

WEEKLY REPORTS

Checklist
12/19/14

Elizabeth Miller/Alyson Richards

- ☒ Agency of Commerce and Community Development – Patricia Moulton
- ☐ Department of Labor – Annie Noonan
- ☒ Department of Financial Regulation – Susan Donegan
- ☒ Agency of Education – Rebecca Holcombe
- ☒ VT Commission on Lottery – Greg Smith

TBD

- ☒ Agency of Transportation – Sue Minter
- ☒ 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

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: December 19, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

EB5: I am meeting this morning with Bill Stenger on AncBio. I had hoped this could be more informal with just Bill, Brent and I. However Bill is bringing not one but three lawyers! We are in listening mode. They indicate their bringing us all the information we requested. We will go through that slowly and carefully and I'll be asking lots of questions. I will follow up with Liz after the meeting.

Global Foundries: I think the meetings on Thursday went well. Hope you got positive feedback. Will prepare a follow up package for them which includes information about training, incentives, education and workforce development.

VtTel: After our meeting with Michel Guite and his team, I chatted about the historic preservation issues. Gordon Matthews indicated he had provided more information than I was aware of. I asked him to be sure to send that to me and I have not heard anything. My HP team reports we're still waiting on information from them and nothing has been filed recently.

Vermont College of Fine Arts: This is another historic preservation issue because they need an Act 250 permit and Section 106 (federal) review is required due to their USDA financial guarantee. Tom Greene, President of the VCFA is under the incorrect impression that we nominated his building for inclusion on the National Register of Historic Places without his knowledge. He has been consulting developers and attorneys about whether we did that properly. I have explained to him twice verbally and once in writing after he sent me a lawyers opinion that we violated federal law nominating his building, that we have not nominated him for the national register, but rather determined, in accordance with Act 250, whether his properties are *eligible* to be on the national register. A determination of eligibility is a statutory requirement. That is done through the Advisory Council for Historic Preservation. Tom is pushing back a great deal on providing this information because he believes one of the buildings the council has deemed "contributing" is not historic as it was built less than 50 years ago. We keep explaining age is not the only criteria considered when determining whether or not a property is historic or "contributing". I keep asking him to get the information we need. My HP team is telling me that we likely will have a few problems with his plans. This week we received the documents we need to complete the Act 250 review.

Windham County Economic Development Program: I met with VEPC this week to explain the thinking around the reduced list of grant and loan awards. They all seem to understand and be supportive. One big question is how will we involve VEPC in the "reboot" of the program. Stephan Morse thinks it would be good to have all loans continue to go through them even if we have an open application for loans. Fred Kenny and I are taking their comments and others and will recommend a series of changes. Would like to get this wrapped up by the end of January.

Note: it's expected we will have a skeleton crew in the agency the Friday after Christmas and the Friday after New Year's. I'm planning on taking those two days off but will be available and may stop into the office. **HAPPY HOLIDAYS AND MERRY CHRISTMAS TO ALL!**

LUCY LERICHE, DEPUTY SECRETARY

- **Rep. Botzow:** Pat, Lucy and Lisa met with Representative Botzow to discuss the upcoming legislative session. The ACCD team gave an overview of progress made on legislative mandates from the last session, the status of various reports, as well as some technical changes to existing statute, namely Vermont Strong Scholars and VEGI. The team explained that things are still not finalized with the budget, so any new initiatives are still unknown. Bill said he had a drafting request in, and will be collecting ideas to include in his bill and will have David Hall from legislative council get in touch with ACCD leadership to include our ideas.
CEDS: Lucy and Pat are making arrangements for Commissioner Gosselin to present the CEDS to the General Assembly, and would like to have the opportunity to present it at an Extended Cabinet meeting as well. The

successful implementation of the plan will require that everyone be rowing in the same direction and the CEDS contains a common vision that will be important for everyone to be aware of. Pat will follow up with Liz about a presentation to extended cabinet

- **Efficiencies:** ACCD is exploring some operating efficiency ideas with VTRANS and ANR. Stay tuned.
- **Confidential 9(L):** Rep. Krebs and Rep. Johnson from South Hero asked for a meeting with Lucy, Noelle, and Ron Shems to discuss the new 9(L) Act 250 criteria. In a nutshell, they are concerned that, without water and sewer capacity, development without sprawl will not be possible in the islands. The catalyst for the meeting is a mixed use development currently going through the process. The meeting is scheduled for this afternoon.

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

Vermont Economic Progress Council: GOOD NEWS!

At their monthly meeting on Dec 17, the Council took the following actions:

- Gave initial approval for up to \$1.5 million in VEGI incentives for Cabot Hosiery Mills, Northfield for an expansion project.
- Gave initial approval for up to \$188,858 in VEGI incentives for Flex-A-Seal, Essex for an expansion project.
- Gave initial approval for up to \$227,688 in VEGI incentives for National Hanger Company, Bennington for an expansion project.
- Gave initial approval for up to \$349,742 in VEGI incentives for Precyse Solutions, LLC to hire medical coders statewide.
- Gave final approval for up to \$754,104 in VEGI incentives for GS Blodgett for an expansion project in Essex.
- Gave final approval for up to \$532,584 in VEGI incentives for Twincraft for an expansion project in Essex.
- Gave final approval for up to \$233,252 in VEGI incentives for Vermont Packinghouse for the establishment of a slaughterhouse in Springfield.
- Terminated VEGI incentives approved for Biotek Instruments, Winooski, and SBE, Barre due to failure to meet performance requirements.
- Approved a phase filing by the City of Burlington to commence the Burlington Downtown TIF District.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Lisa Gosselin, Commissioner

- **Megan Sullivan of Congressman Welch's** office met with Pat Moulton, Lisa Gosselin, and Robin Miller to share information about federal funding that is available to help states assist businesses that are impacted as federal contracting, particularly in defense, is pared back. Robin Miller is looking at what Vermont businesses (beyond Revision) might be impacted and what their needs are. DED will also consider whether this might be able to help with the costs of the new e-procurement system that is slated to replace the current state bid board, whose federal funding was cut this past year.
- **Denmark Trade Mission:** Becky Fu arranged for Mark Helmken of North American Connexions to meet with her and Lisa Gosselin around a potential trade mission from Denmark's rural Rebild region. Mark has been arranging logistics for overseas businesses that want to establish distribution in the U.S. for many years and believes Vermont is uniquely suited as a distribution center due to its proximity to the port of Montreal as well as major US urban areas. He has met with the Danish economic development officials and they are interested in visiting. He will follow up with arrangements. He also requested a folder or some materials he could use to describe Vermont and our economy, a project DED is at work on.
- **Richmond Development:** Lisa met with Joy and Bob Reap, builders in Richmond who are keen to develop their 9 acres just off I89. Their current building has a variety of tenants including Morgan Woolaver, a yoga studio and a few other small businesses. They have a barn, permitting for up to 5000 sq. ft per building and are planning to bring water and sewer. Lisa connected them with GBIC and also with Mark Helmken who is considering expanding North American Connexions.
- **Good News:** In case you did not see this: Inc. Magazine just put Vermont's Ello on a list with Uber and Vice Media as one of the most significant venture capital deals of 2014. <http://www.inc.com/kimberly-weisul/nine-most-significant-venture-deals-of-2014.html> Also, SunCommon, which had 12 employees in 2012, just hired their 62nd and is looking to hire 12 more.
- VEGI candidates all presented to VEPC (see Fred's report) but the news was good.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **AMP Update:** The Advanced Manufacturing Partnership report was published in January, 2013 with a number of recommendations in four major areas of focus: Workforce, Advocacy, Networking and Public Outreach. Much progress has occurred, and much work still remains. An update report is being prepared in advance of a January meeting to continue the work begun in the initial report.
- **Entrepreneur's Week:** Judging was held this week for the poster and video submissions by the high school students for the annual event in February to promote entrepreneurship to Vermont students. The event is very well attended with speakers and opportunities to learn about the variety of academic programs in entrepreneurship in Vermont.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Managed the gathering and presentation of a comprehensive **Working Lands data overview**, to kick off WLEB's monthly Board meeting and set the stage for Letter of Inquiry review/decisions in the Capital and Infrastructure grant area.
- Alongside **Deputy Secretary Leriche**, reviewed and voted on LOI's received for the Capital and Infrastructure grant area for the **Working Lands Enterprise Initiative**. Out of 32 LOI's received (25 Ag; 7 Forest), requesting a total of \$1.9 million in funding, the Board decided to invite 10 full applications (6 Ag; 4 Forest), requesting \$650,000. Final funding awards will likely total about half that dollar amount.

VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦ Robin Miller, Director

- **Mamava, LLC - Burlington:** Babette Lizotte received information from Janet Stambolian about her recent contact with Sue Minter, Secretary of the Vermont Agency of Transportation (VTrans). Janet was given the contact information for Civil Rights Compliance Program Chief, Lori Valburn. Lori Valburn did a site visit of the Mamava lactation station at the Burlington Airport (BTV). There are three well equipped lactation rooms at VTrans headquarters in Montpelier to date. A meeting will be scheduled to help promote her product in Vermont and in transportation areas such as "Rest Areas" along the highways. It was recommended that Janet also become certified in the USDOT Certification program for Woman owned business. Lori Valburn will follow-up with Janet to set up a meeting. Babette discussed the Woman Owned Business DBE certification process for the state. Babette will follow-up.
- **Storm Petrel LLC - West Halifax:** Christina Moore of Storm Petrel LLC contacted Ed Williams to inform him that they have outstanding proposals in the pipeline for Storm Petrel's Disaster Recovery Management Software. Christina informed Ed that a software client of theirs recently won a State of New York/FEMA contract, and that Storm Petrel is in the final stage for possible contracts with the State of Alabama and Florida. Ed will follow-up.
- **Vermed Inc. - Bellows Falls:** Donna Thomas of Vermed contacted Ed Williams to inform him that the Veteran's Conference in Atlanta that Ed had suggested Vermed attend, was a huge success and that they made vital contacts and anticipate a big jump in Federal sales based on their attendance. Donna also asked that Ed send her the information on the May Matchmaker in Vermont, which they will attend. She understands how vital these events are in doing business with the Federal Government. Ed forwarded the save the date information for the May Matchmaker as requested.
- **Companies PTAC is currently working with:**

– Bazin Brothers' Trucking Inc. - Westminster	– K-Tor, LLC - Colchester
– BVM Timber – Pittsford	– Lady Bug Farm Partnership - Hardwick
– Careware Software - Burlington	– Morrisswitzer~Environments For Health - Williston
– Cole Company Inc. - Manchester Ctr.	– Poe Woven - Bridport
– Freshcoat Sealcoating & Line Striping LLC - Barre	– Semiprobe Inc. - Winooski
– Heffernan Excavating - Bristol	– Smalley Contractors - Rutland
– Internet Marketing Professionals, LLC DBA Zize Bikes - Fairfax	– Sugarsnap - South Burlington
- **Silo Buster:** The VT PTAC team is collaborating with the Department of Buildings and General Services (BGS) to help small businesses with their responses solicitations. VT PTAC will be hosting a series of workshops to assist small businesses with their proposals during months of January through April 2015 throughout the state. The first workshop is scheduled for January 27th in Lamoille County.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Perrigo (on referral from UVM Center for Leadership Innovation):** Beth Demers spoke to Seth Berghorst, Human Resources Manager, at the Georgia based nutritional pharmaceutical company. The company has grown and is now facing the challenge of line supervisors that do not have the skills they need to compete in a new global market. Beth gave an overview of the Vermont Training Program and will follow up after the holidays.
- **Casella Waste Systems:** John Casella reached out to Beth Demers for participation in the Rutland Project Vision initiative with Goodwill Industries. During that conversation Beth mentioned that the Vermont Training program may be able to also assist Casella's Vermont employees. Beth, John and Jamie met to discuss the new industrial waste market Casella is moving into and how the VTP could assist with employee training.
- **Rutland Project Vision & Goodwill Industries:** On request from the Governor's Office and John Casella Beth Demers attended a meeting with members of Rutland's Project Vision team and Goodwill Industries of Portland, ME. Project Vision is a community engagement effort with three key areas: Crime & Safety, Community & Neighborhood Housing, and Substance Abuse/Prevention/Treatment. The meeting is partly in response to the fire at Rutland Plywood and that employer being an effecting and grounding employer for people coming out of corrections. Goodwill is developing a new program that consists of a community based team that would assist individuals with the goal of employment that would result in their eventual move out of poverty. The program is high touch with approximately 50 individuals a year. The program seems to fit very well with the goals of Project Vision. However, due to the nature of the services the overall cost is high, about \$450,000 per year. The program is being piloted in Portland where funding is coming from blended sources: corporate donations, Goodwill, and United Way. Next steps are for Goodwill to share the framework and potential timeline with Project Vision.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay and Deputy Commissioner Hollar: Commissioner MacKay

NOTE: Deputy Commissioner Hollar has left the country on a much deserved holiday break!

- **CDBG-National Disaster Resilience Challenge**
 - **Partnership Meetings:** Met with interagency team and were joined by new faces from Agency of Human Services and the Department of Forest, Parks and Rec. After getting everyone up to speed on the competition, we discussed capacity needs, project ideas and next steps. As follow up to this meeting, joined Pat in discussing the capacity needs with the 5th Floor. We are waiting on their response to determine how best to move forward.
 - **Rockefeller:** Spoke with a representative planning the January Boot Camp in Boston for the northeast eligible applicants. Stressed that what Vermont would be looking for at those meetings was help on detailed elements of the application – benefit/cost assessments, climate risk assessment, insurance assessments, etc. Theresa noted that Vermont was one of the few applicants that cleanly met threshold requirements.
 - **Requirements:** Spent time reviewing all the application requirements and starting to develop check lists and understanding of Phase 1 applications info.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Downtown and Village Report

- **Hinesburg:** The town and developer plan to apply for Neighborhood Development Area (NDA) designation in early winter. The program provides for reduced fees and permitting benefits to help build new housing within walking distance of the designated center (downtown, village, new town center) or within a growth center. A recent project in Burlington's NDA shaved 3 months of their permitting timeline and saved \$56,000 in permit-related fees.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Community Development Block Grant – Disaster Recovery

- Tamera, Ray, and Ann conducted a monitoring visit of the Ladd Hall Partnership Housing Project in Waterbury known as South Main Apartments. This project was delayed considerably due to the Environmental Review Waiver; however, it has been progressing quite nicely with the General Contractor, E.F.Wall, and the seasoned Developers Housing Vermont and Central Community Land Trust. They are at 50% Completion with an estimated 100% Completion due as of April 1, 2015, and lease-up in May 2015. There are currently 30 individuals on the wait list for leasing. There were no monitoring findings, and the walk-through of the buildings clearly shows there will be no problem securing the Silver LEED Certification. The three units in the remaining older structure are going to be quite charming and unique.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

Preservation Does Mean Change

- John Dumville has submitted his resignation, effective December 27, after 36 years as the Historic Sites Operations Chief. He is expected to pop into the office for a quick visit on Friday, December 26, so please be ready for this rare sighting. John is a significant landmark, essential to the preservation of Vermont's heritage and his great works will continue to be honored.

Revolutionary War and War of 1812 Grant Program

- On December 12, as part of the omnibus legislation, U.S. Congress expanded the federal matching grant program for Civil War battlefields to include battlefields from the Revolutionary War and the War of 1812. Laura and Jess are exploring the potential implications of this bill for several of Vermont's early battlefield sites, including lands related to the battle of Bennington. Indeed, the press release from the Civil War Trust specifically mentions the Bennington area as a worthy candidate for these grant funds in the future.

Environmental Review

- VCFA submitted the documentation outlined in the District Commission Recess Order to DHP on Wednesday. The deadline for responding to this Recess Order is December 22 and this timely submittal allows for a proper review of all the known construction plans of the College. VCFA is currently seeking an archaeological consultant to complete an ARA of the campus, which was the site of a significant Civil War hospital.
- John Ostrum delivered the proposals for consultants to create the National Register nomination for the Waterbury Complex, listing it individually as the Vermont State Hospital Historic District. The complex is already listed as a contributing resource in the Waterbury Village but this new nomination will provide more detailed information and reflect the changes to the property since TS Irene.
- On Friday afternoon, Jess and Scott met with representatives of National Grid to discuss their Y25N powerline refurbishment project between the towns of Whitingham and Searsburg. The meeting introduced the broad parameters of the project to the DHP, and we are following up with a joint meeting between National Grid and the Army Corps of Engineers early in the New Year. This project, as well as work being undertaken by VELCO, is being classified as a refurbishment and replacement maintenance project, thus exempting them from review except for those areas that are in the Army Corps of Engineers affected areas and that were determined to be archaeologically sensitive through consultant research. National Grid is seeking an ACT 248 permit under Category 2. DHP as concerns this approach, which was the result of the Army Corps' new interpretation of their own regulations, will greatly compromise archaeological sites and we shall not have any review, input, or documentation. Scott brought our concerns to the Army Corps, which indicated they have heard similar comments. A meeting, hosted by the Army Corps, to discuss the repercussions of this will take place in 2015.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Work

- **Town of Warren:** Notified the Town and Mad River Valley Planning District that the Agency awarded the town a \$275,000 (\$301,033 requested) Implementation Grant to undertake the Warren Village Main Street Improvement Project to construct pedestrian improvements, landscape and gateway enhancements to improve safety and accessibility to walkers, bicyclists, and other multi-modal users in the Village.
- **Town of Moretown:** written guidance was provided to the Town to assist it in meeting the Award Conditions for its \$700,000 grant to relocate their town office. With the need to revise the grant agreement format to meet the new state and federal requirements as of December 26, staff is trying to determine if the grant can move forward quickly enough to allow the current format to be used.

- **Town of Chester:** The Town has been notified that their \$108,000 request has been awarded. The funding will cover the cost of the larger culvert which FEMA cannot fund. The project will construct a new culvert that is 21% larger than the one that was washed out by the flooding caused by Tropical Storm Irene, and is designed to allow the unabated passage of aquatic species.
- **Town of Roxbury:** Application assistance was provided to the Town Clerk & Selectboard regarding their application for several culvert replacements on Thurston Hill Rd. Roxbury is an Area Wide LMI town, so their application should be competitive once submitted.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- All of our Nordic and Alpine resorts are experiencing early season success. This, coupled with the December 16 opening of the [VAST](#) trails, should generate some much appreciated, robust tax revenue from the month of December.
- Megan continued meetings with the [Rutland Regional Planning Commission](#), [Rutland Area Farm and Food Link](#), [Vermont Farms](#) and [UVM Extension](#) to plan an April Agritourism Conference in Rutland. Megan is bringing in the other resources as to not duplicate and to ensure that grant money is spent in the most effective possible way. The collaboration has been very successful and, due to the savings, we will be able to bring in a very strong keynote speaker. Megan reached out to her peers nationwide and found many excellent potential speakers to come and share in Vermont.
- The [Discover New England Board](#) held its quarterly meeting in Portland, Maine, celebrating the passage of the Federal Travel Promotion Act that was bundled with the budget -- thanks to the hard work of Congressman Welch. This act continues [BrandUSA](#), which has become increasingly important as we go into new markets abroad and maintain our footing in our current markets. Although much of the conversation and planning was around our website in China and our new initiatives with [VisitUSA Australia](#), we continue to try to figure out how to fund long distance, domestic ad campaigns in California and Texas. Our income from the annual DNE Summit is around \$80,000, so we are going to try an educational conference in November to raise money for a campaign. There was also a full day of strategic planning with an ad agency that has been helping us for the past year and will be creating a new DNE website.
- Over the weekend Megan attended the ribbon cutting at [Okemo](#) for the [Sunburst Six Chair](#) (complete with heated seats!) and the opening festivities at [Pico](#) -- which was 100% open for it's opening weekend for the first time that anyone could remember. The only downside at both resorts was the large number of employees who were without power. The resorts were working with staff to provide warm accommodations and showers.
- **Megan participated in the [Tesla](#) Charging Station press conference at the [West Hill House B&B](#) in Warren, which is our first Tesla station at a lodging property. AND the first B&B in New England with such a station. Since there wasn't much press attention we are doing what we can to get it out on social media. Also, Tesla will do a mailing to all of their owners promoting the property. There was great enthusiasm by all in attendance.**
- Megan met with the new team of two at [Stratton Resort](#) who will be taking over resort leadership this season as past president Sky Folkes was very unexpectedly elevated to corporate operations in early December. Stratton has always been somewhat isolated from the rest of the industry, but we have made great strides to change that over the past four years. Sky was the president of the [Vermont Ski Area Association](#) board, and both Megan and Steve have made a great effort to bring them into our marketing and international programs.

Steve Cook, Deputy Commissioner

- **Vermont Travel Planner Mobile/Desktop:** VDTM is busy this week working with the [Chamber of Commerce](#) and tech vendors to prepare the new Vermont Travel Planner for launch. We anticipate delivery of our website shell this week so that VDTM staff can begin populating content.
- **Winter Advertising:** VDTM has had tremendous success allocating Travel Trade (lift tickets, hotel rooms, etc.) for media this winter. Funds have been primarily used for outdoor advertising, digital billboards, train/rail station advertising, and bus shelter promotions. VDTM extended media via trade into the Providence, Rhode Island market this year. We are excited to see how this impacts consumer response.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Social Media:** Because “New Years in Vermont” is the top organic search for VermontVacation.com at this time of year, Laura put together [a list of unusual ways](#) to ring in the New Year in Vermont for our website. Our top performing [Facebook](#) post was an article on the 17 Most Amazing Christmas Towns in America, largely because Woodstock made the list. The article reached more than 16,200 people.

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **Winter Campaign 2014-15 | More OOH:** As winter media placements continue to pour in, David is actively fulfilling the requests. This week David supported what [Direct Media](#) calls, *Bus King* creative. These print banners will be placed on busses throughout Providence, Rhode Island. Below the bus mock, you’ll see a mock of a digital billboard creative for Liquid Media, which will run in Boston and on Interstate 95 in Bridgeport, NY. Please note these are mocks – vendors have said they’ll send examples of our media in platform, post production. In addition to the out of home fulfillment – David has been auditing and approving vendor-created components of the campaign including Native Elements, [Rich Media](#), and homepage takeovers.



RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief: Publications

- **Vermont Kids Map:** Updates are nearly complete for a new edition of the popular folded poster that is sent in response to information requests for school reports. Fifth graders in many schools across the country are assigned a state for a report or to set up a display for a travel show. David Burnell is bringing the design and format current. The brochure was last updated in 2011. Currently the department receives about 2,500

requests annually. The Governor's Office and the Secretary of State also receive these requests. It would be efficient and advantageous to review and coordinate this process when the new edition arrives in late January.

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

- **Japanese Familiarization Trip to Vermont:** Christiane met the group during a brunch offered by the New England Culinary Institute's [NECI on Main](#) on December 14. Visiting us from Japan were three tour operators, one journalist from [The Mainichi](#) newspaper, Mari, our [Discover New England](#) representative in Tokyo, and the [Brand USA](#) rep from Tokyo. We were also joined by Shoko Hirao, our Discover New England representative in Boston.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager

- **State Parks:** After a very successful season, Heather met with the team at State Parks to start thinking about marketing initiatives for 2015. Heather encouraged them to embrace the Year of the Arts as an on-going theme for the year, which fits in well with a collaboration they already have underway with Burlington City Arts (BCA). BCA will be coordinating artists-in-residence programs at several state parks over the course of the summer, where artists will be creating art and encouraging visitors to participate as they live at the Parks for two-week intervals.

ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director

ITS/ConnectVermont

- Attended Tri-State ATMS-511 Preliminary System Design (PSD) final review and approval meeting. Approved PSD.
- Completed video/audio link test with WCAX from TOC.
- Monitored contractor has they removed Randolph LPFM antenna and coax from tower. Randolph LPFM station decommission is now complete.

MATS

- Attended MATS meeting to discuss next steps for AVL tasking.

Future Goals

- Attend ITS New England Bylaws Committee meeting.
- Attend US DOT V2I Webinar.
- Attend ITS America Safety Forum meeting.
- Attend Violence in the Workplace training.
- Attend meeting to discuss TDI New England Clean Power fiber project.
- Start discussions with Parsons leadership regarding Tri-State leaderships concerns and questions regarding Mats Lite contract and long range plans.

State of Vermont
Department of Financial Regulation
89 Main Street
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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: December 19, 2014
Re: Weekly Report

Susan L. Donegan
Happy Holidays!!

Insurance Division:

For the third straight year, Vermont has earned an A-plus grade for efficient and effective insurance regulation, according to a study released Wednesday by the R Street Institute. The 2014 Insurance Regulation Report Card rates which states do the best job of regulating the business of insurance by assessing such things as insurer solvency, fraud, competitiveness and willingness to modernize. Vermont led the nation with the highest total grade by scoring consistently well in the areas of consumer protection, politicization, auto and homeowners insurance environments, rate freedom and clarity and regulatory restrictions.

R Street Editor-in-Chief and Senior Fellow R.J. Lehmann, the author of the study, said: "Due to its high rate flexibility and transparency in regulation, the homeowners and auto insurance markets are strong in Vermont." While not the highest achiever in any one area, the state's consistently high scores across nearly all areas of regulation make it a model that other states would do well to emulate, Lehmann said.

The report also said that the state could make improvements in fighting insurance fraud, however, the number of questionable claims filed in the state is lower than most other states. Virginia, Illinois and Iowa rounded out the top four states.

R Street is a non-profit public policy research organization with headquarters in Washington, D.C.

Banking Division:

On Monday, Commissioner Susan Donegan toured five credit unions in Washington County and the Burlington area. She also met with credit union CEOs at the Association of Vermont Credit Unions' (AVCU) office in Colchester to discuss issues facing Vermont credit unions. The session focused on cyber security, federal regulatory burdens and the Vermont business environment.



One of the greatest concerns to credit union leaders is the significant impact that data breaches and cyber fraud is having on their business. Big retail merchants like Home Depot and Target make the headlines because of the size and scope of their cyber attacks, but smaller merchants are also vulnerable. Credit card companies and financial institutions that issue credit and debit cards wind up paying for the fraud, not the retailers. The CEOs told Commissioner Donegan that the amount of time and expense to maintain personnel to deal with cyber security and credit card fraud is a significant and growing operating expense. One credit union official explained that one fulltime person focuses solely on replacing plastic cards compromised by fraud. The discussion also addressed the regulatory burdens stemming mainly from the federal government and the ability to follow and comply with ever-increasing (and arguably outsized) federal rules and products and systems that enhance the consumer experience. The Commissioner talked about corporate governance standards and offered to attend individual credit union board meetings to discuss the role of governance at credit unions. She also suggested yearly meetings with members of AVCU.

The Vermont State Employees Credit Union recently received the prestigious 2014 Community Credit Union of the Year Award from the Credit Union National Association. According to a press release from VSECU, the award honors credit unions that “consistently excel in the advancement of credit union ideals, are proactive in their communities and meet the needs of their own diverse membership. Credit unions selected to receive the award demonstrate exemplary displays of credit union principles and service. The yearly judging process considers three aspects of each credit union applicant: member impact, community impact and financial impact.”

Captive Insurance Division:

Captive license number 1027 was issued this week to Relsure Vermont Inc., a subsidiary of The Related Companies LP, which finances and develops government assisted multi-family housing for long-term investment, large-scale multi-family developments and major metropolitan office and commercial properties. The Related Companies has offices in New York, Miami, Los Angeles, Chicago, Dallas, San Francisco, Abu Dhabi, Sao Paulo and Shanghai. It owns and operates a portfolio of assets valued at more than \$15 billion.

The Swiss Re Group (Swiss Re) has formed Claret Re Inc., which is captive license number 1028. Swiss Re is a leading global wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer.



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**CONFIDENTIAL AND PRIVILEGED
MEMORANDUM**

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: December 19, 2014

Press Contacts:

- David Hodges (Local 44) asked for some of our spreadsheets of school financial data
- Josh O’Gorman, VT Press Bureau/Barre Times Argus inquired about the SBE strategic plan
- Catherine Gewertz of Education Week made a request for our use of student assessments to make individual (student or teacher) determinations. That request is due January 9.
- Scott Waterman of WCAX requested the licensure status of Tom Harty of Randolph Technical Career Center. He is currently licensed.
- Ed Swanson of the Manchester Journal requested an interview with me regarding the Education Funding Workgroup recommendations.
- Angela Timpone of Vermont Woman Publications requested a conversation regarding special education funding.
- Tiffany Pache, VTDigger, requested an interview with me in Norwich regarding education spending. She also interviewed Jill Remick at length on December 12 regarding education funding.
- Friday, December 12 Anne Galloway, VTDigger, requested the number of school district budgets that were defeated on Town Meeting Day.

Public Presentations/Meetings:

Tuesday: State Board of Education
Wednesday: Met with Shap Smith regarding our legislative agenda
Thursday: Monthly meeting with Martha Allen, VT-NEA
CESU MUUSD First Organizational Meeting

Emerging Issues:

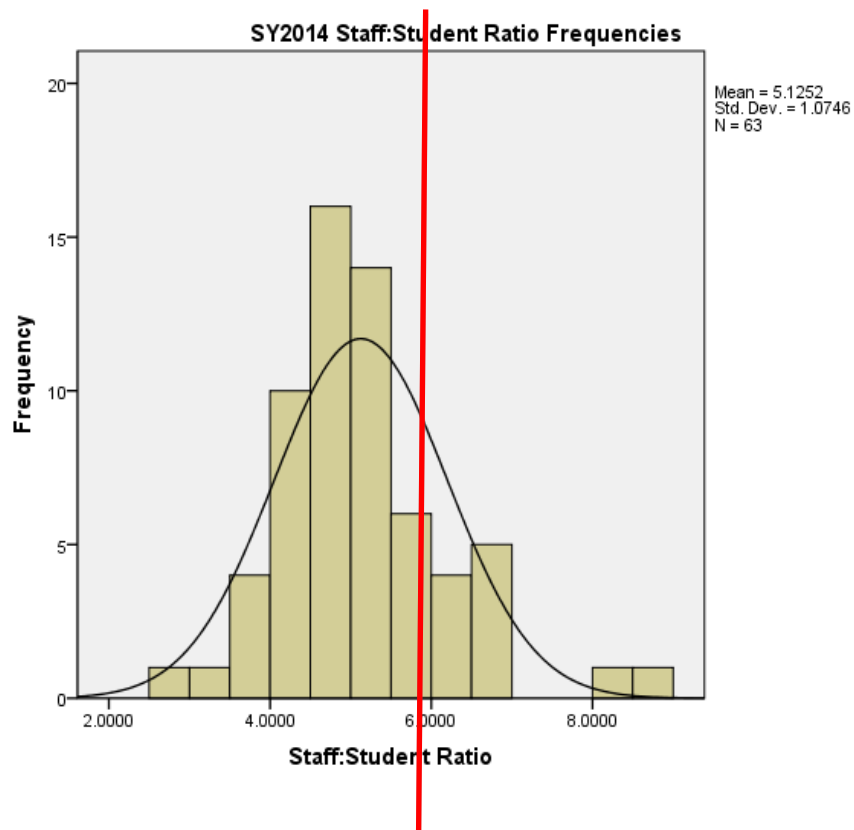
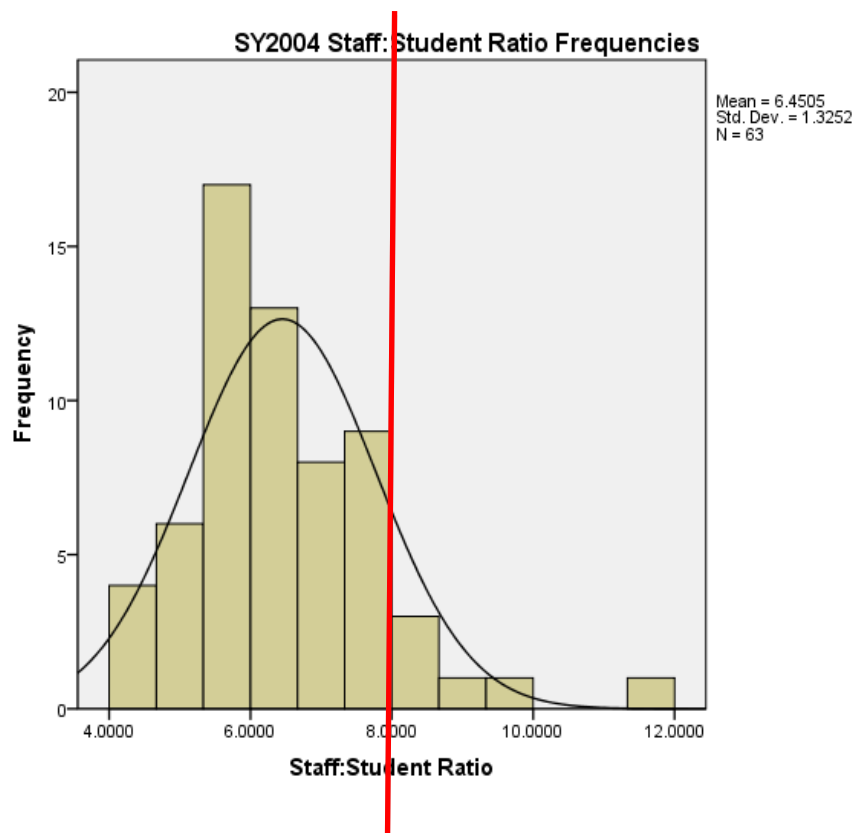
Messaging

I am starting to shift the messaging to focus on education quality, and the fact that fiscal stress is now starting to erode quality. Basically, the story I am trying to tell is that towns **can let external events (demographics and economic shocks) slowly erode their precious schools and the opportunities they provide their children, or towns can choose to be forward thinking and exercise leadership on behalf of their children.** Increasingly, I hear parents, teachers, school board members, and voters asking not whether we care about school quality, but rather, what the best way is to ensure school quality into the future. And, I hear communities asking whether they might be able to provide better for all of their children if they were part of a bigger union—one with sufficient scale to allow for greater depth and breadth of opportunities, new capabilities and sharing of resources. People are also realizing that small schools are less stable, because they lack the scale needed to absorb economic shocks with minimal effects on individual students. People need to hear that this is about quality, or they will not listen.

Also, I hear a lot about the challenges schools face with students with very demanding behaviors. One advantage of collaboration as a larger group is that regions can build specialized expertise around low incidence and extremely difficult to manage types of students.

Data

We have been looking in a preliminary way at the relationship between school size and staffing. We are interested in whether school size shapes the responsiveness of staffing levels to enrollment declines. It appears that is true. Sixty-three Vermont schools have increased FTEs over the last few years, even as their enrollment declined. These schools were disproportionately small schools. We think, and need to figure out how to confirm, that there may be a “minimum” acceptable size, below which schools have trouble efficiently meeting community expectations. To give you a little window into the patterns, see the figures below. The red bars mark a staff-to-student ratio of 6:1. The first figure is from SY04, and the second from SY14. Schools that fall to the left of the bar are schools with staff-to-student ratios of less than 6:1. You can see how the distribution has shifted. Note that in SY14, the lowest ratio in the distribution was 2.9 to 1.



Legislative agenda

I have been trying to work with various legislators to shape an agenda that supports voluntary mergers, but reserves an opportunity to step in in the event of egregious local behavior.

The logic:

The logic model I am proposing is that at the state level, we should have the capacity to 1) set performance and quality benchmarks and 2) verify who is accountable for achieving those benchmarks and hold them accountable for doing so. However, 3) we need to allow as much flexibility within the law as possible on how communities do so. (That is the local control piece).

Since some of our units are currently so small, for analyzability and accountability purposes, we will need to think in terms of two kinds of systems: consolidated systems (supervisory districts) and supervisory unions (loose federations in all their many manifestations.) This is not neat or clean, but that is what we have to work with, alas. This will let us focus some of our data analysis and collection on the level of systems (60 units as opposed to 305). This would push some accountability to the level where curriculum and special education now sit.

The incentives:

In terms of incentivizing people to move towards systems that have sufficient scale, I would recommend phasing out the small schools grant, except for towns with demonstrable geographic need (which would probably be Canaan). Schools could retain their grant for several years if they voted to participate in a merger (not a study, but execution of some actual plan to achieve scale).

We would also support the recommendation of Shap's group to move the hiring of principals to the superintendent level. We could consider adding to that that any firing of superintendents needs to be approved by the SBE. (You laugh, but some boards override personnel decisions of superintendents in ways that violate statute and are really inadvisable, and superintendents are afraid to call them on it lest they lose their jobs.) We also will recommend stepping up the removal of the phantom students. And, we support targeted construction aid for districts that are actively trying to reduce seats through a merger. Note: we do not have staff capacity at this point to support this.

A last incentive, explained below, is to enhance the authority of the State Board. Currently, the SBE can close a district if it is really low performing. This does not happen for several reasons. First, its only option is to close a school, and we are finding that tuitioning does not necessarily solve problems and can actually exacerbate equity issues. **Redistricting might be a better option in some cases and we propose giving the board this authority.** Second, the board has no robust, objective way to identify the outliers that need to be addressed. Below, I outline how we propose to identify schools that are compromised and how that will be addressed.

The mechanisms:

Dealing definitively with districts that are expensive and offering low quality, without using a one-size fits all approach: Several House Representatives have spoken about identifying what they call "triggers" and we call "benchmarks" (trying to move away from the gun metaphors), which are basically performance indicators. We propose that the new EQS is used as the basis for these quality reviews and systematically review schools against a set of fiscal and performance indicators. If the schools come up short, we give the SBE the authority to redistrict based on those indicators. To the extent the legislature moves in this direction, **it is imperative these indicators include some of the indicators identified in the Education Quality Standards**, or we will be struggling to support two sets of indicators. We don't have the capacity as it is to fully implement EQS, and we cannot support an additional system.

For our own sanity, I think we/they need to clearly specify the theory of action under which we are operating, e.g.:

IF

- we provide clear goals (in the form of EQS performance indicators, e.g. school climate survey results from teachers, students and parents; performance assessments of 21st century skills; breadth of opportunities to learn; student outcomes on local and state assessments; fiscal indicators like staff-to-student ratios, annual change in equalized per pupil expenditures, and supports and systems for professional feedback and learning);
- we have clarity around who is responsible for achieving these goals, at the SU level if need be;
- and we provide local actors and the public with solid data on performance and future forecasts.

THEN

- school boards and local communities will have the data they need to evaluate current performance, and current performance in the context of upcoming demographic forecasts;
- communities can come together to evaluate, plan and build the kind of future they want for their schools and communities;
- communities can decide how to partner to improve their capacity to deliver high quality education in an equitable and affordable way; and
- the SBE will have credible data to inform decisions about which low performers to evaluate.

And the hammer:

IF districts have all the opportunities they need and still run a weak, fiscally irresponsible program, **Then** the SBE has the authority to redistrict them.

This only works if:

- the quality and efficiency review is robust, transparent and trustworthy (e.g. we have sufficient capacity to have credibility)
- the SBE has the capacity (legal advise, ability to contract with high quality, experienced experts who can go in and assess and suggest credible plans for districts that are not able to do the right thing, etc.)

Under this plan, accountability would be two-tiered as follows:

Phase 1 - Focus on providing:

- information evaluation
- incentives
- technical assistance
- analysis focused on the SU/systems level

Phase 2: If a district or system comes up lacking in Phase 1, then...

This solution could **take advantage of what 16 VSA § 165, subsection (b) does, but add some rigor and teeth and capacity to target.** It would be an incremental strengthening, not a sweeping mandate from the middle, so to speak.

Special education/legislative session

We absolutely need to have a robust conversation around special education. We are not yet ready to do so. We just don't yet have a handle on the problems or possible solutions. I propose we think of the current year as a building, formation and exploration year related to special education, with an eye to looking at our special education funding and service delivery in the next session.

Personal

I am taking the week off between Christmas and New Years, and will actually be in Quebec. I will make sure Aly has contact info. This is my first real vacation since starting, and my oh my, do I need to get it in before this coming legislative session.

Thanks all.

Rebecca

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Dec 19, 2014
Re: Weekly Report

Status of Governor's Priorities: .

Just finished conversion of our monthly shipping process that consolidates 2 – 3 packages per agent into one. This line item is not one of appropriation expenses but does reduce our cost of sales expenses going forward.

Legislative Issues/Contacts:

none

Press Issues/Releases/Contacts:

None from Vermont Lottery. On the national level, the new Monopoly Millionaires Club game that 23 states launched in Oct has failed and is being pulled from the market. We did not participate in selling this but NY, NH and ME did which could cause some media spillover about the failure. These states also contracted for a TV game show associated with this game and are trying to figure out how to proceed.

Significant Events/Meetings:

none

Evolving Issues:

none

Summary of Key Agency Department Activity:

Wrapping up budget prep work for FY16 in Vantage, and associated Results Based Accountability plan for Problem Gambling.

Problem Gambling training conference originally planned for Dec 10 was cancelled due to snow. Next planned session is in January.

Almost four full weeks with new consoles on the market and sales on the whole are doing well. We have 15 strong locations and 10 weak ones. We are coaching the weak ones to encourage better sales, and at the same time scouting out new locations in case we decide to pull the machine from its current location.

Executive Director's Commentary:

None at this time.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin

FROM: Deputy Secretary Sue Minter

DATE: Friday, December 19, 2014

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Brian's Farewell

Brian's official last day is 12/31, but he has emptied out his cube and changed his phone number, so best to contact me if need be at this point. Thank you for being a part of the Searles send off gala. We are very pleased by the showing, the fun, and the fact that he enjoyed it all. Special appreciation for your willingness to share your time with Governor Dean – wasn't at all sure how to navigate "protocol", but agree that you both should have been there together!

Chittenden County

Wanted you to know that I am keenly aware of the gap that Brian's departure leaves for our Chittenden County connections, and I am actively working to close the gap by setting up meetings with many key opinion leaders (several of whom were at Brian's gathering). Chris and I met with City of Burlington leaders about the Champlain Parkway which is a top priority of the Mayor. We are elevating the project within our team, and we believe the legal/ Act 250 negotiations are nearly complete. Happily, we have completed the MOU on the Burlington transit center (which is a cornerstone of the new mall development). Finally, we have officially appointed Michele Boomhower (from the CCMPO) and believe this will help with our Chittenden County connections and I expect her to help keep our Chittenden County projects on the move. She begins on 1/12.

Budget Details

Staff is cranking to complete final details for the budget which we will review with you on Monday. Working hard to have the White Book ready for 1/8 should you choose to release your budget that date with your State of State. There are a few items to review with you, including a final decision on the removal of the Causeway (part of Missisquoi Bay Bridge Earmark; info. below).

Roads & Highway Safety

The variable and swiftly changing weather conditions have made for difficult driving conditions of late. Due to a recent spike in car crashes (not all of which were weather related), we would like to work with the Department of Public Safety and VTrans/ DMV on either a presser, or a release to encourage careful driving. This is particularly relevant for the upcoming Holidays and predictions of difficult weather ahead. We would love to have you lead this, if interested.

NOTES FOR STAFF

Missisquoi Bay Bridge & Causeway Removal

The Missisquoi Bay Bridge project received a SAFETEA-LU earmark of \$18 million, which was more than what was needed for the project. As a result, there is a balance still available to VT of \$4.6 million, which could be used to remove the Causeway. There is strong public support for Causeway removal to help clean up St. Albans Bay, even though scientific analysis concludes it will not have a beneficial effect on water quality. If not used on Causeway removal (the preference of VTrans' CFO) the \$4.6 million could be used on several other bridge projects, as specified in the Congressional earmark language. However, the language also stipulates that VT certify to FHWA that the balance is not needed for the removal of the Causeway. Given the potential threat of Congressional claw-back, VTrans is positioned to draw down the entire balance of the earmark on the other eligible projects, but only if the state decides the funds are not needed for removing the Causeway. Moreover, because of a unique situation with respect to federal toll credits, the entire \$4.6 million – if used for transportation projects – could replace the need for State match on the eligible projects. We believe this requires action in this Session, so we can either begin the Causeway removal process or assign the funds to other projects. We will discuss on Monday.

Rail Bridge Update

Per federal railroad requirements, VTrans is conducting load rating analysis along our rail lines. The Washington County Railroad (WACR) Barre & Montpelier line has a total of nine bridges. Six out of the nine bridges load rate under the 286,000 lbs. standard. Out of those six, three are significantly below the standard. The very preliminary estimate to repair all nine bridges and bring them up to 286,000 lbs. capacity is \$1,691,500. There are currently rail cars that need to be delivered to Barre that are loaded with large granite blocks that are sitting in Montpelier Jct. There are also fuel cars on route to Montpelier Jct. from Toronto that are expected in about a week. The fuel can be offloaded in Burlington and then trucked over to Montpelier. We are working on a plan to safely move the granite blocks to Barre via rail; they are too heavy to move via truck. After these blocks are moved, we anticipate closing down the rail line until such time as a plan can be developed to address the carrying capacity of the bridges. We also believe similar deficiencies will be found on other rail lines that have more strategic value to the State and are saving what little funds we have to address those upcoming issues.

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: December 19, 2014

Highlights:

AHS CO:

Governor's Council on Pathways from Poverty pg. 2

VDH:

Update on SBIRT Grant Work pg. 3

Entergy Vermont Yankee, Sr - 90 pg. 3

Church Street Smoking Ban is Good News for Public Health pg. 4

DMH:

Vermont Psychiatric Care Hospital (VPCH) pg. 4

Rutland Mental Health Services (RMHS) pg. 4

Brattleboro Retreat pg. 4

DAIL:

"Snow soup" Story Makes it way to Washington pg. 5

DOC:

Evaluating Bidders for Out-of-State Placement Contract pg. 5

DCF:

Reauthorization of Federal Block Grant for Child Care Subsidies pg. 5

Woodside Juvenile Rehabilitation Center "Exceeds Expectations" in PREA Audit pg. 6

DVHA:

Vermont Dental Association (VDS) pg. 6

Hepatitis C drugs pg. 7

Secretary's Message

There was a mixture of disbelief, relief and disappointment in reaction to the decision not to go forward with the financing of a single-payer health care system at this time. I am sure the decision was a difficult one to make despite the obvious numbers. A major challenge going forward is to keep the pressure on to make progress with our underlying reform (payment, delivery and cost control). These are necessary to improve our changes of moving forward with a single-payer in the future. I think that as the dust settles we need to emphasize the message that we have made progress but continue to have work to do.

Agency of Human Services Central Office (AHS CO)

Testimony at Government Accountability Committee (GAC)

AHS CO Testified in front of the GAC about the AHS effort to create and promulgate common language around our performance accountability efforts; worked with the Committee to edit draft legislation establishing common performance measurement and management language across all existing statutes.

Governor's Council on Pathways from Poverty

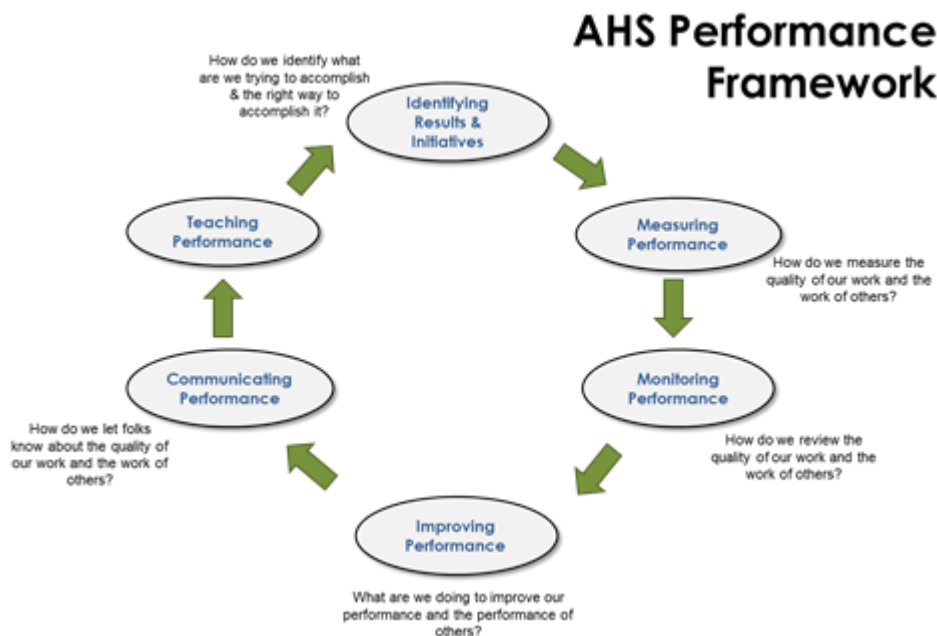
AHS CO met with the co-chairs of the Governor's Council to discuss their recent report and the recommendations related to the upcoming legislative session. They did seem to accept there will be cuts in AHS, but made clear they will be working for revenue increase as well.

Outcomes Measures- IFS and Designated Agencies

AHS CO facilitated the Integrated Family Services and Designated Agency Stakeholders Meeting to establish statewide indicators of progress and program performance measures to hold grantees accountable for improving outcomes of children, youth, and families served in communities.

Building a Culture of Performance Accountability with AHS Staff

AHS CO presented the AHS Performance Framework to managers at the Morrisville/Barre Field Office



Cross Departmental Transportation Work

AHS CO is working with Reach Up and DVHA to develop a transportation plan for Reach Up participants; costs have increased significantly and are exacerbated by many individuals not showing up for scheduled rides. AHS will be setting up a working session with our transportation providers to discuss.

IFS Update

Finalizing plans for the 2nd of our four scheduled stakeholder meetings to “re-boot” Integrated Family Services; one product to assist in this effort will be the creation of a good background piece about what Integrated Family Services is doing and how we are moving forward.

AHS Medicaid Policy Group Operations

AHS Medicaid Policy Group is settling into their space at 208 in Williston. AHS CO conducted an initial meeting with the Group, relaying that Selina Hickman (AHS Medicaid Policy Director) will provide day to day direction and convey assignments. The focus areas were: 1) HSE, 2) Medicaid Policy, 3) HC Operations, compliance & improvement.

CMS Review of MMIS, IE and EBCP IAPD

MMIS, IE and EBCP IAPDs remain under review at CMS; negotiation session scheduled. Current Jumbo IAPD expiring on 12/31/14. Late breaking news, we have verbal approval from CMS!!!

St. Albans New Office Building Move

The St. Albans new office building move will be completed in two parts. The first move will be done the weekend of December 27th; this move will include Department of Health, DAIL Vocational Rehab., AHS Field Service Director and DVHA staff. All other departments will move the weekend of January 2nd.

AIM Quality Fair

This annual event provides an opportunity to highlight process improvement work across the Agency. The fair took place on Friday, December 12th with 30 team projects which were presented to leadership to stimulate continued and cross-departmental improvement project initiation. Projects included improvement efforts that benefitted service recipients, employees and community partners.

Vermont Department of Health (VDH)

Update on SBIRT Grant Work

Since beginning in August 2013, the Vermont Screening, Brief Intervention, and Referral to Treatment (SBIRT) project has screened 12,700 people for substance misuse as a part of their primary care or emergency department visits. There are eight grant sites including: Central Vermont Medical Center, University of Vermont, Center for Health and Wellbeing, Community Health Centers of Burlington, Plainfield Health Center, and three clinics from the Vermont Coalition of Clinics for the Uninsured. In addition, collaborations with DVHA have yielded a Vermont SBIRT Strategic Plan for Health Information Technology integration as well as efforts to include the SBIRT approach into the Federally Qualified Health Care system using medical home standards. The team is also training certain AHS Department staff to use SBIRT screening tools so that programs are able to identify clients with substance use risks earlier, before they develop more serious addictive disorders. People who are identified with risk factors receive either a brief intervention or referral to treatment, if indicated.

Entergy Vermont Yankee, Sr - 90

While the contract lab used by the VDH for strontium-90 analysis, ALS Environmental, continues to standby its results for water samples obtained in August 2014, Entergy Vermont Yankee continues to refute those results as their lab has not detected Sr-90. VDH has asked the U.S. Nuclear Regulatory Commission (NRC) to work out arrangements for the Oak Ridge Institute for Science and Education to test the samples as a third party lab. The request is for up to seven samples to be subject to this inter-

laboratory comparison. The NRC will provide an answer soon about whether this can be done. If they are not able to, another third party lab will be identified to verify the results.

Church Street Smoking Ban is Good News for Public Health

On December 17, the city of Burlington began enforcing the new ban, which prohibits lighted tobacco products and tobacco substitutes on Church Street Marketplace and the brick-paved sections of adjoining side streets.

Department of Mental Health (DMH)

Status of Governor's Priorities

The Vermont Psychiatric Care Hospital (VPCH) had a planned, unscheduled Joint Commission Survey on Wednesday, December 17th which was a requirement to the move from Morrisville. Two surveyors were there; one an engineer who reviewed life safety issues, and the other a nurse surveyor who looked at clinical treatment. A written report will be sent within 10 days. The surveyors reviewed the draft report with staff during their exit interview.

Nursing leadership felt consensus was that this was a positive survey. While the surveyors did identify issues which will require plans of improvement, they did not identify any major concerns. The surveyors also made a point of mentioning how beautiful the building is, how professional the staff were, how proud the staff they spoke to were about working at the hospital and how pleased they were with the orientation received when hired. Patients also expressed an appreciation of the environment. More information will be provided when the final report is received.

Vermont Psychiatric Care Hospital (VPCH)

During the week of December 11th and through the morning of December 18th, there have been 20 individuals in need of in-patient beds. 7 adult EEs (of which 2 were direct admits and 2 waited less than 24 hours), 2 court ordered (of which 1 was a direct admit), 6 adult voluntary patients (of which 2 were direct admits and the other 4 waited less than 24 hours), 2 minors were EE'd, and 3 minor voluntary. As of this morning there remains 3 adult EEs (one waiting 5 days and the others waiting 2 days and 1 day respectively), 1 minor EE (waiting 2 days) and 1 court ordered person (waiting 10 days). 15 of the 20 individuals were placed during this time frame. Also during this time, some of the barriers to admission for individuals were: a) The adolescent unit at the Retreat was capped at 17 (capacity is 21), due to numerous patients on 1:1 and their ALSA space being full, b) Tyler 2, the Retreat's general adult unit was closed to admission for three days due to construction on the unit and, c) VPCH was unable to accept admissions due to extreme acuity at the facility which resulted in a doctor being significantly assaulted.

Rutland Mental Health Services (RMHS)

A meeting with the Board of RMHS was held on December 19th to discuss DMH & DAIL concerns.

Brattleboro Retreat

DMH attended a meeting with the Brattleboro Retreat, CMS and the consultants hired by the Retreat, to discuss issues which the Retreat needs to address before February 2015 in order to meet the requirements of Continued Participation.

Department of Disabilities, Aging and Independent Living (DAIL)

Mix of Disappointment, Relief and Respect for Making Tough Decision Dominate Feedback

Among DAIL staff and our constituents, the Governor's announcement that "now is not our time" for single-payer was met by a predictable mix of disappointment, relief and grudging acceptance of the necessary pragmatism inherent in the decision. Recognizing there is still a need for health reform, we look forward to next steps.

"Snow soup" Story Makes it way to Washington

Last week's power outages revealed Vermont's creative resilience once again. This story was sent to the Assistant Secretary of Health and Human Services by our regional office:

"Huntington got hit hard. The local store sold 11,000 gallons of gas on Wednesday and ran out as people needed gas for their generators. The cook, Allison Forrest, did not have electricity for 5 days and just got it back this morning. She went to the school on Thursday and they had no power or water. She collected pots of snow and melted it and made a huge batch of soup and added bread she had previously made along with fruit to send out. She kept the door open so that she would have light. The volunteer came and delivered and had to walk in very deep snow to every client. The school got electricity again on Friday so Alison went back and made a big casserole and another volunteer came and did the trek up the driveways. An emergency shelter was set up in the church next to the town hall and many people stayed there but all the seniors were fine but very happy to receive hot meals, especially the snow soup."

Department of Corrections (DOC)

Evaluating Bidders for Out-of-State Placement Contract

There are two main bidders, Corrections Corporation of America (CCA) and the GEO group. DOC is familiar with CCA operations but not GEO. DOC sent a team of staff to two GEO facilities last week. The facility being offered by the bidder is in Michigan, but it is currently empty. It is a former juvenile facility acquired from the Michigan DOC. GEO has done significant construction to the facility but has not yet inhabited it. DOC also went to a GEO facility in Indiana to see an operating facility. Early indications show the staff is impressed with GEO operations and the proposed facility. The bid vetting process will continue through December.

New Offender Management System in March 2015.

By the end of 2014, the data migration and configuration of the new system will be complete. The system is currently undergoing testing from DOC staff and external stakeholders that receive extracted data from the system. The first few months of 2015 will be devoted to staff training, pilot office activities and preparation for Go-Live. Our cut over date is scheduled for March 18, 2015.

Population

The department's incarcerated population averaged 2,038 for the previous week. The male population averaged 1,879 with 350 being presentenced. The female population averaged 159 with 33 being presentenced.

Department for Children and Families (DCF)

Reauthorization of Federal Block Grant for Child Care Subsidies

On November 19, President Obama signed the Child Care and Development Block Grant (CCDBG) Act of 2014 into law. This reauthorizes the child care program for the first time since 1996 and represents a historic re-envisioning of the Child Care and Development Fund (CCDF) program. The

new law builds on current and emerging science around child development, child learning, and child care quality making significant advancements in health and safety requirements for participating child care providers. It also defines family-friendly eligibility policies and practices and ensures transparent information about child care choices available to families. No new funding was attached to the reauthorization bill but there may be potential for increased funding in future federal budgets.

Vermont is currently well ahead of the new rules and reauthorization in terms of health and safety and child care quality. One major change we'll need to implement is using fingerprinting in the record checks process for child care providers which is not used currently. We are assuming that costs of that policy change will be passed onto providers. New federal rules and reauthorization will require some significant changes in the use of Legally Exempt Child Care providers in Vermont's CC FAP. There will be a gradual increase in the amount of funding set aside for child care quality activities under reauthorization. Right now Vermont meets and exceeds federal requirements for spending on quality improvement.

The CDD Deputy Commissioner and Director of Child Care will be attending a meeting for CCDBG State Administrators in Washington in late January to understand the details of this Act and plan for moving forward on reauthorization.

Woodside Juvenile Rehabilitation Center “Exceeds Expectations” in PREA Audit

Vermont DCF-Family Services began PREA (Prison Rape Elimination Act) implementation in 2013. There are four juvenile facilities (Woodside and three group homes) that need to become compliant with PREA standards. In November, the first audit occurred at Woodside Juvenile Rehabilitation Services. The report issued by the independent auditor stated the following, "Overall, the WJRC exceeded expectations. Some of the highlights included all youth clearly understanding their rights; all youth knowing how to make a report if they were being abused; and all youth stating they felt staff genuinely cared about their safety and well-being. In addition, interviews supported that staff are professional and dedicated to ensuring youth are safe and receive the treatment services they need in order to turn their lives around. All staff clearly understood their first responder responsibilities and knew exactly what they needed to do in the event a youth alleged sexual abuse. "

Department of Vermont Health Access (DVHA)

Vermont Dental Association (VDS)

DVHA met with representatives of the VDS. Eight of the biggest Medicaid providers participated in the dialogue about the oral health safety net here in Vermont. VDS articulated challenges with the expanded Medicaid population (over 40,000 new adults), new ICD [90/10](#) coding requirements, and some of the new rule interpretations (payment beyond the \$510 adult cap). DVHA committed to reviewing the administrative concerns VDS raised and are committed to proposing a specific list of suggestions for increased or new investments in dental services.

Pharmacy Benefit Management Update

With 10 business days left before implementation, there will be daily status updates. Here are the major testing milestones that are heading towards completion in the next week:

Systems Integration Testing (SIT)

This testing is complete and the results have been submitted and are under review. GHS is waiting for feedback on the test results and on the layout and proposed content of the User Acceptance testing

summary report (which will be the same as the SIT report) before formal submission of the SIT deliverable for approval and sign-off.

User Acceptance Testing (UAT)

Testing is nearing completion. Summary of the testing accomplished to date:

Summary		
Total Planned	145	100%
Pass	143	99%
Fail	2	1%
Blocking	0	0%
Not Tested	0	0%

Of the two failed test cases, one has been addressed and is available for re-test. The other requires a meeting to clarify the intent of the rule before determining a plan of action. Both of these follow-up items are underway. A draft report has been submitted for review to ensure it will meet the deliverable requirements before formal submission.

Pilot Testing

Pilot testing is underway.

Summary	
Enrolled Pharmacies	36
Active Pharmacies	8
Total Test Cases (Planned)	30
Test Cases Completed	0

In addition, 2 of the 3 switching vendors are actively testing connectivity and claims submission. As of about 4 PM today, 8 pharmacies have submitted a total of 80 claims. More detailed analysis of the test results will be available once the data set is a little larger and feedback has been received directly from the pharmacies on completed test cases.

Parallel (Batch) Testing

Parallel testing is underway. Several small batches have been processed and are being reviewed. No actionable results are available at this time.

Hepatitis C drugs

DVHA is collecting information for a variety of national sources about new drug therapies of Hep C. These drugs are highly effective but very expensive and are appropriate for a broader range of patients. This may require revision to DVHA's current guidelines and could have an impact of pharmacy costs.

EHRIP Program Audits

The Electronic Health Record Incentive Payment (EHRIP) Program is about to begin its next round of audits. About 10% of individual providers (Eligible Professionals) and 50% of Eligible Hospitals were selected for audit, in accordance with DVHA's CMS-approved plan. Risk assessments were performed on all providers who received payments for this program year and then a random sample of providers is selected from each risk group. These audits are for EHRIP program year 2012 payments.

Most audits are desk audits. The Program sends an audit notification letter that includes a documentation request to support the provider's attestation. These letters go out by email and certified mail, and then the Blueprint unit will follow-up to make sure they received it and understand what documentation is being requested, as well as the due date, which is typically 30 days later. If an on-site visit is needed then a letter will be sent to the provider notifying them to demo their system and answer questions.

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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: December 19, 2014

Secretary's Top Issues

- Animal Health Specialists collected serum samples from a backyard poultry producer/exhibitor in Chittenden County to test one bird for Mycoplasma species. This flock has been in contact with the two other flocks found to be positive for Mycoplasma.
- Deputy Secretary Bothfeld, Ag Policy Administrator for communication and marketing Kosakowski and Secretary Ross met with representatives of the New England Dairy Promotion Board to discuss dairy farmer image in Vermont and the region. Vermont has a water quality issue but in Southern New England the issues are concerns with animal wellbeing. The New England Dairy Promotion Board provides media training for dairy farmers in Vermont and a greater understanding of the water quality issues is important for their future activities in Vermont.
- Canada has passed the new maple grades, which will go into effect either on Jan.1 or 15. There is a 2 year grandfather period to transition, but most will go to the new system now. New Hampshire has passed rules adopting the new grades as of December 16.
- The Vermont Weights and Measures Metrology Laboratory received a Certificate of Metrological Traceability for 2015 from the National Institute of Standards and Technology (NIST). This is the end result of a lengthy submission process that includes a review by NIST of the laboratories management review, calibration and measurement capabilities, proficiency testing results, suitability of laboratory; equipment, facilities, standards, procedures, and suitability of laboratory quality management systems. The certification will allow the Vermont laboratory to provide services to both in and out of state customers as the calibration reports generated will be recognized by other state's regulatory jurisdictions and industry ISO requirements.
- Inquires received for requirements for a custom slaughter facility in Westford to service the ethnic community in the Burlington area. The farm allegedly has offered on-farm slaughter in the recent past but is not following the requirements set forth in 6 V.S.A. 204 §3311a. Compliance visited the establishment and program chief will be visiting farm to explain requirements to become a licensed custom slaughter facility since the farm expects to produce more product than is allowed under the current exemption.

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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: December 19, 2014

Status of Governor's Priorities:

Legislative Activities and Issues:

- Animal Health received a call from Representative Zuckerman regarding a constituent who received an animal welfare complaint regarding lack of shelter/water for sheep.

Jobs in Agriculture:

This Administrative Services Coordinator I position is responsible to compile and disseminate local food pricing and volume data from local, regional, and wholesale markets, and make information available nationally. This position will work collaboratively with organizations, such as the VT Farmers Market Association (VTFMA), Northeast Organic Farming Association of Vermont (NOFA-VT), UVM Extension, and the USDA Agricultural Marketing Service (AMS) to collect and report market information for fruit, vegetable, meat, poultry, egg, and dairy products marketed through farmers' markets, food hubs, farm-to-school, and other local market venues. Tasks will include developing a data collection and reporting framework, routine communication with local, regional, and wholesale markets outlets, collaboration with local stakeholders and USDA-AMS on program development and implementation, weekly market data reporting, and coordinated trainings and site visits to ensure quality and quantity of data collection and reporting. Experience in data collection and evaluation is preferred. Knowledge of database management and project development desired, and strong communication and partnership skills are ideal.

The full job specification for this position is at [DHR Job Specifications](#).

For more information about this position, please contact Abbey Willard at abbey.willard@state.vt.us.

To apply for this position, visit the [Vermont Careers Page](#).

Media:

On Friday, 12/12, Sec. Ross sent an Op Ed to local papers regarding the Agency's efforts to mitigate agricultural impacts on Lake Champlain. The Op Ed was published in VT Digger, The Rutland Herald, and The Times Argus.

On Wed., Sec. Ross issued a statement regarding the denial of the CLF petition to the media in response to questions about the appeal.

Dairy Promotion

The Agency is working with Place Creative in Burlington to design a brochure that features highlights the benefits of the dairy industry in Vermont. Ken Jones with the Agency of Commerce did an analysis of the economic impact of the dairy industry. Castleton polling assessed Vermonter's perceptions of how dairy impacts the state's quality of life. This project has been funded by the Vermont Dairy Promotion Council (milk check-off) and managed by the Agency of Ag.

Key findings include...

- Dairy generates \$2.2 billion dollars of economic activity (GDP) in VT each year
- \$350 million dollars in wages for Vermonters
- 95% of Vermonters feel dairy is important to the state's image
- 91% of Vermonters feel dairy is important to Vermont's quality of life
- 92% feel dairy "adds to Vermont's beauty"

Production of the report is underway, and we expect to release findings during the last week of January.

Significant Events/Meetings:

Members of the Vermont Agency of Agriculture, including Secretary Ross and Tim Schmalz of the Plant Industries Sector met with a number of Vermonters to discuss concerns and opportunities regarding hemp.

Evolving Issues:

- Animal Health Specialists collected serum samples from a backyard poultry producer/exhibitor in Chittenden County to test one bird for Mycoplasma species. This flock has been in contact with the two other flocks found to be positive for Mycoplasma.
- Animal Health staff provided consultation to an animal welfare investigator looking into a complaint in the Jericho area regarding sheep and winter grazing.
- Animal Health Specialist completed a flock inventory for a backyard producer/exhibitor under quarantine for Mycoplasma.
- Animal Health is following up with a livestock dealer who is not presenting his facility or records for the required inspection. A letter of warning will be issued.

Summary of Key agency Department Activity

Administration:

Deputy Secretary Bothfeld met with representatives of Ben & Jerry's to discuss dairy farm labor housing and wage and hour issues. Ben & Jerry's is considering more social mission expectations to dairy farmers producing the milk for their ice cream.

Deputy Secretary Bothfeld, Ag Policy Administrator for communication and marketing Kosakowski and Secretary Ross met with representatives of the New England Dairy Promotion Board to discuss dairy farmer image in Vermont and the region. Vermont has a water quality issue but in Southern New England the issues are concerns with animal wellbeing. The New England Dairy Promotion Board provides media training for dairy farmers in Vermont and a greater understanding of the water quality issues is important for their future activities in Vermont.

All supervisory staff attended a training on writing effective evaluations. The supervisory staff have completed three trainings this year – succession planning and FMLA were the other two trainings in 2014.

Land Use

On December 18, VAAFM representatives attend a Farm to Plate Farmland Access & Stewardship working group meeting to discuss agricultural land use planning, the Agency's work addressing agricultural enterprises and how it relates to the recently issued [*Sustaining Agriculture: A Handbook for Local Action*](#). This meeting also included a discussion on how local land use regulations affect agricultural enterprises. Aaron Locker from the Kingsbury Farm in Warren, Vermont shared his experiences with the local zoning process and the challenges he faced in making informed business decisions and navigating the uncertain regulatory process. Alex Weinhagen, Planning Director for Hinesburg, VT shared his communities experience on the local planning process to change the local regulations to encourage diversified on-farm operations and supporting agricultural service operations in the town's rural agriculture district. A member of the group pointed out that an adopted regulation could have the intent of permitting an activity; however, the administration of the regulation could be less certain. Stephanie Smith, from the VAAFM, share the [Agricultural Enterprise](#) outreach process, the identified issues, and some of the potential "approaches" to addressing the issues shared by Aaron Locker. These included changes to legislation or developing model regulations for municipalities to adopt to encourage on farm enterprises just as Hinesburg has done.

The Mike Ghia and Ben Waterman discussed efforts underway to provide a survey course to Vermont real estate agents on Conservation Easements, Option to Purchase at Agricultural Value, how to use the Agency of Natural Resources online mapping tool, the current use program and the Accepted Agricultural Practice Regulations, and what all this means when marketing commercial farm properties. The next course is in Middlebury. Pat Sugti share her work with the Food Cycle Coalition, and Jake Claro and others shared work on soil and water quality.

In November, the VAAFM did not issue any variances. It did denied a request for a variance due to the size, configuration, and natural features of a lot for both the proposed construction of the farm structure within the municipal setback and a proposed manure management plan. The Agency was unable to conclude that the location and the manure management plan were suitable as proposed. The identified location of the barn appeared to be very close to a class II wetland, the lot was very narrow, and it was unclear that the manure from four horses could be consistently managed in compliance with Sections 4.02 and 4.01 (b) of the Accepted Agricultural Practices Regulations.

Agricultural Development:

- As part of the contract with Yellow Woods Associates, the Working Lands Enterprise Board wrapped up the final of four focus groups. The purpose of the focus groups was to discuss the achievements, challenges, and future potential of the forest economy in the state of Vermont. The focus groups were held in four areas around the state: the North East Kingdom, Central Vermont, North West Vermont, and finally Southern Vermont. In total roughly 45 people attended the meetings. A few themes that arose during multiple meetings were: public outreach and education, the cost and logistics of transportation, an aging workforce, and technical and workforce training. The Working Lands Enterprise Board looks forward to reviewing an analysis of the results.

Weekly Report for Local Foods Team

- VAAFM holds inter-agency Advisory Committee meeting about increasing local product procurement in state government on December 16th
- VAAFM will lead an inter-agency advisory group with representation from AoA, BGS, ACCD, FPR on implementing strategies for increasing local product procurement in state government.
- The first Advisory Group meeting on December 16 was an opportunity for state agency representatives to share current commitments to increasing local product (food and forest products) procurement.

- Recommended strategies from the VAAFM 2013-2014 Vermont Certified Public Managers project on “opportunities for increasing local product procurement in state government” include:
- Addressing communication with vendors and across state agencies about procurement opportunities
- Exploring infrastructure changes to support ease in bidding
- Considering need for additional preference language in state contracts and RFP language
- VAAFM Ag Dev Farm to School Coordinator Participates in USDA Foods Training at Vermont Agency of Education in Barre with Northeast Region Counterparts from State Departments of Agriculture and State School Nutrition Program Staff
- Massachusetts, Vermont, New Hampshire, Maine, and New York had representatives present.
- Strategies on getting regional product into the USDA Foods program were discussed, both within respective states and as a regional collaboration.
- Department of Defense Fresh Program discussed as opportunity for VAAFM and VoE to collaborate on getting new products on the program list.
- VAAFM Farm to School Coordinator and AoE Child Nutrition Staff continued to build a strong partnership, planning three possible future strategies to introduce three products into USDA Foods Program.
- Currently, of roughly 230 vendors in the USDA Foods program, only one is from Vermont. This is an excellent opportunity to give Vermont producers a new market.
- VAAFM Ag Dev Farm to School Coordinator Announces 2015 Grant and Milk Cooler Grant Recipients
- Implementation grants, which range from \$2,300 to \$8,875 will go to:
- Newbury Elementary, Washington South Supervisory Union, Chelsea Public School, Brewster-Pierce Memorial School, and Walden School
- Planning grants, which range from \$1,400 to \$2,200 will go to:
- Peacham Elementary, Bennington School, Franklin Central School, Derby Elementary and Newport Elementary
- FTS grant awards will be distributed at FTS Awareness Day at the statehouse cafeteria on January 29, 2015 from 4-6 pm.
- Milk cooler grants were announced through the Farm to School RFP this year, for the first time. These grants give schools up to \$1,200 or half the cost of a new cooler- whichever is less expensive. This grant is an excellent way to increase access to fresh and nutritious dairy products to Vermont’s children.
- The milk cooler grants will go to: New Brook Elementary, Putney Central School, Rutland Northeast Supervisory Union, Brewster Pierce Memorial School, Washington South Supervisory Union, Newbury Elementary, and Jericho Elementary.

Food Safety and Animal Health and Consumer Protection:

- Canada has passed the new maple grades, which will go into effect either on Jan.1 or 15. There is a 2 year grandfather period to transition, but most will go to the new system now. New Hampshire has passed rules adopting the new grades as of December 16.
- The Vermont Weights and Measures Metrology Laboratory received a Certificate of Metrological Traceability for 2015 from the National Institute of Standards and Technology (NIST). This is the end result of a lengthy submission process that includes a review by NIST of the laboratories management review, calibration and measurement capabilities, proficiency testing results, suitability of laboratory; equipment, facilities, standards, procedures, and suitability of laboratory quality management systems. The certification will allow the Vermont laboratory to provide services to both in and out of state customers as the calibration reports generated will be recognized by other state’s regulatory jurisdictions and industry ISO requirements.

- Consumer Protection Weights and Measures staff documented 8 scanner violations in the past 10 days with an accompanying estimated \$ 20,000.00 in penalties to be processed. These penalties are the result of ongoing repeat violations.
- Consumer Protection Weights and Measures staff are in the process of investigating a major feed distributor for short weight and misleading labeling on some of their bagged products.
- Consumer Protection Weights and Measures staff continue to investigate a large number of consumer concerns including numerous firewood shortage complaints, retail short weight complaints, and an incident of a misleading sales receipt from a gasoline retailer.

Meat Inspection

- A federal plant in Lyndonville is gathering information on the possibility of doing Alpacas under voluntary state inspection
- Sherpa Foods in Burlington will start operations under state inspection on Dec 22nd
- Inquires received for requirements for a custom slaughter facility in Westford to service the ethnic community in the Burlington area. The farm allegedly has offered on-farm slaughter in the recent past but is not following the requirements set forth in 6 V.S.A. 204 §3311a. Compliance visited the establishment and program chief will be visiting farm to explain requirements to become a licensed custom slaughter facility since the farm expects to produce more product than is allowed under the current exemption
- Program is providing extra coverage for the federal plants under the cross-utilization program as USDA continues to struggle to fill open federal inspector positions within VT

Animal Health

- Animal Health Specialists:
 - Attended the weekly auction at the Addison County Commission Sale and checked for Animal Disease Traceability compliance and completed the market report.
 - Completed retail pet store inspections in Rutland Co.
 - Participated in a national conference call regarding Animal Disease Traceability.
 - Worked with Vermont DMV at a truck inspection detail in Fair Haven.
 - Completed an annual inspection of a licensed livestock dealer (Stanley Livestock) and reviewed the use of owner/shipper documents for a transport of livestock to the Cambridge Valley Livestock Market.

Agricultural Resource Management:

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

- Staff attended a Soil Health Team meeting at the NRCS state office in Colchester. The group meets multiple times throughout the year with partners to discuss strategies to promote soil health throughout the state. Partners include ANR-DEC, NRCS and UVM Extension.
- Staff are drafting inspection reports, memos and letters for complaint investigations, enforcement actions and ongoing inspections. We are also preparing for upcoming hearings.
- Staff are preparing documents and information for enforcement discussions with the AG's office for a LFO in Orleans County.
- Staff have been processing grants and payments from farms for winter cover cropping and manure injection through the Farm Agronomic Practices (FAP) Program.
- Staff prepared annual report information for the ARM Division's additions to VAAFM's Annual Report.

- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.
- Staff are continuing to work on the water quality section of the new water quality database. We have entered the user acceptance phase of testing with an amended go live date of April 2015.

Conservation Reserve Enhancement Program (CREP):

- Staff provided VACD staff with CREP planning guidance.
- Staff worked on paperwork needed for upcoming CREP contract signings.
- Staff met with other AAFM water quality staff to prepare for upcoming watershed meeting.
- Staff attended a conference call with FSA staff and USFWS Partners program staff to discuss changes to Addison County CREP tree planting process to increase transparency in contracting this work.
- Staff visited a SFO in E. Fairfield with AAFM engineer and UVM grazing specialist to plan and discuss installation of a much needed laneway/stream crossing.
- Staff visited another SFO in E. Fairfield where there are compliance issues with a CREP contract. In addition, there were follow up phone calls, emails and related correspondence to bring parties together to resolve the compliance issue.

Plant Industry Section

- Rulemaking – The Ginseng and Nursery rule amendments are complete, and have been filed with the Secretary of State for final adoption. The amended rules will become effective December 25, 2014. Amendments to the ginseng rule included alteration of the wild ginseng harvest season, increasing the allowable age of wild ginseng from five to ten years, addition of language reflecting the creation of a registration fee (in statute, 2013), increased clarity on the nature and practices around importation of foreign wild ginseng and cultivation of ginseng in Vermont, and general housekeeping updates. The nursery rule was amended to reflect the creation of registration fee in statute (2010), and to strike all language relevant to wild ginseng that had been in the original nursery rule.
- Ginseng Auction – On Saturday, December 13, the Vermont Ginseng Association held their annual ginseng auction in Bethel High School. The Agency was on hand to provide certification services to the collectors and dealers wishing to conduct business in wild ginseng. Eight lots of ginseng were inspected and certified, and offered for auction by the collectors. Amounts of ginseng ranged from two ounces to as much as 3.5 pounds, and the total weight available for sale was approximately 8.5 pounds (dry weight). This represents a small fraction of the total amount of wild ginseng harvested in Vermont on an annual basis, which is typically between 120 and 160 pounds, dry weight, annually. Prices this year have been increasing as the season has progressed; prices paid at the auction ranged from 400.00\$/lb. to 1300.00\$/lb. Interest in ginseng collection and certification remains high, due in part to the high prices paid for top-quality roots, and also to the recent spate of ‘reality shows’ concerning the wild ginseng industry.
- Vermont Forest Pest Roundtable – On Tuesday, December 16, representatives from Plant Industry (Tim Schmalz and Emilie Inoue) participated in the semi-annual Forest Pest roundtable meeting. Others in attendance included USDA APHIS PPQ, USDA Forest Service (State and Federal and Green Mountain National Forest), University of Vermont Extension, and Vermont Forests and Parks, who hosted the meeting. The purpose of the meeting is to review forest pest management policies in Vermont and around the country, and to provide updates to cooperators on the activities of the attending organizations to the other participants. This meeting was also attended by Kyle Lombard, Chief of the New Hampshire Forest Health Section and Nate Siegert, the USFS expert on Emerald Ash Borer (EAB). They presented their observations on the recent spread of EAB in New Hampshire and their survey and management activities, and what has been successful for them. EAB remains undetected in Vermont, but having the opportunity to discuss strategies before the arrival of the insect is of substantial value to managers and foresters here in Vermont.

Secretary's Comments:

- Secretary Ross was in Washington DC for the beginning of the week to meet with the National Association of State Departments of Agriculture and the Safe Food Coalition.
- Secretary Ross participated in numerous Agriculture Water Quality issue meetings throughout the week, including a meeting with the Agency of Natural Resources and the Attorney General's office.
- Secretary Ross participated in an internal meeting regarding concerns with Westminster Meats and the high volume of injuries that have been happening there.
- Secretary Ross participated in the aforementioned New England Dairy Promotion meeting.
- Secretary Ross spent a portion of a day at the University of Vermont where he met with several members of the faculty including Dean Lantagne, Chris Koliba and Dean Garcia.
- Secretary Ross participated in a meeting initiated by Emily Peyton and with an array of participants regarding hemp and the numerous obstacles to its growth and research.
- Secretary Ross participated in a water quality meeting for Lake Carmi Thursday evening.

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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: December 19, 2014
Subject: ANR Weekly Report

Governor Level Issues:

Transferring IBM's Permits to Global Foundries: DEC met with IBM to discuss transfer of IBM's permits to Global Foundries. IBM is seeking to have all permits transferred to Global Foundries except a permit guiding the hazardous waste contamination corrective actions. In order to ensure a smooth transfer, IBM has asked to receive all permits [air, waste (other than corrective actions), and water quality] by April 1, 2015. DEC expects to complete the necessary approvals within this timeframe.

Waterbury Dam: DEC issued the Water Quality Certification of the hydropower license that Green Mountain Power is seeking from the Federal Energy Regulatory Commission. There was significant media coverage of the draft decision document over the fall but the final decision triggered only a few, summary articles copied from our press release. We do not believe that there will be any appeals of this decision. (If there is an appeal it would be by the enviros saying we did not go far – or fast - enough).

RGGI Auction 26 Results: Last Friday, RGGI Inc. released the results of its 26th quarterly auction. All 18.2 million allowances up for auction were sold at an all-time high clearing price of \$5.21. Vermont offered and sold 141,405 allowances, with gross proceeds of \$736,720.05.

Gillett Pond (Richmond): I mention this because there has been significant interest in saving this dam by the local legislators and some vocal citizens. They had wanted the state to take over the dam – which we declined as it will require a significant investment to fix. Subsequently, the Richmond Land Trust, on behalf of the Friends of Gillett Pond, has entered into an agreement with the Girl Scouts of the Green and White Mountains to acquire Gillett Pond, adjacent land

and the rights to the dam, subject to the Land Trust and the Friends raising the funds necessary by Jan 31, 2015. If the transfer is executed, it is expected that the Land Trust will pursue fund raising for the estimated \$250,000 cost to renovate the dam. The current application from the Girl Scouts to remove the dam will be placed on hold until the outcome of the purchase agreement is known. If ownership does not change, Dam Safety will schedule a public information meeting in February and continue processing the application to remove the dam. If ownership does change, the current application will be closed out.

Annual Statewide Greenhouse Gas Emissions Inventory Update: DEC completed a draft report presenting calendar year 1990 through 2012 GHG emissions estimates from all major emitting sectors including transportation, residential / commercial / industrial fuel combustion, electricity consumption, agriculture, waste management, and industrial processes. Also presented is a brief analysis of Vermont's forest carbon flux and stocks that was prepared in collaboration with FPR. While Vermont has made progress in reducing emissions over the past decade, the report shows that statewide greenhouse gas emissions increased slightly in 2012 (as compared to 2011). The document is now undergoing internal review. We anticipate making in public early in the New Year. On a regional level we are beginning a conversation about how to broaden our GHG inventories to take into account life cycle carbon. Doing so would allow us to take credit for GHG reductions from our universal recycling, materials management efforts and to account for the more carbon intense fuels coming into our region.

EVERYTHING ELSE:

Legislative Issues/Testimony/Rules:

Trey Martin – New Deputy Secretary: We sent out a press release announcing the upcoming change. Received positive feedback all around.

Lake Iroquois: Representative David Sharpe and his brother Daniel met with us to discuss a proposal they are developing to restrict the use of large motorboats on Lake Iroquois.

Stage I Vapor Recovery: The Legislative Committee on Administrative Rules has approved without comment amendments to the Stage I Vapor Recovery System regulations for gasoline dispensing facilities. This regulation establishes requirement for control of gasoline vapors displaced from underground tanks during filling by delivery trucks.

The commissioners and Trey have had some preliminary conversations with a variety of legislators in anticipation of the upcoming session.

Press Issues/Releases:

Firewood: A recent Wall Street Journal article contained comments by FPR Wood Utilization Forester Paul Frederick: <http://www.wsj.com/articles/an-old-style-energy-crisis-leaves-vermonters-with-axes-to-grind-1418170252?KEYWORDS=vermont+firewood>

Significant Events/Meetings:

Lake Champlain Restoration: As part of its ongoing effort to provide outreach regarding Lake Champlain cleanup to affected stakeholders, DEC hosted a joint workshop with EPA for municipalities and supporting organizations to explain the basis of the Total Maximum Daily Load (TMDL) loading estimates and allocations and to discuss wastewater and stormwater permit implementation issues. Several municipal representatives voiced strong support for the options the state has proposed for flexibility in permit implementation in the areas of compliance schedules, integrated planning, and opportunities for trading.

VT-DEMHS Request for FPR Cutting Crew: On Sat, Dec 13, the Vermont Dept. of Emergency Management and Homeland Security called with a request for FPR to assist tree cutting crews from Green Mountain Power following power outages from the recent snowstorm event. Protection Forester Dan Dillner, State Lands Forester Mike Johnson, and Chittenden County Forester Keith Thompson responded to the request. Work was done clearing remote power lines in Starksboro. They utilized FPR2, the Northern Fire Response Vehicle, for this detail. This vehicle with tools, equipment, communications and GIS proved invaluable.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

Vermont Gas Phase II: On Thursday we facilitated a 7-hour settlement negotiation with VG regarding their Phase II CPG petition. Technical hearings for that docket had been scheduled at the PSB for the week of Jan 12. Our understanding is that they have been put off for the time being. The daylong meeting was largely successful and the majority of issues were resolved to ANR satisfaction, however final resolution of bat habitat and significant natural communities are pending final VG commitment.

Hermitage Ski Resort Airport: OPLA staff this week participated in a meeting with Hermitage representatives and regional Army Corp of Engineers staff to discuss Hermitage's proposed airport upgrades. At the meeting ACOE suggested that VTRANS become a co-applicant with Hermitage on their ACOE permit in part to strengthen the argument that the airport is a regional resource and not a more limited private facility.

SunCommon Solar project issues: OPLA this week reviewed two CPG petitions from SunCommon for 150kw facilities in Williamstown and New Haven. SunCommon had sought sitting guidance and technical support from OPLA staff earlier this fall when first planning the projects. At that time it was clear class II wetlands were present at one site and likely at the other. During the early fall meeting OPLA recommended that SunCommon dispatch their wetlands consultant to field investigate and delineate the apparent wetlands so that necessary information could be included in their CPG petition. Without adequate natural resource information – such as field delineation of wetland boundaries and wetland values – it is difficult

for ANR to opine on petitions and for the PSB to determine whether projects meet the environmental standards set forth in Section 248. Unfortunately SunCommon elected not to gather this information and it is not clear whether the projects can proceed before the PSB at this time. OPLA is working with DEC wetlands staff to determine if there is way for the projects to proceed before the PSB now, but given the tight turn around for PSB review and the pending holiday, problem solving for these projects is a challenge. All of this could have been easily avoided had SunCommon simply dispatched their consultant for a few hours this fall to collect the information necessary for a complete application.

Food Waste as Renewable Energy: OPLA, with support from DEC solid waste program staff, filed comments with the PSB Dec 17 encouraging the PSB to designate and define food waste or non-farm anaerobic digestion projects as renewable energy in the context of Dockets 7873 and 7874, which focus on new technology categories under the SPEED program. ANR worked with VAAFM and PSD to craft our comments, which are intended to incentivize the use of food waste in on-farm and off-farm anaerobic digesters, consistent with the goals of Act 148 (Universal Recycling law).

New Applications: Week of Dec 15, OPLA received 3 new Act 250 application and 2 new Section 248 applications.

Environmental Conservation

Residential Wood Heating Incentive Workgroup: DEC continues to explore options for the development of an incentive program to foster cleaner wood heating device development in response to upcoming tighter federal regulations on all types of wood heating devices. We are working with FPR to develop additional questions for their Vermont wood utilization survey to help us develop an effective incentive program.

Briefing on Burlington Results from Environmental Defense Fund Methane Leak Mapping Project: The Environmental Defense Fund, in partnership with Google Earth, has developed a mobile system for detecting, quantifying and mapping methane leaks in areas with natural gas distribution systems. (<http://www.edf.org/climate/methanemaps>). They recently deployed this mapping system in the Burlington area. Burlington came out relatively clean but not perfect (11 small leaks detected). The Environmental Defense Fund has suggested that Vermont adopt more stringent gas leak detection and repair requirements, consistent with other New England states.

Lakes & Ponds Shoreland Permit Program Update: The City of Burlington is seeking delegation for the authority to administer the Shoreland Protection Act through functionally equivalent zoning. DEC notified them that it cannot delegate authority to them without some changes to their current zoning, most notably to address the jurisdictional gap in their zoning between the mean water level of Lake Champlain (95.5') and their current zoning jurisdiction beginning at 100'.

Municipal Assistance: Environmental Assistance staff assisted the Burlington Department of Public Works with a materials management strategy for their street sweeping and catch basins. We met with the Director of Street and Sidewalk Operations and a member of the stormwater staff. We discussed the various aspects of their operation and how they could manage the material with the goal using it as fill for a local farmer, as well as other fill uses.

Fish & Wildlife

Softshell Turtle Update: Staff gave an update on Softshell Turtle nesting data for use as a VFWD indicator. In spite of high spring lake level impacting some nesting areas it ended up being a banner year: (707 emerged hatchlings + 102 released and 28 given to ECHO). Staff delivered 15 hatchling Map Turtles to ECHO. Due to some staffing issues at ECHO, staff were not able to deliver these Map Turtles earlier with the Softshell Turtles. While at ECHO staff met with a Channel 3 reporter and photographer who are putting together a 4-min spot on the Turtle Recovery Project. It is part of Jennifer Costa's "Odd Jobs" series. Evidently this is odd enough for this series.

Concerns for New Trails: Staff attended a meeting with the state lands stewardship team. A representative from the VT Mountain Bike Association proposed a series of new trails along the eastern side of the Green Mountains in the Mad River Valley. A site visit will be conducted in spring to assess possible impacts to water resources. A consultant from Stowe Mountain Resort also presented a proposal for a new location of an aerial challenge course. The previous course location was rejected by the DEC due to possible impacts along Big Spruce Brook. There are no longer water resource issues at the new site location.

Deer: The late archery and muzzleloader seasons are now closed. Wardens were busy last week with some desperate hunters willing to do anything to fill their deer tags. Sadly there were some antlerless deer illegally shot and left in the woods. Wardens also handled many people who voluntarily turned themselves in for shooting protected spike horns believing they were antlerless deer. The large amount of snow fall also led to more road hunting activity and associated complaints as the heat of the truck cab was more inviting than the deep snow.

Forest, Parks and Recreation

Commissioner: This week Commissioner Snyder continued to work on the legislative report on forest fragmentation. Next week, the Commissioner will be speaking at the forest roundtable, and at a meeting of the advisory and technical committees on the draft voluntary harvesting guidelines.

Ski Areas: With the recent snows and colder weather, Vermont ski areas are off to a fine start with great conditions and plenty of terrain open. The Director of State Lands Administration attended a ribbon cutting ceremony for the new "Sunburst 6" lift at Okemo this past weekend. This 6-person, high-speed detachable lift includes heated seats and a tinted windshield, and

received many kudos from skiers and riders at this well-attended event. We received Okemo's FY'15 ski lease payment this week in the amount of \$569,591. This represents the highest lease fee payment ever from Okemo and is up approximately \$25,000 from last year's payment.

Audit Report on Ski Area Leases. We received a draft, confidential report from the State Auditor's office on Vermont's ski area lease program. We will be reviewing the draft report over the next couple of weeks and have been asked to provide comments to the State Auditor by the first of the New Year. The audit raises some good issues about how we charge ski areas for using state lands. It will help us become more uniform and, perhaps, modernize our approach to take into account the year-round use of these lands and facilities.

ANR Land Transactions: We received approval from the Bolton Development Review Board for subdivision of the proposed Lafreniere Sale Parcel and Conditional Use Approval for Adaptive Use of the historic farmhouse on this property for a single-family residence, and are presently considering how best and when to re-advertise this property to interested parties. We are still shooting to close with The Green Mountain Club on the Thomas parcel (addition to Mt. Mansfield State Forest for planned Long Trail relocation) by the end of December. The Department and its partner, the Trust for Public Land, will be meeting with the Town of Shrewsbury this week and Mendon next week to solicit their input on the proposed state acquisition of several forestland parcels adjacent to the Mendon Brook property, and on our proposal to name this assemblage of lands the new Jim Jeffords State Forest. Work continues on the Dern acquisition (addition to Emerald Lake State Park), several Forest Legacy projects, and other priority ANR land transactions.

State Lands Survey: Survey staff have been working on survey of Molly's Falls Pond property, and are completing additional mapping associated with the Lafreniere sale parcel. The Department has received some brief field notes from landowner Peter Lyon's surveyor, which we are presently reviewing with our contract surveyor in an effort to complete the survey of the West Shore Access Road at Lake Groton.

Parks Database: An internal state parks team is finishing vendor demonstrations this week for the proposed new reservation/point of sale/customer database system. Working closely with DII and ANR/IT staff, the team is narrowing down the choices for a new system that should be in place by the 2016 season.

Land and Water Conservation Fund Grants: The final pre-application site visits for over 30 municipal LWCF grant proposals are being completed this week. The first grant cycle in several years will make available over \$700,000 in federal matching grants. Administrative processes are being designed this week to assure efficient and timely management of the program and thorough financial and program oversight.

Windham County Forestry Updates: Bill Guenther, Windham County Forester, met with the Windham Regional (Planning Commission) Stewardship Committee this week and the group had a discussion on Identifying Threats, Barriers and Limitations to Forest Sustainability, and developed a list of possible strategies to overcome these challenges. This project is part of a US

Forest Service grant and will also include some outreach to two target towns: Guilford and Halifax.

State Lands Management: Tim Morton, Stewardship Forester, continued working with AOT and The Vermont Railroad Company to work out an access arrangement for a portion of Proctor Piper State Forest where the access road parallels the tracks and is in the 50-foot owned Railroad ROW.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: December 19, 2014

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VGS: Don Rendall held a press conference announcing new projected costs for Phase I to be estimated at \$154MM, as well as VGS putting Phase II on hold while company evaluates situation. VGS plans to file a revised cost estimate with the Board today. We feel that VGS has appropriately exercised their responsibility to notify us of anticipated cost overruns and we'll continue to evaluate the overall economic impact of Phase I in tandem with Phase II. You should know that with this updated estimate, Phase I costs are quite close to the benefits, and knowing the margin of error will be fodder for groups wishing to scuttle the project. We anticipate that the Board will hold a hearing to determine whether or not to reopen the docket for Phase I. VGS expects this, and ask that we work to not derail the Phase I CPG or rescind it – which we will do. That said, I expect the Board will want to look carefully at the benefits and costs, and we believe Phase II and Phase I need to be considered together at this point to maximize benefit/cost ratio.

There was much press on this. AARP took the opportunity to again make the point that our

public advocacy role is broken – in anticipation of them seeking legislative changes either to our purview or the Alternative Regulation process, or both. I hit them pretty hard in press that asked about that – namely WPTZ and WCAX coverage.

Late Friday, I received the awaited information from VGS on property easement closings and on outstanding properties yet to be negotiated. Over the weekend I will notify the landowners that I have that and expect to transmit the first in a CD to them on Monday. The next step, consistent with our discussions, is for us to draft a letter to property owners that have still not reached agreement with VGS to tell them the status of legal assistance and process. I will draft that over the weekend. We need to decide if those letters best come from the Governor's office or from my Department.

Finally, VGS was, this week, making some progress with Cornwall, but the selectboard tabled the agreement due to vocal opposition. We'll have to see what happens (more detail below).

Vermont Yankee: We provided Entergy with approximately 200 Agency comments on the SAS and draft PSDAR from us, ANR, DOH. We also sent them comments we received from NDCAP and other members of the public. Comments were shared with the Panel at Thursday's NDCAP meeting. Entergy did make some changes in response to our comments, and formally filed the PSDAR with the NRC on Friday. They intend to respond to all our comments hopefully in the upcoming month. NRC currently intends to hold a public hearing on the PSDAR on January 28th. We hope to extend that a bit into February so we can engage NDCAP at its next meeting of February 22nd and still have time to prepare for the public hearing.

End date is still the 29th of this month. We should discuss and prepare an appropriate statement. Defueling the reactor will occur in January and likely be completed by the next NDCAP meeting of January 22nd.

FairPoint: Complaints continue to escalate (now over 700 since the strike began) to the point that we were weighing the possibility of seeking punitive action from the Board. We gave FairPoint an ultimatum on Friday telling them if they did not agree to specific actions, we would seek emergency action from the Board. They did agree, and we put out a press release on this – prioritization of restoration/repair efforts and tracking and reporting of outages.

Global Foundries: Chris and Darren participated in multi-agency discussion with GF. We flagged the transmission class three year rate freeze as a positive, noted that we plan to pursue statutory change to clarify GF's eligibility for IBM's current self-managed efficiency program, and highlighted the GMP/IBM plan for an up to 5 megawatt solar net metering pilot on IBM campus as a potential economic development tool for the campus that can

provide attractive electric rate discount for potential tenants.

EIP (legislative initiative): Darren and Asa continue stakeholder outreach. Utility folks have worked with Asa to review and confirm modeling assumptions. Darren working with Tony Klein, Rebecca Ellis, and Aaron Adler so that their draft legislation corresponds to the Administration proposal and incorporates stakeholder feedback to-date. They plan to take this up as first legislative item in committee, starting in late January. Fuel Dealers remain intrigued and will not oppose. Darren and Asa meeting with full REV legislative committee on Dec. 29.

Storm: As discussed below (see outage charts), this was an extremely significant event with outages totaling over 140,000. FEMA came on Thursday and started reviewing damages in VEC territory. We expect VEMHS to be requesting disaster declaration in eligible counties. Unfortunately, GMP as a for-profit entity, is not eligible for FEMA assistance (I have some ideas on this I will discuss with Mary Powell). The estimated cost in GMP territory is well over \$10M – probably closer to \$14-15M.

TDI: Following an interagency meeting on Tuesday, I had my first “negotiation” meeting with TDI on Wednesday of this week, which went well. While we didn’t discuss a dollar amount for lake/ratepayer or CEDF benefits, they understand that more will be needed (they have offered \$7m/yr in these areas and the agencies believe \$12-15M would be more in order). We did tell them that Tax intends to seek General Fund and Ed Fund contributions for lake portion, that the land portion only seemed to include municipal tax payments (i.e. not Ed Fund). We will be arranging separate meetings for TDI and Tax and ANR for shortly after the new year to discuss more specifics.

Meetings this Week:

Dec 15 – PSD/VLCT legislative discussion

Dec 16 – Chris/Darren/Ed at transmission meeting; Darren/VPIRG; Darren and Asa meeting with Tony Klein and Rebecca Ellis

Dec 17 – Darren meeting with Matt Cota to discuss EIP

Dec 18 – Chris/Darren Global Foundries 5th Floor; NDCAP meeting; Darren meeting with Mike Raker on digester projects; Darren discusses hydro and RPS issues with AJ Goulding

Dec 19 – Chris Upper Austria follow-up meeting at BERC; Darren/Aaron Adler on EIP draft; Darren meets with Gabrielle Stebbins/REV

Meetings next Week:

Dec 22 – Darren Barry Bernstein/WEC

Dec 23 – Chris monthly VY at SEOC

Media: Darren spoke with media on two topics: EIP, and increase in solar installations resulting in press coverage across several outlets including VTDigger, VPR, FreePress, WCAX, Rutland Herald/Times Argus, AP. Chris on Vermont Edition/VPR stories on Yankee post-shutdown; Seven Days Yankee cover story. Chris spoke with multiple media outlets on Friday about VGS cost estimation increases.

Everything Else:

PERD

Renewable Energy Items

- Presented on renewable energy permitting and siting (with an emphasis on solar) at VECAN conference. Spoke with Catamount Solar afterwards regarding site selection considerations for a 500 kW project in Derby on an Act 250 parcel, and with the outreach coordinator of Sustainable Woodstock regarding community solar options there.
- Discussed forthcoming solar siting guidance from VECAN with project manager, regarding overlap/conflict with multi-agency solar siting guidance.
- Spoke with ANR regarding municipal projects that are on ANR's list of projects where water quality or habitat are altered by flow regulation. Aside from the Morrisville projects, these include Enosburg Falls and Wolcott Hydro (Hardwick).
- Reworked RPC energy planning scope of work and budget into a framework that follows the work process (analysis, outreach, plan development) as opposed to one organized by energy sector. Identified questions for RPCs to answer in preparation for contract development.

Total Energy Study

- Staff attended presentation of VPIRG-commissioned VT Carbon Tax study by REMI economist. Results are comparable to TES findings (less than a percent positive impact on GDP and employment) though it appears no attempt was made to model replacement of fossil fuels with renewable alternatives. In addition, the carbon price trajectory maxes out at less than half of what DEC modeled in the low case. VPIRG intends to do further work on distributional aspects.

Standard Offer

- Drafted comments for PSD response to PSB memo re: if methane from anaerobically digested food-waste could be considered renewable (in the immediate context of the Standard offer program, but with possible broader application).
- With AAFM and Ag Methane Working Group, developed prices for farm methane to be used in the standard offer context, based on data from anaerobic digesters currently operating in Vermont. The Department and Working Group suggested that standard offer prices be differentiated by size and that farms should be offered the ability to

waive their statutory right to maintain the Renewable Energy Credits associated with the power.

- Farm Methane Working Group filed proposals for Standard Offer price ceilings. Different rates are recommended for different digester sizes. Farms would be able to bid under a lower cap if agreed to transfer RECs to utility without payment.

Project Size	Without RECs	With 4 cent RECs
150 kW project size	\$246.00	\$216.20
300 kW project size	\$174.30	\$144.90

Net Metering

Net Metering Activity 12/1/14 – 12/5/14			
	Registrations*	Applications	CPGs Granted
Count	29	3	9
kWAC	168	445	190
Ave Size kW	5.802	148.4	21.121
Cumulative Capacity of Registrations and Applications Submitted			
Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
12581.75	20006.80	58744.48	~ 39.16%

*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.

Vermont Gas Systems

- Staff attended the briefing of the Environmental Defense Fund/Google natural gas leak mapping project, that was released on 12/16 publicly. The project found that the Vermont Gas system has a relatively low amount of low level leaks, none of which cause safety concerns. They recommend better and more frequent leak detection. Vermont Gas has already fixed all of the leaks it could find after EDF provided relevant information. Unfortunately but not surprisingly, EDF press release did not emphasize the positive – relatively low coverage, however, and certainly overwhelmed by Friday's issue.

Heating Fuel

- Crude Oil prices now below \$60 - now at \$57.48 v. \$65.56 a week ago.
- The natural gas market has traded lower now at \$3.759 v. \$3.779 a week ago.

Legislative Reports Submitted

- An analysis of options and principles for replacing the current SPEED program with an RPS, which concludes that we will submit a new structure to the Legislature in January
- A status report on the economic development/municipality electricity cost investigation being conducted by PERD and the Finance and Economics Division.
- Working through Jeb, we submitted three reports to the Legislature related to VTA, telecom and E-911 changes.

Engineering

Vermont Yankee Operation

VY continues to operate on a planned power coast down for the remainder of its last power generation cycle. The plant has generated power continuously throughout the reporting period, operating at 78.8% power at the start of the period and 77.0% power at the end of the period. Excluding the gradual power drop associated with the coast down, there were no additional planned or unplanned power reductions during the reporting period. VY has conducted planned maintenance and surveillance activities during this period, primarily in preparation for its final shutdown, which is expected to occur on December 29. VY has operated continuously for 621 days.

VY Emergency Siren Activation Issue

VY notified the State Nuclear Engineer that the Ames Hill emergency siren would not activate (i.e. it was discovered to be not connected to the NOAA activation system), due to a disconnected telecommunications line, during a recent offsite siren test. The back-up activation system (via radio station WTSN) was tested and would activate the Ames Hill siren, if necessary. Since the back-up activation method was still functioning, NRC notification was not required for this incident; however, VY did notify the State Nuclear Engineer. The telecommunications company has been notified to repair the phone line that caused the activation issue.

Administrative Changes at VY Announced

It was announced on December 15 that Steve Vercelli, acting VY General Manager of Plant Operations (GMPO), has accepted the GMPO position at Entergy's Fitzpatrick plant near Oswego, NY. Following VY's final shut down, all GMPO position functions will transfer to the new Manager of Plant Decommissioning, Mike Romeo.

Vermont Gas Systems Welding Program

VGS provided to the PSD several documents represented as remediation of previously submitted materials which were not adequate to substantiate weld integrity of pipeline segments installed during 2014 production of the ANGP. The Department Gas Engineer and VGS representatives met this week to review this recent documentation and the company's status to develop and implement a corrective action plan for revision of the company's welding program.

2014 Vermont Gas Systems Addison Transmission Pipeline Construction

No new ANGP mainline pipe will be installed during the winter months. Five separate pipeline segments of the ANGP project mainline, totaling 30,748 feet, have been installed in Colchester, Essex and Williston. (These segments range from 95 feet to 15,732 feet long.)

Horizontal Directional Drilling (HDD) operations continued at Redmond Road in Essex and at RT 89 in Williston during this report period. VGS expects the contractor, Engineers Construction Inc., to continue performing HDD's during the winter months; however the specific drill locations have not been determined.

The company has suspended all other pipeline construction during the winter months. Weather conditions have caused further delay, related to state permits for over-size transportation, for the previous mainline construction contractor to remove its remaining equipment from the Vermont Gas Systems Williston construction yard.

At the PSD request, the company has submitted a draft winter closure plan for preservation and security the ANGP installed facilities, stored materials, and equipment related to the construction project. VGS personnel and a third party inspection firm are indicated to accomplish patrolling and monitoring of these items during this period.

Water/Wastewater Study

Engineering has completed a study, requested by House Commerce and Economic Development, to: (1) quantify the number of water and wastewater systems in Vermont; and (2) collect sufficient data on each water and wastewater system to estimate the annual cost of membership in the underground facility damage prevention system (Dig Safe System, Inc.). The study as submitted concludes that the cost of compliance with the Underground Utility Damage Prevention System is highly variable, depending on the ease of locating underground facilities and on the number of Dig Safe notifications received. Based on survey results, engineering estimates that the cost for locating and marking out of underground facilities can range from a few thousand dollars per year for smaller systems to a worst-case of a hundred thousand dollars or more for larger systems.

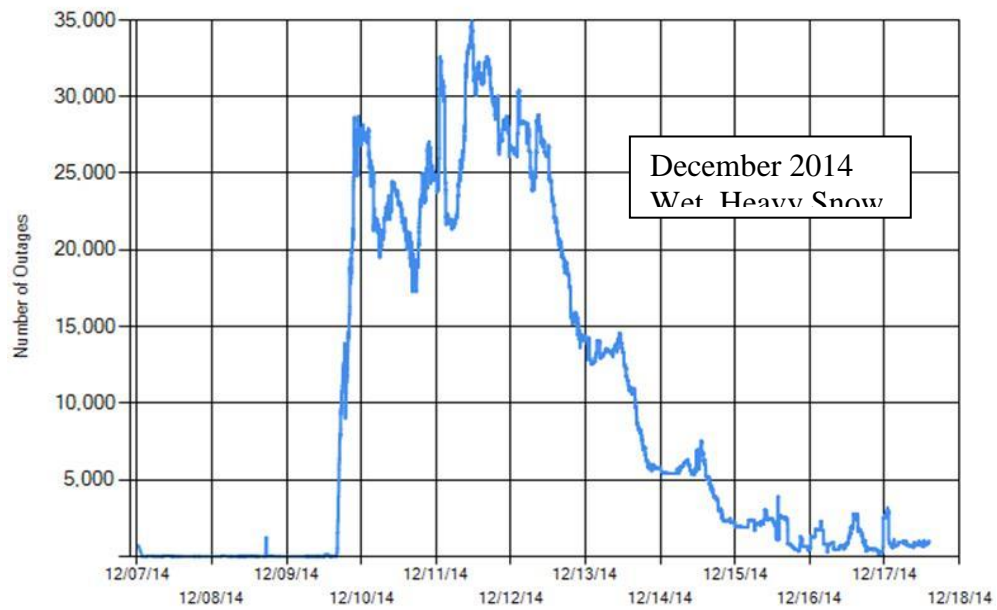
Green Mountain Power (GMP) 2014 Integrated Resource Plan (IRP)

Engineering reviewed the Transmission and Distribution (T&D) section of GMP's 2014 IRP as filed with the Public Service Board. GMP has incorporated all comments provided by Engineering on the draft IRP; Engineering is satisfied with the T&D section as filed.

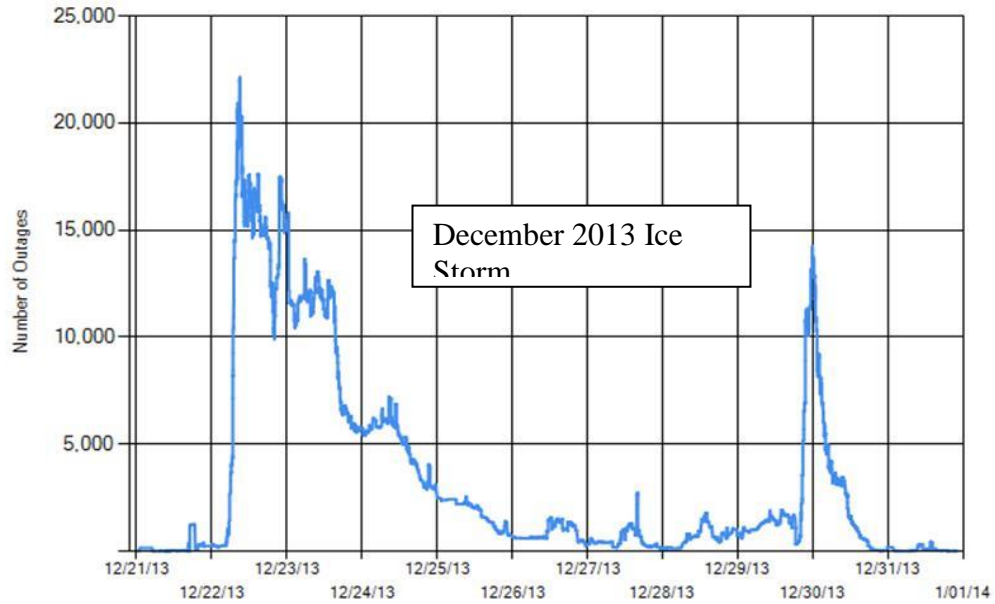
December 2014 Snow Storm

The concluding December snow storm has had a very major impact on the power systems and customers of the state. Teams from FEMA are enroute to assess the impact and determine whether the state will qualify for FEMA funds for the municipal and cooperative utilities for reimbursement of 75% of their storm-related expenses. The storm effects are not totally over as more outages are happening as the trees and power lines unload the snow still on them.

State-wide Outages from 12/7/2014 to 12/17/2014



State-wide Outages from 12/21/2013 to 12/31/2013



Regional Policy

Distributed Generation

- In November, states agreed to advocate at NEPOOL for including the ISO-NE DG forecast into the load forecast, and thereby reducing the Installed Capacity Requirement. NESCOE prepared draft market rule changes to implement the proposal and discussed the proposal with ISO-NE. NESCOE had been scheduled to present the proposal to NEPOOL on December 17.
- ISO-NE essentially developed a counterproposal that would account for approximately a third of the DG Forecast in the ICR calculation, without requiring any changes to the market rules.
- On December 15, NESCOE and states had a call to discuss the ISO-NE proposal. The majority of states wanted to simply accept the ISO-NE proposal, despite the fact that the ISO-NE rationale was not clear and ISO-NE did not explain why it changed its position that market rule changes were necessary to incorporate DG into the ICR. The DPS stated that it couldn't accept the ISO-NE proposal without ISO-NE explaining the rationale. States decided to withdraw the proposal for presentation at the December 17 NEPOOL meeting with the understanding that states would discuss the ISO-NE counter-proposal and could bring the NESCOE proposal to NEPOOL in mid-January.

Transmission Cost Estimating and Cost Containment

- Northeast Utilities and National Grid are currently proposing a transmission project to address reliability concerns in the Boston area. New Hampshire Transmission, a merchant transmission company, has proposed an alternative transmission project that would also address the reliability concern. NHT's project would cost approximately \$250 million more than the NU/NG project, but would include a hard cap on cost recovery and also would include monetary penalties if the project is not commissioned on scheduled. NU/NG has refused to accept any cost caps and rejected NHT's criticism of the cost estimates for the NU/NG proposal. Both projects would be located in New Hampshire and Massachusetts. The issue will be discussed at a December 18 NEPOOL meeting.
- States had a discussion on December 15 regarding whether NESCOE should take a position on whether cost caps should be required by NU/NG and whether there should be changes to the cost estimating process included in ISO-NE Planning Procedure 4. Massachusetts strongly objected to any NESCOE position on this issue until after ISO-NE makes a selection between the NU/NG and NHT projects (it is expected that ISO-NE will select the NU/NG proposal). Massachusetts is concerned with pushing off any decision, and therefore pushing off the date by which the reliability concerns would be addressed. Additionally, Massachusetts appears to be strongly supporting its own utilities over a merchant transmission project. With the exception of New Hampshire and Vermont, the remaining states stated that it would be acceptable to wait until Massachusetts was ready to support bringing cost estimating and cost containment proposals forward. New Hampshire is planning on stating at the December 18 meeting

that there must be cost caps on the NU/NG project and noting that the siting process in New Hampshire could be delayed by the inability to accurately compare the costs of the two projects (given that the true cost to ratepayers of the NU/NG proposal would not be known until after the project is constructed). Vermont will state that the arguments raised clearly demonstrate the need to revisit the cost estimating process included in Planning Procedure 4 and whether there is an appropriate cost cap mechanism that could ensure ratepayer protection.

TDI New England Clean Power Link

- DPS met with the Tax Department and Agency of Natural Resources to discuss the value of the tax and public benefit payments that TDI has proposed in its Section 248 filing.
- Separately, DPS met with TDI to discuss the payment structure and a draft proposed schedule for Public Service Board review.

Public Advocacy

Addison Expansion—Docket 7970—The Department continues to work with the company and affected landowners regarding easement/condemnation issues. There are no pending condemnations at this time. PSD is preparing to enter into a contract with a real estate appraiser.

Additional significant increases to the capital budget were announced by the Company. The Department is exploring its options to investigate these numbers and the underlying project.

Addison Expansion Phase 2—Docket 8180- The Department continues to meet with Vermont Gas in hopes of negotiating an MOU which focuses on renewable natural gas, GHG emissions reductions and other enhancements to the Project.

The Cornwall selectboard and VGS have an agreement in principle to settle their differences, but in view of remaining vocal opposition to the project, the settlement was tabled at the most recent selectboard meeting. Talks are ongoing.

In advance of the hearings, the Board issued a series of questions to VGS and ANR. The questions are focused on construction under the lake; responses are due December 19. There is a possibility that the scheduling in this docket may be impacted by the events in Phase I. Hearings are currently scheduled for the week of January 12.

Swanton Rate Design – Tariff No. 8536 – The Department recommended that the Board open an investigation into Swanton’s proposed rate design. The Department does not have significant concerns with the methodology employed by Swanton. However, the rate design results in a rate increase for residential and small commercial customers. The recently added 30 VSA § 2(f) requires PSD to give these classes heightened consideration. Moreover, Swanton has had two general rate increases in the last year and a half. Accordingly, the Department believed an investigation was warranted, to make sure the cost allocation is appropriate and to ensure that it followed the legislative mandate noted above. Rate design is one of the few types of cases where the interests of different customer classes actually are in conflict.

Revised Net Metering Tariffs – Tariff Nos. 8539 – 8549 – GMP and the remaining municipalities filed their net metering tariffs in compliance with Act 99. GMP’s net metering tariff also integrated the way it treats North and South net metering customers. The Department recommended approval of all of the net metering tariffs without investigation.

Enosburg Falls Terms and Conditions Tariff – Tariff No. 8538 – Enosburg Falls modified its Terms and Conditions tariff, largely to bring it in line with other VPPSA member utility tariffs. The Department recommended approval of this tariff without investigation.

GMP Fourth Quarter Power Adjustor – Tariff No. 8533 – GMP filed its Fourth Quarter 2014 Power Adjustor and recommended no rate change. The filing resulted in a bill credit of approx. \$20,000, which GMP proposed to defer to offset major storm recovery costs already incurred and subject to recovery beginning Oct. 1, 2015. The filing also sought to defer approx. \$2.2 million that GMP recovered from the federal government in the Yankee litigation (pertaining to the federal government’s breach of contract in not taking possession of waste). GMP had previously used approx. two thirds of this settlement amount to offset storm costs. The \$2.2 million reflects the remaining third of the settlement amounts. This money would be similarly used to offset major storm recovery costs. The Department recommended approval of GMP’s power adjustor filing, as well as its proposal to defer return of the power adjustor and Yankee settlement funds.

Vermont Gas-Plouffe condemnation-Docket 7819-We are now in the compensation phase in this docket of first impression, which involves existing pipeline for which no recorded easement exists. The Board found necessity in the first phase of the docket. VGS, the Plouffes and the Department have filed scoping memos with the Board and we await a ruling as to the proper scope of the compensation phase. None of the parties agreed in their analyses of the statutory requirements. A site visit has been scheduled for January 5.

Environmental Defense Fund/Google Methane Mapping Project-no docket—EDF/Google released the results of the methane mapping which was done of the VGS System in Burlington. The Department was briefed in advance. The Company, EDF and the Department were very pleased with the results of the mapping, which revealed a very tight system.

GMP White River Junction Substation Project – Docket 8322 – The petitioner, ANR and the PSD resolved all issues and entered into a MOU which was filed with the PSB. The PSB has scheduled the technical hearing for January 5th.

Champlain Valley Solar – Docket 8248 – The PSB approved the petitioner’s corrected drawing certificate and executed letter of credit. The petitioner filed a motion to transfer its CPG to SunE DB11, LLC. The current holder of the CPG and the proposed holder are both owned by SunEdison, Inc. The purpose of the transfer is to satisfy the requirements of the financial institutions providing the construction loans. The petitioner has also filed its notice of intent to commence construction.

GMP Upgrade to Woodstock Substation Project – Docket 8030 – The petitioner filed its post-construction noise monitoring report in compliance with its CPG.

Sudbury Solar – 2.0 MW Standard Offer Solar Project in Sudbury - Docket 8225 –

DPS will be signing an MOU in this docket by 12/18 approving the project so long as the Proposal for Decision appropriately reflects all the testimony and assertions Petitioner has made with respect to the aesthetic impacts of the project and the associated line extension.

This project is the subject of a complaint that the line extension to serve the project has already been built by GMP, creating the impression that the project was under construction prior to issuance of a CPG. PSD has discussed this with GMP, and the company has agreed that it will no longer construct extensions prior to the generator receiving a CPG. However, the Department is concerned that a line extension built to interconnect a generator is technically a transmission line under the PSB's definitions, which would require the interconnecting utility to apply for a CPG for the line. Discussions with GMP are continuing; the company hopes to file a response to the complaint by 12/19.

Chelsea Solar 2.0 MW Standard Offer Project in Bennington - Docket 8302 –

PSD will be filing discovery on 12/18 requesting additional information about aesthetic and other impacts regarding the line extension that will interconnect the project. Deadline for stipulation is January 9th. The concern that this interconnection may technically be a transmission line applies here as well as to Sudbury Solar.

WE 46 Precision Drive 500 kW net metering project - CPG NMP-XXXX – The Department is reviewing this project and will file comments by 12/23. The developer plans to construct four other NM projects next to this project. PSD will note our concern that approval of this project would make the other four projects (described in 45-day notices) ineligible for CPGs under the Board's recent precedent regarding the definition of "facility." PSD has discussed this concern with counsel for the petitioner.

VELCO-VEC New Newport Substation 248 Petition- Docket 8385– PSD attended a prehearing conference and agreed to a litigation schedule for this project proposed by Petitioners, which will commence with discovery in late January and a public hearing and site visit that same week.

New England Clean Power Link 1000MW Transmission Line Project Docket XXXX -

On December 15 PSD attended a meeting of the Select Board of the Town of Wallingford, pursuant to our obligations under 30 V.S.A. § 218c(7). They had many questions for the project representative who also appeared but no questions for the Department about the § 248 process, in which they seemed well versed. PSD met with counsel and representatives from other Vermont agencies to discuss the economic benefit and public good assertions in the recently filed petition. A proposed docket schedule is being discussed among parties, which contemplates a year-long Section 248 proceeding.

Woodstock Aqueduct Company – Tariff 8535 – The PSD continues to engage in informal

discovery on the petitioner in an effort to resolve issues. The petitioner requested the PSB extend the rate increase effective date until February 1st in order to allow additional time for the resolution of all issues with the PSD.

Chalet Village Water System, Inc. – No Docket – The small development served by this water system sustained heavy damage in Hurricane Irene, resulting in the loss of about a third of the system's customers. The owner of this system is discussing a possible rate increase, which will likely be significant, with the PSD.

Charter Cable CPG Renewal – Docket 7820 – Charter and the DPS have reached agreement on CPG conditions and are awaiting VAN's response to Charter's draft MOU and CPG conditions. The Department understood VAN had agreed to the final conditions included in the MOU but VAN has raised further questions. The technical hearing is scheduled for January 6th.

VEC and LED transfer of service territory in Sheffield – Docket 8377 – VEC and LED responded to the Department's discovery on December 15th and filed supplemental testimony on December 16th. The Department supports the proposal and the parties have resolved any outstanding questions. A technical hearing will be held on December 18th.

Hardwick Electric 248(j) Replacement of Transformer at its Wolcott Substation – Docket 8367 – The Department filed comments on December 8th recommending Board approval of the petition.

Proposed Special Contract between Enosburg Water and Light Department and Franklin Foods, Inc. – no docket – The parties met with the Department on December 11th to discuss the Department's questions and concerns with the proposal. The parties plan to address those concerns in their filing, which they intend to file with the Board in the near future.

Nexus Petition for Designation as a Lifeline-Only Eligible Telecommunications Carrier – Docket 7747 – Nexus filed a letter with the Board requesting an extension until January 12th to file a status update with the Board. The company forwarded a draft stipulation and proposed order to the Department for review on December 12th.

VTel Petition for Designation as a Lifeline-Only Eligible Telecommunications Carrier – Docket 8391 – A prehearing conference will be held on December 19th.

Stowe Electric §248(k) Emergency Replacement - Docket 8386 – Stowe Electric Department sought a waiver pursuant to § 248(k), authorizing emergency replacement of two transformers at the Houston Substation. PSD supported the request, as did ANR with conditions. On 12/12 the PSB issued its approval. SED is required to file a full § 248 application within 90 days of the Board's order.

VY License Amendment Request – NRC 50-271-LA – The Department filed additional information and proposed supplemental briefing in response to new arguments raised by the

NRC staff at the December 1 oral argument. NRC staff argued that the State had approved the actions contemplated in the license amendment complaint, which was contextually inaccurate. The NRC Atomic Safety and Licensing Board has yet to issue an order addressing the admissibility of the State's contention.

Vermont Yankee – No Docket – The Department forwarded to Entergy our comments, comments from the Department of Health and Agency of Natural Resources, as well as comments the Department collected from the public, in response to Entergy's Site Assessment Study and draft Post Shutdown and Decommissioning Activities Report. Under the terms of the Docket 7862 MOU, Entergy must consider the agency comments prior to submission of its PSDAR to the NRC no earlier than December 19, 2014.

FairPoint Service Quality Investigation – Docket 8390 – The Department met with the E911 Board and Dept. of Public Safety to discuss those agencies concerns related to the November 911 outage, and their goals for the investigation and PSB proceeding. The E911 Board has expressed an interest in intervening in the proceeding. The IBEW has moved to intervene in the proceeding as well.

SED Rate Case – Docket 8074 – The Department executed and filed an MOU with SED outlining a timetable for implementing most of the recommendations contained in the business process review report by the end of 2015. The MOU contemplates quarterly SED reporting to the Department and joint bi-annual reporting to the Board during 2015.

Telecommunications

Broadband Deployment report – The PSD provided broadband and wireless availability data to the Secretary of Administration for the broadband deployment report required by 3 VSA 2222c. This data indicates that there are only 601 locations that lack broadband service when mobile wireless is included. It shows that 77.7% of Vermont locations have access at 4/1 or better, and that 91.2% of locations have access to mobile wireless services.

FairPoint Broadband Data – VCGI completed its analysis of FairPoint broadband availability data. There are approximately 10,000 locations that VCGI has flagged served by FairPoint since 2010, but that are not on the most recent FairPoint submission. VCGI has identified the date when the locations were flagged served. PSD staff will provide this data to FairPoint for review.

Duncan Cable Dover License – In November 2014 Duncan sent a letter to the PSB indicating that it would begin a renewal process in February 2015. Their cable CPG for Dover expired in 2013.

VT ANR Utility ROW Policy – VTANR has instituted a policy requiring ROW agreements with each separate entity that seeks to attach to poles in existing ROWs on state land. It appears that this policy may conflict with federal statutes that afford attaching entities access to existing ROWs for utility purposes. This new policy may also be inhibiting the ability of VTel Wireless to get access to certain locations on state lands.

248(n) – Staff reviewed Section 248(n) petitions filed on behalf of the Vermont Telecommunications Authority. These telecommunications facilities will be placed on solar power systems throughout the state. They will be owned by the VTA (and transitioned to the State of Vermont) but managed by Vanu CoverageCo. While the applications meet all of the requirements of the Public Service Board’s procedures order, the applications provide very little detail on how the facilities will be installed and how CoverageCo will manage the site.

Wireless Telecommunications Facilities (248a) Report –

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

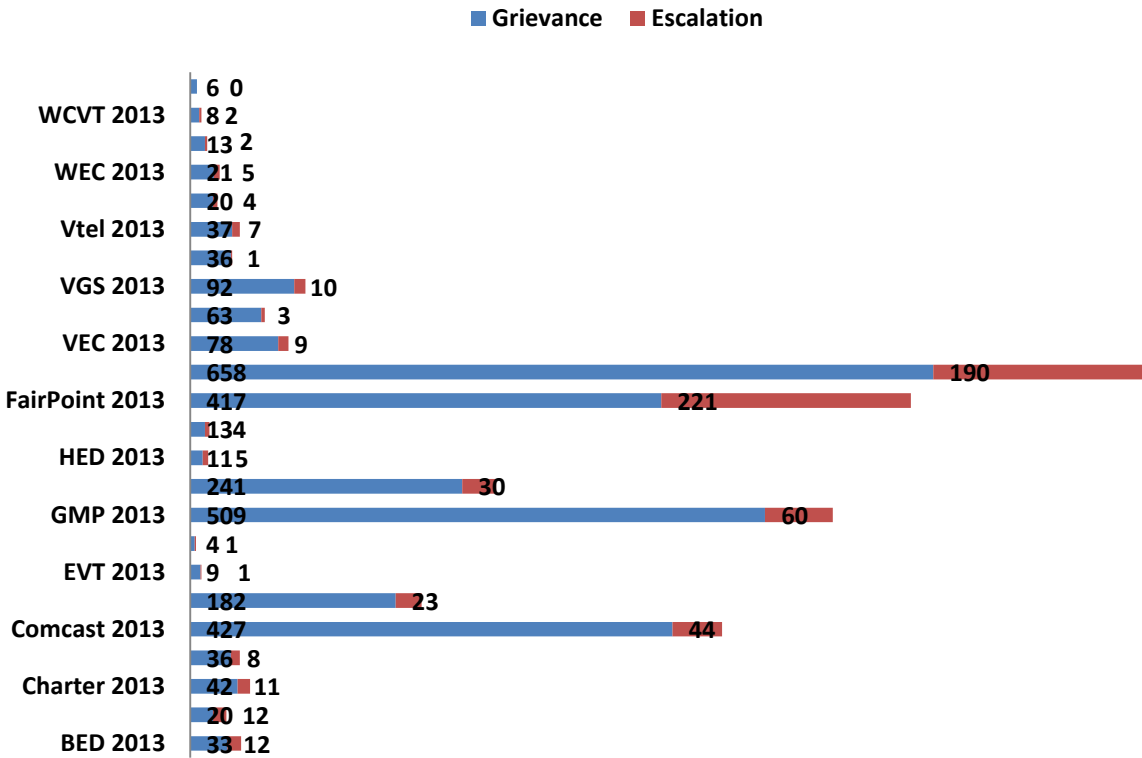
Date	Applicant/Location/Type of Filing	Brief Synopsis and if applicable DPS recommendation to the Public Service Board
12/11/2014	Verizon/Winooski on Main St/project of limited size and scope	12 panel antennas behind 4 faux chimneys atop existing building; DPS recommended approval upon receipt of coverage maps.
12/15/2014	Vt RSA No. 2-B2(US Cellular)/Shaftsbury/ <i>de minimis</i> project	Addition of three antennas to US Cellular’s facility at 236 feet high on an existing 300-foot tall guyed lattice tower; DPS recommended approval.
12/16/2014	AT&T/Highgate/ <i>de minimis</i> project	Modify the antennas and equipment on existing silos and at the base of an existing farm building; DPS recommended approval.

Community Telecom Concerns – The Town of Castleton continues to be concerned about the VTel tower proposed to be located near the Beverage King between two historic districts. The Town wanted VTel to co-locate on the Town’s new fire tower at the Town’s new fire station – both of which are yet to be built. VTel looking into the co-location possibility but determined that the expense would be too much for the fire tower location. On November 25, 2014, the Public Service Board issued the final order and CPG for VTel’s originally proposed 90-foot tower in its originally proposed location. On December 12, 2014, the Town emailed the Board requesting that the CPG be revoked until the Town can be heard in this matter.

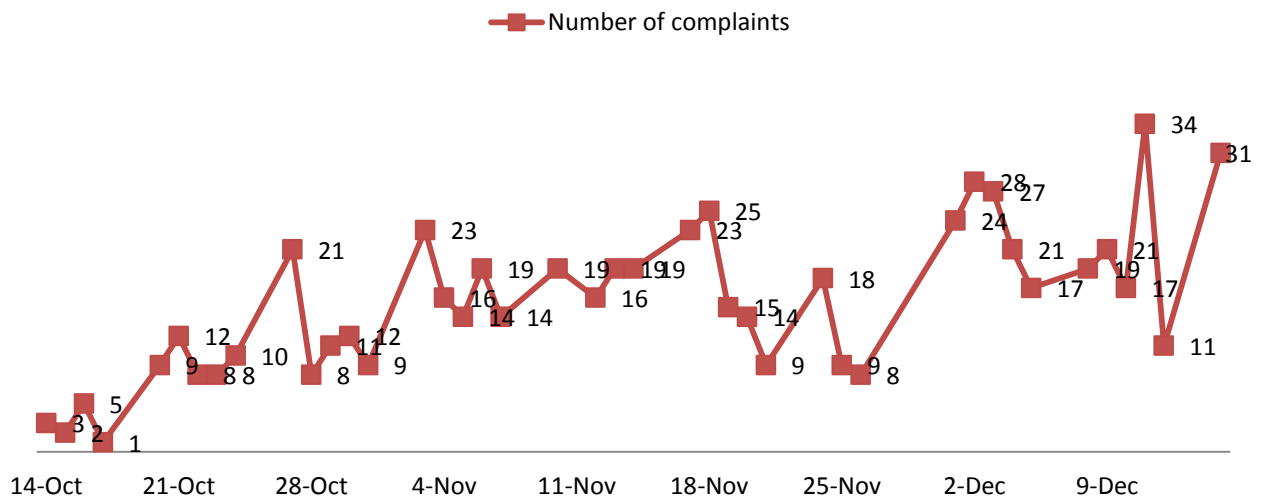
248a Applications – Nine new 248a applications have been filed: three AT&T, four VTel, and two US Cellular.

CAPI

Number of Complaints Investigated, by Company YTD 2013 and 2014



FairPoint Complaints Beginning 5 days before 10/17 strike to present



CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- FairPoint: As of the morning of 12/12/14, a total of 590 complaints since the strike began. Of those: 275 repair delays, 69 service order delays, 74 long wait time when calling customer service.
- VTel: 4 complaints about having no phone service due to power outage

POST CPG WIND COMPLAINTS

- (1) Kingdom Community Wind, for noise



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: December 19, 2014
Subject: Weekly Report

Vermont State Police

A Troop

23 arrests, 11 DUI

Troopers responded to a large amount of crash/cars off the roadway over a 4 day period due to ongoing ice and snow storm.

NUSI, 44 year old male arrested for Aggravated Sexual Assault, Sex Assault, L&L, and Sexual Exploitation of a minor. Two victims currently identified.

NUSI, 12 year old male sexually assaulted his 9 year old brother.

Info received of possible human trafficking of two children, interviews pending 12/17 in Colchester.

Inmate reported an assault by a CO at NWRCF, unfounded.

Arrest on Warrant (felony possession of stolen property) by Det. Sgt. Baxter, male subject is a suspect in recent bank robberies (Jeffersonville/St. Albans).

Aggravated Assault case at the State Hospital in Berlin, the assault involves a patient who assaulted a staff member; case is being reviewed by SA Kelly for possible arrest this week.

B Troop

18 arrests, 10 DUI

Death of Edward Alfred Horan II (24 y/o) with medical history of Asthma and severe peanut allergy, LSC graduate that was visiting friends for the weekend, BCI investigating.

An elderly male was found on the floor of his home by a family member. He had medical condition that prevented him from being able to call for help. His elderly wife was missing and he explained that she had left a couple days prior to walk to a neighbor's house for help. Bradford K-9 located the female in a field near the house deceased prior to SAR response. No foul play suspected.

Derby responded to an incident where a male subject arrived at the North Country ER with a knife wound to his back. It was learned that he was at Brewski's Pub located in Irasburg and was involved in an assault where one of the attackers stabbed him in the back. BCI is investigating the incident.

C Troop

14 arrests, 4 DUI

Two lost skiers at Pico in Killington. Both walked out and were fine.

Arrested a driver from a crash she previously investigated for C&N, subject intentionally ran off road to attempt suicide.

Arrested a subject for Aggravated Domestic Assault, subject struck, strangled, and attempted to run his significant other over with a vehicle.

Due to another large early snowstorm, VT Rte. 9 was shut down for a number of tractor trailer trucks stuck in the icy/snow covered road. A TT unit struck a telephone pole dropping power and cable wires across the road. VT Rte. 9 was closed for almost 10 hours due to the accident and road conditions.

Continued investigation of the Windsor PD OIS.

Completed Peter Guetti (in custody on child porn charge) charging paperwork for lewd or lascivious conduct on child. Discussed with deputy state's attorney. Meeting with U.S. Attorney's Office next week to further discuss options.

New case: Contacted by Marble Valley Correctional Center reference inmate selling guns to corrections officer. Located guns, verified they were not stolen and the female owner is legally in possession of handgun and firearm. ATF notified. DOC notified no law violation.

D Troop

11 arrests, 3 DUI

Large amount of accidents due to weather.

While investigating crashes due to the weather on I91 in Windsor, Cpl. Sorensen's cruiser was struck and Cpl. Sorensen received moderate injury.

Assisted with case involving suspect fleeing from accident scene. Vehicle was found to be stolen. Located subject with Lebanon PD on Thursday. Confession obtained, subject admitted to stealing vehicle from NH and operating it at the time of the accident and then fleeing from us. Citation issued for LSA and aggravated OOC.

Responded to a fight at a residence between an ex-husband and a male his ex-wife was staying with. Male at the residence ended up firing one shot from a single shot shotgun towards the feet of the ex-husband. Ex-husband then badly beat the male with fists and the butt end of the shotgun.

Bellow Falls Infant death complete, final autopsy received, review with SA, meet with family, Final Press release

Arrest made and Case completed for Court, infant overdose, Pownal.

DEMHS

Issues/Updates:

Director met with E911 Executive Director to review procedures for contacting DEMHS Watch Officer and to discuss an ongoing effort to enhance notification capabilities using VTALERT.

Director requested that FEMA commence Preliminary Damage Assessments (PDA) for Chittenden, Franklin, Lamoille, and Orleans Counties based on Vermont Electric Coop (VEC) reports. There is an expectation that additional counties will be added as data becomes available from others i.e. Washington Electric Coop (WEC). This PDS is in response to damage and restoration efforts due to widespread power outages caused by the storm last week.

In response to Director's request, FEMA sent a PDA Team to DEMHS; they traveled to VEC in Johnson with Recovery and Mitigation Chief; VEC offered to contact WEC to advise on preparing for FEMA PDA.

The monthly Nuclear Decommissioning Citizen Advisory Panel (NDCAP) meeting was held this week. The Deputy and Planning Chief had a follow-up conversation with

Commissioner Recchia. The plan for funding necessary activities, going forward, is for each agency to pursue current legislative bill-back authority to maintain programs as needed. This means DEMHS will continue to submit an RERP budget beyond FY 16. Planning Section Chief is contacting the AGO to ask them to do a legal review on the RERP statutory authority to see if it needs to be enhanced to support this approach over the long run.

The Fairpoint strike continues. DEMHS continues to monitor the strike and participate in daily conference calls with the Department of Public Service and Fairpoint.

Fire Safety

Issues / Updates:

The Division received \$6.8 million in new plan review construction valuation collecting \$40,000.00 in permit fee revenue.

All the fire marshals were upgraded in May 2014 to pay grade 23. The union contract stipulates they are paid overtime at straight pay. Apparently there is a federal labor law which mandates time and half pay for certain professions including fire inspectors and first responders (notwithstanding a couple of exemptions). There has been communication between the State and Feds on this issue and I raised concern to HR indicating our inspectors meet one of the exemptions under the assumption they are professionals as defined. If the State agrees with the feds we will have to back pay the inspectors retroactively from May 2014. Here is the federal language:

http://www.dol.gov/whd/regs/compliance/fairpay/fs17j_first_responders.pdf

At some point we need to have a discussion at the Commissioner level regarding fee for space at the Academy in Pittsford. We are paying \$57,000.00 annually for the East Cottage which has not been useable space in years.

Criminal Justice Services

Office of Technology Management – Information sharing initiatives (VJISS) continue to demand attention. We are working with pre-trial services to ensure that they are receiving and/or will receive the necessary arrest information to perform their assessments. The Deputy Commissioner is scheduled for a meeting on January 8th to discuss information that will be needed by the criminal justice and substance abuse cabinet to evaluate programs. We are also working on the E-ticketing project to get it approved through DII. However, all projects that require the expenditure of general funds are on hold right now.



State of Vermont
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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: December 19, 2014
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors:

Montpelier 122 State Street Heat Plant: The invoice to the City of Montpelier for work completed by the State's Contractor for the City was sent out on December 12th. Final contract change orders are being completed and a final total project cost will be known soon. AFS and ECI are or will be back on site this week and next week to complete warranty items.

Randolph Center Vermont Veterans Cemetery Master Plan: The project team held an informational meeting with the abutting landowners on 12/8/14. The owner of the Champaign Campground will be our biggest hurdle, even though Mr. LaFrance said he didn't have any issue with the project. All other abutting landowners, the Sax's and Mr. Preston, the local Fire Chief, didn't have major concerns with the project. At the neighborhood meeting, we were able to present the Schematic Design documents that had been completed earlier that day. The project team is in the process of reviewing the SD documents and conferencing on 12/17 and reporting comments and conferencing on 12/18 with the LA Group. D&K spoke to Beth Fenstermacher regarding the projects ability to count the cemetery land use as a maple sugar grove, as part of the agricultural land mitigation process; Beth checked with their attorney and land used for sugaring operations are no longer allowed to be considered agriculture land use. We are currently working on the ACT 250 permit and we are on the Randolph DRB agenda for January 27th. After that meeting, we will be asked to present our building fire loads to the Fire Advisory. The sole source contract with the LA Group for SD/DD/CD/BID & CA has been finalized! Construction bid date is May 2015.

195 Colchester Avenue: Getting ready to vacate – trying to determine BGS responsibilities once the building is vacated

Colchester New Health Lab: Good progress is being made on the failure scenarios with the hopes of completing commissioning shortly. The conference call with the CDC Facilities person went fairly well. We have clarity on the concerns raised by the inspection from November, and it appears we can be certified without much modification.

Status of Governor's Priorities:

Stable. FY16-FY17 Capital Bill in last stages of development

Legislative Contacts:

Conference call with Rep. Emmons and Senator Flory to discuss Clarendon, DPS land acquisition and other issues leading up to the legislative session.

Significant Events/Meetings:

AND FOR THE LAST TIME Building Communities Grant Ceremony: The Governor presented checks to 37 organizations across the three grant categories 1) recreation 2) human services and education 3) regional economic development. Total amount awarded was \$449,000. There is still an additional \$151,000 available through the "rolling" grant submission process.

Single Payer Health Care Protest: The protestors met on the steps in front of the State House and talked and burned a few papers and came in the State House, they sang a few songs. There were about 80 people here. No damage to anything and they were able to protest. They said they would be back on the 8th of January.



FINANCE AND MANAGEMENT

Issue Updates:

It is anticipated that there will be a signed opinion on Vermont's financial statements by KPMG by the end of this week.

The contract for the requirements gathering process for the VISION upgrade is being finalized. Contractors are expected to be on site by January 5th, 2015.

The budget office is working to finalize the FY 2015 BAA, FY 2015 spending reduction plan and FY 2016 budget.

HEALTH CARE REFORM

Issue Update:

The SIM grant received approval for continuing the grant into year two.

HUMAN RESOURCES

Legislative Issues/Contacts:

Submitted report to Legislature on Hearing Officers in the Executive branch. Report discussed progress in developing an administrative rule governing hearing officer conduct and assessed the feasibility of providing training and education to hearing officers. Report was reviewed by the Governor's legal counsel.

Work continues on a legislative report which requires the analysis of different job types for possible designation as "high stress" positions. Such a designation has implication for retirement timeline/benefits. Treasurer Pearce is in favor of extending this designation to E911 workers. VSEA is particularly interested in this issue and has sent out a survey to their membership requesting they discuss the "stressful" nature of their jobs.

Significant Events/Meetings:

Met with Department of Mental Health leadership as part of our Meet and Greet Tour. Positive meeting. Focus was primarily on recruitment challenges for the State hospital and performance management. DMH is pleased with support they are getting from DHR in filling vacancies and we discussed enhanced recruitment strategies. Agreed that the Legislature will likely be interested in recruitment efforts and staffing levels at the hospital and committed to keeping each other informed in this regard.

Met with State Auditor as part of meet and greet. He is pleased with HR services. Prior to the change in leadership at DHR the Auditor was approached about conducting an audit about DHR investigation practices – he was pleased to see the changes we were making in this regard. He was also supportive of the position pilot.

Met with VSEA benefits advisory committee where Jim Reardon talked about the medical services fund and where it fits in to the larger budget picture. His talk was very well received and appreciated. Remainder of the meeting was devoted to wellness incentive discussions, change in policy to allow flu shots through pharmacy services and review of the third quarter numbers.

Participated in the Governor's Workforce Equity and Diversity Council annual meeting. The group discussed accomplishments and goals for coming year. Focus was on further integration of EEO/diversity training into overall supervisory/leadership training modules as well as providing planning assistance to DHR as we move to refine and enhance our recruitment tools and processes.

Met with BGS to discuss design plans for move to 120 State Street. Some modifications are needed and move will likely occur in February.

Emerging Issues:

Labor relations and field operations staff are frequently conducting training sessions at the request of customer organizations on topics ranging from understanding the CBA to writing an effective performance evaluation. These requests for training come in several times per week and highlight the need for the workforce development initiative.

EGWP+Wrap contract language is progressing. We will need an Attachment C waiver from the administration. This is similar to how we proceeded on the regular ESI contract earlier this year. The State Auditor will probably not like our language which does NOT allow him to audit the actual compensation arrangement with participating pharmacies, except if we have a pass through arrangement with ESI (which we don't). ESI indicates that this is for business and legal reasons.

Affordable Care Act issues: (1) We are working to refine our understanding of the reporting requirements to the IRS which involves transmittal of employer provided health insurance offer and coverage information returns to the IRS and to each employee. Our system as currently configured does not capture the data needed to meet these reporting requirements – we are working on solutions. (2) We are assessing possible State exposure to affordability and accessibility penalties under the statute. These possible penalties will not be an issue until 2016, however we need to put the systems in place to minimize negative financial impacts. This will involve some policy decisions.

INFORMATION AND INNOVATION

No report.

LIBRARIES

Significant Meetings/Events:

12/17 Press Conference: VT FiberConnect Project – Aldrich Library, Barre: I acted as MC and was the first speaker; other speakers included Lt. Gov Scott; Chris Campbell (VTA); Rich Kendall (Sovernet); librarians from Barre (Karen Lane, Sarah Costa) and St. Johnsbury (Bob Joly); representatives from the 3 congressional offices.

12/18 Press Conference: Financial Literacy Task Force – Champlain College: I attended this event which launched the new website and report of the Task Force. Beth Pearce was on hand to speak, in addition to task force committee chair (Bob Allen) and other committee members, Champlain College President Don Lackman and John Pelletier, Financial Literacy Center at Champlain College.

IMLS Grant Proposal Accepted for Next Round for Early Literacy and STEM: We received word that our grant proposal for a National Leadership Grant (Institute of Museum and Library Services/IMLS) has been selected to go to the next round of the application process and the full application is due January 15. Our \$275,000 project proposal (with VT Center for the Book and the Montshire Museum) is to develop a library model of programs for preschool children, families and child care workers in 25 VT public libraries/communities to support STEM learning. The program would be a model for use in small, rural libraries across the country. We are encouraged that our initial proposal was one of 4 selected from a group of 34 applications for final review. We are hard at work on the application and our fingers are crossed.

Other:

Geographic Naming Issue in Plainfield: I attended a meeting of the Conservation Commission in Plainfield on 12/17 to provide information on the State process for submitting proposals for geographic naming. A town resident submitted a proposal (“Garth Brook”) to the U.S.G.S. Board of Geographic Names and the U.S. folks notified me. The Town’s Select Board had expressed disapproval of the name in a past meeting and kicked it over to the Conservation Commission. They were happy to get the state procedures and will start working on a proposal to the state for an alternative name. (The USGS likes to have it go through the state process first.)

TAXES

Legislative Update:

Miscellaneous Tax Bill: We reviewed the technical tax administration provisions in the bill with the SOA and Commissioner Reardon, and discussed various substantive issues that may wind up in the bill. We continue to discuss these issues with fellow departments. They include:

Miscellaneous Issues:

Homestead Declaration: We continue to wordsmith the fix for last year’s legislation with VLCT and the Listers.

Transmission Lines: We need a decision on whether to include clarifying language on the applicability of the non-res ed tax on the lake portion; on the lack of authority of two municipalities to tax the lake portion; and on a valuation method for this project and possibly others.

Vermont Yankee: We are preparing options for decision on whether/how to apply a tax on the property.

Municipal Garages: We have a draft of middle road language from last year to exempt garages in designated downtowns that allow some public parking; still need to review with ACCD.

TIF Provisions: Fred Kenney has suggested three changes, including clarification that user fees are not included in the TIF increment. We are wordsmithing.

Current Use: In the event that current use provisions end up in the bill, we are drafting technical and substantive provisions that need clean-up.

Amazon: We need a decision on whether to seek to up from 15 the state trigger for our affiliate nexus law, since the count is at 14 states and states are not seeing any new revenue but rather a loss of income for affiliates.

Publicly Traded Partnerships: The Commissioner met with Betsy Bishop, Matt Cota, and the national lobbyist for PTPs, a business entity designed by IRS to favor investors in energy infrastructure.

Effective last year, we impose composite filings on any entity with more than 50 members to cover the state tax obligations of partners. The lobbyist explained that 30 states specifically exempt PTPs from any withholding or composite filings, and instead rely on the PTPs to disclose the profits of members once a year, since only the GP and largest investors typically have gains. We agreed that would be a logical approach; they will supply us with language from all the other states that we could borrow.

Revenue Issues:

Payroll Tax: We continue to scope what resources would be necessary for the Department in order to operationalize any payroll tax as of Jan. 1, 2016. We plan to talk to the Secretary on Monday about the impact for Tax FY15 budget.

Impervious Surface Tax: Staff from DEC and Tax had a productive meeting on how such a tax might be operationalized. Like for any payroll proposal, the key to implementation for the second half of FY16 is simplicity, so discussion centered on simplifying property categories, using flat fees for small, medium and large parcels instead of calculations, and avoiding any credits or exemptions. Even so, the risk is

that the legislature complicates it. In any event, the timing would be tight for Tax to do its part to ramp up for implementation, and we would need to get a quote on cost from the vendor to add this to the next phase of the IT project.

Sugar Sweetened Beverage: Staff spoke with the Rudd Center to learn more about their revenue estimates. The Center acknowledged that their estimate may be high, based on recent pricing data they received from MD. We are drilling down further, but first guess by staff here is that estimate may be about \$5M off.

Elimination of State & Local Tax Deduction: Staff has analyzed the impact. Overall, closing the loophole (which is currently capped at \$5000 deduction) would affect 1/3 of filers (the itemizers). At the 75K-100K income level, it affects 60% of filers with average deduction of 171. The percentage increases until at \$500K to 1M income level it affects 97% of filers with average deduction of \$432.

Estate Tax: Staff is meeting with practitioners and JFO to reboot the discussion on estimates, pegging to the budget forecast in recent years rather than the actual receipts.

Current Use: Staff is running various scenarios, including a freeze, and less than 100% state payment on farm buildings. We will prepare a chart of proposals aiming at \$3M in savings.

Studies:

Renter Rebate: The Department will supply ACCD with comments on the renter rebate report put forth by the Housing Council; there appear to be some unsupported statements and there is concern over the cost of their recommendations.

Valuation Appeals: PVR has been meeting with VLCT and the listers on this issue. The towns of course would like litigation expenses for defending appeals, and reimbursement from the education fund if they lose on appeal and must refund the taxpayer. The Department historically has been concerned that this will cause some perverse incentives on overvaluation and weak defense, and is potentially very costly. PVR would recommend that the trigger for reimbursement be lowered. We hope to have a draft of the report (likely to be a statement of positions) to circulate the first week of January – knowing the sensitivity of the issue, we will aim to lay out the concerns with respect to the towns positions, and let the legislature decide.

Education Finance: Not getting much intel on the make-up of the Ed Committee other than Dave Sharpe – scuttlebutt is finance type people don't want to move off of Ways & Means.

Operations:

VTax: Phase One continues to go well. Staff is running batches of corporate returns through the system, and resolving any errors, increasing confidence levels before the wave of new filings. A very limited number of bills to resolve issues on filings from the previous years have been sent, and again, we will wait to increase the volume until we determine the error rate. The portal remains on a crawl; we still have not advertised the URL widely. We have received some payments through it, a transaction that can be completed without registering a taxpayer profiles. The registration process is being tweaked for simplification.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: December 18, 2014
Re: Weekly Report

Status of Governor's Priorities:

- Fine tuning budget FY16
- Reading the Marijuana Report from the Rand Corp. Halfway through the 200 pages. Very detail and balanced. Many roads to take should the state pursue legalization.
- December sales are looking good so far!

Legislative Issues/Contacts/Updates:

- Miscellaneous clean up language for Title 7.

Press Issues/Releases/Contacts:

Significant Events/Meetings: Next Board Meeting 01/14/2015 - 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.
- Preliminary review of department processes for potential licensing and enforcement system. Considering using VIC as they are very familiar with our business processes to help with a statement of work.
- Working with VIC on break open ticket reporting process. Starting to get distributors and manufacturers to start entering some test data.

Summary of Key Department Activity:

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.
- **Commissioner's Commentary:** Have a great weekend. Merry Christmas!