

**Montana Board of Milk Control – Meeting Minutes
November 8, 2017**

Scott Hart Building - Room 319 (Dept. of Livestock Conference Room)
301 N. Roberts Avenue, Helena, Montana

Call to Order

Chairperson Scott Mitchell called the meeting to order at 9:00 a.m. at the Montana Department of Livestock Conference Room, Scott Hart Building Room 319, 301 N. Roberts Avenue, Helena, Montana.

Attendance

Board Members:

	Present	Absent
W. Scott Mitchell, Chair	X	
Jerrold A. Weissman, Vice Chair	X	
Brian Beerman	X	
Jim Parker	X	
Erik Somerfeld	X	

Milk Market Regulation Study Proposal Evaluation Committee present:

	Present	Absent
W. Scott Mitchell, Chair	X	
Brian Beerman	X	
Christy Clark	X	
Chad Lee	X	
Jim Parker	X	
Erik Somerfeld	X	
Jerrold A. Weissman	X	
Joseph Janzen, PhD (non-scoring subject matter expert)	X	

Montana Department of Livestock Staff present:

Mark Curtis, Dairy Accountant, Milk Control Bureau

Chad Lee, Bureau Chief, Milk Control Bureau

Rob Stutz, Montana Department of Justice, Agency Legal Services (attorney representing the Montana Department of Livestock)

Montana Department of Administration State Procurement Bureau Staff present: Jack Kane

Guests present: none

I. EVALUATION COMMITTEE MEETING: SCORING OF MILK MARKET REGULATION STUDY PROPOSALS

A. Evaluation Committee Consensus Scoring

Committee Chair Mitchell called the meeting to order at 9:00 a.m. and had Mr. Kane provide guidance on the process of the meeting. Mr. Mitchell reviewed the process to be used by the committee to develop consensus scores for the proposals received. The committee chose to review the proposals in order of score sheet line items (for each proposal) instead of reviewing proposal individually in an isolated manner. Mr. Curtis recorded the committee's consensus scores and comments into a spreadsheet approved by the State

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Procurement Bureau. The committee discussed their individual scores and comments for each proposal for score sheet line items and then arrived at the consensus scores and comments documented in consensus score sheets submitted to the Montana Department of Administration State Procurement Bureau.

The committee took a lunch break from 11:31 – 12:12 and resumed the scoring process afterwards.

After the committee arrived at consensus scores for all score sheet line items of the proposals, Mr. Curtis tallied the consensus scores. The proposal received from Dairy Technomics, LLC received the highest consensus score from the Evaluation Committee and thereby received the committee’s recommendation.

B. Public Comment

Mr. Mitchell called for public comment after committee scoring was completed. No public comment was received.

Following the call for public comment, Mr. Mitchell adjourned the Evaluation Committee meeting at 2:55 p.m.

Break: 2:55 p.m. – 3:03 p.m.

II. MINUTES (August 31, 2017 Meeting)

Motion: Mr. Weissman moved and Mr. Somerfeld seconded the motion to approve the time stamp document and audio recording minutes of the August 31, 2017 Board of Milk Control meeting. The motion carried. All members voted in favor.

III. UNFINISHED BUSINESS & GENERAL ORDERS

A. Milk Market Regulation Study: Action on Evaluation Committee Recommendation

1. Public Comment on Evaluation Committee Recommendation

Mr. Mitchell called for public comment. No public comment was received.

2. Board Action on Evaluation Committee Recommendation

Mr. Somerfeld moved and Mr. Beerman seconded a motion to accept the Evaluation Committee recommendation to award a contract to carry out the Milk Market Regulation Study to Dairy Technomics, LLC, contingent upon the Milk Control Bureau contacting references in the submitted proposal and not receiving negative feedback. The board discussed the committee’s recommendation. The motion carried. All members voted in favor.

IV. NEW BUSINESS

A. Milk Control Bureau Report

Mr. Lee provided an update on the financial condition of the Milk Control Bureau in Fiscal Year 2018 as of October 31, 2017. Mr. Lee also discussed his attendance of the International Association of Milk Control Agencies 2017 Conference, noting that other agencies are experiencing some of the generational transition and turnover issues that the bureau has dealt with in the last three years.

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B. Primer on Milk Equivalent Conversion Factors Used to Calculate Assessment on Manufactured Dairy Products

Mr. Lee provided the following:

- an explanation of how milk control assessments are levied on manufactured dairy products using milk equivalent conversion factors
 - Milk equivalent conversion factors impute the weight of raw milk used to make one gallon or one pound of a manufactured dairy product.
 - The milk control assessment is levied on the imputed quantity of raw milk in the manufactured dairy product.
- a review of the Fiscal Year 2018 Out-of-State Distributor Sales Report Assessment Form
- an explanation of the necessity of the Board of Milk Control to amend ARM 32.24.450 to identify milk equivalent conversion factors used for calculating fees levied on manufactured dairy products to implement 2017 House Bill 377
- an explanation of the bureau's recommendation for milk equivalent conversion factors to replace the factors currently in use
 - The recommendation bases the calculation of milk equivalent conversion factors on the total milk solids content of manufactured dairy products.
 - The total milk solids approach is used by the USDA Agricultural Marketing Service to determine the National Dairy Promotion and Research Board assessment levied on imported dairy products (\$0.075 assessment per hundredweight of milk or equivalent).
 - The bureau finds the total milk solids basis method of determining milk equivalent conversion factors to be a fair and consistent approach of determining milk equivalent conversion factors.
- discussion of handouts, which compare current and recommended milk equivalent conversion factors, provide an explanation of the calculation of recommended factors, and estimate the financial impact on milk control assessment revenue of adopting the recommended milk equivalent conversion factors.

IV. OTHER NEW BUSINESS

None.

V. PUBLIC COMMENT

Mr. Mitchell called for public comment. No public comment was received

Next Meeting

The Board of Milk Control tentatively scheduled its next meeting to occur on December 14, 2017 in Helena to meet with the study consultant; appoint producers to the Producer Committee for the 2018 - 2019 term; and to propose amendments to ARM 32.24.450 to identify milk equivalent conversion factors used to calculate milk control assessments on manufactured dairy products and adjust milk control assessment rates for Fiscal Year 2019. If necessary, the board will schedule its meeting at different time to coordinate with the study consultant's schedule for conducting in-person meetings with industry stakeholders and the board.

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VI. ADJOURNMENT

Mr. Beerman moved and Mr. Weissman seconded the motion to adjourn. The motion carried. All members voted in favor.

Mr. Mitchell adjourned the meeting at 4:05 p.m.



_____ **W. Scott Mitchell, Chair**

Date: 12/14/17