

WEEKLY REPORTS

Checklist

10/18/2013

Elizabeth Miller/Aly Richards

- ☒ Agency of Commerce and Community Development – Lawrence Miller
- ☒ Department of Labor – Annie Noonan
- ☐ Department of Financial Regulation – Susan Donegan (**no report this week**)
- ☒ Agency of Education – Armando Vilaseca
- ☒ VT Commission on Lottery – Greg Smith

Louis Porter

- ☒ Agency of Transportation – Brian Searles
- ☒ Agency of Human Services – Doug Racine

Sue Allen/Leigh Appleby

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

Sarah London/Carolyn Wesley

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

Susan Spaulding

- ☐ Boards and Commissions (**no report this week**)
- ☒ Department of Liquor Control

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: October 18, 2013
Re: Weekly Report

LUCY LERICHE, DEPUTY SECRETARY

- **Bennington:** Economic Development Commissioner Lisa Gosselin met with Bennington's RDC led by Peter Odierna. Composites cluster expects to bring in 100 new well-paying jobs over next two years. Challenges are now in recruiting and housing and educating new workforce as housing is dated and there are not enough mid-level options for housing. A number of programs in the area are connecting schools to businesses, ranging from the SouthShire Challenge (students are given real-life problems area companies are tackling) to a Career Week scheduled for early April. Southwestern Vermont Medical Center is bringing in 14 new doctors and using ski areas to target potential new employees. Bennington recently received accolades from Efficiency Vermont for reducing usage by 13%; its water department was named "Utility of the Year" by New England Waterworks Association and its municipal web site won awards at the New England Developer's Association. Harrington was named a 2013 Rising Star.
- **CEDS:** State government participation will be invited at extended cabinet meeting on Monday, October 21.
- Alex Ibey met with Matt Langlais and Bob De Geus from Forest, Parks and Recreation to discuss the possibility of reopening the Greenwood Sawmill in Lyndon, VT. The mill is owned by a Canadian company and has been closed for over five years. The team has learned of an interested party and will be setting up a meeting with the client and NVDA to discuss the project.
- **Recruitment:** Fred Kenney and Beth Demers joined Pat Moulton-Powden and loan officers from VEDA to tour Soundview Paper (formerly Putney Paper) and discuss state programs with Brian Guthioer (Plant Manager) and Carl Myers, Soundview COO. Company is considering growth of capacity at paper production plant and expansion of the conversion plant to accommodate new product lines. Definitely will need assistance for training and upgrading worker skills. The leadership is keenly interested in partnering with the local Career Center and Vermont Technical College to develop a training program for their employees. May also utilize VEDA and VEGI. May also need permit assistance.
- Fred and Kiersten had a phone conference with Daniel Gagnon, owner of Tartco, a Quebec based tart shell-baking company considering expansion into the US to service a Safeway contract. Considering VT or CA. Wages too low for VEGI or ZVTP, but will assist with sites and raw material sourcing.
- Fred and Kiersten joined Tim Smith and others in St Albans to meet with prospect EMB Laser, a Canadian metal cutting company considering expansion into the US.

VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦

- **Companies PTAC is currently working with:**
 - Allen Brothers Oil, LLC - Westminster
 - Grennon's Hands On Solder Works, Inc - Bristol
 - Innex Technologies Inc - Norwich

- K&E Plastics - Bennington
- Ladd Research Industries - Williston
- Northeast Kingdom Moving and Storage, LLC - Derby
- PCM - Image – Tek - Springfield
- Pwnie Express - Barre
- Rock & Marble, Inc – Castleton
- Workforce Initiatives LLP – Jeffersonville

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

- **Flood Insurance and HMGP Funding:** Can the recently announced \$4-5 million in FEMA Hazard Mitigation Grant Program funding be used to assist homeowners facing increased flood insurance costs? That was the topic of a meeting initiated by Commissioner Mears that included DEC, DEMHS, DHCD and Deputy Secretary of Administration Clasen. While FEMA's criteria for funding buyouts and elevations have been relaxed, program complexities, municipal and homeowner program fatigue, and uncertainties around the actual impact of NFIP changes, defy a clear solution. Suggested CDBG-DR could be used for a planning grant based on elevation projects currently in the pipeline.
- **Working Group on Growth Centers:** A group representing the Vermont Association of Planning & Development Agencies (VAPDA), the Vermont Chamber of Commerce, RDCs, the Vermont Planners Association (VPA), ANR, the Vermont Natural Resources Council, municipalities and the Natural Resources Board met to discuss specific changes to the Growth Center designation program that they would like to see. Besides increasing incentives, some of the top ideas included:
 1. Integrating growth center planning into municipal and regional planning processes (Chapter 117);
 2. Making the designation process easier for smaller areas of land within walking distance to the designated village center or downtown;
 3. Increasing municipal incentives for infrastructure and planning; and
 4. Finding a way to streamline state permitting processes within areas that demonstrate a certain degree of planning.

The group is gathering weekly to work out additional details. Thanks to the transparency, broad outreach and diversity of interests represented in the working groups -- VPA's recommendations are well-aligned.

Neighborhood Stabilization Program Quarterly Reports for the period ending 9-30-2013

- **NSP1:** As of this Quarter, the Housing Acquisition and Rehabilitation Program (HARP) administered by the Vermont Housing Finance Agency (VHFA) which collaborates with the five Homeownership Centers (HOC's) has acquired a total of 52 homes and sold 44 with 4 currently being marketed for sale and 4 under rehab. This Program has taken \$7M to acquire and rehab the homes, and provide subsidies to the new homeowners, and generated over \$4.8M in Program Income. The Program Income has enabled the opportunity to continue acquiring homes, but more importantly to provide energy efficiencies and deeper subsidies for greater affordability to more new homeowners. To date, we have employed 788 contractors and professional service providers to work on HARP homes. The actual number of people working on these homes is estimated to be 1182. The amount of activity per each HOC has been fairly even since the start-up of the Program.
- **NSP2:** The HARP has acquired a total of 19 homes and sold 11 with 3 currently being marketed for sale and 5 under rehab. The greatest amount of activity under NSP3 has been with the Central Vermont Community Land Trust (CVCLT), Champlain Housing Trust (CHT), and NeighborWorks of Western

Vermont (NWWVT). The sale of the 11 homes has generated over \$1.2M in Program Income. To date, we have employed 201 different contractors and professional service providers to work on HARP homes with an estimated 302 individual trades people working on the homes

- **Certified Local Governments: NNECAPA “Project of the Year”:** In 2012, the Division awarded a \$10,000 Certified Local Governments (CLG) grant to the Mad River Valley Planning District to research and document the history of hill farming in the Mad River Valley. The resulting project, consisting of a written report and documentary film, was recently recognized by the Northern New England Chapter of the American Planning Association (NNECAPA) as the “2013 Project of the Year.”
- **State and National Registers: Living New Deal Project:** Devin has been selected as the Vermont Research Associate for the [Living New Deal](#) project, a nationwide effort to identify and preserve New Deal art and architecture. Vermont boasts an excellent collection of State Parks, municipal buildings, schools, post offices and dams built by various New Deal agencies, such as the Civilian Conservation Corps, the Works Progress Administration, and the Public Works Administration. Devin will provide information about these resources to the Living New Deal’s nationwide database New Deal projects.
- **St. Johnsbury:** St Johnsbury Academy has renewed consultation with Historic Preservation on their Cramton Dormitory project as the Architect is seeking further design changes after the Act 250 permit has been issued. These changes will create additional adverse effects and the Division will be seeking mitigation to compensate for the adverse effects.
- **State-Owned Historic Sites: Coolidge Site Loan to Presidential Library:** We have loaned a model of the Coolidge Homestead to the G.W. Bush Presidential Library. The model, made by Vermont folk artist Barbara McKenna, will be part of a special exhibit at the Bush Library, recreating one that had been intended for Christmas 2001 but was cancelled because of 9-11. A great way to promote our site to a large audience!
- **Regular CDBG Potential Grants: Town of Putney:** A site visit has been scheduled for two potential projects in the Town. One of which is another WWHT project that proposes to complete energy efficiency renovations to the historic Old Road affordable rental housing building. The second potential project would provide new ADA compliant sidewalks that would connect and a safe pedestrian route from the Landmark College campus to the downtown Village of Putney.

DEPARTMENT OF TOURISM & MARKETING

- This has been a **Fall Season to remember** and, we hope, one for the record books. This upcoming weekend still looks strong and we are thankful the leaves are holding on in many parts of the state.
- **Preliminary Assessment of Summer Business:** The hospitality/recreation sector has clearly enjoyed a strong summer season. Tax revenue for Meals, Rooms and Alcohol (MRA) collected during September are up 5.9 percent over last year – and up 5.1 percent for the three months of the fiscal year to date. The MRA was also ahead of the projected target for the month, though only slightly, with revenue of \$14.08 million above target by +\$0.08 million (+0.56%). A more exact analysis of business activity through the summer will come with the preliminary taxable receipts reports in mid-December.
- **Marketing:** Boston Globe is doing a Columbus Holiday business preview and one of France’s top TV stations featured Vermont foliage on Wednesday morning. A Ouest France writer is completing a Vermont article for a 800k circulation audience!

- **Good Ghoul News:** TravelandLeisure.com picked it up and is featuring one of Vermont's towns as a top Halloween location! Read more about our [*Halloween hysteria*](#). We also yielded an AOL and Doctor's Review Feature published this week from past fairs and interviews.
- CMO Nancy Driscoll is working across state government to help develop Statewide Marketing Plans:

Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report – Weeks Ending October 11 and 18, 2013

Note: We are still working through the impact of the federal shutdown, for our internal administrative issues (cost allocation and recovery), as well as for furloughed workers who filed and will now go into repayment planning, and assessing the impact of continued layoffs as a result of the shutdown (federal contractors).

Follow Up: We are awaiting 5th floor approval to release the new Minimum Wage Rate (current \$8.60, new rate \$8.73 on January 1, 2014). Vermont business owners are calling for the info. I suggest a release this coming week. Also, VDOL has a draft UI Trust Fund report that we would like to schedule time to go over with the 5th floor.

Newsworthy: VDOL is trying to expend the remaining NEG money for Irene Disaster with the Vermont cities and towns. We will not be working with other groups at this time. We are getting the projects set up and placing unemployed Vermonters into the jobs. We have about \$750K to expend.

“Dust ups” in two areas: (1) Vermont Tech Council & UVM joint Internship website – (some of it expected from other internship groups) – but I am now mediating those disputes, and also trying to make suggestions to John Evans and the Tech Council about restrictions and protocols that should have been embedded from the beginning; (2) NEK Project (see page 2, for Monday’s agenda) to give you a flavor of what I am dealing with on this. Alex and I have been communicating back and forth today to ensure that she and I can present a clear direction on Monday.

Unemployment Compensation

What we know about the NATIONAL Unemployment data release is that the national data release that was scheduled for 10/4 has been moved to 10/22 (this is for September data); and, the BLS has announced the date of the national October data release will be 11/8, a week later than anticipated prior to the shutdown. Mat thinks that the VERMONT data will not be allowed until sometime between November 22 and December 1. His comment: “Unfortunately, we don’t control our destiny on the release”.

UI Call Center Stats:

For the week ending 10/12/13 we took 2446 calls. This is a decrease of 243 calls from the week ending 10/5/13. We processed 456 initial and 441 additional claims. This is a decrease of 390 initial claims and an increase of 90 Add claims from the week ending 10/5/13. 5 claimants exhausted all tiers of benefits with the week ending 10/12/13 compared to 4 claimants who exhausted all tiers of benefits during the week ending 10/5/13. 2 claimants exhausted Tier 1 benefits with the week ending 10/12/13 compared to 2 claimants who exhausted with the week ending 10/5/13. We paid 3,738 claimants during the week ending 10/12/13 compared to 3,886 for the week ending 10/5/13. We processed 29 Mass claims for Sodexo for week ending 10/12/13: We processed 74 mass RTW dates.

A Rapid Response was conducted for Revision with 29 employees in attendance.

Labor Market Info Division: The LMI Division is just now back to their regular work. ALL BLS work was ordered “halted” by the USDOL. Mat spoke with Hilary Niles of VTDigger about the uncertainty about the upcoming press release; LMI completed a data request for Windsor County business recruitment effort, and also assisted Southern Vermont Chamber with LMI data; provided self-employment data for ACCD/Ken Jones; Prepared youth unemployment data for VYCC data request.

Workforce Development Division:

VDOL Manager Morgan Sailer-Carlisle met with Bob Flint (Springfield Regional Development Co.) to discuss a possible project coming to Windsor. The employer has asked that this information stay confidential. The project would be a call center and the employer is asking for assistance from DOL to find if there is a skilled workforce in the area to pull from. There is a possibility that this could create 300 total jobs.



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**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Secretary
SUBJECT: Agency of Education (AOE)
DATE: October 18, 2013

Secretary Transition: This week Rebecca met individually with Deputy Talbott; Brian Townsend, IT Director; Karin Edwards, Director ISL, PK – Middle; and Tom Alderman, Director ISL, Secondary - Adult. She is scheduled to meet with Project Manager Jill Remick next week.

Smarter Balanced Assessment Consortium (SBAC): At recent SBAC Collaboration Conference in Los Angeles, Secretary Vilaseca and his colleagues from the other SBAC governing states voted to adopt the “Smarter Balanced Usability, Accessibility and Accommodation Guidelines.” The guidelines summarize the consortium’s efforts to provide an unprecedented array of new technologies and supports that will improve the assessment experience and accuracy of results for students with disabilities and students who speak English as a second language. These efforts were made at considerable expense and involved nationwide input from parents, advocates and experts, to ensure that these tests are positive and productive for all students, but specifically for those students who have suffered through the last generation of educational testing. A link to the SBAC announcement can be found here: <http://goo.gl/iaszte>

State Board of Education (SBE): The Board met Tuesday at the Northfield Middle/High School where Luke Foley, STAR Program educator, was named 2014 Teacher of the Year. The entire school community - students, teachers, administrators, support staff, and representatives from the Northfield community - attended and participated in the meeting. The ceremony, honoring Luke, Katy Farber from Rumney School in Middlesex, and Valerie Gasco from Riverside School in Springfield, was the highlight of the day. Secretary-designee Rebecca Holcombe spoke to the Board on her activities since her appointment. The Board also finalized and adopted its priorities for the year and had a focused discussion on statewide assessment. The SBE’s priorities can be found here: <http://goo.gl/HezBS8> . In addition, its Legislative and SU Governance Committees held initial meetings.

Education – Join the Conversation: Episode thirteen of this monthly roundtable discussion titled, “Pre-K & Early Childhood Education” was recorded on Thursday. Roundtable participants who joined me included Manuela Fonseca, Early Education Coordinator, VT-AOE; Ruth Kagle, Early Childhood Educator, the Sustainability Academy (BSD); Caryn Zambrano, Head teacher – Preschool Programs, Greater Burlington YMCA; and Meg Edmunds, Director of Preschool Programs, Greater Burlington YMCA. We spoke about how publicly funded Pre-K provides access to a quality early education experience for over 6,000 of Vermont’s youngest children. We also discussed partnerships with Head Start programs, child care centers or family-based care, or private preschools.

School Safety Coordinator: The RFP for this position, funded in equal parts by AOE and DPS, has been drafted and I have a discussion scheduled next week with Secretary Spaulding to discuss funding.

Teacher of the Year (TOY): On Thursday, Luke Foley, 2014 VT-TOY was interviewed by Jane Lindholm on VPR. Here is a link to Vermont Edition's interview with Luke Foley today:

<http://digital.vpr.net/post/northfield-educator-2014-teacher-year> .

Annual Outstanding Teacher Day: Wednesday I traveled to UVM to participate in the 33rd Annual Outstanding Teacher Day. All Outstanding Teachers exemplify one or more of the five standards for Vermont educators – learning, professional knowledge, advocacy, collegueship, and accountability. This year's ceremony recognized 80 teachers from school districts throughout Vermont.



CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Oct 18, 2013
Re: Weekly Report

Status of Governor's Priorities: .

n/a

Legislative Issues/Contacts:

n/a

Press Issues/Releases/Contacts:

n/a

Significant Events/Meetings:

Began discussion of problem gambling funding and staffing with person from Dept of Health. We are reviewing approaches of other states that do not have casinos. Recommendation due in Jan.

Evolving Issues:

n/a

Summary of Key Agency Department Activity:

Completed Powerball rule change docs for ICAR and had their review. Now with SOS office. Change set for Jan. Working on contracts for instant tickets, amendment for 2nd chance drawing, contract with British firm, Geonomics, for new 2nd chance game. Starting new sales rep supervisor next week.

Executive Director's Commentary:

First sales presentations for game consoles set for next week.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, October 18, 2013

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

VTrans/MTQ Meeting

We finally had our meeting with MTQ, first since the election of the Parti Quebecois, and learned that they are still interested in our mutual goals. On the Autoroute 35 project, we can expect the 2nd and largest segment, 25 kilometers, from St. Jean-Sur-Richelieu to Sainte-Sebastien, to open sometime in 2014. The connection to St. Armand/Highgate Border crossing (8 kilometers) is scheduled for 2017 but is subject to funding. Lack of staffing on the border resulting in considerable wait times is not a plus for making this a funding priority in Quebec.

A study of rail needs from the border to Montreal to accommodate *The Vermonter* is due out next month and will set forth funding requirements at which point the MTQ will enter into talks with the CN Railroad about the financing of those upgrades. The pre-clearance facility is on hold, waiting for a treaty amendment between the U.S. and Canadian governments that would allow pre-clearance for rail. We asked MTQ to look into this matter with the Canadian authorities and we will do the same. We have been told in the past that CBP, Dept. of Homeland Security, is not interested in pursuing this until there is a treaty amendment.

Night Train Proposed Montreal-Boston

Francois Rebello, a former member of the Quebec Parliament from the Parti Quebecois, has proposed a train that would run from Montreal to Boston along the St. Lawrence and Atlantic Railroad in Vermont. It would leave Montreal at 6:00 PM and arrive at Portland at 6:00 AM. This train would make one Vermont stop in Island Pond. He has no track rights on the St. L&A, which is owned by the Genesee and Wyoming Railroad which also owns the NECR. He is meeting with them and wants Vermont's support to help him convince G&W. We think that the best we can say is that we have "no objection". There are many loose ends to this deal and it requires an equipment change about 30 miles outside of Montreal as they would hook on to the Via Rail Quebec City service going

west to account for a lack of a dedicated time slot in Montreal. It would also have to endure slow orders and a 60-90 minute stop at the border during which many passengers would have to be awakened.

He will be at the rail event in White River Jct. (VRAN) where you are getting an award on Wednesday night, the 23rd. Expect to be lobbied even though we have already met with him today.

Sale of Surplus Property

In order to meet the requirements of July revenue downgrades in our current budget we will be seeking permission from the Joint Transportation Oversight Committee (JTOC) to sell 2.28 acres of property on Shelburne Road in South Burlington that was associated with an old project. The property is near Shearer Chevrolet and was purchased 20 years ago for \$135K and currently appraised for \$900K. We will bring this proposal to the committee on November 21, 2013.

Exit 8 Ramp Closure

The ledge project is on schedule, which means an end to the closure by the October 31. There have been no problems associated with this project and the detour to Exit 9 for northbound traffic appears to be working well and there have been only a handful of complaints.

Town of Jay Paving Project

We are doing everything we can to facilitate a Class 2 Town Highway Grant for the paving of the road leading from Rt. 242 to the Jay Peak Resort. However, since the road is currently designated Class 3, we have to work with the Town to make the upgrades to Class 2 so the Town can apply for the grant. Bill Stenger and I made an agreement that he would apply a 3" coat of asphalt to some dirt road segments as part of the upgrade and then we would push the Town's grant request to get ready for a spring full paving project under the Class II program. His staff, however, has been pushing the Town and our staff to do more and faster in an attempt, I believe, to avoid the cost of the paving on their nickel this fall.

They are close to the point of meddling in a relationship which must be between us and the Town of Jay and must be done in accordance with the statute governing Class II TH grants. No action is requested on this from you but you should be aware that we are doing everything we can and are pushing this ahead of the pack in a program that is already more than 100% oversubscribed. (See other Jay news in Staff Section)

Lighting Project at Lyndonville Airport

Our Aviation section has reapplied for funding for a lighting project at the state airport in Lyndonville. The town had previously opposed a similar project but has now signed off as it will be pilot activated and is wanted by QResorts as part of the Burke Mt. development.

Colorado Update

Sue and Rich Tetreault are in Denver for the AASHTO Annual Meeting and are visiting with responders to the flooding nearby. They report that things are still pretty bad, with some communities still isolated and people homeless. They also report that Governor Hickenlooper has received the Vermont Strong plates signed by the Governor.

I am traveling to Denver for the AASHTO Board meeting on Monday and will have an opportunity to meet with E.D. Don Hunt and Governor Hickenlooper at that time. USDOT Secretary Anthony Foxx will also be there. You may know that the bill that ended the Government Shutdown in DC included \$450 million in FHWA ER funds for Colorado.

Acting Secretary

Commissioner Ide will be Acting Secretary while I am away from tomorrow morning until Monday evening.

NOTES FOR STAFF

Vilas Bridge

This bridge from Bellows Falls to Walpole, NH has been closed since 2009. Recently, economic development officials from the Town of Bellows Falls have asked the Governor to intervene with New Hampshire.

New Hampshire DOT gave me a presentation recently concerning the \$6.5 million project to rehab the historic structure but advised that it was not a good investment for a number of reasons including options to cross less than a mile up river. They did hint, however, that they would be willing to deal if there was a sign-off on the historic permits necessary for another historic bridge from Guildhall, VT to Lancaster, NH on U.S. Rt. 2. They want to replace, not rehabilitate this bridge. If this were accompanied by a greater level of sharing on the Vilas Bridge, they might just put the project back on their 10-year plan.

Although I am still hesitant to commit to such an arrangement, I am traveling there next week to meet with interested parties in Bellows Falls to get a feel for just how much of an economic and transportation impact this has really had in the downtown. Of course, this has implications for more than 30 Connecticut River crossings the responsibility for which are legally tied to the ordinary high water mark of the river on the Vermont side, meaning that New Hampshire has most of the responsibility for maintenance while our share varies from 5-35% depending on the bridge. In the case of the Vilas Bridge, the split is 93% NH and 7% Vermont.

Town of Rockingham Issue

An old FTA earmark to the Town is at risk because there has been no action. This is apparently due to a lack of expertise so we have assigned an attorney and our Public Transit Administrator, Barb Donovan, to work with the Town to get the service in place so that an increasingly frustrated Federal Transit Administration doesn't pull the earmark.

Unmanned Aerial Vehicle (UAV) Tests

The USDOT has given the University of Vermont Transportation Research Center (TRC) a grant to develop transportation infrastructure-related uses for specially programmed UAV's and they are nearing a test phase. The DOT and TRC will be photographing the work area of the Morristown Alternative Truck Route Project at some point in the future, although it is not entirely clear when this will happen.

The purpose of this project, which came in part from the T.S. Irene experience, is to help assess conditions on transportation projects that are otherwise unreachable, particularly for damage assessment. In the case of the test, they will look at the earth-moving practices involved on the off-alignment Rt. 100 project in Morristown to see if it conforms to the contract specs. There are no homes, unknowing people or other concerns involved with this test and, although it is not a VTrans project, it certain could eventually draw some press attention as UVM has made a number of parties aware of the test, including the ACLU.

Administrative Hearing Officers Study Committee

I will testify on October 29, 2013 to a legislative study panel chaired by Rep. Bill Lippert and Sen. Joe Benning that is looking into the various roles of Administrative Hearing Officers. It appears that they are considering a consolidation of this function which currently exists at VTrans and other agencies and departments as an in-house function. Proponents of the "central panel" approach claim that a central panel not only is fairer but inherently more cost-effective than separate, independent hearing units in each agency or department.

I will simply explain our Hearings section, which is closely associated with our Legal Unit, and will not represent a particular position. I am not predisposed to a particular view on this issue at this time but am wondering if anyone else in the Administration has a position?

Rt. 242 Paving Project Delayed

The first phase of a fully engineered Reclaim Paving Project on Rt. 242 is about to wrap up from Montgomery to Westfield. The 2nd phase was scheduled to be done in the next construction season. However, the project from Westfield to Jay was dependent on the completion of a Town of Jay sewer project which was supposed to be done this year. However, it hasn't started as the Town had some difficulty getting all the necessary approvals and permits. We have delayed the advertising for our project until next fall with construction in 2015.

Post-Irene Issue in Granville

Our technical staff is working with the Town of Granville to help them resolve a local road problem. It seems that the Buffalo Farm Road, still closed after Irene, will cost as much as \$3 million to repair and FEMA, for whatever reason, will pay only a small percentage of the cost. The Selectboard has voted to close the road and FEMA will pay that same percentage for an alternate project. We will provide the expertise needed for

project identification. The staff working on this are part of the added Limited Service Positions that the legislature approved in 2011.

Related to this, we are beginning to hear about employees in those Limited Service Positions seeking work outside the Agency. We would very much like to let these staff know that we are working to convert their positions to permanent, and await your approval. These people, who work for our Operations division, are integral to our ongoing recovery work (Irene & spring disasters) for both state and towns, as well as for preparedness for future disasters and working with VEM.

Interest in Franklin County/Grand Isle County Welcome Center

I met with a group of economic development, government and business folks who want a Welcome Center to replace the one that previously existed at Highgate Center near the border crossing on I-89. I encouraged them to pursue a public-private partnership at Exit 21 (Swanton) that could serve both their interests and bring private investment into play. They will pursue that strategy.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: October 18, 2013

Vermont Department of Health (VDH)

Chickenpox Outbreak Among Migrant Farmworkers:

A varicella (chickenpox) outbreak among Jamaican workers at an apple orchard in Shoreham was reported this weekend. To date, 23 cases have been reported. A public health nurse traveled to the orchard to provide the varicella vaccination to 15 men who had no history of immunity and accepted vaccination. The VDH will continue to monitor the situation.

Down & Dirty Teen Tobacco Prevention Goes Hunting:

The VDH launched its first hunting themed media through its rural teen brand *Down and Dirty*. To make a meaningful connection with the rural youth target audience, anti-tobacco messages must align with activities, attitudes and lifestyles of Vermont teens and their community. “The Hunt”, which coincides with the beginning of the archery-deer season, will introduce messaging that associates hunting culture with a tobacco free lifestyle. The six week campaign will run October 16th through the third week of November with network and cable TV as well as advertising on YouTube and Facebook.

Department of Mental Health (DMH)

Adult State Standing Committee:

Commissioner Dupre met with the DMH Adult State Standing Committee. He discussed with them issues regarding the involuntary treatment laws and the changes to the law that DMH is proposing. He also discussed court ordered involuntary medication issues raised by hospitals and advocates. Commissioner Dupre advised the Committee about the Summer Study Group and their next two meeting.

New England Psychological Magazine:

Rivkela Brodsky from New England Psychological Magazine called Commissioner Dupre. She wanted information on court ordered involuntary medication laws for Vermont. She also wanted to know about any recommendations for change to those laws. Commissioner Dupre informed her that the overall process for commitment and involuntary court ordered treatment was long and that conversations with hospitals and other stakeholders were currently being held to determine what changes to the laws could expedite the process, while protecting the patient’s rights.

Interstate Transfers:

Deputy Commissioner Reed has been in contact with a private company that operates private psychiatric hospitals in Massachusetts. They are interested in providing Vermont with 8-10

beds. DMH is looking into any legal issues relating to interstate transfers. This would provide relief from long emergency room stays.

Department of Disabilities, Aging and Independent Living (DAIL)

New Direct Care Workers Union (AFSCME) reaches out to Self-Determination Alliance:

The Self-Determination Alliance was established per Act 48 to give people who receive care an important voice in advising the State on how to stabilize the independent direct provider workforce and improve the quality of services provided. David Mickenberg, a lawyer for AFSCME, requested a meeting with the newly formed Self-Determination Alliance to lay out the union's vision for Vermont's Direct Care workforce. Chairwoman Betty Milizia continues to voice concern that consumers voices will not be heard and has asked to meet with AHS' negotiator to make sure their positions are clear. Commissioner Wehry advised that the statute directs the Alliance to report to the Secretary but Ms. Milizia does not think this is adequate.

Appropriations Chairs offer further clarification of legislative intent concerning Medicaid rate increase:

Commissioners Chen, Dupre and Wehry received a letter from Stephanie Barret this week which states in part: *The language in Sec. E 314.5 of Act 50 the FY14 Appropriations Bill is meant to convey the legislative intent regarding the Medicaid reimbursement increase for FY14 allocated to Designated and Specialized Services Agencies. Specifically the intent was to ensure that an appropriate share of any increase be used to benefit direct care workers, regardless of whether they are employees or contractors of a DA/SSA. The legislature intended this language to be neutral in terms of labor contracts...Please let us know if amendments are needed in the budget adjustment in this regard.*

Commissioner Wehry thinks this may reflect concerns of family members in the disability services (DS) community about how the rates will be applied (there is debate in the community as to whether service coordinators are direct care workers – DAIL and DMH agree they are for the purposes of this increase). This may also reflect the concern on the part of the Designated Agencies (DAs)/Specialized Service Agencies (SSAs) about the latitude they have in apportioning the rate increase. We believe our rate changes reflect legislative intent and have not recommended any amendments.

Southwestern Vermont Medical Center (SWVMC) on 28 day enforcement cycle:

As the result of an untimely death (reported last week), SWVMC received a finding of immediate jeopardy and could lose CMS certification if they fail to correct the deficiency. All indications are that they will be able to come back into compliance.

Developmental Services (DS) Providers/Recipients of Service press for news of rescission:

Commissioner Wehry met today with the DS State Program Standing Committee. Chair Theresa Wood and others repeatedly asked how large the rescission will be and when it will be announced. The Committee also wanted to know if the Administration had changed its mind about seeking a budget adjustment. Commissioner Wehry advised the Committee that there was no change in the Administration's position. Most of the committee seemed to accept our fiscal realities and appreciate our efforts to protect individuals as much as possible. Only family member Susan Yuan requested the Commissioner to "push back" and request an increase.

Commissioner Wehry urges movement on this issue and hopes discussion with House and Senate leadership will take place soon. Louis Porter is coordinating meetings with legislators.

Chip Castle, Barre Housing Authority, seeks open access to the adult abuse registry:

Chip Castle pitched his case to DAIL's Adult Protective Services (APS) Vulnerable Adult Workgroup this week and garnered unanimous support from those present, including COVE's lobbyist, D. Mickenberg and Long Term Care Ombudsman Jackie Majoros, who dismissed privacy concerns saying "times have changed". Chip plans to find a sponsor for his proposed amendment to the APS legislation. DAIL has remained neutral and has agreed to look at his proposed bill when final. In addition to due process and privacy concerns, the cost implications are significant. Already DAIL receives 55,000 annual requests for background checks. We are not aware of similar efforts to open the DCF registry and don't know yet if this idea will gain traction. We are investigating what other states do.

Department of Corrections (DOC)

Chittenden County Proposal:

Commissioner Pallito will meet with TJ Donovan and Defender General Valerio on October 29th regarding TJ's proposal for a pre-trial detention monitoring program.

Corrections Oversight Committee:

The committee met on October 15th. The major topics of discussion were recent detention trends (the Committee heard a report from the Council of State Governments on data collections, etc.) and the Department of Human Resources Investigations Unit (DHRIU) (Senator Sears is upset about a recently completed investigation of staff misconduct that was referred to DHRIU in January). The next meeting is scheduled for November 12th.

Population:

The department's incarcerated population averaged 2,124 for the previous week. The incarcerated male population averaged 1,958 with 368 being presentenced inmates. The female population averaged 166 with 61 being presentenced inmates.

Department for Children and Families (DCF)

Update: Reach Up Policy Work Group:

Act 50 required the DCF Commissioner to create a Reach Up Policy Work Group to look at 11 specific program areas. The group is now forming its recommendations. Emerging from the discussions is a consistent and pervasive issue: high caseloads for Reach Up (RU) case managers impede effective service resulting in less than ideal outcomes for program participants. The final report is likely to include a strong recommendation that more Reach Up case managers be added allowing a two generation approach – serving both parents and children – and to better support the most complex and fragile families.

In addition to the case managers who work for the Economic Services Division (ESD), RU holds contracts with all but one of the Parent Child Centers (PCCs) for additional case management services. The PCC contract stipulates that case loads not exceed 40 clients; ESD staff have an average caseload of 56 clients (a 46% increase from 2008).

The different caseload sizes produce vastly different Workforce Participation Rate (WPR) results. The PCCs had a WPR of more than 33% higher than state staff doing the same work. In the last quarter, PCCs reported a WPR of just below 25% while ESD managed to achieve just 18.5%. This relatively low state figure requires us to spend general funds to achieve the federally defined WPR target, avoiding significant fiscal penalties.

The work group has identified that more robust case management services will increase WPR (resulting in savings to the general fund) and accomplish several other important policy goals: reducing the average time families are in the program; reducing the number of children on the program who receive RU when they become adults; and improving the long term economic circumstances of families graduating from RU.

Federal Shutdown Readiness:

DCF learned much during this past shutdown and is forming a team to prepare in the event of another shutdown in January. We will contact the respective numerous federal departments that work with us now to get the clarity around a multitude of issues that we could not get during the shutdown due to the unavailability of staff. There are numerous notification procedures to beneficiaries that must be followed when benefits are unavailable and unfortunately there is no consistency department by department on the federal level. Also, in the event Vermont did want to help out and provide state benefits in lieu of federal benefits there are numerous technology and programming issues that have to be sorted out. While we do not assume we would help out, preliminary work must occur to support that decision should it be made. We have also learned that concerns around security in our district offices, should benefits be denied, was a major issue for many of our staff who became fearful of the possible backlash. We will work with the Department of Buildings and General Services (BGS) to take appropriate steps as we do not want our staff to feel we are indifferent to their concerns.

Department of Vermont Health Access (DVHA)

Legislative leaders:

A meeting is scheduled for today with legislative leaders to provide an update on Vermont Health Connect implementation.

Meeting with Hospitals:

On Wednesday, Commissioner Larson met with several hospitals to discuss reopening settlement discussions from last fall regarding Vermont's hospital assessment in general and the current hospital appeals of the assessment. It was agreed that, within certain parameters, further settlement discussions would be productive. The hospitals will discuss appointing a smaller work group to work with DVHA on the issues. The Commissioner will contact the Vermont Association of Hospitals and Health Systems (VAHHS) in a few days to confirm DVHA's willingness to go forward with discussions.

To 116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: October 18, 2013

Secretary's Top Issues:

Rutland Pesticide Misuse: Outreach, sampling and analysis continue in the Rutland area. 30 or more sites were scheduled for sampling this week. These sites were those contacted last week by phone and represent applications made by AAA Pest Control in 2012. Outreach efforts continue this week to customers treated between 2009 and 2011. EPA will begin cleaning properties next week. Field staff, administrative staff and lab staff continue to devote most of their time to this case.

Lab Feasibility Study: The initial meeting with the SLAM collaborative (consultant) to discuss the lab feasibility study will be held on Monday the 21st here in Montpelier. The study will enable the Agency and the Department of Environmental Conservation to present a case to the legislature next session regarding the function and needs of a replacement laboratory. The study is due to be completed in December.

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: October 18, 2013

Legislative Issues

Status of Governor's Priorities:

Press Issues/Releases/Contacts:

Sam Hemmingway, Burlington Free Press, is working on a story about how the Federal Shutdown impacted Vermont. He is interviewing Randy Quenneville, VAAFM's meat inspection Section Chief. **Meat inspection was deemed 'critical' during shutdown, thus adverse impact on Vermont businesses/commerce was minimal.

Significant Events/Meetings:

Evolving Issues:

Summary of Key Agency Department Activity:

Administration

Deputy Secretary LaClair and IT Director Scott Marshia participated in the day-long Dpt of Information and Innovation strategic planning session with DII CIO Richard Boes and his team. Robust conversation about DII as a convener/facilitator of best practice applications/solutions across state government.

Marketing and Promotions Administrator Alison Kosakowski attended the Communications Officers of the State Departments of Agriculture (COSDA) meeting in Traverse City, Michigan 10/13-16. The meeting provided an outstanding opportunity to network with peers across the country, share best practices, and experience Michigan agriculture. One key takeaway was that many of the challenges in Vermont are strikingly similar to those other states face. Communications Officers from across the country reported that FSMA, raw milk, industrial hemp, GMO's, and environmental issues present considerable challenges for their home states, not unlike Vermont.

Agricultural Development

The Agency is preparing for the annual fall meeting of the Vermont Trustees to the **Eastern States Exposition**, which will occur next week in Woodstock, Vermont. The Agency is pleased with the enhanced partnership with the Trustees which has developed over the past year, and intends to continue this positive momentum in 2014.

Working Lands Enterprise Initiative: The Working Lands Enterprise Initiative has again been chosen for the FY 2015 budget cycle as a "pilot" program in the use of performance measures, identifying priority measures, and lining up program dollars with those measures. The Working Lands staff team has presented a template based on "Results Based Accountability" to both the House Appropriations Committee and the Committee on Government Accountability, where it was received very favorably. Melissa Moon, Working Lands Grants Program Specialist II, has been the lead in coordinating the template and has administered a grant recipient intake survey to gather baseline data in order to better understand where the funded businesses are now in relationship to their associated sector, and to capture project impacts as a result of the grant received.

The [Working Lands Enterprise Board](#) (WLEB) met on Tuesday, October 15 and welcomed Joe Nelson to the Board who is filling the seat of "one representative of the VT forest industry who is a forester." Joe founded Upland Forestry in 1989, a small forestry consulting firm which he expanded from small scale forestry work in Vermont to providing forestry services to industrial owners in New England and New York. With the paper companies divesting of forestland in the 1990's, Joe steered the company to managing large tracts for private investors. Joe has taught Forestry Camp and Silviculture at the University of Vermont, and consulted on agroforestry and forest economic projects in Central and

South America. He sold the business in 2010 and continues with wildlife habitat, forestry, and conservation agriculture projects in Vermont and New York. He graduated from the University of Vermont in 1980 with a B.S. in Forestry.

The WLEB finalized their mission and vision. Their mission is as follows: “The Vermont Working Lands Enterprise Board is an impact investment organization whose mission is to grow the economies, cultures, and communities of Vermont's working landscape by making essential, catalytic investments in critical leverage points of the Vermont farm and forest economy, from individual enterprises to industry sectors.” Their vision is as follows: “Vermont prospers and its unique sense of place thrives in large part because of intelligent investment in the people and enterprises that comprise its farm, food, and forest based systems.”

On Thursday, October 16 the Board announced [Available for Poultry Processing Grant Funds](#). The second round of grant funds for early-stage or growing Enterprises, Service Providers, and Capital & Infrastructure projects will be announced in early November.

Food Safety and Animal Health and Consumer Protection

Animal Health:

Drs. Haas and Mehlenbacher met with Northwest Veterinary Associates in St. Albans to discuss electronic methods for issuing Certificates of Veterinary Inspection (CVI). At the end of the meeting the clinic agreed to utilize the Vermont pdf CVI. A total of 4 clinics have signed on to use electronic CVIs and we have meetings set up with two more clinics.

Drs. Mehlenbacher and Haas attended the VT Fair Association meeting to provide feedback on how the horse pull testing went this year and a cost estimate of Agency resources that are expended on this program. The fairs paid \$2745.00 (\$45 per horse pull class) to the Agency and the total cost of program was \$6,461.09. Dr. Haas will be scheduling a meeting with the fair leadership to look at ways to balance out the discrepancy of inputs versus outputs.

The Animal Health Office will contact the Veterinary Services Office in Sutton MA, which has been closed due to the government shutdown, to order supplies that section ran out of during the shutdown – such as ear tags for cattle and tuberculin for follow-up tuberculosis testing.

Dr. Mehlenbacher performed follow up tuberculosis testing on a cow that was a suspect on the caudal fold test performed by a private veterinary. The farm is selling the cows to Georgia, which requires tuberculosis testing for imports of dairy cattle.

Animal Health Program Coordinator Jim Cameron assisted humane agents in the investigation of two animal welfare investigations. Jim attended the VT Fair Association meeting to help with the transition of Sylvia Jensen taking over the Fair Stipend and Grant program.

The Animal Health Section provided feedback to Sue Isham of DMS on ways to improve the animal handling course at Shelburne Farms that the Section provided instruction for last week. Sue organizes the course.

Consumer Protection is wrapping up the special field inspections for 2013. To date, specialists have checked 441 vehicle tank meters (oil meters), 246 liquid petroleum gas meters and 241 heavy duty scales.

Henry Marckres, Chief, Consumer Protection, gave two presentations at the Franklin County Maple School in Swanton on October 12. The talks were on the proposed new maple grading system and the VMSMA voluntary certification program.

Agricultural Resource Management

Rutland Pesticide Misuse: Outreach, sampling and analysis continue in the Rutland area. 30 or more sites were scheduled for sampling this week. These sites were those contacted last week by phone and represent applications made by AAA Pest Control in 2012. Outreach efforts continue this week to customers treated between 2009 and 2011. EPA will begin cleaning properties next week. Field staff, administrative staff and lab staff continue to devote most of their time to this case.

The initial meeting with the SLAM collaborative (consultant) to discuss the lab feasibility study will be held on Monday the 21st here in Montpelier. The study will enable the Agency and the Department of Environmental Conservation to present a case to the legislature next session regarding the function and needs of a replacement laboratory. The study is due to be completed in December.

Deputy Secretary LaClair and Chief Engineer Rob Achilles toured 3 Randolph area farms to highlight critical role Agency Engineers play in on-farm construction design and management for the Best Management Practices and other water quality management/improvement programs. The visit included a stop to VTC to view the methane digester, combining manure and food waste collected from VTC and area farms. VTC is offering tours for campus faculty, staff, students and community members to better understand this significant initiative which will reduce waste, provide electricity to the grid and heat VTC buildings.

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

- Staff conducted one inspection of a MFO farm in Shoreham that needs to transition into the LFO program.
- Staff conducted two joint inspections with ANRs CAFO program of a LFO and a MFO in Addison County.
- Staff conducted technical assistance visits on 7 MFOs regarding the BMP (best management practice) and FAP (farm agronomic practices) programs and one farm is transitioning ownership. One visit specifically related to a MFO that is transitioning into the LFO program.
- Staff are working with colleagues in house and with partners to design and implement water quality BMP projects on MFOs and LFOs.
- Staff are processing applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program. Staff are also working on compiling information related to LFOs that require permit amendments.
- Staff are continuing to work the AGs office regarding an enforcement case against a farm owner that manages 2 MFOs in Orleans County.
- Staff participated in second round interviews for the Small Farm Operation (SFO) position that is currently in the process of being filled.
- To assist in the workload demands brought on by the current pesticide investigation, MFO/LFO staff are continuing to respond to all AAP complaints on small farms until further notice. Staff were sent three SFO investigations in Rutland County that will be evaluated in the near future.

Conservation Reserve Enhancement Program (CREP):

- Provided two technical assistance visits to a SFO that is in the process of installing a bridge over a water way to keep animals and equipment out of the stream.
- Continued processing of State CREP agreement paperwork and payments.

Secretary's Comments

**Will provide Separately.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: October 18, 2013
Subject: ANR Weekly Report

Governor Level Issues:

Good Point Recycling: Considerable resources continue to be expended in support of the state's case in rebuttal to the complaint Good Point Recycling (GPR) regarding the award the e-waste contract to Casella Waste Systems. On Oct 10, the court dismissed the case for lack of jurisdiction and lifted the temporary preliminary injunction. GPR is expected to re-file this week in the Environmental Division of the Superior Court. Because of the litigation the Attorney General's office had asked us not to comment, but we have now agreed on a letter to legislators and others who have asked for more information. I am happy to brief you on this if you would find it helpful.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Kocher Dr. Dump, Bennington, State-Lead Referral Request: DEC staff left messages with Senator Leahy and Representative Welch about the letter DEC sent recently to EPA requesting that they refer the Kocher Drive Dump in Bennington to us. Leahy staffer Tricia Coates returned the call, offered assistance, and was provided a copy of the letter. This is a legacy landfill site (ceased operation in the late '60s) which was investigated by EPA due to anecdotal reports by an employee of the former JARD Co., alleging dumping of PCB wastes. Neither we nor the Town of Bennington supported EPA's recommendation to excavate a portion of the landfill. EPA staff were also conflicted on this recommendation. DEC proposed a hiatus to consider further

characterization of the landfill and alternative remedies over the winter and EPA agreed to refer the site to DEC upon request. The landfill was operated by the Town, and they allege that VTrans is a responsible party because Route 7 construction activities affected the landfill. VTrans has been notified of this allegation.

Press Issues/Releases:

Rutland MS4 Settlement: DEC and the City of Rutland have reached a settlement on Rutland's appeal of their MS4 designation. The agreement provides that DEC and Rutland contract a third party to analyze the biota in the Mood Brook, ensure it is properly classified, and remove a dam that both parties believe causes or contributes to pollution of the brook. Media contacts were handled by Commissioner Mears. This settlement lays the groundwork for a collaborative relationship with city leadership on other significant water quality challenges facing the city.

Geologic History: The State Geologist was interviewed for a WCAX-TV story at the top of Mount Philo. The questions centered on the Green Mountains, Champlain Valley, Adirondacks and the White Mountains and the geologic history that explains the differences. The story aired during the 6:00 pm news on October 9.

Climate Change Public Service Announcement on WRUV: A DEC staffer in our Drinking Water Ground Water Protection Division is also a DJ on WRUV (University of Vermont) and recently produced a public service announcement on climate change that is now in the rotation on that station. The PSA quotes from the ANR Climate Change home page, and refers listeners to the web site for additional information on actions they can take. Have a listen at: [Y:_Filedrops \(files deleted after 30 days\)\RUV_Climate_Change_PSA.aif](Y:_Filedrops (files deleted after 30 days)\RUV_Climate_Change_PSA.aif) (requires QuickTime Player)

Antlerless Deer Permits to be Sent in Late October: The Vermont Fish & Wildlife Department announced that it will be mailing out Vermont antlerless hunting permits for the December muzzleloader season late in October. The department also says it has some permits available in southwestern Vermont that be purchased on a first-come-first serve basis.

Dutton Pines State Park Cleanup Day: In response to calls for more attention to be paid to this small park in Dummerston off Route 5, Parks Regional Manager Ethan Phelps and State Lands Stewardship Forester Tim Morton participated in a cleanup day with FPR staff last Thursday. Work included extensive brush clearing. Tim Morton said the Department will put Dutton Pines on its regular maintenance schedule. "All this work is really because the community spoke up," Morton said.

Significant Events/Meetings:

Morrisville and Cadys Falls Hydro Facilities: Jeff Crocker, Rod Wentworth and Brian Fitzgerald met with the Morrisville Water & Light trustees to discuss ANR's bypass flow

recommendations at the Morrisville and Cadys Falls facilities. The trustees had previously complained to the Secretary and local legislators that the flows will have a huge impact on the economics of the hydroelectric project. The utility manager asked us to speak to the trustees directly. The meeting was very cordial, and we explained our obligations under state and federal law and the VT Water Quality Standards as well as the technical basis (results of studies conducted by the Morrisville's consultants) for our recommendations. There is a certain amount of professional judgment involved in determining the final conservation flow, so the utility's consultant is developing a proposal for us to consider.

Waterville Water Supply: For the past week, Waterville Fire District 1 has been dealing with a low-level VOC contamination event. None of the VOCs levels are near Maximum Contaminant Levels, though are concerning none-the-less. The "fingerprint" of the particular VOCs indicates probable fuel oil contamination. We are organizing an investigation of the issue, and have been requiring the system to be flushed, in the hope that we will eliminate the contamination, and at the very least reduce the current (small) risk. However, not yet knowing the reason for the contamination, we do not know if this will work or not. If it does not work, we will begin investigating. We will implement our next steps after receiving the next round of sampling, mid-week. WCAX has expressed interest in this situation to Waterville officials.

Meeting with Vermont Natural Resources Council: Several Forestry Division staff members will participate in VNRC's "Keeping Forests as Forests - Setting Priorities at the Regional and Local Level" in Randolph on Wednesday. VNRC will be unveiling the Forestry Division-supported "Community Strategies for Vermont's Forests and Wildlife - A Guide to Local Action".

Electric Vehicles Registered in Vermont: DEC staff continues to work with staff at the Vermont Energy Investment Corp. (VEIC) and Department of Motor Vehicles (DMV) to ensure that the analyses of electric vehicle registrations now being done by VEIC can be replicated by our own database queries. We are on track to take over the role of querying the DMV data for all battery electric and plug-in hybrid vehicles in Vermont in the New Year.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

OMYA: Air Quality & Climate Division staff is working with OMYA to address their request to increase the operating temperature of one of their surface treaters that apply a coating of steric acid to their product. There are concerns that higher operating temperatures could increase organic emissions. Staff approved a trial that will enable OMYA to increase the operating temperature in steps, conducting emission testing at each step to ensure there are no significant increases in emissions before proceeding to the next temperature step.

Goddard College Wood Chip Heating System: Appeals of the town's Development Review Board approval and the Act 250 Permit have been combined and are before Judge Walsh of the E-court. Arguments were concluded last week and a decision from the court is expected in 30 to 90 days. As proposed, the wood chip heating system is below the permit threshold for an Air Permit and the boiler will be equipped with an advanced particulate matter control system, which DEC requires for larger systems that require Air Permits.

Bay Harbor Marina 401 Waiver: The Lakes Program will be issuing a 401 waiver for the Bay Harbor Marina as we expect to be able to address all water quality issues in the Encroachment permit. We expect to complete that permit by Oct 18.

Lake Champlain Transportation Co. (LCT): EPA issued a Notice of Violation to the Lake Champlain Transportation Co. (LCT). The alleged violations are very similar to those alleged against Shelburne Shipyard in July. Both facilities were targeted by the EPA as part of New England wide sweep of shipyards/shipbuilders under the National Emission Standards for Hazardous Air Pollutants for Shipbuilding and Ship Repair (Surface Coating) Operations, for which Vermont has not taken delegation. EPA looks at potential to emit to determine permit applicability. Because DEC focuses on actual emissions, these facilities have not traditionally been required to obtain state air permits. Staff are currently exploring rulemaking which would allow similar facilities to document their actual emissions, negating the need for an air permit under EPA's interpretation.

Permit Assistance Brochure: Environmental Assistance staff are completing revisions to the *Do You Need a State Permit?* brochure which is widely distributed through the ANR Regional Offices and through municipal offices. The brochure will be available on line and in hard copy.

South Alburgh Fire District #2 New Water Distribution System: This project consists of installation of water distribution mains to connect residents along the west shore of Alburgh Town to the Village of Alburgh water system. This project is finally underway after more than a decade of planning. Construction should begin later this month and is scheduled to be completed spring of 2014.

Biomonitoring Sampling: Biomonitoring crews wrapped up the 2013 sampling season with a stellar effort. Sampling teams fanned throughout VT's targeted watersheds in support of tactical planning, and also specific regulatory needs. Crews are making a sweep thru the Rutland area to conduct another assessment of Moon Brook this week, to support our work with Rutland implementing the MS4 settlement.

Fish and Wildlife

2014 Watershed Grant Program Launched: Staff launched the Watershed Grant program (WGP) for the 2014 project year. Changes were made to improve the WGP and to better align it with the Ecosystem Restoration Grant Program. The Vermont Watershed Grants fund was established by the legislature in 1996 and is funded from half the proceeds from the sale of the

Vermont Conservation License Plate. The Departments of Environmental Conservation and Fish and Wildlife co-administer the Watershed Grants program, which is now in its 16th year. The goal of the watershed grants program is to improve our stewardship and enjoyment of our watershed resources by funding conservation, recreation and education efforts related to water-associated fish and wildlife and their habitats, and water quality. A total of \$100,000 is available this year for funding small grants. Planning was also done for new appointments to the Citizen Review Committee that makes funding recommendations.

Deer archery season is upon us: Archery deer hunting season is in full swing. Wardens remain extremely busy responding to a large variety of complaints involving bow season to include illegal night hunting, cocked crossbows in motor vehicles, shooting from the road, and hunting cripples. Several arrests were made for people shooting our decoy deer out the windows of motor vehicles.

Fishing Access Area violation: Warden Jenna Reed responded to a complaint of a large group of students crowding the Holland Pond fishing access. When she arrived she discovered the entire student population from Holland elementary school there (87 people) who were on a school “hike”. The principal of the school didn’t understand the problem or recognize the conflict created by the students on nearby hunters. Discussions continue with the school.

Sick Deer: Warden Justin Stedman responded to a complaint from a hunter who had shot a deer that was acting sick. The hunter reportedly observed the deer walk into a clear, eat some ferns, then fall over onto its back. The deer apparently struggled for the next hour but was unable to stand back up. The hunter then euthanized it and reported it to warden Stedman. The deer is now being tested by our biologists to try to determine the issues.

New addition to the endangered species list: The USFWS released its proposal to federally list the northern long-eared bat as endangered. Comments on the proposal are due in early December. There may be some concerns from the forest products industry as northern long-eared bats are a tree-roosting bat associated with forest patches.

Forest, Parks and Recreation

State Lands Meetings: The Commissioner and State Lands Department staff met last week at Burke Mountain with owners Bill Stenger and Ary Quiros of Q-Burke to discuss recent personnel changes at this ski area and how these changes may impact their plans for the ski area. It was explained that the staff changes were largely in response to the need to reduce operating costs at the mountain and did not reflect a major change in their development plans for the ski area. Staff also met last week with the Weston Selectboard to discuss the Department’s proposed acquisition of the Benson inholding within Okemo State Forest. A majority of the selectboard was supportive of the Department’s plans to acquire this strategic parcel.

Encroachments: We are continuing to follow up on two serious encroachments at Coolidge State Forest – one in Plymouth involving construction of a snowmaking pond at Round Top Ski

Area and possible storm water permit violations, and the other involving the construction of a shelter, trails and operation of a commercial venture at Coolidge State Forest in Mendon resulting in violations of a conservation easement, Act 250 permit, and possibly other violations. A letter has been sent to Round Top Ski Area in Plymouth demanding that they cease any additional work on state land. The ski area has complied and we are working with DEC's Storm Water Management staff to resolve this situation. The other situation involves an encroachment by High Altitude Adventures and Sunrise Homeowners Association on a portion of Coolidge State Forest encumbered by a conservation easement held by the Vermont Land Trust as well as other pre-existing easements. A letter from ANR, the Natural Resources Board, and VLT was sent this week to High Altitude Adventures and Sunrise Homeowners Association demanding that they cease and desist these activities immediately. We will be working closely with VLT, the NRB, and ANR staff to resolve this situation.

Park Attendance Numbers: Prior to the Columbus Day/Canadian Thanksgiving weekend state park attendance was only 4% behind 2012 (which was a record season with over 900,000 visitors.) Four campgrounds remain open through Oct 20.

End of Season Approaches: Park field staff supervisors are busy closing out accounting and inventories for seasonal employees and completing performance evaluations as they wind down from the prime operating season.

Forest Health Update: The latest edition, Sept 2013, is now available online at <http://www.vtfpr.org/protection/documents/2013ForestHealthSeptemberObservations.pdf>

New Round of Grants: October starts a new round of competitive grants for Recreational Trails Program projects in Vermont. Approximately \$500,000 in RTP grants will be made available to municipalities and non-profit organizations for trail projects to be done in 2014.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: October 18, 2013

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY: We are expecting a counter-proposal from Entergy this evening to our proposal of last Friday. We'll see... Briefing is on schedule for the 25th. VSNAP met on Wednesday, and they wanted another meeting next week in order to make recommendations to the Board before the Friday filing deadline. We are likely to schedule that for the 23rd up here in Montpelier.

FairPoint: We will be filing a request for a workshop, possibly leading to an investigation, of FairPoint's service quality. They have missed two quarters of benchmarks, which they blame on the weather. We are evaluating other complaint data which show violations of regulations and failure to meet their Service Quality Action Plan action levels. We'll see...

Regional Transmission Infrastructure Statement: We are continuing to work to try to bring New Hampshire into the fold. We were hoping to arrange a Governor announcement while you'd be in Boston on Monday or Tuesday while at ISO, but we cannot get that together. We are doing a call with all the states at 4:30 today to hear about today's conversation between

Chaffee and Hassan. We'll see....

Addison Expansion: Initial briefs were filed on October 11. Thirteen of the thirty-plus parties filed, including VGS, ANR, CLF, Monkton, the Palmers, VFDA, VELCO and the Department. Given that the Rotax Road re-route (VELCO ROW vs. the Palmers) was such a prominent issue, the Department recommended that VGS be required to present to the Board a route through the VELCO ROW, after consultation with the relevant stakeholders. The Department further recommended that the preparation and review of this alternative should not stay the board from moving ahead with a decision on the Project. The Department is reviewing the briefs of the other parties and preparing our reply brief, which is due October 25.

Georgia Mountain Community Wind: The Board issued an Order in response to a noise complaint from a nearby resident. In the Order the Board declined to follow the Department's recommendation to open an investigation into the sound complaint. Instead, the Board has ordered that GMCW make sure that the cooling fans at issue in the noise complaint are operating for a "significant percentage" of the final quarterly noise monitoring period scheduled for late October/early November. The Order is also silent on the Department's request for GMCW to file final turbine specs with the Board. The Department is exploring the possibility of filing a motion to clarify asking to modify the order to require GMCW to ensure that the operation of the cooling fans are not included as part of the background level during sound monitoring.

Significant Meetings/Events this week:

October 14: Chris and Darren met with Tony Klein, Rebecca Ellis and Aaron Adler re VY; Chris met with David Mears, Jon Groveman & George Desch of ANR re decommissioning

October 15: Chris met with Vince Illuzzi re VT-NY transmission upgrade opportunities – follow-up meeting to be arranged

October 16: Chris and Darren met with Senator Ashe re 2014 legislative priorities and other issues; Chris met with Mike Twomey most of the day on VY; Chris and Aaron Kisicki (and Mike Twomey) attended VSNAP meeting in Brattleboro; Darren attended IBM Power Cost Reduction Strategies meeting including ACCD Secretary Lawrence Miller and Commissioner Lisa Gosselin

October 17: Darren meets with Rep. McCormack, Chris and Darren join Louis Porter for efficiency meeting

October 18: Chris participates on New England Regional Energy conference call

Next week significant events/meetings:

October 22: Chris attends meeting with BGS to discuss proposal for Grass Energy

October 23: Chris speaks at Two Rivers-Ottawaquechee Regional Commission board meeting to discuss siting commission recommendations; Chris and Darren meet with Beth Sachs, VEIC

Media: Several articles on VSNAP

Everything Else:

PERD

Energy Score Working Group

- Staff met with VTrans and ACCD on October 15th to discuss the building energy score and label. The group agreed to incorporate language in the upcoming report on the desire to expand the label/develop a second label to incorporate a transportation/location efficiency score (to be developed). ACCD will draft a potential charge for a working group, and VTrans may provide funding to hire a contractor for support work.

Energy Efficiency Utility Activities

- Staff attended PSB Workshop on the Thermal Efficiency Report, due to the legislature December 15th.
 - Although the scope of the report had been narrowed considerably in conference committee to simply “evaluate whether there are barriers or inefficiencies in the markets for unregulated fuels that inhibit the efficient use of such fuels”, some attendees (EVT & CLF particularly) argued that the Board could/should also consider recommendations to address the barriers, including additional funding.
 - EVT further proposed that the PSB consider the feasibility of applying a systems-benefits-type charge to unregulated fuels, including how a charge would be administered and what legislative action would be needed (this was in the original language for this report, which passed the House).
 - The Fuel Dealers Assn. was in attendance and stated there were no barriers to consumers participating in efficiency programs (as the programs/opportunities exist) outside of funding constraints for those programs, which they said was a legislative issue.
 - The PSB is accepting comments (including on whether these broader issues should be considered or not, and/or thoughts on these issues) by November 1st. Reply comments will be due November 8th.

Clean Energy Development Fund

- Worked to get the SSREIP administration contract with VEIC expedited with the Attorney General’s office and the Agency of Administration. Contract was approved by both offices and executed with VEIC so that the SSREIP could start to approve applications again.
- Held CEDF Board meeting. Updated the Board on activities and developed better understanding with Board on the evaluation of CEDF programs that they would like to have happen. CEDF Board has three vacancies, one to be appointed from the three appointing entities: PSD commissioner and the Chairs of the Senate and House Energy Committees.

CAPI

YEAR	CALLS	COMPLAINTS
2011	101	73
2012	88	61
2013	92	58

Company	Complaint Numbers
GMP	16
FairPoint	14
VGS	5
Comcast	4

CONSUMER COMPLAINTS

Complaint numbers above are for the period October 9–October 15.

As is typical with this time of year, there were a number of complaints from consumers regarding pending disconnection of electric or natural gas service. Winter disconnection rules go into effect on November 1st, which means weather temperatures greatly impact a utility's ability to disconnect service for non-payment. With that deadline looming, the electric and natural gas utilities make a push during the closing weeks of October to collect payments or set up payment arrangements with consumers. Here are some calls received this week:

Post-CPG wind complaints

Between October 2 and 15, 2013, CAPI took in two noise and health-related complaints regarding Georgia Mountain Community Wind (GMCW); seven noise and health-related complaints regarding Lowell Wind; and six noise and health-related complaints regarding Sheffield/First Wind. The consumer who submitted the latter complaints also notified CAPI that a state trooper had come to their home asking about a phone call that had been made by an angry woman to a supervisor at Sheffield/First Wind. The woman apparently ended the call to the supervisor saying (which prompted the visit from the state trooper), "I hope Scott Therrien comes up there and shoots you." Consumer said that the state trooper did not believe she had made the call, but had to follow up with her saying he needed to "cross the t's and dot the i's."

CAPI Summit

Final touches are being put on the CAPI Energy/Heat Summit, which will be held on Friday, October 18th at Alumni Hall in Barre.

Public Advocacy

North Springfield Sustainable Energy Project (Springfield Biomass) - Docket 7833 –The Department filed a short revised Findings of Fact on 30 V.S.A. §248(b)(7) (Consistency with the

State's 20-Year Electric Plan), the criteria to which the ANR Forest Harvest MOU relates, indicating that we now believe the criteria to be satisfied and therefore the Department supports the issuance of a CPG for the project.

Lowell Wind – Docket 7628 – Following a show-cause hearing relating to violation of the noise limit in the CPG for this project, the Board issued an Order on 9/25 directing GMP to investigate the feasibility of continuous noise monitoring and report back in 90 days. The Nelsons filed a motion to alter, asking the PSB to shorten the 90-day period by about six weeks. PSD opposed the motion in a 10/15 filing, on the basis that the Nelsons had not explained the benefit of a shorter period, and that the shorter period was not adequate.

Regulation of VoIP – Docket 7316 – The Department filed supplemental discovery responses to Comcast's information requests on October 11th. AT&T did not file an objection to the PSD's bill-back allocation on Oct. 11th, despite the Hearing Officer's invitation to do so. The Department is currently preparing for the technical hearing that will take place on December 5th.

Earth Brothers Ltd. Solar Facility Expansion 248(j) Petition (CPG Amendment) – no docket – The Petitioner has proposed to expand its existing 382.8 kW solar facility to a 523.71 kW facility. The Department is discussing several concerns with the Petitioner, and will be filing its comments on October 16th.

Vermont Gas Rate Design Compliance Tariffs – Docket No. 8009 and Tariff Nos. 8462 & 8469 – On September 12, the Board approved Vermont Gas's rate design, subject to a two-year phase-in. Vermont Gas filed revisions to its non-firm tariffs in compliance with this order. The Department found the tariffs to be in compliance with the Board's September 12 Order and therefore recommended approval.

Vermont Gas 2014 Base Rate Adjustment – Tariff No. 8464 – On August 28, 2013, Vermont Gas filed its 2014 Base Rate Adjustment, which reflects an overall firm rate reduction of 5.86 percent. This reduction results from a \$4.9 million decrease in firm revenue requirements. Prior to Vermont Gas's August 28 filing, the Department retained a third-party expert to audit and review Vermont Gas's filing. The expert's review led to certain changes and corrections that resulted in approximately \$1.1 million savings to ratepayers. (These savings are "baked in" to the August 28 filing.) The Department recommended approval of the base rate adjustment.

Vermont Gas Generation Sales Tariff – Tariff No. 8467 – On September 3, Vermont Gas filed a propose Interruptible Generation Sales Tariff to replace existing Special Contract No. 982 (since supplanted by an identical Special Contract No. 988) with Burlington Electric Department for its McNeil Generating Station. The Tariff is structured in substantially the same way as the special contract and is revenue neutral to Vermont Gas. Accordingly, the Department recommended approval.

Middle Road Ventures Middlebury Solar – Docket 8060 – The Petitioner made a filing with the

Board requesting an amendment to its CPG. Specifically, the Petitioner asked the Board not to de rate the Project's system-rated capacity by multiplying the total array output measured in DC watts by a factor of 0.95. In a letter to the Board, the Department strongly encouraged the Board to grant the Petitioner's requested amendment so as to allow the project's capacity to be determined by the inverter capacity.

GMP Stafford Hill Solar in Rutland – Docket 8098 – The Board requested comments on GMP's Motion for Confidential Treatment of Non-Redacted Discovery Responses. The Department has engaged Jean Vissering to serve as our aesthetic consultant. No requests for intervention were received by yesterday's deadline. Final discovery requests due to petitioner by October 21st.

Abandonment of Willoughby Lake Waterworks – Docket 8117 – The Board issued a Prehearing Conference Memorandum and Order consistent with the schedule agreed upon during the prehearing. The system owner has provided a customer list, so that the Department will have the opportunity to contact the customers before making recommendations about how to proceed with the matter. November 14th is the deadline for the Department to provide a status report to the Board.

GASNA 14P Williamstown Solar Project – Docket 7632 – In two separate filings following a 9/30 status conference on this matter, the project's operator, GASNA 14P, LLC provided additional information to the PSB on what would be involved in adding the owner via a Sale-Leaseback transaction, BAL Solar, to the Letter of Credit that supports the decommissioning fund for the project. The Board had requested this information and had previously conditioned issuance of an Amended Certificate of Public Good adding BAL Solar as an owner, on the submission of a Joint Letter of Credit naming GASNA and BAL Solar. BAL Solar and GASNA continue to request that the Board conduct a workshop to allow all parties and the Board to explore the nature of the Sale-leaseback transaction, and how the CPG should be amended to reflect the various party liabilities under such circumstances.

National Life 500kw Net Metering Project – Docket 8110 - The Department filed a memorandum of law supporting National Life's position that the proposed 500kW ground mount solar installation is a separate facility under the definitions in the net metering statute at 30 V.S.A. §219a(a)(3) and (4), as opposed to being part of the existing 70kW roof mount solar installation already in operation on the property. The Department also opposed the use of 30 V.S.A. § 248(j) process for this project, based on Board precedent on a very similar but smaller solar project where the Board held that 248(j) procedures were not appropriate.

Technology Drive Solar – Docket 8111 – The Department's aesthetic expert is conducting her review of the site, but will be unable to return her findings to the Department prior to the October 18 deadline for 248(j) comments. Petitioner is now seeking to request a 10 day extension of the 248(j) comment deadline to accommodate the expert's timeline. The Department is still considering its options after conferring with ANR and Ag, but it will likely oppose the extension because it is not necessary. The Department will comment to the Board that the aesthetics issue should be taken out of (j) track and given additional process, as well as

arguing more generally that projects of this size are not appropriate for (j) treatment. Comments are due October 18.

Washington Electric Coop AMI Plan – Docket 7810 – The Department submitted comments to the Board regarding WEC’s In Home Display Plan, requesting that the Board hold a scoping workshop to determine whether further investigation into the WEC AMI Plan is appropriate. WEC’s responses to a series of Department questions have raised serious concerns about WEC’s ability to deploy AMI technology that fulfills the performance commitments WEC agreed to in its MOU with the Department, and are consistent with the requirements of the final Board Order.

FairPoint PAP Proceeding – Docket 7506 – FairPoint filed a stipulation and status update to the Board outlining the state of negotiations between FP and the CLECs. The Parties have resolved all issues with the exception of determining the level of dollars at risk for penalties, and the ability to waive penalty dollars as a part of commercial contracts between FP and the CLECs. Both of these issues are significant with no clear indication of resolution. The Department is considering whether to comment on the stipulation/status update.

Telecommunications

Burlington Telecom Cable Advisory Council – The Burlington Telecom (“BT”) CPG issued in Docket No. 7044 required the creation of a Cable Advisory Council (“CAC”) to “provide BT with ongoing public input on community needs and to serve as a vehicle for two-way communications with BT.” In recent months the CAC has experienced resignations of all but two of its members. One of these two members contacted PSD telecom staff and advised that they believed BT’s seeming refusal to appoint new members and failure to meet with and/or consult with the CAC constituted a violation of BT’s CPG. PSD staff have arranged a meeting with BT, PSD telecom staff and the two remaining members of the CAC on 10/21/2013 at BT to discuss the potential CPG violation.

VTel WOW Project – PSD and ACCD staff will be meeting with VTel staff in the next couple of days to formulate a snapshot and priorities list for Administration review by 10/23/2013.

USF High Cost Legislation – PSD telecom staff are reviewing a proposed consensus draft bill from the ILECs (including FairPoint) that does include broadband as a supported service.

FairPoint E911 Outage Notification – The E911 has complained that FairPoint does not provide it with adequate notification of outages that affect E911. PSD telecom staff are facilitating/hosting a meeting with the E911 Board and representatives from FairPoint on 10/25/2013.

FairPoint Areas of Over-Subscribed Broadband – The PSD continues to receive complaints where customers cannot get broadband from FairPoint in some areas due to the loop being oversubscribed (this issue only occurs in exchanges where there is no regulatory commitment

for FairPoint to provide broadband). PSD telecom staff have asked FairPoint to provide it with a description and cost estimate of the facilities that are needed to allow FairPoint to provide broadband in 100% of the affected exchanges. This could be a projected funded in part or in whole by the VTA or it could be a targeted area of support should USH high-cost legislation move forward.

Finance and Economics

Electric

GMP – PSB Docket #8098: Petition of Green Mountain Power Corporation for a certificate of public good, pursuant to 30 V.S.A. § 248, authorizing the construction and operation of a 2.3 MWDC solar electric generation facility, known as the Stafford Hill Solar Farm. Staff is continuing its review of the filing, and preparing for the initial round of discovery responses. Staff continues to question the ‘need’ for this project in the absence of quantifiable economic benefits.

Water

Barnet - Barnet Water company rate increase and pending sale appears to be postponed. No further staff action is anticipated unless Barnet requests the rate request be either suspended or that it withdraws the case.

Red Pines Water – Docket 8026 - Since 1983 Conklin Associates has served water to a nine unit residential development aka Red Pines Estate Development. Conklin Associates, water system (receiving water system) is connected to the Village of Morrisville's/Morrisville Water & Light Department's municipal water system and has billed the residents of Red Pines by passing on the cost of the water assessed them by the public water system. Conklin Associates, Inc. is in the process of dissolving as an entity and seeks to transfer water supply responsibilities to a yet-to-be-formed homeowners association.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: October 17, 2013
SUBJECT: Governor's Report

The VT State Emergency Preparedness Conference is being held at Lake Morey Resort in Fairlee, VT. The two-day conference, co-sponsored by DEMHS and the Division of Fire Safety, aims to educate local and state emergency managers on disasters.

DEMHS and the ARC have agreed on a FY'15 budget request (RERP budget) that addresses expectations throughout the final 16 months of power generation while recognizing those expectations will begin to change noticeably when the reactor is shut down and decommissioning begins.

Marijuana Dispensaries

The dispensary in Brandon opened for business last week. There also is a committee meeting on Monday October 24, 2013 to evaluate the applications for the fourth dispensary. It is expected that this dispensary will be located in southeastern Vermont in the Windsor or Windham County area.

A seven unit apartment building at 218 Elliot Street in Brattleboro sustained substantial damage in a three alarm fire last night. The building is located within several hundred yards of the fire department and has been inspected twelve times by the Brattleboro Fire Department between April 2009 and June of 2013, mainly for health-code related issues. No information on performance of smoke alarms has been reported yet. Three firefighters were transported to Brattleboro Memorial Hospital for reportedly minor injuries. No tenants were reported as injured in this fire.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: October 18, 2013
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Met with Chair Emmons re: budget for the heat plant and WSOC.

Press/Media Notes:

- Did interview with Susan Keese, VPR, regarding the opening and hoped for impact of the new Bennington rest area.

Significant Events/Meetings:

- St. Albans negotiations on the development agreement, addendum and lease with Mylan have taken up more time than it should but the deal construct is very complicated.
- Held meeting to consider the reduction of the use of kitchen appliances in state owned facilities to reduce energy use and to promote safety and code compliance.
- Meeting held to consider entering into an MOU with AHS to obtain better ADA compliance.

FINANCE AND MANAGEMENT

Nothing to report.

HEALTH CARE REFORM

Status of Governor's Priorities:

Press/Media Notes:

- Vermont Health Connect press coverage – operability, usage, GMMB contract
- Andrew Stein re: David Reynolds
- Draft op-ed pieces to Sens. Fox and Ayer and Reps. Pugh, Fisher & Copeland-Hanzas
- Robin Lunge op-ed

Significant Events/Meetings:

Meeting with VAHHS Bea Grause and Barry Lampke – Bea indicated Avalere report will be released 11/14 and we will see it 11/11. We are coordinating with VAHHS and other hospitals on an outreach and education partnership with Vermont Health Connect that will be announced at a press event with the Governor at Central Vermont Hospital on November 12

10/16-10/18 – Robin at Reforming States Group, Charleston, SC – association of senior leaders in health policy from the executive and legislative branches (eastern regional meeting)

HUMAN RESOURCES

Legislative Issues/Contacts:

Commissioners Duffy and Pallito appeared before the Corrections Oversight Committee to discuss the transfer of the AHS Investigations Unit to DHR. Senator Sears and others expressed concerns about the transparency of the system, and Senator Sears questioned whether AHS should have its own investigations unit, given his perceived issues around timeliness related to a particular inmate.

Significant Events/Meetings:

Commissioner Duffy and Labor Relations Specialist Berard met with Mark Mitchell and Gretchen Naylor at VSEA to discuss how to furlough employees in the event of a continued federal shutdown. A draft agreement was circulated, and an agreement appeared likely. At present, given the resolution of the shutdown, it appears the VSEA will not enter into an agreement that could be used in the future, should the need arise. Commissioner Duffy will reach out to VSEA and attempt to persuade it that a furlough side letter is in its best interests to address possible concerns in the next few months. In any event, the Administration should consider changes to statute to clarify the scope of “emergencies,” and ensure the Governor has adequate powers in instances of fiscal emergencies.

Commissioner Duffy attended a meeting with several members of the Administration, the VSEA and state employees to discuss the move to National Life and ongoing concerns about the facility.

Commissioner Duffy attended a meeting with Secretaries Spaulding and Racine, the Governor's Counsel and other Administration members to discuss who should lead the work of negotiating

with independent direct care providers. While DHR is happy to assist with negotiations, Commissioner Duffy stated her concerns around assigning the ultimate responsibility to DHR. Of particular concern, it will be imperative to ensure that independent direct care providers are not perceived as state employees for a variety of legal and fiscal reasons; assigning the task to DHR would be used as evidence that these providers fall within the scope of employees.

Evolving Issues:

DHR's Classification Department has worked with Finance and Management to assess the status of all employees working at Finance and Management and has redesignated some employees as confidential. This status means the employees are not eligible to participate in a union. VSEA has challenged past changes to status when individuals have been redesignated, and may challenge the change in status.

VSEA has requested the State provide training to it on the classification process. DHR is reaching out to VSEA to schedule the training.

INFORMATION AND INNOVATION

Nothing to report.

LIBRARIES

Project Updates:

Catamount Library Network: Bristol, Morrisville, and Bennington public libraries have joined the Catamount Library and will be migrating their automated catalogs to this shared system in 2014, bringing the number of member libraries to 8. Two other library memberships are pending. The current 5 libraries are sharing their catalogs, so that all of their library holdings are available to citizens in a single search. Patrons may request items directly from any computer (using their library barcode) and the items are mailed to their home library. We expect to see an increase in this interlibrary loan activity which is sure to be very popular with citizens, but will place a greater financial burden on libraries.

Libraries FY15 budget request includes significant new funding (\$652,000 at first estimate) to improve statewide resource sharing and interlibrary loan by replacing our aging (and no longer supported by the vendor) Vermont Automated Library System (the electronic network that hosts our statewide union catalog and the communication network for libraries statewide) and to implement an interlibrary loan courier system to replace mailing of interlibrary loan. This is a very high priority for us (and for the VT library community). We want this system to support "patron initiated interlibrary loan" which will allow citizens to easily request the books and other libraries materials they need and will make it more cost efficient for local libraries.

Vermont FiberConnect Broadband project (VTA/Sovernet): 13 libraries (of 43 in the project) are now online with fiber optic broadband and connected to the wide area network managed by DII. The aggregated bandwidth/speed is 100mbps.

VT Digital Economy Project/VDEP (Vermont Council on Rural Development): The Internet Intern program in public libraries (with CCV students providing one-on-one assistance and computer training

for citizens) which began with the e-Vermont Broadband project, was continued with a grant from the VT Community Foundation, and which is now funded by federal VDEP funds has placed internets in 27 libraries over the past 2 years.

Other:

Letter protesting national surveillance: Marty has been asked by the New England Library Association Committee on Intellectual Freedom to sign on to their campaign the use of widespread national surveillance of citizens via phone and internet use. The Vermont Library Association and Vermont School Library Association are expected to sign on, and I plan to do the same for VTLIB.

H 385. Alcoholic beverages in VT public libraries: Rep. Clarkson of Woodstock introduced this bill and this week Marty had an email from a trustee of the Norman Williams Library in Woodstock asking for support of the legislation. Marty assumes that the Library wants to be able to serve wine/beer at library functions and fundraising events. Marty generally support this bill, but believe it needs some clarification about whether the “employee” who has “received training in the services of alcoholic beverages” needs to be on the scene at the time the alcohol is served.

TAXES

Legislative Update:

OTC Litigation: NH has filed suit. The Commissioner sent the complaint to leg leaders, and explained that we had concluded that our statute applied to OTCs and were pursuing enforcement. Tim Ashe actually had a drafting request in for legislation on the issue, and the Commissioner spoke with him to explain that we had decided that a legislative amendment would hurt our enforcement. He understood, and we agreed that the 5th floor would connect to discuss what he might say publicly to advance the cause. The City of Burlington should be close to a decision on moving forward as well.

JFO Data: After a hiccup with JFO, we seem to be back on track with our MOU on data, which we signed. We had a meeting including Steve Klein and Sarah Teachout, where Sarah was adamant that what she aspired to was the purchase of a microsimulation model loaded with full data. I protested that this was a total game changer from what we had been discussing – for us, the big advantage of a model was the sophisticated analysis on blurred data. The next day, Steve apologized, and reiterated that he fully understood that our pre-requisite was blurred data. He and Catherine Benham are working on a deal with Chainbridge where they would provide a model under those conditions, but guarantee that its revenue results would be accurate to a certain percentage compared to Department modeling on full data. In the meantime, Tax and JFO staff are collaborating on the enhanced aggregate data that will assist JFO in rudimentary analysis of tax proposals for this session.

Personal Income Tax Booklets: The Department has decided that it will discontinue bulk printing/distribution of booklets. We discontinued mailing of booklets to households two years ago, but we continued to supply them to libraries, post offices and the like. However, the data showed that of the 45,000 booklets we put on the street, only 17,000 generated a filed return – quite a waste. So instead we will be distributing fact sheets telling people how to obtain a form – through free file, printing the form off the web, or contacting the Department for a mailed copy. Our outreach team will design publicity around this change.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: October 18, 2013
Re: Weekly Report

Status of Governor's Priorities: FY15 budget targets submitted and a meeting with Commissioner Reardon has been set up to discuss our plans for the new fiscal budget cycle. Our staff will be attending a meeting in preparation for inclusion of performance measures for FY15.

Legislative Issues/Contacts:

- Reviewing final draft changes to Department Regulations.

Press Issues/Releases/Contacts: Nothing to report.

Significant Events/Meetings: Next Board Meeting 11/13 Enforcement Hearings. Speaking at our national association's Administrator's Conference in Virginia on alcohol beverage issues.

Evolving Issues:

- Working with vendor on contract for ERP/POS Project. Ongoing process.
- Preliminary review of department processes for potential licensing and enforcement system. .
- Working on evaluating additional agencies throughout the state and breaking down costs associated as well as the return on the investment.
- Auditor's Office is going to do an audit on the department's system of distribution and sale of liquor. Entrance Conference Monday 10/7. Will meet with our Board on 11/13 to direction of the audit.
- Responding to Administrative Hearing Officers Study Committee questionnaire.

Summary of Key Department Activity:

- October sales continue to look good at the + 4-6% range.

Commissioner's Commentary: Have a great weekend.