

WEEKLY REPORTS

Checklist
4/1/2011

Bill Lofy

- ☒ Agency of Commerce and Community Development – Lawrence Miller
- ☒ Agency of Agriculture – Chuck Ross
- ☒ Agency of Transportation – Brian Searles
- ☒ Department of Labor – Annie Noonan

Alex MacLean

- ☒ Agency of Natural Resources – Deb Markowitz
- ☒ Department of Public Safety – Keith Flynn
- ☒ Public Service Department – Liz Miller* (shared with Beth)

Susan Bartlett

- ☒ Agency of Human Services – Doug Racine

Beth Robinson

- ☒ BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

- ☒ Agency of Administration – Jeb Spaulding

Special Reports

- ☒ Additional Report: Education
- ☒ Additional Report: Graded
- _____ Additional Report: _____

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin
From: Elizabeth H. Miller, Commissioner
Subject: Weekly Report
Date: April 1, 2011

Status of Governor Priorities:

- Energy Plan: Attended legislative public hearing regarding CEP, and spoke briefly at Governor's Council on Energy and Environment on same issue. We are preparing for second round of stakeholder meetings (April 7). I have spoken with Michael Dworkin and Geoff Shields about VLS Institute involvement in helping to construct/write the plan, and have also pursued consultant work on modeling. I also met with Secretary Ross this week regarding crosscutting issues related to the CEP. We are going to have to make a big push to get a thorough, credible and well-received plan done by October 15, but the process is starting off on the right foot.
- Renewable Energy: Setback issues have arisen in the Lowell case; the Department is filing a brief this coming week arguing that GMP's proposed setback is reasonable under the circumstances, though probably too small for most projects going forward. We expect opposition to our position. If a larger setback from adjoining property lines were required, GMP would lose approximately 3 turbines from the project, harming the economics and power output.

VY:

- I lost the bet on the purpose of the Entergy meeting this week, and remain slightly dumbfounded, though pleased, at how poorly Entergy handled its announcement. I believe in never underestimating the opponent, as it were, but Entergy is making it hard for me to keep to my philosophy.
- We did complete an analysis of the VEC potential contract impact in the first year (anything long term, while possible to do, would be speculative). VEC's purchase of 10MWs from VY, at a price of 4.9 cents/kW, would represent approximately a 1.2% decrease in its power costs compared to covering that 10MW on the market for 2012. That does not translate into a 1.2% rate decrease, given the other factors that are at play in rate setting. The benefit of the long-term contract would also come into play, of course, though the contract would be unit-contingent (meaning that VEC would get no benefit, or liquidated damages, in the event that VY did not deliver the power). As noted in the press, the VEC board is not decided on the contract. The amount at issue represents just over 10% of the energy load for the utility.

- I expect that VY's next press move will relate to transmission/reliability issues. We have a VELCO briefing upcoming and I will ensure that your staff is looped in. I am attending the April 13 ISO meeting presenting the draft results of the VT/NH solutions study. I am also discussing the cost allocation legal issues with VELCO.
- I plan to follow up with VPIRG, CLF, and Brian Dunkiel in the short term – all have expressed interest in the path Entergy may take regarding court action. I also plan to follow up with Secretary Markowitz regarding her agency's permit review work and her meeting in DC this past week related to those issues.
- We sent a follow up letter regarding the COB well this week with DOH and DEC; we are requesting back up documentation re: Entergy's hydrogeology claims and a prompt meeting. While we want to push Entergy to test the well, we don't want to play into Entergy's aquifer contamination claim.

Broadband:

- FairPoint – the Board set prompt hearings on our alt reg agreement with FairPoint, along with other open dockets. We continue to have a somewhat contentious but overall productive relationship with FairPoint and will work hard to convince the Board that the plans we have filed are appropriate. The selection of additional towns for broadband buildout will not occur until after Board approval and review/analysis of other competitive buildouts. I have forwarded your office a map of potential areas for service in Windham County. We really won't know, though, for some time where the penalty dollars will be applied and so I'd caution against any broad statements at this time.
- We met with Chief Karen Marshall regarding a plan to host the “when will I get broadband?” database from www.broadbandvt.org at DPS. The plan certainly makes sense, given our consumer advocate function – we already receive a number of such calls. (As an aside, having a website for the “when can I get broadband to my home?” question seems a bit ironic – if only there were a broadband connection, individuals could go to the site and use it....! Karen is aware of the irony and is working with VCGI and VTA on the consumer roll out of the website, which will include community meetings and sign up opportunities.)
- We supported passage of S. 78 out of senate committees this week; my telecom director Jim Porter deserves combat pay for taking on that task and I am grateful to him. There are numerous issues ahead but generally speaking the bill is making its way through the process. Meanwhile, we continue to host pole attachment project planning meetings and to review 248a applications under current rules.

Legislative Issues/Contacts:

- The department has worked with committees of jurisdiction on the energy H.56 bill, and on our cleanup bills covering the Texas Compact and Reliability Oversight Committee.
- We also testified in SED regarding wood pellet incentives, on the jobs bill.
- We are preparing positions on the propane bills, for testimony next week.
- We attended the senate's public hearing regarding the CEP.

Press Issues/Releases/Contacts

- VPR Vermont Edition re: energy plan
- David Gram, Thatcher Moats re: wood pellet incentives
- Candace Page re: wind
- WCAX :30 show regarding electricity rates and other issues

Significant Meetings/Events:

- In addition to meetings already described, I met with Burlington Electric's management team on a number of issues including smart grid; I met with the VT Ski Areas Association and Stratton re: snow gun efficiency incentives; I met with CVPS incoming CEO Larry Reilly; and I met with Tax and REV regarding renewable energy tax policy issues (Jeb Spaulding has been handling this at the admin level).

Horizon Issues:

- Transmission planning, post VY.
- Efficiency Vermont – key meetings regarding incentive and compensation structure upcoming.
- VTEL is filing its petitions for various categories of service; although we expect to be generally supportive, we also expect a number of technical and other issues to arise that will require careful management to ensure that VTEL moves forward successfully.
- Smart grid 'opt out' issues are heating up – some think smart meters present health concerns (radio frequency issues) or privacy concerns (data collection and security).

Summary of Key Department Activity, By Division:

Public Advocacy and Consumer Affairs:

Tritium investigation at VY – Docket 7600 – Entergy continues to file bi-weekly progress reports. CLF has asked for additional detail in those reports. The DPS is supporting the CLF request for more detail.

New CPG for VY – Docket 7440 – This docket continues to be dormant. However, the DPS is working with the AG's office to prepare for any potential preemption challenges brought against either the Legislature or the Board. DPS is starting to line up experts for the AG's office but because we do not have bill-back authority getting the contracts in place will be a challenge.

Kingdom Community Wind – Docket 7628 - Staff is preparing reply brief, due 4/4. DPS supports approval of project. Key issue in reply brief is safety setbacks for property lines. DPS is recommending that the Board allow GMP's proposed set back (approx. 60 meters) even it if sets a basic standard of 1.1 time tower height going forward, since site-specific conditions make GMP's set back reasonable. DPS is also amending its position that the project be conditioned on the installation of an Obstacle Collision Avoidance System ("OCAS") prior to operation, since the FAA may not approve the OCAS. DPS is recommending a condition that the Petitioners take all reasonable steps to obtain approval of the OCAS, and present an alternative lighting

mitigation plan to the Department for review and the Board for approval of the OCAS is not approved.

Georgia Mountain Wind – Docket 7508 - Briefing on setback issues is due on 4/6. Position will be consistent with that in Docket 7628.

FERC Complaint re ROE for Transmission Companies – No case number – DPS last week approached VELCO about a potential challenge to be filed with FERC to the ROE that transmission companies receive. That call started a series of back and forth information exchanges between VELCO the DPS. It turns out that because of a variety of factors, Vermont actually benefits from the higher ROE at this point in time. Finance and Economics is trying to pinpoint when that changes to a negative for the DPS, but it appears to be far enough in the future to have the DPS discontinue all work with the Massachusetts' AG's office on this potential challenge. We have talked with the Massachusetts' AG to express our regrets that we have to pull out of our collaborative effort given these new findings. Depending on further analysis, we are still exploring the possibility of joining the suit if it looks like Vermont might benefit in the next few years.

VGS System Expansion Fund - Docket 7712 - DPS counsel have been in touch with VGS who will be proposing a process and schedule going forward. DPS has proposed an issues list for DPS. DPS engineering has met with VGS engineering this week to discuss the project. Once VGS sends draft of process/schedule document and proposed MOU draft, DPS will hold an internal meeting to discuss.

CVPS acquisition of VMPD—Docket 7660— The Board issued questions to the parties regarding the MOU. Included in the questions for the Department was a question asking on what basis the Board has authority to approve a transaction between utilities at a price above net book value. No deadline was given for answering the questions. Answers may be in the form of supplemental prefiled testimony or live responses at the technical hearing, which has not yet been set. This is a key issue because the Department stretched to allow this deal to come together, knowing that the Board may raise objections. The benefits of renewable energy owned in state, and the long term wisdom of having a VT IOU own these hydro assets, served as a basis for the Department's position.

CVPS Smart Power- Docket 7612 - DPS had second meeting on business case update with CVPS. DPS will have internal meeting on 4/4 to discuss filing comments with Board on update. CVPS and DPS are still negotiating conditions precedent for DPS signing support letter for major milestone financial commitment to purchase AMI system (meters) to ensure the vendor contract contains a commitment that meters have ability to support desired technical capabilities. On Intermediate Backhaul support letter for major milestone financial commitment, CVPS states they are still working out details of arrangements with VTEL, but making good progress and that when they are ready to make that commitment they will renew their request for a support letter.

CVPS Integrated Resource Plan – Docket 7284 – CVPS requested an extension of time in which to file its next IRP. The 2011 IRP was to have been filed on March 31, 2011; the deadline is now extended to October 1, 2011. DPS supported the request.

Central Vermont Public Service Corporation - Tariff 8221 - Amendment to Pole Attachment Tariff. CVPS has requested permission from the Board to amend its tariff to eliminate the current \$1 per pole charge for GIS data. CVPS cites efficiency and advancement of the State's broadband initiative as reasons for the amendment. The Department recommended that the Board approve the amendment.

Vermont Electric Cooperative – Dockets 7488, 7120 and Tariff Filing ## 8195 & 7779 – In connection with Tariff Filing #8195 Vermont Electric Cooperative (VEC) sought confidential treatment for certain information contained in power supply contracts. The PSB granted the motion in part and denied it in part. The denial was based on VEC's disclosure of the same information in prior dockets and tariff filings. In response VEC filed motions in the dockets listed above, as well as TF #7779, seeking confidential treatment for information filed years ago. It also filed a motion to alter the PSB's order in TF #8195, on the basis that it had now moved for protection of the previously-disclosed information. DPS counsel is inclined to oppose the motions on the basis that the information now sought to be protected has been in the public domain for years, and the harm (if any) from its release has already occurred. DPS will discuss these motions with VEC prior to filing a response.

VPPSA Integrated Resource Plans – Dockets 7359-7370 & 7372 – Review of these IRPs has been rather protracted, but is moving toward resolution. On March 10 VPPSA filed an updated resource planning model, revised to meet concerns expressed by the DPS. The other part of the DPS's review is of the transmission and distribution (T&D) parts of the plans; unlike the resource planning model, these are system-specific and thus more labor-intensive. The T&D review has been difficult to keep on schedule, but we now expect it to be completed for all thirteen systems by the end of June. On March 30 the DPS filed a letter advising the PSB that the updated resource planning model is satisfactory, and describing the schedule for completing T&D reviews.

Sheffield Wind Project—Docket 7156—The Board has not yet issued an order ruling on the Ridge Protectors'(RP) motion challenging the sufficiency of the Petitioner's blasting plan and compliance with the plan.

Voice over Internet Protocol—Docket 7316—Comcast has filed its docketing statement to support its appeal to the Supreme Court. The Department will file its own docketing statement by April 8. The Department will support the Board's Order and emphasize that no regulatory obligations will attach to Comcast from the Phase I Order; the question of appropriate regulatory standards will be taken up in Phase II.

Docket 7466 – EEU Structure Docket - The Board this week issued a Proposal for Decision to enter a specific order of appointment for Burlington Electric Department to serve as EEU in their

service territory, which the DPS supports. Parties have until 4/4/11 to comment on a few specific issues relating to the treatment of heating and process fuels

AMI Permitting Issues – No Docket - DPS staff reviewed a legal analysis from CVPS and GMP on what permitting obligations would be presented by the installation of telecommunications equipment associated with Smart Meters. DPS agreed that an exemption under 248(n) would not require permitting under that statute. DPS did not take a position on the legal analysis of whether Act 250 applied and suggested the DU's consult with the NRB attorney. DPS offered to meet with DU's to discuss expedited applications under Section 248a if the utilities determined they needed a permit for any of their AMI telecommunications equipment or facilities.

Mark Tucker Complaint Concerning Verizon Wireless' INpulse Prepaid Telephone Service Plan. Docket 7701 –Verizon Wireless filed its brief on the matter of state law jurisdiction and the Department responded this week. The Department recommended that the Board dismiss the complaint due to a lack of subject matter jurisdiction over consumer complaints against wireless carriers (Board Rule 7.6) and because this lack of jurisdiction leaves the Board with no remedy to provide Mr. Tucker.

The issue of jurisdiction-without regard to the merits of any given claim-is of paramount importance to the wireless industry as a whole.

VEC Voluntary Renewable Energy Pricing Program - Docket 7717 - VEC is seeking approval of a program designed to promote the use of renewable energy by its customers, similar to prior programs instituted by CVPA and GMP. DPS served discovery requests on 3/31, responses due on 4/8.

Burlington Electric Department - Docket 7629 - Proposed Solar Tariff - Oral argument before the Board was held on January 7 at the request of BED. At that time, the Board requested that BED, together with GMP, brief the issue of possible FERC preemption. BED filed its brief this week. The Board may request comments. After the Department initially opposed BED's tariff, BED negotiated with the Department and filed a revised tariff which the Department supported. The Hearing Officer rejected the tariff in a Proposal for Decision which found the tariff to be inconsistent both with Board Rules and the net metering statute. We believe the Board is prepared to reject the Hearing Officer's Proposal and allow the tariff to take effect.

Catamount/Bolton Water & Sewer Company - Docket 7722 - Catamount/Bolton Water & Sewer Company, LLC (C/B Water) requested a 269% increase in its rates, to take effect on a service-rendered basis April 1, 2011. This company is under an order from EPA to develop a new source and treatment facilities. C/B Water will apply for a loan from VEDA to do this work, but to obtain the loan it must have a PSB rate order showing sufficient revenue to meet debt service. Unsurprisingly there has been significant customer reaction to the proposed rate increase. DPS recommended suspension and investigation, and the PSB accepted our recommendation. A prehearing conference will be held April 7, and a public hearing will be included in the litigation schedule.

Granite Reliable PPAs with GMP and CVPS—Dockets 7589/7590 (and other dockets)—the Board has scheduled a workshop for April 28 to determine the extent to which information in Power Contracts should properly be kept confidential. The Board has requested written comments to be filed by April 18. We will consult with Beth Robinson on this issue before taking a position.

EOS Solar Park – Docket 7618 – As required by its Certificate of Public Good (CPG), on March 24 EOS Ventures LLC filed a proposed decommissioning plan. It actually filed two plans, both of which were modeled on plans that had already been approved in other cases. DPS counsel identified a few concerns (including one point of non-compliance with the PSB's Order) and discussed them with EOS counsel. EOS agreed to the minor revisions needed to address the issues. DPS filed its recommendation on March 31, identifying the concerns and noting that they were resolved by agreement. Representative Botzow is very favorable to this project.

Consumer Affairs:

- After receiving a consumer complaint about the posting of a payment at Morrisville Water & Light, CAPI surveyed utilities to begin reviewing the different methods for handing payments made to a drop box. PSB Rules require that a payment be posted to an account on the day it is received at the company's business office or authorized payment agency, but how the companies handle payments left in a drop box during business hours seems to fall into a gray area. After compiling the information from the companies, CAPI hopes to provide an interpretation that can be followed across the board.
- In an effort to ensure consistency in the manner in which consumer complaints are handled, CAPI has begun a process of Review of Case Review. In this process, after peer-to-peer review, selected cases will be presented to the group for discussion. Staff will discuss how the complaint was handled, if there were additional things that could have been done for the consumer, and whether or not enough information was gathered during the CAPI investigation (and in some instances, identify where a complaint could have been closed without additional and resource draining investigation by CAPI). The first session was a success, with all agreeing that consistency in casework will provide a better service to consumers and the Department.

Planning and Energy Resources:

Comprehensive Energy Plan:

- DPS is planning the second set of stakeholder meetings on April 7th as part of the Department's effort to revise the Comprehensive Energy Plan. This meeting, which will focus on Transportation and Land Use, is being coordinated with the Agency of Transportation, Agency of Commerce and Community Development, and Agency of Natural Resources. Additional opportunities for public input will continue through the

spring and summer. The first set of meetings, held on March 22nd, yielded an array of comments and creative recommendations for the Department to consider.

- A public meeting was held by Senator Lyons on the Comprehensive Energy Plan on Wednesday, March 30th. Commissioner Miller provided an overview of the CEP revitalization process and Dave Lamont provided an overview on current energy supply, renewable energy, and energy efficiency programs in Vermont. There were approximately 80 attendees at the meeting.
- PERD staff continued to review & revise assigned sections of plan.

Fuel Survey:

- Continued unrest in the Middle East continues to support prices above \$100 per barrel escalating unrest in the mid-east continues to destabilize prices. Spot oil is \$106.28, relatively unchanged from last week.
- Vermont transportation distillate prices have leveled off with only modest variance over the past week. Heating fuels show declines in price due to rising temperatures reducing demand. The table below presents the Vermont prices data for over the week past. Propane prices have fallen 2.98% on decreased demand in the region.

Distillate Price Change from Previous Week

	22-Mar	31-Mar
Fuel Oil #2	-11.52%	-12.9%
Kerosene	-2.63%	15.6%
Gasoline	-0.73%	-20.9%
Diesel	-0.11%	-0.6%
Propane	-11.01%	-0.1%

Energy Efficiency and Conservation Grant Program (EECBG):

- Executed a grant agreement for the City of Winooski to insulate the Euromarket space in the O'Brien Community Center; this space is targeted for redevelopment as the City Library. The grant award of \$25,000 is leveraged with \$12,259 in local funds and is one portion of a multifaceted energy efficiency project costing over \$100,000. It is anticipated that the EECBG insulation work alone will save the town \$1700 annually and reduce Co2 emissions by 1 metric ton, due to lowered electric and natural gas usage.
- Approved a final invoice of \$17,598.51 for the Town of Williamstown who completed their project to retrofit the Town Hall and the Highway Garage. Due to the project, their annual fuel oil savings is 1,051 gallons and cost savings is \$2,935.
- A \$3,626 was processed for energy related work completed by the Bennington Regional Planning Commission.
- Completed a financial report which broke out the EECBG funds, those spent to date and projected drawdowns, into subtotals according to the state's fiscal year, from FY 2010 to FY 2013 when EECBG funds will be fully spent.
- A \$50,000 energy efficiency retrofit involving insulating, air-sealing and ventilating the Corinth Town Garage building, along with installation of storm windows, lighting

upgrades, and addition of a new Energy Star certified waste oil boiler will save the Town an estimated 3,376 kWh/year and 2,563 gallons of fuel each year. There will be additional savings in the purchases of fuel due the installation of the waste oil boiler. The Town will now make use of the used oil from the Corinth town fleet, as well as from the town fleets of neighboring towns and trucking outfits. Once this heating season is finished, the Town hopes to use waste oil from residents as well. The Town's ultimate goal is not to have to purchase any fuel oil in the future by procuring waste oil exclusively instead.

State Energy Program (SEP):

- Completed reimbursement for Swanton Town School District for Parking Lot Lighting grant for \$49,000.00.
- We paid \$12,071 for engineering work done by Buildings and General Services (BGS) at state building sites for energy efficiency upgrades.
- We paid \$35,962 for the City of Burlington to study the feasibility of constructing a district heating system.

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

- Worked with DOE to obtain approval for the third Housing Vermont project at Westgate apartments in Brattleboro.
- Continued to seek resolution from DOE regarding change of scope for HVT's fourth project (Applegate). The subrecipient requested approval to change the location to a housing complex in Townsend; decision from DOE regarding NEPA is pending.

Clean Energy Development Fund:

- Processed invoices for the Small-Scale Renewable Energy incentive program for \$643,488.
- The CEDF Director testified in House Ways & Means on H.56.
- Staff worked with tax department & administration on proposed changes to the VT solar business tax credit
- Participated in the VCRD's Morrisville town planning project as a resource on energy.
- Received two loan applications for the ARRA revolving loan fund.

Utility Facts:

- Final edits have been completed, will post on DPS website and prepare to print hard copies for distribution.

Load Forecast:

- Project to update and redefine the DPS electric load forecast continued. Decision made to segregate the forecast into ratepayer categories then aggregate individual forecasts to a statewide forecast.

Energy Efficiency Utility Demand Resources Plan (DRP) Proceeding:

- Staff revised the 2012-2014 EEU Evaluation Plan and budget based on comments from the March 16 workshop for filing April 1.
- Staff met with the Regulatory Assistance Project to discuss a variety of matters related to VEIC and the DRP including Performance Indicators/ Awards and Cost Effectiveness Screening as they relate to a longer term of appointment. Staff also drafted initial plans for measuring Administrative Efficiency within the context of the DRP.
- Staff met with VEIC and consultants to discuss resource plan scenario development.
- The Department responded to VEIC in regards to its proposal to increase the absolute dollar amount of its compensation by 80%. We do not find justification for such an increase at this time.

Act 250:

- Reviewed pending applications for compliance with Energy Codes. The construction industry continues to languish – no major project applications this past week – only two minor renovations, conversion of a hair salon into a restaurant, construction of a breezeway and a pavilion to accommodate and construction of a new entrance to existing Cairns Ice Arena.

Issued the following 202(f) determination as consistent with the Electric Plan:

- Docket 7670, Petition of twenty Vermont utilities and Vermont Public Power Supply Authority requesting authorization pursuant to 30 V.S.A. § 248 for the purchase of shares of 218 MW to 225 MW of electricity from H.Q. Energy Services (U.S.) Inc. commencing November 1, 2012 through 2038, issuance of findings that such purchases are entitled to rate recovery assurance, and requesting certain approvals under 30 V.S.A. § 108.

Other Items:

- Continued review and analysis of the proposed Beaver Wood project.
- Review and provided discovery on VEC Renewable Energy Pricing Program.
- Staff attended meeting to review CVPS proposed LED street lighting tariffs.
- Reviewed AESC 2011 Project Deliverable including; the electric forecast assumptions, the gas forecast background and the sector-specific fuel oil forecast – electric generation component.
- Reviewed Ball Mountain and Townshend Hydro projects proposals – the developer has requested Governor support but ANR is not favorably disposed for a variety of legitimate reasons.
- Provided support to legislative staff on questions concerning H 56. This support mainly consisted of helping identify and determining how a customer is defined by the electric utilities versus the use of service drops and/or meter counts.
- Staff reviewed and commented on GMP and CVPS's updated LED Streetlighting tariffs that will coincide with EVT's roll-out of a statewide LED Streetlighting Pilot program.

- Staff selected a finalist for the Vermont Energy Codes Education, Outreach and Training contract. The contractor will educate a diverse set of stakeholders to newly updated Vermont residential and commercial building energy codes.
- Staff testified before the Senate Economics and Finance Committee in support of the Governor's wood pellet incentive initiative.
- ISO reports that recent evidence indicates energy efficiency has been downwardly impacted by weak economic conditions and that, in general, increasing amounts of energy efficiency in the regional introduces additional statistical error and leads to more uncertainty in the long range forecast. Future Advisory Group meetings will continue to explore improved methods of energy efficiency data collection and analysis

Engineering:

NRC Issues Instruction in Response to Japan Incident:

On March 23, 2011, the NRC issued Temporary Instruction 2515/183: "Follow-up to the Fukushima Daiichi Nuclear Station Fuel Damage Event." TI 2515/183 will look at the nuclear industry's preparedness for events that may exceed the design basis for a plant. The inspection is expected to commence April 29, 2011, with an inspection report issued by May 13, 2011. If necessary, a more specific follow-up inspection will be performed at a later date. Through this review, the NRC will independently assess the adequacy of actions taken by licensees in response to the Fukushima Daiichi nuclear station fuel damage event. Results will be used to evaluate the industry's readiness for a similar event and to aid in determining whether additional regulatory actions are warranted.

VT Emergency Management (VEM) – Utility Outage Reporting:

Engineering initiated a discussion with VEM about improving the method by which utility outages get reported to the Department and VEM during storms. Currently, a telephone conference call is initiated by VELCO and all electric and communication companies are encouraged to participate. Engineering then summarizes results in a report and enters it in DisasterLan (DLan). Participants in the effort include the DLAN developer, Green Mountain Power, VEM, and the Engineering. The final product will collect all the information automatically or with minimal direct input into a new module of DLAN software to be called Vermont Live. When complete, this improvement will function like a "bulletin board" where storm updates are shared and messages can be posted regarding progress and mutual aid needs.

Telecommunications:

DPS Broadband Statistics – The BMI team provided partially complete broadband availability data to the DPS. DPS telecom staff used GIS to augment the data and then calculate broadband availability statistics. DPS analysis suggests that approximately 95% of buildings had access to broadband measured at 768/200 as of 6/30/10. The analysis also shows a breakdown by town. DPS shared this data with the other BMI team members, who promptly questioned whether, how, when, and with what attribution this data may be released publicly. No determination has

been made yet; Chief Karen Marshall is in the loop. The 768/200 speed is DSL speed; not particularly fast for "broadband" and not in line with long-term state goals, although 100% coverage at that speed would be a very good interim goal.

Forward looking Broadband Availability map –DPS performed a GIS analysis to identify the areas with limited broadband availability that will remain after FairPoint and VTEL complete their required projects. The analysis began with the BMI 6/30/10 census-block based broadband availability data (at 768/200). Then identified were those census blocks that had less than 100% availability, and that have at least one building. The areas VTEL and FairPoint will reach under current commitments were removed. The result is a set of areas with limited broadband availability. There are issues with data reporting -- the appropriate way to produce such information is to analyze the data in point or address-based form or granularity, before it is aggregated into census block or polygon form. It appears however that some of the raw, unaggregated data may be subject to NDAs, and that therefore only the BMI team can perform this level of analysis.

Link UP NRPM – The FCC posted to the Federal Register, a description of the Notice of Proposed Rule Making ("NPRM") to re-structure the Link UP program. The Link UP program offers assistance to low income eligible customers for local telephone service. It appears that the FCC is seeking direction in making the program more robust and efficient while questioning the addition of broadband as a basic service. There was discussion over the VOIP providers and the fact that cellular providers have been adopted by many Americans as their sole telephone source. NPRM is asking for creative schemas to answer the questions identified in the document.

USF and Inter Carrier Compensation ("ICC") NPRM - The FCC will have a second public hearing on the modernization of the USF and Inter Carrier Compensation (ICC) programs. The Public Hearing is scheduled for April 27th in Washington, DC and will examine the implementation of Phase I of the FCC's plan including the reverse auction plan for the CAF and the capabilities and costs of various broadband offerings.

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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: April 1, 2011

Status of Governor's Priorities: Jobs Bills quiet this week.

Jobs in Agriculture

- Sterling College –Apprentice Farm Manager and Faculty in Food Entrepreneurism
- Commonwealth Yogurt – Plant Supervisor

Legislative Issues/Contacts:

Deputy Secretary Bothfeld and Director Jim Leland continued work with Senate Ag committee on dairy housekeeping bill and compost. The dairy housekeeping bill contains legislative fixes for Raw Milk and Bonding and is being held up by Compost language. Concurred with Sen. Giard that proposed language on page 14 lines 6 through 9 should be changed to reflect the Secretary has discretion to assess administrative penalties for drug residue violations. This change will make the language parallel other enforcement provisions in Title 6. Compost. Mike O'Grady incorporated the changes from discussion with the Agency and relayed Agency's concern to the Committee about the unfunded mandate to prepare educational materials on regulations not administered by the Agency. Sen. Starr proposed that AAFM and ANR collaborate on educational materials and only in consultation with regional planning commission people and the composters association, not the whole world. A push yesterday to remove Compost language from the dairy housekeeping bill to be able to move that portion forward. Senator Kittell was unclear if she had support for the bill in general from Senate Pro temp or not. Concerned that attaching compost language to dairy housekeeping will slow the movement of this needed language prior to the end of session.

State veterinarian was asked to be present on March 30th for the Senate Government Ops committee discussion on the Vermont Spay Neuter Incentive Program (VSNIP) and where it should reside if it were to no longer be housed in the Agency of Agriculture.

Press Issues/Releases/Contacts:

Specialty Crop Block Grant Announcement
Junior Iron Chef event

Talking points for Governor and Secretary for Conservation Conference in Rutland, VT

Inquiries of interest:

Fox 44 – exports/imports with Japan after the earthquake
VPR – Raw Milk follow up
AP – Raw Milk follow up
VBM – interview with the Secretary about Ag future in Vermont

Significant Events/Meetings:

Ag Leadership Forum: The Agency convened a meeting of Ag Leadership groups included in VT Statute -- the VT Sustainable Jobs Fund (VSJF), Ag Innovation Center, Sustainable Ag Council and the Ag Development Board -- to define roles and responsibilities in order to cohesively move Farm to Plate forward. Lt Governor Scott and Secretary Miller participated as well. Outcome: All four organizations embraced the Farm To Plate scope of work created by VSJF, agreeing to work with their respective boards to define strategies in which they would not only work but lead. Follow up meetings will occur every 2 months to ensure the work product continues.

Deputy Secretary LaClair participated in the VT Council on Rural Development Community Visit to Morristown. Sustainable agriculture and Downtown Development resulting in discussions about creation of a food coop as well as renovation of blighted and vacant buildings were hot topics. Resource providers will return to Morristown after the community decides which priorities on which to focus.

At the request of the House Agriculture committee Chair, a meeting was held on March 30th with pertinent stakeholders to review H.303 and H.340, both of which pertain to the regulation of dog owners and breeders, as well as the licensing of pet merchants. The goal was to reach agreement on terms contained within, but the meeting ended with minimal success.

Farm Regulations Meeting: The meeting covered AAPs such as buffers, where manure vs. fertilizer can be spread, well setbacks, property setbacks, and the enforcement side of things such as fines that could be imposed, spreading ban exemptions and the new revisions. The specifics about regulations based on farm sizes were also shown. There were about 20 people in attendance some from both agencies, UVM Ext, farmers as well as technical service providers and custom farm operators. There were a couple of farm hands there but the majority were owners. The presentation generated a lot of good conversations amongst farmers and farmers and the presenters. There were some frustrations voiced by farmers about various laws/regulations which were addressed by the Agency. It seemed well received based on the amount of discussion that was generated.

Coordination Meeting-USDA SWAT: The USDA NRCS has received \$1M in federal funding out of a \$13M nationwide effort to improve water quality in key areas. This Strategic Watershed Action Team (SWAT) approach developed by NRCS will be employed in the Lake Champlain Basin this summer for a 2.5 year period. This effort means 8 new temporary positions for water quality and forestry work and the meeting held this week with multiple partners was reviewing the best use of these new staff and how to coordinate their efforts into the existing infrastructure. The effort requires an overall 25% match from partners which cannot be in-kind, and will help the partners promote their own efforts with the end goal being implementation, implementation, implementation! **Note – this is not in the Agency's budget at this time – trying to find a way to support this effort.**

Coordination Meeting with DEC: The Agency of Agriculture and DEC River Management met this week for a second time to review the new draft stream alteration permit. The two Agencies have worked collaboratively over the years to ensure each Agency and the integrity of the subsequent programs are upheld and in unison. This process is moving forward smoothly.

Evolving Issues:

Agency Administration, State veterinarian and Dairy regulatory staff have begun conversations with the radiologic expert at the Department of Health and the Commissioner of Health related to developing a voluntary milk sampling plan to evaluate the potential effects of the ongoing radiological incident in Japan. Many other states are involved in similar efforts. The effort in Vermont will focus on sampling unprocessed milk weekly from farms in geographic quadrants in the state that meet the criteria of relatively large volume of production from animals that are pastured for at least a portion of the time. This will result in a screening assessment of any impact that the event in Japan may have in Vermont. Pastured animals consuming grass are more susceptible to radioactive fallout and to contamination acquired via grazing vs those that are housed under cover

and are consuming stored grain and/or hay from last year's crop. There will need to be significant inter-agency collaboration to ensure that the producer, co-op and public messaging associated with this initiative is clear, concise and consistent.

Deputy Secretary Bothfeld added concerns for how these results will be posted – do not want to jeopardize Vermont's reputation for high quality dairy products if levels in milk are well below levels that cause issues to humans and if VT is the only state that posts results for milk. Do not want this to become a press issue only for VT if very low levels of radiation are found in milk. Current protocols from Health Department for dairy herds are for majority of time outside and moderate size herds. This may unduly target organic dairy herds.

USEPA/NAREL is asking our milk collectors to collect a milk sample as soon as possible due to heightened public interest in the Fukushima Nuclear Incident. *"As a result of added public interest in EPA's response to the Japanese nuclear incident, the USEPA/NAREL requests that you collect and return a milk sample for the RadNet program as soon as possible. Collect your sample from a local dairy, not from the local grocery store. Please try to collect a sample from a milking that occurred after March 20, 2011."* Vermont collects samples for EPA on milk in the state on a regular basis. Extra samples are being requested by EPA. Dairy section has completed this task for EPA but Booth Brothers – processor where milk sample was collected announced this to their membership on March 30. Concerned about possible public scrutiny for something that farmers have no control over.

VACC v. Tracy – Intent to Exercise OPAV All three co-holders of the conservation easement on an Addison County farm were named as defendants in a foreclosure March 2010 (VLT, VHCB and the Agency). VLT, in consultation with its co-holders, noticed intent to exercise the OPAV (option to purchase the conserved land at agricultural value). Before the foreclosure process finished, and before VLT negotiated a price for the option with the farm's owner, an out of state buyer made a cash offer to buy the whole farm, including the conserved farmland. The offer was accepted by the farmer with a closing date set for 4/13/11. VLT firmly believes the out of state buyer is not "a real farmer" and is seeking co-holder support to continue with the option process, which the out of state buyer opposes. This matter is potentially headed to litigation with the out of state buyer. The foreclosing lender is the Vermont Agricultural Credit Corporation, formed under authority of 10 VSA Chapter 16A. VACC would recoup the most value on the outstanding loan balance, which is \$392K, by the sale of the farm to the out of state buyer. The stated purpose of the OPAV is to keep farmland affordable for farmers.

Meat Inspection Section granted a request from Champlain Valley Meats for an extension to the deadline of submission of the information that was requested as part of their licensing process.

Summary of Key Agency Department Activity:

Ag Development

In re SPEED, PSB#7533. The Public Service Board issued a ruling on 3/28/11 amending its 10/29/09 ruling about energy crops and farming. The Public Service Board now recognizes the production of energy crops represents feedstock derived from agricultural operations, for purposes of rate setting. The Agency provided pivotal briefing in PSB#7572, as well as briefing in this case to persuade the Board to amend its 2009 ruling. The 2009 ruling had unintended, limiting consequences on farmers and farming.

Colleen Leonard, Ag Policy Administrator will be attending the Northeast Kingdom Farm & Food Summit at Lyndon State College on Saturday April 2. There will be many workshops and speakers that will provide a broad overview of activities and potential of food systems in the Northeast Kingdom.

Vermont students were kicking school food up a notch on Saturday at the 4th Annual Jr. Iron Chef VT! Fifty-five middle and high school teams from across the state competed at the Champlain Valley Exposition in Essex

Jct., to create the best school food dish featuring local ingredients. Hosted by Vermont Food Education Every Day (VT FEED) and the Burlington School Food Project, Jr. Iron Chef VT celebrates Farm to School by challenging students to create dishes from Vermont ingredients in only ninety minutes. Over a thousand parents, siblings, classmates, farmers, teachers, and community members filled the Expo to witness this exciting event. Deputy Secretary LaClair judged this event.

Food Safety and Animal Health

Dr. Joel Russo, assistant state veterinarian, and Sue James, Food Safety Specialist, will be attending the FDA milk residue testing listening session being held in Albany NY on April 12th on behalf of the Agency of Agriculture. This northeast meeting will involve reps from state departments of agriculture, industry and others.

Agency Food Safety and Agricultural Development staff met this week to discuss how to best utilize AIC monies, a \$25,000 USDA grant, and money from within the Department of Labor for purposes of providing livestock humane handling training for producers, livestock transporters, and slaughterhouse workers, as well as providing technical assistance and other outreach to stakeholders within the livestock and food production sectors.

State veterinarian submitted Vermont's 2011 shortage area nominations for the USDA-funded Veterinary Medicine Loan Repayment Program this week. The geographic areas submitted for panel review and approval were Orleans county and Windham/Windsor counties. These same locations were submitted and approved in 2010, but the openings were not filled. The 2011 nominations were amended to require that the veterinarian only spend a minimum of 30% of his or her time providing services in the designated shortage area(s) rather than a minimum of 80%. This decision was made with input from the UVM University Veterinarian and the Vermont Veterinary Medical Association, and was done in order to make it more reasonable for the eligible applicant to build a client base in the designated shortage area while also providing services elsewhere in order to support the efforts in the shortage area(s).

Meat Inspection Points of Interest

- Spoke with Annajl Smith from New Haven about developing a slaughter and process operation with curing and smoking in New Haven
- Spoke with Kevin Harper from Bristol Works! About a possible commercial Kitchen for meat processing of meals
- Spoke with Jesse Smith at UVM extension about Webinar for April 28th for new farmers concerning allowable farm operations and labeling issues.

Meat Inspection Compliance and Enforcement

- Notice of Warning issued to Hillside Poultry Farm, 96 Ray Hill Road, Wilmington, VT. Sales and distribution of pepperoni pizzas that were not inspected to retail stores in southern VT whom were then offering them for resale to consumers.
- Notice of Warning issued to Melina's Take n Bake Pizza, a division of West Brattleboro Pizza, 1012 Western Ave., West Brattleboro, VT. Production of pizzas that contain meat for wholesale distribution that were then being offered for resale to household consumers.
- Notice of Warning issued to West Wardsboro Market, 47 Cross Road, West Wardsboro, VT. Sales of uninspected pepperoni pizzas acquired from Hillside Poultry Farm.
- Notice of Warning issued to Springfield Food Co-op, 335 River Street, Springfield, VT. Sales of uninspected pepperoni pizzas acquired from Hillside Poultry Farm.
- Liaison with Mr. Thomas Collaro, USDA, FSIS, OPEER, investigator to obtain invoices, photos of possible meat products that may have been produced without inspection from a federal plant in New York, Tri-Town Packing.

Agriculture Resource Management

The Court approved EPA's request for a stay in the implementation of the NPDES permit requirements for pesticide application on, in, over or near water. The new implementation date will be in October 2011. In related news, the House passed H.R.872 yesterday that would eliminate the requirement for NPDES (Clean Water Act) permits for pesticide applications. Rep. Welch voted in favor of this bill.

The winter spreading ban ended as of midnight 3/31/11.

Lewis Creek Watershed Initiative: Many partners including those from town government, local forester, state and federal agencies, and local citizens met this week to further hash out the details of what can happen around water quality in Lewis Creek. The goal is to take a new approach of working together to guide our individual resources in a more holistic approach and is stimulated from work done by USDA in the Chesapeake Bay. At this point we are collecting information from the various planning efforts that have happened over the years to prioritize the already identified problem areas and the specific needs to address the concerns.

Manure Spreading Ban Exemptions – Granted prior to the end of the ban.

Farm in Fairfax, had been granted an exemption back in January. They removed the approved amount of manure, but they found themselves back at capacity on Tuesday (3/22). They were in danger of overtopping, so we gave them a verbal approval to spread additional manure on one of the fields originally approved for land application in the exemption (very good field – very flat, no water). They applied half the approved amount Tuesday night, and finished up the operation on 3/24. Trevor Lewis, the farm's MFO coordinator, will work with them to determine the status of their storage structures and if they have the storage capacity required in their MFO permit.

Farm in Fairfield, was issued a verbal approval to spread manure on Friday, March 25. Mr. Howrigan was not out of storage capacity, but the manure leaving the barn was forming a large mound near the push-off area and was not transferring evenly into the pit. The mound was interfering with the removal of manure from the barn and manure was in danger of backing up into the barn. He was approved to remove a quantity of manure on the other side of the mound to cause it to "slump" into the pit and allow the resumption of manure transfer from barn to pit. Mr. Howrigan called on Monday, March 28 to report that he had finished the spreading operation and his storage system was back to normal.

Farm in Sheldon – was provided a verbal approval on 3/31 to remove 5-6 loads at 6,000 gallons per load. The pump in the reception pit/hopper at the end of the main barn that pumps manure to the digester has broken. Houle was at the farm to repair/replace the pump. Rowell needed to empty out the hopper to gain access to the pump. He has a very flat field near the barn where he will apply at a rate of less than 3,000 gallons per acre.

Farm in Swanton (MFO) – called 3/31. He is out of storage capacity and wanted to be able to remove enough manure so he would not have to apply manure tomorrow during the anticipated snow storm. Mike Middleman, Ag Resource Specialist went to the farm to confirm the status of the storage structure, and to communicate the restrictions to be followed when applying manure before April 1. Farm will chisel plow in the manure after application.

Once the ban is over, ARM staff will review those Medium Farms that have been granted exemptions. If it is determined that the farm needed an exemption because they do not have the 180 days of storage required by the MFO General Permit (as opposed to outstanding weather issues that compromised capacity) they will be issued Assurances of Discontinuance outlining the steps required to establish the storage required by the permit.

Large Farm Operation

Potential Direct Discharge – Referral to ANR

Mark St. Pierre, Pleasant Valley Farm, 1546 Richford Road, Richford

On Thursday, March 24, a number of Agency staff were in the area of Country Lane and Sheldon Road in St. Albans, when they came across an excavator that had recently created a breach in a pit wall in order to empty it. The pit belongs to Mark St. Pierre but, to our understanding, is not part of his Pleasant Valley Large Farm. We believe he has just purchased this property and was planning on using this pit to store manure from one of his smaller operations.

The breach allowed the contents of the pit to enter a ditch and then enter surface water. According to St. Pierre, the pit had not been used in 7+ years and he believes that it just contained water. However, due to its proximity to a barn (which has since been demolished) and its construction with steep embankments, it was most likely used for manure storage. It appears that the level of the pit was dropped by 3 to 4 feet.

Agency staff requested the equipment operator to patch up the breach and stop the release of manure, and he did so while staff were still on site. Staff was on-site within a few-hours of the pit being breached.

On Friday, March 25, this case was referred to ANR Enforcement as a potential direct discharge, as required under the MOU between VAAFM and ANR. An EEO has already visited the site and taken samples.

Enforcement Actions:

AAP Enforcement – Spreading During Ban with an Exemption

Mark Davis of Waterbury Center was observed to be spreading manure on March 23. Davis has an extensive history of spreading illegally during the ban starting in 1998. He has been issued a corrective action letter (1998), a cease and desist order (2000) and three penalties in 2000, 2001, and 2007. Davis will be issued another notice of violation.

Secretary's Commentary:

Secretary Ross undertook the following activities:

- Sec Ross and Deputy Sec. LaClair attended a branding meeting organized by the Agency of Commerce and led by KSV in Burlington. It was a productive conversation between KSV professionals, state officials and select private sector participants. No final conclusions were reached. Interim take away message: Vermont – a place where ideas and people thrive – caring, innovative, community based, globally engaged. More to come.
- Sec. Ross visited David Marvin's maple operations in Morrisville and Johnson. Marvin's business is the largest handler and processor of Vermont maple syrup in the state. He handles in one way or another well over 50% of Vermont's maple syrup. Very impressive values run operation with a generational transfer plan being implemented.
- Agency staff and Sec. Ross attended a water quality meeting of many of the governmental agencies from the regional, state and national level. The meeting was organized by Vicky Drew, the head of NRCS in Vermont. The purpose of the meeting was to coordinate the efforts of all the players going forward and to anticipate how to include the infusion of a SWAT team of an additional water quality professionals largely covered by federal funds through NRCS. This SWAT team will represent a major new effort to address water quality in Vermont, with a particular focus on Lake Champlain. These professionals will represent a clear expression of priority on the part of the state for water quality and Lake Champlain. In order to bring these professionals on board will require some level of match funding by state agencies. These matches will require a real stretch by the Agencies. The support for these federal funds has come from Senator Leahy and USDA is working to have a press conference to announce this effort. Sec. Ross has asked if the Governor might be included depending upon the time and location of the event.
- In a related event Sec. Ross and Agency staff met with ANR staff regarding the newly expanded jurisdiction of ANR on stream alteration. ANR is working to implement a new set of rules to apply to

the newly expanded jurisdiction resulting from legislative action last year. The potential for real conflict exists between the state and the regulated community. The regulated community includes towns, farms and businesses like earth moving companies and others. An outreach effort is being constructed to mitigate the conflict.

- Another important water quality meeting occurred when Sec. Ross met with the House Institutions Committee after discovering the Committee cut 700K from their 2 year capital requests for monies to implement best management practices on farms around the state. The committee made this decision with NO testimony from the agency since a preliminary overview made to the committee in January. Ross met with the Committee and it was agreed the Agency can work with the Senate to reinstate the money. If unchanged this will damage the Agency's effort to keep moving forward on water quality and the Agency may need the help of the 5th floor to remedy.
- Sec. Ross met with Gus Seelig and Gil Livingston on the conservation issues relating to the Tracy Farm discussed earlier in the memo. He briefed Bill Lofy on the substantive and political issues relating to this issue.
- Sec. Ross called for and led a meeting of the major agricultural leadership organizations created by state statute who have a role to play in the implementation of Farm to Plate. All the organizations agreed to work together to help implement the opportunities outlined in Farm to Plate.
- Sec. Ross briefed Commissioner Miller on the work of Energy Action Now (EAN). EAN is a coalition of Vermonters who have been utilizing a systems approach over the last year to develop a plan by which Vermont could move to 80% renewable energy for all sectors by the year 2030. They have developed a systems map and identified leverage points that could be pushed to most quickly move Vermont to this goal. EAN is about to begin the process of developing the action plans necessary to begin to push the leverage points of education, capital mobilization, innovation and permitting/regulation. Ross and Miller discussed how this work and EAN could be used to help the state in its comprehensive energy plan development. It was clear the work of EAN is of importance but it was not decided how best to include their work or their group in the Departments efforts.
- Related to the state energy plan Ross also met with the Council of Energy and Environmental Advisors as well as Scott Johnstone. The meeting with Johnstone will cover on farm energy matters.
- The Agency leadership continued to work on the NEASDA conference which the Agency is hosting the first weekend of June. The Governor is invited to speak at this conference.
- Finally, Sec. Ross will speak at the conservation meeting in Rutland at noon time with Sec. Markowitz.

Week Themes:

- Water quality and conservation and energy were the dominate themes this week. Water quality continues to be among the most important issues the agency faces along with moving Farm to Plate to implementation and finding a way to improve national milk pricing.

CONFIDENTIAL and PRIVILEGED—No Sharing

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development
Date: April 1, 2011
Re: ACCD Weekly Report

Status of Governor's Priorities:

- Continuing work with Ag and VSJF on Farm to Plate. There seems to be general acceptance among stakeholders that this is the plan we are all moving forward on. There are a number of organizations that have been charged by the legislature with leadership on Ag issues. Might need to do some adjustments in legislation next year.
- Kelliher, Samets, Volk hosted an excellent Vermont Brand discussion at their offices on Monday. If you see Tim say thank you. It got us a lot of information and perspective. We will be bringing you a summary in a few weeks. One thing that became clear is that we have some real policy and development work to do to make sure we are living up to the brand image and that there are risks. Income inequality was noted by a number of participants.
- During my trip to DC met with the delegations and everyone is well focused on making sure broadband grantees perform. One participant concerns everyone, but you know that.
- We will be meeting with Stephen Morse on Tuesday at 1:30 in your Statehouse office. He has been selected by local groups to chair a "life after VY committee." Senator Illuzzi mentioned to Chairman Botzow that he should expect to see something for Windham County added to the jobs bill. Some concern that the offset will be the local foods coordinator position.

Legislation:

- Jobs bill getting read into Senate Economic Development. Senator Illuzzi says it will be out in two weeks. Expect additions.
- Veterans' bill seems stalled. Alex has the info on this, doesn't seem to be a policy issue.

Evolving Issues:

- I found \$40mm in unused borrowing capacity at HUD while in DC. I am getting a training session from HUD on accessing these funds for Economic Development. Still unclear why we are not using them. There might be a good reason so please don't broadcast availability, but it might be a tool.
- Federal funding is going to be grim. It was one thing to get a nervous feel from the delegation offices while I was there, but talking to other staffers during the evening hours made it clear that this congress is at this point completely unpredictable. Ouch.
- ANR is pursuing the e-waste implementation with vigor, to the extent we might put the current operators right out of business. Trying to get them to slow down. Don't think this rises to your attention level yet but thought you should know it might be coming.

Commissioner MacKay and Deputy Commissioner Hollar

- With Secretary Miller, Deputy Secretary Powden and congressional staff, Noelle and Jen participated in a **Vermont Partners Workshop sponsored by USDA Rural Development**. Host Molly Lambert noted the similarity in the missions of our agencies and the rich potential for collaboration. **USDA RD brought \$260 million to Vermont in 2010** for economic development, community facilities and housing projects.
- Continued collaboration with ANR came in the form of a **meeting between Noelle and ANR Counsel Jon Groveman**.
- Several solid proposals have been submitted in response to DEHCD's **RFP for an analysis of the impediments to fair housing**. Jen met with Ann Kroll and Julie Kelliher to review the proposals that rose to the top through a screening process developed by Ann and Julie.
- In something of a breakthrough, a subcommittee of **the Preservation Council**, which included Jen, decided not to pursue preservation legislation this year and to study the issue over the summer with input from private and nonprofit property owners.

Business Support

- **Bennington Iron Works, Inc.:** A conference call with company officials and the Vermont Employee Ownership Center was held with Peter Odierna of BCIC and Ken Horseman from the department participating. The company is exploring all options having announced that it will cease operations in May.
- **Quik Pull:** The company is anticipating a visit from the governor in April to their new facilities in the former Ethan Allen plant in Randolph. The Vermont operation is feeling quite fortunate that the investment was made in this, their only manufacturing plant in the U.S. Business is rebounding, and they want to work with PTAC to develop new government contracts. The company is hopeful that they will double their Vermont business in a couple of years. Appropriate referrals will be made.

Brownfields

- **City of St. Albans:** Kiersten met with Jim Tischler, the Planning and Zoning Director, who has been in St. Albans for just about a year. The purpose was to talk about the Fonda re-development which is moving along just fine – and the possibility of ACCD contributing more funding to the project.
- **CEDO:** Kiersten met with Larry Kupferman and Nick Warner, along with Trish Coppolino and Hugo Martinez Cazon from DEC and AmyJean McKeown from EPA, to be updated on what the City is doing in terms of brownfield redevelopment - and development in general – in the City of Burlington. Basically, they are in a bind for a variety of reasons: much of the City could actually be a brownfield; funding is extremely tight and the projects that they do have in play (Moran) progress at a snail's pace. One thing that Kiersten found interesting (or shocking): 99.5% of CEDO's funding comes from grants and more often than not, CEDO employees are competing for the same grant funds. Overall, it was a pretty depressing discussion.

Projects

- **Commonwealth Yogurt:** A GREAT grand opening event at Commonwealth Dairy's new facility in Brattleboro was had. **Excellent feedback.** Kiersten is going to begin working with the company on their next expansion in about 3 weeks; they want to add another 40k sf to their existing facility. Also, it should be noted that the company originally anticipated using 32.5 million lbs of milk annually; they

now expect to use 100 mln lbs b/c they will be producing Greek-style yogurt. At least 35 new jobs will be created over the next three years.

- **Swan Valley Foods:** Next big ribbon cutting event will be for Swan Valley in Swanton sometime in early June. Will result in creation of about 55 new jobs.
- **Orbit Energy** – The Town of Springfield has finally requested that the “prison land” be transferred to them by BGS. The Town could have taken title at any time since about 1999, but didn’t want to be responsible for maintaining the road that leads to the prison and the rest of the property. Seems like a small detail, but BGS is very willing to share costs. Once the land issue is solved, Orbit will apply to the SPEED program and get that part of the project rolling. Approximate Investment: \$7-8 million. Approximate Job Creation: 12-15

Community Development Program

- VCDP staff are finishing the Staff Analyses of the 10 Applications to be consider at the April 7th VCDP Board Meeting. The board will need to make some tuff decisions since the requests total over \$3.4Million and the available funding is only \$1Million. **Pete’s Greens has an application in for this to be part of their funding mix, the only Economic Development app we have gotten.**

Community Planning and Revitalization

- **Downtown Board:** The Board met this week and approved 3 applications for the Downtown Transportation Fund – \$27,000 to Morristown for sidewalks and streetlights, \$25,000 to Rutland City for Wayfinding signage, and \$75,000 to St Albans for streetlights which are part of a \$1.5m streetscape project. The Board also discussed new standards for designation renewal, so that delayed applications would be addressed promptly.
- **Randolph Rest Area:** State officials from BGS, VTrans, and ACCD met with the owner of property adjacent to exit 4 to discuss his development plans. Development of this property has been under discussion for years at both the state and local level because of the impact of such development on downtown, because of ongoing state interest in interchange development, and now because of the possibility of including a state rest area within the 18 lot subdivision. While there is interest in the concept, VTrans and BGS would like to step back and develop an overall rest area policy before considering anything in Randolph. While the developer had hoped the state was committed to a rest area within his development, state officials made clear that any decision would take some time. A rest area policy will be developed this summer by VTrans, BGS, and ACCD.

EB-5

- James Candido met with three new potential EB-5 projects, all of them in the hospitality industry. Two of these projects have a viable plan that would be marketable to potential EB-5 investors.
- James Candido and Lawrence Miller also met with SBE to work on their EB-5 project submission. SBE agreed to provide some additional documentation on their proposed project which will get them closer to an approval from the ACCD as a certified EB-5 project. The plan involves increasing current operations.
- We are moving forward with a Ag Investment Fund backed by EB-5. Some challenges but it is looking more likely.

Historic Preservation

- We are making some adjustments to staff responsibilities. Some stress here.

- **Capital Budget Update:** The bill came out with funding for the Archeological Collection move to the Historical Society, but split over two years with the bulk of the funding arriving after the current lease expires. The issue has been brought to Reardon and Spaulding.
- **Housing Summit** – Arthur participated in a steering committee with AHS to work on planning the Housing Summit. A date and location have been set; June 7, 2011 in the well of the House chamber at the State House.

Recruitment and Other Business Issues

- A New Jersey based biotech company recently received initial VEGI approval. Projections call for approximately 200 new employees over the first five years of operation. Prospect is currently working on site selection in the Central VT region and is currently exploring finance options including VC and EB-5 opportunities. A request for labor shed and prevailing wage information has been made to DOL and will be forwarded once completed. While the prospect has expressed their desire to locate in VT they are also being pursued by TN and FL.
- A Canadian based flooring manufacturer reports they have recently closed on a building in N. Troy. They are in the process of revising a business plan for their U.S. operations and then will begin seeking financing, possibly from VEDA, in the next two months. Prospect is interested in VTP assistance if they are able to meet the programs wage threshold. Project hopes to be operational by 4th quarter 2011.
- Follow up work continues with a Quebec based clothing manufacturer. Information on workforce and available facilities has been provided for the Newport area. A referral to DOL has been made for assistance in running a blind employment ad to determine local interest.
- A Spanish based entity has expressed interest in VT as a possible location for a laser wood carving facility. Information was provided on VT's applicable job creation incentives and further assistance on assessing VT's wood manufacturing industry will be provided as warranted. Follow up will continue.
- **If you know Neal Austin formerly of NSA please let me know!!**

Vermont Economic Progress Council

- With Secretary Miller, Fred Kenney met with Commissioner Peterson and other ACCD/Tax staff to discuss greater efficiencies in the VEGI application and claim process.
- **VEGI Aggregate Data From March 24 Approvals**
 - Incentives Approved: \$2,456,407 (earned between 2011-2015, paid out between 2012-2010)
 - Projected New Jobs: 286
 - Average Wage: \$50,000 (before benefits)
 - Capital Investment: \$32.5 million
 - Net Revenue return: \$1 million

Tourism & Marketing and Vermont Life

- **VTrans Marketing Support:** Deputy Commissioner Cook joined Deputy Secretary Sue Minter for a strategizing meeting with Governors Highway Safety for the upcoming summer work zone safety, DWI, Text & Drive, spring safety advertising campaigns. Tourism will support the marketing portion of this promotion as much as needed.
- **College Welcome Letter Project:** The Vermont Higher Education Council (VHEC) reports that admissions officers unanimously supported continuation of the governor's welcome letter program,

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- ANR is pursuing the e-waste implementation with vigor, to the extent we might put the current operators right out of business. Trying to get them to slow down. Don't think this rises to your attention level yet but thought you should know it might be coming.

Commissioner MacKay and Deputy Commissioner Hollar

- With Secretary Miller, Deputy Secretary Powden and congressional staff, Noelle and Jen participated in a **Vermont Partners Workshop sponsored by USDA Rural Development**. Host Molly Lambert noted the similarity in the missions of our agencies and the rich potential for collaboration. **USDA RD brought \$260 million to Vermont in 2010** for economic development, community facilities and housing projects.
- Continued collaboration with ANR came in the form of a **meeting between Noelle and ANR Counsel Jon Groveman**.
- Several solid proposals have been submitted in response to DEHCD's **RFP for an analysis of the impediments to fair housing**. Jen met with Ann Kroll and Julie Kelliher to review the proposals that rose to the top through a screening process developed by Ann and Julie.
- In something of a breakthrough, a subcommittee of **the Preservation Council**, which included Jen, decided not to pursue preservation legislation this year and to study the issue over the summer with input from private and nonprofit property owners.

Business Support

- **Bennington Iron Works, Inc.:** A conference call with company officials and the Vermont Employee Ownership Center was held with Peter Odierna of BCIC and Ken Horseman from the department participating. The company is exploring all options having announced that it will cease operations in May.
- **Quik Pull:** The company is anticipating a visit from the governor in April to their new facilities in the former Ethan Allen plant in Randolph. The Vermont operation is feeling quite fortunate that the investment was made in this, their only manufacturing plant in the U.S. Business is rebounding, and they want to work with PTAC to develop new government contracts. The company is hopeful that they will double their Vermont business in a couple of years. Appropriate referrals will be made.

Brownfields

- **City of St. Albans:** Kiersten met with Jim Tischler, the Planning and Zoning Director, who has been in St. Albans for just about a year. The purpose was to talk about the Fonda re-development which is moving along just fine – and the possibility of ACCD contributing more funding to the project.
- **CEDO:** Kiersten met with Larry Kupferman and Nick Warner, along with Trish Coppolino and Hugo Martnez Cazon from DEC and AmyJean McKeown from EPA, to be updated on what the City is doing in terms of brownfield redevelopment - and development in general – in the City of Burlington. Basically, they are in a bind for a variety of reasons: much of the City could actually be a brownfield; funding is extremely tight and the projects that they do have in play (Moran) progress at a snail's pace. One thing that Kiersten found interesting (or shocking): 99.5% of CEDO's funding comes from grants and more often than not, CEDO employees are competing for the same grant funds. Overall, it was a pretty depressing discussion.

Projects

- **Commonwealth Yogurt:** A GREAT grand opening event at Commonwealth Dairy's new facility in Brattleboro was had. **Excellent feedback..** Kiersten is going to begin working with the company on their next expansion in about 3 weeks; they want to add another 40k sf to their existing facility. Also, it should be noted that the company originally anticipated using 32.5 million lbs of milk annually; they

now expect to use 100 mln lbs b/c they will be producing Greek-style yogurt. At least 35 new jobs will be created over the next three years.

- **Swan Valley Foods:** Next big ribbon cutting event will be for Swan Valley in Swanton sometime in early June. Will result in creation of about 55 new jobs.
- **Orbit Energy** – The Town of Springfield has finally requested that the “prison land” be transferred to them by BGS. The Town could have taken title at any time since about 1999, but didn’t want to be responsible for maintaining the road that leads to the prison and the rest of the property. Seems like a small detail, but BGS is very willing to share costs. Once the land issue is solved, Orbit will apply to the SPEED program and get that part of the project rolling. Approximate Investment: \$7-8 million. Approximate Job Creation: 12-15

Community Development Program

- VCDP staff are finishing the Staff Analyses of the 10 Applications to be consider at the April 7th VCDP Board Meeting. The board will need to make some tuff decisions since the requests total over \$3.4Million and the available funding is only \$1Million. **Pete’s Greens has an application in for this to be part of their funding mix, the only Economic Development app we have gotten.**

Community Planning and Revitalization

- **Downtown Board:** The Board met this week and approved 3 applications for the Downtown Transportation Fund – \$27,000 to Morristown for sidewalks and streetlights, \$25,000 to Rutland City for Wayfinding signage, and \$75,000 to St Albans for streetlights which are part of a \$1.5m streetscape project. The Board also discussed new standards for designation renewal, so that delayed applications would be addressed promptly.
- **Randolph Rest Area:** State officials from BGS, VTrans, and ACCD met with the owner of property adjacent to exit 4 to discuss his development plans. Development of this property has been under discussion for years at both the state and local level because of the impact of such development on downtown, because of ongoing state interest in interchange development, and now because of the possibility of including a state rest area within the 18 lot subdivision. While there is interest in the concept, VTrans and BGS would like to step back and develop an overall rest area policy before considering anything in Randolph. While the developer had hoped the state was committed to a rest area within his development, state officials made clear that any decision would take some time. A rest area policy will be developed this summer by VTrans, BGS, and ACCD.

EB-5

- James Candido met with three new potential EB-5 projects, all of them in the hospitality industry. Two of these projects have a viable plan that would be marketable to potential EB-5 investors.
- James Candido and Lawrence Miller also met with SBE to work on their EB-5 project submission. SBE agreed to provide some additional documentation on their proposed project which will get them closer to an approval from the ACCD as a certified EB-5 project. The plan involves increasing current operations.
- We are moving forward with a Ag Investment Fund backed by EB-5. Some challenges but it is looking more likely.

Historic Preservation

- **We are making some adjustments to staff responsibilities. Some stress here.**

- **Capital Budget Update:** The bill came out with funding for the Archeological Collection move to the Historical Society, but split over two years with the bulk of the funding arriving after the current lease expires. The issue has been brought to Reardon and Spaulding.
- **Housing Summit** – Arthur participated in a steering committee with AHS to work on planning the Housing Summit. A date and location have been set; June 7, 2011 in the well of the House chamber at the State House.

Recruitment and Other Business Issues

- A New Jersey based biotech company recently received initial VEGI approval. Projections call for approximately 200 new employees over the first five years of operation. Prospect is currently working on site selection in the Central VT region and is currently exploring finance options including VC and EB-5 opportunities. A request for labor shed and prevailing wage information has been made to DOL and will be forwarded once completed. While the prospect has expressed their desire to locate in VT they are also being pursued by TN and FL.
- A Canadian based flooring manufacturer reports they have recently closed on a building in N. Troy. They are in the process of revising a business plan for their U.S. operations and then will begin seeking financing, possibly from VEDA, in the next two months. Prospect is interested in VTP assistance if they are able to meet the programs wage threshold. Project hopes to be operational by 4th quarter 2011.
- Follow up work continues with a Quebec based clothing manufacturer. Information on workforce and available facilities has been provided for the Newport area. A referral to DOL has been made for assistance in running a blind employment ad to determine local interest.
- A Spanish based entity has expressed interest in VT as a possible location for a laser wood carving facility. Information was provided on VT's applicable job creation incentives and further assistance on assessing VT's wood manufacturing industry will be provided as warranted. Follow up will continue.
- **If you know Neal Austin formerly of NSA please let me know!!**

Vermont Economic Progress Council

- With Secretary Miller, Fred Kenney met with Commissioner Peterson and other ACCD/Tax staff to discuss greater efficiencies in the VEGI application and claim process.
- **VEGI Aggregate Data From March 24 Approvals**
 - Incentives Approved: \$2,456,407 (earned between 2011-2015, paid out between 2012-2010)
 - Projected New Jobs: 286
 - Average Wage: \$50,000 (before benefits)
 - Capital Investment: \$32.5 million
 - Net Revenue return: \$1 million

Tourism & Marketing and Vermont Life

- **VTrans Marketing Support:** Deputy Commissioner Cook joined Deputy Secretary Sue Minter for a strategizing meeting with Governors Highway Safety for the upcoming summer work zone safety, DWI, Text & Drive, spring safety advertising campaigns. Tourism will support the marketing portion of this promotion as much as needed.
- **College Welcome Letter Project:** The Vermont Higher Education Council (VHEC) reports that admissions officers unanimously supported continuation of the governor's welcome letter program,

citing positive feedback from both students and parents. Beginning in 2002, each July we have sent a vacation planning packet with a welcome letter from the governor to the families of non-resident students who will be matriculating at a Vermont college or university in September. The governor's letter has typically expressed thanks for the decision to continue education in Vermont and invited the families to visit often while the student is here. We time the mailing to arrive as these families are making plans to bring the new student to Vermont in the fall.

In addition to the cover letter, the basic packet has included a summer or winter vacation guide, depending upon availability, a state map, and a trial subscription offer for Vermont Life magazine. On a couple of occasions we have had other organizations participate with their brochure on the basis of paying the cost for the additional insertion plus any increase in the postage cost. Note: the overall weight of the packet must remain under one pound, limiting the number of additional pieces that can be accommodated.

Typically, we have mailed just over 5,000 packets (last year, 5,162) at a total cost of \$6,XXX for envelopes, handling, shipping and postage.

The admissions officers also encourage us to consider an additional welcome/thank you packet with a letter from the governor that would go to the families of Vermont students who choose to attend college in Vermont. While I can see an immediate economic development tie-in for that, it doesn't fit quite as well as a VDTM promotion, although we have been giving in-state travel an increasing amount of investment. Last year 2,290 Vermont residents entered as freshmen. I estimate an equivalent mailing will be around \$2,800 if the number is comparable.

- **Tourism Trends:** Canadian Agency Demand is Up: With the Canadian dollar maintaining an above par advantage, Canadian travel agencies, especially those in Ontario, are ordering Vermont guides at a rate double that of a year ago, the Montreal-based New England Tourism Center (NETC) reported this week.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, April 1, 2011

SUBJECT: VTrans - Confidential Report to the Governor

Potholes!

Potholes have received an unprecedented level of attention over the past few weeks and it's no wonder given the banner year we've had statewide (and across the entire north east). Nobody has been immune - state and interstate highways, town highways, even private roads have fallen victim to an increased amount of break-up this year.

The reason is easy to understand for anyone who has experienced this winter in the north: 3rd heaviest snowfall in history, record snowfall for a month in February, heavy rains thrown in from time to time and surface freeze/thaw cycles throughout the period. This has resulted in the use of 5,400 tons of "cold patch" statewide, about 30% more than normal. The short-term fix continues to be patching while the long-term fix is warm dry weather and more permanent treatments of eroding surfaces.

Stories have run on all TV stations, several in the print media and on VPR and I'm afraid it won't end until the weather changes. I know there may still be plans to do a press event on this subject which, of course, we will support but I caution that there is no opportunity left to be on the leading edge of this one.

Exit 4 – Randolph

Staff and I attended a meeting at Buildings and General Services on the proposed development by Sam Sammis of Randolph that includes a 5,000 square foot rest area. This was my introduction to this proposal which does have some value, but also significant costs associated with handling the traffic. A roundabout and associated exits and entrances to the property would total in the several millions of dollars and there has been no effort thus far to identify the federal or state transportation funds that might be eligible or available for this project.

Municipal Stormwater Utility Fees

The issue is the refusal of the Agency of Transportation to pay these fees to the only functioning utility, that of South Burlington. All property owners in South Burlington with impervious surfaces are assessed a fee to cover the cost of processing the resulting stormwater. For instance, the airport paid the City about \$160,000 last year. Our fees are

based on the surfaces of I-89, I-189, Routes 7, 2, and 116 a total of 114.6 impervious acres and an annual fee with credits applied for our own stormwater systems on these facilities of something between \$70,000 and \$90,000.

We had a meeting with the South Burlington legislative delegation and city officials to begin a discussion of why we don't pay. Questions for us are mostly legal but also include understanding why we pay for other municipal utility services and not these. Further, South Burlington's effort was undertaken at the state's urging but is not being supported. Also important to understand is what other state agencies are doing as it was South Burlington's understanding that Corrections might be paying their fee. We will be checking on all of this but, in the meantime, the House Fish, Wildlife and Water Resources Committee will be taking testimony on this issue next week. We will need some guidance on this issue.

CONFIDENTIAL AND PRIVILEGED

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan, Vermont Dept of Labor

Re: Weekly Report, Week Ending April 1, 2011

DOL's Budget Issues

We are watching the federal budget debate with much trepidation regarding the workforce development and training monies in WIA, Summer Youth, Dislocated Workers, Trade Adjustment sections. I asked VDOL Fiscal Chief Charlie Teske to review our current balances in programs to see how long we could continue operating them. WIA and Wagner-Peyser funds will have no reserve by the end of June; VDOL will have to operate 'summer youth' solely based on regional staff efforts (no partnering with grantees); TAA has already been rolled back to 2002 rates; and we are concerned that dislocated worker money and grants (such as NEG) that would normally be available to help in large layoffs will not survive the federal cuts.

I have pursued an offer from Commissioner Vilaseca, DOE, about transferring some adult education training money to VDOL. If we receive this inter-departmental transfer, we will likely work with the Adult Tech Ed Centers to utilize it for specific skill building programs in their region's industry/sector.

I will continue conversations with the legislature on two issues: (1) SED on changes needed that will provide the department/administration to revise our regional offices operations, while still maintaining our presence in the communities. I have asked the Workforce Development Division to immediately start a "traffic count" of daily visits from the public to their offices. I am also researching our office space to see if we can construct a "call center" for outreach and assistance to unemployed Vermonters, which would have the coordinated effect of job placement activities and shifting staff funding from WIA/Wagner-Peyser to UI. (2) Asking for one addition to the exemptions under eligibility for UI to include a reference to a "VDOL Summer Youth Program", which would insulate employers from UI claims if they agree to employ a Vermont youth for the summer through this program.

LMI -Unemployment

Vermont statewide unemployment rate for February 2011 was 5.6%. The national unemployment rate announced this week was 8.9% with about 156,000 new jobs created. However, note Robert Reich's analysis on the job growth: *"Remember, 125,000 new jobs are necessary just to keep up with a growing number of Americans eligible for employment. And the nation has lost so many jobs over the last three years that even at a rate of 200,000 a month we wouldn't get back to 6 percent unemployment until 2016."*

When we talk about the unemployment rate, we need to be very cautious.

Legislative:

VDOL continues to be involved in the UI and WC bills, the Jobs bill, and various employment related bills pending. Note: (1) Senator Kittell is seeking Agricultural internships in the Jobs bill. We have discussed with the Agency of Agriculture whether they have any funding sources, since the WDC is concerned about the costs to the WETF Internship money (slated for \$350k). (2) House Appropriations (Rep Keenan) has asked Chip Evans for an update on the WDC next Wednesday. (3) SED is working on the Jobs

bill and stating that it 'creates only 2 jobs...for government employees', and Senators Galbraith and Carris expressed their dislike of 'tax incentives' to Pat Moulton Powden when she was in committee this week. (4) Senator Miller has asked Chip Evans to review H.202/health care with regard to the WDC, WETF money and worker retraining. The bill includes VDOL and AHS as partners in dealing with any staff reductions as a result of health care redesign. We will testify that VDOL can assist with skill assessment, retraining, and placement activities. Of course, if we lose federal money for these activities, we will need to examine other funding sources. (5) VDOL had a public records request relating to the classification of newspaper carriers as exempt from employment under the "direct sellers" exemption to the UI Law. Vermont labor is reacting to the UI bill from SED that will now exempt weekly newspapers, tagging it onto the exemption for daily newspapers. However, VDOL is being challenged in the daily newspaper exemption by labor on the basis that they claim there was never legislative authority to exempt the daily newspapers and that a former VDOL deputy commissioner (Tom Douse) assured them that the "direct seller" language did NOT apply to newspapers, but "the Avon ladies", and that afterwards, VDOL unilaterally began applying the exemption to the daily newspapers through UI case rulings in contradiction to the legislative intent. We provided the FOIA information to Tuck Rainwater and Michael Sirotkin, and are waiting to see what will next occur. They have raised the issue with Senate Finance, and this may stall the UI bill in the committee, although it will be interesting because Senator Ashe supports the exemption, and it appears that Senator Illuzzi does too. I am concerned that important provisions of the UI bill will languish as a result, so I am meeting with Senator Cummings to see if we can, at a minimum, pull out the sections that VDOL needs to do our work on misclassification investigations, etc. This is the bill that we will also seek the UI exemption for "summer youth" employers. (6) I met with Reps Chip Conquest and Heidi Sheuermann for lunch to discuss their issues around "independent contractors" and H.247, and have set up a meeting on April 11th from 5:30-7:30pm at VDOL for them to bring constituents in to talk with VDOL UI and WC staff and auditors about their concerns and/or examples where they believe we are applying the statutes incorrectly. Similarly, we have the UI Auditors and WC Misclassification Investigators invited to VDOL on April 18th to talk about their concerns with the same topic. We are getting a lot of inquiries about the issue, which I believe is coming from increased outreach and education, as well as enforcement activities. (7) VDOL is examining its role in WC and labor mediation to see if we can improve and extend its use in our other program areas.

UI Division

Trust Fund Borrowing: Total amount borrowed as of 3/30/11: \$70,473,576.27. Week Ending March 26: the claim center handled 3,473 calls, processed 1,276 initial and additional claims (down 54 from last week) and paid 14,401 claimants. There are 29 active STC plans with a total of 334 participants.

The UI Audit team has completed 5 assignments where misclassification has been identified; all cases have been sent to the Workers Compensation Division in our continued efforts to ensure collaboration around misclassification.

The Department conducted the following Rapid Responses sessions: Ben & Jerry's - 3/24/11 ; Bennington Iron Work - 3/23/11; and Bromley Brook School - 3/23/11

We reconsidered our denial of the STC plan for Houle Inc. of Barre, Vermont, and are giving them some additional months to revise their business plan and end their STC.
Wage & Hour: Mack Farm case – wage payments were secured.

Workers Comp and Safety Division

Mack Farm case – While the wage payments were secured, we were just informed that they have allowed their WC policy to again lapse, which they had just acquired as part of their settlement with the department. This may result in another Stop Work Order.

We have 2 tentative hearing dates in May for the Starr Trucking SWO violations. Senator Kittell approached the Governor's office staff on the Howrigan Farm case (worker killed); and I then met with her, to discuss the case and how the family could better cooperate with the VDOL in this matter. To date, their attorney has not provided requested information that would allow us to review their financial situation and come to some agreement about a settlement.

I am pursuing the AOT v. VOSHA dispute with Sue Minter hoping to settle this matter in a collaborative way.

Interesting notes from the staff reports:

Meeting: Pat Moulton Powden, Beth Kuhn, Val Rickert and myself met yesterday about Vermont Yankee and a few other companies.

At Lawrence Miller's request, VDOL staff reached out to NSK Steering System in Bennington, which we did and offered assistance with STC and other services. They laid off 21 temporary workers and 10 full time workers, and are trying to assess their business operations which has been adversely affected a result of the disaster in Japan affecting the automotive industry.

Dailey's precast division laid off 12 employees on 3/25.

Brattleboro: Commonwealth Dairy manufacturing held an opening ceremony for its facility.

I met with IBEW representatives (George Clain, Jeff Wimette) and Governor this week. I will continue to see if a demographic analysis of the workforce can be secured from the company at some point in order to allow VDOL to plan for worker assistance.

Burlington: Seventh Generation is laying off 10 workers. VSAC has announced it will cut employees and that 58 will take the buyout.

St. Albans: Grumman has a contract with US INS Center which is ending and may affect 102 employees.

Waterbury: Ben and Jerry's has offered 25 employees in their Waterbury plant new jobs in St. Albans.

Other:

I am trying to understand the computer situation over here and hope to be able to schedule a meeting with DII soon.

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: April 1, 2011

Subject: ANR Weekly Report

Status of Governor's Priorities:

- **Capital Bill and Lake Champlain** – This week, the Capital Bill was adjusted in the Institutions committee and will have a significant adverse effect on Lake Champlain programs if approved as revised. Changes from Governor's proposed are:

Two Year Proposed (FY2012 & FY2013)	25,560,653	Description of change
Ecosystem Restoration & Protection	(1,200,000)	\$5,000,000 proposed reduced to \$3,800,000.
Shooting Range improvements	(50,000)	\$50,000 proposed reduced to "0".
Pownal Interest on Borrowing	130,000	\$170,000 proposed increased to \$300,000.
Capital Bill as Introduced	24,440,653	

This significant reduction in two-year authorizations by \$600,000 each year will affect many projects on Lake Champlain. Failure to pay for shooting range improvements will place these sites in jeopardy of causing continued lead contamination at these sites. The increase in Pownal is to pay some of the principle and not just the interest on the \$2.15 million remaining balance on the project. We proposed just the interest payment the next two years and full payment in 2014.

- **Lowell Wind** – Lowell just submitted a stormwater permit for its transmission lines. Under the law this needs to be considered as part of the same project as the stormwater permit that had been issued for the

ridgeline portion of the project. This means we will likely be required to re-notice the entire stormwater permit. This will cause a small delay but should not delay the overall project.

- **The President's FFY12 budget** proposal includes cuts totaling \$6,537,000 from the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund. Primary impacts would be to municipalities. There are also many cuts to F&W related programs we need to keep an eye on that will have an impact on our projects and projects of our partners.
- **Energy and Climate** – We held the first of two public meeting on the Comprehensive Energy Plan with DPS and are an active partner in this process. We also attended a joint hearing of Senate and House Natural Resources Committees Thursday night on the topic. DPS and ANR have agreed it makes sense to integrate the emission part of the climate plan into the energy plan, and will proceed accordingly.
- **Vermont Yankee** – We met with the AG's office to discuss coordination on enforcement, enforcement options on the groundwater discharge issues, and strategies about how this may affect Entergy's expected suit on Vermont's federal pre-emption.
- **ATVs** – We have provided VASA with a draft license for the Brighton/RT 105 corridor for their review and comment. We also expect to have an overlay map of their trails with state lands to them by the end of next week, which will enable VASA to develop their statewide plan for the next 3-5 years per our meeting with the Governor last month.

Legislative Issues/Contacts:

- **S.77 Testing of Private Water Supply** – ANR continues to pursue its proposed revisions to this bill as reported last week.
- **H. 258 – Enforcement** - We testified in House Judiciary on the bill on Tuesday. It went well and we expect the bill will be amended with a provision we support and reported out of the committee without substantial changes.
- **S.34 - The Mercury Bill** – We testified in Senate Appropriations last Friday on the bill. Three amendments were discussed and presented by Senator Illuzi (visiting the committee); we support two, but object to the third – which was to not require manufacturers to include pick up of lamps from the Solid Waste District collection points. We will discuss this further with Senators McCormack and Illuzi to ensure they understand our position.
- **Energy efficiency and renewable energy in state buildings** – Along with BGS, we worked with Rep. Hooper on an amendment to the Capital Bill to on renewable energy and efficiency in state buildings. The efficiency goals were included, the renewables requirement was not.
- **Biomass and VEIC** - We support the expansion of funding from VEIC RGGI funds to promote the conversion of residential and commercial systems from oil to pellets. This should be expanded to include efficient cordwood boilers and furnaces (though probably not wood stoves) and we'll be taking with administration staff and if acceptable, Senator Illuzi, on this issue in the upcoming week about this expansion.
- **E-waste** – Staff were summoned to House NR to report on the status of the E-Waste Program. The committee wants us back to report after the proposals are opened next week for the implementation of the State Standard Plan for Electronic Collection and Recycling. Three bids were received to provide these services, and all three covered statewide collection and processing, so this is good.

Press Issues/Releases/Contacts:

- **JARD site, Bennington.** Rutland Herald reporter inquired about the sampling that was conducted at the JARD site. Based on the newest round of data we determined that the discharge was causing detectable PCB levels to the Duck Pond, that there were no direct discharges from contaminated groundwater to the Roaring Branch or the Duck Pond. Several residences had private supply wells in the vicinity of the impacted groundwater and we paid to connect them to town water.
- **Drinking Water Contamination from Utility Pole:** Bennington Banner reporter followed up on issue of Pentachlorophenol contamination in drinking water from a utility pole in Bennington. We briefed the reporter on the nature of pentachlorophenol, its toxicity, and what the state was doing to respond to the contamination.
- **Hungry Bears (Black) coming out of hibernation** – Time to take your bird feeder in. F&W issued a press release letting people know it was that time again.
- **Stocking Run:** A reporter from Channel 5 went out with staff on a fish stocking run East Charleston/Morgan. The Morgan hatchery is a cooperative brook trout fry stocking program between F&W and the Vermont Fish and Wildlife Conservation group.
- **State Parks** - A new staff person at WPTZ is working with us to develop a series of stories related to state parks to be aired this spring and summer. We are just beginning conversations.

Significant Events/Meetings:

- **CAFO Discharge Permits** - The U.S. Court of Appeals in the 5th Circuit ruled that there must be an actual discharge into navigable waters in order to require confined animal feedlot operations (CAFOs) to apply for a National Pollution Discharge Elimination System (NPDES) CAFO discharge permit. Currently EPA requires CAFOs to apply for an NPDES permit if the farm proposed to discharge whether or not an actual discharge occurred. This ruling only applies to the 5th circuit but it may impact EPA rules that govern how the CAFO program (which is delegated to DEC) will be regulating the production areas of VT's farms in the future.
- **Energy/Climate Plan Public Meetings** - See above. Next public meeting scheduled for April 7th on transportation and land-use issues.
- **New England Society of American Foresters (NESAF) annual meeting** is being hosted by Vermont. The meeting at Lake Morey runs from March 30-April 1. It features speakers on climate change, restoring degraded forests, biomass and environmental education. FPR staff are chairing the meeting.
- **Vermont Woodlands Association** will hold their annual meeting on April 2 in Randolph. You and I are in attendance, I believe.
- **Deer Hearings:** To date three deer hearings have been held in Middlebury, Manchester, and Montpelier. The Middlebury hearing was streamed live by Vermont Public Television. Hearings have been well attended, productive, and cordial

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

- **Wood4Heating, Inc.** – is a company looking to market European wood heating systems to larger users where they would install and operate the wood fired heating system and sell steam to the facility. They have no firm customers yet. We have looked at their emissions data for a typical system. Some of the test data is using various European test methods so they are not directly comparable to our EPA test methods but overall the data look good.
- **IBM:** We discussed several air issues with IBM. They include the use of chromic acid, GHG reporting, recent use of emergency diesel generators and diesel firepumps, emissions of hydrogen peroxide and nitric oxide (NO) which are approaching regulatory applicability thresholds, and the new federal ambient air standards for nitrogen dioxide (NO₂) and sulfur dioxide (SO₂).
- **Ryegate Power Station (Ryegate)** – no public comments were received on the draft Title V operating permit renewal for this proposed biomass electricity generating plan. The permit is now being “proposed” to EPA for their 45-day review period after which the final permit should be issued.
- **Urban Forestry Council** - A presentation on Vermont’s changing climate, climate adaptation and greenhouse gases was provided by Sandy Wilmot (ANR-FPR) to the 25 members of the Urban Forestry Council at their March meeting at UVM. They are actively considering urban carbon market programs for Vermont and needed more background for decision-making.
- **ANR v. Dean and Jeanne Kelly: Assurance of Discontinuance ordered on 3/21/11.** Respondents cleared understory vegetation, graded, and placed fill in a Class II wetland approximately .3 acre in size in Danby, without a permit. Respondents completed remediation of the wetland in accordance with an approved plan in December 2010.
- **Municipal Compliance Assistance:** We conducted an onsite inspection of several facilities at UVM as part of their Good Housekeeping requirement under the MS4 permit. We discussed service operations and looked at several areas with the potential to cause problems.
- **Solid Waste Inspections:** Transfer station and recycling facility inspections conducted in central and southwest Vermont were combined with putting up the new “landfill ban” and “e-waste ban” posters at the facilities. The posters were well-received and also stimulated questions from the attendants. Compliance with the e-waste ban that went into effect 1/1/11 was mixed, with some facilities still placing computers, VCRs, etc. in a scrap metal bin rather than separating them for e-cycling.

Fish and Wildlife

- **Moose Hunting Applications:** Vermont moose hunting permit lottery applications are available on the Vermont Fish and Wildlife Department’s website (www.vtfishandwildlife.com), and by Vermont license agents.

- **Forward-looking Infrared (FLIR) Survey:** The FLIR survey is conducted to ascertain the moose population in the northeastern Vermont wildlife management units. Flights are complete except for a few additional transects to ensure that the entire study area is covered. The information from this survey will be used in conjunction with other population estimation methods to help the Department manage the population.
- **Andrews Acquisition:** The Andrews Parcel, approximately 400 acres in Richmond, is an outstanding parcel that contains many fish, wildlife and recreational values. It has also been identified by the Chittenden County Uplands partnership as one of 14 parcels, lying between the Winooski River and Mount Mansfield State Forest in need of conservation. If approved by LARC and the Secretary, it will be a challenge to find the funds to conserve it.
- **Cormorant Control:** Cormorant control began this week on the Winooski River. Large numbers of gulls at the Salmon Hole started eating some of the stocked salmon smolts. Non-lethal pyrotechnics were used to disperse the gulls. A small flock of cormorants (30-40) was also spotted amongst the gulls. This is the earliest (March 24) time of the year they have been noted on Lake Champlain.
- **Lewis Creek Association:** Staff assisted the Lewis Creek Association in modifying the study design of a stream temperature monitoring project that was funded via a Vermont Watershed Grant. USFWS and DEC-WQ Division are also partners on the project. Baseline water temperature data collected during this project will be evaluated with existing geomorphic and fish habitat data to guide planning and implementation of habitat restoration projects in the Lewis Creek watershed.
- **Conte NWR mapping effort:** Staff prepared documentation for the draft VFWD recommendations to Conte NWR on natural resource priority polygons (areas with high conservation value for USFWS to consider in their plan). The map includes 22 habitat blocks and four river systems in the CT River watershed. Documentation was provided for known SGCN for each identified polygon.
- **Deerfield Wind Project:** Staff finalized comments on the USFS Supplemental Draft EIS on the Deerfield Wind Project. The Department notes that there needs to be mitigation for impacts to bats and bear habitat.
- **Community Wind:** Staff worked on a proposed conservation easement for Georgia Community Wind and discussed potential easements with VLT for Kingdom Community Wind.
- **Milfoil/Missisquoi Bay:** Staff reviewed the Notice of Intent (NOI) for the new Agency General Permit for Aquatic Nuisance Species "rapid response." The NOI was drafted by DEC for the purpose of rapid response to control four areas of variable leaf milfoil (VLM) in Missisquoi Bay. Staff provided comments focused on the need for additional clarification or information in different sections. The project called for suction harvesting of VLM shortly after ice out.
- **Annual Sea Lamprey Communication/Coordination Meeting:** The annual Vermont sea lamprey communication and coordination meeting was held on March 28, 2011. This meeting is held annually to bring together agencies involved in the aquatic nuisance control permit process for Lake Champlain to discuss the previous year's permitted treatment(s), upcoming treatments and other developments in sea lamprey control.

Forest, Parks and Recreation

- **Farm and Wilderness and Ninevah Foundation v. Town of Plymouth and Department of Forests, Parks and Recreation:** A final Judgment Order was filed with Windsor Superior Court on March 22, 2011 in the above litigation. The order designates two (of the four roads in dispute) on the Farm and

Wilderness and Ninevah properties as town highways. The Department of Forests, Parks and Recreation holds Forest Legacy Easements on the properties.

- **Plum Creek UVA Appeals:** A status conference was held in Essex Superior Court on the appeal of the adverse inspection report issued by FPR. The Court agreed that consolidation of all appeals seemed reasonable but no action was taken as a decision from Property Valuation and Review is still pending. Plum Creek hired Morris and Demag to represent them in discussions with the Legislature to amend the UVA statutes to redefine what a “parcel” is and other changes related to large landowners. They have spoken with the Senate Agriculture committee and Senators Kittel, Star, Baruth and Giard.
- **FP&R Capital Projects** - Preparations are being made to finish the Kill Kare project, sewage projects at Boulder Beach and Shaftsbury, solar water heating projects at 20 locations, cabins at Wilgus and Button Bay (2 each), the Stillwater water line replacement and a variety of smaller scale projects.
- **Brattleboro Management Plan** - 29 people attended the public meeting to discuss the Draft Long Range Management Plan for the Brattleboro Management Unit. The big issue was the safety of the dam at Sweet Pond. The dam has structural concerns that make it high-risk and requires some immediate action. Beginning soon, water will be drained from the dam to minimize any risk. Agency staff are working closely to ensure a proper release from both safety and environmental standpoints. We need to decide whether to remove or replace the dam. The public is strongly advocating replacement. More input is being gathered and the District Stewardship Team will be formulating a recommendation. The issue has been reported in the Brattleboro Reformer and the Boston Globe.
- **Telecommunications on ANR Lands:** The backup generator at the Ascutney North Peak telecommunications site broke down during a recent power outage at this site and it has been determined that it is not feasible to repair the generator. This is a strategic site with more than 20 different users including the Department of Public Safety and other local first responders and commercial users including National Grid and CVPS. Reliable back up power at this site is essential. A new replacement generator is estimated to cost about \$80k. WNNE-TV is the anchor tenant at this telecom site but their lease with the State is scheduled to terminate at the end of this year and it has transferred the operational responsibilities associated with this site to the Electronic Communications Association (ECA). ECA is actively working with their members (the commercial users at this site) and the public safety organizations at this site, the Department of Forests, Parks and Recreation, and other stakeholders in identifying both short term and long term solutions.
- **Ski Area Leases:** Stowe has draft Act 250 applications for major ski lift projects. Stowe’s project involves replacing the existing quad lift that goes to the Octagon and replacement/relocation of a ski patrol building. Burke Mt. has developed a draft Act 250 application for a new summit lift, which ANR is currently reviewing. Burke Mt. is also seeking a CPG from the Public Service Board for a net metered wind turbine within the ski lease area. This project would be the first wind turbine on ANR lands. We are meeting with our ski area partners throughout this winter to discuss ski lease issues and other matters of mutual concern. A number of other ski areas will be seeking permit approval this spring for major development projects including a new summit restaurant/skier services building at Killington, ski trail widening at Bromley, and ski area expansion and associated residential development on lands directly adjacent to the Okemo ski area lease.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: April 1, 2011
SUBJECT: Governor's Report

Status of the Governor's Priorities

Marijuana Dispensaries-

On Thursday, 3/31/2011 I testified before the Senate Finance Committee regarding the proposed fee structure for S-17. Prior to presenting the proposed fees to the Committee I met with Senators Flory and White to propose that based on the Department's analysis the dispensaries can be special fund reliant if the numbers of dispensaries are increased to 4 and the total number of registered users is increased to 1,000. Also, I suggested that the marijuana registry and the dispensaries be merged for administrative purposes. Both suggestions received a positive response and Senator White is working on the amendments to make those changes. Additionally, I have been in contact with various law enforcement representatives working with them to help them understand the purpose of the bill and to get their tacit support. The proposed fee structure was approved by the Finance Committee with a 7 to 1 vote (Senator Brock opposed). I also had a discussion with Speaker Smith about the legislation, he did not reject the bill but indicated that he needed to see the bill and would be open minded in his review.

Commissioner Activities

On Monday, I met with representatives from the elevator industry in regard to the administration and regulation of the elevator industry in Vermont. There are approximately 3,000 conveyances in the State that include elevators and escalators. In 2010 third party inspectors conducted 2,450 conveyance inspections in the State of Vermont. The majority of the inspectors and mechanics (248) are from various out-of-state industry union shops. I suggested that Vermont would be interested in apprenticeships and other training programs that would create jobs in Vermont so Vermonter's could perform these services.

On Tuesday, Mike O'Neil and I toured Vermont Yankee. The trip was interesting; I had to go through the decontamination detector 3 times before I was cleared. That was not interesting!

On Wednesday, Mike O'Neil and I accompanied the Gov. and the Secretary of Govt. and Military Affairs to Camp Johnson for a tour. Later in the afternoon I met with the Regional Director of the National Highway Safety Traffic Association regarding problems that were discovered last May with the Administration of the Governor's Highway Safety Program. The Director was placed on paid administrative leave last May and last week I put her back to work in another positions until the personnel matter is resolved. I am working with H.R. to resolve the problem by reclassification of 2 existing positions. We also reviewed our Centralized Grant Management plan with him and how it would have a positive effect on our management of the program. Mr. Wiser was encouraged by the steps the Department is taking with the management of the program.

On Thursday the dispensary bill was front and center.

Evolving Issues

We continue to meet with the Director's and their staff regarding our centralized grant management reorganization. During our meeting with Mr. Wiser we learned that it is undetermined what the financial impact to our Department may be for the past transgressions. I will be scheduling a meeting with Jim Reardon to discuss this matter.

Division Activities

State Police

C Troop – Field Force	3/25 & 3/26- Snow down Festival and Concerts. Killington and Rutland. Over 80 hours of CARE and COBIJA with large results. 3/25- Tpr & K located a suicidal subject in a cemetery, deceased. 3/27- 12 lost skier (Killington Ski Instructor along with 11 students, ages 8 to 14). Recovered. Troops, Rutland County Sher. Dept. and Killington Ski Patrol. Another ing at appx. 1630hrs and he was eventually recovered.
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Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: April 1, 2011

Vermont Department of Health (VDH)

Status of Governor's Priorities

Vermont Yankee. The Departments of Health, Public Service and Environmental Conservation received a response from the Entergy VY site vice president to their joint letter asking why the Construction Office Building well has not yet been safely sampled. The response provided some limited information, but offered an opportunity for a meeting with Entergy VY officials. The State has asked for a meeting April 1st in Montpelier to get specific hydrogeological information about the site.

Fukushima response. The Health Department continues to lead the state's response to impacts from the Fukushima nuclear reactor accidents. We have increased the frequency of air sampling and analysis at our lab, and we are planning to expand our routine radiological environmental surveillance to include more milk samples. At a media briefing on March 30th, Commissioner Chen and Radiological Health Chief Bill Irwin reported that air samples taken from Windham County and Burlington contained trace amounts of iodine-131. The Departments of Health, Public Service, Public Safety and Environmental Conservation and the Agency of Agriculture are working together to address other anticipated concerns – e.g. sample drinking water around the state, questions about food contamination, planning for the possibility of contaminated travelers and products from Japan and future fallout, especially of cesium-137. Cesium-137 has a half-life of 30 years; iodine-131 has an 8 day half-life. For iodine-131, this means that it decays to half its strength in 8 days, and is essentially gone in 80 days. Cesium-137 persists in the environment for many years.

Legislative Issues/Contacts

H.99 Vital Records. House Judiciary committee is still taking testimony on this bill from VDH staff. Having been reviewed by House Human Services, Judiciary and Ways and Means Committees, the bill will return to Government Operations for review of proposed changes. Committee Chair Donna Sweaney has stated that in view of the multiple changes, her committee is likely to make this a committee bill. VDH has been closely involved in all discussions of this bill and supports all language changes to date. Once the bill passes the House, VDH staff will meet with Senator Peg Flory, a sponsor of a Senate companion bill, to review all the changes and offer support to her as the bill is reviewed.

Press Issues/Releases/Contacts

Radiological Air Sampling Results. At a media briefing March 30th, Health Commissioner Harry Chen and Radiological Health Chief Bill Irwin reported that trace amounts of the radioisotope Iodine-131 coming from Japan have been detected in air samples taken in Windham County and Burlington. WPTZ, Fox, AP, WTSA, Newport Daily Express, Rutland Herald and Burlington Free Press attended in person or by phone. Dr. Chen appeared on WCAX for the early evening news.

County Health Rankings/Health Disparities in Vermont. Deputy Commissioner Tracy Dolan interviewed on-camera with Mia Moran, WPTZ, about The County Health Rankings released March 30th by the Robert Wood Johnson Foundation and the University of Wisconsin. Chittenden County was ranked the healthiest, and Essex County the least healthy. Dolan, Heather Danis, Burlington district director, and Anne Creaven, St. Johnsbury district director also talked with Lisa Rathke, AP.

Public Health Week. National Public Health Week is April 3-9. We will celebrate the work of public health with news releases throughout the week, and a focus on our *Health Disparities of Vermonters* report (hard copies available in Burlington and our district offices, and online at www.healthvermont.gov). On April 7th, the Vermont Public Health Association will hold an open forum on the subject at the Capitol Plaza, 5:30 pm to 8 pm. Featured speakers are the national president of the American Public Health Association, Linda Rae Murray, MD, Deputy Health Commissioner Tracy Dolan, and Hal Colston, executive director of the Vermont Commission on National and Community Service (and founder of the Good News Garage and NeighborKeepers).

Department of Mental Health (DMH)

Legislative Contact

Commissioner Oliver met with Senator Snelling about the DMH budget and agreed to compile information about each Designated Agency. Senator Snelling would like to see data such as services provided, number of people served, funding and leadership.

The House Human Services Committee voiced concern about the "change in policy" regarding the replacement of VSH. Specifically, there is concern about when the legislature will weigh in on a new state hospital and how it will be funded. Commissioner Oliver expects there will be more Committee discussion after the capital bill is done.

Governor's Priorities

Compass consultants (former CMS surveyors) have been on site at VSH to help identify issues CMS might be interested in and to work with VSH on solutions. In the exit conference, Compass identified some fundamental problems (related to nursing) and areas where VSH is above average (treatment mall and group programming). Commissioner Oliver will have a better sense of the time it will take VSH to resolve the fundamental issues next week.

Media Contact

Commissioner Oliver spoke to Sam Hemmingway of the Burlington Free Press. He was inquiring about the VSH situation regarding the departure of the Director of Nursing. Christine advised:

1. Nursing Director - cannot comment on a personnel matter.
2. A morale problem due to nursing issues - The biggest impact on morale is mandatory overtime. We are trying to address this issue which will help morale.
3. Hospital leadership - As a new Commissioner, she is gathering information about all aspects of the Department, including VSH.
4. What should the public know about VSH - We are continually looking to improve the quality of services provided at VSH so that individuals needing those services receive the best care possible.

Department of Disabilities, Aging and Independent Living (DAIL)

Legislative Issues/Contacts

Commissioner Wehry responded to requests from Senator Sears and Rep. Morrissey to find a way to provide financial relief to a Residential Care Facility in Bennington that is struggling to stay afloat. She had understood from these legislators that the issue was low occupancy and "Obama cuts" but has learned from the owner/administrator that despite running at 80-90% capacity, "the state" (Medicaid) doesn't pay enough. Senator Sears is keenly interested in being helpful through the budget mark-up process. The issue at Manes may reflect larger issues in the system or be more localized. We are investigating the problem and possible solutions and I will report back next week.

Significant events/Meetings

Commissioner Wehry and I greeted a group of delegates from Serbia, who are in Vermont for three weeks to learn about our system of human services. Their learning program, entitled *Promoting Inclusiveness and Other Programs for People with Disabilities* is sponsored by PH International.

Evolving issues

A woman named Regina Bordeaux was placed on the Adult Registry for a substantiated finding of neglect of a relative under her care in her home. She sought an expungement from Brendon Hogan, who denied it, but outlined a solution for her to work in a supervised setting and work towards an expungement. This was unsatisfactory. She met with Commissioner Wehry and she offered her a similar solution and also added vocational rehab as a resource. Mrs. Bordeaux and her husband continue to make the rounds demanding expungement and we are told recently contacted your office. The commissioner has offered another meeting and DAIL's attorney (Peter Kopsco) is advising throughout.

Department of Corrections (DOC)

Press Issues/Releases/Contacts

Furloughee Sweeney, Justin. Offender Sweeney was placed on Escape status on February 28th. On March 27th, Sweeney was arrested by Williston Police Department. Offender Sweeney led two Williston, Richmond and three State Police cruiser on an automobile chase. Offender Sweeney was cited on charges of Driving License Suspended; Attempted to Elude and Gross Negligent Operation. When Williston Police performed a search of the vehicle they found approximately two thousand dollars of counterfeit money and five checks in Sweeney's wallet that did not appear to belong to him.

Population. The prison population has increased to over the 2100 mark with a high of 2127 on March 31st. The driving force behind this increase is newly sentenced inmates both male and female (as opposed to those detained). The field supervision population including probation, parole, conditional re-entry and work crew totals 9300 individuals.

Other

Inmate with Significant Health Issues. The department will be receiving an inmate ordered to serve a sentence of 15 days to 3 years for three counts of Driving While Intoxicated #1. He was charged with three different incidents within a two month period. This person has significant health issues that prevented him from participating in the Intensive Substance Abuse program on a preapproved status. He will not be allowed on furlough until the 15 days have been completed. This person receives significant constant care that will require placement in the Southern State Correctional Facility in Springfield for the 15 days he will be incarcerated.

Department for Children and Families (DCF)

Legislative Issues/Contacts

Manchester Elementary School Visit. Representative Jeff Wilson and Senator Dick Sears have invited Dave Yacovone to Manchester to discuss ways they can expand support services at the Manchester Elementary School in a similar way Molly Stark Elementary School in Bennington has developed services. Molly Stark provides on site pediatric, psychological, dental, pre-school, outreach, nutrition, counseling, after school and summer programs for their community. We may have some limited capacity to assist with requests such as this, but we need to target our resources where they are most needed. Willing and able partners are also part of the decision making process, and we will determine where Manchester's needs fall in relation to others.

Press Issues/Releases/Contacts:

Barre Staff Caseload Letter. Governor, you have received a letter from the staff of the investigative social work unit at the DCF Family Services office. The letter referred to a

standard of 12 families per worker. The workers expressed concern that their caseloads were higher than this standard, and thus their ability to keep children safe was compromised.

Since that time, we have clarified to the Barre staff that the applicable standard for investigative social workers is 100 investigations per year; not 12 families per social worker. By this standard, the Barre unit is appropriately staffed and has been for some time. It is in fact the other units in the office whose caseloads are unacceptably high.

We would like to provide some context for this letter, which we believe was precipitated by a situation a year ago. Following a child's death in Barre, we discovered that several staff members had not followed department policy concerning the timely monitoring of child safety on an open case. Several staff were disciplined, but not severely, given the mitigating circumstances described below.

Barre has experienced several caseload pressures. The office has the highest caseload in the state, and has for over a year. We added two additional social workers to the office last fall, and are in the process of hiring two more. The Barre office received 4 of the 18 additional social work positions we received approval to hire. On top of this, two very senior workers have retired, causing two more vacancies.

We have worked in various ways to support this office, including sending staff from other districts to help temporarily. We believe that the additional four staff will greatly alleviate the pressures that are causing the anxiety that this letter clearly reflects.

Significant Events/Meetings

Information from ESD on Possible Social Security Information Breach. Unfortunately, several violations have occurred in the Department for Children and Families recently that require our immediate attention. One file drawer filled with folders in the Health Access Eligibility Unit (HAEU) was inadvertently left in a file cabinet that was shipped to State Surplus Property and ended up back in the Agency of Human Services in the Child Development Division (CDD). The Economic Services Division was contacted by CDD and the files were returned.

In preparation for an office move in the Burlington District Office (BDO), Reach Up case managers were purging their files. Eighty (80) to one hundred (100) purged case files were put in confidential shredding. Unfortunately, when the mall maintenance staff picked up the "regular" recycling, they also took the confidential shredding from the area (even though they were separated and clearly marked). These papers were dumped into a locked recycling dumpster and transported to the transfer station in Williston for processing.

Also in preparation for the office move at BDO, the eligibility files were being purged and boxed for transport to and storage at Public Records. Seventy (70) boxes of files were packed and labeled by alpha. Five (5) of these boxes have come up missing (Bax thru Bissonnette and Dacres through Davis).

We are in the process of notifying all adults who have been impacted by these three incidents.

Department of Vermont Health Access (DVHA)

Press Calls:

1. Susan Besio corresponded with Peter Hirschfield from the Vermont Press Bureau on March 29th regarding the "Overspending on Multi-Source Drugs in Medicaid" study from the American Enterprise Institute that reported Vermont was the number one state in Medicaid waste per enrollee. Susan responded with the following and Peter killed the story:

In summary, there are a number of flaws present in the American Enterprise Institute (AEI) study on "Overspending on Multi-Source Drug in Medicaid".

- Federal rebate assumptions were grossly incorrect
 - Assumptions about availability of supplemental rebates are incorrect
 - Supplemental rebates were not taken into consideration in determining net cost
 - 2011-2012 projections are also wrong since they are based on the above flawed assumptions
2. Hunt Blair spoke with VPR reporter Nina Keck on March 28th to get background on a story focused specifically on the Rutland Regional Medical Center's Electronic Health Record (EHR) system and more broadly on Health Information Technology (HIT) initiatives around the state.

She was looking for validation of information from Vermont Information Technology Leaders (VITL) about the pace of hospital EHR implementation. Basic connectivity will be completed with most but not all hospitals by 7/1/11 and fully completed by all by 7/1/12, with the difference being that for those hospitals in the midst of EHR upgrades, it makes better sense to wait until their upgrade is complete.

She was also looking for more general information about the state's HIT initiatives, why we didn't have one EHR for all hospitals and doctors, and why we haven't adopted the VA's Open Source VistA EHR as a statewide solution. She may be doing a future story on the VA system and indicated she would call back about that if she does. The short answer about why not one EHR is that the individual hospitals could not come to agreement on a single system, nor could the Federally Qualified Health Centers (FQHCs), nor could the Designated Agencies. Getting all of the independently practicing physicians to agree would be even more complicated and unlikely.

The whole point of VITL is to overcome the disparity of systems and bridge between them. We need stronger federal standards to optimize that "interoperability" between EHR's, but we are beginning to see good progress.



State of Vermont...

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

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

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

www.bishca.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING

Report to the Governor for Week Ending 04/01/2011

Governor's Priorities

Health Care Initiative

We continue to provide data and legal support as well as significant public and legislative outreach in support of H.202. We expect the bill to be taken up in Senate Finance next week.

Fletcher Allen / Central Vermont Medical Center Affiliation – We have advised the two hospitals that no Certificate of Need will be required for their affiliation. We have also advised them, on behalf of both BISHCA and the Attorney General's office, that there is no issue under the statute governing a hospital's disposition of charitable assets (18 VSA 9420).

Evolving Issues

Cadaret Grant - The Division has found significant supervisory failures on the part of the firm and has previously taken action against two local agents (one was a supervisor). Attempts to settle with the firm have been unsuccessful. We are notifying the firm that absent a settlement we will file administrative charges.

Securities America - A wholly owned subsidiary of Ameriprise Financial, is currently the subject of numerous arbitration claims, a class action lawsuit, and two regulatory actions all based upon the same alleged misconduct. There are serious concerns about the firm's ability to continue operations. They have one office in Vermont (Gallagher Flynn Associates) with 2 agents domiciled in state. They have a total of 106 agents registered in Vermont as securities agents. The Division will be monitoring this matter.

Fletcher Allen Renaissance Project CON – This 2003 Certificate of Need grew out of the Renaissance Project scandal of 2001-2003. Fletcher Allen has petitioned to be relieved of the remaining conditions placed on it. Pursuant to the CON a hearing must be held before those granted "interested party" status and the hearing has been set for April 18.

Outreach

Deputy Commissioner for Captives Dave Provost presented at a Vermont Captive Insurance Association road show in Chicago, where he met with representatives of several companies, including Kraft Foods, who indicated their intent to form a Branch of their Dublin captive in Vermont.

Legislative

(General) H.438 Housekeeping bill – General Counsel Peterson, Deputy Commissioner Candon and Deputy Commissioner Provost testified today in House Ways & Means today, where there was particular focus on a proposed one-time \$7,500 tax credit for new captives against their first-year premium tax liabilities.

H.155 – PACE Legislation – The House Ways and Means Committee voted H.155 out of committee (11-0) with one amendment that effectively prohibits local communities that vote to participate in the PACE program from administering the loan portion of the program. Efficiency Vermont would have to be called upon to underwrite the assessment (loan) and provide the administration of the reserve fund. It appears the Ways and Means Committee members were uncomfortable with small municipalities getting into the lending business. Representatives Marcotte and Cheney have an amendment that requires the Public Service Department to oversee Efficiency Vermont or any firm that is approved by the Public Service Board and offers the same services. The Public Service Board will do an annual audit and will consult with BISHCA to determine if Efficiency Vermont is following the underwriting guidelines provided by BISHCA and the reserve determined by BISCHA.

S.36 – An act relating to the surplus lines multi-state market and the issue of which state can collect premium taxes was read for the third time and passed by the Senate on 3/29.

H.272 – House Commerce will take this up next Wednesday, 4/6. It provides a statutory default arrangement for the sharing of maintenance of private roads between owners and easement holders. The intent is to make the sale and mortgaging of properties on private roads easier.

General Information

New captive insurance licenses were issued for Dorintal Reinsurance, a captive of Dow Chemical, which is redomesticating from Bermuda and Raven Reinsurance, a Special Purpose Financial Captive of Old Mutual Financial, Ltd.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: April 1, 2011
SUBJECT: Confidential Report to the Governor

CONNECT VT

Legislative Issues/Contacts:

Working in three committees this week with S 78, Telco bill:

Senate Finance/ Cummings: passed the bill out of committee with their amendments, primarily our VTA re-enabling language without much revision. It also includes a provision that mandates reporting by ARRA funded projects and a voluntary standard for other projects. This will be a useful statute going forward. Through the process we were able to present the reorganization of functions to support our mission with a delineation of what Connect VT and VTA are each responsible for. We also launched the strategic plan for the initiative which was briefly reviewed by the committee. Senators Ashe and MacDonald will likely remain in opposition throughout this process; Ashe wants to put the VTA on hold, MacDonald advocates for a total fiber build across the state.

Senate Natural Resources/ Lyons: fought throughout the week to retain de minimus category of application in 248a, committee direction was making it less and less useful to the overall mission. They have passed their own set of amendments which are not incorporated in the bill and will have to introduce on the floor or collaborate with SED. Some language (pole attachment, revisions to scenic byways) was helpful.

House Commerce and Institutions/ Botzsow/ Emmons: recommended the VTA capital appropriation at \$10M over two years split 8 to FY 2012 and 2 to FY 2013. While this split may need revision as the investments unfold, we were happy to just get out of there without losing more ground. We had to do a significant amount of heavy lifting in Institutions to legitimize the VTA and their role going forward. Botzsow and his committee were very helpful.

House Appropriations/ Heath: Karen Marshall sat for reading of capital bill, was able to field questions regarding VTA.

Significant Events/Meetings:

Vermont State Historic Preservation Office (VSHPO): met with Giovanna Peebles/ John Kessler on behalf of all ARRA projects to review VSHPO initiatives to accelerate compliance activities. VSHPO has been very proactive in working with federal counterparts to establish programmatic agreements that will govern pole attachment and tower build/equipment installation.

Vermont Center for Geographic Information (VCGI): ARRA funded broadband mapping effort, they also are the driver behind the www.broadbandvt.org site. We are working on launch to public and improving the consumer response mechanisms on the site prior to major roll out. The core enhancement is to utilize the "unserved address" registry as a means of identifying consumers and creating a customer management database and communication program. It will be activated by DPS through their consumer affairs staff, and have the goals of keeping unserved Vermonters informed about broadband service and when it will arrive at their doorstep. Timeline for creating this additional piece is within the next two weeks, with a goal of more loudly launching the site by April 30.

Department of Public Service: met regarding broadband site and development of database project.

Evolving Issues:

VTA employee issue may emerge and become another media event. I am encouraging Chris Campbell to 1) engage the board in resolution of this issue 2) work with administration on how to get in front of media inquiry and 3) identify any further areas of weakness or concern within the organization that need to be addressed if we are to move forward.

DEPARTMENT OF BUILDINGS AND GENERAL SERVICES

Status of Governor's Priorities:

Governor's priorities basically intact in Capital Bill. House Corrections and Institutions struggled with but mastered the 2 year budget approach. Believe the Senate Institutions committee will help perfect the bill to Administration's advantage. Second reading of bill today. Potential flashpoints include rest areas language, sale of Rutland garage and accommodation made for public transit and VHCB funding language. Senate Institutions Chair says they are 90% happy with House version.

Legislative Issues/Contacts:

Conducted usual weekly sessions with Speaker, Sen. Hartwell and Rep. Emmons.

Met with Rutland Reps. Andrews and Courcelle regarding Rutland parking garage.

Met with Rep. Morrissey and Bennington Chamber folks regarding the proposed Bennington Welcome center.

Testified to House Appropriations regarding Capital Bill and Human Services regarding new concept VT State Hospital.

Met with Peter Mallary and Lt. Gov. Scott regarding Redstone future.

Press/Media Notes:

Talked with VT Digger's Anne Galloway regarding Capital Bill. Stressed Governor's commitment to Montpelier/State district heating project and outcomes based budgeting.
Talked with VT Press Bureau's Peter Hirshfeld regarding Capital Bill.

Significant Events/Meetings:

Met with Randolph developer Sam Sammis regarding PPP (potential private partnership) proposed welcome center which with 90% FHWA funds, could be built, operated and maintained at no cost to the state except for infrastructure and transportation investments. Governor scheduled to meet with Sammis on April 11th.

Met with DMV Commissioner Ide regarding air quality issues and health impacts at Burlington DMV office. Decision made with Jeb's concurrence that office be relocated during the 2 year construction project. Office to remain open till move occurs.

Evolving Issues:

Auditor Tom Salmon is doing situation report on Building 617, VCET building and Health Lab. With Rutland mayors concurrence, lock down of Rutland parking garage scheduled for mid April. Public will be informed of hours of operations change.

DEPARTMENT OF FINANCE & MANAGEMENT**Issues Update:**

FY 2010 Single Audit: The Management representation letter and responses to the Internal Control Findings were submitted to KPMG. The responses will be included in KPMG's publication of the final State of Vermont audit report which must be submitted to the Federal Audit Clearing House by March 31, 2011.

Legislative Contacts:

H.370 – Engineering & Architectural Design Contracts: House Government Operations Chair, Representative Donna Sweaney, at the request of Deputy Zeller, agreed to postpone testimony on H.370 until next week to allow Zeller and the engineering/architecture community an opportunity to reach a resolution to the contract indemnification language disagreement thereby eliminating the need for H.370. The Chair recognizes the difficulties that would result from legislating contractual terms for a select group of contractors/consultants and is supportive of a non-legislated solution. Deputy Zeller and AAG Mike McShane will be meeting with representatives of the American Council of Engineering Companies of Vermont (ACEC) and their attorney on Tuesday, April 5, 2011. Zeller will continue to coordinate with the State's largest purchasers of engineering and architectural services, the Agency of Transportation and the Department of Buildings & General Services.

H.441 – FY 2012 Big Bill: Today, Commissioner Reardon sent a letter to the Chair of the Senate Appropriations Committee, Senator Jane Kitchel expressing the Administration's positions on changes made by the House to the FY 2012 Big Bill (H.441) versus the Governor's FY 2012 Budget Recommendations.

H.73 – Transparency & Public Records: House Government Operations Committee (HGO) Chair, Representative Donna Sweaney and committee member, Representative Ron Hubert both informed

Deputy Zeller that they have removed the provision proposing to make “quasi-governmental” organizations (defined as those receiving more than \$250,000 from the State to do the “work of government”) subject to the State public records laws. Rather, they said this issue was added to the responsibilities of the proposed Public Records Review Committee to study. In testimony, the Administration expressed many concerns with the provision as originally drafted, as did non-profit organizations, private companies, and lobbyists. HGO’s change will hopefully allow the General Assembly to take a more informed and considered approach to this issue rather than rushing it through.

Challenges for Change: The Challenges for Change (C4C) Quarterly Report is due tomorrow, April 1, 2011. This is the fifth (5th) report since the passage of the first 2010 Act 68, the initial C4C Act [Act 68 was subsequently amended by 2010 Act 146]. The report remains much as the previous versions, albeit changes will be noted at the beginning of the report allowing those already familiar with the report to read only those narratives, charts, and measures that have changed. In a meeting last week with Deputy Secretary Michael Clasen, Deputy Commissioner Zeller and Senator Diane Snelling, Government Accountability Committee Chair (C4C committee of jurisdiction), Senator Snelling has expressed her desire that C4C move forward by continuing those initiatives that are working and refocusing efforts away from those that are not working. However, without legislative action, the codified requirements of C4C, including quarterly reporting will remain as is.

General Information/Other:

After more than a year, Finance & Management is poised on the verge of providing information requested by Jack Hoffman and John McClaughry. The information includes detail vendor payments made through VISION listed by vendor, date, business unit, amount paid, and more. Payments under certain VISION accounts and/or from certain funds that, if reported would result in the disclosure of “confidential” information have been eliminated. Each department (business managers in concert with their legal counsel) was required to provide us with a list of any accounts/funds that might contain “confidential” payments. “Confidential” information has been defined by the Attorney General’s Office as being deemed confidential by statute (federal or state) or rule (federal or state). Such exclusions include payments to employees (disclosure of an employee’s address is confidential); assistance payments to veterans; AG payments to expert consultants; and more. Once the report criteria were created, the reports were run; we provided each department with a copy of the reports for the six quarters ending 12/31/2010 for final review before posting to our website. One department has asked for exclusions in addition to those they requested in December. Once we adjust for this added report criteria, the plan is to post these reports by April 15, 2011 and quarterly thereafter. We have notified departments repeatedly; questioned and challenged each department to ensure that the departments have given full consideration to this issue and have provided us with a full list of exclusions. We have informed departments that it is their responsibility to prevent the disclosure of confidential payment information, no matter how inadvertent. We are developing a business process in Financial Operations that requires departments to assess the potential for confidential payments for each new VISION account requested.

DEPARTMENT OF HUMAN RESOURCES

Status of Governor’s Priorities:

Finding Labor Savings for FY12

Discussions with Pharmacy Vendor: In an effort to reduce costs associated with our State employee health care benefits, we have asked our pharmacy benefit provider, ESI, to reduce the fees owed to it in FY12. ESI agreed to discount the costs, beginning in January 2012, by \$1.8 million, in exchange for our agreement to not go out to bid on the pharmacy plan. We are working with ESI to determine whether it

would be possible to put the discount into place at the beginning of the FY12 fiscal year. Assuming the discount goes into place in July 2011, we would generate \$720,000 in General Fund savings in FY12.

Labor Management Meeting on Health Plan: DHR, the VSEA and the VTA met twice this week to discuss changes to the State health care plans in an effort to generate savings in FY12. While somewhat contentious, the meetings do appear to be productive. An additional three meetings are planned over the next two weeks. Commissioner Duffy will advise Secretary Spaulding of any changes the Committee is likely to propose before any agreement is reached on changes to the benefit plans.

Legislative Issues/Contacts:

H.436: Miscellaneous Tax Bill

As a result of the Miscellaneous Tax Bill, the State will incur additional claims costs of \$690,000 (all funds) in FY12. Commissioner Duffy has advised Secretary Spaulding and Commissioner Reardon of this additional cost. To date, no appropriation has been made in the Big Bill to cover the cost.

SELRA

Secretary Spaulding, Deputy Secretary Clasen, Commissioner Reardon and Commissioner Duffy met with Jes Kraus of the VSEA to discuss changes Kraus has proposed to the State Employees' Labor Relations Act (SELRA). Based upon these discussions, Commissioner Duffy has drafted proposed language to amend SELRA that addresses the VSEA's concerns but preserves executive power over the budget process. Secretary Spaulding and Deputy Secretary Clasen are reviewing the proposed language.

Press/Media Notes:

Request from Shay Totten

Shay Totten, with *Seven Days*, served a public records request on DHR, requesting the number of: (1) RIF'd employees in CY 2009 and 2010, broken down by Department/Agency; (2) RIF'd employees who were rehired by the State of Vermont, which department hired them, and if they were hired for full-time work, part-time work, as contractors, or for temporary positions; and (3) RIF'd employees who were rehired by the State of Vermont and did not make it past their initial 90-day probationary period, and in which departments these incidents occurred.

DHR believes that this request is connected to complaints the State has received from Bruce and Susan Alpert about the reduction in force (RIF) process. Mr. Alpert is a reporter from Louisiana. His sister, Susan Alpert, was subject to a reduction in force and has been unsuccessful in finding employment since that time. Apparently, although placed in several positions, she has not made it past the 90-day probationary period for these positions. The Alperks complain the RIF process is flawed and employees subject to a reduction in force are not given a fair opportunity to find continued employment with the State.

Significant Events/Meetings:

Diversity Conference

Commissioner Duffy and several other DHR employees attended a diversity conference sponsored by the Greater Burlington Multicultural Resource Center. Commissioner Noonan was among the speakers at the conference and did an excellent job addressing the continuing need to focus on gender issues when addressing diversity.

Evolving Issues:

Bargaining with VTA

DHR has formulated several potential responses to demands made by the Vermont Troopers' Association as part of the bargaining process. Commissioner Duffy will advise Secretary Spaulding of these potential responses this week. Bargaining is set to resume on April 5, 2011.

Decision on Public Records Act

Judge Crawford issued a ruling today awarding \$6,026.44 in attorneys' fees and costs to the VSEA in connection with a public records request made by the VSEA. DHR determined that it was impossible for VSEA to inspect its computers and, consequently, charged the VSEA for copies of the documents that it was required to make to respond to the request. While DHR believes its decision to contest the issue was based upon a good faith assessment of the statute, Judge Crawford decided DHR did not have a reasonable basis to withhold the documents. DHR anticipates press coverage of this ruling.

Rate Holidays

DHR has confirmed with Commissioner Reardon that the State will have a rate holiday on the medical, dental, EAP, life, and long term disability plan premiums on the last pay date in this fiscal year, as it will be the anomalous 27th pay date in the year.

DEPARTMENT OF INFORMATION & INNOVATION

Significant Events/Meetings:

Ruthann Sullivan reviewed and provided approval on a 2 year contract extension with APS Healthcare for the Advanced Improvement Program requested by the Department of Vermont Health Access (DVHA). The extension included a contract maximum increase of \$5,281,296 from the previous maximum to a new max payable of \$17,201,714. The increase represents a shift in the business process of DVHA and therefore a responding change in the application supporting the current requirements of the program. From the cover memo dated Friday, March 11, 2011, "Specifically, APS has proposed to provide an enhanced information technology and sophisticated decision-support system to assist DVHA's care coordinators target the most costly and complex beneficiaries, adjusted with new information as frequently as daily. This enhanced system builds upon the case management and tracking system DVHA staff have been using since 2007. In addition, APS will provide support to DVHA's care coordinators working with provider offices as part of the Blueprint Community Health Teams. APS has guaranteed a 2:1 return on investment by implementing these enhancements, which equates to roughly \$5 million dollars and will bear 100% of the investment for system enhancements if the agreed upon savings are not realized (i.e., full risk contract based upon agreed upon savings methodology)."

A Web Portal Board Meeting was held on March 25th. New members were made aware of their responsibilities and a service for the Department of Agriculture to bring their permitting online was considered and approved by unanimous vote. There will be a memo to the Governor at the end of this week or the beginning of the next requesting notification to the Joint Fiscal Committee of the actions of the Web Portal Board. Once the Governor issues the request the committee has 30 days in which to respond.

Angela Rouelle from AHS and Ruthann Sullivan will be meeting with HR Commissioner Kate Duffy and her team to discuss issues around hiring and retaining trained, qualified Information Technology resources. AHS is reporting losses of employee's with critical knowledge due to private organizations

ability to provide benefits of working such as telecommuting, bonuses and paid employee appreciation events. DII has heard similar issues from AOT and DPS in recent months as well as trouble recruiting toward tier II and III positions. DII expects to see the same hurdle when we recruit for the HCM PeopleSoft initiative.

DEPARTMENT OF LIBRARIES

Legislative Issues/Contacts:

Testimony to Senate Finance Committee: 3/29

[To repeal 22 VSA 609; authority to collect library fees would be continued pursuant to 32 VSA 603(3).]

Libraries charges fees for photocopying/printing. The fee bill change will have no bearing on revenues collected for these fees, but it gives needed flexibility for State Library and interlibrary loan staff.

Significant Events/Meetings

Department Security/Hostile Intruder Training

Paul Donovan, Law Librarian, and Marty Reid attended training for 109 State Street on March 30th. They conducted staff training for Montpelier employees and had a detailed walkthrough of the department to identify "shelter in place" sites and to identify problems (e.g. doors that do not lock.)

Marty Reid will give a report to Security and work with them to make improvements where needed. Libraries will have to replace/install a number of door locks and also (to a lesser extent) blinds.

Other:

Vermont State Library

Libraries (with approval from Security) made the decision to open the 2nd floor door to the State Library during hours of operation. They will make improvements in signage so to improve visibility and access to state employees and to the public.

Marty Reid is working with BGS on their mission to convert some space in the department for use by the Judiciary. This work dovetails with their plans to redesign the library reference area so that it is more accessible and to do make work more efficient. As suggested by BGS Reid will meet with a library space planner who will help design a more efficient use of space and to create a new reference desk.

DEPARTMENT OF TAX

Status of Governor's Priorities:

Misc. Tax: The Commissioner discussed the Administration's comments on the Bill with the Senate Finance Chair. There is no clear direction on where the Committee is on outstanding tax issues – it would seem quite possible that various matters such as the Vet Credit and the Amazon bill may end up in the Misc. mix.

AGI Provision: Ways & Means is looking at two AGI proposals, both at a 7.95 top rate; one eliminating any special treatment for capital gains. Members seem non-committal, and there still hasn't been much testimony (given floor time and other bills), however leadership thinks the committee could garner a 7-4 favorable vote. A surcharge amendment on the floor is generally expected.

Talk of an AMT seems to have shifted to the notion of a Vermont custom version. Some states have crafted such a structure, but it does fly in the face of simplicity (the very premise being that some

taxpayers need to file forms under two systems). The Dept. is doing more analysis of the data on what causes some filers not to owe taxes – including out of state income and tax obligations and pass through of business credits.

Household Income: A Ways & Means subcommittee has done a little more work on possible provisions to simplify property tax adjustments by tying it more closely to AGI, but it appears to be getting late to accomplish anything this year.

VEGI: The Secretary of ACCD and the Tax Commissioner convened a work group to look at the VEGI business tax credit program. ACCD is evaluating all of its programs, a process it expects to complete in the fall. In the meantime, this group will address the current challenges of VEGI, including the complex claims process, driven by requirements to closely track jobs and wage data. Claims are currently administered by the Tax Dept.'s taxpayer services division. Despite redesign of workbooks for claimants, educational programs and personal interactions, filed claims this year were incomplete or incorrect.

Renewable Energy: The Commissioner met with various members of Renewable Energy Vermont, together with the Commissioner of DPS. REV requested that the Departments consider tying the current 24% investment tax credit to federal grants as well as credits; staff is developing revenue estimates. REV also requested consideration of a proposal to adopt the statutory education rate of .003/kwh currently in place for wind for commercial solar properties. A conventional property tax generally would be based on a complex income formula; a generation tax represents a trade off between valuation and stability. Although REV appeared amenable to a different rate than wind, they do argue for such a generation tax to be adopted quickly. The Dept. suggests that even if an acceptable short term generation tax rate is found, the issue of taxation for renewable energy should be studied comprehensively so that a consistent strategy can be adopted long term across all renewable energy types.

Compliance: The latest compliance issue to percolate at the Statehouse is an audit of an auctioneer in the Northeast Kingdom, whose lawyer claimed in a letter to legislators that he was assessed some \$400,000 because of changed rules. The Dept. cannot confirm such an assessment, however, the issue is the collection of sales tax at estate sales. The tax turns on whether other goods are commingled and/or whether the check is written to the estate or the auctioneer directly. The rules are largely unchanged, and were in fact publicized when the new streamline regulations went into effect. Many auctioneers have aligned their practices to these rules.

The audit process can be misunderstood. It starts with an initial assessment, which may be reduced if further documentation is forthcoming. The taxpayer has a right to appeal within the Dept. If the assessment stands, the collection division works on a suitable payment plan so that if at all possible the business remains in operation. The goal is for the business to keep current going forward, and agree to a reasonable payment plan to pay down past tax debt.

Rep. Ancel has invited the Commissioner and staff into Ways & Means to focus discussion on the broader construct, including that the Legislature has mandated that the Dept. engage in increased compliance activities. On the other hand, Senate Finance has set up a committee discussion to hear the auctioneer and response by the Dept's counsel, which will be tricky. It is difficult for the Dept. to respond to individual cases, where there are confidentiality issues surrounding the taxpayer's audit.

On a related note, the Commissioner this week reviewed and finalized technical bulletins on the entertainment tax as applied to non-profits, as well as guiding services. The Commissioner also attended a staff meeting for field auditors, to hear issues and concerns straight from the front lines.

Other:

Tax Season: The Commissioner spent some time in the taxpayer services department monitoring phone calls during this busy tax season. Interestingly, most calls concerned problems with applications for Renter Rebate payments. Combined with the discussion on VEGI, it is apparent that taxpayer services resources are heavily devoted to credit rather than tax programs.

NH Study: The Commissioner and staff was invited to a preview presentation of a study by the New England Federal Reserve Board research unit on NH's tax and spending structure. The study particularly sought to answer how NH has avoided broad based income and sales taxes. The conclusion focused on a combination of factors: relatively low "expenditure need" (eg, favorable demographics and low input costs), policy choices (eg. Adult Medicaid eligibility set at 50% of federal poverty), and unique revenue sources (eg. lo/no tax on cigarettes and alcohol to attract out of state sales; a business enterprise tax on wages, interest and dividends in addition to corporate income tax).

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

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

To: Governor Peter Shumlin
From: Armando Vilaseca, Commissioner
Re: Commissioner's Weekly Report
Date: April 1, 2011

Department Releases Accountability Determinations for Schools: The Vermont Department of Education released 2011 school accountability determinations as required by the federal No Child Left Behind Act (NCLBA) this week. A school makes Adequate Yearly Progress (AYP) by meeting targets set by the state as required by NCLBA. These targets increase every three years with the goal of 100 percent proficiency by 2014. The 2011 AYP targets reflect the final substantial increase before the goal reaches the expectation of 100% of students proficient. As a consequence, the department has seen a significant increase in the number of schools that did not make AYP. More information on school and district performance can be found on the department's Web site at http://education.vermont.gov/new/html/pgm_accountability.html#AYP. The complete press release packet can be found at http://education.vermont.gov/new/html/dept/press_releases.html#ayp.

Vermont Department of Education Selects ENA as Statewide K-12 Broadband Connectivity Service Provider: The Vermont Department of Education has selected Education Networks of America (ENA) to provide managed Internet access and wide area network (WAN) services, including options to take advantage of new cost-effective IP voice and video teleconferencing services, on an opt-in basis to all public and private K-12 schools in the state. Read the complete release at http://education.vermont.gov/new/html/dept/press_releases.html#ena.

Opinion Piece on Act 153 Implementation: This article was written by Commissioner Vilaseca for the Vermont School Boards Association newsletter, outlining his thoughts on Act 153 and school district and supervisory union mergers. Read the complete article at http://education.vermont.gov/new/html/dept/commissioner_memos/changing_demographics_demand_examination_of_educational_delivery.html.

Legislative Testimony: The Department continues to follow and testify on several pieces of legislation. In addition, we continue to follow the House Education bill, which changes the department to an agency and the commissioner to a secretary. Also, Commissioner Vilaseca met with the Senate Education Committee on Thursday to discuss a variety of education-related issues.

H. 440 – Agency of Education Bill: Much of the committee discussions we have been observing this week are focused on this bill. I have had the opportunity to testify in House Education about this. My concerns are not necessarily with how the commissioner is appointed or the Board make up, but rather what authority the secretary would have. I would welcome the opportunity to have a conversation with you about this bill and what recommendations I would have for any governor or secretary on what additions I would suggest for the secretary's authority.

Meeting with Congressional Delegates: Earlier this week I was in Washington and had an opportunity to meet with Senator Leahy, as well as education liaisons for Senator Sanders and Congressman Welch, about No Child Left Behind. We are hoping to get the law reauthorized with changes, including an emphasis on allowing flexibility in the accountability systems, so we are not using a single measure to determine success or failure.

Act 153 Small Schools Grant Study Recommendations: On Tuesday, April 5 at 2:30 p.m. in Room 10, my staff and I will be presenting our recommendations for the future of the small schools grant. Currently over 120 small schools receive this state grant, and we will be recommending a transition to only a quarter of those schools receiving it, based on geographic necessity as we were required to do under Act 153. As soon as the report is final I will send this to your office.

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


Department of Education All Staff Meeting: On Monday the Department will participate in an All Staff Meeting, the second of five in which we are addressing the goals and implementation of the strategic plan. The format will include a panel discussion with guest panelists Representative Peter Peltz, Superintendent Tom O'Brien and VSBA Executive Director Steve Dale.

Opinion Piece by the State Board of Education: Members of the Vermont State Board of Education have testified before the House Education and House Government Operations Committees regarding the Board's objection to the proposal of having the Commissioner of Education named a Secretary, appointed by and serving at the pleasure of the Governor (House Bill 440). To read the complete opinion piece, go to <http://education.vermont.gov/new/html/board/oped.html>.

Teacher Effectiveness Task Force: On Thursday, Deputy Commissioner of Education Transformation and Innovation Rae Ann Knopf and Director of Educator Quality Marta Cambra jointly launched, with President of VTNEA Martha Allen, a task force to define key elements in implementing a system of Teacher and Leader Effectiveness in Vermont Schools. This task force is one of many efforts designed to move the focus of education toward supporting high quality learning experiences and outcomes for all Vermont learners, including those young people facing economic and educational challenges. Comprised of members of Higher Education, Superintendents, Teachers, Principals, the Vermont Standards Board of Professional Educators, the Department of Education and the Vermont State Board of Education, this group is charged with defining what it means to be a highly effective educator and education leader in Vermont and what key principles must be included in related systems for preparation, evaluation, mentoring, induction and ongoing support. The Task Force will meet monthly over a 12-month period to accomplish this goal.

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

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STUDENTS & ADULT LEARNERS **EDUCATORS & ADMINISTRATORS**

COMMUNICATIONS FROM THE COMMISSIONER :
OPINION PIECE SUBMITTED BY ARMANDO VILASECA
(Updated 3/30/11)

CHANGING DEMOGRAPHICS DEMAND EXAMINATION OF EDUCATIONAL DELIVERY

Act 153 was passed last year to provide incentives for local schools to consider voluntarily merging into larger districts. I recommend that every school district in the state examine Act 153 to see if their students and communities could benefit from such a consolidation. I see the potential both for greater efficiency in how we operate our schools, and for improvement to an already strong educational system for our students.

This recommendation is based on over 30 years of experience working in Vermont schools, rural and suburban, in different parts of the state, as well as the traveling school visits I have made since becoming Commissioner. We have one of the more expensive educational systems to operate not because we have overpaid teachers or staff, but because our complex system of delivery creates duplication of services.

Our student enrollment statewide is at one of its lowest points in decades. Our current enrollment of approximately 89,000 students is down from a high in 1997 of over 106,000 students. When we examine the current student population and our state birth rates, this decline is projected to continue for several more years.

During this period of decline in our student population over the past 15 years, school staff has increased by about 20 percent. Our student-to-staff ratio is about 4.7 students to every adult. We have many supervisory unions with full-time superintendents and central offices for districts with fewer than 1,000 students. We have 277 district school boards, many of whom operate schools with fewer than 100 students. I am not questioning the sincerity and commitment of school board members around the state, but we need to maximize our investments and share resources in order to meet the needs of students.

Since the passage of Acts 60 and 68, we have moved from a system of funding our schools mostly based on local taxes to one based on state taxes. Currently, statewide school tax dollars are sent to the state Education Fund, and districts are then paid for the bulk of their local school expenses. This means that local decisions made by one community have consequences for all of us. In my opinion, this is one of the biggest reasons we need to look at a different way of operating our schools.

Vermont has a long-standing tradition of local citizens serving on school boards, which I fully support. However, I believe we need to review our concept of "local." I believe in a systems change wherein most of our current districts merge into larger supervisory districts. Elected officials from those communities will still be charged with setting the policy and vision for the larger district, but they would have greater resources and more options in terms of human capital and physical space in which to serve students. For example, Washington Central Supervisory Union (WCSU), which comprises the towns of Calais, East Montpelier, Worcester, Berlin and Middlesex, could transition from a five-district system to a single district with board representation from each community. Better yet, Montpelier could be included

as well, which is geographically surrounded by WCSU.

Please remember that, from a national perspective, these will still be small districts. If mergers occurred statewide along the guidelines I have suggested, no district would be larger than our largest existing district (Burlington). We would go from having 277 districts to somewhere around 40. The number of supervisory offices would be reduced by approximately one-third. My Department has calculated that the immediate and ongoing savings in educational expenses would be approximately \$20 million a year. By reducing the duplication of services and harnessing joint purchasing power, we could save additional money every year.

We also need to look realistically at the number of schools we currently operate around the state. We have more than 50 schools with fewer than 60 students, and most of their populations continue to drop. These small schools contribute to Vermont's distinction as having the smallest student-to-staff ratio in the country. If we increased our ratio by a fraction (from 4.7:1 to 4.9:1), taxpayers could save approximately \$23 million annually.

Act 153 is not intended to close schools - it offers incentives for increasing district size and looking at different ways of delivery education. In fact, Act 153 actually offers protections for small schools by guaranteeing that they remain open for a set period (the default is four years) unless the town where the school is located agrees to closure. However, I believe we cannot take school consolidation off the table. We do need to look at it on a district-by-district basis and make sensible decisions based on local conditions.

If we can find efficiencies in education, we can improve the overall fiscal condition of the state without reducing the breadth of educational services that we provide children. We can improve the outcomes for our students and meet the changing fiscal realities in our state, not by watching our small schools and districts die a death by a thousand cuts, but by systemic, thoughtful sharing of resources.

Act 153 is a great start but the work has just begun. I would like to see a long-term, systemic, conscious, data-driven process to move us closer to a better, more efficient and potentially less costly system to organize our schools based on 21st century ideas, not those that were conceived in the 1800's.

Armando Vilaseca is Vermont's Commissioner of Education.

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**STATE BOARD OF EDUCATION:
OPINION PIECE SUBMITTED TO STATE MEDIA
(Updated 3/31/11)**

KEEP EDUCATION FOCUSED ON STUDENTS, NOT POLITICS

Members of the Vermont State Board of Education have testified before the House Education and House Government Operations Committees regarding the Board's major objection to the proposal of having the Commissioner of Education named a Secretary, appointed by and serving at the pleasure of the Governor (House Bill 440). We believe such an appointment would not be in the best interest of young people in Vermont for several reasons.

First and foremost, replacing the Commissioner who is selected by the Board and approved by the Governor with a purely Governor-appointed Secretary would move accountability for this public education leader from the general public to the Governor. Governor Shumlin is quoted as saying that he has a vastly different philosophy on education from his predecessor. We respect and applaud that the Governor has a particular philosophy, but we strongly believe that the decisions and actions of the commissioner of education should not be influenced by any particular person's political philosophy, but by what opportunities to learn can be made available to all our young people. The Commissioner's overarching philosophy and focus needs to remain constant: to work relentlessly to ensure that all Vermont students meet or exceed high academic standards and graduate with the knowledge and skills necessary to be successful in college, continuing education, careers and citizenship in the 21st century. For the sake of our children, we cannot allow that focus to be subject to the political objectives of a select few individuals.

Second, if the purpose is, as has been stated, to create consistency in education leadership and reduce turnover, recent National Association of State Boards of Education (NASBE) data suggest otherwise. The highest rate of turnover for Commissioners, 58%, occurred in the 12 states where the Governor appoints the Commissioner. In the 24 board-appointed states, the turnover rate was only 20%. The ability to develop and implement long-range, strategic planning focused on educational success and attainment is far more likely under consistent leadership provided by a board-appointed commissioner.

Third, the Governor, with the approval of the Senate, currently appoints the Board of Education. This has been the practice for nearly a century and the mandate is clear – to represent the entire Vermont public in shaping education policy for the state's public schools. By statutory authority, it is the commissioner's responsibility to act as Chief Executive Officer and Secretary for the Board of Education acting on behalf of Vermont's people. The current proposal approved by the House Education Committee is contrary and even in opposition to that mandate. If Board members were to be chosen by the various groups named in the bill – the Vermont NEA, Vermont School Boards Association, Vermont Principals Association, the Vermont Business Roundtable and the Vermont Superintendents Association, those appointees would be beholden – by the very nature of their appointments – to the interest groups they represent. The Board has and will continue to work closely with representatives from each of these organizations. They are represented at Board meetings and often provide valuable input into Board deliberations. In that role,

they are strong and effective advocates for the groups they represent. But just as lobbyists advocate for their clients before the Legislature but do not create legislative policy, representatives from specific educational interest groups should not be placed in a position of creating educational policy for the state, its schools or, especially, its young people.

Lastly, but most importantly, how will a change like this help in closing the achievement gap for our most disadvantaged young people or improve opportunities for all Vermont students? What level of disruption will occur in making these changes, again distracting us from our primary purpose? What voices will no longer have the opportunity to be represented in these conversations on the Board? A change in the composition of the Board and the appointment of the Commissioner raises many more questions than it solves. As stated in its mission statement, the State Board of Education is committed to providing leadership, support and oversight to ensure the Vermont public education system enables the success of each student. Shifting that oversight to the will of the Governor's office and special interest groups will breach the intent of those in local communities who have worked long and hard to ensure that Vermont's education system remains free from the sway of political power and influence.

Submitted by Vermont State Board of Education Members:

Chair Fayneese Miller (Burlington), Vice-chair Kathy Larsen (Wilmington), Donald Collins (Swanton), Robert Kelley Brandon, Judith Livingston (Manchester), William Mathis (Goshen), Stephan Morse (Newfane), Sean-Marie Oller (Bennington), Elizabeth Strano (Bennington) and Brian Vachon (Middlesex).

State Board of Education

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Web comments, suggestions, or errors for correction: DOE-Webmanager@state.vt.us
General questions about education in Vermont: DOE-EdInfo@state.vt.us

MEMORANDUM TO GOV. PETER SHUMLIN

To: Gov. Peter Shumlin

From: GIRO Staff

Date: April 1, 2011

RE: Weekly Constituent Update

Current Issues:

Barre Town Charter:

- Received calls from 2 Barre Town Selectmen who believe that H.335 will take too much power away from the elected officials on the Select Board and give too much power to the appointed Budget Committee.
- Would like you to seriously consider the implications before signing the bill if passed by the Senate.

Health Reform:

- There is still a concern over the health reform board's power of authority and how the change will be paid for.
- Constituents are worried about being tied to the new system and how it will relate to other states.

Vermont Yankee

- People are worried that since the NRC stated that Yankee is safe enough to remain open that it will.
- There is also a large concern in e-mails that there could be a repeat of the situation in Japan.

University of Vermont

- Have been getting calls and are starting to get e-mails over the recent hiring of the new Dean of the Business School and a full-time professor coming to over half a million dollars a year.
- Complaints are coming from faculty, students and community members
- They want to know what you as a trustee feel/plan to do.
- Sue helped with a response that shows you care while still keeping you out of the situation personally.

Board and Commission Appointments:

Name	City	Board/Commission
Cailie Burns	Burlington	Children & Family Council for Prevention Programs
Mary Hayden	Barre	Children & Family Council for Prevention Programs
Robert Sheil	Montpelier	Children & Family Council for Prevention Programs

Shirley Boyd-Hill	Fairfax	Children & Family Council for Prevention Programs
Tanya Lawyer	Bristol	Children & Family Council for Prevention Programs
Andrea Livermore	Brattleboro	Community Development Board, Vermont
Angus Chaney	Brandon	Community Development Board, Vermont
Bruce MacLean	Peacham	Community Development Board, Vermont
Emelia "Ame" Silver	Manchester Center	Community Development Board, Vermont
Arthur Berndt	Sharon	Energy and the Environment, Governor's Council on
Ben Rose	Williston	Energy and the Environment, Governor's Council on
Bill Stetson	Norwich	Energy and the Environment, Governor's Council on
Brian Dunkiel	Burlington	Energy and the Environment, Governor's Council on
Charlie Kireker	Weybridge	Energy and the Environment, Governor's Council on
Crea Linthilac	Shelburne	Energy and the Environment, Governor's Council on
Dori Wolfe	Strafford	Energy and the Environment, Governor's Council on
Elizabeth Courtney	Montpelier	Energy and the Environment, Governor's Council on
Ernie Pomerleau	Burlington	Energy and the Environment, Governor's Council on
Gregory O'Brien	Middlebury	Energy and the Environment, Governor's Council on
Jan Blittersdorf	Hinesburg	Energy and the Environment, Governor's Council on
Jeff Shields	So. Royalton	Energy and the Environment, Governor's Council on
Joan Richmond Hall	Randolph Center	Energy and the Environment, Governor's Council on
John Warshow	Marshfield	Energy and the Environment, Governor's Council on
Kinny Perot	Warren	Energy and the Environment, Governor's Council on
Mary Powell	Colchester	Energy and the Environment, Governor's Council on
Mary Watzin	Burlington	Energy and the Environment, Governor's Council on
Monty Fischer	Montpelier	Energy and the Environment, Governor's Council on
Nancy Bell	Weston	Energy and the Environment, Governor's Council on
Paul Bruhn	South Burlington	Energy and the Environment, Governor's Council on
Paul Burns	Montpelier	Energy and the Environment, Governor's Council on
Rob Woolmington	Manchester Center	Energy and the Environment, Governor's Council on
Scott Johnstone	Burlington	Energy and the Environment, Governor's Council on
Justin Lindholme	Rutland	Fish & Wildlife Board
Eric Clifford	Starksboro	Lake Champlain's Future, Vermont Citizens Advisory Committee on
Julie Moore	Middlesex	Lake Champlain's Future, Vermont Citizens Advisory Committee on
Lori Fisher	Williston	Lake Champlain's Future, Vermont Citizens Advisory Committee on
Mark Naud	South Hero	Lake Champlain's Future, Vermont Citizens Advisory Committee on
Paul Hansen	South Alburg	Lake Champlain's Future, Vermont Citizens Advisory Committee on
Sheri Young	Orwell	Lake Champlain's Future, Vermont Citizens Advisory Committee on
Karen O'Hagan	Winooski	Lottery Commission, Vermont

Ron Shems	Duxbury	Natural Resources Board, CHAIR
Andy Bishop	Williston	Physical Fitness & Sports, Governor's Council on
Betsy Terry	Colchester	Physical Fitness & Sports, Governor's Council on
Donna Diaz	Burlington	Physical Fitness & Sports, Governor's Council on
Jen Butson	Waitsfield	Physical Fitness & Sports, Governor's Council on
Jennifer Carter	Brandon	Physical Fitness & Sports, Governor's Council on
John Caldwell	Putney	Physical Fitness & Sports, Governor's Council on
Kylee Ryan	Colchester	Physical Fitness & Sports, Governor's Council on
Pam Cross	Saint Albans	Physical Fitness & Sports, Governor's Council on
Patrick Standen	Burlington	Physical Fitness & Sports, Governor's Council on
Rayne Herzog	North Ferrisburgh	Physical Fitness & Sports, Governor's Council on
Stuart Offer	Williston	Physical Fitness & Sports, Governor's Council on
Thomas Clavelle	Shelburne	Physical Fitness & Sports, Governor's Council on
Alan Cook	Northfield	Rail Advisory Council, Vermont
Arthur Whitman	North Bennington	Rail Advisory Council, Vermont
Charles Hunter	Saint Albans	Rail Advisory Council, Vermont
Charles Moore	Saint Albans	Rail Advisory Council, Vermont
David Wulfson	Shelburne	Rail Advisory Council, Vermont
Jan Eastman	Peacham	Rail Advisory Council, Vermont
Karen McCloud	South Hero	Scenery Preservation Council
Maurice Germain	Colchester	Transportation Board, Chair
Al Gobeille	Shelburne	Travel Information Council
Caprice Hover	Rutland	Vermont State Housing Authority

