

WEEKLY REPORTS

Checklist
2/4/2011

Bill Lofy

Agency of Commerce and Community Development – Lawrence Miller

Agency of Agriculture – Chuck Ross

Agency of Transportation – Brian Searles

Department of Labor – Annie Noonan

Alex MacLean

Agency of Natural Resources – Deb Markowitz

Department of Public Safety – Keith Flynn

Public Service Department – Liz Miller* (shared with Beth)

Susan Bartlett

Agency of Human Services – Doug Racine

Beth Robinson

BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

Agency of Administration – Jeb Spaulding

Special Reports

Additional Report: Education

Additional Report: _____

Additional Report: _____

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development
Date: February 4, 2011
Re: ACCD Weekly Summary

The bulk of the week was spent preparing the jobs bill proposal, now out and on ACCD website. I have heard very strong support from staff and partners, especially comments on clear inter-agency effort. The staff has been very appreciative of open communication; morale is clearly substantially improved. Partner relationships are also substantially improved. VBSR especially excited.

I testified at House Ways and Means on Tuesday afternoon on what I thought would be brief comments on the R&D Tax Credit that just went into effect on January 1, 2011. There was heavy discussion of tax expenditures and philosophy of expenditures vs. appropriations. This was repeated from more quarters upon release of the Jobs Bill. The implication for the budget conversation could be significant though presumably the offsetting revenues would also be moved on-budget. Creating granting mechanisms in place of simple tax credits could be burdensome.

Commissioner MacKay and Deputy Commissioner Hollar

- Jen participated attended a meeting planning the Homeless Summit to be hosted by the Governor.
- Jen attended a House Appropriations Committee hearing in support of the Governor's funding recommendation of the Vermont Housing and Conservation Board.

Business Support

PUBLIC

- **Oatmeal Studios:** This longtime Rochester card publisher has been sold to their Massachusetts printer, Excelsior Printing Company. There are currently six full-time and four part-time employees at the company's facility on State Garage Road, which was built in 1987. Excelsior's owner, David Crane, said, "We are very excited to bring Oatmeal Studios into the Excelsior family. By joining our resources together we expect to be able to continue to strengthen and grow the business." Drysdale reports that the business will be staying in place.

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- **Omni Medical, Milton:** DOL reports that the company is laying off workers. GBIC which holds the mortgage was not aware of the lay off and is following up.
- **Tempur-Tech, Bennington:** DOL reports that this new business has set up shop in Bennington manufacturing infrared heating mats. Peter Odierna at BCIC was not aware of the new company and will follow up.
- **Plasan North America, Bennington:** DOL reports that the company is hiring back laid off workers. Peter Odierna confirms that they are developing new products that are creating need for more workers.
- **AirNow:** DOL reports that the company is laying off workers. Peter Odierna at BCIC was not aware of that but was not surprised. The specialty freight company has struggled in this economy, and he feels there's not much we can do.

Financial Services

- **Vermont Captive Insurance Growth a Focus of Bermuda's Royal Gazette Newspaper:** The Royal Gazette, Bermuda's National newspaper interviewed Dan Towle, Director of Financial Services for an article that expressed concern over Vermont's growth as a competing captive insurance domicile. The article was titled: "Bermuda Still Top Captive Domicile But Vermont Chasing Hard". Dan was quoted in the article and Governor Shumlin was quoted twice using the Governor's quotes from Vermont's year end press release reporting strong growth.
- **State of Vermont and the Vermont Captive Insurance Association (VCIA) Captive Insurance 'Road Show':** Dan reports that over 115 people have registered for this event being held on February 8 in New York City.

Community Development

- 10 grant applications will be going to the February 10th VCDP Board Meeting for funding consideration. The applications request nearly \$3 Million in funding which exceeds the available resources targeted for the February VCDP Board Meeting.
- Pete's Greens and the Town of Craftsbury are actively pursuing a VCDP grant. Other financing may be available to Pete's but they have concluded that a VCDP grant and the resulting low interest loan may be their best option. **We are concerned about undercutting great deal offered quickly by VEDA.**

Housing

- **Charitable Housing Tax Credit** – Arthur reviewed the Vermont Community Loan Fund's year end reports, investors made more than \$600,000 of charitable investments at zero interest with VCLF during 2010. Arthur also reviewed an application for an additional \$1,000,000 tax credit certificate from the VCLF. The last time they received a new tax credit certificate was in 2008 and they have used all of their available balance.
- Arthur provided background information via email to Erhard Mahnke as the Ways and Means Committee was discussing a variety of tax credits and a legislator specifically asked about this program. **Erhard appreciated the 'real time' answer.**

Historic Preservation

- **Chimney Point and Bridge Construction Project:** This past week the federal permit required for the construction of a temporary road on the Chimney Point lawn arrived. The first set of five girders is now in place on top of the Vermont land pier.
- **Telecom MOU Meeting at Governor's Office:** John Kessler and Giovanna played catch-up starting 2 weeks ago when we received a "Final" draft of the Telecom MOU that streamlines licensing of telecommunications on state buildings and lands. ACCD/DHP was not mentioned in the MOU, an issue since 1) we own land, buildings, and structures; and 2) our state historic preservation law requires state agencies to insure that actions on their lands consider impacts to historic resources. The DHP ER team provided important feedback on the draft MOU which we passed on to Secretary Miller, who in turn passed it on to Secretary Spaulding. John revised the MOU incorporating our agency concerns and shared them with incoming telecom chief Karen Marshall. By the time we got to yesterday's Telecom meeting, everything was good and Karen and the folks at VTA appreciated ACCD/DHP's insights on how to improve the Telecom licensing process. Gio will keep Karen and VTA in the loop of our federal telecom reviews. Governor Shumlin kicked off the meeting saying Telecom was his "highest priority."

- **VELCO Plans Kick-off Event for their new Archeology booklet:** The booklet summarizes the interesting results of VELCO's archeological studies in non-technical language with lots of images. Dozens of new archeological sites were discovered that have revised our view of archeology in western Vermont. Plan is to have a press conference/media event in mid-March in Addison County, perhaps Vergennes' Bixby Memorial Library.
- **The Environmental Review Team commented on the following projects: 116 State Street, Montpelier:** Department of Agriculture Building. The original windows will be rehabilitated, a new slate roof will be installed, and the rest of the brick masonry will be re-pointed. Overall, this is an excellent project that will ensure the long-term stability and use of a historic state-owned building.

Tourism & Marketing

- **Agency Cooperative Marketing:** Deputy Commissioner Cook is working with Commissioner Berry to execute a direct mail campaign promoting fishing during the summer months. This direct mail will go to nearly 100K households in New England who have purchased non-resident fishing licenses in ME, NH and MA. **We are increasing visibility of hunting and fishing in tourism promotion.**
- **VDTM Winter Campaign:** VDTM's new winter campaign includes a direct mail piece and online banner ads offering a chance to win a Vermont getaway in Woodstock. The mailing and banner ads can be found in the Boston and New York markets.
- **Tourism Performance Strong Nationally:** The U.S. Department of Commerce announced that real U.S. travel and tourism output (adjusted for changes in price) increased at an annual rate of 8 percent during the third quarter of 2010, marking the largest quarterly increase in U.S. travel and tourism spending since the first quarter of 2004. By comparison, real gross domestic product (GDP) increased 2.6 percent during third quarter of 2010.

"The travel and tourism industry experienced remarkable growth last year," said Francisco SÃ¡nchez, undersecretary of commerce for international trade. "This is excellent news for our small and medium-sized businesses, which account for more than 80 percent of the travel and tourism industry."

More than 8 million jobs are tied to travel and tourism in the United States and more than 1 million are directly supported by international travelers. Total tourism-related employment rose by 2 percent during the third quarter.

Source: U.S. Department of Commerce, Office of Travel and Tourism Industries, February 2, 2011.

Cultural Heritage Tourism

- **Under consideration for summer marketing initiatives:** 62 towns have their 250th anniversaries this year, and many are organizing year-long and special events with the aim to both build community and to celebrate town history. Catherine is gathering specific information of town celebrations and developing appropriate web pages for vermontvacation.com.
- **Civil War Sesquicentennial planning:** Megan met with with members of the commission after their bi-monthly meeting in January. Events Committee Bill McKone is coordinating Vermont Civil War reenactment group events, which will start this spring with various "muster" events held in public places, re-enacting Vermont's support for then-Governor Fairbanks' April 1861 call for troops. These and other events will be promoted at www.vermontcivilwar150.org, developed and managed by VDTM.
- **Communications and Outreach: Summary:** Recent travel coverage about Vermont featured in the Montreal Gazette, Ski Magazine, Newsday and Yankee.

Vermont Film Commission – **DETAIL INCLUDED SINCE IT IS IN JOBS BILL**

Production: This report is to bring you up-to-date on notable and current projects.

- Mercedes-Benz produced material for upcoming web and national commercials in Stowe. According to Location Manager, James Valastro, local spending was estimated at more than \$200,000. The Commission worked with the production company to locate crew and support services and to secure necessary permits from the State Parks Department to ensure the production had access to undisturbed snow cover.
- **HGTV's Dream Home** in Stowe has completed construction; however the promotion and raffling of the house has just begun. A SMT (Satellite Media Tour) for the Dream House will be on the 27th; the broadcast will be picked up by ABC, NBC and the CBS networks. The Film Commission worked closely with Rick Porterfield, network director of Studio and Field Operations, to secure permits, to close roads, and find crew, including cameramen, hair and makeup artists, and other support staff for this elaborate production.
- **The National Film Board of Canada** produced an experimental dance piece called "Couleurs Z" at Edgewood Studios in Rutland. They required the Film Commission's help to identify studio locations that would be cost-effective for their production. The Commission also assisted Attorney Susan Pilcher in expediting work permits through the U.S. Citizenship and Immigration Services so that the dance performers and a nationally-acclaimed director could work in the U.S.
- **The Tennis Channel** shot a segment on location at The Essex Resort and Spa in Essex Junction, and at locations in and around Warren, VT. Their California production company required assistance from the Commission with permits and personnel (hair, make-up etc.) as well as extensive location scouting (identification of numerous "uniquely Vermont" places of interest for their show).
- **"The Vermont Movie: Freedom and Unity"** is a locally-produced documentary that looks at the history and distinctive character of the state. The Film Commission has worked closely with project coordinators Nat Winthrop and Nora Jacobsen since the inception of the project; Joe Bookchin serves on the movie's Board of Advisors. This collaboration of more than 20 independent filmmakers is a unique project which celebrates Vermont's independent spirit and commitment to activism. Thus far, the film project's budget is approximately \$170,000.

Additional News

- The "Dew Tour" wrapped in Killington this past Sunday; the event was the highest attended Dew Tour for a new host resort. The event was televised live on NBC. Despite the frigid temperatures there was an estimated turnout of 29,000 spectators. The "Dew Tour" is the precursor for the X Games and gave Vermonters a front row seat to some of rising ski and snowboard stars in the super-pipe and slope-style competitions.

116 STATE STREET
MONTPELIER, VERMONT 05620



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

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: February 4, 2011

Status of Governor's Priorities: Jobs Bill introduced on Feb. 3. Agency of Ag Development Division provided input to key initiatives for agriculture in conjunction with Agency of Commerce.

Legislative Issues/Contacts:

Randy Quenneville provided testimony to House Ag. Committee and Senate Ag committees on 2/3/2011. The issues discussed pertained to all things Meat Inspection. Topics included: H. 52, custom slaughter, on-farm slaughter, FLEET cars (?), numbers of establishments in the state, etc.

Dr.'s Russo and Haas met with House Ag and Senate Ag committees. Introduced Dr. Joel Russo to members. Participated in discussions on the Livestock Advisory Council, Animal Diseases and Meat Inspection.

Continued testimony to House and Senate Ag committees on Dean Foods Lawsuit and potential settlement with dairy farmers. Working with Attorney Generals Office to provide information on dairy industry in Vermont and how potential settlement will affect dairy farmers in the state.

Agency of Agriculture budget will be presented to House Appropriation Committee on Friday February 4, 2011.

Assistant Attorney General Diane Zamos – assigned to the Agency of Ag put Senate Ag on notice that its draft Committee bill for revisions to the maple laws may be pre-empted by FDA law/regulations and implicate the first amendment.

Press Issues/Releases/Contacts:

NYT – Dean Foods issue
Boston Globe – Maple and McDonald's
WCAX, WPTZ, NECN, Times Argus/Reformer, VPR – Barn snow release
Agency of Ag also received numerous inquiries about the maple season and animal health issues.

Secretary Ross was featured on a live segment with WCAX to discuss dairy, maple and other ag issues. He is also scheduled for You Can Quote Me next week. Secretary Miller will be the featured speaker this week.

Significant Events/Meetings:

Jobs in Agriculture – four jobs in Agriculture or Value added ag business in Vermont

- Ben & Jerry – Research & Development in S. Burlington
- Cabot – Project manager in Montpelier

- Deep Roots Organic – warehouse manager in Johnson
- Twig Farm – Farm Assistant for farm labor as well as cheese making in West Cornwall

Dr. Kathy McNamara is helping the VDH and UVM Extension with obtaining a grant to start a food safety taskforce in the state. The goal is to hold a meeting in the Fall of 2011 for all of the stakeholders in food safety in the state.

Key Agency of Agriculture staff met with key Agency of Natural Resources staff to discuss main issues and ways to continue and enhance collaboration between the two agencies. Water Quality, Pete the Moose, Pete's Greens rebuilding, Marketing and promotion, Act 248 and Act 250 were all top issues discussed by the group.

Evolving Issues:

- Westminster update: On the federal side, Eric Holmgren filled out FSIS form 4735-4, "Reporting Form for Assault, Harassment, Interference, Intimidation, or Threat". It has been forwarded to the Albany District Office, to DDM Dr. Helen Spurling. It has also been forwarded to the FSIS Workplace Violence Analyst, as per instructions. Randy Quenneville, and Dr. Paul Cole will be filling out supervisory parts to it.
- The owner, Mr. Mandich, was visited by Mike Mitchell, state compliance officer, and Randy Quenneville, Chief of Inspection. See below under Compliance & Enforcement.
- The Meat inspection section has sent a request for clarification about on farm slaughter once again to USDA FSIS, this time based on the flyer that Rural Vermont has circulated. We are awaiting response.

In re Justin Poulin, an AAP case, will be set for evidentiary hearing and site visit by the Secretary in light of public comment received in response to Mr. Poulin's request for a variance from local setback for an "as built" farm structure at his Brookfield farm. The case has local political implications as Mr. Poulin is a member of the Brookfield Selectboard.

Summary of Key Agency Department Activity:

Ag Development

The VT Agriculture Innovation Center Board met on 01/24/11 to discuss remaining funds - \$314,944. The below projects were deemed as high priority areas and will be funded by the AIC:

Professional & Organizational Development

\$25,000 Farm to Plate Leadership development to support effective implementation of the Farm to Plate Strategic Plan and network leadership development for VT food system innovators. (NOTE: a working group is being established to create the details for this project, members to include a representative from each - VAAF, VSJF, VT Ag Development Board, AIC, and VT Sustainable Ag Council)

Market Development

\$52,000 Vermont Branding Program - The Vermont Agency of Agriculture is working with the Agency of Commerce and Department of Tourism to improve the Vermont Brand to provide a program that will encompass food, wood products, crafts, and possibly other manufactured products in the state.

\$25,000 Taste of Place - To facilitate next steps for a value-added food products marketing initiative that is producer/processor-driven, quality-based, VT-appropriate, and informed by best practices and VT's research to-date on an applied approach to the subject.

Infrastructure Development

\$125,000 Increasing capacity of VT's sub-state food centers – looking at emergent and operational food centers. (NOTE: a working group has been established to create the details and define the criteria for this project).

Technical & Business Assistance Development

\$5,000 Targeted Training for Vermont's Slaughter Facility Technical Assistance Providers: One-on-one assistance is needed with each of the state's eight inspected slaughterhouses, as their business needs range from expansion financing to transition planning to regulatory compliance. However, many of the technical assistance providers that have been working with agricultural businesses in the state lack expertise specific to the slaughter and processing industry. A working group of stake holders will offer a targeted training opportunity to the state's agricultural business service providers in order to better prepare them for one-on-one work with Vermont's slaughter and processing facilities.

The Agency prevailed in In re: Joan Salvas, an Act 250 proceeding before the District Commission. Unfortunately for the applicant, the land proposed for development was already under an Act 250 condition from a previous application requiring the land be preserved for agricultural use.

Food Safety and Animal Health

Animal Health Field personnel –

- Attended livestock sale at Addison County Commission Sales. Investigated an imported animal without proper identification
- Met with producer in Charlotte regarding animal welfare case
- Developed a plan of action for 8 tissue residue cases referred to Ag Agency by the FDA
- Submitted a letter of extension for the Traceability Cooperative Agreement
- Worked on Fair Stipend reminders for 2011 funds
- Investigated two FDA Tissue residue cases in Fairfield and Franklin

Assistant State Veterinarian- Dr. Joel Russo

- Drafted a MOU between the Vermont Agency of Agriculture and the AVMA. The MOU outlines an agreement between VAAFM and AVMA and establishes procedures and policies for the deployment of AVMA Veterinary Medical Assistance Teams (VMAT) during disasters
- Collaborated with Dr. Bob Johnson (VDH); Dr. Kristin Haas (State Veterinarian) and Dr. Sara Coburn (USDA/APHIS Veterinarian) on the public health issues surrounding importation of dogs into VT without proper rabies vaccination
- Worked on Vermont's Johnes program
- Attended DisasterLan training. This training will facilitate the Agency of Agriculture's efforts in the EOC in regards to SSF 11 responsibilities
- Investigated a local veterinarian who violated state and federal drug labeling laws

Meat Inspection Points of Interest

Compliance and Enforcement:

- Healthy Living's request to reopen their hearing was denied. Their fine remains in place.
- Passed on information related to curing of meat products in the restaurant to VDH. Notified via consumer complaint/information that a restaurant in Waitsfield was producing cured products, without the appropriate variance from the Department of Health. This information is also included on the firm's website. The link to the website and this information was passed on to Liz Wirsing, Food and Lodging Section Chief.
- Westminster Meats, Westminster Station, VT in regard to possible food safety concerns, consumer complaints and inspector intimidation of a State employee. Met and spoke with Mr. Dan Mandich, owner observed all areas of the facility, photos taken.
- Bakery in Brattleboro, report from Inspector Koscielski after random review at this firm. Insanitary conditions of walk in storage cooler i.e. mold, rust, water from the roof dripping into the walk-in cooler

and moldy containers of product, not meat products. Report was forwarded to Ms. Liz Wirsing, Food and Lodging Program Chief, Vermont Department of Health for her attention and action concerning this matter.

- Catering by Laurette, Wilmington, VT: Notice of Warning written and sent. Her firm produced products containing meat and poultry i.e. entrees and soups being offered for resale in commerce.

Secretary's Commentary:

Secretary Ross undertook the following activities:

- Spoke to the Vermont Fruit and Vegetable growers at the Capital Plaza – over 100 attended
- Spoke via conference call to the State Committee of Farm Services Agency
- Held hearing on Healthy Living's request to reopen their case – request denied and \$1000 fine was levied
 - Owner was respectful and appreciated the opportunity to be heard
- Met with ANR leadership – good meeting and will be seeking ought clarity on issues relating to regulatory questions pertaining to water quality. Agency of Ag and ANR have somewhat different views on a number of regulatory and legal matters relevant to TMDLs, permits and enforcement
- Met with Lt Gov Scott, Sec Miller and pertinent staff and Ellen Kahler to integrate jobs bill and F2P work.
- Agreed to participate in Strolling of the Heifers conference in June appearing with Kathleen Merrigan of the USDA and possibly Gov Shumlin.
- Spoke with Pesticide suppliers at their annual conference
- Met with VBSR Board with Sec Miller
- Attended Jobs Bill Press conference
- Met former Commissioner of Agriculture from NH who is reporting for Lancaster county paper
- Met with House Appropriations Committee on Agency Budget. Good discussion no major issues.
- Interviewed candidates for Deputy Secretary position

Major Themes of week:

- Water Quality continues to arise in nearly every general conversation about agriculture.
- Job growth potential and diversification in agriculture is of interest to many.
- Dean Food's settlement is of concern to many on the dairy front as is the direction of national dairy pricing.

VERMONT AGENCY OF TRANSPORTATION

February 4, 2011

To: Governor Peter Shumlin

From: Brian Searles, Secretary

Re: Weekly Report

Winter Maintenance:

The media chatter concerning the policy and practice of winter maintenance has leveled off with a couple of sunny days. The press conference staged by some House members did result in some bad feeling internally but doesn't seem to be getting a lot of traction with the public. This still leaves us with the fact that although the policy is 30 years old and is consistent with other states, the practices that support that policy have been dynamic over the past few years, particularly around salt use. New technology around "salt brine" and new machinery for spreading of salt, and new and improved plow blades are being tested.

Our short-term decisions around this controversy are not just about selection of strategies but how to talk about them. I know we have talked about a press conference item for next Thursday but that was before this House press conference happened so we need to talk about the message. We have a meeting today to choose a couple of low-cost options that can be instituted right away. They range from increasing salt use (already happening) to allowing more flexibility to the Districts to select strategies that work in their areas during storms. We are also seeking to test Data Management Units in our trucks that will monitor such things as plow position (up or down), quantity of material delivered to the road surface, temperature of the road surface, vehicle speed and location, among other things. We have written the VSEA about the potential of testing these devices as they may object to this monitoring, particularly if they are surprised. This particular strategy has the potential to enhance driver safety, road safety communications and evaluation of road conditions which are often very different from place to place during and after a storm.

We will be talking with Sue Allen and other staff about what we think you should know and eventually say about this subject. Your visit to District 6, the plow ride and your remarks were very helpful and couldn't have been better timed. One of the things to consider is whether that was just the right touch and if anything more is required at this time.

As reported in the press, the analysis is complete on a "bare roads" policy and the cost would be about \$55 million up front and \$35 million per year thereafter.

Newsweek Inquiry

Deputy Secretary Minter spoke with a *Newsweek* reporter about the fact that some public interest group that measures such things has determined that Vermont was #1 in the efficient deployment of ARRA dollars for transportation projects.

Public Information – Traffic Tickets

I have fielded a number of calls from Mike Donoghue of the Free Press about public information concerning traffic tickets. There is a difference of opinion on this subject as local policing agencies tend to release data related to tickets and state agencies do not. I have always been of the belief that this information was public but in the recent case of the intoxicated bus drivers in Killington that were subjected to a DMV inspection, information from traffic tickets for other offenses was not released and the Free Press has objected.

I talked to Commissioner Ide about this and we are both of the opinion that this is hardly worth the bad publicity and are asking our legal staff to revisit this issue. I have just learned that the meeting, which will include Beth Robinson, will happen this afternoon and that a consistent policy that is in line with what Commissioner Ide and I would like will probably be adopted.

Rail News

There has been considerable activity and energy around this subject here at VTrans, in the legislature and among rail enthusiasts and the public. The so-called "Track 3" study that will hopefully lead to a successful grant application for the Western Corridor project has commenced and a realistic plan has been developed to utilize the remainder of the Jeffords earmark to bring all bridges on the Western Corridor to the industry standard of 286,000 lbs. I have taken over as Chair of the Rail Council and have met with the heads of the Vermont Rail System and the New England Central Railroad, making it clear that we can afford no internal sniping and long-term disagreements that hold up the rail agenda.

Montreal is a real possibility with considerable interest from Quebec and additional staffing on both sides of the border aimed at moving the project through the historic labor and security issues. To this end the New England Central is moving effectively through the grant-funded project known as "Track 1" and will complete the improvements to their line in 2012 enhancing the excellent "on-time" performance of the Amtrak Vermonter. Meanwhile, the Ethan Allen has the worst performance in the country, primarily due to the condition of the Clarendon-Pittsford line from Whitehall to Rutland which is under the care of the Vermont Rail System. We are dealing with this situation as directly as possible so that it doesn't become a factor in the decision by the Federal Rail Administration on the next Track 3 application.

Searles – Page 2

On Friday, Jan. 28, rail policy analyst Karen Songhurst participated in a panel in Hartford, CT for the benefit of Congressman John Larson of CT and Congressman Bill Shuster of PA, who is the Chair of the House T&I Committee's sub-committee on Rail. The focus of the meeting which included other members of Congress and New England transportation folks was to advance the cause of high-speed rail links between New Haven, CT and Springfield, MA along with the northbound link to Montreal through Vermont.

Governor's Highway Safety Program

There are legislative initiatives to improve highway safety and we anticipate battle lines to be drawn in the near future. We recommend a meeting with your staff, DMV, VTrans, Public Safety to discuss what the Administration's positions will be on a variety of issues.

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To: Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: VERMONT DEPARTMENT OF LABOR WEEKLY REPORT

Week Ending February 4, 2011

Legal:

Issue reported last week that Seven Days might run a story about local business (Samosa Man) engaged in UI and wage and hour violations with Peruvian nationals working in Vermont on J-1 visas occurred. DOL General Council is involved in the oversight of this investigation for our department. Despite disposing of 373 appeals in calendar 2010 (a 20-year high), the Employment Security Board maintained full compliance with federal time lapse guidelines regarding the prompt processing, scheduling, and resolution of higher authority unemployment appeals.

We are working to produce a draft of the Employment Security Board Rules for public comment by the end of this month.

Legislative:

We are scheduled for DOL Budget discussion: Senate Appropriations on 2/15 and House Appropriations on 2/16. We will be meeting with Rep Kathy Keenan next Thursday at noon to have a preliminary discussion of the DOL budget.

We are reviewing the draft from Senate Economic Development that we received by email this evening. (*Subject: Labor; unemployment compensation; Statement of purpose: This bill proposes to: exempt individuals who sell or deliver a weekly or monthly newspaper from the unemployment compensation statutes; impose a 0.5-percent surcharge on a chronic negative-balance employer; relieve an employer's experience rating record of charges if the employer terminates the employment of an individual but has not terminated the employment of an individual in the prior calendar year; and allow people who work in a non-administrative capacity for an educational institution to receive unemployment compensation between academic terms.*)

DOL sent over one legislature several report on WETF (federal funds expenditure). We still owe: Workforce Leadership; WIB Study; Workforce Development Council Annual Report; Misclassification Report.

UI & Wages Division

UI Trust Fund: Total amount borrowed as of 1/27/11 is \$49,888,494.07(*I have no updated number for this week from UI Division).

Worker's Comp & Safety Division:

The State Safety and Health Committee met to discuss the high rate of workers comp/ injury and illness rates among State employees. The committee decided to develop an action plan, with two components: injury and illness prevention; and steps to reduce the cost of claims that do occur (including educating treatment providers, developing effective early return to work programs, etc.). The state currently spends more than \$6.5 million per year on just the indemnity and medical costs of State employee W.C. claims.

Passenger Tramway Program Activities: Magic Mountain has a serious lift problem. A consultant is being contacted to hopefully come up with solutions.

Workforce Development Division and Workforce Development Council:

WDD director Beth Kuhn attended a National Association of State Liaisons for Workforce Development Partnerships meeting and a National Association of State Workforce Board Chairs meeting in Washington, DC. John O'Kane was scheduled to attend but had to back out.

WDD is awaiting approval to fill the REA Rutland Facilitator position and the Program Coordinator position.

WDD is making arrangements for a formal announcement (to include Governor, if he is available), on the formation of a job training partnership in the Northeast Kingdom.

The pending Suss Micro shutdown in Waterbury Center has been granted Trade Adjustment Assistance. Approximately 10 Suss employees have been seen in our office and they are receiving services. In an effort to find opportunities for Suss employees, Burlington and Barre are working closely together. IBM and other businesses are showing some interest.

DOL conducted a Rapid Response for Champlain Valley Cardiovascular Associates, as they are closing their cardiac diagnostic offices on March 31, 2011. Thirty people attended, and onsite workshops are planned.

The Veterans staff have sent out invitations to employers to attend the Veterans Job Fair to be held at the Champlain Valley EXPO on February 9th, and 30 hiring employers have signed up to attend.

Labor Market Information:

Mat Barewicz, LMI Chief, met with Dana L'Esperance of Dept of Corrections, to provide guidance on industry and occupational focus for workforce training within the DOC

Nat Frothingham of the Montpelier Bridge call to discuss LMI data and the status of the Washington County economy.

Business Closings: Burlington, Aubuchon's Hardware, Essex; Morrisville, Snow's Deli;

Layoffs: Bennington, AirNow; Burlington Omni Measurement Systems;

Recalls: Bennington, Plasan Carbon Composites Shields Drive, Bennington

Computer/IT Division:

The misclassification WEB application has been finalized and put on the VDOL web site in production. Work continues on new time distribution application with more testing to take place in February.

Other:

I will be meeting with the NYS Commissioner of Labor tomorrow for a review of NY programs, grants and other operations.

103 South Main Street
Center Building
Waterbury, VT 05671-0301

Tel: (802) 241-3600
Fax: (802) 244-1102

www.anr.state.vt.us



Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

State of Vermont
Agency of Natural Resources

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To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: February 4, 2011
Subject: ANR Weekly Report

Status of Governor's Priorities:

- Continue to work on MOU for general process/standards with DII and other state agencies
- Continued discussions internally and with Green Mountain Power about Kingdom Community Wind (Lowell). Hearings have started, and we have submitted to GMP a settlement proposal we believe meets both GMP's and the agency's concerns.
- Vermont Yankee – Cause of tritium in new wells still undetermined and will be several more weeks before the source of this will be determined. It could still be a migrating plume from the original leak, or it could be a new leak. ANR's geologist testified at HF&W today on current status. See DPS, Liz Miller's report.
- Silo-busting: We have initiated meetings among sister agencies to coordinate on policy and activities; we met this week with DPS and Liz Miller, and on Monday with Agency of Agriculture.
- We met with NRB Staff to discuss steps ahead regarding Chair, appointments, budget and direction.

Legislative Issues/Contacts:

- The Rivers Program submitted Act 110 Reports on River Corridor Protection and a Stream Alteration General Permit.
- H.35 Wetlands Program provided input on H.0035 related to pesticide use.
- H.26 – Prohibition on the use of Fertilizers on Non-Ag turf. We recommend support of this (with some changes) as a "low-hanging fruit" way to address significant amounts of phosphorus pollution in the lake and other water bodies.

Press Issues/Releases/Contacts:

- Rivers Program responded to several media contacts concerning a FEMA remap of the flood hazard areas within Bennington. Concern has been raised for new areas added to the mapped 100 year floodplain and the need for residents to purchase flood insurance. Concern has also been raised that recertification of the Army Corps constructed levee along the Roaring Branch is the responsibility of the town and could cost as much as \$150k. After two years, if the levee has not been recertified, areas behind the levee will also be mapped within the 100 yr flood hazard area.
- Stormwater Program provided factual information regarding Stormwater TMDLs to the “Columbia Missourian.”
- Media contact with CBC Radio and Caledonia Record on Waste USA variance application for Coventry, Thursday, 2/3.
- On Monday David Mears will be on Vermont Edition to talk about the Lake Champlain TMDL.

Significant Events/Meetings:

- Secretary spoke at Statehouse Climate Rally, 2/3. Sent the Governor’s regards and talked about the Governor’s leadership on this issue and how climate is to be a “capstone” issue for ANR and for the administration.

Evolving Issues:

- IBM and CO2 emissions: A final rule filed effective next week attempted to align our CO2 permitting threshold with EPA’s by increasing it from 250 tons per year (TPY) to 75,000 TPY. The only source in Vermont captured by this rule is IBM. They are concerned about our authority to require retrofits if and when CO2 is regulated at the federal level. We will be talking with IBM about their concerns and to provide assurance that we will not retroactively require controls.
- The Corps of Engineers has proposed changes in flow management at Ball Mountain Dam and other Corps flood control dams that may be problematic with respect to habitat protection and meeting the Vermont Water Quality Standards. Staff will be providing more information and a recommended course of action in the next week.
- We are ready file a “Final Proposed” Stormwater rule amendment with LCAR. This rule would amend the Stormwater Management Manual to provide additional treatment options for high-elevation renewable energy projects. These changes are legislatively required.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

- Rivers Program teleconferenced with the developer of the **Middlebury Hydroelectric Project** to discuss steps necessary to move this project through the FERC and state certification processes. The

developer indicated that the project will meet Agency bypass flow requirements, a major breakthrough. The developer has engaged a consultant with considerable hydropower experience, another positive development.

- **Environmental Ticketing** – Public hearings on proposed rule: 1/31/11 Berlin and 2/2/11 Rutland – this is being rescheduled due to weather
- **E-Waste:**
 - The public comment period on the draft document *Procedure for the Environmentally Sound Management of Electronic Waste* ended 1/28/11. We plan to prepare a summary of comments and responses before finalizing the procedure.
 - Several comments have been received from Good Point Recycling, an electronics recycling located in Middlebury, VT. The owner contact USEPA headquarters regarding proposed environmental standards for managing electronic waste. We will have a conference call with EPA next week to discuss the issues.
 - The State Standard Plan with attachments is finished and approved. The written response summary is also complete and ready to be posted on the web.
 - Staff have prepared the RFP for e-waste services, which has been reviewed internally, and should be posted by the end of next week.
- **DEC Lab Emergency Permit:** We issued a permit to the DEC Lab and their contractor (Clean Harbors) to perform treatment of two pint containers of sodium azide, however the lab apparently has identified additional material to be stabilized, so the permit will need to be amended. The material, which is shock sensitive, must be stabilized before it can be shipped for disposal. The permit will likely be valid from 2/1/11 – 3/31/11; it is anticipated the stabilization will occur in February.
- **Contingency Fund Assessment:** This tax quarter billing (9/1/10 – 12/31/10) is much larger than usual. The total is \$453,436.23 compared to the usual \$40 to 50,000. The two largest bills are due to site cleanups where large amounts of contaminated soil have been shipped for disposal. These sites are CVPS, Cleveland Ave, Rutland \$292,474.13; and GLR/Desabrais Dry Cleaners, 55 Middle Rd, Middlebury \$90,480.00. We have let the site managers know of this impending bill so they can pass the information along to the responsible parties.
- **General Electric Waste Issue:** In late 2010, we were notified by the West Virginia DEQ that two Vermont GE plants (Rutland and North Clarendon) had been sending waste that WVDEQ considers hazardous to an unpermitted facility called Bay Area Metals (BAM) in Friendly, WV. GE has a 1995 recycle/reuse exemption for certain wastes; however it is unclear if the waste that ended up at the BAM facility meets the conditions of the exemption. We expect to send a letter by 2/4/11 announcing our intent to revoke and giving them an opportunity to demonstrate why they are in compliance with the terms of the exemption.
- **Aboveground Storage Tank Rules:** Several years ago, in response to the alarming number of spills and leaks originating from above-ground storage tanks (and alarmed at the toll that spills from ASTs is taking on the PCF balance) the Legislature directed ANR to develop rules for the installation and operation of ASTs. The deadline set in statute is December 31, 2011. The Waste Management Division have worked closely with numerous stake holder groups to develop rules that we believe will protect

human health and the environment by reducing the number of spills and leaks from ASTs. The rules are very close to their final form, and the APA forms have been completed. We will be ready to brief both the Commissioner and Secretary within the next week or two, and we expect to file the draft rule with ICAR in time for their March meeting (filing deadline of March 2). In an interesting coincidence, the Underground Storage Tank Rules are also undergoing some minor revisions, and we expect to file the UST rules with ICAR at the same time. It appears that both the AST and UST Rules will be going through the rulemaking process simultaneously.

- **Mercury:** We are monitoring dental office compliance with the self-certification filing that is due January 31. The majority have filed their certifications. Some follow up will be necessary. The Vermont State Dental Society is good about getting their members to file.

Forest, Parks and Recreation

- Recruitment for key seasonal park staff positions is in full swing. Key are the 100 or so Rangers and assistant ranger level slots. This year there is a particularly (and predictably) large number of applications almost 90% of which are coming in electronically through the park system website. Also there is an even higher than normal return rate for these positions.
- Capital construction activity continues at several locations despite the weather. Preparations (bidding, etc) are being made for the spring project activity push.
- Meetings have occurred this week with our contract software programmer to move toward integrating magnetic strip gift card purchasing capability and with two prospective contractors to help us complete the State parks iPhone app that has been in development for the last few months.
- The single RFP grants are finally complete and sent to the USFS for review well ahead of the Friday deadline! FPR submitted 4 direct proposals and 13 requests from partners for projects ranging from support for invasive insect monitoring to forestry leadership training. We are competing with 19 other states in the funding pool. Award announcements are expected in March.
- The foresters who work with the Vermont “AMP” (Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in VT) Program met in Waterbury on Jan. 27 to review the 2010 program and some of the changes suggested for the AMP manual. AMPs are voluntary for non-UVA landowners, but have force of law. The technical assistance provided by FPR is an important part of this program.
- We continue to work closely with the Vermont Telecommunication Association, the Attorney General’s Office, and DII on a broad telecommunication MOU involving multiple state agencies and have finalized the terms of an agreement with Verizon Wireless to locate on the water tower at the Ed Weed Fish Hatchery in Grand Isle. We will be working closely with utilities and other FPR licensees and permittees to incorporate the new approved license fees into new license and SUP agreements.

Fish and Wildlife

- **Climate Change/Regional NEAFWA Project:** Staff are representing the Department in a regional project to assess the vulnerability of habitats to climate change. This project is being led by the Manomet Center in Maine and includes staff representation from wildlife and natural heritage programs from about 14 northeastern states.
- **Raven Ridge:** Department staff met with TNC representatives to discuss a resolution to the issues surrounding public access on TNC's Raven Ridge natural area. Revised public access language was drafted to reflect the discussions at the meeting. Dialogue continues.
- **Georgia Community Wind/Milton:** Staff have reviewed and provided comments on the proposed conservation easements for the Georgia Community Wind project in Milton. ANR review of these easements is part of the PSB order for this project. The Petitioner is now proposing both a permanent easement and a temporary "easement." Staff also reviewed and provided comments on the proposed ten-year invasive species monitoring plan.
- **Congressman Welch/Use Value Program:** Staff met with Patricia Coates from Congressman Welch's office to discuss a solution to a problem for landowners in Sutton, Vermont (Jackmauhs) who are unable to enroll in Vermont's Use Value Program (UVA). They have a USDA Farm Services easement on their property and the Department maintains management authority over those lands. The Department needs to convey that authority to the landowners so they can enroll in UVA. The USFWS holds the enforcement authority to the easement and the Department can't grant management authority without enforcement authority. A solution was reached that will allow the landowners to enroll in the UVA; this process should be complete by September 2011.
- **Endangered Species/LCAR/Listing Proposals:** Changes to the Endangered Species List were recently approved by LCAR and a press release was issued. Changes included: delisting the Torrey's rush, adding both Pickering's reed bentgrass and common bog arrow-grass as Endangered, and listing the rock elm as Threatened. At the Endangered Species Committee meeting this week, the ESC agreed to forward the recommendation to list as Endangered the little brown bat and the northern long-eared bat. The recommendation was forwarded to the ANR Secretary for consideration.
- **Wardens Assist in Rescues:** On Monday of this week, wardens assisted the Vermont State Police (VSP) and the Killington ski patrol in locating and retrieving one lost out-of-bounds skier who had spent the night in the woods, he was located unharmed. On the same day, wardens assisted the VSP and the Waterbury Back-country Rescue organization in the rescue of a lost back-country skier from Camel's Hump in Duxbury. Two back-country skiers became separated, one ended up skiing down the back side of the mountain. A team of wardens were able to track the skier to 2600' elevation at 10:30 p.m.; the temperature was zero. The skier was unharmed, and she was able to walk unassisted out of the woods.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: 02/04/11
SUBJECT: Governor's Report

Status of the Governor's Priorities

Public Record Disclosure- bill is still pending in House, H. 73- DPS- concerned that a law enforcement representative is not included on the proposed Public Records Act Review Committee

Marijuana decriminalization- (still in drafting process) I have been actively seeking law enforcement and prosecutor buy in to the general concept of decriminalization and am making progress. Further meetings this week with drafters of the bill and law enforcement are scheduled. The selling point to law enforcement is that the decriminalization of marijuana in some amount is going to happen, so why not use this as an opportunity to legislatively seek better access to investigative tools to combat inappropriate use of prescription drugs and heroin.

Goal- *Vermont is currently one of the safest places in the Country to live, make it the safest by being tough on Crime by utilizing a smart common sense approach.*

Vermont Prescription Monitoring System- (greater law enforcement access) language to be drafted. Testified in House Health and Human Service, the committee's view was that the VPMS is a treatment tool, not meant to be an aid to law enforcement. Since its inception the process for law enforcement notification has only been used once! The VPMS with proper supervision and oversight can be an effective tool to combat our growing prescription drug problem in this State.

Issue Update

Marijuana decriminalization- met with drafters of bill and I have another meeting next week. Also, have a meeting scheduled with Chairman of Sheriff's Association; Roger Marcoux and Former Chairman of Chief of Police Association (Paul Duquette) regarding law enforcement buy in to legislation

Evolving Issues

Vermont Police Academy structure- I have received many questions from members of the Legislature regarding the accountability of the Vermont Criminal Justice Training Counsel and management of the Academy. This is an issue that needs to be addressed. The Sheriffs and many Municipal Departments are not in favor of DPS serving in an administrative role at the Academy. The savings realized at the Academy by DPS officers serving in the administrative capacity are in excess of \$200K. That does not include other collateral savings that would be realized.

A detailed report regarding cost savings, efficiencies and re-structuring was sent to Jeb Spaulding. Meeting scheduled with him on 2/4/11 to discuss the content.

Agency/Department Requests

Meeting with the Governor regarding the Police Academy.

Legislative Contacts

1-28, Friday

Prescription Drugs – Commissioner & Captain Glenn Hall
House Human Services

House Gov Ops– Michael E. O'Neil
Overview of Emergency Management

2-1 Tuesday

House Judiciary – Human Trafficking
Paco Aumand, Rosemary Gretkowski

House Judiciary – S.2: Sex Offender Registry
Jeff Wallin, Director, VCIC

2-3, Thursday

Myself and each of my 4 Directors along with the head administrative services testified before the House Appropriations committee regarding our FY12 proposed budget. The testimony was well received.

Page 3.

Ideas

The creation of a template, as a starting point, for strategic planning that is consistent across state agencies and departments.

I am in the process of planning 2 summer projects for the Department of Public Safety:

1. The development of a 3 to 5 year management plan; and
2. Obtaining an indirect cost rate from the Federal Govt. so instead of merely passing grants through we can retain the indirect costs the Department incurs and thereby decrease our reliance on General Fund dollars. Essentially, ways to leverage our federal funds more efficiently.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin
From: Elizabeth H. Miller, Commissioner
Subject: Weekly Report
Date: February 4, 2011

Status of Governor Priorities:

Telecom bill drafted and ready for launch, with Karen Marshall's lead.
VY scientific and technical advisory committee announced.
State Energy Plan process underway.

Legislative Issues/Contacts: Testified at House Fish and Wildlife regarding VY. Met with House Natural Resources regarding energy bill. Met with Sen. Campbell and Illuzzi regarding broadband initiatives.

Press Issues/Releases/Contacts: I had a number of press contacts this week, all regarding VY. Topics: tritium hits and scientific advisory committee. Assisted with press releases on both subjects. Assisted Karen Marshall regarding press contact on broadband.

Significant Meetings/Events: Met with Bob Young and Bill Sayre to attempt to come to agreement on CV's purchase of the transmission/distribution and hydro generating assets of OMYA. As of last night, tentative deal reached but discussions between CV and OMYA ongoing. Department continues to be mindful of overall cost of deal and risk to ratepayers but has been more flexible in positions Department is willing to take at PSB. I am optimistic a deal will come together, and believe it supports the goals of service territory consolidation and in state ownership of renewable (albeit existing) generating assets.

Met with AG's office to discuss VY possible court action.

Met with Secretary of ANR and Deputy Secretary ANR to discuss cooperation on State Energy Plan and possible movement on climate initiatives.

Met with, among others, Comcast:

Learned that Comcast NBC merger will bring possibility of \$9.99/month internet service to low-income students in Vermont within service territory but not presently customers.

VNRC: VNRC is willing to coordinate the state energy committee input into the State Energy Plan

OMYA: discussed plans in the event CV deal mentioned above does not come together; OMYA stated its commitment to stay in state. OMYA also committed to divesting itself of its power business and assets.

Encore Redevelopment (David Rocchio, Will Rapp, Chad Farrell) – heard of plans for net metering projects with outside financiers at 4 farms; plan could allow for scale up to many other farms in a few years.

Burlington Telecom: Met with Mayor Kiss and Terry Dorman regarding future of BT. There are a few good prospects for investment or strategic partnering. My impression of Mr. Dorman is very favorable. I have been in contact with the Deputy Treasurer about BT and will continue to keep him in the loop.

Evolving Issues: VY negotiation of PPA – I have heard that a deal is imminent; that it may be less than 5 cents/kW; and that VY may simultaneously file suit in federal court to invalidate Act 160.

Below is the detailed activity by division:

Summary of Key Department Activity, By Division:

Telecom:

Legislative hearings – Senate hearings with various service providers with significant plans for the next construction season have focused on whether there has been sufficient coordination between these operators and the owners of the poles on which they will be attached. While the providers have generally presented positive remarks, CVPS's remarks seem apropos: The sooner the attaching entities submit their plans and attachment requests, the better the pole owners will be able to respond.

Telecom Plan – Corey and Gregg have edited the July 2010 draft of the Telecom Plan and have a draft ready to share with the Commissioner.

Smart Grid "Technical Capabilities" to support Real-time pricing – Corey Chase and Bill Jordan have been working with GMP to amend the proposed technical capabilities document that describes the capabilities that the DPS believes necessary to support dynamic prices. On Thursday we achieved an oral consensus, and GMP is now working up this oral agreement in writing. We hope to have the details to review with the other DPS staff next week.

BMI Project – 11 providers have returned data thus far to this effort. Others are assembling data and others have yet to report in. Efforts are being made to re-contact those that have not yet been heard from.

Broadbandvt.org – The web site has gotten to a point where it has been released to select folks in a Beta version. The comment period ends at COB tomorrow and all comments will be aggregated and discussed. Content continues to be uploaded to the site.

Vermont Telecom Plan – This document has been reviewed by each Telecom Infrastructure Specialist and is undergoing Round 2 of review.

Pole Attachments – Comments have been sent to the Commissioner and a meeting has been completed with Karen Marshall in order to familiarize her with the issues surrounding the legislation.

FCC Monitoring – The FCC has announced that it will hold an open meeting on February 8, 2011.

Public Advocacy and Consumer Affairs:

Tritium investigation at VY – Docket 7600 – Initial Briefs are due Feb 9th. The DPS will ask the Board to require Entergy to fulfill all requirements of the Buried Pipe and Tank Inspection Program (BPTIP), the Ground Water Protection Initiative and the recommendations of the Supplemental Report to the Comprehensive Reliability Assessment. NEC and CLF have

advocated in the past for shutting the plant down now because of the leaks. DPS does not know what these two groups will advocate for in the briefs. Recommended remedies can be problematic because of the preemption problems.

HQ PPA Contract – Docket 7670 – Hearings completed last week. Initial Briefs are due Feb 18th. The Department continues to support the contract except for the WEC suballocation agreement and Swanton’s need for the power. The Department will not support the request for enduring rate recovery because it is counter to past board precedent and traditional ratemaking principles that protect ratepayers. We will, however, carefully consider the arguments that Petitioners put forward in their briefs on 2/18 and decide if we will make any changes on this issue in our reply brief.

Kingdom Community Wind – Docket 7628 – Kingdom Community Wind – Docket 7628 – Technical hearings have begun and will run for 12 days through the month of February.

Burlington Telecom – Docket 7044 – DPS Commissioner and staff met with Mayor Kiss and Terry Dorman, Burlington’s point person in negotiations with Citicapital and with potential investors and “strategic partners” for BT. Mr. Dorman briefed the DPS on the status of those various negotiations, although without identifying the potential partners or investors. It is not yet known whether Citicapital will insist on return of the specific equipment subject to the now-terminated lease, or whether they will accept a like-kind exchange. Rent for use of the equipment post-lease is still an unresolved issue. Dorman stated that he had an “enthusiastic” response from potential investors, and already has some preliminary term sheets. All discussions with potential partners have assumed a change in the structure of BT, which is also a main concern for the DPS. Once Burlington has vetted some term sheets they will share them with the Blue Ribbon Committee and City Council.

The PSB litigation is unofficially on hold, with BT required to file status reports every two months. BT was to file a specific statement of the relief it seeks from Conditions 17 (build-out) and 60 (financial restrictions), but has sought an extension of time for that filing. It will take some time for the City to complete its negotiations with Citicapital and potential partners, presumably resulting in further extension requests. DPS advised Burlington to include more detail about BT’s current operations in its next status report, and to provide solid justification for any extension requests. DPS also advised the City to communicate with Karen Marshall regarding possible synergies with the State’s plans to extend broadband.

FairPoint Alt Reg Successor Plan – No Docket No- FairPoint’s AFOR expires March 31, 2011. A meeting has been scheduled for February 4, 2011, at which Department and FairPoint staff will discuss a successor AFOR that hopefully will be mutually agreeable. The Department seeks to have a successor plan filed with the Board as soon as possible. The Department intends to reach an agreement with FairPoint that substantially comports with the deregulation legislation introduced by Senator Illuzzi, while retaining some basic consumer protections for FairPoint customers and some protection for FairPoint competitors. The Department and FairPoint must file comments with the Board by February 7, 2011, advising the Board as to how we intend to proceed on alternative regulation.

Green Mountain Power – Advanced Metering Infrastructure (AMI) Plan - Docket 7704 - DPS Public Advocacy attorney met with GMP attorney to discuss schedule for docket in advance of a pre-hearing conference scheduled for Monday 2/7. Both parties agreed on a process that would include an opportunity for the Board or any party to request additional information in advance of an evidentiary workshop on the plan. As this is not a Section 248 proceeding there are not specific requirements pertaining to the pre-filing of testimony, discovery and public or technical hearings. Our mutual goal is to make sure that the plan is adequately supported from both the technical and financial perspective and to work toward review and approval on a schedule that will enable GMP to comply with its obligations under the SGIG/ARRA E-Energy Vermont grant.

Beaver Wood Energy Biomass Plants- Fair Haven/Pownal –Dockets 7878/7679 - Attorneys from the DPS Public Advocacy Division and attorneys for all state agencies involved in these two dockets met on 1/28 to discuss the various agency positions on whether the combined generation/manufacturing facility (biomass/wood pellet) should be permitted under a single Section 248 permit, or should be required to obtain a section 248 permit for the generation portion of the plant and an Act 250 permit for the manufacturing facility. The consensus opinion of both groups of attorneys is that the PSB does not have the authority to divest the NRB of jurisdiction over the Wood Pellet manufacturing facilities that are proposed as part of these projects and no citation of authority by Beaver Wood in its brief supports a different result. The Department will be filing a letter on Monday 2/7 supporting the position articulated by John Hasen on behalf of the Natural Resources Board that a separate Act 250 permit is required for the wood pellet facilities.

CVPS acquisition of VMPD—Docket 7660—The Department continues negotiations with CVPS. The Department is aware of public sentiment supporting in-state ownership of renewable sources of energy. CVPS says that it has new data supporting a higher purchase price than its previous calculations had shown. The Department is reviewing those numbers. In the meantime, the deal between VMPD and CVPS was extended to Friday. Discovery questions on Proctor and the Department will be due on Friday, as well, although that date may be extended.

EEU 2010-06 Demand Resource Plan Proceeding - DPS participated in the second Board Workshop on Geotargeting as part of the Demand Resource Plan Proceeding, which is a multi-track year long process to set goals, budgets, performance indicators and compensation for Vermont's EEU's. Based on an evaluation conducted by Navigant Consulting, on behalf of the DPS, of the previous Vermont geotargeting efforts, the parties to this proceeding exchanged ideas on targeting specified geographic areas with intensive energy efficiency program efforts in order to eliminate or defer the need for transmission system upgrades. Geotargeting has represented a significant part of Efficiency Vermont's annual budget in the past. (In 2009, where the annual budget was \$35million, \$15million was spent in geotargeted areas.) Comments and recommendations are due to the Board on 3/18 on whether and how to continue geotargeting going forward.

Southern Vermont Cable Company CPG Renewal - Docket 7633 - The Board has issued a Procedural Order, in which it adopts, for the most part, the schedule proposed by Southern

Vermont and the Department. The Order permits Southern Vermont to amend its petition to seek the “small cable system” waiver provided for in Board rules. The Order does not, however, as requested by Southern Vermont, limit BCTV’s participation in the docket.

Jeffersonville Cable CPG Renewal - Docket 7668 - The Department recommends renewal of the CPG. A Memorandum of Understanding between Jeffersonville and the Department, together with a proposed CPG and Findings of Fact, have been filed with the Board.

Investigation into the Complaint of Mark Tucker Concerning Verizon Wireless’ INpulse Prepaid Telephone Service Plan - Docket 7701 - After initially turning Tucker away based on a perceived lack of jurisdiction, the Board has opened an investigation citing the FCC’s refusal to act. A prehearing conference, initially scheduled for 1/27, has been rescheduled at Verizon’s request for 2/15. Verizon objects to any claim of jurisdiction by the Board and has asked that the matter be dismissed. Verizon has, again this week, requested an opportunity to address the jurisdictional issue in advance of any prehearing conference, a request that the Board has, thus far, ignored. The Department is analyzing the relevant rules and statutes in order to formulate its position and recommendation. Our initial conclusion is that the Board does have jurisdiction based on the fact that Tucker is complaining about a “term or condition” of his contract, rather than a “rate”.

New England Power Company (National Grid) Petition for CPG to reconductor and refurbish a portion of its existing 115 kV transmission line within Readsboro and Whitingham - Docket 7709 - The Board has provided notice and an opportunity to comment to statutory parties and adjoining landowners, with comments due by March 2. By separate memorandum, the Board issued a series of questions to National Grid for the purpose of supplementing the prefiled testimony.

Commercial Building Codes Rulemaking—No Docket— The Department may face some concerns from the legislature about the copyright of the rule. Right now the Department is slated to license the rule from the council that created the rule. Third parties may not reproduce it themselves, but they may view it online and anyone who wants a copy may request one from the Department and the DPS will provide them for free. It is not ideal, but it was found acceptable by the AG’s office and the least expensive method to establish the standards. The Department faces the same issue with its Residential Building Codes Rulemaking, and will follow the resolution reached in that proceeding.

CVPS acquisition of Readsboro Electric—Docket 7688 - The Department is reviewing the petition; it appears that CVPS has offered to pay approximately \$88,000 above net book value for the Transmission and Distribution System, and that provides some cause for concern. In addition, the Department is considering whether ratepayers should receive the proceeds, or taxpayers. The parties have requested an extension to file a stipulation or litigation schedule until February 11.

Request by the Stariknoks for service from CVPS—Docket 7697- A site visit was conducted on February 1. Petitioners in Reading want service at their camp from CVPS, who says that it

cannot be provided on the Town's Right of Way. The power line will need to travel across the neighbor's property; CVPS would have to condemn an easement. The neighbor is Andrew Hall, who has a 2500 acre farm/estate and opposes the proposal on aesthetics grounds. The Board opened an investigation into why CVPS has not provided the Stariknoks with service. From the Department's perspective, the Stariknoks have not been willing to authorize a condemnation proceeding because of the high cost and CVPS did not want to proceed without the Stariknoks commitment to the project.

West Rutland Substation Upgrades by VELCO – Docket 7675 - Technical hearings are on Feb 4th. All parties are in agreement.

Financing Petitions:

PSNH request for approval to issue new bonds for refinancing, to mortgage certain property, and to execute interest rate transactions—The Department recommended that the Board grant the request.

GMP request for up to \$45 million in First Mortgage Bonds with up to a \$15 million accordion feature—the Department recommended that the Board grant the request.

- On Friday January 28th, CAPI hosted the Vermont Telecommunications Relay Service (VTRS) Advisory Council meeting. This meeting was attended by members of the Deaf and Hard of Hearing communities, the Vermont Center for Independent Living, the Vermont Assistive Technology Program, Sprint, FairPoint, and the Agency of Human Services. This was the first meeting of the new council. Topics addressed included the current use of the relay service, the future of various relay technologies and TRS outreach.

Planning and Energy Resources:

Comprehensive Energy Plan:

- Staff drafted and revised an overview of the purpose of the plan and a standard section outline.
- The CEP team met to draft a Gantt chart of the project activities through the deadline of Oct 15.
- Staff attended a biofuels meeting at VSJF in preparation for revisions to this section of the CEP.
- Staff drafted a time line of completion dates for each section assigned to each individual.
- Review and update of energy statistics and possible realignment of recommendations to policy goals were initiated

EEU- Technical Advisory Group (TAG) and Technical Reference Manual (TRM):

- Staff reviewed proposals under TAG for inclusion into the TRM, comments and queries passed onto EVT for resolution. This includes the following:
 - DPS determined that it was not appropriate to retroactively adjust the freerider rate for snowmaking projects for 2010, as there was not sufficient justification provided by EVT to divert from previous agreements. DPS agreed to consider changes prospectively.
 - Continued review of proposed baselines for Injection Molding Machines. EVT provided numerous studies from Europe regarding this issue – DPS continues to work to determine their applicability to the Vermont market.
 - Continued review of a new Industrial Processes Project Proposal for implementation of efficiency measures
 - Staff reviewed EVT proposed efficiency measures for engine block heater timers.

Residential Building Energy Standards (RBES):

- Final rule documents have been filed with the Secretary of State and LCAR (Legislative Committee on Administrative Rules) but an issue has been raised by Legislative Council regarding copyrighting the code language (which the International Code Council requires as we use their code). We are working to resolve this issue so we can move forward in the process.

Clean Energy Development Fund:

- Approved a \$245,655 loan to Green Mtn Environmental Consulting for a micro hydro project (50kW).
- The CEDF Director worked with the Legislature on the Budget Adjustment Act and the return of \$2M to the CEDF as well as clearing up funding for the Seed Capital Fund.
- Canceled the preliminary approval given last year for a \$250K loan to AgNorth's crop digester.

ARRA:

- New sections for the ARRA Monitoring Plan were drafted and reviewed. The completion deadline is end of March 2011. Revisions were made to invoicing and final reporting processes based on grant administrators comments. The Monitoring Plan process documents are already used as a reference by the grant administrators.

Energy Efficiency and Conservation Grant Program (EECBG):

- The final invoice of \$34,409 was paid for Highgate Elementary School's EECBG Exterior Lighting project to replace 49 parking lot and canopy lights. The project will save 27,000 kWh per year. The schools cost savings is \$3,780 per year.
- Royalton Town School District was paid \$40,338.82 for their retrofit involving replacing interior lighting and installation of occupancy sensors.

- A grant amendment was executed with Royalton Town School District to lower their EECBG project match. Their project costs decreased due to high estimated contractor costs at the time of their grant application.
- Updated e-mail templates for grantee instructions on Monthly Reporting, invoicing, and final reporting. Emails were sent to all EECBG grantees requesting: monthly status reports by Feb 7, insurance certificates for renewed policies, and invoices for grant funded expenses, not yet invoiced, of \$5000 or greater.

II. Policy:

H 56 Omnibus Energy Legislation Fiscal and Economic Impacts– DPS conducted economic impact of selected policy options in H 56 – Omnibus Energy Bill. The impact analysis combined a static analysis of statewide impacts with an econometric forecast through 2022.

The economic cost of the following initiatives were modeled: Expanding the SPEED program by expanding the Standard Offer to limit increases in retail electricity rates by up to 1% per annum, funding the CEDF via a \$1.50 charge per month on each retail utility customer, funding a Renewable Energy Investment program via an optional \$.03 per KWh charge on retail customers, and the impact of restricting sales of No.2 to higher cost ultra low heating oil.

Overall, the cost to Vermont in terms of forgone Gross Domestic Product was approximately \$675 million (2005\$), and the potential loss of 7,600 man-yr of employment. These estimates represented the ‘cost’ of implementing H 56, and did not include estimates of positive economic impacts (benefits) in terms of expected investments, jobs, or other attributes. The modeling has not been carried further or shared outside of Department – the purpose of conducting the models was to determine possible ‘worst case’ costs. Staff is considering the next steps.

Public Act 159 - Requires the Public Service Board ("Board") to prepare a report that examines the potential implementation of a renewable portfolio standard ("RPS") as well as potential revisions to the goals and requirements of the Sustainably Priced Energy Enterprise Development ("SPEED") program. DPS participated in the inaugural PSB Workshop which: (1) Provided an overview of Vermont's existing SPEED goals and the progress made towards meeting these goals; (2) an overview of RPS programs generally; (3) an overview of ISO-NE's generation information system; (4) an overview of Massachusetts' RPS program; and (5) an overview of New York's RPS program.

Finance and Management:

Engineering:

Vermont Gas Pipeline Safety Program: The DPS administers the Vermont Gas Pipeline Safety Program and is charged with assuring compliance with federal and state gas safety regulations, applicable to natural gas and jurisdictional propane pipeline systems. The Department is currently performing a safety assessment of the Jay Peak Resort Village propane system. We are confirming the design, construction, testing, operation, maintenance, and emergency response

procedures meet minimum pipeline safety regulations. The system will supply fuel for several hotels, restaurants, an ice skating rink, a water park and other facilities at the Resort. Similar underground propane systems already exist in Stowe, Stratton and Waitsfield. Once constructed the Department continues to monitor and inspect their operation to assure safe operation.

EISPC (Eastern Interconnect States Planning Committee): One element of the 2007 EISA (Energy Independence and Security Act) was to promote renewable energy. The Midwest has vast wind resources and is proposing that large transmission projects be constructed from “Bismarck to Boston”. The Northeastern states prefer the development of local resources. A “first ever” modeling exercise is underway to consider a variety of scenarios and sensitivities to better define the feasibility of an interconnect-wide resource development plan.

Current efforts are focused on building a baseline infrastructure (BI) – create a “quilt” of the eastern interconnect electric grid upon which analysis can be performed; scenario development – describe the “futures” you want to evaluate; and model development – define the protocols that will be applied when the BI is stress tested. The result of these efforts will be a resource and transmission model that can inform policy makers about the “possible”.

Vermont Yankee Operation: The Vermont Yankee nuclear station continues to operate at 100% power with no operational issues.

The Vermont Yankee station will have a FEMA evaluated ingestion pathway exercise on May 3 and 4 of this year. The purpose of the ingestion pathway exercise is to assure measures are in place to protect public safety in the event that areas surrounding the nuclear station become radioactively contaminated. Prior to the FEMA evaluated exercise, Vermont Yankee and The Vermont Emergency Management Agency have scheduled three practice exercises on February 9, March 8, and April 5 of 2011. The Department engineering team will participate in these practice exercises to assure it is prepared to perform its duties in the event of an emergency.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: January 4, 2011

Vermont Department of Health (VDH)

Status of Governor's Priorities:

Vermont Yankee. Commissioner Chen notified Entergy VY on January 28th that the Health Department would need daily reports of radiochemical analytical results from that date onward. On January 31st, Entergy VY agreed on a protocol for this with Radiological Health Chief Irwin. On February 1st the first daily report of all current on-site VY and VY contract lab results were reported to the Health Department. This process has continued through the week. So far, there are no significant findings from VY or Health Department testing.

Entergy and its contractors will hold a hydrogeological briefing on February 10th for health and environmental scientists. This is the direct result of a request sent to Entergy last November by the former commissioners of Health and Environmental Conservation.

Still no source of leakage for the new contaminated wells has been identified. The Health Department is following the investigation closely.

Legislative Issues/Contacts:

Vermont Prescription Monitoring System. Barbara Cimaglio, Deputy Commissioner and Meika Zilberberg, program manager, testified on January 28th to House Human Services about the operations of the Vermont Prescription Monitoring System (VPMS). Questions focused on patient data confidentiality and utility of data to physicians in monitoring inappropriate patient use of prescription drugs. The Vermont Prescription Drug Monitoring System helps track the prescribing and dispensing of controlled substances — those drugs most likely to lead to abuse, addiction or patient harm if they are not used properly. The purpose of the database is to provide timely and useful information to both licensed prescribers and pharmacists. The VPMS will also help health care providers identify patients who may need treatment for drug abuse or addiction. Only licensed health care providers and pharmacists, registered with the U.S. Drug Enforcement Agency, and registered with the VPMS have access to information in the database. Individuals can also receive a copy of their own database information upon request.

Vital Records Bill, H.99. Health Department staff met with Sen. Jeanette White, chair of Senate Government Operations, to provide an overview of bill and issues. Sen. Peg Flory will introduce companion vital records bill in Senate.

Press Issues/Releases/Contacts:

- Vermont Yankee Radiological Health Chief Bill Irwin talked with Susan Smallheer/Rutland Herald, Terri Hallenbeck/Free Press and Anne Galloway, VT Digger and on-camera interview with Stewart Ledbetter/WPTZ on the latest tritium findings at VY.
- Tobacco Program Budget Cuts - Barbara Cimaglio clarified proposed budget cuts with Thatcher Moats/Vermont Press Bureau. VDH prepared for the GF cuts by streamlining a separate CDC grant they received. This was done through: administrative savings; moving towards pay-for-performance contracting; some small program cuts or total elimination. This 10% savings was then available to help buffer the bigger GF cuts. For the GF cuts they targeted cessation and counter-marketing because they are easy to ramp back up, if there is additional funding in the future. CDC recommends this approach, that is, try to preserve community efforts that are very difficult to restore if they are cut.

On the cessation effort, they cut two of the three ways Vermonters can access services. We cut the "in-person" and "on-line" methods. The in-person cost per person is very expensive, and the evidence is not there to demonstrate it is more effective. The on-line evidence is not there yet, in that this is a promising approach, but CDC does not support it at this time. We still have the quit by phone which does provide up to 8 weeks of free Nicotine Replacement Therapy (NRT) plus counseling. The counter-marketing will be reduced, and we will need to re-group to see what approach would make sense for the remaining dollars.

- Smoking & Benways Cabs - Andy Bromage from Seven Days is working on a story about a rumored enforcement action being taken against Benways Cabs for smoking in the cabs. The Health Department cannot find any instance of a formal complaint being registered since 2009.
- Vermont named 3rd healthiest state for children's health care - This week the Commonwealth Fund issued a report, *Securing a Healthy Future* that ranked Vermont third (after Massachusetts and Iowa, which tied for first) among the 50 states on their "child health system performance".
- Vermont's teen birth rate declines by 27% - That National Center for Health Statistics (NCHS) released a brief report yesterday, entitled, "U.S. Teenage Birth Rate Resumes Decline." As expected, Vermont is shown favorably with a 27% drop in birth rates for older teenagers (aged 18-19) from 2007 to 2009. For the U.S. overall, the birth rate for ages 18-19 fell from 73.9 to 66.2. Vermont's decrease was from 40.7 to 29.8. (Rates are per 1,000 women in the age group.)

Significant Events/Meetings:

Rutland receives the national ACHIEVE Grant. This week Rutland learned that it has been awarded the first Action Communities for Health, Innovation, and Environmental change (ACHIEVE) community grant in Vermont. Rutland joins the ranks of only 94 communities nationwide to receive the grant. The grant was awarded to the Rutland Area Physical Activity Coalition (RAPAC) which is a coalition of organizations, businesses and individuals committed to promoting a healthy, physically active lifestyle in Rutland County. RAPAC is funded by the

Vermont Department of Health via a Coordinated Healthy Activity, Motivation and Prevention Programs (CHAMPPS) grant and the James T. Bowse Community Health Trust. The Coalition was created to address the health problems (especially obesity, heart disease and diabetes) associated with a sedentary lifestyle in Rutland County. ACHIEVE is supported by the Centers for Disease Control and Prevention (CDC)'s Healthy Communities Program and the National Association of Chronic Disease Directors. ACHIEVE seeks to empower local communities to promote policies, systems, and environmental change strategies—focusing on issues such as physical fitness and obesity, nutrition, and tobacco cessation—to advance the nation's efforts to prevent chronic diseases and related risk factors. The grant provides funding for a three year, community collaboration between RAPAC, the Nutrition Coalition and Rutland Area Prevention Coalition.

Evolving Issues:

Emergency Medial Services. The Health Department presented the updated EMS rule to the Legislative Committee on Administrative Rules on January 27th. It was approved with no recommendations for change. This marks a significant milestone in the Department's steps to comply with Act 142 of the 2010 legislature.

Public Health Community Coalitions. On January 31st, the Health Department released a combined request for proposals for community coalition grant applications. This grant request reflects combined FY12 funding from Alcohol and Drug prevention; Fit and Healthy Obesity Prevention; and the Health Department's Public Health Infrastructure grant.

Oral Health. A Health Department workgroup reviewed and adopted a recent U.S. Department of Health and Human Services proposed recommendation to lower the level of fluoride in drinking water. The Vermont Department of Environmental Conservation has notified public water system operators that they may lower fluoride levels to 0.7 ppm from 1.0 ppm. As a public health measure, community water fluoridation saves \$38 for every dollar spent. The work group will continue to review new evidence as it becomes available.

February is National Children's Dental Health Month. The Health Department has worked with partner organizations to emphasize the importance of oral health, and provide easy access to resources for educators and health care professionals.

In Burlington, the Public Safety Committee of the Burlington City Council held a meeting to address fluoride. Information was presented by members of the public who opposed the practice of fluoridation as well as by supporters.

New Campaign Urges Teens to Listen to Their Gut When it Comes to Smoking. During February and March the Health Department will run a new campaign aimed at reaching teens who are somewhere between trying their first cigarette and becoming addicted smokers. While the smoking rate among youth is 16 percent, 28 percent have tried smoking at least one cigarette, and that percentage increases as teens get closer to graduation.

Department of Mental Health (DMH)

Legislative Issues/Contacts:

Senate Health and Welfare. Commissioner Oliver testified in SH&W about her background and discussed priorities for DMH. Senator Ayer requested that she come back (potentially to a joint Committee meeting with the House Human Services Committee) to discuss the questions they need to answer in order to develop the plan for VSH replacement. For example:

- What are the characteristics/diagnosis of the population we intend to serve;
- Whether co-location with a general hospital is necessary;
- How many beds we plan to build; and
- Whether there are workforce issues – psychiatric and other direct care.

House Human Services. Commissioner Oliver testified in HHS about the following:

- A brief update on several Challenges for Change initiatives;
- VSH replacement; and
- VSH census (which has been high since January).

Representative Pugh. Rep. Pugh and Commissioner Oliver discussed strategy about moving controversial issues forward. The question is whether it makes sense to put all of the controversial issues together (involuntary medication, consent to treatment for children, etc.). The reason in favor of doing so is that the issues involve the same stakeholders with the same position on each issue. We did not reach any decisions but will continue to consider the best approach. Rep. Pugh understands that DMH will not be bringing forward any legislation this year but is already working to be ready for next session. She also mentioned that she is attempting to manage the Committee in a manner that ensures that witnesses do not feel under attack.

Representative Donahue. Rep. Donahue and Commissioner Oliver discussed a variety of issues – VHS, involuntary treatment, consent to treatment for children, etc. Most notably, Rep. Donahue is not opposed to a state operated replacement facility. Her concern is that it not be a stand alone facility. I agree with her that it is important for the clinical care of the state hospital patients that the facility be co-located with a general hospital. Co-location also furthers our goal of integrating mental health with physical health.

Department of Disabilities, Aging and Independent Living (DAIL)

Status of Governor's Priorities

Voc Rehab expands employment services to offenders as a part of Creative Workforce Solutions. Individuals with criminal backgrounds face multiple challenges to successful employment: facing employers who do not want to take a risk in hiring someone with a serious felony conviction. Vocational Rehabilitation, in partnership with the Community High School of Vermont (CHSVT) and the VT Association of Business, Industry and Rehabilitation (VABIR) has begun an initiative to provide intensive employment services to offenders through the

addition of Offender Reentry Employment Specialists. With federal dollars, VABIR has hired two offender employment specialists for Barre and St. Johnsbury to assist in job development, placement and post employment support. With funding from VR, VABIR is currently interviewing for three additional positions to serve Rutland, Bennington and Springfield. The goal is to eventually provide these services statewide so that no matter what community the offender moves to from prison, he or she will have support to find and maintain a job.

Legislative Issues/Contacts

DAIL responded to inquiries from Senator Robert Starr and Representative Robert Lewis on behalf of a constituent regarding her wish to reinstate payment for a worker whose employment was terminated following the finding the employee was on the Abuse Registry. Commissioner Wehry found the Department acted appropriately. The constituent seemed to understand and accept the reasoning.

Significant events/Meetings

Commissioner Wehry met with a coalition of advocates (disability rights lawyers, AAA supervisor, Long term care ombudsman, poverty rights lawyer) regarding situation at Adult Protective Services (in the Division of Licensing and Protection). The coalition would like to use the crisis at APS as a lever to redesign the entire system. They have agreed to examine and monitor DAIL's plan of correction in lieu of a legal remedy at this time.

Evolving issues

At a meeting with The VT Home Health Association, Commissioner Wehry heard serious criticism of the Division of Licensing and Protection, this time regarding a perceived shift in interpretation of regulations resulting in significant costs to agencies.

Department of Corrections (DOC)

Legislative Issues/Contacts:

Commissioner Pallito testified before the Senate Committee on Judiciary regarding Justice Reinvestment and the SFY12 proposed budget,

Senate Committee on Judiciary members visited the Barre Probation and Parole to talk with staff and offenders regarding Justice Reinvestment on February 3rd.

Press Issues/Releases/Contacts:

Interview with WCAX-TV on Act 126 Ignition Interlock Device Pilot Project. Alan Cormier, Corrections Field Services Operations Manager interviewed by WCAX regarding what the DOC role was in the interlock project. Alan explained that DOC provides a list of names to DMV from their Intensive Substance Abuse Program (ISAP) program and DMV selected the offenders based on our list.

They talked about what the notification process is if someone who had an interlock device was drinking and were to try and drive. Alan explained that DMV is monitoring the notifications now but that DOC is working on getting access to the system to be able to monitor the system during the pilot project.

They also talked about how DOC would respond to a positive Blood Alcohol Content (BAC) notification during the pilot project.

They discussed the Secure Continuous Remote Alcohol Monitor (SCRAM) bracelet and how DOC is utilizing that technology in the supervision of offenders.

Significant Events/Meetings:

On February 3rd the Corrections Citizens Advisory Committee met on the 4th Floor of the Pavilion. The purpose of this meeting was to identify the direction of the Department over the next two years.

Evolving Issues:

Population. The Department of corrections incarcerated population is currently at 2096, with a detention population of 322 inmates. The female population is currently at 164, totaling 8% of the incarcerated population of the state of Vermont. The Department of Correction's community supervision population has remained steady at 8,863 probationers; the female percentage of this population is 22% with a count of 1958.

Department for Children and Families (DCF)

Status of Governor's Priorities:

3SquaresVT benefits via Electronic Benefits Transfer (EBT) at Farmers' Markets 2010 Data. DCF and the Northeast Organic Farming Association of Vermont developed a grant project to support EBT service at farmers' markets that began in 1997. In 2010, one-third of the farmers' markets in Vermont were accepting EBT payments. This is one of the best ratios of EBT capable markets nationwide.

EBT redemption statistics at Vermont Farmers' Markets in 2010:

Sales:	\$65,000 (up from \$36,000 in 2009)
Participating markets:	26 (up from 16 in 2009)
EBT transactions:	3,011
Average Farmers' Market sale:	\$21.59

3SquaresVT Performance Indicators. There has been a steady increase in participation in 3SquaresVT over the last few years.

	December 2010	December 2009
Individuals receiving 3SqsVT	90,556	84,300
Households receiving 3SqsVT	45,163	41,643

Managing this increased caseload has been challenging and both our payment error rate and negative error rate — two indicators used by the Food & Nutrition Service to measure performance — have increased.

FFY 2009 Official Validated Error Rates

Combined overpayment and underpayment error rate: 5.42% (Goal is to be below 5.99%)

Negative error rate (inappropriate denial, closure, or suspension of benefits): 5.54% (Goal is to be below 1%)

FFY 2010 State-reported Unvalidated Error Rates

Combined overpayment and underpayment error rate: 6.40% (Goal is to be below 5.99%)

Negative error rate (inappropriate denial, closure, or suspension of benefits): 20.07% (Goal is to be below 1%)

1. The Payment Error Rate indicates the percentage of recipients who did not receive the correct amount of benefits.
2. The Negative Error Rate indicates the percentage of cases that were incorrectly denied, suspended, or terminated.

If there is a silver lining, we have almost nowhere to go but up! And if we can significantly improve the above measures, which we believe we can, we stand a good chance of earning performance bonuses from the USDA for “most improved” in the categories mentioned above. If a bonus is earned, we would like to propose using part, or all, of the bonus to provide incentives to community organizations who increase the participation of our most vulnerable populations — seniors and children.

Legislative Issues/Contacts:

H 56 Vermont Energy Act of 2011. Representative Tony Klein of East Montpelier introduced H 56 which among its 17 provisions includes Sec. 16. “Weatherization; Program Implementation by Energy Efficiency Entity”. The bill goes on to say, the Governor by executive order shall on or before 1/15/12 transfer all aspects of the OEO Weatherization program to Efficiency Vermont. The bill is currently being studied by the House Committee on Natural Resources and Energy. On January 27th, testimony on Sec. 16 was provided by two Community Action Program (CAP) Executive Directors and two Weatherization Assistance Program (WAP) Directors representing Central Vermont Community Action Council (CVCAC) and Southeastern Vermont Community Action (SEVCA). The gist of the testimony focused on the integral role of weatherization in the state’s efforts to reduce poverty. There was a lengthy discussion of what if any savings would be realized by such a transfer, with the CAP/WAP response being that administrative costs would rise as such a transfer would add an additional layer of administration as the state would continue to be the responsible entity with respect to the U.S. Department of Energy.

Such a move was explored by DCF/OEO last fiscal year at the behest of the past Administration and the Tiger Team report. Those efforts did include several meetings with representatives from Efficiency Vermont, with the end result being that a transfer would not in and of itself result in any additional resources being infused into the program, but more likely raise the administrative cost. There are possibilities that RGGI funds could be utilized by the Weatherization Program, but that would require statutory change.

Press Issues/Releases/Contacts:

LIHEAP – Fuel Assistance Program. Additional LIHEAP block grant and contingency (emergency) funds authorized in January made it possible for DCF to issue bonus benefits. On February 1st bonus benefits were issued to the fuel suppliers of 22,000 families. Total average fuel benefits for the entire winter heating season will be:

\$1,035 for families in the old income group (compared to \$1,136 last winter)

\$410 for families in the new higher income group (compared to \$0 last winter)

Significant Events/Meetings:

Urban Institute site visit. DCF/OEO has a pending grant application with the Urban Institute to support planning and assessment activities to evaluate what Vermont needs relative to addressing the “benefits cliff” that exists for low-income Vermonters. A team of five representing the Urban Institute, Ford Foundation and the Center on Budget and Policy Priorities came to Vermont on January 24th to meet with AHS staff, private partners, legislators and Susan Bartlett to review Vermont’s proposal.

There are approximately 12 states being reviewed and up to 8 grants will be awarded. If selected, Vermont will receive up to \$250,000 for planning and assessment activities. Additionally, Vermont will be eligible for a subsequent grant from the same source that would provide up to \$1.5 million over three years to support implementation of a plan arising from this endeavor. A decision should be announced by mid February.

Evolving Issues:

Movie on Youth in Foster Care. For the past 18 months, Bess O'Brien of Kingdom County Productions has been working on a documentary film on youth in foster care. The film, called *Ask Us Who We Are*, is in the final edit stage. DOE, DMH and DCF, along with many other donors, provided funds for this movie. DCF Deputy Commissioner Walcott has seen the film, and was very impressed. Bess would like the Governor to see the film before its opening on 4/9/11 in Burlington. She is also hoping to schedule a viewing at the statehouse. The film will tour the state in April and May.

Expedited Health Care Requests. DCF is encountering increasing numbers of clients who are requesting that their health care applications be expedited. There are two groups primarily involved: those who were not on our health care programs at all when admitted to a hospital, and those who recently closed because they did not pay their premium timely.

The first group of clients is those who have no health care coverage when admitted to hospitals. If determined Medicaid eligible, we are able to grant retroactive coverage up to three months from application date. However, for clients who are determined to be VHAP eligible, their coverage would begin on the date the application is approved.

When hospitals admit clients who have no health care coverage, they are concerned they will face a significant bill that may go unpaid. ESD agreed to allow hospitals to fax applications for inpatient clients to be processed in an expedited manner. Unfortunately, this has created a large new work burden for staff. Note also ESD and DVHA are concerned this practice is not compliant with VHAP rule which states applications are processed in the order they are received:

Another group of clients asking for expedited health care are those that failed to pay their premiums timely resulting in closure of their health care coverage. Rules are clear that clients must pay their premium to remain eligible. However, we are seeing increasing numbers of requests to overlook the rule and allow clients to pay their premiums late to regain coverage without a break.

As requests for expedited review have increased, what was previously an infrequent occurrence has now grown to 10-20 cases a day. Our staff cannot keep up with the demands, and additionally we are concerned that Vermonters will stop paying their premiums as they learn they can be immediately reinstated.

Some requests for expedited processing stem from extremely serious situations. Vermont has had a long practice of intervening in some of the extreme medical hardship cases, to do the right thing. Now, due to the volume and the resulting disruption to conventional applicants and staff, we intend to tell providers that we can no longer accept requests for same day processing. We will, however, continue to approve extreme hardship cases. We intend to file a rule that will define hardship situations and give us the authority to approve such situations expeditiously.

Department of Vermont Health Access (DVHA)

Evolving Issues:

On January 28th, the Department of Vermont Health Access (DVHA) was informed that effective February 11th the Synergy Counseling Group (Private for Profit, LLC) was consolidating their Berlin Clinic with their South Burlington practice. The reason cited for the consolidation was because Medicaid "*applied significant reductions in all categories of Medicaid reimbursement*". DVHA did implement a new reimbursement system and revised rates on January 1, 2010. Overall the RBRVS changes were cost neutral in aggregate. However, once we heard of the Synergy office closure, DVHA ran an impact analysis on Synergy, indicating a total projected impact of -7.2% compared to last year (a \$100,000 reduction from their \$1.4M Medicaid reimbursement). They are a private for profit agency, and therefore we expect that they receive significant reimbursement from other sources. As such, we do not believe that our rate changes would warrant closure of their Berlin clinic.

Synergy is providing a 90-day transition period to assist Medicaid beneficiaries in finding a new provider for buprenorphine and primary care services. DVHA has identified 87 Medicaid beneficiaries that will be impacted by the consolidation. To date, 67 of the beneficiaries have been reassigned to either the South Burlington Synergy clinic, because they live in Chittenden County, or another provider. For the remaining beneficiaries, the Synergy Clinical Director is coordinating with other providers (e.g., Central Vermont Substance Abuse Services and BAART Behavior Health Services) in the immediate area to ensure that there are no service disruptions. DVHA will remain in contact with Synergy to assure a smooth transition.

Going forward, DVHA will be working closely with the Alcohol and Drug Abuse Division (ADAP) of the Vermont Department of Health to develop an oversight plan for clinics, such as Synergy, that are not in the ADAP preferred provider network, yet draw down Medicaid funding for outpatient buprenorphine services. Preliminary recommendations include requiring an approval process for clinics serving over the one-doctor per 30 patient Federal limits. That would give the State the authority to establish rules or guidelines that clinics must follow. DVHA already has guidelines established for Medicaid primary care providers who provide office based buprenorphine services that could be adapted to clinics.

Legislative Issues/Contacts:

2/1 Susan Besio testified in House Health Care Committee on the HP Contract (our claims processing vendor)

2/2 Susan Besio testified in both the House Health Care and House Ways and Means Committees on Provider Tax

2/4 Richard Slusky testified in the Joint Senate Health & Welfare and House Health Care Committees on the Payment Reform Legislative Report

2/4 Hunt Blair testified in the House Health care Committee on Health Information Technology

Significant Events/Meetings:

Blueprint Associate Director Lisa Dulsky Watkins, MD attended the first in-person meeting of the eight states chosen to participate in the Centers for Medicare and Medicaid Innovation's Multi-payer Advanced Primary Care (MAPCP) demonstration project in Baltimore on January 28th. This demonstration allows Medicare to join Vermont's already well-established payment reform mechanisms to better support primary care. The six hour discussion, as well as a conference with the Multi-state collaborative the day before, was focused on the evaluation and data collection strategies associated with the work ahead.



State of Vermont...

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

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

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

www.bishca.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING **Report to the Governor for Week Ending 02/04/2011**

Governor's Priorities

Single-Payer: Substantial activity in support of preparation of draft bill, including editorial board meetings at the Burlington Free Press and the Rutland Herald.

Evolving Issues

(General Counsel's Office) Single-Payer Bill: Significant research and drafting support and consultation in development of bill to be introduced re single-payer initiative.

Issue Updates

(Securities) Morgan Stanley Smith Barney: Possible interest by SEC (Boston office) in arbitration case filed against local Morgan Stanley Smith Barney (Burlington) office by City of Burlington regarding Burlington pension funds. The Division has been monitoring this matter for some time. The SEC has promised to keep John Cronin apprised of the situation.

Legislative

(HCA) Draft Rules: Draft rules for External Appeals and Licensing Requirements for Mental Health Review Agents are nearing completion and filing at LCAR.

(HCA) Rate Filing Reviews: Provided the House Health Care Committee with background information on Rate filing reviews. Testimony provided to the House Health Care Committee on the three year forecast for health care expenditures and regarding provider taxes and hospital budgets.

General Information

(BISHCA) 50+ Expo: HCA, Securities, Insurance and Banking staff participated in the 50+ Expo at the

Sheraton over the weekend as part of BISHCA public education and outreach efforts.

(Captives) New License: One new captive was licensed this week – Sportsman's Insurance, Inc., a subsidiary of Bass Pro Shops.

(HCA) Insurance Exchanges: Met with DVHA consultant regarding implementation of health insurance exchange, as requested by Robin Lunge. Provided comparison of federal health reform requirements with Vermont requirements, and data on Vermont's health insurance market.

(HCA) Hospital Report Card Updates: We are about to post Medicare mortality and readmission data for heart attack, heart failure and pneumonia on our Hospital Report Card website. For most measures, Vermont hospital results are comparable to the national average.

(HCA) Quality Measurement: Working closely with BCBSVT, MVP, CIGNA, VPQHC and the Medical Society on a collaborative quality measurement project for pediatricians that will combine data from the three insurers on three quality measures.

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: February 4, 2011
SUBJECT: Confidential Report to the Governor

STATUS OF GOVERNOR'S PRIORITIES:

- **Buildings and General Services:**
 - Governor's priorities intact. BGS met with Larry Cassidy regarding rest area private-public partnership development and the health lab. They will also be meeting with Senator Giard regarding the lab. BGS met with Governor on his 20% energy efficiency goals and concerns about the state health lab.

- **Tax Department:**
 - Vermont Yankee: Commissioner Peterson presented an initial list of options to the Secretary, developed by the Department with input from DPS and ANR. Commissioner Peterson is meeting next week with Commissioner Miller to outline a timeline to draft legislation.

 - Jobs Bill: Commissioner Peterson, Susan Mesner and Molly Bachman met with Deputy Secretary Moulton-Powden to do a quick run through of the Jobs Bill credits. Tax offered some initial reactions, informal estimations, design ideas related to more effective processing in terms of Tax Department resources. Commissioner Peterson passed along that Rep. Ancel was interested in postponing the R&D Credit set to go in effect this year (which both ACCD and the Dept feel would be problematic, despite revenue gain). Commissioner Peterson also met briefly with Don Vickers of VSAC on the STEM Credit (which is assumed to be the credit alluded to in the Budget Address), and agreed to set up a conference call with Deputy Secretary Moulton-Powden to discuss the feasibility. ACCD and the Dept are also committed to continue meeting to lessen the use of Department resource on Development rather than Revenue function.

- Online Litigation: Commissioner Peterson was given a presentation, and has touched base with Bill Griffin – apparently this is an issue that each office briefly looked at last year. The Tax Department is examining the materials.

EVOLVING ISSUES:

- **Tax Department:**

- Setting Education Fund Tax Rate: Ways & Means has asked Commissioner Peterson to appear next week with Education's Bill Talbott to discuss the Tax Rate. Apparently Rep. Branagan has a proposal (developed with JFO) to reward districts that met last year's targets.
- Blue Ribbon: Vt. Digger and VPR are running a 5 piece series on Blue Ribbon. Apparently Ways & Means is aiming to decide on a direction by the end of next week, apparently Leg Council does have a draft bill at least on AGI. In discussions Rep. Ancel seems inclined to the AGI proposal, also appears to be some support in Senate.
- Netting Business Loss on Household Income: Commissioner Peterson has had ongoing discussions with Rep. Ancel and Sen. Cummings on how to possibly provide some relief for mistakes in this area without opening the door to retroactive adjustments. The issue is clearly resonating out of proportion to the small number of taxpayers involved; a separate email was provided to the Secretary.
- Misc Tax/Entertainment Tickets: Misc. Tax bill was presented by Molly Bachman with the Commissioner invited to attend. Strongest reaction was on the Entertainment Tickets language, both positive and negative. The Commissioner did receive some favorable feedback for the Administration from legislators involved on the side of the non-profits (and negative from those on the other, as well as a concern that the fix was problematic). The Department is working with JFO on cost estimates.
- Omnibus Ed Finance Bill: Commissioner Peterson met with Rep. Ancel and Rep. Sharpe on a concept for a comprehensive Ed Finance Bill that would include statewide collection, redefinition of Household Income, tying income sensitivity to a percentage of the property tax bill, recharacterization of the rate as a yield, new CLA formula. Commissioner Peterson also chatted with the Speaker on the possibility and timing of the bill. Commissioner Peterson indicated, as the Governor apparently did, that all of the ideas merited further review - especially to the end of simplicity. Should such a concept move forward, it is anticipated that supporting the legislative effort could consume a great deal of the Department's time, and attention would need to be focused on reasonable implementation goals.
- Audits: The Tax Department received notice of an audit related to Medicaid Providers. Commissioner Peterson discussed with the Auditor that this did not appear to fall within the statutory provision of Tax Department audit since the aim was not to evaluate the Department's performance but rather to gain access to our taxpayers data to evaluate their behavior. The Commissioner's concern is that this properly should be a request for a MOU or the like. However, the Commissioner agreed to meet with the Auditor to discuss this further prior to a formal response.

- **Buildings and General Services:**
 - Procurement of commodities from Vermont sourced businesses.
 - BGS met with DMV Commissioner Ide regarding proposed 120 State Street renovations.
 - BGS Deputy Secretary Sandretto continues Montpelier district heating project negotiations.
- **Department of Human Resources:**
 - PeopleSoft Project: Commissioners from the Departments of Finance, Information and Innovation, and Human Resources met with Secretary Spaulding and Deputy Secretary Clasen concerning the PeopleSoft upgrade to the HCM system. The Commissioners discussed the goals, costs and timeframes for the project and recommended the selection of Cherry Road as the vendor to perform the upgrade. Secretary Spaulding agreed to the retention of Cherry Road, subject to an independent review through the DII.

ISSUES UPDATES:

- **Department of Libraries:**
 - Vermont FiberConnect Broadband Project Reminder: VDOL is a partner in the VTA and Sovernet project that will bring fiber optic connectivity to 53 public libraries.
 - David Weinstein (Senator Sanders' office) talked with members of the Senate Economic Development/Commerce Committee about ARRA broadband and spoke (at least privately with Sens. Illuzzi and Ashe) about the importance of including public libraries in these projects, including the VTel project. David and Marty Reid spoke about this by phone; Reid will be meeting with Karen Marshall next week to give her more details and will contact Sen. Illuzzi and offer to give testimony about libraries and broadband.
 - Marty Reid will meet with Deb Shannon (VTA) and others next week regarding Connect VT and broadband for educational institutions.
 - Libraries will meet with a representative from E-Rate Elite, Inc. (MD) who will conduct all E-Rate 2011 filings on behalf of the 53 libraries in the VTA project. (*Funding from the Bill & Melinda Gates Foundation.*)
- **Finance & Management**
 - Annually, Commissioner Reardon provides a Budget and Economic Update sponsored by the Lake Champlain Chamber of Commerce's Government Affairs Committee and the Greater Burlington Industrial Corporation. Previously this event had been held in December; the schedule was changed this year and the event was held on February 2, 2011. This allowed the Commissioner's presentation to reflect the Governor's Budget Recommendations as submitted to the General Assembly; only estimates could be presented during previous years' December time-frame, as the Governor's Recommended Budget was never final in December.
 - The Budget Analysts continue to monitor agencies' and departments' FY 2012 Budget testimony before both Appropriations Committees and committees of jurisdiction, such as Transportation and Institutions. This monitoring will continue throughout the legislative session.

- Deputy Commissioner Zeller and Budget Analyst Toni Hartrich continue work on the Unified Economic Budget (UEDB). This look-back report is consolidated by Budget and Management from the submissions provided by agencies and departments, including performance measures if available. State economists Jeff Carr and Tom Kavet provided an analysis, in accordance with Acts 68 and 146 of the 2010 legislative session, of the performance measures previously submitted by agencies and departments in the prior year UEDB. However, this report was completed after agencies and departments submitted this year's UEDB information; departments and agencies will not be able to benefit from this analysis and incorporate the recommendations into their performance measure efforts until next year's UEDB.
- Commissioner Reardon and Deputy Zeller met with John Curran, AP Correspondent on Wednesday, February 2, 2011 to discuss responses to a list of questions from the AP about various state financial and budgetary areas. The AP is working on a multi-state 50-state interactive that conveys up-to-date budget and economic data about each state. The responses were developed jointly between Finance & Management and the Joint Fiscal Office.

AGENCY/DEPARTMENT REQUESTS:

- **Tax Department:**

- Personnel: The Commissioner tackled a number of personnel issues this week, including putting a PVR employee on immediate administrative leave which will impact the Dept's ability to defend against numerous appeals by Towns with respect to the Equalization Study. The Hearing Officer vacancy is also putting some stresses on the Legal Division, although we are advertising the position and hope for a quick hire. The good news is that Michael Costa has accepted a position to start on Feb. 14 as my Principal Asst. (HR designation) and already is looking at some policy issues on his own time.

LEGISLATIVE CONTACTS:

- **Department of Libraries:**

- Libraries testified in House and Senate Appropriations this past week.

- **Tax Department:**

- Senate Appropriations: Commissioner Peterson presented the Department's budget in the Senate, which appeared to go well, except for a general consensus by legislators that they do not want to lose Mr. Costa's talents.
- Caucus: Commissioner Peterson presented a general overview and info sheets to a combined caucus. Legislators continue to bring constituent concerns from the campaign trail, however in every case reviewed thus far the Commissioner has been generally satisfied with the Department's actions.
- Realtors: Commissioner Peterson served on a panel with Rep. Ancel before the Realtor's Association responding to remarks about the BR proposals and Ed Funding. Theme of remarks was that BR AGI proposal may have merit to give VT more local control and a competitive structure, and that Ed Funding had much room for simplification.

- **Finance & Management:**

- Commissioner Jim Reardon presented a budget update to the Republican Caucus on Monday February 1, 2011.
- Deputy Sue Zeller provided testimony about the Performance Contracting initiative originally started under Challenges for Change and provided a list of all contracts for service entered into during FY 2011 to the House Government Operations Committee on Wednesday, February 2, 2011. She will be providing similar testimony before Senate Government Operations next week.

- **Department of Human Resources:**

- Commissioner Duffy is scheduled to appear before the Senate Appropriations Committee on the FY12 budget on February 4, 2011.
- Representative Wizowaty contacted Commissioner Susan Besio of DVHA and Commissioner Duffy regarding her application for VHAP and concerns regarding a form required by DVHA to assess her VHAP eligibility. Specifically, she complained that DVHA should be able to communicate directly with DHR and obtain a certification that Representative Wizowaty is not eligible for an employer sponsored health plan rather than requiring her to obtain the form from DHR. DHR advised Representative Wizowaty that, contrary to her understanding, she might be eligible for insurance under the state employee health plan. I have arranged for a Benefits Analyst to contact Representative Wizowaty to discuss further.
- Representative Atkins contacted Harold Schwartz, DHR Director of Administrative Services. Representative Atkins is planning to introduce a bill that would require the state to provide life insurance coverage for legislators. He asked Director Schwartz to estimate the cost if such a bill passed. Director Schwartz indicated that the cost to provide life insurance to 180 legislators is approximately \$10,000 in premium for \$10,000 of life insurance.

IDEAS:

GENERAL INFORMATION/OTHER:

- **Department of Libraries:**

- H73 (Public Records): Marty Reid spoke with Gregory Sanford (State Archivist) about this bill. It is important that there not be any restriction to requests for public records that come as part of a regular research inquiry. The Department of Libraries (especially the reference staff at the State Library) receives reference questions as a normal part of our business and questions are often answered using information found in public documents and records. Inquiries come from within state government – as well as from citizens and other outside entities. Let me know if you need anything more information about this. Gregory will be addressing this in his own testimony but I am happy to do the same, if needed.

Richards, Alyson

From: Gaidys, Maureen
Sent: Friday, February 04, 2011 3:08 PM
To: Richards, Alyson; 'sbe@list.education.state.vt.us'
Subject: Commissioner Vilaseca's Weekly Report

To: Governor Peter Shumlin
Cc: State Board of Education
From: Armando Vilaseca, Commissioner
Re: Commissioner's Weekly Report
Date: February 4, 2011

Essex-Caledonia SU: I visited Concord Graded and High school this Thursday and was appalled at the caustic climate and general conditions of the school. This seems to be a result of how this school is being micromanaged by its board and as a direct result of them involving themselves inappropriately in the day-to-day operations and activities of the school. I plan to send in a two to three member team to assess the school's climate and status on School Quality Standards, specifically the high school. I will be calling on the Board Chair in the very near future and will be inviting myself to their next Board meeting to further discuss the grave issues at hand.

Pre-K – 16 Council: On Monday I met with this Council. We are continuing discussions on dual enrollment in particular as a component of our work to decrease the achievement gap and raise aspiration levels of our students.

Pre-K Education: I will be meeting with Mary Barrosse Schwartz today to discuss concerns around additional pressures on the Education fund as a result of the proposed lifting of caps on Pre-K. For this year alone, we have lifted caps for 57 schools that are not meeting AYP.

Diversity Now: This is a multi-ethnic, parent-community group that formed almost two years ago to work to promote diversity hiring in the Burlington School District and to advocate for policies and strategies to address the achievement gap and to insure inclusive education. I will be meeting with this group later this afternoon to hear their concerns about equity issues in Burlington.

2010 NECAP Results: These results will be released next week (Wednesday, February 9th, 11:00 AM) and we have invited Montgomery Center School students to join us in the celebration of this announcement. Despite increasing poverty, this school has outperformed most other schools in the state and DOE wants to acknowledge and recognize schools that are doing well and showing improvement, despite adverse conditions. You too, should have received an invitation to participate in this event – we would be honored to have you there.

Vermont Association of Realtors: On Tuesday, I spoke at the VAR's Annual Leadership Day and I encouraged this group to support their local communities and legislators around the implementation of Act 153 of 2010.

Amendment to H. 65, FY11 Budget Adjustment Bill: I want to bring your attention to an amendment to the FY2011 Budget Adjustment bill which requires the commissioner, in collaboration with state education partners, to "develop a plan by April 1, 2011 to assist Vermont schools to achieve at least \$23.2 million in reduced local education spending system wide by fiscal year 2013." Should this amendment pass, and it appears it may, we have concerns. As you are well aware, we recently provided schools with targeted budget

recommendations to meet this goal under Challenges for Change, and were only able to secure \$4 million in savings. You also addressed this issue in your December press conference, which involved the same organizations cited in the amendment. As long as our 277 school districts are governed by independent boards, attempting to reduce district budgets or even provide technical assistance for spending reductions from Montpelier is not a manageable task.

Testimony from DOE Staff: This week, department staff testified on several issues in the Legislature, including per pupil spending related to graduation rates, current standards and assessments, lifting the pre-K cap, the military compact for children, post-secondary approval changes, Results Oriented Program Approval (ROPA), Vermont Virtual Learning Collaborative and Act 153. We are also closely following other education-related issues and bills.

Brattleboro School Board: The Brattleboro School Board has proposed a resolution around NCLB, but it appears that they may be mistaken in their interpretation of this law. I believe it is School Improvement Grant (SIG) requirements that they have concerns with and as stated in a letter to you earlier this week, we will not be participating in the next round of SIG. You might want to have a conversation with me, for clarification purposes, before any further discussion on this matter.

College Board: FYI – Vermont high school seniors posted a strong showing on the 2010 College Board Advanced Placement (AP) exams. On the AP exams, a score of three or above is considered demonstrating college-level mastery of the content and in Vermont, sixty-four percent of Vermont exams were scored at three or higher.

Weekly Field Memo: In case you did not see it, here is the link and list of subjects covered in this week's Weekly Field Memo. http://education.vermont.gov/new/html/dept/field_memo.html#first.

