



MINUTES BOARD OF LIVESTOCK MEETING

JULY 26, 2011
ROOM 319, 301 N ROBERTS
HELENA, MT

BOARD MEMBERS PRESENT:

Jan French, Chair, cattle producer
Jeffery Lewis, dairy producer
Stan Boone, cattle producer

Brett DeBruycker, cattle producer
John Lehfeltdt, sheep producer
Linda Nielsen, cattle producer

Absent:

Ed Waldner, swine producer

STAFF PRESENT:

Dan Turcotte, Milk & Egg Bureau
George Harris, Centralized Services
Dr Zaluski, State Veterinarian, Animal Health
Sherry Rust, Executive Assistant
Dr Eric Liska, Animal Health

George Edwards, Livestock Loss Board
Dr Bill Layton, Veterinary Diagnostic Lab
Christian Mackay, Executive Officer
Steve Merritt, Public Information
Tahnee Szymanski, Animal Health

PUBLIC PRESENT:

Quinn Holzer, Legislative Fiscal Division
Ariel Overstreet, Montana Stockgrowers Assn
John Steuber, USDA Wildlife Services
Mike Tatsey, Blackfeet Tribe

Dr Tom Linfield, USDA APHIS AVIC
Jim Brown, Montana Woolgrowers Assn
Les Graham, Montana Livestock Auction Markets

8:00 AM

CALL TO ORDER

ADMINISTRATIVE ITEMS

Board Communications:

- Jan French, Hobson
 - Lost a lot of topsoil in the flood (Judith River), also fences down or gone and dealing with washouts, got \$1.40 for their calves last week, not bad
- Linda Nielsen
 - hailed out about 70 acres, many smaller farmers hailed out, 510lb heifers went for \$1.67 at Western Livestock, gotten through the floods but still getting occasional heavy rain showers
- Jeff Lewis, Corvallis
 - dairy business doing well so far, hard to find hay (damaged in the floods) now until cutting begins
- Stan Boone, Ingomar
 - good summer rains, washouts, grass so high you cannot see where you are going in the pastures, have work on washouts, but not extreme damage like in some areas, country looks good right now
- Brett DeBruycker, Dutton
 - enjoying the rains, had some minor flooding, putting up hay since 4th of July, about 10 days from harvesting
- John Lehfeltdt, Lavina

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- 50 % out of production from floods in Musselshell, sheep business is good, averaging \$2.35 per hundredweight for wool, predation is increasing

Approval of Minutes:

Linda Nielsen moved to approve the May 16, 2011 board meeting minutes and the June 28, 2011 conference call minutes as presented. Brett DeBruycker seconded. The motion carried unanimously.

Interim Authorizations and Activities:

- There were two interim activities during this time period.
 1. The chair authorized travel for Dr. Zaluski to attend a meeting at the University of Iowa and
 2. Dr. Jeff Marshall, Veterinary Diagnostic Lab to travel to Buffalo, NY for AAVLD (out of lab budget

John Lehfeldt moved to approve the chair's interim activities as authorized. Brett DeBruycker seconded. The motion carried unanimously.

Executive Officer Reports:

John Lehfeldt moved to approve the executive officer reports as presented. Brett DeBruycker seconded. The motion carried unanimously.

830 AM

DIVISION REPORTS

Centralized Services, George Harris

- 2011 FY End
 - reviewed year end challenges and the actions to address the challenges
- Per capita Preliminary Headcounts
 - headcount numbers went up 76,203 (preliminary from revenue)
 - horse and bison counts still show great discrepancy
 - recommend continued budget constraints
- The Brucellosis/GYIBC/Bison Management cooperative agreement programs were changed by the feds requiring massive coordination in department accounting to combine programs.
 - department has not received any federal funds yet
 - have paid \$282,860 for expenses and personnel wages
 - this required taking a loan from Per Capita STIP to stay in the black
 - the loan will be repaid with federal funds when received
- FY2012-13 major budget highlights
 - overall budget increase 7.9% (\$1.6 million) from general fund and state special sources
 - general fund increased 18% primarily from brucellosis surveillance programs and state meat inspection program (5% reduction plan partially offsets the increases)
 - Predator control and livestock loss payments were removed from HB2 and a new bill was passed establishing statutory appropriations for these programs
 - new egg grading program established funded entirely by user fees
 - net addition of 3.26 FTE
 - 2 FTE for Brucellosis Vet & Compliance Specialist (OTO)

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- 1.5 FTE for egg graders
- .24 FTE reduction in Diagnostic lab
- BOHR
 - experienced a multitude of bills coming in for establishing simulcast but had not funds to pay
 - statutes read the department must loan to BOHR to cover their shortfall which would require the use of Per Capita funds
 - checked with administration and found out some interesting things
 - if department can show inability to use funds being held (Per Capita) do not have to use our funds for loan
 - simulcast income can officially be used for all expenditures (and was)
 - general fund loan was obtained for BOHR shortfall for \$29,130
 - the following steps are being put in to effect to assure department oversight of BOHR income and expenses
 1. the department will receive copies of all BOHR contracts
 2. working with BOHR to establish an accounting program to track expenses and income
 3. all income (checks from contractees) must be forwarded directly to department for deposit in the appropriate account (per state statute)
 4. long term plan would be to increase funds, establish and employ an accounting tech to work with income and expenditures (under the department CSD)

Public Information Office, Steve Merritt

- new outreach includes
 - additions to the web page - videos
 - fielded at least 500 phone calls regarding EVH from horse owners who watched the video

12 Day Milk Date Rule Update, Christian Mackay

- Coremark has another 10 days to write their response and submit to the judge
- should be another 30 days before the judge completes his review
- we should have something by the September meeting

Milk & Egg Bureau, Dan Turcotte

- Applied for and received funds from two small grants to be used to defray travel costs
 - about \$800 from NCIMS to be used for travel to NCIMS meetings
 - \$1,000 from FDA will be used for travel and egg grading training for Rosemary in Illinois ; thereby filling program's need for a second grader
- Egg Grading Plant in Great Falls - update
 - expected to be a go around August 15th
 - working on the USDA agreement with the department
 - agrees to do duties and collect fees
 - USDA gets 15 cents per case to cover quarterly evaluation visits
 - working on a fee for state-researching similar states
 - plan a start date Aug 1 tentative to establish as a state program

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1010 AM

RECESS

10:20AM

RECONVENE

Brands Enforcement

- Action Item 7.11.1 bison permits
 - added rule to current Administrative Rule regarding permits (as in sheep)
 - draft ready to file with board authorization
 - will use current sheep permit forms until they are used up
 - also will be available on Montana Interactive as are sheep permits

John Lehfeldt moved to authorize the bison permit rule to be filed with ARM as proposed.

Linda Nielsen seconded. The motion carried unanimously.

- Brand Policy
 - working on a complete brand protocol for approval by the board
 - provided draft copies with suggested additions/changes
 - will have an updated copy with additions out to the board in the next couple of weeks
- Rerecord Updates
 - as of 9:40 am today we have 50.25% rerecorded
 - 60% of those were done on web
 - 36% by mail
 - 4% walk-ins
 - historically 15,000 brands are dropped per rerecord, if so 62% done
 - web use should go up again about November as those not rerecorded strive to do so
- "or" Scatter brands
 - 550 total
 - Notified by mail outs, returns with no forwarding address have been given to local sheriff departments in hopes they can locate the brandowner
 - 150 completely done
 - about 250 or 280 not heard from yet
- Action Item 7.11.2 Web Sales, Gary Hamel, Livestock auditor
 - Informed the board of an issue on internet auction dealing
 - one entity from out of state applied for dealer license to come into the state, and sell Montana cattle on the internet
 - application completed but Gary explained the issues he sees from state statutes and our administrative rules
 - dealer or brick and mortar market
 - several in state dealers are licensed and marketing now
 - 82.8.213 (6)(a) - livestock dealer (applicant does not meet the description)
 - 81.8.213 (7) livestock market (applicant "assembles livestock for sale")
 - based on definition this entity is actually a "market" without walls
 - 81.8.212 regarding satellite video auction does not really address internet sales
 - 81.8.264 requires a satellite video auction to work under a licensed livestock dealer or market (dealer or market assumes liability for video entity)

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- applicant is neither a dealer or market within the state of Montana so does not meet the criteria for satellite video
- several entities are currently working within Montana with "representatives"
- the issue is are these "agents" or "dealers" operating without sideboards to function in Montana

Board discussion centered on how and if to provide definition and rules to encompass this type of operation or continue to operate "under the radar". The big worry is protecting producers and the current lack of custodial accounts, audits and rules by which such entities must operate. Board must also consider the current existing market system and not jeopardize those operations while not discouraging free enterprise within Montana. All such entities that operate within Montana must work through the Board of Livestock and custodial accounts are a necessity for the protection of producers.

Options to consider:

- 1) deny all dealer applications when primarily internet sales, they could then apply as market entity
- 2) look at statute or administrative rule to define as market with applicable rules
- 3) propose ARM or statute for "technological entities"
- 4) develop another classification enveloping this type of entity
- 5) license them as dealer and ignore internet sales

The board appointed a working group consisting of Gary Hamel, Christian Mackay, Les Graham, John Grainger, Brett DeBruycker and producer organization representatives Errol Rice, from Stockgrowers Assn, and someone from Cattlemen's Assn. to decide what needs to be done and how to write to cover this issue with an eye to the future. The group is to bring back a plan to the board.

USDA Wildlife Services, John Steuber

- Budget
 - the final federal budget approved included additional cuts for FY11
 - as of October, 2010 \$271,000 of federal appropriations in our area was cut
 - lost 4 positions out of 20 through retirement or termed employees who will not be replaced
 - without additional funding the agency cannot replace the lost positions
 - nothing more is coming from federal levels
 - a number of counties are considering cattle petitions
 - only Golden Valley passed a cattle petition this year so WS will get money next spring
 - any passed from now on funds will be available spring of 2013
 - 17 counties have cattle petitions all but two for \$.50
- FLYING
 - Currently not flying unless have cattle petition funding or private payers
 - one pilot (Tim Graff) is on active duty
 - Stan Colton is flying the helicopter out of Helena in his place
 - Stan is picking up an excess helicopter from Border Patrol for this area
 - this will be an agency owned machine (one of several WS obtained from Border Patrol plus lots of parts)
 - should save money on the federal helicopters for years
 - hope to get another helicopter in the fall for Montana

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12:20 PM

RECESS FOR LUNCH

1:25 PM

RECONVENE

Veterinary Diagnostic Laboratory, Dr. Bill Layton

- Lab now certified for Salmonella testing
 - need to establish a fee
 - about \$8 per test for materials
 - cost of culture equals about 1/2 hr labor time (\$16.5/ hr)
 - Colorado state lab charges \$13 with no out of state fee
 - recommend coming in at \$15 per sample –
 - Dan Turcotte anticipates 10 samples per round (chicks and again in the fall)
 - a private lab by Hamilton charges about \$30 per sample

Board authorized the test charge at \$16.50 to be implemented into the diagnostic lab fee schedule

- Safety Issue
 - the rail system welded to the ceiling in the lab that is used to haul heavy carcasses is 15 years old
 - concern is possible metal fatigue or weld stress
 - serious bodily injury could result if system broke loose, especially in tight areas around the incinerator
 - has a private facility sending out a welder to look at the rail system for visual inspection to look for metal fatigue
- Homeland Security Grant Status
 - Received \$82,000 in 2010
 - have spent \$53,000 on an extraction unit, biosafety cabinet/hood, refrigeration unit for samples
 - proposed final investment is a request for an additional IT server to enhance the data system by providing a quicker response time – was not part of the original grant proposal so requires a letter to Homeland Security showing justification
 - centrifuge and pipettes to complete use of funds
- Management Review
 - AAVLD accreditation requires a management review report
 - Christian will write the building fund status
 - Dr Layton will complete the technical side
 - this report is due in December

Concern is department must have something regarding the proposed building program for the December report.

First priority is to meet with MSU. Jan French, John Lehfeltdt, Christian and Dr Layton will comprise a working group for this purpose.

Animal Health, Dr Zaluski

- Action Item 7.11.3 proposed changes in Trichomoniasis Program
 - Dr Tahnee - explained the details of the proposed and provided the draft Administrative Rule proposal ready to file with board approval
 - added a designated epizootic area (high risk area)

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- changes in language for clarification
- some new definitions

John Lehfeltd moved to approve filing of the proposed rule changes as presented with a 60 day public comment period. Jeff Lewis seconded. The motion carried with Stan Boone and Brett DeBruycker voting no.

- DSA proposed changes (ARM filed June 13 with the comment period ending on July 25)
 - Dr Liska provided a map showing current and proposed DSA areas
 - changes were made following the FWP elk study showed where seropositive elk were found in this area
 - approximately 20 comments were received in addition to several town meetings in and near the DSA
 - also sent out mailing to all DSA producers requesting comments
 - Neil Anderson, FWP verified that we do have elk moving between Idaho and Montana but FWP does not have good information on those animals from Idaho
 - ID change encompasses “all sexually intact cattle and domestic bison leaving the DSA “; deleted “coming into” and age limits.

John Lehfeltd moved to approve the existing language in the expanded DSA and animal ID ARM proposal for final adoption. Jeff Lewis seconded. The motion carried unanimously.

- Pullorum testing rule, Dr. Szymanski
 - ARM proposal filed with Secretary of State’s office June 13
 - the comment deadline ended on July 25
 - no comments were received
 - recommended adoption of the new rule exactly as proposed

Jeff Lewis moved to authorize adoption of the rule as filed. John Lehfeltd seconded. The motion carried.

- Bison Management
 - Animal health’s three federal cooperative agreements were recently combined into one by the feds
 - funding is down almost \$1 million from last year
 - the division must now spread the decreased monies and transition from intensive bison management to testing and surveillance per the new federal priorities
 - proposed changes might include
 - currently renegotiating the Kelser facility contract and looking at other possible facilities site to decrease costs
 - operations (hazing) will be down
 - personnel salaries will also be down
 - in some cases personnel will be coded to DSA when assisting Animal Health
 - the program will emphasize less bison management with more patrolling borders, responding to producers and maintaining fencing to keep bison from straying into cattle areas
 - there will be many less push backs from tolerance areas with FWP maintaining public safety
 - MDOL will concentrate on preventing comingling and disease surveillance
- Administrative Rule 32-3-22A

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- department attorneys recommend a change of wording in (1) because it is inconsistent with the statutes regarding this issue and such action has not been done since 1996
- (1) reads “when strayed or migratory bison exposed to or affected with Brucellosis, a dangerous disease of man and animals, enter into or are otherwise present within the state of Montana one of the following actions *will* be taken:”
- this rule was implemented in 1991 before IBMP or litigation and mandates the department actions
- recommended change of wording from "will" to "may". to bring the rule into conformity with statute and current processes

Stan Boone moved to change the wording from "will" to "may" as recommended. Linda Nielsen seconded. Motion passed.

3:00 PM RECESS

3:15 PM RECONVENE

- Yellowstone Bison Citizens Working Group Overview and Update, Ariel Overstreet
 - GSA findings were that the public wants some say in the IBMP
 - the working group was formed with the first official meeting in March
 - goal is to go to November IBMP meeting with recommendations and possible solutions to three topics
 - population control
 - reducing risk thru management strategies
 - expanding habitat
 - the next meeting will be in August in Bozeman

PRODUCER ORGANIZATION UPDATES

- Montana Stockgrowers, Ariel Overstreet
 - Invited all to attend the Cattle Crawl on September 21 in Bozeman
 - a progressive beef dinner providing a tour of best restaurants in town
 - funded by Beef Council
 - cost is \$75 for one or \$150 per couple
 - Stockgrower members will attend the Cattle Industry meeting in Florida
 - Aug 1 - 4th
 - representatives will meet with DNRC and others for solution to proposed grazing fee increases

PUBLIC COMMENT

- Mike Tatsey explained that he is working for Blackfeet Tribe on the Trich issue and that Blackfeet producers are serious about eliminating the problem.
 - with over 200 tribal producers it is a big economic issue
 - will be checking that all producers are having their bulls tested
 - estimates as of now about 110 have tested with about 22 positives out of 25,000 head

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- do not have a tribal/DOL cooperative agreement regarding this issue suggested we need one
- wants to work with APHIS to do a pilot program for the testing
- proposed that a prospective herd coming in to graze not be allowed on tribal land if test positive
- Pat Murdo, Legislative Auditors
 - August 23 and 24 the Legislative Interim Audit meeting will look at HB 142
 - requires looking at advisory councils
 - board is invited to attend 23rd at 3:30.

ANNOUNCEMENT OF NEXT BOARD MEETING

SEPTEMBER 26 AND 27, 2011

(Board meetings will be scheduled on the third Monday & Tuesday of every other month unless otherwise noted.)

4:10 PM

ADJOURNMENT

JAN FRENCH, CHAIRMAN