

Montana Board of Livestock Meeting Minutes

February 22, 2017

MT Public Service Commission-Bollinger Room
1701 Prospect Avenue, Helena, Montana

Board Members Present

John Lehfeldt, Chairman (sheep producer)

John Scully, Vice-chair (cattle producer)

Lila Taylor (cattle producer)

Ed Waldner (swine producer)

Nina Baucus (cattle producer)

Sue Brown (dairy and poultry)

Brett DeBruycker (cattle producer)

Staff Present

Mike Honeycutt, EO

Gary Hamel, Meat Inspection Bureau

George Harris, Centralized Services

Evan Waters, Centralized Services

Leslie Doely, Brands Enforcement Division

Tyler Thomas, Brands Enforcement Division

Dan Turcotte, Milk & Egg Bureau

Donna Wilham, Adm. Asst. to EO

Dr. Martin Zaluski, Animal Health

Dr. Tahnee Szymanski, Animal Health

Eric Liska, Animal Health

Dr. Bill Layton, Diagnostic Laboratory

George Edwards, Livestock Loss Board

Public Present

John Steuber, USDA Wildlife Services

Maggie Nutter, Marias River Livestock

Association

Tammy Bridges, MT Beef Council

MEETING CALLED TO ORDER

8:03 AM

Chairman John Lehfeldt called the meeting to order at 8:03 AM

BOARD COMMENTS

8:03 AM

Brett DeBruycker said it was a rough winter and he is ready for spring

Lila Taylor agreed. Doesn't want things to flood, but thinks everyone is ready to quit buying hay

Nina Baucus said shearing starts in a couple of days. Wolves are in with cows. Cows are aborting and getting banged up from running into fences.

John Lehfeldt said it has been nice to see warm weather conditions. Ground has moisture.

Sue Brown said they have kidded over 100 so far, 150 more to go. Some flooding because the ground hasn't thawed

Ed Waldner said hog prices have finally come up. Weather was good last week, but more snow is in the forecast

APPROVAL OF 12/15/16 BOL MEETING MINUTES

8:06 AM

MOTION/VOTE

8:06 AM

Lila Taylor moved that the December 15, 2016 minutes be approved as presented. Sue Brown seconded. The motion passed.

APPROVAL OF 1/23/17 BOL MEETING MINUTES

8:06 AM

Lila Taylor requested on page 4 of the 1/23/17 minutes that it be changed to say "the DOL has chosen to operate the State Special Revenue accounts by authority rather than by cash." It had said "by cash rather than by authority." She also requested that on page 6 the wording be changed from "All per capita has been collected," to "Nearly all per capita has been collected."

MOTION/VOTE

8:06 AM

John Scully moved that the January 23, 2017 minutes be approved with changes requested by Lila Taylor on page 4 and page 6. Nina Baucus seconded. The motion passed.

OLD BUSINESS

8:07 AM

Audit Updates

Mike Honeycutt reported on outstanding audits affecting the DOL

Financial Audit Update

Mike Honeycutt said that the DOL is still awaiting response on the Financial Audit as to whether or not all audit recommendations have been fulfilled

Lab Performance Audit Update

Mike Honeycutt reported on the DOL's progress in addressing the Lab Performance Audit's recommendations:

- The requested cost analysis for the VDL was presented during the Budget Appropriations Subcommittee hearing in January
- Lab Cost Analysis must be done on an annual basis at close of books each FY
- Lab fees must be addressed on a regular basis
- Industry Committee members and the DOL have continued to address ways to acquire a better facility for the VDL
- BOL is committed to keep a consistent per capita funding level at the VDL
- Work is being done to complete the USAHerds/VADDS interface

Brucellosis Audit Update

Dr. Zaluski reported that the DOL concurred with all recommendations from the Legislative Audit Committee regarding the Brucellosis Audit, just concluded in December 2016:

- Animal Health Division will collaborate with the Brands Inspection Division to better insure compliance with DSA regulations
 - Audit team would like this done in real time
 - ✓ Have DOL IT find a solution to get technology out to the local inspectors to feed real time compliance of verification for cattle moving inspected by DOL employees
- Develop and implement a consistent response in cases of non-compliance of DSA regulations
 - Hold individuals in non-compliance accountable in the same way as if they violate other Animal Health laws
 - If individuals haven't hasn't tested and have moved animals without meeting the test requirements, DOL staff will issue tickets
- Develop a criteria for the development of herd plans and writing herd management agreements
- Comply with administrative rule regarding herd management agreements
 - DOL was faulted for not reviewing herd management agreements annually as written into rule
 - DOL will request a rule change to clear up the language that demands a mandatory annual review because most producers don't change their operations on an annual basis
- Full supporting documentation for oversight and approval of brucellosis vaccination requirements should be maintained by the DOL
 - DOL will work through this recommendation that requests documentation for each adult vaccination reimbursement be kept at the DOL, the USDA and the accounting office

- The final audit recommendation requested the DOL follow IBMP Adaptive Management Guidelines so DOL will now require more detailed operational reports listing rationale for lethal removal of bison
 - DOL field staff will clearly document in operational reports when hazing or hunting are not an option in the non-tolerance zone
 - DOL field staff will clearly document when cattle exposure to bison is imminent
- Emphasize cooperation with FWP for the use of public hunters to remove bison

Personnel Update

Mike Honeycutt reported on his communication with Brett DeBruycker regarding BOL Personnel Committee activities:

- A Personnel Management training will be scheduled with the DOA for BOL members, possibly at the May board meeting
- Brett DeBruycker worked with Anjenette Schaefer in the State HR Division of the DOA to help the DOL become a pilot agency utilizing their online performance management appraisal system called "Fusion"
 - DOA will be loading DOL employees into the Fusion system in March – No date for full DOL start-up has been set as of yet
 - An employee's "official" personnel file will not be on the online Fusion system but on hard copies in the HR Department of the DOL
- Mike Honeycutt's evaluation will be scheduled before the end of the 2017 fiscal year
- BOL members were asked to bring a list of three goals they want accomplished for the position of Executive Officer to the next BOL meeting. Goals will be used to help fashion a performance evaluation form for the EO position

NEW BUSINESS

9:20 AM

Appropriations

John Scully gave an overview of DOL activities at the Legislature so far regarding appropriations:

- After a request from the Governor's office that all State of Montana departments give up funding in case of a budget shortfall this fiscal year, Mike Honeycutt, during a full hearing of both the Senate and House Appropriations Committee on January 5, 2017, offered \$75,000 in DSA general fund appropriations from the DOL. Nothing has come of that as of this date
- Being in a One-Time-Only, Zero-Based budget status, DOL department heads prepared individual presentations for the Appropriations Sub-Committee hearing on January 18-20, 2017
 - Presentations included information on personnel and their job duties, that included a description of what they do individually and collectively by operational/geographic area and their salaries

- Presentations also included appropriation requests with proof of need for each one
- John Scully submitted two additional requests
 - ✓ \$50,000-\$75,000 to contribute to the Joint Industry Committee for planning purposes for the proposed Lab Complex
 - ✓ Authority to consider a raise for Mike Honeycutt

Mike Honeycutt reiterated the positive comments given by John Scully and the hard work of DOL staff in preparing their presentations to the Appropriations Committee on January 18-20, 2017 and the professionalism they showed in answering all questions from the Committee

Legislative Update

Mike Honeycutt updated the BOL on the status of his "watchlist" of some of the bill drafts and introduced bills in the 2017 Legislative Session affecting the DOL.

- Three of the bills that have been moving through with very little opposition affect the Livestock Loss Board (LLB)
 - Add Mountain Lions to the LLB predation reimbursement list
 - Delay the sunset of the Livestock Loss claim program
 - Clear up some language in the bills affecting the LLB giving them more discretion of who they can give grants
- Some of the bills regarding milk and meat products were of a concern to DOL
 - Change the definition of milk that says it comes from lactating cows to include hoofed mammals
 - Codeify in title 81 a new section saying a person selling raw milk or raw milk products post a sign at the place of sale, that is at least one-foot by two-feet, listing specific warnings to those that consume them
 - A dual dating bill for milk would require a "use by" and "sell by" date posted on milk sold in stores
 - Create an exemption for raw milk producers that would legalize limited sale of raw milk within the state of Montana
 - The Montana Local Food Choice Act would allow anything produced at home and in a private transaction between an informed consumer and a producer in the home, to not be subject to government regulation
 - ✓ This bill would allow unlimited raw milk sales with no herd exemption
 - ✓ This bill would violate the USDA Food Safety and Inspection Service (FSIS) rule for meat and poultry products and could jeopardize Montana's "Meet and Exceed" status
- HB 419 would revise requirements for sale or transfer of wild bison
 - This bill would remove the state veterinarian as the key decision maker and put him in a consultation role
 - This bill takes away the condition of the bison having to be certified brucellosis-free before transport

- Revise distribution of Brands Inspection fees, requiring that half of every increase in brands inspection fees be remitted to the DOL and half to the Deputy Stock Inspectors
- No action has been taken on interim BOL member Sue Brown's Senate confirmation The three full six-year BOL member appointments may not come until March

John Scully requested that the beef checkoff and the manner in which it is collected be reviewed before the contract is renewed this spring, to see if there are any issues or any ways the DOL might enhance the process to protect the interest of the DOL

RECESS

10:07 AM

RECONVENE

10:27 AM

DIVISION REPORTS

10:27 AM

10:27 AM – Milk and Egg Bureau

Dan Turcotte reported on general updates for the Bureau:

- Darcy Alm is still on her maternity leave for another week but has worked in the office a few days during that time
- There are a couple state ratings for dairy plants scheduled in March
- Milk license renewals are at 30%-50% on different categories for December

Dan Turcotte updated the BOL on activities at the Great Falls egg plant

- New egg plant may open in August or September
- USDA will be doing their egg grading certification for the egg plant in March
- The egg plant is currently operating six days a week, 12-hour days, but in mid-March, it may require seven 12-hour days because of increased egg production
 - Some eggs could be sent to the Wilcox plant in Washington for processing to handle increased production
 - Roy Hall has committed to work at the plant on weekends if needed
- The shell egg program is still shrinking
- DOL sanitarians continue to operate under the Avian influenza restrictions with USDA

10:37 AM – Livestock Loss Board (LLB)

George Edwards reported on loss statistics for 2016 as given at the Legislative Committee hearings in January:

- In CY16, LLB paid for 208 animals for a total of \$166,074
- CY16 losses were up by eight head over CY15.
- The LLB \$200,000 statutory allotment was exceeded in FY16

- LLB provided \$221,000 in claims
- A \$48K federal grant transfer was used to offset the \$21,000 in excess claims

George Edwards reported on his Legislative “watchlist” bills that affect the LLB

- HB286, an industry-driven bill to add mountain lions to the LLB animal predation reimbursement list, if passed, would not leave enough money to the LLB to cover predation losses long term
- A legal fence bill that proposes to add electric fence as a legal fence was amended to put the spacing between posts no more than 50 feet apart
- HB283 requires State of MT agencies to report grant information, adding it to a central repository for easy viewing
- HB305 would allow county predatory animal control fund monies to be used for paying bounties with the remainder going to Wildlife Services
- SB41, an LLB language clean-up bill is titled “Revise Terms for Livestock Loss Prevention Grants,” and basically went through with no negative votes
- SB73 would give the LLB authority to spend the \$200,000 general fund fees for predation claims
- SB110, is an FWP law change allowing funds in wolf management accounts to be used for management activities. It would have a potential impact on livestock producers because it would affect collaring work
- A Constitutional Referendum for the right to hunt, fish and trap wildlife remains on the LLB watchlist because trapping is so integral to maintain wolf control and capturing grizzlies

10:51 AM – Predator Control

John Steuber reported on events following the Wildlife Services (WS) airplane fatality in Worland, WY on December 7, 2016

- The USDA immediately ordered a stand down of all Wildlife Services fixed wing flights with that stand down being lifted on February 21, 2017
 - There were some negative impacts during the fixed wing stand down in those states and areas in Montana who do not have helicopter resources
- USDA had an internal and external review resulting in training changes

John Steuber reported on recent Montana coyote and wolf activities affecting WS

- Callers to WS from across the state have reported an increased coyote population with numbers like they have never seen – there also was an upswing in wolf depredations last year
 - Nina Baucus reported that this winter, adult ungulates from Glacier to Augusta were hit hard by coyotes and in one instance by wolves, which may affect predations on cattle and sheep this spring

John Steuber said that efforts are underway in some counties to pass cattle petitions, and increase the per head rate

- Starting next year, Bighorn County, per head rate will go from 50 cents/head to \$1.50/head

- Carter and Powder River Counties have some of the highest cattle and sheep petitions in Montana to help fund their independent county predator control program without the benefit of USDA matching funds
- WS had a net loss in revenue because Granite County voted out their cattle petitions this year, dropping about \$14K in funding
- With the Cascade-Choteau County Wildlife Specialist retiring at the end of March, WS will talk to those counties about passing cattle petitions and trying to get some cooperative funding
- WS will no longer track individual payments and services to ranchers who live in counties with no cattle petition

John Steuber said that WS personnel would be participating in some upcoming workshops:

- Kraig Glazier and Dalin Tidwell will be teaching a day of predator damage management at the Sheep Practicum Labs at MSU in February
- In March, some WS employees will be attending a Fish and Wildlife Services grizzly bear handling workshop in Bozeman

11:03 AM – Brands Enforcement Division

Fort Supply Contract Renewal

Leslie Doely discussed the Division's use of the Fort Supply system. Contract renewal date is April 1, 2017:

- Unlike initial set up, the Fort Supply system contract was reorganized to allow system modifications
 - Future modifications will help in providing a more efficient audit of inspection books
- Annual contract renewal cost has dropped to a little over \$40,000
 - 2016 contract was covered with Animal Disease Traceability funds. If those funds are not available for 2017, a more bare bones contract could be put into place at a cost of \$10,000-\$20,000
- Many system issues are handled through DOL IT, reducing software company support hours
 - Many problems with the system were found to be with the equipment, not the software
- Ms. Doely gave reasons to renew Fort Supply system contract
 - Staff poll said despite minor glitches, they are very content using the system and do not want to go through another transition
 - There would be several extra costs for implementing a new system
 - ✓ A minimum of \$300,000 for a new system
 - ✓ Additional hardware costs
 - ✓ Costs for data transfer into a new system
 - ✓ Training and implementation, IT and customer support and maintenance costs

Ty Thomas shared information he gathered from other states regarding their electronic brands systems

- California
 - Designed their own system at a cost of about \$170,000 for the mobile app and \$130,000 for the web based portion on the PC side
 - Currently, they have 23,000 brands, 48-60 inspectors and 32 sale barns – 3.5 million cattle inspections per year
 - System runs off I-pad and a portable printer with keyboard for individual inspectors – They still use tally books
- Washington
 - State runs a similar version to California's, but have horse and cattle inspections
- Nevada
 - A Texas company built their system, similar to California's, with a mobile app and web-based version. Their brands program is on the same system
 - Currently they have 4,000+ brands, 90 inspectors, two sale barns – 450,000 cattle and 16,000-20,000 horse inspections per year
 - System runs off I-pad and a portable printer – They still use tally books with info transferred to I-pad at their truck
- Idaho
 - Utilized Fort Supply system but dropped it because of funding issues. Currently has no electronic brand system
- Wyoming
 - Invested \$500,000 into their own electronic brand system but dropped that to utilize Fort Supply system
- South Dakota
 - Was going to utilize Wyoming's system before they dropped it
- North Dakota
 - Has no electronic brand system
- Montana, Colorado, Utah, Oregon
 - Utilize Fort Supply system
- Alberta, British Columbia and Saskatchewan
 - Utilize RFID tags for movement and a paper scan process with information transferred into a central database

Implementation of an electronic field inspection program was discussed

- Leslie Doely discussed Archers vs I-pads for use in electronic field inspections
 - Archer II cost is \$1750 – replacement every five years
 - Handheld Archers will fit in coat pocket and are durable for field use
 - Fort Supply has offered excellent hardware support for the Archer
 - I-pads will often shut down in cold weather, screens are not as durable as an Archer's
 - There is not a lot of hardware support available for I-pads
- Software license costs for each local inspector is \$2500, but Fort Supply offered to reduce that cost to \$2175 – There are approximately 500 inspectors

- A soft roll out of an electronic program was suggested, starting with a few willing markets and expanding from there
- Concern was raised that the current technology choices would limit the ability to comply with the “real-time” process
- Because the local inspectors are not employees of DOL, it was discussed if DOL should supply electronic equipment for them or if having their own laptop should be a requirement for the job

General Updates

Leslie Doely reported on Crimestoppers Commission activity:

- Legal Services clarified to Ms. Doely that it is legal for her to appoint a member at large for the Commission
- Statute indicates certain people be present at the Commission meeting scheduled for April 11, 2017 at 10 am in the DOL conference room
 - Ms. Doely or a designee, a BOL member or designee will be present
 - Ms. Doely has recruited a law enforcement official and two members of the public to be in attendance

Personnel Update

Leslie Doely discussed recent hires and current vacancies in the Brands Enforcement Division:

- Hires
 - Robin Smith was hired as the District Investigator for District 18, covering Sidney and Glendive
 - 2 vacancies in Great Falls – Full-Time and Short-Term Market Inspectors
- Vacancies
 - Short term Market Inspector in Ramsey
 - Market Supervisor position in Miles City to replace Robin Smith
 - Full-Time Market Inspector in Billings

Brands Conflict Discussion

Leslie Doely requested input from the BOL of how to resolve the daily questions from the public regarding the conflict checking process on brands:

- Find information/documentation on when and why some brands and brands formats were retired and if some can that be reversed
 - Provide that information to the public when those type of brands questions arise

Pay Scale for Brands Market Supervisors/District Investigators

Brett DeBruycker had questioned the pay scale of the Market Supervisors and District Investigators:

- Mike Honeycutt explained that both positions currently are at 80% of the 2014 Market Survey, with Market Supervisors receiving 80 cents more per hour than the District Investigator
 - 2014 Market Survey shows the job classification for Market Supervisors has incorporated more technology and oversight

- 2014 Market Survey shows no new duties and no reclassification for District Investigator position
- Mr. Honeycutt suggested adding new duties, such as attending public education programs, to the District Investigator position classification to increase the market rating
- The 2016 Market Survey shifts the pay scale the other way, showing both positions at a very similar salary

Mike Honeycutt commented on the job classification process in the DOL:

- As a delegated agency, the DOL does their own classifications, not the DOA. Several positions in the DOL have already been reclassified
- Reclassification requires signatures of the employee, supervisor and a contracted 3rd party who reviews the revised job description and makes the final decision of the market percentage for that position and salary
- Mr. Honeycutt cautioned that a position reclassification does not guarantee that a salary will go up, and may go down

LUNCH

12:27 PM

RECONVENE

1:02 PM

1:02 PM – Presentation to Rob Tierney

Dr. Zaluski presented long-time Bison Management employee Rob Tierney with a retirement plaque, complimenting and thanking him for a job well done in the Department and in the Bison Management program at West Yellowstone. Jeff Mount and Bridger Cunningham, two other employees in the Bison Management program at West Yellowstone, were also introduced.

DIVISION REPORTS CONTINUED:

1:19 PM

1:19 PM – Meat and Poultry Bureau

Gary Hamel discussed the upcoming USDA performance audit, scheduled for April 3-14, 2017

- Three auditors will inspect 10 Montana meat processing establishments
- Mr. Hamel will receive verification of establishments a week before the audit
 - A DOL team goes into those establishments to assure they are ready for audit by verifying records and cleanliness
 - No bison slaughter facilities will be inspected because auditors are only auditing State facilities for the “Meets or Exceeds” program

- Mr. Hamel will encourage the auditors to select other establishments than ones previously audited by them

Gary Hamel updated the BOL on various other activities in the Meat and Poultry Bureau

- Loren Bloom, recently hired to fill the meat inspector position in the Butte/Anaconda/Deer Lodge area, is viewing establishments with the SW District Supervisor Nick Wormgoor
- Mr. Hamel explained the meat inspection program to the Montana Medical Marijuana people of the DPHHS to give them ideas to develop their program
- Mr. Hamel will give a grant of inspection to a new plant in White Sulphur Springs called Rawhide Meats.
 - An initial Food Inspection Assessment (FIA) has already been completed
 - An inspector is ready to provide two days of inspection/week to the facility
- The chicken kill plant in Hamilton may reopen sometime this spring
- No additional funding was received in the budget for extra inspectors for the Meat and Poultry Bureau

1:31 PM – Veterinary Diagnostic Lab (VDL)

Fees

Dr. Bill Layton discussed the possibility of raising testing fees at the VDL as suggested by the Legislative Audit Committee:

- Committee suggested the VDL to consider raising the cost of testing on small or companion animals done in the Clinical Pathology section of the lab
 - The Clinical Pathology section of the lab lost \$99,965 of revenue in FY16
 - The Clinical Pathology section has lost markets in the past 4-5 years because of competition from private companies
- Lab cost analysis detailed that more needs to be evaluated in raising lab fees than just considering adjacent state cost comparisons of lab tests
 - Compare sections of the lab doing zoonotic disease testing, livestock vs small animals
 - When considering how much to increase test fees, consider economic impact of the disease as well as zoonotic impact
 - Add an accession fee charge to tests
 - Raise test fees by the cost/panel, not the cost/test
- The Legislative Audit Committee requested that lab test fees be reviewed every two years

MOTION/VOTE

1:45 PM

John Scully moved that by March 31, 2017, the Clinical Pathology test prices at the Veterinary Diagnostic Lab be increased to the point where they will still remain competitive with adjacent states and increase Lab revenue. Brett DeBruycker seconded. The motion passed.

Equipment Issues

Dr. Layton filled the BOL in on several of the equipment issues at the VDL:

- Autoclave motherboard went down
 - Rebuild of the 1996 autoclave would be around \$16,000; replacement would be around \$40,000 or more
- Two centrifuges went down
 - One centrifuge was repaired, the other needs a new motor
 - Cost of replacing the small centrifuge is around \$500
- Water bath went down, but was repaired
- FOSS machine in Milk Lab is down
 - Replacement parts for FOSS won't be available after 2018
 - Authority was not given in budget to replace the FOSS
 - Leasing options are being considered for the FOSS

Accreditation Application

Dr. Layton updated the BOL on the status of accreditation of the VDL by the American Association of Veterinary Lab Diagnosticians (AAVLD)

- VDL accreditation ends on December 31, 2017
 - Meeting of the AAVLD to decide whether the VDL receives full or provisional accreditation will be held in October 2017
- Problems occurred during upload of a portfolio from the VDL to the AAVLD
- DOL IT Supervisor Dan Olson identified the problem as network speed
 - CSD operations budget for IT will provide \$2300 to improve the VDL system, which also saves the VDL \$300/month in fees

Waste Chemical Disposal:

Dr. Layton talked about staff preparation at the VDL to prepare for doing their own hazardous waste disposal:

- A company called Moviola is being considered to pick up the hazardous waste once MSU stops their pickup of the waste
 - Moviola charges \$400/pickup every 6 weeks, a little less than is being paid now
- Staff is registered to attend the required OSHA and the DOT training for hazardous waste disposal, with an 8-hour refresher course required each year
 - OSHA's HAZWOPER 40-hour course is held at the Butte SuperFund site for \$650/person
 - The DOT 8-hour Hazardous Waste online course is \$150/person
- Hazardous waste drums and a bio-cabinet have already been purchased by the VDL

Out of State Travel Request – Milk Laboratory

Dr. Layton requested the BOL approve that a new hire in the Milk Lab be allowed to attend a required FDA course for Milk Lab employees in Indianapolis, IN April 4-6, 2017

- \$2000 of the estimated \$3040 cost will be paid for by USDA

MOTION/VOTE

1:45 PM

Nina moved that Erin Burns of the MVDL Milk Laboratory, attend FDA Course #374, "Laboratory Examination of Dairy Products" at Indiana State Department of Health, Bureau of Laboratories, FDA Division April 4-6, 2017 in Indianapolis, IN. Sue Brown seconded. Motion passed

Rekeying the Marsh Lab

Dr. Layton discussed MSU's offer to pay for the cost of rekeying the entire Marsh Lab building except for several areas in the VDL:

- MSU is working with Dr. Layton regarding the best types of locks to be used on the VDL portion of the building
 - MSU is recommending swipe card locks be installed, with a limited number of cards being assigned
 - Dr. Layton is requesting regular keys be assigned to open the swipe card locks in case of failure and for after-hours employees
 - Dr. Layton is requesting a couple touch pad locks also be installed
- MSU is in conflict as to where the locks for the two wheelchair VDL employees should be placed

NAHLN Rating

Dr. Layton reported that the VDL is still considered a Level II NAHLN Laboratory

- Because of this year's annual rating, grant funding won't be as great as last year for the VDL

2:18 PM - Centralized Services

Update on HB2 Livestock Budget Request 2019 and Legislative Fiscal Notes

George Harris reminded the BOL of the upcoming Legislative schedule

- Transmittal is March 2, 2017
- HB2 Section C budgets should possibly be heard on March 8, 2017

George Harris reviewed Legislative bills fiscally affecting the DOL

- SB73 delays the sunset of statutory appropriation of \$200,000 general fund transferred to a restricted State Special Revenue account used by the LLB for livestock predation claims. Since the transfer authority remained in the statute, there was no fiscal impact
- HB325, the raw milk bill began with a fiscal impact of \$15,000, but after amendments, there was basically no fiscal impact to the DOL
- HB338, the grazing permit bill would have a negative impact of \$4300 to the Brands Enforcement Division State Special Revenue

- HB377 requires the Milk Control Board to establish an administrative rule to utilize the credit factors. The fiscal impact was \$1100 one-time to produce the administrative rule
- HB345 was to exclude cutter bees from the per capita fee. It had no fiscal impact for the DOL

State Special Revenue Collection Comparison FY2016 with FY2017 Actuals

George Harris discussed the current per capita situation in the Brands Enforcement Division:

- New brands and transfers, re-record and interest security filing fees continue to be calculated on a monthly basis to meet audit recommendations for recording unearned revenue:
- Brands Enforcement Division Market Inspections revenue is up by \$25,913 from the previous year
- Per Capita fees collected as of January 31 FY17 are \$4,978,007, \$288,054 higher than in January 31 FY16
- The DOR has billed out \$2.23 million for the FY18 head count reports due on March 1, 2017. Those FY18 Per Capita monies are due May 31, 2017 - \$1,511,000 has already been collected by the DOR
- Per capita offset numbers for 16-17 will be reported to the BOL as soon as they are received from the DOR
- Mike Honeycutt pointed out that the \$188,119 increase in Brands revenue compared to last year is a skewed number because of having to repay rerecord funds last year

George Harris discussed the current per capita situation in the Animal Health Division:

- Laboratory fees are down \$10,486, but are expected to bring in the budgeted amount of \$1,037,000 by FY end

George Harris discussed the current per capita situation in the Milk and Egg Bureau:

- Milk Inspectors Assessment figures are just \$908 less than last year, but all in all, revenues seem to be holding up

FY2017 Expenditure Projections for Fiscal Year End (FYE) 2017

George Harris discussed his Projected Expense Budget Comparison Report for the DOL as of January 31, 2017:

- The HB2 Appropriated Expenditures show an excess of \$753,308 and total budgeted funds of the same amount

George Harris discussed his Expense Projection to Year-End Actual Expense Comparison Report for Centralized Services as of January 31, 2017:

- Payout figures for those 62 and over are included in projections but may be less on next month's report when some of those same employees identify that they won't be retiring
- In Supplies, \$26,000 of the nearly \$30,000 IT budget will be spent for computer replacements, and approximately \$2300 will be spent to improve the speed of the VDL computer system

George Harris discussed his Projected Expense Budget Comparison Report for the VDL as of January 31, 2017:

- Personal Services budget for the VDL shows a deficit of \$3443, which includes a projected payout for someone 62 and older who has decided to not retire this year

George Harris discussed his Projected Expense Budget Comparison Report for the Animal Health Division as of January 31, 2017:

- A \$20,960 deficit in general fund expenditures is anticipated to be in the positive in next month's report because some of the testing will be charged to federal funds as allowed in the cooperative agreement with USDA-APHIS

George Harris discussed his Projected Expense Budget Comparison Report for the Meat & Poultry Bureau as of January 31, 2017:

- Personal Services budget for the Meat and Poultry Bureau shows a deficit of \$146,266, which includes all projected payouts for those 62 and over and only one will be retiring and that person was listed twice, leaving the Bureau's overall budget in the positive
- The Bureau's Operations budget is \$76.875 to the positive

Brands Unearned Revenue

George Harris did an overview on a detailed analysis of unearned, or deferred revenues in the Brands Enforcement Division fund as of January 31, 2017:

- Cash available is \$275,211
- STIP and Cash are \$525,497 more than the required amount

RECESS

3:07 PM

RECONVENE

3:22 PM

3:22 PM – Animal Health Division

Out of State Travel Requests

Dr. Marty Zaluski said he had three separate out-of-state travel requests, for a total of \$13,000, to present to the BOL:

- The first out-of-state travel request is for two persons from the Animal Health import office to attend the USAHerds User Group Annual Meeting in Springfield, MO on May 2-4, 2017
 - Conference covers troubleshooting
 - Federal Cooperative Agreement Traceability funds would cover costs

MOTION/VOTE

3:24 PM

John Scully moved that Sara Starkey and Sam Novak be allowed to attend the USAHerds User Group Annual Meeting, May 2-4, 2017 in Springfield, MO. Brett

DeBruycker seconded. Motion passed.

- The second out-of-state travel request is for four persons to attend the Western States Livestock Health Association conference in Las Cruces, NM
 - Three Animal Health staff – Dr. Zaluski, Dr. Szymanski and Dr. Liska and one Brands Enforcement Division staff – Travis Elings, would attend
 - Conference would allow staff to meet with 19 western-state veterinarians
 - Staff will cross into Mexico during conference to observe how Mexican-origin cattle are processed into the U.S.
 - One person's costs would be covered by State Special Revenue, two persons' costs out of Cooperative Agreement funds and one person's costs could be covered with DSA General Funds

MOTION/VOTE

3:25 PM

Brett DeBruycker moved that Dr. Zaluski, Dr. Szymanski, Dr. Liska and Travis Elings attend the Western States Livestock Health Association Annual Meeting, April 25-27, 2017 in Las Cruces, NM. Sue Brown seconded. John Scully opposed. Motion passed

- The third out-of-state travel request is for Dr. Zaluski to attend the Committee on Government Relations meeting, March 6-10, 2017 in Washington DC
 - Dr. Zaluski's attendance at the meeting is expected as he is an executive officer on the USAHA Committee
 - Meeting provides opportunity to discuss priorities of MT and other western states with Federal agencies
 - State Special Revenue funds would cover half of the costs/Federal Cooperative Agreement Traceability funds would cover the other half of the costs.

MOTION/VOTE

3:29 PM

Ed Waldner moved that Dr. Zaluski, attend the Committee on Government Relations meeting, March 6-10, 2017 in Washington DC. Brett DeBruycker seconded. Motion passed

Request to Fill Animal Health Import Technician Position

Dr. Marty Zaluski requested the BOL approve filling an Animal Health Import Technician position. Interviews have already taken place and person is already selected.

MOTION/VOTE

3:35 PM

Brett DeBruycker moved to fill the Animal Health Import Technician position. Lila Taylor seconded. Motion passed

Proposed Alternative Livestock Rule Changes

Dr. Marty Zaluski requested action on a proposed rule presented during the February 22, 2017 BOL meeting, from a Montana alternative livestock producer to allow producers to collect their own samples from alternative livestock for Chronic Wasting Disease (CWD) and tag their own animals:

- One change from the February 22, 2017 meeting is not only to allow the ability to tag calves from that year, but also the ability to tag adults if there is already a tag in the animal
- Proposed rule only applies to Federally-certified herds
- Under proposed rule, producers who do not complete their annual inventory, have unreported livestock deaths on their facility or don't sample will lose their Federally-certified status

MOTION/VOTE

3:46 PM

Ed Waldner moved to change MCA rule 32.4.201 regarding Identification of Alternative Livestock, to allow producers to apply tags to alternative livestock and collect samples for CWD submission. Lila Taylor seconded. Motion did not pass. Sue Brown and Brett DeBruycker voted yes. Ed Waldner, John Scully and Lila Taylor voted no. Nina Baucus and John Lehfeldt abstained from voting.

Proposed Animal Health Division Fee Rule Changes

Dr. Marty Zaluski requested the BOL allow him to publish a proposed rule that would update the fees on a couple health certificate books to reflect the increased printing costs

MOTION/VOTE

3:47 PM

Nina Baucus moved to change rule 32.2.401 regarding Department of Livestock Animal Health Division Fees that would amend the rule to ensure fees are commensurate with the costs as required by 81-1-102(2) MCA. Ed Waldner seconded. Motion passed

Proposed Brucellosis Rule Changes

Marty Zaluski discussed reasons for his request to the BOL to allow him to update brucellosis MCA rules 32.3.401, 32.3.435 and 32.3.455:

- Changes in MCA 32.3.401 DEFINITIONS
 - Remove unnecessary language in (6)(a), striking ~~brucellosis is also known as bangs disease and undulant fever~~
 - Make language consistent with current term of a "Management Agreement" in (7), striking ~~brucellosis surveillance herd management plan (herd plan)~~ and adding brucellosis prevention and surveillance herd management agreement (management agreement)
 - ✓ (7)(a) Strike ~~herd plan~~ and add management agreement; also strike ~~testing~~ and add Montana brucellosis

- ✓ (7)(b) Strike "~~herd plan~~ and add management agreement"; also strike ~~annually~~ and add every five years or earlier if requested by the herd owner or DOL – Striking annual renewal requirement is in response to Legislative Audit Division's findings
- Changes in MCA 32.3.435 TESTING WITHIN THE DSA
 - Allow variances to be granted to other requirements other than testing in Section (3) by adding brucellosis prevention and surveillance herd management agreement
- Changes in MCA 32.3.455 BRUCELLOSIS TESTS TO BE REPORTED
 - (1) After "The results of all brucellosis tests" add of Montana origin; after "animals shall be reported" strike ~~in writing on an approved form~~

MOTION/VOTE

3:47 PM

Brett DeBruycker moved to change language in MCA rules 32.3.401, 32.3.435 and 32.3.455 regarding brucellosis, with correction in rule 32.3.435, section 3 striking ~~brucellosis surveillance herd management plan~~ and adding brucellosis prevention and surveillance herd management agreement, and publish those for public comment. John Scully seconded. Motion passed

Report on Out-of-State Travel (Equine Traceability Forum)

Dr. Tahnee Szymanski reported on the Equine Traceability Forum she attended on January 17-18, 2017 in Denver, CO:

- The Jockey Club, U.S. Hunter Jumper Association and the Arabian Horse Association, representing 7% of the equine industry, spoke on their advancements in requiring microchipping
- Databases have been built by the organizations including specific equine information
 - Ownership
 - Health Certification
 - Performance Records
 - Drug Testing
- Equine Industry members discussed combining each member's information into a central database
- Equine Industry members voiced concern about Animal Health officials having access to all database information

4:09 PM – Milk Control Bureau

Chad Lee said no comments were received on the proposed assessment rates for the Milk Control rule which changes the rates for FY18 to 28% lower than FY17

Mr. Lee reported that HB2 appeared to be looking good for the Board of Milk Control and that Senate Resolution 30, confirming the appointment of Board of Milk Control members Scott Mitchell and Jerry Wiseman had gone through

Mr. Lee discussed topics to be covered in the next Board of Milk Control meeting, scheduled for March 31, 2017

- Discussion of rulemaking, specifically a proposal seeking the merger in area 32 of chapter 23 into chapter 24
- Adding definitions for classes of utilization, and updating to the surplus rules because of those new definitions
- Discussing, refining and prioritizing the topic areas of the milk control study that the Board had discussed in its budget
- The class 3 price formula
- Freight rates between plants

Mr. Lee discussed price trends

- Milk prices were the highest in two years, but will be down a little in February and March
- The increase in powdered milk prices has affected skim milk prices, which have not dropped
- Butter sales are solid and that is helping to hold up prices

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

4:16 PM

No comments brought forward

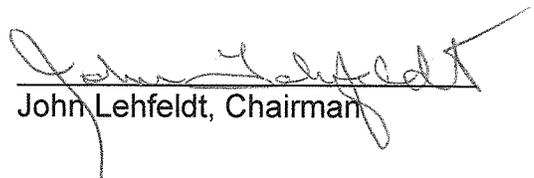
SET DATE FOR NEXT BOARD MEETING

4:17 PM

The BOL decided to schedule the next meeting for Monday, April 3, 2017, if available, at the Montana Public Service Commission Bollinger Room. If that date is not available, try to schedule a meeting for some time during the first week in April

MEETING ADJOURNED

4:26 PM


John Lehfeldt, Chairman