

# WEEKLY REPORTS

Checklist  
10/31/14

Elizabeth Miller/Alyson Richards

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

TBD

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

Sue Allen

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

Sarah London

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

Susan Spaulding

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

Alyson Richards

- ☐ Leg Prep

**To: Governor Peter Shumlin**  
**From: Patricia Moulton, Secretary - Agency of Commerce and Community Development**  
**Date: October 31, 2014**  
**Re: Weekly Report**

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**PATRICIA MOULTON, SECRETARY:** It was a "good news week" at ACCD, mostly.

**“InnovateVT”: Economic Development Summit:** The Summit at UVM went very well. The Governor's comments were very well received. James Fallows of the Atlantic did an excellent job. His message indicating that we are "on the right track" with our investments in technology, attracting young people, and entrepreneurship. Based on his travels and reported, he indicated we are not unique, there are other parts of the country doing the same thing but that we should "keep doing what we are doing." But the economic recovery he is seeing all over the country is not part of the "national narrative of crisis in decline." The Summit had excellent panels on a variety of topics ranging from technology to turning waste to money. Over 200 people signed up and were in attendance. Lisa Gosselin did a superb job putting this together along with her assistant Shelly Pembroke.

**Procurement Technical Assistance Center (PTAC):** Our PTAC reports that they have again exceeded last year's numbers attracting government contracts to Vermont small business. PTAC worked with 107 Vermont companies, obtaining a total of 519 contracts totaling \$103 million! While this is not a record breaker for PTAC, it's a good year! Our hats off to Robin Miller, Director and her team of PTAC counselors around the state.

**Companies PTAC is currently working with:**

- |   |   |
|---|---|
| – Alexander Unlimited - Waterbury                                   | – Mike's Electric Inc. - North Troy                                       |
| – Amerivet Sales & Logistics LLC - Derby                            | – North Country Engineering - Derby                                       |
| – Ann Proulx - St. Johnsbury  | – Olivia's Crouton's - New Haven  |
| – Centerline Architects - Bennington                                | – R G Gosselin Incorporated - Derby                                       |
| – Claire's Home Comfort Cleaning -<br>Newport                       | – Reynolds And Son Incorporated - South<br>Barre                          |
| – CX Associates, LLC - Burlington                                   | – Ripley Holdings VT, Inc. (Overhead<br>Door Of Rutland County) - Rutland |
| – Evergreen Alterations - Bennington                                | – Squeegee Printers, Inc. - Canaan  |
| – Fair Haven Machine Inc. - Fair Haven                              | – Transcend Engineering & Technology<br>LLC - Jericho                     |
| – Gates Electric Inc. - Newport                                     | – Vermed Inc. - Bellows Falls   |
| – Groove Tech, Inc. - Waterbury                                     | – Visual Learning Company – Brandon                                       |
| – Internet Marketing Professionals, LLC<br>DBA Zize Bikes - Fairfax | – Yor Way Auto Body – Ferrisburgh   |
| – JP Sicard Inc. - Barton   |   |
| – Metal Flex Welded Bellows Inc. -<br>Newport                       |   |

**VTel:** Michel Guite reports that he can put his cell tower in the Middlebury Church steeple without having to remove the windows. Therefore we will be issuing him a letter indicating no significant impact to the historic resources. We had to put up with typical Michel griping, but in the end we found the solution.

**Global foundries/IBM:** Liz Miller Sue Allen and I had a great telephone conversation with the folks at GF. We were able to outline some of the pressing issues, including the possibility of 1366 which Mike Russo placed as a "higher priority" to other issues such as electric rates and infrastructure. He and his team will be here in early December for a meet and greet with legislative and state officials. Liz has the details.

**Other good news:** Fred Kenney decided NOT to take the BDCC Executive Director Job! BDCC should be making a final selection Tuesday.

**Personal:** I will be away on vacation Thursday, November 6 through Thursday, November 13. Lucy will do the weekly report next week. I will be available by telephone if anything urgent comes up. I will be checking email daily, but not diligently.

#### **LUCY LERICHE, DEPUTY SECRETARY**

- **Children's Savings Accounts:** The Federal Reserve Bank of Boston came to a meeting of the Vermont Child Poverty Council to discuss this financial tool that is proving to be effective in moving children out of poverty. In Maine, a private foundation contributes \$500 to a college savings account for every child born in that state. The data shows that children with college savings accounts are 4 times more likely to go to college than children without these accounts. The Poverty Council is interested in finding a way to develop a CSA program in Vermont. **This could be a great middle class working family initiative for the Governor to consider.**
- **Vermont Strong Scholars:** Lucy has now held a number of meetings for this program focusing on choosing occupations, operations, and most recently on financing. Through this process we are discovering many details that still need to be worked out, including some that will require technical legislative changes. Lucy is keeping Aly in the loop with all the developments and has asked her to get a sense from the Governor around how much money we should be thinking about investing in the program. Tom Little has offered \$100,000 per year from arbitrage toward the cause. Lucy is working on the draft report, and will seek input from the Governor's staff before submitting to Joint Fiscal.
- **Confidential VY Cross-Agency Group:** Members of the Administration's VY decommissioning team met with the Speaker and key House leaders to update them on the work of the group, and to gauge their thinking around any new legislative or revenue initiatives around Entergy VY. We learned that while there is some interest in addressing lost revenue, there are no plans in place. We shared our request that they not do anything this year as we continue our negotiations for resources with Entergy. We emphasized the importance of staying coordinated in our efforts, to which they agreed.

#### **FINANCIAL SERVICES ♦ Dan Towle, Director**

- **American Society for Healthcare Risk Management (ASHRM):** Dan Towle, Director of Financial Services was in Anaheim, California for this leading health care risk management conference. The State of Vermont exhibited at this event with Dan leading the efforts. Attendance was strong with several prospects identified. This sector has continued to grow for Vermont.
- **New Captive Application Pending From Recent Conference Meeting:** A prospect that Dan had met with during the Self Insurance Institute of America (SIIA) several weeks ago has chosen Vermont as their domicile for a new captive they are forming. Ironically, the new captive is operated by the current President of the Board of Directors of a competing captive insurance domicile association. The captive will be for a group of physicians based in Indiana.
- **Former Insurance Superintendent for the State of New York Prospect Meeting:** A meeting has been scheduled with the former NY Insurance Superintendent, Jim Wrynn to set up a captive for a client of his in Vermont. New York is also a competing captive insurance domicile.
- **Prospective Risk Retention Group Commits to Vermont:** A Florida based insurance company that has been evaluating setting up a risk retention group has chosen Vermont after several discussions with the company by Dan. They plan for setting it up in the first quarter of 2015. Dan has known their Director of Finance & Controller through previous prospecting meetings when he was employed with Physician Captive Resources based out of Georgia.

#### **Deputy Commissioner Jen Hollar**

- **Jamaica Buyouts:** Irene recovery marches on as the last of the four devastated homes in the Town of Jamaica has been bought out, the land cleared and grass planted. These buyouts were originally denied by FEMA and the Town balked. Ultimately, after many conversations and meetings with the homeowners and town officials, the Department and TRORC were able to use CDBG Disaster Recovery funds to purchase the properties and restore the site to greenspace.
- **Housing Needs Assessment:** Received the first draft of the statewide housing needs assessment from Bowen National Research. We are reviewing along with the help of Ken Jones before releasing to a review committee and our housing partners next week. The assessment shows extremely low vacancy rates for rental housing across the state and unusually high cost burdens for both renters and homeowners. The

assessment includes more than 700 pages of data and analysis at the state and county level. Stay tuned for more details.

- **Windsor Dam:** At the invitation of the Town, Governor Shumlin and Congressman Welch announced a \$995,000 CDBG Disaster Recovery grant in Windsor to stabilize and make secure an historic dam damaged by Irene. Worked with the Town and Governor's office to plan and coordinate the event. Many thanks to Josh who spoke at the ceremony and Nathan who provided project information. The Town Manager and Tom Kennedy from SEWRPC repeatedly expressed their gratitude for Josh and Nathan's help with the project calling the Vermont Community Development Program one of the best things about state government.

#### **KEN JONES, ECONOMIC RESEARCH ANALYST**

- Ken Jones attended the Marketing Outlook Forum sponsored by the US Travel and Tourism Association. This collection of researchers from around the country reviewed data about future trends in tourism as it is influenced by overall US and international economic conditions. Because tourism activity is concentrated in upper income households, prospects look good for domestic travel. However, the slowdown in Europe and the Far East and turmoil in the Middle East and Africa will impede any tourism growth from those visitors (not that it has a huge influence on Vermont tourism).
- During the second Economic Development Summit in Burlington, Ken discussed integrating the work of the Innovation Index with Betsy Bishop and the Chamber's interest in piggy backing on a set of metrics to characterize progress in the Vermont economy.

#### **DEPARTMENT OF TOURISM & MARKETING**

##### **Steve Cook, Deputy Commissioner**

- **VermontVacation.com:** VDTM is making strong progress in the redevelopment of [VermontVacation.com](#). The team is on schedule to make the December launch date. The VDTM team met October 28 with systems developer [Route 802](#) for a demo of the new travel planner. The system appears clean and user friendly.
- **Trapp Family Lodge:** Cook met with the [Trapp Family Lodge](#) sales and marketing team to discuss potential collaborations to promote the new brewery facility that is close to completion. Trapp's plans to invest in marketing and promotions to launch the opening of the new facility.

#### **COMMUNICATIONS ♦ Laura Peterson, Director of Communications**

- **Media Support:** Press requests have slowed now that we're past peak foliage season, but we're gearing up for a busy winter. Laura assisted [USA Today](#) with a story about Vermont craft beers, met with a representative from the [Champlain Radio Group](#), and helped a reporter for the [Boston Globe](#) develop a story for a "Second Look" travel section feature.

#### **CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator**

##### **Cultural Heritage Projects**

- **Champlain Valley National Heritage Partnership (CVNHP):** As a member of the [CVNHP](#) Advisory Committee, Catherine attended the annual summit. Participants from Vermont, New York and Quebec participated. It was a good venue for sharing best practices and exploring possibilities for collaborations and cross fertilization. Of note to those in ACCD:
  - <http://voicesofvermont.net/> | Students at [Burr and Burton Academy](#) in Manchester have created videos about people in their community. People featured range from a sugar maker, furniture maker and glass blower, to a WWII German Army veteran, a 105-year old dynamo and, soon to be posted, a Vietnamese American putting his life back together after drug addiction and crime.
  - [www.tauny.org](#) | [Traditional Arts of Upstate New York](#) (TAUNY) hopes to build partnership to launch a regional effort to focus on French Canadian history and culture.
  - **CVNHP French Heritage project** | It appears that interest in focusing on French Heritage in 2016 is gaining traction due in part to a number of anniversaries, including the establishment of [Fort St. Anne](#) in Isle La Motte.
  - Representatives from both [Parks Canada](#) and the [Wolinak Indian Reserve](#) in Quebec were interested in making connections with their Vermont counterparts. Catherine will provide introductions.

- **'Vermont Celebrates American Craft Week' awarded top American Craft Week event for 2014:** (from [Vermontbiz.com](http://Vermontbiz.com)): Each year [American Craft Week](#), the premier public celebration of handmade craft in America in all 50 states, awards Star Winners in various categories. This year's "Top Event of 2014" winner was awarded to "[Vermont Celebrates American Craft Week](#)." This was a group award and it included special designation to the [State of Vermont Department of Tourism & Marketing](#), [Vermont Crafts Council](#), [Brandon Chamber of Commerce](#), Brandon, Vt., and the [Chaffee Art Center](#), Rutland, Vermont.

#### **MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator**

- ***The East Coast Traveller* / 2015 Ad Submission:** [The East Coast Traveller Magazine](#) provides public and trade distribution in Canada and the USA. This annual publication offers VDTM with a 400 word descriptive listing and half page ad. David has repurposed the ad below to be inserted into the next edition.



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

- **Montreal International Travel & Tourism Show:** Christiane attended this consumer show, October 24 - 26. Sharing the Vermont Department of Tourism booth were the [Lake Champlain Regional Chamber](#), [Burlington Town Center](#) and [Sugarbush Resort](#). Popular requests this year were golf, hiking, biking and shopping. Attendees were thrilled to hear about the opening of [LL Bean](#) in Burlington. Following a recent article in a Quebec magazine regarding the food scene in Burlington and the Shelburne Area, we had many requests for more information about Shelburne Farms, cheese makers and micro-breweries.

#### **SUPPORT ♦ Mike Osborne**

- **Apples to iPods:** To date, of the 21 wooden apples hidden throughout the state's participating orchards for this year's [Apples to iPods](#) promotion, 15 have been discovered and prizes mailed. Six wooden apples have yet to be discovered.

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

- **Editorial:** The Winter 2014-15 edition, a strong issue that took a lot of work from everyone, rolled off the press Monday night.
- **Advertising:** We are developing a Home & Garden Guide based on the Holiday Gift Guide model. We are meeting with the ad reps on Monday to discuss. We are at \$26K for the Spring issue so far.

#### **CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Specialist**

- **The Vermont Brand:** Heather had the chance to participate in several lively discussions this week on the power, potential and personality of the Vermont Brand, at the annual Farm to Table Gathering and again at the Economic Development Summit. While divergent opinions were voiced on some "could we, should we" ideas for execution and evolution of the brand, it was heartening to hear from some very different

sectors that the Vermont brand continues to be valuable asset to Vermont companies and all have a stake in, and are committed to, maintaining its strength and integrity.

- **Design Services (Upcoming):** The CMO's office will be assisting Public Service with the new Telecommunications Plan, to create a professionally designed report (100+ pages), complete with consistent look and feel for all tables and charts (50+). Heather met with the DPS team this week to review scope and concept; design work should begin next week. Heather also met with a team from DEC to discuss development of a template fact sheet and scorecard for DEC to use to present the results of their performance-based budgeting measures to the Legislature, with design work to be completed in December.

#### **DEPARTMENT OF ECONOMIC DEVELOPMENT: Lisa Gosselin, Commissioner**

- **Met with delegation of Canadian companies** and business recruiters at Canadian Prospect event organized in St. Albans by Tim Smith of FCIDC. Spoke with a number of food producers who would be eager to see a regional "buy local" campaign to encourage sampling of regional products. Also met with medical device packager and will connect him with Vermont companies.
- **Innovate VT**, the second annual Economic Development Summit was held at UVM on 10/28. The event sold out the week before at 200 participants. James Fallows, national correspondent for The Atlantic spoke on how Vermont's innovation economy fits into the national picture and shared examples of how other states are addressing some of the issues we face. Governor Shumlin, Secretary Moulton and President Sullivan provided opening remarks. Ken Jones and Lisa Gosselin presented CEDS and called for volunteers from the private and public sector to move the projects forward. Panel discussions were held on Vermont's Energy Revolution, Cultivating Entrepreneurship, Innovation in Education, Start-up Success Stories, The Digital Future, Finding and Keeping Talent, Creative Capital and Putting Waste to Work. Panelists included a spectrum of leaders in business, education and government (a special thank you to John Fischer, Mike Pieciak, Annie Noonan and Deb Markowitz) and included both emerging and established companies. A huge round of thanks to Shelley Pembroke who helped organize and run the whole event, Heather Pelham who created a brand identity for it, Lars Torres, Ken Horseman and Shelley Pembroke who put together the slide show "100 Innovations Made in Vermont" and to the many people from DED who showed up early and worked late to make it a success. Speaker "Thank You's" (in the form of a subscription to Vermont Life) and requests for feedback have been sent out along with a call for new CEDS committee volunteers.

#### **BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director**

- The **Vermont Wood Manufacturer's Association** held a Board meeting in which we decided not to put on the Fine Furniture, Woodworking, and Forests Festival in 2015, in order to re-invest time and resources in broader industry/sector development.

#### **VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director**

##### **VEGI**

- Working with Cabot Hosiery, Northfield; Flex-a-Seal, Essex; and 1366 Technologies on PreApplication (potential November Initial Applications).
- Working with VT Meat Packing (Black River Produce/Lorentz partnership), AGrown, Blodgett, and Twincraft in Final Applications.

##### **TIF**

- Finalizing TIF District rule drafting and preparing to begin ICAR/LCAR process.

##### **Windham County Economic Development Program**

- VEPC Board held an all-day hearing in Brattleboro to hear presentations by WCEDP applicants.
- Down to 24 applications: 2 were incomplete and applicant failed to file required information (both loan applications); 1 did not meet threshold criteria.
- VEPC Board will meet on Nov. 13 to prioritize and develop allocation recommendation for Governor.
- Agency has received a public records request for the WCEDP applications.

#### **VERMONT TRAINING PROGRAM ♦ Beth Demers, Director**

- **VTP Applications:** Vermed (Bellow Falls), Grow Compost (Waterbury), and General Dynamics (Williston) all had grants approved this week. VTC has submitted a draft application which will be reviewed.



## **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay**

- **Silo Busting: CDBG-National Disaster Resilience Challenge:** The interagency team (AOT, ANR, VEMHS, RPCs) submitted data that Jen, Chris and Josh have been sifting through to determine what meets the unmet recovery needs. We are working on drafting the letter to HUD due Nov 3<sup>rd</sup> on whether Vermont has sufficient unmet needs. A summary update was sent to the congressional delegation to ensure they are in the loop. This topic was also discussed at the Climate Cabinet and we will broaden discussions and find time for a Secretary briefing once we get over the first hurdle.
- **VERI Barre and Enosburg Community Forums:** Facilitated the final two VERI community Forums in Barre and Enosburg. The crowd in Barre included the Mayor along with city and town councilors and member of the planning commissions and staff. Both meetings were smaller in number, but very focused and productive discussions.

## **COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director**

### **Downtown Report**

- **Newport:** Gary Holloway attended the Newport City Renaissance Corporation board meeting to learn more about the downtown and community. The board discussed the planned EB-5 projects including the downtown and waterfront redevelopment and the construction of the AnC Bio building. Demolition of the Spates Block in the center of downtown begins soon to make way for the 4-story Renaissance Block slated for construction this spring. The new building will offer commercial retail, office, apartments and a parking garage

## **HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer**

- **3D Vermont:** Laura participated in a press conference at Tech Jam to announce 3-D Vermont, the first high school Town History in 3D competition. The Division and DHCD have partnered with the Preservation Trust of Vermont, Google, Hartford High School, SketchUp, and the Agency of Education. The competition will challenge high school students to create 3D models of historic Vermont buildings using SketchUp 3D modeling software. Students will research the history of the buildings and develop multimedia presentations to accompany their models. The models will be imbedded in Google Earth, which will allow them to be viewed in their geographic context online. The models will be on display in select downtowns and at several of the State Historic Sites during the 2015 season.

### **State Archaeologist**

- **Archaeology Heritage Center:** The Heritage Center and the Vermont Historical Society hosted a group of 30 U-32 high school students and three teachers on Tuesday. The tour was designed to introduce the students to various aspects of historical research and inquiry. Jess also gave several members of the Alburgh Historical Society a tour of the Heritage Center, and discussed important archaeological sites in their area. They discussed the possibility of Jess giving a lecture or providing another education opportunity in the future.

### **State Architectural Historian**

- **Rutland Carrier Annex Dedication:** After more than five years of effort by DHP, the historic Art Deco terra cotta façade on the Rutland Carrier Annex has been fully rehabilitated. A dedication was held in Rutland on Wednesday morning, with remarks by Representative Peter Welch, Rutland Mayor Christopher Louras, Director of the Rutland Redevelopment Authority Brennan Duffy, State Architectural Historian Devin Colman, and U.S. Postal Service District Manager John Godlewski. Thank you to everyone at ACCD who supported and advocated for this project over the years, and be sure to check out the building the next time you're in Rutland. It's located at 169-173 West Street, just off Merchant's Row.

## **HOUSING ♦ Arthur Hamlin, Housing Program Coordinator / Shaun Gilpin, Housing Policy Specialist**

- Lot rent increases effective January 1, 2015 were due by the end of this week. Arthur reviewed notices from more than 40 mobile home parks. Four of the increases; Farrington's MHP in Burlington, KTP Mobile Home Park in Bristol, Mountain View MHP in Johnson, and Buttles MHP in Williamstown were over the 3.6% threshold making these increases eligible for mediation. Legislators are notified when an increase in their district is eligible for mediation. State Reps. from Burlington and Bristol contacted the Department for more information about the increases affecting their constituents.

- Shaun attended a daylong retreat with representatives of numerous different organizations interested in the Promise Communities initiative, a major component of the Early Learning Challenge. Promise Communities aims to identify several communities throughout the state that are in need of building social capital to create an innovative program that takes a holistic approach for improving early childhood development opportunities. The initiative aims to engage interests outside of the typical school environment that have an effect on early child development, including housing, transportation and other foci that are not typically considered when addressing education challenges.

## **VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director**

### **Technical Assistance to potential projects**

- **Town of Brattleboro:** The Windham & Windsor Housing Trust anticipates submitting an application for the February CD Board meeting. The project involves the renovation of 29 units of affordable housing located in five buildings throughout Downtown Brattleboro.

### **Other Work**

- **2015-2020 Consolidated Plan:** In preparation for the five-year update to the Consolidated Plan, the Department of Housing and Community Development, VHCB and AHS are planning a series of community outreach meetings. The goal of the meetings is to hear from regional partners and Vermont citizens about the community development needs that are most affecting their daily lives. The following is a list of meeting dates and locations, which will be announced publically over the next few weeks. We hope you can join us!

#### **Wednesday, December 17th**

West Rutland Town Hall, 35 Marble Street

4:00pm – 6:00pm

#### **Thursday, December 18th**

St. Albans, City Council Chambers, 100 North Main Street

4:00pm – 6:00pm

#### **Monday, January 5th**

Bristol, Holley Hall, 1 South Street

5:30pm - 7:30pm

#### **Tuesday, January 13th**

Bennington Fire Station - Third Floor Meeting Room, 130 River Street

4:00pm - 6:00pm

#### **Thursday, January 15th**

Bellows Falls, The Lower Theater - Bellows Falls Opera House, 7 The Square

3:00pm - 5:00pm

#### **Friday, January 16th**

Randolph, Chandler Music Hall - Upper Gallery, 71-73 Main Street

Noon - 2:00pm

## **ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director**

### **ITS/ConnectVermont**

- Attended meeting with VELCO Deep Thunder team and provided overview of VTrans RWIS and fiber projects.
- Continued discussions with DII for implementing FirstLight fiber projects for Waterbury 89 SB and Colchester 2A/189 signals.



State of Vermont  
Department of Financial Regulation  
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For consumer assistance:  
[All Insurance] 800-964-1784  
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[Banking] 888-568-4547  
[www.dfr.vermont.gov](http://www.dfr.vermont.gov)

**CONFIDENTIAL and PRIVILEGED**

**To: The Honorable Peter Shumlin, Governor**  
**From: Susan L. Donegan, Commissioner, Department of Financial Regulation**  
**Date: October 31, 2014**  
**Re: Weekly Report**

**Securities Division:**

Deputy Commissioner of Securities Michael Pieciak spoke yesterday at the monthly breakfast meeting of the Vermont Venture Network in Burlington. Approximately 25 business professionals, entrepreneurs and investors attended the meeting to learn about the recent changes to the Vermont Small Business Offering Exemption (VSCOE), which eases the regulatory process for Vermont businesses looking to raise capital.

**Insurance Division:**

Commissioner Susan Donegan met last week with representatives from the German reinsurance company Hannover Re while attending the International Association of Insurance Supervisors meeting. The international reinsurance sector is interested in learning more about Vermont's Legacy Insurance Management Act (LIMA). The Commissioner is arranging to give a formal presentation about LIMA to carriers during the next National Association of Insurance Commissioners' (NAIC) meeting in Washington, D.C. in December.

On a related note, the main proponent of the LIMA bill was given recognition recently by the Association of Insurance and Reinsurance Run-Off Companies (AIRROC). Anna Petropoulos, founder and president of Apetrop USA in Brattleboro, was named 2014 Person of the Year by the organization for her efforts that led to the adoption of LIMA. See attached announcement.



## **Anna Petropoulos Named AIRROC 2014 Person of the Year**

*New Jersey, October 20, 2014*

The Association of Insurance and Reinsurance Run-Off Companies (AIRROC) has named Anna Petropoulos, founder and president of Apetrop USA, Inc., as its 2014 Person of the Year. Anna is the 10th recipient of this annual award.

The award was presented to Petropoulos on October 20 at AIRROC's 10th annual Commutations and Networking Forum in New Brunswick, NJ. This award is presented each year to recognize those individuals who have had significant impact on the run-off industry.

Anna was chosen due to her role in the passage of the Legacy Insurance Management Act (LIMA) in Vermont in 2014. In presenting the award, Katherine Barker, AIRROC's co-chair, acknowledged Anna's persistence and creativity in working with Vermont on this legislation. "This award was created to recognize an individual each year that has done something notable in the legacy sector of the insurance industry, and there is no doubt that Anna and her work with Vermont exemplifies what the award is about," said Barker.

In remarks at the presentation, Petropoulos heralded the progressive insurance environment in Vermont, pointing out that long before passing LIMA, the state was known as the pioneer and leader in facilitating the creation of captive insurance companies, with more than 1000 such entities currently registered in the state. LIMA was signed into law on February 19, 2014 by Governor Peter Shumlin. LIMA continues Vermont's tradition of innovation and leadership in the insurance and financial sectors: the Act is the first U.S. legislation enabling the transfer of closed blocks of commercial insurance and reinsurance policies.

Apetrop USA is a Vermont-based company that specializes in consulting and advisory services to insurers, reinsurers and other investors and prospective investors related to the transfer and assumption of closed blocks of insurance and reinsurance business under Vermont's LIMA. A native of the United Kingdom, Petropoulos has an extensive background in the successful management of portfolio loss transfers and other types of accelerated closure. Before moving to the US, in 1999 Anna Petropoulos founded Apetrop Ltd. in London as a service provider to the insurance and reinsurance industry. She has more than 30 years' experience in the London and international markets working with risk carriers and brokers. Now merged into Aureus Asset Management Ltd., Apetrop Ltd. was at the forefront in the successful management of portfolio loss transfers, discontinued lines and accelerated closure. Earlier in her career Anna held positions with CNA in London, MFK Underwriting, Willis Faber Ltd, Scottish Lion Insurance Company and Sphere Drake Insurance Ltd.

AIRROC congratulates Anna on having the professional expertise and persistence to look ahead to identify new opportunities and take initiative in finding ways to craft potential solutions for the legacy industry. Butler Rubin Saltarelli and Boyd LLP sponsored the award.

The past recipients of the AIRROC award include: Karl Wall (2013); Robert Sherwood (2012); Gary Lee and Andrew Rothseid (2011); Mindy Kipness (2010); Barbara Murray (2009); Dan Schwartzmann (2008); Brian Snover (2007); Oliver Horbelt (2006); Paul Dassenko (2005).

AIRROC's mission is to promote and represent the common interests of insurance and reinsurance companies with legacy business. The Association's objectives include improving professional and managerial standards and practices and enhancing knowledge and communications within and outside of the run-off industry. [www.airroc.org](http://www.airroc.org)



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**CONFIDENTIAL AND PRIVILEGED  
MEMORANDUM**

TO: Governor Peter Shumlin  
FROM: Rebecca Holcombe, Secretary, Agency of Education  
SUBJECT: AOE Weekly Report  
DATE: October 31, 2014

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**Press Contacts:**

I spoke with:

- Kevin Kelley at Seven Days regarding the CESU vote.
- Christine Souders at ABC 22 regarding the Burlington School District's search for a superintendent.
- April Burbank of the Burlington Free Press regarding the Burlington School District and the relationships between school boards and administrators.
- Tried to follow up with Howard Wiess-Tisman at the Brattleboro Reformer. That may happen next week.

Jill Remick spoke with:

- David Corriveau of the Valley News regarding prekindergarten, specifically towns examining census data to assess surrounding areas where children ages 2 years and below, in an effort to anticipate PreK-enrollment.
- Andrew Ujifusa of Education Week spoke with Jill regarding an update on our SBAC testing contract (not announced publicly yet).
- Melissa Howell at WCAX spoke with Jill regarding Ebola and what information is going to schools. Jill directed them to the Health Department and the letter sent to schools October 22, 2014.
- Edward Barber, Newport Daily Express, about varied policies in his readership area regarding fingerprinting individuals entering the school building.

**Public Presentations/Speeches:**

Monday: Welcome at Vermont Association of Educational Office Professionals (VAEOP) Conference

Wednesday: Welcome at Barre City Elementary School Climate and culture event.

Thursday: Fourth Annual Rowland Foundation Conference for Vermont Educators –  
Conference, Kick-Off

Friday: VSA/VSBA Speech on “the way forward” (working on that still)

### **Meetings:**

Patrick Halladay re: BSD searches

### **Emerging Issues/Recent Events:**

#### ***Council of Independent Schools:***

There appear to be seven openings on this board. This is a difficult board, populated by some difficult people. With your permission, I would like to recruit some high quality people, starting with folk like the heads of Burr and Burton and TA, to see if they can join. I would also like to recommend we appoint a school board member from a town that tuitions its students to independent schools. I will prepare and send a list of possible names.

#### ***PBL Professional Development Grants***

The AOE received 32 SU/SD team applications for the Proficiency Based Learning professional development series. The agency will provide grant funding to these teams to participate in monthly work sessions designed to assist in the planning and implementation of proficiency based strategies in their schools. Each team will develop a deeper understanding of elements critical to successful proficiency based school systems and will create a three year implementation plan to guide their future work.

#### ***Education and the Workforce***

Deputy Secretary John Fischer participated in the recent Economic Development summit hosted by the Agency of Commerce at the UVM Davis Center. John spoke about the recent education initiatives of Act 77, Education Quality Standards, and the Priority Pathways initiative in the CEDS plan, relating the benefits to employers and the workforce.

#### ***2014 National PBIS Leadership Forum***

Carol Randall, Assistant Director of Integrated Support for Learning division, will be co-presenting with Steve Goodman at the 2014 National PBIS Leadership Forum in Chicago on October 29<sup>th</sup>. Their presentation is titled “Applying Implementation Science to State & District Level PBIS Systems.” Carol plans to include Vermont’s current work in braiding MTSS, SWIFT, PBIS and Continuous Improvement/School Effectiveness.

#### ***Early Childhood Webinar***

On Wednesday, October 29, 2014 Lynn Talamini , Pat Fitzsimmons and Kathy Renfrew offered a webinar called “Born Investigators! Young Children and the Next Generation

Science Standards.” The webinar was developed for an audience of early childhood educators, PK – Grade 2.

This was the first of two webinars. In this webinar the participants were introduced to the Framework for K-12 Science Education and the NGSS. The content was created to offer early childhood educators an opportunity to become aware of the Next Generation Science Standards and the research piece that preceded their development. Lynn Talamini is currently the preschool director/teacher at Cabot and previously she worked in Peacham. There were over 100 registrants and approximately 40 live participants. The webinar was recorded so others can access the information.

***JFK Elementary School Afterschool Yoga Story on WCAX***

Below is a short, fun WCAX news story that was shared with us by Barbara Russ, Director of Winooski 21st Century Community Learning Center. It is a great piece that shows the connection between body and mind happening afterschool in Winooski.

<http://www.wcax.com/story/27148905/yoga-for-little-ones-in-winooski>

Have a great weekend.

Rebecca

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**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Greg Smith, Executive Director, VT Lottery**  
**Date: Oct 31, 2014**  
**Re: Weekly Report**

**Status of Governor's Priorities:** .

Working on budget preparation.

**Legislative Issues/Contacts:**

none

**Press Issues/Releases/Contacts:**

none

**Significant Events/Meetings:**

none

**Evolving Issues:**

none

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**Summary of Key Agency Department Activity:**

Our whole staff is working on testing and training for new vending machines and games, with planned launch on Nov 16. Very involved project for us and gaming vendor. Machines are being delivered to the new agents this week and next, with training for the agents' staff beginning next week through the following week.

We are also beginning to design our new website with the chosen vendor, Charles Ryan Assoc from VA (no qualified proposals from VT firms). We expect to move our problem gambling website onto the state system early next year as well with assistance from DII.

I am in the midst of clarifying a broad FOIA request that the Lottery and our AAG feels is not a public record. We have made some progress with the requester in narrowing their language so we can respond with some of it. Our conversation by phone was cordial and helpful in understanding what is being asked for compared to what exists. They have asked every state and are getting various levels of cooperation due to each state's laws & contracts. I believe we will be offering them something close to what they want but at a price and date, causing them to make a decision. All responses will be reviewed by AAG before sending.

**Executive Director's Commentary:**

I will be on the road around VT over the next few weeks training new agents for problem gambling. I continue to talk with people as potential new Lottery commissioners. No luck just yet.

Good Luck Gov. in Tuesday election. My vote is already in.



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, October 31, 2014**  
**SUBJECT: VTrans - Confidential Report to the Governor**

**NOTES FOR GOVERNOR/ STAFF**

**Gold Brook Bridge Cracks**

The newly constructed bridge over the Gold Brook on Rt. 100 in Stowe has developed surface cracks on some precast beams. Our engineers have determined that they present no structural risk of failure but do bring into question the eventual lifespan of the bridge, which is designed for 75 years.

The precast bridge elements were manufactured at Carrara in East Middlebury and they have been involved, along with the contractor, in our continuing efforts to determine why these premature cracks have appeared. The "NEXT-F" beam design is being used as part of the Accelerated Bridge Program in Vermont and other states. The cracks have been sealed for now, but the investigation and monitoring will continue.

In the meantime, we will not close out the contract until at least next spring in order to take full advantage of provisions that provide for contractor fixes or liquidated damages, as needed, to ensure that we get what we are paying for. A public outreach effort is underway consistent with our desire to be transparent and proactive when addressing the deployment of new technology.

**ET-Plus Guardrail Ends**

Today is the deadline for the Trinity Co. to provide the FHWA with a detailed testing plan for these guardrail ends. Although on an approved product list, these parts have been questioned since a jury found the company deliberately withheld information from FHWA when they changed specifications in 2005. This product was used on the above-mentioned Gold Brook Bridge.

A total of 27 states have suspended the use of this product awaiting the new test results from the FHWA. One state, Virginia, has begun removing the product where it has been installed.

### **Spot Paving and Leveling on Rt. 242, Troy/Jay**

You will recall that a reclaim project on this very poor road has been delayed due to a Town of Jay sewer project. We pledged to Jay Peak that we would get them through the winter with some temporary fixes and that work was finished this past week.

### **Whitaker Files Public Access Suit Against VTrans**

Montpelier resident Stephen Whitaker has filed suit against VTrans in the Vermont Superior Court, Washington Unit, Civil Division, alleging that VTrans violated the public records law by improperly asserting that his request is too broad and by demanding that he pay impermissible fees totaling thousands of dollars for “subject matter experts” simply to locate the requested records. The dispute arises out of Whitaker’s request for 10 categories of records relating to telecommunications infrastructure. Assistant A.G. Michael Duane is defending VTrans and Burlington attorney Andy Montroll is representing Whitaker.

### **Hearing on Exit 16 Project Delayed**

The November 6 Act 250 site visits and merit hearing have been cancelled and will only be rescheduled when we can inform the District Coordinator that ANR has accepted the stormwater application as complete.

A few hours before the filing deadline VTrans received a comment letter from ANR/DEC which unexpectedly questioned VTrans’ stormwater analysis methodology. Since it was too late for us to revise our technical documents, we requested the District 4 Commission to delay action.

We believed that DEC was in agreement with our methodology for stormwater analysis and are working with them to ensure that we are on the same page as soon as possible. In the meantime, the challengers to our application, R.L.Vallee and Timberlake Associates, will get the extra time they were previously denied by the Commission.

### **Political Sign Controversy in the Islands**

State’s Attorney candidate Doug DiSabito filed a complaint with me that his opponent, write-in candidate David Miller, was in violation of the law by placing signs in the state right-of-way up and down Route 2 in Grand Isle County. This complaint was referred to our Operations Bureau, District 8, for investigation and appropriate action.

Nine signs were removed from the ROW: four of them were Miller’s and five DiSabito’s (who retrieved his signs at the North Hero garage without comment to district staff).

### **Road Swap in Clarendon**

A couple of years ago VTrans agreed to a swap of maintenance responsibilities with the Town of Clarendon. VTrans would maintain Airport Rd from VT 103 to the airport terminal entrance. The Town would take over a dead end portion of Vermont Route 7B. This was basically a hand shake deal until it could be finalized in the Legislature. We addressed this via the Transportation Bill in May 2013, and the transfer is now proceeding through our internal process.

At the same time, the Clarendon select board recently requested that we do some paving on Route 7B before they take it over. They submitted this request via letter to the Secretary's office, and have asked for us to commit to paving what will become the Town-controlled portion of 7B under the Class 2 paving program next construction season. The Town has agreed to pay the normal 20% share under that program (approximately \$15,000). Because the paving can't happen until next construction season, they've also asked for the Agency to commit to working with the Town on needed pothole patching from now through the time the road is paved.

We are comfortable with this request and will be issuing a letter of commitment accordingly so the Town can budget for their local share and we can proceed with the formal transfer.

### **St. Johnsbury Downtown Infrastructure Celebration**

Sue attended a downtown celebration of the "end of the road" on your behalf last weekend. The St. J community was celebrating that the project that had ripped up their downtown for nearly 3 years was ending, but was also appreciating local, state and federal investments into its town. It is noteworthy that this community has benefitted from state investments (downtown tax credits and VTrans grants), and federal USDA grants and loans, as well as local bonds to undertake major upgrades of its drinking water, wastewater, storm water, sidewalks and roads. St. J joins several other VT Towns that are on a "comeback" under your administration. These generational upgrades of critical infrastructure are providing a facelift and, more importantly, are modernizing the essential systems for private sector investment that will come next.

**Privileged and Confidential**  
**Memorandum**

**To:** Peter E. Shumlin, Governor  
**From:** Harry L. Chen, M.D., Acting Secretary of Human Services  
**Re:** AHS Weekly Report  
**Date:** October 31, 2014

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**Highlights:**

**VDH:**

Heroin Overdoses Reported	pg. 2
Board Discussion of Proposed Interstate Compact for Medical Licensure	pg. 2
Oral Health Survey Report	pg. 3

**DMH:**

Vermont Psychiatric Care Hospital (VPCH) Acuity Levels Remain High	pg. 3
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**DOC:**

Bess O'Brien Proposal on Inmates Struggling with Addiction	pg. 4
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**DCF:**

Vermont Ranks 4 <sup>th</sup> in the Nation for Afterschool Programs that Keep Kids Safe, Inspire Learners, and Supports Working Families	pg. 5
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**DVHA:**

Accountable Care Organizations (ACO) Update	pg. 6
Home Health Provider Tax Issue	pg. 6
Access to Adult Dental Services	pg. 7

**Secretary's Message**

Acting Secretary, Dr. Harry Chen, is out of the office from Thursday, October 23, 2014 until Friday, October 31, 2014. He will return to the office on Monday, November 3, 2014.

Vermont Health Connect asked for additional staff to volunteer to assist with manually processing of the more than 25,000 renewal requests anticipated between 11/15 and 12/15. The request was distributed to all AHS. The minimum request was for 75 staff for 32 hours/week. The response so far has been encouraging. DCF and DVHA each identified enough staff to meet this minimum requirement, and staff in other departments as well as AHS Central Office are also volunteering. Training will be provided and commitment to work a minimum of 8 hours a week for 4 weeks is requested of participating staff. The more State staff we have performing this work, the less work we will send to the contractor, saving money and also increasing efficiency, accuracy and customer service. A volunteer working beyond their normal work hours will be paid overtime, which is proving to be very productive in encouraging participation. AHS is excited by this opportunity to bring staff together from across the Agency to support this critical mission

**Vermont Department of Health (VDH)**

**Heroin Overdoses Reported**

The Health Department received reports of three heroin overdoses in the past month, two from Washington County and one from Orange County. Two individuals were connected to hubs and one was in addictions treatment for substances outside of heroin.

#### Prescription Drug Misuse Prevention Community Toolkit Released

On October 29 the Health Department conducted a webinar on the Community Prescription Drug Misuse Prevention toolkit. This project is intended to:

- raise awareness about the prevention of prescription drug misuse among youth
- promote safe storage on prescription drugs in the home
- promote proper disposal and how to locate permanent disposal locations in Vermont

#### Federal Commission to Eliminate Child Abuse and Neglect Fatalities

On October 23, Dr. Breena Homes presented to the federal Commission to Eliminate Child Abuse and Neglect Fatalities. Dr. Holmes presented on the Health Department's public health primary prevention programs such as, Strengthening Families, Nurse Family Partnership home visiting, Help Me Grow and preventive services according to Bright Futures. The Commission held hearings in Burlington as part of its tour of selected states to gather information to prepare a report of findings and recommendations.

#### Medical Licensing Matter Scheduled for Supreme Court Argument

In July 2014, the Board of Medical Practice denied a request from former licensee Stephanie Taylor to modify an order issued by the Board in 2005 and remains in effect. The case currently before the Supreme Court is an appeal of the Board's decision in July 2014, that it would not remove the conditions from the standing order that prevent her from applying for licensure. The matter has been scheduled for oral argument on November 19, 2014.

#### Board Discussion of Proposed Interstate Compact for Medical Licensure

At its November 5 meeting, the Medical Practice Board will continue discussion of the proposed Interstate Compact for Medical Licensure. The Compact would establish a streamlined pathway to physician licensure among participating states. It is anticipated the Board will vote on a position of whether to recommend adoption of the Compact by the Vermont General Assembly.

#### Two-Year Grant Received for Immunization Registry

The Health Department received a \$489,169 two-year grant from CDC, to integrate the CDC's Vaccine Tracking System (VTrckS) with the Vermont Immunization Registry (IMR). Currently, health care providers are required to use the web-based VTrckS to place, track and manage vaccines, and are also required to report immunizations to the IMR. The new system will reduce provider time required and provide additional summary information for each practice.

#### Lodging Regulations

The Health Department is updating the regulations for lodging sanitation. Staff met with AHS stakeholders to identify challenges to long-term stay lodging associated with emergency housing/general assistance, and potential solutions for inclusion in the proposed regulations.

#### Radiological Applications

Health Department staff has been working with the Conference of Radiation Control Program Directors and federal agencies to develop RadResponder, a web application for logging and mapping radiological emergency data in real time. On October 30, Vermont will join other states across the country to test RadResponder on a simulated nuclear device detonation.

#### Oral Health Survey Report

The 2013-2014 *Keep Smiling Vermont* oral health survey report is now available on the Health Department's website. Key findings indicate that Vermont's oral health programs are working; however, there are significant oral health disparities, with low-income and minority children having the highest level of decay and the lowest level of dental sealants.

#### **Department of Mental Health (DMH)**

##### **Vermont Psychiatric Care Hospital (VPCH) Acuity Levels Remain High**

Acuity levels remain high at VPCH. Current inpatient census is 20 with three patients on continuous 1:1 observation. All four units are now operational and they continue to strive towards opening additional beds. There are currently 3 individuals (2 adults and 1 minor) on Emergency Examination status in ED's and 1 individual waiting in DOC based on a court ordered inpatient evaluation. Of the number waiting, the three adults will likely require Level I beds based on current clinical presentations.

##### **Lamoille County Sheriff's Department in Competing Requirements for Sheriff's Coverage**

Roger Marcoux notified DMH they are in the midst of competing requirements for sheriff's coverage for the next 21 days. They are being asked to cover both the FairPoint strike and individual supervision for the individual back from West Africa and under voluntary quarantine. Their availability to provide emergency room supervision will be compromised as a result should they be called for coverage over the next several days to weeks. They remain vested in being able to respond as much as possible when called, but have these current additional demands that will limit their ability to say "yes" for the foreseeable future.

#### Emergency Evaluations

Second certifications are set to be done electronically by a psychiatrist from VPCH starting November 1<sup>st</sup>. This procedure for 2<sup>nd</sup> certification will be used when a person is being held in an Emergency Department for more than 24-hours and a psychiatrist is not available at the facility.

#### **Department of Disabilities, Aging and Independent Living (DAIL)**

##### **Rutland Shared Living Provider Hires Attorney to Protest Decision Not to Place DS Consumers with Her**

Cindy Lou Grant has retained the law offices of Martin and Associates in Barre to determine basis of DAIL's decision not to place DS consumers with her. DAIL will respond, as Ms. Grant is well aware, she is under investigation of a critical incident involving serious harm to a mental health consumer and DAIL is awaiting the outcome to determine if her home is safe and she is providing a quality service.

#### HIPPA Violation by DAIL Employee

The Division of Licensing and Protection has self-reported a HIPAA violation to CMS (Centers for Medicare and Medicaid Services) committed by a staff member. This staff person, JL, sent survey statements with patient information to the wrong facilities. The facilities have been contacted and asked to destroy the materials received. The violation is also being reported to our internal compliance monitor, Martha Csala.



## Department of Corrections (DOC)

### WCAX/NECN

NECN featured a story this week on the new Medication Assisted Treatment (MAT) program beginning this month at both the Chittenden and St. Albans facilities. WCAX is running two stories:

1. They ran an update on the escape in Windsor and changes DOC is making regarding the population housed there. This facility was built as a minimum security plant and has been operated mostly as a work camp. As the work camp population within Corrections has fallen (along with the general overall population drop in incarcerated individuals), the DOC has moved to a hybrid population in Windsor. This is allowed in statute. The DOC is looking to house persons in Windsor who are in jail awaiting release and housing options. This population switch will occur over the next few months.
2. WCAX is running a story on our contraband efforts and use of VSP's K9 units.

### Two RFP's

The DOC spends more than \$30 million on two major contracts, medical services for inmates (Start date is February 1, 2015, current spending is roughly \$20M) and out of state housing (Start date is July 1, 2015, current spending is roughly \$12m). This represents about 20% of the DOC's overall budget. Both of those contracts have been out to bid in the last few months and we have received multiple bids back on each. We are currently evaluating each and trying to understand the potential budget implication of each. We should know better within a few weeks, after the evaluation processes are complete.

### Bess O'Brien Proposal on Inmates Struggling with Addiction

Bess O'Brien approached the DOC with the following proposal to branch off of her recent film on addiction. She would like to reach out to people incarcerated and work with them on their struggle with addiction. She presented the DOC with the following proposal and we are researching to see if it is an appropriate use for Inmate Recreation Funding:

**Proposal: Kingdom County Productions is requesting a \$25,000 grant from the Vermont Department of Corrections to support a series of *Writers for Recovery* Workshops in two correctional facilities and three Recovery Centers in Vermont.**

*Writers for Recovery* is a series of writing workshops focused on stories of addiction and recovery. Participants write about their personal stories of struggle, perseverance, moments of doubt and inspiration and the slow but steady work of renewal and healing from addiction. Workshops include creative writing, poetry, non-fiction, and even some humor!

Bess O'Brien will produce and help teach (along with other professional writers) five workshops during 2015. Guest appearances by published writers will also be included. Workshops will run for ten weeks and will be at the following sites:

- St. Johnsbury Correctional Center
- Newport Correctional Center
- Barre Turning Point Recovery Center
- St. Johnsbury Recovery Center
- Brattleboro Recovery Center

### Population

The department's incarcerated population averaged 2077 for the previous week. The incarcerated male population averaged 1920 with 337 presentenced inmates. The female population averaged 157 for the previous week with 39 presentenced inmates.

### **Department for Children and Families (DCF)**

#### **Vermont Ranks 4<sup>th</sup> in the Nation for Afterschool Programs that Keep Kids Safe, Inspire Learners, and Supports Working Families**

A new nationwide report released by the Afterschool Alliance ranks Vermont as 4<sup>th</sup> in the nation for afterschool programming. The *America After 3PM* report is based on a comprehensive survey commissioned by the Afterschool Alliance and was conducted by Shugoll Research. It highlights the progress Vermont has made over the past decade in providing quality afterschool programs. These programs play an essential role in communities throughout Vermont by keeping children and youth safe, inspiring them to learn, and supporting working families between the hours of 3 and 6 p.m.

*America After 3PM* is the most in-depth look at how children spend their time after school, the supply and demand of programs, and parents' perspectives on the role of afterschool programs. The 2014 report ranks Vermont as one of the top ten states based in part on high levels of parent satisfaction with their child's afterschool program (95%) and strong levels of support for public funding for these programs (88%). However rising levels of unmet demand continue to be of concern in Vermont. The 2014 report shows that only 24% percent of Vermont's children, grades K-12, are currently enrolled in afterschool programs. Of those children not currently in programs, 33% would participate if an afterschool program were available.

### **Department of Vermont Health Access (DVHA)**

#### **Cigna payments for Blueprint Community Health Teams**

Cigna continues to advocate for a reduction in its allocation of community health team costs retroactive to January 1, 2014 due to the loss of the state employee's health plan. BCBS is not opposed to an increase in its allocation, but does not feel such a change can be made without approval through a rate review process. Cigna has stated it will be up to date with payments owed under its current contract by this week as they had previously been withholding payments. A discussion with internal health care leadership is scheduled for Thursday October 30<sup>th</sup>.

### **MMIS Program Update**

- The Pharmacy Benefit Management remains on target for Goold Health Systems to implement their solution on 1/1/2015
- The Care Management Procurement Review Team (PRT) completed reviews of proposals, had their "short-list" discussion and are proceeding with reference check calls on the finalists. Preparations for vendor Orals/Demos are underway and hope to have a vendor of choice selected near the 3<sup>rd</sup> week of December.
- The Core/Contact Center MMIS Procurement Review Team (PRT) completed reviews of proposals, had their "short-list" discussion and are proceeding with reference check calls on the finalists. Preparations for vendor Orals/Demos are underway and hope to have a vendor of choice selected near the end of December.

### Verification and Renewal Process Update

Vermont has been in conversations with CMS about verification and renewal processes since July. We received initial, verbal approval from CMS to reinstate approx. 14,000 individuals with Medicaid who had been terminated for failure to renew during the months of April, May and June. We also received verbal approval to temporarily delay future renewals until a final verification and renewal process had been approved. Vermont has submitted draft plans that address strategies for both Medicaid and QHP verifications and renewals in the Legacy and Vermont Health Connect (VHC) systems; however, we have not yet received a definitive answer from CMS regarding our plans, some of which require CMS approved waivers to remain in compliance.

An informal conversation with CMS on Wednesday revealed that they are continuing to discuss our proposals, however, they are having difficulty with the part of our plan that would set a new precedent by delaying legacy renewals a full 24 months until April 2014. The CMS representative was clear that they understand Vermont has no choice but to continue moving forward with operations under our current plan while pending CMS decisions, thereby providing tacit approval of moving forward as we must.

We are taking an additional look at our legacy renewals to see if there are steps we can take to avoid the precedent that CMS is reluctant to set. The focus of our plans will be to identify and process renewals for any Vermonter at risk of exceeding the threshold of no renewal within a 24-month period. We expect that CMS will continue to delay any response that could negatively impact our current operational plans.

### Accountable Care Organizations (ACO) Update

The ACO Year 2 Total Cost of Care optional track letter was mailed out to One Care Vermont and Community Health Accountable Care (CHAC) on October 17<sup>th</sup>. Should the Accountable Care Organizations (ACO's) decide to accept the additional categories of cost (pharmacy and non-emergency medical transportation), they will increase their shared savings rate from 50% to 60%. The ACOs have until November 17<sup>th</sup> to respond with their decision. DVHA is also preparing for negotiations on year 2 contract changes with the ACO's participating in the Medicaid Shared Savings program. DVHA will ensure collaboration with AHS partners in these negotiations, which will include an update to the care models language that caused concern previously.

### Health Care Advocate contract amendment

Vermont Health Care Innovation Project (VHCIP) staff is currently preparing a draft version of modifications to the Health Care Advocate Office's contract. This draft is being prepared for two reasons:

1. The Advocate has recently been awarded a federal grant, and thus will need to incorporate the new federal guidance for grant recipients; and
2. To incorporate reporting and accountability methodology into that contract with the Agency of Administration. These modifications will be directly aligned with the duties and authorities of the Health Care Advocate's office set forth by the legislature in 18 V.S.A. § 9603.

### Home Health Provider Tax Issue

DVHA has been contacted about a provider tax concern by the Rutland home health agency (RAVNAH). This concern stems from the RAVNAH's purchase of VNA, Hospice of Southwestern Vermont Health Care and Home Health. As a result of the sale, questions are raised as to which organization is responsible for the home health provider tax assessment due. DVHA's general counsel

is preparing a response to both organizations describing the Department's perspective on responsibility for the tax due.

#### Access to Adult Dental Services

Due to transitions in coverage related to the implementation of the Affordable Care Act, over 40,000 Vermont adults have gained access to a partial dental benefit through enrollment in Medicaid. Dentists have expressed this transition is causing significant pressure on their practices with new patients seeking services and patients that previously were self-pay, transitioning to Medicaid reimbursement rates. Many dentists are expressing concern about their willingness and/or ability to remain Medicaid providers if provider rates are not changed or other pressures on practices are addressed.

116 STATE STREET  
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Chuck Ross, SECRETARY

STATE OF VERMONT  
AGENCY OF AGRICULTURE

**Confidential and Privileged**

**TO:** Gov. Peter Shumlin  
**FROM:** Chuck Ross, Secretary of Agriculture  
**RE:** Weekly Memo  
**DATE:** October 31, 2014

**Secretary's Top Issues**

**Removal of whitetail deer in Bennington**

State Veterinarian, Kristin Haas, worked collaboratively this week with VT Fish and Wildlife and USDA Wildlife Services to ensure that four whitetail deer housed at the Vermont Veterans' Home in Bennington were removed in anticipation of the arrival of 23 fallow deer from a property in Putney Vermont. VAAFM permitted this intrastate movement. The whitetail deer that were removed will be tested for Chronic Wasting Disease in accordance with state and federal rules, and the new fallow deer are expected to arrive in Bennington on October 30<sup>th</sup>.

**Tracebacks on dog shipments**

Animal health is working with New England state animal health officials to perform tracebacks on a shipment of dogs from the south that were adopted out to various owners or shelters in New England. Dogs that were reportedly destined to Vermont actually ended up in other states, indicating their import paperwork was incorrect and that the rescue organizations deliberately violated state import requirements. This has been a continuous problem for years and Vermont often becomes involved because our import regulations for dogs are fairly lax compared to other states.

**No media inquiries after raw milk communication with Rural Vermont**

The Agency has received no media inquiries after sending to Rural Vermont the Secretary's decision in response to the petition that the organization filed related to the raw milk compliance policy. A meeting to discuss the issue with Rural Vermont has been scheduled for November 4<sup>th</sup>.

**Non-compliant cervid producers in the Rutland area**

Animal Health is issuing a Final Order on two counts and a notice for a hearing on a third count of continuing violation to a non-compliant cervid producer in the Rutland area.

**Letters of Intent for WLEB received**

The Capital and Infrastructure Letters of Intent were due on October, 29<sup>th</sup>, 2014. We received 33 letters of intent, for a total ask from WLEB of \$1,817,633. We received 26 from agriculture, and 7 from forestry/forest products. The Service Provider Letters of Intent are due November 12<sup>th</sup>, 2014, and the full Enterprise Applications are due on November 19<sup>th</sup>, 2014.

**33 postcards received in support of Working Lands Fund**

The Agency of Agriculture has received 33 individualized postcards in support of a \$1.5 million appropriation to the Working Lands Enterprise Fund. We have also received a number of phone calls.

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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:** October 31, 2014

**Status of Governor's Priorities:**

**Jobs in Agriculture**

Food Safety and Consumer Protection Director, Kristin Haas, worked with HR this week to post a temporary program services clerk open position for the Division. It is expected that this employee will provide data entry and management services in support of the new dairy database and the regional Secure Milk Supply initiative led by Vermont. The posting is pending JFO approval of the funding source and approval by Deputy Secretary Bothfeld.

**Legislative Activities and Issues**

State Veterinarian, Kristin Haas, received a phone call this week from Representative Alison Clarkson regarding the VSNIP program. She was inquiring as to the status of the program after receiving multiple phone calls from constituents who are in support of VSNIP. Dr. Haas referred her the AHS for more information as that agency has overseen the VSNIP program for multiple years.

**Press**

The Agency has received no media inquiries after sending to Rural Vermont the Secretary's decision in response to the petition that the organization filed related to the raw milk compliance policy. A meeting to discuss the issue with Rural Vermont has been scheduled for November 4<sup>th</sup>.

Business Development Administrator Chelsea Bardot Lewis and Senior Market Development Specialist Reg Godin were featured in a VPR story on the Agency's efforts to create a Vermont Marketplace at the new Boston Public Market. The Agency has heard from many Vermont farms who are interested in offering their products for sale at the market. We are currently working to identify a contractor who will oversee management and logistics of the market space.

**Significant Events/Meetings:**

- Henry Marckres, Chief, Consumer Protection represented the Agency at the annual meetings of the North American Maple Syrup Council and the International Maple Syrup Institute (IMSI) on October 21 – 23 in Wolfville, Nova Scotia. Henry participated in a panel on the new grading system, served as a judge in the maple contest, and serves on the research committee of NAMSC. Henry was also the recipient of the Lynn Reynolds Award for Leadership from the IMSI at the closing banquet.
- Henry Marckres, Chief, Consumer Protection, met with representatives from NOFA – Vermont to review maple inspection criteria on Wednesday.
- Animal Health worked with the Business Office to complete and submit second quarter reports for three USDA cooperative agreements. Staff met with Financial Director to review and reconcile spending for the agreements and plan for the next two quarters. The indirect rate has greatly increased for the cooperative agreements, requiring adjustments in spending as the funds decrease at a much faster rate.



- Animal health is working with New England state animal health officials to perform tracebacks on a shipment of dogs from the south that were adopted out to various owners or shelters in New England – one of the dogs on the transport fell ill with parvo and the purpose of the tracebacks is to make sure the adopters are aware of the situation. What we are finding is that certain dogs that were reportedly destined to Vermont actually ended up in other states, indicating their import paperwork was incorrect and that the rescue organizations deliberately violated state import requirements. This has been a continuous problem for years and Vermont often becomes involved because our import regulations for dogs are fairly lax compared to other states.
- Animal Health program staff met in the Montpelier office and worked with the Administrative Assistant in the USAHerds database to develop a protocol for mapping farms with poultry in the event of a foreign animal disease outbreak. The database is able to map, based on species, farms surrounding an index herd.
- Assistant State Veterinarian worked with the Agricultural Development Division to plan the upcoming FDA Food Safety Modernization Act listening session. Tasks included communication with FDA, drafting a press release and invites to targeted individuals and groups, coordinating co-sponsorship with Northeast Association of State Departments of Agriculture and planning the agenda and other meetings with the FDA contingency.

### **Evolving Issues:**

- Animal Health field staff continued to work with a non-compliant cervid producer in the South Royalton area – assisted the producer in catching 7 deer and applying official tags.
- Animal Health is issuing a Final Order on two counts and a notice for a hearing on a third count of continuing violation to a non-compliant cervid producer in the Rutland area.
- State Veterinarian, Kristin Haas, worked collaboratively this week with VT Fish and Wildlife and USDA Wildlife Services to ensure that four whitetail deer housed at the Vermont Veterans' Home in Bennington were removed in anticipation of the arrival of 23 fallow deer from a property in Putney Vermont. VAAFM permitted this intrastate movement. The whitetail deer that were removed will be tested for Chronic Wasting Disease in accordance with state and federal rules, and the new fallow deer are expected to arrive in Bennington on October 30<sup>th</sup>.
- State Veterinarian, Kristin Haas, received an inquiry this week from a Vermonter located in Morrisville who is interested in starting a fox/mink farm for purposes of breeding and selling the animals and selling their pelts. Although 10 V.S.A. gives VT Fish and Wildlife authority to permit the possession of these animals, also known as “domestic fur bearing animals”, 6 V.S.A. specifically exempts the owners of fur bearing animals from F&W regulation and puts them under the sole authority of VAAFM. Further inter-agency discussions on this topic are planned prior to providing feedback to the caller.
- The Consumer Protection division of VAAFM, in consultation with the Division Director and the VAAFM Financial Director, completed a review and revision of its fee for service structure. In consideration of increased salaries of the section's inspectors and addition of the Agency's approved indirect rate, many of these fees will be increased starting January 1, 2015. As examples, the hourly inspector rate for industry-requested non-mandatory services will increase from \$40.00/hr to \$55.00/hr, the per-hydrometer calibration fee will increase from \$2.50/hydrometer to \$2.75 per hydrometer, and the bulk syrup grading fee will increase from \$4.00/barrel to \$5.00 per barrel. The revenue generated by offering these services is used to offset the personnel and operating costs of running the programs and decrease reliance on the General Fund.

### **Summary of Key agency Department Activity**

#### **Agricultural Development:**

Senior Agricultural Development Coordinator Alex DePillis spoke at the BioCycle East Coast conference, and announced two recently issued requests for proposal. The talk, entitled “Can We Afford to Put Food Scraps Into Dairy Manure Anaerobic Digesters? Feedstock Impacts on Utilization of Separated Solids”, covered the questions surrounding animal and human health risks of using one-farm anaerobic digesters (“biodigesters”) to handle food waste. In addition to or instead of composting, farmers who own digesters could decide to take food waste. This option occurs within the context

of the Act 148 mandates. The RFPs (<http://www.vermontbusinessregistry.com/BidPreview.aspx?BidID=11118> and <http://www.vermontbusinessregistry.com/BidPreview.aspx?BidID=11117>) both seeks to eliminate uncertainty and open the path to “Cow Power 2.0” in Vermont. One RFP solicits proposals to address the food-scrap question, the other is for GIS services to identify the best locations for digesters.

### **The Working Lands Enterprise Initiative:**

The Capital and Infrastructure Letters of Intent were due on October, 29<sup>th</sup>, 2014. We received 33 letters of intent, for a total ask from WLEB of \$1,817,633. We received 26 from agriculture, and 7 from forestry/forest products. The Service Provider Letters of Intent are due November 12th, 2014, and the full Enterprise Applications are due on November 19th, 2014.

The Capital and Infrastructure area grants range from \$15,000 - \$75,000, for Vermont agricultural and/or forestry & forest products based businesses for capital investments that will increase operational capacity and have an impact beyond their immediate business or organization. Eligible activities include, but are not limited to: specialized personnel, access to land (acquisition or easements); building and equipment costs (e.g., processing, storage, distribution); long-term working capital, information technology; farm or forest based renewable energy business expansion; and other collaborative ventures that build capacity within the supply chain, open new markets, and/or create a replicable, innovative model.

### **Food Safety and Animal Health and Consumer Protection:**

#### **Consumer Protection:**

##### C-RMAP Training

From October 19-24 I attended the Combined Regional Measurement Assurance Program (C-RMAP) training in St. Louis Missouri. Once every 5 years all regions combine and participate in one national training session. Over 100 metrologists and W&M Lab staff from around the country were present. Also in attendance were numerous trade companies including Sartorius, Mettler Toledo, and Rice Lake. The trainings were in 4 hour concurrent blocks. I attended sessions on : The Certification Process, Managing Lab Data, Mass Uncertainties, Proficiency Testing Statistics, Quality Management Systems, Statistics top Questions and Answers, Water Purifications Systems. In addition I attended sessions on the Office of Weights and Measures (NIST) updates, our NE Regional Meeting, and Trade Presentations.

A number of top NIST personnel provided the training including the NIST Chief of the lab programs and several NIST statisticians. I and several other attendees received a certificate of appreciation for coordinating our regional proficiency test. The training also allowed networking with lab personnel from around the country to engage on different management and business models and consider what might work for or improve or own program. The trainings address technical, managerial, and leadership issues.

##### NEWMA

On October 15th and 16<sup>th</sup> I attended the interim Northeastern Weights and Measures Association meeting held in Norwich CT. I serve on the Professional Development Committee. The meeting is an opportunity for delegates from the NE to have representation regarding W&M issues. This is the process where Laws and Regulations are changed or added to the Handbooks that VT adopts by reference. Several subjects are a top priority especially as it relates to alternative fuels. This will only become more relevant as time passes and these fuels become more mainstream. Subject matter such as Gallon Equivalent Units as it relates to CNG (Compressed Natural Gas) was discussed and voted on. Our Agency received numerous letters from the Governor’s office in June in regard to this issue. As I had attended some of these sessions in May I had the background to respond.

#### **Meat Inspection:**

- Spoke with individual looking for a place to process ducks under inspection for next season – relayed contacts for inspected facilities in VT.
- Due diligence completed for active permit verifications with ANR for wastewater and Act 250 permits issued to Champlain Valley Meats in Grand Isle to open as custom slaughter and processing operation in November. Plans are to reinstate state inspection at the facility early next year.
- Milton slaughter and processing facility is submitting their Food Safety HACCP plan as the next step before inaugurating state inspection at that facility. They will also be submitting the written Humane Handling plan as required by state law.
- Doing follow-up inspection at an exempt poultry operation in Dorset VT today. Establishments slaughter and processing areas were rejected for unsanitary conditions.

- The two new Food Safety Specialists will be attending the Federal Livestock Slaughter training in Indiana all next week.

### **Animal Health:**

- The Animal Health section issued two Letters of Warning this week related to the illegal importation of two Jersey oxen. The case was referred to VAAFM by USDA following a federal investigation into allegations of the illegal imports. The illegal activities were confirmed and are in violation of VAAFM import rules as well as the federal Animal Disease Traceability rule. Future violations by the same individuals will result in the issuance of Notices of Violation.
- State Veterinarian, Kristin Haas, was informed this week of the movement of a horse from NY to VT that was potentially infected with Equine Herpes Myeloencephalopathy, a contagious and reportable disease in VT. The horse was euthanized by the owner, and the other horses on the same property are not exhibiting any abnormal clinical signs. The animal health section will be following up again with this owner, who operates as a horse dealer under a long standing MOU issued by the Agency. The terms of this agreement need to be revisited, and a meeting to discuss will take place in January 2015.

### **Animal Health Staff:**

- Communicated with the Windham County Sheriff Department regarding deer transport to a new facility and also coordinated activity with the veterinarian who will be providing health care and applying official identification.
- Communicated with Rutland County Humane Society regarding escaped pigs and provided suggestions as to how to wrangle them.
- Completed an inspection at the Cambridge Livestock Sales and monitored the sale for animal disease traceability compliance. Vermont dealers are present at this sale and the Agency's presence at the auction ensure their compliance with Vermont import rules and the
- Met with a cervid producer that is attempting to come into compliance – planned a date to dart deer and complete the required herd inventory.
- Met with an Addison County veterinarian who is providing free-martin detection training to Addison County Commission Sale employee.
- Completed paperwork for submission of two tissue residue investigations and will initiate a third case next week.
- Completed Avian Influenza and Pullorum testing for a flock in Northfield.
- Provided traceability supplies to a dealer in Franklin County.
- Met with Empire Livestock to review animal disease traceability information and monitored the NFO livestock transfer facility for ADT compliance.

### **Agricultural Resource Management:**

VAAFM a new water quality engineer, Ally Allen who started October 20<sup>th</sup>. Prior to transferring to the Agency, Ally worked for the Agency of Transportation Construction and Materials Bureau in Berlin. She graduated from Norwich University in 2010 and is from Chelsea. She will be working with farmers to design and construct manure structure; control runoff from silage bunks, barnyards, and compost/mortality piles; and wastewater from milking, creamery and slaughter operations, and other less-than-glamorous aspects of agriculture.

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

- Staff conducted BMP site visits on a MFO in Addison county and two LFO facilities (also in Addison County) to evaluate conservation practices the farms are currently working on to improve water quality.
- Staff are continuing to work with the Attorney General's Office in relation to a case involving two MFOs in Orleans County. This has involved preparing an affidavit.
- Staff are continuing to draft a responsiveness summary related to a public information meeting held for a LFO in Addison County that has requested a permit amendment which would allow the farm to construct additional animal housing and increase their herd size.
- Staff are drafting inspection reports and memos for complaint investigations, enforcement actions and ongoing inspections.

- Staff are working with ARM Division engineering staff to assist with development and implementation of BMPs on several MFOs and LFOs.
- Staff have been processing grants and payments from farms for winter cover cropping and manure injection through the Farm Agronomic Practices (FAP) Program.
- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation. Secretary Ross recently signed a LFO permit for a MFO that is increasing herd size which required the farm to apply for a LFO permit.
- Staff are continuing to work on the water quality section of the new water quality database.
- Staff participated in reviewing and ranking responses to the RFP for a grants management database. Two finalists were selected as an outcome of the ranking and review process.

#### **Conservation Reserve Enhancement Program (CREP):**

- Staff continued work on conservation plans and contract documents for CREP projects.
- Staff attended a joint enforcement meeting held by AAFFM, ANR and the AG's office.
- Staff attended the signing of a CREP contract/state agreement with SFO at FSA office in Williston. Staff also presented a project to the FSA county committee and received approval to proceed.
- Met with FSA and UVM Extension staff to compile data and discuss the strategy used in requesting increased Soil Rental Rates for CREP in VT to the FSA national office.
- Staff met with NRCS and Partners for Fish and Wildlife staff to strategize and plan for in person/hand delivery of USDA letters to landowners with CREP contracts with an invasive plant mistakenly planted as part of their forested buffer practice. These plants were supplied by nurseries to contractors as native Alder. The USDA is covering 100% of the costs of eradicating these plants from all sites, including follow up treatments, if necessary. Replacement shrubs will also be planted where the removal of the invasive plant compromises the functions and values of the buffer.

#### **Secretary's Comments:**

##### **Meetings:**

- Dean Doug Langtange, UVM Extension, Burlington: monthly meeting reviewed collaboration and joint interests relating to dairy, water quality, food safety and Farm To Plate work of Extension and VAAFM
- Climate Cabinet, National Life , Montpelier: participated in meeting where VT role in White House Initiative was discussed, reviewed strategies and discussed need for high level interagency review and coordination of funding opportunities for state
- Farm to School (FTS) Strategic Planning, Shelburne: VAAFM worked with other partners from Farm to School Community, especially VT FEED, to outline a system analysis plan for the future of FTS; critical initiative given budget cuts for FTS, Vermont's national leadership role, FTS's importance to food movement in VT and job creation; partners outlined system and identified plans for future and committed to meet for purposes of pursuing actions outlined over two days
- College of Agricultural and Life Sciences Board meeting, UVM: participated in meeting with CALS advisory meeting discussing future directions of CALS and its role and collaboration with other aspects of UVM and Vermont ag community
- St. Albans Coop, phone conference: discussed labor negotiations and other challenges facing Coop; reviewed topics for meeting with St. Albans Board on Monday; meeting will focus on upcoming sign up for Margin Protection Plan for dairy farmers and water quality and other issues facing the dairy community and the need for the industry to engage on these issues, especially water quality.

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Deborah L. Markowitz  
Agency Secretary

Justin G. Johnson  
Deputy Secretary

**State of Vermont  
Agency of Natural Resources**

**CONFIDENTIAL and PRIVILEGED**

**To: Governor Peter Shumlin**  
**From: Deborah Markowitz, Secretary, Agency of Natural Resources**  
**Date: October 31, 2014**  
**Subject: ANR Weekly Report**

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**EVERYTHING ELSE:**

**Legislative Issues/Testimony:**

**Gillett Pond Dam (Richmond):** The Friends of Gillett Pond and their legislative delegation (Rep. Rebecca Ellis, Rep. Tom Stevens, Rep. Anne O'Brien, Sen. Chris Bray, Sen. Claire Ayer) will soon meet with DEC and FPR to discuss the process surrounding the application to remove the Gillett Pond Dam. The group is opposed to the removal of the dam for recreational reasons, and has been exploring options to acquire the property so it can replace the dam and preserve the pond. Although the dam is classified as low hazard, it is in poor condition and an application to remove it has been submitted to the Department by the current owner, Girl Scouts of the Green and White Mountains. The Department's interest is to see the dam either replaced or removed.

**Press Issues/Releases:**

**Fish and Wildlife Releases: Guilmette Fishing Access Area Closed for Improvements:** The fishing area will be closed for a minimum of two months while planned upgrades are underway;  
**Young Hunters Encouraged to participate (and Report) in Youth Deer Hunt Nov 8 and 9;**  
**and Orange is the New Camouflage for VT Hunters.**

**Snyder on Vermont Public Radio:** Commissioner Snyder was a guest on VPR's "Vermont Edition" for a story about Vermont's family-owned forests: <http://digital.vpr.net/post/vermont-s-family-owned-forests>.

### **Significant Events/Meetings:**

**Ebola:** DEC and DOH have worked together to determine how to handle Ebola wastes. Ebola waste materials will be transported by a regulated medical waste hauler to an out-of-state location for incineration. DOH is working with Fletcher Allen and Dartmouth Hitchcock hospitals, designated treatment sites for Ebola cases, to ensure that procedures for waste handling are consistent with State and Federal regulations. The Department of Motor Vehicles and Agency of Transportation have also been notified. As Ebola can only survive in water a few minutes, there are currently no recommendations to change how water/wastewater is now handled in the state.

**Wolcott Pond Use of Public Waters Petition Decision:** DEC denied Friends of Wolcott Pond's petition to prohibit internal combustion motors from the pond. DEC found that enforcement of the existing 5 mph speed limit is the preferred solution to the noise and swimmer safety issues raised by the petitioners, as the risks only exist when motorboats violate the speed limit. The Friends of Wolcott Pond's petition also cited pollution concerns. DEC is unaware of any water quality issues or impairments associated with Wolcott Pond. Continued enforcement of existing water quality regulatory controls will ensure pollution is avoided. DEC will also work with Friends of Wolcott Pond to enhance visibility of the Use of Public Waters Rules at the access area and enhance communication with the enforcement programs.

**Research Station:** The University of Vermont moved one step closer to taking a leadership role in the formation and implementation of the Mount Mansfield Science and Stewardship Center. At a meeting on Oct 22 with the Dean of the Rubenstein School of Environment and Natural Resources attended by FPR Commissioner Michael Snyder and Forest Health Specialist/Climate Change Coordinator Sandy Wilmot, UVM embraced the concept of providing an academic home for The Center, while a field station is developed from an existing mountaintop facility. Partners attending the meeting in addition to the Agency of Natural Resources included the Vermont Center for Ecostudies, the Vermont Monitoring Cooperative and scientists from UVM.

**Wal Mart to Walden Pond, The Economic Incentive for Conservation:** We held a day long workshop along with The Gund Institute to look at the latest research and to discuss how we might better educate Vermonters about the economic values of land conservation. In addition to ANR staff and UVM students and professors, the workshop also included many of our conservation partners.

**Lynx to Loon Endangered Species conference:** Working with the Endangered Species Committee and partner organizations we held a day long symposium in honor of the 40<sup>th</sup> anniversary of the Endangered Species Act at ECHO. The new head of the National Wildlife Federation, Collin O'Mara joined us as our lunch speaker and the Audubon scientist who just issued a nationally recognized study on climate change and birds participated in one of our panels. We had great attendance and good press coverage.

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## **SUMMARY OF KEY DEPARTMENT ACTIVITY**

### **Office of Planning and Legal Affairs (OPLA)**

**Killington:** OPLA Attorneys participated in a trial related to the appeal of Act 250 permits for the relocation of a parking area at Killington Resort. OPLA's focus is on an allegation by Appellants that stormwater permits for the project do not adequately address impacts on streams. ANR and the Applicant successfully argued that the stormwater issues should be addressed at the trial on a related appeal of a residential expansion at the resort, which is scheduled for December. ANR plans to have a witness from the DEC Stormwater Section defend the stormwater permits for both the parking lot and residential projects at Killington in December.

**TDI New England Clean Power Link – bill back:** OPLA notified TDI of ANR's intent to avail itself of the bill back provision of 30 V.S.A. § 21 and allocate to TDI a portion of the costs and expenses of ANR staff for their work related to TDI's proceedings before the PSB. TDI has been aware of ANR's intent to use bill back on the project since TDI and ANR's initial scoping meeting, but now that TDI has filed their 45-day notice with the PSB, it was time to issue a formal notice of bill back.

**EAN/REV/State Agency Solar Working Group:** The bi-monthly working group meeting of representatives from Energy Action Network, Renewable Energy Vermont, six solar developers and state regulators reconvened this week after a brief hiatus. The industry group shared feedback on the State's second draft of a multi-Agency solar siting guidance document ANR is developing with support from NRB, VAAFM, PSD and DHP. While the group is making progress on addressing procedural challenges and working toward consensus on much of the state's siting recommendations, there are rumblings from some in the development community that they may pursue the relaxation of certain environmental regulations this legislative session in order to facilitate easier permitting for solar.

**Addison County RPC Solar Meeting:** OPLA staff represented ANR Thursday night at a community forum organized by the Addison County RPC to discuss solar generation siting. Several towns in the county, New Haven in particular, have seen a great number of new solar project proposals in recent months resulting in some push back from communities. Chris Bray was present and indicated that the Natural Resources Committee in the Senate will be looking at these siting issues in the next session.

**Green Lantern Capital – Cambridge solar project scoping meeting:** OPLA staff met with representatives from Green Lantern Capital to review to locations for proposed 500kw group net metered solar projects in Cambridge. The conversation was constructive and OPLA provided concrete siting recommendation that GLC will incorporate into their proposal.

**New Applications:** Week of Oct 27, OPLA received 9 new Act 250 applications and 4 new Section 248 applications.

## **Environmental Conservation**

**Ryegate Wood Energy Plant Installs Pollution Control System:** The 20 MW Ryegate wood fired electric utility completed installation of the selective catalytic reduction nitrogen oxide pollutant emission control system on Sept 30. The facility should now qualify to sell its Renewable Energy Credits to out-of-state utilities.

**Presentation to the Vermont Citizens Advisory Committee on Algal Blooms:** DEC and DOH staff presented to the Vermont Citizens Advisory Committee (VTCAC) in Shelburne on the State's ability to respond to Harmful Algal Blooms (HAB) in Lake Champlain. Drinking Water & Groundwater Protection staff discussed the practices and protocols in place to assess, track, report on and respond to the toxin levels for different blue-green algae toxins. Staff also discussed the various means of dealing with elevated HAB levels in Lake Champlain (ranging from algae nutrient reduction, finding alternative water sources, and water treatment options). Water systems currently have emergency response plans to follow in the event toxins are ever found in their finished water. To date blue-green algae toxin has never been detected in a Vermont public water system's finished water samples.

**Clean Water SRF (CWSRF) Funding Allotment Formula:** CWSRF funds are loaned to municipalities for construction of and upgrades to wastewater systems. The U.S. Water Resources Reform and Development Act of 2014 contains a provision for EPA to review the existing formulas used to allot federal appropriated funds to individual states. Currently, Vermont receives 0.4965% of federal appropriated funds, or the base amount for small states. One option on the table is to reduce Vermont's share by 85% to 0.0731%, based on the 2008 Needs Survey results. DEC staff are participating on a workgroup discussing alternate approaches, and our federal delegation has been notified. The current federal allotments fall well short of the projected needs at both the state and national levels, so Vermont's municipalities would definitely experience the negative effects of any formula change.

**Drinking Water Contamination in NH may be from two VT Hazardous Sites:** The NH DEC notified the VT DEC about the potential for the Whitney Blake site and the Steamtown site, both in Rockingham, as being potential sources of hazardous chemicals and chlorinated solvents in North Walpole, NH's two water supply wells. Approximately 600 people in North Walpole are being served by drinking water slightly above health standards for the chemicals in question. VT DEC is working with NH DES staff to determine if these sites are indeed the source of this contamination. Groundwater is impacted in the area surrounding these sites in Vermont, but we are unaware of any drinking water wells impacted in state.

**Lake Champlain Canal Barrier Feasibility Study:** The NY Canal Corporation signed, and USACE will execute, an agreement for a feasibility/design study to prevent the spread of aquatic invasive species across the Champlain, Hudson and Great Lakes drainages which are all connected via canals. The study creates a hydrologic barrier between Locks 8 and 9, with an alternate means to move boats around the barrier, separating the Lake Champlain drainage from the Hudson drainage in the canal system. The Lake Champlain Basin Program has committed

\$200,000 as local match, which will leverage over \$0.5M for the work. The study will take two years.

## **Fish & Wildlife**

**Hammond Shooting Range:** We are getting many noise complaints about a new shooting range in Hartland that is impacting a neighborhood on the NH side. We have conducted additional sound studies and plan to meet with the affected neighbors to develop a response. Part of the problem is that many people are using the range including a large number from New Hampshire.

**Deer:** Archery deer hunting season continues. Wardens are continually responding to complaints of illegally baited hunting stands and illegally taken deer. Incidents are occurring both during the day and night, and include firearms/bows & arrows and crossbow use. Many wardens are adjusting their work schedules to the night shift to attempt to address some of these issues. Several arrests were made with poachers shooting deer decoys after dark. East Montpelier seems to be the most problematic town in respect to illegal deer activity. Wardens have documented no less than 5 illegally taken deer in the last week.

**Deer snares located in Craftsbury:** Warden Russell Shopland received a complaint of deer snares being used to catch deer. His subsequent investigation located at least three separate snares. It is unknown if these traps have been used successfully nor how wide spread this illegal tactic is being deployed but the investigation continues.

## **Forest, Parks and Recreation**

**State Lands Administration Meetings:** State Lands Administration Division staff will be participating in a Recreation Summit with other FPR and ANR staff to review progress and plans for coordinating outdoor recreation initiatives on ANR lands, and a day-long workshop on Economic Incentives for Conservation hosted by ANR and the UVM Gund Institute.

**Lands Miscellaneous:** We learned this week that Blue Ridge Properties no longer wishes to pursue a long-term sugaring agreement for the state-owned Bertha and Burch tracts in Mendon and Killington. Blue Ridge owns the timber rights on these parcels and obtained a one-year special use permit from the Department to sugar a portion of this property in 2014 as part of a large-scale sugaring operation located on adjacent lands. Blue Ridge will now be focusing future efforts on timber management for these tracts. FPR and the Department of Public Safety are concerned about proposed additional telecommunication facilities at Burke Mountain and their potential impact on radio frequency (RF) radiation at this site. T-Mobile and VTel have both proposed to locate at Vermont Public Television's electronic communication facility at the summit of the mountain. We will be requiring that these providers coordinate to complete needed RF studies at this site that demonstrate their proposed additional use will not result in unacceptable RF exposure at this site before approving these new uses.

**Timber Harvesting in District III:** A contract is underway for the “Dugway Dozer Sale” on Camels Hump State Park, Honey Hollow Block. This 127-acre sale consists of 379.09 MBF of sawtimber and 746.21 cords of fuelwood/pulpwood. The A. Johnson Co. was the highest bidder and has been awarded the contract with a bid of \$170,458.00.

**Bridge Work:** Two bridge installation projects have been completed on Camels Hump State Park, one on Honey Hollow Road in Bolton and the other on Wilson Road in Duxbury. The bridges were built and paid for in partnership between US F&W, Winooski Conservation District, FPR, and FEMA. Prefabricated steel and wooden bridges have replaced culverts that were damaged during spring flooding in 2013, and have connected miles of Brook Trout habitat.

### **Business Office**

**Regional Office Project:** Our proposal for a Vermont Certified Public Manager project team to look at how to optimize our Regional Office operations has been accepted and will start next month with completion next May.



**Privileged and Confidential**

**MEMORANDUM**

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

From: Darren Springer, Deputy Commissioner on behalf of Chris Recchia, Commissioner

Date: October 31, 2014

Subject: Weekly Report

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**Governor Level Issues:**

**Status of Priorities and Cases of Interest:**

**FairPoint Strike:** There continue to be long wait times for customers calling into the residential call center. This appears to be largely due to it taking longer for the new representatives to deal with each customer. FairPoint believed that as the customer service reps became familiar with the system and products that wait times would decline, however after two weeks wait times have not declined. The Striking workers health benefits expire at the end of October. Workers will be eligible for continued coverage under COBRA. The Department is beginning to hear complaints from legislators very frustrated at the calls they are receiving about FairPoint's service quality.

**Addison Expansion Phase 2 (Docket 8180)** - Technical hearings are still scheduled for January. Cornwall's motion to have them in February was rejected by the Board. The Department filed in support of the current schedule. ANR expressed to PSD a concern that Cornwall was effectively being shut out of the process; PSD believes that Cornwall's scheduling issues are primarily its own creation. The Department served its responses to

Solar Haven's out-of-time discovery requests about Department's RNG proposal last week. Solar Haven is now expected to file surrebuttal testimony on November 7.

**VY (update direct from Chris):** Following our interagency meeting on Tuesday and our meeting with the Administration on Wednesday morning, David Mears and I relayed the numbers for both EPZ and Agency Administration funding to Entergy, along with some skepticism that this would actually be able to all be rolled into one agreement, and they are taking a shot of the first draft of a proposed agreement. Meeting with Shap, Tony and Janet Ancel on Wednesday went well and we do not anticipate any 'uncoordinated' legislation efforts from either the House or Senate sides. Last night's NDCAP meeting went well. Entergy publically relayed it is "evaluating" line of credit options to fund "at least a portion" of the SFM costs. We discussed, and disagreed about, the EPZ, discussed the various filings made to date, and did not discuss the fact that we are in negotiations (all planned with Entergy in advance).

**PURPA Rule 4.100 proceeding (docket 8010):** PSB held technical hearings on 10/30, and the Department is confident in the presentation of our proposed avoided cost rates. Following the hearing, informal conversations took place among utilities, producers, and Department. We will look for common ground and see if settlement among most of parties is possible.

**Energy Innovation Program (legislative proposal):** Darren and Asa continue intensive stakeholder and legislative outreach on this. We have several potential tweaks to the original concept to consider incorporating, and should wrap initial round of discussions by mid-November. That might be a good time for another check-in on this, ahead of our legislative report on SPEED/RPS due December 15. Also, as noted in regional section of this weekly, continued uncertainty as to when Connecticut REC decision may be issued. We are working with utilities and can coordinate a response if an adverse decision is issued.

**Stowe Cable:** Telecom Staff have been contacted by a law firm representing the presumptive new owner of Stowe Cable. While the lawyer would not confirm the identity of the new purchaser, staff believes it is Bill Davis from Stowe. Staff have advised counsel that it is the position of the Department that the perpetual CPG (no expiration) that Stowe Cable currently has will be subject to the 11 year CPG term of all other cable CPG's. It is anticipated that the petition for transfer of ownership will be filed in early December.

**Charter (docket 7820):** The Department, Charter and VAN continue to engage in settlement discussions, which are progressing towards a MOU.

**Morrisville Water and Light Hydro:** Department is in process of setting up meeting with ANR to discuss MWL hydro, which due to environmental permitting could lose significant output resulting in rate increase. Department is interested in what flexibility there is to retain most of existing output while meeting state and federal environmental requirements.

**Meetings this Week:**

Oct 27 – Darren participated in VNRC staff meeting to discuss legislative initiatives

Oct 28 – Chris monthly VY meeting; Darren and Asa attend Climate Cabinet meeting

Oct 29 – Chris VY settlement discussion at 5<sup>th</sup> Floor, meeting with Dick Gephardt and Liz Miller, ENVY presentation to House Representatives; Darren met with Paul Burns, VPIRG; Darren and Asa meet with Speaker Shap Smith, Tony Klein, and Rebecca Ellis; Darren meeting with Charlie Kireker; Darren meeting with Mark Fowler, Congressman Welch's Office

Oct 30 – Chris at NDCAP meeting

Oct 31 – Chris at VEDA Board meeting and luncheon; Darren and Chris call in to GF weekly update

**Meetings next Week:**

Nov 3 – Chris, Darren, Asa discuss legislative initiatives at ANR senior staff meeting; Darren and Asa meet with David Hallquist and Liz Gamache, VEC

Nov 4 – PSD/GMP meeting to discuss net metering tariff

Nov 5 – Chris/Ed McNamara conf call with Northeast Utilities; Darren meeting with Chad Farrell, Encore Redevelopment; Darren meeting with Andrea Cohen and Dan Barlow, VBSR

Nov 6 – Chris/Ed McNamara in Boston at NEPOOL/NECPUC/ISO-NE meetings; Darren meeting with Tony Klein and Tim Ashe

Nov 7 - Darren and Asa meet with Neale Lunderville, Tom Buckley, Ken Nolan at BED

**Media:** Addison Independent had long piece on New Haven deciding to weigh in against some solar project proposals, and raising concerns about new solar tax valuation.

**Everything Else:*****PERD*****Residential and Commercial Building Energy Standards (RBES & CBES) - Code Update:**

- Staff responded to LCAR questions/comments prior to the hearing on October 30. Questions/comments include the following:
  1. What is the argument supporting DPS authority to include renewable energy requirements in the building energy standards?
  2. Three years ago LCAR objected to the copyright notice as beyond the Department's statutory authority and the same issue is present in this set of rule filings.

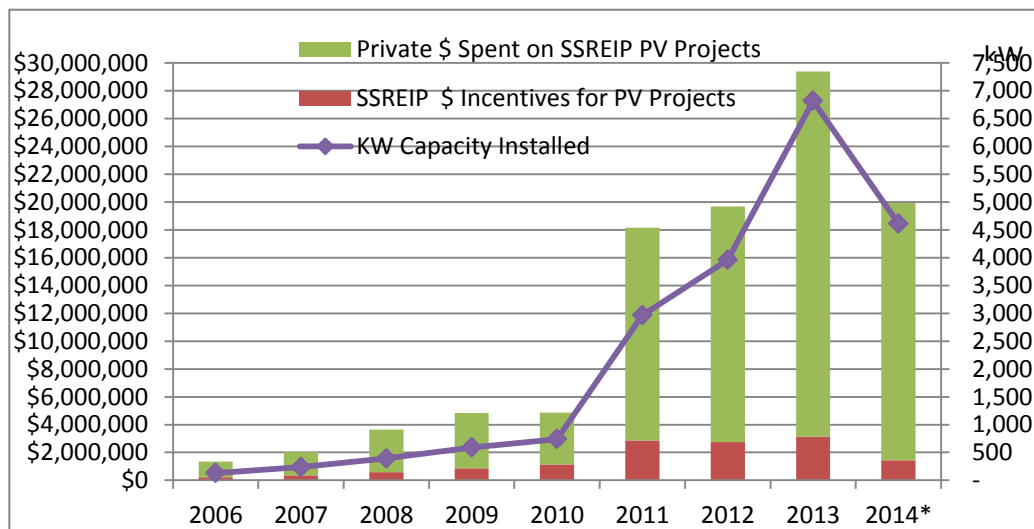
**Vermont System Planning Committee**

- Provided further feedback and comments on VSPC draft recommendation to the Public Service Board fulfilling VSPC responsibilities to make recommendations on three areas related to GT. The VSPC is recommending that no new reliability plans are needed

(Rutland area is pending), and therefore that no EE Geotargeting is needed at this time.

### Clean Energy Development Fund

- SSREIP
  - Held a special CED Board meeting to deal with necessary changes to CEDF's FY '15 Budget. The Board approved the changes proposed, which was to move \$377K into the SSREIP program from the Farm Energy and Solar Credit Enhancement Programs.
  - Staff analyzed data from the 3<sup>rd</sup> quarter. The average \$/watt cost for PV system increased in the 3<sup>rd</sup> quarter to \$4.29/watt from \$4.23/watt in the 2<sup>ed</sup>. Overall the yearly average is (so far) equal to the 2013 average of \$4.31/watt. Here are some resulting graphs from the SSREIP data (*these are just SSREIP projects which are only residential systems – and a few “special customer” projects*):



- Windham County Solar Finance Credit Enhancement Program
  - Drafted RFP to solicit proposals from Windham County financial institutions to provide credit enhancements for residential solar PV installations; plan to have the RFP posted by end of next week

### Standard Offer

- Department received more feedback from the solar and small wind working group on how to model tax outflows in the cash flow model being used to find standard offer price caps. Results from those modifications were compared to the results from another cash flow model produced by NREL, not previously used by the Department. 14 cents for solar and 23 cents for wind have been proposed and will be further discussed in a final working group meeting before board filings are made by the end of the month.

### Total Energy Study



- Reframing of economic impact results is underway, so that impact range is bounded on the optimistic side by the assumption that other states pursue similar policies (making direct energy costs higher in elsewhere) so VT suffers less competitive disadvantage as a result.

#### Net Metering

- Drafted application question responses for NREL Technical Assistance Program to assist the Department in its participation in net metering tariff redesign. Application is due 10/29.
- Staff met with Patty Richards of WEC to double-check our cost-benefit tool's application of WEC's NM tariff. We identified one error in our spreadsheet, but some differences apparently still remain.
- Two REC-incomplete recommendations were sent to the Board this week.

	Current Week	Previous Week
Incomplete	0.00%	8.70%
Retain	96.97%	86.96%
Transfer Util	3.03%	4.35%

#### **Net Metering Activity 10/18/14 – 10/24/14**

	Registrations*	Applications	CPGs Granted
<b>Count</b>	32	1	41
<b>kWAC</b>	184.560	56.000	554.572
<b>Ave Size kW</b>	5.768	56.000	13.526

#### **Cumulative Capacity of Registrations and Applications Submitted**

Year To Date		Total Since 1999	
2013 kW	2014 kW	1999 – 2014 kW	% of 15% CAP
10627.29	17241.17	55771.99	~ 37.18%

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

#### **Engineering**

#### NRC Offers to Re-word VY Requests for Additional Information

Last Wednesday, the NRC issued a series of Requests for Additional Information (RAIs) on the VY Licensing Amendment Request that Entergy submitted on March 14 of this year as part of letter Bvy 14-009. (This request discussed proposed changes to VY's Emergency Planning Zone 15+ months after VY's final shutdown.) The coverage focused on several NRC RAI statements that included the phrase "inaccurate information." (The amendment request sections being discussed appear to use text from a recommended industry template; the NRC may simply be requesting more plant-specific wording.) The NRC Region 1 office has notified its state liaison contacts in VT, NH and MA that it is aware of the press coverage that the RAIs has received. It has indicated that the RAIs are "not a judgment of the accuracy of the submitted information" and has indicated that it considering reissuing the RAIs with clarified wording.

#### NH Informational Meeting on VY Decommissioning

On October 23 the State Nuclear Engineer attended an informational meeting in Hinsdale, NH hosted by the State of New Hampshire, regarding VY's pending final shutdown and subsequent decommissioning. The meeting focused on dry cask storage, and featured presentations from Entergy, the NRC, and an independent dry cask storage consultant (Radiation Safety & Control Services). Much of the public discussion centered on the difference between design life of dry casks (potentially several hundred years) versus the certified life specified in dry cask system licenses issued by the NRC (currently 20 to 40 years). This meeting was the first of several planned meetings on VY decommissioning to be hosted by the State of New Hampshire.

#### State Nuclear Engineer Receives Appointment to Northeast Regional High Level Waste Transportation Task Force

Governor Shumlin has appointed State Nuclear Engineer Tony Leshinskie to be Vermont's representative on the Northeast Regional Governments High Level Waste Transportation Task Force. In this position, Tony will attend meetings of the task force to discuss issues related to transporting high level radioactive waste through the northeast United States. The next meeting will be held November 13 & 14 on Long Island.

#### Vermont Gas Systems

VGS presented a reorganization of management for the Addison Natural Gas Pipeline (ANGP) Project identifying Ralph Storti as Compliance Lead for the project whose role will be to develop/implement/monitor a quality control program for the project (and the entire company). At a meeting with the Department's Gas Engineer, Storti said he has been assigned to ensure pipeline safety regulation issues are adequately addressed.

#### 2014 Vermont Gas Systems Addison Transmission Pipeline Construction

Engineering witnessed construction activities in Colchester and Williston during this report period. These activities included a road crossing at Mill Pond Rd. by horizontal directional drilling and pipeline installation adjacent to RT 289 (the Circumferential Highway) in Colchester. PSD inspection activity also included further review of the company's inspection program and records produced by that program. A meeting to review the project's welding quality assurance and documentation programs was rescheduled to occur this Friday 10/31/14. To date, 22,329

feet of pipeline installation has been completed.

#### 2014 Vermont Electric Utilities Standards Meeting

Engineering participated in this standards meeting led by Randi Schramm of GMP, with John Black, the State Chief Electrical Inspector, as a guest. This committee is the issuer of the Vermont Utilities Electric Service Requirements Manual (Manual). The primary focus of the meeting was the requirement or waiver thereof in the Manual of a disconnect switch for small roof-mounted net metered solar PV installations as described in the Manual. 30 V.S.A. 219(a) requires these installations to comply with the National Electrical Code (NEC), which requires a disconnect switch. However, Appendix A to PSB Rule 5.100 allows utilities to grant a waiver for the disconnect switch. GMP has stated that the switch is not needed for systems 10 kW and under as they never use the switch, and installers are saying that if GMP does not require it then why does anyone else require it. The NEC requires the disconnect and Mr. Black stated that GMP was not the only one for whom this switch was required, but others such as firefighters or other first responders need this disconnect for safety, and the responders are not equipped to otherwise remove a generation source. The resolution is to request that the PSB delete the waiver in the PSB Rule 5.100.

#### ***Regional Planning***

##### Demand Response in Wholesale Electricity Markets

- Staff had a discussion with attorneys from NEPOOL, ISO-NE, and NESCOE about potential next steps regarding potential challenges to the participation of demand response in the Forward Capacity Market. Although the D.C. Circuit Court of Appeals ruled that FERC cannot order regional entities such as ISO-NE to allow demand response to participate in wholesale energy markets, neither FERC nor the D.C. Circuit Court of Appeals has expanded that decision to the participation of demand response in capacity markets. There is a petition pending at FERC that would remove demand response from PJM's forward capacity market. With respect to the energy markets, the D.C. Circuit Court of Appeals has granted a stay for enforcing its Order until such time that the Supreme Court either denies certiorari or upholds the decision.
- All parties on the call agreed that the D.C. court's decision has created significant uncertainty regarding the participation of demand response in the ISO-NE Forward Capacity Market. For example, if FERC subsequently determines that demand response is barred from participating in capacity auctions, would it require ISO-NE to rerun the auction without demand response participating. There is some precedent that the filed rate doctrine might not bar such an action if FERC or the D.C. Circuit Court of Appeals determines that there was sufficient notice prior to the auction that demand response should not have participated. This is a somewhat circular argument, but the question presented is whether the D.C. court's decision that FERC doesn't have jurisdiction over demand response in the energy markets should have been sufficient notice of FERC's jurisdiction over demand response in the capacity markets to prevent ISO-NE from including demand response in the upcoming capacity auction. Although it is unlikely that FERC would make any decision that has retroactive application, the work of

resettling the capacity market would be significant and creates issues related to the amount of financial assurance that demand response resources are required to provide.

- ISO-NE will be making an informational filing with FERC on November 4 that includes a list of those resources that have been qualified for the upcoming February Forward Capacity Auction, including approximately 1,000 MW of demand response and another 2,400 MW of energy efficiency (which is also vulnerable to the jurisdictional argument underpinning the D.C. decision). ISO-NE expects that the New England Power Generators Association will file a challenge to the informational filing and request that FERC order ISO-NE to remove all demand response, and possibly energy efficiency, from the capacity market. Until such time that FERC orders something different, ISO-NE is planning on proceeding under the existing market rules and is not proposing any changes.

#### Connecticut PURA and Vermont SPEED Program

- Staff had a call with Green Mountain Power and Burlington Electric to discuss the status of the PURA docket. GMP's Connecticut attorney discussed the procedural aspects of the case with PURA staff and expressed concern that PURA appears ready to issue an order without any clear signal as to how various assertions by interested parties, including Vermonsters for a Clean Environment, will be treated (as testimony or briefs).
- GMP filed a letter this week rebutting VCE's fourth supplemental filing at PURA; however, BED and GMP have not determined the best course of action in addressing the potential procedural problems associated with PURA issuing an order that relies on non-sworn assertions by VCE. It's possible that BED or GMP will have its Connecticut counsel raise the issue with PURA's head of administrative law, the CT Attorney General's office, or the CT Office of Consumer Counsel.

#### ***Public Advocacy***

Addison Expansion—Docket 7970—Reply briefs are due on October 31 on the Old Stage Road re-route; this is post-CPG process regarding route alignment. The Department filed in support of VGS's proposed alignment, which was ordered by the Board, but pitted two Monkton property owners against each other.

The Lyons oral argument in the Supreme Court has been re-scheduled for November 18. It was previously postponed during the remand to the Board.

VGS/CLF Petition for Declaratory Ruling that Amended CPG is required for 7970—Docket 8330 - CLF filed this petition following the cost update, but before the Board ordered the remand of 7970. The Board opened the docket, but stayed proceedings pending the remand. When the remand concluded, VGS requested that the docket be closed based upon findings in the Remand Order. Last week, CLF objected to this request. CLF did not mention the Department's July 31 filing, in which we requested that the petition be dismissed, nor has the Board ruled on our request.

VY License Amendment Request – NRC 50-271-LA – The Department has secured an extension of time to file its reply to the NRC Staff and Entergy answers in opposition to its intervention motion and request for hearing. The reply is now due on October 31.

Sheffield Wind –Docket 7156 – The Department received additional sound data that it requested from First Wind. The Department’s noise expert, Jim Barnes, will review and finalize his Brouha residence attenuation analysis as soon as possible.

Seneca Mountain Wind – Docket 7867 – The Vermont Supreme Court issued an entry order dismissing the pending appeal of the MET tower CPG following the Board’s revocation of the CPG.

VY Second ISFSI – Docket 8300 – The Board held a prehearing conference that was largely uneventful. Entergy requested holding off the proceeding for a couple of months pending the completion of the soil liquefaction engineering analysis, which has been delayed. The Department does not oppose the delay as there is ample buffer time in the construction schedule. The parties proposed to hold a status conference in late winter once the engineering data has been released.

Stowe Electric Dept. Rate Case – Docket 8074 – Lummus Consulting issued the final business process review report. The Department is reviewing and will meet with SED soon to finalize a schedule for implementation of the report’s recommendations. The report must be filed with the Board by November 7, 2014.

Springfield Solar Alliance I Project – Docket 8034 – The petitioner has moved to transfer its CPG to another entity also owned by SunEdison, Inc. The reason for the transfer is that the financial institutions providing construction loans have required that the project company be formed in the state of Delaware. The PSB requested comments by November 3<sup>rd</sup>, and the PSD informed the PSB that it does not oppose the transfer.

VGS/Plouffe condemnation (pre-existing utility line)-Docket 7819—Prehearing conference was held this week for the compensation phase of the docket. Necessity was found in the first phase. Parties are currently preparing a schedule for review by the Hearing Officer, which schedule will contain briefing on the issue of the scope of this phase as a first step. Attempts at settlement have not been successful.

Poles Treated with Pentachlorophenol – Docket 8310 – The PSB issued a procedural order generally highlighting ANR as the agency with the expertise in the areas of concern and thereby adopting the ANR proposal for the format of the investigation (including work plan and timeline for Phase I of the investigation). Additionally, the PSB declined to appoint the specific members of the working group, leaving that determination to ANR. The original proposal scheduled Phase I to be completed within 30 days of the PSB appointing the members of the working group; since that task now belongs to ANR the deadline is less certain.

GMP Innovative Services Plan Amendment – Docket No. 8358 – In response to the Board’s final order in Docket Nos. 8190 & 8191, GMP filed a petition to amend its Plan to permit the offering of innovative services similar to the Heat Pump Program on an un-tariffed basis and upon Board approval. The proposed amendment was agreed to by the Department. On October 17, 2014, the Board opened this investigation to consider GMP’s request. The Board requested comments on GMP’s proposal and specifically requested that any commenter also state whether a hearing is required in this matter, and if so, what issues would be presented at the hearing. The Department will file comments indicating that it continues to agree to the proposed amendment and that the proceeding can be resolved on the papers.

VGS Alternative Regulation Plan – No Docket – VGS provided its alternative regulation plan assessment in late September and signaled its intent to renew the plan for two years. The Department’s assessment is due in late October. As a general matter, the Department is inclined to agree to the two-year renewal with some modifications. After the Department’s assessment, the parties have an additional month to make a joint filing proposing next steps. Discussions have already begun regarding potential plan amendments.

Willoughby Water – No Docket – After many months of PSD efforts to get this water system on a better path by having an actual PSB-approved rate, the water company owner fell out of contact for quite some time and didn’t follow through on the simplest tasks (like filing with the PSB an already-written letter). Now the owner is back in contact and seemingly doesn’t remember any of what we have already done or discussed. The PSD is attempting to walk the line between not serving as this owner’s attorney and helping him actually accomplish something productive.

Charter Hill Solar – Docket 8212 – The Hearing Officer issued a Proposal for Decision on October 22<sup>nd</sup> recommending approval of the project and requesting parties’ comments by October 31<sup>st</sup>. The Department will not be filing comments.

Nexus Petition for Designation as an Eligible Telecommunications Carrier – Docket 7747 – On October 14<sup>th</sup>, the Board issued a Memorandum requesting an update on the status of Nexus’ pending FCC compliance plan and the company’s plan for its pending petition at the Board by October 19<sup>th</sup>. Nexus has contacted the Department and indicates its compliance plan has been approved, and the parties intend to resume discussions regarding a regulatory settlement. Nexus will be filing a letter with the Board on October 29<sup>th</sup> requesting that the Board set a deadline of December 15<sup>th</sup> for the outcome of those settlement discussions.

Chelsea Solar Project in Bennington - Docket 8302 – PSD is in the process of preparing discovery asking for additional information on aesthetic concerns, wind impacts and noise. A brief discussion with the Department’s noise consultant made clear that clear-cutting 15 acres of woodlands might result in increased noise impacts. The Department will ask for background noise monitoring to be conducted now, with projections made about the impacts of clear-cutting. We will also be asking for similar discovery on wind. These are novel issues, but ones that should be explored. Discovery is due 11/3/14.

Residential and Commercial Building Energy Standards PSD Rules (RBES and CBES) – PSD filed one set of changes to the Final Proposed Rules on file with the Secretary of State and the Legislative Committee and Administrative Rules on 10/28. We have responded to a variety of informal concerns from the Legislative Council LCAR Advisor and will be filing additional minor changes on 10/30. We are on the LCAR agenda for 10/30 at 11am.

### ***Telecommunications***

#### Withdrawal of Petition to Install Tower in Plainfield

VTel has withdrawn its application to build a telecommunications facility in Plainfield. VTel withdrew the application “with prejudice.” Since nothing actually prevents VTel from filing another application, withdrawing “with prejudice” must be VTel’s way of sending a message to Plainfield and Cloud Alliance (the company that wanted VTel to co-locate on its tower). The notice of withdrawal indicated that VTel wanted to avoid being in costly, time-consuming litigation with any Vermont town. The Department is concerned that VTel has withdrawn this petition – in this instance the new facility would have brought broadband to some 300-400 currently unserved rooftops.

Maps for PSD Website – PSD staff from the telecom division met with PSD staff from the planning division about interactive maps for the PSD website. The staff agreed that the PSD should consider joining VT AoT, ANR, and Public Safety in adopting the mapping software called Geocortex. This will cost the PSD \$10k upfront and \$3k per year, but would be a more robust solution than more economical options, and would put the PSD in the same mapping platform with the other state agencies.

Conduit Study – Act 190 requires those constructing public highways to provide and install conduit to accommodate future telecommunications needs without further excavation or disturbance, and directed the Secretary of Administration to prepare a report related to the installation of conduit during highway construction projects. PSD staff prepared a draft of the required report.

VTel Telephone Price Hike – VTel proposes to raise its rates for telephone service. PSD staff is still reviewing the proposed rate increase.

Telecommunications Plan – The final edits of the Telecommunications Plan were made and the Plan is awaiting approval. Staff has compiled the charts, tables, and graphs for the marketing staff at ACCD. Turnaround time for the Plan is about 3-4 weeks from the time ACCD begins production. ACCD staff have already begun developing a template for the final publication.

IPTV – Some Vermont telephone providers have begun offering internet protocol based television service. These services utilize the provider’s existing broadband infrastructure and, unlike cable, do not involve a one-way transmission of linear programming. One such company is offering television without a cable CPG. There is a question as to whether this service is a

cable service under Vermont and Federal Law. Large providers, such as AT&T, believe that their service meets the definition of cable television. One argument put forward by these companies is that IPTV is an information service, and thus preempted from state and federal regulation. At least one state (Connecticut) has deemed IPTV service to be an information service and not a cable television service. Connecticut's DPUC has made a technological distinction between IPTV service and traditional cable service.

On a related note, the FCC is circulating a proposal to initiate a rulemaking proceeding to amend the definition of multi-channel video program distributor (MVPD) to include over the top (OTT) providers. This change to the MVPD definition would give OTT providers like Netflix the same rights to broadcast content that cable providers currently enjoy. The FCC Chairman's goal is to make the definition "technology neutral."

FairPoint BLES Tariff increase – FairPoint is raising its rates for residential and business non-optional measured services. The increase is \$.74 and comes in the midst of the IRP renewal. Staff is reviewing the proposed tariff increase.

#### Wireless Telecommunications Facilities (248a) Report –

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

<b>Date</b>	<b>Applicant/Location/Type of Filing</b>	<b>Brief Synopsis and if applicable DPS recommendation to the Public Service Board</b>
10/28/2014	AT&T and Nova Towers/Essex, Discovery Rd/ non-substantial change determination request	Applicants proposed alternate access road and utilities route, which would involve lower impact on nearby wetlands and less earth disturbance than the plans that had been permitted; DPS recommended non-substantial change determination.
10/29/2014	Vt RSA No. 2-B2(US Cellular)/West Dover, Mount Snow/ <i>de minimis</i> modification	Addition of three antennas to US Cellular's facility on an existing 100 foot tall monopole tower; DPS recommended approval.

#### Ongoing Aggregate Facial Surface Area Calculation Issue

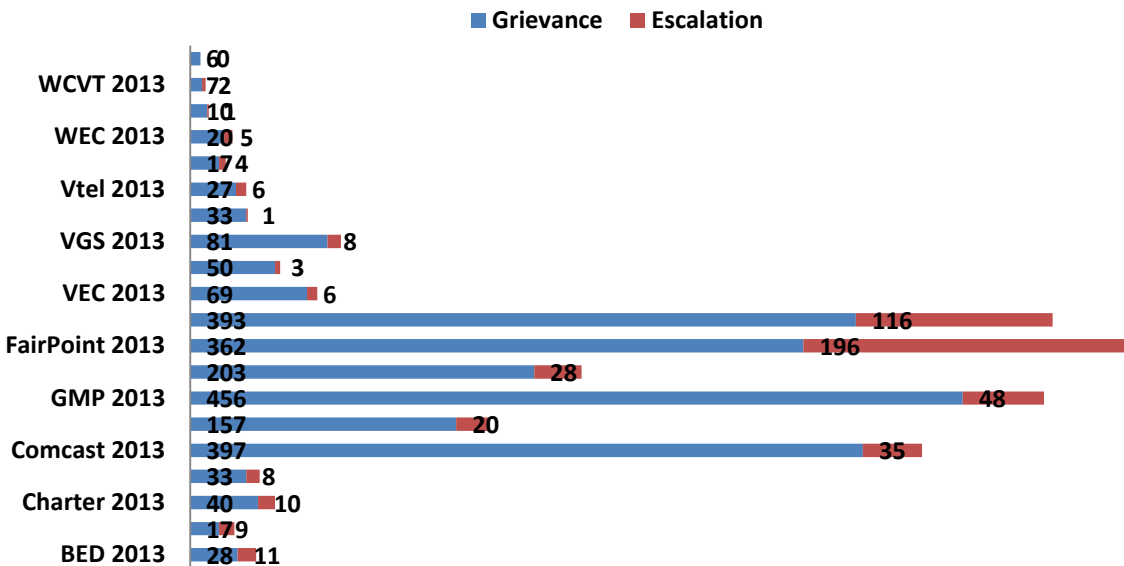
The Public Service Board issued two more memos indicating that applications could not be processed due to inconsistencies in the surface area calculations. Weekly reports from June-August described this issue about applicants needing to include equipment that protrudes from behind the antennas in the calculation for *de minimis* applications. The proposed facilities involved in these memos are AT&T, Burke Mountain, filed in May, 2014, and AT&T, Lyndon, filed in April.

#### **CAPI**

*Please note that this report covers activity from Sunday to Saturday, October 19 – 25, 2014.*



## Number of Complaints Investigated, by Company YTD 2013 and 2014



Complaint topics included, but were not limited to:

- FairPoint:
  - (8) Wait time on hold when trying to reach company representatives
  - (2) Toll free number for calling company out of service
  - (2) Order to transfer service resulting in disconnection at old location without connection at new location
  - (3) Service order delay
  - (7) Repair delay, some due to no dial tone for over a week
  - (1) Disconnection
- (3) GMP disconnection
- (1) Question about propane service deposits and disconnection
- (1) Question about Dig Safe violation
- Comcast: rates (2) and internet service (1)

Vermont Electric Coop request to perform remote disconnections: CAPI and PA met with VEC to discuss remote disconnections. VEC is proposing a process to remotely disconnect members who threaten VEC staff. Disconnecting remotely would entail skipping the requirement in PSB Rule 3.306 that a meter technician informs a responsible adult or leaves notice at the premise at the time of disconnect. VEC proposed that they would request a waiver from the Public Service Board on a case by case basis. In addition to required written notice, the utility would send a certified letter to these consumers seven days before the first day of disconnection. Internal discussions continue.



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**State of Vermont**  
**Department of Public Safety**  
103 South Main Street  
Waterbury, Vermont 05671-2101  
[www.dps.state.vt.us](http://www.dps.state.vt.us)

To: The Honorable Peter Shumlin  
From: Keith Flynn, Commissioner of Public Safety  
Date: October 30, 2014  
Subject: Weekly Report

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## **DEMHS**

DEMHS Deputy Director was embedded in the HOC to coordinate planning with VDH in support of non-health lead issues involving Ebola planning and response.

The DPS Ebola Response Contingency plan was completed. This plan outlines expectations should an actual case of the Ebola virus be confirmed in the state.

The SEOC was activated this week to a Partial Activation to monitor information relating to a protest in Montpelier, the Ebola situation and the Fairpoint strike. Operations have returned to Monitoring.

Director and Planning Chief met with other agency representatives and Chief of Staff Miller regarding the recent developments in the VY negotiations for EPZ funding post exemption and other broad overall decommissioning interests.

Director and Planning Chief, with VY Interagency team, met with Speaker Smith and Representatives Ancel and Klein regarding the steps taken so far in discussing decommissioning matters with Entergy.

The VY Interagency group met on the finalization of terms for both the decommissioning needs long term and the EPZ funding.

FEMA send notice of approval for \$386,161 of HMGP applications. This brings the number of buy-outs approved by FEMA to 121, with 19 still spending. Of the 121 approved, at least 83 have closed.

The SOP for PA Administration was agreed upon by DPS Finance and finalized; it will be incorporated into the 2015 PA Administrative Plan submitted to FEMA.

## **Vermont State Police**

### **A Troop**

16 total arrests, 6 DUI

Uptick in Burglaries and thefts in Underhill / Jericho and Lam area. Troopers have identified suspects and made two arrests.

Fatal ATV accident involving a 17 year old boy, went off the roadway and hit a tree in Washington.

### **B Troop**

31 total arrests, 14 DUI

Multiple reported burglaries

Arrested Tyler Norris for two burglaries, two accessory after the fact to burglaries with Brent Sarazin and a stolen vehicle.

Robert Katz reporting he was robbed at gun point at his Concord residence by two males wearing masks, one had a gun, and the other a knife. Reported a 2K was taken. Sgt. located the suspect vehicle and followed it to St J Cumberland Farms. He approached the vehicle with St. Johnsbury PD and spoke to the operator and 3 other passengers. Operator admitted the two backseat passengers did the robbery. Dustin Giroux (11/10/93) & Justin Maloney (6/2/93) were arrested and lodged. SW done on the vehicle; \$5,900 in cash located and heroin that was stolen from Katz.

Trooper clocked a vehicle traveling 80 in a 35 on Main Street in Lyndonville. He turned around to stop the vehicle and it took off. The operator turned off his lights Center Street. Trp. lost sight of the vehicle as it went through an intersection. A short-time later, 911 received a report of a single vehicle crash at the intersection where Trp. lost sight of the vehicle. Trp. went back to the scene and found all of the occupants fled. He heard one person running in the woods and pursued the person and took the male into custody. The male identified the operator as Justin Bona and reported they were all intoxicated. Bona and the other two passengers got picked up at LI High School. Bona came to the barracks the following morning and admitted to being the operator. Bona was charged with gross C&N, ATE & LSA.

### **C Troop**

10 total arrests, 2 DUI

Suicide Attempt in Poultney whereas a 19 year old girl shot herself in the chest with a .22 rifle.

Assisting Rutland City PD with an armed robbery at the Mac's Store on North Main Street (US 7) Rutland City.

Responded to a suspicious persons call and located the vehicle leaving the area, traffic stop performed, consent to search, felony amount of marijuana located, subject lodged. Tpr. an operator for Excessive Speed and C&N after he almost was struck head on by the vehicle passing a line of cars.

D Troop

7 total arrests, 1 DUI

Had a single vehicle, single victim fatal, most likely an untimely death prior to collision, waiting on autopsy results.

Tpr. arrested one juvenile for an assault at the High School in Westminster.

Arrested one at SSCF in Springfield as a Fugitive from Justice

Executed a search warrant on a residence. Search warrant was to look for property taken during a burglary. Ex-wife suspected of taking the items.

ESPN interview from liquid lye Domestic in 2007

Assisted US Marshalls with arrest in Bellows Falls; Assisted NIU with car stop, consent search, arrest of three subjects, and seizure of heroin and approximately \$12,000 cash from NJ heroin target; Assisted Richmond PD with K-9 sniff, alert and applied for a warrant, 12 OZ marijuana seized.

## ARSON

Monday - Fire Investigation to a camp in Londonderry. The fire occurred at a camp and by the time the fire was reported the camp was fully involved. Sgt. Sutton responded to the scene to conduct the investigation. While the origin and cause is unknown the fire is considered "suspicious". WCAX just recently did a report on a church fire in Londonderry earlier this year (VSP never called and FD ruled an accident). Part of WCAX's report discussed how the 2011 arson fires were never solved and how the community was still upset.

Monday - Fire Investigation request in Williamstown. FD called requesting an investigator. Sgt. Lamothe screened the call and determined VSP did not need to respond.

Monday - Suspicious incident at the Bradford Barracks. Lt. Cornell advised one of the members from the radio shop discovered where a section of fence behind the barracks

had been burned. Lt. Cornell advised he thought he could smell gasoline in the area where the small fire occurred. Sgt. Smith responded to the scene and took samples. He brought the samples to the lab for analysis. It is unknown if the incident is in any way connected to the Thetford cruiser fires.

Tuesday - Fire Investigation in Burlington. Burlington Fire Marshall called to advise they were dealing with a small fire involving a baseball dugout at the Hunt Middle school. A book set on fire was located in the dugout. The book was checked out of the library by the same 14 year old male who was arrested earlier this year for first degree arson for a fire in the school locker room. Sgt. Lamothe is working the case with Burlington FD.

Wednesday - Vehicle fire investigation in Ripton. Sgt. Lamothe investigated a vehicle fire in Ripton. The cause of the fire is unknown. The female who owned the vehicle advised she recently broke up with her boyfriend and he was upset.

### **Fire Safety**

The Division received \$6.2 Million in new plan review construction valuation collecting \$37,500.00 in permit fee revenue.

The Fire Safety Calendar Judging ceremony is scheduled for Friday November 7, 2014 from 12:00-2:00.

*The State House stairs located in the Dome area used for tours has been deemed unsafe and we have restricted use until such time BGS makes repairs.*

We have been served small claim paperwork stemming from a plumbing inspection dating back to 2012. DPS Legal is working with the documentation I provided and I am certain we will be meeting on this soon.

We had a very strong first quarter in revenue due to the high volume of plans received. Three admin appeal hearings were conducted all issues reached resolution.



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

**PRIVILEGED AND CONFIDENTIAL  
MEMORANDUM TO THE GOVERNOR**

**TO: Governor Peter Shumlin**

**FROM: Secretary Jeb Spaulding**

**DATE: October 31, 2014**

**SUBJECT: Confidential Report to the Governor**

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**BUILDINGS AND GENERAL RESOURCES**

**Of Interest to 5<sup>th</sup> Floor from BGS Directors:**

AG/ANR LAB: Site survey has been received and distributed to the design team to begin siting the lab building on the site.

Bennington VVH: We need to find a way to fund further geo/HVAC work. There are areas that are still serviced by the antiquated steam system which has high maintenance and redundant systems through the facility.

Facility Condition Assessments: EMG is back this week conducting assessments on Mahady Court, 109 State St., 120 State St. and Windsor District Court.

Montpelier 122 State Street Heat Plant: The problem with the ID fan on the Johnson boiler will be corrected this week. The issue with the chips not moving through the inclined screws has also been corrected. The final fix still needs to be implemented at a later date; however, the chips are able to move through the system as designed. The woodchip boilers have been providing steam since last Friday.

**Significant Events/Meetings:**

Protest/Sit In/security breach update/debrief with Secretary Spaulding, local law enforcement and BGS staff

### **Other:**

Jacob Humbert, AAG, continues to monitor Austine School bankruptcy closely and is working with Emily Kisicki. Major topics include costs for maintenance/preservation of the property, administrative costs for wind up of the Schools affairs (e.g., a Privacy Ombudsman), and validity of the State's lien.

## **FINANCE AND MANAGEMENT**

Commissioner Reardon, Deputy Commissioner Clark and the budget analysts continue the FY 2016 departmental budget meetings. This week the budget office met with the Agency of Natural Resources, the Agency of Education, Judiciary, Defender General and the State's Attorneys and Sheriffs, among others.

The office conducted its second and final public budget hearing focusing on issues related to the Agency of Human Services on Tuesday, October 28<sup>th</sup>. There were roughly 100 participants from around the state with about half of them wanting to testify. Due to time constraints, we were unable to hear all of the testimony but encouraged participants to submit written testimony. Many of the issues revolved around a perceived lack of funding and services for development services in Vermont.

Commissioner Reardon and David Beatty participated in the actuarial meetings for the Vermont State Employee and the Vermont State Teacher's retirement systems.

## **HEALTH CARE REFORM**

### **Green Mountain Care Planning/Financing:**

Federal Meetings: Last Friday, Robin met with CCHIO staff in D.C. and the team held a conference call on a proposed federal pass through funding formula developed by Vermont. There was over 35 federal staff on the call. Several areas of follow up were identified by federal staff, including that some staff new to the process needed an overview, CMCS would like to talk about eligibility requirements for Medicaid in more detail, and the Office of the Actuary needs a one-on-one with our actuary from Wakely. We are in the process of setting up these follow up meetings. The overview is scheduled for tomorrow (10/31) and we have reached out to set up times with CMCS and with Office of the Actuary. In addition, the team had 2 calls with legal staff from Treasury this week to begin to work through Michael and Devon's concerns on areas where they wanted to validate their analysis. We will continue talking with Treasury staff weekly to complete these issues.

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## **Press/Media:**

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## **HUMAN RESOURCES**

### **Significant Events/Meetings:**

Meetings with DFR, VDH and Lottery regarding HR services. All meetings very positive. Organizations were happy with the changes being made to the structure of our investigations unit. All are interested in position management and recruitment reform. Discussed opportunities with VDH to partner on State employee wellness initiatives. Discussed with DFR their role re: oversight of the State employee health plan.

Participated in VT State employee Retirement system board meeting – annual meeting with actuary which generates State contribution recommendations to the Governor.

Met with AHS to discuss the labor considerations re: soliciting volunteers for the VHC. DHR contacted VSEA regarding plan to take volunteers to minimize mandatory overtime.

### **Emerging Issues:**

We have moved a fairly large number of positions around in AHS and from various departments to AHS to help better staff health care reform efforts.

Working on the Class Action RFR Results Based Accountability documents with the RBA group. Developed a first draft of the objective statement for the budget documents, we discussed as a group, and will meet to finish the objective statement and develop the measures.

Working on draft of the Pilot report due to JFC in November. Talked with Steve Klein at JFO and reached out to DEC and DCF for their input. The report is supposed to focus on employee impacts of the pilot such as RIFs. Luckily neither DCF or DEC have had any RIFs yet, so looking at the data and will note that it is early in the Pilot process for there to be a great deal of data.

#### Wellness:

- Over 3,000 have taken the personal health assessment.
- 3,220 currently registered for flu shots, and the new vendor has been excellent so far.
- We surpassed the 1,050,000 mark for the Million Minute Challenge as of Friday afternoon, with 699 participants.
- Proposed numbers for 2015 incentive are being finalized.

#### Benefits:

- EAP MOU finalized and signed.
- Union notification letters regarding medical premium increases were sent out, and the VTA have responded that they do not need further discussion.
- We provided retirement some data and talking points for them to respond to retirees concerned about the premium increase. Bottom line is that medicare retirees will see no or very small premium increase.
- BCBSVT audit process is progressing. CIGNA has reached out to us apologizing for delay, but not provided the info requested

Recruitment: Working on creating a strategic approach to our advertising tools, and has had a rate increase in the works for CareerBuilder, the contract for which was recently renewed. Rates went up, and will go into effect November 1. We are eager to push a notice out to Field staff, and to hiring managers through them, with information about the additional features we now have with CareerBuilder, the new rate, and with encouragement to think strategic about their job advertising venues. CareerBuilder has been to go-to/first choice for on-line.

VCPM: Consulting Projects Determined: The VCPM cohort that will graduate June 2015 has been assigned their consulting projects. The projects are:

- Agency of Natural Resources Central Office: “Optimizing Regional Office Performance” (Justin Johnson/Brenda Berry, sponsors) – an examination of the regional office structures and possibilities for improvements.
- DVHA: “Functions Analysis and Organizational Review” (Mark Larson, Lindsey Tucker, sponsors) – A high level look at work functions given the organizational structure, where there may be sticking points, redundancies, etc. Secondary result may be observations to enhance communications.
- Agency of Administration & Department of Health: “Healthy Food for Vermont State Employees and Visitors to Vermont Facilities” (Michael Clasen and Sue Kamp, sponsors) – Recommendations for next steps, easy wins, opportunities to move this project, which begun in VDH under Commissioner Chen, forward.
- Agency of Natural Resources Forests, Parks and Recreation/Forestry Division: “Policies and Procedures – Past, Present and Future” (Steve Sinclair, Bill Baron, sponsors) – Recommendations for best tools, formats, and approaches to updating policies and procedures in the Division, with a special eye to succession planning, knowledge transfer, development/training plans for staff. There

is also an element of addressing the many changes in environmental issues since the policies were first developed.

Employee Engagement Survey: The survey has closed. We have a record-breaking response rate of 53% (over 4100 responses). The number of paper submissions seems to be significantly lower this year, unless the last ones flood in in the next few days. This may be due to the extra effort to reach employee email addresses and the help of field in sending out encouragements.

## **INFORMATION AND INNOVATION**

### **Status of Governor's Priorities:**

#### **Healthcare:**

- Healthcare:
  - Optum has delivered a large and unsustainable quote to the state for ongoing security services of the health services enterprise platform. The State security team is working to review vendors and develop a cost competitive model.
    - 70% of costs of this model have been identified with an ETA of next week for the remainder.
    - Further work needs to occur to appropriately identify funding sources with AHS.
- The Pharmacy Benefits Management (PBM) project is on track from a security perspective. The vendor has provided security details that demonstrate positive competencies.
- The first proposal has been received from CGI Tier 1 Hosting regarding continued hosting/management of the Health Services Enterprise Platform at CGI's Phoenix and Philadelphia datacenters. CGI has made an executive decision not to continue hosting services for the State of Vermont as they exist today and have targeted March 31st, 2015 as the end of service date. As of now the belief is this date is somewhat flexible (plus or minus 4-5 months) but the CGI Service level for Hosting will need to be reduced. This is a priority effort that will consume much complex design and architectural work as we attempt to solidify what the next 6-8 months look like with CGI Hosting and begin planning options for transitioning away from CGI Hosting.
- GMCB – VHCURES: After many months of procurement, the Green Mountain Care Board has made a tentative award for their new VHCURES All-Payer Claims Database solution. Both contract negotiations and Independent Review to begin soon. (Tim Holland is the oversight project manager (OPM))

#### **Evolving Issues:**

- Plan of Action and Milestones Status:
  - Tax – 65% (211 items) of all outstanding weaknesses remain in a high/significant risk status.
    - A penetration test is being scheduled ahead of the 12/8 FAST go live for public functionality.
  - DVHA – 0% of all outstanding weaknesses remain in a high/significant risk status.
- Security Operations:
  - No work coverage currently exists for off hours security related work that needs to be performed at DII.

- Along with other projects such as Tax's FAST and DHVA's VHC the CISO continues to evaluate scope for a managed security service to provide 24x7x365 coverage for some operational aspects of security.
  - The evaluation work of this task is being combined with Healthcare to ensure an Enterprise approach and greater efficiencies are obtained.

#### Web:

- Harry will meet with the Lottery Commissioner on 10/30 on a project to separate the problem gambling Website from the main Lottery Website.
- DII is drafting a letter that will go out under AoA's authority explaining what the Open Data Portal is and asking for ideas from departments on what type of datasets they might have available. Harry is working on composing this letter to be reviewed by AoA.

### **LIBRARIES**

No report.

### **TAXES**

#### **Legislative Update**

Cloud: The Speaker and Sen. Ashe remain doubtful of the ability to move a specific exemption through the legislature. They pitched an idea for the Commissioner to reverse course on taxation as a matter of interpretation. I committed to playing with the concept, although the fact that the legislature let a moratorium on taxation expire clouds the issue.

Solar and Current Use: Particularly from Addison County, we are hearing complaints about the tax compromise for solar arrays struck with VLCT and the advocates (after endless negotiation). The advocates still believe the valuation method and tax rates are too high, while some towns think the arrays got a sweet deal.

A couple of legislators have inquired about whether the arrays should disqualify property from current use. The Commissioner explained to Sen. Ayer that currently we are working through the issues case by case (and that we probably did not have enough clarity for legislation). The Department, which has discussed these issues on several occasions with Ag and DPS, is settled on the extremes. If none of the power is used on the farm, and there are no agricultural uses under the array, the parcel is out. On the other hand, if all the power is used on the farm, it could stay in regardless of the use under the array. We are currently working through a case in which the power is not for the farm, although the parcel is still used for sheep grazing. The Department is inclined to allow this to parcel to stay in, although it is still vetting the facts and decision. A caveat to any farmer is that the sale of the power could tip them over the 49% cap for non-farm income.

Ag Equipment: The Commissioner and staff attorney had a productive 2 ¼ hour meeting with a taxpayer on this issue. The Commissioner is tentatively planning to meet with concerned legislators before the session.

**Municipal Parking Garages:** The Auditor in the course of the TIF audits determined that Winooski's parking garage should not be tax exempt since it was leased to commercial tenants. Tax and ACCD worked with VLCT, Winooski and other municipalities last year on a provision to specifically allow garages in designated downtowns to remain exempt as long as spaces were open to the public nights and weekends. It never got over the finish line, so the Commissioner and Fred Kenney arranged to meet with Karen Horn, Deac and officials from So. Burlington, Hartford and St. Albans to strategize a path forward. The municipalities are inclined to seek the broadest exemption – for any type of municipal parking facility, which might lead to some gaming scenarios, and more scrutiny as to why commercial lessees should not bear the taxes. At this point, Karen Horn is supposed to coordinate drafting language, and the Department committed to pulling together data.

**Operations:**

**VTax:** The second round of end to end testing is wrapping up; one more to go and still on track for go live on December 8. Training and communication groundwork continues as well.

**PRIVILEGED AND CONFIDENTIAL**

**TO: Secretary Jeb Spaulding**

**FROM: Robin Lunge**

**DATE: October 31, 2014**

**SUBJECT: Weekly Report**

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**Green Mountain Care Planning/Financing**

*Federal Meetings* – Last Friday, Robin met with CCIIO staff in D.C. and the team held a conference call on a proposed federal pass through funding formula developed by Vermont. There was over 35 federal staff on the call. Several areas of follow up were identified by federal staff, including that some staff new to the process needed an overview, CMCS would like to talk about eligibility requirements for Medicaid in more detail, and the Office of the Actuary needs a one-on-one with our actuary from Wakely. We are in the process of setting up these follow up meetings. The overview is scheduled for tomorrow (10/31) and we have reached out to set up times with CMCS and with Office of the Actuary. In addition, the team had 2 calls with legal staff from Treasury this week to begin to work through Michael and Devon's concerns on areas where they wanted to validate their analysis. We will continue talking with Treasury staff weekly to complete these issues.

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*Finance Plan* – The microeconomic modeling and macroeconomic modeling continue on schedule. The team will discuss the initial results with Jon Gruber next week. The macroeconomic tool is still on track to accept input from Gruber's model no later than November 15<sup>th</sup>.

Staff plans to refine future modeling by conducting a Vermont Health Benefit Survey for businesses. Administered by the UMASS Medical School Office of Survey Research, Vermont non-farm businesses with 3 or more employees will receive an email invitation to participate in the online survey. The schedule is to send an email pre-notification to businesses from Lawrence on November 12 and the survey invite on November 13. Thousands of businesses will receive the survey (final number to be determined by November 10<sup>th</sup> based on VDOL data). The maximum number would be approximately 11,000. Michael will check with the Governor's staff regarding how to handle press on this survey.

Michael, Devon, and Robin have worked with the State Treasurer's office to understand the impact of Green Mountain Care on state and teacher retirees. The law assumes all Vermont residents receive GMC. Therefore, state and teacher retirees not yet eligible for Medicare will receive GMC coverage first and their State retiree coverage will wrap around that coverage. The initial analysis, done by our actuaries and the Treasurer's actuaries, pointed to potential annual savings for the State on the order of tens of millions of dollars, depending on the cost of the wrap coverage. Also, GMC would cause a drastic reduction in future OPEB liabilities valued in the hundreds of millions of dollars. Recently, the Treasurer's Office updated their analysis and included it as an addendum in the draft versions of their annual reports on state and teacher retirement benefits. The analysis is even more compelling now given the rising cost of State employee and teacher health care premiums.

*GMCB Benefits Preparation* – We have been talking with GMCB staff about the benefits presentation to GMCB in December. Al preferred that we not do one on one meetings with GMCB members in advance. Robin raised a question about which actuarial value calculator the GMCB actuaries would use and proposed a discussion between Julie Peper from Wakely and the GMCB actuarial firm to ensure that we had clarity about the standards. Unfortunately, Al and his staff are concerned about allowing the actuaries to have this conversation prior to the submission of the plan designs. This is concerning, because should the GMCB actuary decide to use a different calculator or process, it could mean significant changes for a technical reason to plan designs near the 80% AV level. If we choose a higher AV as the Governor's recommendation that is less of an issue. If we choose the 80% AV as the recommendation, Robin is worried about how this will play in the media and could undermine confidence. Al indicated he'd do some additional thinking, but seemed pretty set on not having the actuaries talk in advance of the filing. Robin's argument for this is that since the GMCB has not issued rules or guidance on how they will look at the AV calculator, this is not the same as an existing process like rate review, which has guidance and criteria set up. This could be an on-going issue related to the triggers since the GMCB has not worked on the criteria yet.

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## CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin  
From: Michael J. Hogan, Commissioner of Liquor Control  
Date: October 31, 2014  
Re: Weekly Report

### Status of Governor's Priorities:

- Submitted targets for FY2016 budget. Met with Commissioner Reardon. Fine tuning budget numbers for FY16.
- I moderated a panel on marijuana at a national conference of multiple states recently. Great response! Highest attended seminar in the whole conference. Shared what was happening in Vermont with the study.
- Working with Rand Corp on information regarding other state regulatory approaches to marijuana. Monitoring the process in Washington State.
- There will be multiple ballot issues across the country on this issue next week. Regionally, Maine is looking to implement something on a small scale. Oregon has an initiative issue next week for recreational marijuana. Polls are very tight on the outcome. Indications are that it will pass if young people get out and vote. Alaska is also expected to pass a similar measure.

### Legislative Issues/Contacts/Updates:

- Miscellaneous clean up language for Title 7.
- Met with Leg Council Damien Leonard to discuss any legislation for the upcoming session.

### Press Issues/Releases/Contacts:

- Our large van was used to process folks that were part of the demonstration at your office building.

Significant Events/Meetings: Next Board Meeting 11/12/2014 - Enforcement Hearings.

### Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems. Testing new registers next week.
- Preliminary review of department processes for potential licensing and enforcement system. Considering using VIC as they are very familiar with our business processes to help with a statement of work.
- Planning an alcohol symposium for early December for policy makers, licensees, and industry partners.
- Working with VIC on break open ticket reporting process. Prototype has been developed. Should be beneficial to Tax and DLC to gauge the amount of tickets sold and who they are being sold to. Working with Tax and should roll out this reporting process in January 2015.

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### Summary of Key Department Activity:

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.

- Commissioner's Commentary: Have a great weekend.