



Montana Board of Livestock Meeting Minutes

June 13-14, 2017

MT Department of Livestock Board Room #319
301 N. Roberts, 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 I& Poultry Bureau

George Harris, Centralized Services

Evan Waters, Centralized Services

Leslie Doely, Brands Enforcement Division

Cally Goins, Brands Enforcement Division

Donna Wilham, Adm. Asst. to EO

Dr. Tahnee Szymanski, Animal Health

Dr. Eric Liska, Animal Health

Dr. Bill Layton, Diagnostic Laboratory

Dan Turcotte, Milk & Egg Bureau

George Edwards, Livestock Loss Board

Public Present

Kraig Glazier, USDA Wildlife Services

Webb Brown, MT Chamber of Commerce

Jay Bodner, MSGA

Stuart Doggett, MT Veterinary Medical Assn.

Race King, La Cense Montana/MSGA

Dean Mack, MT DOA

Tammy Bridges, MT Beef Council

Dr. Janet Hughes, USDA-APHIS

Ken Mesaros, Cascade Rancher

Stephen Forrest, Legislative Fiscal Div.

Rob Stutz, Legislative Services

DAY ONE – Tuesday, June 13, 2017

MEETING CALLED TO ORDER

12:01 PM

Chairman John Lehfeldt called the meeting to order at 12:01 PM

(Brett DeBruycker joined the meeting at 12:08 PM)

APPROVAL OF BOL MEETING MINUTES

12:04 PM

In the April 6, 2017 minutes, Donna Wilham corrected the names of the entities that funded the USDA-WS Helena hangar per information from John Steuber

MOTION/VOTE

12:04 PM

Nina Baucus moved that the April 6, 2017 minutes be approved as corrected. Lila Taylor seconded. The motion passed.

In the May 18, 2017 conference call minutes, Lila Taylor requested that on page 3, her name be added to those that voted on a motion

MOTION/VOTE

12:04 PM

Nina Baucus moved that the May 18, 2017 conference call minutes be approved as presented. Lila Taylor seconded. The motion passed.

OLD BUSINESS

12:06 PM

12:06 PM - Audit Updates

Financial Audit Update

Mike Honeycutt reported that an entry conference with the auditors would be held on June 21, 2017 to assure that the DOL fully addressed the three financial audit recommendations:

- Second payout to previous Executive Officer was made with estray funds rather than per capita fees
- Rerecord account money issues were resolved
- Estray funds account monies are now coded to correct fund type

Lab Performance Audit Update

Mike Honeycutt reported on progress DOL is making in meeting the Lab Performance Audit recommendations:

- Regularly analyze and document the Veterinary Diagnostic Lab (VDL) overhead costs and tests performed
 - Detailed cost analysis of the VDL has been finished and will continue to be updated with current figures each fiscal year
- Biennial review of Lab fees in a systematic and documented manner

- Based on the cost analysis, regional competitiveness and the Consumer Price Index (CPI) the BOL agreed to increase many of the VDL testing fees
 - ✓ Proposed rule change reflecting those increases has been submitted to the Secretary of State's office and then will be opened for public comment
 - ✓ Review Lab pricing at least annually and make any needed adjustments
- Develop a recurring and consistent source of per capita funding
- Fully implement all the features and functionality of the information management system, VADDS
 - The DOL continues to struggle with the VADDS/USAHerds interface
 - The messaging system is not fully implemented, but the problem has been traced to a coding issue
 - Lack of messaging could cause problems with NAHLN's rating for the VDL, affecting NAHLN funding to the VDL
- Develop a detailed and specific timeline for replacing the VDL
 - The Legislative Study Committee for the proposed combined lab complex has requested recommendations from all affected agencies by November or December
 - A number of legislators on the Committee have offered potential buildings for the complex in their towns

Brucellosis Audit Update

Dr. Eric Liska gave an overview of the final plan to address the brucellosis audit recommendations:

- In an amended administrative rule (32.3.401), the term "herd plan" was to "management agreement"
 - Herd plans are mandatory for herds under epidemiologic investigation
 - ✓ Herds are quarantined until follow-through of a herd plan is completed
 - Management agreements are made with DSA producers for prevention mitigation of brucellosis
 - ✓ DOL discusses with those producers how often and when to test
 - ✓ Brands are flagged on animals requiring testing in the DSA
 - ✓ DOL works with producers on mitigation of risk – fencing, haystacks, working with FWP to haze elk off their property and vaccination strategies
- Suggestions were made to fulfill the audit recommendation that the DOL improve oversight and accountability of DSA herd management agreements by documenting review and updating DSA management agreements
 - Set in place an internal rule requiring that brand inspectors notify the DOL when issuing a permit for animals entering the DSA
 - Penalties would be issued if brand inspections were not conducted on animals entering the DSA

- Continued communication between DSA producers and Dr. Liska has helped monitor animals coming in and out of the DSA
- Further development of realtime communication on movement in and out of the DSA continues to be addressed
 - Deputy Stock Inspectors need to contact Dr. Liska right away when there is movement in and out of the DSA
 - Prioritize DSA inspections when Helena staff enters information onto the computer for easier access of information
 - Have Dr. Liska work alongside Leslie Doely to coordinate better with District Investigators and Local Inspectors on animals moving in and out of the DSA
- DOL has been asked to appear, along with FWP, on June 30, 2017 to discuss the brucellosis audit in front of the Environmental Quality Council (EQC) Committee

Dr. Liska reported that the most recent National Academy of Science findings, regarding brucellosis in the greater Yellowstone area suggested that the likely reason we haven't seen a transmission from bison to cattle is because of IBMP, that temporal separation of bison from cows

- Mike Honeycutt said that operational staff have been asked to be much more detailed in their lethal removal reports

12:46 PM - Personnel Update

Executive Officer Performance Review

Brett DeBruycker reported on the progress of the Fusion program, the DOL's online personnel evaluation tool through DOA's HR Division:

- The Fusion program was not fully functional and so the BOL personnel committee agreed to utilize an evaluation form for Mike Honeycutt that basically followed the format for the Fusion program's leadership form, covering leadership, trust, personnel, communication and financial issues
 - Mr. Honeycutt completed a self-evaluation and had already submitted his form to the BOL
 - ✓ On every competency, Mr. Honeycutt evaluated himself as "Meets Expectations"
 - The BOL evaluated Mr. Honeycutt as well and it was requested they bring their completed forms to be read at this meeting
 - ✓ On every competency, the BOL evaluated Mr. Honeycutt's performance as either "Meets Expectations" or "Exceeds Expectations"

1:12 PM - Legislative Update

Mike Honeycutt reported on the DOL's progress in implementing Legislative directives from the 2017 Session:

- New coding for the reorganized bureaus and divisions should be completed within the next few months

- George Edwards is moving forward with implementing the new funding and mountain lion predation legislation affecting the Livestock Loss Board
- The newly passed livestock transportation and grazing permit law (HB338) goes into effect on October 1, 2017 and DOL staff, is working on how to change operations to best implement it
 - Possible changes to the DOL fee structure may need to be incorporated
 - An increased workload is anticipated for Brands Enforcement staff, as they monitor the livestock movements across a wider expanse of counties for grazing
 - Information needs to get into the hands of producers to assure they have a good knowledge of the new grazing law
- Staff is also working on ways to best enforce the newly passed electric fence statute (HB256)

RECESS

1:19 AM

RECONVENE

1:34 AM

1:34 PM - HB2 Implementation

John Scully and Mike Honeycutt discussed issues to be dealt with in the Department to implement HB2:

- Structural Activity
 - Consider a VDL Administrator in Helena to manage financial aspects of the Lab
 - Consider a VDL Operational Manager in Bozeman who would report to the head of Animal Health
 - Effective July 1, 2017, the CSD Administrator position will be eliminated
 - ✓ The Legislature provided funding for a Deputy Director position in the CSD budget
 - The Meat and Poultry Bureau, Milk and Egg Bureau and the entire Veterinary Diagnostic Lab (VDL) will be aligned with the Animal Health Division effective July 1, 2017
 - It was suggested to rename the reorganized Animal Health Division the “Animal Health and Food Safety Division, directed by the State Veterinarian
 - It was suggested that the Assistant State Veterinarian take responsibility of what is the Animal Health Division today and that would become the Animal Health Bureau
- Updates on the proposed new VDL building
 - The \$75,000 in matching funding requested by DOL to conduct an ongoing study for the new combined lab complex was denied by the Legislature

- A committee of legislators was put together and funded through the interim in a separate bill that would study the future of the VDL, its location, its relationship with MSU and any other questions that could arise about the VDL itself
- Monies to fund a salary increase for Mike Honeycutt were granted and added to the next biennium's budget

John Scully requested that the BOL dissolve into Executive Session with Rob Stutz, counsel for BOL, to discuss the potential litigation due to the restructuring of the Department listed in HB2

MOTION/VOTE

1:45 PM

John Lehfeldt moved that the BOL move from a public to a closed session. Sue Brown seconded. The motion passed.

EXECUTIVE SESSION

1:45 PM

RECONVENE

2:52 PM

RECESS

2:52 PM

RECONVENE

2:57 PM

MOTION/VOTE

2:58 PM

John Scully said, I would note that in the executive session dealing with the structural transfer of the Milk and Egg Bureau and Meat and Poultry Bureau to Animal Health, that there were no foreseen legal litigation issues attached to that, though there may be some job description change for Dr. Zaluski because of his oversight over more individuals, but no one else's positions changed, so I would move that we structure the Meat and Poultry Bureau and the Milk and Egg Bureau, in accordance with the way it has been funded and ask that they report directly into Animal Health. Lila Taylor seconded. The motion passed.

John Scully said, that because his previous motion passed that he had a subsequent motion to make:

MOTION/VOTE

3:00 PM

John Scully moved that Mr. Honeycutt and the DOL attorney be authorized to discuss the matter with personnel and the effect it may have on personnel and report back to the BOL with regards to findings they might have as soon as possible. Brett DeBruycker seconded. The motion passed.

John Scully said, that the Coremark case is being decided on briefs, without oral hearing and so there will be no further need of counsel to make argument of that case in court:

MOTION/VOTE

3:03 PM

John Scully said with regards to HB2 appropriations, he moved that Brett DeBruycker, John Leheldt, along with the Personnel Committee meet and discuss the appropriate salary considerations for Mr. Honeycutt now that his review has been completed. Brett DeBruycker seconded. The motion passed.

Mike Honeycutt said that if the BOL agrees to the reorganizational changes presented on his handout chart, that Dr. Zaluski's increased responsibilities as Director of the Animal Health and Food Safety Division would be aided by Dr. Szymanski, who would be given direct supervisory responsibility of the Animal Health Bureau:

MOTION/VOTE

3:17 PM

Ed Waldner moved if they are all agreeable, to accept the reorganization of Meat and Poultry and Milk and Egg and VDL under Animal Health, according to the organizational chart presented by Mike Honeycutt. Sue Brown seconded. The motion passed.

Mike Honeycutt explained that through HB2, the Brands Enforcement Division restructure was funded in three buckets:

- The Markets
 - Tyler Thomas, the current Assistant Brands Administrator, would head up the Markets Operations Bureau
 - The 13 markets comprising that Bureau would report to Tyler Thomas
 - Tyler Thomas would travel to each market at least a couple times/year, but still have daily communication with the Market Supervisors
 - Market Supervisors would be responsible for all Brand Inspectors underneath them

- The Investigators
 - District Investigators would no longer have supervisory responsibility over the markets, but would be involved with enforcement and investigation in the markets as part of one group called the Livestock Enforcement Bureau
 - Western Supervisor Ernie McCaffree and Eastern Supervisor Travis Elings would no longer have supervisory responsibility over the markets, but it would not change their pay scale or their job description
- The Helena Administrative Office
 - A new position in the Helena Main Office Administration Bureau would manage people in all main office operations (data entry from field & markets; licensing, auditing, dealer permitting, brand recording functions) on a day-to-day basis, shifting the direct supervision duties of those people away from the Brands Administrator

NEW BUSINESS

3:55 PM

3:55 PM - Milk Control Study Discussion

Ed Waldner expressed his concerns about increasing Class 3 prices before the legislatively approved Milk Control Study was completed:

- Chad Lee said there were two opposing opinions about when the Class 3 price formula should be changed
 - Producers recommended that the Class 3 price change should be made after the Milk Control Study was done
 - 14 dairies (accounting for about half of Montana Milk production) petitioned that the Class 3 price change be made before the Milk Control Study was done
- The Board of Milk Control has not made a decision on which to do first, but Ed Waldner requested that the BOL recommend to the Board of Milk Control to go forward with the Milk Control Study before taking any action on changing Class 3 prices

MOTION/VOTE

4:11 PM

Ed Waldner moved that the BOL make a recommendation to the Board of Milk Control that they spend the money authorized by the Legislature to do the Milk Control Study. John Scully seconded. Motion passed. Brett DeBruycker was nay.

RECESS

4:13 PM

RECONVENE

4:22 PM

DIVISION REPORTS

4:22 PM

4:22 PM – Centralized Services Division

George Harris reported that for the past 2-3 weeks CSD has been going through a turnaround process to transfer appropriations allocated from the Legislative actions into proper budget categories for the next biennium:

FY 2018-2019 Budgets (Implementation)

George Harris highlighted how DOL appropriations were tied to the 2017 Legislative actions:

- Paperwork showing how those appropriations are tied to the Legislative actions were submitted to the Governor's budget office on June 12, 2017
- No FTEs were removed from CSD and numbers submitted to the Governor's budget office included the \$120,000 budget authority for the Deputy Executive Officer position
- With the reorganization and adding of the Milk & Egg Bureau and the Meat & Poultry Bureau under its umbrella, the Animal Health Division has increased to 65.51 FTEs, the DOL's largest division
 - The 8.5 FTEs in the State Veterinarian office was paid for with per capita funds
 - The \$850,153 to fund the DSA was paid for with general fund dollars
- The 2017 Legislature set up an Enterprise Fund to help fund the VDL
 - \$1,181,581 of FY18 budget is Enterprise funds; \$616,544 of FY18 budget is General Fund; \$82,737 of FY18 budget is Per Capita Fee; \$30,585 of FY18 budget is Federal National Lab Network Funding
 - Most of the Enterprise Fund is to cover VDL Operations expense. Lab fees that are collected basically became the Enterprise Fund
- The Brands Enforcement Division remains at 53.11 FTEs and came through with a strong budget for the DOL
 - For the Brands FY18 budget \$2,976,265 is State special revenues (new brands and transfers and rerecords, security, local and market inspections, livestock dealers license and investment earnings); \$519,566 is per capita fee, for a total FY18 budget of \$3,495,831

FY 2017 Expenditure Projections and Projected Actions to Complete FYE 2017

George Harris commented on a possible reachback in the DOL budget by the Legislative branch in order to meet year-end balance:

- Mr. Harris said although the DOL gave up \$46,000 in general fund dollars already, the Legislature can call a special session to request more funding
 - Stephen Forrest, Legislative Fiscal Division said that Trigger 2 in SB261 could affect the DOL, which is a .5% across the board general fund reduction. With increased financial problems, more triggers could be put into effect, including transfers and more cuts to the budget
 - If another trigger went forward, the DOL could use extra per capita not expended if the general fund was taken, except in the Meat and Poultry Bureau where only 50% could be covered with per capita. The new Labor organization and retirement payouts in Meat and Poultry would be reasons for the DOL to use the personnel contingency

George Harris reported on projected expense budget comparisons in the DOL:

- CSD, Livestock Loss Board, Milk and Egg Bureau, State Veterinarian's office and Milk Control have no budget problems projected
- There is a projected shortfall in the Diagnostic Laboratory (\$15,559) and the Milk Lab (\$23,018)
- The \$69,244 in the DSA comes from actual testing and legitimate coding to the federal umbrella plan also allows some of those monies be available to help out with the Meat and Poultry Inspection Program
 - Although in the Meat Inspection program projections are \$2,184 to the positive, they are \$83,910 negative in Personal Services, a shortfall to be covered with a transfer from the Brands Enforcement Division, the Diagnostic Laboratory and possibly from the DSA
- Mike Honeycutt said there is a possibility of four transfers to get to the end of the fiscal year

State Special Revenue Comparison FY 2017 with FY 2017 Actuals

George Harris said that the State Special Revenue has been tracked by CSD all year and appear to be quite solid:

- There was an increase in per capita investment earnings from \$5,035 in FY16 to \$39,169 as of May 31, 2017
- Laboratory Fees are down \$24,062, but that is because once the bills are sent out, the revenues take a month to be paid and so budgeted revenue is expected to be \$1,037,000 by FY-end
- Total budgeted per capita fee revenue for FY17 is \$4,756,822, with capital revenue coming in at \$267,058 higher than the per capita fee revenue
- Both Livestock dealers licenses and local inspections were down
 - This is a reflection of 15,000-20,000 fewer animals employees have seen vs deputy stock inspectors

FY2017 Cash Balance Projections: (Per Capita, Brand Fees and Lab Fees)

George Harris reported on DOL per capita fee (CSD, Predator Control, VDL, Animal Health, Brands) projections:

- Projected per capita fee revenues are \$5,122,765; FY2017 per capita fee expenditure projections are \$4,128,264, for a current year net projected increase of \$994,501

- The projected FY17-end cash balance is \$3,562,110

George Harris reported on the projected cash balances in the Brands Enforcement Division:

- The beginning cash and investments balance for FY17 was \$4,355,125, although the beginning cash available for current year expenditures was \$819,297 after unearned revenue was subtracted out
- After projected expenditures were subtracted from projected revenues the current year projected net increase is \$232,994
- As of June 30, 2017. the projected ending operating cash balance is \$1,052,291 and projected unearned revenue is \$3,100,853, for a projected ending cash and investments balance of \$4,153,144

George Harris gave the current cash balance report at the Veterinary Diagnostic Lab (VDL):

- The current year net increase is a negative \$17,245 of where they were a year ago and as of June 30, 2017 the projected ending cash balance is \$232,609

Brand Revenue Projection – Future Planning

George Harris reported on the unearned revenue (rerecord) in the Brands Enforcement Division:

- Revenue is amortized over a 10-year period, allowing 10% of the funds to be used each year
- In 2021 there is a projected \$498,000 that can be spent. The \$154,000 shortfall in 2022 and \$415,000 shortfall in 2023 is not that the cash isn't there, it just cannot be spent.
- Mr. Harris reported on this spring's per capita collections up to this point, revenues that can be used in 2018:
 - \$4,903,408 in per capita fees reported, \$4,741,477 per capita revenues received - \$161,931 still due

Mike Honeycutt reported that he, George Harris and Dan Olson have been in discussion of how to coordinate and collaborate per capita information to locate livestock owners who haven't paid per capita fees but should be

- It is possible that significant dollars, particularly from horse per capita fees, are being lost each year because of owners not reporting their head counts
- Brand Inspectors may be key in talking face-to-face with livestock owners about per capita
- Possibly consider charging per capita fees to out-of-state livestock owners who graze their stock in Montana for part of the year

5:07 PM – Comments from the Public on Non-Agenda Items/Comments from Producer Organizations

None

5:08 PM – Adjourn

John Lehfeldt adjourned the meeting at 5:08 PM

DAY TWO – Wednesday, June 14, 2017

MEETING CALLED TO ORDER

7:59 AM

Chairman John Lehfeldt called the meeting to order at 7:59 AM

DIVISION REPORTS

7:59 AM – Milk and Egg Bureau

Dan Turcotte reported on general updates at the Milk and Egg Bureau:

- Mr. Turcotte said there were two main items addressed at the National Conference on Interstate Milk Shipments he attended in Grand Rapids, MI May 12-17, 2017
 - Incorporating the Food Safety Modernization Act (FSMA) into the Pasteurized Milk Ordinance (PMO)
 - ✓ This process should be somewhat painless for regulatory
 - ✓ Industry, as far as plants go, has already been working on this
 - Drug Testing in Milk
 - ✓ A tetracycline voluntary drug monitoring program has been launched at plants and will begin July 1, 2017 – Both Meadow Gold and Darigold will be participating
 - ✓ The FDA is behind on evaluating the testing apparatus and kits meaning some testing will be done without evaluated tests
 - ✓ Positive loads will be dumped; the producer buys the load and can't ship again until a negative confirmation
 - ✓ Drug testing of various types has been done in Montana all along and FDA tracking shows that in 20 years, positive drug loads have gone from .1 of 1% down to .01 of 1%
 - ✓ Mr. Turcotte said the DOL reorganization will bring in veterinary expertise into the drug testing programs
- Two State ratings, one on a plant and one on a Bulk Tank Unit (BTU) will be coming in July
- The FDA will be doing an overall program review at the end of June to verify that the Milk Program is in compliance with the past Milk Ordinance
- Proposed sheep dairies in Wolf Creek and Hysham hope to finish construction and open next Spring
- Until the new egg plant in Great Falls opens, Montana Egg will be running every Saturday because they are being overwhelmed with product and the Wilcox Family Farms Roy, Washington plant is currently at capacity and not taking the overflow

8:19 AM – Livestock Loss Board

George Edwards reported on predation claims up to this point:

- 35 animal predations have been reported so far (25 cattle, 10 sheep), behind last year's reports during the same time period (42 cattle)
- Mr. Edwards said he knows of 12 calves and six pigs killed by grizzlies and seven calves and four sheep killed by wolves that have not come in yet for claims

There are efforts being made to establish guidelines for producers in dealing with predators on their property:

- Fish and Wildlife Services, USDA Wildlife Services and FWP have held meetings around the state for ranchers, giving them guidelines for hazing predators off their property
 - Hillary Cooley, grizzly bear coordinator for US Fish and Wildlife Services is currently working on a handout listing hazing guidelines
 - LLB member Seth Wilson and MSGA worked on a brochure that lists how to safeguard your farm and ranch from grizzly bears. It is posted on the MSGA website and Mr. Edwards will have it posted on the DOL website as well
 - At a recent MWGA meeting attended by Mr. Edwards, Montana Senator Lew Jones reinforced the issue that the hazing guidelines need to be set down

Mr. Edwards talked about funding issues at LLB:

- The SB73 funding glitch was corrected and the \$82,149 payment was then made to Wildlife Services
- Mr. Edwards said that the President's proposed budget would cut Wildlife Services budget in half
- \$62,400 in State grant funds was issued this fiscal year, but they may not be available next year
- \$300,000 will be available in FY18 for predation claims, but with the addition of mountain lion claims beginning October 1, 2017, Mr. Edwards said that the \$100,000 funding cushion will go away quickly

Mr. Edwards gave a positive report on the Carcass Disposal Program:

- The Big Hole program is currently working with the Centennial Valley program
- Madison County is still trying to get their disposal program going after their conservation district handed it over to the County
- Over the number of years the Granite County program has been in operation, there is rarely a predation claim made now
- Gene Curry has been having trouble finding a driver for the program, along with insurance issues, on the Rocky Mountain Front

8:30 AM – Predator Control

Kraig Glazier gave Wildlife Services (WS) updates for John Steuber who was at an out-of-state meeting:

- About two weeks ago, MT FWP funding for wolf work was depleted until July 1, 2017
 - No aerial support is available
 - Counties with cattle petitions that did not want that money spent on wolves specifically, such as Beaverhead County, will have no support for wolf predations
- Wildlife Services is fully moved into their newly purchased hangar in Helena, saving around \$10,000/month in leasing fees
- The \$300,000 purchase price WS paid for the hangar will be recouped in 10 months
- The Automatic Flight Following (AFF) devices have been inserted into the WS helicopters

Mike Honeycutt explained some possible funding issues coming up for WS and LLB

- WS appropriation is per capita fee; the LLB claims program is paid for with general fund dollars – a fact that was not totally understood by some legislators this past session when mountain lions were added to the predation claims list
- Bounty law changes passed in the 2017 Legislative session could mean that counties with petitions will want to pass those dollars onto a bounty program rather than issue it to WS
- There is concern expressed by the BOL that the cut in Federal funding could mean that to make up the difference and to keep the predation programs going, per capita fees and county taxes could be raised

8:54 AM – State HR Policy Training

Mike Honeycutt introduced Dean Mack, Deputy Administrator for the State HR Division, who would be conducting Performance Management and Evaluation Policies training for the BOL, the first of more training sessions to be scheduled for the BOL:

- Mr. Mack explained that the Performance Management and Evaluation Policies are found in the Montana Operations Manual (MOM) and requires that agency management evaluate all employees annually
 - Those policies do not supersede disciplinary action
 - Agency managers evaluate employees on their performance, competencies and also behavior
 - Employees can update and address their goals online at any time during the process and are encouraged to do so
 - ✓ With the new online system, the employee's evaluations follow the employee if they take a job at another state agency
 - ✓ Mr. Mack feels the new online system is more private than a paper record system because access to the evaluation is limited to who has been given online authority to the records
 - Employees cannot grieve the content of an evaluation, only whether or not the process was followed
 - ✓ HR is generally involved if an employee is dissatisfied with the content of an evaluation and that is followed by discussions to address the situation and resolve it

- The performance evaluation management process is broken down into three phases
 - Planning phase
 - ✓ Supervisor and employees meet to discuss goals and objectives to be met during performance review period
 - ✓ Both “if” and “how” objectives and goals are met are considered in this phase
 - Ongoing feedback
 - ✓ Employee works towards meeting the goals and objectives with supervisor providing feedback and coaching throughout the process
 - Review at the end of the performance review process
 - ✓ Discuss if goals and objectives have been met, assign ratings and begin planning for next performance review cycle
- The DOL expectation is that if anyone is rated as a “needs improvement” in their performance evaluation there must be a Performance Improvement Plan (PIP) established
 - If a PIP is issued, the manager must sit down with the employee and clearly document expectations and set clear timelines
 - A PIP does not have to be issued if there are certain moral or ethical behaviors by an employee. Those need to be dealt with immediately and could result in immediate termination
- The current online evaluation system does not include a 360 Feedback capability
 - 360 Feedback can be valuable because of feedback from employees but it can also be a method to “grind an ax” against a supervisor, that includes information much too personal for a performance evaluation
- Mike Honeycutt said that he has sent several DOL supervisors to a Professional Development Center (PDC) Effective Management series at the cost of \$800-\$900 for the entire course or around \$135 for each section
- Mr. Honeycutt said he would like to make it mandatory for any new managers to take the course and set aside money in future budgets for that purpose

RECESS

10:17 AM

RECONVENE

10:32 AM

10:32 AM – Brands Enforcement Division

Brands Conflict Check Demonstration

Leslie Doely, Brands Administrator and Cally Goins, Brand Recorder, clarified issues and answered questions regarding obtaining and retaining a brand:

- As of June 13, 2017 there are 53,217 recorded brands in the state – 50,000 cattle, 46,000 horse. Sheep and cattle/horse combination brands can also be recorded
 - Ms. Doely said that the average number of brands issued each year is approximately 1000, a drop from 1800 issued in 2013
- Policy regarding brand conflicts has not been changed since 2012 when the five-county rule was removed and replaced with the adjacent county rule
 - Leslie Doely is researching when in the history of the Brands office character restrictions were first put into place
 - With the complication of brands policies, Ms. Doely is looking to make brands information on the website more comprehensive and possibly add information into rule that will give the brands staff backing if it appears there could be problems with certain policies.
 - Because of a Legislative Audit recommendation, the Brands office has added a \$100 non-refundable fee when applying for a brand
- Statutorily, brands issued from the State Brands Enforcement office must be distinguishable with reasonable certainty from all other marks and brands – There are three components covered when checking for brand conflicts
 - Readability of a brand
 - Misbranding
 - ✓ Characters are put in a wrong location or flipped in the wrong direction
 - Alterability of a brand
 - ✓ Law enforcement being called in for altering a brand is very rare
- The Department has created a market for brands because of its own internal policies
 - Ms. Doely said there are a number of brands in the state that are recorded but not in use, they are the owner's property and can continue to be if they re-register their brand every 10 years at rerecord time. This can put a huge monetary value on the brand if the owner decides to sell it
- A requirement on the brand application of listing a physical address has helped alleviate misrepresentation of brand ownership in other counties when the brand owner doesn't reside there
- There is nothing in place right now to make the entire brands conflict check electronic, although the brand database is through Axiom
- The brands market is a declining market and so designing a program to make the conflict check electronic could initially cost in the 100s of thousands of dollars

Miscellaneous Updates

The BOL discussed possible ways to garner per capita payments from non-paying horse owners:

- Thousands of horses are inspected that have no brands
 - Possibly have a letter drawn up explaining per capita that brand inspectors can give to horse owners
- For those horse owners who have registered brands, send the informational letter to them explaining per capita

The Brands office is still in discussion regarding how to handle the process end of the new grazing permit law that passed during the 2017 Legislature

- Because the permit requires the entirety of the grazing property be the privately deeded land of the livestock owner, it is not believed that many producers will be utilizing it across many counties
- The grazing permit process would require notification to the DOL 3-4 weeks ahead of time and an inspection must take place

Lila Taylor reported there has been a problem with producers having their checks held by the Miles City Livestock Commission Company because records show that there are liens on their brands

Mike Honeycutt reported on updates regarding the DOL and the MT Beef Council:

- Rob Stutz had not yet written the addendum to the contract with the Beef Council that would protect the DOL from audit costs from third parties
- The current process the Beef Council and the DOL use to reconcile incoming checkoff dollars puts the DOL in a position to not have to defend to the Beef Council as to whether or not they are receiving the money

Personnel Update

Leslie Doely gave an update on the personnel situation in the Brands Enforcement Division:

- One retirement is effective June 15, 2017, Tyler Bond, an investigator in District 4, Carbon, Stillwater and Sweetgrass Counties
 - Monty Simensen, Investigator in District 7, Glasgow, will take the District 4 vacated position. Glasgow position is open until filled
- Interviews for the Billings Investigator position are scheduled for June 20, 2017
- Miles City Market Inspector position is open until filled
- Preparations are being made for the upcoming Fall Run
 - Work is being done with Market Supervisors to assure there is adequate coverage of short-term workers for Fall Run
 - The Fort Supply system takes more time for data entry of information, and so some temps may need to be hired, along with current staff, to catch up on the data input
- Leslie Doely said that authority-wise, she can only use a portion of personal services money on temps, but she feels it would be enough to cover what is needed

Brands Enforcement Structure

Leslie Doely said that this portion was covered during yesterday's meeting

LUNCH

11:58 AM

RECONVENE

12:40 PM

DIVISION REPORTS CONTINUED:

12:40 PM

12:40 PM – Meat and Poultry Bureau

Spring NASMFID Meeting

Gary Hamel reported on his attendance at the National Association of State Meat and Food Inspectors Directors (NASMFID) meeting held in Las Cruces, NM on April 24-27, 2017:

- Main topics of the NASMFID meeting included-
 - Interstate Sale of Exempt Meats
 - Updates from the Federal/State Audit Branch
 - State Directors' Discussion
 - Food Inspection in the Military
 - ✓ The Army alone had over 550 active-duty veterinarians, over 200 reserve veterinarians; over 1500 enlisted animal technicians and inspection specialists, over 400 civilian staff working on their Animal Health and Food Safety Program

Montana Meat Processors Association Meeting

Gary Hamel reported on topics discussed during his attendance at the Montana Meat Processors meeting held in Butte on April 20-22, 2017:

- Steps to becoming a State-Inspected Facility
 - Mr. Hamel gave a report on all aspects of the process for becoming a state-inspected facility
- Legislative Session Update
 - Three members of the Montana Meat Processors Association testified before one of the subcommittees during the 2017 Legislative session on the delivery of program services and to support the need for additional inspectors
 - An amendment to HB2 appropriations garnered two additional meat inspectors but did not provide funding for training or leased vehicles
- Distribution of State-Inspected Meat and Poultry Products
 - FSIS provided guidance, saying that all state-inspected products must remain within the state borders, but if an establishment utilizes a 100% Federally-inspect product, it may be shipped out of state for retail sale

Audit Update

Gary Hamel reported on the USDA-FSIS Performance Audit, held in April:

- Although several audit findings, including HACCP plans and records, will need to be addressed, the majority of the findings were related to sanitation issues
 - Some of the findings should have been caught during daily inspections, but were not
 - The auditors were particularly concerned with the procedures followed during the production of jerky
- Mr. Hamel said that a plan has been developed to address each audit issue as well as global issues and trends that showed up in the audit findings
 - Whether or not the inspectors were not performing their proper in-plant duties or not properly trained, a training process that covers all FSIS inspection duties will be put into place for Meat Inspectors

12:59 PM – Veterinary Diagnostic Lab

Clinical Pathology Section Update

Dr. Layton updated the BOL on the Clinical Pathology section of the Lab:

- A letter was sent out at the beginning of June to clients of the Clin Path section of the VDL that the section would no longer be able to perform testing due to difficulties in recruitment and retentions, decreasing caseload and concerns from the industry, management and the Legislature
 - After two months of advertising for the position of Clin Path Lab Supervisor, a candidate applied on June 13, 2017
 - Once the Clin Path Lab Supervisor is hired, there is still one FTE left to fill in that section
- The BOL requested that the Lab stay open and a letter informing the Clin Path clients of that be sent

Other Hiring/Position Updates

Dr. Layton reported on the current personnel situation at the VDL:

- The Virology Lab and Prep Aide positions have been filled
- The Clinical Pathology Lab Supervisor and the .5 FTE Serology Pathology Assistant positions are still open

Fee Increase Updates

- Dr. Layton reported that the proposed Lab Fee increases rule change (32.2.403) has been submitted to the Secretary of State's office
- Dr. Layton shared the latest requests from the NAHLN Coordinating Council for all Labs that are a part of NAHLN
 - NAHLN is requesting that all Level 1 and Level 2 laboratories (VDL is Level 2) to be messaging by the end of 2019
 - "Step" funding has been offered by NAHLN and when received, Dr. Layton wants to use it to focus on IT needs of the Lab, in particular, VADDS
 - Dr. Layton said that the reason VADDS won't message is not the hardware or the software, but the issue is putting in the codes

- Dr. Layton said he will assign Dr. Steve Smith to getting VADDS to message and he hopes to have that done by the end of 2017
- Dr. Layton said there is an American Association of Veterinary Laboratory Diagnosticians (AAVLD) accreditation review scheduled at the VDL August 21-22, 2017
- Dr. Layton shared his views on the reorganization of the DOL, particularly on the VDL coming under the umbrella of the Animal Health Division
 - The VDL is not appreciative of the change, depending on the relationship between the State Veterinarian and the Laboratory Director
 - The change will make budgeting easier. Dr. Layton said he does not have much of a business background and having a “number cruncher” do reports will help
- Dr. Layton would like to see a PR person hired to promote the VDL and other sections of the DOL, writing and distributing articles

1:32 PM – Animal Health Division

Proposed Administrative Rule Change Regarding the Importation of M-Branded Cattle

Dr. Szymanski reported on a proposed administrative rule change that would revise import requirements for M-Branded cattle coming into Montana:

- Several legislators from the 2017 session approached Mike Honeycutt and Dr. Zaluski requesting that the DOL increase the testing requirements for those cattle, specifically following the language North Dakota uses in their import requirements
 - North Dakota’s basic testing requirements are already in Montana law, but they also added language requiring there be a whole herd negative tuberculosis test on the birth herd of origin in Mexico
- The language for the proposed administrative rule change would include adding a whole herd negative tuberculosis test requirement on the birth herd of origin, whether the cattle came directly from Mexico or from Mexico to another state and then to Montana
- Ms. Szymanski said that Dr. Susan Keller, the North Dakota State Veterinarian, reported that to her knowledge, no one has ever been able to produce a birth herd of origin test and therefore has kept M-Branded cattle out of their state
- If passed, the rule change would impact around 4000 sporting bovines in Montana on an annual basis.
- According to Dr. SueLee Robb-Osterman, National Veterinary Service Laboratory (NVSL), of the tuberculosis cases confirmed in cattle in the U.S. on an annual basis, 50% of them are in Mexican origin feeders, around 10-15. However, there are about 250 cases of the same type of tuberculosis per year found in humans

MOTION/VOTE

2:00 PM

- **Lila Taylor moved to propose amendment of ARM 32.3.212 additional requirements for cattle and 32.3.212B importation of cattle from Mexico as presented by Dr. Tahnee Szymanski. Nina Baucus seconded. Motion passed.**

Out-of-State Travel Request

Dr. Szymanski requested that either herself or Dr. Zaluski attend the USDA Bovine Tuberculosis Summit July 26-27, 2017 in Fort Collins, CO:

- Summit discussion will cover recent activity in the industry
 - One topic of big discussion will be herd depopulation as the USDA tries to indemnify for the significantly-sized dairy herds in Texas and New Mexico
- It is a time for industry and regulators to come together and maybe do some brainstorming regarding the disease

MOTION/VOTE

2:09 PM

- **Brett DeBruycker moved that Dr. Tahnee Szymanski or Dr. Zaluski attend the USDA Bovine Tuberculosis Summit in Fort Collins, CO on July 26-27, 2017. Sue Brown seconded. Motion passed.**

Proposed Alternative Livestock Rule Change

Dr. Szymanski said, that per the request of Ken Mesaros, a Cascade-area alternative livestock producer, ARM 32.4.201 and 32.4.1302 are being brought back to the BOL to reconsider for a language change:

- The request in 32.4.201 is that alternative livestock owners may apply tags to their calves rather than having a veterinarian apply them
- Ken Mesaros is also requesting that the BOL strike the language that requires that the DOL give prior approval to the alternative livestock owner before filling out a reconciliation form when retagging
- The request is that in 32.4.1302, that the alternative livestock producer be allowed to collect their own CWD samples rather than requiring that a veterinarian do the procedure
 - The deceased animal would have to be from a CWD-certified herd
 - The producer would be required to go through training with their veterinarian on how to collect the samples
- If there are recurring problems with sample submissions, the producer would either be required to retrain or potentially have the privilege taken from them

MOTION/VOTE

2:17 PM

Lila Taylor moved for approval for language changes in both ARM 32.4.201 and ARM 32.4.1302 as presented.

Lila Taylor withdrew her motion because of more discussion

MOTION/VOTE

2:19 PM

Lila Taylor moved for approval for language changes in ARM 32.4.201 as presented, but with the change stating that “alternative livestock licensees may apply replacement tag or tags to adult animals provided they have one tag” and ARM 32.4.1302 as presented. Brett DeBruycker seconded. Motion passed. John Scully was a no.

Summary of USAHerds Meeting - Travel

Dr. Szymanski reported on the travel of two Animal Health staff, Sara Starkey, Program Specialist and Samantha Novak, License Permit Technician, to the USAHerds User Group Conference held May 2-4, 2017 in Springfield, Missouri:

- The annual workshop is a meeting of all states that utilize USAHerds software, with their staff on hand to provide insight on how other states are using the system and company plans for upgrades and changes

Miscellaneous Updates

Dr. Szymanski reported on the increased occurrence of Johne’s disease in Montana herds, particularly purebred operations, being reported to the Animal Health office:

- There is a concern about the impact of the disease on the reputation of the purebred industry
- Dr. Zaluski and Dr. Szymanski recently traveled to Roy, MT to host a public meeting because of a report in a Central Montana grazing district of a positive Johne’s
- Dr. Zaluski and Dr. Szymanski have been working with the Montana Stockgrowers Association (MSGA), the Montana Farm Bureau Federation (MFBF) and some state purebred organizations to increase the DOL’s outreach effort in regard to the disease
 - Outreach material featuring Johne’s has been developed for distribution
 - A Johne’s certification program for herds is being considered by the DOL

Brucellosis Vaccination Rule

Dr. Eric Liska brought ARM 32.3.436, calfhood vaccination rule within DSA counties, up for discussion:

- Dr. Liska said in recent days tickets were issued to people at the Three Forks market who misunderstood that the rule calls for calfhood vaccination not only for those animals within the DSA, but also within the counties the DSA is part of
- Dr. Liska requested direction from the board regarding the rule
 - Is the BOL committed to the current rule that includes those vaccination requirements both in the DSA and in the DSA counties

- ✓ Both staff and the general public need to be educated on the rule, even if it remains as is
- ✓ DOL staff, with full enforcement of the current rule, would be issuing tickets in markets they typically had not done so in the past
- Would the BOL like to see the rule language changed to require the vaccination only within the borders of the DSA
 - ✓ Regulation only in the DSA demonstrates to veterinarians that the state is serious about doing business in a high risk area
- Would the BOL like to see the rule require statewide vaccinations
 - ✓ All of the Greater Yellowstone states have a mandatory state requirement for vaccination
 - ✓ A statewide vaccination requirement could signal other states that there is something to worry about in Montana cattle

MOTION/VOTE

2:48 PM

Nina Baucus moved that language in ARM 32.3.436 be changed to include the calfhood vaccination requirement for the entire state. Ed Waldner seconded.

Lila Taylor requested that the subject be part of the agenda at the next meeting to allow for more discussion by the BOL, by staff and the general public

- Nina Baucus withdrew her motion

3:02 PM – Comments from the Public on Non-Agenda Items/Comments from Producer Organizations

No comments

John Scully pointed out that there has been less input from the industry since the Legislative session has ended. He suggested that within the next 2-3 months that a formal request from industry be made on a rotational basis to present their issues and concerns during the BOL meetings

3:04 PM – Milk Control Bureau (MCB)

General Updates

- Chad Lee reported on the status of a major rule proposal in the Milk Control Bureau:
 - The 41-page document has been published and the comment period on it ends July 7, 2017
 - A hearing regarding the proposed rule will be held on July 7, 2017 at 9 am in the Agency Legal Services office

- The spreadsheet used for pooling calculations is nearly completed and once finished will be discussed with Meadow Gold and Darigold accountants
- Mr. Lee has been requesting proposals for the upcoming Milk Control Study
 - Within a week or two, Mr. Lee hopes to talk with the State Procurement Bureau and to the Board of Milk Control to get the finer points of the study developed
 - Proposals from interested consultants will be reviewed, both by the Milk Control Bureau and the State Procurement Bureau
 - The goal is for the Milk Control Study to be completed by March or April of 2018
- Mr. Lee referred to the handout listing daily production by month for the last 36 months
 - The production compared to the estimates used for the current rate has dropped
 - Mr. Lee thought that perhaps the pool blend price was improving in part because of reduced production
- Mr. Honeycutt said that revenues collected as a result of the amendment to ARM 32.2.406, adopted in July 2016, changing licensee assessments, were not coming in at the rate expected, but those numbers were less possibly because assessments were not collected until August 2016
- Mr. Honeycutt said if those numbers represent a trend, within a year or two the DOL need to be ahead of another potential situation

SET DATE FOR NEXT BOARD MEETING

3:13 PM

The BOL decided to not schedule a face-to-face BOL meeting until possibly August, after the FY17 books are closed, but would be scheduling a "special" meeting before that

MEETING ADJOURNED

3:20 PM


 John Lehfeldt, Chairman