

WEEKLY REPORTS

Checklist
9/2/2011

Bill Lofy

☒ Agency of Commerce and Community Development – Lawrence Miller

☒ Agency of Agriculture – Chuck Ross

☐ Agency of Transportation – Brian Searles

☐ Department of Labor – Annie Noonan

Alex MacLean

☐ Agency of Natural Resources – Deb Markowitz

☐ Department of Public Safety – Keith Flynn

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

Susan Bartlett

☐ Agency of Human Services – Doug Racine

Beth Robinson

☒ BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

☒ Agency of Administration – Jeb Spaulding

Special Reports

☒ Additional Report: Education

☐ Additional Report: GIRO

☐ Additional Report: _____

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, September 16, 2011

SUBJECT: VTrans - Confidential Report to the Governor

DMV Systems Modernization Project (VTDrives)

After five years of effort DMV is strongly considering suspending all work on its System Modernization project (VTDrives). Although problems have persisted in attaining adequate results during the testing phase and in successfully completing many of our key interfaces with business partners, the overriding issue is the condition of the system architecture and underlying code base. Independent code reviews performed by both our IV&V vendor and our prime contractor, HP, yielded a sizeable number of deficient and problem areas in the code base. Despite agreement on what those issues are, we have not been able to reach agreement with HP on a scope of remediation work. This includes a lack of acceptance on HP's part to fix the many areas in the code base that would affect on-going maintainability of the system. At this point their remediation offer falls far short of what we believe we need in order to deliver a system that allows our operations to continue to function at the same high level as they do today.

Although discussions are continuing with HP on alternative approaches, we are not confident at this time that any of these will be in the best interests of the state to adopt.

IRENE RESPONSE REPORT

1. Operations:

- GPS in Rutland to officially open Route 4 around 11 am. Big event planned with locals and Killington.
- Sue toured around work sites, assessing progress & serving coffee to a number a work crews along VT 4, VT 100 Plymouth, and VT 107 in Stockbridge. We're told this is a morale booster for workers. Might be idea for GPS to do sometime?
- Rutland side of Route 4 was officially opened yesterday at 2:05 pm to two-way traffic. The road from the East is still being paved, but decision made to open while paving. This allows access, however, slows the job (and therefore impacts progress elsewhere).

*gms/llh
9/16/11*

- Contractors begin temporary bridge work on Bridge 124 on VT 100 in Pittsfield.
 - Sinkhole in Readsboro on VT 100 was filled; remains closed still a great deal of work to be completed.
 - VT 73 in Brandon to VT 53 in Forestdale is now open for two-way traffic.
 - Clarendon Bridge 97 has been fixed, will begin paving next week.
 - Bridge 35 on US 4 in Bridgewater was fixed yesterday.
- 2. Planning:**
- The paperwork for Federal payment (reimbursement) has begun. HUGE task ahead. VTrans planning team is working to help FHWA representatives by gathering data on a worksheet. VTrans has developed fabulous database for all the operational information underway.
- 3. Logistics:**
- Plans underway to move Rutland ICC to accommodate growing space needs/demands for ICC and return existing space to District and DMV that have been dislocated.
- 4. Administration/Finance:**
- Bridge crews will work throughout the weekend.
 - Addressing a myriad of administrative details, from time sheet issues to contracts (MRAs and larger new ones).
 - Need for Emergency Protocol for Admin Procedures. We should learn from this event and be ready for the next with such protocol.
- 5. Safety Issues**
- Following the accident of 2 days ago, we are redoubling our safety info. protocol.
 - Everyone needs to be aware that most injuries occur after 3+ weeks in an emergency situation such as this. Everyone should be conscious of their employees and their well-being.
 - Discussing the option of moving to a 6-day, 12 hour day work week, to allow people time to rest.
- 6. Liaisons**
- Maine National Guard (in Rutland) and Maine Dept. of Transportation (in Dummerston) sent home with farewell events (with thank you plagues). Phil Scott & Sen. Mazza thanked the MEDOT teams.

ICC OVERALL INCIDENT REPORT

- 1. Establish emergency access to cutoff/isolated towns**
 - a. Percent Complete 100%
- 2. Establish access for utility companies to restore power to areas that are still cut off.**
 - a. Percent Complete 100%
- 3. Establish mobility (public access) to towns that currently only have emergency access.**
 - a. Percent Complete 100%
- 4. Establish mobility and truck/commerce along East/West corridors**
 - a. Major accomplishments: Opening US Rt 4 to two-way traffic

5. Inspect Bridges of Concern:

- a. Bridges of concern, round 1, 100 %complete
- b. Bridges of concern, round 2, 15 % complete
- c. **Focus area for this operational period:** Communicate, coordinate, and clarify.

6. Prepare state roads for winter operations:

- a. 55 % of state roads are ready for winter
- b. **Major tasks:** Installing two temporary bridges. Bridge 8 on VT 100A in Plymouth and Bridge 124 on VT 100 in Pittsfield.
- c. **Major accomplishments:** Opening all east/west corridors with two-way traffic.
- d. **Major challenges:** Cleaning all cross culverts and ditches
- e. **Focus area for this operational period:** Securing VT100 in Plymouth for weekend traffic with ample signage, barrels, and cones.

7. DDIR all ER sites on State Highway System:

- a. 1 % complete
- b. **Major tasks:** Getting clear guidance and understanding of how the process should work.
- c. **Focus area for this operational period:** Clarifying administrative rules for inspectors.

Privileged and Confidential

To: Honorable Governor Peter Shumlin

From: Annie Noonan, Commissioner, VDOL

Weekly Report: Week Ending 9/16/11

Unemployment:

As noted, initial claims have doubled post-hurricane (731 vs. 1,331 for 2-week cumulative numbers in late July/mid-August vs. late August/mid-September), and we still expect to see more filings. Some of these will be temporary until the business reopens - such as Killington with mass layoff claim of 350, but a return to work date of 9/17/11. We have also examined the number of job postings with VDOL since August 29th and can report 2,446 new job openings, of which we believe 500 listed with VDOL were directly related to hurricane repair. We are now awaiting final approval on a new USDOL grant for the Hurricane disaster that will likely total an additional \$1.6M for another 100 workers to be put into jobs. Our earlier grant in May gave us \$1.8M for 100 workers relating to the May flooding. These grants allow VDOL to help public and non-profit entities by supplying workers to their flood/disaster clean up and repair projects; and we have projects underway or soon to be underway with the Town of Wolcott, Pathways in Cambridge, Green Mountain National Forest, Groton State Park, and we hope to be working with VAST to repair trails.

UI Borrowing: Remains unchanged as of this date. We owe \$77M, and the payment for the UI Interest is due at the end of this month. NOTE: We are asking the Feds for money for the UI Fund "just in case" we have to reenter borrowing status; \$10M for October, \$15M for November, and \$25M for December. We won't draw it if we don't need it, but we have to make the request now. We have begun a review of "Negative Balance Employers" and their impact to the UI system.

Workforce Development Issues:

New Business: Bennington: Vineyard Vines (+9), Paige Chiropractic (+3), Elm Street Market (+5). Boston-based Global Rescue is opening a new operations center in Lebanon, NH with some new jobs expected. Business Closings: A comprehensive, post-disaster list is being prepared by VDOL staff. We did a rapid response with Skyline for 72 workers losing their jobs due to economic downturn.

Layoffs: Fairpoint is laying off up to 55 workers across the state. VDOL is doing outreach to all those workers since we were sent a list by the union and asked to reach out to them.

Hiring: Adecco staffing held a job fair at VDOL Burlington office, hired 11 new employees and advised they have 41 workers on the Waterbury clean-up project. Labor Ready staffing agency has advised they have a new client and will need 40 people for Waterbury. VDOL helping AOT find 10 flaggers for Rochester and Woodstock. Business Changes: The Shed Restaurant in Stowe has been sold, and may experience a temporary shut down but that has not yet been determined. Rutland based Earth Waste Systems acquired Burgess Brothers of Bennington. Former employees of Bennington Iron Works were hired. In the last six months, Earth Waste Systems has grown from 50-100 employees. Castleton State College breaks ground on \$13 million dormitory, and D.E.W. Construction is running the project. Grants: VDOL is looking at possible funding sources to role out the LMI Improvement grant ("Green Grant") on a national scale. We are also meeting with IBM to ask about partnering with them on an H-1B proposal. We've received and decided the funding for Regional Workforce Development grants, totaling up to \$99K. The Adult Tech Education grant awards are going out (\$360K divided equally to all the applicants). And the Internship program applications are out soon - with a lot of prep work between VDOL and DOE.

Veterans Tax Credit and Long-Term Unemployed Hiring Bonus: Information being more widely advertised.

Workers Comp and Safety: VOSHA and Project WorkSafe staff are all over the state in advising and consultation roles. The Federal OSHA program has sent up staff to help Vermont, at VDOL's request.

State of Vermont
Vermont Department of Education
120 State Street
Montpelier, VT 05620-2501

CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM

TO: Governor Shumlin
CC: State Board of Education
FROM: Armando Vilaseca, Commissioner
DATE: September 16, 2011

Pearson Foundation/CCSSO International Education Conference: I have spent this past week exploring Brazil's educator effectiveness practices and its impact on student achievement in the country. The delegation participating in this conference includes 12 chief state school officers, past US teachers of the year, and other national partners. We have been visiting schools in Petropolis and Rio, and meeting with officials of the Ministry of Education to discuss educator workforce issues. Conversations have focused on Teacher Recruitment and Preparation, Professional Development, support and Preparation and Teacher Evaluation and Compensation. CCSSO partners with other organizations to support members exploring emerging international methods, practice, and policy and to share this information with other states. Partners on this trip include Organization for Economic Cooperation and Development (OECD), the Asia Society, with support from the Pearson Foundation.

INFORMATION EMBARGOED UNTIL 9/20 - Next Generation Science Standards: The state of Vermont has been selected as a Lead State Partner in the development of the Next Generation Science Standards (NGSS). We are one of 20 states chosen, based on our commitment by state education leaders to improving science education. As a lead state we will have full access to the development process from the beginning, including on-line access to writing and support in developing transition strategies. *Achieve* will provide funding to convene state leads to meet with the NGSS writers; provide direction and guidance; deliver feedback from state level committees; and address common issues that exist between the states around adoption and implementation. *Achieve* is an independent, bipartisan, non-profit education reform organization based in Washington, D.C. that helps states raise academic standards and graduation requirements, improve assessments and strengthen accountability.

Invitation for Demonstration of Computer Adaptive Testing: As you know, Michael Hock, Director of Educational Assessment, was recently elected to the Executive Board of the SMARTER Balanced Assessment Consortium (SBAC). Highlights of the SBAC model include a program called Computer Adaptive Testing that reduces testing time for students, minimizes the commitment of school staff and resources, and includes an array of accessibility tools that will provide a more accurate and meaningful assessment experience for students with special needs. SBAC will generate scores for evaluating school accountability that combine results from performance tasks with more traditional item types, and will also provide useful measures of individual student growth. As we discuss the future of assessment and accountability for Vermont's schools, it may be helpful for you to hear more about SBAC from Michael, take a look at some of the accessibility tools that will be available, and get his perspective on how the new tests can fix old problems and provide more accurate and useful tools for improving our educational system. If you are interested in this, please let me know and he can be available at your convenience.

Susan B/Alex

Irene's Impact on Vermont's Education System: All schools were open this week, although one, Moretown, was operating from tents while cleaning and repairs continue. At this point, the DOE/SBE is not considering any attendance day waivers, as it is anticipated and expected that, with the full school calendar ahead of us, most schools will be able to recoup the days lost due to Irene. Additionally, DOE is providing financial assistance through IDEA-Part B funding to those schools impacted by Irene that suffered significant loss to programs for students with disabilities. Direct fund grants of up to \$25,000 are being provided to the most heavily impacted schools for such activities as replacing classroom consumables and instructional supplies, restoring playgrounds equipped for students with disabilities, providing school-based group counseling for impacted students, supporting storm effected capacity building activities, and restoring the delivery of services to improve results for children with disabilities as schools and communities work diligently to rebuild.

State Board of Education: The SBE's monthly meeting will be at 9:45 AM on Tuesday, September 20, 2011 at BFA-Fairfax Library, Bellows Free Academy, 75 Hunt Street, Fairfax. A complete agenda can be viewed at:
<http://education.vermont.gov/new/html/board/schedule.html>

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

MEMORANDUM TO GOV. PETER SHUMLIN

To: The Honorable Peter Shumlin
From: Governor's Information and Referral Office
Date: September 16, 2011
RE: Weekly Constituent Update

Current Issues

Flooding:

- The majority of calls were about reconstruction,
- People dissatisfied with local response
- Asking about road closures
- Questions about federal assistance, both public and individual
- Constituents who have been denied aid, or received less aid than needed, looking for next steps
- Second homes for housing flood victims
- Many callers interested in donating homes
- Several calls this week from individuals having trouble with FEMA process Established FEMA hotline to specifically deal with this issue
- Constituent hoping our office will acknowledge the hard work of visiting out-of-state Guard members and AOT workers who are being housed in the Spartan Arena at Castleton State

Migrant Workers:

- In support of the Governor's response: 11 calls, including a representative of the Migrant Workers Solidarity Project
- Opposed to the Governor's response: 10 calls, several from current or retired law enforcement officers
 - People on both sides of the issue are very passionate and are either extremely pleased or extremely displeased.

Misc.

- Several constituents calling about difficulty applying for/receiving benefits (not in relation to flooding)
- Several calls and a letter about an increase in the average speed of traffic of routes 7 and 89.

Appointments September 13, 2011

Blue Ribbon Commission on Nursing:

APPOINTED: Claire Ayer, Weybridge
APPOINTED: Lynn Bedell, -
APPOINTED: June Benoit, Montpelier
APPOINTED: Jan Carney, So. Burlington – CO-CHAIR
APPOINTED: Stuart Copans, MD ,
APPOINTED: Mari Cordes, Lincoln
APPOINTED: Leigh Dakin, Chester
APPOINTED: Rosemary Dale, Burlington
APPOINTED: Sandra Dalton, South Burlington
APPOINTED: Linda Davidson, Waterbury
APPOINTED: Patricia Donehower, Burlington
APPOINTED: Timothy Donovan, Montpelier
APPOINTED: Susan Farrell, Ira – CO-CHAIR
APPOINTED: Anna Louise Gerac, Randolph
APPOINTED: Beatrice Grause, Montpelier
APPOINTED: Debbie Hallett, So. Londonderry
APPOINTED: Veronica Hychalk, Saint Johnsbury
APPOINTED: Sara Lane, Richmond
APPOINTED: Jill Lord, Cornish, NH
APPOINTED: Steven Maier, Middlebury
APPOINTED: Patricia Menchini, Williamstown
APPOINTED: Mary Val Palumbo, Hyde Park
APPOINTED: Laura Pelosi, Barre Town
APPOINTED: David Reville, Burlington
APPOINTED: Greg Voorheis, Northfield
APPOINTED: Debra Wilcox, Swanton

Green Mountain Care Board:

APPOINTED: Anya Rader Wallack, Montpelier - CHAIR
APPOINTED: Alfred J. Gobeille, Shelburne
APPOINTED: Allan M. Ramsay, MD , Essex Junction
APPOINTED: Cornelius D. Hogan, Jr., Plainfield
APPOINTED: Karen Hein, MD , Jacksonville

Access Board:

REAPPOINTED: David Sagi, Rutland

Electricians Licensing Board:

REAPPOINTED: Wayne Lamberton, East Calais
REAPPOINTED: Timothy Watkins, Colchester

Elevator Safety Review Board:

REAPPOINT: Leonard Bullinger, Colchester

Plumbers Examining board:

REAPPOINT: Steven Goodrich, North Bennington

Circuit Court recently denied both sides' motions for preliminary relief, and so we are going to file full appellate briefs soon. Vermont has joined New England Coalition in this matter.

- Other: DPS hired an energy policy and planning director - Asa Hopkins, a young physics Ph.D. from CalTech, who most recently worked for Dr. Steven Koonin, the Undersecretary of Science at DOE whom you met at the Sandia meeting. He previously worked at Lawrence Berkeley on energy efficiency standards. (His wife is a tenure-track physics prof at UVM; hence his desire to move the VT.) Bill Lofy met Asa briefly; Dr. Koonin called me unsolicited and told me Liz that we should hire Asa, and so she heeded his advice. Liz will bring him to the next general energy meeting we have so that you can get to know him a bit. He should be very good for the Department and your administration.

Legislative Issues/Contacts:

- Our Consumer Affairs division helped a couple of legislators get assistance for constituents who still did not have phone service get reconnected.

Press Issues/Releases/Contacts

- DPS issued a press release on Lifeline Awareness week singing the praises of Lifeline and informing people how to sign up.
- DPS sent a commentary piece off from Commissioner about the Draft Comprehensive Energy Plan, what it was, the process, why it was important, and how to comment.

Significant Meetings/Events:

- We attended a PSB public hearing on smart grid this week; there is a small but vocal minority very concerned about radio frequency radiation, and they turned out in force at the public hearing. We are advocating for "opt out" policies statewide to provide consumers choice regarding the smart meters - it is a new world, because never before have customers been permitted to reject new infrastructure; time will tell whether it is the right decision but we are confident that we'd have a much larger and more vocal opposition to the meters without the choice.
- • The Commissioner met with Mary Powell this week for a general quarterly check in; she had some interesting perspective relevant to our upcoming hydro trip that will be share with you when next we meet.
- The Commissioner and Director for Telecom met with Mike Smith of FairPoint to talk about solutions for pole attachments. Bottom line is that we will probably advocate a low attachment rate to assist in broadband roll-out.
- The CEDF board met for the second time. All seems well with the new board.
- The Deputy Commissioner met with the Lt. Governor and disgruntled fuel dealers this week to talk about improvements that could be made to our gas safety programs.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Beth Robinson, Governor's Counsel
From: Sarah Hofmann, Deputy Commissioner
Subject: Weekly Report - Priority Version
Date: September 16, 2011

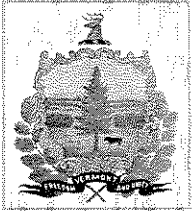
Status of Governor Priorities:

- Energy Plan: The Commissioner spent the early portion of the week putting the final touches on the draft energy plan, which is now out for public comments. Public hearings will take place the last week of September and first week of October. The Windham Regional Commission, has asked for an extension on the comment period (from one month to 45 days) due to work caused by Irene. DPS will plan to accommodate their request but if others make similar requests we will have to consider formally moving the completion date from November to later, which I would not welcome given the drain on the DPS to get this done and the need to finalize this before the legislative session. But Irene is extraordinary and so we'll just have to play it by ear. Thus far we have primarily received positive feedback so far. Some will claim that the vision is good, but the immediate steps are not bold enough (VPIRG, e.g.). Others likely will claim that it is far too activist (AIV, e.g.).
- VY:
Entergy v Shumlin: The Commissioner attended the Entergy v. Shumlin trial; Beth Robinson has undoubtedly briefed you separately. DPS and Beth met with the AG to assist with crafting contents of the post-trial brief. It is due on Sept 26th. DPS and Beth are on the same page regarding the trial and next steps.

VY experienced another Limiting Condition of Operation (LCO) event yesterday, September 15, related to its low pressure cooling injection emergency system. We are reviewing the number of PCI events in the last year; we are also considering an NRC petition related to spent fuel storage.

We are engaged in a FERC battle with Entergy VY regarding its delist bid price in the June Forward Capacity Auction. Beth has been briefed and reviewed filings. In short, we believe Entergy submitted a bid higher than justified by its going forward costs, and gamed the bidding system in a manner that was designed to help it evade scrutiny of its bid price. Entergy claims that the bid price was justified by the possibility that ISO NE would charge it a penalty in the event that state law required its shutdown, rendering it unable to provide committed capacity to the region in the relevant time period. DPS can provide further briefing to you if you'd like.

We are also still in the midst of an arcane appeal of the NRC license, related to the water quality certificate. We don't have a great deal of hope that this action will be successful but are pursuing it to protect ANR's assertion of authority over such certificates. The DC



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 September 16, 2011

Governor's Priorities

Work continued on office space and personnel matters related to BISHCA's support for the Green Mountain Board.

Storm Irene-related activities

Thirty-four consumers have contacted our Consumer Services Division seeking information about flood recovery resources. We continue to direct consumers to FEMA for disaster relief options as well as explain issues relating to insurance coverage.

The Division fielded calls from legislators including Representatives Stevens, Botzow and Clarkson; the latter ask BISHCA to attend Woodstock Business Town Meeting on Sept, 20th to discuss insurance issues. Deputy Commissioner of Insurance Susan Donegan has been available to the media to discuss insurance flood issues (WCAX, VPR, WDEV and VT Business magazine).

The Banking Division has not yet received any calls for assistance related to Storm Irene. There were 124 new foreclosures filed in the month of August compared to 89 in July. Year to date through August, however, foreclosures were down 23.4%.

Evolving Issues

The Department has moved to dismiss a federal suit brought by Liberty Mutual alleging that the State has no authority to obtain claims data relating to self-funded health plans operated under federal law.

Outreach

Commissioner and staff released approved hospital budgets for the upcoming fiscal year. After the discretionary exclusion of new taxes, hospitals as a group successfully met a legislative mandate to increase annual budgets by less than four percent. Follow-up activities included direct conversations with the

hospitals and a media availability during which the Commissioner will respond in person to press inquiries.

Legislative

General Information



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

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

Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: September 16, 2011
SUBJECT: Confidential Report to the Governor

CONNECT VT

No new information to report this week.

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

Stabilization of flooded Waterbury complex property and state employee relocation continue.

Legislative Issues/Contacts:

- Talked to HCI Chair Emmons at the State House cafeteria; she anticipates the Waterbury field trip.
- Returned call to Rep. Christie concerning the White River Junction welcome center grant and agreement.
- Talked to Speaker Smith about damages across the state with focus on Waterbury.
- Rep. Shand referred Enpro executives to our offices.
- Conducted conference call with leadership of S/H Institutions committees.

Press/Media Notes:

- Did interviews with Lisa Rathke, AP, and Andrew Nemethy, vtdigger, concerning the relocation of the state employees displaced by TS Irene in Waterbury.

Significant Events/Meetings:

- JFC approved super expedited grant approval process.

- Met with Jim Reardon regarding possible contribution of capital funds for Irene expenses from Act 40 of 2011.

Evolving Issues:

- Ground breaking of new health lab delayed from November/December 2011 to March/April 2012.

FINANCE AND MANAGEMENT

Evolving Issues:

Irene Flood Costs for Clean-up, Repair and Replacement - Statewide: There will be a meeting Friday, September 16, 2011 between senior financial managers from Finance & Management, Buildings & General Services, the Agency of Human Services, Recovery Officer Neale Lunderville, and the AOT staff coordinating the FEMA Public Assistance program. The goal is to develop a reporting mechanism whereby Finance & Management will be able to track the overall damage assessment and State liabilities related to: Irene damage estimates; contractual and purchase liabilities being incurred for Irene clean-up, repairs, relocation, mitigation, etc.; and, any grants applied for and awarded.

VT Chamber of Commerce presentation: On Monday, September 12, 2011, Deputy Commissioner Zeller, with support from Budget Director Riven provided a budget presentation to the VT Chamber of Commerce at their request. Tax Commissioner Mary Peterson followed with her own update about initiatives in the Tax Department. Both presentations were well received by the small but attentive audience.

HEALTH CARE REFORM

Status of Governor's Priorities:

Act 48 Core Teams: Robin Lunge and Bailit Health Purchasing (our exchange contractor) reviewed options for how insurance plans could be offered to employers through the Vermont Health Benefit Exchange with the Exchange Advisory Group. The purpose of the meeting was to get feedback from the advisory group on the options from their perspective. The feedback was quite diverse, because the advisory group is quite diverse. Brokers and associations provided limited feedback – basically that they preferred to keep the current purchasing system. Consumer advocates were worried that too many benefit plan choices would be very confusing and not meaningful to consumers.

Robin Lunge and Mark Larson have been meeting to bring the Commissioner up to speed on the health reform activities related to DVHA and to engage him in a leadership role with that work.

Robin Lunge has begun leadership meetings with Commissioners Kimbell, Larson, and Chen and Anya Rader Wallack. The meetings are every other week to ensure coordination and engage in high level planning around the reform efforts.

Legislative Issues/Contacts:

Robin contacted Representative Mike Fisher and Senators Sally Fox and Vince Illuzzi to talk about coordinating talking points for the HHS "Listening Session" next week on the proposed regulations. The response has been positive.

Significant Events/Meetings:

Robin Lunge testified at the Mental Health Oversight Committee meeting on September 13th. She gave an overview of Act 48 and the status of the planning efforts, with a focus on mental health issues.

Robin Lunge spoke with the Lake Champlain Chamber of Commerce single payer subcommittee on September 13th in Burlington. Several business members attended and engaged with Robin in a discussion of the planning efforts and how the Exchange can be a step to build a single payer. The reception was favorable.

Robin and Commissioner Kimbell met with Working Vermont – a coalition of unions – to discuss health care reform, in particular the insurance exchange. This was a preliminary meeting to provide basic information requested by Working Vermont. Robin and the Commissioner will be meeting with the representatives every 3 weeks to continue the discussions.

Fletcher Allen Grand Rounds – Robin Lunge spoke at FAHC Grand Rounds on September 16, 2011 to a crowd of about 80 people, primarily health care professionals. Dr. Allan Ramsey joined her and gave some brief closing remarks. There were some questions and comments, but the reception was quite favorable. The docs affiliated with the University and Medical School are very interested in lending their expertise. Robin will schedule a follow up meeting to discuss how we might work together.

Evolving Issues:

Provider Tax: Secretary Spaulding, Commissioner Larson, Robin Lunge and some others meet to finalize an approach to the Gifford provider tax appeal and discuss future analysis of the issue. Commissioner Larson is taking the lead on the legislative study to review a broad based provider tax, which may provide some opportunity to restructure the current provider tax.

HUMAN RESOURCES (SEE ATTACHMENT)

Status of Governor's Priorities:

Strategic Planning: Follow up work with Agencies and Departments less effected by Irene continues. Many are making great progress. Follow up sessions with BGS and ACCD are scheduled for this month.

DHR completed a follow up session on strategic planning this week.

Press/Media Notes:

Lisa Rathke, from the Associated Press, contacted Christine Hetzel to ask about the status of state workers who were displaced from the Waterbury complex due to flooding.

Secretary Spaulding spoke with Ms. Rathke and told her several hundred were working in very temporary quarters, including at home in some cases, and that this week we hope to get 250 into longer term locations, with all of the Waterbury folks back to work in longer term locations within the next few weeks.

Significant Events/Meetings:

Waterbury Complex State Employees, Working vs. Not Working: Effort was made by Managers, Supervisors and HR staff to identify how many Waterbury employees are working at alternate sites or at home vs. not working. The numbers below are our best estimate, based upon information available:

- 921 employees are working at alternate sites or at home
- 663 are not yet working

Relocation of Waterbury Complex State Employees: Significant progress is being made to relocate employees:

- 196 relocation letters have been sent from ANR
- 150 relocation letters have been sent from AHS

The majority of relocation letters should be distributed by the end of this week.

Relocation of DHR Employees: All DHR employees have returned to work and are temporarily housed in various locations. Additional space has been identified, through BGS, at the NECI building in Montpelier. Approximately 15 employees may be housed there.

Agreement was made with Patrick Flood for DHR to temporarily house (for 6 months) the DHR field staff who currently support AHS. This would include approximately 8 employees as well as all of the AHS personnel files. Field staff will spend at least one day per week in the field as well as maintain a presence at the AHS leadership team meeting to ensure their customers are appropriately supported.

Evolving Issues:

Employee Assistance Program (EAP): The Deputy Director of Invest-EAP, Susanne Schmidt, provided a mini-workshop on flood recovery issues to the Summit staff at DHR. She worked with them both as people affected by the flooding, and as people providing services to those affected. They were able to discuss the impact on their work and personal lives. It was enlightening to observe how deeply employees have been impacted. We will be encouraging managers to bring both the Wellness Staff and the EAP to their workgroups to help address the added stress and loss that many employees are experiencing

VTA: Labor Relations is working with the VTA on a side agreement regarding double pay for Troopers specific to Irene.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Irene Recovery Summary: While Irene has been terrible for the state and has caused loss of life and considerable loss of property throughout the state, its long-term impact on Information Technology will be positive. Irene has broken down barriers and caused abandonment of older technologies that have not only built more effective teams across DII and AHS, but will make our technology more sustainable. Out of necessity, iTOP has been moved forward more quickly and is now considerably ahead of schedule; AHS and DII are in discussion about consolidation of some of our IT teams; and a larger amount of IT people are co-located than ever before. I am hopeful we can continue these efforts, but the results are already positive and the outlook is better yet.

Statewide IT Risks: When I speak of statewide IT risk, I don't limit it to security. Rather risk can be loss of effectiveness through spending without realizing benefits, it can be loss of revenue, or even loss of reputation. Now that I have been "on the job" for about 2 months, I wanted to share what I currently see as the largest IT risks for the state:

- AHS/Healthcare – Over the next few years, AHS is predicted to spend over \$27 million in state funding and over \$93 million in federal funding to replace legacy technology and enable healthcare reform. Since so much of this work will be delivered, tracked and provisioned through technology, it represents a huge risk we must stay "on top of". While I believe we have already built the relationships between AHS and DII to help through this project, it must be a continued priority that will take considerable efforts from DII and AHS IT staff.
- AOT/DMV VTDrives – The DMV began an IT project to replace their legacy mainframe technology quite a few years back and have spent over \$11 million so far. As shared by DMV and AOT staff and administration, this project has not gone well and is a risk of failure due to the vendors inability to provide an effective replacement for the work done on the mainframe. While DII has not been involved in the past, I believe it is critical that I and DII work with the DMV to gain a full understanding of this project's current status and make appropriate decisions on how to proceed. This will also take resources from DII/AOT and DMV staff.
- Tax – As the primary revenue source for state funds, any significant changes to technology in Tax represents a large risk. Over the next 4 years, Tax expects to spend \$17 million to migrate to an Enterprise Tax Management system (ETM). This is a technology based system that is, to date, untested by others. Tax and DII have an excellent relationship and we will work together to mitigate as much risk as possible.
- Judiciary VCASE – Judiciary has existing contracts totaling \$5.3 million to transform the court system through technology. Due to the separation in branches, DII knows very little about this project, but I believe there are risks to any technology conversion process, especially with the limited IT staff of the Judiciary. It may make sense to have more cooperation across branches to ensure the success of IT initiatives.
- VISION/PeopleSoft ERP – While DII has been intimately involved with Finance and HR upgrades for VISION, there is considerable cost involved. As we look at schedules approaching 3 years to reach certain goals, it may make sense to review future decisions regarding VISION to make sure the cost benefit is there for adding addition features to the system.

LIBRARIES

Nothing to report from Libraries

TAXES

Flood Response

Property Tax: Tax continued discussions with DOE, Finance & Management and the Treasurer about how relief for towns to cover either local abatements to property owners or town deadlines for payments to the Ed Fund, if desirable, might be structured. There was concern not to signal any possible relief, particularly before the scope of damage and sentiment of local boards was ascertained. The Commissioner and Secretary met with the legislative money chairs this week, and they also were firm that property tax relief not be entertained at this time. The Treasurer is pursuing information on low interest loans, particularly FEMA loans to cover loss of operating revenue. The Tax Department's District Advisors, who work with local listers, are sending out a survey this week asking for rough estimates of the loss of taxable values. There is a possibility that towns will hold firm against abatements, particularly if owners will be rebuilding quickly. However, Steve Jeffrey suggests that starting in the November time frame towns will be feeling significant pressure to abate taxes, and he in turn likely will be advocating that the State indicate some give on ed taxes. The Commissioner has heard from Rep. Eckhardt and Rep. Stevens about abatement, and additionally Rep. Olsen has told Bill Johnson that he believes he does has support on Ways & Means for abatement relief.

Extensions on Income Tax: Susan Mesner will be working closely with Jeff Carr and Tom Kavet next week to monitor receipts given the extension on estimated tax payments. At close of business on September 15th, collections were at 51% of target for PI, and 32% of target for Corporate, which is only slightly behind where we were last year. The Treasurer has determined that the exposure does not require additional bonding.

Media and Other Contacts:

The Commissioner and Secretary met with legislative leaders to discuss the Department's feasibility study on state collection of the property tax and other summer studies. House Ways & Means in particular appears committed to pursuing state collection, citing opportunity for more clarity, confidentiality and flexibility. The Commissioner's preference would be to institute statewide rolling appraisal rather than a duplicative collection system, however we agreed that the Administration would let the issue play itself out. The Commissioner spoke to the Vermont Chamber of Commerce and Tourism Council this week, discussing Irene relief and the Department's strategic initiatives centered on customer service through better communication and modernized technology – all of which was very well received. The Commissioner spoke with Thatcher Moats about tax abatement – emphasizing that abatements are local decisions and that the State was concentrating in the first instance on helping towns secure capital.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: September 16, 2011

Vermont Department of Health (VDH)

Irene Response. The public health laboratory has responded to all requests for water test kits and is now seeing an influx of water samples coming back for testing. Instructions on how to supply a water sample for testing were simplified in order to ensure that the public understood the need to first disinfect their water supply and wait three days before supplying the lab with water samples for testing.

Substance Abuse and Mental Health Services Administration Drug Free Communities Grant Awards. In March, 12 Vermont substance abuse prevention coalitions submitted applications for the FY 12 Drug Free Communities (DFC) Support Program grant. DFC provides funding for communities to identify and respond to local substance use problems. On August 31st, one grant was awarded to the Greater Falls Prevention Coalition serving the towns of Rockingham, Westminster, Athens, Grafton and Bellows Falls. We anticipate that many of the coalitions that weren't funded will be struggling to maintain their organizations into next year.

VDH partners with AARP on Healthy Community Design. AARP Vermont has selected two Vermont communities to receive \$15,000 each in support of community design initiatives aimed at creating a more livable community for all ages. Brattleboro and Jericho/Underhill were each awarded grants to conduct Active Living Workshops in their towns guided by a nationally renowned expert on community redesign and improvement.

Department of Mental Health (DMH)

Flood Activities. Commissioner Oliver continues to work on alternatives for VSH patients who were evacuated and placed in alternative facilities across Vermont. The challenge of caring for the patients, discharging and admitting new patients is precarious and other arrangements need to be made as soon as possible. Commissioner Oliver met with a group of advocates this afternoon and reiterated our message that while the use of modular units is no longer being considered, DMH is looking at a number of other options and that no decision has yet been made.

In addition, DMH submitted an application for a FEMA Immediate Services Program/Crisis Counseling Program.

Legislative Contact

Government Accountability Committee – The Committee was focused on measures that would be most useful in mental health and substance abuse. Commissioner Oliver focused on the

measures under review in contracting with the designated agencies – employment, stable housing, health status, children served in home, free from fraud and exploitation. Christine also provided an update on the status of current VSH patients and future plans for the hospital. Several Committee members noted disappointment in the Red Cross mental health response to the flooding. DMH will follow-up on this issue. DMH has been advising people to go to their local mental health agencies (who are doing significant outreach in the flood affected communities) or their private providers.

Mental Health Oversight Committee – Commissioner Oliver provided a summary of the VSH evacuation activities, current status of patients and an outline of the future plan for VSH replacement. The Committee is very interested in details of the future plan, costs and public input. Christine was in the process of pulling those details together before the flood. Initial cost estimates will be available next week. With respect to the interim plan for VSH patients, several legislators (Rep. Koch most vocally) voiced concern about putting any money into VSH (the Brooks building).

Representative Donahue – Outside of the Committee hearings, Representative Donahue discussed the need for a Certificate of Need for a replacement state hospital. Commissioner Oliver suggested that the purposes of the CON requirements are met in this instance by the legislature (assuring need, evaluating the cost and providing public input). Rep. Donahue mentioned that she had spoken to Commissioner Obuchowski about the potential to waive this requirement for the state hospital if it were replaced with an advisory body to review the project and make a recommendation to the legislature. Christine is not in favor of this approach but will explore the concept further.

Media Contact

Commissioner Oliver provided updates on VSH to:

- Nancy Remsen, Burlington Free Press
- Andrew Nemethy, Vermont Digger – by the time Christine spoke to Andrew the modular units were no longer an option as an interim solution for VSH.

In addition, the Valley Reporter asked Christine about general mental health services during this disaster. She referred people to the VDH website that includes public health messages on mental health, local mental health agencies and private providers.

General Information

By Friday, DMH's Central Office will be relocated:

- 35 - Redstone building in Montpelier
- 9 (Children's Unit) - VDH in Burlington
- 3 (Acute Care Team) – DVHA in Williston
- 8 (Legal) – Attorney General's Office in Montpelier

VSH Operations (staffing, admissions and clinical staff) will soon be relocated to the old lottery space in South Barre. They will likely occupy this space until Thanksgiving when the hospital is back in the Brooks building on the Waterbury campus.

Department of Disabilities, Aging and Independent Living (DAIL)

Irene impact on core populations

Vermont Center for Independent Living (VCIL) today reported that six individuals with disabilities were displaced due to the storm; at least three continue to have difficulty in securing new independent living locations but are safely housed in shelters or assisted living facilities.

Our partners in the Area Agencies on Aging reported significant costs incurred due to distances travelled to check on program participants. DAIL has applied for special funds from the Administration on Aging to help defray some of these expenses and to do outreach to caregivers.

A 17 year young man with a developmental disability who is served by Families First is still missing and his disappearance is being investigated by the Brattleboro police.

FEMA contact

FEMA issued a press release today announcing its commitment to serving all Vermonters, including those with disabilities. Commissioner Wehry continues to participate in the process.

Legislative and Press Issues/Contact

AARP released a first of its kind “scorecard” this week using a multidimensional approach to measuring state-level performance of long term service and support systems. Vermont ranked in the top quartile in the key dimension of choice and flexibility and in the second quartile overall. Areas where we performed less well included delegation of health maintenance tasks to non-nurse caregivers and hospital readmission rates for home health patients. This is a timely review in light of Vermont’s health care reform efforts and these key indicators will certainly inform our evolving strategic plan.

Adult Protective Services

Operations continue. We have seven vacant positions and recruitment is underway. Filling positions remains the number one priority. The target date for hiring, orienting and placing in field is now pushed out to Oct. 31st.

Long term care

Some Vermonters have had to increasingly rely on family and friends for personal care assistance owing to our inability to enroll people in our attendant services program. This situation will begin to be rectified tomorrow with the return of key personnel to work.

Department of Corrections (DOC)

Other

Mental Health Oversight Committee. Commissioner Pallito and Deputy Commissioner Menard met with the MHOC meeting on Tuesday. The meeting was well attended and focused generally

on the Seriously Functional Impaired (SFI) population in the DOC. A question arose about whether the DOC is at the table regarding the future of the VSH. We assured them that we have been a part of those conversations.

Corrections Oversight Committee. Commissioner Pallito and Deputy Commissioner Menard met with the COC at the Chittenden Correctional Facility in South Burlington on Thursday. The meeting was held in the staff training room outside of the secure perimeter and was attended by many parties including Vermont Works for Women and the Burlington Free Press. VWW testified first and handed out a sheet of complaints and gaps of services. Commissioner Pallito testified later and assured the group that we have only been in operation for 42 days, post transition, and that the move was proceeding along successfully, to include the transport of over 400 inmates over a 3 day period. Programs and construction are still moving forward and will continue to be brought online over the next few months.

The next COC meeting is on October 17th at the Northwest Facility in St Albans.

Relocation. At this point, all components of the Central Office have been relocated to temporary space. The DOC will continue to plan for the next stage of relocation including finding a place to operate the Vermont Correctional Academy until a decision is made regarding the Waterbury Complex. The main Commissioners Office is now located on the 2nd floor of 372 Hurricane Lane in Williston. All contact information for relocated staff has been posted to the internet and intranet.

Work crews continue to be present in Towns affected by Hurricane Irene and contacts are continuing to be made to other Towns

Department for Children and Families (DCF)

The post Irene era and the logistical challenges are all consuming. We estimate the number of Vermonters who have been waiting more than 30 days to have their health care or 3SquareVt benefits approved to conservatively exceed 8500. We expect the space and IT necessary to start processing health care applications to be functioning next week.

Our IT programmers who were barely keeping up with work demands prior to Irene have not been able to work for the last three weeks and it is likely they will not be able to start working for another week. Access to what available computer work stations we have available have been dedicated to our Business Office staff so we could continue to pay for vital functions (community partner grant payments, foster care payments, etc.). We will need to assess all of our I.T. programming needs (fuel redesign, health care reform, federal mandates, etc) and reprioritize our work post Irene as we will have pressing deadlines and much will be in queue when our ability to function resumes. Once we move our Business Office staff to IBM we will free up work stations for our programming staff. Our ability to move to IBM is contingent on Fairpoint's ability to quickly install some equipment. We hope this will be accomplished next week.

Management staff is working as hard as they can to keep vital functions operating during this period and focusing on logistical redeployment of staff at the same time. Fitting up available space and making that space computer compatible, including purchasing computers is key to our progress.

Department of Vermont Health Access (DVHA)

Evolving Issues:

Inpatient Retrospective Calculations for Out of State Hospitals. It was discovered that the legislation providing the \$20 million and \$3.075 million, respectively, for enhanced inpatient and outpatient services was not limited to in-state hospitals. The State Plan Amendment for the inpatient increase made the change on the one page for the in-state base rate, but the percentages for the out-of-state hospitals were not changed on the subsequent page. Thus, the State is exposed to retroactive increases in payments to out-of-state hospitals. A preliminary calculation shows about a \$5 million exposure, but this may be reduced due to the fact that there will be fewer outlier payments. DVHA is awaiting an opinion from the AG's office on this matter.

McGregor's Medicine on Time Update. The State filed a civil suit against McGregor's Medicine on Time (MOT) pharmacy in March, 2010, alleging that McGregor's overbilled both the Medicaid program and Medicaid beneficiaries by charging unlawful dispensing fees, administrative fees and copayments and misrepresenting resident's locations. The activities have cost Medicaid millions of dollars and caused financial hardship for the beneficiaries McGregor's claim to serve. The State is seeking penalties and restitution as well as other non-monetary relief.

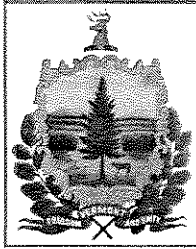
McGregor's MOT pharmacy was set to re-enroll in the Medicaid program at the end of July 2011. On July 29, 2011, DVHA notified McGregor's MOT pharmacy that they were hereby extending their enrollment through the end of October 2011. The three month extension was invoked to allow DVHA time to determine the pharmacy's future with the Medicaid program, given the serious operational concerns with the pharmacies practices.

A meeting recently occurred with DVHA's legal counsel and it was determined that DVHA would offer to re-enroll McGregor's MOT pharmacy effective November 1, 2011 if they met a set of conditions that would be outlined by the department and submitted to regular compliance audits. The conditions to re-enrollment are still in development with the assistance of legal counsel. The letter to McGregor's MOT pharmacy with all the conditions is expected to be sent by mid September.

The DVHA has also determined that it will suspend some portion of their payments to McGregor's Medicine On Time Pharmacy in accordance with federal regulation 42 C.F.R. § 455.23, as amended February 2, 2011, and Vermont Medicaid Rule 7106.7. Pursuant to the regulation, DVHA must suspend all Medicaid payments to a provider after it determines there is a credible allegation of fraud for which an investigation is pending under the Medicaid program against the provider. DVHA is still working on the methodology to determine how much of

their payment will be suspended. McGregor's Medicine-On-Time Pharmacy will be notified of this decision around the same time they are notified of the re-enrollment conditions. The suspension of payments will be temporary and will not continue after legal proceedings in the matter of State of Vermont v. McGregor's Medicine-On-Time Pharmacy are completed.

To 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: September 16, 2011

Secretary's Top Issues:

Working with Farmers Affected by Flood Waters

Jim Leland, Division Director Ag Resource Management - Submitted a draft mitigation plan to FDA for the use of flooded corn silage this fall. Generally speaking, corn and other crops inundated by flood waters are considered "adulterated" by FDA. As such, they are not allowed to be fed to animals unless the risks associated with the flooded can be mitigated. Specific risks of concern for FDA are mycotoxins, heavy metals, pesticides, pcbs and other pathogens. The Agency's draft mitigation plan for these risks focused on mycotoxins and heavy metals as the greatest potential risks to corn harvested for silage. FDA accepted the mitigation plan earlier this week. The Agency is now focused on developing a monitoring program for mycotoxins and heavy metals and prioritizing farms for inclusion in the program. The Agency is also looking for laboratory capability for this program as our own labs are not functional. By creating this plan it is hoped that a substantial amount of flooded corn will be able to be utilized this fall.

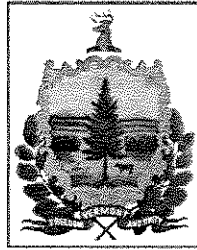
Dr. Kristin Haas -State veterinarian provided update on agricultural impact of Irene to other state and federal partners on 9/14 during the monthly conference call of the National Alliance of State Animal and Agricultural Emergency Programs. It became apparent on that call that multiple other states will be suffering from livestock feed shortages this fall and winter, but none others have embarked upon investigation of a feed contaminant mitigation protocol with FDA thus far.

Dr. Kristin Haas -State veterinarian is working with the Vermont Veterinary Medical Association and with Merck Animal Health to try to acquire doses of Clostridial vaccine at no charge for use in VT dairy cattle that are exposed to flood contaminated environments in order to offset the increased risk that they face from this exposure. These conversations will be ongoing through the end of the week and hopefully will result in the acquisition of enough doses to cover those dairy cattle that are at greatest risk. Any program that is implemented in VT will utilize the herd veterinarians as the filter for determining which clients have the highest risk animals.

Waterbury Complex – Ag Laboratory

Laboratory space: The Agency has been in contact with UVM and others in a effort to procure temporary lab space in order to get some laboratory services back on line. Currently, the mastitis program and the meat inspection plant water testing program have been able to find some space at both UVM and the Health Dept in Burlington to continue some analysis.

116 STATE STREET
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TEL: (802) 828-1619
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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: September 16, 2011

Status of Governor's Priorities:

Jobs in Agriculture

Press Issues/Releases/Contacts:

- Mike Mitchell spoke with Alice Levitt of Seven Days regarding Sugar Mountain Farm, and their building of a slaughter establishment
- Secretary Ross toured a number of vegetable and diversified farms with Anson Tebbetts of the Ch. 3 News to discuss crop loss and the FDA regulations around flooded crops.
- State Entomologist, Jon Turmel spoke with Seven Days about the loss of the bug collection at the Agency lab in Waterbury.
- State Vet, Dr. Kristin Haas appeared on Ch. 3 Morning Show to discuss livestock – the impacts from Irene and recommendations to livestock owners moving forward.

Press Issues/Releases/Contacts:

- State veterinarian has been interviewed twice in the past week about animal health issues and livestock feed issues related to flood contamination of crops.
- Ag Development Coordinator Chelsea Lewis shared the draft of the Regional Beef Marketing Study to Stephen Singer from the Associated Press.
- Secretary Ross spoke with Peter Hirschfeld from VT Press Bureau about produce impacted by flood waters.
- Deputy Secretary Bothfeld spoke with:
 - 'Wilson Ring Associated Press about feed and produce issue from flooding
 - Bruce Edwards Rutland Herald this year's apple season
 - Melody Bodette VT Public Radio for an update on milk hauling and volume of milk lost
 - Joyce Marcel from Vermont Business Magazine about Irene's impact on farmers

Significant Events/Meetings:

Evolving Issues:

Summary of Key Agency Department Activity:

Administration

Continue to work with Staff on emergency response and recovery. Managing information and delegation of work to assist Vermont farmers.

Partnering with UVM Extension, USDA Farm services Agency, Natural Resource Conservation Service and the state conservation districts. Many boots on the ground and working hard to keep the response coordinated without duplication.

Ag Development

Eastern State Exhibition opens on September 16th. Vermont Building attracts over 1million visitors.

Food Safety and Animal Health and Consumer Protection

The Livestock Care Standards Advisory Council voted to oppose S. 107, the dairy/equine tail docking bill. A position statement containing the justification for this position is being drafted and will be voted on at the next meeting in December. This bill review was performed at the request of the House and Senate Ag Chairs.

State veterinarian met this week with deputy secretaries to discuss the logistics associated with agriculture commodity donations management in the wake of Irene. The Agency of Agriculture has had a representative at the first two meetings of the “donations management task force” and will need to make a decision going forward about whether or not agriculture related donations will be managed through a state-wide system or will be handled independently through the Agency of Agriculture.

State veterinarian provided update on agricultural impact of Irene to other state and federal partners on 9/14 during the monthly conference call of the National Alliance of State Animal and Agricultural Emergency Programs. It became apparent on that call that multiple other states will be suffering from livestock feed shortages this fall and winter, but none others have embarked upon investigation of a feed contaminant mitigation protocol with FDA thus far.

Animal Health Personnel

- Checked health certificates at the Vermont State Fair
- Distributed flood information to producers in Rutland County
- Checked papers for pony pull and harness race at Tunbridge Fair
- Attended 2 livestock commission sales and collected market information
- Collected data from producers affected by flood waters. Entered into Agency spreadsheet
- Collected CWD samples from 3 elk in Derby VT
- Collected AI samples from poultry at the Tunbridge Fair
- Performed follow-up visits on animal welfare cases
- Distributed VAAFM promotional material at Tunbridge Fair

Assistant State Veterinarian

- Received an animal welfare complaint from a local veterinarian. Referred complainant to the town animal control officer
- Reviewed and summarized on-farm flood assessment forms from 51 dairy producers. Applied statistical analysis to results
- participated in the “Advanced Animal Cruelty Investigations” training session at the VSP academy
- Followed up on a call from a concerned citizen in regards to her grandchildren contracting a parasite from dairy calves. Referred to VDH Public Health Veterinarian
- Conducted Designated Johnes Coordinator duties. Disbursed grant funds
- Organized a state veterinary accreditation session for 2 veterinarians
- Gathered technical information on how harvesting equipment will be affected by silted corn. Documented machinery specs on chop height of corn

Meat Inspection Points of Interest

- Continuing with 4th round of Public Health Information System training required by federal government to continue to provide inspection services for the Federal government under the 100% reimbursed Cross Utilization program
- Our federal Civil Rights review will be September 27th.
- Trying to organize the last return trip of Erika Voogd, to visit any remaining establishments who would like her input for humane handling. The final trip will be the week of October 3 or 10th.
- The meat inspection's annual self assessment report to the USDA FSIS for determination of equal to status is due November 15, so we are working on this analysis of our program. There is a need for the Vet to conduct 2-3 Food safety assessments at state establishments by this date. These assessments take 1-2 full weeks each.
- Working with VDH laboratory to have our water samples run there while the AG laboratory gets dried out and rebuilt from the flooding.
- Working with Toxicologist to determine what Action levels exist for heavy metals and pesticides in meat product. This is in preparation for any possible testing needed of animals that were in the flood area.

Ag Resource Management

Laboratory space: The Agency has been in contact with UVM and others in a effort to procure temporary lab space in order to get some laboratory services back on line. Currently, the mastitis program and the meat inspection plant water testing program have been able to find some space at both UVM and the Health Dept in Burlington to continue some analysis.

- Met with the Vermont Association of Conservation Districts, Extension and NRCS to discuss coordination of emergency efforts on farms. This initiative will continue with the goal of having a better response capability for future emergency events.

Secretary's Commentary:

- Worked with FDA to establish clear guidance on produce that comply with federal law.
- Working with FDA to develop mitigation plan that may and most likely will allow farmers to utilize their livestock feed which will likely be approved by FDA. Will include specific feed management recommendations. UVM Extension providing best management practices and assistance with testing in light of Agency Lab being off line.
- Working with FDA on replanting and soil utilization recommendations for farmers – submitted a FAQ document – waiting for response.
- Attending NASDA to advance VT position on Farm Bill and to meet with high level officials in FDA and USDA. Has led to agreement to have regular calls with both to accelerate response for farmers and consumers on issues ranging from crops to insurance to assistance.
- Toured impacted farms and have spoken to press
- Convened dairy leaders to forge agreement on proposed dairy legislation before Congress reached agreement on major components which supports Peterson Bill's direction and components.
- Secretary Ross is at the National Association of State Departments of Agriculture Annual Meeting in Utah. The Farm Bill is front and center and Secretary Ross is representing Vermont's interests and leading the discussion for the Northeast.

Richards, Alyson

From: Miller, Lawrence
Sent: Friday, September 02, 2011 12:10 PM
To: Richards, Alyson
Subject: FW: Sample ad

Follow Up Flag: Follow up
Flag Status: Flagged

To clip into weekly.

From: Cook, Steve
Sent: Friday, September 02, 2011 11:55 AM
To: Miller, Lawrence
Subject: Sample ad



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Ads by Google

One of MANY Google ads

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development
Date: September 2, 2011
Re: ACCD Weekly Report

Wednesday Lawrence and Jen Hollar went to a previously scheduled regional HUD meeting with assistant secretary Marquez and met with her and her staff privately to brief them and pave the way for a major request to come and asked for an immediate extra year's allocation of CDBG funds (around \$6.5 mm). We are coordinating with federal delegation of emergency allocation through congress of more CDBG, HOME, and Section 8 Vouchers.

Historic Preservation: Sites all came through fine, HP is working well with affected properties. Paul Bruhn was a little excitable about damaged properties and Noelle gently reminded him that it is in fact a disaster and bad things happen in disasters. In some cases restoring services and safety will involve the sacrifice of historic assets that in other circumstances could be saved.

Tropical Storm Marketing Recovery Efforts

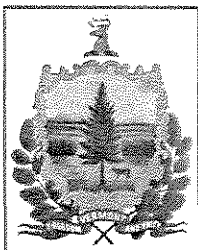
- **Online Paid Search:** The term "Vermont" ranked #12 in national consumer search terms on Google this week. Vermont Tourism is developing text ads for Google so that when a person searches for Vermont they will receive updates on transportation and business openings. We want consumers to know that there are many parts of Vermont that are still accessible.
- **Social Media:** Tourism has been providing consumers with updates on cleanup, fundraising and business opening and closings via social media.
- **Press:** Tourism has been flooded with press inquiries for developing tourism impact stories. Megan Smith, Steve Cook and Greg Gerdel have been responding to media, as well as Lawrence.

^ Middlebury College is looking for a supportive recovery role.

As of 11:15 Friday 147 business damage reports recorded. Planning staff rotation on weekend to check messages and return calls but will begin moving callers to <http://www.disasterassistance.gov/> as counties are added to the declaration for IA and SBA.

The teamwork is outstanding.

To 116 STATE STREET
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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: September 2, 2011

Secretary's Top 5 Issues:

Flooding affects on Farmers

USDA FSA – preliminary assessments – working in areas where roads OK. Updates by County.

- Addison – some flooding not as big an issue – will be materials to harvest – concerns quality of livestock feed. 20% loss in Apple crop.
- Caledonia and Essex – Essex like Addison county very little damage. Caledonia scouring of fields, debris to remove, heavy clean up – extensive crop damage and loss.
- Washington and Chittenden – 75 producers contacted office with land and crop damage – silted corn alone worth \$1 million - water above the tassel. Vegetables, 2 farms losses over \$125,000. 200 acres soybeans flooded in Chittenden County.
- Franklin Co – 500 acres flooded corn, 24 acres soybeans loss, 300 acres hay and 20 acres apples affected. 120 acres damaged maple forest.
- Lamoille – 5 farms with damages – some forest damage. Corn crop OK. One vegetable farmer an issue. Hoping that rain over the weekend can wash away silt.
- Orleans – no reports of damage livestock and property. Flooding of corn – concerns with harvest.
- Rutland and Bennington -35 producers reporting damage to crops and land – 1,000 acres of corn flooded. One farm 110 of 150 acres lost of corn. Partnering with other groups to collect. Livestock mortalities – down the river – unsure of numbers. Bennington serious property damage from flooding. Pumpkin grower on otter creek 10 acres lost.
- Windham – 3 farmers vegetables suffered. \$400,000 crop damage in Westminster – green houses, farm building – building damage. Vegetable crop growers with no insurance. Corn grower – hope for rain to wash out sediment. Individual farm 400 corn to be picked, 300 acres corn for silage and 100 acres alfalfa damage. 3 farms still dumping milk.
- Windsor/ Orange – 250 acres of corn destroyed. 27 farmers reported impact to corn or damage to property. 3 farms not able to have milk picked up.

Agency of Ag Emergency Assessment teams

- 2 person teams organized to follow-up with farms with issues from flooding. Teams visiting farms, making assessment and organizing follow-up. Working with partners at UVM, USDA Farm Services Agency and Natural Resource Service to send work teams to farms once assessments completed. Communication between work teams and Emergency Assessment teams on how farm progressing.

Agency of Agriculture building donation listing

- Donations for feed, volunteer work and other items for farms flowing into the Agency of Ag. Being logged and working on making connections with farmers. Utilizing social media for some volunteer items.

Milk Hauling for Farms Affected by Flooding

- According to Dairy Co-ops - As of September 2, 2011 – 2 farms remaining – Kennett Farm in Rochester and Wright Farm in Bethel. Road and Bridge issues that do not allow milk truck to access farms. Farms disposing of milk and dairy co-op involved with these two farms offered to assist with payment for milk disposed of. Requested volume information be reported to Agency of Ag.

Access USDA assistance for flood damage on farms

- Agency of Ag applied for and is receiving assistance from USDA Animal Health Specialists and Veterinarians to assist with staffing of Emergency Operations Office and farm visits to affected areas. EOC assistance beginning Sept. 3 and farm visit assistance beginning on September 7.

Waterbury Complex Agricultural Lab

- Agency staff worked together to remove important documents and items not flooded from the first floor of the laboratory. Items were moved to the second floor, stored in truck and/or brought to the Agency of Ag on 116 State Street. All items needed have been removed from the building at this time. All staff people have been relocated to 116 State Street and will be temporarily reassigned to assist with flooding relief, data entry and other activities. Damage is extensive for equipment and inventory is being completed with values. Hopeful that lab will be back up and running 2 to 3 weeks. Arrangements made for needed testing in the interim with other laboratories in the region.

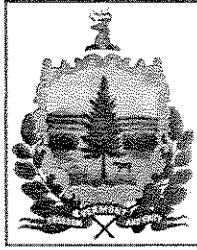
Meeting on Dairy Industry

- Dairy lenders, co-op leadership, congressional delegation, feed dealers and state government to discuss status of the dairy industry in the state. Meeting was organized prior to tropical storm Irene and agenda changed. Discussed damages and impact on dairy industry in the state from the storm. Discussed issues with finances and ability to feed flooded crops. Task force for each area were formed and will be providing a fact sheet on all financing options for farmers and the feed issues will include fact sheets, workshops for farmers and coordination of availability of feed.

Pesticide Dealers (state-wide):

- All major restricted-use pesticide dealers were contacted or visited to determine if they had sustained any flood damage and if pesticide clean-up assistance was needed. All businesses were fine and no assistance was needed. [Lawes Ag Services – Brandon; Bourdeau Bushey – Middlebury; CPS – Addison; Whitman – Bennington; Northeast Ag Service – Lyndonville; Bourdeau Brothers – Sheldon]

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: September 2, 2011

Status of Governor's Priorities:

Jobs in Agriculture

Press Issues/Releases/Contacts:

- Vermont Farmers Battle the Impact of Hurricane Irene – resources for farmers due to the Hurricane
- Vermont Farm Disaster Relief Fund Will Support Farmers Affected by Irene – announcement of the Vermont Farm Disaster Relief Fund (VFDRF)
- SPECIAL VEDA FINANCING AVAILABLE FOR HURRICANE-DAMAGED BUSINESSES AND FARMS
- Advisory for Food Affected by Flood Waters or Power Outages – in conjunction with Department of Health

Press Issues/Releases/Contacts:

- Working closely with media outlets on flooding and relief efforts.

Significant Events/Meetings:

Evolving Issues:

Summary of Key Agency Department Activity:

Administration

Working to relocate people, remove items from laboratory and manage disaster situation.

Ag Development

Ag Development working with individuals for donations and coordination with social media for flood related issues.

Food Safety and Animal Health and Consumer Protection

Assistant State Veterinarian

Meat Inspection Points of Interest

- Two (2) commercial meat processing plants were without power from tropical storm Irene since Sunday afternoon, August 28, 2001. They were The Royal Butcher located in Braintree and Sharon Beef, Sharon.
- The Royal Butcher was still operating with generators. Their power was restored 9/1/11. No structural damage reported.
- Sharon Beef did not operate, but kept his coolers operational with generators. Power restored 9/1/11.
- All of the large wholesale distributors in the state were contacted, all reported no structural damage or loss of products.
- Shaw's Supermarket, Ludlow received three feet of flood water in the store. All products are being condemned that were in the store. They are opening a temporary location in the parking lot under a tent. Opening date is set for this Saturday or Sunday.

Meat Inspection Compliance:

Ag Resource Management

Secretary's Commentary:

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Beth Robinson, Governor's Counsel
From: Sarah Hofmann, Deputy Commissioner
Subject: Weekly Report - Priorities Version
Date: September 2, 2011

Status of Governor Priorities:

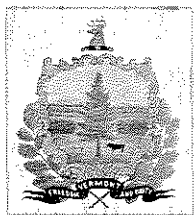
- The focus of this week has been the devastation from Hurricane Irene and getting customers reconnected to their energy sources and communications providers.
- Green Mountain Power Corporation (GMP) and Central Vermont Public Service (CVPS) today filed a petition with the Vermont Public Service Board (PSB) for the planned acquisition of CVPS by Gaz Métro and the merger of GMP and CVPS into one utility.
- DPS continues to work with the AG's office on *Entergy v. Shumlin*.
- The Motion for Summary Reversal that we filed in the NRC appeal regarding the 401 water quality certificate was denied. The case goes forward to the merits.

Legislative Issues/Contacts: The DPS completed the biennia reports for 2006-2008 and 2008-2010. This is being sent to key legislators. It has also been posted on our website.

Press Issues/Releases/Contacts: The week of September 12th is Lifeline Awareness week. Lifeline helps low-income Vermonters stay connected to telephone service. This obviously isn't nearly as important as the disaster, but there is a proclamation for the Governor's signature and possible press release that have been forwarded to the Governor's office.

Significant Meetings/Events:

- DPS attorney's, the Commissioner and Deputy, had a meeting with Michael Dworkin to discuss the CVPS/GMP merger. Much of the focus was on the possible public ownership of a portion of VELCO.
- The Commission met with Senator Sanders and energy personnel from the state of Oregon by phone to discuss on-bill financing of efficiency measures.
- The Commissioner spoke at the Vermont Association of Planning and Development Agencies.
- The Deputy Commissioner attended by internet an NRC session on the NRC Staff's recommendations on near term regulatory changes in response to the Fukushima Dai-ichi disaster.



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 August 2, 2011

Governor's Priorities

Considerable Commissioner and staff involvement in Storm Irene-related activities:

Banking division issued a letter to state-chartered banks and to credit unions urging forbearance when addressing financial events experienced by Vermonters who have been harmed by the storm;

Remodeling of BISHCA space for Green Mountain Care Board will be delayed so that the space can be used for State workers displaced by the storm. CMCB will occupy temporary space at BISHCA until their permanent space is available;

Continued taking calls related to the storm related insurance questions and posting new information on the BISHCA website.

Evolving Issues

Outreach

Pursuant to the federal health care reform law, BISHCA will begin posting on its website and taking consumer comments on all filings for health insurance rate increases of 10% or more. In January, pursuant to Vermont Public Act 48, proposed health insurance rate increases of 5% or more will also be posted.

Legislative

General Information



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

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

Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: September 2, 2011
SUBJECT: Confidential Report to the Governor

CONNECT VT

Status of Governor's Priorities:

Telecommunications infrastructure throughout the hard hit communities in Vermont is being restored, with VTEL and FairPoint systems the most affected. VTel's network was cut off at both points of demarcation; they worked quickly to reestablish service and were 95% complete as of last evening. FairPoint was immediately responsive to Pittsfield and Rochester, reestablishing land line service and provisioning with new lines. Mike Smith was personally on site.

Of our mobile carriers, ATT has been the most responsive. Their efforts to date have included:

- Installation of a COLT- temporary, movable cell- in Williamstown to provide communications in the area
- Provisioning of 80 phones with service to residents in this town
- Provisioning of the State Police with 12 devices and cards when their communications center was disabled
- They are seeking additional towns that need help and will likely make a humanitarian donation to the Vermont Relief fund

CVPS continues to work to restore power, GMP is complete.

In other developments this week, the DOJ has filed suit against the ATT/T Mobile merger based on a top 100 market share analysis. For our state, it is important to note that T Mobile was not a player, has very minimal infrastructure and no plans shared to build out their spectrum to offer a true 3rd competitor.

The ATT commitment to Vermont and rural states to extend geographic and population coverage has far more upside for us. We should work with DPS to develop our position on this item.

Significant Events/Meetings:

Bennington Regional Commission: Karen Marshall presented at a community meeting of educators, IT professionals and economic development leaders re: broadband and mobile deployment. These listening tour events are a good venue to relay progress and hear the ground level concerns of residents. Rep Bill Botzow was at the meeting; we will meet later this fall in advance of the session to keep his committee (and others) updated.

Education: Planning group met to frame the education connectivity/ connect the dots event. Karen will be vetting the framework of the stakeholder meeting with Susan B and Sec Admin.

Other: Pie Matrix Project Pipeline reporting tool was introduced to Smart Grid leadership this week, finalizing the template for reporting with their input.

Chris C and VTA have been introduced and assigned a seat to report projects. Two week timeline is to intro to all entities that have telco and SG projects in the works, assign a project reporter for each and complete online training, initialize the projects and get our first report out by September 30.

VTA updated activities:

- Issuing Fiber Request for Comment on strategy this week
- Hardwick Newport Fiber request for proposal will be issued next week
- Cellular request for proposal will be issued next week

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

BGS functioning to bring normalcy to operations of the SOV.

Legislative Issues/Contacts:

Both Sen. McDonald and Rep. French stopped by the office to discuss the Exit 4 Sammis development. Rep. Christie called regarding the reopening of the WRJ Welcome Center. Rep. Emmons attended and participated in flood debriefing Thursday late afternoon.

Press/Media Notes:

Did flood related interview on Waterbury situation with Terri Hallenbach, BFP.

Significant Events/Meetings:

August 26 met with staff to discuss and task assign regarding the hurricane. Participated in VEM call.

BGS met with owner of preferred site for the new VSH facility. Scheduled to meet again in two weeks. ***Essential that the leadership and governing body of CVH formally endorse the DMH the VSH plan during the next two weeks.

Attended a multitude of Irene damage and recovery meetings.

Evolving Issues:

Suggest a high ranking Administration official meet with Waterbury town and village elected officials and top Green Mountain Coffee officials to report on what is happening at the Complex.

FINANCE AND MANAGEMENT

Evolving Issues:

Irene Flood Costs for Clean-up, Repair and Replacement - Statewide: An initial meeting was held on Wednesday 8/31/11 by Commissioner Reardon, with Deputy Zeller, Director of FinOps Brad Ferland, Risk Manager Bill Duchac and others participating. The purpose of the meeting was to create the cost capture rules, requirements and coding necessary to allow for total cost tracking, insurance claims, FEMA claims, etc. The goal is to have detailed tracking and coding instruction to departments at the end of this week or by Monday of next week.

FEMA: Financial staff from the effected agencies will be meeting Saturday in Burlington with FEMA staff. The purpose of the meeting is to create the cost capture rules, requirements and coding necessary to allow adequate and sufficient documentation for total cost tracking of FEMA claims.

Irene - Vermont Veterans' Home (VVH): The facility weathered the storm with no structural damage. Staffing remained appropriate throughout the storm and through the week. Power was lost for a total of 30 minutes. All vendors have assured VVH that they will continue to provide uninterrupted services/supplies despite the damage caused by the storm. VVH's biggest concern at this time is the water situation in Bennington. VVH does not have a contingency plan in place for both drinking and non-potable water. An evacuation plan is in place and has been reviewed in the event it is needed. Additional expenses have been incurred by the facility which ensured VVH had adequate supplies to get through the storm and its aftermath. VVH is tracking these expenditures.

Issues Update:

New Budget System: As a result of the recent RFI/FRP for a replacement Budget Development system, three (3) vendors were shortlisted. The first of the three did their product demonstration before a group of cross-departmental financial and budget staff on Wednesday 8/31/11; the second vendor demo will be held Thursday 9/1/11; the final demo will be held Friday 9/2/11.

HEALTH CARE REFORM

Status of Governor's Priorities:

Act 48 Core Teams: Robin Lunge and Bailit Health Purchasing (our exchange contractor), and others met with MVP executives to go through options for how insurance plans could be offered to employers through the Vermont Health Benefit Exchange. The purpose of the meeting was to get feedback from

MVP on the options from their perspective. They thought it was a good idea to have set benefit plans in the Exchange and to not have extensive options. They suggested a couple plan designs per benefit tier (e.g. silver, gold, platinum). A similar meeting was held with Blue Cross and a meeting is being set up with MVP and Cigna. In addition, Kevin Veller from DVHA is assisting in setting up meetings with employers to discuss these options.

Robin Lunge and Commissioner Kimbell went to an all DVHA staff meeting with Commissioner Larson to talk about health care reform and let DVHA staff know that we take the team effort seriously. We also attended a meeting set up by Craig Jones with Millbank Foundation to discuss Vermont's efforts and how we might work with Millbank in the future. Millbank has funded Vermont projects in the past.

Robin Lunge, Michael Clausen, Mark Larson and Kate Duffy met to discuss generally how the state employees may fit into the health care reform agenda.

Legislative Issues/Contacts:

Representative Anne O'Brien asked to arrange a meeting with the Governor and MBA Health, however, Shana asked Robin to take the meeting. Robin is in process of scheduling the meeting.

Significant Events/Meetings:

Richard Slusky, DVHA, set up a two day meeting with Bob Murray from the Maryland all-payer rate setting commission. This meeting was to provide detailed information about the Maryland system and explore how Vermont might learn from their mode of rate-setting and payment reform.

Robin Lunge met with the Council of Mental Health and Substance Abuse Professionals in Vermont to provide an overview of Act 48 on Thursday morning.

Evolving Issues:

Provider Tax – Robin Lunge and Mark Larson are meeting with the attorneys at the end of this week. A meeting with the larger group is scheduled for next week.

HUMAN RESOURCES

Status of Governor's Priorities:

Strategic Planning: DHR has facilitated strategic planning for every agency and many of the departments as well. DHR itself participated in a full day strategic planning session and is on schedule to submit a strategic plan in a timely manner.

Press/Media Notes:

Anne Galloway from VT Digger contacted Commissioner Duffy to obtain information about the relocation of state employees who are displaced as a result of Irene, particularly around compensation of employees.

Significant Events/Meetings:

Conference Calls and Meetings on Irene: Commissioner Duffy participated in numerous conference calls regarding the anticipation and impact of Irene, including conference calls regarding the activation of Continuity of Operations Plans (COOP).

FAQ Sheet: The Department of Human Resources (DHR) has worked with the Secretary of Administration to prepare a frequently asked questions (FAQ) document that addresses compensation and other issues of critical importance to employees who were assigned to the Waterbury Complex. A copy will be provided once it is finalized. This document will be posted on DHR's website and, if possible, Vermont.gov.

Side Agreement with VSEA/Volunteer Program: DHR is working with the VSEA to prepare a side letter that permits state employees to volunteer their time to work without being entitled to any additional compensation. This is completely voluntary on the VSEA's part, and we appreciate that we have been able to work collaboratively with the VSEA on this effort.

Relocation of State Employees Assigned to the Waterbury Complex: Commissioner Duffy has asked Secretaries Racine and Markowitz to keep her apprised of their plans to relocate employees. The reassignment of employees must be done in accordance with our collective bargaining agreements, and the Secretaries have been advised of the application of the CBA to the reassignment. At present, it appears that DPS will likely be able to relocate employees to the Waterbury site, with certain accommodations.

INFORMATION AND INNOVATION

Issue Updates:

- DII had an Internet outage Friday late afternoon that took down our Internet service due to a Denial of Service (DoS) attack from overseas. Once resolved, this was reported to Homeland Security and the FBI.
- Storm damage and flooding on Sunday caused the state to lose connectivity to 60% of state offices and with the loss of the Waterbury data center, we lost 50% of the IT services (primarily AHS, ANR and DPS oriented).
- On Monday, 5% of the services (DPS) and 5% of the connectivity were recovered.
- On Tuesday, all ANR services and a small number of AHS services were recovered bringing us to an additional 10% of IT services (65% were available). All connectivity was restored except the Waterbury complex (DPS was available)
- On Wednesday, more AHS services were recovered, bringing us to 85% availability.
- So far, on Thursday, we have recovered 95% of AHS services for a total IT service availability of 97% and the prognosis looks good for all remaining services.

LIBRARIES

Issue Updates:

Status of Vermont Public Libraries:

The Department of Libraries has tried to contact all public libraries to assess damage. We have been able to reach all but a handful of libraries.

The West Hartford Public Library suffered major damage. Children's department (lower level) a complete loss. Debris and books being removed from upper level. Marty Reid visited the library yesterday and met with librarian and trustees and (briefly) with town manager. Residents can get library service from other libraries in Hartford/Quechee. They are in contact with the AIC/Conservation Emergency Response Team and have needed info on conservation of print materials. Need to assess the building to see if it can be used.

Kellogg-Hubbard Library is assessing bookmobile (in storage) for movement to a temporary site – possibly West Hartford.

Killington Library director called today – she is stranded at home in Stockbridge. Her children's librarian lost her home in Pittsfield. No one has been able to reach the Killington Library to assess for damage.

Many libraries reporting brisk service with lots of folks coming in to use internet, wifi and phones. (also running water.) Some libraries are extending hours; some are offering "charging centers" for personal devices. Several report the value of library space for community gathering and connections to greet neighbors and share stories.

DOL website has posted FEMA and storm-related information for libraries:

<http://libraries.vermont.gov/>. I have also been sending regular bulletins of info out via library listservs and have had lots of responses thanking us, etc.

Contacted Ari (Governor's office) DiggerVT and VPR to get word out that libraries are open and have free internet service.

Contacted other state library agencies, Institute of Museum and Library Services (our federal funding agency), and American Library Association. National coverage in national library PR and lots of messages of support coming in from across the country. Also emails and calls from libraries, authors and bookstores wanting to donate books.

TAXES

Legislative Issues/Contacts:

Flood Response

Late Vermont Forms: The Commissioner announced that forms would be accepted through September 30 for late filed property tax adjustments and renters rebate (final deadline ordinarily September 1). Homestead declarations and current use applications likewise will continue to be accepted. Since the lack of hardship exceptions has been contentious with legislators pressing constituent concerns, this was instituted as a blanket policy. Business trust taxes (sales and use, rooms and meal) were due August 24th, however there is a statutory window for mailing that some taxpayers regularly use; mailed returns will be considered timely through September 7.

IRS Relief/Vermont Piggybacks: The IRS offers various tax relief in disasters. Vermont's income tax deadlines generally piggyback IRS dates, and income calculations generally are tied to the federal calculations (which in turn, can impact property tax adjustments and rebates). The Department will work to get this information out on its website, and through its tax preparation partners. The Department has asked tax preparers to consider pro bono services to taxpayers, particularly since the IRS disaster packets are complex.

The IRS announced a one week extension (from Sept 15 to the 22) for filing already extended returns (primarily business and corporate) where the taxpayer's preparer is located in an area that came under evacuation or severe weather warning. (This extension does not affect payments.)

The IRS announced additional tax relief for Vermont areas covered by the individual federal disaster declaration. This will include:

- extension for many returns and payments due in the August 29 – October 31 timeframe until October 31 (individual, corporate, and estate income taxes, with extension based on the location of residence, business, preparer and/or records). This extension also extends to government and philanthropic relief workers.
- the extensions do not apply to W-2 information returns, or to withholding – although the IRS will waive penalties for cause.
- taxpayers have the option of claiming uninsured casualty losses last year or this. Amending last year's return will result in an expedited refund (although a taxpayer ultimately might receive a greater tax benefit by waiting to file this year).
- the IRS will waive fees to copy previous year returns, and will give individual consideration to affected taxpayers under collection and audit. The Commissioner and Director of Compliance likewise have advised collection and audit staff to act with discretion on the accounts of affected taxpayers. Staff has suspended work on accounts that they can identify that are in the affected areas. Our IT staff will need to consider solutions to prevent automated collection work from proceeding.

Space: The Commissioner met with the Commissioner of DII and the CIO of AHS to show them tax space at 133 State that is available for AHS IT relocation (at least until February).

Possible Legislation: Once towns have dug out, the question of abatements likely will surface as it did briefly with spring flooding. Abatement decisions are made at the local level, and it would require legislation for the State to bear the education fund portion. Any such policy choice would require consideration of what tax source to tap – if the cost to the Education Fund is absorbed through higher property rates, it also results in higher property tax adjustments and rebates. As discussed below, other states have responded with emergency mid-year assessment (rather than abatement) schemes.

It should be noted that the Department has started the work to estimate the impact that devalued properties might have on the statewide grand list next year (even absent relief) – an exercise that will somewhat complicate the December rate setting.

The Commissioner has heard other possible tax policy responses loosely bantered about ranging from tax cuts to tax surcharges to tax reform. Commissioners in other states mentioned that affected localities have proposed creative solutions to back bonding including special TIF districts, retention of S&U and M&R locally, additional .01 on S&U and R&M.

Federation of Tax Administrators Tele-Conference: The FTA held a conference call Thursday to discuss state tax responses to disasters. Various items that the Department will consider:

- deadlines beyond those moved by the IRS. Some states establish a certification process for the taxpayer to establish damage.
- in addition to the relief outlined above, Commissioners said that holidays or exemptions for building materials are popular legislative proposals
- some states have experienced a bump in revenue from the influx of federal employees and contractors who will owe income tax and rooms & meals tax, as well as sales tax on materials (to extent not forgiven). Given that most losses are not insured, this latter effect might be mitigated somewhat in VT. The Department will be working with the state economists to estimate the different forces that might disrupt our revenues and forecasts short and long term. (States that experienced a bump note that it can be long lasting, but precipitous when it ultimately dissipates).
- revenue departments have teamed with SOS and labor – and the AG – to have one stop locations to register out of state contractors to do business and pay taxes (and do background checks). Obviously, rogue contractors follow disasters (and even in normal times, contractors routinely present compliance issues).
- revenue departments have sent employees to workshops with FEMA, other state officials.
- No. Dakota experienced catastrophic floods, and is grappling with lenders over whether debt forgiveness (versus foreclosure) triggers tax liability.
- resources from tax departments have been redeployed, everything from call center staff (to take damage calls), audit and audit staff (for documenting losses or contributions for FEMA match), to management.

State of Vermont
Vermont Department of Education
120 State Street
Montpelier, VT 05620-2501

CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM

TO: Governor Shumlin
FROM: Armando Vilaseca, Commissioner
DATE: September 2, 2011

Irene's Impact on Vermont's Education System: Dozens of schools were closed this week, due to lack of safe roads to travel, lack of power, water, sewer issues, etc. There are some schools that sustained significant damage and some will need to undergo water testing before reopening. The DOE is supporting schools in respect to homeless students, are connecting them with VDH resources so they can open and return safely, facilitating offers of and requests for help over the listserv for principals, and much more. Due to the fact that some communities have roads that are totally devastated, several school administrators are considering long-term alternate methods of transportation and/or instruction. Attached is a list of this morning's closed schools. All but 17 schools intend to be open on Tuesday, September 6th, however, the transportation issue, getting both students and staff to schools, will remain a challenge for many areas. This information is updated as it becomes available on our website via the following link:

http://www.education.vermont.gov/new/pdfdoc/dept/commissioner_memos/EDU-Vermont_Schools_Affected_by_the_Storm.pdf

Next Generation Science Standards (EMBARGOED until 9/7): The state of Vermont has been selected as a Lead State Partner in the development of the Next Generation Science Standards (NGSS). We are one of 20 states chosen, based on our commitment by state education leaders to improving science education. As a lead state we will have full access to the development process from the beginning, including on-line access to writing and support in developing transition strategies. In addition, *Achieve* will provide funding to convene state leads to meet with the NGSS writers; provide direction and guidance; deliver feedback from state level committees; and address common issues that exist between the states around adoption and implementation. *Achieve* is an independent, bipartisan, non-profit education reform organization based in Washington, D.C. that helps states raise academic standards and graduation requirements, improve assessments and strengthen accountability.

SMARTER Balanced Assessment Consortium, (SBAC): On Wednesday I was in Chicago for the SBAC Chiefs Meeting. SMARTER Balanced is a national consortium of states working collaboratively toward the goal of preparing all students for college and careers by creating a comprehensive assessment system for math and English language arts aligned to the Common Core State Standards. This rigorous, summative and interim assessment system will include formative processes and tools to help classroom teachers determine how students are progressing toward career and college readiness. We spent the day addressing several areas: SBAC Sustainability, State Collaborative on Assessment and Student Standards—Implementing the Common Core System (SCASS-ICCS), Communication Strategies with GMMB and Test Length, Test Depth, and Test Cost and ESEA Strategy and Involvement of SBAC. On another note, the governing member states of the SBAC elected Michael Hock, director of educational assessment for the DOE, to the executive committee. Hock represents Vermont in the Consortium and also serves as co-chair of its Accessibility and Accommodations work group. Also a member of the executive committee for the NECAP, he brings valuable expertise collaborating on multi-state, large-scale assessments.

Vermont's Education Funding System: On September 7, 2011, Picus and Associates, contractors hired by the Vermont legislature, will conduct two public hearings to seek input as part of their evaluation of Vermont's education finance system. Individuals testifying at the hearings are asked to address three questions: 1) *What do you think are the two or three major advantages or strengths of the current Vermont funding system?* 2) *What do you think are the two or three major shortcomings of the Vermont school funding system?* 3) *What can the state do to create incentives for all schools to boost student achievement to higher levels?* The first hearing will take place from 3:30 – 5:00 PM through the Learning Network of Vermont (LNV), our school-based videoconferencing system.

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

