

WEEKLY REPORTS

Checklist
1/15/16

Darren Springer

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Financial Regulation – Susan Donegan
- Public Service Department – Chris Recchia
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Education – Rebecca Holcombe
- Agency of Transportation – Chris Cole
- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Justin Johnson

Jessica Gingras

- Boards and Commissions – Jessica Gingras
- Department of Liquor Control – Jim Giffin

TBD

- Department of Labor – Annie Noonan
- VT Commission on Lottery – Greg Smith

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: January 15, 2016
Re: Weekly Report

PATRICIA MOULTON, SECRETARY

GOVERNOR'S PRIORITIES

- **Economic development marketing plan:** The consultants hired to help us develop this plan have been in Vermont this week on a "immersion tour" meeting with businesses and other stakeholders. (see more below from Joan Goldstein.) This is augmenting other work Lisa Gosselin began before she left as commissioner. House Commerce is interested in having the consultants in, we are trying to push them to wait until we have something more sensitive for them to discuss.
- **Business prospects:** I read in Vermont business magazine how Fairpoint is looking for a data center location in either Maine or Vermont. I reached out to Beth Fastigi and she and I are talking this morning. Nice of her to let us know, not! Both Joan and Kiersten have heard from potential business prospects this week. Kiersten received a call from a Canadian company who had heard about BHS and has reached out. Seems we're getting some traction from the Vermont Quebec initiative.
 - **Joan Goldstien reports: Business lead:** Although we are constantly criticized for our website, the other day a lead came in to me via email from the website! Elmet Technologies is a refractory metals business headquartered in Maine with an operation in Georgia that they would like to move to either VT, NH or Maine. The CEO, Andy Nichols, a Texan with some roots in Connecticut and Maine, said that Georgia is way too far away from their home base. Andy is a no nonsense guy who said it will cost approx. \$3mm to move this operation from Georgia to NE and so whatever we can do to get as close to that number as possible will help us tremendously. It will be 30-40 jobs. They are the sole supplier to cat scan machines and they have some customer base in VT. He liked our quick response time: email came in to me, I called him the next day, and the next day Kiersten has a few possible sites in mind. Sometimes it is indeed good to be small. We are thinking CT River Valley for location – possibly Windham. He needs 25k sq. ft. with 30ft ceiling height.
 - **Mack Molding** is in talks to purchase a business in California and is now faced with the decision whether to relocate the work here or in South Carolina. It would mean 50-100 jobs. Fred and I are scheduled to go visit them on Jan 22 to review the VEGI parameters. Somple has been watching all of the Enterprise Fund activity very closely and wants some. The last time they landed a big contract all of the work went to SC as Somple was not patient enough for VEGI. In all of the phone calls we have had with him since, we have explained that he needs to go through the process of VEGI in order to get the incentives. Jeff is out of state when the Governor is in Bennington Feb. 8, but a call to Jeff is in order when we learn more.
- **Legislative:** I'm being asked to come into House fish and wildlife next week to discuss whether or not state incentives should be tied to compliance with water quality standards. My position is that all projects involving construction need permits. And that we are not the environmental compliance agency like the agency of natural resources and natural resources Board. We should not tie incentives to water quality compliance. If there is a known violator who is not working to get in compliance, no incentives. But that has never been the case that I am aware of.
 - House commerce members seem very driven to change the VEGI statute to become "more readable" and Bill Botzow would love to find a way that existing companies could be eligible for VEGI if they are converting temporary employers to full time permanent's. This will be quite a stretch for the cost benefit model and other VEGI issues. Bill also wants to find a way to fund infrastructure for new housing and other developments, a TIF type solution. While we love that, House commerce has a number of ideas that will die a quick death in ways and means.

LUCY LERICHE, DEPUTY SECRETARY

- **USDA Energy Efficiency Announcement:** Lucy attended a press event where Governor Shumlin, Senator Leahy, federal Secretary of Agriculture Tom Vilsack, and Scott Johnstone of Vermont Energy Investment

Corporation (VEIC) announced a grant of \$46 million to Vermont to be administered by VEIC as a loan fund for energy efficiency projects in Vermont. Low interest loans will be available for homeowners, businesses, and public facilities. This was an intensive, creative and collaborative process to create the structure to apply for these funds statewide. These loans could have a huge positive impact in helping us meet our state's energy efficiency goals.

LEGISLATIVE ACTIVITY

- **Program Overview:** The ACCD Team just finished up an overview of programs for House Commerce and gave the Senate Economic Committee an ACCD update from last year's legislation. We are now working on responding to the House request for prioritizing programs. We will attempt to organize Agency programs into first and second tier categories, while also balancing that assignment with our support for the Governor's recommended budget.
- **Economic Development Bill:** ACCD is working with Legislative Council on language to include in the economic development bill currently being drafted. So far, we are including our proposal for up to 10% of Vermont Training Program dollars to be allowed for employer workplace learning programs for students; the elimination of the Vermont Employment Growth Incentive sunset; and changing RDC and RPC contracts to grants.
- **VTP Annual Review:** We are submitting our VTP annual review by 1/15 and expect to be in committees to defend the program. There was particular interest/critique of the program by the state auditor last summer and we fully expect this to continue.
- **Captive Insurance - House Commerce:** Dan Towle will be in the State House this week on two occasions. Dan will be there as part of VCIA Legislative Day and on Friday, the House plans to take up H.538, An Act Related to Captive Insurance. The legislation is the Department of Financial Regulation's captive insurance bill. Dan will be testifying on both occasions. The captive legislation is much more modest than in the past number of years and addresses some non-controversial technical amendments.
- **Pathways Out of Poverty 15% Goal Info**
 - **Stakeholder Group:** A smaller group dug in last Friday to determine how to answer the questions – 15% of what? What is an agreed upon definition of homelessness? What are 'owners of publically subsidized housing'? Good progress and we came to consensus on many issues. One concern is that members of the provider community were not in attendance. Notes were sent out and the topics for discussion (mechanism and tools for achieving the goal) were outlined.
 - **Affordable Housing Coalition:** Staff attended the monthly Affordable Housing Coalition meeting this week. An update on the discussions surrounding the Pathways from Poverty Council's recommendation that publicly supported housing should establish a goal of utilizing at least 15% of their housing units for people experiencing homelessness resulted in lively discussion. Several Coalition members, including some who operate homeless shelters and provide services to those experiencing homelessness, voiced frustration at the amount of time and resources being spent on this goal, which, it was noted, will ultimately be an exercise in data collection that does little to get to the problem of inadequate housing supply and social service supports.
- **Homeless Vigil:** Noelle attended the Homeless Day Vigil. Senator Leahy was in attendance along with Speaker Smith and Sen. Campbell and many other legislators. The \$2 a night hotel fee was mentioned several times.
- **House Corrections and Institutions and Senate Institutions:** Devin sat in on the presentations made by Wanda Minoli of BGS regarding the status of projects funded by the Capital Bill. There was some confusion over the mission of the Cultural Facilities Grants Program in the House, but Devin explained this is a program directed by the Arts Council and how it differed from the Historic Preservation and Barn Grants. In the Senate, Senator Mazza specifically asked how much interest there was in the Building Communities Grants and if the demand was still there for funding. Wanda said for those under the direction of BGS, the requests exceeded the amount of funding and assumed it was the same for the Historic Preservation and Barn Grants directed by VDHP. Devin confirmed this. Laura in close partnership with Noelle will follow up with both Committees to update them and answer any further questions.
- Shaun has been tracking legislative committee schedules and bills. Senate Economic Development, Housing, and General Affairs heard from the sponsor of S.257, which aims to strip tenant protections from 'sublettors' who do not have the express permission from the landlord to occupy a rental unit. The questions posed and stories shared by committee members indicates a likelihood that this bill will receive further hearings and may move this year. Most in the tenant advocacy community recognize the challenges that have fomented this bill but have concerns

about a particular provision that may be open to abuse by unscrupulous landlords whose tenants lack a written lease.

KEN JONES, ECONOMIC RESEARCH ANALYST

- This week, the Department of Public Service released the 2016 update of the **Comprehensive Energy Plan**. What this plan does not include is the impact of recent oil price reductions on the Vermont economy and our plans to reduce future use of petroleum products. Ken Jones will provide a presentation on Friday, 1/15 to describe the impacts on Vermonters' pocketbooks with some questions about the impacts to the clean energy economy. Vermont households and businesses saved more than \$500 million in annual fuel purchases (fuel oil, propane and gasoline) between 2013 and 2015 and this year looks to be even better. To put that into perspective, the ARRA stimulus that reduced the payroll tax in 2009 and 2010 only saved Vermonters \$200 million each of those years. Vermonters spend \$500 million annually on food purchased in grocery stores. There is, unfortunately, a down side. The economic incentive to move home heating away from fuel oil and propane to renewable electricity (via heat pumps) or local biomass (via modern wood heat technologies) has been removed. Making progress to our greenhouse gas goals will be much harder. We may continue to see progress in the addition of electric vehicles to the state fleet because those electric cars are becoming more relevant (longer range with more charging options) and early adopters are not driven by economics as much as other considerations including concerns about Climate Change.
- Related to this topic, Ken met with Gaye Symington to discuss the **coordination of building weatherization activities**. Gaye expressed frustration that the myriad of programs that are in place to provide weatherization are not coordinated, and in many cases, not professional. Ken is not as concerned about the lack of coordination at this point, because no single delivery approach has risen to the point of providing a viable business model that will accomplish appreciable penetration of those weatherization services. However, there is a legitimate concern that there is not a single point of focus within state government to ensure that we are learning from the experiences of these, largely public dollars supported services. Gaye appreciated the process represented by the Thermal Energy Task Force that brought together those with experience in the weatherization world. She believes that the Task Force resulted in service improvement and it is time to rekindle that effort to continue progress.

VT CENTER FOR GEOGRAPHIC INFORMATION (VCGI) ♦ Steve Sharp, Interim Director

- **Outreach and Professional Development Program**
 - Leslie drafted a handout for the January 20 Card Room Display and continues to coordinate participation by various private sector, academic, state, and federal GIS folks.
 - Leslie presented a webinar on how to leverage the QGIS Cloud platform, an alternative to the ArcGIS Online platform.
- **GIS Governance & Coordination:** The VT Enterprise GIS Consortium (EGC) met to review a report craft by Esri outlining recommendations on how the State of Vermont could optimize the use and deployment of GIS in the State of Vermont. The EGC voted to establish a subcommittee to review Esri's report and craft recommendations for the EGC to consider. The EGC "GIS Action Planning" Subcommittee met on 1/13/2016, established a Charter, and quickly began its work.
- **Projects and Technical Service Contracts**
 - **NBRC Parcel Data Project:** Leslie is continuing to help the last few towns fill out forms and submit reimbursement requests and final reports.
 - **VT Solar LIDAR Project:** Mike has processed 80% of the "solar potential" LIDAR data which will be used to update the VSJF's Renewable Energy Atlas. The geoprocessing is very CPU intensive and has taken several months to complete. We anticipate complete by the end of January.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **Snow:** The snow and snowmaking temps have arrived just in time for MLK weekend. Most of the resorts are reporting very high reservations for the holiday – especially the group business.
- **Thanks to the Industry:** Many of our industry partners have stepped up to support our Economic Development Marketing efforts. Hotel Vermont, Moose Meadow Lodge, Jay Peak, Stowe, Sugarbush and SkiVermont all donated prizes and/or lodging for the first stages of our research.
- **American Bus Assn. Marketplace:** Megan and Kathleen attended the marketplace along with many lodging properties and resorts, as well as the Vermont Tourism Network and Vermont Attractions Assn. This is a B2B trade show with 7 minute appointments, ongoing educational seminars and a chance for the host city to show off

its assets. Louisville never disappoints and the show included events at the Mohammed Ali Center and Churchill Downs. We had a “Discover New England” aisle and served Lobster Mac and Cabot Cheese with Maine for the reception on the showroom floor. It was a huge hit. Dakin Farm and Morse Farm both provided samples and snacks for the booth as well.

Steve Cook, Deputy Commissioner

- **Ski VT Marketing Meeting:** Cook attended the Ski VT marketing meeting on January 7th. The late arrival of winter has had a significant impact on skier days as anticipated. The Association and individual ski areas are working to push regional marketing efforts in late January – mid February when conditions are expected to improve. Unfortunately, many of the resorts are still at low trail counts during the upcoming holiday weekend.
- **VDTM December Dashboard:** Below are highlights from VDTM’s December performance dashboard.

Web Analysis (Dec)	Sessions*	Time on Site	Pages per Session	% New Visitors	Bounce Rate
VermontVacation.com	21,379	2:03	2.64	84.09%	48.7%
% Change from last year*	456.90%	5.16%	60.97%	-3.46%	19.68%
<i>*Greater accuracy of new servers mean some stats were under reported in 2014</i>					
Social Media (Dec)	Impressions	Engagement	Likes/Followers	prev likes/followers	Difference
FB Vermont Tourism	132,897	2,641	32,176	32,029	147
FB Vt. Tourism Ind.	2,303	173	818	816	2
Twitter- VermontTourism	N/A	N/A	21,000	20,698	
Twitter - ThisIsVT	N/A	N/A	12,005	11,000	
Instagram	N/A	N/A	2,232	2,200	
Youtube	N/A	N/A	1,172	1,140	
e-Newsletters (Dec)	Subscribers	Open Rate	Click Rate	Bounced	Unsubscribed
Consumer	70,702	15.3%	2.3%	221	191
Industry	3,945	15.3%	2.1%	21	9

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Communications Outreach:** Laura continues to work with Huffington Post blogger Malerie Yolen-Cohen on a spring fam trip. She distributed a “save the date” press release about Open Farm Week (August 15-21, 2016), and submitted events for “Up to Speed,” a feature in Amtrak’s *Arrive* magazine. She also worked on the consumer newsletter and the February Events press release, for distribution on Friday, Jan. 15.

SALES ♦ Kathleen Kolva, Sales Manager

- **ABA:** Kathleen attended the American Bus Association Marketplace, January 8-13, in Louisville, KY. ABA represents and promotes the motorcoach, travel, and tourism industries in the U.S. and Canada. More than 3,500 tour operators, suppliers, and exhibitors attended this event. She began with the STAR Experience, a three-part orientation that provided advice on how to maximize opportunities at her first ABA Marketplace week. Throughout the conference, Kathleen served as an ambassador for the state at the Vermont Department of Tourism booth. Her duties included set-up, break-down, distributing marketing material, and promoting Vermont products. Samples were provided by Dakin Farm, Morse Farm, and Cabot. The rave reviews of the lobster mac n cheese, served in partnership with Maine, made the VDTM booth a final contender for the “Best in Show” on opening day of the Marketplace.
- **Education:** Along with her time on the Networking Floor, Kathleen attended seven educational sessions on the following topics: social media strategies; improving presentation delivery; sales techniques in digital marketing; millennial travelers; ideas to build business in the off-season; emerging tourism technologies; and, tips on developing your professional network.

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

- Sky and Mary met with representatives of AIDC, our fulfillment house, to discuss our unhappiness with shipping costs and service. Outcomes:
 - We will now be using different shipping methods for eleven months of the year (USPS media mail) and then the holiday season (USPS Priority Mail or FedEx Ground depending on destination).
 - Next year there will be notices on the site alerting customers to expedited shipping options.
 - Sky, Mary and Paul will also be going for training on Cicada and Pentaho so that we can pull and build the proper reports more efficiently.
 - AIDC is working on integration with Shopify. Completion date: Feb. 29, 2016.

- We're launching a social media contest called #myvermontlife. It's in the planning stage at this point. We asked our advertising partners for prize donations and we have 25 businesses participating! Prizes include a two-night stay in Stowe; a \$300 gift certificate to Salaam Clothing; a one-night stay at Hotel Vermont; a \$300 WhistlePig private tasting/glassware/cheese/syrup package; \$250 in Good Body products; a scenic helicopter tour and more. The contest asks our social media followers to post a photo and use the hashtag #myvermontlife to show us what life in Vermont looks like to them. We will run on Twitter and Instagram. Stay tuned!

DEPARTMENT OF ECONOMIC DEVELOPMENT: Joan Goldstein, Commissioner

- **Economic Development (ED) Marketing:** Went on a 3 day 'immersion tour' with the consultants that will develop an ED marketing strategy/plan. We met with businesses, chambers, RDC's, colleges, tech alliance, VCET, young professionals, agencies, trade associations, VMEC, etc. We heard a few recurring themes and some high expectations. Some snippets:
 - 'We need more people ...we sure hope you will be marketing to recruit people.'
 - 'We need to improve VT as a place to do business before we can market it ...what good is marketing if it is too difficult to get things done?'
 - 'Our students don't stay because you don't have enough jobs here that are suitable for their field of study.... not everyone wants to work at Dealer.com.'
 - If you could fill the 500 vacant tech jobs, then you have done a great job!
 - Are you going to increase the population? Cause that's how we will judge your success.
 - Why is the state doing this? Can't the private sector do their own recruiting? Shouldn't this be done at a regional level?
 - I think if we knew how to institutionalize internships and apprenticeships then more students would stay when they graduate.
 - Young professionals have boatloads of student debt and opt to go to cities where the pay is higher and they do not need a car and rental housing is available (and if not cheap there are plenty of shares available).
 - But we do have some great success stories. I do hope that you get to tell them to a wider audience.
 As one can see the expectations are vast and all over the lot. We will be working closely with the consultants to come up with a strategy to address/attract the audiences we need.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Had Northern Border Regional Commission (NBRC) Program Manager's call to approve the 2016 grant program schedule.
 - Application Available by: March 14
 - Application Deadline: June 10
 - State Review/Scoring: June 30 – July 22
 - Notification of Awarded and Denied Applications: August 1
 This year we will have approx. **\$1.75 million** for economic development and infrastructure grants for eligible projects in the NBRC territory (Essex, Orleans, Caledonia, Lamoille, Franklin, and the towns of Alburgh, Isle La Motte, and South Hero in Grand Isle County). Orleans is now listed as a "distressed county", joining Essex and Caledonia, meaning projects in those counties can have the NBRC grant cover 80% of the project cost. Projects elsewhere in the NBRC territory (the "transitional counties" of Franklin and Lamoille and the "Isolated Areas of Distress" of Alburgh, Isle La Motte, and South Hero) must match the NBRC grant 1:1 (50% match). Proposed projects, regardless of location, can be in any of the following areas: transportation infrastructure; basic public infrastructure; telecommunications infrastructure; business development or workforce development; basic healthcare and other public services; resource conservation, tourism, and recreation; and the development of publicly-owned renewable and alternative energy sources. Eligible applicants are state or local governments or non-profit entities.
- NBRC information sessions have been confirmed for the afternoons at the following dates/locations (more details to follow):
 - Thurs. Feb. 18, Lamoille County (Morristown Town Offices)
 - Tues. Feb. 23, Northeast Kingdom (NVDA Offices, St. Johnsbury)
 - Wed. March 9, Franklin County (Swanton Municipal Ctr.)
- Represented the Agency at my first Clean Energy Development Fund (CED) Board meeting, filling the seat that former Deputy Commissioner Hollar had held. The agenda consisted of a review of FY15 investments and

outcomes, as part of the CED's annual report to the legislature (will share). Most of the programs that the CED managed last year are continuing in FY16. One new program was also approved:

- A **High Performance Modular Home Grant Program**, which will have \$125,000 for incentive payments for solar PV systems to be installed on low-income high-performance homes (such as made by Vermod). The incentive payment will be \$1/watt, with a maximum incentive per house of \$7,000. Eligible residents must have incomes less than or equal to 120% AMI. For additional detail, contact Andy Perchlik.
- Outreach to two dozen businesses re: VMEC's "[Innovation Engineering Experience](#)" for Working Lands businesses, to be held Feb. 16-17 at VTC.
- **Ongoing:** Working to find an organizational partner to develop a new "deferred payment, no-interest revolving loan program, paired with technical assistance" as recommended by the Working Lands Financing Options report, with seed funding of emergency NBRC funds; Wood Products Manufacture Incentive study; business support for Amoskeag Woodworking.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Captive Insurance Licensure Year End Press Release:** Dan Towle, Director of Financial Services, reports that a press release went out this week sharing the State's activity of 2015. There were a total of 33 new captives licensed in 2015. Eleven of the 33 licenses were what we call 'redomestications'. Redomestications are established captives that move from another captive domicile to Vermont. Of the 11; 3 were from South Carolina, 3 from Arizona, 2 from Bermuda, 1 from the Cayman Islands, 1 from Nevada and 1 from Kentucky. Many of the redomestications came from our biggest competitors and that speaks well to our ongoing marketing efforts, despite fierce competition. Governor Shumlin was quoted in the release. The release was widely picked up among all of the captive insurance trade media.
- **Large Utility Company and Orthopedic Practice:** Dan has prepared customized information to several solid prospects that are considering Vermont. Dan plans to meet with both of them in the near future to help finalize their choice of Vermont. One is based in Florida, the other in Indiana.
- **Talking Points for Secretary Moulton:** Dan provided talking points for the Secretary's remarks at the VCIA Legislative Day luncheon.

INTERNATIONAL (Vermont Global Trade Partnership) ♦ Katie Corrigan, Senior Economic Development Specialist

- Chamber of Commerce deadline for Aero Montreal participants is January 15th, 2016. VGTP is busy finalizing companies STEP applications for this event.
- Attended a series called Be Heard 2016 put on by Insights LLC out of Waterbury, VT. Owner of Insights Kim Dixon specializes in teaching small businesses how to online market their products. A lot of her 1-2 hour workshops are free to small business owners. Kim also works with David Goddette from Star 92.9 who teaches small business owners the offline marketing side of things. David is also interested in assisting DED in promoting STEP, OEA and VTP grants. Conversation to be continued.
- Met with Stephens Precision in regards to STEP funding and how else to use STEP funds besides a trade show.

VERMONT TRAINING PROGRAM ♦ John Young, Director

- The VTP is in the process of converting to the IntelliGrant system with a projected start date of July 1, 2016. This will continue to insure that we stream line the VTP process and fully document all of the steps taken.
- Meeting with Vermont Natural Coatings this week to discuss the VTP program and to talk about their future training needs.
- Next week meeting with Henderson Tree Service and Marathon Health as well as a visit to Lamoille County to visit employers with John Mandeville.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay

- **9 (L):** Met with ANR and DRB to discuss the latest draft, comments from stakeholders and how they were addressed and next steps. We should be finalizing by next week. We have been asked by Jon Groveman to do the presentation to the DRB board. We will develop the final presentation material, train the DRB trainers and work with any potential applicants as needed. Kudos to John, Dale and Chris!
- **Solar Siting Task Force Meeting:** Participated in the final, but not final, Task Force meeting which concentrated on the various recommendations made by the committee and public. Report will be pushed back a week or so and the Task Force will meet at least once more.

- **Parcel Mapping:** Noelle is teaming up with Deputy Secretary Tetreault from VTrans to begin meeting with other Agencies to try and get support (\$ and in kind) for statewide parcel mapping. We meet with Agency of Admin Secretary Johnson and he is very supportive of the project.

Deputy Commissioner Hanford

- **Vermont Center for Independent Living:** Met with Sarah Launderville, Executive Director of VCIL to explore the best way to assist municipalities that are trying to make accessibility (ADA) up-grades to their municipal buildings. They have lost their staff person who was providing outreach and technical assistance to municipalities and do not have funding to replace the position. In addition, the private ADA consulting firm, Vermont Accessible Environments, has scaled back its work leaving a void in assistance to municipalities looking for comprehensive ADA guidance and planning. VCDP provides significant funding to municipalities to help make their existing historic buildings comply with current ADA codes.
- **CBBG/CDBG-DR Applications:** The Richmond Creamery Site Re-development project, seeking \$541,871 in CDBG funds, has encountered a few challenges in obtaining the HUD Environmental Release. A phased approach will be discussed with the GMS and Environmental review team. The project has been in the works for some-time and the brownfield clean-up and re-use of the site is a goal of everyone involved.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Community Planning

- **Vermont Planners Association (VPA) – Legislative Cracker Barrel:** John attended VPA’s annual legislative cracker barrel, where VPA’s legislative committee and members discussed their legislative priorities for the session. While VPA will be monitoring and testifying on a variety of bills ([H.249](#), Councils of Government, S.230, Renewable Energy Siting , S.237, Forestry Management and Policy) the organization will focus on passage [H.367](#), a bill that proposes to extend the life of municipal plans from 5 years to 10 years. The bill has passed the house and this change is expected to give towns more time to implement their action plans. This recommendation was included in the Department’s [Act 59 Report](#).

Regional Planning

- **Flood Resilience Checklist:** 26 staff people, representing all the Regional Planning Commissions, joined Annina and Faith as well as Ned Swanberg from ANR in a webinar to review the checklist and answer questions on its application and use. Under the ACCD/RPC contract, the RPCs will use the checklist to help municipalities who are updating their municipal plans. The tool is designed to identify opportunities and strategies to reduce flood risks and damage and help towns make meaningful changes to protect residents, property and Vermont’s economy. Data from the checklists will be compiled at the end of each fiscal year to measure local progress on flood resilience and identify needs that agencies and RPCs can work to address.
- **Regional Plan Updates:** In 2011, the Vermont Association of Planning and Development Agencies (VAPDA) hired the National Association of Development Organizations (NADO) to conduct a statewide strategic assessment of Vermont’s RPCs. One of the findings of the NADO report identified a need to “establish a higher level of consistency and performance across the entire statewide network of RPCs.” Following up on that recommendation, VAPDA hired a consultant to examine all the regional plans for consistency, completeness and effectiveness in meeting statutory requirements, implementing the state’s planning goals, and fulfilling their prescribed roles. The consultant’s report identified deficiencies and opportunities to improve all of them. After many years of hard work by the RPCs, we are pleased to announce that all the regional plan updates will be completed by June of this year. Big thanks to Faith and our agency partners for their time and effort in reviewing and commenting on all 11 plan updates.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

CDBG Disaster Recovery Program

- GMS-DR staff monitored the Town of Cabot’s Relocation of the Town Garage project. The project is a two-phased project that includes the construction of a new 100’ x 70’ garage with an additional cold storage wing and a separate 40’ x 60’ salt shed and the demolition of the current garage with site restoration of the less than 1-acres site. CDBG-Disaster Recovery funds in the amount of \$700,000 were utilized, along with \$558,413 in other funding, for the \$1,258,413 project. At this time, construction of the new garage is expected to be complete within the next couple of weeks and the deconstruction of the old garage will be held until Spring 2016. Previously, the Grants Management Staff had conducted a technical assistance visit with the Town of Cabot and based on the preliminary results of the monitoring review, it appears the TA visit was a huge success!



New Cabot Town Garage & Salt Shed

HISTORIC PRESERVATION ♦ Laura State Historic Preservation Officer

- **Draft Net Metering Rules:** With assistance, VDHP submitted additional on the PSB’s Draft Net Metering which will inform the process of the current waves of solar projects proposed across the state. The current, rules created a challenge for VDHP to track projects due to lack of required notification of certain projects to our office, which VDHP noted and includes in their request for consideration from the Board. Thank you so much to our valiant leader Commissioner MacKay for direction regarding the rules.
- **American Battlefield Protection Program:** VDHP has been working on an American Battlefield Protection Program grant, requesting funding for the geospatial documentation of a portion of Mount Independence. The application is due January 8.



Trieschmann,

Dale’s comments Rules, reviewing being interim

Project Review

- **FEMA:** Together, Yvonne and Elizabeth are reviewing seven projects for FEMA funding. The projects are for acquisition and demolition of properties in Bolton and Ludlow, and for elevation of properties in Richmond and Bolton. On Tuesday they performed site visits to Bolton and Richmond for two of the projects that were questionable, and were able to immediately clear one of the properties. Consultation is ongoing on the remainder of the properties.
- **SunCommon Solar Project Reviews:** Dale, Scott and Jamie met with principals of SunCommon to discuss current solar projects they have before the Public Service Board (PSB)) and strategies to facilitate a collaborative historic resource review process. SunCommon solar installations generally consist of 150kW ground mounted arrays. These net-metered projects are about 2 acres or less in extent but can still have significant impacts to archaeologically sensitive areas and indirect adverse effects on historic structures. Until recently, notice of these projects was not provided directly to the VDHP or provided regularly on an interagency basis by the Department of Public Service and the Agency of Natural Resources through weekly agenda. This resulted in an influx of SunCommon projects over the last several months with short review deadlines and limited ability to institute project changes to avoid or lessen impacts to historic resources. The discussions with SunCommon were productive and focused on developing a pre-application review process to facilitate early identification of historic resource concerns and limit the necessity of addressing these issues after the PSB review process is initiated.

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

- The second annual reinstated Housing Budget and Investment Report was due on Friday. Arthur worked on final editing and proofing, assisted by Shaun Gilpin, Claire Forbes and Josh Hanford. There is general consensus that this year’s report is improved from last year, and should be much more useful to policy makers than the earlier iterations of several years ago. We suspect the report will garner more attention; and in fact, the House Commerce & Economic Development Committee has already requested a copy and we plan to submit it to the House General, Housing, & Military Affairs Committee as well.
- The first [Public Hearing](#) for the 2016 HUD Consolidated Plan Action Plan update was set on February 8, 2016 at 4:00 PM. Arthur prepared the Legal Notice which was sent to the major newspapers around the state for

publication next Thursday, and shared with the Consolidated Plan Citizen Advisory Group. In addition to any funding from the National Housing Trust Fund, this year's Plan also must include local program income / revolving loan funds. This is to be reported in a tabular format on the "AP-30 Method of Distribution" screen in IDIS.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Recovery Work

Regular VCDP

Applications

- **Town of Bennington:** Staff met with Matt Moore from Housing Vermont, Sandy Sharpe, the Property Manager, and Michael Harrington from the Town of Bennington to tour the Applegate Apartments in Bennington. The Town submitted a \$500,000 VCDP application for the Applegate Biomass Energy Rehab project for the February Board Meeting. Here are some photos of the complex:



- **City of Rutland:** Staff met with Caprice Hover, the Executive Director of Rutland County Parent Child Center (RCPCC) and Barbara Spaulding from Rutland Redevelopment Authority to tour the current and future facility for the RCPCC. The City is applying for \$257,000 in VCDP funds to rehabilitate the property behind 16 Chaplin Avenue. Some photos of the new facility:



- **Town of Lunenburg:** The town has resubmitted the application to support the Kingdom Pellets, LLC., with modifications sufficient to meet threshold requirements. \$668,000 would be loaned the Kingdom Pellets to renovate 20,000 square feet of the former Gilman Paper Mill into a premium softwood pellet mill capable of producing 30,000 tons of pellets per year. The project would create up to 21 full time livable wage jobs, and support upwards of 80 additional forestry based jobs (logging and trucking).
- **Town of Hardwick:** The application to support Lamoille Housing Partnership purchase new Vermod (high efficient manufactured homes) units to be placed on vacant lots within the Evergreen Mobile Home Park is evolving. The application originally requested \$500,000 in VCDP funds and included 14 total units being purchased and placed in the EMHP, but the project has been scaled back slightly, now requesting \$434,758 and only includes the purchase and placement of 11 Vermod Units.

Potential Projects

- **City of South Burlington:** Staff spoke with Cindy Reid from Cathedral Square Corporation about a potential housing project to be located in South Burlington's new City Center. The City plans to submit an application in April for the June Board Meeting for a request up to \$750,000. The project would be modeled similarly to the Green Street project in Hinesburg as a turn-key project and they are proposing 35 units for senior housing and 35 units for family housing. The project site is within a Neighborhood Development Area and they believe there are minimal environmental issues on the site.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

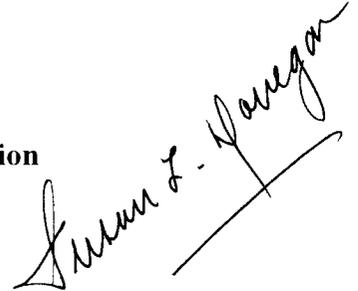
- **Creative Services:** Design work by the CMO team this week included a social media promotion ad for Vermont Life, layout and illustrative support for the Agency of Transportation on their Fact Book annual report, and report formatting for the Vermont Training Program.

State of Vermont
Department of Financial Regulation
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Montpelier, VT 05620-3101
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For consumer assistance:
[All Insurance] 800-964-1784
[Securities] 877-550-3907
[Banking] 888-568-4547

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: January 15, 2016
Re: Weekly Report



Notes:

This week, Commissioner Susan Donegan attended the National Association of Insurance Commissioner's (NAIC) 2016 Committee Assignment meeting where appointments were made for leadership positions within the organization's committee structure. Vermont came away with several high visibility assignments for 2016. The commissioner was appointed the new chair of the International Insurance Relations Committee. This committee coordinates the NAIC's participation in international discussions on insurance regulatory and supervisory standard-setting and to promote international cooperation. The Committee also coordinates international insurance matters with the U.S. federal government, including the U.S. Department of the Treasury, the Federal Reserve Board, the Office of the U.S. Trade Representative, the U.S. Department of Commerce and other federal agencies. As chair, the commissioner also represents Vermont and the NAIC at the International Association of Insurance Supervisors as a member of the Executive Committee. She has been named to a special working group of commissioners (called "The Gang of Six") who are slated to represent the states at a confidential federal covered agreement negotiation between The European Commission and the U.S. relating to recognition of reinsurance collateral. Vermont also received several other appointments to NAIC committees and working groups for 2016 such as the Financial Condition Committee (solvency issues). Dave Provost, deputy commissioner of the Captive Insurance Division, was named chair of the Risk Retention Group Task Force based on his expertise with RRGs and captives.

Captive Insurance Division:

The second captive insurance company license of 2016, number 1,064, was issued this week to CR Limited, a captive subsidiary of Ocwen Financial Corporation. Ocwen provides residential and commercial mortgage loan services and asset management services to owners of mortgage loans and foreclosed real estate.





Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: January 15, 2016

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY - We submitted a counter-proposal to Entergy yesterday. The one main concern they have expressed to me which I understand is that they are not prepared for FTC issues to engage NorthStar in a public way at this time. I explained why the AGO thought this important in terms of getting NorthStar to commit to certain actions during the stay, but I understand the issue of announcing a partner before there is an actual deal. I left it to Entergy to propose an alternative that meets both our objectives, and I think that is very possible.

Rule 5.100 Draft Net Metering Rule – On December 8, 2015 the Board circulated a draft net metering rule pursuant to Act 99. On January 13 the Department submitted comments and proposed revisions to the Board’s draft rule. The Department’s proposed revisions recommend a value-based net metering rate structure to achieve a reasonable pace and balance of net metering deployment and provide incentives for net metering facilities that are well sited. The proposal envisions a biennial process that would allow the Board to adjust rates based upon pace of

deployment and other factors. This would allow for the elimination of a net metering cap. The Department's comments also emphasize the need for an unambiguous process. Extensive conversations were held with stakeholders and, despite getting close, an agreement was not achieved. There is likely to be at least one additional round of comments before the Board, enabling additional negotiations in the coming weeks. The Department's proposal has been shared with select legislators and is already proving to be a helpful talking point for those concerned about the siting of energy projects.

Joint Energy Committee

Deputy Commissioner Copans and PERD Director Asa Hopkins appeared before the Joint Energy Committee to share the results of the Department's analysis of the impacts of Energy Efficiency Utility programs. There was a lively discussion with the 5 committee members present. The report produced by the Department will be made available to the public and comment will be requested. There will be one additional meeting before results of the Joint Energy Committee evaluation are shared with the rest of the legislature. EVT plans to utilize the analysis produced by the Dept to tout the benefits of their work.

Solar Siting Task Force – The Task Force held a meeting on Tuesday and continues to work to forge a set of recommendations to address siting matters. This work will require an additional meeting which means that the Task Force will miss the January 15 statutory deadline.

Swanton Met Tower Penalty Investigation – Docket 8561 – The Department will be filing a *Motion for Partial Summary Judgment* on January 15th on the issue of whether Respondent committed a violation of law by installing a met tower without a CPG. Along with the motion, the Department will be filing its response to Travis Belisle's *Motion for Public Service Board Review of Hearing Officer's Order on Intervention and Motion for a More Definite and Detailed Statement on the Burden of Proof and Issues for Hearing*. The Department has consulted with the other non-Respondent parties in the docket – ANR and Christine and Dustin Lang – and expects the parties will file comments expressing support for the Department's Motion.

CoverageCo- Telecommunications & Connectivity staff met with the CoverageCo leadership team to discuss the reconfiguration of the small cell site locations. The original project, as approved by the EDA, focused the project design on travel corridors along unserved roadways. As the project has moved forward, it was determined that the majority of usage traffic was from static users, instead of the expected mobile users. The increased fixed usage indicated that the original model, based on static use needed to be adjusted. CoverageCo has worked with DPS staff to determine alternative cell site locations and both parties are currently working on an amendment to the original EDA contract, which will address the substituted locations. The new locations will offer additional coverage sites and will benefit a larger number of Vermont communities, while still meeting the coverage needs addressed in the original contracted design. The original project calls for 165 locations. CoverageCo anticipates that approximately 100, including the 10 solar-powered resiliency sites, will remain unchanged. It anticipates that approximately 65 locations will be removed. These will be replaced with other sites, many of which are within the VTA-funded Incentive corridors or corridors that CoverageCo pledged to build itself. CoverageCo has indicated that it intends to move the remaining Incentive corridor sites as well, but at a later date.

Act 56 Report on the Public Advocate – A draft of the Act 56 Report on the Public Advocate will be shared with stakeholders and the Senate Finance Committee and House Commerce Committee today.

Meetings/Calls this Week:

Jan 11 –

Jan 12 – Solar Siting Task Force, CEP Release Press Conference

Jan 13 – Iberdrola meeting, AIV Comments on Act 199 Study

Jan 14 – House Commerce & Economic Dev. Committee – program reviews.

Jan 15 –

Meetings next Week:

Jan 18 – Martin Luther King, Jr. Holiday

Jan 19 – Commissioner to testify S.230,

Jan 20 – RREP Conference in Philadelphia

Jan 21 – SSTF meeting, Governor’s Budget Address

Jan 22 –

Media:

Public Official Contacts: Dep. Comm. Copans ran into Mayor Weinberger at the Statehouse on Friday. Topics covered included his role as chair of VLCT’s Quality of Life Committee that is responsible for their position statement on town involvement in energy projects. He made the case that they were coming from a reasonable place with their proposal and expressed willingness to help facilitate productive conversations around this issue. He was also made aware that BED’s comments on Net Metering missed the mark. He indicated some interest and it seemed clear that he intends to follow up with Neale and Mike K.

Dep. Comm. Copans discussed with Senator Rodgers the Dept Net Metering proposal. While somewhat concerned about the price, the Senator listened with interest and expressed support for various aspects of the proposal regarding siting and REC’s.

Recchia and Copans met with Senator Campbell. Solar siting, Public Advocacy, and VEIC-RUS were discussed. On solar siting, Senator Campbell struck a reasonable tone. It seemed clear he is entrusting Senator Bray to manage this, though he has concerns about the ability of Senator Rodgers to rustle up trouble. He also was pleased to hear about the siting and REC aspects of the Dept. Net Metering proposal. On Public Advocacy, he indicated that he has no interest in any significant change to ratepayer advocacy in Vermont. On VEIC-RUS, he was pleased to hear that work is ongoing to address Treasurer Pearce’s concerns.

Everything Else:

PERD

Legislative Activities

- Monitored Senate Natural Resources and Energy Committee discussion solar siting issues within the context of a two-page summary report requested by the Committee Chair

(Bray) to the Department regarding a host of energy updates, including information about the pace of solar development in the past couple of years to present, as well as looking ahead to 2032(?) and 2050. Bray wants to explore the question of whether we are moving too fast now? Or conversely, if we should be pushing hard now to achieve our environmental/energy goals? Committee members discussed the pace of solar development highlighting concerns regarding landscape impacts and issues related to out of state developers, the sale of RECs, and benefits (or lack there-of) to Vermonters.

SEP

- *Drive Electric Vermont (Grantee, VEIC):*
 - Attended DEV quarterly stakeholder meeting. Of note from the meeting:
 - DEV/VEIC to receive VLITE funds for purchase incentives: \$1k/customer and \$275 for dealer (higher capacity battery), \$750/customer and \$225 dealer (lower capacity). Will start publicizing in June when program starts. 2 yr lease at minimum eligible. VLITE \$ will also support 3 dealer trainings (how to process incentive, models/comparison, charging station info).
 - Discussion regarding ANR developing incentive amount/qualification depending on battery capacity and/or income level (ie income cap). ANR focusing on small increase in registration fee as source of funding.

Renewable Energy Items

- Worked with PA to craft comments and language for constantly shifting versions of the PSD's net metering redesign proposal.
- Participated in Solar Siting Task Force meeting. Updated recommendations matrix and developed draft recommendations on environment and aesthetics for the Solar Siting Task Force. Incorporated member comments on planning, incentives, and process items. Drafted agenda and PR for upcoming meeting. Updated website.
- Began drafting 2016 Act 165 hydropower report, due to the Legislature on the 15th.
- Spoke with Village of Johnson about net metering and suggested they contact VPPSA to explore win-wins for both the utility and the town.
- Agreed to present on VT community net metering to the National Community Solar Partnership in February.

Renewable Energy Standard Implementation

- Attended meeting held by GMP and VEIC to edit/get feedback on their Tier 3 strawman

Integrated Resource Plans

- Attended kick-off meetings for both WEC and BED. WEC's proposed approach is minimalist, likely to focus on solar integration issues, while BED has begun a new approach which is attempting to capture and compare the net benefits of adoption of various technologies (battery, HP, EV, etc) at different scales (consumer, utility).

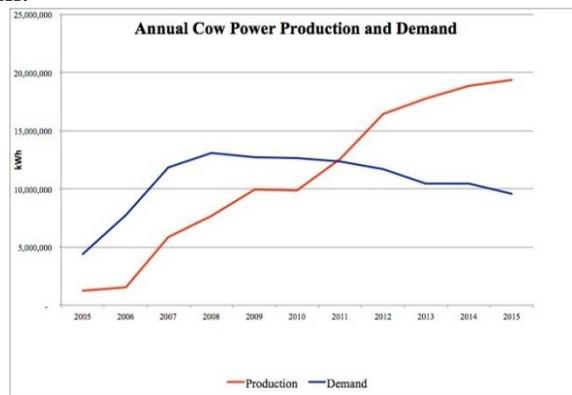
Vermont System Planning Committee

- Draft annual report is currently being circulated for comment by committee members.
- Met with VELCO to discuss how/whether to evolve the VSPC process toward greater

coordination between DUs and VELCO. Geotargeting committee has no immediate work product to engage with and needs to consider how to use its time over the next year. Forecasting committee has been grappling with limits to ability to reliably incorporate exogenous variables (EVs, HPs, DER, storage, etc.). GT chair will use VSPC quarterly meeting time to propose beginning a discussion of how to capitalize on the value that VSPC process can provide in era of grid-transformation.

Other Items:

- Worked with ANR and VTrans staff to develop a response to regional partners regarding the structure of NEG-ECP conversations about policies for meeting GHG targets.
- Responded to Tax Department request for data on solar development likely in 2016 for their annual expenditure budget
- Participated in discussions with GMP on their Cow Power program as part of their Renewable Energy Development Committee. Here is a graph of Cow Power’s generation from farms and the amount of CVPS & then GMP customer’s participation. The graph shows success in getting new digesters built and generating, but shows a weakening of demand for the 4 cent RECs associated, despite additional GMP customers having access to the program. This puts the famers at risk of the market price for RECs, which has been higher than 4 cents, so currently the farms are doing well, despite lack of demand in the program:



Finance & Economics

Electric

Barton: Tariff Filing 8588/ Docket 8646 Rate increase - On October 20, Staff received Barton’s Cost of Service and prefiled testimony which was also filed with the Board, indicating an approximate \$505k or 20% overall rate increase it would like to phase in over a two year period: 18% or \$437k rate increase the first year and a 2.4% or \$68k rate increase in the second year. The Board opened an investigation, based on the Department’s recommendation, on November 25, 2015. Staff submitted questions for discovery and is awaiting responses.

GMP: Notice of Intent to Enter into Power Purchase Agreements with GMPSolar-Hartford LLC, GMI'Solar-Panton LLC, GMPSolar-Richmond LLC, OMP Solar-Williamstown LLC and GMPSolar Williston LLC pursuant to PSB Rule 5.202; to purchase power from generation facilities situated in Hartford, Panton, Richmond, Williamstown and Williston ("Projects"). The

proposed Agreements are for the purchase of all output produced by the Projects, including, energy, renewable energy certificates, environmental attributes, and all capacity for a term of 25 years, except that the agreement with GMPSolar Williston LLC reserves the right to GMPSolar Williston LLC to assign up to 10.66% of the output to GlobalFoundries, as a third party net metering customer, for the first ten years. The proposed Agreements also provide GMP with an option to purchase each Project at the end of the term, as well as at years five and seven of the term. Staff receive and reviewed this notice and forwarded them to the PERD.

Engineering

Additional Information on New DOE Siting Process for Permanent Spent Fuel Storage Facilities

The first Department of Energy public meeting for its efforts to develop a community consent-based approach for siting spent nuclear fuel and high-level radioactive waste storage facilities will be January 20 in Washington, DC.

NRC & NEI Co-Host Public Meeting on Proposed Decommissioning Trust Fund Use Guidance

The State Nuclear Engineer attended via teleconference a joint NRC / Nuclear Energy Institute (NEI) public meeting that discussed NEI's latest draft of document NEI 15-06, "Use of the Nuclear Decommissioning Trust Fund." Most notably, the current draft now includes a flow chart outlining the decision process for determining whether a site clean-up expense is a legitimate use of a Decommissioning Trust Fund. While NEI hoped that the meeting would result in an NRC Staff recommendation to endorse NEI 15-06, the NRC was clear that no endorsement until current DTF use challenges raised by New York, Massachusetts and Vermont are addressed. Representatives from Vermont, New Hampshire, Connecticut, Massachusetts, New York and New Jersey were on the call.

Vermont Gas Systems Addison Natural Gas Project Construction

Construction to complete Segment 1 of the ANGP continued with the installation of 1839 feet of pipeline under the Colchester Sandplains via Horizontal Directional Drill, during this report period. Welding, coating application, physical installation and VGS inspection performance were monitored by the Dept. Gas Engineer during this process. Initial assessments have indicated acceptable pipe condition following installation of this section; further assessment will occur as the ground surrounding the pipe is removed to facilitate connection with pipe already installed. Approximately 700 feet of additional pipe is also required to be installed (by open-trench construction) to accomplish the connection.

966 feet of pipeline was installed at the Rocky Ridge golf course in St. George last week. This installation is part of 2546 feet of pipe which has been constructed south of Segment One and is currently discontinuous with Segment One.

The Engineering Division also monitored company actions required to initiate gas operations of Segment One, during this report period. The Department has requested documents from VGS to specify methods for, and to substantiate successful completion of, safety-related activities prior to and soon after Segment One is commissioned for operation. The Gas Engineer met with company representatives to discuss current documentation and expectations for the completion of remaining items.

Public Advocacy

NRC Decommissioning Rulemaking – No Docket – The Department, along with AGO, ANR, Public Safety, and Health have settled on a division of labor in developing initial drafts of specific topic areas contained in the ANPR. Initial drafts for interagency review are scheduled to be complete by January 20.

VY Second ISFSI – Docket 8300 – Entergy lodged a final round of discovery on ANR. No discovery requests were sent to the Department. Technical hearings in the proceeding are scheduled for the week of February 22.

Sheffield Wind/Brouha Noise Investigation – Docket 8653 – The hearing officer rescheduled the prehearing conference in the proceeding to January 19. The Department is working out a proposed schedule for the proceeding with the other parties.

VGS Addison Expansion—Docket 7970-Second Remand: On January 8, the Board issued an order denying the pending Rule 60(b) motions. The MOU with the Cost Recovery Cap will remain in effect and the docket will be returned to the Vermont Supreme Court for disposition of the procedural issue on appeal.

The Department's Gas Engineer has received a request from Over & Under Piping Contractors, the former mainline contractor with whom VGS is involved in litigation, to examine all of his inspection notes, etc. The Department has had a constructive conversation with counsel for Over & Under to ask that they narrow their request and make the request pursuant to a VRCP Rule 45 subpoena.

Discussions continue among the Department Gas Engineer, our safety consultant, VGS and the PA division with respect to the commissioning (gas up) of the first 11 mile segment. These discussions are with respect to safety requirements and the Department's expectations from the Company. VGS currently estimates commissioning this segment in January 2016.

The third and fourth non-substantial change determination requests are still pending. VGS continues to work with hydrology experts to address the Palmers' concerns on the fourth request, which is the re-route around the Palmer property. VGS has prepared a draft filing for the fifth non-substantial change determination (Hurlburt/Old Stage Road re-route) for review by the Department and ANR.

VGS-Broughton condemnation-Docket 8641-This parcel is in Monkton. Mrs. Broughton has a pending motion for summary judgment. A previously scheduled site visit and prehearing conference were cancelled and have not yet been rescheduled. On January 12, VGS formally requested that these be rescheduled as soon as possible. Arrangements are underway to, hopefully, have the DPS appraiser visit the property on January 28.

VGS-Cuneo condemnation-Docket 8642-This parcel is in Williston. A previously scheduled prehearing conference and site visit were cancelled and have not been rescheduled. Motion for summary judgment identical to Mrs. Broughton's is pending and VGS made the same request for rescheduling as it did in Broughton. The Department's appraiser hopes to visit the Cuneo property on the same day as Broughton.

VGS-Town of Hinesburg condemnation-Docket 8643-This parcel is in a park owned by the Town. A negotiated settlement has been reached. Earlier scheduled prehearing conference was

cancelled and has not been rescheduled. VGS is preparing an expedited schedule and request for a rescheduled prehearing conference.

VGS-Peyser condemnation-Docket 8645-This parcel is in Monkton. On January 12, VGS requested a status conference via telephone to discuss the schedules submitted by VGS and Peyser-there was no agreement on a proposed schedule.

South 40 Solar – Docket 8600 – The Petitioner provided some responses to second round discovery requests, but failed to provide information related to BED’s valuation of project’s output and considered alternatives to the project, arguing that such information is not in the petitioner’s control (despite submitting testimony from BED’s Ken Nolan as part of the project’s petition). The project includes a **\$.195/kWh PPA** with BED. The Department is weighing its options in response, including filing a motion to join BED as a necessary party, motion to compel discovery, and a stay of the proceeding. The stipulation deadline in the proceeding is January 19, and Department testimony due February 3.

Triland 2.2 MW Solar in Pownal – Docket 8610 – The hearing officer issued a prehearing conference memo and scheduling order leaving almost all the previously agreed upon deadlines in place despite the site visit and public hearing being delayed by three weeks. The PSD participated in the uneventful site visit and public hearing. No motions to intervene were received by the January 11th deadline. The petitioner responded to ANR and PSD discovery questions. The PSD is reviewing the responses.

GMPSolar Hartford – Docket 8580 – GMP emailed the PSD a copy of its SIS. The PSD engineering division reviewed the study and informally requested further information. GMP filed a response to Allco’s Motion to Reconsider Denial of Intervention.

GMPSolar – Panton LLC 4.90 MW Solar Facility – Docket 8637 – A site visit and public hearing were held on January 12, 2016. The public hearing was attended by approximately 20 members of the public, despite the blizzard conditions. The public comments were mixed (some individuals supported the project, some supported the project with conditions, and others oppose the project) but with some common themes, which included: decommissioning requirements; the importance of effective aesthetic mitigation; and a desire to see local benefits from such facilities.

Next Generation Solar Farm, LLC 2.2 MW Facility in New Haven - Docket 8523 - On December 18, 2015 the Town of New Haven filed a Motion to Strike the MOU filed by DPS and Petitioner, and a Motion to Join GMP as a necessary party. The Department responded on Friday January 8, 2016, opposing the Town’s Motion to strike the MOU. The Department emphasized its belief that the MOU does not deny any party procedural fairness. The Petitioner filed a Motion opposing the Town’s Motion to Strike and the Motion to Join GMP. GMP filed comments responding to the Town’s Motion to Join GMP, which comments included a revised supplemental review of the project’s fast track analysis to further clarify GMP’s conclusion that the project could be safely interconnected without an adverse impact on system stability and reliability.

Springfield Hydroelectric Company CPG to net meter the existing 410 kW Slack Dam hydro facility in Springfield – NMP-7399 - On January 7, 2016 the Department filed comments noting that the comment period for this application to net meter the existing 410 kW Slack Dam hydroelectric facility has been tolled until resolution of the GMP petition to raise the net metering cap in Docket 8652. The Department also commented that the application was incomplete because it did not include evidence addressing § 248(b)(4) (economic benefit). The Department's position is that the Board's Rules do not waive section 248(b) criteria for existing facilities and that the Petitioner should be required to fully brief the issue of economic benefit.

Vermont AllSun Solar XI, LLC 500 kW Group Net Metered Facility – CPG #NMP-6314 - On January 11, 2016 the Department hosted a settlement conference which was attended by the applicant, the intervening adjoining landowner, the Department, and each of those parties' aesthetics experts. The parties are exploring whether they can resolve the issue of aesthetic impacts and avoid litigating the issue. No settlement was reached but the parties will continue their discussions.

SSE New Haven Solar II LLC 350 kW Group Net Metered Facility in New Haven – CPG #NMP-5978 Hearing - On January 12, 2016 a technical hearing was held on the discrete issues of orderly development and system stability and reliability. The applicant, GMP, and the Town of New Haven all presented witnesses for cross examination. There was extensive cross examination and re-direct, and many objections to cross examination were raised during the hearing. Legal briefs are due on January 28.

TDI New England Clean Power Link Project – Docket 8400 – The PSB found the TDI project will promote the general good of the State of Vermont and issued a CPG subject to numerous anticipated conditions, as well as compliance with all of the terms and conditions of the numerous stipulations – including the stipulation with the PSD. The future compliance filings the PSD anticipates reviewing are the final project design plans, the final SIS, the I.3.9 approval, transmission service contracts with energy suppliers who will utilize the line, final blasting plan, the noise monitoring plan, and the underground damage prevention plan.

TDI New England Clean Power Link Project – No Docket – In response to a draft section 231 petition, the PSD suggested the petitioner include additional substantive information. Additionally, the PSD contacted VELCO in order to understand any concerns. The PSD anticipates recommending the PSB approve this petition without further investigation. The petitioner expects to file its petition by next week.

Barton Electric Investigation into Misuse of Funds – Docket 7719 – The Department recently learned that the Barton Village Trustees placed Village Manager Dave Ormiston on administrative leave on December 28th due to performance concerns. The Department has been in contact with Barton and is monitoring the issue. The Department is also reviewing Barton's proposed Internal Controls and may have comments to share with Barton and/or the Board.

Hyde Park Electric 1 MW Waterhouse Solar Project – Docket 8614 - A technical hearing on this matter was held on 1/7. The Board had questions for the Department, even though we did not file

any testimony, concerning an updated System Impact Study. The hearing was uneventful and all parties anticipate issuance of a Board order for the project on an accelerated schedule so that the necessary project and loan approvals can be obtained by federal deadlines.

GMP Haystack Substation – Docket 8541- Parties moved for an additional extension in this matter to allow time for the drafting of a process improvement protocol between GMP and the Department concerning factors to be evaluated and evidence to accompany petitions when proposing new substations. Also, GMP would like to provide the Department with an opportunity to conduct an aesthetic review of a project change necessitated by an agreement with ANR to reduce environmental impacts from the project. The parties have agreed to provide a status report to the Board by February 8, 2016.

BDE Grand Isle Solar (5MW Solar facility in Grand Isle) – Docket 8665 – The Board held a prehearing conference on this matter and the parties agreed upon an aggressive schedule to attempt to accommodate VEC who has an agreement to buy all the power produced by this facility, and also intends to use the facility to comply with their commitment to offer community solar opportunities, along with their Tier 1 and 2 obligations under the new Renewable Energy Standard.

Charlotte Solar LLC Enforcement Investigation– Docket 8638 – The full Board held a prehearing conference in this investigation into whether Charlotte Solar violated conditions of its Certificate of Public Good with respect to the installation of landscape mitigation at the site of this 2.2 MW standard offer solar project. The Town of Charlotte, an adjoining landowner and the Department are parties to this new proceeding. Charlotte Solar has obtained new counsel and parties are optimistic that the matter may be settled through an agreed amendment to the landscape mitigation plan and a penalty.

Telecommunications

Comcast IPG – The community needs assessment in the Comcast CPG renewal identified significant interest in getting public access content information on the Comcast interactive program guide (IPG). Comcast has stated that this is a problem because the IGP is populated on a head-end basis, and the public access channel distribution areas do not align with the headend areas. PSD staff has analyzed these areas and is preparing testimony to demonstrate the differences.

Broadband mapping – PSD staff developed a methodology to create broadband availability maps based on the limited data submitted from providers. Stone Environmental prepared a proposal to implement this methodology, which was under the sole-source threshold. It was determined that the PSD should proceed with a simplified bid process nevertheless. PSD staff is developing a methodology that could be bid on by other contractors.

GIS Server – GIS contractor Stone Environmental recommended that the PSD create a server to store broadband availability information. Stone could be engaged to manage the software. PSD staff has requested that DII prepare a quote to create the server. In addition, PSD staff has inquired about whether the servers for the PureDocs/ECourt system could be used for this purposes as well.

Sharon-Pomfret Fiber Build – Work is complete on the fiber optic cable project connecting Sharon and Pomfret. ECFiber plans to use the fiber to connect customers between Sharon and Woodstock. This fiber will also provide a second connection between ECFiber’s Woodstock network and its Royalton hub. Staff was informed that a GMP pole audit revealed that some of the Department’s fiber on this project is too close to the electrical space and is out of compliance with the license. Staff is following up with the contractor to determine the validity of this claim and what it plans to do to correct it.

ECFiber/Department Meeting – Division staff met with ECFiber to discuss ongoing fiber projects in east central Vermont. ECFiber believes that it is not receiving correct and up to date information on the progress of the various projects. Staff informed both ECFiber and the fiber contractors that it was obligated to finish these projects by March 31. Both contractors stated that they understood the obligation.

Fiber Maintenance RFP – Staff posted an RFP for fiber maintenance, and by the terms of the simplified bid process, contacted three vendors about the opportunity. Staff contacted Eustis, Lasertech, and Firstlight. Staff anticipates having a contractor in place by February.

Dark Fiber License – New Hampshire Optical expressed interest in purchasing additional strands of fiber on the NEK network. Their purchase should generate roughly \$8,000 per year in revenue. Staff is preparing the license documents.

E911 and VUSF Meetings – Department staff met with the Vermont Universal Service fund (VUSF) administrator to review monthly reports and discuss the upcoming annual forecast. Staff also met with the E911 director to explain how funding through the USF works. E911 is funded indirectly through the VUSF. It receives its appropriations from the Treasury and the VUSF reimburses the Treasury.

Oneida Road Cable Line Extension – Despite staff’s best efforts to encourage Charter, Charter has still not completed its cable line extension in Danville. Residents have expressed their dismay to Division staff. This line extension was jointly funded by homeowners on Oneida Road and the VTA. It relied on the Board’s line extension rule. In Charter’s last communication with the Department, Charter staff stated that residents would have service available by December 25, 2015. Division staff emailed charter last week seeking an explanation as why the project still is not complete. Charter has not responded. Staff cannot confirm whether Charter is in violation of the Board’s line extension rule. Staff has asked Charter for the dates it applied for pole licenses and the dates it received pole licenses. Charter has not responded to this request.

Cavendish – Staff received correspondence from the town of Cavendish seeking information about when the Department would have a broadband map available. Cavendish is also seeking price proposals from Comcast. Cavendish would like to support a broadband deployment project with some town support. Staff told both Cavendish and Comcast that it expects the two to coordinate a proposal, once the Department solicits the second round of grant proposals. Staff also reached out to Fairpoint to request a meeting on behalf of the town. Cavendish would like to meet with Fairpoint to discuss what, if any plans the company has for the CAF II area in the

northeast corner of town. FairPoint has not responded.

Readsboro and Marlboro Connectivity Meetings – Staff coordinated meetings with the town select boards of Marlboro and Readsboro. Both towns are interested in learning about broadband and cell coverage in their towns as well as programs available. The Connectivity Division will also meet with a consultant responsible for writing the Windham Comprehensive Economic Development Strategy. These meetings will take place on the 25th and 26th of January. The legislator for Readsboro plans to attend and staff intend to invite the legislator for Marlboro.

FairPoint Service Quality Investigation (Docket 8390) – The MOU between the Department and FairPoint requires that FairPoint provide bill credits to all customers that experienced out of service interruptions that lasted for more than 24 hours between April 1, 2013 and February 25, 2015. FairPoint has provided data to the Department that outlines which customers FairPoint believes are entitled to bill credits under the MOU. FairPoint identified 38,689 unique trouble tickets that lasted more than 24 hours for that period. However, FairPoint claims that 12,686 of those trouble tickets did not relate to out of service conditions. Based on an analysis completed by DPS consultants, the DPS disputes FairPoint's numbers. DPS is working with FairPoint to identify all customers that are entitled to a credit and ensure that an appropriate amount of credits are given to FairPoint customers.

Comcast CPG Renewal (Docket 8301) – Division staff have issued an RFP for expert services in connection with Comcast's CPG renewal docket. The Department is seeking experts to provide testimony on issues related to displaying public access channels on Comcast's interactive guide and whether Comcast is making sufficient investments in outside plant to reach the maximum number of subscribers within its service territory. The Department's first round of testimony is due on January 22, 2016.

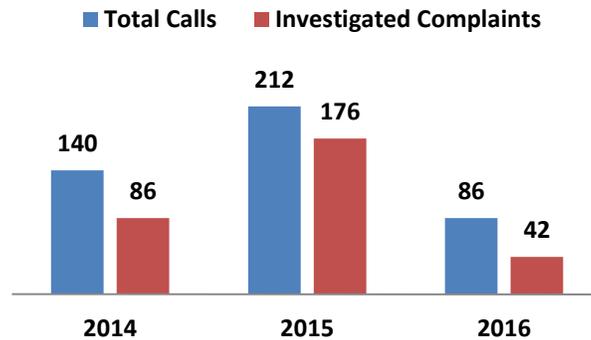
Universal Service Fund- Staff prepared a presentation for the Governor addressing the Universal Service Fund and the even greater advances that could be made through the Connectivity Initiative Grant Program, should there be a greater amount of contributed funding.

CAP

Please note that this report covers activity from Sunday to Saturday, January 3–9, 2016.

CALL DATA

Calls to CAPI Same 7 days each year



Battery Back-up for VOIP services- CAPI staff has been working as part of NASUCA to ask the FCC to reconsider the recent order regarding battery backup for VOIP services. The order requires providers to make options available to customers for backup power; it does not require providers to pay for those options. CAPI has heard from many consumers with VTel and Comcast voice service who are concerned about losing phone service in a prolonged power outage.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: January 15, 2016

Secretary's Message:

As you requested, I followed up with Mayor Louras and Mayor Lauzon regarding the VISION Projects. At the Rutland VISION project, we are working collaboratively with the mayor's office to have a co-located DCF social worker on site. That will happen shortly and Mayor Louras was pleased.

I had a great conversation with Mayor Lauzon and offered my support to help establish a VISION project in Barre. He was very excited about the prospect and let me know he had been in discussions with Mayor John Hollar from Montpelier. There is interest in doing a Washington county VISION project, which is a particularly exciting idea. My new policy director, Christine Johnson, was the field director in Barre and is well connected to the community. She and I will be running point on this. I will keep you updated as progress is made.

Last week I updated you on the issues between our Integrating Family Services (IFS) and the Northwestern Counseling & Support Services (NCSS), the designated agency for Franklin/Grand Isle, which is one of the IFS grantees (their first IFS grant was executed on April 1, 2014). IFS is operationalized through a separate section of the Designated Agency (DA) Master Grant (all DAs and specialized service agencies have Master Grants with DMH) and redefines grant deliverables and payment related terms. While we're in pilot phase of development, we're still learning how to right size the case rate, how to hold grantees accountable for outcomes, and how to create the right financial incentives for changing practices.

As I mentioned to you last week, NCSS ended its second fiscal year (June 30, 2015) of operating under the new IFS agreement with significant (almost \$1.2M – just under \$600,000 each year) unspent revenue. While the grant agreement requires the State and the grantee to engage in year-end reconciliation of costs and revenue, the grant language has some room for interpretation regarding how to resolve either over or under spending. Last fall the Agency decided, after much consideration, and a face to face meeting with NCSS leadership (including the CEO Ted Mable) in October 2015, to recoup approximately ½ of the unspent – believing that recouping the first year surplus and leaving the second year of almost \$600,000 in the community for reinvestments was a reasonable win-win solution.

This week two House committees (HAC and HHS) have discussed the Agency's decision to recoup – the language to recoup is in the DMH section of the BAA spreadsheet. NCSS and I testified in HHS on Wednesday. The issue has also arisen in both Senate Approps and Senate Health & Welfare. Adding to the complexity Vt. Care Partners has received a legal opinion that the grant language does not allow the Agency to recoup unspent revenue from the grantee. AHS' general council has come to the conclusion that the State's decision to recoup approximately ½ of the unspent revenue comports with the grant language. The Attorney General's office is looking at the grant language. Meanwhile, legislators are confused about a DA having "underutilized" funding and why the State would be seeking to recoup it.

Subsequent to our last update on VHC Development Support for 2016, we have made credible progress contractually with Optum. With short-term agreements expected to be in-hand imminently, our teams will then address 2016 VHC Development support contracts with the triple goal of meeting Medicaid exchange requirements, stabilizing Exchange operations, and improving the Vermonter user experience.

As previously mentioned, the demise of Exeter who ceased operations in the latter part of 2015 remains a complicating factor for both Optum and SoV, and we are examining risk mitigation options to address the gap their folding created. In the meantime, development work has continued uninterrupted with both SoV and Optum teams remaining focused and committed to the work at hand.

AHS Highlights:

VDH:

ADAP and Maple Leaf Farm Working to Expand Services in Chittenden County

Over the past few weeks ADAP and Maple Leaf Farms have been working together to expand medication assisted treatment (MAT) and adjunct services, including offering Naltrexone IM out of Maple Leaf's new facility in Colchester. On November 30, 2015 Maple Leaf submitted an initial proposal for a new program and work with ADAP has continued to identify the treatment needs of the community, opportunities for Maple Leaf to assist in addressing the wait lists for MAT, and models for delivering the service, including payment reform.

DMH:

Vermont Psychiatric Care Hospital

VPCH census remains at 25 this week. Clinical acuity of patients and staff call-outs due to a bout of staff GI infections resulted in higher than normal staff voluntary, and some mandated, overtime this week. VPCH continues to provide a monthly clinical training series for hospital direct care staff. Hospital Psychology staff focused on trauma, specifically violence against women, and the detrimental effects of both physical and verbal abuse.

The external consultant report on Nurse Staffing has been received by DMH and subsequently shared with the AHS Secretary and Chairs of House Human Services and Senate Health and Welfare. There are a number of recommendations for consideration in the report covering a variety of topics including recruitment and retention, exit interviews, staff recognition, formalized review of 1-1's, training orientation, residency program, possible staffing configurations, and possible reclassification of some position vacancies.

Emergency Departments

This week there were 27 people in need of inpatient psychiatric admission and 20 were admitted. There are currently no involuntary people waiting in EDs around the state. There remain two people in DOC who have been ordered for inpatient evaluations, both have been waiting less than 36 hours. There are currently 1 adult and 4 minors waiting for voluntary admissions. The fact that the child and adolescent units have been averaging 100% occupancy this week has slowed down some admissions. The adult inpatient system of care is operating at 93% occupancy with the Level 1 facilities at 100% occupancy.

DMH Commissioner and staff will be meeting with the Emergency Room Directors group on 1/15 as follow-up to earlier meeting with the Governor and concerns at that time with Emergency Department wait times for individuals seeking psychiatric admission. While wait times have improved since that meeting in October, the progress remains short of the ED Directors goal of “no more than 6 hours waiting in emergency departments”.

Legislative

DMH Commissioner and Deputy Commissioner provided an overview of the public mental health system of care to the Senate Health and Welfare Committee and provided budget adjustment testimony to Senate Appropriations on Tuesday. DMH and DVHA also provided consecutive testimony on each department’s psychotherapy billing rate changes to the Human Services Committee. The departments heard potential impacts to the Designated Agency provider system regarding the rate changes from WCMHS Adult Outpatient Director, Margaret Joyal, who was testified on behalf of Vermont Care Partners.

DAIL:

Rutland Mental Health Services (RMHS) Update

DAIL is extremely pleased to report that the developmental services division, CAP, appears to have turned a corner in their efforts to become re-designated. Recent meetings have resulted in a fully acceptable plan of correction and in an organizational understanding of the significant issues and corrective strategies. We are cautiously optimistic that after our final meeting with them in February, RMHS Developmental Services will be able to be re-designated. DAIL and DMH will schedule a final, internal meeting to discuss mutual issues and any ongoing support or oversight needs. Of note is CAP’s request to continue semi-regular meetings with the DAIL Quality Team for TA and assistance.

DAIL and the Collective Bargaining Agreement

DAIL continues to work with the Support Workers Union on an agreement for the upcoming fiscal year. A meeting this week appears to have resulted in a tentative agreement for a two year period and within the parameters of the administrations original offer. Final details will be forthcoming.

DOC:

The Council of State Government Justice Center Meeting

On Monday Commissioner Menard and Deputy Elovirta attended a meeting in New York hosted by the Council on State Governments. The meeting was also attended by several legislators. DCF Commissioner Schatz was also in attendance. The topics discussed were in brief overview format and consisted of Lowering Recidivism, Behavioral Health (police/pretrial/benefits) and Juvenile Justice. All participants felt that the meeting provided a good launching point for further discussion.

Population

The Department’s incarcerated population averaged 1763 for the previous week. The Department’s incarcerated male population averaged 1609 for the previous week. The out of state population is currently at 241. The female population averaged 155 for the previous week.

DCF:

Excess LIHEAP funds/Housing BAA

Commissioner Schatz and Deputy Commissioner of Economic Services Sean Brown testified in House Human Services (HHS) and House General Housing and Military Affairs(HGHMA) this week regarding the waterfall funding for LIHEAP passed last session and the use of the excess funds for emergency housing. The HHS had a lot of questions surrounding this showing concern for constituents not being able to pay for heat however; the mandate was to use the funds for up to the same amount of buying power as last year. This has been done, but with the drop in oil/fuel prices, less money was needed than originally anticipated thus there is some excess funding. The HGHMA committee also had questions about the use of motels and community alternatives for emergency housing.

Integrated Eligibility Vendor Update

Technical and Business Architects met with proposed IE Vendor Wipro on January 7th and 8th. The purpose of the meeting was to coordinate and discuss with Wipro the State's desired phased approach to the work. The State's goal is to significantly reduce risk by partitioning the overall scoped work into smaller manageable deliverables to ensure success. Additionally, the State intends to maximize current infrastructure and investments, some which were unknown at the initial release of the RFP to which the vendor responded. The conversations went well and Wipro was amenable to this phased approach.

DVHA:

Blueprint for Health

The Blueprint Team shared its final draft of its 2015 Annual Report with Steven Costantino, Robin Lunge, and Hal Cohen for review. The Annual Report will be ready for the Legislature as soon as Agency and Administration review is complete. A Blueprint article evaluating the outcomes and return on investment of Vermont's Hub & Spoke model for Medication Assisted Treatment has been accepted for peer review.

Vermont Health Connect Update

VHC Renewal Testing: The Design Development Implementation (DDI) contract with Optum expired on 12/31/15. Optum has continued to work on fixing and retesting the remaining 54% but without a contract extension, this testing and defect remediation is at risk. A contract extension through Jan 15th was routed for Optum signature this weekend. This will allow for more time to complete the scoping discussions for future work. The User Acceptance Testing (UAT) team has logged defects which have blocked the Medicaid renewal cases from being completed.

As of Monday, the system does not allow for many Change of Circumstances (COC) to be processed in 2016 unless a benefit plan defect (BP3) is remediated or 3.3.2.11 is implemented. There was a deployment which allowed for change of information (COI) and minimal CoC (add dependent). The team is working on developing and testing a potential solution which would allow operations to complete all CoCs.

The system also does not allow for 2015 changes in 2016. This means that all backlog CoC, new 2015 CoC reported in 2016, changes due to 2015 appeals, and 1095 changes cannot be complete until this upgrade is implemented. The team is completing the testing of a process to allow for this functionality, this process is also dependent on the BP3 fix mentioned above.

VHC Outreach and Education Update: Increased Focus on Increased Fee for Not Having Health Insurance

Throughout Open Enrollment, Vermont Health Connect and its partners have focused on communicating the value of health insurance, financial help available to buy coverage, the federal fee for not getting covered, and the deadlines to sign up. For the last two weeks of Open Enrollment, VHC will attempt to catch the attention of Vermont's last remaining holdouts by emphasizing that many Vermonters now find it cheaper to buy insurance than to pay the increasing federal fee.

The examples are powerful. Take a couple earning \$40,000. They could find a basic couple plan on Vermont Health Connect for less than \$50 per month – that's \$600 for the year. Or, if they don't get insurance, they can pay a federal fee of nearly \$1,400.

Mailings and Follow-up to Key Communities: Over the last month, VHC has mailed Open Enrollment materials to more than 100 restaurants, grocery stores, cafes and laundromats around Vermont to increase awareness among employees and customers. The mailings include outreach flyers and educational materials to increase health insurance literacy, and are accompanied by a personal letter from the Education and Outreach department staff asking businesses to display the materials in break rooms and in customer browsing areas. VHC staff and Assistants are now following up with businesses to ask if they have questions or need additional resources as we approach the end of Open Enrollment.

End of Open Enrollment Outreach to VHC Customers Who Could Benefit from Cost-Sharing Reductions: Next week, VHC will contact customers who qualify for cost-sharing reductions (CSR) but are not taking advantage of them because they are not in a Silver plan. This communication will emphasize the benefits of CSR and emphasize that they need to act before January 31.

Other Report Items from the Agency of Human Services:

Vermont Department of Health (VDH)

Medical Board Presents at Southwestern Vermont Medical Center

On January 13, 2016, the Director of the Board of Medical Practice presented Grand Rounds for the medical staff at Southwestern Medical Center in Bennington. The presentation focused on opioid prescribing, including the Board policy and new Health Department rules regarding opioids and use of the Vermont Prescription Monitoring System.

Department of Corrections (DOC)

DOC Annual Report

The Department released its FY15 Annual Report and the report is available on our website:

<http://doc.vermont.gov/about/reports/fy15-doc-annual-report/view>

Department for Children and Families (DCF)

Legislative Testimony Summary

The legislative focus was on DCF's BAA request for increases in Family Services and emergency housing as follows:

Family Services BAA

HHS heard testimony from Commissioner Schatz and Deputy Commissioner Cindy Walcott regarding the Family Services' BAA request. The Committee also heard testimony regarding substance abuse screeners from LUND staff. In addition, the Committee took testimony from foster parents, and parent child centers. The sentiment was supportive.

Appropriations Committees

The House Appropriations Committee heard testimony from Finance Commissioner Pallito on the DCF Family Services BAA request followed by supplemental testimony from Commissioner Schatz and Deputy Commissioner Walcott. DCF also submitted a written response to various questions about the BAA request, primarily related to FSD and emergency housing. Senate Appropriations asked for a general walk through of the DCF BAA request which was presented by Commissioner Ken Schatz.



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CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin 
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: January 15, 2016

Emerging Issues

We are being completely crushed by the Legislature and in particular, Sharpe. We do not have capacity to get all 30 plus reports they requested done on time, and we are completely unable to keep up with critical current work, including helping school systems understand the byzantine Equalized pupil and current threshold data they need to budget, even as we get bashed around by Sharpe for not being more helpful in crafting a better threshold, or for communicating the impact of some of the Legislature's decisions around the current threshold. This is aggravated by the fact that Jill's replacement has not started and the ongoing work related to Act 46 conversations just continues to balloon.

We propose pushing back a little by communicating that due to capacity constraints:

- 1 – Requests must come from the Speaker, Senate President or a Committee Chair. We do not have capacity to respond to ad hoc requests from individual members.

- 2 – Any requests for modeling funding formulas or changes to existing formulas will need to be vetted internally by the Agency before being released. We will respond with an estimated time of completion within 24 hours of the request. However, the response time will be moderated by the volume of requests and our capacity to respond. Our complex school district governance structure makes modeling complicated and error prone. Managing increased complexity requires more time. The current proposals are increasing complexity, which increases risk.

Impact of the decision to not add ROPA fees to the Fee Bill

ROPA (Results Oriented Program Approval) is a performance-based approach to the review of educator preparation programs in Vermont. All programs that wish to recommend educators for licensure in Vermont must seek approval through this state program or an approved national alternative. Currently, programs pay no fee for this service. Due to cuts and a variety of other factors, however, the division that provides this service is no longer able to cover costs. The Agency has been seeking fees to help cover the costs for some time. Last year, AOE again requested that in the Fee Bill, we add a modest fee for institutions seeking ROPA reviews to help cover some of the costs of administering this program. We were denied the increase last year. AOE testified last year that if it was not able to increase ROPA fees in the current session, we would be compelled to discontinue

ROPA services, as we can no longer afford to provide them. We were just told ROPA will not be in the Fee Bill. We will communicate this to the field. Here are some of the main impacts:

ROPA fees were requested in order to offset the cost of reviewing state educator preparation programs. All programs are required to be accredited by either a state or an accreditation organization like CAEP. Attached are estimates of the costs to institutions to participate in CAEP- this has been shared with Sam Winters based on last year's requested fees.

1. We will no longer do ROPA reviews, effective FY 17, and all institutions will need to identify and seek alternative accreditation. The fiscal impact will be the difference between the proposed (and denied) about \$3,000 ROPA fee, compared to, e.g., a \$10,000 fee for CAEP, which is a national accreditation body. My understanding is that these approvals generally run for 5-7 years.
2. We will also have to end peer reviews, as this is done by ROPA but not the national bodies. This is a major avenue for moving educators to licensure, and particularly important for Early Childhood educators.

The interaction between VEHI and Act 46

On January 1, 2018, VEHI's new array of non-grandfathered, ACA-compliant health benefit plans will go into effect for school districts that retain membership in VEHI. These new plans will supplant VEHI's current, grandfathered plan offerings, which will close on December 31, 2017. As VEHI's transition from grandfathered to non-grandfathered health plans takes place, we strongly support allowing VEHI to continue serving all school districts, both small and large. This effectively gives continuity of health plans for small districts for perhaps five more years, through the Act 46 transition process.

If small districts have to move out of VEHI and on to the Vermont Exchange sooner, a paradoxical effect is that this will undo some longstanding and effective simplification and unification of health policies that are currently in place. For example, if employers (districts) with fewer than 100 employees have to move on to the exchange, 83% of employers but only 31% of employees would be forced to leave VEHI. The implication is that most of our SUs, instead of managing a single health care package, would then have to manage one for their large districts and one for their small districts. Additionally, if small districts had to move to the exchange, there would likely be more than one provider offered there, so that SU could have to deal with more than two providers. This bifurcation would introduce additional complexity to already complex and overloaded school systems, and it would increase the risks associated with errors and overwork. We may only have a few more years of VEHI, but in the transition, and in particular, given the incredible volatility associated with Act 46, I think we can make a very strong policy case for stability of the policy environment in a time of transition, and allowing schools to stay with VEHI for maybe 5 more years, which puts them beyond the Act 46 window. A transition is needed, but it has to be smooth and orderly, and until we know who is merging and who is not, I strongly encourage us to not add complexity to these systems, lest they just collapse. Does it make sense to discuss this with Susan Donegan at this point?

Contracts and Conflicts Mud Fest

We have substantially strengthened our contracting process. Ironically, most of the managers who supervised the contracts and conflicts now raising questions are gone from the AOE. It just takes time to turn the ship. We will continue to slog on and keep our chins up and lips zipped.

Meetings

- **Orleans Southwest Regarding Act 46** - Their biggest problem may be that Act 46 does not give them cover as it does some districts, because their SU has more districts than towns. Unless some voters vote to change their district structure, there will be no merging, since the SBE can't merge districts with different structures. In other SUs, superintendents and boards can complain and moan and blame the Legislature, then do what they need to do. In places like this, they actually have to own the decision, so are paralyzed. It is interesting to watch, but a pretty good case study on the limits of local control. If I were an academic or a journalist, this would be a lot of fun.
- **US ED** – I had a phone call with Assistant Secretary Ann Whalen regarding Vermont and implementation of ESSA and the transition from NCLB.
- **Vermont Business Roundtable Annual Meeting** - I presented on Act 46
- **Kellogg-Hubbard Library in Montpelier** - I got roped into a panel on Act 46 with David Kelley. It was good to get face-to-face with the reality of what goes on in some people's heads.
- **Lots of Legislative work** – it's like being in a reverse washing machine all week.

Media Contacts:

1/8/16

Tiffany Pache, VTDigger: She was following up on a rumor that in Rivendell District, Vermont was covering the cost of New Hampshire special education students. She was advised that special education costs paid for by the State of Vermont for the Rivendell Interstate School district are for Vermont students only. The Special Education Expenditure Report that Rivendell is required to file in order for them to receive reimbursement by the State of Vermont requires them to allocate special education costs between Vermont and New Hampshire students. The FY 2016 report indicates that the New Hampshire students incurred 38.32% of the costs. Reports filed by Vermont's districts are audited by Agency staff on a rotational basis. Rivendell was audited in 2006 and 2011 and both times auditors verified that New Hampshire student costs were not included in the Vermont report.

1/11/16

April Burbank, BFP: She asked for an interview with Secretary Holcombe regarding the contract audit report. Deputy Secretary Bill Talbott called her back. April also followed up with a public record request for one of the contracts. The documents were provided to her pursuant to the VPR.

1/12/16

Hilary Niles, VPR: She was looking for a current list of systems with exploring mergers, i.e., our list of systems with study committee grants. She was provided with a list of 23 SUs in a formal study committee (706b), nine of which are exploring Accelerated Mergers.

CB Hall, Hill County Reporter: He was asking for Act 46 and SBE documents about next week's merger proposals. He was provided the information. The next day he followed up with many questions and excerpts from his story for AOE to "review". We are in the process of trying to respond to his request.

Erin Mansfield, VTDigger: She asked how much we "spend" on Medicaid, in a given year. After some clarifying questions, we were able to provide Erin with a spreadsheet of the data she requested.

1/14/16

April Burbank, BFP: She had questions regarding the lawsuit against the state by Jacqui Carlomagno, who formerly worked for the Agency of Education. April advised that she has read through the court documents, and understands that Ms. Carlomagno claims that she was disciplined and ultimately lost her job because she flagged concerns with contracting practices at AOE *and* that the state disputes this claim. We requested April to contact the Attorney General's office with any questions.

Lola Duffort, Rutland Herald: She spoke with Rob Evans, the AOE school safety liaison officer, about changes to crisis planning in Vermont schools.

Costs of Proposed ROPA fees by Institution

(Please note that these fees are only applied in the year of a ROPA visit. ROPA visits occur every seven years.)

Institution	ROPA Fees*	ROPA 7 Year Cost	CAEP Visit Fee***	CAEP Annual Fee**	Total CAEP 7 Year Cost (Annual Fee x 7) + Visit Fee
VTC	Endorsements-1 ROPA cost-\$500 3 team members @ \$200/ea=\$600#	\$1,100	Team size-3 Visit fee-\$5,250 3 team members @ \$2,575/ea=\$7,725 Total visit fee=\$12,975	\$2,320	\$29,215
CSC	Endorsements-12 ROPA cost-\$6,000 3 team members @ \$200/ea=\$600	\$6,600	Team size-5 Visit fee-\$8,750 5 team members @ \$2,575/ea=\$12,875 Total visit fee=\$21,625	\$2,320	\$37,865
Champlain	Endorsements-5 ROPA cost-\$2,500 3 team members @ \$200/ea=\$600	\$3,100	Team size-3 Visit fee-\$5,250 3 team members @ \$2,575/ea=\$7,725 Total visit fee=\$12,975	\$2,320	\$29,215
College of St. Joseph	Endorsements-7 ROPA cost-\$3,500 3 team members @ \$200/ea=\$600	\$4,100	Team size-4 Visit fee-\$7,000 4 team members @ \$2,575/ea=\$10,300 Total visit fee=\$17,300	\$2,320	\$33,540
Goddard College	Endorsements-8 ROPA cost-\$4,000 3 team members @ \$200/ea=\$600	\$4,600	Team size-4 Visit fee-\$7,000 4 team members @ \$2,575/ea=\$10,300 Total visit fee=\$17,300	\$2,320	\$33,540

Institution	ROPA Fees*	ROPA 7 Year Cost	CAEP Visit Fee***	CAEP Annual Fee**	Total CAEP 7 Year Cost (Annual Fee x 7) + Visit Fee
Green Mountain College	Endorsements-5 ROPA cost-\$2,500 3 team members @ \$200/ea=\$600	\$3,100	Team size-3 Visit fee-\$5,250 3 team members @ \$2,575/ea=\$7,725 Total visit fee=\$12,975	\$2,320	\$29,215
JSC	Endorsements-13 ROPA cost-\$6,500 3 team members @ \$200/ea=\$600	\$7,100	Team size-5 Visit fee-\$8,750 5 team members @ \$2,575/ea=\$12,875 Total visit fee=\$21,625	\$2,320	\$37,865
LSC	Endorsements-7 ROPA cost-\$3,500 3 team members @ \$200/ea=\$600	\$4,100	Team size-4 Visit fee-\$7,000 4 team members @ \$2,575/ea=\$10,300 Total visit fee=\$17,300	\$2,320	\$33,540
Middlebury College	Endorsements-11 ROPA cost-\$5,500 3 team members @ \$200/ea=\$600	\$6,100	Team size-5 Visit fee-\$8,750 5 team members @ \$2,575/ea=\$12,875 Total visit fee=\$21,625	\$2,320	\$37,865
Norwich University	Endorsements-3 ROPA cost-\$1,500 3 team members @ \$200/ea=\$600	\$2,100	Team size-3 Visit fee-\$5,250 3 team members @ \$2,575/ea=\$7,725 Total visit fee=\$12,975	\$2,320	\$29,215
St. Michael's College	Endorsements-14 ROPA cost-\$7,000 3 team members @	\$7,600	Team size-5 Visit fee-\$8,750 5 team members @	\$2,575	\$39,650

Institution	ROPA Fees*	ROPA 7 Year Cost	CAEP Visit Fee***	CAEP Annual Fee**	Total CAEP 7 Year Cost (Annual Fee x 7) + Visit Fee
	\$200/ea=\$600		\$2,575/ea=\$12,875 Total visit fee=\$21,625		
UVM (17 additional endorsement areas accredited through CAEP)	Endorsements-3 ROPA cost-\$1,500 3 team members @ \$200/ea=\$600	\$2,100	Team size-3 Visit fee-\$5,250 3 team members @ \$2,575/ea=\$7,725 Total visit fee=\$12,975	\$2,320	\$29,215
Union Institute	Endorsements-4 ROPA cost-\$2,000 3 team members @ \$200/ea=\$600	\$2,600	Team size-3 Visit fee-\$5,250 3 team members @ \$2,575/ea=\$7,725 Total visit fee=\$12,975	\$2,320	\$29,215
UVEI	Endorsements-1 ROPA cost-\$500 3 team members @ \$200/ea=\$600	\$1,100	Team size-3 Visit fee-\$5,250 3 team members @ \$2,575/ea=\$7,725 Total visit fee=\$12,975	\$2,320	\$29,215
VCFA	Endorsements-1 ROPA cost-\$500 3 team members @ \$200/ea=\$600	\$1,100	Team size-3 Visit fee-\$5,250 3 team members @ \$2,575/ea=\$7,725 Total visit fee=\$12,975	\$2,320	\$29,215

*For a new endorsement area, there is a proposed \$2,000 fee for initial review. The endorsements listed above represent existing programs and would not require the additional fee.

**CAEP annual fees differ based on number of annual completers For demonstration we are using 2013 Title II report numbers.

***CAEP visit fees depend on the number of team size. A typical team size is 5, though smaller teams may come for programs with less than 10 endorsement areas. For the purposes of this demonstration I am assuming 10 or more endorsements require a team of 5, 7-10 endorsements require a team of 4, and 6 or less require a team of 3.

#The \$200 per team member cost is an approximation for lodging and meals over the course of the two-day visit.

Peer Review, Spark, and TAP will have a different fee structure due to the alternate nature of their programs. That structure has not yet been determined.

The current costs incurred by the AOE through a ROPA visit include:

- Honoraria for the review team (\$400 chair and \$100 for each team member) approx \$600
- Transportation for the team and agency staff approx \$500
- Food and lodging for agency staff approx \$500

This does not include AOE staff hours, which average about 55 hours per visit (preparation, on site, written review)

The institution currently incurs the costs food and lodging for the review team (though not AOE staff).

Additional Considerations:

Institutional Capacity: The amount of time necessary to prepare for a CAEP visit is estimated at 1 FTE (2,000 hours). Currently, many VT program directors who are also teaching, supervising student teachers, and advising are also responsible for the majority of preparation for the ROPA visit. To participate in a CAEP review, each program would need to complete a Specialized Professional Association (SPA) Report for every endorsement that they seek, adhering to the individual standards set forth by each association. This workload would no longer be feasible for program directors to handle, even with some staff support.

ROPA Program Growth and Response Time: ROPA has implemented new practices, including a shift to an electronic portfolio, that reduce the amount of time reviewers need to spend on campuses. This has reduced costs for both institutions and the AOE in terms of food, lodging, and substitute costs. Monthly access to the Program Approval Committee enables the ROPA program to process institution requests for modifications or additional approvals quickly, rather than waiting for a response from a national association with hundreds of clients.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Friday, January 15, 2016
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Middlebury Tunnel

Deputy Secretary Tetreault and VTrans staff met with Middlebury legislators and explained the status of the project and the efforts we are making to meet local concerns. The legislators seemed satisfied with our efforts. The plan is to review the cost/benefit and time savings information as it relates to a 21-foot clearance verses a lower clearance that will accommodate train automobile carriers. Some train automobile carriers may need a 20-foot clearance. We will be presenting this information to the Rail Council at their February 17 meeting so they can weigh in on the policy question of whether the Western Corridor really needs to accommodate double stack clearance. In all likelihood we will be making a decision which way to go in advance of that meeting to keep the project on time. Rich and I will be meeting with the Addison Independent to discuss the facts of the project in an effort to keep the community discussion focused on facts instead of hyperbole.

Jewett/Grad Highway Safety Bill H.560

I've read the bill; there is some stuff we wouldn't want to support, some stuff we should support and some stuff we need to figure out what the problem is they are trying to solve. I'm meeting with Representative Jewett next week to provide him some feedback on the bill; he has indicated a willingness to be flexible and work with us to craft a bill the administration can support. We should meet after my Jewett meeting to discuss what you're willing to support so we can develop our strategy for engagement in the legislative process.

NOTES FOR STAFF

Knapp Airport

The Aviation section had an employee pass away last evening from complications of Legionnaire's Disease. I immediately instructed my managers to have the 11 employees whose duty station is Knapp Airport to not report to work in the morning.

Unfortunately, one of the managers confided in an employee on the nature of the closure of the airport and that created an email chain throughout the Agency. The building was inspected by BGS at 8:00 AM this morning and declared safe for employees to work there. Department of Health Epidemiologists also concur that the employee's contraction of Legionella was not at the airport but likely at his home where he had been working on his heating or plumbing system.

I'm sending the affected employees a Department of Health document on Legionella, an email from BGS indicating the airport was not the location and a statement from me that we took immediate action to safeguard employee's health and the building is not contaminated with Legionella.

Hartness State Airport (Springfield) – Underground Storage Tank – ANR/DEC Threatened Enforcement Action

In late December, the ANR/DEC Enforcement & Litigation Attorney sent VTrans' legal counsel an enforcement letter concerning a June 2015 inspection by DEC's Waste Management & Prevention Division. After alleging VTrans "was not conducting or properly recording weekly release detection monitoring," the letter offered an opportunity to negotiate a settlement before ANR/DEC filed legal proceedings against VTrans in the Environmental Court.

An independent contractor working for VTrans annually pulls the Hartness monitor from the tank for inspection. It was last tested and approved in November 2014. It's also tested more frequently with an above-ground test button. On the day of the ANR/DEC inspection, the above-ground test button showed that the monitor was functioning properly; however, the monitor failed when pulled from the tank for inspection. VTrans promptly repaired the monitor and made the other changes requested by ANR/DEC. In the past, when ANR/DEC provided Notice of Alleged Violation letters regarding USTs, VTrans corrected the violations and the matters were amicably resolved. This is the first UST enforcement letter ANR has sent to VTrans in memory. I'm going to be discussing this issue with Commissioner Schuren to ensure we are both on the same page.

Stormwater Legislation

The Secretary discussed the amended draft language with the Colchester Town Manager and it was resent to the towns of Colchester, Milton, South Burlington, the VLCT and the CCRPC for review. Colchester indicated a willingness to support the change and thought the other communities would as well. Essentially we are removing the language that exempts VTrans from these payments but are clarifying for the future that these payments in 2020 will come from the Clean Water Fund.

Milton US 7/Railroad/Middle Road Hourglass Intersection Project

VTrans staff met with Milton municipal staff and officials to discuss the Hourglass intersection project. Our staff outlined the project status, cost estimates, and next steps. Staff from VTrans and Milton will collaborate to develop a Finance and

Maintenance agreement draft to be reviewed by the Milton Selectboard in February which would advance the construction of the project. The northern half of the project will be funded by VTrans and the southern half by the town.

Plainfield Hardware

We will be conducting an enforcement action against Plainfield Hardware for non-compliance of lease payments under an agreement negotiated over a year ago and facilitated by the Lieutenant Governor. They are using State property, State highway ROW for a portion of their parking lot and are unwilling to provide the payments necessary to use state property for their private purposes.

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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: January 15, 2016

Secretary's Top Issues

Disciplinary pre-hearing for prominent VT slaughterhouse

The Animal Health section and VAAFAM legal counsel held a pre-hearing meeting with the owner of a VT slaughter facility who illegally released livestock from his businesses and facilitated their movement to neighboring states without the required advance notice. A verbal settlement was reached, and the terms will be codified in an Assurance of Discontinuance.

Extended quarantine for infected poultry farm

Animal Health Section staff are working to schedule a quarterly inventory check with a poultry producer whose premises was quarantined due to infection in the layers with Infectious Laryngotracheitis, an incurable and contagious (to poultry only) herpes virus. Generally, producers elect to cull their flock when this type of infection occurs as birds die, egg production significantly drops off, and there is no treatment for the infected birds. This producer is attached to his flock and has elected a prolonged quarantine.

Monitoring of only live animal auction in the state

Attended the Addison County Commission Sales to monitor the auction market for compliance with federal and state animal movement and identification requirements and to complete the market report, published on the AMS market report website and other publications. The ACCS is the only livestock auction market in the state and moves over 2,300 cows and calves and generating on average over \$800,00 in sales per month. Without this oversight to ensure adherence to animal movement regulations, Vermont producers would have difficulty conducting needed sales of livestock for their business survival. At the market, field staff provide technical assistance to farmers and livestock dealers to help them understand state and federal regulations so they can sell and purchase livestock at affordable prices. Animal Health personnel also provide technical assistance to sale barn personnel in regards to humane animal handling, animal identification, import/export compliance and freemartin testing.

North Lake Farm Survey Initiative update

Staff are conducting water quality surveys of farms in Franklin and Orleans Counties as part of the North Lake Farm Survey Initiative. Approximately 400 farms have been identified in the survey area and surveys are being conducted by several ARM Division staff members. To date, over 266 farms have been fully surveyed and data summary is ongoing. Staff are also finalizing data entry from previous surveys.

Vermont Agricultural and Environmental Lab

Secretary Ross, Dep Secretary LaClair and ANR Deputy Secretary Trey Martin, as well as Lab leadership, meet w/Commission Obuchowski and his team to view the Lab Design/Layout for VTC Randolph location. Review of timeline and design critical to stay on track for permitting process. *Goal:* Enter facility March 2018. If permitting and other process delays occur, given the heavy sampling/testing season for Ag and ANR programs, the lab will not be able to move until fall of 2018. BGS is discussing lease extension w/UVM (currently extended to August 2018). Agencies want to stay on the March 2018 timeline and will work w/BGS to reach this goal.

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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: January 15, 2016

Status of Governor's Priorities:

Legislative Activities and Issues:

1/13/16

Senate Agriculture, S.202 Universal School Meals pilot project under the Farm to School Program

Testified: Michael O'Grady, Leg Counsel; Faye Conte and Anore Horton, Hunger Free Vermont; Abbey Willard and Ali Zipparo, VAAFM

Also in attendance: Rosie Krueger, Vermont AOE

Senator Sirotkin introduced S. 202, a bill related to Free School Meals and Farm to School, which would establish a pilot program to incentivize schools to serve all students free meals (also known as Universal Meals), through the Community Eligibility Provision. The pilot program would provide funding for schools that incur in implementing CEP in their school, during the transition period.

- Hunger Free Vermont provided a majority of testimony explaining the complexities of Universal School Meals (USM), Community Eligibility Provision (CEP), family enrollment in 3Squares Vermont, school meal reimbursement, and the cost of serving school meals
- Currently 51 schools are enrolled in USM with the potential to bring in an additional group of school within the 40-45% free or reduced price meals rate
- \$75,000 was proposed by Hunger Free VT as a possible budget associated with the two-year pilot project.
- Pilot project would offer outreach, education and training to eligible schools along with incentives for schools to apply. Four schools would be selected to participate in the pilot to transition to USM. the pilot program would be administered by VAAFM in partnership with AOE, with support from other child nutrition partners.
- Conversation about schools being a place where students should simply receive meals as part of the school experience, regardless of income.
- Question was asked about the possibility of combining S.202 with S.169 (Farm to School grant program bill)
- Committee determined that additional testimony from AHS and AOE would be valuable.
- Concern that this pilot project is a lot of process for not a lot of funding.
- Overall feeling from committee members that this is a human services role of schools and that they really want to 'get this done' (USM in more schools.)
- VAAFM testimony was that this pilot program would need to be incorporated into existing farm to school grant program and could see the synergy between developing a farm to school program and enhancing your school meal program.
- The opportunity for increased local food procurement as a result of participation in USM was only briefly addressed, and anecdotally
- Additional testimony and discussion with VAAFM, AOE and other farm to school partners is likely

Press, Marketing and Communications:

The Agency is in the midst of media outreach to support the [Vermont Farm Show Jan 26-28](#)

We are also finalizing the new [VermontDairy.com](#) site, which we will launch at the Farm Show.

A date has been set for the Governor's annual tree tapping to honor the maple industry – March 14th. The Vermont Maple Sugar Makers are working on a location in the Chittenden county area. More details are forthcoming.

The Agency has produced a new “Ag Overview” document which we will begin distributing at the Farm Show. It provides highlights from Vermont agriculture – where we lead nationally, our largest producing crops, and information about our local food movement. We have also created a document that highlights all of our grant programs, a tool which should add significant value to farmers and constituents interested in accessing available capital.

Kristin Haas, State Veterinarian, spoke with Valley News reporter, Nora Doyle, this week about Highly Pathogenic Avian Influenza. She is doing a story on the risk and impact to VT poultry if the state were to deal with an outbreak.

Significant Events/Meetings:

- The Animal Health section and VAAFM legal counsel held a pre-hearing meeting with the owner of a VT slaughter facility who illegally released livestock from his businesses and facilitated their movement to neighboring states without the required advance notice. A verbal settlement was reached, and the terms will be codified in an Assurance of Discontinuance.
- Assistant State Veterinarian held an accreditation session for 4 veterinarians new to practicing in VT. Veterinarians must attend these sessions before they are able to do regulatory work in Vermont like completing health charts and testing for brucellosis and tuberculosis. These meetings also provide an opportunity to review their duties as an accredited veterinarian and emphasize their importance as the first line surveillance for foreign animal diseases. One of the veterinarians that attended also sees swine, and could hopefully fill the gap left by Dr. Klopfenstein, who left practice in December and was one of the few VT vets that saw swine.
- Animal Health Section assisted the KY Department of Agriculture in an animal disease traceability exercise and found the information regarding an animal that was tagged in 2010 at the Beef Producers Fall Sale held in Essex. These traces are required by USDA VS for states to receive cooperative agreement funding. The Traceability Agreement that VAAFM receives supports a significant amount of
- Animal Health Section staff completed the first Highly Pathogenic Avian Influenza Assessment form as a hatching egg facility. VAAFM is proactively communicating with Vermont poultry owners who have the greatest potential for their commercial businesses to be impacted by Highly Pathogenic Avian Influenza (HPAI), should Vermont have a positive case of this disease. The primary purpose of this outreach is to meet with producers face to face and complete the biosecurity audit paperwork that would ultimately be required if their farm(s) are impacted in order to engage in permitted movement of all farm conveyances and products. The face to face discussions will provide an opportunity for producers to ask specific questions about their business operations and the manner in which the State and USDA will permit particular movements. Finally, the face to face interaction will enable state and federal animal health officials to evaluate the farms' biosecurity practices and make recommendations for improvement where appropriate. It was interesting to note that this particular facility was diligent in disinfection procedures but was not using a product that was effective against the AI virus.
- Animal Health Section will be drafting FY16 work plans for the two cooperative agreements VAAFM receives from USDA Veterinary Services. Both of these agreements significantly support staff time dedicated to support the livestock and poultry industries in Vermont. Funding amounts have stayed the same for the past few years, which is unfortunately as there is always more work that could be done. Successful administration of these agreements in support of the Animal Health Section's programs directly relates to the overall economic prosperity of the state's animal agriculture industries. Vermont's livestock industry is valued at \$637 million dollars with large increases in both the swine and poultry industries in the past 10 years. The swine industry in VT is currently valued at \$820,000, up from \$157,000 in 2003. The poultry industry is valued at \$5.7 million dollars in 2006 to 12 million dollars in 2012. These are estimates from NASS data and may underestimate actual numbers as some of the data collection is voluntary. There is no farm registration requirement with VAAFM so the Section has incomplete data on numbers of farms or numbers of livestock.
- Animal Health Section staff met with a field veterinarian and inspector from the NY Dept of Ag Veterinarian at Addison Co Commission Sales to complete an annual co-inspection of sales records and the facility.
- Animal Health Section staff worked with a cervid producer to facilitate import of 4 red deer from a certified facility in NY. Staff met at the premises in Rutland County deer were unloaded to inspect the premises and to confirm each deer's official ID. These deer were imported for breeding purposes.

Evolving Issues:

- Animal Health Section staff are working to schedule a quarterly inventory check with a poultry producer whose premises was quarantined due to infection in the layers with Infectious Laryngotracheitis, an incurable and contagious (to poultry only) herpes virus. Generally, producers elect to cull their flock when this type of infection occurs as birds die, egg production significantly drops off, and there is no treatment for the infected birds. This producer is attached to his flock and has elected a prolonged quarantine.
- Animal Health staff are meeting with owners of a livestock comingling facility to activities in their calf market area.

Summary of Key Agency Department Activity

Administration:

Lab

Secretary Ross, Dep Secretary LaClair and ANR Deputy Secretary Trey Martin, as well as Lab leadership, meet w/Commission Obuchowski and his team to view the Lab Design/Layout for VTC Randolph location. Review of timeline and design critical to stay on track for permitting process. *Goal:* Enter facility March 2018. If permitting and other process delays occur, given the heavy sampling/testing season for Ag and ANR programs, the lab will not be able to move until fall of 2018. BGS is discussing lease extension w/UVM (currently extended to August 2018). Agencies want to stay on the March 2018 timeline and will work w/BGS to reach this goal.

Land Use

The Agency met with House and Senate Agriculture committee leadership to discuss its ideas to enable the scaling up of enterprises including value added processing, agritourism businesses, and small scale non agriculture related businesses that are based on the farm. The Agency received positive feedback and a request to work with legislative counsel to draft bill language.

In addition, to meeting with legislators the Stephanie Smith, also made a brief presentation to the Working Land Enterprise Board Policy Committee providing a similar overview and next steps. Again, feedback was positive. However, some concerns raised included:

- that some on farm business models begin with developing a value added processing facility where most of raw ag commodities will come from off the farm in the beginning. Agency staff acknowledged that if this is the case, then local permits will be needed, because this did not start as an activity meeting the definition of “farming.”
- there will be questions from legislators and others about what is the appropriate scale of on farm processing

The committee provided some great examples of businesses that could benefit from changing the law to accommodate growth on the farm.

Agricultural Development:

Specialty Crop Multi-State Program Applications Submitted to USDA Agricultural Marketing Service

- Produce Program Coordinator Kristina Sweet submitted 3 Specialty Crop Multi-State Program (SCMP) applications to USDA Agricultural Marketing Service for projects led by the University of Vermont and Farm to Institution New England.
- If awarded, the Vermont Agency of Agriculture will serve as the administrator of federal funds and establish sub-award agreements with the project lead(s).
- The SCMP is a new USDA grant program in its initial year, and Vermont is one of 18 states participating in its administration.

Presentation to Farm to Plate Aggregation & Distribution Working Group

- Produce Program Coordinator Kristina Sweet presented to the Farm to Plate Aggregation & Distribution Working Group on the Food Safety Modernization Act (FSMA) and its implications for Vermont.
- Sweet discussed the now final Produce Safety Rule, Preventive Controls for Human Food Rule, and Preventive Controls for Animal Food Rule with a focus on the Produce Safety Rule’s impact on Vermont growers.
- Working Group participants also discussed the Vermont Agency of Agriculture expanding its statutory authority in order to be able to conduct inspections under the Produce Safety Rule (as opposed to FDA inspectors).
- Working Group participants expressed support for facilitating communication with fruit & vegetable growers to encourage growers to contact their state legislators if they support the development of an Agency produce program and expanded authority.

Meeting with House & Senate Agriculture Committees

- Produce Program Team—Abbey Willard, Kristina Sweet & Shelley Mehlenbacher—met with members of the state House & Senate Agriculture Committees to discuss expansion of the Agency’s statutory authority necessary to implement the federal Produce Safety Rule.
- Legislators expressed support for the Agency’s commitment to providing a “buffer” between produce growers and FDA and reiterated the produce industry’s desire for a state program.
- Legislators also asked questions about implementation of other FSMA final rules, including Preventive Controls for Animal Food.

Senior Agriculture Development Specialist, Zipparo, Participates in Vermont K-12 Food Rescue Coalition Call

- This group, comprised of representatives from Agency of Education, Solid Waste Districts, Food Bank and Agency of Natural Resources, formed to discuss the challenges of reducing school food waste through food rescue.
- Challenges are related to both health department and USDA FNS regulations. The group aims to create a best practices guide for schools to use, and hopes to integrate more food rescue into the system, using networks via Vermont Food Bank and local food shelves.
- School food waste in Vermont is not large in volume, because schools are relatively small, but does exist. Farm to school efforts have been shown to decrease food waste in schools, through increased consumption and portion awareness, which helps school food service finances.

Food Systems Section Chief, Willard and Farm to School Coordinator, Zipparo, Testify to Senate Agriculture Committee about S. 202, an Act Related to Farm to School and Free Meals in Schools

- The act would incentivize Vermont schools to participate in the federal Food Nutrition Services program, Community Eligibility Program, which funds eligible schools to feed all students in a school for free, regardless of socioeconomic status. This bill would create a pilot program, with 4 schools selected to participate.
- Hunger Free Vermont was also present to testify, as they have been working with Agency of Education to increase the amount of schools that participate in CEP. CEP was authorized in the 2010 Healthy and Hunger Free Kids Act, and has helped schools eliminate the stigma of participation in free or reduced meals, improve school food program finances, and increase local food purchasing.
- There are currently 51 schools that participate in CEP in Vermont, impacting over 11,000 students. All schools participating in CEP have improved their food program finances since participating in the program.
- If passed, this pilot program would be administered by the Agency of Agriculture, with support from the Agency of Education.

VAAFAM Agriculture Development Division Welcome NECI Students Who Are Enrolled in a Sustainable Food System Class

- The 7 students, many from Vermont, were interested in learning more about Farm to Plate and Farm to School. VAAFAM staff discussed their rolls in the food system, and how their work impacts the prepared food and beverage industry.
- The class has visited many food system organizations, including VTC, VSJF, Sterling College, and Monument Farms.
- The course is new, and was created in response to increased interest in connecting to the greater food system by students.

Secretary Ross, Deputy Secretary LaClair, Food Systems Section Chief, Willard and Farm to School Coordinator, Zipparo, Meet with Michael Touchette, Director of Operations of the Department of Corrections, to Discuss Local Product Procurement

- This meeting is part of the greater Local Product Procurement in State Government Initiative, which is responding to elements of Act 38. The law requires the state to track local product procurement, which had not been collected prior to this effort. As a result of this work, analysis shows that the State of Vermont is purchasing roughly 7% local food in state facilities, which are mostly in Corrections.
- VAAFAM staff shared data from these efforts with the director, and discussed opportunities to expand the overall goal of improved community health.

- There are many opportunities to review operations in Corrections, to assess how to increase local food purchases, whether through increased spending, supply chain innovation, technical assistance, or changes to bidding RFPs. The director will work with his food service director on this.
- VAAFM and Corrections will continue to discuss ways to meet the goal of serving more fresh, local, nutritious food in Vermont's corrections facilities.

Senior Agriculture Development Specialist, Zipparo, Attends House Agriculture Hearing on Salvation Farms' Vermont Commodity Program

- The testimony provided by Salvation Farms Executive Director, Theresa Snow, covered the work her organization previously performed at Southeast Corrections facility, which processed and distributed gleaned product from about a dozen Vermont farms.
- The work at the corrections facility took place during three winter seasons, and moved 270,000 pounds of gleaned product from farms to various charity organizations. The project ended last year, due to the uncertainty of the facilities future operation.
- Snow is currently exploring alternative locations to start a similar project, outside of corrections, but would incorporate a workforce development component, for recently released corrections inmates, which would continue the relationship between Salvation Farms and Corrections.
- VAAFM is especially interested in this new project, as it relates to Act 38 and the Local Product Procurement in State Government Initiative. This project could aid in the rehabilitation of formerly incarcerated people, as well as increase Vermont product procurement in state corrections facilities.

Ag Development Staff also participated in:

- On Farm Readiness Review meeting with FDA, NASDA, and Extension in Raleigh, NC.
- Map and directory of VT farm stands and CSAs to soon exist on VAAFM website.
- VTFMA seeking clarity from Health Department food stand license requirements of prepared food vendors at farmers markets.
- Dinner meeting with NRDC staff from NY, hosted by Center for an Agricultural Economy.
- Attendance at Health Care Work Group winter retreat.

Food Safety and Animal Health and Consumer Protection:

Consumer Protection:

The Weights and Measures (W&M) Metrology Lab received a recognition letter and Certificate of Traceability from the National Institute of Standards and Technology (NIST). NIST serves as an auditor of state W&M lab programs and reviews annual submissions that are based on a very rigorous set of requirements. NIST recognition allows the VT lab to have its calibration work accepted by out of state jurisdictions and other VT companies and organizations that require documented traceability. For the first time in the VT lab's history it has been granted a two year certificate (2016-2017). While a submission will still need to be done next year, it is a positive sign as to recognition of proficiency for any lab to receive a two-year certificate.

The W&M lab reports that they received an order to tolerance test maple syrup hydrometers from a new customer. The hydrometer customer is located in Topeka Indiana leading to the question; they have a maple industry in Indiana?

Consumer Protection/W&M inspection staff have been conducting numerous inspections during the first week of January 2016. During that week two violations have been found resulting in the issuing of Official Notices. Subsequent penalties will be issued and sent accordingly. The violations were for Short Weight and Price Verification (scanner) issues.

Meat Inspection:

- Relayed information to inspected plant concerning the change in USDA's Country of Origin Labeling (COOL) rule which no longer is being enforced for whole muscle and ground beef and pork products. It will still be enforced for lamb, goat and poultry products
- Participated in conference call concerning the discontinuance of the certification by the American Marketing Service for grass fed and natural claims standards. The standards will remain the same and label claims will still need to be approved by FSIS with submitted protocols for substantiating the claims. AMS will continue to work with industry groups but will not be a certifying body

- Voluntary and exotic inspection rates for calendar year 2016 determined and sent to inspected establishments. Resulting rates for base time will be \$52.47 and OT will be \$56.20. There is no charge for mandatory inspection services
- Consulted with central VT food shelf concerning the restrictions associated with the donation of farm slaughtered meats which is not allowed under federal law as the exemption from inspection is intended only for the owner and his/her family members in the household of such owner and their non-paying guests and employees
- Compliance is working on a case in southern VT where a VT producer has exceeded the limits for a poultry exemption without having proper sanitary facilities for the processing as well as performing other activities which require licensing per VT statutes
- Compliance has also identified and is investigating several operations that are producing meat products for sale without the benefit of required inspection services
- Compliance is working on several consumer complaints concerning the sanitary conditions noted in several VT licensed retail outlets
- Cooperated with Agency of Natural Resources to serve a Notice of Alleged Violation concerning contamination of the waters of the State to a business that happened to be in Montpelier for another alleged violation of moving animals from a slaughter facility without required permits from the State Veterinarian. Permits are required as an effort to control the spread of animal diseases
- Provided technical assistance to a producer that just relocated back to VT wishing to start a lamb raising operation intended for use as meat

Animal Health:

- Animal Health Field Staff
 - Attended the Addison County Commission Sales to monitor the auction market for compliance with federal and state animal movement and identification requirements and to complete the market report, published on the AMS market report website and other publications. The ACCS is the only livestock auction market in the state and moves over 2,300 cows and calves and generating on average over \$800,00 in sales per month. Without this oversight to ensure adherence to animal movement regulations, Vermont producers would have difficulty conducting needed sales of livestock for their business survival. At the market, field staff provide technical assistance to farmers and livestock dealers to help them understand state and federal regulations so they can sell and purchase livestock at affordable prices. Animal Health personnel also provide technical assistance to sale barn personnel in regards to humane animal handling, animal identification, import/export compliance and freemartin testing.
 - Completed the NPIP Flock Certificate for a hatching egg facility exporting product to Canada.
 - Completed Pullorum testing at a hatching egg facility that houses approximately 30,000 birds.
 - Completed the process for entering a poultry producer into the NPIP program and provided him with his program participant number.
 - Assisted the Town Manager in Putney regarding an animal welfare complaint regarding swine.
 - Provided animal disease traceability supplies to veterinary clinics and livestock dealers in Addison County.
 - Completed Pullorum and AI testing in multiple poultry flocks in Rutland County.
 - Completed a pet shop inspection in Bennington County.

Dairy:

- A new Yogurt processor in Waitsfield has been USPH rated.
- A new fluid milk and gelato processor has started in Richmond.
- Farm inspectors continue to get more comfortable with the new computer system.

Agricultural Resource Management:

North Lake Farm Survey Initiative:

- Staff are conducting water quality surveys of farms in Franklin and Orleans Counties as part of the North Lake Farm Survey Initiative. Approximately 400 farms have been identified in the survey area and surveys are being conducted by several ARM Division staff members. To date, over 266 farms have been fully surveyed and data summary is ongoing. Staff are also finalizing data entry from previous surveys.

- Staff are coordinating efforts and are reviewing the remaining the farm locations to determine whether or not they need to be visited when weather conditions improve (e.g. some locations that were thought to be farms are no longer active farms).
- Staff are working to coordinate efforts to provide assistance to farms that need BMPs as a result of the North Lake Farm survey efforts.

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

- Staff conducted an inspection to evaluate potential manure application during the spreading ban on a MFO in Addison County. There was no evidence of manure application. The visit was also used to conduct a follow-up related to a prior MFO inspection conducted in June of 2015.
- Staff reviewed and provided comments regarding the interim tile drainage report prepared within the ARM Division that has been drafted for the Legislature.
- Staff coordinated efforts to develop and finalize a conceptual 20-year budget that estimates the financial need within the agricultural sector to address water quality.
- CREP staff met with NRCS and FSA to work with partners to discuss methodology to quantify nutrient reduction for CREP program acres enrolled this year and since program inception as required in annual report to FSA.
- CREP staff are preparing the CREP annual report.
- Staff are preparing for MFO and LFO annual reporting as well as invoicing farms regarding annual permit fees included in Act 64.
- Staff compiled emails related to a Freedom of Information Act (FOIA) request.
- Staff are working with LFOs regarding permit amendments for authorization to construct additional animal housing, waste storage, increase animal numbers and importation of wastes for digesters.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are continuing to work on and test the FoodSafety Water Quality database. We are currently working on enforcement actions, permit fees and payments, data tracking and data migration. We are expecting a staging release which will allow us to continue testing.

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Deborah L. Markowitz
Agency Secretary

Trey Martin
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Trey Marin, Deputy Secretary, Agency of Natural Resources

Date: January 15, 2016

Subject: ANR Weekly Report

Governor Level Issues:

GMP St. Albans Community Digester - ANR/VAAF/MP Meeting: Agency technical and planning staff, along with colleagues from the Agency of Agriculture, Food and Markets, attended a meeting this week regarding Green Mountain Power proposed St. Albans methane digester. GMP filed a CPG petition with the Public Service Board in mid-November, but the Board has not yet set a date for the pre-hearing conference. The purpose of the meeting was for GMP to provide a detailed overview of the phosphorous extraction technology and strategy they have proposed for the project. GMP has asserted that the phosphorus extraction potential of the facility will be a key factor in determining the public good of the project, estimating that the project could achieve a third of the phosphorous reductions necessary in the St. Albans Bay watershed.

Although the technology may exist to remove a high percentage of phosphorous from the manure stream, the water quality benefits are less certain because positive outcomes rely on farm and manure management practices outside of GMP's power. AAFM will likely intervene in the PSB proceeding, and ANR will continue to work with the AAFM and GMP to establish the facts related to the phosphorous reduction strategy and advocate for CPG conditions that require certain performance standards. This issue is not only important from a water quality perspective; GMP is seeking a particularly high rate for this power, almost 19 cents a kWh, and using the water quality benefits in part to justify that value, so the PSB and PSD will want to understand how concrete these proposed benefits are when weighing the public good of the rate.

EVERYTHING ELSE:

Legislative Issues/Testimony:

DEC Budget and Program Overview (S.198/H.518): Commissioner Alyssa Schuren and staff provided an overview of DEC's FY16 budget and programs in House Fish, Wildlife and Water Resources during the first week of the session. DEC senior managers provided additional testimony this week to Fish & Wildlife regarding Results Based Accountability and DEC's performance measures. Commissioner Schuren and staff also provided a budget and program overview this week in HNRE.

DEC Permit Process Improvement (S.123): General Counsel Matt Chapman conducted a walk-through of DEC's permit process improvement bill in Senate Natural Resources and Energy during the first week of the session. Matt Chapman also provided the committee with a summary of discussions with external stakeholders who would like to expand the bill's internal appeal provisions in return for supporting the bill's "on the record" requirement. SNRE and other stakeholders have requested DEC's mark-up of the bill, which will be provided. DEC has urged SNRE to continue taking testimony on the bill as introduced, and to use the mark-up as a guide to discussion on the bill, rather than a new starting point. At the same time, HNRE has invited witnesses to testify on a possible committee bill. Although Sen. Snelling, the bill sponsor, expressed some dissatisfaction over parallel movement in the Senate, HNRE has explained that it will move forward with its committee bill only if SNRE is unable to make progress on S.123 due to competing obligations with energy and other bills.

Water Quality Classifications (H.517): DEC staff testified in Fish & Wildlife on DEC's proposed changes to the water quality statutes. The proposed statutory changes would authorize DEC to protect individual uses in water bodies, such as aquatic biota, at a higher level than other uses. This statutory change would also allow DEC to adopt a new – and more workable - anti-degradation rule. James Ehlers of Lake Champlain International (LCI) testified in strong support; CLF's Rebekah Weber testified in support but also requested a minimum number of upward classifications to be codified in statute; Warren Coleman (MMR) and Karen Horn (VLCT) expressed concern that maintaining higher water classifications would be expensive for developers and municipalities to maintain. DEC will continue working with these and other stakeholders to quell concerns. Chair Deen is supportive of the bill and will likely take more testimony next week.

Clean Water and Drinking Water State Revolving Funds (CWSRF & DWSRF): With Chair Emmons' support, DEC staff have been working on statutory revisions to provisions that govern the CWSRF and DWSRF. Over the past 30 years these chapters have become complex and unwieldy. The goal of the rewrite is to consolidate clean water grant programs to align with the goals of the 2015 Vermont Clean Water Act; to repeal language that is no longer relevant; to achieve administrative efficiencies within DEC; and to accelerate loans and grants to municipalities.

Deputy Commissioner George Desch and Associate General Counsel Elizabeth Schilling testified before a joint meeting of House Corrections and Fish & Wildlife this week, providing them with an overview of DEC's business transformation initiative and the "current state" of the statutes governing the CWSRF and DWSRF. Chair Deen noted that he has a bill to increase funding for combined sewer overflows (CSOs); it is not clear yet how Rep. Deen's bill would integrate with DEC's proposal to consolidate the clean water grant programs and DEC's prioritization process. Rep. Browning noted that clean water funding should be for the entire state, not just the Lake Champlain basin, and Chair Deen concurred. DEC has provided legislative council with a draft bill and anticipates providing testimony on the draft bill, or "future state" of the statutory structure, next week.

House Committee on Natural Resources and Energy: Commissioner Snyder provided an overview of FPR to the committee this week, including a summary of the Department's budget, programs and legislative issues for the session.

Miscellaneous Forestry Bill (S.237): Commissioner Snyder joined Candace Morgan and Douglas Farnham from the Department of Taxes for a discussion of this proposed bill before testimony begins in the Senate Natural Resources Committee.

House Fish, Wildlife and Water Resources Committee: Following last week's testimony, Commissioner Snyder has been invited back to discuss FPR's budget and Results Based Accountability.

Recommendations for changes to § 5201 and § 5202 of Title 10, Chapter 119: Staff researched and drafted recommended amendments to § 5201 and § 5202 of Title 10, Chapter 119: Private preserves, Propagation Farms, Private Ponds, Refuges, and Shooting Grounds. Both of these sections are outdated with respect to allowing private landowners the mechanism to setup private fishing preserves on public streams and rivers by stocking specified numbers of fish (species not specified), posting the property no trespassing/no fishing, and recording the action with the town clerk. Additionally, both sections are at odds with current concerns about stocking undesirable fish species in waters of the state, as well as the conflict this has with current fisheries management goals and procedures. Amendments to § 5201 and § 5202 along with § 4605 Placing Fish in Waters; Fish Importation Permits are included in the omnibus bill recently submitted for consideration by the Vermont legislature.

Press Issues/Releases:

FWD Press Releases: Ice Fishing Safety Tips from FWD; Visit VTFWD at the Yankee Show, Jan. 15-17; VT Deer Harvest Reflects Healthy Population; and VT Master Angler Program adds Bonus Challenge.

Proposed State Rule Amendment to the Acceptable Management Practices (AMPs) for Maintaining Water Quality on Logging Jobs in Vermont: The Department of Forests, Parks and Recreation is now accepting public comments on the proposed state rule amendment to the

Acceptable Management Practices (AMPs) for Maintaining Water Quality on Logging Jobs in Vermont. Act No. 64 of the Acts of 2015 amended 10 V.S.A. §2622 to require the Commissioner of the Department of Forests, Parks and Recreation to – “revise by rule the AMPs to ensure that all logging operations on both public and private forestland are designed to prevent or minimize discharges of sediment, petroleum products, and woody debris (logging slash) from entering streams and other waters; improve soil health of forestland; protect aquatic habitat and aquatic wildlife; and prevent erosion and maintain natural water temperature.”

Forest Fragmentation Op Ed: By Brian Shupe, Executive Director of the Vermont Natural Resources Council: <http://rutlandherald.com/article/20160103/OPINION06/160109954>

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Policy (OPP)

Vermont Railways Shelburne Transload Facility Project: The Vermont Rail Company recently purchased a parcel of land in Shelburne adjacent to a town owned parcel and a parcel of conserved land along the LaPlatte River. The rail company plans to build a salt shed and other maintenance and administrative buildings, which the town and other community members oppose, given its proximity to the river and the conservation parcel, which supports a number of rare natural communities and other significant natural resources. The parcel is subject Act 250 jurisdiction, but prior to selling the parcel to Vermont Railways, the former owner began a formal abandonment proceeding in Act 250 in an effort to lift jurisdiction. It is unclear at this time if the former owner did this to clear the way for development of this parcel or to absolve from jurisdiction other lands in proximity to the parcel. While the outcome of the abandonment proceeding is unclear, the Railways project may benefit from federal preemption so state land use regulations may not be applicable. If there is federal preemption, a NEPA or some other form of federal environmental review may be necessary. This project was recently brought to the Agency’s attention by the Town, so the OPP is still investigation what opportunities the Agency may have to participate in the review of the project.

Limlaw Pulpwood: Limlaw Pulpwood, a wood fuel chipping operation along the East Orange Branch of the Waits River in West Topsham constructed a large (20’ high x 136’ long), earthen berm to buffer neighbors from the sound and visual impacts of their facility. The berm required an Act 250 permit and Limlaw is currently seeking an after-the-fact permit from the District 3 Commissions. The berm is partially within the River Corridor and the DEC Rivers Program has expressed concern that it does not comply with the State Flood Hazard and River Corridor Procedure. OPP is working with the Rivers Program to develop an Agency position in advance of a February Commission hearing.

Town of Groton Solar – Groton Dump: The Town of Groton is working with Green Mountain Community Solar to develop a 150kW net metered solar facility at an old town dump in Groton. The project has stalled because GMP has reached their net metered cap and has stopped

accepting new net metered interconnect requests. Existing statute allows net metered solar projects that benefit towns and located on landfills to move forward regardless of a utilities cap – they basically are not subject to the cap constraints. The developer requested a letter from the DEC solid waste division certifying the site is a landfill so they could benefit from this exemption and move the project forward regardless of GMP’s current cap situation; but the program has determined the site does not meet the statutory definition of a ‘landfill’ and is instead an unmanaged dump that the program had no involvement with or records of. While the site is still likely viable from a permitting perspective, the fact that it is not officially a landfill may hold up the project due to the net metered cap. It’s unclear what steps the developer and town will take next.

Halifax Quarry: The Act 250 District 2 Commission issued a recess order requesting the applicant respond to a recess order issued in March 2015 in order to address ANR comments regarding stream buffers for ephemeral streams and rerouting of an ephemeral stream. The Applicant failed to respond until Dec 31, 2015. With additional information from the Applicant’s December response, FWD has opined that the streams are in fact intermittent and require buffers per the Buffer Guidance. The addition of buffers will not impact the project. Additional details in the December response indicated 320 linear feet of stream will be rerouted. The Department requested the applicant seek alternatives to rerouting of the ephemeral stream.

GMP St. Albans Community Digester - ANR/VAAF/ GMP meeting: Agency technical and planning staff, along with colleagues from the Agency of Agriculture, Food and Markets, attended a meeting this week regarding Green Mountain Power proposed St. Albans methane digester. GMP filed a CPG petition with the Public Service Board in mid-November, but the Board has not yet set a date for the pre-hearing conference. The purpose of the meeting was for GMP to provide a detailed overview of the phosphorous extraction technology and strategy they have proposed for the project. GMP has made a number of public representations regarding the phosphorous extraction potential of the facility, suggesting that the project could achieve a third of the phosphorous reductions necessary in the St. Albans Bay watershed. The meeting was helpful and it’s clear that technology exists to remove a high percentage of phosphorous from the manure stream, but the water quality benefits are less certain because positive outcomes rely on farm and manure management practices outside of GMP’s power. AAFM will likely intervene in the PSB proceeding, and ANR will continue to work with the AAFM and GMP to establish the facts related to the phosphorous reduction strategy and advocate for CPG conditions that require certain performance standards. This issue is not only important from a water quality perspective; GMP is seeking a particularly high rate for this power, almost 19 cents a kWh, and using the water quality benefits in part to justify that value, so the PSB and PSD will want to understand how concrete these proposed benefits are when weighing the public good of the rate.

New Applications for the week of Jan 4: OPP received 5 new Act 250 application and **14** new Section 248 petitions.

Environmental Conservation (DEC)

Elizabeth Mine & Solar: Solar panels are proposed on the Elizabeth Mine Superfund Site. A site visit and public hearing was held by the Public Service Board in Strafford at the Mine. Roughly 25 community members attended. The majority expressed support for the project. Concerns included selling Renewable Energy Credits to utilities outside of Vermont. Several Selectboard members expressed their disappointment in the Section 248 process, particularly that the Town has to apply for party status. Traffic concerns were also expressed.

Lamoille Landfill & Salvage Depot, Inc: A Notice of Alleged Violation (NOAV) was issued to Lamoille Landfill & Salvage Depot, Inc. of Morrisville for discharging sediment from a landfill cap repair to Rodman Brook. This followed an August NOAV for not meeting the landfill closure performance standard of the Solid Waste Management Rules.

Illicit Discharges: Montpelier and Pawlet eliminated one, and Bennington eliminated six illicit water/wastewater discharges, reducing 39.8 pounds of phosphorus per year.

Tactical Basin Plans Released: The West / Williams / Saxtons River and Battenkill / Hoosic / Walloomsac tactical basin plans were released last week. We received comments of significant length from American Whitewater, requesting predictable releases of whitewater for recreational use and economic activity. These releases have significant negative water quality impacts.

Fish & Wildlife (FWD)

Fishing: Anglers are venturing out for big perch and other fish species. Champlain anglers were taking advantage of open water for lake trout and salmon. Staff continued to process 2015 winter angler survey data. Total estimated angler effort for the eight areas sampled in 2015 was 79,326 angler hours. In comparison effort for these same areas in 1999 was 68,929. Harvest estimates for a few popular species: Yellow Perch – 448,114; Sunfish species (both bluegill and pumpkinseed) – 102,428; White Perch - 14,200; Northern Pike – 2,728 and Crappie – 2,698. In comparison yellow perch harvest in 1999 for these same areas was estimated to be 562,496. More data comparisons will occur in the next few weeks.

Riparian Planting Guide: Staff finalized a draft riparian planting guide to assist Act 250/Section 248 applicants and others interested in or required to conduct riparian restoration through active revegetation. This document provides guidance on species, densities, spacing, location and planting techniques to better define Agency expectations improve project success.

Mitigation of Solar Impact at Salisbury Hatchery: Staff along with the fisheries division director and staff from All-Earth Renewables (solar partner for the Ed Weed FCS and Salisbury FCS) met with the State Historic Preservation Office (SHPO) to discuss the impacts of installing solar panels at the Salisbury FCS. The facility is listed on the National Historic Register and the purpose of the meeting was to discuss the impact of the panels as well as mitigation opportunities that the panels would have on the historic nature of the site. The meeting went well with a

number of mutually agreed upon possible mitigation opportunities to be investigated. Some of these areas include reassessing the possibility of reducing the number of panels installed as a result of technological advanced in solar power generation, the possibility of micro-adjusting the solar array orientation to have less of an impact on the historic nature of the site, archaeological monitoring of the ground being augured and trenched for panel and conduit installation, and the possibility of vegetative screening of the solar panels from view of Lake Dunmore Road.

Forests, Parks and Recreation (FPR)

Jim Jeffords State Forest: FPR counsel reviewed and edited the draft VHCB conservation easement for this property and a ROW deed and the purchase and sales agreement are being finalized. Closing is expected to occur by early February and must occur by February 15. Request for the Governor's approval will be circulated soon.

Muckross Property: FPR counsel reviewed the draft proposed clean-up plan and contract for the clean-up of the hazardous material discovered on the property. Clean-up work can begin as soon as DEC approves the Plan and the contract is executed. Clean-up, lab analysis and reporting is expected to be completed by mid-February if the contract is signed soon. FPR counsel also finalized a ROW deed for a ROW benefitting the Muckross property that burdens an abutting property.

Davidson Donation: FPR counsel provided review and edited a draft agreement between the Davidson Trust and VPF and provided comments on a draft proposed deed to Alyssa Bennett which includes an Option to Purchase to the State. Discussion is ongoing regarding dual employment of Alyssa Bennett and finalization of other deeds and agreements related to this transaction.

Natural Resources Board (NRB)

Hermitage: There was an article about the developer's application for a master plan at this private ski resort stating that the applicant wanted to begin the process in January. This is a large project, potentially impacting water resources and wildlife habitat, in addition to other Act 250 criteria. The Commission has had a difficult time getting the applicant to submit sufficient information for them to begin their review. There was not enough information to begin the review in January. The Commission hopes that by February there will be a complete application and the Commission can commence its review.

Red Barn Brewery: A small start-up brewery in Danville violated Act 250 by starting construction without a permit. The NRB calculated the fine based on our penalty schedule. A proposed violation was issued and posted for comment on the NRB's website. We received numerous comments, including from Rep. Fagen. The comments asked that the fine be lowered because Red Barn Brewery did not intentionally violate Act 250, it was their first offense, and they immediately took action to address the violation – e.g. they stopped work and applied for a

permit. The NRB did consider these factors, and furthered lower the penalty \$300 to approximately \$1,600 in recognition of how cooperative Red Barn Brewery has been. Red Barn Brewery has agreed to this penalty. They also asked for a payment plan to pay it off, which the NRB has agreed to. Red Barn Brewery has obtained their Act 250 permit and is authorized to construct the project.

Chairs Training: The NRB conducted its first training of all District Commission Chairs last week. My observation over the year I have been NRB Chair is that Commissioners have a difficult time keeping up with the sometimes complex technical and legal aspects of Act 250. Accordingly, I have been looking for additional ways to train Commissioners, while respecting the fact that they generously provide their time for a per diem of \$50. Act 250 traditionally holds two training sessions a year for all Commissioners who are able to attend. The Chairs trainings will be an additional quarterly training. The idea is if Chairs can be better trained, they can pass this down to the other Commissioners. The training was a big success. We focused on the legal aspects of running Act 250 hearings and issuing decisions. The Chairs shared challenging issues they had faced, provided input to each other, and clearly left with additional tools for moving applications through the Act 250 process.

District 5 Commission Training: This week the NRB conducted a training between the District 5 Commission and the Department of Environmental Conservation (DEC). The purpose of the training was to provide the District 5 Commission with more information about DEC programs, and legally how DEC permits are treated in Act 250. There have been several cases over the last year that highlighted a disconnect between the District 5 Commission and DEC. The training was designed to address issues and questions between District 5 and DEC outside of a particular case, and pave the way for a smoother review process going forward. The training was successful, and I will work with both District 5 and DEC to follow up on the training to reinforce the lessons learned.



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

To: The Honorable Peter Shumlin
From: Joe Flynn, Deputy Commissioner of Public Safety
Date: January 14, 2016
Subject: Weekly Report

Priorities:

The procurement logistics of e-Ticket project continue to be problematic. New standards in DII procurement with regard to security have been rejected by both providers, Crosswind Technologies and TEG. The security requirements of the SOV are deemed as unreasonable by both vendors and we are at a standstill in negotiations. Spillman Technologies has balked at the state's new procurement contract forms and has referred the contract to their legal department for review. This has added significant time to the process, pushing us past the 12/31/15 deadline for having this contract in place. With this delay, we do not know when Spillman will be able to complete the development work for the e-Ticket project. It continues to be a challenge to apply SOV standards with some private sector applications.

The VSP pilot project for In-Vehicle and Body Cameras has begun. We are at the beginning of a 45 day pilot of the Watchguard system. Equipment has been received and is being distributed to troopers. Work continues on the DPS retention policy, which has a significant impact on the overall cost and maintainability of our camera systems.

Senators' Campton and Sears have reached out to DPS concerning how education based record checks are processed for independent/private schools (dictated by 16 V.S.A. § 255). A conference call with the Senators and VCIC staff is scheduled to review how current practice aligns with statute.

CJS

All lab positions currently filled with two analysts currently in training (2 Alcohol).

DNA Instrument Service/Maintenance (2 year contract) ~\$15,500 [submitted to Contracting]
Temperature monitoring system (2 year contract) ~\$20,000 [submitted to Contracting]

Backlogs (as of 12/31/2015):

Blood Alcohol (0)
Drug Chemistry (823)
Serology (66)
DNA (casework) (156)
DNA (CODIS) (761)
Firearms (29)
Latent Prints (464)
Arson (5)

In house Latent Print training by FoCoSS Forensics began January 5th (7 staff participating)
Annual Legislative report on DNA Database program due by January 15th with DNA Database program testimony in Senate Judiciary on January 15th.

The DPS website is progressing and there is a tentative expectation to launch it by early February.

Windows 10 – We are testing Windows 10 for DPS. These are very preliminary tests. We know that many of the software products on our portfolio are not compatible with Windows 10, so we are not able to make an upgrade now. We expect that it will be 12-18 months before an upgrade to Windows 10 will be possible.

The required Independent Review for the Tri-State (VT, NH, ME) Automated Fingerprint Identification System (AFIS) project has been delayed due to continuing scheduling conflicts and is now set for 2/1/2016. If this continues to be adjusted forward in time it may begin to create pressure from both Maine and New Hampshire, both of which have completed necessary contract work.

Message switch contract with CPI moved from David Beatty office to the SOA. The contract is still under review at the AG's office.

We are working with Newport Police Department to help them with the reprogramming of their Avtec consoles.

Initial planning on relocating the St. Albans "Bellevue Hill" equipment and restoring the site to prelease condition. This change is being considered due to the lease rate increases of more than 100 %. We are having conversations with CBP and VELCO to determine if we can relocate to their site located on the same property. Their facility is protected by a long term agreement to use the property at a reasonable lease rate. Conversations are positive and the possibility is promising

Fire Safety

The Division received \$2.5 Million in new plan review construction valuation collecting \$13,000.00 in permit fee revenue.

We are in the process of reviewing all the new codes for the purpose of identifying major changes. After we compile a list of the changes we can then decide what the impact will be on the business community. As with all our rule changes we will continue to be mindful of the financial impact the rules place on the business community.

BGS has contracted with a vendor to complete the new security lobby at our Springfield Regional Office.

We will be taking advantage of VTAlert over the next couple of months for use by division of fire safety response personnel.

DEMHS

Local Hazard Mitigation Plans (LHMPs) for Stamford, Windham, and Wolcott received final FEMA approval. Hazard Mitigation staff commenced comprehensive review of the 2013 State Hazard Mitigation Plan, in preparation for refining the RFP for consulting assistance with the 2018 SHMP.

COS, HS and Planning Section Chiefs interviewed 5 candidates for the HS Program Manager position.

VT ALERT Notifier training was held for the American Red Cross and the town of Bristol.

Vermont State Police

A Troop

FF

11 Total Arrests, 4 DUI

Winter storms caused snowy road conditions. Williston Troops responded to 24 motor vehicle crashes and 28 other motor vehicle incidents.

Trump visit.

State of the State address.

Assist to GISD who dealt with two separate "shots fired" calls and they now have a signed warrant for narcotics at a residence in their county.

Armed robbery that occurred on 1/10 at approx. 2230 hours at Maplefield's in Marshfield.

BCI

Special investigation in New Haven / Report being written up and will be submitted to SA by middle of this week.

Ongoing work on homicide case in Williston. Interstate case involving female who killed another by driving into an oncoming vehicle on roadway. During a depo in the case, SA decided to get a search warrant for a phone of a witness. Detective working on obtaining evidence.

Numerous burglary investigation in Lamoille County. BCI assisting with interviews and evidence.

Assigned case of assault at CRCF / Inmate spit and punched correctional officer while being detained.

Sex Asslt investigation of a 20 year old female alleging she was raped by her ex-boyfriend 4-5 years ago. NUSI Assigned case.

Arson investigation in Grand Isle. Fire determined to be chimney fire.

NUSI assigned case of a 20 year old female filming two 5 and 7 year old females engaging in sexual acts. Incident believed to have occurred several years ago.

Sex Asslt investigation of a 20 year old female who woke up with her friend's husband in bed with her with his hands down her pants.

Sex Asslt / Kidnapping investigation in Waterbury. Male refused to allow his girlfriend to leave the apartment after he had sexually assaulted her. Detective responded to scene and conducted interviews and collected evidence. Female victim refused medical treatment of SANE exam. Male arrested for above charges.

Detectives traveled to Maine to interview bank robbery suspect. Male willing to cooperate but would not give statement immediately Detective working with SA to get a potential proffer into the suspect. Suspect is charged with Accessory. Other suspect in custody in Vermont.

Death investigation. 56 year old male found deceased in his bed. Death determined to be possible overdose. Two recent OxyContin pill bottles found empty near bed.

Assisted at State House for State of the State speech.

B Troop

FF

19 Total Arrests, 5 DUI

Identified heroin marked "Hollywood" during a search warrant of a vehicle confirming it has made its way into the northeast kingdom. The packages tested positive for fentanyl.

Responded to a drug overdose in Troy, VT.

BCI

St. J – Working on case where mentally ill person originally from Vermont and now living in Puerto Rico continuously calls making threats that he physically cannot carry out. Still living in Puerto Rico. Mental Health in St. Johnsbury in contact with hospital in Puerto Rico. Also Law Enforcement in Puerto Rico is aware of him.

Write up of Officer involved shooting – CSST

Completed documents for submission of court packet to SA office for charge of Sexual Assault delivered to SA Office.

Completed supplemental report in juvenile sex assault investigation.

Fingerprinted subject for ME and MA Sex Offender Registries as he is employed as a truck driver that would be working occasionally in those states.

Two subpoenas served for investigation of sex assaults.

Interview of Juvenile victim of sex assault.

Execution of Search warrant in Derby Line related to sex assault investigation.

Prepared for bomb squad deployment at State House and Flynn Center for Trump Visit on Thursday (01/07), worked on arrangements for 2016 Bomb Squad training schedule.

Sex Offender registry annual photograph at barracks, forwarded pictures to VCIC, completed report.

Completed reports for interviews on Burlington officer involved shooting.

Worked on Bomb Squad 2015 annual report.

Case prep for upcoming sex assault trial.

Completed case and citations issued in Prison assault case.

Assisted Essex County Sheriff's office with Fugitive from justice case.

Case preparation for O'Hagen Homicide Deposition.

Two sex offender registry photos at the barracks

Follow on death investigation from previous week (suicide).

O'Hagen Homicide Deposition.

Follow up on L&L case reported to have occurred in 2007 or 2008.

3 Death Investigations –Natural.

C Troop

FF

11 Total Arrests, 5 DUI

Responded to a collision in which the operator had fled, after processing scene, troopers responded to the registered owner's residence and arrested the operator for DUI, Neg Operation, and LSA.

Troopers responded to an armed robbery on Rt. 7 in Leicester, convenience store, several leads coming in, BCI is lead.

Shaftsbury Troops assisted Bennington PD with robbery investigation.

BCI

Continued investigation of Jameson shooting; consult S/A, subpoenas, and interviews.

New Case/DOC Assault: Assault of a DOC officer by an inmate.

New Case/SOR photo: Updated photo of sex offender.

Case follow up Hart homicide, transcribing records, etc.

Return Hart's remains to family in CT.

Case follow up Interview with possible sexual assault victim. Victim initially declined to speak with anyone when report first came in.

New Case: reported child abuse – interview with child and DCF at Starksboro.

Assault on a correctional officer.

Assisted Castleton PD with Death investigation of possible overdose.

Child Advocacy Board meeting.

Follow-up on jail suicide.

New Case – Inmate threw urine on another inmate. Investigation continues.

New Case – Inmate struck another inmate in the face over card game. Victim inmate received stitches for his injury.

New Case – Robbery at Champlain Beverage in Leicester. Reported three males entered the store and took over \$3800 and several cartons of cigarettes.

Assisted uniform with Pownal call regarding 67 year-old female that was injured (broken nose and orbital). There was also concern she was sexually assaulted. No medical signs of sexual assault and no signs of blunt force. Female transported to Albany Medical and not expected to live. Investigation suggest the female had fallen during the day. No evidence of foul play.

New case: Death investigation of 53 year-old Brian Fullerton from West Rutland. Cause of death is natural and ME signed the death certificate.

Case Follow-Up: Sex Offense. Town of Poultney. A 33 year old female reported being sexually abused by her step-father when she was 15 years old. The female later married her step-father and had a child together. Case Completed.

New Case: Child Abuse. City of Rutland. It was a reported a 9 year old non-verbal autistic child arrived at school with numerous bruises. Interviews Conducted.

New Case: Sex Offense. Town of Castleton. I was requested to assist the Castleton Police Department with a 7 year old female being sexually abused when she was 2-3 years of age. Recorded Interview and Case Reviewed.

Assigned Fire Investigation in Putney, Vt. (Paper Mill).

Assist to Bennington PD for celebrite download.

CRT airbag download for Rutland City PD.

CRT airbag download to Rutland VSP.

D Troop

FF

9 Total Arrests, 0 DUI

Numerous burglaries reported west side, Troops compiling intel and attacking problem with planned Directed Patrols and coordination of efforts.

Stopped a vehicle being operated at 103 mph on I91 in Westminster; arrested one for Excessive Speed.

Stopped a vehicle being operated at 97 mph on I91 in Rockingham; arrested one for Excessive Speed.

Threatening complaint in Townshend. DCF took custody of Jesse Lynn Gentlewolf's grandson at the Townshend Elementary. Gentlewolf showed up at the school and made threats. DCF and Bratt PD notified she was headed to the DCF office. No problems at the DCF office. SA's office was contracted and the decision was made no charges at this time. Provided patrols at the Townshend Elementary during the school drop off time based on threats made by Gentlewolf the day before. No problems. Sgt. also responded to DCF in Bratt to follow up.

17 Year old female ran off towards Dover threatening to harm herself, Dover PD picked her up. Met with female and parents at Dover PD. HCRS called and parents arranged for female to be screened the following day.

Responded to a family disturbance and made arrest for Disorderly Conduct, fugitive From Justice arrest. While assisting Probation and Parole they came upon a female wanted out of state.

Troopers assisted BCI with a search warrant done for Woodstock PD. Warrant was for evidence related to a Bank Robbery in Woodstock.

BCI

New non suspicious fire Putney.

Assist to Federal DOC with a PSI investigation.

Worked on an alleged 30 state sexual assault invest. Victim currently in CA. This will be a Windham County SD case because of where the case originated in Vernon. VSP will assist with guidance and most likely will turn to federal prosecution.

Follow up South Londonderry Arson Fire.s

Work on Active Shooter Response for EMS Program.

New Case- Possession of Child Pornography- Wife found CP on ex-husbands cell phone.

Follow up Violation of Conditions- Interviewed witnesses.

Submitted Attempted Murder Case to Windham SA.

Sex assault follow up / exit 4 Sunoco.

Petit larceny follow up / Champlain Farms Store.

Bank Robbery – Ludlow – Follow up/reports.

Prison Sex Assault (CO on Inmate) – SSCF – Interview at SSCF. Inmate recanted his earlier claim that he was sexually assaulted.

Completed reports and prepared media to be sent to the FBI.

Interviews of staff and offender at SSCF in case involving the attempted assault of a staff member by an inmate.

Assisted uniform with processing evidence (fingerprints) in a drug case.

Sex assault follow up, interview at CAC Springfield.

Write up of reports for Officer Involved Shooting in Burlington.

Death investigation call out. 87 yr old male. Believed to be a heart attack.

Assist Woodstock PD with bank robbery. Executed a search warrant.

Took a tip regarding possible suspect from an unsolved homicide. Unsure if there was an actual homicide yet. Passed on to MCU.

New intake of an adult sending nude photos to 11&12 yr old girls.

Windsor County Case Review

Attempted to interview principle and locate accused w/ DCF.

Assigned new case involving suspected physical abuse – no disclosure by alleged victim. Assist with Woodstock PD search warrant for bank robbery.

Assist MCU with suspect interview for Northfield homicide case.

Contacted victim and caretaker for controlled phone call will occur in MA.

Case follow up with victim.

Assigned SOR Case – Completed.

Bomb Squad activation for State of the State Address.

Bomb Squad activation for Trump's visit to Burlington.

TOPS

Stop with counterfeit bills located and arrest.

All participated in state of state security.

Major Crime Unit:

Rashed Homicide – follow up interviews, authored cell phone search warrant and ATM Subpoena, Discovery and Lab requests, case management.

Burt homicide: follow up interviews, proffer, notes preserved.

Burlington OIS: follow up interviews, reports completed, 911 subpoena submitted, case prep.

Johnson homicide: converting material to digital for preservation.

Denise Hart homicide: review case materials/reports.

CRT case, worked on reconstruction for the case.

Polygraph:

Unit worked on the transition to the new testing format. Packet is just about complete and shooting for start date for new test for Feb 1.

ICAC:

Assisted Brattleboro PD with on-scene forensics for a CP related ICAC search warrant execution.



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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: January 15, 2016

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Issue Updates:

Decommissioning of VIT Sites: Six sites are completed, the largest being VTC which also served as a warehouse for VIT. Storage space utilization is up but availability seems to be ok for the balance.

Mold Detected at Barre City Place: Analysis continues to determine the extent. The landlord remediation plan is in progress. BGS has met with tenants on the preliminary data. Once they have a remediation plan they will follow up with them.

State House Flowerbeds: BGS is writing a Flowerbed RFP for simplified bidding of design and installation. Three invited bidders to be are Landshapes, 4 Seasons Garden Center and diStefano Landscaping.

FINANCE AND MANAGEMENT

Issue Updates:

- Reconciling and finalizing department's data that has been entered into the Vantage budget system.
- Staff working this weekend and Monday to clean up loose ends and to update all appropriate documents based on new revenue projections. We expect to have T Fund numbers on Saturday and GF and EF by 9:00 on Monday
- Tax Department working on Saturday to provide Jeff Carr with as much information on revenues received year to date.
- Small budget book will be the area of focus on Monday once we have new revenue projections. It will be sent to Copy Center either late Monday even or early Tuesday morning and available for

pick-up late Wednesday. The BGS Copy Center has been very accommodating in spite of our tight schedule.

HEALTH CARE REFORM

Issue Updates:

All Payer Model: (no further update in time for the weekly report). APM in the legislature

January 11 All Payer Model event at UVMMC

January 12 meeting with the Governor

SIM/VHCIP: The SIM Team experienced some more staff transitions this week and is working to fill the new vacancies and reassign work among existing staff and contractors. We are also realigning certain contractors to support new work coming online in 2016. This is being done in conjunction with Michael Costa to ensure there are sufficient resources available for the APM.

We are continuing a significant amount of contract activity as we add new money and scope for 2016. We should be through the bulk of it by the end of January.

Georgia presented a webinar on Payment Reform 101 this week to a broad audience (it was recorded) as a way of introducing the topic to a broader audience. This presentation had been requested by AHS, several provider groups, and other stakeholders. The webinar was also used to extend the message we have been consistently trying to get out, which is that payment reform is happening around the country and Vermont has a huge opportunity with our reforms.

Universal Primary Care: January 12 Robin and Marisa testified to the Ways and Means committee on the universal primary care study. The discussion focused on the many decision points that would need to be made in order to move forward with the program. More specifically, on decisions needed in order to develop more concrete cost estimates for administrative expenses to the state and if a UPC system would simplify administrative expenses elsewhere. Robin explained this system would be more complex than Green Mountain Care single-payer. The committee was concerned over the high cost of increasing provider reimbursement rates. Janet Ancel asked if the provider reimbursement increase analysis was in scope. AOA included it as a policy choice given the discussion of House Health Care priorities last legislative session.

JFO also provided testimony on their independent review of the UPC study to Ways and Means. Joyce Manchester stated that JFO and AOA had a collaborative process and AOA paid attention to lots of their comments. The JFO final review outlined six concerns, most of which overlapped with issues we also identified. Issues that the JFO brought up that we did not specifically address in the report include:

- Future trends further than 1/1/17 (statue only asked for 1/1/17)
- Integration with other health care reform initiatives like all-payer model

After Robin left, the committee asked if the administration is going to move forward with a proposal. Marisa stated that the administration is not putting forth a proposal as far as she knew, though the administration is interested in looking at anything that advances the principles of Act 48 and works toward creating a system of universal and unified care.

Robin and Marisa are scheduled to testify in House Health Care and Senate Health and Welfare next week.

Mental Health Integration Report: Section E.306.2(b)(1) requires the Secretary of Administration and the Chief of Health Care Reform to submit a report on “current and additional strategies to achieve a more comprehensive health care service and delivery system based on a greater integration of substance abuse payment and care coordination with physical and mental health.” This report was submitted on 1/15/16 and discussed the current areas of activity (including Hub & Spoke and SBIRT) and the additional efforts we have recently begun around DA/SSA payment and delivery system reform.

Legislative:

In Senate Finance:

S.214 – direct enrollment-- The carriers proposed a bill allowing a special enrollment period to sign up directly with the carrier. Robin and Devon spoke with the carriers and learned that part of the issue with this bill was that DVHA was doing a rule to replace the current contract with the carriers, and the carriers wanted more input during the rulemaking process. Robin and Steve Costantino agreed to pull the rule, extend the 2015 contract for a year, and restart the process. Vermont Health Connect will allow for special enrollment periods for direct enrollment by letter/MOU. The carriers will pull the current legislative proposal.

S.238 – VEHI- Although it will no longer be grandfathered, VEHI would like to continue in its current status without its small employers moving to the small group market. As mentioned last week, it was determined that CMS has oversight over non-federal governmental plans to make this determination.

VEHI has agreed to put their legislation on hold while they contact CMS.

S.215 – vision plans

In Senate Health and Welfare:

S.244 – hospital cost analysis tool

S.245 – hc provider affiliations

S.255 – 09-03

S.256 – moratorium on hh agency CONs

In House Health Care:

H.524 – SHOP 1332 waiver-- Testimony today with carriers. Lawrence and Devon to testify next week. Leg council went over bill last week. All committee members agreed to sign on.

Other Meetings/Issues:

1/12 – mechanics of an expanded provider tax--draft bill language written and sent to Tax.

HUMAN RESOURCES

Legislative/Policy Update:

Testified before Senate Appropriations on position pilot. Committee was very interested in utilization of pilot for creating DCF positions and clearly still had a lot of questions for DCF on position utilization. Also clear that committee was open to idea of expanding pilot to DOC. Conversation then went to collective bargaining. Described the fact-finding process and fact that if no agreement is reached it comes to the legislature. Commentary clearly indicated that they “had no money to fund increases”. Chair Kitchel stated “the last contract was too expensive – I can’t see doing that again”. Vince Illuzzi in the room.

At monthly VT State Employees Retirement System Board meeting subject of divestiture came up. As you know Treasurer Pearce opposes divestiture. Board was considering statement of support for Treasurer’s position. Treasurer declined to ask for such statement citing “the sensitive position of some of the members of the Board” (ie. DHR, F&M, and Governor’s appointee).

Significant Meetings/Events:

We have been asked to present the Workplace Violence training to the Vermont Human Resources Association. Course content is undergoing a quick review. Two elective sessions have been posted.

We submitted ACA reporting to the IRS ahead of schedule!– this is the first year of the requirement and the DHR team has exceeded the standard.

Fact-finding with VSEA took place on the 11th with second session scheduled for 15th. Much work around collecting bargaining data and witness testimony including Commissioner Pallito and Jeff Carr. We are not seeing any moves by VSEA to soften their stance and move towards resolution.

Working with ESI on our contract amendments to take place beginning Feb 1st – we leaned on ESI fairly hard and are hopeful these amendments will result in some cost avoidance.

Met with Don George of BCBSVT for general check-in. Discussed their mishandling of our stop-loss insurance renewal (now resolved) and our appreciation of their support and partnership on wellness initiatives. Good discussion.

Met with Human Right Commission Executive Director for wide-ranging discussion about process improvements and relationship between our attorneys/investigative process and the HRC. Very productive discussion.

VT Supreme Court ruled that employees of State’s Attorney offices (including deputy state’s attorneys) are NOT state employees, but municipal employees and can organize/collectively bargain as separate entities. This could have a big impact on the state’s attorney offices. We are meeting with State’s Attorney executive director to discuss issues and provide guidance.

INFORMATION AND INNOVATION

Significant Events/Meetings:

Commissioner Boes testified before House Gov Ops on January 13th. He talked about IT strategy updates, the new IT chart of accounts, the IT structure in the Executive Branch, DII Initiatives, e.g. VOIP and MS365, how DII compares to our state government peers, and our future plans, such as leveraging the cloud, a potential mainframe outsource, and consolidation of desktop support. His testimony was well received, and questions were primarily related to the number and cost of projects.

Evolving Issues:

Web Updates:

- Website training for the Governor's Highway Safety Program Website was held 1/13. They are now editing the site in preparation for launch.
- The new Vermont Police Academy site has been created and training will be scheduled shortly.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

Gearing Up for Tax Season: Refunds: The Department has softened its message on refunds – not saying that there will be blanket hold until March 1st, but cautioning that we have implemented additional steps to prevent identity theft refund fraud, and that delays should be expected. Very much in line with other states, and what numerous mass media outlets have already reported about refunds generally (there have been a flurry of articles). This will be communicated in our traditional press release on the opening of tax season, which is Tuesday this year (dictated by when the IRS first takes returns). Our plan is to start slow with refunds, using the new data elements that we are receiving from vendors, as well as information from our data warehouse and new online employer withholding site, and advancing slowly until we have a good handle on the fraud trends this year. We are asking the big payroll services to file on our new W-2 site early (in advance of the Feb. 28th deadline) – once we get that employer information we can push returns quicker with more confidence of routing out bogus employers and employee filings (until we can confirm the employer's W-2 withholding it is akin to allowing withdrawal from a bank without proof of deposit). Again, our message to the taxpayer is that waiting a little longer for due diligence is far better than being forced to take extra steps and wait a long time if a refund goes out falsely under their name.

Studies: We are sending over our package of studies today before we file tomorrow. Includes Annual PVR Report, Taxpayer Advocate, Sales Tax on Services, Lag in the Property Tax Adjustment.

Misc. Tax Bill: We are doing our final editing, and expect to send the bill over for review early next week – we have committed to present it to Ways & Means immediately after the budget. Highlights include Estate Tax proposal (as passed by Senate), requiring employer W-2 in January, pro forma corporate income returns to evaluate market based sourcing.

Ag Exemption: The House Ag Committee continues hot on the trail of expanding the agricultural sales tax exemptions. They listen politely through our testimony of what we, with the support of the Agency of Ag, are trying to do within the confines of a very narrow, specific, “95% direct use” statute. However, in our absence they express frustration that we just don’t grant exemptions as they see fit. Again, as Tax Administrators, we have no dog in the fight if they want to broaden the statute at this time (although we have pointed out with Ag that better timing would be when Ag puts registration requirements on small farms, which could limit the universe of exemption takers, and be an incentive to comply). Any broadening now will cost money, and they will have the money committees to contend with. The problem seems to be that the Committee does not seem to have anything else on their agenda.

Operations Update:

VTax Conversion: Our high call volume on Phase 2 will continue right through opening of tax season – expect complaints. We have officially started Phase 3, Personal Income Tax. Design phase and high level decisions. Some of the team will be traveling to MA, which is on a parallel track with FAST – they previously came here which was valuable exchange.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: James Giffin, Interim Commissioner
Date: January 15, 2016
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates: Testified in Senate Economic Development, House General, Housing, and Military Affairs. All seemed fine. Covered changes since May of last year, Modernization Summer Study, and DLC Annual Report. Board Chair O'Brien also attended Senate meeting. Clearly differences of opinion on which Department should regulate marijuana, if it passes.

Press Issues/Releases/Contacts: Nancy Remsen wants to meet with me on my testimony.

Significant Events/Meetings: Board Meeting this week. Moving forward with the process to hire a Deputy Commissioner.

Board member Cassarino fell at our office and had to be evaluated at the hospital. We assisted in returning him to his home in Rutland.

Department is currently accepting applications for Board Legal Counsel, based upon an RFP posted this week on both the VBA and DLC web sites.

Summary of Key Department Activity:

Agency Issues: We will be sending draft evaluation criteria used for 'bonus' percentage on their reimbursement to Agents for comment this week.

Staffing: 1 new Liquor Store District Coordinator will start January 24, as well as 1 permanent Warehouse Driver, formerly an Interim Driver.

IT POS system: We meet with DII and will proceed with reissuing the RFP, but in two smaller components. The feeling from DII was that would have a greater chance of success. We also feel will be quicker.

Warehouse: Working on a contract to evaluate our liquor store deliveries, with a goal to get to weekly deliveries for more stores.

Enforcement: None

Commissioner's Commentary: Been a busy time with Legislature back in session, assisting the incoming Commissioner move, and Board activities. I will be moving into an 'Interim' Deputy Commissioner role on February 1st so I can continue to assist the Board, and new Commissioner until a new Deputy is hired.

+CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Jan 15, 2016
Re: Weekly Report

Status of Governor's Priorities: .

none

Legislative Issues/Contacts:

Approx 30 legislators attended the Online Games and Gaming reception held on Wed, Jan 13th.

Press Issues/Releases/Contacts:

The Powerball jackpot run over the past two weeks prompted continuous media contact from all tv stations and many print media outlets. Most of the coverage was neutral to positive.

Significant Events/Meetings:

VT Lottery's gaming system vendor, Intralot, hosted a legis reception for Online Games and Gaming at the Capitol Plaza hotel on Wed Jan 13th. We had over 25 legislators attend as well as some members from the business community – approx. 40-45 total attendance. The message was primarily that various types of games and game play are occurring within VT (62% of legal age are playing and paying to play online), and if lottery remains a printed, in-store product, we can expect to see a decline in sales if we do not put ourselves in the online store. Demos of various pay-to-play games and Daily Fantasy Sports games were provided. We also saw very strong interest in the current lottery game console that was operating live in the room.

Evolving Issues:

none

Summary of Key Agency Department Activity:

We were pretty swamped by the volume of sales, customers and operational activity that occurred with the Powerball jackpot. While we only had 4 players match 5 numbers and win \$50K - \$150K, we did have a Megabucks Jackpot winner of \$1.3M on Wed.

Our sales remain strong, and will be further boosted by the sales of the past two weeks. Additional profits from the past two weeks should reach \$1M.

Executive Director's Commentary:

We had a good mix of legislators at the reception – opponents, neutrals and supporters.

We have a Powerball rules change going through the process now, and will need to issue an emergency rule for this as well in the last week of January because the rule goes into effect for tickets sold on Jan 31st.