



Montana Board of Livestock Conference Call Minutes

May 18, 2017

Montana Department of Livestock
Helena, Montana

Board Members Present

John Lehfeldt, Chairman (sheep producer)

Lila Taylor (cattle producer)

Ed Waldner (swine producer)

Sue Brown (dairy and poultry)

John Scully, Vice-chair (cattle producer)

Nina Baucus (cattle producer)

Brett DeBruycker (cattle producer)

(John Lehfeldt joined the conference call at 9:06 am)

Staff Present

Mike Honeycutt, EO

Leslie Doely, Brands Enforcement Div.

Dr. Marty Zaluski, Animal Health

Dr. Eric Liska, Animal Health

George Harris, CSD

Dan Olson, CSD

Donna Wilham, Adm. Assistant to EO

Tyler Thomas, Brands Enforcement Div.

Dr. Tahnee Szymanski, Animal Health

Dr. Steve Smith, VDL

Evan Waters, CSD

Chad Lee, Milk Control Bureau

Public Present

MT Representative Alan Redfield

Brian Engle, Pioneer Meats

Alan Merrill, Montana Farmers Union

Wes Plummer, Lower Valley Processors

Tammy Flowers, Project Meats

MEETING CALLED TO ORDER

9:03 AM

Vice-Chairman John Scully called the conference call to order at 9:03 AM

OLD BUSINESS

9:03 AM

HB2 Implementation

John Scully said that HB2 was passed by the 2017 Legislature and signed by the Governor. He reported on the impacts it will have on the DOL:

- The DOL will be structured into three Divisions
 - Animal Health Division
 - ✓ Meat and Poultry Bureau
 - ✓ Milk and Egg Bureau
 - ✓ Veterinary Diagnostic Lab (VDL)
 - ✓ Additional substructure may need to be contemplated to assure that Dr. Zaluski is not having to personally manage 67 people
 - Brands Enforcement Division
 - Centralized Services Division
- The House eliminated the lead position in the Centralized Services Division (CSD) effective July 1, 2017 and created a Deputy Director position
 - Rob Stutz has been researching how the DOL should proceed forward, relative to the Deputy Director position and funding for it
 - A Lab management position that would handle the business management activity of the VDL could be included in the job description of the Deputy Director

John Scully said the extra funds he requested in addition to the DOL budget, were granted by both the House and Senate:

- Funds to consider an increase in Mike Honeycutt's salary
- Funds to expend, in participation with other agencies in the industry, to conduct a study concerning the future of the Combined Lab Complex
 - Money for the study coming from DOL will be \$60,000-\$65,000, half of what was originally requested
 - A six-member Legislative bipartisan group, including representation from several interim committees, will be conducting the study
- Study should be carried out in the summer of 2017, with recommendations in the hands of impacted agencies by November/December 2017 and then be worked into the executive process at the 2019 Legislative Session

Legislative Issues and Actions

Mike Honeycutt gave a wrap up report on the 2017 Legislative session, reporting on a few final bills that had movement since his last report and talked about what the DOL needs to do to implement new legislation:

- SB73, a bill that would lift the sunset on the Livestock Loss program and continue to allow funding to be used for prevention work moved to the Governor's desk for his signature

- HB648, setting the Lab fee account up as an enterprise account and removing it from HB2 expenditures, passed and was signed by the Governor
- HB338, the livestock transportation permit laws which extends the use of a grazing permit for livestock movement from only moving animals to an adjoining county to beyond an adjoining county, goes into effect in October
- The DOL will engage with attorneys on how to implement some of the new legislation to make sure the Department is following the intent of the legislation and uphold the obligation that it is providing

Lab Fee Increases

Mike Honeycutt reported on what the DOL is doing to incorporate Lab fee increases into the administrative rule MCA 32.2.403:

- The DOL plans to submit the proposed Lab fee increases in the current administrative rule to the Secretary of State's office on May 30, 2017 and then it will go out for public comment
- The BOL was asked to vote on increasing carcass disposal fees at the Lab to add into the proposed administrative rule change because the BOL had only voted to increase the Lab test fees
 - People have been utilizing the Lab as a cheap carcass disposal for pets
 - Request is to raise carcass disposal fee to be more in line with crematorium costs

MOTION/VOTE

9:29 am

John Scully moved to include the fee increase for carcass disposal in the proposed rule change for Lab fee increases (MCA 32.2.403). Sue Brown seconded. Motion passed with five members voting aye: John Scully, Nina Baucus, Sue Brown, Brett DeBruycker and Ed Waldner

Mike Honeycutt discussed the situation in the Clinical Pathology section of the VDL:

- The two positions have been opened in that section of the Lab because one person has left and the other one is scheduled to retire at the end of the month
 - No applicants have applied for either of the positions
 - Dr. Steve Smith said that the salary offered for the open positions is part of the reason there were no applicants
- Some solutions to deal with the Clin Path situation have been discussed by Mike Honeycutt and Dr. Steve Smith
 - Suspend operations for a period of time
 - ✓ Communicate to customers in plenty of time about the suspension and hope that they would return when that section of the Lab is reopened

- ✓ The BOL is not in favor of closing the Clin Path section of the Lab and would like to explore other options first
- Republish the positions with an increased offering of salary
 - ✓ Reclassifying the two open positions to justify a salary increase would impact the entire Lab, not just Clin Path
 - ✓ Justifying a salary increase for the two open positions by utilizing the agency pay plan rules allows the Department to raise the pay separately of reclassification

Discuss Board Training in Management/EO Evaluation

Mike Honeycutt reported that Dean Mack of the State Human Resources Division at the DOA offered to do a State personnel processes online training for the BOL:

- Training would show the BOL how to work through the performance evaluation and performance management process with State employees
- The training could be scheduled during the June 2017 BOL meeting

Brett DeBruycker said that the BOL personnel committee, short of Lila Taylor, met and agreed on the EO review form

- The approved form was sent to the BOL members on May 17, 2017
- It was requested that Mike fill out his portion of the form and each BOL member fill out the form and then discuss comments at the BOL June meeting

April 2017 Financials

Mike Honeycutt gave the status of the DOL's April 2017 Financials:

- The authority for the DSA budget dollars that the DOL committed back to the Legislature for the 2017 fiscal year has already been taken
- The \$107,000 in DSA testing charges that should have been charged to the Federal cooperative agreement with USDA-APHIS have been moved and charged correctly
- There will be more information given during the BOL June meeting regarding the proper coding of DSA dollars vs Federal Cooperative Agreement dollars from USDA-APHIS
- There are a couple reasons the Meat & Poultry Bureau budget is trending to appear over-budget by \$67,953
 - The labor organization set up with that Bureau's employees requires some obligations and first-time expenses to get that Union relationship started with them
 - There was a payout for a long-term employee that retired in that Bureau
- The Legislative Finance Committee reprimanded the DOL for reverting left over DSA and Meat & Poultry Bureau general fund dollars back to the State general fund last year
 - The Legislative fiscal analyst for the DOL said that those leftover funds were not restricted and could be moved anywhere in the Department

- Leftover DSA funds that have been moved should be able to be used to adjust the Meat & Poultry Bureau \$67,953 shortfall
- The Diagnostic Laboratory projection that is \$26,000 short may be alleviated with a program transfer of per capita fee before fiscal year end if needed
- For the 2017 per capita fee assessment due on May 31st, \$3.7 million has already been received

IT Systems Analyst

Mike Honeycutt reported on updates in the DOL's IT section:

- Sam McCarthy's last day as DOL IT Systems Analyst is today
 - Dan Olson, IT Supervisor, said that Sam is moving to DOA to work as a Cloud Engineer
- It was decided that all three IT staff will remain in the Helena office due to more flexibility in the Department and better recruitment possibilities than in Bozeman

MOTION/VOTE

10:01 am

John Scully moved to replace the just-vacated IT Systems Analyst and publish for the position. Sue Brown seconded. Motion passed with six members voting aye: John Scully, Nina Baucus, Sue Brown, Brett DeBruycker and Ed Waldner and Lila Taylor

Brucellosis Rule Update

Dr.Marty Zaluski reported on the just adopted brucellosis DEFINITIONS rule MCA 32.3.401:

- The rule received no public comments
- Rule changed that management agreements be reviewed no less frequently than every five years
- The new rule changed language to read "herd plan" rather than "management agreement"
- Removed the rule language that said "brucellosis is also known as bangs disease and undulant fever"

Mike Honeycutt asked Dr. Zaluski and Dr. Liska to present at the BOL June meeting a step-by-step plan as to how the DOL is addressing the Brucellosis Performance Audit recommendations

Montana Beef Council Contract Addendum

Mike Honeycutt discussed the status of the addendum to the contract with the Montana Beef Council:

- Mr. Honeycutt said he had discussed with Rob Stutz the language needed for the addendum
- Once the addendum language needed from a legal standpoint is established, it will come back to the BOL for approval and then go to the board of the Montana Beef Council for their approval before the contract expires in September 2017

NEW BUSINESS

10:14 AM

Out-of-State Travel Request for the Brands Enforcement Division

Leslie Doely submitted an out-of-state travel request for one to seven Brands Enforcement Division staff to attend the International Brands Identification Conference in Boise, ID, July 17-19, 2017:

- The conference has been attended by Brands Enforcement Division staff for many years and provides an excellent time of networking and information
- Cost of staff attending this year's conference will be \$2300-\$2700

MOTION/VOTE

10:15 am

Ed Waldner moved that Brands Enforcement Division staff attend the International Brands Identification Conference in Boise, ID, July 17-19, 2017. Lila Taylor seconded. Motion passed with six members voting aye: John Scully, Nina Baucus, Sue Brown, Brett DeBruycker and Ed Waldner and Lila Taylor

Out-of-State Travel Request for the Milk Control Bureau

Chad Lee submitted an out-of-state travel request for himself to attend the International Association of Milk Control Agencies Annual Meeting in Roanoke, VA, September 17-19, 2017:

- The Milk Control Bureau has been in attendance at the conference for many years as it provides a good time to network with other regulators
- Cost of attending this conference is approximately \$1825
- Subjects covered at the conference include:
 - USDA milk market regulation
 - International trade agreements
 - Global economic trends and the implications for dairy
 - Developing use issues
 - Discussion of the California market petition to become part of the federal order
 -

MOTION/VOTE

10:18 am

Nina Baucus moved that Chad Lee attend the International Association of Milk Control Agencies Annual Meeting in Roanoke, VA, September 17-19, 2017. Ed Waldner seconded. Motion passed with six members voting aye: John Scully, Nina Baucus, Sue Brown, Brett DeBruycker and Ed Waldner and Lila Taylor

Approval of Minutes

Nina Baucus requested an approval of the minutes from the BOL April 6, 2017 meeting, but the approval was postponed until the BOL June meeting:

MOTION/VOTE

10:19 am

Nina Baucus moved that the BOL April 6, 2017 meeting minutes be approved with corrections. Motion was withdrawn.

Meat and Poultry Bureau Legal Situation

10:20 AM

Mike Honeycutt reported on the situation regarding the recent USDA-FSIS audit on the Department's Meets or Exceeds meat inspection program and the recommended actions taken by the DOL regarding jerky production. He assumes there would be public comment on that:

- Mr. Honeycutt reported that on May 17, 2017, appeals arrived at the DOL by certified mail from multiple parties regarding the administrative actions taken by the Meat and Poultry Bureau after the USDA-FSIS audit. Those actions included:
 - Product recalls
 - State withholding action around jerky production
- Agency Legal Services, including Rob Stutz and Kyle Chenowith have been called in to do a legal review
- The BOL will have to hear the appeals and act on them
- John Scully suggested that the BOL not attend a meeting in Billings today at the invitation of Tanya Flowers of Project Meats to discuss the State of Montana Meat Inspection program and the administrative actions taken by the Meat and Poultry Bureau, until learning the facts, possibly in a hearing, and the process that the Department needs to go through, if any

COMMENTS FROM PUBLIC ON NON-AGENDA ITEMS/COMMENTS FROM PRODUCER ORGANIZATIONS

10:27 AM

There were comments from the public regarding the Meat and Poultry Bureau situation:

- Representative Alan Redfield said he believed the appeal process is necessary and needs to be completed as soon as possible
- Brian Engle, Pioneer Meats said he appreciated being allowed to listen in on the conference call
- Tanya Flowers, Project Meats said thank you for being able to listen in on the conference call as well
- Les Plummer of Lower Valley Processing in Kalispell thanked Mike Honeycutt for the awesome job he is doing

John Lehfeltdt, John Scully and Ed Waldner thanked Representative Redfield for his work during the 2017 Legislative process

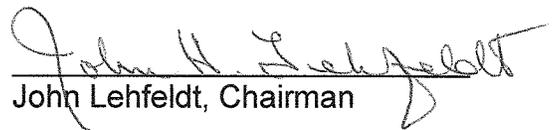
SET DATE FOR NEXT BOARD MEETING

10:33 AM

BOL June meeting was scheduled for June 13-14, 2017 before fiscal year end

MEETING ADJOURNED

10:44 AM


John Lehfeltdt, Chairman