

WEEKLY REPORTS

Checklist
9/12/14

Elizabeth Miller/Alyson Richards

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

TBD

- Agency of Transportation – Brian Searles
- Agency of Human Services – Harry Chen

Sue Allen

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

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

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

Alyson Richards

- Leg Prep

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: September 12, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

Kitchen Cabinet meetings: I conducted the first of my "kitchen cabinet" meetings this week in Franklin/Grand Isle. There was a good group of mostly board members from Franklin County Industrial Corporation and Grand Isle Regional Development Corporation. Issues were mostly local/regional. Deep concerns for getting tourist traffic off I-89 once the Canadian route 35 work is complete. They estimate traffic will increase approximately 35%, they're working on a welcome Center at the Swanton exit to help pull traffic to the Islands as well as Swanton and St. Albans. They will be asking for signage along I-89 starting in Highgate. Other issues were workforce availability, pace of the permit process specifically holdups at ANR. Other kitchen cabinet meetings are being scheduled around the state.

Historic Sites: We continue to uncover, seemingly almost daily, significant capital needs at our historic sites around the state. Most recently at the Coolidge site and the building housing the Plymouth cheese company. There are potential structural issues due to leaking from the cheese company pipes that have been ignored. There is also potential for serious mold. We are conducting evaluations on cost. It also is becoming obvious we cannot get ahead of the capital needs with only \$250,000 in capital bill funds annually. The capital demands are growing and deterioration is continuing. We will work with Commissioner Obuhoswki on how to access additional funding. We are also examining any internal options for funding we might have. A recently discovered coin collection at the Justin Morrill homestead is being appraised and evaluated.

IBM: Workforce discussions continue with IBM. The primary tracks include a career readiness certification program to try to fill immediate needs along with better exposure to existing VTC and CCV students. "Pipeline" activities include enhancing enrollment in the Vermont Academy of Science and Technology for a high school students senior year. Coupled with the possibility of Vermont Strong Scholars could result in a student could having their entire two year engineering degree at VTC paid for and a job waiting for them.

Enterprise fund: We are developing options for the use of the enterprise fund. In some cases were trying to put fit a square peg in around hole with that funding. We will present options as soon as we can try to nail down expenditures in the various areas.

Vermont Commission on International Trade and State Sovereignty: The Commission met this week. Significant concern over the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPPA) free-trade agreements being negotiated in Washington. Sen. Ginny Lyons and Representative Kathy Keenan have been sending correspondence regarding concerns for states abilities to regulate chemicals, provide health care reform, and other areas which potentially could be problematic within the context of the current negotiations of these trade agreements. They have built on the House Resolution on these agreements passed by the Legislature this past session. They will look to update that in the next session. They have copied the Governor and the Congressional delegation on their correspondence. Ginny was invited to testify at a "stakeholders" meeting in DC in May where she laid out concerns for states ability to regulate chemicals, innovate in health care as well as concerns for law suits from companies claiming loss of *potential* income due to trade agreements such as a recent case in Nova Scotia.

Rawsonville gas station: I have been trouble shooting permit issues with a new proposed gas station in Rawsonville (Jamaica). There *were* two gas stations there. One owned by Fleming closed due to age of structure, cost to improve and general business issues with Fleming. This results in the only remaining gas station, 7/11 running out of gas during Labor Day weekend. Local landscaping contractors are having to park on Rte. 30, unload mowers and drive them to the gas station due to lack of room for trucks in the parking lot. So Wilbur Rice is building a new facility on land he owns next to his existing sports shops. Stratton and other local businesses are

deeply concerned the new station opens in time for Thanksgiving and ski season. There have been some hold ups at ANR due in part to having a new crew in one of the divisions. David Mears has been great shaking things loose, as has Keith Flynn on the Public Safety permits.

St. Anne's Shrine Archaeology: Scott Dillon of Historic Preservation met with representatives from St. Anne's Shrine, including former ACCD Secretary Molly Lambert, to discuss on-going archaeological work at the Shrine. Recent improvements include the construction of five new residential structures with associated utilities which were subject to Act 250 review. Archaeological work last year at these locations, which are situated up the hill from the Visitor's Center, did not produce any evidence of significant cultural activity. However, work this year focused on a sixth residential structure closer to the center and around an existing cabin closer to Lake Champlain that the Shrine would like to replace. Archaeological work around the cabin has recovered extensive evidence of Native American activity, including over 1500 pottery fragments, along the lakeshore. Although previously known as the location of one of the first 17th century French settlements in Vermont, little professional archaeological work has been completed at the site to date. The meeting highlighted St. Anne's concern with the cost of the archaeological investigation, particularly the requirement that the jack and bore pits necessary for the directional drill placement of water and sewer lines be completely excavated archaeologically. Given the density and association of the cultural material with a National Historic Landmark category site, as well as the identification of both French and Native American material within a discernible cultural horizon or soil layer, a justification for complete recovery in areas to be disturbed was not hard to make. At least one hearth feature containing burned bone, Native pottery and stone tool fragments, as well as a French gun flint has been identified so far in one of the bore pits. Once the utility areas are excavated, the remainder of the site around the cabin replacement area will be protected in place by utilizing non-intrusive construction techniques and temporary fill to eliminate subsurface impacts.

LUCY LERICHE, DEPUTY SECRETARY

- **Confidential VCGI:** Lucy met with Ross Nagy from the Department of Public Safety about the VCGI transition. Given that we may not be able to afford to take all 6 positions, he was interested in exploring whether his Department might partner with ACCD to pay for or "have" one of the positions for his shop as they currently rely heavily on VCGI's services, assuming they can come up with the money. Lucy told Ross that we would be happy to explore this idea, and has asked the transition team to work through the details of the idea with DPS.
- **Gilman Paper Mill:** Lucy, Jen Hollar, and Andy Perchlik from the Department of Public Service met with A.J. Goulding of Ampersand Energy Partners, his engineer, and his development consultant, Alex MacLean about the old paper mill site he and a partner have purchased in Gilman. Their primary interest is in redeveloping the hydro, which they have done, but they also have this paper mill property they would like to find use(s) for, and wanted to explore some options with the state. Some thoughts include affordable senior housing and a new senior center, as the senior center in town is about to fall into the river. We also discussed infrastructure needs of the town, and Lucy and Jen provided names of people and organizations they should talk with, and gave an overview of the resources available from ACCD including planning grant funds through CDBG. They will do some more leg work and come back to us with new developments and perhaps a project for CDBG funding.

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

Telecom/ConnectVT

- **Transition Report (per Act 190):** Weekly meetings with the VTA continue, but no longer on a weekly basis. The VTA has been incredibly gracious and helpful as we work to create the Division for Connectivity and sunset the VTA. At this time, most information gathering has been done and work on the actual report is underway. Also, Jason Aronowitz from F&M has been instrumental in this effort. This information will also help shape the study required in Act 190 that explains the role/mission of the new Division for Connectivity. Next step will be to draft a document for review by affected (internal to state gov't) stakeholders.
- **Telecom Plan Hearings:** In partnership with the Department of Public Service, have been attending/participating in several public hearings around the state to solicit comments about the draft plan. Also, took part in the legislatively mandated joint hearing on the plan which drew many of the same

witnesses that attended the other hearings. Will use the Action Plan included in this document as guidance for creating transition and new Division reports/studies.

- **VTel:** Continuing to work with VTel as they turn up new sites around the state. Additionally, trying to help wherever necessary so they can successfully meet the timelines in their RUS award agreements. RUS is requiring all grantees/borrowers to be finished by 6/30/15. VTel still has about 40 sites to get into permitting - we assume that most will be under 248a.

Brownfields

- **New Funding Award:** Our award of \$500,000 is one of the largest in New England. One of the projects that we included in the request - remediation of the Fonda site in St. Albans - made the national EPA press release. We are delighted to have received \$ for this project - it is part of our BERA effort; it is included in St. Albans' TIF district and adjacent to the City's downtown.
- **237 North Winooski:** Will be part of a groundbreaking event next Monday for the redevelopment of this North End site in Burlington. Redstone applied for and received a \$400k loan from the RLF that will be used to remediate the property and allow for construction of new housing and some commercial space.

Recruitment (confidential)

- **1366:** We are still very much in the running for the 1366 investment. The company continues to refine its design plans and numbers in conjunction with their Japanese partner.
- **BHS Composites:** Met with Lena Swennen of BHS Composites of Sherbrooke. They are interested in establishing a production facility in the New England area - or NY - to satisfy some existing contracts and to seek additional ones. Additionally, they are open to creating a partnership with an existing VT company, so I made introductions to Precision Composites of VT and set up a meeting w/ them which went incredibly well. We also looked at space in Newport. They will be back in VT in early October to continue conversations with PCOS and also look at space in Swanton. They anticipate creating about 50 new jobs - and likely fewer if they reach agreement with an existing company.
- **Marie-Morin:** This Montreal-based company has put their expansion plans on hold due to loss of two key employees. We will follow-up in the next couple of weeks to check in w/ them again.

Other/Miscellaneous

- **Energizer St. Albans:** I have been working very closely with the listing broker, prospective purchaser, ANR, et. al. to help close this deal ASAP. The prospective purchaser and Energizer corporate are hammering out details around environmental issues, etc. The PP wants to divide the property (196,000 sf) into smaller units for lease. There is an incredible demand right now for space in St. Albans/Swanton.
- **St. Albans City (confidential):** Working very quietly with the City on another parcel that Mylan has expressed interest in.
- **DairyVision:** I was asked to join the DairyVision executive committee by Leon Graves and the rest of the DV team. This is a great group that is already helping dairy producers realize efficiencies through provision of tech assistance; biz assistance, etc.
- **Sweet Tree:** Was asked to help out with some obstacles that this company has run into as they set up their new operations in Warren's Gore and Island Pond.
- **Franklin Foods:** The Village Trustees have signed off on Franklin Foods' request to the Enosburgh Elec Dept for a rate reduction. I have been working with Steve Terry and the Town/Village on this for some time. Also, have kept Commissioner Recchia apprised of progress in addition to having formal discussion with him, along with Steve T.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **Council of State Government's Henry Toll Fellowship:** Commissioner MacKay is in Lexington, KY attending the Toll Fellowship. (For more on the Fellowship: <http://www.csg.org/LeadershipCenter/TollFellows.aspx>). Then she is off for a few days on vacation.

Deputy Commissioner Hollar

- **Office of the Inspector General:** An exit conference with the OIG auditors is scheduled for Monday, September 15. Auditors reviewed all aspects of the CDBG Disaster Recovery program over the course of four months earlier this year. As expected, they have found no misuse of funds or inappropriate procedures, but will issue a finding related to insufficient staffing to administer the program effectively and

efficiently. We will have the opportunity to ask questions at the exit conference at which time we will formally be given a “Discussion Draft Audit Report” and will have until Friday, September 19 to provide written comments. The draft is expected to instruct HUD to direct DHCD to add staff to better enable us to meeting all reporting and monitoring oversight responsibilities.

- **Farm Labor Housing:** Led by Diane Bothfeld at the Agency of Agriculture, worked with representatives from Migrant Justice, UVM Extension, DOL, Division of Fire Safety and the Department of Health to review various state and federal standards for farm labor housing with the goal of creating a single checklist for use by farmers and laborers. The state’s Rental Housing Health Code applies to all farm labor housing including that occupied by domestic, migrant and intern laborers and is enforced by local health officials. Capacity and enforcement are spotty at best. Federal standards apply to housing occupied by workers seeking temporary visas. And Migrant Justice has developed its own list of appropriate standards. The workgroup is working to combine the key elements. It is estimated that there are 1200 to 1500 migrant farm workers and family members in Vermont living in broad range of conditions. An education and outreach effort to help both workers and farmers is under development.
- **Brooks House:** A highlight of the week was an impromptu tour provided by Bob Stevens, owner and developer. Traipsed through the gorgeous building with SHPO Laura Trieschmann and marveled over the transformation since the fire in April of 2011. DHCD’s VCDP and tax credit investments in this property were well spent. CCV and Vermont Technical College classes were underway. Workers were scrambling to put finishing touches on the space for Duo Restaurant which just passed its health inspection and hopes to open next week. Twenty-two of the 23 apartments have been leased and many are occupied including the five affordable units. Stevens is incredibly grateful for the Department and State’s support of the project. An open house is planned for early October.
- **Melrose Terrace:** Participated with many other state and local agencies in a stakeholder process led by the Brattleboro Housing Authority designed to identify all the technical, regulatory and financial factors that must be considered in determining the future use of the 80-unit public housing authority project in Brattleboro. The property is historically important, houses elderly and disabled Vermonters, is in the floodplain and in harm’s way. CDBG-DR and other sources are helping to build 55 replacement units at another location. Coordinated state agency input in advance with VHCB and ANR.
- **CDBG-Disaster Recovery:** With Josh and the VCDP team, assisted the Vermont Community Development Board in its consideration of applications from five towns for disaster recovery projects totally \$3 million. Secretary Moulton will make a final decision based on the Board’s recommendations by the end of the week.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

- **Strong Communities, Better Connections Outreach:** Richard Amore and Jackie Cassino (VTrans) met with interested communities (Springfield, Hartford, Waterbury and Brattleboro) to discuss the new grant program, eligible projects and how towns can better plan and coordinate their land use decisions and transportation investments. Local interest is high and we anticipate 8-12 competitive grant applications for the pilot year.

Downtown and Village Report

- **Shelburne:** John, Shaun & Josh attended the ribbon cutting ceremony for Harrington Village housing development comprised of 82 units - including 42 affordable apartments and 36 senior apartments. Approximately 250 people attended the ribbon cutting ceremony to hear the Governor speak. The project received \$1.25 million in CDBG funding along with regulatory and financial benefits from the Vermont Neighborhoods designation.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Environmental Review (ER)

- Kate and Ann met with Mary Borg, Deputy Director of the Watershed Management Division of ANR, to discuss better coordination on projects that may have wetlands on or adjacent to the site. We discussed our interaction with the Wetlands Division for the Green St Family Housing project and how we would like to better understand their process in determining when mitigation is triggered or when a site design should be modified. After the Green St wetland permit is processed, Laura Lapierre, Wetlands Program Manager, will go over the process with Ann and Kate to help us understand their permitting process. We did share with

Mary the urgency on the Green Street project, and hoping that the review and issuance of both the Wetlands Permit and the Storm water permit could be moved along sooner than a 4 month turnaround.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

State Archaeologist

- **Vermont Archaeology Month Update:** Vermont Archaeology Month continues with exciting events occurring across the state. A number of recent lectures were standing room only, including Gemma Huggell's talk at the St. Albans Historical Society on the recent archaeological excavations along Swanton Route 78, Dr. John Crock's presentation on the archaeology of the Colchester Area at the Colchester Meeting House, and Allison Belisle's talk on the Battle of Lake Champlain at the Milton Historical Society. These weekend, we have a full and exciting array of events scheduled. We encourage everyone to visit the [Vermont Archaeology Month web page](#) and check out the full calendar of events.

State Architectural Historian

- **Vermont Architectural Collections:** Devin met with Chris Burns, Manuscripts Curator at UVM Special Collections, to review two collections of 20th century architectural records for possible transfer to UVM. The first is work by Charles J. Hubbard and consists of periodicals, slides, project drawings, and correspondence. The second is work by Marcel Beaudin, who is still practicing, and consists of project files, photographs, and project drawings. UVM is interested in acquiring both collections, which will ensure their long-term preservation and make them publicly available for students, historians, and researchers.

State-Owned Historic Sites

- **Coolidge Site**
 - Bill attended the calling hours and funeral mass for seasonal employee Pat Davis who died suddenly a week ago. Pat was in her 80's and a long time employee at the site. Donations are being received in her memory, and the site staff has suggested some possible projects that could be done with the funds.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Work

- **City of Barre:** Written guidance was provided to City Manager, Steve Mackenzie, so he understood the Award Conditions and could begin addressing them for the City's \$1 million Implementation Grant to redevelop the Enterprise Aly area in the center of downtown by cleaning up the highly contaminated former Howe Dry Cleaners site and doing some flood remediation work. He also is working with Lynda Provencher of ANR to coordinate the VCDP requirements with those of the EPA grants of \$600,000.
- **Town of Northfield:** Provided guidance to new Town Manager, Jeff Schulz (formerly of Berlin, VT) about how to proceed to determine if the Town should apply for implementation funding to replace the "fairgrounds" bridge that was damaged by Tropical Storm Irene. The project is just about ready to proceed and could be too far along for DR funding due to environmental requirements of NEPA and HUD. And the Town may not be willing to suspend the project temporarily. It's unclear how FEMA funding which also requires NEPA review has been approved and can proceed. Additional follow-up is needed.

Regular CDBG

Technical Assistance to potential projects

- **Town of Barre:** Spoke with John Sayles Chief Executive Officer for the VT Food Bank, as they are planning to dramatically expand their facility located at the Barre Industrial Park. They would like to add refrigeration, flash freezing, canning and packing to supply fresh local food year-round.

Other

- **Community Development Specialist III:** A BIG THANKS to Kitty and Lori for helping with this job posting. Unfortunately, it means someone is leaving the VCDP Team....that would be Lisa Ryan if you have not yet heard. She will be here for a few more months....so we are not saying good bye yet. It will be hard to find someone with the experience, communication skills and depth of knowledge.....but please forward the job posting to folks you think would be good.
- **VT Machine Tool:** On-going discussions with the Town of Springfield and the business about possible CDBG loan forgiveness. The company is looking to make some capital improvements and needs to restructure much of its existing VEDA & CDBG debt.

DEPARTMENT OF TOURISM & MARKETING

Megan Smith, Commissioner

- **UK Press Trip:** Megan worked with [Wixhill](#), our UK PR firm, to put the final touches on a “Soft Adventure” press trip they are bringing to Vermont this week for five days. We are promoting the gateways of Newark and Montreal, and they will be spending their final day touring Montreal before flying out. This trip includes a writer from Civil Service Magazine, [Travel Weekly](#) and [The Irish Times](#). They will be visiting Woodstock, Quechee, Stratton, Manchester, Weston, Montpelier, [Sugarbush](#), Stowe, Waterbury, Burlington and ending at [Basin Harbor Club](#), where they will enjoy golf, a seaplane ride, dinner and an overnight. One quick tour of [Hotel Vermont](#) the final day, then off to Montreal. This group will be hiking, swimming, fly-fishing and shopping and then, we trust, going home to rave about it.
- **Construction and Algae Blooms:** VDTM has been hearing from many visitors who are not happy with our widespread road construction or the algae blooms in Lake Champlain. Megan is calling all of them to let them express their frustrations.
- **Fire Safety:** After being approached by vacation home management companies concerning the “enthusiastic” inspection efforts on behalf of the Vermont Division of Fire Safety, Megan met with Division Director Michael Desrochers to discuss scheduling informational sessions for these businesses so they can educate their clients about requirements. She also has encouraged him to work with his staff to pick appropriate times for these inspections. Our concern is that these homeowners will stop working with the rental management companies that collect rooms and meals taxes and keep standards high and, instead, use AirB&B or Craigslist to rent their units.

Steve Cook, Deputy Commissioner

- **Montpelier Branding Effort:** Deputy Commissioner Cook joined community members in the Capital City in support of an effort to brand Montpelier. A series of four public meetings were held over the course of the week hosted by a consultant hired by [Montpelier Alive](#) to manage the project. The findings will be released on September 11 at 5:30 pm.
- **WCAX Fall Story:** Deputy Commissioner Cook [interviewed with WCAX](#) to discuss the importance of Vermont’s autumn tourism season.
- **Drive Electric Week:** Deputy Commissioner Cook joined a discussion with [Vermont Energy Investment Corp](#) (VEIC) to discuss [National Drive Electric Week](#). VEIC will host a big event at the [University Mall](#), 11 am – 3 pm Saturday September 20, that will include electric vehicle test drive opportunities, prizes and local sales representatives.

COMMUNICATIONS ♦ Jen Butson, Director of Communications

- **VDTM Media Projects Highlights:** Stay tuned for a [USA Today](#) Beer Trail Feature; it was my pleasure to develop a two-day tasting itinerary with writer Pam Wright! Our first of three scheduled [Boston Herald](#) radio interviews about Fall foliage was Wednesday morning; I have relayed [Top Ten Winter](#) activities for the [Boston Globe Magazine](#). A two day Brand USA India fam is in progress for the Northeast Kingdom. The first weekly foliage report was wrapped up to consumers and sent to media on September 10. See it at www.VermontVacation.com/fall. We also wrapped up and released the Apples to iPods PR for this season. See this and more at www.VermontVacation.com/pressroom.

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **Fall Campaign:** VDTM sent out the first Foliage Report of 2014. This email campaign gives recipient’s a brief overview of the foliage status with a “Read More” link that brings them to the fall campaign website. Below the overview, it references two events and two packages that will be replaced on a weekly basis. By providing price points, the email should see an increase in clicks. To sign up to receive the Foliage Reports, click [here](#).

RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Research

- **Americans Not Using Vacation Time:** A national study indicates that American workers do not fully use their earned vacation time, a situation that has negative consequences for the nation’s hospitality and recreation industry. The major reasons cited for leaving “Personal Time Off” (PTO) unused were “No one else can do my job” and fear that actually using PTO would undermine job security. The [US Travel Association](#) notes the nation’s tourism industry loses sales opportunity because 40 percent of American workers leave an average of 3.2 days of their earned PTO unused.

Changing corporate culture is indicated as a possible solution, especially since the positive effects of vacation time have been shown to improve employee productivity. Nearly two-thirds of workers (64%) who report having little or no stress at work say that their bosses actively encourage them to take their PTO. And 80 percent of workers said if their boss fully supported and encouraged them to take their time off, they would be more likely to use it, the study observes.

The report is based on a study by *Gfk Public Affairs* on behalf of the US Travel Association. [See infographic.](#)

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

- **2015 Calendar Kickoff Party:** The Hotel Vermont Party was a smashing success, with an amazing turnout and lots of positive feedback after the event. Everyone on staff worked extremely hard to put on this event. Hotel Vermont reached out to say they were blown away and invited us back next year (they also want us to consider them our home for any other event needs!).
- **Advertising:** Big news in advertising! We've beat \$90K, (last winter was \$73K) and our new gift guide has sold more than \$10,000! We still have some ads to come in, and we're hoping to break \$100K. Paul has been getting insertion orders out within minutes of booking, David has been designing gift guide ads at lightning speed.

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

- **Made in VT:** The CMO/VDTM teams met this week with the new "Vermont Origin" contact at the Attorney General's office for a quick catch-up and to make sure there were no additional red flags from the AG's office's perspective. This is in preparation for our meeting with AAFM, scheduled for late next week. Meanwhile, Mike continues to work on the application form.
- **Statewide Marketing Priorities:** Thanks to Lucy, Lisa, and Megan for devoting some time at this week's staff meeting to a discussion of best ways to approach a statewide marketing plan. Nancy spent some time this week reviewing the CEDS report and the Governor's Strategic Plan to write a very preliminary draft of proposed core marketing priorities. We look forward to further discussion and input from all levels of leadership, eventually (and especially) including the Governor's office. Our overall recommendation is, no matter what the final "core priorities" list ends up being, to keep it focused enough so that scarce state resources can go further to promote the programs that will have the most impact on the state.
- **Agency of Natural Resources website:** After 2+ years of planning, ANR is close to finishing work on their new website, to be launched in the current SOV template hopefully by the end of the year. Heather met with Leila LaRosa and Cameron McCormack of ANR, along with Harry Bell of DII, to hammer out some of the last details on how to incorporate the children Departments (DEC, FPR, F+W) into the primary navigation. Since ANR will be a separate site from each of the Departments, a solution on primary navigation had to be created that would properly represent the children as part of the parent agency, while still addressing accessibility and user experience concerns. The Departments will remain in the primary navigation, but instead of leading users directly offsite to another website, they will lead to landing pages within the ANR site that introduce the role and mission of the department, and relationship to ANR, before users are directed offsite. (ACCD was able to avoid this type of situation by maintaining the integrity of the Agency under one website, instead of spinning off DED, HCD and VDTM to separate sites. But, this strategy isn't always the best solution for all large agencies, and ANR was a prime example.) We're glad to have found a good solution in this case.
- **State of VT Marketing Group:** Last week's meeting of the State of VT Marketing Group served to introduce the five new Creative-Services Master Contractors to state agency/department marketing managers. The ad agencies appreciated the opportunity to say hello to their potential state clients and offer brief overviews of their general approaches and the types of projects for which their firms are best suited. They were also very open to making their "pitches" in the presence of their competitors. Overall it was a friendly meeting and a great way to kick off a new contract period.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **Workforce:** Followed up on workforce needs meetings for employers such as IBM and Mack with Beth Demers of VTP on 9/9 and with Commissioner Noonan, Chief of Staff Liz Miller and Secretary Moulton

on 9/10. Am working with all parties to set up a meeting to create a template for how to set up a single “client” contact for key employers who can help the business access the appropriate programs at the state level and bring the key players to the table.

- **CEDS:** Presented CEDS to Department of Education on 9/5 and worked with Deputy Secretary John Fischer to identify initiatives and projects to move forward for funding. Met with Charlie Baker, RPC for Chittenden County, on 9/9 to discuss projects mentioned in both ECO (their CEDS) and the state-wide CEDS, in particular a plan for an Essex business campus. Am following up with Frank Cioffi and GBIC on 9/11. Worked with town of Waterbury representatives to discuss how to move a potential sewer/water project forward and if it would fit in with CEDS.
- **Marijuana Task Force:** Participated in Marijuana Task Force meeting on 9/9 and shared notes and concerns around zoning and land use and opportunities for tourism and business. Discussed opportunity to poll the business community on concerns. For anyone interested in learning more, the New York Times has a very informative 6-part series that has its editorial board has endorsed legalization and this week has articles are focusing on how employers in states where it is legal are dealing with drug testing and how usage of other drugs appears to be lessening in areas where decriminalization has occurred. http://www.nytimes.com/2014/08/03/opinion/sunday/high-time-the-great-colorado-weed-experiment.html?_r=0
- **Great Jobs in Vermont:** Was interviewed by VPR about job hunting opportunities and the state’s efforts. Following interview worked with Steve Cook and Nancy Brooks to address concerns that the Great Jobs landing page appears “too” focused on tourism and to clarify the landing page’s role in redirecting people to DOL site and LinkedIn page.
- **Business Support:** Met with Rob Foregger of newly-financed (via VCET as well as Russell, TransAmerica and others) *NextCapital*, an online 401 advisory platform that may be considering a high-level financial advice call center. Followed up with programs and put him in touch with Kiersten Bourgeois and Fred Kenney. Working with Ron Shems and F&W Commissioner Louis Porter to see what can be done to help *Cabot Hosiery/Darn Tough* expand in Northfield and overcome a deer buffer zone limitation. Spoke with Efficiency Vermont, Kiersten Bourgeois and Beth Demers about energy and training assistance for *Mack Molding* to help expansion in Arlington.
- **Economic Development Summit - October 28:** Secured full sponsorship for Innovate VT 2014 (thank you gold sponsors GMP and UVM, VEDA, RDCs, Lake Champlain Regional Chamber and Hotel Vermont) and close to finalizing speaker line up.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **ExporTech:** The first of three day-long sessions between now and November with eight participating companies was held in Montpelier. Companies include Way Out Wax, N. Hyde Park; Vermont Natural Coatings, Hardwick; Numia Medical, Newport; Newport Furniture Parts, Newport; MSI, Morrisville; Hearthstone Stoves, Morrisville; Turtle Fur, Morrisville and LED Dynamics, Randolph. Funding for the program is through a grant from the Northern Border Regional Commission.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Congressional Visit Planned Concerning Dodd Frank & Captive Insurance:** Dan Towle, Director of Financial Services and Rich Smith, President of the Vermont Captive Insurance Association will be meeting with Vermont’s Congressional Delegation next week. New legislation has been introduced by Senator Leahy and Congressman Welch. Dan plans to reinforce the urgency of this issue and to see how Vermont can be helpful in supporting this legislation to its passage.

OFFICE OF THE CREATIVE ECONOMY ♦ Lars Torres, Director

- **Vermont Arts Education Summit:** More than 120 attendees - teaching artists, business leaders, administrators, teachers - gathered to define what excellence in arts education will look like in Vermont in the years ahead.
- **Films in Vermont:** Providing location and other support to three films - two documentaries and one short - being shot in Vermont over the next 45 days.

- **TechJam:** Putting together 10x10x10 a presentation of 10 lively talks at the intersection of technology, entrepreneurship and the future of big ideas in Vermont. Will feature 10-minute talks by business and innovation leaders in the state.
- **CEDS and Accelerators:** Writing the draft narrative for a proposal to the Economic Development Authority that would support the growth and sustainability of a statewide network of business accelerators.

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

Recruitment

- Follow up with Khalil Mughrabi, Clarovita Nutrition
- Follow up with 1366 Technologies
- Initiated contact with XC Associates (composites) of Stephansville, NY regarding potential expansion into VT (referral from Peter Odierna)

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

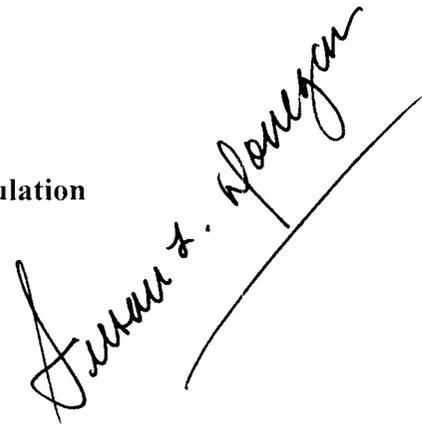
- **Vermed:** Beth Demers and Jess Simon met with Ayu Vitous, VP of Operations, to discuss the Vermont Training Program and how it may help with employee training. The company is considering implementing a new ERP system that will allow for the elimination of paper tracking, significantly increase productivity, and help the company move to its next growth phase. The company is also considering entering into clinical trials for a newly developed product. The cost of the trials are substantial and the timing is unknown. Dutch Walsh from the Town of Bellows Falls also joined the meeting.
- **Velan Valve:** Beth Demers met with Dennis Lalancette, General Manager, to discuss the changes to the VTP and how Velan may be able to use the program in the future to assist with employee training. Dennis will be looking at long term goals of the company and speaking to corporate headquarters in Montreal.
- **ATX:** Beth Demers met with Guy Payne and Dave Rogerson of ATX Consulting. The group previously partnered with the Stafford Technical Center in Rutland to provide leadership training. For a variety of reasons, Stafford has decided not to continue their partnership with ATX. Beth gave an overview of the changes to the VTP. The currently scheduled class at the end of September is not a good fit. However, the consulting group has other projects that may be a better fit.
- **VTP Application:** The VTP received its first application. It was posted on the SharePoint site and the VTP Review Team has had a conference call to discuss the application. A huge thank you to Melissa Prindiville and Jess Simon for all of their hard work on the SharePoint site and helping to make this process go smoothly.

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

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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: September 12, 2014
Re: Weekly Report



DFR "index card" talking points:

Based on the conversation at Monday's cabinet meeting, the following are two short talking points to support questions that may arise in the coming months about achievements in economic development.

Raising capital just got easier for Vermont small businesses

DFR adopted important modifications to securities regulations to simplify the process for small businesses to raise money from Vermont investors. This type of regulatory flexibility drives innovation, promotes job growth and supports Vermont entrepreneurship. Look at Village Builders in Wolcott, which is raising \$1 million under this program to expand its construction business. Specialty food companies, alternative energy projects, breweries, technology and software companies, and electronics firms have also been looking into using the new regulation. You never know when the next Ben and Jerry's will show up.

Vermont signs 1,000th captive insurance company

In October 2013, we welcomed to Vermont our 1,000th captive insurance company. The captive insurance industry is an example of a public-private partnership that has created huge dividends for Vermont's economy. It has generated almost \$350 million in direct taxes and fees to Vermont's coffers since its inception in 1981 and employs more than 1,400 Vermonters. It is exactly the type of industry that is a priority of my administration. It creates high paying jobs, has minimal impact on our environment, creates tourist traffic and generates much needed tax revenue. And the number continues to grow. To date, 1,020 captive insurance companies have been licensed in the state, more than any other state and third in the world.



Insurance Division:

Commissioner Susan Donegan, Deputy Commissioner of Insurance Kaj Samsom and Deputy Commissioner of Captive Insurance David Provost attended the NAIC's Northeast Zone Annual Retreat. Commissioners and senior staff members spent several days discussing insurance topics of regional importance to the 11 northeast states and the District of Columbia. Long-term care insurance, weather catastrophes, and health insurance network adequacy were among the issues discussed.



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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: September 12, 2014

Press Highlights/Contacts:

Highlights

- Monday's Press Conference in Barre, celebrating the Community Eligibility Provision (CEP) had widespread media coverage.
- Rebecca's Reuters interview was published: <http://www.reuters.com/article/2014/09/09/us-usa-education-vermont-idUSKBN0H41PW20140909>.

Rebecca spoke with

- Richard Valdmanis of Reuters about accountability
- Jack Thurston of NECN about accountability

Other staff

- WPTZ Reporter called inquiring about criminal background checks for volunteers and school bus drivers.
- Kristin Kelley of WCAX is doing a story on enrollment changes; we shared maps with her and gave her some possible towns to talk with.
- Real Clear Politics asked about our SBAC contract (which has not been finalized yet).
- Olga Peters of [The Commons](#) called with some questions regarding the announcement of the closing of the Austine School for the Deaf and Hard of Hearing and what the State's obligations are to ensure those students continue to receive an education in line with their IEPs.
- Mike Donoghue, Burlington Free Press, called about, "what, if any, interest the AOE has in the hazing/harassment incident that took place at Milton." We have no comment on a criminal investigation.

Public Appearances/Presentations:

Monday, September, 8 - Community Eligibility Provision (CEP) press conference with the Governor

Tuesday, September, 9 - **Corrections Oversight Committee** – Addressed the role and relationship of the AOE with CHSVT and proposed attendance of non-incarcerated youth in DOC programs. Specifically, I cleared up the misperception that we were providing educational oversight for CHSVT, clarified that we have no data by which to evaluate their performance, and expressed the strong opinion that I agree with a previous agreement between AHS and AOE that non-incarcerated youth should be referred to our Adult Basic Education System, which does have oversight. When they asked if DOC was likely eligible for other funds that it was not getting, I said that based on what we know about the profile nationally of incarcerated youth, we'd expect a very large proportion of incarcerated youth to be eligible for special education services, but that CHSVT is either not delivering a lot of services or not billing for services.

Thursday, September, 11 - **Arts Education Summit** at the Vermont College of Fine Arts, sponsored by the VT Council for the Arts.

Thursday, September, 11 - Spoke at **VSA's** All-Members meeting.

Thursday, September, 11 - Spoke at a **Principalship Cohort Class** at Champlain Valley Educator Development Center, about the importance of the role of principals in Vermont public education and how AOE can support principals.

Friday, September 12 – Attended **Colchester High School Science Center Press Conference** with the Governor.

Meetings:

VSBA, VSBA, VSBA

We are getting ready for our barnstorming tour. I think I have succeeded in making Steve Dale alternately terrified and amused.

Emerging issues

Norwich University Teaching Preparation Program Facing Revocation of Approval

Update: Norwich University submitted the documents that were requested, and they are currently under review.

Principal Evaluation Model

On Thursday, September 11 the Principal Evaluation Model group met for the first time to launch the work related to Principal Evaluation required under EQS. Ten educators from across the state gave their time and expertise to contribute to this effort with three members of the Agency of Education. During the work session, the team identified the core standards which would guide administrator evaluation, clarified the hallmarks of solid evaluation systems, and critiqued 5 models of principal evaluation to identify the two or three models we will pursue as tools to adapt to Vermont.

State Board of Education

Several members of the SBE (particularly Bill, Stephan and Bonnie) were upset or concerned by the letter from the Governor to me and the Agency. Concerns were different at different points in the conversation, but included:

- Concern that they were not mentioned in the letter, and that the Governor did not articulate his expectations for my work with the SBE;
- Concern that the Governor's statement "froze" the SBE strategic planning process;
- Concern that the Governor's letter would drive the strategic planning process; and
- Concern about the role of the SBE in the new era, where the Secretary reports to the Governor.

I apologize—I should have anticipated their desire to be mentioned. Next year, we should plan the release to include the SBE, and reference the SBE as well. I don't agree that the letter in any way short-circuits their strategic planning. If anything, it suggests some alignment of purpose around shared critical priorities. I am working to address these concerns and will keep Aly posted. I am emphasizing that: a) by statute the Governor is required to share his goals with the SBE and Aly will do that on his behalf at their meeting, b) that the letter from the Governor was marching orders to me and he would not presume to give an independent board marching orders, and c) that the letter suggests a convergence of priorities and we still need the SBE (which is an independent, deliberative body) to continue a robust strategic planning and policy setting process.

VSBA meetings

These are potentially very charged. I think we should see how a few go, before bringing the Governor in. That gives the Governor a chance to come in and speak to a bigger vision once we have turned up all the skeletons. After the first two, I will push Steve Dale on this.

Governance

For all practical purposes, I would like to start treating the SUs as the systems level agent for improving performance of our schools. Special education, professional development and curriculum are now at the SU level, but SUs currently don't receive performance data because that would go to the schools. In addition, many of our schools are so small they receive suppressed data—in other words, no data at the school level. If we reported test scores the way Massachusetts does, 80% of our schools would receive reports with suppressed data. It is hard to have accountability for performance if there are no "results" to track, and hard to have improvement if the people with the data are not the people with the tools. If we reported data to the SUs at the systems level, we would have data. Moreover, we would report the data at the level of the drivers of improvement (special education, professional development and curriculum). And, by pushing boards to think and operate across a larger "local" (SU vs. school) level, we could get a little more leverage on some of the equity issues. We need SUs to host SU-wide strategic plans.

This will also affect our legislative strategy. For example, hindsight 20-20, in Act 166, we should have had SUs tasked with setting PK regions, not districts. This would be consistent with the reality that special education services are provided at the SU level, and districts are poorly positioned to make the best decision about PK service regions for the purpose of special education.

Themes that resonate that you may want to float on the campaign trail:

With respect to school quality, people love it when I say I am proud to be part of a state that asks for more from our schools than just test scores in a few subjects. They love the broad commitment in VT to growth and learning across a wide-ranging set of goals that prepare our students to be part of a vibrant economy, to innovate and create jobs, to tackle complex problems, and to participate in civil society.

On governance, there are two questions that pretty consistently get people to stop and reflect:

- 1) If you were starting from scratch, is the way you currently educate your kids for the 21st century the way you would choose to educate your kids?
- 2) In your school board meetings and town meetings, is your discussion about what to cut, or is it about how to best educate your children?

Not everyone needs governance change, but depending on how they answer these questions, folks might want to think about how they can best serve the interests of children, and by extension, the state.

Rebecca

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Sept 12, 2014
Re: Weekly Report

Status of Governor's Priorities: .

Review possible and proposed operational changes in prep for FY16 budget prep. Assigned research and reporting to each manager.

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Met with Problem Gambling service provider about message and literature for new restaurant & bar staff training. Will have in place by November, before vending machines go into operation.

Held a dept meeting to review current events, HR items, showed armed intruder video and discussed preparation with staff. Good input and feedback from staff.

In the absence of a sales supv. I had a one-on-one for 4 hours with each field sales rep to discuss the way they do their job, how they prepare and what is their message. Long overdue and each meeting was productive.

One of our accounting staff has given notice, taking a job in the judiciary. 13 years with the lottery but performance inadequacies were surfacing. She has been openly seeking a job all year. We are happy for her success. One other long term staff member in our warehouse is looking strongly at retirement – I think he is 67 or so years old. If anyone is counting, this makes 14 of 21 positions turning over in my tenure.

Executive Director's Commentary:

Busy and happy.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, September 12, 2014
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Cell Phone Ban Campaign Begins

A blitz of information delivered through multiple media is formally beginning on Monday of next week and several news stories are out there today about the ban which takes effect on October 1. (For detail on the campaign see the Staff section of this report).

Women Can Do! Conference

This may already be on your schedule but I wanted to mention that VTrans continues to be a co-sponsor of this conference which happens on October 16 at VTC in Randolph. This year more than 450 high school and tech center female students will have a full-day of hands-on activities as an introduction to non-traditional careers. We will have women from VTrans presenting and supervising activities about everything from heavy equipment operation to bridge design. The prime sponsor is *Vermont Works for Women*.

Engineering Concern With Asphalt Binders

The premature failure of road surfaces, particularly in Canada, and in some northern states seems to be happening along the same historical timeline as the introduction of Recycled Engine Oil Binders (REOB). I won't go into more detail on this but our engineers and their peers from New Hampshire intend to make this an issue for scrutiny by the American Association of State Highway and Transportation Officials (AASHTO) at their annual meeting next month. I bring this up to you in case another Governor mentions it as it is a fast growing concern within transportation circles and may or may not be a negative by-product of a well-intentioned effort at recycling and saving money.

Waitsfield Water Line Break

We are working with the town to sort through various aspects of an incident where VTrans contractor, Dirt Tech of Jericho, penetrated a 14 inch water line owned by the town while working on a Rt. 100 bridge job. Repairs were made quickly by another

contractor hired by the town but the water line will have to be moved as it is located under the wing of the bridge. The primary issue of dispute is the apparent erroneous depiction of the water line location on official town documents.

Traffic Light Timing and Operation

I note that you were copied on an email (along with many others) from a Bob Allen of Richmond concerning the timing of traffic signals generally in Chittenden County and specifically about the timing of signals at or near the newly reconstructed Richmond Park and Ride. Be advised that we are responding and that in the case of the P&R, the lights have not yet been coordinated but that will be happening soon as the project wraps up.

The topic of general traffic light coordination is one we discuss often here and is hampered by the age of much of the equipment, particularly at the local level, and the number of jurisdictions involved in making decisions about specific intersection performance.

NOTES FOR STAFF

Cell Phone Ban Campaign Details

Since the beginning of summer we have been buying radio time and promoting via social and print media the new Work Zone ban which included some foreshadowing of the general ban on October 1.

Since early August we have been working with outreach partners at other state agencies and departments in the Vermont Highway Safety Alliance (which includes many private sector partners) to get the worked out via social media and our various websites including:

Highwaysafety.vermont.gov/phonesdown

On Monday, September 15, we will be issuing a press release, launching new radio and online ads, turning on the VMS boards around the state and deploying about 30,000 printed pieces – posters, brochures, stickers etc. at locations around the state including: Lottery outlets, welcome centers, schools, DMV Offices, libraries, state office buildings, rental counters at BTV, auto dealers, cellular carrier retail outlets etc.

We have ordered signs that will be posted on roads where traffic crosses into Vermont and will be working with VEM to push a message to cell phones on the Vt Alert System the day before the ban goes into effect.

VTrans and Burlington Noise Ordinance

VTrans pending project to install continuous welded rail along various track segments between Rutland and Burlington includes night work in the Burlington rail yard. This work window is necessary to avoid interference with train arrivals and departures, as well as daytime switching activity in the yard. Earlier this week, the Burlington Police

Department notified the VTrans resident engineer that this night work was a violation of the Burlington noise control ordinance which forbids nighttime work within city limits. However, they were apparently unaware that the applicability of the Burlington noise control ordinance to a railroad construction project is pre-empted by federal laws and regulations governing operation of interstate railroads.

Wallace Nolen Lays Out a Plan

The well-known (to state government, at least) Nolen has a new cause and has informed our legal folks of his plan to change the administration of “coin drops” on public roads. He apparently believes that the 1990 amendment to 23 V.S.A. sec. 1056 (Highway solicitations) is unconstitutional because it restricts eligibility for “coin drops” to not-for-profit and municipal organizations. To test the constitutionality of the statute Nolen says he will apply for a permit to conduct a “coin drop” for his own private benefit. When VTrans presumably denies his application on the ground of non-eligibility he will seek judicial review.

Rail Reauthorization Proposal

The U.S. House Transportation and Infrastructure Committee has proposed and will mark up the Passenger Rail Reform and Investment Act of 2014 (PRRIA-2014) on September 17. For a full analysis see CONEG message from late yesterday.

In summary, it appears that the House takes a continuing hard line on Amtrak, by reducing federal participation, asking them to “operate more like a business” and increase transparency. It also encourages non-federal participation and targets those areas where there is more likelihood of success (which to them apparently means profitability). This approach does not appear to meet the test of expanding rail transportation in the United States but does appear to be good for the Northeast and includes a goal of giving states greater management of routes. I’m not sure that provision will amount to much but our relationship with Amtrak has been better than that of some other states.

Also, on the rail front, we were unsuccessful in our bid for another Western Corridor grant (TIGER) this year but that will not change the agenda. We still have projects going on and will try to accomplish more with state resources in FY-16. Our analysis of this denial is incomplete but the lack of closely contested elections, does come to mind, along with the fact that we currently don’t have any Bakken crude oil moving through Vermont and money is badly needed where crude oil is moving by rail due to safety concerns.

Maps and Data Request

Montpelier resident Stephen Whitaker has requested a ton of information concerning such things as our “fiber routes and strand counts” related to high speed data communications, grant documents, repair plans, emails, letters on policy concerning fiber in our ROW, permit applications for fiber builds in our ROW, and “documents and email relating to who will potentially utilize the fiber and at what price, specifically including any correspondence with Karen Marshall, Kiersten Bourgeois and/or VTA board members of staff”.

He says that this is in conjunction with the Vermont ten year telecommunications plan. I have referred this request to our records managers.

If anyone has insight as to the agenda here, please let me know. I do remember him from about 20 years ago in conjunction with the planning and implementation of the Enhanced 911 system in Vermont but don't recall that he had an official role on that project. I believe he has been somehow recently connected with VTel but I am lacking details on that, as well.

Vtrans Hires Climate Change Intern

The VTrans Climate Change Internship was offered to Olivia Taylor, a senior Environmental Science major at UVM. Twenty-two people applied and five were interviewed. Olivia is an honors student and has been a writing tutor throughout her years at UVM. Last year she served as a legislative intern for the transportation committees.

Megabus Adds Montpelier Stop

This stop was added to the existing Megabus Boston-Burlington service effective this week and the bus will stop at the Park and Ride at the Dog River Road. Current service on this route is one round trip daily with two round trips on Fridays and Sundays.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Harry L. Chen, M.D., Acting Secretary of Human Services
Re: AHS Weekly Report
Date: September 12, 2014

Vermont Department of Health (VDH)

Focus Groups on Marijuana Policy:

In response to a request from Jeb Spaulding, Deputy Commissioner Barbara Cimaglio hosted two meetings on September 8th to assist Dr. Beau Kilmer, Rand Corporation, in gathering data for his report to the Administration on marijuana policy issues. The meetings with Health Department staff highlighted data gathered on marijuana use and behavior. Staff shared information from the Youth Risk Behavior Survey, Behavior Risk Factor Survey (adults) and treatment participation data. A separate meeting was attended by ten stakeholders representing the substance abuse prevention and treatment community.

Health Department Receives Grant to Support Vermont Prescription Monitoring System (VPMS):

The Department of Health was awarded an 18 month, \$300,389 competitive Harold Rogers Prescription Drug Monitoring Program enhancement grant from the US Department of Justice Bureau of Justice Assistance. The grant will help us support the VPMS to prevent and reduce misuse and abuse of prescription drugs by, among other things, enhancing data collection and creating a comprehensive educational website.

Naloxone:

Over 400 overdose rescue kits containing naloxone have been distributed to Vermonters by the Department of Health via pilot sites. The kits have reportedly been used to reverse over 50 overdoses, the majority due to heroin.

Increased Lead Funding:

The Department of Health's Asbestos and Lead Regulatory Program has been awarded more than \$650,000 over a 2-year period from the Environmental Protection Agency (EPA). The funds are intended to assist the State with licensing and certification of lead-based paint related activities. The goal of the increase in funding is to allow Vermont to take the steps to seek delegated EPA authority to harmonize Vermont lead laws with the Federal lead laws, specifically the Renovation, Remodeling and Painting Rule (RRP). This involves seeking legislative authority to adopt the Federal RPP rule. Proposing legal and regulatory amendments is slated to occur over the next 12 months.

SNAP-Ed Funding Awarded:

Under the Health Department's SNAP-Ed funding, the Vermont Foodbank and Hunger Free Vermont have been selected to receive one year grant awards (that will begin October 1, 2014) to implement multi-level, obesity prevention programs in St. Johnsbury and Rutland. Both organizations will be providing direct services (education, taste testing, cooking demos) and organizational/community level strategies to increase access to healthy food among SNAP-Ed eligible families.

Collaborative Effort Addressing Oral Health Needs Recognized by the ADA:

The Health Department has partnered with the Public Health Dental Hygienist at the Morrisville District Office and The Manor in Morrisville to create a program to address oral health among their residents. Through this program, a dental hygienist is able to provide preventive oral health services on site to Manor residents, who would otherwise have great difficulty accessing dental care in a traditional setting.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH):

Vermont Psychiatric Care Hospital has opened their five-bed unit. This will allow for two to three more beds by early next week and bring them up to a nineteen-bed capacity.

Brattleboro Retreat (the Retreat):

The Department is still waiting on a visit from the Centers for Medicare and Medicaid Services (CMS) before the October 6th deadline.

The Vermont New Mental Health System of Care Conference was held Wednesday in Killington. The conference was a follow up to the conference held 2-years ago at the same location and the future direction of the Vermont adult mental health system. There were approximately 400 attendees from across the state representing the new system of care.

Immediate feedback was very positive. One Sheriff commented to the Commissioner, it was a very timely retreat, and great to see the changes since their last conference two years ago. He concluded it was good to hear people talk about what there is in place and what is happening.

Morgan True – Vermont Digger:

Commission Dupre and Deputy Commissioner Reed met with Morgan at his request. He had reviewed records from Brattleboro Retreat and Windham Center. His interests were around DMH Oversight, as well as specific issues about CMS and the Retreat.

Rutland Mental Health Services (RMHS):

Meetings regarding Rutland Mental Services have been taking place with appropriate AHS agencies to strategize about RMHS issues. We expect to have a plan in place soon.

Lengthy Stays Update:

Commissioner Dupre has set up a task force to review reasons why some patients are remaining stuck in Level I hospitals. One specific reason is the refusal of nursing home to take patients once they have heard the patient has a mental health issue. This is contributing to wait times in the ERs, as well as Corrections.

Department of Disabilities, Aging and Independent Living (DAIL)

Woman Recovering from Opiate Addiction Lands Good Job with Help from VocRehab:

A woman I'll call Christine tells a familiar story: a struggle with addictions, an abusive ex-husband and boyfriend, a multiyear history of unemployment, on general assistance. Following an overdose,

she enrolled in a suboxone program and eventually found her way to VocRehab. This is where an employment consultant helped her secure an interview, which led to a job at \$12.50 an hour in a medical setting. As the counselor put it: “[Christine] beams with pleasure and happiness...she is so ecstatic about having a job...she is what makes my job worth it!”

Closing of VT Center for Deaf and Hard of Hearing Alarms Deaf Community and Families:

The Vermont Center for Deaf and Hard of Hearing housed several programs including audiology evaluations; the Austine School for the Deaf (closed several months ago); interpreter services (\$55K GF direct grant); equipment distribution and educational consultants for the schools. We’re told fee for service audiology exams will continue under a new name; the Agency on Education is handling inquiries about kids in school. DAIL is looking to house interpreter services within the Vermont Center for Independent Living.

Department of Corrections (DOC)

Corrections Oversight Meeting

Testimony was taken on Tuesday, 9/9 regarding the future of the CHSVT and future funding challenges. The COC is preparing a report on recommendations for the future of the CHSVT.

Other items included an overview of the new Offender Mgmt. System scheduled to come online in March of 2015, and the new Medical Assisted Treatment program which the DOC is starting in October.

Southeast State Correctional Facility (SESCF) Work Crew Receives High Praise:

Leonard Brown, Executive Director of the Bugbee Senior Center in White River Jct., sent a letter of thank you and acknowledgement for the “very good Job” the SESCOF work crew did in painting the center. High points of the letter were: the guys were professional and paid attention to detail, they kept the work area neat, each day, as well as upon completion, the job did not create the inconvenience that they had expected in their daily operation.

Pre Trial Services:

Annie Ramniceanu will begin her service as the Pretrial Services Director on Monday, September 22. This week, the Request for Proposals for pretrial monitors was posted. Annie will begin with running the RFP when she starts on the 22nd.

Population:

The department’s incarcerated population averaged 2,063 for the previous week. The male population averaged 1,910 with 346 being presentenced inmates. The female population averaged 154 with 33 being presentenced inmates.

Department of Children and Families (DCF)

Deputy Commissioner of Family Services Receives Local Award:

Representatives from Family Services and Economic Services attended the annual Kinship Care conference in South Burlington on Tuesday. The conference focused on the impact of substance abuse on family functioning, as it related to kinship care. Vermont Kin as Parents awarded Deputy

Commissioner Cindy Walcott the Marge Wood award, in recognition of her exemplary work over the years to support kinship care providers.

Department of Vermont Health Access (DVHA)

Vermont Health Connect Risks and Issues:

- *Renewals:* Planning for facilitation of renewals of health plans during the open enrollment period starting November 15th is ongoing. Due to unknowns of technical capabilities of 3327 and lack of complete business process, the 11/15 federal deadline for open enrollment is at risk.
 - Team is currently working with contractors to validate proof of concept (POC) of the technical plan. Once completed, this will inform the schedule and trigger operational contingency.
 - Development work for an operational contingency plan if POC fails is also underway
 - This plan is built on utilizing the functionality currently available in the live version of Vermont Health Connect not additional upgrades to newer versions (ie. 3.3.2.9).

- *Renewals risks:* The planning for renewals is at risk due to:
 - Funding and contract: If the supplemental grant requests are not submitted to CMS, the State will not know if there is funding to complete this work and will not be able to sign contracts to complete this work. The data collection and decision-making for the grants has been challenging across departments. We hope to be able to submit next week. There will be at least a three-week turn-around at CMS. Additional task orders and amendments are also required with Optum to support the work necessary for renewals. Getting task orders/amendments reviewed and approved has been a challenge.
 - Resource Focus on Renewals - Currently multiple SoV resources including BLs, PMs, & BAs are working on other non-renewal related activities. These resources may have conflicting priorities. Operational tasks required for Open Enrollment/Renewals is being added to integrated master schedule so work can be tracked and monitored. Prioritization of work needs to be reviewed to ensure staff are working on critical items.

Catamaran Contract:

Catamaran has been DVHA's pharmacy benefit manager (PBM) for the last nine years for claims management; consulting and management of benefit design; utilization review and management; supplemental rebate management; analysis and reporting; managing our preferred drug list; managing specialty pharmacy services; and supporting our Drug Utilization Review Board.

Catamaran was not awarded the latest contract; instead it went to Goold Health Systems (GHS).

Beginning of February, 2014, DVHA initiated negotiations with Catamaran for transitional services for the transfer of claims data, prior authorization data, rebate data, and historical data called for in our current contract. In August, 2014, Catamaran proposed transitional services of a price estimate of \$400,000-\$500,000. DVHA believes Catamaran's estimated dollar amount for transitional services is unreasonable. Furthermore, the new PBM vendor, GHS, must have the crucial data by September 15, 2014, to meet its testing deadline and "go-live" on January 1, 2015.

DVHA believes with the payment of \$100,000.00 to Catamaran our team can receive data for the last three years to transfer to GHS. On Thursday, DVHA requested AOA's approval to make this payment

for transitional services without the need for an additional Amendment. We are waiting for their response.

Provider Tax Settlement Discussions:

Lawrence Miller, Kara Suter and Howard Pallotta conducted a 3rd meeting with the hospitals regarding settlement of the hospital tax case on Tuesday September 2, 2014. At the meeting, DVHA gave hospitals a modelling of using a gross tax model (excluding physician services) instead of the current net revenue model; in this modelling the state retained roughly the same amount of tax base but tax impact on individual hospitals varied.

DVHA proposed, if the hospitals wanted to go forward we would: create legislative change, rule change, State Plan Amendment change, model the change for prospective SFY 2016 affect and advise court we want action stayed to accomplish legislative change. Such a settlement would be contingent on all of the changes noted above and hospitals advised they would let us know at September 10 meeting.

At the 4th meeting on September 10th, the hospitals rejected the proposal and proposed taxing other professionals and requested they be paid a higher rate.

Hospitals were asked if settlement was possible by defining the term “physician’s office practice” and their response was, yes, if they’re held harmless. DVHA will meet with the hospitals again on 9/17.

Program Integrity Investigation:

Over the past 18 months, the Program Integrity (PI) unit has been actively investigating Keene Medical Products, Inc. on ten separate allegations of potential fraud, waste or abuse. In June, 2014, the PI unit began working with the Medicaid Fraud and Residential Abuse Unit (MFRAU) of the Attorney General’s Office. The PI unit has determined credible allegations of fraud on 8 of the ten allegations and has referred these allegations to MFRAU for further investigation. DVHA will be implementing a 25% payment withhold for Keene Medical Products within the next two weeks. This withhold will remain in effect until such time that the MFRAU investigation is complete. Keene Medical Products will be provided an opportunity to submit written evidence to Commissioner Larson to request a lift of the suspension or a lesser suspension.

Planned Parenthood of Northern New England:

We continue our conversations with PPNNE about past due amounts owed because of their participation in the 340B program. PPNNE has been a 340B provider since 2011 and has failed to pay the amount owed in their shared savings arrangement. Total amount owed under the current savings arrangement is approximately \$1.1 million dollars.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: September 12, 2014

Secretary's Top Issues

Land Use

This type of diversification of farms or "agricultural enterprises" is a part of a larger issue the Agency continues to explore with stakeholders ranging from municipal and state officials to farmers and farm service providers. The Agency conducted a survey in spring and released a [report](#) summarizing its findings in early September. At a meeting on September 3, the AAFM and Department of Housing and Community Development shared the results of the survey and began identifying issues faced by the diverse groups represented. Some of the issues identified overlapped among the groups, including flood plain development, agricultural literacy/education, and clarity on regulatory jurisdiction of agricultural enterprises. We look forward to continuing this discussion on September 25, at the Woodstock Town offices.

Energy

On Friday the 5th of September, Deputy Secretary Bothfeld submitted comments to the Public Service Board regarding calculating the avoided cost for farm methane projects within the standard offer ("Speed Program"), in response to the Board's request for comments prior to a Board workshop on the 9th of September. Senior Agricultural Development Coordinator Alex DePillis represented the Agency at the workshop and agreed to convene a working group to refine and update the Board-sanctioned "methane cost model" (spreadsheet) used for calculating avoided cost. Public Service Department staff are instrumental in this effort to provide realistic and well-supported inputs to the model, and the workgroup includes several private-sector stakeholders as well, including two Vermont companies.

\$99,950 FDA Grand

State Veterinarian, Kristin Haas, received notice this week that VAAF Animal Health has been awarded an FDA grant in the amount of \$99,950 for purposes of continuing business planning for the New England dairy industry. This funding will also allow for the hiring of a temporary employee who can assist the Division with farm and business premises data management and entry.

Positive Mosquito Testing

Arbovirus survey results for the week indicated a single positive EEE mosquito, collected in Colchester on September 3, in *Culiseta melanura*, the primary EEE vector species. Additionally, West Nile Virus was detected in Springfield in a pool collected on September 2, in a *Culex* sp. pool. With these results so late in the season, we will not do any intervention, but we will continue to tell people to take personal protection measures to prevent mosquito bites. The nights are getting colder and fewer mosquitoes are out there. Mosquitoes do not fly at temperatures 50 degrees F or lower.

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: September 12, 2014

Summary of Key agency Department Activity

Significant Meeting

Deputy Secretary Bothfeld met with a working group on farm labor housing that included representatives from Department of Health, Housing and Community Development, Department of Labor, Migrant Justice, and Migrant Education to further the work around educational materials and checklists for farmers surrounding farm labor housing. The group is making progress using Rental Housing Health Code, OSHA farm labor housing and a listing of best practice and basic standards for farm labor. The next full meeting on Farm Labor Housing will be on September 25. In other work, developed a wage and hour fact sheet for farm owners and laborers and one stop portal for owners and laborers at the state.

Administration:

Land Use:

In August, the VAAFMM provided some general information about what meets the definition of “farming” in the Accepted Agricultural Practices regulations (AAPs) as it relates to maple sugaring operations- tapping and processing of sap. Another issue addressed was whether the Agency considered a “gymkhana” or horse skills exhibition to meet the definition of “farming” or an accepted agricultural practice. In this particular instance, based on facts provided by the producers of the weekly event, participants bring horses to the exhibition site. The horses boarded on site were not the only horses used in the exhibition.

The Agency issued two variances from municipal setback requirements for the construction of a manure pit in Moretown, and for the construction of a 36’ x 72’ sugarhouse in Westford. Additionally, the VAAFMM fielded inquiries regarding the diversification of farms and use of “farm structures” (defined in AAPs) for events. Currently the AAPs do not pre-empt a town from requiring local permits for the use of farm structures for activities that do not meet the definition of “farming” or that are not accepted agricultural practices governed by Section 3.2 of the AAPs.

This type of diversification of farms or “agricultural enterprises” is a part of a larger issue the Agency continues to explore with stakeholders ranging from municipal and state officials to farmers and farm service providers. The Agency conducted a survey in spring and released a [report](#) summarizing its findings in early September. At a meeting on September 3, the AAFMM and Department of Housing and Community Development shared the results of the survey and began identifying issues faced by the diverse groups represented. Some of the issues identified overlapped among the groups, including flood plain development, agricultural literacy/education, and clarity on regulatory jurisdiction of agricultural enterprises. We look forward to continuing this discussion on September 25, at the Woodstock Town offices.

Agricultural Development:

Energy Efficiency:

Senior Agricultural Development Coordinator Alex DePillis and Secretary Ross attended and spoke at a workshop to discuss US Department of Energy funding opportunities and directions. The meetings took place on the 3rd of September at Vermont Energy Investment Corporation in Burlington, Vermont, and were organized by Senator Sanders's staff. Senator Sanders and Representative Welch spoke, as did Tom Berry from Senator Leahy's office.

On Friday the 5th of September, Deputy Secretary Bothfeld submitted comments to the Public Service Board regarding calculating the avoided cost for farm methane projects within the standard offer ("Speed Program"), in response to the Board's request for comments prior to a Board workshop on the 9th of September. Senior Agricultural Development Coordinator Alex DePillis represented the Agency at the workshop and agreed to convene a working group to refine and update the Board-sanctioned "methane cost model" (spreadsheet) used for calculating avoided cost. Public Service Department staff are instrumental in this effort to provide realistic and well-supported inputs to the model, and the workgroup includes several private-sector stakeholders as well, including two Vermont companies.

Food Safety and Animal health and Consumer Protection:

Animal Health:

- State Veterinarian, Kristin Haas, worked this week with USDA Vet Medical Officer Joel Russo, to follow up on two illegal import issues involving horses and cattle at the VT State Fair. In both instances, animals were imported without the required Certificates of Veterinary Inspection, which is a violation of state and federal rules. Both owners will receive Letters of Warning from VAAFMM and from USDA.
- State Veterinarian, Kristin Haas, received notice this week that VAAFMM Animal Health has been awarded an FDA grant in the amount of \$99,950 for purposes of continuing business planning for the New England dairy industry. This funding will also allow for the hiring of a temporary employee who can assist the Division with farm and business premises data management and entry.
- The animal health section communicated this week with an exemplary elk producer who will be selling his herd and facility infrastructure to a producer who is based in Franklin county. A conference call was held between the seller, buyer and VAAFMM to make sure the process moves forward in compliance with the VAAFMM captive cervid rules and the federal CWD rule.
- State Veterinarians Mehlenbacher and Haas have been in regular communication this week with the humane agent managing a criminal animal welfare case involving a captive cervid facility. Discussions have focused on ensuring the legal intra- or interstate movement of the fallow deer that have been seized from that property. This case has the potential to have significant PR fallout so must be managed meticulously.
- The VT Supreme Court heard arguments this week pertaining to the Skaskiw vs. VAAFMM and DCF lawsuit. Lawyers for both sides presented information, and a decision from the Court is not expected in the near future.

Dairy:

The Dairy Section is working to develop a plan to maintain regulatory mandates without the section's main Informix database. The database is about 20 years old so it is not surprising it has stopped working. But, alternatives will be labor intensive and the Dairy Section will not be able to maintain all programmatic needs without the main database for an extended period. We have begun working on alternatives as we will get swamped quickly.

Meat Inspection:

- Both meat inspection positions have been filled. Start dates: 9-15-14 and 10-6-14
- The administrative penalty and Notice of Violation to Westminster Meats regarding the notification of the Agency about a humane handling violation has been paid. No hearing was requested.
- VAAFMM has been assisting with an emergency order at a slaughter facility which is now under ANR jurisdiction.
- Consulted with Senator Mark MacDonald concerning complaint by custom operator in Tunbridge. Establishment stated they were ready to start but inspector documented a page of sanitary non-compliances and then meat inspection made two more special trips before the individual made his establishment acceptable. Apparently the individual felt that he did not have to remove cobwebs, dead bugs, and mold from his equipment before starting operations

Agricultural Resource Management:

Water Quality Enforcement:

A small farm in St. Albans will receive a corrective action letter for violations of the Accepted Agricultural Practices Regulations. The farm is inactive, no animals are on-site, and the manure pit has not been properly maintained in order to prevent structural failure or waste discharge. The pit contents are near the top, excessive vegetation is growing on the contained waste suggesting it has not been drawn down in the recent past, and excessive moisture on the pit walls suggests potential structural issues.

Plant Industry:

- Plant Industry attended the September 9 meeting of the recreational marijuana study group, where Beau Kilmer of the Rand Corporation presented his findings for the study thus far, and discussed the timeline for the final study, as required by Act 155 (2014). Rand has interviewed dispensary operators, the Departments of Health, Liquor Control and Public Safety as part of their study. A draft for review is anticipated by mid-December, and the final version is due to the legislature by January 15, 2015. This study will present the various options available to Vermont, should the decision to legalize recreational marijuana be made, as well as the potential revenues and consequences for legalization. It will not present positions pro or con on the legalization matter.
- Arbovirus survey results for the week indicated a single positive EEE mosquito, collected in Colchester on September 3, in *Culiseta melanura*, the primary EEE vector species. Additionally, West Nile Virus was detected in Springfield in a pool collected on September 2, in a *Culex* sp. pool. With these results so late in the season, we will not do any intervention, but we will continue to tell people to take personal protection measures to prevent mosquito bites. The nights are getting colder and fewer mosquitoes are out there. Mosquitoes do not fly at temperatures 50 degrees F or lower.

Medium Farm Operation (MFO) and Large Farm Operation (LFO) Programs, and Conservation Reserve Enhancement Program (CREP):

- Staff conducted two technical assistance visits on LFOs in Addison County. The farms are working with the Agency's BMP program to install conservation practices for water quality and one farm will be requesting a variance from local zoning setbacks.
- Staff conducted four technical assistance visits on MFOs for water quality BMPs. Three farms were visited in Franklin County and one farm was visited in Chittenden County.

- Staff received a complaint from the general public related to odor from manure spreading and conducted a complaint investigation on a MFO in Franklin County. No compliance concerns were observed.
- Staff participated in a pre-hearing conference related to a vegetative buffer violation and enforcement case on a MFO in Franklin County.
- Staff are drafting inspection reports and memos for complaint investigations, enforcement actions and ongoing inspections.
- Staff are drafting gathering information on MFOs and LFOs as part of current and potential cases for the Attorney General's Office.
- Staff are working with ARM Division engineering staff to assist with development and implementation of BMPs on several MFOs and LFOs.
- Staff are continuing to work with NRCS to fund NRCS winter crop applicants that do not have contracts with NRCS for this coming fall. The Farm Agronomic Practices (FAP) Program may be able to assist farms that applied for NRCS funding and have yet to receive a contract. There are currently 35 farms interested in funding for winter cover cropping this fall.
- Staff met with NRCS to discuss NRCS contracting with farms for winter cover cropping. If needed, Agency staff will be able to assist NRCS with finalizing contracts for farms.
- Staff are processing and developing grant agreements for the FAP Program for the current fiscal. Grant agreements have been sent to farms for field practices.
- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.
- Staff assisted with NASDA conference preparation.
- Staff prepared for upcoming field visits to farms with potential CREP projects.
- Staff are working on developing the water quality section of the new CAI USA Food Safety water quality database. The release of a testing environment occurred this week!!

Secretary's Comments:

The Agency of Agriculture is in the midst of the NASDA 2014 annual conference in Burlington. Over 40 secretaries, commissioners and directors from other U.S. states/territories and over 200 state staff, sponsors and Vermont organizations are participating. The Thursday plenary session focused on agricultural literacy which established a framework for building relationships, establishing common language and working together to advance agriculture on all levels from local to global.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: September 12, 2014

Subject: ANR Weekly Report

Governor Level Issues:

Possible new state park in Springfield in honor of Edgar May: Prior to his passing, the late Edgar May reached out to me (and others on my staff) to see whether we would be interested in accepting a donation of his property in Springfield (Muckross) to the state for use as a state park. He was interested in making his land (which includes historic buildings and a lovely swimming pond) available to the public so that everybody, in particular poor and disadvantaged children, could benefit from connecting with nature as he did. After Edgar passed away his family continued to work with us in an effort to fulfill his vision for Muckross.

Because of the ongoing costs associated with bringing a new park into our system, we have proceeded very carefully. However, after careful consideration we are convinced that this property has significant positive value for the people of the Springfield area and the state as a whole as the next addition to Vermont's State Parks.

You should also be aware that there will be some significant initial costs associated with making Muckross usable as a park. The Edgar May Estate has offered a fairly significant monetary donation which will be combined with some state capital appropriations and some federal funding, so that we are comfortable that the major immediate infrastructure needs can be met. I have spoken with Alice Emmons about this and have left messages with Peg Flory to keep them in the loop. I have put in calls to the appropriation committee chairs as well.

The selectboard just voted unanimously in support of our moving ahead with the project and we have been working with local partners, principally Springfield Regional Development Corporation and the Edgar May Health and Recreation Center, to begin forming a solid sustained local network of organizations that would help ensure the park is used right away. We expect

that, at least initially, the park will be used as a passive recreational opportunity for swimming, fishing, hiking, biking, snowshoeing and skiing and also as a venue for environmental education and recreational summer camp programming, which would specifically be targeted for socioeconomically disadvantaged children, working with the Springfield Family Center. An AmeriCorps*VISTA volunteer is already working with us to further these discussions and forge strong partnerships for the possible future operations.

We are now completely confident that the plan for moving forward with both partners and state parks is solid and sustainable. Although the land donation will go through the state the monetary donation and the subsequent fundraising for the buildings and program will go through Vermont Parks Forever – the foundation for Vermont state parks. We are planning (with Madeleine’s help) to announce the new park, and the fundraising effort associated with it, at our Vermont Parks Forever kick-off event on November 1st (although we will likely also mention it in the media run-up to the event). Please let me know how you might want to be involved.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Consolidated Environmental/Agriculture Lab Location: We jointly presented a proposal to the Joint Fiscal Committee along with AAFM, BGS and both the House and Senate Institutions Committees to locate a new lab in Randolph on the Vermont Technical College campus. The Committee approved the recommendation unanimously and directed the agencies to come back to provide a report on the details of the design later this fall.

Lake Champlain Restoration Plan Meeting: At the request of Chairman Deen, we briefed the House Fish, Wildlife and Water Resources Committee on the status of our work to implement the Lake Champlain Phase One Implementation Plan and our discussions with the U.S. Environmental Protection Agency. We will brief this committee and other key legislators over the course of the fall leading up to the 2015 session.

Press Issues/Releases:

Lake Champlain / Lake Carmi Blue-Green Algae Blooms: The media has continued to give significant coverage to the public concerns about blue-green algae blooms in Missisquoi and St. Albans Bays and in Lake Carmi. A particular focus has been on risk to drinking water supplies. We are engaged in discussions with the Health Department and public water suppliers to ensure that we have sufficient protections in place to protect water supplies that draw from the lake.

Clean Vessel Act Grants Available: Federal grant funds are available for projects that will help improve boating pump-out facilities at marinas in VT according to FWD. These facilities are meant to assist boaters with onboard sewage holding tanks to properly dispose of their black water. Having more money for pump-out facilities makes it easier for boaters to do the right thing and have their on-board holding tanks pumped out and sent to a sewage treatment plant.

Muskie Restoration Efforts Continue into Historic Range: FWD continued its Lake Champlain muskellunge restoration efforts by stocking more than 7,000 fingerling muskies into the Missisquoi River and Missisquoi Bay last week. This year, for the second time, muskellunge, or ‘muskie,’ were stocked above Swanton Dam up to the Highgate Falls Dam. This section of the Missisquoi River is the last location in VT that supported a naturally-reproducing native muskie population, before they disappeared in the late 1970s following a chemical spill.

Significant Events/Meetings:

Key Leadership Changes: Three of DEC’s top managers have recently announced that they are leaving. Waste Management and Prevention Division Director George Desch is retiring, as is State Geologist Larry Becker, both with more than 30 years of experience with the state. Air Quality and Climate Division Director Elaine O’Grady is joining the regional association of state air directors (Northeast States for Coordinated Air Use Management or NESCAUM). These departures and their replacements will mark a significant change in DEC’s highest level of civil service managers. We are actively recruiting to ensure that we can draw from a talented pool of applicants.

Spiny Water Flea: Initial sampling for the spiny water flea has confirmed its presence at three monitoring stations in the Main Lake segment of Lake Champlain. There are no known control or eradication options; however this is an opportunity for spread prevention to stop spread to inland Vermont water bodies at public access points. Our fisheries biologists don’t believe the Spiny Water Flea will have a significant impact on the Lake Champlain fishery – but could have a significant impact in our smaller lakes and ponds if it continues to spread. For that reason we are focusing significant effort on educating boaters and anglers on how to prevent the spread of this invasive pest.

Drug Abuse Prevention Workgroup: Environmental Assistance staff gave a presentation this week to the Drug Abuse Prevention Workgroup. The topic was DEC’s Pharmaceuticals and Personal Care Products (PPCP) Workgroup, the environmental concerns with pharmaceuticals in the waste stream, and options for enhancing collection of unused and expired drugs. The Drug Abuse Prevention Workgroup has representation from the Health Department, Public Safety Department, and the medical community. Both workgroups have an overlapping interest in better collection programs for prescription drugs and controlled substances. Discussed were extended producer responsibility programs in British Columbia, CA; King County, WA; and Alameda, CA where the pharmaceutical industry is responsible for household collection programs.

Dam Removal: ANR staff met with representatives from the US Fish and Wildlife Service, Vermont Natural Resources Council, American Rivers, The Nature Conservancy, and Connecticut River Watershed Council to discuss a recent draft proposal by VNRC to start a dam removal program in Vermont. The program would focus on public outreach and education, training for people interested in managing dam removal projects, and removal of dams. The goal of the program would be to educate the public about the impact of dams and the liability of dam

owners, and additionally to build capacity of project managers across the State to assist in removing dams that no longer serve a useful function.

SUMMARY OF KEY DEPARTMENT ACTIVITY

ANR Office of Planning and Legal Affairs

Environmental Court Proceedings: OPLA attorneys this week continued work on the ongoing Costco and Hannaford's permit appeal proceedings, which are currently before the Environmental Court. Briefs are due in both cases Fri, Sept 12.

Melrose Terrace Stakeholder Meeting: OPLA staff represented ANR at a stakeholder meeting convened by Rep. Jeanette White and the Brattleboro Housing Authority to discuss the future disposition of the Melrose Terrace elderly housing property, which was seriously flooded during TS Irene and has seen a history of major flooding. DEC Rivers Program technical staff were also on hand and did an excellent job providing constructive and detailed information regarding the current and future flood risks at the site and the regulatory implications of potential land uses. The all-day meeting was constructive and BHA gained important information and perspective, which they will process and then reconvene the group later this fall to continue the discussion.

TDI NE Clean Power Link: TDI NE provided ANR their proposed inputs for the water quality model being developed for the Lake Champlain portion of their project. OPLA will work with DEC and DFW technical staff to review the proposal and provide TDI comments. The WQ model will be an important component of TDI's Section 248 and 401 water quality certification applications, as it will indicate the level of sediment disturbance, turbidity and discharge associated with the submarine construction of the transmission line – including the loading or re-suspension of phosphorus.

Vermont Gas Phase II: OPLA is working to compile ANR's rebuttal testimony in the Vermont Gas Phase II proceeding. The rebuttal will include testimony from at least two ANR witnesses and will focus on project impacts to wetlands and significant natural communities. Simultaneous with the development of testimony, OPLA staff and attorney – along with technical staff from DEC and DFW – continue to meet with VG's team to work through outstanding issues. At this point ANR is still concerned that Phase II poses an undue adverse impact to the Shoreham Swamp, a state significant natural community (and to a lesser extent the Cornwall Swamp). We are actively working with VG on a potential path to resolve this issue and they will continue to work with landowners abutting the Shoreham Swamp to see if they can secure additional areas for wetland restoration. Provided VG can secure the one parcel they're currently negotiating and some additional wetland restoration land along the Shoreham and Cornwall swamps, there is a decent chance ANR and VG will be able to resolve this issue prior to the technical hearings scheduled to begin Oct 6.

New Applications: For the week of Sept 8, OPLA received 1 new Sec. 248 application and 6 new Act 250 applications.

Environmental Conservation

Water Chestnut in Lake Carmi: In response to the recent confirmation of water chestnut in Lake Carmi, Lakes staff and volunteers successfully searched for and harvested over 6,300 water chestnut plants (roughly 2,100 pounds wet weight) from the outlet area of the lake known locally as Mill Pond. We returned this week to conduct a search of the entire lake and detected no additional areas with water chestnut; additional water chestnut plants were removed from Mill Pond.

Moretown Landfill - Groundwater Corrective Action Plan: Moretown Landfill is installing additional bedrock and background monitoring wells and wells that will be used as the injection points for the treatment system identified in the proposed Groundwater Corrective Action Plan. Once the drilling and development activities are complete, MLI aims to install a simplified pilot treatment system this fall to gather performance data. Additionally, MLI will be testing drilling tailings to ascertain the metals present in the bedrock at the site and the chemical phase that those metals are in. The performance data and metals analysis results will be used to refine the final design of the treatment system.

Burlington Methane Leak Mapping Project: Methane is an important greenhouse gas, more than 20 times more potent than CO₂ over a 100 year period, and even more potent over shorter time periods. The Environmental Defense Fund, in partnership with Google and Colorado State University, has developed methods to detect and map methane leaks from natural gas distribution systems (<http://www.edf.org/climate/methanemaps/partnership>). A Google Street View car, equipped with a fast-response methane sensor is driven along streets in areas with natural gas service and any detectable methane concentrations are mapped. The EDF methane mapping team is coming to Burlington, and the mapping project there is expected to take a month or so.

Salvage Yard Meetings: Waste Management staff have begun scheduling the 2014 “annual training” for salvage yard owners/operators. The first meetings are Nov 4 and 6 in Rutland and Williston respectively. Additional meetings in November will be held in Springfield and St. Johnsbury. The training this year will focus on the draft salvage yard rules.

Korror Real Estate Act 250 Permit Application # 5W1559 (Northfield): This application involves a large pole barn and fills in the Fluvial Erosion Hazard Corridor of the Dog River in Northfield. The project was built without getting an Act 250 permit so this is an after-the-fact application. We are recommending that the Act 250 district commission order removal of the fill and structure because of its dangerous location.

Smugglers Notch Act 250 Land Use Permit: Smugglers Notch appealed their Act 250 Land use Permit to construct and operate a new intake in the Lamoille River for their snowmaking system. Smugglers Notch is appealing the permit because District Commissions added conditions that put further restriction on the use of the two existing water withdrawals that were not included in the Program’s Flow Determination, issued in Dec 2013. Smugglers Notch claims

that the conditions would hamper their ability to make snow and go beyond the snowmaking rules.

Fish & Wildlife

Drone Rule: The Rules prohibiting hunting with Unmanned Aerial Vehicles/Drones was approved by ICAR and will be filed with the Secretary of State later this week. The Posting rule was filed with LCAR and has been set for Committee review on Sept 18.

Deerfield Wind: Staff have been working to finalize mitigation for black bear habitat associated with the Deerfield Wind project. Mitigation is likely to take the form of an easement on approximately 380 acres on Glebe Mtn in Windham.

Bears: Bear hunting season has now begun. Several bears were legally taken during this first week of the season. Wardens continue receiving a surprisingly high number of bear damage complaints throughout the state and as a result wardens charged several individuals in different locations hunting bear over baited areas. Wardens are also receiving numerous landowner vs bear houndsmen complaints. These complaints usually involve bear hounds crossing “posted” property. A sow & two cubs were killed inside a pig pen in Moretown. Another bear in Warren was shot and wounded after ripping into a shed, the wounded bear was not recovered. Another bear was killed by motor vehicle in Maidstone.

Illegally possessed Leopard: Wardens investigated a Craig’s list advertisement regarding the sale of a mounted Leopard from Zimbabwe. The investigation located the leopard at the seller’s home. The seller, a 90 year old man, was unaware the numerous permits required to possess and sell these animals. The mount was very old and wardens discovered there was no intent to violate the law so no enforcement action was taken.

ATV DUI violations: Twice last week wardens stopped two separate drunk ATV operators illegally driving on town highways. The suspects were arrested and turned over to local police departments for prosecution. For one of the operators it was his 4th arrested for DUI making it a felony!

Forest, Parks and Recreation

Unauthorized Construction: FPR staff will be meeting with Morrisville Water and Light and Howard Manosh to discuss the unauthorized construction of a buried power line at Green River SP. We are hopeful that we will be able to resolve this issue in a mutually agreeable manner.

Thetford Hill State Park: Conversations are continuing next week with the Town of Thetford to develop a partnership for the sustained operation of Thetford Hill State Park. The underused park is recognized as a valuable local recreation resource has and can continue to benefit the community in a variety of ways. For the last 5 years, the campground portion of the park has been licensed to a commercial youth adventure camp program. The program is no longer operating and a new operating model is being sought.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: September 12, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

BED Overcharges: BED did, at our request, notify the Board on Friday about the overcharges to the City and UVM at the same time they had a press conference on the matter. The issue seems to be resolved.

VELCO Property Tax Under-Payments: This billing issue was discovered through audit, and was for an amount of about \$200,000. VELCO overpaid Shelburne and underpaid 5 other towns. At our urging, they are making the underpaid towns completely whole, taking it from their administrative budget, and have agreed to not seek cost recovery through their owner utilities.

FairPoint: Having learned about the implementation of another provision of FairPoint's last best offer through the press, and not through FairPoint, we have obtained a confidential list of all provisions of the offer and when FairPoint intends to implement each. Please see the Telecom section of this report for the 16 items. We have also spoken to FairPoint at length about the need to be informed of these changes in advance. In this case, the Vermont President was NOT informed of this week's changes in advance of the Union being notified by

FairPoint Corporate – which resulted in the press. We have sent our letter to FairPoint asking for a response to complaints and service quality issues, and given them until December 1 to rectify problems.

NDCAP: We finally got the press announcement out and arranged plans for first meeting on September 25 in Brattleboro. Good AP press on the appointments.

VGS:

- Management Changes: Don Gilbert reported yesterday they are moving Eileen Simmolardes back into her VP-Regulatory Affairs role, and putting Jim Sinclair in charge of Project Management for this project. Jim will be working with DRM – Kim Hayden and John Marshall, and VGS also has a project management team from Price Waterhouse Cooper working on it internally, though PWC wishes not to have their name or the fact that they are working on this released publically (!)
- Phase I Construction: Improvements in procedures and documentation are slowly being made. We did have a stray voltage measurement and documentation issue that our gas engineer notified VGS about today. The Supreme Court did remand the Phase I appeal to the PSB for them to consider the cost estimate overrun issue for 30 days.
- Phase II Rebuttal Testimony: Being filed today. We are supporting the addition of conditions on RNG and Solar Hot Water to double the benefits of the project to Vermonters. We are leaving maximum flexibility in the testimony and the conditions to give room to move if need be. VGS will probably agree to all the conditions and wish to enter into an MOU. This is not enough for CLF to join on. As a result, we will look reasonable in the context of other parties.

Entergy EPZ: Entergy has come back with a counter proposal to pay \$500,000 per year for 4 years for all three states. We had asked for \$1.3M. After discussions with VDEMHS we are countering today with \$1.1M. Bill Mohl was meeting yesterday with Leahy and Sanders (separately) and I spoke with staff in advance about this issue and asked them to push Entergy on getting this resolved. Have not checked back in with them to see how that went, but I will do so before calling Entergy with counter-offer.

Meetings this Week:

Sept 8 – Chris VEDA Board conference call, Cabinet Meeting at Governor’s home
Sept 9 – Chris, Ed Delhagen meet with Peter Rothstein of New England Clean Energy Council
Sept 10 – Chris lunch with Mary Powell; Chris to Boston for NECPUC dinner meeting;
Sept 11 – Chris sits on Regional System Planning panel at ISO-NE conference in Boston; Asa attends EV purchase incentive options meeting at ANR
Sept 12 – PSD meets with GMP and IBM, to discuss proposal to build 5 megawatt net

metering project at IBM campus; Asa meets with REV; Chris attends National Assn of State Departments of Ag event at Shelburne Farms

Meetings next Week:

Sept 15 – PSD/enviro groups discussion re carbon fuel standard; Asa presents at UVM

Sept 16 – Chris attends Entergy VY meeting at SEOC

Sept 17 – Andy attends Solar Work Group meeting at ANR

Sept 18 – Chris attends VEDA Board Planning meeting at Jay Peak

Sept 19 – Chris attends VEDA Board meeting at Jay Peak

Media: WGBH Radio on ISO talk yesterday, efficiency and DG; AP press on NDCAP; Wilson Ring, AP on BED and WEC being “100% Renewable.”

Everything Else:

PERD

VSPC Load Forecasting Committee

- Group convened to come to consensus on two outstanding assumptions remaining to be made before ITRON finalizes VELCO’s forecast: 1) Which HP saturation rate to use?: EIA’s conservative outlook for New England or GMP’s projections which are based partially on their own program goals. In deciding on GMP’s forecast, there was much discussion of the counter-intuitive expectation by ITRON that HP loads are adding to summer peaks and hardly at all to winter peaks. Regardless the Impact does not show up in the peak forecast until the out years. Decision 2) was what to assume about growth in solar net metering. ITRON had worked out a proposal based on Sun Common development goals and GMP scenario analysis (of Sun Common goals) that showed the capacity peak being hit in mid 2020s. In agreeing to this assumption there was much discussion about whether there exists any impending limits to the rapid growth in solar group systems.

Thermal Energy Finance Pilot Program

- EVT has started working on an informational brochure that can be distributed by fuel dealers to customers considering heating fuel system replacements.

CEDF

- 9/12 - Kick-off meeting with contractors (MNR) hired to conduct an evaluation of CEDF

Total Energy Study

- Per suggestions of TES group, modified charts for Economic Impact Section of Report. Findings are still: nil significant macro impact for any scenario

ANGP Phase II

- Department has decided to run a REMI simulation of ANGP phase II.

Net Metering

- To ensure net metering applicants complete the Renewable Attribute Election portion of the registration/application forms the Department instituted the policy to consider any application/registration omitting the information as incomplete, and send a letter to the PSB recommending it find as such. Four such recommendations were sent to the Board this week.

Incomplete	12.1%
Retain	81.8%
Transfer	
Util	6.1%
	100.0%

Net Metering Activity 9/1/14 – 9/5/14

	Registrations*	Applications	CPGs Granted
Count	32	2	6
kWAC	196.089	169.500	51.96
Ave Size kW	6.127	84.750	8.660

Cumulative Capacity of Registrations and Applications Submitted

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
7819.29	13241.06	51788.69	~ 34.50%

*Note: As of April 1st projects up to 15kW are now eligible for the registration process. Prior to this change, systems larger than 10kW were required to file an application.

Other

- Staff spoke with Dirk Van Susteren about solar PV in Vermont for likely VTDigger story.

Engineering

Vermont Yankee Operation

VY has operated at 100% power for almost all of the current reporting period. A planned power reduction to 80% occurred during the dayshift on Monday, September 8 as part of a rod pattern adjustment. (With VY approaching end of fuel cycle conditions in its last power operation cycle, this may have been the last rod pattern adjustment to be performed at the plant.) This was the only power reduction during the period. VY has conducted planned, routine maintenance and surveillance activities during this period, most notably quarterly operability and surveillance testing of the "A" train Core Spray Pump was conducted on Wednesday, September

3. Additionally, monthly “slow start” testing of the “B” Emergency Diesel Generator was completed over the weekend. The plant has operated continuously for 523 days.

State Nuclear Engineer Meets With NRC Region 1 Reactor Projects Officials

On Tuesday, September 9 the State Nuclear Engineer, Tony Leshinskie, met with Ray McKinley, NRC Region 1 Branch 5 Projects Chief, and Ho Neih, NRC Region 1 Director of Reactor Projects, as they visited the VY site. (Branch 5 of the Reactor Projects Division evaluates VY’s compliance with NRC regulations and determines whether or not additional NRC oversight is required to assure that VY continues to satisfy all safety and security performance objectives mandated by the NRC.) The meeting was an opportunity for Tony to provide his observations on whether VY is operated in a safe and secure manner and to voice any concerns regarding VY’s imminent decommissioning. Tony noted that while VY is currently being operated safely and securely, VY’s operational staff has reached a critical period. Daily VY operational meetings are now discussing final shutdown and defueling plans. As such, VY plant personnel are now acutely aware that “the end is near.” Tony voiced concerns that since this can have a negative impact on plant staff morale, additional diligence is necessary to assure that VY’s continuation of safe and secure operations is not compromised. Tony was assured that the NRC’s Resident Inspectors and the Projects Branch staff will continue to look for signs of degraded safety and security conditions at VY.

Tony also relayed the State’s concern over the imminent elimination of the Emergency Response Data System (ERDS) for VY following its final shutdown. (ERDS is identified in the State’s Radiological Emergency Response Plan as the means to assess the need for regional or state-wide protective orders in response to a radiological emergency at the VY site.) Tony inquired how other decommissioning plants were addressing the elimination of ERDS at their facilities. The NRC officials’ response was that there is currently no set or required means for replacing ERDS at a decommissioning plant. However, they agreed to investigate the matter further to provide additional information.

Lastly, Tony requested that the NRC take note of the high level of concern that has been expressed by individual citizens of Vermont regarding the planned reduction of the VY Emergency Planning Zone once the potential for a Zirconium-water reaction fire in the Spent Fuel Pool has been deemed to be insignificant. The NRC officials indicated that this would be taken into consideration in future assessments of VY.

2014 Vermont Gas Systems Addison Transmission Pipeline Construction

The Department continued to inspect construction and installation processes of the Vermont Gas Systems Inc., Addison Natural Gas Pipeline (ANGP) Project, during this report period. Inspections included further review of the company’s welding specifications, welder certifications and welding operations during pipeline installation. Records and documents available to the Department do not appear adequate to substantiate the specific methods utilized for pipeline installation. The company was informed of this, and re-informed that many of the Department’s requests for information remain incomplete. Additional requests for information related to the project have been made and will continue to be requested from the

company as the project progresses and as the Department requires. VGS appears to be making incremental progress on these issues over the past week. Inspections of pipeline construction also included direct observations of testing for adequacy of pipeline surface condition, pipe coating condition, condition remediation, coating repairs and preparations for pressure testing. 8,400 feet of transmission pipeline facilities have been installed, to date (within the northern most 12 mile section of the project), in Essex and Williston VT.

Hill Farm Brewery Load Growth Issue Resolved

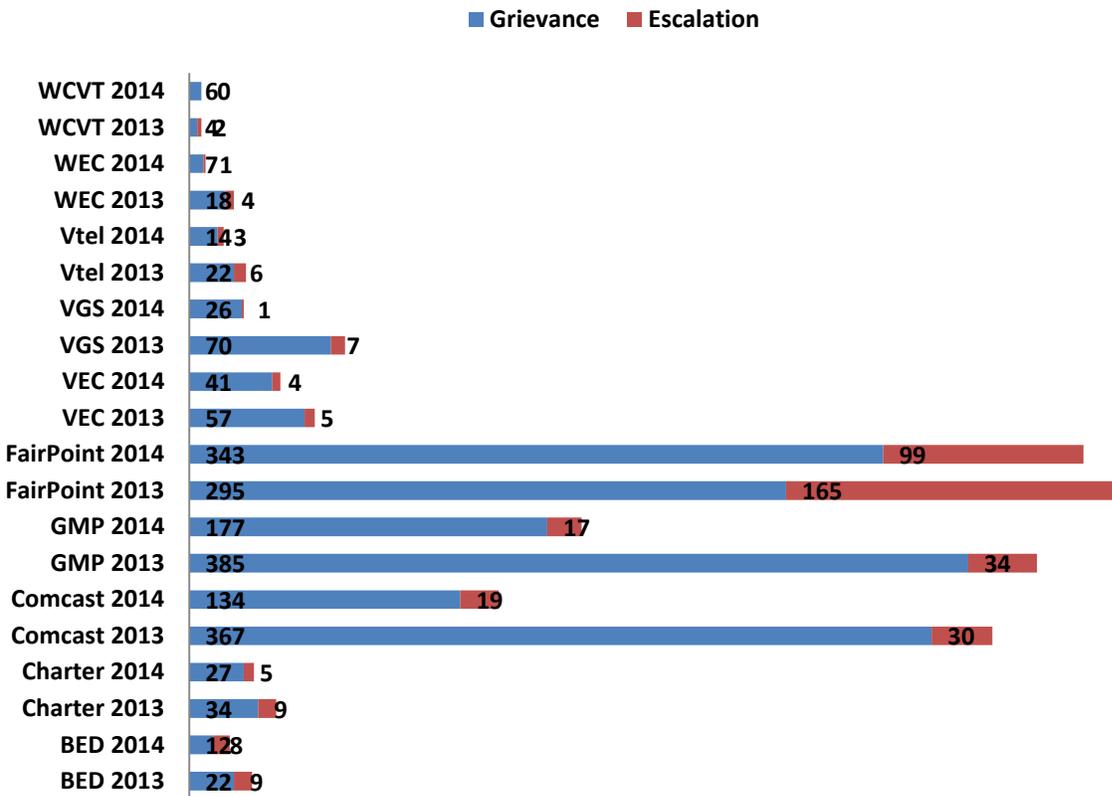
Engineering has successfully assisted CAPI in a resolution to the system requirements and cost allocation. The Department, the consumer, and Hardwick Electric have come to an agreement that the consumer's load requirements can be met by adding a voltage regulator. Hardwick has already upgraded the distribution line from 2400 volts to 7200 volts (this voltage upgrade was part of Hardwick's last Integrated Resource Plan that was never formalized). Engineering worked closely with the consumer's electrician and Hardwick Electric's consulting engineer to come to this resolution to serve this consumer's load growth and allow the expansion of the business.

Docket 8303 Energtek Natural Gas

Engineering worked collaboratively with the Division of Fire Safety to revise the draft MOU in this docket to require additional design and operational reporting by Energtek than was required of NG Advantage. Energtek has agreed to these requirements, and the MOU was filed with the Public Service Board.

CAPI

Number of Complaints Investigated, by Company YTD 2013 and 2014



CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- FairPoint:
 - (6) intermittent or no broadband service
 - (5) delay in phone service restoration
 - (1) service order delay
 - (1) delay in setting new pole
- (2) Unserved broadband
- (1) discrepancy in meter reading by GMP
- (1) line extension/dual pole
- Question regarding DigSafe

Examples of complaints:

FairPoint: Consumer told that business installations take priority over residential installations. Details: A consumer contacted CAPI about a delay in getting phone service installed at a senior living facility, where he had moved a week before. He had contacted FairPoint prior to the move and was assured that he would have service on the day he moved in (August 1). However, as of Friday, August 8, he still did not have service and has no access to 911service. The

consumer had told FairPoint prior to moving that he had a medical condition and needed phone service to reach both doctors and potentially emergency responders. However, he said that each time he has called FairPoint (which he said was every day since August 1), he has been told that Business installations come before Residential installations, and that he is “next on the list” after the Business installations are finished.

OTHER DIVISION ACTIVITY

Lifeline Awareness Week: CAPI sent outreach materials to 8 housing authorities and drafted a press release for the Governor’s office. This program offers a discount on basic landline service for income qualified Vermonters.

FairPoint: CAPI and the Telecom division met with FairPoint to discuss delays by the company in restoring dial tone to customers who have lost service. FairPoint presented data showing that an increase in broadband troubles since April and a failing in FairPoint’s dispatch system, causing technicians to be dispatched to DSL issues when over-the-phone technical support could have addressed the issue, accounted for the delay Vermont customers have seen in phone service restoration. Beginning mid-August, technicians from New Hampshire and Maine have been brought to Vermont to assist the company in restoring their trouble load to normal numbers. Fair Point anticipates repairs will return to normal within a few weeks. CAPI will schedule a follow up meeting with FairPoint later in the month.

Vermont Center for the Deaf and Hard of Hearing: VCDHH decided to close the organization, effective 9/12/14. CAPI found out by reading a news report on Monday, 9/8/14. VCDHH is the Department’s contractor for the *Equipment Distribution Program*. The contract was in the process of renewal, signed by the State and awaiting their signature. CAPI has put immediate attention on developing alternate plans for running the program. In the short term, CAPI will become the contact for consumers of the EDP (including applications for equipment). CAPI will hold the applications until a new source for running the program is identified.

Telephone Relay Service:

- **Contract**: The contract, with Sprint, is in the signature phase. VCDHH is named by Sprint in this contract, to provide outreach to the deaf and hard of hearing community. Sprint is already developing alternate arrangements.
- **Advisory Board Meeting**: we are working to schedule with the members, which has been made more complicated by the closure of VCDHH.

Public Advocacy

Appointment of a Natural Gas Energy Efficiency Utility – Docket 7676 – Parties filed Reply comments on 9/9/14 regarding all proposed language for a draft Order of Appointment (OoA) document. PSD comments emphasized our position that the natural gas EEU structure did not need to be identical to the existing electric EEU structure and urged the Board to approve the

proposed governing documents and commence the natural gas Demand Resource Plan Proceeding, which we noted was the appropriate proceeding in which to address compensation structure and compensation amounts, as well as overall budget and quantifiable performance indicators.

Investigation into the use of electric energy efficiency charge funds to reduce the use of fossil fuels – Docket 8311 – Board staff held a prehearing conference in this matter on 9/4/14 and took under advisement a variety of schedule proposals, some of which called for a series of workshops and comments, while others called for the pre-filing of testimony an exchange of discovery. An initial workshop was scheduled for 9/30/14. Parties are to file proposed agendas for the workshop by 9/12/14. PSB staff will issue a scheduling order after review of the proposed schedules and will also determine whether this docket will be conducted as contested or uncontested matter.

Programmatic Changes to the Standard Offer Program – Docket 7873 – PSD filed comments on 9/5/14 supporting a Motion for Reconsideration by Vermont Public Power Supply Authority (VPPSA) requesting the Board reconsider their ruling denying VPPSA a standard offer contract under the Provider Block allotment of the standard offer. VPPSA's proposal was rejected because their form of "ownership" of the proposed renewable facility is through a Power Purchase Agreement (PPA) and because the facility is larger than the Provider Block allotment. PSD's support for the reconsideration is based on statutory language that defines ownership very broadly and on Board practice to allow facilities larger than allotments in the Developer Block. PSB held a workshop on 9/9/14 on updating Avoided Costs for renewable technologies for the 2015 Standard Offer solicitation and investigating whether there should be specific technology allocations in that solicitation. A technology allocation comment and reply period was set for late September into mid-October. Working groups will be formed to study avoided cost recommendations with either a consensus proposal or a status report and proposed future schedule due to the Board on 10/31.

Charter Cable CPG Renewal – Docket 7820 - The Department must file its discovery responses to Charter's discovery on September 12th. The Department and Charter engaged in further settlement discussions on September 3rd, and the Department continues to revise its proposed CPG conditions based on these negotiations. The Department plans to also consider the AMO's proposed conditions as part of the settlement process, and expects a subsequent round of discussions to occur in the next several weeks.

Investigation into Comcast Disconnection and Billing Practices – Docket 8224 – The Board issued a Memorandum on August 27th soliciting comments from Comcast and the Department on physical disconnections. The Department plans to submit comments on September 10th recommending that the Board decline to place strict limitations on Comcast's ability to conduct physical disconnections, as Comcast reports that it chooses to physically disconnect a customer's service in very narrow circumstances aligned with the Board's concerns, and placing a strict limit on the choice of disconnection raises the potential to interfere with cable system operation and would potential interfere with the company's ability to serve its customers.

GMP Section 248 Winooski Reconductoring – Docket 8264 - The Hearing Officer issued a Memorandum containing several questions for GMP, responses to which are to be submitted in writing in lieu of presenting live witnesses at the technical hearing on September 15th.

Charter Hill Solar – Docket 8212 – A technical hearing will be held on September 17th.

Rule 4.100 Winooski One Proceeding – Docket No. 8010 – The Board issued an order setting an aggressive schedule for this proceeding, requiring testimony from the Department by August 29 and providing for rolling discovery with a short response time (5 calendar days) until September 19. The Department met the initial deadline of August 29 for filing testimony. Given the present scope of discovery requests before the Department, the Department has opted not to seek reconsideration of the aggressive timeframes in this proceeding, but instead to make every effort to meet them. This course of action provides the best chance of a speedy resolution to the proceeding. In order to meet these timeframes, the Department is in the process of executing a follow-up sole source contract with La Capra, to assist in responding to information requests. The follow-up contract will be for up to \$10,000.

VGS – 2015 Base Rates Filing – On August 28, VGS made its annual base rate adjustment pursuant to its alternative regulation plan. The filing reflects an overall firm rate reduction of 0.70 percent. This is down from its projection set forth in its preliminary assessment, which showed a projected increase of approx. 1.5 percent. Much of the reduction is due to VGS's removal (at the Department's urging) of Phase I capital costs, as well as deductions from the System Expansion Fund. The Department's consultants spent much of last week reviewing supporting documentation at VGS headquarters. The Department is seeking additional time for the consultants to file their report with the Board (which is due on Sept. 11). The Department's recommendation is due Sept. 29.

VGS – Agri-mark Special Contract – Special Contract No. 1003 – When VGS filed its special contract with the Board, it provided minimal information describing the structure of the arrangement and little to no information on the underlying economics of the agreement. After multiple discussions with VGS, it became apparent that the economic case for the Agri-Mark special contract was weak, but that the case became much stronger when the three special contracts that will comprise the “gas island” in Middlebury are viewed together. VGS therefore decided to withdraw the Agri-Mark Special Contract and refile with the remaining two contracts (Middlebury College and Vermont Hard Cider). The Department anticipates that these contracts will be filed as a package this or next week, and VGS has issued a press release announcing the arrangement. The Department believes this is a much more reasonable course of action, as the previous filing left significant gaps in the nature of the agreement, which likely would have led to significant Board questions.

GMP – Entergy Excess Revenues Declaratory Order – No Docket – On August 18, GMP filed a petition for declaratory order asking the Board to confirm that the approx. \$18 million Excess Revenues (as established by an MOU entered into when VY was sold to Entergy) belongs to

GMP for the benefit of its ratepayers. The Excess Revenues were generated because of high energy prices from this past winter and was remitted to VYNPC in August. There is a potential dispute as to whether the current owner of VYNPC (which is 100 % GMP) should receive all of the money or if parties to the Power Purchase Agreement (which is 55% GMP and 45% out of state utilities) should receive the money.

On September 10, Department staff learned that GMP (and VYNPC) has received a demand for arbitration from Northeast Utilities pursuant to the Power Purchase Agreement under which NU (and other out-of-state utilities) still have obligations even though they no longer purchase power under that agreement. The demand for arbitration also includes a demand that GMP withdraw its petition before the Board. Separately, GMP has received initial overtures from NU regarding the possibility of settling the matter.

Comcast Charter Merger – Docket 8309 – The Department has been working towards a stipulation with Comcast in the proceeding. The parties have agreed on consumer protection related conditions, and are working toward a Comcast commitment of 100 miles of build-out over five years. The parties intend to submit a stipulation by September 17. The Board denied a motion for reconsideration filed by FairPoint of its intervention order denying FairPoint party status.

Cold River Solar – Docket 8188 – The Department is drafting an initial brief in the wake of technical hearings. The Department did not execute an MOU in this proceeding involving a 2.3 MW facility in Rutland Town, but it generally supports the project provided that adequate CPG conditions are put in place. Initial briefs are due September 22.

Seneca Mountain Wind – Docket 8067 – Seneca Mountain Wind filed comments with the Board on remand, arguing that the MET tower CPG appeal was not moot due to SMW withdrawal of plans to pursue a possible commercial wind development. SMW also notified the Board that it intends to decommission its only operational MET tower in the area within approximately 6 months.

Addison Expansion—Docket 7970 – The Department continues drafting responses to discovery requests on our Old Stage Road aesthetics testimony. They are due September 16. The Town of Monkton filed a motion asking the Board to reconsider its recent approval of VGS’s soil management plan without adding certain requested revisions. The Town did not oppose the Board having lifted the construction stay. The Board has requested that the Supreme Court remand the docket to the Board to “allow for a review of the December 23 Order (Order granting CPG) in light of the VGS cost update.” One resident of Maple Tree Place, a low income housing development adjacent to the Williston staging area, continues to file complaints of alleged CPG violations with the Board and the Department is investigating. We must file a response with the Board by September 15.

Addison Expansion Phase 2—Docket 8180- A status conference was unexpectedly scheduled by the Board for September 17 for unstated reasons. The Department continues to draft rebuttal

testimony which is due September 12. We will be filing policy testimony (Poor) and safety testimony (outside consultant Berger). We have also continued MOU/settlement negotiations with VGS which had earlier been terminated. It appears we are close in principle. Both CLF and ANR have been involved to varying degrees in these settlement talks, but it is unclear what role, if any, either would play.

Energtek-North Country—Petition for Declaratory Ruling that CNG facility is not subject to Board jurisdiction-Docket 8303- An MOU among Energtek, the Department and VGS, together with a P for D, was submitted to the Hearing Officer. ANR did not join the MOU, but has no objections. We support Energtek's request.

Finance and Economics

Electric

Vermont Electric Cooperative - Petition for Approval of Bond Issuance and Short Term Credit Facility: VEC seeks to issue a new series of First Mortgage Bonds in a principal amount not to exceed \$42,000,000. VEC plans to draw on the funds as needed over a four year period (2015-2018) to be used for VEC's capital improvement plan, to fund in-part a community solar project, fund the Northeast Kingdom Connector project, fund expected equity investments in Transco LLC, and fund a continuation of patronage capital retirement. VEC also seeks to replace an existing revolver and enter into a new revolving credit agreement, for up to four year terms, for \$20,000,000 for short term loans, working capital, and letters of credit. Finance & Economics is reviewing the terms and conditions of the credit facilities.

Water

Vermont Water Utilities –Tariff Filing 8517 requesting a 46% rate increase. The company has submitted a revised cost of service to include additional costs primarily associated with a recent Sanitary Survey which has raised the proposed rate increased to 43%. There are potential flaws in the case and staff is working on correcting the cost of service and obtaining documentation from VWU to substantiate its expenses. It is expected that the company will ask for a delay of the effective date. The PSD recommendation is due September 15, 2014

Telecommunications

Status of FairPoint Implementation of its Final Offer to the Union - FairPoint has declared an impasse with contract negotiations. FairPoint has implemented the terms of its final offer. Employees were notified of this on August 28. Below is a more detailed description of actions that will affect the union employees. Any that have no implementation date are currently being considered by FairPoint and FairPoint has said they will notify us prior to implementation. FairPoint also asked that the below list be kept confidential.

1. Pension Plan Freeze – employees were given 45 day notice on 8/29 per ERISA guidelines – effective 10/15.

2. Retiree Benefits – no retiree benefits (health care) for anyone who retires after 8/28. Employees notified by mail per ERISA guidelines.
3. Retiree Benefits (current retirees) – not applicable.
4. Medical, Dental, Vision, Life Insurance, Short-Term/Long-Term Disability – Everything will change 01/01. Employees have received an email explaining open enrollment will be important this year. Currently the union benefits provide 100% company paid benefits. On 01/01 union will receive same benefits as non-union ie: employee contributions – level of contribution dependent upon plan selected.
5. Tuition Assistance – used to be unlimited – now capped at \$4000 per person per year. Used to be paid in advance – now paid after completion of class. Beth not sure when this is effective.
6. Wages – no wage increases but no decreases.
7. New Hire Wages – 80% lower for the top rates (ie: lineman top rate currently \$90,000 – new hire would be 20% less than \$90,000.)
8. Cost of Living Adjustment – none.
9. Sub-Contracting – Where permissible it is now being done. Sub-contractors still not permissible if they will cause lay-offs to current union employees. Sub-contractors will mainly be used for exceptional circumstances and customer premise work.
10. Paid Sick Time – Used to be unlimited. Will change to 5 days per calendar year – effective 01/01.
11. Work and Family Committee Fund – This Committee is predominately used for elder and child care – and summer camp. This fund will no longer be funded – will exist until current money runs out. There is approximately \$225,000 remaining in the fund.
12. Side Letters – Past side letter agreements are voided.
13. Successorship Eliminated – If the company is sold during this period the union contract does not go with the sale. ie: purchaser would take with no union obligation.
14. Call Outs and Stand-by Duty - This hasn't been implemented yet. Ultimately there will be mandatory call out duty.
15. Lay-Off and Recall – Not implemented yet. It will become easier for FairPoint to lay off someone. The recall process will also be less favorable to union workers.
16. Job Security – (no involuntary layoffs) – you could not be laid off if hired prior to a date certain – this will be eliminated.

Comcast/Charter Merger – The Department has asked for certain CAPI conditions as well as an additional 100 mile cable build-out over a 5 year period. We are still negotiating with Comcast and have requested an extension from the Board until Wednesday, September 17, to file a stipulation or testimony and litigation schedule.

Broadband Data Request – PSD staff continues to seek clarification about broadband availability at various speeds from service providers. Most providers are not able or not willing to provide address-specific speed information. Cable operators offer speeds of 500 mbps in some locations, but offer 150 mbps to all customers. DSL operators offer speeds of up to 15 mbps in some locations, but the highest speeds available to all customers is 768/200 (FairPoint) or 4/1 (Rural telcos). Therefore speed specific information will be based on including or excluding all

services from specific providers. This means that the analysis will contain inherent errors.

Broadband Speed Tier Analysis – PSD staff has directed Stone Environmental to perform an analysis of broadband availability in four speed tiers, including 100/100, 100/10, 4/1, and 768/200. The resulting report will include locations and road miles, by town, for each tier. This information can be used to prepare estimates of the costs to deploy fiber to the locations in the various speed tiers

Charter Discovery – PSD staff has responded to discovery from Charter in the Charter CPG renewal. Charter has proposed that the cable route be identified as confidential in a CPG condition. PSD staff indicated in discovery that the cable route map is required to be filed in the annual report by statute, and that no other cable company has ever claimed that the route map is confidential. In addition the statewide cable route maps have been posted on the VCGI website since at least 2007 and no cable companies have complained.

Richmond VTel 248a – The Board issued a proposal for decision in a 248a proceeding involving a proposed VTel facility in Richmond. The case has been in litigation since November of 2013. The decision, while favorable to VTel presents some problems. First, the decision relies on a reading of the 248a statute that does not conform with the plain meaning of the statute. Under the hearing officer’s proposal, municipal recommendations would be limited to land conservation measures. Even where a recommendation is supported by a zoning ordinance, the town would need to draw some link between the town and an articulated land conservation measure. The statute does not appear to require this. The outcome of the decision and the disposition of the case, however, are in line with the Department’s recommendations.

Telecommunications Plan – Staff is reviewing comments received during the comment period. Many of the comments are helpful and will help us strengthen the plan. Some comments are not so helpful. The Plan will take into consideration all comments. Below is a general summary of the types of comments received:

1. *The Plan discourages municipal broadband and treats munis as a competitive threat to incumbents.* The Plan does not actually say that municipal broadband is a competitive threat. The Plan suggests that in some instances municipal broadband may have the net effect of reducing competition and. In those instances, municipal telecom should be discouraged. This policy piece was narrowly tailored to allow for municipal broadband in certain instances, especially in areas where competition does not exist and will not exist. The Plan should also give greater explanation as to the State’s position on this point. The Plan should be revised to objectively discuss the possible benefits of municipal broadband. Much of the controversy over this point seems to be center on a misunderstanding by the public as to its effect.
2. *Open Access.* Vermonters have stated that they do not wish to hear that they cannot do something. Vermonters appear to want to impose open access requirements on incumbent providers (including cable providers) regardless of whether there is a legal basis for doing so. More to the point, commenters fundamentally disagree with the myriad of policy reasons why open access provisions may not be helpful to

Vermont. The Plan will be revised to include suggestions for where open access requirements can be imposed. For instance grants administered through the Connectivity Initiative could impose open access obligations on grant recipients similar to those used by the VTA and RUS.

3. *Revolving Loan Fund.* Fiber advocates have argued that in lieu of grants, the state should establish a loan financing program that could provide capital to providers. The fundamental flaw in this idea is that *most* providers do not lack access to capital. Most providers can get financing at competitive rates. The problem for the state is that there is no business case for many of the areas in which the state seeks to expand service. Such a loan program would suffer from the same issues that the VTA’s bonding authority: no business justification for issuing a loan. A grant program addresses the lack of a business case by subsidizing the investment costs. This in turn increases likelihood of recouping that investment
4. *Net Neutrality.* The plan did not squarely address net neutrality, although it was highly critical of the FCC’s classification of broadband service as an information service. This was unfortunately lost on readers, who have accused us of not supporting net neutrality. The State of Vermont broadly supports the reclassification of broadband as a telecommunications service. The Department plans to join The Public Service Board in its comments in Docket 14-28 in support of net neutrality. It should also be noted that the AG’s office has written a letter to the FCC in support of net neutrality measures as well. The Plan should be revised accordingly.
5. *CAF II funding* – the plan currently supports leveraging the use of CAF II funding to maximize the amount of funds available to Vermont. Some have criticized the Department for supporting investments in obsolete technology (i.e. DSL). The State has no control over the distribution of CAF II funds. The State could advocate for an alternative to the current regime but that would likely be counterproductive given the amount of time and resources already devoted to the administration of CAF II. The plan will articulate with more specificity a strategy for addressing those locations not eligible for CAF II support. Rather than focus on leveraging CAF support, the revised Plan will prioritize considerations. Those locations that receive no CAF II funding will get Connectivity Initiative priority over those subsidized by CAF II. Revisions to the Plan will reflect this with greater clarity.
6. *Cost Calculations.* The revised plan will provide estimated cost data for the deployment of fiber to the home.

Staff is continuing its review of the comments. The Comment period ends September 30.

Wireless Telecommunications Facilities (248a) Report –

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

Date	Applicant/Location/Type of Filing	Brief Synopsis and if applicable DPS recommendation to the Public Service Board
9/8/2014	AT&T/Windsor Mt. Ascutney/project of limited size and scope	In its original application (6/19/14) AT&T had omitted signal coverage maps and a radio frequency emissions study; so DPS could not offer recommendation to the Board until those were

		provided. AT&T provided the coverage maps but not the MPE analysis. Because public health and safety is conditionally waived for projects of limited size and scope and because this tower is located on Mt. Ascutney, DPS recommended approval of the project despite AT&T's omission.
9/10/2014	VTel/Hartford (Quechee)/project of limited size and scope	8/29/14 Board memo requests DPS respond to Town's opposition to the project. Town opposes as proposed, but recommends conditions that would improve the project; DPS recommended approval with the Town's conditions on CPG.

Radio Frequency Expert

Telecom staff continue to seek an RF expert to perform a study of cellular and LTE signal propagation at various heights for a particular proposed tower site. Once identified, it is likely this expert will perform additional studies, because more and more often it seems as though towns are questioning applicants' data regarding required tower height and resulting signal coverage.

Regional Policy

Energy Market Design

- Vitol, and energy trading company that operates in the New England electricity markets, commissioned a paper from a Harvard economics professor that argues for improving market efficiency through decreased out-of-market payments. Vitol held a meeting with staff from the New England states and the author, William Hogan, to provide Hogan with an opportunity to make his case and have the states question him. Vitol indicated that it will also be reaching out to other stakeholders and is likely to propose market rule changes based upon Hogan's paper.
- ISO-NE has been holding technical workshops on price formation and potential strategies to increase market efficiency, although ISO-NE is saying that it is not pushing any specific proposal at this time.
- Hogan's proposal, and several of the strategies being presented by ISO-NE, would increase market efficiency and reduce out-of-market payments. However, the trade-off is that consumers would likely see higher wholesale energy prices. At this point there is no proposal in front of NEPOOL, but it is likely that there will be continuing informal discussions with a proposal sometimes in the next few months.

Connecticut PURA and SPEED

- Vermonters for a Clean Environment and Ridge Protectors, Inc. filed supplemental comments with the CT Public Utilities Regulatory Authority attempting to rebut the argument of the DPS and the Vermont utilities that there is no SPEED goal until 2017, and therefore, no possibility of double-counting until that time.

- PURA staff stated that a decision will not be issued until late September at the earliest and encouraged DPS staff to file reply comments. Staff have prepared reply comments which will be circulated internally.

State of Vermont
Department of Public Safety
103 South Main Street
Waterbury, Vermont 05671-2101
www.dps.state.vt.us

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: September 12, 2014
Subject: Weekly Report

Vermont State Police

A Troop

Troopers responded to a fatal crash on I 89 in Milton during a large rain storm. 79 year old male driver deceased.

At approximately 6:35AM the Vermont State Police received a call requesting a welfare check for a 24 year old male, later identified as Sean Francalangia, who was threatening suicide at his residence on East Hill Road in Eden. Troopers were dispatched; along with an ambulance to stage nearby. While units were responding, dispatch continued communications with the reporting party. At approximately 7:00AM, the caller reported that Francalangia was now in the bathroom holding a knife to his neck. A Deputy from the Lamoille County Sheriff's Department, along with an officer from Morrisville Police Department and a warden from Vermont Fish and Wildlife were dispatched. Dispatchers also contacted Lamoille County Mental Health; who advised they would respond once Francalangia was taken to Copley Hospital for evaluation. Upon arrival, officers communicated with family members regarding the situation and then took positions out of direct view of the bathroom. Francalangia emerged from the bathroom with an apparent self-inflicted knife wound to his neck, and was bleeding profusely. Francalangia continued to use the knife to stab himself in the neck. Tasers were deployed in an attempt prevent Francalangia from further injuring himself; however it was ineffective. Troopers and officers then physically engaged Francalangia to remove the knife from his hands; placing themselves in great danger. Ultimately officers were able to break the knife blade from the handle, rendering the weapon useless. Francalangia was secured and the ambulance, staged nearby, took over medical care. Francalangia was transported to Copley Hospital in Morrisville, where he succumbed to his injuries.

Suicide attempt/Officer Involved shooting in Bristol, 6 BCI members from A-Troop and 2 from C-Troop responded, investigation continues with attempts again today (Monday) to interview the two hospitalized. In depth interview for Sgt. Dion scheduled for Tuesday afternoon in Williston.

Det. Sgt. Potter struck by oncoming car in his lane of travel Thursday, returning to work today (Monday). Treated for soreness but otherwise uninjured. Struck by 80 year old FLA resident, unknown why he crossed centerline. EQ damaged too much to be driven.

B Troop

After a lengthy investigation uniform troopers arrested Brent Sarazin (28), Savanna Sarazin (25) & Joshua Call (22) for a string of burglaries which occurred in the towns of Burke and Lyndon. Brent Sarazin is being charged with eleven counts of burglary, Savanna Sarazin is being charged with five counts of burglary and Joshua Call is being charged with two counts of burglary. Many of the victims reported safes, cash, change and guns taken from their residence. The trio was trading guns for drugs. NIU and ATF involved. Brent admitted to 4 additional burglaries that had not been reported.

Three reports of L&L in the Lyndonville area, which are all believed to be the same offender. One involved a report of an unknown male driving a silver SUV exposing himself to a female at the intersection of Broad/Center Street in Lyndonville. The victim reported the offender called her over to ask for directions and when she went over to assist him he exposed himself.

Tari Turnbaugh (17) was in DCF custody staying with a foster family in Berlin. On 08/25/14, DCF moved Turnbaugh to a new residence in St. Johnsbury against her wishes. Turnbaugh was unhappy with her new foster family and took off with three unknown subjects on 08/31/14. It was reported Turnbaugh went out of state. Turnbaugh was due to turn 18 on 09/06/14. BCI & the VIC called out to assist with the investigation. On Friday night, Turnbaugh turned herself into Middlesex, NJ PD. She was staying with family in NJ and wanted out of DCF custody.

Mental health subject walking into houses saying he was King Kong, subject taken into custody, mental Health assisted.

Death investigation involving a 3 month old. Child was born with health problems and the parents have drug dependency issues. Autopsy revealed no signs of physical trauma. Toxicology is pending. Medical Examiner in NH is classifying it as a "SIDS Death" at this time.

C Troop

Officer involved shooting in Bristol, troopers responded to a suicidal subject, while in route, male subject shoots himself, female then takes weapon, troopers arrive, female advances towards troopers and would not drop the weapon. Trooper fired one shot to incapacitate the female, both subjects still alive.

D Troop

New theft case from the motel Westminster. Subject walked out of Motel with TV, several witnesses at the motel interviewed. Cited suspect on Friday for larceny.

New residential burglary case Westminster. Copper piping cut and removed. Neighborhood canvas done, suspect interviewed and denied breaking in.

Infant death; Bellows Falls, suspected co-sleeping asphyxiation, father intoxicated

Suicide in Hartland, boyfriend despondent over ex-girlfriend having new boyfriend. Drove onto her lawn, got out and shot self with shotgun.

Fire investigation at a church in Dummerston on Tuesday. The fire chief did not hold the scene and only call VSP because he wanted someone to confirm the fact the fire was due to an electrical outlet that had failed. Sgt. Otis responded and quickly realized the outlet had nothing to do with the fire. Sgt. Otis called Sgt. Sutton, who was on his way to CT for K-9 recert and turned around to come back, to respond. The K-9 hit on 5 different locations. Sgt. Otis took a number of samples to send to the lab. Sgt. Otis learned that uniform troopers in Bratt had responded to a report of a Molotov cocktail in the road, near the church, about a month earlier. The uniform troops had emptied the mason jar full of gasoline but kept the jar as evidence. Sgt. Otis responded to the area where the Molotov cocktail was found and while doing a neighborhood canvas he spoke to the town road foreman. The foreman advised of some items that had been burned in the woods nearby and a local 19 year old they suspected was burning stuff in the woods. Sgt. Otis went to the 19 year old's house and during the interview the male confessed to setting the church fire and placing the Molotov cocktail in the road. The male advised he worshiped "satan" and he burned the church for him. Sgt. Otis spoke to the SA and then a judge. Conditions were placed on the male and the male was issued a citation.

Emergency Management/Homeland Security

The remaining 6 recommendations from the audit performed in 2013 of prior years' Homeland Security Grant Program funding were closed "satisfactorily" by the OIG.

57.9% of LEOPs have been submitted by VT municipalities. The due date was 5/1/14. DEMHS continues to work with VT communities to complete and submit the LEOP. PREPAREDNESS MONTH – September is National Preparedness Month. As such, the following activities have been conducted a) Deputy Director interviewed on WVNR "Coffee Break" show about preparedness, b) Using social media to pass along preparedness messages and c) Op-ed in Brattleboro Reformer.

FEMA issued a JFO closure memo expecting the Williston JFO to collapse into Region 1 by 9/19/14.

Legislative Contacts:

Corresponded with Westminster Town Manager and State Reps. Deen and Mrowicki regarding an upcoming meeting to discuss potential other state funding (e.g. / ERAF) to assist Westminster with an Irene funding gap related to the bridge on Covered Bridge Road. PA is not going to fully cover this.

Recovery and Mitigation Chief attended a Flood Forum in Chester and later sent a brief to Rep. Leigh Dakin, one of the organizers of the event.

Fire Safety

The Division received \$25 Million in new plan review construction valuation collecting \$138,000.00 in permit fee revenue.

On September 3, 2014 I (Director Fire Safety) received an email from you (Commissioner) regarding a complaint you received from the Governor's Office reference a delay in issuing a construction permit for a service station project in the Stratton area. The permit has been issued with conditions however it should be noted the plans are still incomplete and the approval was based on information available at time of review.

Director DeRoscher met with Commissioner Smith (Tourism and Marketing) regarding concerns about the inspection of existing rental housing particularly in Killington. Commissioner Smith received a complaint from a building owner who was upset to find out his rental properties were going to be inspected. Commissioner Smith offered a meeting with a couple of the property management companies in the local area of Killington which I agreed would be helpful. I also advised the Commissioner we were actively working with the real-estate industry throughout Vermont as we have attended many meetings all over the State. Once Commissioner Smith makes the contact with the property managers we will meet with them to answer any questions they might have.

Revenue for Fire Safety in FY15 Budget (July 1-September 11) real strong according to our deposit reports.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: September 12, 2014

SUBJECT: Confidential Report to the Governor

CHIEF PERFORMANCE OFFICER

Issue Updates:

On Tuesday September 9, 2014 the Chief Performance Officer, the Department of Finance & Management, and the State Auditor's Office jointly hosted training for almost 200 statewide business office and grant management staff. The seminar focused on the new OMB Unified Guidance for federal awards, which becomes effective December 26, 2014, and will impact the monitoring, reporting, and auditing of all federal funds received by the state and/or granted out, after this date. The new OMB rules consolidate and modify seven previously separate federal circulars. The FY 2015 year-end federal single audit cycle will be especially challenging, with one set of rules applicable to part of the year and another set applicable to the remainder. Accordingly, the State has consolidated the formerly separate federal and state grant policies into one new *Administrative Bulletin 5 ~ Policy for Grant Issuance and Monitoring*. Currently, a draft version of the proposed Bulletin 5 is out to agencies/department for a 30-day comment period

BUILDINGS AND GENERAL RESOURCES

Of Interest to 5th Floor from BGS Directors:

Montpelier – 109 State Street 5th Floor Window Replacement: Exterior work is ongoing. Interior work will start Friday afternoon in the Finance area.

Montpelier – 110 State Street Front Entry Porch: Restoration of the porch has started and Walker Construction has set up scaffolding, shored up the gable porch roof, and removed two of the four fluted columns so they may be stripped and restored off site. The deteriorated bases are currently being rebuilt/restored and Marineau is prepping the porch for paint restoration. Mary Jo Llewellyn is performing paint analysis to confirm the historic paint scheme. Total estimate \$40k.

Montpelier – State House Lawn Shepard’s Crook: Walkway pavers are scheduled to be lifted on 9/22 in preparation for our maintenance staff to install a new conduit run. New lights poles are anticipated to ship by October 1st.

Montpelier – 122 State Street Heat Plant: The first Heat Plant Coordinating Committee is scheduled for September 18, 2014. All listed punch list items have been completed. There are still warranty and change order items to complete. The mechanical contractor is on site to install the correction for the water hammering issue. This work will take two weeks to complete.

Windsor – SESCOF: All Earth vendors are on site doing the layout for the solar array. Survey crew is on site and will be done with the layout today. Equipment and project personnel due on Thursday.

Bloomer Condo Association:

- Financials in review and minutes published- meeting in Rutland this week
- Existing Bloomer tenant getting anxious about future lease option. Not ready to act on this one yet.
- Mixed use or all SOV is the question we need to address

WSOC: The 3000yd stockpile of material will start to leave the site next week. Casella will be hauling it to a landfill in NY State. Additional sampling and testing will be required to determine the overall extent of material. This action will take place on Friday and the results will provide the data required identify additional treatment measures.

Vermont Veteran’s Home: Bennington VVH Mold (Peter Hack): Progressing well. Insulating and waterproofing this week. Revising schedule with verified equipment delivery dates.

Significant Events/Meetings:

NASPO: Attended the meeting on Monday, September 8th, along with Wanda Minoli to introduce Phil Scotts. The convention was a home run.

VSECU – 144 State Street: Met with Rob Miller, CEO of VSECU and Mike Clasen to discuss the possible development of 144 and 146 State Street and/or Stanley Wasson at the WSOC. There is resistance to development of State Street location because some space pledged for new maintenance building.

Lake Champlain Clean Up Fund: Met with David Mears and Trey Martin to be briefed on clean water initiative and possible participation in Capital Bill.

Austine School: Numerous conversations with invested parties include Bill Gurney and James Tucker to discuss the situation. Per legal advice of Bill Griffin, lien is being filed in Brattleboro property records today.

Legislative Issues/Contacts:

State Land in Vergennes: Conference call with Sen. Ayers, Rep. Lanpher, Robin Sheu from Addison County, Pat Moulton and Allen Palmer to discuss the availability of 15,000 sq. ft. rent free space for business prospect.

FINANCE AND MANAGEMENT

There will be five vendor presentations for the end of September and October related to the requirements gathering RFP for the VISION upgrade.

Staff is meeting with the Joint Fiscal Office to discuss VISION data needs related to health care modeling.

FY 2016 budget instructions are scheduled to be sent to Agencies and Departments today. As of the morning of September 9, 2014, the food fight fund has received \$304,040.44 in donations from 1,183 individuals/organizations. This includes \$50,000 from Chipotle and \$5,000 from Ben & Jerry's.

HEALTH CARE REFORM

Issue Updates:

Green Mountain Care Planning and Financing: The Governor's Consumer Advisory Council previewed the informational videos on today system. The response was overall positive and we did get some good feedback. This group also got an educational presentation on the ACA waiver and discussed the issues and options related to that process. We also asked members to share any outreach or communications plans they had for the purposes of coordinating among the advocacy groups.

The consultant work is making good progress. We are drilling into benefit plan design details and expect to have options for the Governor in early October. We hope to begin the public input process shortly after the election in November and go to the GMCB the first week in December. Robin is working on a stakeholder engagement plan and will share that with the leadership team shortly.

We are working on an RFP on GMC operational design, which could be a conduit for obtaining assistance from private partners who would like to be considered as the third party administrator. Robin would like to have that RFP go out by the end of September in order to have a set of private partners on contract for the legislative session.

SIM Update: SIM convened several work groups this week as well as the Core Team. There are two major items on the SIM agenda: review and selection of the second round of sub-grant awardees and review and selection of year two quality measures for the commercial and Medicaid Shared Savings Programs. This will occur over the next six weeks and we expect to receive more than 30 applications. The SIM Core Team will select around 7-12 awardees (depending on the applications) and it will total around \$3m in awards. This money will go directly to providers around the state to foster on the ground innovation. The Core Team is soliciting public comment on the quality measure set and will discuss the measures (and hopefully vote on them) on September 29th. As previously mentioned, the measures are

hotly debated and stakeholders have very strong feelings about what measures to include in the measure set.

The SIM Team is also working on revising our Operational Plan for the second year of the project. This will include some programmatic redesign for the payment models based on implementation and operational realities. We expect this to be completed by November 1st.

Significant Meetings:

VITL Summit & Board Meeting: The Governor addressed the audience and introduced Dr. DeSalvo. His remarks were well received by the audience, from the anecdotal conversations Robin had over the remaining course of the day. VITL has rolled out VITLAccess to one pilot site successfully and is working now to roll it out in the other pilot sites. After the pilot sites are working, they will roll it out to other providers in the same communities as the pilot sites. The expectation is to have it generally available to providers by the end of the calendar year.

National Coordinator for Health IT, Dr. Karen DeSalvo: The Governor met with Dr. DeSalvo, who shared her vision for HIT as a tool for improving care coordination. Dr. DeSalvo is a practicing physician and also has a public health background, so her vision for HIT is broad and ambitious. She recognizes that the federal policies have not done enough to promote interoperability between clinical records systems. She was very impressed by the work Vermont is doing, both with VITL as well as through the SIM grant. Overall, this was a very positive meeting and Robin will be following up with Dr. DeSalvo's staff person on Vermont's efforts.

Legislative Issues/Contacts:

HROC: Lawrence and Robin went to the health reform commission. The only thing of note was the committee's interest and focus on DII's role in the VHC & the HSE program.

HUMAN RESOURCES

Press Contacts:

Burlington Free Press contacted DHR for guidance on State policies re: tattoos and piercings. They were informed there is no global policy, rather, individual departments may establish appearance standards as they believe appropriate for their particular business, within the confines of our overall policies and collective bargaining agreements.

Evolving Issues:

- During the legislative session the maximum number of hours a temporary employee could work was reduced from 1,520 to 1,280, with DHR retaining authority to grant exceptions upon appointing authority request with documented justification. Current numbers are as follows:

Agency/Department	Number of Waivers Approved for Individual Temporary Employees	8/21/14 Active Temps	CY14 Total Temps
Agriculture, Food & Markets	1	9	11
Corrections	13	54	138
Dept for Children & Families	47	143	222
Enhanced 911 Board	1	1	2
Health	1	61	75
Liquor Control	2	7	10
Transportation/DMV	14	166	231
Vermont Health Access	8	12	19
Grand Total	87	453	708

DHR is required to present a report to the Legislature in January.

- Pursuant to a pilot program authorized by the Legislature, DCF and DEC have been given limited authority to create positions within their organizations. Effective 9/11/2014, DHR has created 73 DCF positions and 11 DEC positions. It should be noted that VSEA is supportive of the pilot program.
- Scheduled negotiations with VSEA for September 23, 2014 to discuss pre-employment physicals, abuse registry checks and fingerprint supported background checks for existing state employees employed by the Vermont Psychiatric Care Hospital and the Secure Residential Facility in Middlesex.
- Flu shot sign ups went on-line 9/10/2014. DHR discussed with VSEA whether VSEA was opposed to flu shots for non plan participants being paid for out of the medical plan. VSEA stated they would take it under consideration.
- Employer Group Waiver Plan (EGWP): DHR continues to work on operational issues. Meeting held with the Benefits Advisory Committee (BAC) (VTA, VSEA, and Retiree reps) and ESI for an in-depth review. Delivered a coordinated presentation to the Vermont Retired State Employees Association on EGWP to 160 members, including a lively Q&A which went very well. The first set of letters to go out to retirees are scheduled to go out about the end of next week.
- BAC: At the BAC meeting, ESI presented information on the formulary changes for this year, as well as detailed info on 2 specific concerns, compound drugs and specialty drugs. DHR also discussed in general terms the fact that med claims are higher than expected. DHR committed to providing analysis of what is driving the increases once the data analysis is completed.
- DHR Commissioner sent a letter to CIGNA asking for their cooperation in providing further documentation pursuant to an audit of CIGNA which found a fairly high error rate in claims

paid. Additionally, DHR informed BCBSVT that the state would be performing an implementation audit.

- Conferenced with the Secretary and Deputy Secretary along with Public Safety on how overtime for troopers is presented, and categorized. DHR will be following up with the Business Manager at Public Safety working through some of these issues, and report back to the Secretary and Deputy Secretary.
- JFO made a request for query access to all leg branch HR data. They will make a formal request through the DHR system. JFO also inquired about access to all HR data, but they are not pushing that right now (per Steve Klein).

INFORMATION AND INNOVATION

No report.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

Ed Finance: We met with our practitioner advisory board this week, and we have our business advisory board next, and we are using some time to test drive some of our early draft ed finance materials aimed at de-mystifying the status quo. Crashed and burned with practitioners – they did drag the conversation into all sorts of rabbit holes with anecdotes and myriad suggestions. Particularly tough crowd with their technical background, but lessons learned.

Top 100 Delinquent List: The press release issued on Monday got a fair amount of coverage, and the first round of letters went out to candidates for the list. Our stats show that there are approximately 9000 businesses and 19,000 individuals who are delinquent for over 90 days (approximately \$144M) – which excludes accounts that are in appeal, bankruptcy, hardship or a payment plan (another \$35M). The list obviously is quite dynamic at this point, but currently the parameters for the list are landing at accounts over \$1M to below \$100,000 (we don't want to release the exact numbers, since we really can't know at this point where the 100th taxpayer will end up for debt – and we don't want taxpayers at lower amounts to feel complacent). We haven't had any delinquent taxpayers come forward as of yet. However, the publicity has stirred up commentary about how unfair tax law and audits are - to be expected. We try to emphasize that taxpayers had the opportunity to appeal before the liability became fixed, final and delinquent.

Operations:

VTax: The project continues on track – we will cutover to VTax for corporate and business income, as well as fuel gross receipts, in early December. The cutover will require the Department to go dark on all tax types, likely for three days, from December 3 turning back on December 8. Taxpayers will still be able to file, and money will be deposited, however we will not process returns during this period, and will not be able to answer account questions or conduct audit and collection. Corporate and business tax

results will be reported after this date in the improved VTax format (until we complete the project in 2017, we will have two sets of reports).

Policy Director: In the absence of a policy director, Candace Morgan will be acting as the Department's legislative liaison this session (as it happens, she is marrying Shap's new staff assistant this weekend). Patti Bisson, a respected local practitioner, has signed on with the Department through the legislative session as an interim principal assistant to fill in on special assignments. In the meantime, we are advertising the position.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: September 12, 2014
Re: Weekly Report

Status of Governor's Priorities:

- Working on ideas for the FY16 budget and what are the expected needs of the Department as we continue to grow our business.
- I will be speaking and moderating a panel on marijuana at a national conference of multiple states in October. Some of these states have the issue coming to a ballot initiative or a potential legislative change.
- Working with Rand Corp on information regarding other state regulatory approaches to marijuana.

Legislative Issues/Contacts/Updates:

- Looking at potential issues for the upcoming session. I don't see many on the alcohol side with some technical fixes.

Press Issues/Releases/Contacts: Nothing now.

Significant Events/Meetings: Next Board Meeting 10/08/2014 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems.
- Working with DII on ITOP changes.
- Preliminary review of department processes for potential licensing and enforcement system.
- Performance Audit underway. Report hopefully in September.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners.
- Working with VIC on break open ticket reporting process. Prototype has been developed. Working with Tax and should roll out this reporting process in January 2015.

Summary of Key Department Activity:

- Working on a Pilot Program to help the Department increase its business and eliminate some of the impediments to future business growth.
- Trying to foster some partnerships with big out of state distillers so that they can find ways to work with our instate distillers in a market that is bursting at the seams.

Commissioner's Commentary:

Have a great weekend.

****Note from Aly: this is the first report from the Agency Legislative Prep meetings. You will get one for each Agency in this format over the coming weeks, in the weekly reports. Please let me know if you would like me to change the format before I do the rest.**

Legislative Prep Worksheet - ACCD

1. Pro-active

-  **JOBS PACKAGE**
 - i. *Description:* Workforce training, expand on VT Training program, match training to specific needs of employers
 - ii. *Partners:* VDOL/AOE, biz associations, businesses, higher ed especially VSC
 - iii. *Action:* ACCD creating menu of options to share with Governor
 - iv. *Problems:* A “workforce plan” was called for under S.220 last year, without timeline. It will take longer than one year to create a comprehensive “workforce plan” for the full state – is this something that ACCD should start work on?
-  **HOUSING PACKAGE**
 - i. Jen/Angus working on plan for Governor review – includes spectrum of affordable housing from low to middle income, may be able to include outstanding issues on evictions law (easier to evict bad tenants to encourage more people to become landlords) and Capital Bill Funding for affordable housing (working with BGS on this).
- Series of VT Biz 101 Presentation for legislature, including CEDS overview, can also include Gov Priorities, HC plan, LEAN process etc – no statute/money needed, pro-active engagement of legislators
-  Marketing Money for VT recruitment – Great Jobs in VT etc – if made a priority with money, can expand efforts
-  2 new positions at ACCD
-  R & D Tax Credit back to 30% (was downgraded this past legislative session)

2. Defensive

- Paid Sick – another example of death by 1,000 cuts for biz community (should commend biz that already offer paid sick, many do – even if businesses DO offer it already, they aren’t necessarily for the change in law, because then they will lose market advantage)
- Evictions – shorten eviction process, opens up housing (will come up – should we make it part of housing package?)
- Maintain off-site mitigation option (working with Ron Shems)
- Dedicated funding for Tourism/Marketing – comes up every year, continue to say we are against dedicated funding streams, everything comes through Gov proposed budget

3. House-Keeping/Neutral

- Downtown transportation grant salary clarification

- CMO Statute out of session law, into green books
- Tax garages under TIF clarification
- \$ 10 year plan for Capital Bill, include plan for historic sites
- \$ \$30,000 for Municipal Planning Manual
- Neighborhood Development Area Designation “local character” in Act 250
- VEGI tweak – decouple from minimum wage

4. Interagency

- Better customer service for fire regulations at Dept. of Public Safety
- BGS/VT Business Registry – one-stop shot portal
- Section 248 issues – PSD/ANR

5. Questions

- Made in VT – ready to pull the plug? Or scale down scope?
- \$ VCGI – statute moves it to ACCD, are we pro/con? Do we proceed to comply with statute? Will cost a lot of money – was supposed to go to DII, which has billback authority, ACCD does not, so would eat cost. Pat put her proposal of how to proceed in her 8/15 Weekly Report.
- Chief Marketing Office Authority – should CMO have authority over agency websites/templates/marketing contracts? As of now, CMO has no control so no consistent branding of websites across State of VT and serves as rubber stamp to marketing contracts because they come to Nancy so late in process for approval.
- \$ Auction tax credits to targeted sectors?? Do we like this idea?
- \$ No income tax under 25? Do we like idea enough for them to run numbers – will likely not cost much, but sends signal.
- \$ Cloud Tax Repeal – ACCD would like to pursue repeal/not complying with law, wonder if Shap/Janet Ancel have loosened up position on this issue.
- \$ Pursue position for grant writer shared across agencies?? (Note: DOL just filled grant writer position, potentially could be shared?)
- Is it possible to create a tenant/Landlord mediation process to save money in court proceedings? Ask Sarah London