



Montana Board of Livestock Meeting Minutes

January 23, 2020

MT Department of Livestock Board Room #319
301 N. Roberts, Helena, Montana

Board Members Present

John Scully, Vice-Chair (cattle producer)
Lila Taylor (cattle producer)

Nina Baucus (cattle producer)
Brett DeBruycker (cattle producer)

(John Lehfeltdt, Sue Brown & Ed Waldner were not present)

Staff Present

Mike Honeycutt, EO
Brian Simonson, Deputy EO
Evan Waters, Centralized Services
Dan Olson, Centralized Services
George Edwards, Livestock Loss Board
Gary Hamel, Meat & Poultry Inspection

Donna Wilham, Adm. Asst. to EO
Dr. Marty Zaluski, State Veterinarian
Dr. Tahnee Szymanski, Animal Health
Dr. Gregory Juda, MT VDL Director
Dr. Eric Liska, Animal Health

Public Present

Jay Bodner, MSGA
John Steuber, USDA Wildlife Services
John Youngberg, MFBF
Rachel Cone, MFBF
Cal Erb, Billings Livestock Auction

Representative Ray Shaw
Les Graham, MALAM
Kiley Martinell, MT Beef Council
Barry McCoy, McCoy Cattle
Kyle Chenoweth, Legal Services
Division

MEETING CALLED TO ORDER

8:03 AM

Vice-Chairman John Scully called the meeting to order at 8:00 AM

ROLL CALL

8:03 AM

John Scully requested a roll call of everyone present

- All BOL members were present except for John Lehfeltdt, Sue Brown and Ed Waldner
- DOL staff members present were Mike Honeycutt, Brian Simonson, Evan Waters, George Edwards, Donna Wilham, Dr. Marty Zaluski, Dr. Gregory Juda and Gary Hamel
- Members of the general public present were Jay Bodner, MSGA, Rachel Cone, MFBF and Montana Representative Ray Shaw

APPROVAL OF BOARD MINUTES

8:04 AM

- John Scully reported that the Montana Woolgrowers Association had sent a letter to the Governor's office and copied the BOL, concerning BOL appointments, specifically Mr. Lehfeltdt's Chairman position and his Vice-Chair position. As of now, neither he nor anyone at the DOL had received any contact from the Governor's office regarding that correspondence
- John Scully requested approval of past meeting minutes

MOTION/VOTE

8:05 AM

Nina Baucus moved to approve the minutes for the 12/3/19 BOL MVDL Stakeholder Meeting and the 12/4/19 BOL Meeting. Lila Taylor seconded. The motion passed.

APPROVAL OF BOARD ADMINISTRATIVE CONSENT ITEMS

8:07 AM

- John Scully requested that a BOL meeting "to-do" list be kept by members to address in the consent agenda or elsewhere during meetings
- John Scully requested that the Montana Veterinary Diagnostic Lab (MVDL) Bureau Report in the consent agenda be moved to the next business activity for the MVDL

MOTION/VOTE

8:08 AM

Lila Taylor moved to approve the following Consent Agenda items: the Animal Health Bureau Report, the Livestock Loss Board Report and the Meat & Poultry Inspection Bureau Report. Brett DeBruycker seconded. The motion passed.

DAN TURCOTTE RETIREMENT DISCUSSION

8:08 AM

- The BOL requested that Mike Honeycutt hook the BOL up with something they could do to recognize Dan Turcotte's years of service to the DOL

OLD BUSINESS

8:10 AM

8:10 AM – MONTANA VETERINARY DIAGNOSTIC LAB OPERATIONS FROM THE CONSENT AGENDA

Dr. Gregory Juda reported that the MVDL had a pretty busy six weeks and some significant milestones were accomplished since the last BOL meeting:

- The MVDL responded to the AAVLD regarding the July 2017 audit with respect to accreditation status, reporting corrective actions and requested hirings done by the MVDL
 - A pathologist was brought in October 2019 and an offer was extended to and accepted by a veterinary microbiologist who will begin in April 2020. A consultant from a diagnostic lab in Washington state was brought into the MVDL during the interim for the veterinary microbiologist
 - Dr. Juda said that another AAVLD audit is expected to happen sometime in Spring 2020
- New testing fees were implemented on January 13, 2020, and along with that, both the submission guide and fee schedule were revised and are now active
- The USDA purchased a new ultra-low freezer for the Serology Lab, which is where the Brucellosis testing is done
- Dr. Juda reported that a great pool of candidates was received and will be interviewed next week for a Molecular Diagnostics technician in the Microbiology Lab

8:17 AM – UPDATE ON PLANNING AND ACTIVITY FOR POTENTIAL NEW MVDL BUILDING

8:17 AM – VDL Lab Tours – Request for Out-of-State Travel

Dr. Gregory Juda requested an out-of-state travel possibility for he and Dr. Steve Smith to attend a regional VADDS/LIMS meeting in coordination with touring some other VDLs:

- The Illinois Testing Lab requested that a regional labs meeting be held at the new South Dakota diagnostic lab in February at Brookings. Purpose of the meeting would be to hopefully, pool everyone's resources and improve the VADDS system for all the labs
- The new South Dakota VDL is just hours from the North Dakota diagnostic lab facility, and Dr. Juda was proposing that he and Dr. Smith fly to Fargo, view the North Dakota facility and then drive to Brookings for the VADDS meeting and tour of their lab
- Timing of the VADDS meeting and lab tours would occur the week prior to the meeting with the architects for the proposed new MVDL

MOTION/VOTE

8:23 AM

Brett DeBruycker moved to approve out-of-state travel for Dr. Gregory Juda and Dr. Steve Smith as discussed, to attend VADDS meetings and to tour VDLs in North Dakota and South Dakota. Lila Taylor seconded. The motion passed.

8:26 AM – Report on HB586 Committee Meeting on January 17th

John Scully reported on the HB586 Interim Committee meeting, where he made a presentation:

- Two focus areas of the meeting, relative to the proposed new lab, were for the DOL and FWP, with no comments dealing with the Wool Lab and minimal comments from the Department of Agriculture regarding the Board of Regents letter discussing the proposed new lab
- FWP reported at the meeting that they were not interested in expending any funds for an RFP on a going-forward basis, because they had spent \$500,000 to update their FWP lab and were not going to be considered players
- Mr. Elling, speaking on behalf of the University, advised that the letter from the Board of Regents would act as their report
- Mr. Scully reminded the BOL that one condition the Board of Regents state in their letter to space being allocated on MSU property for the proposed new lab was that the Department of Agriculture move out of MSU's McCall Hall and relocate
- Another portion of the Board of Regents letter set a September 2022 timeline for plans and financing for the proposed new lab being in place
- No designated location for the proposed new lab was listed in the Board of Regents letter
- A DOA estimate for an RFP was listed at about \$150,000, with an \$80,000 share of it being paid for by the DOL, an amount that Mr. Scully said the DOL had available. Both FWP and the Department of Agriculture said that they had no money available
- Mike Honeycutt thanked Mr. Scully for attending the meeting, and commended him on his very good job in presenting to the Committee. Jay Bodner agreed and added that Mr. Scully's presentation showed the DOL commitment to the project and to getting their own homework done
- Brian Simonson reported that coming from the meeting, he did not feel the DOL got anywhere in understanding lease terms or lease fees, but added that the DOA made it clear that the DOL won't get there until the architect gets the design nailed down further

8:37 AM – Report on January 22nd VDL Industry Committee Meeting

John Scully reported on the January 22, 2020 VDL Industry Committee Meeting and Work Session:

- John Scully reminded the BOL that the VDL Industry Committee had been established before the 2019 Legislative Session and had attended Legislative Interim Committee hearings concerning the proposed lab
 - Industry representatives have been invited to the VDL Industry Committee meetings, including the Montana Farm Bureau, Montana Stockgrowers Association, the Montana Veterinary Medical Association and other cattle and sheep representatives
- Mr. Scully reported that because there have been no submission inquiries either to the Committee or to Mike Honeycutt, on a formal basis, regarding the proposed new lab complex, the DOL has chosen to go about their business, even though the VDL may be on its own
 - With the Committee requesting that Brian Simonson, Mike Honeycutt, Dr. Marty Zaluski and Dr. Greg Juda take a look at the economic reality of bonding and leasing from the standpoint of square footage needed in the proposed new lab, it appears the lease arrangement is more expensive to consider at the present time than capital expenditures necessary for bonding and the payments necessary for ongoing reoccurring payments for bonded activity
- One big focus of the Committee was consideration of CWD testing at the lab, and all it would entail, and what would warrant the construction of a BSL3 Lab versus a BSL2 Lab
- It was discussed that it is more appropriate to look at general fund requests relative to the proposed new lab because the lab serves not only the livestock industry, but public health interests as well in dealing with CWD, Brucellosis and some other zoonotic diseases
 - Mr. Scully pointed out that Brucellosis numbers have gone up exponentially and that CWD findings across Montana which used to be marked with red dots here and there on the map, now look like the measles, and so the issue of maintaining an ability to ask for general fund money is probably critical on a going-forward basis
- The architects presented information about the South Dakota VDL at the Committee meeting, showing slides of the actual facility
 - The architects showed the Committee two or three different segments of financial approval by the Legislative process
- Mr. Scully said that he stressed the fact to the architects that the DOL did not want to commit all of the \$100,000 Legislative authority received on architectural design, but wanted to hold back some for the RFP
- February 10, 2020 was set for Mike Honeycutt, Dr. Marty Zaluski, Brian Simonson, Dr. Steve Smith and Dr. Juda and the architects to have a brief work session by phone. The next Committee meeting is scheduled for March
 - Dr. Juda said before the February meeting with the architects, that he and Dr. Smith are committed to provide collateral to the architects in terms of their expectations for total square footage of each lab section, hopefully, whittling down the original architect's plans of a 40,000 square foot facility into something more manageable and affordable

- Dr. Juda added that critical decisions would have to be made about the appropriate level needed for necropsy, whether BSL2 or BSL3
 - Dr. Juda reported that just last month, the requirement for BSL3 necropsy was revealed by NAHLN, a factor that could affect how it appropriates grant dollars to the VDL, but, the cost for maintaining a BSL3 Lab compared to a BSL2 lab is about \$200,000 per year
 - In future conversations with a Legislative Committee the DOL may need to help them understand that despite the fact that an architect may say the proposed new lab only needs to be a BSL2, the entire lab may need to be BSL3 to assure that NAHLN and AAVLD accreditation and Federal funding sources remain intact
- The BOL assured Dr. Juda, Dr. Smith and Dr. Zaluski that they did not have to narrow their professional judgement regarding what is needed at the proposed new lab just to make something happen
- Brett DeBruycker cautioned that before the DOL gets too far down the road with planning the proposed new lab, that realistic numbers for operation should be brought together for different areas of the lab

8:55 AM – MVDL Cost Analysis

John Scully reported that he did not feel the BOL was ready yet to discuss a cost analysis relative to the cost of construction on a bonded basis or compare that to a lease and so he chose to drop that item from the agenda today:

- Although what has been seen so far in the VDL Committee working sessions is that the lease option is more expensive on an operational run rate basis than is the capital construction, John Scully said that for the May BOL meeting, based upon snapshot, there should be enough of an idea to at least suggest expenditures
- John Scully said he thought the Legislative Committee would be the ones who decide who is in and who is out of the proposed new lab complex, and based on that, they would decide whether or not they would move forward. His concern was that the decision on that may have to wait until the 2021 Legislative session
 - Mr. Scully reported that the Department of Agriculture and FWP declared that they had no funds available for an RFP and if the DOL has to stand alone, there is no authority for the \$150,000 for the RFP and would then have to seek support from the Governor's office and/or reach into per capita funds to pay for it
- Brett DeBruycker said that he is hesitant to throw the lease option out the door yet because there is a long way to go down the road on that. Mr. Scully said, if the situation goes into the 2021 Legislative Session, the DOL's approach to financing requests will change as well and the lease option would still be there
- Mr. Scully said that some of the \$100,000 authority allocated for planning and design of the proposed new lab were spent because of the meeting held the day before with the architects, but that it had not yet been billed to the DOL

- At Dr. Zaluski's suggestion, John Scully requested an agenda item be added to the next BOL meeting agenda to discuss whether or not to hire a Project Manager for dealing with the proposed new lab project
 - Mike Honeycutt said that as of right now, there is not project and that if the DOL ends up working with private industry, they would have their own project manager or project engineers, but, added that there should be a reciprocal person on the DOL side
 - Mr. Honeycutt said it would be hard finding someone internally who would have enough time to dedicate to the lab project and so he agrees that the project manager position should be discussed at the next BOL meeting
 - Brian Simonson said that A&E charges a fee whether the DOL would decide to lease or bond for new construction, and within that fee is a cost for a project manager who would stand opposed to the general contractor. Mr. Simonson added that it is critical though, that you still have somebody in-house who is involved heavily during the process, because nobody takes care of your own house like you do
- Because the BOL stressed the importance of knowing whether or not the Montana Veterinary Medical Association is in support of the proposed new lab project, Dr. Zaluski said he would speak to them at their meeting being held in Bozeman within the next couple of days
- Representative Ray Shaw, who had been the Chair of the Legislative Ag Committee said he is termed out, along with Representative Alan Redfield. He stated that agriculture representation in the Legislature is getting smaller all the time, but that he and Representative Redfield would be walking the Legislative halls and helping agriculture and helping the DOL
- Representative Shaw said that he has always been a proponent of keeping the VDL on MSU's campus, but when it comes to dollars and cents, it is a huge undertaking and that he did not feel that the MSU administration wants the VDL there

9:30 AM –RECESS

9:45 AM – RECONVENE

ANIMAL HEALTH & FOOD SAFETY DIVISION REPORTS

9:45 AM

9:45 AM – ANIMAL HEALTH BUREAU

9:45 AM – Brucellosis Update/Brucellosis Information Request/Overview of the USDA Brucellosis Management Plan Review Final

Dr. Eric Liska reported on the Fluorescence Polarization Antibody (FPA), utilized by the DOL now, instead of the wrap test, to detect Brucellosis in animals:

- A number of State Animal Health officials worked out a new protocol change, a new testing protocol and an interpretation protocol from USDA relative to the FPA
 - Dr. Szymanski has put together a flow chart for the interpretation of the revised protocol that has been posted on the DOL website
- Currently, there are two herds under quarantine, one truly an affected herd in Madison County and the other herd under quarantine while the DOL works through the issues. Throughout all of this, there were a total of 56 suspects and reactors
- Dr. Liska explained that with the new FP test, there have been a number of false positives, some in the relatively high values that, with the wrap test, would have been in the suspect or reactor range
 - After working with USDA on the FPA protocol, a Buffered Acidified Plate Antigen (BAPA) test has been added to get a threshold level in the FP and increase specificity. Also added to the protocol is additional discussions with epidemiologists and with the DOL and possibly with the producer to find out what kind of risk they have
- Depending on the FP level, some are at a threshold where the DOL sends the sample to the National Veterinary Services Laboratories (NVSL) in Ames, Iowa for their confirmation, and the DOL utilizes their number. Dr. Liska added that the MVDL has consistently matched numbers with NVSL in those tests
 - Dr. Liska said that 22 different tissue samples are taken on an animal to test for Brucellosis, because the bacteria can hide, especially in lymph nodes
 - Herds remain under quarantine until testing is completed, and, if tissue samples are taken to the MVDL and the NVSL, it can take four weeks to get the results back on that culture
- The old rule for adjacent herds was that anything within a mile of an affected herd's fence line, six months of age or older and sexually intact, had to be tested, but there is more flexibility now, treating factual circumstances for each one
- Dr. Szymanski cited MCA 81-2-115, Confidentiality of Information Collected, as to the reason the identity of the person owning an affected herd or its test information, cannot be released without the State Veterinarian's permission
 - The State Veterinarian, according to the statute, can release the information if it is necessary to prevent the spread of an animal disease, to protect public health or the owner gives written permission to disclose the location
 - Continuing reading the statute, Dr. Szymanski said, upon the release by the Administrator or the board of any information to any other government entity or to any person, the Administrator shall notify the person to whom information refers or pertains that the release has been made, and then who the information went to. Provide to the person for who the information refers, a copy or summary of the information contained in the release
- In dealing with the press and to not violate the Confidentiality statute, Mike Honeycutt suggested that perhaps the DOL could use the term for an animal as

“program animal” when reporting an affected animal, so as to not identify its species

- Dr. Liska said that the DOL does a compliance assessment annually, looking at who has tested for Brucellosis and added that veterinarians do not forget to send in for reimbursements on those Brucellosis tests. Producers can get reimbursements on those tests as well
- One change in reimbursing veterinarians for Brucellosis testing is that they no longer have to pay the laboratory fee, it is covered by the DOL, similar to Wyoming and Idaho. Testing associated with positive herds is paid for out of the Federal Cooperative Agreement
- Dr. Zaluski said the DOL takes full responsibility for enforcement of DSA regulations and that when cattle are purchased from the DSA, they are at no greater risk than cattle purchased from any other part of the state
- Interstate shipment of livestock requires testing 30-60 days prior to movement

Dr. Liska discussed the most recent FWP/DOL elk capture:

- FWP plans to capture 150 elk this week, 100 in the Ruby and 50 near Livingston in the Bangtails, followed by serologic testing, with results coming in about two weeks
- FWP continues to encourage whole herd testing in the Fall for those in the DSA, and with reimbursements in place, that has been an easy sell
- Lila Taylor thanked DSA producers for the work they do to keep the rest of the producers from having to test all of their cattle, adding that it is no small feat for what they do for the rest of us to be able to move our cattle freely
- Dr. Liska agreed, saying it is about 5% of Montana producers protecting about 95% of the other producers from having to follow those regulations
- There was more discussion on the review documents in the USDA Brucellosis Management Plan:
 - One recommendation stated that Idaho and Wyoming DSA producers and brand information should be loaded onto the Archer electronic database system and used in markets to ensure DSA cattle identification
 - Dr. Liska said that 2010 was the year when a rule came into play that did not require rapid herd depopulation of an affected herd and you did not lose class status if it was in a state where there was a DSA Brucellosis management plan in place
 - John Scully requested that MSGA, Montana Farm Bureau and the Cattlemen’s Association have copies of the historic Brucellosis Affected Herd Procedures, Results and Methods to Current, for their members and boards to view
 - USDA indemnity payments to a producer for a cow slaughtered for Brucellosis disease testing purposes are \$250 to the producer. Although that producer can sell that meat, possibly at a loss, they can consume the meat, if desired. For cows killed by a predator, the indemnity payments to a producer are usually much higher, but there may not be any meat left on the animal to consume
 - John Scully said that there are some Federal rules, based upon mandatory slaughter, due to certain suspect diseases, that pay a market price for animals, but that is not true for Brucellosis. He would like to see it communicated to USDA that, based upon other methodology used with other diseases, such as

Tuberculosis, why do they not pay that market price for animals mandatorily slaughtered for Brucellosis testing

- Dr. Marty Zaluski said that internally, the DOL has been discussing asking for a legislative change that would establish an indemnity fund that we would be able to contribute to on an annual basis, until it reaches a certain level
- Brett DeBruycker and John Scully complimented the DOL veterinary staff for the good job done regarding the establishment of the DSA and how they have made an industry-friendly program and a producer-friendly program
- Representative Ray Shaw also thanked Dr. Liska for clarifying the steps a producer has to go through regarding when Brucellosis is found in herds

LEGAL COUNSEL UPDATE

10:59 AM

Kyle Chenoweth announced that he had nothing to discuss outside of Executive Session

11:00 AM – RECESS

11:06 AM – RECONVENE

11:06 AM – EXECUTIVE SESSION

11:56 AM – RECONVENE

11:56 AM – LUNCH

12:33 PM – RECONVENE

12:33 PM – CENTRALIZED SERVICE DIVISION REPORTS

12:33 PM – PREDATOR CONTROL

Update on Activities of USDA-Wildlife Services

John Steuber, State Director, gave updates on activities of USDA Wildlife Services:

- With it being the end of calving season, Mr. Steuber said their office has been hectic, receiving many calls, and it will stay very busy through April and into May
- An add-on of \$1.3 million was added to the USDA Wildlife Services budget after the lobbying efforts of several environmental groups, including the Natural Resource Defense Council and the Defenders of Wildlife
 - The additional funds are to go specifically to non-lethal predator damage management work.
 - Part of Montana's share of the funds will go to secure a Wildlife Conflict Prevention Specialist position out of Missoula who does turbo fladry and electric fencing for wolves and grizzlies
- USDA Wildlife Services is working with some non-Government organizations to help support some new positions

- A new range-rider type of position in the Gravelly Range will help identify where most of the predators are and also help in predator investigations
- An additional fencing position will be located somewhere on the Rocky Mountain Front to help the current fencing person who is currently handling work for the entire state
- Mr. Steuber said, if the DOL is interested, there may be an opportunity to secure a Bell Jet Ranger 206 helicopter for about \$180,000, with an additional \$60,000-\$70,000 needed to retro-fit it. John Scully said to add the discussion of it to the next BOL agenda
- George Edwards reported that in the US Senate, S614 has been introduced by Wyoming Senator Mike Enzi and co-sponsored by Montana Senator Steve Daines, to delist grizzly bears in the Greater Yellowstone Area. A similar bill is being carried in the US House by Wyoming Representative Liz Cheney

12:46 PM – BRANDS ENFORCEMENT DIVISION

12:46 PM – PROPOSED SALE OF THE BEAVERHEAD LIVESTOCK AUCTION

The BOL discussed a letter received from Coyle Cattle, LLC and Beaverhead Livestock Auction, LLC:

- Calvin Erb, Beaverhead Livestock Auction, announced his desire to sell the auction market after having it 41 years, to Barry McCoy, who has a family, a trucking business and also operates some real property in the Dillon area
- Barry McCoy said that his current business is at home, 16 miles out of Dillon, but he believes that for the auction market, ownership may have to be taken under real property under their names individually for the 1031 and create an entity
- Mr. McCoy said that his hometown is Dillon and that their intent would be to operate the market pretty much as is, keeping a lot of the key staff people or at least through a transition period. They do, however, have a person who is currently in their employ, who would act as manager of the yards

MOTION/VOTE

12:51 PM

Brett DeBruycker moved to secure a Hearings Examiner for the upcoming public hearing for the proposed sale of the Beaverhead Livestock Auction Market. Lila Taylor seconded. The motion passed.

- Mike Honeycutt was assigned to make arrangements to secure a Hearings Examiner for the upcoming hearing for the proposed sale of the Beaverhead Livestock Auction Market

12:54 PM – UPDATE ON BRANDS INVESTIGATOR POSITION DESCRIPTION

Brett DeBruycker requested that a 10-15 minute break be taken for the members of the BOL Personnel Committee to coordinate their changes to the Brands Investigator position description

12:55 PM – RECESS

1:16 PM – RECONVENE

1:16 PM – UPDATE ON BRANDS INVESTIGATOR POSITION DESCRIPTION

(Continued)

Brett DeBruycker said that members of the BOL Personnel Committee worked on Brands Investigator position description, making small corrections. Once that draft is approved by the BOL, Mike can present it to the Brands Investigators for their approval as well

MOTION/VOTE

1:17 PM

Brett DeBruycker moved to approve the current draft for the Brands Investigator position description. Lila Taylor seconded. The motion passed.

1:18 PM – UPDATE AND PLANNING ON VACANT BRANDS ADMINISTRATOR DESCRIPTION

Mike Honeycutt updated the BOL on the vacant Brands Administrator position:

- The vacant Brands Administrator position posting was left open until January 3, 2020 with 24 overall applications
- Mr. Honeycutt said that the top end of the applicant pool was a bit shallow and requested that the job posting be extended until the next BOL meeting
- Mr. Honeycutt added that the applicants who have already applied are still in the process and the DOL will communicate to them if the job posting period is extended

MOTION/VOTE

1:19 PM

Lila Taylor moved to leave the vacant Brands Administrator position open for applicants until the next Board of Livestock meeting. Brett DeBruycker seconded. The motion passed.

- John Scully told the BOL that Mike Honeycutt would be screening for top applicants, but that BOL members would still be able to go through every

submitted Brands Administrator application, if they so desired, at the next BOL meeting

1:21 PM – ESTABLISHMENT OF 2021 BRAND RERECORD FEE

The BOL discussed whether or not to raise the current \$100 brand rerecord fee starting in January 2021:

- Financial comparisons were shown to the BOL, breaking down what DOL finances would look like if brand rerecord fees were left to be the same or were raised by varying increments and also figuring whether or not changes should be made to the fees charged for new brands and for brand transfers as well
- Currently, new brands and brand transfers cost twice as much as a brand rerecord fee because a previous financial audit pointed out that the work to rerecord a brand is not the same as the work that is done to research for a new brand or brand transfer
- Currently, the ratio of brands fees to per capita fees is at 77% and 23%; historically, the per capita fee percentage has been at about 27%
 - Over a 10-year period of time, a \$50 increase in rerecord fees (\$150 total fee) brings that per capita percentage to about 30%; raising it to a \$100 rerecord fee (\$200 total fee) increase brings that per capita percentage to 27%
- Mike reminded the BOL that there is an order of operation on how money is spent in Brands, all the fees are spent before getting into per capita authority and then if it is a program that has general fund, once per capita is spent then the next step is to move into general fund authority
 - Keeping this order of operation, then in 2021, if all brand fees and per capita fees are kept the same, the DOL would be putting in just under \$1.3 million per capita into Brands to cover expenses with fees covering the rest.
 - Jumping to 2031, if fees and per capita are kept the same, the DOL would be putting in \$1.6 million per capita into Brands to cover expenses and the DOL may have to then look at per capita fee increases
- New brands and brand transfer fees were increased in 2013-2014
- Brian Simonson and Evan Waters concurred on a \$50 increase in the brand rerecord fee
- John Youngberg of the Montana Farm Bureau Federation, said that their organization at their annual convention in November 2019, made a policy decision that they would support any brand rerecord fee up to \$200 for a 10-year period with a caveat being that it would not require a separate recording for individual animal species
- Brett DeBruycker said at the last rerecord, 10 years ago, there was no increase and he felt that the DOL was not out of line in raising the current brand rerecord fee by \$75 after 20 years of no increase. He said at a \$100 increase the increase averages out to about 3.25% and the average inflation rate is 3%

MOTION/VOTE

1:43 PM

Brett DeBruycker moved to raise a single Brand Rerecord Fee to \$175, commencing January 1, 2021, for a 10-year period of time. Lila Taylor seconded. The motion passed.

Brett DeBruycker announced that he had done an editorial piece in the January 30, 2020 Western Ag Reporter regarding the benefits to producers relative to the rerecord fee

1:50 PM – OLD BUSINESS (Continued)

1:50 PM – BRANDS INVESTIGATOR JOB DESCRIPTION ENFORCEMENT PIECE DISCUSSION

Mike Honeycutt handed out legal research information regarding law enforcement authorities that had been requested by the BOL because of questions on the law enforcement piece of the District Investigator job description. It was decided to discuss the information at the next BOL meeting

1:52 PM – UPDATE ON PER CAPITA FEE COLLECTION AND ENFORCEMENT STAFF RESEARCH

Brian Simonson reported on staff research into looking for areas where the DOL may be missing per capita and missing livestock owners to pay per capita, as had been requested by the BOL, with the ultimate goal of sending out new per capita mailings:

- Four areas of comparison were utilized
 - DOR per capita fee collection data shows around 18,000 -19,000 equine per capita fee payers per year
 - Mr. Simonson reported that DOL staff had met with Brands personnel before Christmas regarding complications or shortfalls in utilizing Brands data sets for comparisons to the DOR's per capita fee collection data and ended up utilizing Brands Division equine data from 2015-2018, as 2019 Brands Division data was not yet up to date
 - Brands data sets used were market data and movement inspection data
 - Other data utilized was from Animal Health Bureau's equine import veterinary inspection records
- At this point, after comparison of Brands data sets to DOR per capita fee payment rolls, Mr. Simonson said they are currently down to 25,000 records that were left after cleanup and elimination of duplicate records which was accomplished utilizing Excel, but those remaining 25,000 records need to be cleaned up further, manually
 - Two data sets still need to be compared. Mr. Simonson estimates that when all comparisons are made, he expects to have around 10,000

unique identifiers, with possibly a 5,250 estimate of new equine per capita fee payers

- John Scully suggested adding a per capita reporting form in with the new per capita fee mailings, when it gets to that point
- Brian Simonson said his goal for the next BOL meeting is to have a per capita fee information item (card or other) designed to mail to those unique identifiers, for the BOL to review before mailing it to them
- Mr. Simonson said If there is success on the equine side of securing more per capita fee payers through the data set comparison process, the next step could be to do the same for cattle, which may mean comparing millions of records compared to the 75,000 records, as it was for horses
- Mike Honeycutt said that in conversations with the DOR regarding business tax inventory records or other records that would indicate a person is a livestock owner to use in comparison against DOL payment records, the DOR said those records could not be shared with the DOL because they are for internal use by the DOR and other agencies cannot have access to them

NEW BUSINESS

2:11 PM

2:11 PM – PROVIDE ANY FOLLOWUP FROM LEGISLATIVE WEEK ACTIVITIES, IF NECESSARY

- Mike Honeycutt reported that, at the request of the Environmental Quality Council, Dr. Zaluski and Dr. Juda reported on feral pigs and CWD at their meeting:
- Mr. Honeycutt said he was informed by the Economic Affairs Committee that possibly at their next meeting they may want the DOL to follow up with them on how revenues, per capita and other things are flowing within the DOL. He is assuming that the DOL may be asked to follow up with a person they've appointed to a VDL Committee

2:13 PM – CENTRALIZED SERVICE DIVISION REPORTS (Continued)

2:13 PM – FISCAL BUREAU

2:13 PM – December 31, 2019 State Special Revenue Report

- Brian Simonson reported that Market Inspection fees compared to last year at this time were \$137,478 higher
- Local Inspection fees are still down and even lower than the last report given to the BOL
- Per capita fee numbers are holding steady
 - Per capita reminder postcards were sent out with some dollars already received, but those are expected to start coming in earnest in the next couple of months

- Veterinary Diagnostic Lab revenues and fees are down compared to last year's totals, but that could be because it is a timing situation because operationally, there is nothing standing out that could account for it being down
 - It was suggested that Dr. Juda do research on the past couple months of Brucellosis testing and compare those numbers of tests back to previous months
- The voluntary Wolf Mitigation fund, established during the 2019 Legislative session and received through FWP licensing, has received some monies, but it was decided to wait to transfer it to USDA-APHIS Wildlife Services once accumulated collections will be enough to actually make a difference to them

2:18 PM – January 2020 through June 2020 Expenditure Projections

- Brian Simonson reported that projections continue in a positive trend, with \$581,699 the amount of all funds projected at year-end
- The Milk Inspection fee authority is projecting negative for the budget year, with some payouts and retirements affecting that number
 - There are some payouts and retirements affecting that budget number, and although one of the vacant retirement positions was filled, filling the other right away would cause that number on the Milk side to go more negative
- Mike Honeycutt reported that he was not concerned that an FTE would be lost if there was a vacant Milk & Egg position at snapshot, because that vacancy happened so recently. But, that he did plan to move on the vacant Western Region Supervisor position in Brands before that time which had been vacant longer

2:24 PM – BOL RERECORD DISCUSSION

Brett DeBruycker expressed his concerns for producer awareness relative to the increased rerecord fee agreed upon by the BOL:

- Mike Honeycutt said that an administrative rule would have to be instituted before the requested increase in rerecord fee would go into effect
- Administrative Rule passage requires a period of public comment where Interested Parties are notified of the requested change and given the ability to offer their thoughts on it

ANIMAL HEALTH & FOOD SAFETY DIVISION REPORTS (Continued)

2:25 PM

2:25 PM – MILK & EGG BUREAU

2:26 PM – Establishment of New Fee Rule

Dr. Zaluski explained the need to establish a new rule in the ARM relative to rates charged for egg inspections in the state of Montana:

- Currently, there is no ARM listed for rates to charge for egg inspections in Montana, but the FDA has mandated that all states charge the Federal rate
- Montana egg inspection rates must increase to match the Federal rate, but Wilcox, the company who works out of the Great Falls egg plant, had already been paying the Federal rate in other states and had no issue with the increase

MOTION/VOTE

2:28 PM

Brett DeBruycker moved to establish and publish an egg inspection fee rule for the Milk & Egg Bureau, that would follow the Federal rate, as presented by Dr. Zaluski. Nina Baucus seconded. The motion passed.

2:29 PM – Amendment to ARM 32.8.101, Definitions and Adoption of Grade A Pasteurized Milk Ordinance and Associated Documents

Dr. Zaluski explained his reasoning behind requesting amendments to ARM 32.8.101:

- Currently, the DOL has authority to adopt some Federal Milk & Egg regulations by reference, but the ones that have been adopted are the 1978 versions
- Amending ARM 32.8.101 would give the DOL authority to enforce milk laws according to the most current reference documents, including the pasteurized milk ordinance, evaluation of milk laboratories and the interstate milk shippers

MOTION/VOTE

2:30 PM

Brett DeBruycker moved to approve the amendments, as presented by Dr. Marty Zaluski, to ARM 32.8.101, that would allow the DOL the authority and framework to enforce milk laws according to the most current Federal regulation reference documents. Lila Taylor seconded. The motion passed.

2:30 PM – Update on Staffing Plan and Open Position

Dr. Zaluski gave updates on the DOL's actions taken relative to the retirements of two long-term Milk & Egg Bureau employees:

- With the BOL's approval of filling the Sanitarian position, the DOL is in the process of getting that vacant position posted and advertised
- At this point, Dr. Zaluski reported that, based on the revenue that comes into the Milk & Egg program, there is not enough revenue, at this point, to backfill both the Sanitarian and Bureau Chief positions
- Darcy Alm, who has worked closely with Dan Turcotte in the office, has been assigned a temporary position as a Program Coordinator for the next several months until the Bureau Chief position is filled:
 - Ms. Alm will keep tabs of meetings, certifications, trainings and be a point of contact person for field employees

- It was decided to discuss at a March BOL meeting, the possibility of utilizing other funding sources to fund the Bureau Chief position

CENTRALIZED SERVICE DIVISION REPORTS (Continued)

2:37 PM

2:37 PM – MILK CONTROL BUREAU

- With Chad Lee not present, it was decided to cancel the Milk Control Bureau presentation due to the meeting being 1 ½ hours ahead of schedule and have Mr. Lee instead send a written report to the BOL

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

2:38 PM

- There was no public comment brought forward at this time

SET DATE FOR NEXT BOARD MEETING

2:40 PM

- Brett DeBruycker reminded the BOL that scheduling meetings in March is difficult for him because of his bull sale
- Brian Simonson said that the parties plan to close on the sale of the Dillon Livestock Market on March 3, 2020
- The BOL is hoping to conduct Mike Honeycutt's review at the next BOL meeting
- Mike Honeycutt said that he would attempt to get Dan Turcotte to attend the next BOL meeting so that the BOL could recognize Dan's many years of employment
- Mike Honeycutt, Brett DeBruycker and Nina Baucus will decide together and bring back to the BOL, their decisions on how best to gain stakeholder input, role of staff and who would facilitate a strategic planning meeting
- The next regular BOL meeting was tentatively scheduled for Thursday, February 27, 2020 in the BOL conference room in Helena

BOL DISCUSSION REGARDING BISON ENVIRONMENTAL IMPACT STATEMENT

2:48 PM

- The BOL discussed an Environmental Impact Statement (EIS), relative to bison, that had been with Fish, Wildlife and Parks for about four years
- It was decided to discuss the EIS in more detail at the next BOL meeting

MOTION/VOTE

2:53 PM

Nina Baucus moved to adjourn the meeting. Lila Taylor seconded. The motion passed.

MEETING ADJOURNED

2:53 PM



John Scully, Vice-Chairman