

WEEKLY REPORTS

Checklist
4/15/2011

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: GIRD
- Additional Report: Education
- Additional Report: _____

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development and Pat Moulton Powden, Deputy Secretary
Date: April 15, 2011
Re: ACCD Weekly Report

Status of Governor's Priorities:

- Pat Moulton Powden met with Macy Mullican re: the **Vermont Food Project** in Shelburne. Macy works for Shelburne Vineyards and is working with Graham Goldsmith, architecture firm, who is buying the former Shelburne Industries property on Route 7 across from Shelburne Vineyards. Goldsmith wants to do a mixed use office and value added ag facility in what will be 75,000 s.f. of redesigned, near LEED certified building. Approx. 20,000-40,000 sf will be office, leaving the balance for "see it made" type space for small food producers. Fiddlehead Brewery is setting up in a separate property that fronts Rte. 7, the Food Project is in the building and land off Cynosure Drive, behind the brewery. Macy is working to attract food companies to the property. We will work with Ag, GBIC, Macy and others to help make this happen. Pat spoke with Paul Bohne, Town Manager in Shelburne and they are excited about the project also. Macy said she didn't get much action from the prior administration and was very pleased Pat went to visit.
- **Post VY planning:** Pat MP attended her first committee meeting Thursday. She met prior to the Stephan Morse committee meeting (the Windham County Economy Post VY Closure committee) with the SEVEDS (Southeast Vermont Economic Development Strategy) steering committee. The "Post VY Committee" is a task force of the SEVEDS group. We discussed resources include Vt. Community Development Block Grant (CDBG) funds and applications. We also discussed the \$622,000 revolving loan fund in Brattleboro. Barb Sondag says they are ready and willing to commit some of that funding to the post VY activities. They understand the need to raise money locally and the SEVEDS group distributed a list of potential donors of up to \$85k. They need a SEVEDS coordinator which based on a work plan I can't argue with but are prepared to find the funding themselves. Some of the \$50K in the Jobs Bill could be used for this, we shall see.

Pat learned from several folks that BDCC is perceived as a property management company and the Board of BDCC supports that notion. They are not supportive of a broader economic development mission in Windham county. This was reinforced in a presentation BDCC made to another regional development corporation. This is a problem and Pat will work with Jeff Lewis and other to try to keep them moving on SEVEDS and a broader mission.

- **Vermont Recognized as Top Domicile by Captive Review Magazine:** Captive Review an international trade publication out of London reviewed all domiciles and scored them (primarily) on number of captives, gross written premium and assets. Through this scoring, Vermont beat out all other domiciles including Bermuda and the Cayman Islands, which both have more captive insurance companies than Vermont. Dan Towle, Director of Financial Services will be putting out a release on this prior to the upcoming Risk & Insurance Management Society Annual Conference, being held at the end of the month in Vancouver, British Columbia.

Legislation:

- **Captive Insurance Bill (BISHCA Housekeeping) H.438:** This bill has successfully been voted unanimously out of House Ways & Means. It is hopeful that this bill may get voted out of the House by the end of the week. This bill expands Vermont's captive insurance cell legislation, allows for protected incorporated cell companies and

would make permanent the initial minimum premium tax of \$7,500 for newly licensed captive insurance companies.

- **The Jobs Bill** is expected to be voted out of Senate Economic Development today. Lawrence has been camped out there all week to fix things the committee changed that we cannot live with.

Evolving Issues:

- **AirBoss, Milton:** Senator Leahy has been working with AirBoss on two issues that may not get resolved and could affect their employment levels. 1) AirBoss has developed a new overboot for military applications. DOD is pushing back on the product as troops prefer a Canadian product (AirBoss is Canadian), the news product has not been tested by DOD. Our PTAC (Procurement Technical Assistance Center) is working to find additional doors with DOD to push this product. If approved, this could create many jobs here. 2) Existing and potential new contracts could be victim to federal budget cuts and may lead to work slowing in Milton also affecting hiring and potentially existing workforce.

Commissioner Mackay and Deputy Commissioner Hollar

- As information about the FY11 federal budget became available this week, Jen Hollar gathered the details on the impacts of cuts to the CDBG and HOME program for the administration as well as our congressional staff. If the budget compromise is approved by Congress, **CDBG will be cut by 16.4% and HOME will be reduced by 12%**. All HUD Special Project Grants (SPG's) would be eliminated. In recent years, SPGs have been the source of 4-6\$ million in housing, community and economic development projects in Vermont, including the most recent \$194,800 secured by Senator Sanders for historic preservation projects.
- Keeping on the theme of inter-agency cooperation, Noelle met with Sue Minter, Deputy-Secretary of AOT to discuss how best to continue to meet and keep hot topics in folks mind. There are a lot of projects moving forward – energy plan, climate plan, road development, etc. – that would be best discussed and administrative policies collectively developed. We plan on meeting on a regular basis with ANR and DPS as well so if you have hot topic issues that need to be raised, please forward them to Noelle.
- The funding decisions made by the Vermont Community Development Board and Lawrence last week resulted in many phone calls from an unsuccessful applicant and other funding agencies. With the CD staff and Lawrence, Jen spent a considerable amount of time communicating the reasons for the Agency's decision.

Business Support

- **Granite Importers:** Alex Ibey of our economic development team has been working with this company as the request of Senator Leahy's office. The company is in trouble, needs to expand sales and reduce costs. Alex has enrolled them in the Procurement Technical Assistance Center (PTAC) as they do business with the federal and state government. Alex also referred Granite Importers to the Vermont Manufacturers Extension Center and the Vermont Training Program for assistance in streamlining their factory.
- **Vermont Precision Woodworks:** The company is struggling maintaining employment at 5 fulltime. The company sells factory direct in the northeast U.S. but are undercut by another company owned by their ownership that imports from China. Appropriate resource referrals will be made to try to assist the company.
- **Vermont Smoke & Cure:** Vermont Smoke & Cure, currently located in Barre, has decided to relocate and expand its operations to the former Saputo site in Hinesburg. Little surprises keep popping up, so Kiersten Bourgeois pushing for all-parties meeting ASAP.
- **Pownal Racetrack** - Kiersten had a nice email chat with John Guerin of EOS - the company interested in building a solar array in Pownal. He is still slogging through some tax issues, but did say that he expects to have construction finished this year.

Community Development Program

- The Vermont Community Development Board recommended funding for \$1.3 Million in VCDP grants at its April 7th board meeting. The funding decisions were very difficult considering the grant requests totaled more than \$3.2 Million. Many worthy projects did not get funded and the projects that did receive funding were cut significantly from their original request. Secretary Miller concurred with the Board's recommendations and we are in the process of coordinating an Awards announcement with the Governor's office.

EB-5

- James Candido continues to work on setting up a renewable energy and agricultural EB-5 fund for the state. During the last week James and Secretary Miller met with representatives from other agencies to discuss collaborating on constructing the fund. From those meetings a basic plan was put together and James is in the process of finding Vermont companies that could possibly take part in the fund moving forward.
- James Candido and John Kessler through the work of the Agency's Economist and DOL were able to certify a section of the Burlington/South Burlington MSA as a high unemployment area. This means that a specific area in the MSA was found to have 150% of the national unemployment rate. For the EB-5 program this means that companies in this area would be able to raise EB-5 funds at the \$500,000 dollar minimum level per investor as opposed to the \$1 Million dollar minimum that is usually the case for operating within an MSA. In short, it makes the area much easier to use EB-5 since the \$500,000 minimum is much more marketable in the EB-5 marketplace.

Financial Services

- **New York Times Interview:** Dan Towle, Director of Financial Services was interviewed for an upcoming story about captive insurance by New York Times reporter Mary Walsh. The reporter was interested in general information, economic benefit to the state, the competitive nature between domiciles, and other information. Some of the questions were directed to Dave Provost, Deputy Commissioner of Captive Insurance as the reporter was interested in how regulators shared information between each other and some other more specific regulatory questions. It is expected to be published next week. Dan notified the Governor's Office of this media inquiry and was directed to take the interview.
- **First Quarter 2011 Results:** Dan Towle, Director of Financial Services reports that 2011 is off to a solid start. The State licensed 7 new captives in the first quarter, the State's best first quarter since 2005, and better than the 30-year first quarter average of 5.2 in the first quarter. The first quarter is historically the slowest for new licenses, with the fourth quarter being the strongest. New captives included:
 - Bass Pro Shops (a major sporting goods retailer and manufacturer)
 - Kidz Medical Services (a Florida physicians group)
 - BP America
 - Weingarten Realty (a real estate developer in the south & southwest US)
 - a group of New York attorneys
 - Old Mutual Financial Corp (a Maryland life insurance company)
 - Dow Chemical (Dow has a Vermont captive already, and just moved their Bermuda captive onshore)
 - The captives consisted of 4 single-parent (pure) captives, 2 Risk Retention Groups, and one Special Purpose Financial Captive. According to the captive insurance division, the new captives will produce an estimated \$437 million in 2011 premiums written, producing \$231,000 in new premium taxes and an estimated \$400,000 in new fees to local captive managers, attorneys and accountants.

Historic Preservation

- **Sky Line Inn, Manchester:** The Advisory Council voted unanimously to list the Sky Line Inn on the State Register of Historic Places. After reviewing all of the information related to the potential rehabilitation of the existing Sky Line Inn building for use as a Visitor's Center, it was concluded that it is not feasible and the building can be demolished. This determination is based on several factors, including the estimated costs of rehabilitation in comparison to new construction and the alterations to the interior that would be necessary to make the existing building meet code and use requirements. Most significant, however, is the code requirement to install a sprinkler system in the rehabilitated building. The additional \$200,000 for a fire suppression system and

the difficulty of installing and maintaining two 16,000 gallon water storage tanks on the top of Mt. Equinox make the rehabilitation project technically and economically infeasible. Based on the above, our final determination and recommendation to the Act 250 District Commission will be that the proposed project will have an adverse, but not undue, effect on historic resources. To offset the loss of this historic building, we'll be recommending several mitigation measures to be included as permit conditions.

Housing

- **Mount Pleasant MHP, St. Johnsbury (sale/rent increase)** - Staff was contacted by a resident of Mount Pleasant MHP in St. Johnsbury about the proposed lease and lot rent increase he received ahead of the pending April 30 sale of the park to Chip and Kevin Spillane under the name Ship Sevin, LLC. Unfortunately, the Spillane's didn't send the Notice of Lot Rent Increase to the Department. After correspondence, they will be re-issuing the notice with a later effective date.

Procurement Technical Assistance Center (PTAC)

- Robin Miller has been selected as the new PTAC Director. Robin has been with the program for many years and is being nominated by the Air National Guard for special recognition at their Spring Formal on April 30. Governor Shumlin will be speaking at the formal and Pat Moulton-Powden will be attending.

Recruitment

- An initial enquiry was fielded from a MA based snowboard manufacturing company. Prospect expressed interest in re-locating their manufacturing facility to a small defunct ski area in Vermont and expanding operations to include tourism and retail. Information was provided on VT's applicable job creation incentives and follow up will continue once the prospect has finalized a business plan for the expansion.

Vermont Training Program

- **Green Mountain Coffee Roasters:** Phil met with Pru Sullivan, Continuous Learning Director, to sign the Training Contract. VTP will serve 125 New Hires in the areas of Production Supervisors, Customer Service, Logistics, Maintenance, Machine Operators, Product/ Process Development Technicians and Material Handlers. VTP share of the training shall be \$185,500.00, contract duration 1 January to 30 June 2012.

Tourism & Marketing and Vermont Life

- **Vermont Travel Industry Conference:** Vermont's annual travel industry conference took place on April 12th and 13th. There was very strong attendance for this year's conference at Burlington's Hilton. VDTM staff hosted a number of information sessions on group, online, and the state's marketing plan. There is a tremendous amount of energy around the industry and optimism for a strong summer ahead.
- Erica Houskeeper worked with Hen House Media to produce promotional and educational videos about the Vermont Travel Industry Conference. Those interviewed for the video included Gov. Shumlin, Vicky Tebbetts of the VT Chamber, Laurie Callahan of Cabot, Beth Kennett of Liberty Hill Farm, Chris Wilkins of Ben & Jerry's, Jen Butson of Ski Vermont, and others.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Jolinda LaClair, Deputy Secretary, on behalf of Chuck Ross

Date: April 15, 2011

Re: VAAFMM Weekly Report

Status of Governor's Priorities:

Legislative Issues/Contacts:

H.91 (transfer of captive cervid facility to F&W). State veterinarian testified to Senate Ag committee: Agency supports transfer of regulatory oversight for the Irasburg facility to F&W because 1) F&W has subject matter expertise in wildlife/cervid biology and population dynamics, 2) two of the cervid species at the facility are wildlife species, 3) authority for all cervid species at the one facility must be vested in one state entity to eliminate confusion over dual jurisdictional issues (AAFMM vs. F&W) and to provide clarity for the facility owner. Certain committee members expressed opposition to the bill and discussed "pinning it on the wall" if the Committee can get the bill from Senate Natural Resources. .

S.105. (dairy housekeeping) State veterinarian testified to House Ag committee although the Committee has not officially received the bill from the Senate. Committee members are divided on the bill language as passed by the Senate. The Chair asked the Agency to think about whether there is room to support amended language about the "raw milk" compromise that was reached in the Senate. Agency will need to see proposed language before it can take a position.

S.107 (tail docking). State veterinarian informal chatted with the Chairs of House and Senate Ag about this bill that would limit tail docking in horses and cattle. There appears to be agreement tail docking is an issue best handled by the Livestock Care Standards Advisory Council. The tail docking bill will be put on the Council's June meeting agenda.

H.52 (change in amenability status of gamebirds). Assistant State Veterinarian discussed the bill with House Ag Committee Rep. Conquest. Meat Inspection Supervisor provided Mike O'Grady, Leg Counsel with background information and wording on why the bill is necessary for Sen. Campbell to present on 4/13.

Press Issues/Releases/Contacts:

Significant Events/Meetings:

Evolving Issues:

Animal Health Section

Animal Health issued a quarantine to a dairy farm in Brookfield based on unknown TB disease status of seven of the Jersey heifer calves on that property. The animals required testing only because they were headed to sale, not because they exhibited clinical signs. Follow up testing to clarify the status of these animals will be undertaken in 60 days. The quarantine will remain in effect until at least then.

Assistant State Veterinarian sent a letter to State and Federal slaughterhouses explaining the Agency's responsibilities and involvement with the FDA in regards to antibiotic tissue residues. The letter offered technical assistance to Vermont's slaughter establishments on how they can help mitigate the residue issue.

Ag Development: Conservation

VACC v. Tracy – Vermont Land Trust's Intent to Exercise Option to Purchase. The potential buyer of the farm has signaled to VLT he intends to file suit against all three co-holders (VLT, VHCB, and AAFM) to preserve and assert his rights under the purchase and sale agreement he entered with the farm's owners. The potential buyer also has requested mediation pursuant to a clause in the P&S and demanded all three co-holders participate. VLT, not the Agency, noticed its intent to purchase as specifically required under the terms of the OPAV instrument.

Meat Inspection Section

Rural Vermont is hosting a key note speaker, Bob St. Peter, from Sedgwick Maine, which is the first town in the US to declare food sovereignty by unanimously voting to adopt the Local Food & Community Self-Governance Ordinance. The local ordinance purports to exempt food sales from state and federal licensing and inspection requirements. The Maine Dept. of Agriculture reports that it was contacted immediately by USDA FSIS, put on notice that the local ordinances were illegal, and USDA expected Maine to enforce the law. The Maine Dept of Ag has sent the towns of Sedgwick, Penobscot, Blue Hill and Brooksville certified letters informing the towns their ordinances are illegal and that product was at risk of seizure by the state or federal government. Maine has not heard anything from the towns yet, and USDA FSIS is expecting a report on the matter.

Meat Inspection personnel in Vermont believe Rural Vermont will encourage its members to use the same modus operandi as a way evade current federal and state meat inspection regulations. Maine's experience shows that USDA FSIS expects the states to fully enforce the law in order to maintain "equal to" status and retain the ability to have a state meat inspection program.

Summary of Key Agency Activity, by Division

Administration

Ag Development

In re: Windywood. Act 250 case. The Agency, through its counsel, filed a request with the District Commission to alter or correct its *Memorandum of Decision* issued in response to developer's request to alter the permit condition related to criterion 9(B) (primary agricultural soils). The Agency does not believe the record, the long line of cases on vested rights, or the Act 250 rules supports developer's request.

Food Safety/Consumer/Animal Health

Agency personnel continue to work through issues of data mapping of farms and food production/processing facilities for purposes of Vermont Emergency Management's upcoming graded Vermont Yankee exercise. Parallel discussions are also taking place to determine the best way to capture this important information for real life all-hazard scenarios that may occur in the future and would fall under the scope of authority of VAAF. M.

Adams Turkey Farm is scheduled to begin operations on April 25 and Spring Hill mobile poultry unit is scheduled to begin operations on May 4. Three red meat plants had their written humane handling plans approved. Two red meat establishments and 4 poultry establishments have not yet received full approval. One poultry establishment is new and will also need to have an approved plan. The Section has begun evaluating the instructor and participant manuals for humane handling courses and have been discussing a meat HACCP training course with UVM extension.

An individual from Fairfield, VT has been advertising sales of on farm slaughtered animals, in contravention of law, under contract on the Eat Wild website. Meat Inspection personnel visited to provide technical assistance and to obtain a signed statement from him concerning these sales. He maintains that he is doing nothing wrong, according to his affiliation with Rural Vermont.

Animal Health Field personnel attended 2 livestock sales and 1 heifer sale at Addison County Commission Sales, participated in 4 animal welfare field investigations and 1 re-inspection, and consulted with a Deputy States Attorney on an animal welfare case he is handling. Personnel also inspected 4 Pet Merchants and collected licensing fees, inspected a Humane Society facility inspection Provided regulatory assistance to producers seeking information on Vermont's import requirements for livestock.

On-going enforcement related activities included disease surveillance and investigative activities on cattle that were illegally imported into Vermont and documenting the cattle's identification numbers. In connection with this work, the Agency received information from the New York State veterinarian that this same individual violated NY state cattle import requirements and was charged with animal abuse in that state in February 2011.

Agricultural Resource Management (included Lab)

In re Buckley Pinnacle. This is a pesticide enforcement case that culminated in a negotiated *Assurance of Discontinuance* and suspended penalty of \$1250.00 in 2009. The regulated person did not meet the conditions in the *Assurance*. Agency counsel is now pursuing further enforcement or collection remedies.

A maple producer in Chester has requested a variance to local setbacks for the construction of an expanded sap shed to accommodate an additional sap collection tank made necessary by the expansion of his maple sugaring business. The Town has been noticed and the comment period has expired. No comments have been received from the town or the public. Approval of the request is forthcoming.

A Weathersfield farmer has requested a variance to local setbacks for the construction of a shed that will be used in connection with the sale of Christmas trees and blueberries from his farm. The Notice for a Request to a Setback Variance has been sent to the town for posting.

A farm in Swanton will receive a corrective action letter for spreading manure during the manure spreading ban. The Agency reminded the farmer, prior to the ban, that if his pit began reaching capacity to call the Agency for an exemption. Nonetheless, the farm began spreading manure prior to April 1 without contacting the Agency to request an exemption.

In cooperation with Ann Hazelrigg of the UVM Extension Service, the Agency's pesticide program hosted the 2011 Pesticide Initial Certification Training at VTC in Randolph. The program was a review of all the material in the Pesticide Safety Education manual including the Vermont Regulations for Control of Pesticides, and then the certification exams were offered. Attendance was higher than expected with about 70 people attending the review and 52 taking exams. The passing rate on these exams was better than the rate for people that have not attended our review sessions.

Secretary's Commentary:

SPEECHES

Agri-markn Annual meeting – Sheraton, Burlington

Sec Ross spoke to the Agri-mark Coop Annual meeting luncheon. There were approximately 250 to 300 people in attendance. His message was similar to the remarks at the St. Albans Coop meeting. He emphasized his bullishness about the future of agriculture and dairy. He emphasized the importance of the economic base dairy as created for the future of agriculture as well as the good opportunities for dairy's future. Particular attention was paid to water quality issues and the importance of agriculture working together.

Vermont Council on World Affairs Fulbright Scholars Conference, Marriot, Burlington

Sec Ross addressed a room of approximately 75 people including about 50 scholars from around the world and 25 Vermonters who were attending or presenting. His remarks were the keynote for the conference. He identified the "5 Food Challenges of the 21st Century" and the difficulty of addressing them in the face of the "Ecological Imperative of our Time". He explained how this difficult situation actually creates real opportunity for Vermont – the opportunity to lead on a global basis. His remarks were well received and generated a great deal of discussion.

Farmer Watershed Alliance, Abby, Sheldon

Sec spoke to a room of 50 farmers and community members who belong to FWA. He was filmed by the Director of Bloom while he spoke. His message was the same – this problem was created by ALL of us over 50 years, it won't be solved by tomorrow and ALL of us have to work together to address it effectively. Its unfair to hold the farmers of today responsible for the mistakes we all made over the years. He congratulated them on their leadership and their partnership with the Agency of Agriculture. His remarks were very well received.

INTERVIEWS

Vermont Business Magazine

Sec Ross was interviewed by Vermont Business Magazine for 1.5 hours. The conversation was largely about the future of agriculture in Vermont. He provided his "why I am bullish" about the future of agriculture perspective and underscored the importance of agriculture as a job creating engine. He specifically spoke to the money multiplying effect of agricultural dollars in the local economy and its interconnection to the rest of the economy. He also explained how the partnership with the Agency of Commerce was true and meaningful. The editors told Sec Ross at the end, "you are quite a convincing promoter of agriculture" or something along those lines.

MEETINGS

Vermont Dairy Promotion Council

Sec Ross met with the Council to get an update on their activities and to meet their membership. This Council decides how the funds raised by a voluntary assessment paid by farmers should be spent to promote the dairy industry in Vermont. The most meaningful discussion was about the role and ability of the Council to support research on dairy related activities and possible relationships with UVM.

Vermont Sustainable Jobs Fund

Ellen Kahler explained a mechanism to advance the implementation of Farm to Plate. She proposed using systems approach and enlisting leaders who work in various leverage areas identified in the plan. It was agreed that this approach would be useful so long as it did not become too restricting or was perceived to be a fait de complait.

Sustainable Agricultural Council

Sec Ross met with leaders of the SAC to build an agenda for their next meeting. The focus was going to be on Farm to Plate and a possible discussion of GMOs. The meeting will be held on April 27th and the Sec is a co-chair of the SAC. SAC is composed of leaders in agriculture from all over the state and works in coordination with the Sustainable Ag Center at UVM.

NEASDA

The Agency staff and Sec Ross met to continue to outline the work needing to be done for the NEASDA meeting hosted by Vermont on dates of June 5 through 7. The Governor will be invited to attend the evening of the 6th.

LEGISLATION

Sec Ross and Dep Sec LaClair worked on four pieces of legislation – Jobs Bill, Capital Bill, Current Use and GMO.

Jobs Bill

They both testified before the Senate Economic Development Committee on the components relating to the local foods coordinator, meat training and some other minor language changes. After a number of conversations they reached agreement with the Committee as to some changes. They also reached out to the leaders of other Committees to make sure all was well and it is.

Capital Bill

They both worked with the Senate Institutions Committee with the help of others including Alex McClain to reinstate \$700,000 into the Capital Bill the House Institution Committee removed.

GMOs

Sec Ross spoke with Chair Partridge about the committees interest in taking up the GMO bill for discussion purposes. The exact timing is not certain and the Chair does not anticipate moving the bill and understands the controversy the bill would create.

Current Use

Sec Ross began to engage the Current Use bill being considered in House Ways and Means. He asked his staff to monitor the bill and to request that for starters the Agency be included on the study Committee. He is interested in the discussion of increasing the penalty for removing land from the program and is concerned about the dearth of data and information about the history of land sales from current use property.

FEDERAL OPPORTUNITY

Sec Ross began the process of examining how the Agency can take advantage of a million dollars of money VT NRCS has received to target at water quality issues associated with Lake Champlain and other waters in the state. There is ability to have NRCS fund the vast majority of 5 to 6 positions which will require some state match money. He has advanced this request through the system beginning with Alex McClain and it has now come to the attention of Jim Reardon and Jeb Spaulding. The outlook is favorable and this temporary staff will help emphasize the importance of water quality to the Agency and this Administration.

Confidential and Privileged

To: Honorable Governor Peter Shumlin

From: Annie Noonan, Commissioner, VDOL

Date: 4/15/11

Re: Weekly Report, Week Ending 4/15/11

VDOL Budget: We have only the broad fiscal numbers relating to the federal budget cuts, but not the state-specific information. I received an email this morning from staff indicating that she believes the summer youth money will not be received until after July 1, so we will meet Monday morning to discuss how to deliver services to at-risk youth as soon as we receive any money. Here is a synopsis of what we have received from USDOL and NASWA. The bulk of reductions were taken from the first three months of Program Year 2011 (July, August, and September. That is, the first three months of Program Year 2010 were funded at higher levels.

The reductions are as follows:

WIA Adult: \$90.5 million reduction; WIA Dislocated Workers: \$120 million reduction; WIA Youth Programs: \$96.5 million reduction; WIA National Reserve: \$5.09 million reduction. Advance Appropriations: In addition, an across-the-board (ATB) cut of 0.2 percent was applied to all advances for the WIA programs (Please see column 4). USDOL will implement a cut of \$1.424 million for WIA Adult and \$1.720 million in WIA Dislocated Workers. (Note: There are no advances for the Youth program).

Authority for Advance Appropriations: Section 1118 of the CR, which is a global provision, indicates:

"With respect to any discretionary account for which advance appropriations were provided for fiscal year 2011 or 2012 in an appropriations Act for fiscal year 2010, in addition to amounts otherwise made available by this Act, advance appropriations are provided in the same amount for fiscal year 2012 or 2013, respectively, with a comparable period of availability."

Workforce Innovation Fund: The legislation implements a new program - the Workforce Innovation Fund (WIF) - at a level of \$125 million. The WIF is a grant program available to states and/or state agencies to conduct demonstration programs.

Governors Set-Aside Funds: While the legislation does include a clause indicating "... the amount available to the Governor for statewide activities shall not exceed 5 percent of the amount allotted to the State from the appropriation under this subparagraph;" (emphasis added). The subparagraph pertains to the \$125 million provided to the Secretary of Labor for the "Workforce Innovation Fund (WIF)." It is NASWA's interpretation this clause pertains only to the WIF funds. Other entities have interpreted this clause to pertain to all WIA formula funds. NASWA is seeking clarification.

Green Jobs Innovation Fund: Not funded for FY2011, but the current competition is not affected.

We don't know about the VOSHA funding. We do know that ETA funding for UI is secure.

VDOL has examined our current balances and we are charging staff salaries most appropriately (and legally) across the programs to ensure that we have sufficient funds to carry us as long as possible. Workforce Development division is most at risk given the federal cuts.

Legislative:

VDOL continues to be involved in the UI and WC bills, the Jobs bill, and various employment related bills pending. In the current version of the Jobs Bill out of SED, the WIBS were "eliminated" by statute but regional workforce development activities will now be supported by a grant application from Agency of Commerce, up to a total funding allocation of \$75,000. In addition, the SED wrote language to eliminate the Executive Director of the Workforce Development Council and transferred the work responsibility to the WD Division director at VDOL. I advised the chair that the incumbent of the ED position will likely be maintained at VDOL for grant development and WETF compliance monitoring. The long-term unemployed provision was maintained. As a reminder, the WDC chair is up for appointment by the Governor and, in conjunction with Lawrence Miller and Armando Vilaseca, we will submit some recommendations to you so that the Governor's goals and priorities may be better supported by the WDC.

I met with 20 business owners, lobbyists and House Commerce committee members on the issue of H.247 and the issue/definition and application on independent contractors. I am meeting with the representatives of labor on May 2nd for a similar discussion. As a result, Reps Scheuermann and Conquest are not pushing H.247 forward this year.

UI Division

Trust Fund Borrowing: Total amount borrowed as of April 13, 2011 is: \$76,251,772.50. As of 04/13/11, Vermont has borrowed \$5,265,536 during the month of April. An interesting note - we received this email from federal UI (ETA) folks, advising that Vermont may qualify for Tier III of Extended unemployment compensation for the week ending March 5th, payable March 20. That will mean that our UI staff will have to recalculate UI payments to Vermonters who drew benefits during that timeframe.

Workers Comp and Safety Division

AOT v. VOSHA dispute: working over water without a safety skiff, meeting on Monday afternoon.

Dept is still engaged in SWO penalty phase with Starr Trucking, and no resolution has been reached in Howrigan Farm negotiations for worker death suit.

Workforce Notes

Mount Ascutney 15 non-clinical staff layoffs

Bethel Plastics: expanding and hiring

Dartmouth: offering early retirement incentive program to avoid layoffs

NSK, Bennington: cut production by 50% due to Japanese disaster impacting auto industry

Winooski, Biotek: hiring

OFFICE OF THE SECRETARY

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Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, April 15, 2011
SUBJECT: VTrans - Confidential Report to the Governor

FY-2012 Transportation Bill

The Senate Transportation Committee voted their version of the bill out unanimously an hour or so ago. There aren't significant differences with the House version but here are some of the issues dealt with differently by the Senate:

The Committee added a business plan requirement for each state airport that would make them self-sufficient by June 30, 2015. There is a reporting for the plans by Jan. 15, 2012. If the report does not conclude that an airport is likely to be self-sufficient, the Secretary must provide reasons why it should not be closed or sold.

They accepted the House language on a one-year transfer from TF to GF for rest area operation but also added a section requiring an apportionment study by the JFO for future funding ratios from the two funds.

The Committee added to the House language on roadside signs charging the Travel Information Council to adopt rules around what constitutes flashing intermittent or moving lights or animated or moving parts (current law) given advances in sign technology. The TIC must consider information value to businesses and the hazards of sign proliferation.

Testimony Before United States Senate Environment and Public Works Committee

I offered testimony yesterday at the invitation of Senator Sanders along with four of my counterparts from other states (Wyoming, Arkansas, Oklahoma and Rhode Island) concerning the overdue Reauthorization for Highways and Transit. The hearing last a couple of hours and was mostly about unnecessary government regulation and the underfunding of the transportation system in this country.

The great divide between eastern and western/southern states was clearly evident as Secretary Lewis from Rhode Island and I talked about reducing Vehicle Miles Traveled and fuel efficiency while the western Secretaries and Commissioners talked about getting the EPA off their backs so they can build more highways faster. We are not close to figuring out transportation funding for the future in this country.

I was honored to have the opportunity to participate in this hearing, a first-time experience for me.

Transportation Impacts of The One-Year Continuing Resolution

FHWA:

- \$2.5 billion highway formula contract authority rescission: Estimated impact for VT = as much as \$11 million. This is a contract authority rescission that does not affect obligation limitation, but does have the potential to affect our flexibility to fund planned projects going forward. It should not affect the FY2012 Transportation Program currently under review by the Legislature. Should be able to manage without affecting current project delivery schedules.
- 0.2 percent across the board reduction: Approximately \$400,000 for VT for FHWA funding. Should be able to manage without affecting current project delivery schedules.
- \$630 million rescission of "orphan earmarks": No impact to VT.

FRA:

- High Speed Rail: FL money that were rescinded was FFY10 program funding of approximately \$400M. This is the source of funds VT was most likely to receive for the Ethan Allen grant we recently applied for. \$2B remains from the FL – ARRA money that was not eliminated, so VT is still in the running, albeit with less likelihood of success because we are now competing directly with the NEC and other big players. The Vermonter funds already awarded are not affected.

FTA: No significant impact. The impact of the 0.2 percent cut is approximately \$7,500.

FAA: No significant impact.

Florida \$\$ and our HSICRP Grant Application

Just to be clear, we still feel that our application for the Western Corridor is strong. It is disappointing to see \$400 million in program funds disappear from the Florida pot but there is \$2 billion left. The only thing we can't predict is any pre-wiring of funds by USDOT for specific projects, such as the many submitted from AMTRAK, or the tremendous need in California or the incomplete project in North Carolina. Hopefully, our regional needs in the Northeast along with the density of the population and likelihood for success will count heavily in the competition.

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: April 15, 2011
Subject: ANR Weekly Report

Status of Governor's Priorities:

- **Energy and Climate** – We continue to meet and coordinate with other agencies on the Comprehensive Energy Plan. We are planning for a climate cabinet kick-off meeting for May 17, 2011. I will have an executive order ready for your review and approval in advance of this meeting.
- **Vermont Yankee** – As part of the regularly scheduled drill for Vermont Yankee, the sampling teams were charged with obtaining background samples from a variety of media, including feedstocks, water, dairy and maple syrup in order start to fill the data gap associated with answering the question of whether we are being affected by the nuclear reactor accidents in Japan. As part of this effort, a sample was collected from the City of Montpelier raw water intake. Results will be reported when we obtain them.
- **Jobs Bill** – We are working to try to keep Senators Illuzzi and Starr from amending the bill to retroactively protect Plum Creek from dismissal from the UVA program due to its violation of cutting plans.

Legislative Issues/Contacts:

- **H.155 – Clean Energy Districts** – Passed the House on Wednesday and reported to the Senate NRC on Thursday. This is an important energy provision to support, among other things, pellet stove conversions in residences.
- **H. 258 – Enforcement** - Voted out of House on Wed. It will be referred to Judiciary in the Senate.

- **H.332 - Permit Reform** – ANR and NRB are working on a draft resolution in lieu of a formal Commission as the House originally wanted to constitute.
- **S.77 Testing of Private Water Supply** – We coordinated relevant changes to the bill with the Health Department based on the Technical Advisory Committee (TAC) comments sent last week.
- **H.91** - Testimony continues on the public trust/captive hunt bill before Senate Natural Resources, along with H.13 (deer doing damage), and H.66 (illegal take of trophy big game animals).
- **S.34 - Mercury Program:** The bill on mercury lamps unanimously passed the Senate this week. We will be testifying in next week on the bill in House Fish, Wildlife & Natural Resources.
- **H.11 – Pharmaceutical Waste** - Testimony was provided to the Senate Natural Resources Committee on H.11 at the Committee's request. H.11 focuses on the disposal of pharmaceutical waste and is drafted to help to keep this waste out of municipal wastewater treatment facilities and home septic systems.
- **Capital Bill** – We testified in the Senate about our ability to responsibly spend all of the Governor's requested \$2.5M/year for ecosystem restoration work in and around Lake Champlain. We also discussed with Rep. Emmons why it was reduced to \$1.9 and are working to resolve this favorably.

Press Issues/Releases/Contacts:

- F&W participated in a live call-in show on VPT on April 14 to answer questions regarding deer and moose management, as well as other Department-related issues.
- Candy Page is preparing a story on chronic wasting disease and interviewed Commissioner Berry on Tuesday.

Significant Events/Meetings:

- **Recent Graduate:** Congratulations to Secretary Markowitz, her son Ari, and Ari's friend Nathan, who recently completed the Department's hunter education course.
- **Hunter Education Volunteer Banquets:** Governor Shumlin and Secretary Markowitz were well-received at the two hunter education volunteer banquets held at the Kehoe Conservation Camp at Lake Bomoseen and the Capital Plaza in Montpelier.
- **316(b) Regulations:** Draft federal regulations on 316(b) permitting requirements came out last week. These regulations pertain to entrainment and impingement of aquatic biota on filters during water withdrawal for cooling towers. Staff are working with DEC counsel to determine what these regulations mean for the VT Yankee discharge permit renewal.

- **Interagency Coordination** – We completed another in our series of leadership team meetings with our sister agencies with a 4/14 meeting with AOT. We discussed issues of mutual interest and concern.
-

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Annual legislative Permit Performance (PEP) report: Finalized and approved by Commissioner; will be sent to legislative committees after Secretary's approval.

Ball Mountain/Townshend Hydro Projects - Applicant for these projects is looking for a quick letter of support to FERC on these projects from the Governor and we are evaluating the merits of doing so now, and if appropriate, will have a draft letter for your signature next week. These projects would provide three megawatts (3 MW) of energy into the energy deficient "Southern Loop" and Central Vermont Public Service Corp. and CVPS has told the applicant that the development of these projects will forestall investment of \$70 million of system upgrades which would otherwise be necessary to bring energy from other sources.

Sweet Pond Dam, Guilford: Staff from the Water Quality Division and Forests, Parks, and Recreation met at the dam. The purpose of the meeting was to determine an appropriate discharge rate from the pond during the lowering operation to avoid causing undue environmental damage downstream. It is estimated that Sweet Pond would lower about 1 to 2 feet per day at the determined discharge rate, which is within the acceptable range for dam safety concerns.

Waterbury Dam Alarm - On Monday morning, April 4, Dam Safety received a call from Vermont Emergency Management (VEM) stating that they had received an automated alarm of water rising in a pump station - which triggered the activation of the Waterbury Dam Emergency Action Plan (EAP). The alarm was at the village's wastewater pump station – and Dam Safety will be meeting with staff of VEM in the near future to review the Waterbury Dam EAP and to determine why the pump station alarm triggered activation of the EAP.

Emergency Action Plans (EAPs) - The contract with the engineering firm of Dubois and King for the preparation of Emergency Action Plans (EAPs) has been extended for one more year, and four more plans for high hazard dams will be completed by mid-September as a result. The first year of the contract resulted in new EAPs for four high hazard dams and one high hazard dike.

Alternative Energy – Geothermal: The Vermont Geological Survey received word that a supplemental application for US Department of Energy funds through the Arizona Geological Survey is approved. The study entitled: Geothermal Systems – Vermont Field Data Acquisition Project will collect information on water well temperatures to search for any anomalies that could be indicative of advantageous conditions for both shallow and deep resources.

Interagency Cooperation – AOAFM - The Agency of Agriculture has requested DEC lab support for a Best Management Practices Silage Leachate Treatment System Testing project. They had requested no cost lab support and are now working with the Ecosystem Restoration Program on their project plan. This week the Lab did accept 6 samples (\$216) at no cost.

Elizabeth Mine: We were informed by EPA that \$4M has been allocated to the remedial project at Elizabeth Mine. Project managers are discussing how to use the allocation appropriately, since it is not enough to complete the project, but it represents a significant opportunity for the upcoming construction season.

Emergency Permit Issued: On 4/4/11 we issued an emergency permit to Chittenden Solid Waste for the stabilization of picric acid containers at a private residence in Essex. The District has hired a contractor to do this work in order to ensure the timely and safe remove of these and other unknown chemicals the resident inherited from his parents. The work is not yet scheduled, but should be done by the end of April.

Aboveground Tank Releases: We have continued our run of large home heating oil releases over the past week. Seven releases have been reported from 3/31/11 to 4/7/11, with four of them estimated at 100 gallons or greater. The releases were all over the state; Brattleboro 100 gal, Wardsboro 70 gal, Mt. Holly 100 gal, Sheldon (unknown amount), Windham 100-150 gal, St. George 100 gal, Grafton (unknown amount). The Sheldon release was at a maple sugar operation. The Wardsboro release may be the most costly, as a failed shutoff in a kerosene heater caused 70 gallons to be discharged into the living room of a second home. The kerosene then migrated through the floor of the building, traveled across the property and into a neighbor's pond. How the cleanups will be funded remains to be seen, but four of the seven are likely to need PCF coverage.

E-Waste Program: Three bids were received in response to the E-Waste program RFP, which are currently being evaluated by program staff. Preliminary meetings have been held with the committee to provide information, and a final discussion has been scheduled for 4/15.

Repeat Violations Found: Repeat and additional violations were found at a waste tire transfer station on the Hardwick/Wolcott line dba Vermonters Helping Vermonters. The owner, Robert Colaceci is still paying off a \$10,500 penalty from a September 2009 AOD involving violations of solid waste laws and Act 250. The current violations include failure to submit reports, failure to store tires in accordance with the certification requirements, improper storage of used oil and lead acid batteries, inadequate access control, failure to pay annual application fee, and hauling waste tires in an unpermitted trailer. An NOAV is being drafted.

Small Business Compliance Assistance: Following up from the Marina Workshop on Friday, April 1st where 60 were in attendance. Many calls and emails have come in with more specific questions concerning various programs and compliance issues.

Municipal Compliance Assistance Program: John Daly presented at a workshop on Thursday and Friday at the 2011 Town Officer Education Conferences in Burlington and Johnson. John was a co-presenter in a workshop entitled *Act 250 Permitting and Compliance Assistance: What Municipal Officials Need to Know*.

OMYA: Solid Waste staff met with representatives of Omya to discuss the beneficial use of tailings. Omya is looking into the potential for the tailings (mineral processing waste) to be used as agricultural lime and have already met with Agency of Agriculture. Omya is continuing to explore potential market for tailings to be used to manufacture other products, much like their product. Omya executives are also scheduled to meet with ANR Secretary and Deputy Secretary this afternoon.

Bruce Tenney, Athens VT Multiple Environmental Violations: The Solid Waste Program anticipates that a 4/7/11 Environmental Court Judgment Order in a dumping, burning, wastewater and water supply case will have a significant deterrent effect. Bruce Tenney & Bruce Tenney Jr. of Athens VT were fined \$14,700, and were ordered to clean up the site and upgrade the mobile homes' water and wastewater systems.

Commonwealth Dairy of Brattleboro, a new company which produces yogurt, is looking for a less expensive means of disposing of its high strength waste, which is permitted to go the Brattleboro wastewater treatment facility. Currently this waste (20,000 to 30,000 gallons per day) is being trucked to Rhode Island for disposal. The Dairy has contacted both the Indirect Discharge program and AAFM in regard to this issue.

Conservation Law Foundation (CLF) requested all past data pertaining to sewer overflows that has been posted on the Wastewater Management Division's website. After they review the data, CLF will be requesting a meeting to discuss how this data should be used to quantify pollution loads/prioritize infrastructure spending.

Stormwater: The Multi-Sector General Permit (MSGP) will expire in August, 2011. We have 700-800 facilities that will be required to renew their authorizations. Some facilities may be very sensitive about any possibility of a lapse in permit coverage. Permittees have started to contact the program for instructions regarding renewals because the existing permit instructs them to re-apply 180 days prior to expiration. This date has now passed, but at this time we do not yet have a new permit under which they can re-apply; however, we are in the process of completing a draft permit that is based closely on EPA's 2008 MSGP. Provided we issue a final permit by June 1st, permittees should have sufficient time to re-apply and avoid a lapse in coverage. Our website has been updated to reflect the status of the re-issuance of the MSGP.

Review of Operating Permit Process: We have been investigating ways to make our operating permitting process more flexible and efficient so that we can meet our performance target times and at the same time not lose any quality in the new process. This will probably necessitate a statute change in next year's session.

Fish and Wildlife Department

Bunnell Gravel Pit/Barnet: A complaint was filed with the Governor's office about F&W Department staff and their involvement in this Act 250 enforcement case. Department staff worked to assist both the District Environmental Commission and the landowner to find solutions to the violation (destruction of deer wintering habitat and stream buffers). This matter is nearly resolved.

Scientific Advisory Committee (SAG)/Endangered Species Committee (ESC): The Bird-SAG of the ESC met to discuss up-listing both the Whip-poor-will and Common Nighthawk as Endangered and the Rusty Blackbird as Threatened. The vote was unanimous to recommend both the Whip-poor-will and Common Nighthawk to the ESC for listing as Endangered. The ESC will consider this recommendation at its July meeting. The documentation on the Rusty Blackbird needs more detail, but it is expected that a recommendation will be forwarded to the ESC, perhaps in time for the November meeting.

Bats: Department staff met with representatives from the Department of Health (DOH) on the approach of using a broad "incidental take" permit for bats. The DOH is concerned that a limit of four little brown bats might preclude some necessary testing. The DOH acknowledged that such a level of take has never occurred, but they did not want to preclude the opportunity. One solution would be to have the DOH apply for a Threatened and Endangered Species Permit that will authorize DOH to conduct such (> 4 bats) takings.

Vermont Yankee: Department staff reviewed materials regarding Vermont Yankee's relicensing (the Connecticut River Watershed Council's petition to ANR), and prepared for Thursday's ANR meeting to discuss renewal of Vermont Yankee's NPDES permit.

Canaan Hydro/Upper Connecticut River: Stakeholders held a conference call on the fish habitat study plan under consideration for resolving the court appeal of the water quality certificate. Public Service of New Hampshire appealed the water quality certificate because it contains conditions that could trigger requirements for upstream and downstream fish passage facilities. Parties are working to agree on field studies that will inform the debate and possibly settle the appeal.

Recreational Boating and Fishing Foundation (RBFF): Staff are working with RBFF on different pieces of the cooperative marketing program, including the lapsed angler direct mail campaign. The family fishing web content and associated AdWords campaign launched this week. The Family Fishing Project promotes family fishing and attempts to make it more accessible by providing fishing tips and information on kid-friendly fishing locations across the state.

Moose: Two suspected brainworm-infected moose were put down, one in Wilmington, the other in Richmond. Moose, along with deer, are coming out of their wintering areas; two moose were killed by vehicles this week.

Bear: Emerging bear are creating problems in dumpsters and with residential bird feeders. Wardens are working with a Department biologist concerning an orphaned yearling cub in Stockbridge.

Forest, Parks and Recreation

Hemlock Woolly Adelgid - *"The cold spring may have been a drag... but the silver lining seems to be a heavy mortality rate for the adelgids".* Quoted from Jim Esden to citizen monitors looking for evidence of hemlock woolly adelgids in southern VT. Jim collected hemlock samples from several Windham County sites last week. At the Forest Biology lab, Trish Hanson determined that nearly 90% of the adelgids on those samples were dead. Meanwhile a new infestation of the tiny pests was picked up in Dummerston—no word on the overwintering survival in that colony.

Arbor Day - This week an email will go out teachers throughout the state inviting them to celebrate Arbor Day by participating in our new Arbor Day Passport Program. Students must complete Passport projects to receive prizes including a set of Tree Trading Cards that were designed from the winners of the Growing Works of Art contest, a Vermont State Parks day use pass and more! Classes will also be encouraged to survey their school groups for the invasive insect pests Asian Longhorned Beetle and Emerald Ash Borer. The program, Beetle Busters 101, was developed in partnership with APHIS. VELCO and CVPS make are our Arbor Day programming possible with generous sponsorships.

Arbor Day Trees - The grant deadline for our 'Greening Schools of Arbor Day' program ends this Friday. The program provides 10 shade or ornamental tree to schools in Chittenden and Addison Counties that have school wide Arbor Day Ceremonies.

Forest Legacy Program/Farm and Wilderness Project - The U. S. Forest Service has extended the Forest Legacy grant for the Farm and Wilderness project. We hope to close on this project by mid-May.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: 04/15/11
SUBJECT: Governor's Report

Status of the Governor's Priorities

Marijuana Dispensaries-

S-17. Passed by the Senate on Thursday. I have been working with Sheriff Roger Marcoux and Chief Paul Duquette regarding this legislation and have secured their support for the bill. Sheriff Marcoux spoke at length with Speaker Smith and received his initial support for the legislation before it reaches the house.

I participated in a phone conference on Wednesday with the person in the State of Maine that drafted the rules for the dispensaries in that State and will be using her as a resource in the drafting of our rules. We are also contacting representatives from Arizona and Rhode Island regarding their rules for dispensaries.

Evolving Issues

Datamaster Program

The Datamaster program (which I am using generically to include breath testing for DUIs and blood testing for DUIs and our drugged driving enforcement) that is located in the Department of Health has received a great deal of press attention this week with more to come. WCAX is preparing another article that will probably be aired today or the beginning of next week. The concerns relating to the datamaster program relate to the lack of internal controls and years of ignoring a problem that many in law enforcement knew existed. The problems being brought to light now originated during the previous administration and were not addressed.

On Tuesday I met with Commissioner Dr. Chen and we discussed the program and where it should be located. After a great deal of discussion we both concluded that due to the forensic nature of the testing the Department of Public Safety was best suited to administer the program. Currently, as the lab now exists in the Department

of Health, it is not an accredited lab. The Vermont Forensic Laboratory in DPS however is.

A great deal of work needs to be done to address this matter; the current challenges to the Datamaster program could detrimentally affect many DUI cases now being prosecuted.

DPS has already started looking to accrediting organizations regarding assessments and comment before any further action is taken regarding the lab. Additionally, I will be looking to engage Representative Lippert and Senator Sears in this process.

This is another problem this administration inherited; however, we will address the problem and end up with one of the top programs in the country when we are done.

Governor's Highway Safety Program

The Burlington Free Press ran a front page article this week on the return of 2 employees that I brought back to work after they were placed on paid administrative leave **last May**. The two employees are at the heart of the ongoing investigation by Human Resources into various allegations concerning the manager of the program and a grant manager. The Regional office of the National Highway Traffic Safety Administration (NHTSA) has completed their investigation that was done by the Office of Inspector General (OIG) and concluded that the 2 employees in question can no longer control NHTSA funds.

I have participated in ongoing meetings with an Attorney from HR and we have established a date of 4/26/11 for the completion of the investigation. Upon receiving the investigative reports, in consultation with HR, I will make a decision regarding the 2 employees and we will move forward in our efforts to strengthen this program that is key to law enforcement activities in Vermont.

Again, this is another problem we inherited, these two employees were placed on paid administrative leave last May, I brought them back to work in the Department to temporary positions, so the taxpayers were not paying for employees to sit at home and collect a paycheck.

Division Activities

Emergency Management

Issues / Updates

The Division is still monitoring flood hazards and the perceived risk is decreasing.

Significant Radiological preparedness activities calendar:

- Evaluated exercise – May 3 & 4, 2011
- Maintenance and Inventory of Radiological equipment in EPZ towns
- Vermont will host the International Emergency Management Group Conference 11/14-17/2011.

Vermont State Police

Investigation of a discharge of a weapon case in Lowell that resulted in the death of a 2 yr. old boy was concluded and submitted to the State's Attorney for review. The prosecutor will not be bringing charges in this matter.

Investigation into the Hagan homicide in Sheffield is still ongoing.

Fire Safety

Commissioner Flynn and Deputy Commissioner Wood attended the Fire Chief's Associations meeting in Hinesburg on Sunday. Commissioner Flynn conveyed the message that this administration appreciates the work that our volunteer firefighters perform in support of their communities and the State of Vermont. Further, it was communicated to the group that the Fire Safety Division will continue to seek out ways to bolster the efforts of the firefighting community through training and services.

Deputy Commissioner Wood testified regarding CO sensors in schools and also met with Senator Illuzzi regarding the application and enforcement of building codes in Vermont. The Senator, along with Senator Ashe, drafted a bill to form a summer study committee, at the suggestion of the Architects' Association, to review the existing codes. The Division's position is that the current code system is meeting the State's needs and should not be altered.

Vermont Criminal Justice Services

The Director of the Division, the Lab and the Commissioner met regarding the movement of the Datamaster program to our lab. As indicated above this will be a process, not an event and will take careful planning to achieve a good outcome.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin
From: Elizabeth H. Miller, Commissioner
Subject: Weekly Report
Date: April 15, 2011

Status of Governor Priorities:

Energy Plan: I met this week with CVPS to see a preview of a complicated but interesting power planning tool that GBIC has developed with input from various utilities (including CV, GMP and BED). The tool is open access and allows anyone to see the rate and carbon impact of making various policy and power mix choices – increasing the Standard Offer; buying more HQ hydro; continuing to buy VY (they've left that in at the offered 49MW price, no surprise, as a 'choice'). From a first view, it appears that the tool is pretty 'fair' – it uses appropriate forward and forecast market prices and does not, for example, show much rate impact at all from cessation of VY in the event that utilities simply choose to purchase system power on the market to replace VY in the next 10 years. The impacts increase, as one would expect, if purchases of renewable, particularly small scale, are used instead – I haven't yet analyzed whether the prices forecast for renewable are reasonable, or reviewed the basis for the carbon assumptions etc. There is no jobs/econ overlay to the tool; it is just rate impact and carbon impact screening tool. I am sure that we should have a slightly wary eye regarding its purpose, given the friendly rate and carbon appearance of VY. At any rate, GBIC and others would like to see the tool as part of a screening for purposes of the energy plan. It actually may be appropriate for that in some regard and, if nothing else, it will be out there in the business community. I am looking forward to GBIC's presentation and will give Sec. MacLean a run-through afterward. Also on the Energy Plan, I had a department team retreat to continue discussing our planning process. I've attached the most recent timeline. It is very aggressive and will require significant teamwork and support to meet it. I have a meeting scheduled with Sec. MacLean on Monday to discuss the Energy Plan process. I am finishing a memo to the cabinet-level team on the Energy Plan and will schedule a meeting with that team (ANR, Ag, ACCD, BGS, Vtrans...) by the end of the month.

VY: I met with VELCO this week, along with Sec. Spaulding, Beth Robinson and Bill Lofy. We received a thorough briefing of transmission issues, related in part to post-VY ISO planning. I also attended an ISO meeting regarding the Vermont-New Hampshire transmission study and "non-transmission alternatives." The discussion among the states/utilities/interest groups in attendance was very lively; transmission planning is going to have a big place in the post-VY debate, as you know. We have a meeting with Gordon Van Welie coming up in early May; I'll provide full briefing before that to you. In other VY news, the Department is preparing a letter to NRC objecting to the removal of the \$40M guaranty regarding decommissioning (allowed because NRC has extended the federal license). Our letter will fall upon deaf ears and there is no

NRC procedure for a state to object. We likely will recommend that we request a rulemaking proceeding; there will be a cost to this (attorney time; likely we'd need outside counsel) but it is a worthwhile endeavor even though it too may prove unsuccessful. Sarah Hofmann or I will provide full briefing to Beth Robinson on the subject next week.

Broadband: S.78 onto House, more or less in the format intended. Fairpoint penalty docket (including broadband expansion) proceeding apace; however, Comcast has sought to intervene. We will find out the purpose; generally speaking Comcast may attempt to say that this is just helping FairPoint compete against Comcast. Comcast hired this week, fyi, Tuck Rainwater to be its VT manager and spokesperson. Hopefully that will prove to be a positive development.

Legislative Issues/Contacts:

Monitoring and testimony regarding S. 78 and H. 56 (telecom and energy). Testimony in several house committees regarding CEDF new funding plan. Tracking of Department committee bill regarding Reliability Oversight Committee and billback for TX compact.

Press Issues/Contacts

Press contacts included comments on CEDF funding and on VY issues including AG statements regarding readiness for litigation.

Significant Meetings/Events:

Meeting with CV regarding several issues, including solar tariff. Progress reported to Aly Richards. Meeting with Northern Power, and follow up to GMP completed – GMP has a visit scheduled to Northern Power. Meeting with VHCB regarding efficiency programs and opportunities for better management/funding/impact.

Evolving Issues:

Fuel assistance: As the price of oil has risen, the prospects for heating oil affordability next year have dimmed. We have already received consumer calls concerned about fuel affordability. We should consider, as an administration, what our response will be – a version of the prior Food and Fuel program instituted by Gov. Douglas or otherwise. Encouraging fuel switching, as you have directed and the amendment in the legislature requires, is very good but not a short term help. Buy ahead programs are rolling out and consumers will be increasingly concerned; the cuts to LIHEAP of course overlay this issue. The Department has only a piece of the role here, given that the home heating fuels are not price regulated (other than gas), but did participate in the Food and Fuel program previously with AHS and others.

Smart Grid RF/Opt out: Concerns about privacy and potential (unproven and largely debunked) radio frequency health issues continue to come up in the smart grid roll out. We are working with GMP on its proposed opt out program (allowing consumers to refuse smart meters); we need to be careful to not ramp up the concern while at the same time not allowing opt out so

broadly that we reduce the utility of the smart grid in Vermont. I alerted Sen. Sanders' office to this concern when in DC last week too. We are monitoring closely and working on it but should your office (or you, in a presser) get any questions on it I would suggest being careful in the answer – something like “I understand both the Department of Public Service and the Department of Health have been alerted to the issue and are involved in working through solutions,” period. (I have indeed involved DOH.)

CEP positive press: As mentioned briefly earlier this week, I think there are many good opportunities for spreading your messages about clean, secure, sustainable energy in the course of the Comprehensive Energy Plan process and roll out in the weeks and months ahead.

Summary of Key Department Activity, By Division:

Entergy has contacted NRC to inform NRC that it “intends to take the necessary steps to cancel” its \$40 million dollar parental guaranty used to provide funding assurance for a decommissioning shortfall in the VY decommissioning trust fund back in 2009. All licensees are required by NRC to provide “reasonable assurance” that funds will be available for radiological decommissioning of the reactor at the end of the license. All power reactors have to submit the calculations every two years until the plant is within 5 years of end of life and then the info has to be submitted annually. There is a formula that NRC uses to determine decommissioning funding assurance. In 2009, the NRC found a number of plants (about 25 of them) to have a shortfall in their decommissioning trust funds. The number was so high because one of the numbers going into the formula was the value of the funds on December 31, 2008 (the year of the crash). VY’s shortfall was originally calculated to be over \$87 M using the Dec 2008 decommissioning fund value. NRC worked out the shortfall amounts for each plant based on more recent values of the decommissioning fund (Sept 2009), and ultimately VY’s decommissioning fund was found to be \$40 M shy. NRC ordered Entergy to put up a parental guarantee for that amount and it did. Now that Entergy has its federal license for VY, it is saying it now “intends” to cancel its parental guarantee for the plant because the formula shows the fund will grow enough over the additional 20 years to meet the decommissioning needs in 2032. The Department plans to submit a letter opposing that cancelation because Entergy may have a federal license but it still has a state process to complete, so at this time, NRC should not assume another 20 years of operation.

Public Advocacy and Consumer Affairs:

Burlington Telecom – Docket 7044 – The City of Burlington has been paying from its general fund the costs of a consultant to negotiate with CitiCapital and with various potential partners. This may be construed as a further violation of Condition 60 of Burlington Telecom’s Certificate of Public Good (requiring prompt repayment of any City funds spent on BT’s behalf). The plaintiffs in an ongoing civil case against the City and BT have so argued in a motion to hold the City in contempt. Plaintiffs sought DPS assistance in persuading the court to construe Condition 60 and rule on the motion, but DPS refrained. Burlington has now filed a motion at the PSB seeking a declaratory ruling that such payments do not violate Condition 60, or alternatively for permission to make such payments without reimbursement from BT. DPS counsel believes that this is a close question, and has not yet determined a position; requiring reimbursement from BT would likely harm BT’s still-fragile viability.

In related developments, DPS has signed a Non-Disclosure Agreement (NDA) with the City in order to receive confidential briefings on the status of negotiations with potential partners. Also, CAO Jonathan Leopold has submitted his resignation to Mayor Kiss, who has accepted it. DPS believes that Leopold bears significant culpability for BT’s violations. Results of a criminal investigation are expected to be released in the near future.

VGS System Expansion Fund - Docket 7712 - To date the Department has not received a copy of the Board's notice announcing the public hearing set for 5/11. VGS proposed a draft MOU that has been circulated to the DPS internal team and will be discussed at an upcoming meeting.

Voice over Internet Protocol—Docket 7316 —The Department and CVPS filed docketing statements in support of the Board's Order in response to Comcast's appeal to the Supreme Court. The Department noted the Board's Order may not be final (an issue not raised by Comcast), but stated that the Order should be affirmed.

Granite Reliable PPAs with GMP and CVPS—Dockets 7589/7590 (and other dockets)—the Board has scheduled a workshop for April 28 to determine the extent to which information in Power Contracts should properly be kept confidential. The Board has issued a memorandum with extensive questions, and requested written comments to be filed by April 18. Much of the information sought by the PSB would be better known by market participants; on most questions DPS will review comments from the utilities and others, and refrain from taking a position until it has had an opportunity to consider them.

VEC Voluntary Renewable Energy Pricing Program - Docket 7717 - Workshop held on 4/12. VEC plans on submitting revised testimony indicating that revenues raised through program would be used to fund renewable energy projects in their territory, similar to CEDF grant funding. Board questioned whether this was appropriate under 30 V.S.A. §8003(a), and whether it may be more economical to transfer funds to CEDF, which is clearly permitted under 8003(a). Staff believes that the use of funds proposed by VEC is permissible, and, given limited amount of expected revenues (\$30-\$50K per year), that using funds within VEC territory probably makes more sense, though if Board expresses strong preference for CEDF funding DPS won't object. VEC will submit revised testimony on 4/29. Parties will either submit a proposed MOU on 5/6 or DPS will submit testimony.

Purchase of Shoreham Telephone Company by Otelco, Inc. - No docket number yet. A joint petition has been filed for approval of the transfer of control of Shoreham Telephone Company to Otelco. The Petitioners have requested a meeting with the Department to discuss the transaction, which meeting has been scheduled for April 26. The Department will begin review of the petition and supporting documentation.

WEC Rate Case – Docket 7691 – DPS is in the midst of discovery regarding WEC's request for a 24% rate increase. WEC failed to respond to a number of information requests in the first round, but in a 4/13 conference call agreed to provide nearly all data requested. A second set of data requests is pending, with responses due 4/18. DPS testimony is due on May 2. Once discovery is complete DPS is likely to initiate settlement discussions.

Haskins Gas – No Docket – Haskins is the former owner operator of a gas system at Stratton Mountain, which sold the system to Stratton on 4/8. There are numerous outstanding compliance issues, and, per an agreement with Stratton, Haskins is to stay on as operator until all violations are corrected. DPS has given Haskins numerous extensions to come into compliance, but, consistent with its past history, it has failed to deliver. Staff is planning on speaking with Stratton's counsel on 4/15 to discuss possibility of Stratton taking over operation in order to

expedite the process. Failing this, staff will likely set a firm deadline and indicate that failure to obtain compliance will result in significant penalties.

CVPS acquisition of Readsboro Electric—Docket 7688—The parties are awaiting an order from the Board or a notice that a technical hearing will be required. This will be the Board's first opportunity in recent memory to depart from the long-standing rule that premiums above net book value are not recoverable in rates.

New England Power Company (National Grid) rebuild of 115 kV line in Readsboro and Whitingham - Docket 7709 - The Board issued an Order, together with a CPG, approving the project, with certain conditions related to environmental impact concerns raised by the Windham Regional Commission. The Department had recommended approval of the project.

EOS Solar Farm – Docket 7618 – As reported earlier EOS did file a decommissioning proposal which had certain flaws. On April 5 the PSB issued a memo raising concerns with the decommissioning proposal and seeking further comments from the parties. EOS filed a response to the Board's questions on April 12, with responses due April 19. DPS will say that EOS's responses are acceptable and that the PSB should approve the decommissioning plan.

Consumer Affairs

- CAPI staff attended one of two meetings Vermont Gas held to inform their customers of the proposed System Expansion and Reliability Fund.

Planning and Energy Resources:

Comprehensive Energy Plan:

- Staff are working on interpreting stakeholder notes from the April 7th meeting focused on Transportation and Land Use.
- Work continued on update of key energy statistics and metrics across all CEP chapters.
- Hosted meeting with RAP to discuss energy modeling for the CEP.

Residential and Commercial Building Energy Standards (RBES & CBES):

- The contractor facilitating both of these update efforts has been informed that we need an annotation for the previous and current energy standards. They are currently working on completing this. The RBES annotation is expected to be completed by next Friday.
- In an effort to address and resolve copyright issues raised by Legislative Council staff has investigated how other states deal with International Code Council (ICC) copyright of the codes. It was discovered that all other states accept ICC copyright of their codes (as required by ICC). We hope to meet with Legislative Council early next week to discuss these findings and resolve the pending copyright questions/issues.

- Once annotation and copyright issues are resolved the RBES will be resubmitted to LCAR and CBES will be submitted to Sec. of State and LCAR.

Act 250:

- Reviewed ongoing pending applications for compliance with Energy Codes. No agenda was received from ANR this week for new applications.

Utility Facts:

- Final edits have been completed and Utility Facts is now posted on the front page of the DPS website. Some re-formatting needs to be completed prior to printing hardcopies in booklet format. Expect printing completion during the week of April 18th. (Copy Attached)

Energy Efficiency and Conservation Grant Program (EECBG):

- Executed the final grant agreement under the EECBG-Municipal program. The \$17,600 grant to the Town of Isle La Motte will be used to undertake a number of energy efficiency measures at the Isle La Motte Town Hall, including: installation of insulation, energy-efficient interior lighting, and storm windows; air-sealing; and installation of an EnergyStar certified furnace. These energy efficiency measures are estimated to reduce greenhouse gas emissions by more than 11 tons.
- Approved a \$18,165 invoice for Newfane Elementary School's retrofit project. Work has proceeded to remove fiberglass, air seal, and install cellulose insulation to bring the school's attic to R-60.
- Approved a \$37,625 invoice for Wardsboro Central School's retrofit project. They are completing work to insulate their attic roof and gable ends. This upgrade will prevent ice damming which has plagued the school since it was built in 1957.
- We paid about \$15,684 for 4 Regional Planning Commission grantees for energy planning and efficiency work

State Energy Program (SEP):

- We paid \$4,454 to VERA (VT Environmental Research Associates) for the continuation of the Vermont Small Wind Energy Production Monitoring Program and approved their plan to install 4 permanent wind monitoring stations producing data that will be viewable online.
- Processed a \$313,782 invoice from the Vermont Housing and Conservation Board (VHCB) for their project to provide energy audits, weatherization and deep retrofits and alternative fuels to their public housing units throughout the state.
- We paid \$242,650 to the City of South Burlington, which is installing a micro-hydro power turbine as part of their wastewater treatment plant upgrade.

Clean Energy Development Fund:

- CEDF has testified on several occasions in House W&M and NR& Energy regarding the proposal to issue grants in-lieu of the solar tax credits. The CEDF also worked extensively with the administration in vetting the idea and developing the program.
- The CEDF has also responded to several media and legislator's requests regarding the tax credit program and the new grant proposal idea.

Sustainable Energy For Homes & Business Project (Sanders DOE Earmark):

- Paid invoices for Housing Vermont Salmon Run solar thermal project (\$33,864.69) and Camel's Hump Middle School solar PV project (\$1370.00).
- Obtained DOE approval for the general contractor and architect/engineer bids for Housing Vermont's Westgate apartments in Brattleboro.
- Continued to seek resolution from DOE regarding change of scope for Housing VT's fourth project (Applegate). The subrecipient requested approval to change the location to a housing complex in Townsend; decision from DOE regarding NEPA is pending.
- Continuing to collect and input data for quarterly report to DOE.

Net-metering:

- Staff updated net-metering database with new CPG's issued (total of 53 CPG's issued, 52 of which were PV with a total of 220.9 kVac and 1 Wind at 95 KVac).

Energy Efficiency Utility Demand Resources Plan (DRP) Proceeding:

- The DPS provided its analysis and recommendation relative to three resource plan scenarios for energy efficiency utility resource acquisition. The DPS recommended:
 - For Efficiency Vermont, that implementation budgets be set to acquire three percent of forecasted energy consumption in their territory. If approved, this will result of an increase in implementation budgets above the status quo (+inflation) of \$7-10 million total over three years.
 - For Burlington Electric Department, that implementation budgets be set to increase at the same rate as budgets for Efficiency Vermont (an average of approximately 7% per year).

Fuel Survey:

- Continued uncertainty in the Middle East drove the spot oil price to \$114 on Monday since then the price has retreated to \$108.59 this am. Vermont transportation distillate prices responded to the increase with premium gasoline blends topping \$4.00 and a reversal on the decline in heating fuels experienced in prior weeks. The price variance

has also increased for all fuels. Propane continues to decline in price due to reduction in demand.

Distillate Price Change from Previous Week			
Fuel Oil #2	31-Mar	5-Apr	12-Apr
Kerosene	-12.9%	-0.58%	3.06%
Gasoline	15.6%	-0.03%	1.46%
Diesel	-20.9%	4.63%	3.45%
	-0.6%	1.84%	1.11%
Propane			
	-0.1%	0.33%	-3.77%

Load Forecast Update:

- Project to update and redefine the DPS electric load forecast continued. Background work on alternative methods to account for increasing applications of energy efficiency going forward.

Other Items:

- The DPS awarded the Vermont Energy Code Education, Outreach and Training contract to VEIC.
- Staff testified regarding placing biomass such as wood pellet stoves on a level playing field in terms of efficiency incentives available from Efficiency Vermont.
- Staff provided an analysis of Beaver Wood Fair Haven project's economic impact on state's electric rates. The current review estimated that there would be a 2% increase in the state's electric rates with the inclusion of this project at the proposed rate of \$135/MWh.
- Attended ISO-NE Planning Advisory Committee meeting on the NH/VT Transmission Solutions Study and the New England East-West Solution (NEEWS) Interstate Reliability Project Component Updated Needs Assessment.
- Participated in a meeting with GMP to discuss their proposed street lighting tariff and related potential issues. There is ongoing review of GMP, CVPS, and Hardwick's LED light tariffs. Expect that VEC will also be presenting a LED tariff in the near future.

Finance and Management:

Regulatory Policy Related Activity:

Three companies are currently developing rate design proposals for LED street lights. There may be a need for policy discussions regarding the proposed costing approach for developing LED street lighting tariffs --marginal cost vs. fully allocated costing.. The Department has completed a cost comparison of the three plans and will discuss differences with each of the companies. These discussions will hopefully avoid any costing policy conflicts.

Accounting Orders:

Stowe Electric Department has filed a request for and the PSB has granted an accounting order to defer the net gain on the sale of an interest rate hedge. The Department back in 2009 originally requested the PSB to order Stowe to defer any gain from the hedge in the event Stowe refinanced the underlying bonds. Stowe just completed a refinancing of the bonds and sold the hedge for a net gain of about \$240,000 that will be amortized to reduce Stowe expenses over the life of the new bonds.

Engineering:

Vermont Yankee Operation:

On March 23, 2011, the NRC issued "Temporary Instruction 2515/183, Follow-up to the Fukushima Daiichi Nuclear Station Fuel Damage Event." The Instruction looks at the industry's preparedness for events that may exceed the design basis for an individual plant. Elements of the inspection are being currently conducted by the NRC Senior Resident Inspector. Additional NRC inspectors will be at the Vermont Yankee site the week of April 18th to complete the inspection. The inspection report is to be issued by May 13, 2011.

NRC Appoints Task Force:

The NRC commission has appointed six agency officials to a task force that will conduct a 90-day review of regulatory requirements in light of the ongoing accident at the six unit Fukushima nuclear power plant in Japan. The tasks force will develop recommendations on whether the NRC should require immediate improvements to US nuclear power plants or change any agency regulations, inspection procedures or licensing processes. The group's conclusions will be made public at a July 19 commission briefing.

LED Streetlights:

Engineering met with CVPS, GMP, and Hardwick to discuss replacing most of their streetlights with more efficient light-emitting diode (LED) streetlights. The energy savings would be significant, as the proposed LED's use only 37% of the energy of the existing mercury vapor lights that are targeted for replacement. Efficiency Vermont has agreed to pay the stranded costs of the lights that would be replaced before the end of their useful life. The Department is currently reviewing proposed LED lighting tariffs that reflect promotional rates which are lower than the existing, less efficient, fixtures. A decision whether to support this approach is being sought by the three utilities.

Vermont Gas Pipeline Safety Program:

The Department of Public Service and US Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA) performed a joint inspection of Vermont Gas System. This inspection examined the company's compliance with specific safety

regulations related to the design, construction, testing, operation, maintenance, and emergency response of the transmission and distribution facilities operated by VGS. Engineering is currently analyzing inspection findings and will develop recommendations to address possible noncompliance of gas safety regulations. Monitoring an operator's compliance with pipeline regulations is focused on enhancing safe and reliable delivery of natural gas to customers. There is currently a concerted effort by PHMSA to heighten safety awareness within the industry following several tragic incidents. These incidents have been linked to poor operator construction practices.

Highgate Converter:

The Highgate converter was constructed in 1985 and suffers from fatigue as evidenced by increasingly frequent failures. The converter is a critical New England resource for both the energy it delivers and the reliability benefit it provides. The converter is needed to provide a path to import 225 MW of power for the next 25 to 30 years.

To ensure that the converter continues to operate reliably for this period, VELCO has petitioned ISO-NE to replace the control and cooling systems. On April 12, the ISO Reliability Committee approved VELCO's request for approximately \$36 million of funding to refurbish the facility. Next, the Department will determine whether the project needs to follow the 248(j) approval process.

Telecommunications:

FairPoint Petition for Waiver of Certain Requirements under the Performance Assurance Plan ("PAP") – Docket No. 7506 and FairPoint Petition for a Modification to the Performance Assurance Plan ("PAP") – Docket No. 7539 – A prehearing conference is scheduled for 04/20/2011. This docket concerns service quality and associated penalties for FairPoint's failure to provide adequate service to the Competitive Local Exchange Carriers ("CLECs"). In addition, FairPoint has proposed and seeks approval of a successor and simplified PAP. The CLECs in Vermont, Maine and New Hampshire have filed a motion for a stay of the proceeding pending the outcome of an audit that the New Hampshire Commission intends to conduct soon regarding the existing PAP. FairPoint has filed an objection to the stay and has offered that a three-state independent consultant be retained to audit the successor PAP offered by FairPoint. The Department will need to file a response to FairPoint's objection within ten days.

FairPoint Petition for Approval of a Successor Incentive Regulation Plan – Docket No. 7724 – The Board conducted a prehearing conference on 4/6/2011. Based upon the current schedule, technical hearings will be held the week of September 19, 2011. DPS testimony is due to be filed 7/8/2011. The Department will retain expert witnesses in the area of service quality, market share analysis and possibly finance. RFPs should be issued by the Department within the next week.

FairPoint Petition to Amend the Vermont Performance Assurance Plan to Redirect Certain Penalty Monies for Broadband Build-Out – Docket No. 7725 – The Board conducted a prehearing conference on 4/6/2011. This proceeding will be consolidated with Docket No. 7726 (see below). Technical hearings are scheduled for 7/8/2011.

FairPoint Petition to Amend the Vermont Retail Service Quality Plan to Redirect Certain Penalty Monies for Broadband Build-Out – Docket No. 7726 – The Board conducted a prehearing conference on 4/6/2011. This proceeding will be consolidated with Docket No. 7725. Technical hearings are scheduled for 7/8/2011.

Broadbandvt.org – Several pages of minor corrections to the website have been accomplished. A meeting was held on 04/07/2011 to begin discussions about having CAPI do the response to the “Underserved” and “Unserved” area feedback from the site. A flow chart and action items have been created to address this. At a meeting held on 04/14/2011, some progress was made in identifying resources to allow for the filters that CAPI can use to respond to the caller/e-mailer. There was discussion about using templates (letters/e-mail) to follow up on the initial contact. These will be created with assistance from our marketing vendor who will also assist with the letter to the providers asking for buy-in. With the “hard” release deadline approaching, there is a certain urgency in moving this project forward. ConnectVT has been asked for opinion and CAPI will be consulted next week.

VCRD e-Vermont Project – Several contacts were made with providers this week to move this project forward. There seems to be more hesitancy than has been previously experienced from that sector to provide the requested information. VCRD has asked about a statewide “take rate” but has been informed that we are not tracking that data and have no intention to begin at this time.

FCC Monitoring – The FCC has opened the docket for proposed transfer of control of T-Mobile to AT&T.

The FCC Consumer and Government Affairs Bureau has issued a public notice asking for comments regarding the kind of speed information that will be most useful for consumers. Stating that most people did not understand the megabits per second statistics, the public notice seeks to develop guidelines that will help all be on the same page with speed. Comments are due May 26 with reply comments by June 16

The FCC has partnered with the Knight Foundation to sponsor a contest aimed at developing apps that target local information and deliver that information to underserved people in an effort to help promote broadband adoption. \$100,000 in prizes for developers with special prizes for those targeting people with disabilities, seniors and those for whom English is a second language.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: April 15, 2011

Vermont Department of Health (VDH)

Status of Governor's Priorities

Radiological Health Program. The Health Department focused a lot of energy on responding to a late Friday afternoon report from the US Environmental Protection Agency (EPA) that milk from a dairy in the Montpelier area tested positive for cesium-137 (Cs-137). Cs-137 has a 30 year half-life so it persists in the environment and in people. The effort required extensive communications with the EPA and with Secretary Ross and other officials from the Agency of Agriculture. Our discussions with the EPA allowed us to confirm that the CS-137 more likely remains from Chernobyl or above ground weapons testing, and is less likely from the recent releases from severely damaged reactors in Fukushima, Japan. It was important to substantiate this because Vermonters and others should know that Vermont milk was good for health before Fukushima and it remains a healthy part of our diets today. Media reports through the weekend proved the efforts paid off.

We communicated with EPA about the importance of providing a heads-up to states when such reports are made, and also the importance of providing context. It appears that our request was heard by the federal agencies.

Department of Mental Health (DMH)

Evolving Issue. VSH Mandatory Overtime – Commissioner Oliver and Terry Rowe met with Commissioner Duffy about DMH's request that Commissioner Duffy waive a provision of Personnel Policy 12.7 which prohibits the use of temporary staff in a Stand By pool. As VSH works to eliminate mandatory overtime with the implementation of a stand-by pool, it is important to include as many people as possible in the pool to avoid employee burn out. Commissioner Duffy understands the issue and will be reporting back her decision to DMH.

Legislative Contact

I testified with Commissioner Oliver and BGS in the Senate Institutions Committee regarding our plan for the replacement of VSH in Berlin. The Committee appeared encouraged by the plan. BGS stated that the \$482,000 currently in the capital bill would be sufficient for their planning activities through December 2011. Senator Mazza mentioned that he would like to see additional funding in the capital bill so the project can continue uninterrupted into 2012.

Senator Ayer and Representative Pugh would like to know whether involuntary treatment will be a priority for the Governor next year. If so, Rep. Pugh believes her committee and Rep. Lippert's should meet three times in the fall to lay the ground work for the issue before the session begins. She would like to budget the funding for these meetings now. It would be helpful to report back to her (and Sen. Ayer) as soon as possible. Commissioner Oliver continues to believe this is an issue that should be addressed (in some fashion) next session.

Commissioner Oliver met with Rep. Stevens about his concerns with the leadership at VSH and employee morale. Christine explained the actions underway to address mandatory overtime. It is expected that the changes being implemented could impact the issue within 45-60 days.

Commissioner Oliver met with Rep. Donahue to continue to keep her updated on the plans for VSH replacement.

We are requesting that a new exempt position be authorized for the director of VSH. It is currently a classified position. (The corrections superintendents are exempt)

Department of Disabilities, Aging and Independent Living (DAIL)

Legislative Issues/Contacts

Commissioner Wehry testified on DAIL's budget before Senate Appropriations. Senator Sears spoke spiritedly against including new providers in our home-based system of care known as Choices for Care. Currently, DAIL may not enter into agreements with any agencies other than Home Health Agencies to provide non-medical services and we had sought to have this changed. There is considerable fear that this would further threaten the financial stability of Home Health. I think this is a needed capacity in our system and these non-medical providers (Home Instead, Armistead, etc.) are Vermont companies doing well in the private sector and we would like to add them as our public partners. Commissioner Wehry has received a request from the Senate to offer language that would encourage DAIL to study this issue further and she will propose this language and try again next year.

Fran Keeler, Director of Adult Protective Services, and Commissioner Wehry testified before House Human Services on H.290 regarding the regulation of Adult Protective Services (APS). This created the opportunity to update the Committee on the progress we have made during the last quarter on improving the situation at APS. In sum, the backlog is diminishing, greater rigor in investigations is evidenced by more substantiated findings of abuse and staffing levels are returning to normal. The committee acknowledged the progress and expressed their appreciation. They also requested some documentation of these efforts which we are gathering. However, after Commissioner Wehry left and Fran stayed to listen to testimony, we are told the mood turned rather critical. At least two committee members expressed concern that inadequate disciplinary action had been taken. I am not sure who they would discipline given that this Administration inherited the APS problem.

Press Issues

This morning Commissioner Wehry received a copy of a news article which appeared in the Caledonian record on April 5th with the headline: Report: Errors May Have Led to DAIL man's death. This was released by Disability Rights of Vermont and recounts the death of a 26 year old man August, 2006, who lived in one of our developmental homes. He also had a mental health diagnosis (schizophrenia) and it appears some of the medical complications resulting in his death may have been attributed to medications for that disorder so Commissioner Wehry is sending to Commissioner Oliver as well. DAIL's own investigation at the time is alleged to have been inadequate by the article but we have no further information as of yet. We will obtain more information to see if there is indeed a learning opportunity here that we may have missed.

Significant events/Meetings

Commissioner Wehry met with the Vermont Council for Developmental and Mental Health Services (Julie Tessler's group) who continued to express displeasure with our relationship. They cited remarks by Commissioner Wehry and myself as conveying a lack of respect ("we are insulted") in my case ("there is no system" "there is no accountability") and "a little knowledge being a dangerous thing" in Commissioner Wehry's case. Specifically, Commissioner Wehry is faulted for developing a system of care plan which is "dismissive" of the old system in large part because of returning ultimate decision-making about the disposition of equity funds to the Department instead of the committee (dominated by providers). Commissioner Oliver was also present and the thrust of our joint remarks had to do with the upcoming grant negotiations. They would like more details about our plan for performance-based agreements and we acknowledged this is a work in progress with small steps in the first year.

Evolving issues

Three nursing homes (The Pines, Maple Lane and Union House) are seeking financial relief due to declining censuses/level of indebtedness. We are meeting in two weeks and we will keep you posted. They are co-owned by two well-known figures in the long term care community, Pat Russell and Frank Cheney. They are also in serious arrears in paying their provider taxes and Commissioner Wehry participated in a meeting last Friday convened by DVHA to set up a repayment plan. We established very clearly that the tax was a legal obligation quite separate from their wish to seek relief.

Department of Corrections (DOC)

Legislative Issues/Contacts

On April 12th Program Services Director Kim Bushey testified before the Corrections and Institutions Committee regarding the report "Inmates who are Parents; Children and Families"

On April 13th Commissioner Pallito and Deputy Commissioner Menard testified before the House Corrections and Institutions Committee and House Judiciary regarding the recidivism bill drafted by Senate Judiciary.

On April 14th, Commissioner Pallito returned to the Senate Judiciary Committee to testify on H.264 An Act relating to driving while intoxicated and to forfeiture and registration of motor vehicles.

Significant Events/Meetings

Probationer Seigel, Phyllis. On April 12th Probationer Phyllis Seigel passed away according to Lt. Helrich of the Burlington Police Department. Pending an autopsy, it appears as if this may have been alcohol related. No evidence of foul play. Phyllis was a chronic alcoholic for years; she had a long history with the DOC, dating back to 1989.

Probation Bevins, Carrie. On April 12th Carrie Bevins passed away at her home in Winooski. Det. McGivern confirmed that Bevins had died at her home and it appeared that she had committed suicide by drug overdose (this is not confirmed yet).

Other

Council of State Governments – Recidivism Project. The Council of State Governments will return on April 21st. They will present their final report to the Legislature on Thursday morning and work with DOC staff on Thursday afternoon.

Population. The department's population has maintained at the same levels with overall population in 2120/2130 range. The female population has remained high also with overall female population ranging in the high 150's to low 160's. The expanded role of the Windsor campus has allowed the facility to remain in the high 80's to low 90's for the last several weeks, the St. Johnsbury work camp is also running in the low 90's. This is allowing the regional facilities to absorb the surge in the corrections population without increasing the OOS population substantially.

Department for Children and Families (DCF)

Legislative Issues/Contacts

Senate Appropriations Committee. The SAC agreed to accept the recommendations of the House and to eliminate the graduated sanctions that were added last year for the Reach-Up Program. They will ask DCF to bring back to the legislature next year their best thinking regarding sanctions to help hold adults accountable in the program without hurting children. DCF looks forward to this policy discussion and will share its recommendations well in advance of the session next year.

Significant Events/Meetings

3Squares Vermont. Several weeks ago DCF reported wanting to increase the opportunity for more Vermonters to gain access to 3SquaresVt by increasing the eligibility level from 185% of poverty to 200% of poverty. Part of the debate in Washington includes the possibility of changing Food Stamps from an entitlement to a block grant, which creates even more urgency to make this eligibility move to ensure that DCF captures as many federal funds as possible. Initially the proposal is to create a block grant as of 2015, which seems far away, but this is an area DCF wants to move on as quickly as possible, in case the proposal takes a three year average when calculating the block grant.

One challenge to moving to expand eligibility is that DCF's Eligibility Modernization Program, while making great improvements, is still fragile. While DCF now approves 85% of all applications within 30 days, far better than the 65 day average of last fall, the requirement is that 97% of all applications be approved within 30 days. There are concerns that if more applications are added to the process, DCF's progress will slide. DCF is working to bring back a contractor to help institute process improvement strategies that will dramatically expedite the approval process. Once these practices are implemented, DCF will move quickly to the increased eligibility threshold for 3SquareVt which should be by next fall.

Home Child Care Registration Suspended. In the last week of March, the Family Services Division Special Investigations Unit (SIU) received a call from a mother reporting that her child care provider had given her 4 year old child an inappropriate and unauthorized dose of cough medicine resulting in a trip to the emergency room. The child is fine. On March 31st, a Senior Licensing Supervisor from the Child Development Division (CDD) and an SIU investigator visited the registered child care home in Brattleboro. The child care provider admitted to giving the child medication without parental permission and said that she had mistakenly given him an inappropriate dose for his age. Several additional violations, including having more children in care than allowed, were noted on the visit. SIU made a decision to actively investigate the provider for "risk of harm" to children related to the medication incident. In order to ensure the safety of children enrolled in this child care provider's care, CDD suspended her registration on April 8th. The seven families with children enrolled were notified of the suspension and assisted in making other child care arrangements. Legislators in the Brattleboro district were also notified.

Five years ago an infant died while sleeping in this child care provider's care - this was deemed an accidental death at the time. In light of the current issues, SIU investigators and local police have decided to re-open the investigation on that case.

Evolving Issues

Public Records Request. In March 2011, DCF received a public records request for information pertaining to all departmental licensees, including names, addresses, and phone numbers. DCF read the request to apply to licensed, registered and legally exempt child care providers, child placing agencies, and designated shelter and residential treatment programs for children, and responded with the pertinent information regarding those licensees. However, given the breadth of the request, DCF considered but did not provide information about individuals licensed to provide foster care to children in state custody. Its refusal to disclose was based on the potential

risk posed to the safety of foster children by making public information about where foster children are and could be domiciled. As the basis to withhold this information, DCF relied on the confidentiality provisions found in 33 V.S.A. Chapters 3 and 51 and the Adoption Act of 1996. To date, there has been no challenge to the decision to withhold the foster parent information.

Department of Vermont Health Access (DVHA)

Press Calls

Richard Slusky and Dr. Norman Ward, Medical Director for Case Management, FAHC, were interviewed by Jane Lindholm, Vermont Public Radio, on April 13th. The topic was about the cost drivers of our health care system. There was quite a bit of focus on the need for individuals to take more responsibility for their own health status. They discussed the drivers of health care cost including utilization, payment system, lack of focus on prevention and wellness, need for more patient education, and coordination of care. Dr. Ward and Richard emphasized the importance of the Blueprint for Health and, specifically, the availability of resources through the community health teams. Dr. Ward discussed his use of electronic health records and Richard discussed the importance of providing payment incentives to encourage primary care physicians and specialists to work more closely together.

Susan Besio has been responding to questions from Shay Totten about Medicaid reimbursement to Burlington Labs for urine drug screening tests. According to Shay, he is "trying to sort out the financial issues around Synergy and its inability to stay afloat. One thing I've come across is the amount of money they paid to Burlington Labs for urine samples." We have provided him with the following data that responds to his specific questions: *For the last twelve months Vermont Medicaid paid Burlington Labs a total of \$1,669,006 for urine drug screens. During the same twelve month period, Medicaid paid \$3,392,131 to labs other than Burlington Labs for urine drug tests.* We assume that he will continue to come back with more refined data requests, since these data do not really get to the core of the issue he is exploring. In the meantime, we also are trying to run further analyses to see if Synergy was ordering more urine tests than other like providers.

Legislative Testimony

- Hunt Blair testified on Wednesday at House Appropriations on Health Information Technology.
- Betsy Forrest will testify on Friday at Senate Health and Welfare on H. 201 - An act relating to hospice and palliative care. We are not supportive of a new provision in this bill that requires DVHA to pursue Medicaid and Medicare waivers for adult palliative care. The research on the clinical and cost effectiveness of these services, while continuing to offer curative care, is inconclusive, and we think it is more prudent to consider adult palliative care needs as we prepare our Duals Waiver proposal.

Possible CCTA Strike. On April 12th the Chittenden County Transportation Authority (CCTA) notified DVHA of a possible bus driver strike which may begin on Friday evening. Approximately 1,800 Medicaid beneficiaries access their medical transportation benefits through CCTA busses. Medicaid beneficiaries who do not have a vehicle in their household are entitled to Medicaid transportation for medical appointments.

Chittenden County Medicaid beneficiaries who do not live on CCTA bus routes access their transportation through Special Services Transportation Agency (SSTA). SSTA is aware of this situation and they are working with local cab companies to provide us with additional transportation resources in the event of a strike.

If a strike occurs, DVHA will implement the following plan:

- On Friday, a letter will be sent to all Medicaid beneficiaries who use CCTA busses for their Medicaid transportation. The letter will inform our members of the strike and provide them with instructions to call Vermont Health Access Member Services to access Medicaid transportation during the strike.
- Our Member Services call center will collect the information necessary to verify and authorize the transportation requests. Verified requests will be forwarded to Special Services Transportation Authority so the ride can be scheduled.
- DVHA will set up an additional call center in Williston for questions and special issues that cannot be managed by our Member Services call center.
- We are coordinating with neighboring transit providers to share transportation resources.
- In order to ensure transportation services for time-sensitive and urgent appointments, we may work with beneficiaries and their providers to re-schedule routine check-ups and other appointments that can be delayed without any medical consequences.



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 04/15/2011

Governor's Priorities

Health Care Initiative

We continue to provide data and legal support as well as significant public and legislative outreach in support of H.202.

The Commissioner and members of the General Counsel's office have spent significant time in Senate committee hearings this past week and making public appearances in support of the single-payer initiative.

BISHCA is working with the JFO to review expenditure forecasts and present a sensitivity analysis as required under H. 202. The report is designed to help show how costs will trend differently under different, broad assumptions. This report is due 4/21.

BISHCA is reviewing its Health Insurance Rate Review grant to determine whether funds could be shifted to meet needed analyses that have emerged as health care reform develops. Work is underway to identify tasks and determine time needed to extend grant.

BISHCA has prepared an Insurance Market report that will describe the coverage status of all Vermonters along with the estimated premium dollars. This report is over the last 10 years and includes lives associated with Catamount, the uninsured, those with coverage from the Federal government and so forth. This report will be sent to Anya Rader today.

A letter has been prepared for delivery to the hospital CEOs concerning this years' revised budget process. The letter indicates the need to meet certain Act 128 targets and the intent to relax some of the specific reporting, presentation, and budget hearing requirements.

Dian Kahn of HCA worked with Betsy Forrest (DVHA) and Robin Lunge on a teleconference with HHS Exchange (PPACA) staff to address risk adjustment of data and the multipayer data resource.

Acting Deputy Commissioner Mike Davis (HCA) is working with Dept of Labor on the next Vermont Employer Fringe Benefit survey that includes items related to health insurance offers, enrollment and plans.

Evolving Issues

Mac Parker Securities Litigation – The court has stayed this civil action until October 10, 2011. The U.S. Attorney is working on a criminal investigation of Mac Parker and has been advised of the stay.

Outreach

Dian Kahn gave a presentation on the VHCURES health claims data collection and reporting system at Informatics Grand Rounds at UVM College of Medicine on Tuesday April 12. UVM gave a short presentation of plans underway to develop a health informatics platform and pending data use agreement with BISHCA to use VHCURES and hospital discharge data and with AHS regarding Doc Site registry data and vital records.

Legislative

(General) H.438 Housekeeping bill – Passed by the House on Thursday on a unanimous voice vote.

(Health Care Reform) H.202 – The bill was passed out of Senate Health and Welfare 5-0 and taken up in Senate Finance on Thursday.

(Banking) S.98 - Owner Financing Bill sent to the Senate Rules Committee. The bill, sponsored by the Senate Economic Development, Housing, and General Affairs Committee, was reviewed by the Senate Finance Committee and sent to the Senate Floor where it was referred to the Senate Rules Committee.

(Insurance) The Surplus Lines bill which reforms which states collect premium taxes on these policies is before House Commerce, BISHCA testified on 4/12/11. The Committee is leaning towards adoption of an interstate compact to collect and allocate surplus lines tax as endorsed by NCOIL. Legislative counsel is working on language for the Committee to review with assistance from BISHCA.

General Information

Responding to requests for information from CMS related to Vermont's interest in gaining timely access to Medicare eligibility and claims data for integration into VHCURES. DVHA is preparing test data for submission to Onpoint Health Data, the VHCURES contractor, with goal of having the first consolidated data (commercial and Medicaid) set in VHCURES warehouse by August 2011.

Realty Trac Foreclosure Report – One of the two major surveys of mortgage foreclosures in the US released first quarter numbers yesterday. The number of foreclosures has gone down; the reason given is that lenders/servicers were being extra careful in preparing documentation for foreclosure filings. Realty Trac lists Vermont as 50th on the list of foreclosure filings by state. The other major survey on foreclosures by the Mortgage Bankers Association usually ranks Vermont 45 – 47 on the list of foreclosure filings by state.

The Captive Insurance Division has received an application for a new captive from a subsidiary of the Vanguard Investment Group.



State of Vermont
Agency of Administration
Office of the Secretary
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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: April 15, 2011

SUBJECT: Confidential Report to the Governor

CONNECT VT

Status of Governor's Priorities:

Senate passed the telecommunications bill (S.78), 29-1, after several rounds of amendments and some unpredictable alignments in voting. Amendment to include sunsets (from SNR) passed 16 – 14; amendment to include language that nullified scenic byways language (from SNR) passed 15 – 14; Senator Ashe amendment re: moratorium on VTA activity and investment was withdrawn on floor; Ashe amendment to define future of VTA passed; MacDonald amendments for open access and more reporting by admin passed; Brock amendment prohibiting VTA board employment in telecom industry post board service passed (need to work on this, it will impact quality of board members forward) and McCormack amendments to further define de minimis fail.

Now on to House Committees to testify on the bill and hopefully, the process will be swifter and smoother with less amendment action.

Legislative issues/ contacts:

Karen Marshall spent the week with Senate Committees as they worked their way through amendments.

Senator Cummings championed the efforts to move against amendments that would have negatively impacted the ability of the VTA and CONNECT VT to move the strategic plan and investments forward, defeating her committee member Ashe.

Senator Lyons did exceptional work in moving her committee off of language that would have negatively impacted de minimis applications to 248a by eliminating the inclusion of adjoining landowners that SNR desired.

Senator Benning was helpful in the Senate floor action to modify the scenic byways language and essentially, nullify its impact. Senator Illuzzi continues to hold his position hard on Scenic byways, citing Derby tower in his testimony to House Commerce.

After an initially negative position, Senator MacDonald worked with us and DPS to modify his language regarding open access and additional reporting requirements that allowed him to make amendments and have success on the floor.

Senator Carris is a good ally, strong inside to Senate Appropriations, regarding VTA \$13M. We have work to do here with Senate Approps (Hartwell) and Senate Institutions; current information points to them recommending \$10M, not the \$13M we asked for.

Senator Illuzzi strongly voiced the mission on the floor, tempered with his negatives about the VTA. Ultimately, he should be pleased as the bill is wholly intact from when it left SED.

Group meeting with House Commerce, Natural Resources, Appropriations, Institutions: Presented with Chris Campbell and David Brotzman from VCGI in a large session format to educate these committee members on strategic plan, investments and FAQ on VTA, project planning, respective roles of ConnectVT and VTA, how additional partners like VCGI work with us. All in all, this was a good meeting with the exception of Rep Meyers and Browning, both of whom expressed negativity about the work being done. This was tempered by apologies from Committee Chairs regarding their comments. We need to work with Meyers, given her input to House Approp.

We have started the initial round of testimony with House Commerce, lining up additional meetings for next week. At this time, it is hard to predict what issues may arise. Karen Marshall would like to work with Shap to communicate the goals and desired outcomes.

Press/Media Notes:

- Peter Hirschfield on bill, VTA.
- Jena, Times Argus on bill.

Significant Events/Meetings:

PieMatrix: Regarding design/ initial outline of project management tool. This can be the one data source for the dynamic reporting requirements that we will face through this build out. Follow up is scheduled for next week, with the caution that contract terms need to be worked through on a larger level with purchasing.

Congressional delegation, staff and provider updates: we are working towards setting up ARRA funded project status meetings for first week of May (2-3- or 4).

Evolving Issues:

VTA employee issue continues to move with assistance from HR; there is an additional potential resignation with a current DII funded employee giving notice. Within the next two weeks, Karen will

meet with Chris Campbell to review plan and capacity within the organization as if the bill has passed and we are in a new era.

We are working to schedule a meeting of all interested parties on the North Link fiber project within the next two weeks; to include VT Electric Coop, VTA, Congressional delegation, AOA, AOT, and Illuzzi. Based on information received this week, the audit results have been released and are "scathing" towards the entity that originally was awarded the project. We will need to plan our strategy and targeted \$500,000 investment carefully in consultation with the various parties.

DEPARTMENT OF BUILDINGS AND GENERAL SERVICES

Status of Governor's Priorities:

Governor's priorities are intact. Troublesome issues before Senate Institutions Committee include VTA and State-Montpelier heating district. Senate Institutions commences serious mark-up today with a next Tuesday vote the bill out goal.

Legislative Issues/Contacts:

- Held regularly scheduled meetings with Speaker, Sen. Hartwell and Rep. Emmons.
- Met with Sen. Mazza regarding 1193 North Ave DMV move.

Press/Media Notes:

- Spoke with Alexei Rubenstein of WCAX regarding the 116 State Street (Agriculture) project budget, duration and goals.

Significant Events/Meetings:

- Testified before Senate Government Operations regarding S. 63 and S.69, preferential treatment of Vermonters and in state businesses in the purchase by bid process.
- Met with DMV Commissioner Ide regarding 1193 North Ave. move.
- Testified before Senate Institutions Committee regarding Central Vermont State Hospital project.
- Testified before House Agriculture regarding S. 99, local buying preference.
- Testified before House Corrections and Institutions regarding 1193 North Ave DMV move.
- In Randolph on Monday morning, met with Mr. Sam Sammis and Governor regarding proposed I89 Exit 4 welcome center development.

Evolving Issues:

Since DMV is moving out of 1193 North Ave., what happens to state interest in property?

DEPARTMENT OF FINANCE & MANAGEMENT

Issues Update:

Key representatives from Budget & Management, the Secretary of Administration's Office, DII, JFO and the Judiciary attended a presentation from a potential budget system needs assessment consultant to the State this morning. This organization is one of the respondents to the previously issued RFP. The needs assessment is intended to assist the State in selecting the correct solution to meet basic budgetary requirements as well as future needs such as programmatic budgeting/reporting and performance budgeting. After the presentation, the group informally discussed and assessed first impressions about the presenters' capabilities and approach. Reference checking will begin; any decision will require a more comprehensive discussion and management support.

After releasing the VISION payments for the last 6 quarters, the principal public information requestor, Jack Hoffmann, notified us that he believed the DCF payments listed included payment he thought might be confidential in nature. DCF had previously informed us in writing/email that no payments made through VISION are confidential – therefore no accounts needed to be excluded. Clearly DCF had not sufficiently vetted the list of VISION accounts to properly determine which accounts might contain payments that are deemed to be confidential under federal/State statutes and/or rules. We have since pulled the reports down from the web and asked the principal public records requestor (Jack Hoffmann) to destroy the version he uploaded until we can resolve this issue with DCF. We are confident that Jack will do so, since it was he who noticed the problematic payments to begin with. We will be re-verifying with departments that said they had no confidential payments before we go forward again. The release of confidential payment information, whether by omission or commission, is exactly the reason we have been reluctant to produce this detailed level of payment activity all along.

Legislative Contacts:

H.370 – Engineering & Architectural Design Contracts: House Government Operations Chair, Representative Donna Sweaney should be “withdrawing” this Bill this week. Negotiations with the American Council of Engineering Companies of Vermont (ACEC), American Institute of Architects-Vermont (aiaVT), and their attorney have been successfully completed and final language has been agreed to. Rep. Sweaney has been notified and this should result in her withdrawing the bill. Next step will be for Deputy Zeller, under the authority of the Secretary of Administration, to direct those departments and agencies that contract for these professional engineering/architectural design services to add the language to their Contracting Plan and ensure that it is used as appropriate and necessary.

H.69 - An act relating to government purchasing of Vermont products and services, and, H.63 - An act relating to state purchasing from local and socially responsible businesses: Commissioners Reardon & Obuchowski testified before Senate Government Operations Committee on Tuesday concerning these Bill – both of which deal with preferential purchasing of Vermont products and services.

Special Funds: Budget Director Matt Riven and Otto Trautz provided testimony before the House Appropriations Committee on the subject of Special Funds...what they are, how they work, statutory authority, etc. Testimony went well and committee members, especially those new this session, have a better understanding of Special Funds.

H.73 – Transparency & Public Records: Beth Robinson will provide testimony on behalf of the Administration on this Bill; Deputy Zeller will be in attendance to provide support and expertise on current contracting practices, standard state terms & conditions, etc.

DEPARTMENT OF HUMAN RESOURCES

Status of Governor’s Priorities:

Health Care Plans Redesign: DHR has engaged in three weeks of negotiations with the VSEA to redesign the health care plans in an effort to find savings for FY12. At this point, we do not believe that plan redesign alone will result in \$2 million in GF savings, but may be able to make up some of the difference through plan discounts and federal payments under the ERRP program. DHR anticipates that a final joint proposal will be submitted to the Administration and state employees for an up or down vote by the end of this week. DHR is keeping the Secretary of Administration apprised of the potential

makeup of the final package and is attempting to avoid the inclusion of certain items within a final package that we anticipate are not palatable to the Administration.

Significant Events/Meetings:

Meeting with Secretary/ANR/BGS/VSEA: Members of the Administration, including Commissioner Duffy, met with the VSEA to discuss the state's decision that it will not pay for bottled water for employees where there is potable water available through the municipal system. All parties agreed that this decision will not curtail employees from bringing their own bottled water to work or from banding together to pay for a water cooler on their own. Commissioner Duffy will work on preparing a policy that will address issues raised by this decision.

Meeting with Commissioner Oliver and Director Rowe: Commissioner Duffy and Labor Relations Director Tom Ball met with DOH Commissioner Christine Oliver and Vermont State Hospital Director Terry Rowe. The parties met to discuss the VSH's plan to eliminate mandatory overtime, which includes as a component, giving all employees, including temporary employees, standby pay. When originally requested, Commissioner Duffy declined to waive the state's policy prohibiting temporary employees from receiving standby pay. At the meeting, Commissioner Oliver and Director Rowe explained the dire circumstances facing VSH and the impact that mandatory retirement has had on morale and potentially, patient care. In light of the information provided, Commissioner Duffy is reconsidering VSH's request as well as other potential alternatives and will make a proposal to the Secretary of Administration in the near future.

Evolving Issues:

Bargaining with VTA: DHR will continue bargaining with the VTA on Friday. To date, no person on the negotiating team has heard from a VTA representative, so we do not have a sense of how the VTA will respond to the offer currently on the table. We will provide updates as information become available.

DEPARTMENT OF INFORMATION AND INNOVATION

Significant Events/Meetings:

Ruthann Sullivan met with Deputy Secretary of Agriculture Jolinda LeClair and IT Senior Management at DII to discuss the possibility of resource sharing of qualified Information Technology human capital, website development and application sharing to support various critical IT activities within the Agency of Agriculture. The top four items discussed included replacement of the current outsourced Agency of Agriculture website with a site provided from the state enterprise content management system, replacement of the currently in-house GIS database with leveraging the state enterprise GIS solution, reviewing the offerings on state enterprise Sharepoint solution in order to develop a place where project collaboration can be housed and reviewing the opportunities the state provides for basic Microsoft Office application suite training. Deputy Secretary LeClair recognized that the single IT resource the Agency of 83 has currently, is stretched thin and by focusing on the opportunities available across the State some of the current pain points in completing current projects can be addressed while increasing the knowledge base of the current employee base at the same time. Darwin Thompson will also be assisting by providing a DII resource in the development of the Agency of Agriculture strategic plan in the form of a business analyst/project management professional.

Ruthann Sullivan is collaborating with the State of Wyoming and Oklahoma in their quests to consolidate IT Services within their states. Wyoming's Legislative Service Office Management Audit

Committee has requested a 7 page question be responded to as part of their information gathering effort. Oklahoma is reviewing responses from a national 2 line questionnaire specific to the planning to consolidate the IT functions of all state agencies, with consolidated services to include hardware, software, telecommunications, budgets, procurement, etc. for the Law Enforcement Agencies and the Attorney General's office.

Recruitment effort to find and hire the Chief Information Officer/Commissioner of DII has launched with a new strategy requiring respondents to describe how they would approach and direct the challenges present in an IT Consolidation scenario provided. The scenario and information about the search criteria are at http://dii.vermont.gov/DII_Divisions/CIO/CIOSearch.

Evolving Issues:

Tying in with DII's report from last week regarding IT Management meeting with HR around the IT workforce issues across the State, NASCIO distributed a report called "State IT Workforce: Under Pressure." Forty states, the District of Columbia and a U.S. territory responded to the survey back in November 2010. DII has copied out the Key Survey findings below. Many of the findings are similar to what were discussed key IT leaders from State Agencies and HR last week. Full report link is provided.

Key Survey Findings

The results of the State IT Workforce survey reflect the following key points:

- Hiring freezes and elimination of vacant positions continue to be the greatest challenge for state CIOs when developing, supporting and maintaining IT services for state government.
- Nearly two-thirds of respondents said that they anticipate having to reduce IT staff.
- Consistent with results from the 2007 State IT Workforce survey – nearly a quarter of state CIOs predict that between 21 percent and 30 percent of state IT employees will be eligible for retirement within the next five years.
- Over a majority of the state CIOs reported that the recession has caused many state workers to postpone retirement.
- Slightly more than half of the states continue to have difficulty recruiting new employees to fill vacant IT positions, but data suggests the continuing high unemployment rate has reduced the burden for filling entry level positions.
- What key factors attract new IT employees to civil service positions:
 - Benefits Package
 - Job Stability
 - Pension/Retirement Plan
- An overwhelming 78.6 percent of state CIOs confirmed that state salary rates and pay grade structures present a challenge in attracting and retaining skilled IT talent.
- The top 5 skills and disciplines that present the greatest challenge in attracting and retaining state IT employees are:
 - Security
 - Project Management
 - Architecture
 - Application and Mobile Application Development and Support
 - Analysis and Design
- Less than a quarter of respondents stated that their state performs an IT workforce assessment

DEPARTMENT OF LIBRARIES

Press/Media Notes:

National Library Week (April 10-16): This week the Department of Libraries joined the Vermont Library Association and the Vermont School Library Association to launch an advertising campaign intended to raise awareness of Vermont libraries. In addition to the op ed piece that Marty Reid wrote and distributed to media outlets across the state, the campaign included advertising in newspapers and on television. The public can see video clips (available on YouTube) and photos from Library Snapshot Day at the Department of Libraries website at: <http://libraries.vermont.gov/>

Significant Events/Meetings:

Legal help for Self-represented Litigants: Marty Reid met with Justice Johnson and State Law Librarian Paul Donovan to discuss a proposed pilot project in public libraries that would make special software and available to citizens who want to represent themselves in court cases. The project would include training library staff to help these citizens. Reid approved the project concept and will work with the planning committee to select libraries for the project. The project is in early stages of development.

e-Vermont; The Community Broadband Project: Libraries has placed the first order for computer equipment designated for the public libraries in the first round of e-Vermont communities. Computer equipment including desktop and laptop computers, scanners, printers, iPads, netbooks, and software should arrive in the next 10 days. Libraries will load software and prepare the equipment for use and in May. Marty Reid will make visits (with media on hand) to each of the libraries to deliver the equipment. The grant includes \$96,000 for equipment for libraries in 24 Vermont communities over the 2-year program.

As part of this project the Snelling Center is sponsoring a day-long conference "Citizen Leadership in a Connected Age" at VTC on May 21. Keynote speaker is Matt Dunne and the Department of Libraries will lead one of many workshops. More info available at:

<http://events.r20.constantcontact.com/register/event?oeidk=a07e3nm813ba150d968&llr=dub7qefab>

Evolving Issues:

Vermont FiberConnect: Sovernet had plans to send out letters this week to the public libraries that are part of the FiberConnect project. Marty Reid believes that such a letter is premature and have asked Chris Campbell to intervene with Sovernet for a delay in sending the letter. VTA has not yet signed an agreement with the Department of Libraries (regarding the use of the matching funds from the Bill & Melinda Gates Foundation, not yet released to VTA) and our department is still exploring options for creating a WAN (wide area network) designed to aggregate internet service for these libraries, thus driving down costs. Based on conversations this week with Jacob Humbert, our representative in the AG's office, and Karen Perry our representative at the Gates Foundation, Marty Reid plans to make revisions in their agreement with VTA before sending it back to VTA for signatures.

Other:

State Library Space Planning: This week Curator David Schutz installed various works of art in the State Library and the DOL conference room. Looks good!

On April 20th, Libraries will meet with a representative from Tucker Library Designs to work on a space plan for the State Library. The goal: to make the space more useable with a new desk designed to improve staff efficiency and customer service.

DEPARTMENT OF TAXES

Status of Governor's Priorities:

Misc Tax: Senate Finance originally planned to vote out bill by Friday, might yet be delayed. The Commissioner testified on Wednesday.

AMT: Sen. Ashe put two versions to the Committee, a federal piggyback version raising \$4M. after the state tax add back, and then a flat percentage on AGI over \$100,000. At 4% this latter, which eliminates the effect of all exemptions and deductions, would raise \$13M. Sen. Campbell relayed to the Committee that Rep. Ancel is not a fan, but welcomed a placeholder. Sen. Cummings seemed underwhelmed, stating that it wouldn't make a great deal of sense if we planned to adopt AGI "next year." Sen. Campbell also told the Committee that a surcharge was a non-starter because the Governor would veto it for political reasons. The Commissioner did not have an opportunity to comment on the income tax provisions, which were presented after her testimony.

Amazon Tax: The Committee had heard from a number of witnesses pro and con by the time the Commissioner testified. At that point, the bill already appeared to be losing steam; one of the sponsors, Sen. Westman, termed it not ready for prime time. However, the Commissioner went through some of the alternatives that other states have adopted, and Oklahoma's approach, which is to require a generic notification to the customer that a use tax is due at the point of sale, appeared to garner the most interest. (Amazon has not resisted this approach thus far, and it is part of a model statute being considered by the Multistate Tax Commission). JFO is drafting language.

Not yet public, the Department is piloting a Voluntary Disclosure project for businesses that are not registered for sales and use tax – that is, not filing use tax on their own purchases. Unlike individuals who generally are not required to keep purchase records, businesses can be subject to assessment for the use tax upon audit.

Property Valuation of Renewable Energy Plants: The Commissioner testified that only one paragraph of the House study made sense – the committee initially stripped it from the bill entirely, then just that paragraph resurfaced.

New Tax Commission: The Committee rejected, with gusto, an unattributed draft proposal to convene an integrated revenue commission in 2012 to act on the ed finance study findings. Instead, they currently are leaning towards no study, but rather adding three more members to the current Blue Ribbon commission to report back in January. Could take until January to read all the previous ed finance studies and models.

Non-Profit Entertainment Tax: The Committee solicited the Commissioner's views on a proposal to exempt the first \$10 of any non-profit ticket sale from tax (which would appear costly), then scrapped the proposal, and appears favorable to the House version with the \$100,000 look back threshold. It should be noted that the \$50,000 threshold went into effect on April 1, and the Tax Department has issued a Technical Bulletin that explains the rules and the pending legislation.

Veteran's Property Tax: Currently statute allows towns to vote a certain exemption to vets. Put very simply, it turns out that the exemption often offers no real value because income sensitivity is more

generous. Sen. MacDonald has an idea to sweeten the exemption, at a cost to the Ed Fund. The Committee appears willing to put in the provision, although not enthusiastically.

Audit and Auctioneers: The Commissioner met with the internal audit staff, a fascinating window on a very difficult job. The Commissioner then testified to Finance on the disruption to the process when the Legislature intervened in the middle of individual audits. Perhaps signaling the next such instance, Sen. Cummings agreed in principle but suggested that “caterers” presented a special case. Given this legislative trend, the Department will consider diverting more resources from audit to education and voluntary disclosure. A legislative roundtable on audit during the offseason makes sense as well.

AGI Reform: Ways & Means continues to request information on various income tax and income sensitivity reforms. In response to constitutional concerns about a credit limited to residents, and concerns raised by realtors, the Committee appears to be considering a mortgage credit to AGI. The downside would be that this reaches a limited group, starting down the road of reintroducing traditional deductions.

Household Income: The Committee also continues to seek parameters for Household Income based on a simple AGI. In the meantime, the Commissioner has been approached by several legislators, including Rep. Komline and Sen. Campbell, about the possibility of removing the latest addition to Household Income – the doubling of interest and dividend over a threshold. This provision is estimated to have brought \$3.5M into the Education Fund. Of course, legislators hear from individuals when they are disqualified from income sensitivity since the difference between paying on income versus the property rate generally is very dramatic. The Commissioner also was approached by three legislators questioning the Department’s process for verifying Household Income when the form on its face suggests anomalies – for example, when stated income appears insufficient to support the rent reported for a Renter’s Rebate. The Department automatically sends a form seeking additional information.

Current Use: Ways & Means continues to take testimony on a bill. The Department has some technical concerns that it will continue to work through.

Renewable Energy Credits: Staff drafted tax language, and testified in Ways & Means.

Sale of Pets: The Commissioner met with humane society advocates who are trying to move a bill that would place requirements on the sale of more than one litter a year. The bill also seeks to enforce the sales tax on such sales. Staff offered some technical language, and we explained that compliance would only be practical if it followed consistent regulation of the market.

Other:

Tax Season: Volume has picked up such that filings are now on pace with last year, with e-filing comprising a larger portion of the total. Since our filing date tracks the IRS, mailed returns must be postmarked on Monday, the 18th. As a reminder, corporate payments have been deposited although the processing of those returns has been delayed as the new ETM system is implemented.

Technology: The Department again had to suspend some collection activities due to ongoing data import issues related to the ETM system. Oracle has been more responsive with offsite help, and the service contract for onsite assistance has been promised in a week. The Data Warehouse contract has been finalized, and is making the rounds for signature. Once the Big

Bill passes, the Department will be making requests for two technology positions to support the enhancement/upgrade project.

MEMORANDUM TO GOV. PETER SHUMLIN

To: Gov. Peter Shumlin
From: GIRO Staff
Date: April 15, 2011
RE: Weekly Constituent Update

Current Issues:

Choices for Care Cuts:

- Received dozens of calls from seniors expressing their opposition to cuts to the Choices for Care program.
- Most mention reading about the cuts in their AARP magazine.

ASO Support:

- AIDS support organizations are sending a form e-mail asking for your support of the house-passed budget which takes \$70000 from FY12 and gives it to FY11 in order to support AIDS medication funding
- It's a complicated issue that Harry Chen and Doug Racine know about.
- Our stance is currently that we do not support the move because it leaves a budget gap in FY12, but that is possibly up in the air. We have not said anything publicly about it or responded yet to the e-mails.

D.C. Trip:

- Response has been $\frac{3}{4}$ positive on your stance regarding collective bargaining.
- Many people e-mailing from Wisconsin and Vermont in support of the respect and open dialogue you use towards unions.

APPOINTMENTS TO BOARDS & COMMISSIONS

Board of Libraries:

APPOINTED: Ariel Wengroff from Burlington

Occupational Safety & Health Review Board:

REAPPOINTED: Thom Jagielski

REDESIGNATED: Leigh Phillips as Chair

Vermont Commission on National & Community Service:

APPOINTED: Ryan McLaren from Essex Junction

APPOINTED: Will Kunin from South Burlington

APPOINTED: Sarah Levine from E. Dummerston

Parole Board :

REAPPOINTED: Dean George, from Middlebury as CHAIR

REAPPOINTED: Richard Grassi, from Hartford

Fish & Wildlife Board:

APPOINTED: Kevin Lawrence from Newbury

Vermont Commission on Women:

APPOINTED: Jennie Gartner, Rutland

Homeland Security Advisory Council:

APPOINT: Tristram J. Coffin, US States Attorney, Burlington

APPOINT: Phil Scott – Co Chair

REAPPOINT: Robert Schlachter, Rutland, as volunteer firefighter

APPOINT: Michael Buccossi, Brattleboro Fire Dept

REAPPOINT: Jean Paul Duquette, Newport Center, Municipal Police

REAPPOINT: Kristin Haas, Hinesburg, State Vet

REAPPOINT: Joseph Kraus, Rutland, Private Sector

REAPPOINT: Daniel Lindley, Sheldon, municipal government

REAPPOINT: Roger Marcoux, Hyde Park, Sheriff

REAPPOINT: Christopher Reinfurt, Underhill, VPS, Director, Homeland Security Unit

REAPPOINT: Timothy Stetson, Enosburgh, Public American Red Cross

REAPPOINT: Matthew Vinci, Co-Chair, Hinesburg, Professional Firefighters

Osteopathic Board:

APPOINT: Mimi Kevan from Randolph

Endangered Species Committee:

REAPPOINT: Bill Barnard from Northfield

APPOINT: Al Calfee from Dorset

Richards, Alyson

From: Gaidys, Maureen
Sent: Friday, April 15, 2011 11:04 AM
To: Richards, Alyson
Cc: 'sbe@list.education.state.vt.us'
Subject: Commissioner Vilaseca's Weekly Report

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

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

To: Governor Peter Shumlin
Cc: State Board of Education
From: Armando Vilaseca, Commissioner
Re: Commissioner's Weekly Report
Date: April 15, 2011

Chittenden East Supervisory Union Unified Union (R.E.D.) Planning Committee Report:

Pursuant to 16 V.S.A. §706c, the Chittenden East SU unified union planning committee has submitted its report on the formation of a unified union district (specifically, a R.E.D.) for consideration by the State Board of Education at its meeting on April 19. The Chittenden East Supervisory Union covers the town school districts of Bolton, Buel's Gore, Huntington, Jericho, Richmond and Underhill. It also covers Underhill Incorporated School District and Mt. Mansfield UHSD#17 (the latter of which covers all of the involved town school districts). The formation of this unified union district (R.E.D.) would result in the elimination of all the above school districts and the creation of a single entity with one common board and administration. Approval of the report will allow the planning committee to bring the item before the voters. This is the first R.E.D. formation request to come before the State Board following the passage of Act 153.

Addison Northwest Supervisory Union Merger Vote - As you may be aware, the ANWSU recently voted for a second time to merge their six school districts into one unified RED; this is the second time in the past 16 months where the five towns have voted to merge. Unfortunately, for the second time after a successful vote, two communities in the SU have petitioned for a revote. Last time this occurred only Addison was successful in overturning (by a very close margin) the original vote. I am very concerned that if this occurs again that it will greatly damage the ability of Act 153 to be successful in other communities and will end any further attempts by these towns to merge. I am planning on visiting these districts in the next few weeks or so, and invite the governor or his designee, to join me in discussing the advantages to both the SU and the State, of implementing Act 153, especially in districts with declining enrollments.

NE High School Redesign in Action Conference

Four Vermont high schools—**Harwood Union High School** (South Duxbury), **South Burlington High School** (South Burlington), **Rochester High School** (Rochester), and **Vergennes Union High School** (Vergennes)— were selected to represent Vermont as exemplars in implementing innovative systems for transforming secondary

education at this April 7-8 regional conference. In addition to the four high schools, over 90 Vermont secondary education leaders participated. Regionally, over 300 high school leaders participated. The conference was sponsored by the New England Secondary School Consortium (<http://www.newenglandssc.org>), in collaboration with the departments of education for Connecticut, Maine, New Hampshire, Rhode Island, and Vermont. NESSC is a regional educational partnership committed to high school innovation. All schools selected to present have made significant progress raising student achievement, graduation rates, or college-enrollment numbers, among other indicators of educational accomplishment.

Harwood Union High School has made inclusivity, openness, shared leadership, and the student voice its foundational values. Students and faculty use a collaborative decision-making model—the H-1 Change Process—and several innovations that foster a more democratic school culture: student-run assemblies, the H-term (a two-week block of instructional time devoted to student voice and choice), a school-within-a-school model, local food-service partnerships, the Youth and Adults Transforming Schools Together Team (YATST), and a performance-based graduation portfolio that ensures our school is fulfilling its mission.

South Burlington High School provides a rigorous, relevant, and flexible high school education to its thirty students. In South Burlington High School's school-within-a-school, students design their own curriculum and engage in real-world learning experiences every week.

After two years of research, **Rochester High School**, a rural small school located in central Vermont, launched Central Vermont Big Picture Academy last fall with fourteen students in one advisory in grades 9–12.

In 2006, **Vergennes Union High School** received one of the few transformation grants given by the state of Vermont. Over the past five years, the school has taken a systemic approach to school improvement that includes a positive behavioral supports system, teacher leadership opportunities and a school-wide effort to work toward performance-based graduation requirements.

League of Innovative High Schools: Also at the NE High School Redesign Conference in Nashua, NH last week, Consortium States announced the formation of the League of Innovative High Schools. The League will promote a collaboration-driven improvement model that utilizes research-based best practices and that encourages professional accountability through peer interaction and transparency, rather than by imposing predetermined expectations. Certain basic membership requirements—such as the signed letter of commitment and an agreement to use *Global Best Practices* as a framework for self-assessment, planning, and innovation—will be expected, but schools are encouraged to pursue a redesign process that meets the needs of their students, teachers, and community. VT DOE will support the creation of exemplary models of high quality strategies for engaged learning to be implemented by members. Limited funding is available through competitive bid to high schools and CTE centers to create and scale for all students:

- Competency based pathways to graduation
- Flexible, high quality pathways for engaged learning (work-based learning, STEM strategies, dual enrollment/early college)
- 21st Century skill integration and assessment for college/career readiness

Legislative Testimony: The Department continues to follow and testify on several pieces of legislation. Accreditation standards, prekindergarten and average daily membership, principal mentoring, safe cleaning products, an early care and education task force, the military compact, CO detectors in schools, and the miscellaneous education bill are some of the topics that were testified on this week. In addition, we continue

to follow the House Education bill, which changes the department to an agency and the commissioner to a secretary.

April 19 State Board of Education meeting: The agenda and associated items can be viewed at:
http://education.vermont.gov/new/html/board/schedule.html#schedule_agenda

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.

The Department is Now on Facebook and Twitter: In an effort to reach a broader audience about the good things happening in Vermont schools, the Department now has a Facebook page and Twitter feed. Follow us at <http://www.facebook.com/VTEducation> or <http://twitter.com/VTEducation>.

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PLEASE READ CAREFULLY: Due to the nature of the Commissioner's duties to the State of Vermont and its citizens, there are occasions when the Commissioner needs to cancel and/or postpone meetings or events in order to attend to pressing state matters. Please keep this in mind when planning for events.

