

Minutes
Producer Committee Meeting
August 29, 2016 1:30 p.m.
Montana State Capitol Building - Room 137
1301 E. 6th Avenue, Helena, Montana

Call to Order

Committee Chair David Miller called the meeting to order at 1:37 p.m.

Attendance

Committee Member	Present	Absent
David Miller (Chair)	X	
Sam Hofer (Vice-Chair)	X	
Tim Huls	X	
Nelson Kamerman		X
Mark Kleinsasser	X	
Andrew Wipf	X	
Ruben Wurz	X	

Montana Department of Livestock Staff:

Chad Lee, Bureau Chief, Milk Control Bureau

Mark Curtis, Dairy Accountant, Milk Control Bureau

Guests:

Susan Brown, Amaltheia Dairy

Peter R. Hofer, Springwater Colony Dairy / Montana Milk Producers Association

Joseph J. Hofer, Springdale Colony Dairy / Montana Milk Producers Association

David Lewis, Big Creek Dairy / Northwest Dairy Association

Ike Wurz, Cascade Colony Dairy / Montana Milk Producers Association

Approval of Minutes from August 1, 2016 Meeting

Tim Huls moved and Ruben Wurz seconded the motion to approve the minutes of the August 1, 2016 meeting as presented. The motion carried. All members present voted in favor.

New Business

Quota Transfer Request

East End Colony requested approval of sale and transfer of 7,261 lbs/day of quota to the following eligible producers in the quantities shown, effective September 1, 2016.

- Big Creek Dairy (1,300 lbs/day)
- Faith Dairy LLC (511 lbs/day)
- Hartland Colony (500 lbs/day)
- Leep Dairy LLC (3,000 lbs/day)
- New Miami Colony (750 lbs/day)
- Spring Creek Colony (1,200 lbs/day)

Tim Huls moved and Sam Hofer seconded the motion to approve the transfers of quota as requested. The committee confirmed with bureau staff that a lien search had been performed. The motion carried. All members present voted in favor.

The committee requested that the bureau prepare a summary of quota utilization for future discussion.

Review of Bulk Milk Surplus Sales Reports & Producer Pooling Reports

The committee discussed their observations of recent bulk surplus milk sales and the historical context in which administrative rules were developed. Many of the administrative rules were developed at the time the pool was created. The original intention was to maintain high Class I utilization through the quota mechanism (which was created to depress production) and a large spread between the Class I price and the Class III price. The determination of the excess price (price for production over quota) was different at the time. The Class III price was seen as a price for both surplus milk (milk beyond distributors Montana market needs) and excess milk (milk produced over quota). The Class III price was not reflective of market realities at that time either. When packaged milk started to be sold outside of Montana at significant levels, it “changed the equation” but administrative rules were not updated correspondingly.

The consensus of the committee is that the board’s decision to examine many of these rules is timely. The committee requested that the Milk Control Bureau continue to provide the committee with monthly Bulk Milk Surplus Sales Reports that include charts and data tables. The consensus of the committee was that all producers should receive two charts pertaining to bulk milk surplus sales as an addition to the monthly Producer Pooling Report. The two thirteen-month charts will include a chart showing the volume of bulk milk surplus sales (to individual buyers) and a chart showing the value received (\$/cwt) net of freight (to individual buyers).

Board of Milk Control August 29, 2016 Meeting

The Board of Milk Control did not assign tasks to the Producer Committee at the board’s August 29, 2016 meeting. All members present for the Producer Committee meeting attended the board meeting, and the committee discussed the board meeting. The committee expressed (to bureau staff) its availability and willingness to participate in providing input in the crafting of administrative rules being developed for consideration by the board.

Other New Business

The committee discussed the history behind the \$1.50/cwt differential between the quota price and excess price and the extent to which the differential discourages production over quota. The current price differential between the quota price and the excess price (\$1.50/cwt) was established in 2006 to correct a situation in which the excess price (for production over quota) exceeded the quota price. Calculations to determine whether there are increases to outstanding quota may be affected with the adoption of federal definitions of classes of utilization of milk. Also, the quota rules may need adjustment to provide flexibility so as not to hinder development of a cheese plant in Montana. David Lewis stated that dairies not fully utilizing quota helps raise the quota blend price and that if unused quota was transferred or redistributed, the quota blend price may suffer.

Public Comment

David Lewis

David Lewis informed the committee that Darigold is in discussions with Meadow Gold concerning purchasing surplus bulk milk from Meadow Gold to obtain a higher price for that milk for the pool. Mr. Lewis expressed support for producers receiving reports on bulk surplus sales as discussed by the committee.

Adjournment

Tim Huls moved and Sam Hofer seconded the motion to adjourn the meeting. The motion carried. All members present voted in favor.

The meeting adjourned at 7:09 p.m.

 , Producer Committee Chair

Date: 9-26-16