



Montana Board of Livestock

Meeting Minutes

September 23, 2016

Capitol Conference Room #172

Helena, Montana

Board Members Present

John Lehfeldt, Chairman (sheep producer)

John Scully, Vice-chair (cattle producer)

Lila Taylor (cattle producer)

Ed Waldner (swine producer)

Nina Baucus (cattle producer)

Sue Brown (dairy and poultry)

Brett DeBruycker (cattle producer)

Staff Present

Mike Honeycutt, EO

Gary Hamel, Meat Inspection

George Harris, Centralized Services

Dr. Bill Layton, Diagnostic Laboratory

Leslie Doely, Brands Enforcement Division

Evan Waters, Centralized Services

Donna Wilham, Adm. Asst. to EO

Dr. Martin Zaluski, Animal Health

George Edwards, Livestock Loss Board

Dan Olson, IT

Dr. Tahnee Szymanski, Animal Health

Public Present

John Steuber, USDA Wildlife Services

Rob Stutz, MT Dept. of Justice

Matt Graveley, Rocky Mountain

Stockgrowers Association

Gene Curry, MT Stockgrowers Assn.

Tim Graff, USDA Wildlife Services

Kraig Glazier, USDA Wildlife Services

MEETING CALLED TO ORDER

8:03 AM

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

APPROVAL OF 8/15/16 BOL MEETING MINUTES

8:04 AM

MOTION/VOTE

8:04 AM

Nina Baucus moved 8/15/16 minutes be approved. Lila Taylor seconded. Motion passed.

OLD BUSINESS

8:05 AM

8:05 AM – Department Pay Adjustment Update

Mike Honeycutt reported on progress in the Department pay adjustment:

- Department pay adjustments had been executed since the BOL's August 15, 2016 meeting
- Retroactive pay adjustments to July 1, 2016 were divided up, and so only part of the staff had received their retro payment. The rest of the staff should be receiving their retro checks in the final pay period of September 2016
- Staff response to the pay adjustments had been appreciative and positive according to word Mr. Honeycutt received from Leslie Doely

8:09 AM - Lab Performance Audit Update

Mike Honeycutt reported on an email he received on September 22, 2016 from Dave McEwen, President of the MT Woolgrowers Association and chair of the Combined Lab Complex Building Committee:

- Mr. McEwen said he had a phone conversation with MSU President Waded Cruzado about moving forward with a meeting of the partners of the Combined Lab Complex and MSU
- McEwen said that the needs assessments were received by the Building Committee from all of the Labs that will be part of the Combined Lab Complex and will be submitted to the Montana Manufacturing Extension Center (MMEC) for compiling into an understandable format and then will be given to architects to begin working on the design for the new Combined Lab Complex
 - Nina Baucus added that the architects, she believed, are from the MSU School of Architecture

Mr. Honeycutt reported on a phone conversation he had with Senator Gordon Vance on September 22, 2016 regarding the progress of the Combined Lab Complex:

- Senator Vance was appointed by the Economic Affairs Committee to be part of the Combined Lab Complex Building Committee
- Mr. Honeycutt assured Senator Vance that there had not yet been a meeting held between MSU and the partners of the Combined Lab Complex but that one should be coming sometime in the near future
 - Nina Baucus said that she had spoken with Dave McEwen and he said that the MMEC is compiling the info from the needs assessments, and once finished will facilitate a meeting of interested parties, including Senator Vance

Mr. Honeycutt shared that not much progress had been made this past month in the analysis of fees and costs of the VDL due to the CSD's focus on submitting DOL budgets to the Governor's office by deadline

- Per Mr. Scully's suggestion, Mr. Honeycutt requested that within the next few weeks, the Budget Review Committee, The DOL accounting staff, Dr. Layton and others from the Lab, dedicate a day or more to go through the cost analysis of the Lab

- Mr. Honeycutt wants to go through the fee structures Dr. Layton brought to the BOL at the August 15th meeting and wants to compare them to the fee structures of other labs with the possibility of fee increases

8:18 AM - Brucellosis Audit Update

Mike Honeycutt reported on the ongoing Brucellosis Performance Audit being conducted by the Legislative Audit Division:

- Office space has been provided in the DOL to Orry Hatcher, Legislative Audit Division performance auditor, to have easier access to records and staff
- No draft copies of findings have been submitted to the DOL as of yet, although the Audit Division's target for completion of the audit is October/November of 2016
- A survey dated August 10, 2016 was sent to "livestock producers, land owners and ranch managers that work within the DSA either seasonally or year-round" from the Legislative Audit Division asking performance questions about the DSA and the DOL's management of the DSA
- A letter from the DOL was sent to around 500 producers in the DSA whose lab data was released to the Legislative Audit Division. Per statute, notification to producers that their information has been released is required of the DOL if producer lab information goes to a third party outside of the DOL

8:31 AM – Re-record Grace Period

Rob Stutz, MT Dept. of Justice reported on a re-record grace period and possible leniency for those who have requested to retain their brand, even though they missed the rerecord application deadline

- MT statute 81-3-104 provides for re-record every 10 years, and application for rerecord must be filed by the end of the rerecord year, and in this case, 2021
- The question of whether the BOL can establish a grace period was looked at in 2001 by auditors from a legal perspective and by the court in 2011 from an equitable perspective and generally speaking, Mr. Stutz felt there is just not the authority to extend the grace period past the 2021 deadline
- MT statute 81-3-106 requires the DOL publish notice and send a mailing to brand holders by June 30th of the brand re-record year deadline
- Mr. Stutz's feeling is that even if there is a statutory change allowing for a re-record grace period, the same problem would remain, that people want to retain their brand

The Board discussed possible solutions to re-record renewals

- Make the re-record process more customer-friendly and take into account clerical errors
- Rather than changing statutes and administrative rules, start in-house with changes... additional and earlier notices that would catch need for a change of address, send out press releases, establish a commerce site that would allow on-line payment and possibly change from a postcard format for notices so they would be forwarded and not lost as readily

- Hold expired brands for a certain amount of time and charge an increased renewal fee to get it back – Conflict check, however, may not permit that from happening in every case

9:06 AM – EO Performance Interview

Mike Honeycutt handed out and explained a draft performance evaluation form he had put together, per Board request, for their approval:

- The form lists major high level responsibilities for his position based on what was already required and also what he had been asked to do by the Board when hired
 - Monitoring and managing Department Finances
 - Managing day-to-day operations in the manner the BOL wants to see the DOL operated
 - Communicating with the industry on priorities and operations
 - Communication and coordination with partners in State government, making sure that the DOL is functional as an executive branch agency and functional in its relationship with the Legislature
- Mr. Honeycutt said that the form does not include many measurables (how much/when) and in evaluating the form, the Board can add those along with any other duties that should be discharged or changes that should be included to further refine the form

John Lehfeldt suggested the form be reviewed by Anjenette Schaefer, Administrator for the Montana Human Resources Division, for use not only in Mike Honeycutt's performance evaluation as Executive Officer, but also for use by future boards

MOTION/VOTE

9:12 AM

John Scully moved that the Board of Livestock submit Mike Honeycutt's draft performance evaluation form to AnJenette Schaefer, Administrator of the Montana Human Resources Division, for review and refinement and then submit that form to the BOL Personnel Committee. Brett DeBruycker seconded. The motion carried.

John Scully said that the interim committee of the industry wanted the BOL do a training session on the state's evaluation personnel management process. He felt this training needs to be done every time the BOL changes. It was requested that Mike Honeycutt and Brett DeBruycker (Chairman of the BOL Personnel Committee) schedule that training before the 2017 Legislature meets

9:13 AM – Historical Minutes

Mike Honeycutt reported that early historical records, some pushing 100 years old, including Livestock Sanitary Board Meeting minutes, BOL Meeting minutes, DOL annual reports, etc. that have been stored in the Executive Office, have been pulled and sorted into boxes. There was discussion about what to do with documents:

- Historical Society has offered to take the documents, but ownership of the documents is then transferred to the Historical Society
- Storage at the Secretary of State's office keeps the documents in the possession of the DOL, with a monthly cost of \$2.00+/box. Boxes can be removed at a nominal fee
- No room to store documents in a fireproof safe at the DOL building
- Electronically copying the documents and posting on a website would be a way to make them available for public viewing
- A hard copy of the documents could be made, depending on the cost, and kept in a separate location from the original documents
- John Lehfeldt felt the DOL should retain ownership of the documents and directed the staff to look into a reasonably-priced storage unit for the documents

NEW BUSINESS

9:31 AM

9:31 AM – Annual Per Capita Fee Discussion

Per recommendation by Mike Honeycutt, Chairman John Lehfeldt said they would put aside the per capita fee discussion until they were able to see the financials in George Harris' presentation that afternoon

9:33 AM – Meeting Logistics During Legislative Session

Mike Honeycutt turned the Board's attention to the possibilities for board meeting venues listed in their handouts. He also drew their attention to the handout listing statutory- and Board-required audio/video options to assure transparency and public access of the meetings. The Capitol Meeting Rooms will be closed from mid-October through mid-May:

- Although audio/video live streaming is preferred, by statute, that is not required, but a recording of the BOL meeting must be posted online within two days of the meeting
- Public Service Commission (PSC) meeting room was offered by staff, but DOL is waiting for the go ahead from the Commissioners themselves
- Hotel meeting room, FWP meeting room, Scott Hart Auditorium and DOL Conference Room were other venues considered

George Harris introduced the new IT Supervisor, Dan Olson, who explained the audio/video options for the possible venues from a technical point of view:

- The PSC meeting room is complete with mics for each board member and public speakers, screen and also has audio/video live streaming capabilities from the DOL website at no cost
- Although there are mics and a screen, Mr. Olson could not work out a streaming possibility at the FWP meeting room, but would still have recording capabilities for posting the audio on the website.

- Utilizing the Scott Hart Auditorium or the DOL Conference Room would require the purchase of audio equipment, costing around \$650. It would audio live stream the BOL meetings and record them for later posting on the website

The BOL discussed what to do for a BOL meeting venue in going forward:

- Lack of parking during Legislative Session if meetings were held at the Scott Hart Building – Lack of space for general public in DOL conference room
- Ample parking, room is similar in set up to Capitol Meeting Rooms and there is no cost to the DOL if the PSC meeting room is utilized – however, equipment, etc. must be transported to the site and public may have some difficulty finding the PSC
- Meetings at the Scott Hart Building are more public-friendly, however, the auditorium is used for Legislative meetings during session

MOTION/VOTE

9:45 AM

John Scully moved that the Board of Livestock purchase the audio equipment as presented by Dan Olson and also arrange to utilize the Public Service Commission meeting room if needed. Ed Waldner seconded. The motion carried.

DIVISION REPORTS

9:47 AM

9:47 AM – Milk and Egg Bureau

Dan Turcotte told the BOL that their bureau had been working with the FDA and USDA over the past month recertifying employees

- Rosemary Hickey and himself were recertified by the FDA as State Rating Officers
- FDA went through one ice cream plant with positive results
- 12 producers, 5 haulers and the trucks were also checked by FDA with good ratings
- The FDA found a few glitches with Milk and Egg Bureau records in the system, but those appear to have been corrected
- Four check ratings were done at Billings and Bozeman dairy plants by the FDA
- USDA spent 10 days with the Bureau
 - USDA recertified Great Falls Egg Graders and Mr. Turcotte was also recertified at the same time

Dan Turcotte updated the BOL on progress at the Great Falls Egg Plant

- Dirt work has been started for the new Great Falls Egg Plant and there is hope that cement work for the facility will start this Fall.
- Currently the Bureau is in a transition stage between the new facility and the one they are in now.
- Three new egg producers have come into the Great Falls Egg Plant, increasing the bird population statewide going into that plant to about 500,000 by the end of 2016 and to 750,000 birds by the end of 2017

- Processing at the facility is running every other Saturday, with some days going as long as 16 hours
 - Roy Hall has been coming in on Saturdays to relieve workers who have been on shift for 11-12 hours – He has chosen to accumulate overtime hours as comp time
 - Dan has built up comp time as well and hopes to take it by the end of the year

Dan Turcotte talked about the Milk and Egg Bureau FTE situation

- Filling the Inspector position at Bozeman has been put on hold with the possibility of losing two producers in that area
- Inquiries for sheep dairies in Hysham and Eastern Montana could shift more work to the eastern part of the state, making it more difficult to incorporate several jobs into one trip as has been possible on the western part of the state

Mike Honeycutt said confirmation has come that a raw milk bill is being drafted for the 2017 Legislative Session and a possibility of three more bill draft requests generally titled “to revise milk rules”

RECESS

10:06 AM

RECONVENE

10:25 AM

DIVISION REPORTS CONTINUED:

10:25 AM

10:25 AM – Livestock Loss Board (LLB)

George Edwards reported on the Montana Association of Counties (MACo) Annual Conference he and Mike Honeycutt had attended on September 19, 2016 in Billings:

- A resolution was passed that would strip the dollar amounts for bounties of wolves, etc. and have the County Commissioners set the bounty amounts
- MACo mid-year meeting is scheduled for February 2017 in Helena

Mr. Edwards shared other general updates from LLB:

- The “Limiting Inhumane Trapping for Public Safety Act” (HR 5954) was introduced by OR Representative Earl Blumenauer on 9/16/16 that would restrict trapping on publicly administered lands, even by USDA Wildlife Services
- Predation payouts up to this point have been:
 - Wolves-37 this yr/19 last yr (this WAS a record year;
 - Grizzlies-61 this yr/18 last yr;
 - All Animals-165 this yr/86 last yr
- Marias River Stockgrowers Association are hosting a carcass composting tour in Ovando on September 28, 2016. Also included in activities that day is a tour of MSGA board member George Slaght’s ranch. George Edwards and Mike Honeycutt plan to attend

10:32 AM – Predator Control

John Steuber, State Director, USDA Wildlife Services (WS) introduced Kraig Glazier, West District supervisor and Tim Graff, helicopter pilot out of Helena. Per BOL request, presented a power point that outlined the budget status of Wildlife Services:

- With a sharp decrease in the number of sheep in Montana, WS currently doesn't receive as much cooperative funding from the Montana Woolgrowers Association (MWGA)
 - \$86,500 comes from MWGA
 - 57.4% - \$1.652 million comes from USDA
 - 3.8% - 110,000 from FWP, strictly for wolf damage management
 - 10.2% from the DOL through the predator control portion of per capita
 - 18.4% comes from those counties that have cattle petitions
 - 7.2% includes agreements with individual livestock producers and the money received from the Air National Guard, airports and that kind of funding, some of which is not predator damage management related
- Some big funding changes came to WS in 2011:
 - WS lost Federal tri-state predator control earmark funding
 - The Legislature made it a rule that a minimum of \$350,000 had to be spent on predator control, with \$286,000 of that coming to WS. The rest of it went to helicopter insurance and those counties not utilizing WS
- County Cattle Petition monies help keep the WS program afloat
 - With the decrease in federal appropriations and per capita funding there's not enough federal money to cover WS federal salaries so they rely on cattle petitions to fill the void
 - County cattle petition money goes into the Montana Stockgrowers Association (MSGA) predator account and is divided up, with 40% of that money going to WS specialists and 60% to flying
 - WS retirements of specialists covering Musselshell, Yellowstone, Western Phillips, Hill and Blaine counties, remain vacant because those counties had no cattle petitions and therefore no cooperative funding for salaries.
 - Another specialist retirement in the next year in Cascade and Chouteau County may leave that position vacant unless those counties pass cattle petitions or some other sort of cooperative funding
 - McCone County passed their cattle petition in less than a month after not having one for 30 years. The \$2 cattle petition gives them their own government trapper/specialist that is not shared with any other county
- The MT LLB one-time funding agreement of \$82,000 to WS provides money to cover non-lethal bear and wolf predation activities that has not been funded otherwise - doing necropsies on animals that have been killed by grizzly bears and wolves, monitoring populations and radio collaring
- The Hi-Line area has the densest coyote population in the state, and possibly the nation...coyotes are the most damaging predator in the state
- Reductions in WS funding has decreased flying time for predation purposes from almost 2000 hours in 2008 down to 1200 hours in 2015.
 - WS utilizes two USDA-owned airplanes and three contract airplanes

- WS utilizes two DOL-owned helicopters
- Wolf numbers vary in Montana and neighboring states
 - The wolf population in Idaho is increasing
 - The Montana wolf population has stabilized
 - The Wyoming wolf population is increasing again.
 - The Rocky Mountain wolf population is increasing but slowing down
 - There has been an explosive increase of the wolf population in Washington and Oregon
 - Wolves are now in northern California, probably in northern Utah, northern Colorado and spreading throughout the Rocky Mountains and coastal ranges
- In the cooperative Wolf Damage Management Program, FWP has the responsibility of monitoring the wolf population and radio collaring wolves. WS investigates all reported wolf livestock predation incidents.
 - State hunting/trapping may have impacted wolf depredation numbers: 151 wolves removed in 2010; 31 wolves removed in 2015
- WS has an MOU with FWP and a sub-permit with Fish and Wildlife Services, investigating all reported grizzly bear livestock depredations
 - Increases in grizzly bear depredations from the previous years have been phenomenal, heading east and don't appear to be slowing down
- WS has an MOU with FWP, doing all the black bear work on livestock depredation
 - Beehives are one of the most damaged items by black bears, even though most beehive owners have electric fences in beehive habitat.
 - Black bears have been found in malt fields
 - Depredation of back yard chickens by black bears is increasing
- WS has an MOU with FWP to investigate livestock depredations from mountain lions – not a lot of livestock lion damage has been reported.
- WS also does a good deal of disease surveillance, testing animals involved in livestock depredations
- WS does a lot of work at airports, trying to reduce the number of strikes from birds and mammals
- Nina Baucus requested that staff look into the DOL paying maintenance on their own helicopters and have a totally separate fund that goes to WS for their depredation work.
 - John Lehfeldt requested that Nina Baucus check into how changing the funding would affect the DOL insurance-wise and bring that information to the BOL before moving forward with that request
 - The MOU between DOL and USDA-APHIS calls for a continuation of the maintenance of the helicopters, and John Steuber feels the maintenance of the helicopters should stay with WS to assure that the USDA requirements be met for certification of those helicopters.
- The MACo resolution that was passed at their September 2016 meeting that would strip the dollar amounts for bounties of wolves, etc. and have the County Commissioners set the bounty amounts, was discussed in more detail:

- John Steuber said most of the bounties would be on coyotes and there is no compensation for coyote depredation
- It appears that everything was already in place for the counties to vote in a resolution like this in existing law, although it gives them more latitude and a potential for reduction in funds for WS because of funds being held out for bounty. It was suggested that Harold Blattie, Executive Director of MACo be contacted for a discussion with DOL and BOL representatives regarding the resolution

11:36 AM – Brands Enforcement Division

Leslie Doely reported on the Montana Sheriffs and Peace Officers Association meeting held two weeks earlier in Plentywood that she, Mike Honeycutt, Tyler Thomas and brands investigator Monty Simenson attended.

- DOL representatives were well received and appreciation was expressed for them attending the meeting
- Interest was expressed by the group in coordinating training between local sheriffs' offices and the DOL

Ms. Doely gave a personnel update:

- Lewistown District Supervisor position was filled by Randy Poser from the Lewistown Police Department
- Kevin Ramsay (internal hire) was hired as the Billings Market Supervisor
- No qualified candidates applied for Glendive District Investigator Position
 - That open FTE will be utilized for a Fall-Run only hire
- A rover market inspector will be hired to go between Glendive and Miles City; this position will be re-evaluated in the spring
- Interviews for three open positions in Billings have taken place

Ms. Doely discussed Fall Run personnel planning:

- Hours during Fall Run last year were under-utilized
 - One FTE would be moved from the markets to fill a Helena vacancy
 - Fall-Run only hire, will utilize Glendive's open FTE
- Ms. Doely's handout listed other temporary shifts in Brands Enforcement personnel to accommodate sales days during Fall Run
 - Concern from the BOL was discussed regarding the personnel shifts
 - Will personnel be able to complete their original hire jobs as well as working in another FTE position
 - How much comp time and overtime do the personnel shifts generate
 - How will DOL be able to defend the FTE shifts in the Legislative Session
 - From a budget perspective, the number of FTE hours are considered, not the number of people it takes to fulfill those hours

Mike Honeycutt said in the next biennium, every state agency has been asked to achieve a 4% vacancy savings in their budget during the course of the year. DOL will not only be tracking vacancy savings, but has been given a monetary amount to manage as well.

MOTION/VOTE

12:10 PM

Brett DeBruycker moved, in the Brands Enforcement Division, to hire short term workers for the markets and to hire a new mortgage clerk, which will also be a backup brand recorder. Ed Waldner seconded. The motion carried.

John Lehfeldt requested that POST training for Leslie Doely be either suspended or postponed. There was BOL discussion about the request:

- John Lehfeldt felt that sending Leslie Doely to POST training during the 2017 Legislative Session was a disservice to the DOL, the industry and to the markets. He felt her presence was needed in the Legislature to help defend DOL needs in her Division
- Lila Taylor and Nina Baucus felt Leslie was hired under the job description that required POST certification and that qualification should be adhered to
- Mike Honeycutt said that the challenge of Leslie Doely's position as Brands Administrator is that there is a POST ruling that if a person does not work in an active law enforcement capacity (having arrest authority) that they will lose their POST certification after a certain number of years
- Mike Honeycutt said there is a challenge with the District Investigators spending a larger percentage of their work time doing regulatory functions, such as cattle inspections, rather than doing stray animal investigations, truck stops or property conflicts, which require them to have arrest authority
- John Scully agreed with Lila Taylor when she said that POST training would help Ms. Doely better understand the duties of a District Investigator. However, Mr. Scully felt that it was a waste of DOL money to send Ms. Doely to POST if she would lose that certification because she was not acting in a law enforcement capacity in carrying out her Brands Administrator duties

*Revision →
added by
John Scully*

MOTION/VOTE

12:26 PM

Nina Baucus moved that Leslie Doely's POST training be postponed from the January 2017 start date and be rescheduled as soon as possible. Lila Taylor seconded. The motion carried.

LUNCH

12:37 PM

RECONVENE

1:14 PM

DIVISION REPORTS CONTINUED:

1:14 PM

1:14 PM – Veterinary Diagnostic Lab (VDL)

MOTION/VOTE

12:10 PM

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- John Scully agreed with Lila Taylor when she said that POST training would help Ms. Doely better understand the duties of a District Investigator. However, Mr. Scully felt that it was a waste of DOL money to send Ms. Doely to POST if she would lose that certification because she was not acting in a law enforcement capacity in carrying out her Brands Administrator duties. However, in his view, it is Ms. Doely's choice whether she wants to attend POST or not

MOTION/VOTE

12:26 PM

Nina Baucus moved that Leslie Doely's POST training be postponed from the January 2017 start date and be rescheduled as soon as possible. Lila Taylor seconded. The motion carried.

LUNCH

12:37 PM

RECONVENE

1:14 PM

DIVISION REPORTS CONTINUED:

1:14 PM

1:14 PM – Veterinary Diagnostic Lab (VDL)

Cost Analysis for the VDL

Per Dr. Layton's request, Mike Honeycutt reported on the morning's discussion regarding the cost analysis of the VDL because Dr. Layton was not present during that discussion:

- In October, Mr. Honeycutt requested that the BOL Budget Review Committee meet with the DOL accounting staff, Dr. Layton and others at the Lab and dedicate a day or more to go through cost analysis, compile the information to present at a later date to the BOL
- The VDL will need to report on specifics such as lab testing, capital equipment and insights from those working in the Lab
- Mr. Honeycutt and George Harris will add information as well regarding overhead costs, etc.

Request for Out-of-State Travel

Dr. Layton requested that Dr. Steve Smith of the VDL be able to attend the VADDS user group meeting in South Dakota, along with IT Supervisor Dan Olson on October 3-7, 2016:

- Dr. Steve Smith will operationally be in charge of the VADDS and USA Herds system at the VDL. He will be working with the Helena IT people
- Dr. Smith has hopes in the future to receive instant reports for reportable diseases that are flagged by the VADDS system so there can be an immediate information exchange with the state veterinarian.
- To maintain a Level 2 Lab status, a messaging system needs to be established with NAHLN in case of a disease outbreak, and this utilizes the VADDS system

MOTION/VOTE

1:23 PM

Ed Waldner moved for Dr. Steve Smith to travel to South Dakota October 3-7, 2016 for the VADDS user group meeting. John Scully seconded. The motion carried.

Dr. Layton also requested that he, Dr. Jeff Marshall and VDL Quality Manager Tess Moore be able to attend the American Association of Veterinary Lab Diagnosticians (AAVLD) meeting in Greensboro, NC on October 13-19, 2016:

- The annual meeting covers lab quality issues and continuing education on state health issues
- Dr. Layton is part of the AAVLD governance
- The request is for 3 to attend the meeting – one for lab quality issues and two to cover virology presentations, as there are several presentations going on at the same time

MOTION/VOTE

1:30 PM

Brett DeBruycker moved for Dr. Layton, Dr. Jeff Marshall and VDL Quality

Manager Tess Moore to travel to Greensboro, NC October 13-19, 2016 for the AAVLD meeting. Sue Brown seconded. The motion carried.

Safety Inspection Update

Dr. Layton reported on the VDL's response to the Department of Labor and Industry's Safety Inspection:

- The Department of Labor and Industry accepted the Lab's response
- Five Lab personnel went through a respirator function and fitting test
 - An Urgent Care was found to conduct the tests at half the cost
 - If health status stays the same, all that is required is an annual fitness test
 - If the Lab went to pappers-style masks, the annual fitness test would not be required, but the respiratory test would still be required

General Updates

Dr. Layton provided an update on the VDL's electrical outage issues:

- Dr. Layton said that the power company found a cracked lightening arrestor on their power pole and after replacing that and some other parts, they have not had an issue since
- Dr. Layton reported on the rabbit problems at the VDL:
 - Rabbits had been chewing insulation off the wires of some vehicles in the Lab parking lot –one faculty spent \$400-\$500 to fix her car's wiring because of it
 - Exterminator was called, but there was no trace of rabbits that day
 - Cost of exterminator and his work will be split up between the VDL and other labs in the building
 - Open fields and a garden on the side of the building appear to be adding to the rabbit problems
- Dr. Layton reported on the closure of the Lab's main entryway due to construction:
 - Clients, UPS, FedEx, etc. have been contacted regarding the detour entryway
 - Signage has been discussed and Dr. Layton had a lot of input in those discussions
 - Dr. Layton's concern was the detour, a dirt road entryway from the north that now must be used...who plows the snow, can it accommodate large trucks

Bill Macklin is the liaison from MSU if there are problem

AAVLD Review

Dr. Layton discussed the Lab Accreditation Review

- Dr. Layton said the AAVLD committee meets in October 2016 and he had received an email from their co-chairman wanting to schedule a time for the Lab's accreditation review
- With the 2017 Legislative Session and some personal time he plans to take off during the 2017 summer, Dr. Layton requested an August 2017 review but hadn't heard back from the committee as of yet on whether they accepted his request

- During this slower time at the Lab, Dr. Layton is preparing the Lab for the Accreditation Review:
 - Facilities, funding, equipment etc., will be addressed
 - A list of questions was sent to supervisors in various areas to see their thoughts on the quality systems
 - Tess Moore and Dr. Layton have gone through two or three of the categories already and will provide a written report for the BOL
- Short staffing has put the Lab behind in some of this preparation
- Old Lab Standard Operating Procedures (SOPs) most of them written by Jim Newhall, will need to be reviewed and rewritten with the help of IT staff, especially since at the last Accreditation Review, security was noted as an issue

1:57 PM – Centralized Services

Cash Analysis FY2017/Per Capita Fee Update

George Harris reported that for future planning, he wanted to take a look at unearned revenue and the significant issue seen on the horizon with the next rerecord.

- Mr. Harris said there has been a pattern over the years of a steep decline in Brands Enforcement Division revenues right after rerecord
- Mr. Harris requested that the BOL begin planning now to alleviate those revenue shortfalls in the Brands Enforcement Division because, if the pattern continues, it could happen again right after rerecord in FY2022-FY2023
- Mr. Harris suggested having a cash fund balance on hand to help cover the first year after the rerecord, because that is the year the deferred income is at its lowest
- Mike Honeycutt said there is a real danger that the DOL will get “fat, happy and stupid” in the last couple years of the 10-year rerecord
 - Mr. Honeycutt said that in the last half of the rerecord decade, the new brands and transfers revenues can become quite large and are almost all recognized because there is a short period of time to amortize it
 - It is required, according to Mr. Honeycutt, that new brands and transfers monies received in the last half of the rerecord decade be allocated and reported as unearned revenue - DOL is projecting in the last year of this rerecord period to realize about \$600,000 in brands and transfers

George Harris reported that projected per capita fee expenditures, if they were all spent, would be an increase of \$170,000 to the \$2.567 million beginning per capita cash balance on July 1, 2016. That’s the incremental increase over last year, giving the DOL a positive cash balance projected of \$2.737 million to begin the next fiscal year

- Brands Enforcement Division projected per capita fee expenditures is \$1.6 million, more than last year’s \$1.3 million figure due to the \$390,000 in salary increases in that department
 - Mike Honeycutt said DOL salary increases were \$400,000 total, with a request of \$500,000 of authority for a cushion

State Special Revenue Collection Comparison FY 2016 with FY 2017 Actuals

George Harris reported that 2016 per capita fee revenues are up compared to 2015 revenues at this same time last year

- Per capita payments were changed from a fall to a spring collection period this year
- Based on head counts alone, the DOR has collected \$4,788,000 so far for tax year 2016
 - Mike Honeycutt pointed out that per capita head count and total cattle head count (as reported by the National Ag Statistics Service) will never be the same, in some cases due to age of cattle reported
- Uncollected per capita debt was \$233,000 in tax year 2015 at this same time, and is down to \$190,000 so far in 2016
 - Mike Honeycutt said the decision to ask the DOR to put the \$233,000 in the offset early for collection will help add to our cash balances
- John Scully said that the per capita rate increase has made us even and year to year, has saved the DOL in per capita

Budget Status through August 2016

George Harris reported that rerecord is being reported on a monthly basis

- \$464,704 revenue that is in the bank. That is already part of that cash that is deferred.

George Harris reported that total revenue in the Brands Enforcement Division is \$2,485,319 million.

- Authority in the Brands Enforcement Division is to spend \$4.85 million,
- Per capita in the Brands Enforcement Division is \$699 due to the change in collection date from fall to spring

DOL per capita revenue is successfully coming in for FY17 revenue

- Lab fees are \$1.043 million, with an estimate of \$1.1 million as a revenue estimate portion.
- Dr. Zaluski has a staff person that has been collecting revenue in Animal Health for various programs they have...that should bring in around that \$23,000-\$25,000.
- There are \$5,000 of Meat license fees.

George Harris said that Milk inspection funding is down \$3,000 from last year

- No revenue has been seen as of yet from the implementation of the new milk fee rule, passed this summer, but it is expected to be seen in the next month or two due to the way the billing cycle is set up

Overall, the DOL is 11% expended in the budget with 7% of the year gone.

Unearned Revenue/Brands Revenue

George Harris addressed DOL's efforts in managing unearned revenue

- To make up for the last half adjustment in rerecord for 2011, in 2022, rather than the \$464,000 monthly basis rerecord, the amount is lowered to \$232,000
- Mr. Harris said that new brands and transfers are a concern with monthly projections of \$189,000 in 2017, then \$271,000 in 2018, \$348,000 in 2019, but a drop in 2023 to \$34,000 as you start into the next year.

- John Scully said that a targeted fund balance had not yet been established, but he wanted to make sure when it was, that it wasn't too low
 - Mr. Scully said the target needs to increase over time as the years go by, but there is a need to demonstrate why to the Legislature
- Mike Honeycutt said the DOL is building an operational fund balance and is having to consider having a fund balance in addition to the operational balance to deal with the fiscal cliff in the Brands Enforcement Division
- Mr. Honeycutt said that even though DOL projections are \$271,000 and \$348,000, the plan is to stay at current spending...\$189,000., and that if we don't move our authority for expenditures above that, we should be collecting off an additional fund balance above and beyond what is needed for an unplanned calamity, to assure the DOL will not come up short of cash

FY18-FY-19 Budgeting Update

George Harris directed the BOL to look at the per capita fee the DOL needs to be funded for the 18-19 budget.

- Mr. Harris said that the projected per capita fee is \$4.788 with indirect costs projected to be \$388 million. The \$5.1 million of per capita fee actual revenues are solid
- Mr. Harris said that the Governor's budget office had not yet decided whether or not to allow the DOL's \$700,000 submitted EPP request
 - Mike Honeycutt said the big chunk of EPP includes the raises DOL will have to defend at the legislature
 - Mr. Honeycutt expects that when the budget comes back from the Governor's office in November, any EPP requests that are paid for with general fund will probably not be there, incremental above what was in the DOL's previous biennium.

Mr. Honeycutt discussed some open FTEs in the DOL

- The Milk and Egg Bureau has not yet filled an open FTE, but may utilize it for use as an egg grader in the expanded Great Falls egg plant
- Mr. Honeycutt said two additional Federal/General Fund-cost share FTEs have been requested in the Meat and Poultry Division.
 - Mr. Honeycutt said it is very possible the DOL may not see those two additional FTEs asked for in the budget from the budget office because a portion of them utilize general fund dollars
 - Mr. Honeycutt said the DOL's first defense for the FTE's in the Meat and Poultry Division is not in the Legislature, but may actually be in the Executive Branch of trying to articulate why those FTEs are needed, even if they're not filled, but to have the flexibility to have them in case new processing plants come online and staff can be added to provide that service.

John Scully reminded the BOL of the audit request of the DOL providing a stable subsidy for funding the Lab on a going forward basis.

- Mike Honeycutt said that he believes the level support of subsidy the auditors requested for the Lab comes from per capita, but they want that number set for a biennium and not to fluctuate from year to year

Mike Honeycutt said DOL is contemplating how to get general fund and going to Legislature and defending that decision package, mainly on the public health component of the Lab, to maintain general fund at where it was in the last biennium.

- Maintaining the budget at the same level, may require another funding source to do that without general fund - raise lab fees, or raise per capita.

George Harris said that it is DOL staff recommendation to the BOL to not adjust the per capita fee for this FY

- Mike Honeycutt said that the data presented today is what substantiates that staff recommendation. DOL revenues for tax year 17 and FY 18 look good, but the BOL may need to have a deeper discussion regarding them next year

George Harris said there is a budget request for \$150,000 of general fund in FY18 and \$10,000 in FY19 for a computer system for the Milk and Egg Bureau

- The fund source for that computer system is general fund, and if that does not come through in November on the Governor's budget, the DOL would have to use per capita to fund it

George Harris said he would get the latest legislative finance committee general fund finance report to the BOL

RECESS

3:48 PM

RECONVENE

4:02 PM

DIVISION REPORTS CONTINUED:

4:02 PM

4:02 PM – Meat and Poultry Bureau

Out-of-State Travel Request

Gary Hamel requested the BOL give permission for him to travel to Greensboro, NC October 17-18 to attend the National Association of State Meat and and Food Inspection Directors meeting.

- An important topic of discussion there will be 2017's onsite audits conducted by the Federal/State Audit Branch
- Cost of the trip is included in the budget for around \$1700

MOTION/VOTE

4:03 PM

Sue Brown moved for Gary Hamel to travel to North Carolina to attend the National Association of State Meat and Food Inspection Directors meeting on October 17-18, 2016 in Greensboro, NC Ed Waldner seconded. The motion passed.

General Updates

Gary Hamel said he recently filled two open meat inspector positions

- The new Dillon inspector used to be the Western District Supervisor in DOL's Meat and Poultry Bureau and will start September 26, 2016
- The new Missoula inspector worked in a meat processing plant for 15 years and will start on October 3, 2016

A poultry slaughter class will be held at the poultry slaughter facility in Hamilton October 11-13, 2016

- The newly hired Missoula inspector will receive hands-on training at this class
- Immediately after the class she will be assigned to take over some of the inspection duties at the Hamilton poultry slaughter facility

Self-Assessment for the State Audit Branch has begun

- New guidance was received this year on how to complete that document which explains what is expected of state programs to meet those at least equal to requirements
- Deadline for completion is November 1, 2016

Meat and Poultry Bureau staff met with the Federal Compliance Officer who operates out of Shelby. Items discussed at the meeting were:

- Poultry facilities- those running legally and those not running above board
- Grinding law rules
- Surveillance at retail delicatessens – This is not currently required in MT, but may be a requirement within the next year or two

Gary Hamel told the BOL there are two new plants coming on in the next several months, one in eastern Montana and one in Great Falls, both of which can be serviced with current staff inspectors. He is working with George Harris and Evan Waters to hopefully be able to budget a modified position he calls a Relief Inspector

4:10 PM – Animal Health

Rule Change for Trichomoniasis Tag Fees

State Veterinarian Dr. Marty Zaluski listed his reasons to the BOL to agree to an interim request to publish a rule to raise the price of trichomoniasis tags:

- When ordering Fall trichomoniasis tags, it was discovered that the cost had increased
- If the Animal Health Division had waited to publish this rule until after today's BOL meeting, basically, most of the tags would have been shipped at the old price and there would have been a loss for every tag sold.
- The interim request to publish the rule to raise the fees would help recover some of the funds for trichomoniasis tags already sold at the old price

MOTION/VOTE

4:12 PM

John Scully moved to ratify the action of the chair during the interim to allow the rulemaking to proceed forward to increase trichomoniasis tag fees. Lila Taylor

seconded. The motion passed.

Rule Changes

State Assistant Veterinarian Dr. Tahnee Szymanski walked through requested changes in three current administrative rules:

- 32.3.218 From import section of administrative rule and pertaining to import requirements for sheep brought into Montana. The request is for a minimum age of 8 months for testing rams for B.ovis coming into Montana be inserted into the current rule
- 32.3.2001 This rule is essentially a collection of all the brands that are registered in the Animal Health Division and are used for disease-control purposes. The request is for the "V" brand, created in the Trich program when it was started in 2007 be added to that list of brands
- 32.3.207 Regarding biologics and their control in Montana, the current rule says permits are valid for no longer than 10 days from the date of issuance, unless otherwise specified. The request is to add a long-term Biologic Permit to the list of those permits lasting longer than 10 days.

MOTION/VOTE

4:24 PM

Nina Baucus moved to pass the changes in three administrative rules, 32.3.218 (insert minimum age of 8 months for testing rams coming into MT for B.ovis into rule), 32.3.2001 (add "V" brand to Animal Health Division brands list) and 32.3.207 (add long-term Biologic Permit to permits lasting longer than 10 days) as presented to the BOL by Dr. Tahnee Szymanski. Brett DeBruycker seconded. The motion carried.

Report on out-of-state travel

Dr. Zaluski reported on the National Veterinary Stockpile (NVS) joint exercise Dr. Eric Liska and Emily Kaleczyc attended in August in Jerome, ID with USDA:

- Veterinary Stockpile of supplies would be delivered to Helena, unloaded, inventoried and distributed to areas of incidents
- Dr. Zaluski is hoping for a tabletop exercise to take place at the DOL to discuss logistics if a veterinary emergency would take place in the state

General Updates

Dr. Zaluski gave an update on the trichomoniasis investigation at a Custer County rebreed operation:

- Outbreak is under control
- Only two bulls tested positive, but the operation had purchased animals from 800 people in Montana and nine other states
- Letters were sent from the DOL to the parties that had sold cattle to the rebreed operation saying that the cows sold by you were purchased from an operation diagnosed with trichomoniasis, and added that if you think you have any evidence of trichomoniasis, we recommend that you test your bulls

- Letters were also sent from the DOL to veterinarians to make them aware of the investigation

Dr. Zaluski answered questions raised by John Scully at the August 15, 2016 BOL meeting:

- The IBMP Record of Decision (ROD) from 2000 was signed by then Governor Marc Racicot and shows that it was, by design, the Governor's Bison Plan
 - The ROD can be accessed on the IBMP website
- The DOL Winter Operation Plan spells out activities of various Departments and agencies, including the DOL and FWP, for an entire year in regards to bison, and this year's plan incorporates the Governor's EA for bison habitat
- As far as shared duties between FWP and DOL, MT code does state that the FWP is responsible for public hunting of bison with approval from and in collaboration with the DOL. DOL is currently working with FWP to develop an MOU to work with them on a new plan
- The DOL has record of several types of documentation between the DOL, the Blackfeet Tribe and the USDA regarding the importation of bison from Elk Island to the Tribe, including emails, import permit documentation and information in the Animal Health monthly report in February

Dr. Zaluski gave some environmental bison updates:

- The DOL is still in the process of writing a new EIS (Environmental Impact Statement) for bison management. A meeting is scheduled next week with a facilitator from the Udall Foundation to discuss the process of how to write the EIS.
- Animal Health has been working with USDA on an EA (a small environmental assessment) on vaccinating bison outside YNP which would include remote vaccination as well. That has gone through several drafts and should be out this fall

Mike Honeycutt requested that the BOL vote on whether or not to approve the annual Montana Beef Council contract with the DOL. He said the contract's conditions remain the same as the current one that expires 9/30/16, except the dates have been updated.

MOTION/VOTE

4:47 PM

Brett DeBruycker moved to approve the DOL's annual contract with the Montana Beef Council, which includes the same conditions as the current contract, but with updated dates. Nina Baucus seconded. The motion carried.

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

4:49 PM

Gene Curry, President of the Montana Stockgrowers Association (MSGA) reported on grizzly bear activity in the Valier area:

- Grizzlies continue to be seen wandering every couple of days in the town of Valier and walking through yards
- During corn chopping activities at the Hutterite Colonies near Valier, 10 grizzlies were disrupted
- MSGA has been working with Jeff Hagener, MT FWP, to find out what mitigation options are available for Valier-area residents
 - Electric fencing
 - Possible carcass removal is being explored

Gene Curry discussed preparation for the 2017 Legislative Session

- As a representative of the MSGA, Gene Curry offered his help to successfully put through the Legislature the budget proposed by the BOL
- Mr. Curry stressed the importance of MSGA and the DOL developing concrete talking points together to assure they are “on the same page” when addressing the Legislators
- Mr. Curry believes there is justification to request per capita funding for the Lab because the Lab deals with Public Health Issues
- Mr. Curry believes that brucellosis needs to be presented as a Public Health Issue to the Legislature
- Mr. Curry plans to call one more meeting for the long range planning committee and hopes to have it when some of the key members of the House and Senate are in town, and invite them into that meeting to talk about issues before the Legislative Session begins
- Mr. Curry again stressed the criticalness of general fund money to the livestock industry and to the Department of Livestock
- Mr. Curry volunteered MSGA to help with planning on the new Lab complex

John Scully gave his thoughts on Mike Honeycutt’s preparation for the 2017 Legislative Session

- Mr. Scully said he hopes that there is an opportunity for Mike Honeycutt to meet with the BOL Budget Committee, in a non-legislative mode, prior to the session so that any feedback, any questions to be asked during the Session would be answered.
- Mr. Scully wants the BOL Budget Committee to work on the Lab cost study with Mike and report on that at the next BOL meeting
- Mr. Scully said that Mr. Honeycutt has a real grasp of the budget and issues and would like him to lead the BOL’s way into session without multiple facets of several other committees and organizations. He said Mr. Honeycutt has treated the Legislators with respect at the interim committee hearings and that has been a help

John Lehfeltdt added that basically what Mr. Scully was saying is that there should just be one voice coming out of the DOL during Legislative Session

SET DATE FOR NEXT BOARD MEETING:

5:10 PM

John Lehfeltdt set Thursday, October 27, 2016 for the next BOL meeting.

MEETING ADJOURNED
5:11 PM


John Lehfeldt, Chairman