

WEEKLY REPORTS

Checklist
5/20/2011

Bill Lofy

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

Alex MacLean

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

Susan Bartlett

- ☒ ☒ Agency of Human Services – Doug Racine

Beth Robinson

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

Jeb Spaulding

- ☒ ☒ Agency of Administration – Jeb Spaulding

Special Reports

- ☒ ☒ Additional Report: Education
- ☒ ☒ Additional Report: GIRO
- ☐ ☐ Additional Report: _____

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary; Pat Moulton Powden, Deputy Secretary, Agency of Commerce and Community Development
Date: May 20, 2011
Re: ACCD Weekly Report

Status of Governor's Priorities:

Vermont Training Program: Phil Fagan said he ran in to you at Vtrans and you had very nice things to say about his work. THANK YOU. He runs a tight ship and the program is well loved by employers. This program is 100% state general funds and is down 40% this year due to the loss of ARRA funds. We will make the reduction of funding work of course. But don't be surprised if Phil hits you up for money the next time!

Renewable energy economic development cluster: Lawrence is formulating a cluster strategy that will be part of our strategic economic development efforts. He attended some great meetings this week which is helping to formulate a renewable energy cluster for Vermont. Liz Miller and Chuck Ross are on board. This is all part of our short and long term economic development strategy. You will see a proposal soon.

Central Vermont RDC: FYI, Susan "Sam" Anderson is the executive director of the Central Vermont Economic Development Corporation (CVEDC). She was brutally attacked by her ex-husband outside her home in Adamant last week. He remains in jail until a bail hearing May 25. She is still quite shaken and only working part time. We have reached out to her assistant urging her to call if anything comes up.

Legislation: We are working through bill reviews before signing. We are starting up implementation of new and change initiatives from the Jobs Bill.

Evolving Issues:

Highly confidential: E-Corp English, new company in Middlebury has contacted VEDA, who contacted us about some serious short term cash flow needs. They say they cannot make payroll today. They are seeking a short term, \$200,000 loan until venture capital they are hoping for comes in. We are turning over every stone but this is risk capital and we do not have many of those sources. We have told Deb Schwartz, CEO that she will need to find the payroll cash for Friday so the number will likely drop. This raises some management issues.

Housing and Community Affairs:

- VHCB and Sen. Sanders' office is hosting a meeting in Vermont with **Federal Parks** representatives (Stephanie Toothman and John Sandor) on **June 20th** to start a dialogue on federal historic tax credits, affordable housing, high heating costs and energy efficiency. There has been some tension around how new technologies fit within the historic preservation goals of this federal program. Lawrence, Noelle and Jen also had a conference call with David Weinstein of the Senator's staff.
- Thanks to the organizational and motivational skills of Carl Bohlen, 21 ACCDers participated in the **Corporate Cup**. Lawrence, Noelle and Jen were among the participants with a pizza party after.
- The first meeting of the **Climate Cabinet** was led by ANR Secretary Deb Markowitz. Consultants and FHWA representatives led presentations on the science, projections, ideas for adaptation and what Vermont can do to address and meet the challenges around this issue. Inter-agency cooperation was apparent in both these efforts with ANR, AOT, ACCD, DPS, and AOA all represented at these meetings and talking about the links between agencies and strategies for moving forward. One interesting fact – our Governor was the only one to mention Climate Change in his State-of-the-State Address.

- Climate change and energy are closely linked and Noelle is working with AOT to chart a course to work together on the **land use/transportation data collection portion of the Energy Plan.**

ECONOMIC DEVELOPMENT: Business Support

- **New England Precision, Inc.,** Randolph: A recent visit by Econ. Dev. staff finds the company says business is steady and they are slowly adding positions from reductions starting in 2009. Fulltime employment is at 56 fulltime. They are closely watching developments as the healthcare reform proceeds. Broadband and cell service is poor in their location. Appropriate referrals will be made.
- **King Arthur Flour Company, Inc.,** Norwich: Staff met with the CEO to discuss their expansion project in progress. The company is also considering application to the VT Training Program for a training package, and is considering plans to work with VMEC on new product development. They also asked for Vermont sourcing assistance to help them "buy local". A review of the Jobs Bill features was helpful, and appropriate referrals will be made.

New Business and/or expansion/hiring:

- **WEBiomass:** Kiersten received word this week that WEBiomass will be locating in Rutland and will create up to 25 jobs. The company will be making (assembling) pellet boilers for residential and commercial use. They will likely be locating in space that Joe Giancola owns at the Howe Center. Final details are being worked out with their European partner. The CEO has asked if we could help out w/ planning a grand opening/ribbon cutting, which Kiersten said we'd be happy to do.
- **Mobile Medical:** Kiersten Bourgeois has had several conversations with Rick Cochran, the CEO of MMIC this week. The St. J- based company is interested in expanding its operations and is starting to look at sites in the NEK region. Their timeframe is likely 8-12 months out.
- **Shelburne – former Snelling (Shelburne Industries) property on Rte. 7, Vermont Food Project:** Kiersten met with Yves Bradley and Graham Goldsmith, project developer, and about 7 potentially interested food products tenants, to talk about the redevelopment of the former Snelling manufacturing property. Goldsmith has very impressive plans for the property, which will include space for several small specialty food producers and similar companies. Kiersten offered assistance to the small biz folks and will be following up as appropriate and will also send the entire list over to Jolinda and Chuck. This is the Vermont Food Project reported on earlier.
- **Ecovative Design:** Kiersten has been working with GBIC on a visit by our Green Island, NY prospect. Ecovative Design will be in town next week for a visit and to check out the Chittenden County area. The Governor will be meeting with this company on Tuesday evening. They currently manufacture a biodegradable packaging material which is a substitute for Styrofoam. The company CEO is a Vermont native. We hope to lure him to Vermont.
- Initial contact was made with a Rochester, NY based company interested in a possible re-location to Vermont. Prospect is selling and manufacturing products direct related to the green paint industry and feels Vermont could offer a better fit for their future growth and labor force needs. Applicable job creation incentives were discussed and an initial visit to Vermont is tentatively planned for June.
- **Fairbanks Scales:** The Vermont Training Program (VTP, Phil Fagan) will be using OJT funds for 5 New Hires in the areas of Sheet metal Operator, Wire Assembly, Manufacturing Engineer, and Electronic Surface Mount. Additionally there is a very good chance in the fall of bringing some manufacturing back to Vermont from China because they are losing sales in one sector for poor turnaround time.
- The Vermont Training Program (VTP) has training contracts with the follow companies who are adding employees over the next several months: Rock of Ages, Green Mountain Beverage and , Full Flex (adding 40+).

Flooding:

Village of Johnson: Kiersten toured area in downtown Johnson with Congressman Welch on Monday and brought a team of ANR flood experts up on Wednesday. The municipality is, like others, waiting until FEMA finishes their assessment, but has a more immediate problem with their only grocery store. The property is owned by Pomerleau and the store is operated by C&S. The market has been closed since the flood and there are apparently no plans to re-open by C&S. Kiersten talked with Ernie P. who will be following up ASAP with the Village Manager, Duncan Hastings. The building seems to have been damaged by the flood, but the exact \$ amount is unknown at this time.

Financial Services/Captives:

- **Risk and Insurance Management Society (RIMS) Annual Conference:** Dan Towle, Director of Financial Services reports that the state of Vermont had a successful conference. RIMS is the largest risk management conference with approximately 10,000 attendees. 15 prospects were identified through various prospective meetings. Approximately 20 other individuals from Vermont companies help support the Vermont effort at this conference held this year in Vancouver, BC.
- **New York Times article on Captive Insurance:** Dan Towle, Director of Financial Services reports that media activity has slowed concerning this story. Dan has been coordinating responses to the article, including drafting a response for Governor Shumlin. Dan has collectively met with the Vermont Captive Insurance Association, the Captive Insurance Division and various other sources in coordinating our response. Dan and Dave Provost, Deputy Commissioner of Captive Insurance have been handling the media inquires, that have included mainly trade media, but locally *Seven Days* did a story that was largely favorable. Dan has been in communication with Sue Allen in the Governors' office on this issue.
- **Captive Insurance 30th Anniversary Celebration:** Governor Shumlin is confirmed for June 14th from 3:00-4:00 in the State House. An event is being planned to celebrate this anniversary. More details will follow.
- **New Captive Insurance Legislation Signed into Law:** Governor Shumlin signed into law new captive insurance legislation. Dan Towle, Director of Financial Services has prepared a release announcing this to the captive industry. Several prospects have been waiting for this legislation to occur so that they could license under the new law in Vermont.
- **Captive Industry is off to a Strong Start despite a Weak Market:** Dan Towle, Director of Financial Services reports that nine new captive insurance companies have been licensed thus far with five applications in process. This is the strongest start in many years. This is occurring despite a weak insurance market. Dan attributes this to Vermont's consistent approach to marketing the industry. Vermont's consistent marketing approach, during strong and weak markets is paying dividends. While many of our domestic competitors have reduced their marketing efforts, Vermont has not. The exception to this is Delaware that is now spending more to market captive insurance than Vermont and they are fast becoming a viable competitor.

Historic Preservation

- **WCAX reporter Judy Simpson came to Plymouth on May 18 as part of the series about towns celebrating their 250th birthdays.** She interviewed Melissa Lynds (Plymouth Historical Society), the crew at the Plymouth Cheese Factory, and yours truly. WCAX will return for the live segment of the show that will air on May 24.
- **Barns on the 30 Show on WCAX:** Nancy Boone of the Division for HP was invited to appear on the 30 Show to talk about historic barns and the Barn Census. It will occur in June so that the new Barn Census Director can participate and to give exposure to our renewed push for the Census over the summer.

Vermont Global Trade Partnership

- Ali Sarafzade, International Trade Director has tendered his resignation effective June 17. He has taken a job at the Secretary of State's office, a classified position in the Corporations division. He indicates the uncertainty of

his current exempt position during transitions is the reason. We will be recruiting an international trade specialist position versus the Director position as it is more appropriate and will save money.

- **MEDICA International Trade Show:** Several Vermont companies will participate in the MEDICA medical equipment trade show in Dusseldorf Germany. Initial commitments from IVEK, Nathaniel group, Numia Medical and AADCOMED to represent Vermont as part of the Best of New England Booth in the US pavilion. Client participation at the event is subsidized through the support of an Earmark provided to the Vermont Global Trade Partnership (VGTP) by Senator Leahy.
- **STEP:** Ali and a team from the Vermont Chamber, ACCD, Tourism and Ag completed and submitted a grant proposal for the State Trade and Export Promotion (STEP) funding from the Small business administration as part of the Obama administration's ongoing efforts to assist companies in doubling exports over the next 5 years. \$30,000,000 total will be allocated nationally. Vermont's application will be targeting the growing Aviation and Aerospace sectors, Tourism, and Ag events in China, Europe and Canada through broad based interagency cooperation and collaboration with the State Chamber.
- **Earmark:** ACCD's international trade office has an earmark from Sen. Leahy to support export and international sales opportunities for Vermont businesses. Trade show assistance has been the most popular section of the Earmark funds. To date the following companies have taken advantage of the grants to further their export readiness and access to new markets; Vt Composites, Catamount R&D, Super Thin Saws, Numia Medical, IProcess, MiSys Inc, Microstrain, LMS, Chroma Technologies, Concept 2, Airboss and others. All applications are processed via an online application.
- **Education VTUSA:** EDVTUSA is a consortium of Vermont colleges and secondary schools (22 in all) formed with the singular purpose of promoting Vermont as an educational destination of choice for international students and parents. The next EDVTUSA meeting will be in Burlington in August and will host a panel discussion on international recruitment practices. See also www.educationvermontusa.com or www.twitter.com/edvermontusa

Tourism & Marketing and Vermont Life

- Deputy Commissioner Cook will attend the Lake Champlain Chambers Taste of Vermont in Washington DC on May 19th. This annual event brings Vermont producers to the Washington DC market to exhibit Vermont products in hopes of expanding retail sales.
- **Inquiry Trends: April Packet Requests Rebound – Sort of:** Although the overall trend for vacation planning packet requests this year has continued the pattern of a 12 – 15 percent drop from the previous year, April was unusually strong in several states, not necessarily drive markets, as in Florida. More predictably, requests from distant fly markets like California and Texas were down.

National and Regional Media

- **AOL Travel**
Travel story on shopping in Vermont. Erica Houskeeper assisted with author's press trip and story.
<http://news.travel.aol.com/2011/05/16/shopping-in-counterculture-vermont-photos/>
- **Boston Magazine**
Best of New England story features places around Vermont.
http://www.bostonmagazine.com/articles/best_of_new_england_vermont/page1
- **Philadelphia Inquirer**
"Ten for the Road" column includes mention of Open Studio Weekend.
http://articles.philly.com/2011-05-08/news/29522796_1_celtic-music-annual-festival-open-studio-weekend
- **USA Today:** Travel story about rural "haycations" mentions Liberty Hill Farm in Rochester.
<http://travel.usatoday.com/destinations/10great/story/2011/05/10-great-places-for-a-rural-haycation/47139082/1>

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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: May 20, 2011

Status of Governor's Priorities: Climate Cabinet – Secretary Ross and Deputy Secretary for Dairy Policy Bothfeld attended the Climate Cabinet meeting. Deputy Secretary Bothfeld was co-chair of the Agriculture and Forestry sub-committee of the past Climate Collaborative.

Jobs in Agriculture

- St. Albans Cooperative Creamery, Inc. – Second Shift Supervisor – St. Albans, VT
- Unilever (Ben & Jerry's) World Product Coordinator – S. Burlington, VT

Legislative Issues/Contacts:

Press Issues/Releases/Contacts:

Press Issues/Releases/Contacts:

Press Releases

- State veterinarian drafted a press release for PIO regarding the Veterinary Medicine Loan Repayment Program. This federally funded program will reimburse up to \$25,000 of eligible debt annually for vets willing to practice in one of VT's designated underserved areas for at least three years. State veterinarian was interviewed by WCAX on Wednesday regarding this issue
- Emerald Ash Borer Survey with USDA

Media Inquiries

- Brattleboro Reformer: Emerald Ash Borer
- WCAX: Dairy stats
- WCAX: Veterinary Loan Repayment Program
- WCAX: Emerald Ash Borer
- AP: Dairy stats
- Deerfield Valley News: Emerald Ash Borer
- Seven Days: History of Creameries

Upcoming Press Events:

- Deputy Secretary for Dairy Policy Bothfeld was interviewed by WCAX regarding the dairy industry in Vermont, milk prices, margins on the farm and the affect of recent rains on VT Dairy farmers. Also asked about the number of dairy farms and the drop below 1,000 farms. This may be an emotional issue for some Vermonters. Milk volume remains steady to increasing in the state despite a decline in farm numbers. It is anticipated that the number of cow dairy farms in Vermont will drop below the 1000 mark this month. We have had numerous public and media inquiries regarding this.

- With the extremely wet weather there is a concern that we may have a resurgence of Late-Blight. This disease attacks tomato and potato plants and is very difficult to contain. The agency will send press releases and schedule media interviews to educate the public to identify Late-Blight and how best to address it.
- The flooding and wet weather continues to be a hindrance to farmers across the state.
- On Monday, May 23, 2011 the agency will hold a joint press conference with Senator Leahy, Commerce and Economic Development and others to review the 2010 Ag. Innovation Center projects.

Significant Events/Meetings:

State veterinarian was involved in meetings this week with USDA and other New England state veterinarians to discuss the shrinking federal budget allotted for animal disease surveillance and to continue to discuss regionalization of these efforts as a way to counter this trend.

State veterinarian spoke to the Local Emergency Planning Committee #6 this week on issues associated with animal-related disaster planning and recovery. This meeting was part of an effort to provide the same outreach and education to all LEPC members in Vermont.

State veterinarian worked with IT staff to develop an impact reporting system to be used by targeted private sector organizations, federal governmental agencies and other stakeholders. The goal of this reporting system is to allow for the efficient feedback of impact from natural and manmade emergencies in VT from these entities to VAAFM. That information can then be reported to VEM and ultimately can be incorporated into the Governor's request for a declaration of emergency when applicable. The spring flooding event is the first time this system has been utilized and feedback from aforementioned groups is minimal. More outreach will have to be performed in order to make this a workable system.

Evolving Issues:

State veterinarian worked this week on confirming that no horses that may have been exposed to Equine Herpes Virus at a cutting horse show in Utah were located in VT. None were, but information about this incident was forwarded to Vermont veterinarians as a precaution.

On May 5, Mike Cahill, a resident of Guildhall, spoke with Carolyn Mouton and complained about the manure spreading operation of the Forbes Farm. Forbes Farm is a large farm located in Lancaster, NH but they have a satellite manure pit and fields in Guildhall, Vt. For the past few years, Mr. Cahill has contacted the Agency on a relatively regular basis to complain about the Forbes spreading manure, particularly regarding the odor and that fact that they are spreading near the CT River. [Note: While Forbes is a large farm, they only need to meet our AAP regulations as their production area is in NH and therefore not subject to regulation under VT's LFO program.] NOTE: Mr. Cahill was arrested last year for threatening the employee spreading manure in the field. Upon his release the VT State Police requested that the Agency of Agriculture take precautions regarding Mr. Cahill. This resulted in Agency lock down and installation of video and intercom use for access to the building.

Agent Dave Tremblay inspected the Forbes manure spreading operation on May 13 and found that they were in compliance with our AAP regulations. Any manure applied to annually flooded fields was being incorporated within the required timeframe (48 hours). Dave confirmed the establishment of the required vegetative buffers (10 feet) along the river last year.

Summary of Key Agency Department Activity:

Administration

IT project teams formed and work to begin at the Agency of Ag to move website to content management, update GIS management and information, provide support and training to staff on use of computer programs and plan and implement a move of dairy section information to a new database. Deputy Secretary LaClair is leading this effort with staff.

Ag Development

Deputy Secretary Bothfeld attended the last Climate Collaborative meeting with the formation of the Climate Cabinet. The inclusion of research and information from the University of Vermont and state colleges will be important in the actions and direction of the Climate Cabinet. The Climate Collaborate brought together stakeholders and this group should continue in some fashion to help inform the Climate Cabinet.

Senator Leahy will visit Hunt middle school in Burlington on Friday to celebrate their school gardens project with Friends of Burlington gardens as well as here the results of a year long evaluation conducted by VT FEED and the Farm to School Network. The evaluation was funded by the CDC thanks to support from Senator Leahy.

Food Safety and Animal Health and Consumer Protection

Consumer Protection

- Bulk Syrup Grading – To date, Consumer Protection staff has graded 2,095 barrels of syrup. At \$4.00 per barrel, this has generated \$8,380.00 so far this year. We have one more day scheduled for L.B. Maple Treats on June 1. The majority of the syrup has gone to Quebec to be packed as Vermont syrup and shipped back to the U.S. for distribution.
- Vermont Maple Industry Council – Section Chief Henry Marckres attended a meeting of the Council on May 10. One of the issues that will involve the Agency is voluntary certification of maple producers. A committee was formed and will be requesting a meeting with Secretary Ross to discuss the issue.
- Vermont Maple Sugarmakers Association – Section Chief Henry Marckres attended part of their quarterly meeting on May 11. One of my issues was the problem an employee encountered at a judging contest in St. Johnsbury. Chief Marckres relayed his concerns and how things will proceed in the future. Marckres had no questions from the Directors, only their full support.
- The Consumer Protection Section is starting our “special” inspection period. This includes oil truck meters, L.P. gas truck meters, heavy duty scales and USDA GAP inspections. Things are proceeding well, with the exception of the continued rainfall.

Animal Health Field personnel –

- Performed a Scrapie farm inspection
- Attended a bird swap in Springfield
- Investigated report of a Vermont Cattle Dealer transporting heifers from NY to VT without a Certificate of Veterinary Inspection.
- Spoke to town clerks at 3 regional meetings in regards to kennel licenses and special licenses for dogs
- Collected AI samples at poultry farm
- Contacted an individual who is selling dogs and explained Pet Merchant licensing procedure
- Performed a facility inspection of a local rabbit processor
- Made contact with 2 dairy farmers interested in establishing quarantine facilities for beef cattle destined for slaughter

Assistant State Veterinarian-

- Referred an animal welfare case (involving cattle, sheep and swine) in Bakersfield to the Bakersfield Constable
- Assisted an Animal Control Officer with a dog hoarding case

- Participated in a conference call sponsored by the National Cattleman's Beef association. The information presented in the call described the collaborative efforts between the Food Safety Inspection Service and FDA with respect to antibiotic tissue residues.
- Contacted 3 farm stores and explained Vermont laws related to selling poultry in lots of six
- Investigated a report of an individual transporting dogs to Vermont from South Carolina. The individual is reportedly selling dogs and she is not a licensed Pet Merchant with our Agency
- Provided regulatory guidance to a local veterinarian who diagnosed 2 dogs with Canine Influenza in his clinic
- Participated in a Veterinary Medical Loan Repayment conference call
- Followed up on a report of a local sale barn using cattle prods on calves. Will perform a site visit to the sale barn next week.
- Represented the Agency on a conference call that detailed the ongoing EHV-1 (Equine Herpes Virus 1) outbreak in western states
- Represented the Agency at an FDA Listening session in Albany, NY. The session provided information for States and industry on the FDA Milk Sampling Assignment

Meat Inspection Points of Interest

- Section Chief Randy Quenneville spoke with individual in Middlebury about a state inspected processing plant. He is currently checking with ANR if his current septic that was used for his cheese plant is acceptable. Apparently he does not do cheese anymore but the room is already glassboarded etc.
- Chief Quenneville spoke with individual in Charlotte concerning a Halal type custom slaughter facility (Chief Quenneville met with her and her husband last fall). They are also checking with ANR about catching all the waste in a tank and spreading on their fields, then will contact us for next steps
- Head of Service attended the Regional meeting for the Directors of State Meat and Poultry Programs.
- Secured funding from the appropriated \$50000 training fund (2010 Legislative Session) to host a humane handling training seminar and plant visits in June

Secretary's Commentary:

Secretary Ross undertook the following activities:

NEASDA

The conference is coming together well. Attendance continues to grow for both the reception Sunday night and the working agenda over the three days of the conference. This is being recognized as one of the most important agricultural meetings of the year in the northeast, especially relative to the Farm Bill and dairy policy.

SANDIA/SMART GRID MEETINGS

Sec Ross participated in a number of meetings relating to the emerging partnership between the State, UVM, Congressional Delegation and Sandia National Laboratory. Ross first met with VP of Research Dom Grasso and Sec Lawrence Miller about a range of potential collaborations between UVM and our agencies. The conversation in part focused on farm energy distributed generation and the smart grid. This was followed by a briefing of the Governor with John Evans and representatives of Sandia. Sec Ross suggested that Vermont might be an ideal laboratory and model on distributed farm energy generation and there might be some federal funding opportunities through Rural Development and the Farm Bill energy title that might fund such an effort. The Sandia representatives found this to be very interesting. This meeting was followed by a dinner with the various partners at UVM. Sec Ross attended the Smart Grid conference where he followed up on a number of ideas with Huck Gutman, John Evans and some of the Sandia representatives. He agreed to help where possible to build and support this effort. Finally, Sec Ross visited with Senator Leahy's staff in DC to explore how Senator Leahy could be more involved and encouraged his involvement.

TRIP TO DC

Sec Ross traveled to Washington to attend the "Taste of Vermont" which is an annual event hosted by Senator Leahy in Washington DC where many Vermont agricultural and food specialty products are served to hundreds of hill staffers and other DC VIPs. The event was well attended and had a couple dozen Vermont businesses show casing their products. Ross met with a number of the business representatives and was interviewed by the Washington DC Burlington Free Press correspondent

Sec Ross attended a briefing on dairy pricing policy sponsored by Congressman Welch's office. International Dairy Foods Association explained their opposition to National Milks legislative ideas on reforming federal dairy pricing. He also met with a representative of National Dairy Producers Organization, a producer group chaired by Vermont's own Bill Rowell. This group is now advancing their own legislative agenda. Finally Ross met with Bob Gray who represents Vermont Cooperative's interests in dairy policy in DC as well as Ed Barron who represents IDFA. What became clear is that there is no consensus within the dairy community at this time but there is interest and belief that something must change. The odds that dairy pricing reform will be dealt with in the Farm Bill as compared to a stand along bill ahead of the Farm Bill increased due to the now clear lack of consensus.

Sec Ross also spoke to Senator Leahy's office about further working to help support the biomethane project Dan Smith is developing with Middlebury College. If the project can obtain support from the USDA the project will help Middlebury College attain their goal of being a carbon neutral campus which will be a big deal and further highlight Middlebury's national leadership on sustainability.

DINNER RECOGNIZING DEPUTY SEC. BOTHFELD

Sec Ross attended a dinner hosted by the UVM College of Agriculture and Life Sciences honoring special alumni. Dep Sec Bothfeld, a graduate of CALS as an undergraduate and graduate student. Her work as a student, a UVM Extension Agent, employee at St. Albans Coop and employee and Deputy Secretary for the Agency of Agriculture was highlighted.

OTHER MEETINGS

Sec Ross traveled to Greensboro to meet with Ray Shatney and Janet Steward. They had made the news recently because a cow was slaughtered on their farm without their knowledge or permission. This situation may result in a law suit and there is some interest on the part of Shatney and Steward in having the Agency of Agriculture be more involved in this situation. The Agency has written a letter of warning to the itinerant slaughter involved in this situation but believes the rest of the controversy is a legal matter between the parties and the Agency as fulfilled its responsibilities at this time. Sec Ross visited to be sure the Shatney and Steward understood the Agency is listening.

Sec Ross participated in a VHCB Farm Viability screening of applicants looking for grant support for their agricultural businesses. This is the last round of funding available to support Farm Viability businesses with infrastructure/equipment grants. These funds from philanthropic sources have helped to accelerate and grow a wide range of value added businesses in Vermont.

Sec Ross participated in the Climate Cabinet meeting held at the Agency of Transportation. Its clear agriculture, as the 3rd largest source of green house emissions in the state, could play an important role in helping to address climate change in Vermont. Biodigesters, farm location for wind and solar arrays and carbon sequestration through soil improvement are just a few ways agriculture could play a role.

Sec Ross met with representatives of the Working Landscape group being led by former Agricultural Secretary Albee. This group appears to continue to generate momentum and is interested in helping to build a strong and sustainable working landscape in Vermont with all the positive interconnections to the cultural and environmental landscape as well.

OFFICE OF THE SECRETARY

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Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, May 20, 2011
SUBJECT: VTrans - Confidential Report to the Governor

Wet Weather Damage to Roads

The untold story, at least publicly, about the abnormally wet winter and spring is the saturation of the ground and the problems that keep cropping up for state and local roads. In the past week we have had an expansion of a slide on Rt. 100C in Johnson from 100 to 200 feet in the westbound lane resulting in a crack in the middle of the highway. Crews are organizing a full-lane closure today as the deterioration continues.

On Rt. 14 in East Montpelier, a hole of about 12-15 feet in width and 10-feet long has developed alongside a failing culvert causing the pavement to flex. In repairing the hole it was determined to be 20 feet deep. Only the culvert kept the pavement together; fortunately there was 21" of pavement at the spot. Temporary repairs have been done but all districts are out inspecting vulnerable locations, particularly culverts as they have been badly stressed this year and aren't as obvious as flooding and not often noticeable until the road surface fails.

I have just signed an emergency order for contracting help with a similar slope failure that threatens part of the westbound lane of Rt. 78 in Highgate. I think we'll be dealing with these for a while.

Aviation Reorganization and Study

The last piece of the creation of the new Division of Policy, Planning and Intermodal Development is happening with the movement of the Aviation program into PPID under the direction of Chris Cole.

This is timely due to the direction received from the legislature in the Transportation Bill that requires us to review each of the state's airports, except Rutland, with an eye toward revenues and expenses and identify those that are in operating deficit and relying on state transportation funds. We will also take a new look at what greater economic benefit accrues to the state from these facilities. There has been a feeling among certain

legislators for many years that the transportation fund should not benefit a handful of private pilots and, of course, all state airports are not equal in their greater community benefit. We will attempt to sort out which ones contribute and respond with a fee system that makes them self-supporting, at the very least.

CCMPO/CCRPC Merger

After 18 months of hard and effective effort by the staff and boards of the Metropolitan Planning Organization and Regional Planning Commission in Chittenden County, the two boards voted unanimously to merge this past Wednesday night. This effort formalizes the combination of land use and transportation planning and was, by the way, spearheaded in the legislature by our own Sue Minter.

Congratulations to Charlie Baker and Michele Boomhower and the 18 towns and cities who worked so cooperatively on this effort. It is appropriate that one of the first major charges for this newly merged organization will be to revisit the Circumferential Highway Project.

Circumferential Highway

Speaking of the Circ, so much for the "Kumbaya" moment. As I write this the calls are flowing in from the apparent distribution of the letter from the EPA, dated May 9, at the same time as the notice that you would speak about the project today. We have a very angry FHWA and we can expect some fireworks at the federal level over the letter and the timing of the "release" as it is described in today's Free Press; not to mention the Sandy Levine quote that FHWA had "bumbled" the project.

Obviously, we will attempt to get some control over this story and process today but in the meantime long-term rivals are staking out their familiar turf instead of expressing a willingness to work on solutions. We can, however, still make this work.

Media Interest in Transportation Issues

We've had a variety of press inquiries and activities on transportation issues this week. On top of the Circ, Safety Day/Governor's visit, the Commuter Challenge, and Complete Streets Bill, we participated, with the Fish and Wildlife Department, in a press event hosted by the National Wildlife Federation on critical wildlife crossings of state highways. In addition, we responded to several radio inquiries on flood and ongoing weather challenges to transportation projects. Our strategy continues to be to have our staff (rather than always the Secretary's office) respond when appropriate. Dave Blackmore, DTA from District 8 is on Mark Johnson this am, and yesterday two VTrans employees were on VPR. Unless we hear otherwise, we will continue the strategy to showcase our staff in media (when appropriate).

Climate Change Workshop & Cabinet

We hosted a very successful day-long workshop on Climate Change for VTrans staff and some of our partners (ANR, RPCs, UVM, etc.). VTrans was the recipient of a grant from AASHTO and FHWA, who sent the presenters/facilitators to Vermont, as they have for several other states. This workshop helped to bring to focus (especially for sometimes

skeptical staff) what this winter/spring historic weather event, and the emergency responses and investments for repair, may indicate for our future. The workshop was followed by a meeting of the relevant members of the executive team to initiate the Climate Cabinet. This is an important first step in addressing this looming, and sometimes overwhelming, challenge.

Post Flood Communications: Need for Improvement

We see the need for improvement around how we communicate with the public during emergencies -- especially sharing timely information around road closures, detours, etc. This will require a coordinated effort/strategy, with Public Safety and VEM, which we are initiating, as well as potential additional investment into technological solutions. If there is someone from the Governor's office who would like to participate in this effort, please let Sue Minter know.

Confidential and Privileged

To: Honorable Governor Peter Shumlin
From: Annie Noonan, VDOL Commissioner
Weekly Report: Week Ending May 20, 2011

Update on VDOL Funding Issues

We are working with our own fiscal division to analyze impact of WIA budget cuts and to make decisions to address the shortfall in our funding vis-à-vis position layoffs. We have narrowed down the short-term impact of the loss of federal money to about a \$600,000 reduction, which would be approximately 6-8 staff positions. We know nothing about our federal allotment for October.

One of the problems we are facing is that we have had no separations within the staff in Workforce Development, (or even from positions drawing off the General Fund), but rather, from the UI Division where we actually have funds to support staff.

We are also being asked to give back \$60,000 in General Fund money, so we are meeting with Jim Reardon and Mike Clasen on Monday to discuss this additional problem.

UI Trust Fund Borrowing: Borrowing information remains unchanged at \$77,731,860.63 We did not borrow from the federal fund this week. We may not have to borrow during the next month or two.

STC Program - 14 active plans with a total of 129 participants. Plans currently pending review include Mountain Operations, Leadership in Medicine and Cold Hollow Cider Mill.

Domestic Violence UI Fund has 3 new potential claimants and 4 active claimants. Tracy Phillips (UI Director), Dirk Anderson (Legal Counsel) and I have asked to meet with Senator Sears and Sarah Kenney to discuss the statutory criteria which may need review next year.

Employer Information by Region:

Bennington: Southwestern Vermont Health Care located in Bennington has entered into formal talks with Dartmouth-Hitchcock Health to form an affiliation it hopes will better prepare the Bennington health care organization for the future and also serve as a physician recruitment incentive for this area. Agency of Commerce and Community Development and the Bennington County Industrial Corp have prepared an incentive package for Plasan North America and Plasan Carbon Composites in hopes of enticing them to grow here in Bennington.

Burlington: South Burlington School District is recruiting for various positions (non-professional and teaching). Panera Bread has been in contact with the VDOL Burlington office regarding their opening in September. From the Ground Up Bakery has opened.

Waterbury: GMCR is in full recruiting mode. VDOL has been responsible funneling newly certified WorkKeys holders to the company as well as other interested individuals.

Morrisville: The Hardwick Inn was recognized in a small ceremony last week as one of the top revitalization projects in Vermont for 2010. FEMA officials met with Morristown officials to begin assessing flood damage in town. Johnson has put out to bid multiple downtown street and storm water construction projects.

Rutland: Vegas Deli in Rutland is set to reopen. GCA Services Group, a janitorial, maintenance and facility services to the specialized industry and education markets, is planning to expand in the Rutland, area. Five Guys Burgers is looking to open a location in Rutland. Panera Bread is due to open in Rutland in November 2011.

St. Albans: The town of Swanton applied for an Act 250 permit for 23.8 acres, preparing for when the economy turns around. FCIDC has organized a roundtable to discuss how to grow the diversified agriculture sector, hoping this will create jobs and increase business for farmers and exports for the area. The Franklin-Grand Isle WIB is adding diversified agriculture to its internship program.

St. Johnsbury: King George School located in Sutton announced late last week that the school will be closing on June 4, due to the inability to consistently maintain student enrollment levels. There are thirty-five employees who will be displaced in the closure. A rapid response session has been scheduled for June 1, 2011 at the School.

Springfield: The Springfield Movie Theater, which was heavily damaged by a fire in July 2008, will reopen in July.

White River Jct: (Hanover) Shackleton-Thomas, the furniture maker will close, focusing on its store in Bridgewater. The spot in Hanover will be filled by the glassblower Simon Pearce.

Update on Grants

(1) VDOL notified all the (SEO) Summer Youth grant recipients what their new grants would be and wages they can pay to youth. Advised them not to start spending because we haven't received our official approval from the Feds yet. (2) We applied for our annual Mine Safety grant for a little over \$70,000. We keep \$7000 of it and the rest goes to AGC. They match it with over \$17,000 in non-federal funds. (3) We applied for a no-cost extension for our Regional Innovation Grant (RIG). The bulk of the funds are being spent by Northeastern Vermont Development Association on four economic development studies. Extension request is for six months which takes it through December 31, 2011. (4) We worked with Champlain College and IBM on a possible H-1B grant application due June 2. We would have been a partner and not the applicant. Champlain decided not to apply. Our second application opportunity will be November 17, 2011. That should give us more time to prepare to be the actual applicant. Right now, we would use it for health care training and advanced manufacturing training (composites industry, etc). Emphasis is on long-term unemployed but we can also train incumbent workers.

WET Fund activities

(1) VDOL received an inquiry for WETF monies from Northern Counties Health Care, to pursue upgrading their Personal Care Attendants staff to LNA status. The upgrades would provide a wage increase and additional benefits to the participants. (2) Porter Hospital, Middlebury, received a WETF grant to train 150 incumbent workers in computer skills to work with a new health information system that will be installed at Porter in 2011 and 2012. (3) RSG, White River Junction, was approved for \$8,460 to train 13 new hires. (4) Kittredge Equipment Company, Williston, is planning on hiring several sales personnel and administrative assistants to support the sales staff, and to implement new software for which they will need help training workers and will apply for a WETF grant. (5) Several more applications are in the works, one involving hospitality and the Refugee Resettlement Program and the Sheraton Hotel and Conference Center; another one involving Dealer.com

Sheffield Wind Project Labor Issue: Ironworkers Local 7 Labor Union (Mike Morelli) contacted VDOL with concerns regarding use of out-of-state contractors to work on a wind project located in Sheffield, VT. The general contractor for the project is RMT, Inc. based in Madison, WI. Vermont Labor believes that their bid was the "low bid" but that they didn't get the work because of anti-union bias. According to company officials, they plan to hire Vermont sub-contractors for some of the work but will be bringing in out-of-state contractors to perform the more specialized and technical work of the project. We have received legislative inquiries about this situation.

Legislative:

We have a number of summer study committees. We are working on getting operational info out to our staff about legislative changes, such as Veterans Tax Credit and the \$1,000 Wage Earning/UI Experience Rating. We spoke with USDOL Regional office about May 13th letter from Gay Gilbert (USDOL) in regards to conformity issue with \$1,000 non-charging in S.96. Boston office expects to get back to us next week. VDOL is working on H.202 on workforce issues and Workers' Comp issues.

Worker Comp Division:

Worker Comp Director Steve Monahan was in Bennington on Wednesday addressing an employer group on how best to reduce their workers compensation costs, sponsored by a WC defense attorney, an occupational medicine doctor, and a safety and health consultant.

WC Legal Work: issued subpoenas per parties agreement in Hyde. Finalized settlement agreement with Glenn Robinson, P.C. Received penalty installment payments from Morf Transportation, Pacific Rim, Thomas Cox, Best Nails and Labrie/Friesians. Actively preparing Witnesses and other information for Thursdays' Beezco, Inc. contested citation, and the upcoming E. Starr Trucking and Starrs United, Inc. contested Stop Work Order violation cases.

Project WorkSAFE Program Activities

Joint labor-management committee on Safety and Health Committee, chaired by Scott Meyer of VDOL: the group was able to review draft documents on reducing work comp, injury and illness rates for the State. Reviewed costs of injury in Vermont State government - approximately \$6 Million annually. VDOL has been asked by Region 1 OSHA to come up with names of individuals who have been affected by Silicosis. OSHA wants to do a film documentary on the subject leading up to the proposed silica standard.

LABOR - NOONAN

Addendum

May 20, 2011

For Immediate Release

Contact: Mathew Barewicz, Vermont Department of Labor, 802-828-4153

Email: Mathew.Barewicz@state.vt.us

Vermont unemployment rate drops to 5.3 percent in April 2011

The Vermont Department of Labor announced today the seasonally adjusted statewide unemployment rate for April 2011 was 5.3 percent. This reflects a decrease of one-tenth of one percentage point to the statewide rate from the previously reported March level of 5.4 percent. Compared to a year ago (April 2010), the statewide unemployment rate has trended down by 1.2% percent.

"While the national seasonally adjusted unemployment rate increased, Vermont's unemployment rate decreased again this month, continuing the trend towards a slowly recovering economy. April is historically a challenging month for Vermont as many employers in the tourism industry begin to transition away from a busy winter to the quieter months of spring. Yet, we were pleased to see a positive trend, despite seasonal fluctuations. Vermont still needs to focus economic development activities in our local labor markets that are struggling to create jobs and where unemployment exceeds the statewide average", said Vermont Department of Labor Commissioner Annie Noonan.

State of Vermont Overview

While Vermont's seasonally adjusted unemployment rate decreased one-tenth of a percent to 5.3 percent in April, the United States seasonally adjusted unemployment rate for April increased by two-tenths of a percent to 9.0 percent. The underlying Vermont data show total employment was flat and both the labor force and total unemployment decreased by 400. While both changes are not statistically significant, the change in the labor force (-400) is the first reported decline since August of 2010.

April unemployment rates for Vermont's 17 labor market areas ranged from 4.1 percent in Harford to 9.3 percent in Newport. (Note: local labor market area unemployment rates are not seasonally adjusted). For comparison, the April unadjusted unemployment rate for Vermont was 5.9 percent which is down one-tenth of a percent from the March data. This unadjusted statewide data is down one percentage point from a year ago.

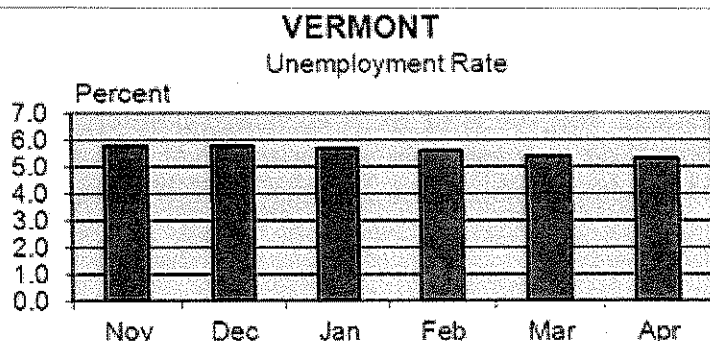
Analysis of Job Changes by Industry

The preliminary 'not seasonally adjusted' jobs numbers for April show a decrease of 4,650 jobs when compared to the revised March numbers. This reported over the month change does not include the 150 job decrease between the preliminary and the revised March estimates due to the inclusion of more data. As detailed in the preliminary not seasonally adjusted April data, Total Private reports a decrease of 4,500 jobs and Government reports a decrease of 150 jobs. In the private sector, Construction (1,000 jobs) and Professional and Business Services (600 jobs) reported the largest

nominal increases. In the not seasonally adjusted data, the reported over the month job loss was concentrated to Leisure & Hospitality which declined by 6,350 jobs.

The seasonally adjusted data for April reports a decrease of 2,200 jobs from the revised March data. As with the 'not seasonally adjusted' data, this over the month change is from the revised March numbers which experienced a downward revision from the preliminary estimates (-300 jobs). A review of the seasonally adjusted April numbers shows Vermont's Private Industries with a decrease of 1,900 jobs. Professional, Scientific and Technical Services industries reported the largest over the month gain (600 jobs). Leading the decline in the seasonally adjusted numbers were Leisure & Hospitality (-1,500 jobs), Retail Trade (-600 jobs) and Construction (-500 jobs). The rest of the over the month changes by industry were minor in magnitude. Total Government decreased by 300 jobs from the revised March counts.

For details, please contact Mathew Barewicz at the Vermont Department of Labor at 802-828-4153 or Mathew.Barewicz@state.vt.us



Vermont Labor Force Statistics (Seasonally Adjusted)

	Changes From				
	April 2011	March 2011	April 2010	March 2011	April 2010
Total Labor Force	364,100	364,500	361,500	-400	2,600
Employment	344,700	344,700	338,100	0	6,600
Unemployment	19,400	19,800	23,400	-400	-4,000
Rate (%)	5.3	5.4	6.5	-0.1	-1.2

Vermont's labor force, employment and unemployment statistics are produced from a combination of a Statewide survey of households and statistical modeling. The data are produced by the Local Area Unemployment Statistics Program (LAUS) a cooperative program with the US Department of Labor, Bureau of Labor Statistics and the Vermont Department of Labor.

Vermont Seasonally Adjusted Nonfarm Employment in Thousands

BY NAICS	Prelim.	Revised	Revised	Change From:		% Change From:	
	Apr-11	Mar-11	Apr-10	Mar-11	Apr-10	Mar-11	Apr-10
Total - Nonfarm	302.2	304.4	298.9	-2.2	3.3	-0.7	1.1
Private Industries	248.5	250.4	244.1	-1.9	4.4	-0.8	1.8
Construction	13.0	13.5	14.2	-0.5	-1.2	-3.7	-8.5
Manufacturing	31.3	31.5	30.8	-0.2	0.5	-0.6	1.6
Durable Goods	22.3	22.5	21.7	-0.2	0.6	-0.9	2.8
Non-Durable Goods	9.0	9.0	9.1	0.0	-0.1	0.0	-1.1
Trade, Transportation & Utilities	56.5	56.6	55.9	-0.1	0.6	-0.2	1.1
Wholesale Trade	9.6	9.4	9.4	0.2	0.2	2.1	2.1
Retail Trade	38.3	38.9	38.0	-0.6	0.3	-1.5	0.8
Trans., Warehousing & Utilities	8.6	8.3	8.5	0.3	0.1	3.6	1.2
Financial Activities	12.5	12.5	12.2	0.0	0.3	0.0	2.5
Professional & Business Services	24.9	24.7	23.3	0.2	1.6	0.8	6.9
Professional, Scientific & Technical	15.2	14.6	13.6	0.6	1.6	4.1	11.8
Administrative Support & Waste	9.5	9.8	8.6	-0.3	0.9	-3.1	10.5
Education & Health Services	60.4	60.3	59.4	0.1	1.0	0.2	1.7
Private Ed. Services	12.9	12.8	12.6	0.1	0.3	0.8	2.4
Health Care & Social Assistance	47.5	47.5	46.8	0.0	0.7	0.0	1.5
Leisure & Hospitality	34.1	35.6	32.3	-1.5	1.8	-4.2	5.6
Arts, Entertainment & Recreation	3.7	3.9	3.8	-0.2	-0.1	-5.1	-2.6
Accommodation & Food Services	30.4	31.7	28.5	-1.3	1.9	-4.1	6.7
Other Services	9.9	9.8	9.9	0.1	0.0	1.0	0.0
Total Government	53.7	54.0	54.8	-0.3	-1.1	-0.6	-2.0
State Government	17.5	17.5	17.5	0.0	0.0	0.0	0.0
Local Government	30.1	30.2	30.4	-0.1	-0.3	-0.3	-1.0
Burlington-S. Burlington MSA							
Total - Nonfarm	113.5	113.7	112.1	-0.2	1.4	-0.2	1.2

Notes: Statewide Total Nonfarm is a summed total and Wholesale Trade has been added as a seasonally adjusted series in 2011.
Mining & Logging and Information are not published seasonally adjusted because the seasonal component, which is small relative to the trend-cycle and irregular components, cannot be separated with sufficient precision.

Program Update: Starting with the March 2011 numbers, the Current Employment Statistics (CES) estimates transitioned from the VT Department of Labor to the U.S. Bureau of Labor Statistics (BLS). The BLS implemented several methodological changes to standardize the estimation approach across states. While these changes will reduce the potential for statistical bias in state and metropolitan area estimates, they may increase the month to month variability of the estimates. More information is available on the BLS website at <http://www.bls.gov/sae/cesprocs.htm>.

Current Employment Statistics Program (CES). Produced by the Vermont Department of Labor in cooperation with the U.S Bureau of Labor Statistics.

ESTIMATED NONFARM EMPLOYMENT IN VERMONT

(Not Seasonally Adjusted)

INDUSTRY BY NAICS	Prelim Apr-11	Revised Mar-11	Revised Apr-10	Changes From:		% Changes From:	
				Mar-11	Apr-10	Mar-11	Apr-10
TOTAL NONFARM	298,450	303,100	295,200	-4,650	3,250	-1.5%	1.1%
TOTAL PRIVATE	242,000	246,500	237,950	-4,500	4,050	-1.8%	1.7%
GOODS PRODUCING	43,400	42,200	43,800	1,200	-400	2.8%	-0.9%
MANUFACTURING	31,000	30,800	30,300	200	700	0.6%	2.3%
Durable Goods	22,150	22,000	21,400	150	750	0.7%	3.5%
Computer & Electrical Equipment Mfg.	8,000	8,050	8,050	-50	-50	-0.6%	-0.6%
Fabricated Metal Products Mfg.	2,350	2,350	2,250	0	100	0.0%	4.4%
Non-Durable Goods	8,850	8,800	8,900	50	-50	0.6%	-0.6%
Food Mfg.	4,200	4,200	4,050	0	150	0.0%	3.7%
CONSTRUCTION	11,700	10,700	12,800	1,000	-1,100	9.3%	-8.6%
MINING & LOGGING	700	700	700	0	0	0.0%	0.0%
SERVICE-PROVIDING	255,050	260,900	251,400	-5,850	3,650	-2.2%	1.5%
TRADE, TRANSPORTATION AND UTILITIES	55,150	55,150	54,700	0	450	0.0%	0.8%
Wholesale Trade	9,400	9,250	9,350	150	-50	1.6%	-0.5%
Retail Trade	37,550	37,900	37,200	-350	350	-0.9%	0.9%
Food & Beverage Stores	9,300	9,400	9,500	-100	-200	-1.1%	-2.1%
General Merchandise Store	2,800	2,800	2,800	0	0	0.0%	0.0%
Transportation, Warehousing and Utilities	8,200	8,000	8,150	200	50	2.5%	0.6%
Utilities	1,750	1,700	1,800	50	-50	2.9%	-2.8%
Transportation & Warehousing	6,450	6,300	6,350	150	100	2.4%	1.6%
INFORMATION	5,150	5,250	5,450	-100	-300	-1.9%	-5.5%
FINANCIAL ACTIVITIES	12,350	12,400	12,050	-50	300	-0.4%	2.5%
Finance & Insurance	9,350	9,400	9,200	-50	150	-0.5%	1.6%
Real Estate, Rental & Leasing	3,000	3,000	2,850	0	150	0.0%	5.3%
PROFESSIONAL AND BUSINESS SERVICES	24,400	23,800	23,000	600	1,400	2.5%	6.1%
Professional, Scientific and Technical	15,000	14,600	13,650	400	1,350	2.7%	9.9%
Administrative, Support and Waste	9,200	9,050	8,450	150	750	1.7%	8.9%
EDUCATIONAL AND HEALTH SERVICES	60,650	60,450	59,700	200	950	0.3%	1.6%
Educational Services	13,250	13,200	13,000	50	250	0.4%	1.9%
College, Universities and Professional	7,450	7,300	7,700	150	-250	2.1%	-3.2%
Health Care and Social Assistance	47,400	47,250	46,700	150	700	0.3%	1.5%
Ambulatory Health Care Services	15,950	16,050	15,550	-100	400	-0.6%	2.6%
Hospitals	12,750	12,700	12,500	50	250	0.4%	2.0%
Nursing and Residential Care Facilities	7,250	7,150	7,100	100	150	1.4%	2.1%
LEISURE AND HOSPITALITY	31,200	37,550	29,400	-6,350	1,800	-16.9%	6.1%
Arts, Entertainment and Recreation	3,350	3,450	3,300	-100	50	-2.9%	1.5%
Accommodation and Food Services	27,850	34,100	26,100	-6,250	1,750	-18.3%	6.7%
Accommodations	10,000	15,800	8,700	-5,800	1,300	-36.7%	14.9%
Hotels & Motels	9,050	14,650	7,950	-5,600	1,100	-38.2%	13.8%
Food Services and Drinking Places	17,850	18,300	17,400	-450	450	-2.5%	2.6%
OTHER SERVICES	9,700	9,700	9,850	0	-150	0.0%	-1.5%
GOVERNMENT	56,450	56,600	57,250	-150	-800	-0.3%	-1.4%
Federal Government	6,550	6,550	7,050	0	-500	0.0%	-7.1%
State Government Education	9,200	9,400	9,200	-200	0	-2.1%	0.0%
Local Government Education	24,950	24,800	25,250	150	-300	0.6%	-1.2%
Other State Government	8,800	8,800	8,850	0	-50	0.0%	-0.6%
Other Local Government	6,950	7,050	6,900	-100	50	-1.4%	0.7%

Note: CES PROGRAM DATA ARE PRODUCED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS
ESTIMATES ARE PRELIMINARY AND SUBJECT TO REVISION. SEE ANNUAL SUMMARY FOR DETAILS

VERMONT LABOR FORCE AND UNEMPLOYMENT
 LABOR MARKET AREAS BY RESIDENCE (Not Seasonally Adjusted)
 April 2011 Estimates

Area	Total Labor Force	Number Employed	Number Unemployed	Apr-11 Rate (%)	Mar-11 Rate (%)	Apr-10 Rate (%)
Barre-Montpelier	29,950	28,250	1,700	5.7	6.2	7.1
Bennington	12,600	11,700	850	6.9	7.0	7.8
Bradford	4,800	4,400	350	7.7	8.4	8.6
Brattleboro	24,550	23,050	1,500	6.0	5.3	7.0
Burlington-South Burlington	115,850	110,600	5,250	4.5	4.9	5.4
Hartford	19,300	18,500	800	4.1	4.3	4.8
Manchester	11,950	11,050	900	7.5	6.6	8.6
Middlebury	18,450	17,400	1,000	5.5	6.2	7.0
Morristown-Stowe	20,100	18,550	1,550	7.6	7.6	8.7
Newport	14,050	12,750	1,300	9.3	10.0	10.3
Randolph	8,650	8,050	600	7.0	7.0	8.4
Rutland	28,000	26,150	1,900	6.7	6.3	8.2
Springfield	11,700	10,800	900	7.6	6.6	9.0
St. Johnsbury	14,400	13,450	950	6.6	7.0	7.8
Swanton-Enosburg	14,650	13,600	1,000	7.0	7.4	7.4
Warren-Waitsfield	4,300	4,100	200	4.6	3.9	5.4
Woodstock	3,300	3,100	200	5.8	5.2	6.4
Vermont Total	358,650	337,550	21,100	5.9	6.0	6.9

Note: Unemployment rate is calculated as the number of unemployed divided by total labor force and expressed as a percent.

Source: Vermont Department of Labor LAUS program in cooperation with the U.S. Bureau of Labor Statistics

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Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: May 20, 2011
Subject: ANR Weekly Report

Status of Governor's Priorities:

- **Telecommunications:** We will begin to track and report new telecommunication facility application statistics in our report so you can see what is pending and how we are processing them.
- **Energy/Climate:** We kicked off the Climate Cabinet this week, which went well and all agencies seem engaged and ready to work. We will begin with a discussion of the 38 recommendations contained in the prior Governor's Commission on Climate Change. We also met with the Climate Collaborative to discuss whether it should continue and if not, how to engage Vermont's academic institutions in a research partnership with the Climate Cabinet and how to provide a venue for stakeholder groups to stay involved in the work of the Climate Cabinet.

Legislative Issues/Contacts:

- **H.436, Miscellaneous Tax Bill:** This bill was passed by the House and Senate on May 6. It contains a provision that: the land use penalty tax will be applied to land in the Current Use Program at the earliest of either the development of that land, as defined in the current use law or two years after the issuance of all permits legally required by a municipality for any action constituting development, or two years after the issuance of a wastewater system and potable water supply permit. The land will be taxed at fair market value from that point on.

The bill also requires the Division of Property Valuation and Review to track when enrolled land is issued a wastewater system and potable water supply permit by DEC's Wastewater Management Division (WWMD). A meeting has been scheduled between staff of these two divisions to discuss how Property Valuation might make use of WWMD's permit database for this required tracking.

- **S.77, testing of new potable water supplies:** We have had a few calls about the impacts of this bill on contract laboratories and property owners. WWMD and Department of Health staff continue to work together to provide accurate and consistent responses to these inquiries.
- **S.34 Mercury Bill Signing:** Thank you for arranging the signing of the Bill yesterday at Nelson's Hardware. This will be an important model for addressing manufacturer/producer responsibility for a variety of products and packaging.
- **H.91 Bill Signing:** The Governor's office has scheduled a bill signing ceremony for May 31 at 2:30 p.m. for H.91, the captive hunt/public trust bill. The event will take place at the Barre Fish & Game Club; representatives from the many organizations that supported the bill will be invited to attend.

Press Issues/Releases/Contacts:

- **Press Releases:** Press releases were issued on: leaving "abandoned" young animals alone if found in the wild; inviting the public to participate in the Becoming an Outdoor Family weekend, June 3-5; announcing the availability of moose lottery applications; advising motorists to be on the look-out for moose on the highways; and inviting the public to submit photos and participate in the Department of Fish and Wildlife's new Facebook page.
- **Press Contacts:** Staff were interviewed by the Barton Chronicle regarding "ivory teeth" found in a Vermont white-tailed deer harvested last fall near Orleans Village. The unusual teeth were a genetic defect and not of concern to the Department's biologists. Staffs were interviewed by Vermont Public Television for an *Outdoor Journal* segment on habitat management activities at Maquam Wildlife Management Area (WMA) and Fairfield Swamp WMA.
- **Press Event:** VTrans' Deputy Secretary Minter and FWD Commissioner Berry attended a press event on May 18 in Waterbury that highlighted the critical paths project and the two agencies' overall efforts on wildlife travel corridor conservation associated with roads.

Significant Events/Meetings:

- **"Permit Reform":** We began internal discussions about how to manage the process of looking at how to reform the environmental permit process. We are working with Sue Allen to find ways to frame the conversation without having to say the words "Permit Reform." I am looking at this as part of my goal of making ANR more customer service friendly. Some of what we come up with will likely not require legislation but other things will.

The goal, as we see it, is to create greater efficiency, transparency and accountability in the permit process. Specifically, we are looking at options that would streamline the process by requiring applicants to establish the facts only one time (no de novo review). There is general consensus between the business community and environmental groups – with the exception of CLF- that the environmental court has been a failure, so one proposal could be to eliminate the environmental court and create tiers of permits so that the more complex permits would be reviewed directly by a professional board (like the PSB model) with appeals to the Supreme Court. We are working closely with Ron Shems who will be leading the process of talking with various stakeholder groups to get their ideas – and have asked that if

we seek legislation that we go with a menu of proposals rather than just one, so that the legislature takes ownership of whatever direction they choose to go in. (I am sensitive to the Governor's feelings about not wasting time or political capital on a proposal that will be divisive and not go anywhere. As Secretary of State I navigated some potentially explosive issues by providing a menu of options approach – respecting the right of the legislature to make the policy calls. Let me know if this makes sense to you.)

- **Ethan Allen (Beecher Falls):** The Beecher Falls facility suffered a significant flood the last week of April. The boiler house was flooded and boiler controls are ruined. Ethan Allen still needs steam to run the kilns at the site and is currently running one boiler on oil to provide the necessary steam for the kilns. At the current cost of oil they are working diligently to rewire the wood boilers and get them on-line. They expect to be back on-line in two weeks
- **Sheffield Wind.** Staff visited the Sheffield Wind site in response to Annette Smith's complaint that they were in violation of their runoff conditions. Although the photos she is circulating widely to the press look bad, our staff did not find any violations. (After big storms there will be runoff – the question is whether Sheffield did what was required under their permit to minimize the impacts – and it looks to us that they did. In addition Annette has made a public records request relating to Sheffield Wind that we are responding to.
- **Flood Damage and Water Quality:** Staff accompanied FEMA representatives on a tour of road damage, culvert washouts, and access area damage as a result of the recent high waters and flooding of Lake Champlain. David Mears and I visited St Albans and toured flooding and pollution sites with town officials and then met with the city manager and then Paul Madden and the regional economic development folks to talk about the water quality in the lake and the upcoming MS4 permit.
- **Proposed Bat Listing Hearing:** A public hearing for the proposed listing of the little brown bat and the northern long-eared bat was held last week. Only a Burlington Free Press journalist attended along with one Endangered Species Committee member and two Department staff members.
- **Fish & Wildlife Board Meeting:** The Department will present the Board with a draft proposal to change the black bear hunting season at its meeting on May 18. The Department proposes to offer a limited quota second bear tag in 2012, and begin a discussion to implement a fully separate bear license in 2013. Also at the meeting, the Board will be taking second votes on a potential waterfowl zone boundary change and the proposed permit numbers for the 2011 moose season.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

- **City of Burlington Wastewater Treatment Facility Discharge:** On 5/11/11, EEO Urich CED submitted a report detailing his investigation of the discharge of 2.5 million gallons of only partially treated sewage from the City of Burlington's Main Wastewater Treatment Facility that had occurred on 4/20/11. The investigation confirmed that the release was the direct result of operator error.

- **Elizabeth Mine:** OMYA has requested consideration of use of the tailings for final cover supplement on the tailing piles. The EMCAG (Elizabeth Mine Citizen's Advisory Group) has refused to consider the request.
- **VAG Mine, Eden/Lowell:** Selectboards for both towns have declined to issue letters of support for Renewable Energy Feasibility Study grant that we are preparing. The town letters are not threshold criteria, so we will likely apply without their support and meet with them later to discuss our proposal and the basis of applying.
- **Emergency Debris Management:** Staff have been assisting Vermont Emergency Management with preparations for the anticipated management of debris from the recent heavy rains and flooding along Lake Champlain. The Division has contacted solid waste districts, affected towns, and private waste management and hauling companies to assess capabilities and willingness to provide collection, transportation, and disposal services. The Division will be creating a guidance document for homeowners, contractors, municipalities, and waste service providers on Agency's expectations for management of disaster debris. We will require a high level of effort to segregate clean wood and other organic materials, metal, recyclables, e-waste, hazardous and other landfill banned wastes from disposal, and will require all wastes to be managed by certified facilities.
- **Highgate Landslide:** On May 6th, staff met with officials from the Town of Highgate to assess two landslides on Town property. One landslide is on the parcel containing the closed Highgate Landfill, and the failure threatens the integrity of the synthetically-capped landfill. The Town is contracting with a geotechnical engineering firm to develop a remediation plan, which will then be implemented as soon as feasible. The second landslide occurred on town land that Swanton Electric Company maintains a power line right of way. The landslide caused a significant amount of soil to enter the Missisquoi River, and uncovered approximately 1500 tires that had been illegally disposed of by the previous owner. The Town has been in contact with FEMA to attempt to attain Federal disaster relief funding.
- **Mercury Program:** We visited 17 wholesale and retail locations and noted 189 mercury thermostats collected. We've now visited about fourth of the collection locations to monitor compliance and provide assistance. We are working with Aubuchon Hardware stores (both Vermont and Maine) stores (along with ME DEP) to assist them in some problems with recouping their \$5 cash reimbursement to customers bringing in thermostats.
- **Info posted on WWMD website regarding floods impact on septic systems:** In order to provide answers to questions about what to do when a septic system has been damaged by the recent flooding events, the water/wastewater program drafted guidance on this issue and posted it on the WWMD website.

Fish and Wildlife

- **Eagle Point WMA:** Doug Nelson (captive hunt facility owner in Irasburg/H.91 opponent) contacted the Department seeking permission to fertilize, cut, and graze hay fields on the newly-acquired Dunn property (Eagle Point WMA) in Newport, Vermont. The Department referred Mr. Nelson to the USFWS as that entity oversees the management of the WMA as part of the Missisquoi National Wildlife

Refuge. When Department staff contacted the USFWS to let them know that Mr. Nelson would be calling, the USFWS advised that Mr. Nelson had already contacted them requesting permission to fertilize the pasture, and that Mr. Nelson had been denied permission.

- **Lowell Wind Project:** Fish and Wildlife as well as Forest and Parks staff met with representatives from the Lowell wind project to discuss the easements and habitat management plans required by the stipulated agreement for the project.
- **Nuisance Bear:** A nuisance bear in Woodstock was shot by wardens after it had repeatedly entered homes in the area. There have been reports of several house and chicken coop break-ins by bear. A press release was issued earlier this spring reminding the public not to leave out food, seed, garbage etc., which would attract bear to their homes.
- **Fish Stocking:** Due to high water in many of Vermont's rivers and streams, the annual stocking of fish is running two weeks behind, but is getting done with the help of many volunteers (human and canine).
- **Shoreland Encroachment Permits:** The Lake St. Catherine Conservation Fund (LSCCF) group has applied for two separate Shoreland Encroachment Permits for Little Lake this summer. The first permit application proposes to conduct hydraulic dredging to remove 9,500 cubic yards of silt and sediment. The proposed objectives in the permit are listed as removal of Eurasian watermilfoil and excessive sediment to improve boating and other recreational uses.

The second permit application from the LSCCF proposes to install new "Laminar Flow Technology" air compressors and aerators at 18 locations on the east shore of Little Lake. This new technology will increase flow and dissolved oxygen levels at the sediment-water interface, and increases bacterial digestion of the sediment and increases water depth over time.

Forest, Parks and Recreation

- **DOJ ADA Rule Amendments:** Forests, Parks and Recreation is preparing a draft interim policy on the implementation of the new regulations that require agencies to provide reasonable accommodations to persons with mobility disabilities to use "other power driven mobility devices" which include motor vehicles and ATVs to access state lands and facilities. Once Forests, Parks and Recreation completes a draft policy it will be distributed to Department of Fish and Wildlife, Department of Environmental Conservation and the Secretary for review.
- **Plum Creek Timberlands v. State of Vermont:** Plum Creek has requested discussions with the state regarding the pending litigation over the discontinuance of over 56,000 acres from the UVA program. Forests, Parks and Recreation will meet with the Attorney General's office to discuss the litigation strategy.
- **Trail Funding:** This year, federal grant programs have been uncertain & very complex. Funding availability for this year's trail projects has run the gamut of ups, downs, & delays but is resulting in some good news for this year's trail work. Congress passed this year's Federal Highway Administration's (FHWA) Surface Transportation Bill extending the program funding until next year. So, while the future of this and many other federal programs continues to be uncertain, I am very

pleased to announce that the trail program is funded this year with a full year's apportionment.

- **Flooding at State Parks:** Water levels have again risen in Lake Champlain due to increased rain. Sand Bar, Burton Island, Knight Island, Woods Island, Kill Kare and Alburgh Dunes continue to be affected. Plans are in place to begin cleanup as the water recedes. Campers with reservations through June 10 are being contacted and offered a chance to transfer, retain park credit or receive a full refund. The balance of the park system is ready for the Memorial Day opening. Wilgus is already operating at full capacity. Grand Isle, Lake Carmi, Smugglers' Notch, Gifford Woods, Stillwater and Little River will all be opening this weekend to accommodate the Canadian holiday weekend (Victoria Day).
 - **Camping reservation** activity for 2011 is 1.6% ahead of last year. Sales of season day use passes are 110% ahead.
 - **Green Mountain Harley** motorcycle club has launched a new State park challenge. Riders who visit all 52 State parks win prizes.
-
- **Visiting Nurses Association:** We have a new relationship with VNA to promote health through outdoor activity and visiting State parks.
 - **The southwest parks region** has been actively using offenders from the Rutland County Offender Work program to help with park spring cleanup (650 hours). One offender with construction trades skills has roofed 4 lean-tos, one toilet building and a contact station.
 - **An increase in tree mortality over the past 12 years** has led to a multiagency collaboration to learn the causes and predictions for the future. The US Forest Service Northern Research Station in Pennsylvania completed a spatial analysis of weather and pest factors involved that will be used to verify potential causes this summer. Working with the University of Vermont scientists and field naturalist graduate student, the Green Mountain National Forest, the US Forest Service Station in Burlington, and Forestry Division staff met this week to finalize field assessment plans.
 - **Stowe Mountain Resort:** The District 5 Environmental Commission has scheduled an evidentiary hearing on May 18 in Montpelier to review potential impacts of Stowe Mountain Resort's proposed ski patrol building on the nearby Stone Hut. Representatives from FPR and the ski area will be attending this hearing.
 - **Forest Legacy Funding:** We received word this week that Vermont will receive \$2million in Forest Legacy funding for federal fiscal year 2011. This will help fund the state's purchase of a working forest easement on the 1000± acre Canada View parcel in the Town of Jay and the fee-simple purchase of the 300± Zach Woods Pond property adjacent to Green River Reservoir State Park in the Towns of Wolcott and Hyde Park.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Beth Robinson, Governor's Counsel
From: Elizabeth H. Miller, Commissioner
Subject: Weekly Report
Date: May 20, 2011

Status of Governor Priorities:

VY: Work continues on the Entergy litigation; the State's opposition to preliminary injunction will be filed on Monday. (We haven't yet seen a draft of the filing but plan to review it over the weekend.) NEC, CLF and VPIRG were denied intervention but probably will file amicus briefs in the matter.

We also filed a narrow and technical appeal to the relicensing decision at the NRC, based upon Entergy's failure to seek a 401 water quality certification. I do not expect the appeal to succeed, based upon the procedural issue waiver that occurred at the NRC under the prior administration and ANR's failure until now to press the issue with Entergy – however, ANR/DEC feel strongly that the state's authority (delegated to it under the federal Clean Water Act) deserves protecting, and therefore the petition for review makes sense to pursue, particularly since NEC had decided to file an appeal of its own.

In a nutshell, the issue is this: The federal Clean Water Act states that, for facilities that impact water quality, no federal license shall issue unless a certificate for water quality compliance has been granted. The certificate is an overall seal of approval regarding all aspects of water quality permitting (including, for example, point source discharge), and it allows the permitting authority – here, our state ANR acting as federal delegate – to review the entire water quality compliance holistically, and to place conditions upon the issuance of a certificate. Entergy did not seek a new 401 certificate when it sought relicensing – it claims the old certificate plus continued compliance with other water permits it holds equates to continued 401 certification. NRC regulations do not specifically require 401 certification, despite the express language of the Clean Water Act – but NRC does require evidence of compliance with all applicable permits and certifications, generically. NRC issued the license despite Entergy's lack of 401 certification. Facially, that action violates the clear language of the Clean Water Act. The questions will be 1) whether Entergy's assertion that its old certification plus continued compliance is enough; 2) whether NRC can rely upon the assertion and issue the license without more; 3) whether NRC somehow need not follow the Clean Water Act because NRC has broader authority than other federal agencies (such as FERC regarding hydro plant relicensing for example); and 4) whether the Department can even bring this issue to the court, because the Department failed to press it in the NRC licensing proceeding when it was raised, briefly and unsuccessfully, by New England Coalition.

NRC has indicated that it will not view this appeal as an affront, but we will do what we can to tamp down hype on the appeal itself – it really is a pretty targeted legal issue that may be of greater interest to other states with multiple nuclear facilities not yet relicensed than it ultimately is to us.

In other VY news, the plant is undertaking a small dry cask campaign, loading a few more casks over a period of weeks. We have not received any further thoughts from ANR's geologist and hydrologist regarding the COB well, but hope to soon. VY has been operating at reduced power due to a PSNH line repair over the past few days. A few deficiencies in VY's fire protection and other safety systems were identified by the NRC in a report issued late last Friday; the deficiencies were deemed minor and subject to correction, and were in line with similar deficiencies found at other plants nationwide. The inspection had been ordered as a part of the post-Japan safety review of all plants in the U.S.

Energy/Climate: Climate cabinet launched by ANR; we will actively participate. We continue to work on strategies for the Comprehensive Energy Plan and will set up a further meeting with you and few key experts soon. We expect to work on a Sandia/UVM partnership proposal in the next couple of weeks too, attempting to match state in-kind dollars and perhaps some preexisting program dollars to the 'ask' that will be made to the DOE for continued funding. I will work with Secs. Ross and Miller on this project.

Broadband: Continued high level of interest in the broadbandvt website. Fairpoint stock fell sharply this week; that is of concern to us.

Press Issues/Releases/Contacts

Press contact re: Smart Grid, VY, Fairpoint – WCAX, WPTZ, Fox44, NPR, Vermont Press Bureau, Brattleboro Reformer. WCAX may do a piece next week on the "RF smog" issue I've mentioned before – the alleged health effects of radio frequency radiation from smart meters.

Also, I had contact from the Manchester Union Leader regarding the Northern Pass project; I indicated that we wouldn't have a position on another state's transmission project. I learned from the reporter that the involved utilities told him Vermont was not an option they planned to pursue, but that others, including lawmakers, were still pushing for it. Basically I told the reporter that we weren't going to speculate or weigh in on something that hadn't actually been proposed. Separately I learned from VELCO that the story will run on Sunday in the Union Leader and will have a "why not move it to Vermont?" focus. VELCO spoke with the reporter at length and did not foreclose the option, as it were. VELCO met recently with the utilities involved in the Northern Pass – they continue to state that they are moving forward with the line as planned, and so we will just have to see how it all develops. Meanwhile, I learned that CLF in New Hampshire will file comments at FERC pressing for a re-route through Vermont, among other issues.

Significant Meetings/Events:

Sandia

GE Aviation re: efficiency measures – also attended by Sen. Illuzzi, Rep. Carris and Lt. Gov. Scott. Efficiency VT is launching an initiative to increase efficiency measures at the highest use industrial and commercial facilities. GE Aviation has benefitted from the EVT partnership.

Jim Harrison, Harrison Concrete: Jim is the developer of the Georgia Mountain wind project – a mere 4 turbines. Despite its modest size and relatively easy location, the project has encountered significant resistance and delays. He wanted to share his perspective with me. (I think you may want to meet with him at some point, if you haven't already; he was a supporter of Douglas/Dubie but was not happy with the prior Governor's stance on wind and has a good story to tell.) He firmly believes that Vermont property owners should do what they can to create sustainable energy projects on their land. He believes the permitting process could be improved – he has strong opinions re: ANR's role, the PSB's workload, the lack of certainty, etc. He'd like to see a defined amount of time for the permitting process, and a state employee dedicated to bringing the agencies together on project planning at the outset of a project – because a big problem he encountered was receiving favorable feedback from the "higher ups" only to meet resistance, sometime months later on unanticipated issues, from the staff scientists.

[Incidentally, we had a "renewable energy ombudsman" position we had hoped to create in the Department for that purpose in an early version of H.56, FYI – but actually I think a Director level (exempt/appointed) position may make more sense – someone whose job description is to join ANR, DPS, towns/town boards, etc. in a project planning process to help get these projects through permitting. We could instead do it as an equivalent to a Karen Marshall/ConnectVT position, at the 5th floor level, but given the highly regulated aspect of this (compared to telecom) a Director level position at the department would probably make more sense. I'd be happy to move forward with this if you agree it is a priority – it would be a short term budgeting challenge but seems to me worthwhile.]

Upcoming:

I'm speaking at the Vermont Electric Coop and Washington Electric Coop annual meetings this weekend and early next week. I expect numerous questions re: Lowell and VY, so that should be fun!

We have a meeting with Lew Hay next week, CEO of NextEra. GMP will announce its deal in the morning before our meeting. Lew Hay was just named CEO of the Year by EnergyBiz. I'll send a short status update before our meeting. You will be pleased at the terms of the deal announced. We will have lunch with GMP after the meeting, and an ISO VP may also be in attendance. It should be an interesting meeting.

Department Report by Division:

Public Advocacy and Consumer Affairs:

Appeal of Vermont Yankee License Renewal – No Docket – Department will file petition in the D.C. Circuit Court of Appeals to challenge NRC's renewal of license despite the lack of certification of the facility under Section 401 of the Clean Water Act. Petition will be filed on 5/20.

EPA Re-Powering Application – No Docket – Department submitted letter supporting application of the Vermont Department of Environmental Conservation seeking technical assistance from the US EPA and US Department of Energy in evaluating the Vermont Asbestos Group Site in Eden and Lowell Vermont as the potential location for a renewable energy project. Application will be submitted on 5/20.

Vermont Gas Systems System Expansion Fund - Docket 7712 - The Public Hearing was held on May 11. The Department and VGS finalized and filed with the Board a Memorandum of Understanding, together with a Proposal for Decision, supporting the establishment of the fund. Counsel for the parties have requested expedited review by the Board due to upcoming customer notifications VGS must deliver.

VELCO 115/46 kV Substation in Jay, Vermont – Docket 7708 –MOU was filed on 5/13; technical hearing will be held on 5/20. The Department is supportive of this project.

Jay Peak Switching Station – Docket 7604 – Companion to Docket 7708, seeking an amendment to a VEC CPG permitting it to connect to the substation at issue in Docket 7708. MOU was filed on 5/13; technical hearing will be held on 5/20.

Washington Electric Coop Rate Case – Docket 7691 – DPS proposed a number of adjustments to WEC's cost of service; WEC responded with an offer that accepted virtually none of the DPS's adjustments, but included adjustment that would increase its revenues. DPS is sending a response and has modified a number of adjustments. However, unless WEC shows more flexibility DPS may conclude that it would be more advantageous to litigate than to settle. The procedural schedule has been suspended to allow time for settlement discussions. The parties are to file a status report on May 20.

VT ANG Net Metering Project – No Docket - Conference call held on 5/17 to clear up confusion over what rule applies to project. Technically, there is no rule that directly applies to this project, since it is by law a net metering project but net metering rules only apply to projects less than 250 kW (project is 1.3 MW). Since net metering rules allow petitioners to file under 30 V.S.A. § 248(j), which provides for an expedited process, VT ANG will file under this provision.

CVPS acquisition of VMPD—Docket 7660 —The parties await the Board's order and are particularly unsure whether the Board will allow CVPS to recover in its rates the premium above

net book value that is included in the purchase price for VMPD's hydro plants. Such recovery has never been allowed for an electric utility in Vermont.

CVPS acquisition of Readsboro Electric—Docket 7688 — The Parties await the Board's order. As in Docket 7660, the parties will be watching the Board's decision on whether CVPS can recover in its rates the premium above net book value that is included in the purchase price for Readsboro Electric.

Voice over Internet Protocol—Docket 7316 — This week the Supreme Court dismissed Comcast's appeal because it was not from a final order (confirming the DPS's view). This ruling reached the Department just before a scheduled status conference was to begin. The Department and Comcast proposed that the parties be allowed to attempt to reach a partial stipulation, with a status update to be filed on July 15 and a full or partial stipulation to be filed on September 30. However, as news of the Supreme Court's decision brings the Phase II proceedings into clearer focus, the Department will be re-assessing the usefulness of a stipulation in this policy docket. The Department needs to decide whether to engage in negotiations, the scope of those negotiations, and whether to oppose intervention by Verizon (for its VoIP services) and by the VON network, a national VoIP trade group. This matter is a big deal to the private competitive telecom industry; DPS will brief Beth Robinson before proceeding further.

Catamount/Bolton Water & Sewer – Docket 7722 – The water company (Bolton) proposed a rate increase of 269% to pay for development of groundwater sources to replace the existing surface water source. Bolton is under an EPA order to undertake this project. While the proposed increase has generated a significant amount of mail from consumers, fewer than a dozen people showed up at a public hearing held May 18. DPS has served discovery on the company, and has a number of concerns. The parties plan to meet on May 24 to discuss possible settlement. Litigation of the docket would likely mean that Bolton could not complete the source development during this construction season.

Burke Mountain Resort Group Net Metering System - CPG1187 - This group was granted a net metering CPG in March 2011. Despite the issue having been raised by the applicant and Lyndonville Electric Company prior to issuance, the Board's Order accompanying the CPG did not adequately address the issue of what rate(s) were applicable. LED filed a Motion for Clarification and requested a workshop, which was held on May 11 and attended by the Department. On or before May 25, LED and Burke - either jointly or separately, if they can't agree - are to file a proposal with the Board. LED is presenting its proposal to Burke this week for review. The Department will assist with this negotiation, as requested, or provide comments to the Board following the filing(s).

Kane's Cow Power-- Petition to Install and Operate a 225-kW Agricultural-Methane Electric Generation Facility in Sheldon, Vermont - Docket 7713 - CPG was granted on May 12. The CPG is conditioned on compliance with certain ANR air pollution requirements and certain AAFM waste management and other feedstock requirements. The Department supported the petition. The project is intended to be a SPEED resource.

Swanton Village Electric—General Terms and Conditions Tariff—No. 8220 - Swanton filed with the Board and the Department a general terms and conditions tariff which contained a provision requiring customers to execute and return repayment agreements. The Consumer Affairs Division feels very strongly that this is an unnecessary burden to place on consumers and that it gives the utility no more protection than it already has under Board rules. Unable to persuade Swanton to delete the provision, the Department and Swanton have each briefed our positions to the Board and we await a ruling. (During the review process, a second municipal utility filed a similar provision and it will be handled by the parties and the Board in the same manner.)

Consumer Affairs

- With the kick off of Governor Shumlin's press conference to announce the broadbandvt.org website, the messages began rolling in to CAPI. Unfortunately, with no test run period for CAPI, problems immediately surfaced that have slowed the process down. With the first day of complaints before us, it was apparent that the coding system established for the project was not going to be sufficient to cover the myriad of complaints consumers were submitting about not just broadband, but cell service, as well.

After reviewing dozens of complaints, with each serving as a sample for reviewing codes and identifying deficiencies in the coding system, we have been able to complete the development of system codes which should allow for the tracking of complaints by type, by provider, and identifying whether they are in an unserved area or an area soon to be served.

The next problem that arose was when the first few messages regarding lack of availability were used to look at the ArcGIS forward looking map, a map designed to identify areas to be served through the FairPoint 2011 build-out, Vermont Telephone's 2013 build-out, the Vermont Telecommunications Authority's 2011 targeted communities, or some other potential future targeted communities. Two of the first three addresses didn't appear on the map, even though the addresses did appear on the broadbandvt.org map. Gregg Trask from DPS is currently working to address this issue and we hope to have the problem resolved soon.

Some other issues have been identified and CAPI has asked to be included in all future meetings of the broadband group so that we may assist in smoothing out the bumps, fulfilling our expected role, and overall doing everything possible to make this a positive experience for Vermont consumers.

While these initial bumps have slowed the process, it was decided that slowing the process in the beginning to give us time to address these issues would be most beneficial in ensuring that there was consistency with data from all contacts and the data provided to consumers was both consistent and accurate.

Luckily, no expectation has been set from the consumers' perspective for a response and, in fact, many of the messages do not contain enough information for CAPI to contact the consumer for follow up.

To date, CAPI has received 814 messages regarding the broadbandvt.org website information.

- CAPI continues to work with DPS Attorney Louise Porter on the municipal electric tariffs. Many of the municipalities have elected to include a provision in their tariffs which would allow the additional requirement of a signed payment arrangement agreement with a consumer before a disconnection of electrical service can be avoided. With current PSB Rules which already allow for an abbreviated disconnection process in the event a payment arrangement is broken, CAPI has long advocated that requiring a signature to a written payment arrangement may cause an increase in disconnections, thereby costing consumers more in disconnection, reconnection, and deposits. When consumers are already struggling to pay their monthly charges, the additional burden of the costs associated with disconnection of their service may, in fact, put them in a position to have to choose to go without the service for a period of time. The decision is now in the PSB hands and we await their decision.

Planning and Energy Resources:

Comprehensive Energy Plan:

- Staff attended the Climate Change and Energy workshop organized by the VTrans. This event featured insights from other states to inform activities in Vermont in particular adaptation strategies.
- Staff participated in the first meeting of the Climate Cabinet. This senior level group was created by Executive Order of the Governor to address climate related issues that affect Vermont. DPS will play an important role in this group with energy and carbon emissions both under consideration through the revision of the Comprehensive Energy Plan. During this meeting, a briefing on DPS activities related to carbon emissions reduction was presented.
- Staff represented the Department at the Climate Collaborative meeting during which the Agency of Natural Resources discussed aligning the group with the Climate Cabinet. Both groups share a common set of senior leaders from Vermont's agencies including Agriculture Food and Markets, Commerce and Community Development, and Transportation among others. Revisions to the collaborative are needed to reduce overlap and make better use of resources.
- Public involvement plan has been finalized and posted on the DPS website.
- Staff has started contacting the POC's for the small stakeholder meetings. Confirmation has been received from VHCB, VEIC, ANR, REV, and VSJF on hosting these meetings. Staff has drafted a follow up email that will be sent to the POC's with the DPS suggestions for stakeholder invitees and additional suggestions for the meetings.

- DPS has received proposed scope of works from contractors to provide assistance on economic modeling for the CEP. These will be refined and sent back to the contractors for approval. Then staff will start the contract approval process.
- Staff drafted agenda for meeting about the CEP Transportation and Land Use section between VTrans, ACCD, and DPS to kick-off involvement of ACCD and identify their key stakeholders.
- Staff set meeting with UVM Transportation Research Center (UTC) and VTrans to discuss heading stakeholder meetings for input and comment on the Transportation and Land Use section.
- VTrans' CEP team needs ANR staff time and priority on the model CEP transportation scenarios – travel demand/VMT, statewide vehicle type composition, low carbon fuels. Also needed is a statewide repository of energy data on fuel sources, fuel costs, and carbon intensity to be referenced across agencies for modeling and impact measurement.

Residential and Commercial Building Energy Standards (RBES & CBES):

- The annotation was completed for RBES and the revised rule was submitted to LCAR and Sec. of State. Our hearing with LCAR has been set for their June 2nd meeting.
- A CBES contract amendment for funding additional annotation task required by LCAR was submitted for processing.
- Staff participated in a Kickoff meeting for the Energy Code Outreach and Training that will be completed through a contract with VEIC (this is ARRA –EECBG funded). At the meeting VEIC presented their outreach and training plan. They anticipate beginning training sessions for builders, contractors, architects, real estate professionals, town officials and mortgage lenders in June and completing them by November.

Act 250 Review:

Commercial construction continues at a slow pace. This past week reviewed three permits under Act 205 review.

- TOWN: CAVENDISH: Renovate an existing 2-story, commercial structure to construct and operate a restaurant with indoor recreational areas (i.e. darts), live music, outdoor deck with seating and grill on 1st floor. There will be office suites, a conference room and a lunchroom on 2nd floor
- TOWN: COLCHESTER PROJECT: Construction of a Planned Unit Development consisting of (2) 8-unit office/warehouse buildings (total of 38,400sf) and 7 mini storage buildings (total of 35,700sf) on a 9.95 acre parcel of land accessed by a new 450' drive off of Route 2A.
- TOWN: BENNINGTON PROJECT: Construct a 30'x140' building addition for a new shipping department, with curb cut onto East Road where an existing house will be demolished; new paved truck access, landscaping, and drainage. All work will be at west end.

ARRA Funding/Programs:

- Grant & Contract Monitoring Plan –
 - Staff met with Sarah to discuss legal implications.

- The leadership role in assembling and finalizing the Monitoring Plan was transferred to a new staff member. Staff reviewed the next priorities, timeframes, and other items to do to continue completion of Version 1 of the Monitoring Plan.
 - Revised draft guidance on apprentices under Davis Bacon
- Subrecipient Monitoring-Delinquency work, data analysis, develop certification form and letter, and mailings to 6 subrecipients

Energy Efficiency and Conservation Grant Program (EECBG):

- Village of Morrisville Water & Light completed their street lighting project and was paid \$38,307.00 for their project (total project costs were \$44,056). They replaced 66 mercury vapor fixtures with LED street lights in the downtown. In addition to saving 55,701 kWh and \$7,798 per year, there is an overall improvement in lighting levels and a decrease in glare in the area. The new fixtures are also Night Sky compliant.
- Final payment in the amount of \$49,969 was authorized for Middletown Springs Elementary School who completed the energy efficiency retrofit at their 1904 school house. The building envelope retrofit is estimated to reduce annual heating fuel usage by 1,200 gallons, and reduce annual carbon emissions by 13.5 tons.
- Final payment in the amount of \$26,002 was authorized for Woodbury Elementary School who completed the energy efficiency retrofit of their 100 year-old wooden school building. The improvements to the building envelope are expected to reduce annual heating fuel usage by 2050 gallons, and reduce annual CO₂ emissions by 46,000 pounds.
- Final payment in the amount of \$30,332 was authorized for Mount Anthony Union High School who completed the retrofit of their parking lot lights. The exterior lighting retrofit is expected to reduce electricity usage by 54,300 kWh annually, with associated annual electricity costs savings of \$7,602. The school is now beginning work on their \$50,000 interior lighting retrofit project.
- Final payment in the amount of \$50,000 was authorized for Randolph Union High School who completed their interior lighting retrofit project. The school replaced all T12 ballasts and bulbs with energy efficient T8s. This comprehensive lighting retrofit is expected to reduce the school's electricity costs by \$21,300.
- We paid about \$46,747 for 6 Regional Planning Commission grantees for energy efficiency and planning work.
- Completed grant amendment for Town of Middlesex financial incentive program grant. The town decided not to pursue PACE but rather create their own energy audit financial incentive program to increase energy efficiency in residential buildings in their town.
- Organized conference call with Thetford to review proposal for revisions to their PACE financial incentive program; provided guidance on parameters under this grant program.

State Energy Program (SEP):

- Processed two invoices for VEIC for the ARRA funded portion of the Incentive program for a total of: \$557,581.96
- Processed a loan disbursement to VEDA for the \$225,000 loan for the PV project at the Farm at South Village
- Completed review of three loans and sent them to VEDA for underwriting:
 - Long Wind Farm for an energy efficiency greenhouse =\$350,000

- SBE Electronics = \$750,000
- Kingsbury Hydro = \$81,000

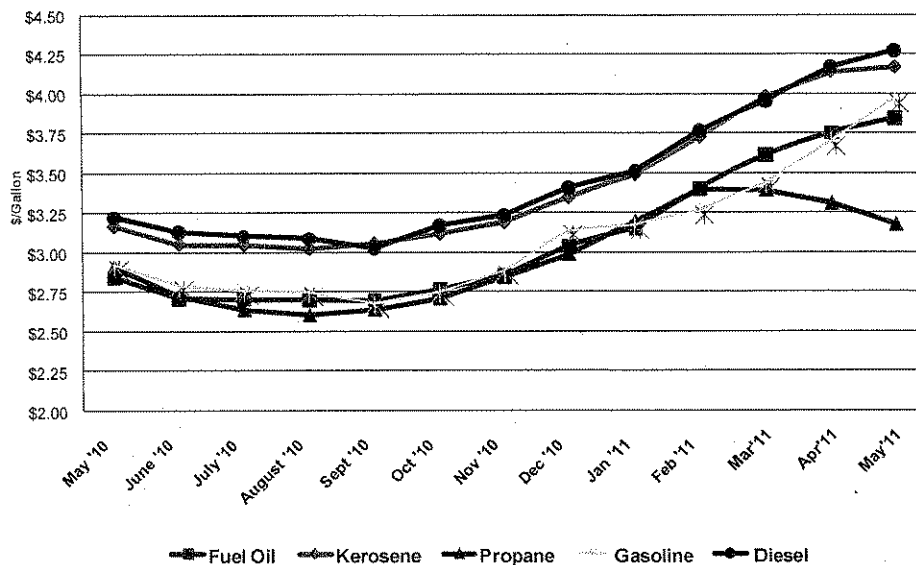
Clean Energy Development Fund:

- Processed a \$6,304 invoice from VEIC for the small scale incentive program.
- Signed an MOU for \$100K with ANR for their resource mapping project.

Fuel Survey:

Completed and released May Fuel Report – Crude oil continues to remain below \$100 @99.66 this am. In Vermont pump prices remain steady at their highs.

Vermont One-Year Price Trend



Energy Efficiency Utility Activities:

- Staff continued SMEEP project review, have requested further information and spreadsheets from IBM to continue.
- Staff met with VEIC to discuss current and future energy efficiency financing structures - some potential future models include PACE implementation, public purpose ESCO, revolving loan funds and credit enhancements for consumers.

Demand Resources Plan (DRP) Proceeding:

- Staff met with VEIC to kick-off discussions related to certain Quantifiable Performance Indicators (QPIs) including Administrative Efficiency, Market Transformation, Comprehensiveness, Net to Gross Savings and a performance indicator related to the Low Income sector. Staff and VEIC will share proposals and meet in mid June to continue discussions and development of these QPI's.

- Staff participated in a “Heatforce” meeting to solicit information that would be useful in developing the low-income indicator
- Staff filed with the Public Service Board an update to its Resource Plan Scenarios and the associated Rate and Bill Impacts calculations, making minor adjustments to better reflect actual spending in the recommended scenario. Changes were minor and do not affect the DPS recommendations
- Staff continued development of comments due May 27th regarding budget recommendations, other parties’ scenarios and recommendations, and geotargeting.

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

- Issued determination regarding the petition of Vermont Public Power Supply Authority Pursuant to 30 V.S.A. § 108(a) for Authority to Issue Long-Term Debt for the Refinancing of Prior Purchases of Membership Units in Vermont Transco for the Benefit of the VPPSA members and/or a non-member cooperative.
- Reviewing the Petition of Vermont Public Power Supply Authority Pursuant to 30 V.S.A. § 108(a) for Authority to Issue Long-Term Debt for the Purpose of Financing its 9.36% Ownership Share of Costs Related to the Highgate Converter Project.

Avoided Energy Supply Costs Study Group:

- Participated in a conference call, the following topics were discussed:
 - Comparison of Henry Hub Price Forecasts with: 1) AESC 2011 Reference Case, 2) AESC 2011 High Gas Price Case, 3) AEO 2011 Reference Case, and 4) NYMEX futures as of March 18, 2011
 - Proposed change to assumption about what fractions of the 790 MW reductions from EE resources are attributable to programs in 2010
 - Wholesale Electric Energy Price Projections
 - Avoided Natural Gas Costs
 - Fuel and Other Fuels Forecast
 - Energy DRIPE

Public Service Board Dockets:

- Docket No. 7627: CVPS Alternative Regulation Plan — First Quarter 2011 Power Cost Adjustment Mechanism (“PCAM”) Report. The review of purchase power costs is in progress. This PCAM results in an over collection of \$1,013,725 which will be refunded to customers on a bills rendered basis starting July 1, 2011, and ending September 30, 2011. This will appear as a credit of \$(0.00 185) per kWh on the customers bills.

Other Items:

- Worked with DPS staff on a MOU with VEC regarding VEC’s voluntary renewable energy pricing program before the PSB where VEC customer’s voluntary contributions will be deposited into the CEDF for use on projects in VEC territory.
- Met with the VT Treasurer and Deputy Treasurer and the Municipal Bond Bank about issuing a solicitation for Qualified Energy Conservation Bonds (QCEBS). The Treasurer’s office will take the lead on this and get back to the CEDF/DPS.
- Reviewed CEDF legislation that passed this session.

- Staff participated in GMP's Dynamic Rates Roadmap presentation as it relates to their AMI implementation plan.
- Staff met with and secured the services of an intern from Vermont Law School – Matthew Walker. Matthew will help the PERD with research related to the Comprehensive Energy Plan and Energy Efficiency related activities.
- Provided assistance to Stowe Electric in the correct application of their electric tariffs concerning a residential customer.
- Provided assistance to Louise Porter regarding the Burke Mountain Resort Group Net Metering Application - NM #1187.
- Began review of items concerning Renewable Portfolio Standard study mandated by Act 159 for the PSB workshop scheduled for June 2nd.
- Corresponded with several electric utilities concerning the format and filing of information required by PSB rule 5.200.
- Heat Force – Participated in Heat Force conference call. Major issues are concerns over level of Federal funding. Expectations are that funding levels will be considerable less than last year while higher forecasted fuel prices will put serious stress on the ability to provide essential benefits consistent with need. Reviewing historical benefit data and price forecast provided by Richard Moffi, Fuel Assistance Program Chief.

Engineering:

Vermont Yankee Operation- The dry cask project started last week, but they have not loaded any fuel into the casks yet. They have shuffled some fuel around in the pool, but none has been removed. Before moving spent fuel into casks, NRC is requiring VY to install seismic restraints for the casks while it is vertical in the reactor building. This requirement by NRC was instituted about a year ago, and is not a result of the Japan event. Installing the seismic restraints will take about 6 weeks and should be completed by June 15th. After the seismic restraints are installed, 3 casks will be loaded with spent fuel, which is one less than originally scheduled. The reason for loading one less cask is schedule-driven because the pool needs to be setup to receive new fuel for the upcoming refueling outage in late October. Because one less cask is loaded this year, VY is scheduled to load 5 next year rather than 4 as originally planned.

NRC issues inspection report on follow-up to the Japan event- On May 13, 2011 the NRC issued an inspection report for Vermont Yankee on its preparedness for events that may exceed the current design basis for the plant. The NRC conducted this inspection in response to the beyond design basis earthquake and tsunami on March 11 that caused the damage to the Fukushima reactors. The inspection was conducted from April 4, 2011 through April 22, 2011, and was performed for all (104) U.S. nuclear power stations. The inspection was a broad view of Vermont Yankee's capability to mitigate consequences from large fires and explosions, loss of all off-site power, external and internal flooding, and to assess whether the equipment needed to respond to fire and floods would not be disabled by a seismic event. Overall the NRC found Vermont Yankee is prepared to respond to a beyond-design-basis event, but there were several "minor" deficiencies noted that will be evaluated to determine if they are regulatory findings or violations.

VELCO Projects- VELCO is in the final stages of obtaining a section 248 permit for its Jay Tap substation, with technical hearings Friday May 20, 2011.

VELCO filed a Section 248 permit to add variable shunt reactors to New Haven, Coolidge, and Vernon substations. These devices will help stabilize the 345 kV system during periods of light loading. VELCO would like to get these devices in service as soon as possible.

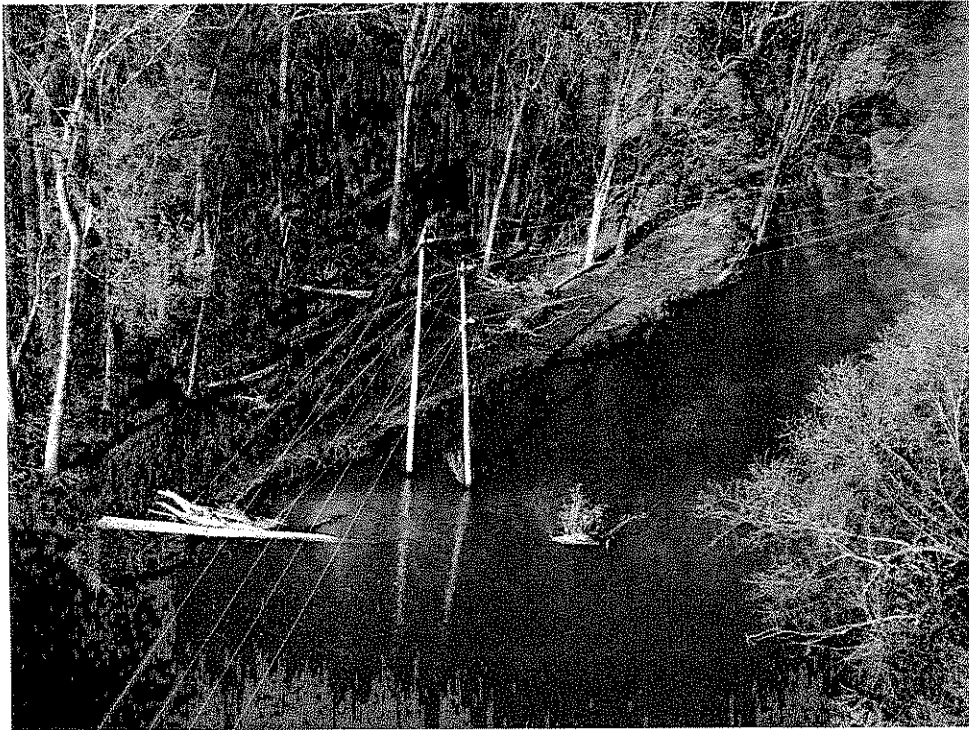
VELCO will rebuild the Highgate HVDC converter station to extend its life for an additional 30 years. Because this is the replacement of existing facilities with equivalent facilities, no 248 permit will be required, but a 248(j) will be filed to enlarge an on-site storage building.

VELCO also plans to rebuild its substations at Georgia, Ascutney, and Bennington in order to replace the existing bus work with ring buses. This configuration will increase the reliability of operation of these substations and their attached lines. To date, VELCO has filed a section 248 permit for the substation at Georgia.

Draft Energy Assurance Plan Submitted to DOE- The Department received a grant from DOE to produce an Energy Assurance Plan (EAP) for the State of Vermont. The purpose of an EAP is to provide a single location for the relevant tools, plans, protocols, and contacts to effectively manage any energy supply disruptions. The final EAP is due at DOE in August of 2012. The next step in this process is to participate in the DOE inter-state/regional Energy Assurance Exercise on June 16-17, 2011, in Boston.

April/May Flooding- Engineering is working with the electric utilities to provide the Department of Public Safety, Division of Fire Safety a list of public buildings (anything other than a single-family owner-occupied residence or a farm) that have had electric service intentionally disconnected due to flooding and need to be inspected prior to reconnecting electric service. Engineering also surveyed the electric utilities regarding reconnection procedures for residential buildings, and will share this information with CAPI.

On or about May 13, 2011, a small island in the Winooski River partially washed away that contained an angle structure on GMP's 34.5 kV 3307 subtransmission line (which was out of service at the time due to tree trimming). The structure is still standing but is not deemed to be sound because it could fail at any time if the soil at its base continues to erode (see picture, below, looking south). This structure has been isolated from the rest of the line to avoid cascading effects if the structure fails. GMP is planning to relocate this structure to the north bank of the river, but needs to negotiate new ROW with landowners and discuss impacts to shoreline and floodplain with ANR. No customers are out of service due to the 3307 line being out of the service, but reliability in the Burlington/Winooski area is reduced. If GMP can complete negotiations with landowners and ANR quickly, it will file a petition under the emergency procedures of 30 V.S.A. § 248(k) to relocate the structure. If negotiations take a long time, GMP will file a regular 248 for the work, and the planned removal of the 34.5 kV waterfront lines in Burlington will be delayed because they will need to remain in service until the structure is relocated.



Telecommunications:

Otelco Proposed Acquisition of Shoreham Telephone – Docket No. – A prehearing conference has been scheduled for 5/31/2011. While the possibility of a stipulation exists between Otelco and the Department, the Department has advised counsel for Otelco that the initial Petition is inadequate and that it must file additional testimony.

FairPoint Stock – When FairPoint emerged from bankruptcy in January, 2011, the stock of the reorganized company was listed on the NASDAQ. The initial price of the stock was \$25 per share and as of 5/19/2011 it is trading at around \$9 per share. Forty percent of the loss in value was sustained this week based upon FairPoint's announcement that it would miss its revenue projections for FY11. FairPoint further announced that it did not intend to provide a new revenue forecast.

Telecom Plan – ConnectVT provided amended language for its section of the Telecom Plan. Staff is amending the plan now to include this information.

Vermont Broadband Consortium – The broadbandvt.org website was launched last week by the Governor and Karen Marshall at a press conference. There were nearly 1500 hits on the website in the first 24 hours following the release. As of the date of this report, it appears that nearly 6,000 hits have been received on the site in the first week.

CAPi received nearly 600 emails in the first 24 hours. The majority of the emails fall into the category of those who are unserved or underserved. CAPi is responding and developing a new

letter to send to people who e-mail. The new letter will address client inquiries more effectively based on CAPI experience with actual client feedback. Telecom Division staff are assisting CAPI with these surge operations.

DPS staff have identified some nuances in the process by which consumer affairs specialists should field consumer inquiries regarding broadband availability. The broadbandvt.org website was designed to gather information through "crowd-sourcing", whereby consumers could report "unserved addresses". In order to maximize crowd-sourcing potential, the website allows users to post such addresses anonymously, without submitting names or reply email or phone numbers. While this approach may increase participation, it conflicts with other goals of the website project, namely follow-up correspondence with the submitting consumers.

Phase II of the broadbandvt.org discussions has begun. Phase II will incorporate the lessons learned from the roll out of the current site and consider what further modifications can be made to make the user experience more useful. Subjects include more granular data (if allowed by the non-disclosure agreement), forward looking overlays where completion dates are known, and modification of interactive map to reflect Postal address rather than E911 address. CAPI has been invited to be part of the Broadband Mapping Team to assist with development of Phase II from user experience. New data request to providers will begin in June.

ConnectVT has informed CAPI that it expects to receive reports from CAPI regarding inquiries for broadband availability generated by the website. Staff is concerned that these reporting expectations are not specific or formalized. In light of the fact that the inquiries from the site may or may not include identifying or contact information, CAPI reporting products may not meet ConnectVT expectations.

The broadbandvt.org website is generating considerable interest, but it only shows static as-built information. DPS Staff prepared a map that depicts information about future broadband deployment by VTEL, FairPoint and the VTA. Telecom staff provided access to these map resources to the CAPI consumer advocates, and explained how to interpret the maps to respond to consumer inquiries.

The Broadband Mapping Initiative calculated broadband availability by census block. The result is a map that indicates the percentage of E-911 points in each census block that have the ability to purchase broadband service (defined as 768/200) from at least one provider. This data includes availability information from DSL, cable, fiber, fixed wireless, and mobile wireless providers. Analysis of specific consumer complaints indicates that, in many instances, where consumers live in a census block that the map shows as having 100% availability. Analysis of the component maps has suggested that in many instances the census block is marked as 100% served as a result of mobile wireless broadband (generally provided by AT&T and Verizon Wireless). This has created a problem for CAPI consumer advocates, because whereas these services do meet the 768/200 threshold to qualify as "broadband" many consumers do not equate them with wire line services such as DSL and Cable, or even fixed wireless services sold by WISPs.

FCC Tracking – The FCC has issued a Notice of Proposed Rule Making seeking to reduce regulation on international calling agreements. Citing the increase in usage minutes and the decrease in calling rates, the FCC proposal would give companies greater flexibility to negotiate rates with international carriers which would result in lower international calling charges.

An NPRM was also issued seeking to make the 911 system more robust by requiring broadband service providers and Voice over Internet Protocol (VOIP) service providers to report outages lasting more than 30 minutes under certain criteria.

Finance and Management

Financings, Mergers, Acquisitions, Change of Control:

Fin and Econ participated in a teleconference call with Shoreham and Otelco officials to ask questions regarding the sale. Otelco plans to purchase all of the stock of Shoreham in a straight cash deal for \$4.5 million. In reviewing Otelco's financials they are highly leveraged, have little net income, and are in a financial position that is not totally dissimilar from that of FairPoint. Our review of their petition for a change of control has just begun. Their responses to our questions were encouraging. They wanted to draw a bright red line about the differences between themselves and FairPoint. Their points were valid—they are not the minnow who swallowed the fish, but just the opposite; they have a management team in place that knows how to operate a telco; they have information systems in place that work; they don't have to borrow money to make the acquisition, they plan to pay cash and they have been paying down debt with excess cash. They agreed to provide us a B&B report and their 5 year financial plan that will help us conclude our review. There are no glaring issues or impediments at this point—though they do need to address with testimony the 15 points the PSB normally requires as part of a sale or acquisition.

Certificate of Public Good (CPG) Petitions:

CRC Communications of Maine, Inc., a subsidiary of Otelco, has filed a petition to offer competitive local exchange, resold intra- and inter-LATA toll, and other ancillary services in the territory now served by FairPoint Communications —NNE. In addition, CRC will offer intra- and inter LATA toll and other ancillary services in the territory now served by Shoreham Telephone Company, Inc. We have met with the Telecom Division to review and discuss this CPG and the development of a department recommendation. There is some concern the petition is premature until the Otelco/Shoreham acquisition is completed. No further action on this item this week.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: May 20, 2011

Vermont Department of Health (VDH)

Vermont Department of Health FY 12 Community-based Prevention Grants. The following organizations have been selected through a competitive process to receive Community-based Prevention Grants for FY 12.

- Community Connections (Montpelier)
- Franklin County Caring Communities
- Lamoille Valley Fit and Healthy Council & Lamoille Prevention Campaign
- Ottauquechee Community Partnership (Woodstock)
- Windsor Area Community Partnership
- Brattleboro Area Prevention Coalition
- Burlington Partnership for a Healthy Community
- Connecting Youth in Chittenden South
- Deerfield Valley Community Partnership (Wilmington)
- Essex CHIPS
- Greater Falls Prevention Coalition (Bellow Falls)
- Health Connections of the Upper Valley
- HealthWorks ONE Coalition (Newport)
- Milton Community Youth Coalition
- The Collaborative (South Londonderry)
- TogetherWorks (St. Johnsbury)

These grants are the result of several VDH prevention programs (obesity prevention, substance abuse prevention, tobacco program and public health infrastructure grant) collaborating to offer one combined funding opportunity to streamline and better coordinate prevention work at the state as well as in communities. The grants will support capacity building, implementation of evidence-based substance abuse and/or obesity prevention strategies, and implementation of a

Healthy Retailer strategy, part of the Public Health Infrastructure grant and a prevention strategy that addresses alcohol, tobacco, and healthy eating.

VDH will submit application for Community Transformation Grant. The CDC has released a funding opportunity announcement for Community Transformation Grants which are funded by the ACA Public Prevention Health Fund. This opportunity specifically addresses five “Strategic Directions:” tobacco-free living, active living and healthy eating, high impact evidence-based clinical and other preventive services, social and emotional wellness, and healthy and safe physical environment. There are two tracks available – a capacity building grant or an implementation grant. VDH plans to submit an implementation grant and will reach out to partners to develop the submission.

Eastern Border Health Initiative. On May 17th and 18th, Burlington is hosted the Eastern Border Health Initiative (EBHI). Established in 2005, the EBHI includes infectious disease and emergency response public health professionals from Quebec, New Brunswick, Nova Scotia, Maine, New Hampshire, New York, and Vermont. The primary goal of this group is to improve disease surveillance and the ability to respond to infectious disease emergencies with cross-border implications.

Press Issues/Releases/Contacts

Radiological Health Monitoring. Shay Totten, Seven Days, is gathering information from the other New England states about their radiological health monitoring programs to compare them to Vermont. Totten said, “It does appear Vermont does more monitoring than its counterparts.” Bill Irwin, radiological health chief, confirmed Vermont does do more monitoring and said, “In my reading of the historical documents, it is clear that the Health Department was progressive from the earliest stages of plant operations. The Health Department has obtained water, air and milk samples and direct gamma radiation measurements since before the plant had any issues, and there were also special investigations periodically over the plant's operating life. These typically were the result of abnormal findings from the routine environmental surveillance. Irwin concluded: “We believe this has served Vermonters well, and I hope to ensure it continues to whether the plant operates beyond March 2012 or shuts down permanently.”

Prescription Confidentiality Law. Kate Rawson, from the RPM Report in Washington, is working on a story about the Vermont's Prescription Confidentiality Law. A 2007 Vermont state statute prohibits drug companies from using certain data to market drugs to doctors. Rawson said she has heard anecdotally that 20% of Vermont physicians have opted out of the ban, and wanted to confirm that number. The call was referred to Bridgett Asay at the Office of the Attorney General.

Department of Mental Health (DMH)

Governor's Priorities

Vermont State Hospital Replacement – Central Vermont Medical Center (CVMC) reported that it expects to hear from the owner of the property adjacent to the CVMC campus within the next few weeks. This is the property that would be the ideal site to construct a new state hospital.

Vermont State Hospital Leadership – Commissioner Oliver is working with Paul Gorman of Dartmouth on a plan for interim leadership of VSH. Among other qualifications, Paul is the former Director of the New Hampshire Department of Mental Health and the former Executive Director of the New Hampshire State Hospital. However, because the current executive director's last day is May 28th, Deputy Commissioner Rebecca Heintz will be the acting executive director to maintain continuity while DMH finalizes alternative plans.

Media Contact

Terry Rowe, Executive Director of VSH, was interviewed by Anne Galloway of VT Digger and Anne Donahue of Counterpoint. In addition, Terry will be on the Mark Johnson show Monday morning. Terry has explained the difficulties of operating a 24/7 facility and her need to move to a less stressful position. She has also stated her support of the direction of the new Administration to build a new state hospital.

Commissioner Oliver was also interviewed by Anne Donahue about a variety of issues related to the mental health system and her plans as the new commissioner

Evolving Issues

Senator Ayer continues to inquire as to Commissioner Oliver's plans to move forward with the involuntary medication issue. Senator Ayer and Representative Pugh are eager to help move this issue forward so that there can be hearings in the fall to lay the groundwork for the next legislative session. We need you to weigh in at some point after we present to you our analysis of the problem and some proposed solutions.

The contracting process has begun with the Designated Agencies. They remain resistant to individual contract negotiations and would prefer to continue the process of going through the Council. We remain convinced that separate negotiations will lead to better results as all of the Designated Agencies are in different places on different issues.

Department of Disabilities, Aging and Independent Living (DAIL)

Status of Governor's Priorities

Jobs. LEAP (Learn, Earn and Prosper) is a four week summer residential program coordinated by the Vermont Youth Conservation Corps (VYCC) designed to provide youth who are blind or visually impaired with opportunities to develop independent living and employment skills. Crew members develop employment skills while working four days each week in vocational training programs at ReSource in Burlington. A new video describing LEAP has just been posted and is worth sharing.

<http://www.dbvi.vermont.gov/whats-new/leap-summer-program-video> (Four feel good minutes)

Legislative Issues/Contacts

Commissioner Wehry contacted Susan Bartlett requesting an update on your intentions with respect to the Healthy Aging Commission. The group's commission expired in March and has not yet been renewed. If you decide not to renew the Commission, Susan Wehry advised Susan Bartlett that she would work with the group to find alternative ways to carry on some of its work (for example, if there are no statutory barriers, she would create a healthy aging subcommittee of the DAIL Advisory Board. Another idea might be to work with the Advisory Council at the Center on Aging to have them assume a larger leadership role and/or to expand partnership with AARP). Susan Wehry believes it is fair to say that at the time the Commission was created, there were no other groups focusing on many of the issues it addressed. That is less true now.

Significant Events

Better Jobs = Better Care. Commissioner Wehry and Director of Licensing and Protection, Fran Keeler were on hand at the Vermont Health Care Association's Annual Quality Award program at the Queeche Club on May 17th to present awards to Vermont nursing facilities and residential care homes. The Gold Star Employer program honors those facilities which have achieved success in providing quality work environments and is a joint venture of the Department of Disabilities, Aging and Independent Living and the Vermont Health Care Association. This year, we designated 17 Vermont nursing facilities and residential care homes as "Gold Star Employers". Long-term care facilities must demonstrate one of seven best practice approaches in order to receive Gold Star Employer designation. The seven best practice areas include: staff recruitment; orientation and training; staffing levels and work hours; professional development and advancement; supervision training and practices; team approaches; and staff recognition and support.

Quality awards were presented to five area nursing homes. Each year, DAIL presents Quality Awards to up to five nursing homes based on the quality of services provided to their residents. The award must be used to benefit Medicaid residents, which make up almost 70% of those served in our nursing facilities. To be eligible for the award, a facility must achieve the following: excellent health and safety survey results; have zero substantiated complaints related to quality of care, quality of life or resident's rights in the last 12 months; be a designated Gold Star Employer; and achieve resident satisfaction survey results above the statewide average. This year's recipients were Belaire Quality Center (Newport); Derby Green (Derby); Franklin County Rehab. Ctr. (St. Albans); Mayo Healthcare (Northfield) and Mountain View Center (Rutland).

Evolving/continuing issues

William Bennett's mother has been asked to sign a statement affirming her understanding of the expectations placed upon her as an authorized supervisor under Act 248. We have addressed some of her treatment concerns and incorporated much of the language she requested but do not agree that her son should not be under Act 248. It would not be surprising if she again took her campaign to the press.

Department of Corrections (DOC)

Status of Governor's Priorities

Planning continues on the move between Northwest State CF and Chittenden Regional CF. Elizabeth Ready and Susan Bartlett met with interested community members on May 13th. The purpose of these meetings is to build support for alternative housing and community employment for women who are currently incarcerated.

Other

Keith Tallon. Keith Tallon, our current Probation and Parole Director for the DOC has requested to step into the position of Rutland Probation and Parole Manager, which is vacant following the death of manager Mike O'Malley. Keith lives only 30 miles from Rutland and this move would save him hours and miles of commuting each week.

~~There is a position currently under Keith which is also vacant, following the promotion of Al Cormier (the former occupant of the position) to Superintendent of the Northeast Correctional Complex. This gives us an opportunity to make a few changes to the way that Probation and Parole services are currently managed in the DOC.~~

Director of Medical and Mental Health Services: The DOC is currently interviewing Scott Strenio to see if he would consider taking the job of Director for Medical and Mental Health Services. Trudee Ettlinger has been serving as interim since the departure of Dr. Burroughs-Biron.

Sexual Offender Supervision and Re-Entry Services Coordinator. Heather Allin has accepted the newly created position of Sexual Offender Supervision and Re-Entry Services Coordinator at the Vermont Center for Prevention & Treatment of Sexual Abuse. She will be working closely with Community Justice Centers in developing COSA groups to work with sex offenders transitioning back to the community. This position will enhance our efforts in continuing to address the areas of concern in the previous audit.

Population. The department's incarcerated population has stabilized in the low 2100's this week. The department has reduced its incarcerated population by 26 inmates this week with the use of the Conditional Reentry program. The Department is currently supervising 10 inmates on Home Confinement status, reducing the incarcerated population by that number. Nobody is currently being supervised under the Home Detention status.

Furloughee Gagner, James. On May 14th, James Gagner was arrested on an escape warrant from furlough. New charges are forthcoming for Aggravated Domestic Assault; Unlawful Restraint; Careless & Negligent Driving; Operating Vehicle w/o Consent; Attempting to Elude; Driving License Suspended; Driving under Influence. Gagner is being held on \$100,000 bail. Gagner is well known to the DOC. He has a long list of offenses dating back to 1996. Mr. Gagner has Mental Health Issues.

Mary O'Neil. Mary O'Neil, age 38, on probation since 11/8/10 for DUI and C&N was in court Thursday on new charges DUI and Child Endangerment. A violation of probation has been filed. The offender was held without bail at this time. Her defense attorney requested that she be released to residential treatment. Judge Katz will review the bail if a placement is found. The current charge is similar to first DUI. The original offense received significant media coverage. At the time of the first offense she was driving with six children in the car. The current charge stems from a complaint that she smelled of intoxicants when she dropped her children off at school. When police visited her she had in fact been drinking, she did have a valid operator's license. Ms. O'Neill's original sentence was probation for a 3 year term and 15 days to be served. Next Court date is 6/15/11.

Department for Children and Families (DCF)

Evolving Issues

S.101 - Office of Child Support (OCS). With the passage of S.101, An Act Relating to Child Support Enforcement, the state has an opportunity to address some longstanding issues involving the non-payment of child support. Although the Office of Child Support collects about \$54,000,000 in child support each year, more than 30% of the amount ordered by the courts for minor children goes unpaid each month. Last January OCS submitted a report to the legislature, Strategies to Improve Child Support Compliance and Reduce Employer Administrative Burdens, outlining reasons for non-payment and recommending strategies for improving collections from parents who are either unable or unwilling to support their children.

In response to that report, a recent court decision, and testimony from a number of parents, the legislature directed a working group composed of the director of the office of child support, the administrative judge, the commissioner of the department of corrections, the executive director of the department of state's attorneys sheriffs, the defender general, and a representative of the family law division of the Vermont bar association, to make recommendations back to the legislature by November 1st to address this and other child support related issues.

Although not specified in the legislation, we anticipate that OCS will take the lead in organizing the workgroup and providing logistical support. As outlined in the January report, our inclination would be to encourage adoption of strategies that have worked in other states such as alternatives to incarceration and use administrative remedies in lieu of court actions. If the workgroup's recommendations are adopted in the upcoming session, we would consider the effort worthwhile if the changes increase payment of current child support to 75% or 80%.

Building Bright Futures Grants. The Child Development Division administers Building Bright Futures Direct Services grants to 14 community agencies in AHS regions across Vermont. Most of the \$869,000 in annual funding was originally awarded as Success by Six funding to help create systems of early childhood services in local communities. Under current grant requirements, the community agencies, which are considered fiscal agents for these community grants, are conveners of the Regional Building Bright Futures (BBF) Councils. They apply annually and present a plan linked to advancing the Regional BBF Council strategic plan to advance identified AHS outcomes for young children and families in the region.

Nine of the current grantees are Parent Child Centers and use some or most of the funds to support Parent Child Center activities since many of these can be tracked to advancing AHS outcomes for children and families and fit into the Regional BBF Council Regional plans. Some of the grantees are truly guided and advised by Regional BBF Councils – others have weaker connections to community partners and work outside of PCC/grantee values and work. Though there is an expressed value placed on working strategically in regions with these funds, they have been loosely monitored and CDD has not mandated specific performance outcomes. Activities tend to reflect historic use of the funds more than current strategic state-wide/regional planning.

As part of strategic planning to advance outcomes for young children in AHS, re-purposing of these funds to target specific evidence-based strategies and targeted outcomes is being considered by me, Commissioner Yacovone and staff in DCF who oversee these funds. Applications for SFY12 funds have not gone out to grantees on the accustomed timeline and grantees are being informed this week that there may be changes in what is expected and possible re-allocations. Funds may not flow out to current grantees in regions in July as has been the usual practice. This may cause some concerns and calls from current grantees to the administration or local legislators. The Commissioner and I anticipate a decision about use of these funds in SFY12 very soon and will keep regions and current grantees informed over the next several weeks. A list of grantees and funding for SFY11 is below.

Building Bright Futures Direct Services Grants : Grantees and Awards	
Parent Child Centers	FY 2011 Grant Award
1. Addison County Parent Child Center	\$35,154
2. Family Center of Washington County	\$157,958
3. The Family Place	\$76,987
4. Lamoille Family Center	\$23,034
5. NECKA PCC North	\$25,352
6. Orange County PCC	\$108,034
7. Springfield Area Parent Child Center	\$113,498
8. VNA Burlington	\$63,240
9. Northeast Counseling & Support Services	\$20,765
Non Parent Child Centers	
10. Franklin Northwest Supervisory Union	\$125,570
11. Southwest Vermont Supervisory Union	\$66,229
12. Umbrella	\$33,856
13. Windham Child Care Association	\$12,114
14. Vermont Achievement Center	\$8,042
	\$869,833

Payment of Child Care Providers. Last year, DCF changed the way it paid child care providers in the Child Care Financial Assistance Program (CC FAP). There was a long history of paying certain child care providers a supplemental grant payment above and beyond what they would

receive in child care subsidy payments to help assure there was access to affordable child care throughout the state. In some instances, DCF was paying for child care "slots" that were not being fully used. DCF discontinued this practice and used most of the saved dollars as well as new allocations in the SFY10 budget, to increase child care subsidy payments for all child care providers.

Some of the available funds were converted to "Strengthening Families" grants that were allocated through an application process. These grants were designated to help child care providers implement or maintain high quality services to infants, toddlers and preschoolers, to minimize co-payment obligations for families participating in the CC FAP, and to help child care providers serving subsidized families successfully transition through changes being implemented in the CC FAP to ensure continuity of care for subsidized families through those changes. The intent to re-compete this funding opportunity at the end of the first funding period and open it to all licensed child care programs meeting specified criteria and provide comprehensive high quality services to children in families participating in the CC FAP was clearly stated in the original grant offering.

The first round of grant funding for 18 months will end June 30th. Some of the child care providers who were awarded grants in the first round want to continue their grants. DCF has communicated to the providers that their funding will end June 30th, but that they can apply for funding through a competitive RFP process that will be held this summer with funds available to successful applicants by fall 2011. Despite the understanding that there would be on-going competition for these funds in successive rounds, some grantees want a guarantee of continued funding and some say they may not be able to continue to provide CC services without this funding.

DCF is revising the Strengthening Families grant program to possibly draw down federal funds through the Medicaid Global Commitment mechanism, and in doing so, help children in child care in a more comprehensive way than in the past. If any of the current grantees decide they will be unable to continue to operate without a guaranteed supplement to subsidy payments, DCF will help to support a transition for these providers and the children in their care. Our bottom line commitment will be to assure that available affordable high quality early childhood education and care in each region of Vermont is not diminished but rather enhanced by this competitive funding opportunity.

Department of Vermont Health Access (DVHA)

Press Contacts

A reporter from the Common Newspaper called DVHA asking about the Dental Dozen Program; Stephanie Beck, Policy Director, directed him to the write-up included in the Global Commitment Quarterly report as posted on DVHA's website; he seemed good with that.

Peter Hirschfeld spoke with Susan Besio on Tuesday regarding her departure. He ran the story in the Times Argus on Thursday.

Withholding Payment to Medicaid Provider. In accordance with federal regulation 42 C.F.R. 455.23, and Vermont Medicaid Rule 7106.7, the Department of Vermont Health Access has imposed a full payment withhold on provider, Peter B. Gray, DMD, effective with remittance advice dated 5/13/11. This withhold is implemented as a result of credible allegations of fraud stemming from a criminal case the Attorney General's Medicaid Fraud unit has against Dr. Gray.

Dr. Gray is a dentist who serves an average of 620 Medicaid beneficiaries per year from his office in Rutland. Most of the beneficiaries seen in Dr. Gray's office are referred by other providers for a one-time service. As a result, it is not anticipated that beneficiaries will need to find a new provider. Should the need arise, the Dental Society is aware of this action and is ready to step in and help with any relocation of care.

Dr. Gray has indicated that it is his intention to continue seeing VT Medicaid beneficiaries.

YMCA's Healthy Living Award. Craig Jones, MD, was selected to receive the YMCA's 2011 Healthy Living Award!

The YMCA is a cause-driven organization and they are passionate about improving the community's health and well being – by providing the resources and guidance to help maintain physical fitness, address individual health issues such as childhood obesity and diabetes, and achieve true balance among body, mind and spirit. By devoting their full strength and concentrated attention to their cause, they – in partnership with leaders in the community – are determined to reduce the negative personal and economic impacts of poor health, and create hope for a long, productive, quality life for all.

For Dr. Jones' visionary leadership of Vermont Blueprint for Health, and his tireless focus on addressing and preventing chronic disease in Vermont, they want to recognize Dr. Jones publicly on June 1st at the 145th Annual Meeting.



State of Vermont...

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

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

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

www.bishca.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING Report to the Governor for Week Ending May 20, 2011

Governor's Priorities

The Commissioner and General Counsel are co-leaders of an H.202 implementation team with responsibility for benefit plan design and for the restructuring of the insurance market, as well as a number of report-backs to the Legislature.

BISHCA is working intensively with Craig Jones at the Blueprint for Health, CMS, and Onpoint to enable integration of Medicare claims data for Vermont residents into the VHCURES data warehouse. CMS has proposed providing monthly claims data feeds to the State of Vermont under the CMS Innovations medical home grant awarded to the Blueprint.

BISHCA is consulting on a collaborative effort with AHS to develop a Master Provider Directory for the VT Health Information Exchange that will link individual providers with group practices and multiple practice locations. A BISHCA contractor who is developing the master provider index (MPI) for the multi-payer claims warehouse is consulting with AHS and the Provider Directory consultant Folio.

Evolving Issues

The hospitals' reports that will YTD financial status through March 31 will be received by May 27th. The included net revenue information will be used by DVHA to assess the hospitals' their provider tax assessment for next year.

Outreach

To help assess our external messaging on health care reform, Information Officer attended a presentation by Robin Lunge at the Rockefeller Police Institute in Albany, NY. New York government officials and advocates compared Vermont's progress with events in Connecticut and Massachusetts.

Legislative

General Information



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: May 20, 2011
SUBJECT: Confidential Report to the Governor

CONNECT VT

Status of Governor's Priorities:

FairPoint has begun to rollout and light up service in their "vantage network 51 exchange" project. This week higher speeds are now available in telephone exchanges in: Bakersfield, Enosburg Falls, Derby, Duxbury, Fairfax, Ferrisburgh, Goshen, Hancock, Jamaica and Windham, Morgan, Newbury, Swanton, Waterbury, Westford, Underhill, Windsor. In each area, the roll out takes place by road. We will be receiving their weekly updates through the end of June. This is progress.

Legislative issues/ contacts

Karen Marshall prepared and sent a session update to legislative leadership, to be forwarded to legislators. This is with the goal that this information will be included in home town communications. The update included: summary of first quarter activities and the fast facts about broadbandvt.org.

Press/Media Notes:

Coverage of broadbandvt.org was favorable. The initial reporting of unserved addresses was > 600 early in the week, with red balloons beginning to populate the map on the site. Delving into these, it is evident that a majority are more complaints about speed, cost, and reliability of current service. The good news, we have given the public a channel to voice their concerns, and we have a response mechanism in place within DPS/ CAPI. We need to have the recognition that not every communication will be truly "unserved". We are working on a more directive language on the site that separates out "unhappy" from "unserved".

Significant Events/Meetings:

Karen Marshall was the UVM Sandia conference, speaker. She presented the telco/du marriage and how this contributes to our overall telecommunications strategy. One note, as we look forward the greatest synergy may be in adoption strategies: how we help citizens and businesses adopt different behaviors as a result of having more knowledge delivered through communications networks- their advanced electricity meter or the internet.

Karen in Washington Thursday and Friday and meeting with NTIA, RUS and FCC. Discussions will include:

- Vermont objectives for 2013
- ARRA Project status and areas where we need assistance (notably, the completion of the Programmatic Agreement for the Vtel project by RUS)
- Spectrum: merger of ATT and T Mobile and how it may impact service build out in rural areas
- FCC and agency's view of how our combined deep roots/ wireless canopy may serve rural broadband needs

DEPARTMENT OF BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

- The Governor's priorities are intact in Capital Bill.
- Sam Sammis' most recent correspondence regarding visitors center at I 89 Exit 4 answered: this administration neither proposed the visitors center nor promised infrastructure funding.

Legislative Issues/Contacts:

- Contract administration was contacted by Rep. Lewis regarding solid waste removal bid process.
- Rep. Nuovo inquired about probation and parole (PP) fee for space charge at Middlebury Court House noting that PP had not budgeted for the charge. Judiciary had allowed rent free space.
- Rep. Jewett called with heads up regarding PP and the fact that some employees feel crowded at the new Middlebury office building.
- Rep. Marcotte stopped in to discuss the possibility of transfer of the Hebard SOB auxiliary parking lot to Newport City and the allocation of parking at Hebard SOB.
- In contact with Rep. Emmons and Sen. Hartwell to schedule regular check-in (monthly) phone calls during the off session.

Press/Media Notes:

- Ed von Turkovich did interview with WPTZ on visitors centers and private public partnerships.
- Thatcher Moats is doing story on new health lab; focus on establishment of VCET building sale price, why did deal close and why is building being demolished. Thatcher interviewed CBGS, Mike Kuhn and talked with Jeff Lively regarding his records request.

Significant Events/Meetings:

- The City of Montpelier and the State met to discuss draft of the MOU required by H.446, the Capital Bill, as a condition of funding. The MOU talks are cooperative and cordial at this time.
- AHS space meeting with Patrick Flood revealed Waterbury construction relocation progressing on schedule.

Evolving Issues:

- Use of the "State House lawn".
- INS and 20 Houghton ST State Office Building

DEPARTMENT OF FINANCE AND MANAGEMENT

Issues Update:

The Oracle/PeopleSoft HCM/VISION upgrade project has begun in earnest. This week, Cherry Road Technologies, Inc., the State's implementation partner for the project conducted interviews with department leaders to: assess leaders' existing expectations; obtain leaders' definition of project success; and discuss leaders' view of existing obstacles and potential pitfalls. Cherry Road's Paul Yeager, the project change management & organizational readiness leader conducted the interviews one of which was with Deputy Zeller.

The planning for the Annual 2011 NASACT (National Association of State Auditors, Comptrollers and Treasurers) Conference continues. Vermont is hosting this year's event in August. Treasurer Beth Pearce, Auditor Tom Salmon, and Commissioner Jim Reardon participate in the planning with national representatives of NASACT. This week Deputy Zeller will be representing Commissioner Reardon on the conference call.

Legislative Contacts:

The bill review process continued and at an accelerated pace this week, as more bills are presented to the Governor's Office. To date, we have worked with the Governor's office staff to review bills with "major financial impact" including H.436 - Misc. Tax Bill and H.446 - Capital Bill. The remaining bills with financial impact that finance staff will be reviewing include H.441 - FY12 Big Bill, H.202 - Health Care Reform; H.287 - Jobs Bill, and H.443 - Transportation Bill.

DEPARTMENT OF HUMAN RESOURCES

Status of Governor's Priorities:

Strategic Planning/Retreat: Commissioner Duffy has been working with the Department of Human Resources staff to prepare for the Governor's statewide strategic planning initiative, which will be launched at the Governor's retreat on June 8th. In preparation for the retreat, facilitator Rose Gowdey will meet with the Governor on June 3rd to discuss his vision, mission and goals for the next three to five years. Secretary Spaulding will attend this meeting as well. Commissioner Duffy, Ms. Gowdey and DII project manager Christine Hetzel will also meet with Secretary Spaulding on May 26th to provide him with greater detail on the plan for the retreat and the expectations for the meeting with the Governor.

Re-design of State Employee Health Care Plan: Commissioner Duffy and other DHR staff members attended a final meeting with the VSEA and the VTA to find labor savings by re-designing the state health care plan. VSEA members were unwilling to agree to the type of changes that would result in significant savings in FY12. In a meeting with Commissioner Duffy afterwards, Jes Kraus essentially acknowledged that he was unable to forge a consensus on the plan and was reluctant to propose a plan for ratification, even though many of the changes requested were reasonable. After discussing the matter with Secretary Spaulding and Deputy Secretary Clasen, DHR will proceed to implement one change that does not require VSEA's agreement. DHR will also seek concessions on the health care plan this fall during the collective bargaining process, when DHR will have leverage to obtain concessions.

Legislative Issues/Contacts:

Bill Review: At the request of the Governor's Counsel, DHR prepared a Bill Review on H. 446, the Capital Bill. DHR noted that the Bill appropriates funds for the upgrade of DHR's Human Capital Management System, which meets a critical need.

Significant Events/Meetings:

Extended Cabinet: Commissioner Duffy attended a meeting of the Extended Cabinet. At the meeting, she advised the Extended Cabinet about the Governor's statewide strategic planning initiative, including the purpose and benefits of strategic planning.

ERP Project: Commissioner Duffy, along with Deputy Secretary Clasen, Commissioner Reardon and DII representative Darwin Thompson met with representatives of CherryRoad and Westlake, the state's contractors on the project to upgrade the state's Human Capital Management system. The parties discussed the project generally and the Commissioner's reiterated their intent to have the business needs of the state dictate the decisions made on the project rather than having the technology drive the business processes. Commissioner Duffy also participated in an interview with the CherryRoad's change management leader to assist in identifying project goals and risks.

Evolving Issues:

VABIR Contracts: The VSEA has filed grievances with the Department of Disabilities, Aging and Independent Living and the Department for Children and Families objecting to contracts the departments entered into with the Vermont Association of Business, Industry and Rehabilitation (VABIR). VSEA contends that these contracts are privatization contracts that are prohibited under statute unless the state engages in a rigorous accounting process to demonstrate a savings of at least 10%. Based upon an initial review of the information provided by the departments, the contracts do not appear to be privatization contracts, but Commissioner Duffy and General Counsel Collier will meet with leadership from the departments to learn more about the VABIR contracts. DHR will also provide assistance to the departments in responding to these grievances and related requests for documents.

Public Records Request by VSEA: DHR has received a public records request from the Corrections Bargaining Unit of the VSEA asking for information and documents regarding the recruitment and retention of correctional officers. DHR anticipates that the Corrections Bargaining Unit will use this information to argue that they should have a new pay plan to improve recruitment and retention, as the state agreed to do with the Vermont Troopers' Association.

Investigation of Claim Asserted by Governor's Appointee: Shirley Boyd-Hill recently resigned her appointment by the Governor to the Children and Families Council for Prevention Programs, alleging that an employee of the Department of Children and Families made a racially insensitive remark. DHR will investigate this allegation and will make any necessary recommendations to DCF. Susan Spaulding has advised Ms. Boyd-Hill that the matter will be investigated.

DEPARTMENT OF INFORMATION AND INNOVATION

Significant Events/Meetings:

National Association of State's Technology Directors (NASTD) Seminar: Ruthann Sullivan attended NASTD seminars along with CIO's from Arkansas, Missouri and Delaware. Technology directors, managers and administrators were in attendance so it was a nice cross section of strategist and implementers. It was a great opportunity to network on some of the Information Technology projects and strategy employed outside of New England. Some of the specific discussions were around the pluses and minuses when States migrate email to the Microsoft cloud, the importance of Security Assessment and framework as States look to remain compliant and risk averse while compiling with federal Healthcare Information Technology (HIT) and other large scale initiatives, and wireless and mobile computing considerations. Sullivan had the opportunity to present the pilot project currently underway in the House Government Operation committee being implemented by IT Manager Duncan Goss with Leg IT. The presentation generated great feedback from the audience and garnered questions about the status of State policies around mobile computing devices.

Kris Rowley, Director Information Technology Security is developing ideas for a yearlong security awareness program that will launch in October of this year. October is Cyber Security Awareness Month. In the past the program has had the support of the Governor and advocated by the Commissioners of all agencies. In the past local elementary schools have been involved in creating posters to be judged and awarded by the Governor during a proclamation of the month. Kris will be reaching out as the teams ideas flush out for additional guidance/ideas from the new administration.

DEPARTMENT OF LIBRARIES

Significant Events/Meetings:

National Library Legislation Day: Washington D.C.: Marty Reid visited the offices of our Congressional delegations and met with Senator Sanders and congressional aides to review national legislation of interest to libraries. A major concern is the need to include funding for school libraries in the Elementary and Secondary Education Act. I will be contacting Commissioner Vilaseca to ask for his support in this effort.

Chief Officers of State Library Agencies (COSLA) Meeting in Washington D.C.: Highlights: The morning session focused on the work on Libraries e-Book Task Force which is working with other organizations and vendors on e-book products, standards, and markets. Libraries feel a sense of urgency about creating lending models for e-books so that they don't create a "digital divide" for citizens who need access to digital content. In Vermont there is demand from libraries for subscriptions to e-book content. The Green Mountain Library Consortium (VT member organization) offers this service from Overdrive, and our department will look into the cost of providing a similar service to libraries from another vendor.

The Bill & Gates Foundation has given a grant to COSLA to convene a BTOP Community of Practice for those state agencies that are working on federal broadband (BTOP) grant projects. The first meeting will be in June in New Orleans. Sheila Kearns and Marty Reid will attend from our department. (Expenses paid by the Gates Foundation.) Libraries is a partner on two BTOP projects and they look forward to sharing their successes as well as learning some best practices for some areas of concern.

Dynamic Landscapes Conference (VitaLearn and the VT School Library Association): Marty Reid attended Thursday's (5/19) sessions at Champlain College.

Evolving Issues:

Vermont FiberConnect: Marty Reid met with Chris Campbell (VTA), Karen Marshal, Ruthann Sullivan (DII) and Peter Jaquith (DII) on May 13th to discuss the creation of a wide area network (WAN) for public library internet service. They made some progress on determining costs and on system design, but funding remains a question.

E-Vermont Community Broadband Project: This week Marty Reid began deliveries of new computers and related equipment to public libraries in Year One e-Vermont towns. They rented a large van in order to accommodate all the boxes and she made visits to libraries in Pownal, Poultney, West Rutland and Arlington earlier this week. She had a great reception from library staff, trustees, town officials and local residents and had photographers/press at most locations. Reid participated in a morning talk show on a Poultney radio station on Tuesday morning and will visit Island Pond, Newport and Canaan.

Catamount Library Network Inc.: Marty Reid has been meeting since last fall with directors of 5 public libraries (Brattleboro, Ludlow, Rutland, Springfield and Waterbury) on a pilot project that would result in the development of an open-source shared catalog and integrated library system. The department has a strong interest in leading this project as the first step for creating a state-wide library catalog and state library card. At their May meeting they agreed on the name (see above) and are proceeding with plans to form a non-profit organization. They will use a combination of state and federal funds to get this work started and begin the work to choose a vendor and begin customization of the product for these 5 libraries. They expect this to be operational in these 5 libraries by 2013, with funding coming from each library. Future development will require long-range planning for funding and implementation.

DEPARTMENT OF TAXES

Status of Governor's Priorities:

Misc Tax: The Department has been further analyzing the bill, and developing plans for implementation.

Current Use: Initial research, including discussion with DEC, is showing that the two year parking provision will be difficult to interpret and apply for a number of reasons, including that the triggering permits are difficult to track in the various municipalities and the effective date may be ambiguous. At least some interpretations would lead to unintended consequences. The Department will continue its research, including discussions with stakeholders and legislators. The Commissioner is exploring a meeting to hear the concerns particularly of the Farm Bureau. Ultimately, the Department will be working to develop a feasible process for enforcement, if any; work which likely will take us into the next legislative session.

The Department is also working on a detailed plan to implement the modernization project for this program mandated by the legislature, with funds directed from elimination of the preferential treatment in application of the property transfer tax to current use properties.

Property Valuation for Renewable Energy Plants: The Department has identified the parties that need to be pulled together for this study, and the broad outlines of the possible methodologies to propose for

valuation for the various types of plants. The Department will be seeking guidance on whether the valuation should reflect some level of tax incentive to encourage renewable energy plants.

Amazon Bill: The Department has spoken to the two other states that already have enacted the provision requiring notification to customers of the use tax. The Department will follow their fairly successful lead in gaining vendor cooperation with a mass mailing to large retailers. The Department also informed the Attorney General's office of the requirement to monitor the progress of nexus legislation in other states.

Outreach and Education: The Commissioner has convened an enthusiastic cross-division working group to address improvements and initiatives related to taxpayer outreach and education. Numerous opportunities and challenges have been identified, and there has been vigorous brainstorming on topics including best practices and initiatives that have stalled in the past. The group will be meeting weekly.

General Tax Policy: The Chair of Ways & Means penned a letter to the editor that included her "disappointment and frustration" that the Blue Ribbon recommendations were not acted on because of "last hour" constitutional issues raised by the Tax Department. Constitutional issues are at least a couple centuries old, but in any event, it points to the advisability of a proactive approach advancing the Administration's positions on reform. In conjunction with health care considerations, the Department's policy staff will be developing income tax reform and property tax reform proposals, including possible changes to income sensitivity. The Commissioner has a meeting with Bob Rusten next week to discuss ed funding.

On a related note, Bob Kinzel called looking for comment on a WSJ story that high income filers accounted for the precipitous drop in state tax revenue the last few years, and suggesting that those filers are now driving revenue recovery (as opposed to general economic conditions). My only comment after consultation with Susan Mesner was that we do not do that level of data analysis until the fall. It is part of a rather interesting debate over whether states are over-relying on volatile high income filers, and if so, whether that is a result of a disproportionate concentration of wealth or changes in tax codes.

Operations: In addition to outreach and education, the Commissioner convened meetings this week to evaluate and prioritize various technology initiatives. As previously noted, one priority is an online business registration portal. Others include expanding online W-2 filing, providing delinquent filers with ACH payment options, upgrading personal income e-filing and initiating corporate income e-filing. These projects need to be completed as the Department also embarks upon the Data Warehouse project and optimization of the ETM platform. The Department will be meeting with DII, VIC and other Departments to move these projects, as well as developing proposals for additional resources drawing upon its appropriated computer modernization fund.

Richards, Alyson

From: Gaidys, Maureen
Sent: Friday, May 20, 2011 1:52 PM
To: Richards, Alyson
Cc: 'sbe@list.education.state.vt.us'
Subject: Commissioner Vilaseca's Weekly Report
Attachments: Easton_USDOE_response to ltr to Duncan_05_11_11.pdf; Sanders_Letter to Sec Duncan_SLDS VT_05_02_11.pdf

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

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

To: Governor Peter Shumlin
Cc: State Board of Education
From: Armando Vilaseca, Commissioner
Re: Commissioner's Weekly Report
Date: May 20, 2011

SLDS (Statewide Longitudinal Data Systems): Attached is a letter from Secretary Duncan's office in response to my request that USDOE staff continue to explore ways to support rural states like Vermont when it comes to funding initiatives such as SLDS. This letter outlines technical assistance resources available and indicates that USDOE is exploring possible strategies for providing non-grantee states priority in future SLDS competitions. Also attached is a letter from Senator Sanders to Secretary Duncan offering strong support for the request made in my original letter to Secretary Duncan.

State Board of Education Meeting: The State Board held its monthly meeting on Tuesday, May 17, at Otter Valley Union High School – Otter Valley is the school of Robert Kelley, the Board's senior student member. Highlights of this meeting are as follows:

SFSF (State Fiscal Stabilization Fund) Data Collection: Among the topics of discussion was the recent information sent to superintendents and schools districts regarding the SFSF data collection. Following that discussion I scheduled a phone meeting for Thursday with representatives from the USDOE to discuss the implications for Vermont if the federal requirement was not complied with. Also participating were SBE Chair Fayneese Miller, Deputy Commissioner Rae Ann Knopf, CFO Bill Talbott, and General Counsel Mark Oettinger. Susan Bartlett was invited to attend, but she was not able to do so. The discussion concluded with the agreement that we will receive a letter outlining consequences from USDOE by Monday, May 25. In the meantime, your legal staff may wish to review 20 USC Chapter 31 Subchapter IV regarding the US DOE's enforcement authority generally in this area.

Windsor Northwest SU: After several discussions with the Windsor Northwest SU Executive Committee, the State Board voted to decline to grant the petitions of the voters of the Bethel Town School District and the voters of the Rochester Town School District to regroup their respective school districts into one or more different supervisory unions. This action allows the Windsor Northwest SU to continue to explore improved education governance structure(s) that will ultimately result in improved education opportunities and outcomes for students.

The Moosalamoo Center: Eleven students and their two instructors, Michelle Cioffredi and Josh Hardt, from Otter Valley's Moosalamoo Center spoke to the Board about their program and studies. Moosalamoo is an experiential education school within Otter Valley based on the outside world and the local environment. Students learn outdoor, ecologically-based curriculum but also build skills in confidence, self-identity, teamwork, investment, commitment, and pride. Eighty percent of the time is spent in class, 20 percent is experiential (field-based). They work on five units a year over a two year program. The students also work in elementary schools in the Rutland Northeast SU. Next year there will be a grades 9-10 group in addition to the current grades 11-12 group.

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

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PLEASE READ CAREFULLY: Due to the nature of the Commissioner's duties to the State of Vermont and its citizens, there are occasions when the Commissioner needs to cancel and/or postpone meetings or events in order to attend to pressing state matters. Please keep this in mind when planning for events.

Richards, Alyson

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

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SFSF (State Fiscal Stabilization Fund) Data Collection: Among the topics of discussion was the recent information sent to superintendents and schools districts regarding the SFSF data collection. Following that discussion I scheduled a phone meeting for Thursday with representatives from the USDOE to discuss the implications for Vermont if the federal requirement was not complied with. Also participating were SBE Chair Fayneese Miller, Deputy Commissioner Rae Ann Knopf, CFO Bill Talbott, and General Counsel Mark Oettinger. Susan Bartlett was invited to attend, but she was not able to do so. The discussion concluded with the agreement that we will receive a letter outlining consequences from USDOE by Monday, May 25. In the meantime, your legal staff may wish to review 20 USC Chapter 31 Subchapter IV regarding the US DOE's enforcement authority generally in this area.

Windsor Northwest SU: After several discussions with the Windsor Northwest SU Executive Committee, the State Board voted to decline to grant the petitions of the voters of the Bethel Town School District and the voters of the Rochester Town School District to regroup their respective school districts into one or more different supervisory unions. This action allows the Windsor Northwest SU to continue to explore improved education governance structure(s) that will ultimately result in improved education opportunities and outcomes for students.

The Moosalamoo Center: Eleven students and their two instructors, Michelle Cioffredi and Josh Hardt, from Otter Valley's Moosalamoo Center spoke to the Board about their program and studies. Moosalamoo is an experiential education school within Otter Valley based on the outside world and the local environment. Students learn outdoor, ecologically-based curriculum but also build skills in confidence, self-identity, teamwork, investment, commitment, and pride. Eighty percent of the time is spent in class, 20 percent is experiential (field-based). They work on five units a year over a two year program. The students also work in elementary schools in the Rutland Northeast SU. Next year there will be a grades 9-10 group in addition to the current grades 11-12 group.

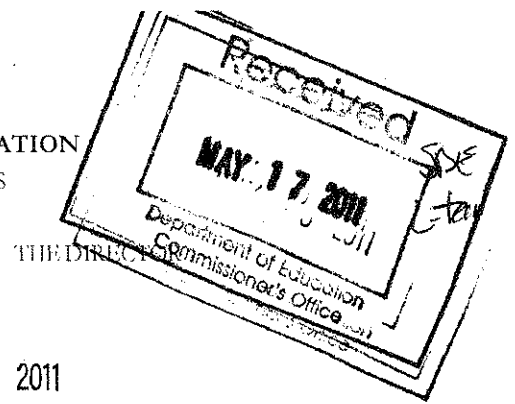
Weekly Field Memo: In case you did not see it, here is the link and list of subjects covered in this week's Weekly Field Memo. http://education.vermont.gov/new/html/dept/field_memo.html#first

Maureen Gaidys
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Vermont Department of Education - Commissioner's Office
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PLEASE READ CAREFULLY: Due to the nature of the Commissioner's duties to the State of Vermont and its citizens, there are occasions when the Commissioner needs to cancel and/or postpone meetings or events in order to attend to pressing state matters. Please keep this in mind when planning for events.



UNITED STATES DEPARTMENT OF EDUCATION
INSTITUTE OF EDUCATION SCIENCES



Armando Vilaseca, Commissioner
Vermont Department of Education
120 State Street
Montpelier, VT 05620

MAY 11 2011

Dear Commissioner Vilaseca:

Thank you for your April 28 letter to Secretary Duncan requesting that Department of Education staff continue to explore ways to support rural states like Vermont when it comes to funding initiatives such as Statewide Longitudinal Data Systems (SLDS). Because the SLDS grant program and technical assistance activities related to it are administered by the Institute of Education Sciences, I have been asked to respond to your letter.

We share your view that robust longitudinal data systems will help improve the education of our nation's students. In pursuit of this goal, we make a number of technical assistance resources available to support all states, not just grantee states, in their efforts to implement longitudinal data systems. Vermont has already benefited from several of these resources. For example, Vermont education staff participated in webinars hosted by the SLDS program team, and they participated in the SLDS P-20 Best Practice Conference in November 2010, in Washington, DC.

In addition, we are providing direct technical assistance to Vermont. Technical experts provided on-site assistance in March on a wide variety of topics. A summary report from that visit was provided to the state, and discussions concerning Vermont's plans for establishing a teacher-student link continue. Discussions are also underway regarding further technical assistance focused on building data governance structures.

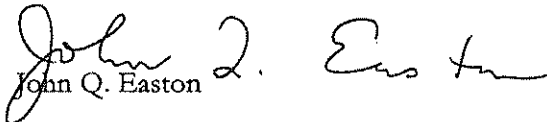
We have a number of other resources available to states. One is a repository of state-produced documents and lessons learned (<http://nces.ed.gov/programs/slds/LDSShare/SLDS.aspx>). Second is the Personnel Exchange Network, which provides states the opportunity to visit other states to gain greater understanding of successful methods of data collection, maintenance, reporting, and use. Third is a series of best practice publications that were produced in conjunction with the National Forum on Education Statistics and that include strategies for successful SLDS implementation (<http://nces.ed.gov/forum/publications.asp>). Finally, we plan to introduce a Public Domain Clearinghouse, which will allow states to leverage tools and non-proprietary products that are developed by other states for their longitudinal data systems. This clearinghouse will enable states to further their SLDS efforts while conserving scarce staff resources, money, and time.

With respect to your suggestion for funding rural or non-grantee states, we are exploring possible strategies for providing non-grantee states priority in future SLDS competitions. The scope of the SLDS program has expanded over the course of the previous four competitions to include a broader set of goals and expectations for the statewide data systems. The Department recognizes the need to ensure that all states have the opportunity to compete successfully for these grants.

Page Two -- Vilaseca

Once again, thank you for your suggestions. We look forward to working with Vermont and providing additional technical assistance resources to aid in the development of your statewide longitudinal data system.

Sincerely,


John Q. Easton

BERNARD SANDERS
VERMONT

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May 2, 2011

The Honorable Arne Duncan
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20201

Dear Secretary Duncan:

It is my understanding that the Commissioner of the Vermont Department of Education, Armando Vilaseca, has written you a letter requesting grant funding for their Education Data Warehouse System. I want to bring their letter to your attention and offer my strong support for their request.

Statewide Longitudinal Data Systems (SLDS) are, as you know, critical to educational advancement, since they provide much-needed information to support measurements of student achievement. Recognizing the importance of longitudinal data, Vermont took the initiative and implemented an Education Data Warehouse in 2005, before the SLDS grant program was even in place. An unfortunate consequence of being visionary and responsible was that Vermont, having a modest system in place, was deemed ineligible to receive a grant award the first time it was offered. Since then, though, Vermont has applied four times for the grant award – and is one of nine, predominantly rural states to not receive this award. Although Vermont is proud of the initial system it implemented, serving as a model to other states for what could be done, the lack of additional funding has resulted in Vermont falling behind, in comparison to other states, in implementation of its SLDS. It is, to my mind, deeply unfair that the result of taking the lead in longitudinal data has resulted in a lack of federal funding so great as to leave Vermont behind some of its less visionary, less bold, sister states.

Let me also point out that small rural states, like my own, often operate under a considerable disadvantage when competing for grant dollars. A state of less than 700,000 people can afford only limited staff, only limited resources to hire professional grant writers. Although federal grants, such as the SLDS grant, are intended to support state efforts to improve student achievement, the application process has placed small rural states at a disadvantage due to these limited resources. The Department of Education has, admirably, expressed a desire to ensure that in the future rural states will have a fair opportunity to compete for federal funding: we support you and look forward to working with you in this process.

Vermont is committed to complying with federal data collection and reporting requirements. I would like to set up a conversation between you or your assistant secretary, Commissioner Vilaseca, and myself to assure that Vermont has every opportunity to get the SLDS grant it needs to fully update its SLDS. My staffer Jessica Cardichon will be calling to set up a phone meeting in the near future.

Sincerely,



Bernard Sanders
United States Senator

MEMORANDUM TO GOV. PETER SHUMLIN

To: Gov. Peter Shumlin

From: GIRO Staff

Date: May 20, 2011

RE: Weekly Constituent Update

Current Issues:

- **Raw Milk**
 - Several constituents have called to thank you for signing the miscellaneous agriculture bill and are thankful that Rural Vermont will be able to resume its classes.
- **Circ Highway**
 - A handful of constituents have called and believe that the future of Vermont is contingent on the construction of the Circumferential Highway.
- **Representative Mark Mitchell Seat**
 - Many constituents are e-mailing in and recommending Teo Zagar for Mitchell's seat.
- **DCF**
 - Noticed an increase in e-mails regarding complaints around DCF cases including custody issues, food stamp procurements and corrections.
- **Langdon Street Café**
 - Calls on behalf of the café, people in the community are sad to see it go under.
- **Roads**
 - Been consistently hearing from constituents about specific safety concerns on their local roads

APPOINTMENTS to Boards & Commissions week of 5/16/11

District #1 Environmental Commission(Rutland County)

APPOINTED: Herb Ogden, Mt. Tabor - CHAIR

APPOINTED: Julie Sperling, Pawlet - Alternate

APPOINTED: Hope Blucher, Danby - Alternate

APPOINTED: John Liccardi, Castleton - Alternate

REAPPOINTED: Amanda Beraldi, Rutland – Member

District #5 Environmental Commission(Washington and Lamoille Counties)

APPOINTED: Jito Coleman, Warren – CHAIR

APPOINTED: Bill Bartlett, Hyde Park - ALTERNATE

APPOINTED: Ginny Callan, Montpelier - ALTERNATE
REAPPOINTED: Karl Johnson, Montpelier - MEMBER

District #8 Environmental Commission (Bennington County)

APPOINTED: Joan Goodrich, Bennington CHAIR
APPOINTED: Lon McLintock, Shaftsbury - ALTERNATE
APPOINTED: Ed Weissman, Dorset - ALTERNATE
APPOINTED: Ruth Botzow, Pownal - MEMBER
REAPPOINTED: Francis Morrissey, Bennington - MEMBER
REAPPOINTED: Leslie Keefe, Manchester Center - ALTERNATE

Rail Advisory Council:

APPOINTED: David Allaire, Rutland