and a deep dive on a proposed funding calculation for ACA pass through funds, which our actuaries at Wakely have developed for us. Our plan is to do weekly presentations/calls on each of the ACA requirements to demonstrate the assumptions we would like to use and verify via an MOU or similar document. We are pushing the feds to have these calls prior to the Governor's call with Secretary Burwell (which I am hoping will be scheduled the week of November 17th), so that we can push hard on the MOU concept at that call. We are finalizing our draft MOU paper this week and Robin will hand that to CCIIO on Friday. Robin will also follow up with the delegation to strategize how to increase the pressure on CCIIO to get the document moving, since their clearance process is lengthy and time consuming.

Benefit Plan Designs: We have 7 draft benefit designs across 3 actuarial value levels (80%, 87%, 94%) plus Medicaid 2012 benefit levels, which are with the actuary to cost out for Gruber and provide relative values. We are working on the best way to move forward with public input in late November and with the GMCB in December.

Robin is going to talk to Al about the process for validating actuarial value. The federal AV calculator is only updated for 2015, not for 2017. As a result, CCIIO has agreed that the state should use Wakely's AV calculator for the purpose of showing that the benefits we are providing meet the waiver standards. Robin and Devon talked with GMCB staff about ensuring that their actuary was fine with a similar approach, so that we could ensure that the methodology was consistent. The GMCB staff is resistant to having their actuary speak with Wakely to work out the methodology, because they are worried that this in some way undermines the independence of the GMCB. They prefer to have Wakely show their work when we provide the benefit packages in December. The risk of doing this is that the 80% AV plans could easily fall below that level if the actuaries aren't using the same methodology. This may need escalation depending on how the conversation with Al goes & Robin will keep you posted.

Stakeholder Engagement Planning: The team has developed a list of key stakeholders who we could engage with. Realistically, there isn't enough time in November to do a thorough job of meeting with the long list, so we need to prioritize a short list. Robin is meeting with Heidi Klein next week from VDH in order to develop the stakeholder engagement plan. Heidi, however, has Ebola on her plate, so her time may be too limited. She was also clear that she could not help with public education, because this is not her area of expertise.

Economic Modeling: Staff is making progress on the economic modeling. Jon Gruber will have the first runs out of his microeconomic model next week. The team will review the initial modeling results and discuss the initial results with Gruber the first week of November. Modeling is an iterative process, and the early going will be identifying issues to be fixed and refined in the model. The Administration and JFO are making progress developing the joint macroeconomic model that will be used to evaluate Green Mountain Care's impact on the state economy. The tool should be ready to accept input from Gruber's model no later than November 15th. Both Tom Kavet and Jeff Carr caution that it is hard to evaluate risks to maintaining the timeline because they don't know the contours of GMC's coverage and financing proposals.

SIM Update:

The SIM Core Team decided the round two sub-grant awardees this week (applicants are being notified on 10/23 and 10/24). There will be seven awards totaling just over \$2.6 million. The SIM Team is continuing work on the Operational Plan Update (due 11/1) and planning for a project-wide retreat on November 4th in Montpelier.

HUMAN RESOURCES

Press Contacts:

Contacted by VPR and VTDigger to respond to the press release indicating a 17.9% increase in State employee health care premiums.

Significant Events/Meetings:

Meetings with Tax, DPS and Treasurer's office regarding HR services. All meetings very positive. Organizations were happy with the changes being made to the structure of our investigations unit. Tax and DPS are eager to be part of the position pilot program and will want to present such to the legislature this upcoming session. Treasurer's office wants to partner on revamping the disability retirement process. Began initial discussion with DPS regarding upcoming VTA negotiations.

Meeting with VSEA and VTA to discuss increase in health care premiums. Presentation of the data went well although no one was happy with resulting 17.9% increase. DHR committed to further discussions with both groups about enhanced collaboration moving forward through our benefits advisory committee.

Two meetings with VSEA to discuss list of issues for upcoming legislative session. #1 issue is their concern about how they will fare under a single payer model. VSEA is looking for guarantees/MOU signed by the Governor which would essentially guarantee a wrap plan for state employees. They are also looking for a dedicated funding stream for the VT Veteran's Home.

Job/Internship Fairs, including Tech Jam, are happening over the next three weeks. Received good support from the IT managers to provide coverage of Tech Jam on both days. We have also signed up for a Veterans job fair at the beginning of November.

Emerging Issues:

AHS has created an incident command center structure to contend with the Health Care Exchange work. DHR staff will support the unit (about 30-40 AHS employees) within their HR capacities on an ongoing basis.

Continued work on the transition of the investigations unit. Assignments are being finalized. Documenting the business process is next. Also taking a hard look at our stipulation, grievance and Loudermill processes.

Confirmed PEW center figures on 2013 medical plan premiums with PEW. They are analyzing the “Cadillac tax” issue.

Provided Treasurer’s office actuaries EGWP info. They are directly talking to Milliman about actuarial assumptions.

DHR is dedicating more time and resources to support the GMC effort and as such may need to relook at staffing in the benefits/administration division to support this growing need. Some efforts this week:

- Provided Steve Kappell & Julie Peper, a consultant for GMC, med plan data for 2013 and 2014, and responded to their interpretation. This effort included communication over several weeks, culling data, preparing tables and interpretation.
- Met with Tom Boyd of GMC on stoploss reinsurance, provided him with data.

Plans for relocating DHR to 120 State Street are on schedule. Planned move is for mid January.

INFORMATION AND INNOVATION

Status of Governor’s Priorities:

Healthcare: CGI Tier 1 Hosting executives have finally reached out as part of the Healthcare initiatives after nearly six weeks of no dialog. This is an important step in understanding what CGI's position is with regards to infrastructure hosting for the state both short term and long term. The first face to face meeting will occur early next week.

Evolving Issues:

Web: A Web Portal Board Meeting has been scheduled for December 1st. The primary reason for the meeting is to consider the 3% enterprise fee for credit card processing.

Harry met with Health, ACCD and the CMO’s Office to begin requirements gathering for a potential upgrade to the Events Registration tool. Next steps are to meet with VIC about whether to try to identify an existing system with the requisite features or to develop in house.

Harry will meet with the Lottery Commissioner to begin the process of separating the problem gambling Website from the main Lottery Website. Launch of this new site would coincide with the launch of their new main site.

Microsoft Applications: Efforts continue around building the business case for Microsoft Office 365 versus on premise email, office productivity applications (e.g. word and excel), collaboration, and instant messaging. This proven Software-as-a-Service (SaaS) model is now deployed in 20 states and also adds efficiency, availability and business capabilities around legal hold, archiving and discovery. Initial figures for Microsoft Office 365 look favorable when including MS Office desktop application licenses.

LIBRARIES

No report

TAXES

Legislative Update:

Ag Equipment: The Commissioner is set to meet with one of the taxpayers next week.

Health Care Oversight Committee: The Commissioner has been invited with others to speak next week about efforts to educate taxpayers about possible federal filing return requirements related to the penalty or premium subsidy. Of course, we do not train our staff to answer federal tax questions unrelated to state tax, although we can direct people to federal resources. I have suggested to JFO that the Committee might more want to speak to the local IRS practitioner liaison, Grant Peterson. Grant has specific ACA training for the army of volunteer tax preparers, and can explain how free efile software solutions for lower income taxpayers will automatically walk them through ACA issues.

VT College Of Fine Arts Lease: The Commissioner met with the Commissioner of BGS, and we found a path through to a Department letter to inform the parties that the state will not seek to enforce taxation on the buildings rented to the state, and a parallel BGS letter to inform the college that it will seek renegotiation of the lease to account for the absence of property taxes.

Operations:

VTax: This week VTax is undergoing the second round of end to end testing, with one more round set before go live for Phase 1 in the first week of December. The biggest issue thus far is working out the interface with VISION. Training and communication prep also continue.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: October 24, 2014
RE: Boards and Commissions Update

NOTES:

Veterans' Home Board of Trustees: Karen Moore resigned due to travel distance so there is one seat that is currently vacant.

Vermont Lottery Commission: As of next week there will be a vacancy on this board. I have been in touch with Martha O'Connor and agree we should take our time to get the right person. Martha and Greg Smith both love your last appointment, Ed Flanagan.

Vermont Humanities Council: There is one vacancy and one term that ends 12/31 that is not eligible for reappointment. Peter Gilbert and Chair Bill Biddle have recommended:

Sarah Dopp from Burlington. She has been a member of the Chittenden County Historical Society since 1980, President on 3 occasions. Founded the So. Burlington Land Trust in 2003 and is the President.

Rolf Diamant from Woodstock. He recently retired from a 37 year career with the National Park Service where he was the founding superintendent of the Marsh-Billings-Rockefeller National Historical Park.

Appointments Made This Week

Governor's Veterans Advisory Council:

APPOINTED: Carol Hitchcock, Springfield

Connecticut River Watershed Advisory Commission:

APPOINTED: Samuel Swope, Guildhall –

Northeast High-Level Radioactive Waste Transportation Task Force:

APPOINTED: Anthony "Tony" Leshinskie, Brattleboro and Hartland, CT.

Fire Service Training Council:

REAPPOINTED: Wendall Mansfield, Stowe (VT Fire Chief's Assoc.)

REAPPOINTED: Christopher Corbin, Jericho (Professional Fire Fighters)

Rail Advisory Council:

REAPPOINTED: David Allaire, Rutland City

REAPPOINTED: Christopher Andreasson, Hartford

REAPPOINTED: Joann Erenhouse, Bennington

REAPPOINTED: Carl Fowler, Williston

REAPPOINTED: Richard Moulton, Huntington

DAIL Advisory Board:

REAPPOINTED: Linda Berger, Montpelier

REAPPOINTED: Harriet Goodwin, South Woodstock

REAPPOINTED: Elizabeth Stern, Marshfield

Commission on Alzheimer's Disease and Related Disorders:

REAPPOINTED: Laura Murphy, Charlotte (Agency on Aging)

REAPPOINTED: Susanne Shapiro, Marlboro (Registered Nurse)

Livestock Care Standards Advisory Council:

APPOINTED: Brian Kemp, Cornwall (Beef Industry)

APPOINTED: Royal Larocque, Bethel (Slaughter Industry)

Water Well Advisory Committee:

REAPPOINTED: Claude Chevalier, Highgate (Well Driller)

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: October 24, 2014
Re: Weekly Report

Status of Governor's Priorities:

- Submitted targets for FY2016 budget. Met with Commissioner Reardon today.
- I moderated a panel on marijuana at a national conference of multiple states this past weekend. Great response! Highest attended seminar in the whole conference. Shared what was happening in Vermont with the study.
- Working with Rand Corp on information regarding other state regulatory approaches to marijuana. Monitoring the process in Washington State. There will be multiple ballot issues across the country on this issue. Regionally, Maine is looking to implement something on a small scale.

Legislative Issues/Contacts/Updates:

- Miscellaneous clean up language for Title 7.

Press Issues/Releases/Contacts:

- Nothing Now.

Significant Events/Meetings: Next Board Meeting 11/12/2014 - 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 new registers next week.
- Preliminary review of department processes for potential licensing and enforcement system. Considering using VIC as they are very familiar with our business processes to help with a statement of work.
- Performance Audit Exit Meeting held this week. A draft report will be coming out in two weeks.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners.
- Working with VIC on break open ticket reporting process. Prototype has been developed. Should be beneficial to Tax and DLC to gauge the amount of tickets sold and who they are being sold to. Working with Tax and should roll out this reporting process in January 2015.

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.

Legislative Prep Worksheet – Dept. of Labor

1. Pro-active



“Jobs Bill” - Workforce Training

- i. Gov Office will set up a meeting with ACCD and DOL to go through potential options for a Workforce Training Jobs Bill to put forward proactively this session
- ii. Clear delineation between DOL and ACCD roles: ACCD focused on economic development and growing business, provides link to employers for workforce training. DOL uses federal money to train workers.
- iii. A lot of good work on S.220 and VT Training Program happening right now, but can be more specific and pull out strategies for a workforce training bill
- iv. Lots of federal money in VT now for sophisticated job training including linking trainees with job openings (under federal Workforce Innovation and Opportunity Act (WIOA)), but we need to focus on alignment (between Workforce Investment Board, VT state training plan, WIOA) and have one State of VT message on workforce training



Prevailing Wage for State Construction



Worker’s Comp

- v. Rules are re-done, looking at them through lens of how business community will react
 - vi. Has been no rate increase for Voc Rehab Counselors since 2006
 - vii. Recommend an increase paid for by workman’s comp, but increase must be tied to results
- **Minimum Wage Exemption**
 - i. Mike Hoyt at DOL is looking at overhaul of all minimum wage exemptions
 - ii. Cleaning up language and definition so people don’t get slammed in audits
 - iii. DOL will be sending letter to help clarify exemptions for employers
 - iv. Still working on this, looking at law, and Peg Flory letter which asks DOL to send letter to clarify this issue for employers
 - **Abridged version of H.762 – Independent Contractors and misclassification**
 - **WET Fund Training Initiatives**

2. Defensive

- **Migrant Farm Workers** – good interagency work, handling checklist as each case comes through
- **Unemployment Insurance**
 - i. Proposal to eliminate one week waiting period a year early, which is not wise at this juncture. We will possibly see some nibbling around edges on UI but don’t anticipate problems)

3. House-Keeping/Neutral

- Potential federal fixes for Unemployment Insurance
- Expand Labor Advisory Council (minimum of 12 total right now)

4. Interagency

- Workforce Training – ACCD
- Prevailing Wage for State Construction - BGS

5. Overarching Themes

- Pro-active work on pro-business agenda and message

6. Questions

- Who is running the interim study on establishing a Public Retirement Plan?
- What is the status of bringing the union healthcare plans into the state plan?
- FYI – State of VT runs very effective job fairs with their own money, keep in mind for linking employee to employer initiatives

Legislative Prep Worksheet – Dept. of Public Safety

1. Pro-active

- **Transfer of E911 Board to DPS** – wouldn't be seamless, but also won't cost a lot of money, does trigger the DPS turning into an Agency question (see below)
- **Vermont Forensic Laboratory**
 - Depends on legalization of marijuana – will need to expand drugged driving capability if marijuana is legalized
 - \$ comes from Highway Safety
 - Looking at a lot of costs - \$1.2 or \$1.3 million just to revamp fingerprinting needs
 - Already cutting budget because of loss of transportation funds that they rely on
- **Legalization of Marijuana (ONLY IF recommended by Rand Study/administration)**
 - DPS will take a big lead in this, and they expect to. Here are some issues and some needs from DPS if this happens
 - Large camp against legalization, mostly sheriffs and law enforcement (George Merkel) will need to shift the conversation from “absolutely no” to “what will we need to put in place if this actually goes through.”
 - Need to show the positive results from decrim
 - Border Issues, will need to enhance border patrol
 - What happens to dispensaries? They are closely regulated currently and the Patient Alliance Group will work to ensure they stay in use
 - Authority to regulate – DPS or DLC?
 - Wipes out VT canine training program, dogs are trained on all drugs, won't be able to differentiate
 - Are federal grants at risk that require drug-free work place and staff?
 - 15 additional troopers will be needed
 - Updates to lab for drugged driving, TCH content regulation etc
 - Will need to double the size of the task force (12 people)
 - **Statewide Policy for Militarized Vehicles**
 - State Police currently has a policy for training and deploying militarized equipment
 - Anticipate major discussion in legislature this year
 - Best step forward is to make DPS policy the State policy
 - **Sex Offender Registry Audit Findings**
 - Changes will be needed
 - Gets hazy with regard to out-of-staters
 - Will need to work with Judiciary on this
 - General misunderstandings about the registry – DPS only performs clerical function, judges and Dept of Corrections makes decisions

2. Defensive

- Body cams? DPS thinks we will move to body cams in the future, but not right now
- DPS turning into Agency?
 - Donna Sweeney always tries to push this conversation, and it will come up if E911 Board moves to DPS, begs question of why not Dept. of Corrections in DPS, too?
 - It is suggested in a 2008 Study of Policy Strategies
 - IF we did something like this, should follow VTrans organization model with a Dept. of Police and then a series of divisions (Keith and crew seemed interested in this possibility for what it's worth)

3. House-Keeping/Neutral

- Electrical Installations
- Dispatch fees – DPS will be making recommendation on funding
- Electrical installations – may need tweak regarding solar panels and fire boxes in single family residences. DPS is working with VTC on program to license people on solar/fire safety work.
- Dispensaries – Enforcement Gradients
 - Right now it's either all or nothing for enforcement, need ability to suspend or revoke license etc

4. Interagency

- State Warning Point – Vtrans, Emergency Planning, VY
- Proposed energy efficiency rules – PSD
 - Lots of pushback on rules
 - People want fire safety to take over enforcement
 - Lots of misunderstanding/ignorance of rules

5. Questions

- FYI – DPS still feeling the loss of 9 position and reduction to their base
- There is an empty building right next to DPS in Waterbury - they wonder why isn't Fire Safety or another Dept. moving in? Fire Safety is currently paying lease where they are, could they save that money by moving in next door?